



**CENTRAIS ELÉTRICAS BRASILEIRAS S.A.**  
**Eletrobras**

**Notes to the financial statements for the year ended December 31, 2019**  
**(In thousands of reais)**

**NOTE 1 - OPERATING CONTEXT**

Centrais Elétricas Brasileiras S.A. ("Eletrobras", "Eletrobras Companies" or "Company") is a public company, with head office in Brasília - DF (Federal District), registered with the Brazilian Securities and Exchange Commission (CVM) and the US Securities and Exchange Commission (SEC), with stocks traded on the São Paulo - B3 S.A., Madrid - LATIBEX and New York - NYSE stock exchanges. The Company is a mixed capital company controlled by the Federal Government (the Company's ultimate parent).

The Company acts as a holding company, managing investments in equity interests, holding direct and indirect controlling interest in electric power generation and transmission companies, see note 15, and still holds the controlling interest in Eletrobras Participações S.A. – Eletropar and direct equity interests in Itaipu Binacional - Itaipu (through a system of joint control under the International Treaty signed between the Governments of Brazil and Paraguay), Inambari Geração de Energia S.A. and Rouar S.A. (through a system of joint control with the Uruguayan state company Usina y Transmisiones Eléctricas de Uruguay – UTE), in addition to direct and indirect interest in 136 Special Purpose Entities (SPEs).

Eletrobras is authorized, directly or through its subsidiaries or controlled companies, to associate, with or without funds, for the establishment of business consortia or participation in companies, with or without controlling power, abroad, which are intended directly or indirectly to the exploitation of the production or transmission or distribution of electric power.

The Company acts as an electricity-marketing agent for Itaipu Binacional and for the agents participating in the Incentive Program for Alternative Electricity Sources - PROINFA.

The issuance of these financial statements was authorized by the Board of Directors, on March 27, 2020.

**NOTE 2 – HIGHLIGHTS OF THE 4TH QUARTER OF 2019**

**2.1. - Capital Increase**

On December 30, 2019, there was a capital increase in the amount of R\$ 7,751,940, through the issuance of new common shares and new class "B" preferred shares, all of which being new book-entry shares with no par value, for subscription by the Company's shareholders. This increase was approved by the 177th Extraordinary General Meeting on February 17, 2020, more details in note 32.

**2.2. - 1st Debentures Offering – Furnas**

On December 20, 2019, the public offering ended, with restricted placement efforts, related to the first series of the 1st issue of simple debentures, not convertible into shares, of the subsidiary Furnas, in the amount of R\$ 450 million. More details in note 23.

**2.3. - Chesf – Capital increase and acquisition of equity interest of Transmissora Delmiro Gouveia S.A. (TDG)**

The Extraordinary General Meeting of TDG shareholders, held on October 31, 2019, approved the capitalization of Advances for Future Capital Increase (AFACs) made by Chesf, in the amount of R\$ 101 million and also the acquisition, concomitantly, by Chesf, of the shareholding of the partner Future ATP Serviços de Engenharia Consultiva Ltda. in TDG for the amount of R\$ 34 million, thus becoming its full parent company. More details in note 42.

#### 2.4. - Chesf – Incorporation of Extremoz

On November 1, 2019, the CHESF General Shareholders' Meeting approved the Protocol and Justification for the Incorporation of the subsidiary Extremoz Transmissora do Nordeste – ETN S.A. (Extremoz).

#### 2.5. - Deferred income tax recognition

The subsidiaries Furnas and Chesf recognized in the year deferred tax credits in the amounts of R\$ 1,219,273 and R\$ 2,397,342, respectively. These balances correspond to the amounts of temporary differences of these subsidiaries. Such amounts were recognized due to the future taxable profit scenarios and the historical evidence of taxable profit in the last years, more details in note 11.

#### 2.6. - SPE transfers

In the fourth quarter, the Company completed the transfer of all the shares it held from Eólica Serra das Vacas Holding – S.A. to Eólica Serra das Vacas Participações S.A. and from Transmissora Matogrossense de Energia S.A. to Alupar Investimento S.A. More details are shown in note 48.

### NOTE 3 - ELECTRIC POWER CONCESSIONS AND AUTHORIZATIONS

Eletrobras, through its subsidiaries, jointly-controlled companies and affiliated companies, has 63 GW\* of installed capacity in generation projects and 80,040 km\* of transmission lines.

The Company holds various electric energy concessions and authorizations, whose breakdown, installed capacity and maturity dates of which are listed below:

#### I - Generation Concessions and Authorizations

Contract	Hydraulics	Installed Capacity (MW)*	Location	Year
001/2010	HPP Belo Monte (1)	11,233	PA	2045
007/2004	HPP Tucuruí	8,535	PA	2024
002/2008	HPP Jirau	3,750	RO	2043
001/2008	HPP Santo Antônio (Mesa)	3,568	RO	2043
006/2004	HPP Xingó	3,162	SE	2042
006/2004	HPP Paulo Afonso IV	2,462	BA	2042
004/2004	HPP Itumbiara (2)	2,082	MG	2020
002/2011	HPP Teles Pires	1,820	MT	2046
002/2011	HPP Teles Pires	1,820	MT	2046
006/2004	HPP Luiz Gonzaga (Itaparica)	1,480	PE	2042
004/2004	HPP Marimbondo	1,440	MG	2047
005/2004	HPP Serra da Mesa	1,275	TO	2039
004/2004	HPP Fumas	1,216	MG	2045
006/2004	HPP Sobradinho	1,050	BA	2022
004/2004	HPP Luis Carlos Barreto de Carvalho	1,050	SP	2045
005/1997	HPP Luís Eduardo Magalhães	903	TO	2032
128/2001	HPP Foz do Chapecó	855	RS	2036

Contract	Hydraulics	Installed Capacity (MW)*	Location	Year
002/2014	HPP Três Irmãos	808	SP	2044
006/2004	HPP Paulo Afonso III	794	BA	2042
002/2014	HPP São Manoel	736	PA	2049
130/2001	HPP Peixe Angical	499	TO	2036
004/2004	HPP Mascarenhas de Moraes (3)	476	MG	2024
006/2004	HPP Paulo Afonso II	443	BA	2042
001/2014	HPP Sinop (1)	402	MT	2049
006/2004	HPP Apolônio Sales (Moxotó)	400	BA	2042
004/2004	HPP Corumbá 1	375	GO	2044
004/2004	HPP Porto Colômbia	320	MG	2047
003/2006	HPP Simplício	306	MG	2041
002/2007	HPP Dardanelos	261	MT	2042
Ring No. 4.244/2013	HPP Balbina	250	AM	2027
006/2004	HPP Boa Esperança (Castelo Branco)	237	PI	2042
005/2011	HPP Samuel	217	RO	2029
004/2004	HPP Funil	216	RJ	2045
129/2001	HPP Serra do Facão	213	GO	2036
010/2000	HPP Manso	210	MT	2035
006/2004	HPP Paulo Afonso I	180	BA	2042
001/2007	HPP Governador Jayme Canet Júnior	178	PR	2042
001/2006	HPP Baguari	140	MG	2041
007/2006	HPP Retiro Baixo	82	MG	2041
002/2012	HPP Coaracy Nunes	78	AP	2042
004/2006	HPP Passo São João	77	RS	2041
002/2006	HPP Batalha	53	MG	2041
092/2002	HPP São Domingos	48	MS	2037
007/2004	HPP Curuá-Uma	30	PA	2038
006/2004	HPP Funil	30	BA	2042
003/2006	HPP Anta	28	RJ	2041
006/2004	HPP Pedra	20	BA	2042
374/2005	PCH João Borges	19	SC	2035
186/2004	PCH Barra do Rio Chapéu	15	SC	2034
006/2004	HPP Curemas	4	PB	2024

Contract	Eolic	Installed Capacity (MW)*	Location	Year
007/2010	EOL Casa Nova I (1)	180	BA	2043
MME Decree No. 459/2012	EOL Nossa Senhora de Fátima (1) (4)	30	CE	2047
746/2010	EOL Cerro Chato I	30	RS	2045
747/2010	EOL Cerro Chato II	30	RS	2045
748/2010	EOL Cerro Chato III	30	RS	2045
009/2013	EOL Eólico Coxilha Seca	30	RS	2049
MME Decree No. 57/2012	EOL Verace IV (5)	30	RS	2047
MME Decree No. 202/2012	EOL Verace V (5)	30	RS	2047
MME Decree No. 65/2012	EOL Verace VII (5)	30	RS	2047
MME Decree No. 66/2012	EOL Verace IX (5)	30	RS	2047
MME Decree No. 89/2012	EOL Chuí V (5)	30	RS	2047
102/2014	EOL Santa Joana XI (5)	30	PI	2049
106/2014	EOL Santa Joana X (5)	30	PI	2049
107/2014	EOL Santa Joana XIII (5)	30	PI	2049
122/2014	EOL Santa Joana IX (5)	30	PI	2049
271/2014	EOL Santa Joana III (5)	30	PI	2049
105/2014	EOL Santa Joana XVI (5)	29	PI	2049
119/2014	EOL Santa Joana XII (5)	29	PI	2049
121/2014	EOL Santa Joana XV (5)	29	PI	2049
272/2014	EOL Santa Joana I (5)	29	PI	2049
274/2014	EOL Santo Augusto IV (5)	29	PI	2049
238/2014	EOL Santa Joana V (5)	29	PI	2049
221/2014	EOL Santa Joana IV (5)	29	PI	2049

Contract	Eolic	Installed Capacity (MW)*	Location	Year
220/2014	EOL Casa Nova II	28	BA	2049
MME Decree No. 67/2012	EOL Verace X (5)	28	RS	2047
275/2014	EOL Santa Joana VII (5)	27	PI	2049
MME Decree No. 458/2012	EOL Jandaia (1) (4)	27	CE	2047
388/2012	EOL Caiçara I (5)	27	RN	2047
MME Decree No. 64/2012	EOL Verace III (5)	26	RS	2047
MME Decree No. 80/2012	EOL Verace VIII (5)	26	RS	2047
MME Decree No. 581/2010	EOL Mangue Seco 2 (5)	25	RN	2032
68/2012	EOL Ibirapuitã	25	RS	2047
MME Decree No. 409/2012	EOL Jandaia I (1) (4)	24	CE	2047
225/2014	EOL Casa Nova III	24	BA	2049
399/2012	EOL Junco I (5)	24	RN	2047
417/2012	EOL Junco II (5)	24	RN	2047
81/2012	EOL Cerro Chato VI	24	RS	2047
MME Decree No. 106/2012	EOL Chuí I (5)	24	RS	2047
MME Decree No. 166/2012	EOL Minuano II (5)	24	RS	2047
MME Decree No. 165/2012	EOL Chuí II (5)	22	RS	2047
MME Decree No. 79/2012	EOL Chuí IV (5)	22	RS	2047
MME Decree No. 231/2012	EOL Minuano I (5)	22	RS	2047
MME Decree No. 290/2014	EOL Verace 36 (5)	21	RS	2049
MME Decree No. 446/2012	EOL São Clemente (1) (4)	21	CE	2047
MME Decree No. 432/2012	EOL São Januário (1) (4)	21	CE	2047
MME Decree No. 63/2012	EOL Verace I (5)	20	RS	2047
MME Decree No. 58/2012	EOL Verace II (5)	20	RS	2047
MME Decree No. 252/2014	EOL Verace 24 (5)	20	RS	2049
418/2012	EOL Caiçara II (5)	18	RN	2047
MME Decree No. 56/2012	EOL Verace VI (5)	18	RS	2047
MME Decree No. 247/2014	EOL Verace 29 (5)	18	RS	2049
MME Decree No. 281/2014	EOL Verace 30 (5)	18	RS	2049
MME Decree No. 218/2014	EOL Chuí 09 (5)	18	RS	2049
MME Decree No. 279/2014	EOL Verace 27 (5)	16	RS	2049
219/2014	EOL Coqueirinho 2 (1)	16	BA	2049
286/2014	EOL Tamanduá Mirim 2 (1)	16	BA	2049
MME Decree No. 249/2014	EOL Verace 26 (5)	14	RS	2049
MME Decree No. 280/2014	EOL Verace 34 (5)	14	RS	2049
MME Decree No. 269/2014	EOL Verace 28 (5)	13	RS	2049
MME Decree No. 239/2014	EOL Verace 35 (5)	13	RS	2049
141/2012	EOL Cerro Chato V	12	RS	2047
152/2014	EOL Angical 2 (1)	10	BA	2049
154/2014	EOL Caititú 2 (1)	10	BA	2049
174/2014	EOL Carcará (1)	10	BA	2049
176/2014	EOL Corrupião 3 (1)	10	BA	2049
177/2014	EOL Caititú 3 (1)	10	BA	2049
213/2014	EOL Papagaio (1)	10	BA	2049
009/2013	Parque Eólico Capão do Inglês	10	RS	2049
139/2012	EOL Cerro Chato IV	10	RS	2047
MME Decree No. 248/2014	EOL Verace 31 (5)	9	RS	2049
153/2014	EOL Teiú 2 (1)	8	BA	2049
009/2013	Parque Eólico Galpões	8	RS	2049
103/2012	EOL Cerro dos Trindade	8	RS	2047
MME Decree No. 241/2014	EOL Verace 25 (5)	7	RS	2049
150/2014	EOL Acauã (1)	6	BA	2049
151/2014	EOL Arapapá (1)	4	BA	2049

Contract	Nuclear	Installed Capacity (MW)*	Location	Year
DNAEE Decree No. 315/1997	Angra III (1)	1,405	RJ	-
DNAEE Decree No. 315/1997	Angra II	1,350	RJ	2041
DNAEE Decree No. 315/1997	Angra I (6)	640	RJ	2024

Contract	Thermoelectric	Installed Capacity (MW)*	Location	Year
Ring No. 4.950/2014	UTE Mauá 3	591	AM	2044
004/2004	UTE Santa Cruz (7)	500	RJ	2015
MME Decree No. 304/2008	UTE Candiota III (Fase C)	350	RS	2041
Ring No. 4.244/2013	UTE Aparecida (8)	200	AM	2020
MME Decree No. 420/1989	UTE Senador Arnon Afonso Farias de Mello (9)	86	RR	2019
004/2004	UTE Campos (Roberto Silveira)	30	RJ	2027
5.682/2016	UTE Araguaia (10)	23	MT	2019
Ring No. 6.883/2018	UTE Codajás	4	AM	2030
Ring No. 6.883/2018	UTE Anori	4	AM	2030
Ring No. 6.883/2018	UTE Anamá	2	AM	2030
Ring No. 6.883/2018	UTE Caapiranga	2	AM	2030

- (1) Projects still under implementation;
- (2) Furnas guaranteed the right to extend the concession of the Itumbiara HPP for a period of up to 30 years, starting in 2020 as long as the conditions defined by Law 13,182/2015, which was later amended by Law 13,299/2016, were met;
- (3) 3rd Amendment to contract No. 004/2004 formalized the extension of the concession term of the Mascarenhas de Moraes HPP for 90 days, changing the final term from October 31, 2023 to January 29, 2024;
- (4) The subsidiary Furnas holds a 100% interest in Brasil Ventos and the latter is a majority shareholder in the Wind Power Plants of Fortim Compound;
- (5) Classification as an asset held for sale, see note 47;
- (6) The subsidiary Eletronuclear formally requested the National Nuclear Energy Commission - CNEN, in November 2019, to extend the useful life of the Angra I Nuclear Power Plant from 40 to 60 years;
- (7) Law 12,738/2013 did not regulate the renewal of that concession; however, Santa Cruz TPP continues to operate with an energy sale contract until 2025 and awaits the definition of the granting authority regarding the renewal.
- (8) The bilateral contract (CCVEE) was replaced by a CCEAR, under the same conditions as Tender A-5/2014 — conditions of Mauá 3 TPP, in force since January 2019, which will end in November 2030.
- (9) Senador Arnon Afonso Farias de Mello TPP granted to Boa Vista Energia S.A. through Resolution No. 427, of November 1, 2000, was transferred to Eletronorte in accordance with Authorizing Resolution 1018/2007. According to Opinion No. 00389/2019/PFANEEL/PGF/AGU of 09/04/2019, it is in favor of the granting of a new authorization for this plant with a term of 35 years starting on November 1, 2000. SCG/ANEEL has not yet officially commented; and
- (10) Decommissioning of the plant in its entirety, authorized by MME Ordinance No. 331 of 08/14/2018. Grant revocation not completed.

(\*) Not reviewed by the independent auditors.

The subsidiary Eletronorte expressed to ANEEL its interest in extending the concession period for the Tucuruí Hydroelectric Power Plant, which expires on August 30, 2024, pursuant to Law 12,783/2013. The claim must be submitted by ANEEL to the MME, which will disclose the pertinent conditions for the concession extension. The above statement aims to ensure the right of Eletronorte to an eventual extension of the contract. However, the effective decision will only occur after the disclosure by the MME of the conditions for the extension, which must be reviewed by the Company's governance bodies.

## II - Electric Energy Transmission Concession

Contract	Transmission Companies	Lines (KM)*	Location	Year
062/2001	Several company owned projects achieved as per Law 12.783/2013	20260	RJ/SP/PR/MG/GO/TO/DF/ES/MT	2043
061/2001	Several LT Projects	18974	PE/CE/SE/BA/AL/PI/MA/PB/RN	2042
057/2001	38 Transmission substations and transmission lines	9513	RS/SC/PR/MS	2042
058/2001	Basic network transmission - various facilities	9253	AC/MA/MT/PA/PI/RO/RR/TO	2043
013/2009	SPE IE Madeira (Lot D)	2375	RO/SP	2039
013/2009	LT Coletora Porto Velho / Araraquara II	2375	RO/SP	2039
014/2014	SPE Belo Monte Transmissora (3)	2092	PA/TO/GO/MG	2044
021/2009	LT Jauru - Vilhena - Pimenta Bueno - Ji-Paraná - Ariquemes - Samuel - Porto Velho	979	MT/RO	2039
007/2013	SPE Paranaíba Transmissora	953	BA/MG/GO	2043
001/2014	SPE Mata de Sta. Genebra Transmissora (1)	887	SP/PR	2044
004/2012	LT Nova Santa Rita - Camaquã 3; LT Camaquã 3- Quinta; LT Salto Santiago - Itá; LT Itá - Nova Santa Rita	788	SC	2042
-	LT Ibiúna - Batéias	664	PR/SP	2031
010/2008	LT Oriximiná/Silves/Lechuga (4)	586	AM/PA	2038
009/2009	SPE Transenergia Renovável	570	MS/GO	2039
005/2004	LT Teresina II - Sobral - Fortaleza	546	PI/CE	2034
022/2009	LT Porto Velho - Abunã - Rio Branco	488	AC/RO	2039
020/2012	LT Nova Santa Rita - Povo Novo; LT Povo Novo - Marmeleiro; LT Marmeleiro - Santa Vitória do Palmar, Seccionamento da LT Camaquã 3	468	RS	2042

Contract	Transmission Companies	Lines (KM)*	Location	Year
004/2004	LT Salto Santiago (PR) - Ivaiporã (PR) - Cascavel D'Oeste (PR) and Modules in SE Ivaiporã, SE Salto Santiago and SE Cascavel do Oeste (Copel)	372	PR	2034
010/2005	LT Campos Novos - Blumenau and Biguaçu substation	358	SC	2035
004/2013	SPE Triângulo Mineiro Transmissora	297	SP/MG	2043
007/2014	LT Santo Ângelo-Maçambará; LT Pinhalzinho-Foz do Chapecó; LT Pinhalzinho-Foz do Chapecó (1)	274	SC	2044
008/2010	SPE MGE Transmissão S.A.	260	MG/ES	2040
005/2006	LT Campos Novos (SC) - Nova Santa Rita (RS) and Modules in SE Nova Santa Rita and SE Campos Novos	257	RS/SC	2036
005/2009	SPE Goiás Transmissão	254	GO	2040
022/2011	LT Garanhuns - Pau Ferro	239	AL/PE/PB	2041
-	LT Simplicio - Rocha Leão	238	RJ	-
004/2008	LT Presidente Médici - Santa Cruz	237	RS	2038
002/2011	SE Foz do Chapecó	231	RS	2041
022/2011	LT Luis Gonzaga - Garanhuns	224	AL/PE/PB	2041
005/2007	LT Funil - Itapebi	223	BA	2037
007/2005	LT Milagres - Tauá	208	CE	2035
008/2011	LT Ceará-Mirim II - Campina Grande III	192	RN/PB	2041
022/2011	LT Garanhuns II- Campina Grande III	190	AL/PE/PB	2041
028/2009	SPE Transenergia Goiás	189	GO	2039
012/2007	LT Picos - Tauá II	183	PI/CE	2037
003/2009	LT Bom Despacho 3 - Ouro Preto 2	180	MG	2039
014/2013	SPE Vale do S. Bartolomeu	162	GO/DF	2043
014/2008	LT Eunápolis - Teixeira de Freitas II	145	BA	2038
018/2009	LT Eunápolis - Teixeira de Freitas II	145	BA	2039
012/2007	LT Paraíso - Açú II	133	PI/CE/RN	2037
019/2010	LT Paraíso - Açú II	123	RN	2040
008/2005	LT Milagres - Coremas	120	CE/PB	2035
020/2010	LT Bom Jesus da Lapa II - Igaporã II	115	BA	2040
005/2008	LT Nossa Senhora do Socorro - Penedo	110	SEAL	2038
018/2012	LT Russas - Banabuiu	110	RN	2042
019/2011	LT Camaçari IV - Sapeaçu	105	BA	2041
001/2009	LT Ribeiro Gonçalves - Balsas; SE Ribeiro Gonçalves - SE Balsas	95	MA/PI	2039
006/2010	LT Mascarenhas - Linhares	95	ES	2040
010/2007	LT Ibicoara - Brumado	95	BA	2037
021/2010	LT Acaraú II-Sobral III	91	CE	2040
006/2005	LT Campos - Macaé 3	90	RJ	2035
-	LT Batalha - Paracatu	85	MG	-
017/2009	LT Pau Ferro - Santa Rita II	85	PE/PB/AL/RN	2039
004/2005	LT Fumas - Pimenta II	75	MG	2035
019/2010	LT C. Mirim II - João Camara II	75	RN	2040
007/2006	LT Tijuco Preto - Itapeti - Nordeste	71	SP	2036
-	LT Manso - Nobres (138kV)	70	MT	-
003/2014	SPE Lago Azul Transmissora	69	GO	2044
019/2010	LT Açú II - Mossoró II	69	RN	2040
225/2014	LT Casa Nova II - Sobradinho	67	BA	2049
010/2000	LT Manso - Nobres (230kV)	66	MT	-
010/2011	LT Paraíso - Lagoa Nova II	65	RN/CE	2041
009/2011	LT Morro do Chapéu II - Irecê	64	BA	2041
008/2011	LT Ceará-Mirim II- João Câmara III	64	RN/PB	2041
ECE 554/2010	LT Candiota/Melo and LT Presidente Médici	63	RS	2040
018/2012	LT Ceará-Mirim II - Touros II	62	RN	2042
014/2011	LT Xavantes - Pirineus	50	GO	2041
019/2012	LT Igaporã III - Pindaí II	50	BA	2042
017/2011	LT Teresina II - Teresina III	46	PI	2041
007/2006	SPE Retiro Baixo Energética S.A. (2)	45	MG	2041
015/2012	LT Camaçari IV - Pirajá (1)	45	BA	2042
018/2011	LT Recife II - Suape II (1)	44	PE	2041
006/2009	LT Pirapama II - Suape II	42	PE	2039
02/2014	SPE Empresa de Energia São Manoel (2)	40	PA/MT	2049
005/2012	LT Messias - Maceió II	39	SE/AL/BA	2042
004/2010	LT São Luiz II - São Luiz III	39	MA/CE	2040
130/2001	SPE Enerpeixe S.A.(2)	37	TO	2036
018/2012	LT Mossoró II - Mossoró IV	36	RN	2042
007/2008	LT São Luís 2 - São Luís 3 SE São Luís 3	36	MA	2038
012/2010	LT Monte Claro - Garibaldi (RS) and modules in SE Garibaldi (CEEE) and SE Monte Claro (CERAN)	33	RS	2040
129/2001	SPE Serra do Facão Energia S.A.(2)	32	GO	2036

Contract	Transmission Companies	Lines (KM)*	Location	Year
019/2011	LT Sapeaçu - Sto. Antonio de Jesus (1)	31	BA	2041
009/2010	LT Jorge Teixeira - Lechuga (ex-Cariri)	30	AM	2040
014/2012	LT Lechuga - Jorge Teixeira; SE Lechuga	30	AM	2042
-	LT Anta - Simpício	26	MG/RJ	-
010/2009	LT Coletora Porto Velho - Porto Velho; SE Coletora Porto Velho; 2 Converter Stations CA/CC/CA Back-to-Back;	22	RO	2039
019/2010	LT Extremoz II - C. Mirim	19	RN	2040
008/2011	LT Ceará-Mirim II - Extremoz II	19	RN/PB	2041
022/2011	LT Garanhuns - Angelim I	13	AL/PE/PB	2041
023/2014	1 frequency converter and LT of 132 kV	13	RS	2021
017/2009	LT Paulo Afonso III - Zebu II	11	PE/PB/AL/RN	2039
019/2012	LT Igaporã II - Igaporã III	11	BA	2042
001/2008	SPE Madeira Energia S.A.(2)	10	RO	2043
008/2011	LT Campina Grande III - Campina Grande II	10	RN/PB	2041
02/2011	SPE Teles Pires Participações S.A. (2)	8	MT/PA	2046
006/2009	LT Suape III - Suape II	7	PE	2039
015/2012	LT Pituaçu - Pirajá (1)	5	BA	2042
001/2006	SPE Baguari Energia S.A. (2)	3	MG	2041
005/2012	LT Jardim - Nossa Senhora do Socorro	1	SE/AL/BA	2042
002/2006	SE UHE Batalha	-	MG	2041
006/2010	SE UHE Mascarenhas de Moraes	-	MG	2042
-	SE UHE Simpício	-	RJ	2042
010/2000	SE UHE Manso	-	MT	2042
016/2012	SE Zona Oeste	-	RJ	2042
006/2010	SE Linhares	-	ES	2040
003/2011	SPE Caldas Novas	-	GO	2041
015/2009	SPE IE Madeira (Lot F) (5)	-	RO/SP	2039
001/2009	SPE Transenergia São Paulo S.A.	-	SP	2039
061/2001	SE Several Companies	-	PE/CE/SE/BA/AL/PI/MA/PB/RN	2042
007/2005	SE Tauá II	-	CE	2035
010/2007	SE Ibiçara	-	BA	2037
006/2009	SE Suape II	-	PE	2039
006/2009	SE Suape III	-	PE	2039
017/2009	SE Santa Rita II	-	PE/PB/AL/RN	2039
017/2009	SE Zebu	-	PE/PB/AL/RN	2039
017/2009	SE Natal III	-	PE/PB/AL/RN	2039
007/2010	SE Camaçari IV	-	BA	2040
013/2010	SE Arapiraca III	-	AL	2040
019/2010	SE Extremoz II	-	RN	2040
019/2010	SE João Câmara	-	RN	2040
020/2010	SE Igaporã	-	BA	2040
021/2010	SE Acaraú II	-	CE	2040
010/2007	SE Brumado II	-	BA	2037
020/2010	SE Bom Jesus da Lapa II	-	BA	2040
010/2011	SE Lagoa Nova	-	RN/CE	2041
010/2011	SE Ibiapina II	-	CE	2041
019/2012	SE Igaporã III	-	BA	2042
019/2012	SE Pindaí II	-	BA	2042
014/2010	SE Pólo	-	BA	2040
017/2012	SE Mirueira II	-	PE	2042
018/2012	SE Touros	-	RN	2042
009/2011	SE Morro do Chapéu	-	BA	2041
-	SE Tabocas do Brejo Velho	-	BA	-
017/2011	SE Teresina III	-	PI	2041
018/2012	SE Mossoró IV	-	RN	2042
225/2014	SE Casa Nova II	-	BA	2049
004/2010	SE Pecém II	-	CE	2040
004/2010	SE Aquiraz II	-	CE	2040
008/2011	SE João Câmara II	-	RN/PB	2041
008/2011	SE Ceará-Mirim II	-	RN/PB	2041
008/2011	SE Campina Grande III	-	RN/PB	2041
022/2011	SE Garanhuns	-	AL/PE/PB	2041
022/2011	SE Pau Ferro	-	AL/PE/PB	2041
015/2009	Rectifying Station No. 02	-	RO/SP	2039
015/2009	Inverting Station No. 02	-	RO/SP	2039
017/2012	SE Jaboação II	-	PE	2042
-	SE Ouroândia II	-	BA	-

Contract	Transmission Companies	Lines (KM)*	Location	Year
35/2017	SE Garanhuns II	-	PE	2041
014/2008	SE Teixeira de Freitas II	-	BA	2038
005/2012	SE Nossa Senhora do Socorro	-	SE/AL/BA	2042
005/2012	SE Maceió II	-	SE/AL/BA	2042
015/2012	SE Pirajá (1)	-	BA	2042
005/2012	SE Poções II (1)	-	BA	2042
006/2004	SE Elev. Usina Apolônio Sales	-	BA	2042
006/2004	SE Elev. Usina Luiz Gonzaga	-	BA	2042
006/2004	SE Elev. Usina PAF I	-	BA	2042
006/2004	SE Elev. Usina PAF II	-	BA	2042
006/2004	SE Elev. Usina PAF III	-	BA	2042
006/2004	SE Elev. Usina PAF IV	-	BA	2042
006/2004	SE Elev. Usina Xingó	-	BA	2042
006/2004	SE Elev. Usina Boa Esperança	-	BA	2042
006/2004	SE Elev. Usina Funil	-	BA	2042
006/2004	SE Elev. Usina Pedra	-	BA	2042
006/2004	SE Elev. Usina Sobradinho	-	BA	2052
006/2004	SE Elev. Usina Curemas	-	BA	2024
006/2004	SE Elev. Usina Camaçari	-	BA	2027
220/2004	SE Elev. Usina Casa Nova II	-	BA	2049
225/2004	SE Elev. Usina Casa Nova III	-	BA	2049
005/2009	SE Missões	-	RS	2039
011/2010	SEs: Caxias 6, Ijuí 2, Lajeado Grande and Nova Petrópolis 2	-	RS	2040
008/2014	SE Ivinhema 2 (expansion)	-	MS	2044
004/2012	SE Camaquã 3	-	SC	2042
020/2012	SE Povo Novo; SE Santa Vitória do Palmar 2; SE Povo Novo (e)	-	RS	2042
007/2014	SE Pinhalzinho; SE Santa Maria 3 (1)	-	SC	2044
002/2009	SE Miranda II	-	MA	2039
012/2009	Rectifying Station No. 01 CA/CC - Inverting Station No. 01 CC/CA	-	RO/SP	2039
004/2011	SE Lucas do Rio Verde	-	MT	2041
012/2011	SE Miramar; SE Tucuruí	-	PA	2041
013/2011	SE Nobres	-	MT	2041
010/2012	SE Niquelândia (4)	-	GO	2045
010/2012	SE Luziânia (4)	-	GO	2044
010/2009	SE Silves (4)	-	AM	2038
010/2010	SE Cariri (4)	-	AM	2038

- (1) Projects still under implementation;
- (2) Transmission facilities of Restricted Interest to the Power Generating Station;
- (3) Only the converting station belongs to the SPE;
- (4) Classification as an asset held for sale, see note 47; and
- (5) Only the rectifier and inverter stations belong to the SPE.

(\*) Not reviewed by the independent auditors

#### • Tariff Review

Aneel will review the Allowed Annual Revenue – RAP, during the concession period, at periodic intervals of 5 years, counting from the first month of July following the date of signature of the concession contract, observing the specific regulations.

The tariff review of contracts renewed under law 12,783/13 should take place in July 2017; however, this term has been extended and the tariff review process is expected to occur throughout 2020.

In summary, in the tariff review process, the Regulatory Agency verifies the Company's asset base and the operating costs of the concession, generating a new tariff base for the next tariff cycle. The contracts subject to tariff review are identified below:

Company	Concession Contract
Fumas	062/2001
Chesf	061/2001
Eletrosul	057/2001
Eletronorte	058/2001

Up to the present moment, it has not been possible to assess the possible impacts, as Aneel has not completed the tariff review process.

### 3.1 - Concessions to be indemnified

Indemnities after Basic Project - modernization and improvements

Hydraulic Generation:

Law No. 12,783/2013 guaranteed the right of electric power generation and transmission concessionaires, which extended their concessions, to be indemnified for the portion of investments linked to reversible assets, not yet amortized or depreciated, whose value would be updated until effective payment to the concessionaire.

Decree No. 7,805/2012, which regulates Law No. 12,783/2013, established that indemnities for investments in reversible assets not yet amortized or depreciated related to generation concessions would be calculated based on the New Replacement Value (VNR), considering the accumulated depreciation and amortization from the date of commissioning of the facility until December 31, 2012, in accordance with the criteria of the Electric Sector Accounting Manual (MCSE).

Normative Resolution No. 596 of December 2013, which regulates Decree No. 7,850/2012, established that the concessionaires should prove the realization of their investments linked to reversible assets by December 2015.

In December 2014, the subsidiary Chesf presented supporting documentation to ANEEL of investments related to reversible assets, not yet amortized or depreciated, of the Xingó, Paulo Afonso I, II, III and IV, Apolônio Sales (Moxotó), Luiz Gonzaga (Itaparica), Boa Esperança, Pedra and Funil hydroelectric projects, whose concessions were extended under Law 12,783/2013, for the purpose of the process of requesting generation supplementary compensation.

In February 2015, the subsidiary Eletronorte presented supporting documentation of investments related to reversible assets, not yet amortized or depreciated, of the Coaracy Nunes power plant, whose concession was extended, pursuant to Law 12,783/2013, for the purpose of the process of requesting generation supplementary compensation.

In October 2015, the subsidiary Furnas presented supporting documentation of investments related to reversible assets, not yet amortized or depreciated, of the Corumbá, Funil, Furnas, Luiz Carlos de Barreto de Carvalho, Maribondo and Porto Colômbia hydroelectric power plants, whose concession were extended under Law 12,783/2013, for the purpose of the process of requesting generation supplementary compensation.

In January 2019, ANEEL's Executive Board decided to institute a Public Hearing, No. 003/2019, in order to collect subsidies and additional information to improve the criteria and procedures for calculating investments in non-amortized and non-depreciated reversible assets, carried out during the generation concessions extended or not, pursuant to Law No. 12,783/2013.

In October 2019, the analysis of the contributions to Public Hearing No. 003/2019 was published by Technical Note 096/2019-SRG-SFF-SCG/ANEEL. The Company will await deliberation by ANEEL's Executive Board to make any necessary adjustments to its financial statements.

Eletrobras keeps the assets subject to this public hearing recorded at their historical value (balance as of December 2012) due to the uncertainty regarding the approval and the manner of its realization thereof, which are the minimum amounts expected to be recovered, in the total amount of R\$ 1,483,540 listed below:

Modernizations and Improvements	
Paulo Afonso I	92,612
Paulo Afonso II	107,093
Paulo Afonso III	66,259
Paulo Afonso IV	20,832
Apolônio Sales	38,250
Luiz Gonzaga	28,174
Xingó	15,150
Boa Esperança	98,759
Pedra	8,067
Funil	12,626
UHE Furnas	514,825
UHE Estreito	480,893
	<u>1,483,540</u>

#### Thermal Generation:

Santa Cruz TPP is a concession under contract No. 004/2004. Although its concession expired in 2015, as there was still no manifestation by the Granting Authority about its extension under the terms of Law No. 12,783/2013 and Decree No. 9,187/2017, it remains in force until such manifestation occurs. The residual value at the end of the concession period of the Santa Cruz TPP thermoelectric project, in December 2012, represented the amount of R\$ 661,997.

As of December 31, 2019, the net value of the Santa Cruz TPP asset is R\$ 281,781 as follows:

UTE Santa Cruz	
Value as of December 31, 2019	900,350
(-) Reduction of the recoverable value (impairment)	(618,569)
Net book value	<u>281,781</u>

## NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are defined below. These policies have been applied consistently in all years presented, except for the new standards adopted at the beginning of the year of 2019 (Note 4.3.3), described in note 5.

### 4.1. - Conformity statement

The Company's financial statements comprise the parent company's individual financial statements, identified as Parent Company, and the consolidated financial statements, identified as Consolidated, prepared in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). The accounting practices adopted in Brazil include the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC), approved by the Federal Accounting Council (CFC) and the CVM, and the provisions contained in the Brazilian corporate law.

As there is no difference between the consolidated net equity and the consolidated income attributable to the parent company's shareholders, contained in the consolidated financial statements and the parent company's net equity and income, contained in the individual financial statements, the Company opted to present these individual and consolidated financial statements in a single set, side by side.

### 4.2. - Basis of preparation and measurement

The preparation of the financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management, in the process of applying the accounting policies of Eletrobras Companies. The transactions, disclosures or balances that require a higher level of judgment, which are more complex and for which assumptions and estimates are significant, are disclosed in Note 5.

The financial statements were prepared based on the historical cost, except for certain financial instruments measured at their fair values. The historical cost is generally based on the fair value of the consideration paid on the date of the transactions.

#### 4.3. - Functional currency and currency presented in the financial statements

These financial statements are presented in reais, which is the functional currency of the Eletrobras Companies. The financial statements are presented in thousands of reais, rounded to the nearest number, unless otherwise stated.

##### 4.3.1. - Reclassification of comparative balances

The Company, due to errors identified in the comparative balances, decided to perform reclassifications in its income statement, cash flow statement, statement of added value, as provided by CPC 23 - Accounting Policies, Changes in Estimates and Error Correction, to provide reliable and more relevant information, details on reclassifications are provided below:

#### Income Statement for the Year

	PARENT COMPANY		
	12/31/2018 Before adjustments	Adjustments	12/31/2018 After adjustments
Operational Expenses	1,854,760	1,187,278 (a)	3,042,038
Earnings Operating before Financial Income	2,296,709	1,187,278 (a)	3,483,987
Earnings before Equity Holdings	4,440,287	1,187,278	5,627,565
Effects of divestiture of equity holdings	2,967,098	(2,967,098) (a)	-
Earnings before Income Tax and Social Contribution	15,811,239	(1,779,820)	14,031,419
Net profit from continuing operations	15,023,243	(1,779,820)	13,243,423
Profit (loss) from discontinued operations	(1,760,865)	1,779,820	18.955
Net profit for fiscal year	13,262,378	-	13,262,378
	CONSOLIDATED		
	12/31/2018 Before adjustments	Adjustments	12/31/2018 After adjustments
Net Operating Revenue	24,975,747	796,558 (b)	25,772,305
Operational Expenses	(5,502,221)	1,187,278 (a)	(4,314,943)
Operating Income before Financial Income	13,936,463	1,983,836 (a)/(b)	15,920,299
Financial Income	(578,073)	(796,558) (b)	(1,374,631)
Effects of divestiture of equity holdings	2,967,098	(2,967,098) (a)	-
Earnings before Income Tax and Social Contribution	17,710,338	(1,779,820)	15,930,518
Net profit from continuing operations	15,226,620	(1,779,820)	13,446,800
Profit (loss) from discontinued operations	(1,879,043)	1,779,820	(99,223)
Net profit for fiscal year	13,347,577	-	13,347,577

#### Cash Flow Statement

	PARENT COMPANY			CONSOLIDATED		
	12/31/2018 Before adjustments	Adjustments	12/31/2018 After adjustments	12/31/2018 Before adjustments	Adjustments	12/31/2018 After adjustments
<b>OPERATING ACTIVITIES</b>						
Income before income tax and social contribution	15,811,239	(1,779,820) (a)	14,031,419	17,710,338	(1,779,820) (a)	15,930,518
Financial revenue - concession assets	-	-	-	(4,314,136)	3,670,928 (b)	(643,208)
Income from the sale of shareholdings	(2,967,098)	1,779,820 (a)	(1,187,278)	(2,967,098)	1,779,820 (a)	(1,187,278)
Construction revenue	-	-	-	(1,092,930)	380,219 (b)	(712,711)
RBSE Revenue	-	-	-	-	(4,462,260) (b)	(4,462,260)
Other	(631,192)	-	(631,192)	(264,708)	411,113 (b)	146,405
Cash used in operating activities	133,089	-	133,089	4,903,446	-	4,903,446
Net cash used in financing activities	(3,266,233)	-	(3,266,233)	(5,563,800)	-	(5,563,800)
Net cash from (used in) investment activities	3,019,217	-	3,019,217	451,454	-	451,454
Reduction in cash and cash equivalents	(113,926)	-	(113,926)	(208,900)	-	(208,900)

### Statement of Added Value

	CONSOLIDATED		
	12/31/2018 Before adjustments	Adjustments	12/31/2018 After adjustments
Revenue (Expenses)	45,747,570	796,558	46,544,128
Sale of goods, products and services	44,544,474	796,558 (b)	45,341,032
Supplies Acquired from Third Parties	(16,128,766)	-	(16,128,766)
Gross Added Value	29,618,804	796,558	30,415,362
Withholdings	(1,852,721)	-	(1,852,721)
Net Added Value Produced by the Entity	27,766,083	796,558	28,562,641
Added Value Received in Transfer	14,830,817	-	14,830,817
Total Added Value to Distribute	42,596,900	796,558	43,393,458
Added Value Distribution			
Staff	6,519,724	-	6,519,724
Taxes	9,671,533	-	9,671,533
Third parties	13,058,066	796,558 (b)	13,854,624
Shareholders	13,347,577	-	13,262,377
	42,596,900	796,558	43,393,458

(a) This reclassification refers to the result of the sale of the distributors, which were classified as assets held for sale and generated a gain recognized in the income statement in 2018 as continued operation. In accordance with CPC 31/IFRS 5, the result of the sale of these assets must be classified separately in the income statement as a discontinued operation, this being the reclassification made in the income statement in the year of 2018.

(b) For better presentation purposes, the Company reclassified the portion of the excess RBSE measurement at amortized cost to financial result, while the amortized cost update portion of the RBSE asset remains in operating revenue. The Company's perspective is that this updating component, classified as operating revenue, is associated with the Company's business model, which expects to receive cash flows from this asset until maturity and represents the return on invested capital, not to be confused with investments related to management of cash flow from the Transmitters. This classification is in line with paragraph 23 of OCPC 05.

#### 4.3.2. - New standards and interpretations not yet in force

The following amended standards and interpretations are not expected to have a material impact on Eletrobras' financial statements or are not applicable to its operations:

- Definition of a business (amendments to IFRS 3 - Business Combinations) - effective from January 1, 2020;
- Definition of materiality (amendments to IAS 1 and IAS 8) - effective from January 1, 2020; and
- Conceptual structure change - effective from January 1, 2020.

#### 4.3.3. - Adoption of new standards and interpretations

The Company has applied amendments and new interpretations to IFRSs and CPCs issued by the IASB and CPC, respectively, which were effective as of January 1, 2019. The impact of the adoption of new standards and interpretations, as well as the new accounting policies, are as follows:

##### a) CPC 06 (R2)/IFRS 16 - Leases

On January 1, 2019, the Company applied CPC 06 (R2)/IFRS 16 - Leases, which establishes the principles for the recognition, measurement, presentation and disclosure of lease transactions, and requires lessees to account for all leases under a single balance sheet model, similar to the accounting for financial leases previously applied in accordance with CPC 06 (R1)/IAS 17.

At the commencement date of a lease, the lessee recognizes a liability representing the obligation to make payments (a lease liability) and an asset representing the right to use the underlying asset over the term of the lease (a right-of-use asset). Lessees must separately recognize interest expense on lease liabilities and depreciation expense on the right-of-use asset.

Given this context, the contracts containing leases began to impact the Company's financial statements, as follows: (i) recognition of right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at present value of future minimum lease payments; (ii) recognition of depreciation expenses of right-of-use assets and interest expense on lease liabilities in the consolidated income statement; (iii) separation of the total cash paid in these operations between principal (presented within financing activities) and interest (presented in operating activities) in the consolidated statement of cash flows.

The Company opted for the modified retrospective approach, applying the effects of the initial adoption of the standard as adjustments to the opening balance of retained earnings on January 1, 2019 without the restatement of comparative information. Accordingly, all comparative balances are presented in accordance with the standards in force until 2018.

The Company has adopted practical arrangements that allow the non-application of the new standard to contracts that were not previously classified as a lease under the old standard, as well as to lease contracts previously classified as an operating lease (according to the previous standard), assets and liabilities were recognized on the date of initial application in accordance with CPC 06 (R2)/IFRS 16, adopting the following initial measurement criteria:

- Lease liabilities: lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee's incremental loan rate on the initial application date; and
- Right-of-use asset: measurement of the right-of-use asset at an amount equivalent to the lease liability, adjusted by the amount of any advance or accumulated lease payments for that lease that was recognized in the balance sheet immediately prior to the initial application date of the lease.

The main lease contracts identified correspond to real estate, land, vehicles and equipment. The lease term assessed for lease recognition corresponds to the non-terminable period, and most contracts do not offer renewal options.

In addition to those mentioned above, the Company used the following practical expedients to transition to the new requirements:

- Use of late perception to determine the term of the lease, in those cases where the contract contains options for extension or termination;
- Exclusion of initial direct costs from measurement of initial balance of the right-of-use asset;

- No recognition was made of the lease liability of those contracts with maturity within 12 months from January 1, 2019 (date of initial application of the new standard), as well as for low value assets. Low value lease contracts refer to assets with a value equal to or less than R\$ 50. These include, but are not limited to, leasing contracts for printers, computers and other equipment; and
- Use of a single discount rate for each lease portfolio with reasonably similar characteristics. In this sense, the incremental loan rate, measured on January 1, 2019, applicable to each of the leased asset portfolios, was obtained. Through this methodology, the Company obtained the specific rates that cover the remaining term of each contract, between 1 and 30 years. As it was not possible to determine the interest rate implicit in the leasing, it was decided to calculate the lessee's financing cost. To calculate the cost of capital of third parties, the cost of raising debt in US\$ was used and is being used, a rate that is consistent with the analyzes usually performed by the Company and the Company's spread, which was 1.48%. The weighted average rate for measured contracts under IFRS 16/CPC 06 (R2) was 10.35%.

The table below shows the rates charged, vis-à-vis the terms of the contracts, as required by CPC 12:

Terms Contracts	Rate % per year
1 year	9.15%
2 years	8.81%
3 years	9.34%
5 years	10.00%
7 years	10.44%
10 years	10.90%
20 years	11.80%
30 years	12.33%

In measuring and remeasuring its lease liabilities and the right to use, the Company used the discounted cash flow analysis technique without considering projected future inflation. For contracts with a duration of up to 1 year, 5.24% was used; and for contracts with a duration of more than 2 years, we considered 4%.

The table below shows the impacts of the initial adoption of CPC 06 (R2)/IFRS 16 on the accounting information as of January 1, 2019:

	Initial Adoption 01/01/2019	
	Asset	Liability
Right of use asset	340,225	-
Lease liability	-	340,225

In addition, the table below summarizes the amounts recognized as a result of the adoption of this new accounting standard to the income and cash flow statements for the year ended December 31, 2019:

	12/31/2019
<b>Income Statement for the Financial Year</b>	
Depreciation and Amortization	81,177
Financial expenses	19,125
<b>Cash Flow Statement</b>	
Adjustments to reconcile profit with cash generated by operations:	
Depreciation and Amortization	81,177
Charges - Leasing	21,781
<b>Financing Activities</b>	
Loan Payments and Financing	115,366

The Company also had contracts previously classified as finance leases, described in note 24, which were not impacted by the adoption of the new standard.

b) ICPC 22/IFRIC 23 - Uncertainty over Income Tax Treatments

This Interpretation clarifies how to apply the CPC 32 recognition and measurement requirements when there is uncertainty over income tax treatment. The Interpretation requires the Company to: (1) determine whether uncertain tax positions are assessed separately or as a group; and (2) assess whether the tax authority is likely to accept the use of uncertain tax treatment or proposed use by the Company. If so, the entity shall determine its tax and accounting position in line with the tax treatment used or to be used in its income tax returns. If not, the Company should reflect the effect of uncertainty in determining its fiscal and accounting position. The Company has assessed the requirements of the standard, evaluating operations of Eletrobras Companies that involved corporate restructuring and sale of interests in other companies, and identified no impact upon its adoption on January 1, 2019.

#### 4.4. - Basis of consolidation and investments in subsidiaries, joint ventures and associates

The following accounting policies are applied in the preparation of the consolidated financial statements that include the equity interests of the Company and its subsidiaries.

In the individual financial statements, the financial information of subsidiaries and jointly-controlled, as well as those of affiliates, are recognized using the equity method and are initially recognized at cost and then adjusted for purposes of recognition by the Company in profit or loss and other comprehensive income.

When necessary, the financial statements of the subsidiaries, jointly-controlled and affiliated companies are adjusted to adapt their accounting policies to those adopted by the Company.

Subsidiaries jointly controlled and affiliated companies are substantially domiciled in Brazil.

##### a) Subsidiaries

Control is determined when the entity is exposed or is entitled to variable returns arising from its involvement with another entity and has the ability to interfere in those returns due to the power it exercises.

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

All transactions, balances, income and expenses between the Company's subsidiaries are eliminated in full in the consolidated financial statements.

Subsidiaries	12/31/2019		12/31/2018	
	Direct	Indirect	Direct	Indirect
Amazonas GT	100.00%	-	100.00%	-
CGTEE	99.99%	-	99.99%	-
Chuí IX (2)	99.99%	-	99.99%	-
Hermenegildo I (2)	99.99%	-	99.99%	-
Hermenegildo II (2)	99.99%	-	99.99%	-
Hermenegildo III (2)	99.99%	-	99.99%	-
Eletronuclear	99.91%	-	99.91%	-
Eletrosul	99.88%	-	99.88%	-
Chesf	99.58%	-	99.58%	-
Furnas	99.56%	-	99.56%	-
Eletronorte	99.48%	-	99.48%	-
Eletropar	83.71%	-	83.71%	-
Santa Vitoria do Palmar (2)	78.00%	-	78.00%	-
Amazonas Distribuidora (1)	-	-	100.00%	-
Ceal (1)	-	-	100.00%	-
Uirapuru (1)	-	-	75.00%	-
Geribatu I	-	100.00%	-	100.00%
Geribatu II	-	100.00%	-	100.00%
Geribatu III	-	100.00%	-	100.00%
Geribatu IV	-	100.00%	-	100.00%
Geribatu V	-	100.00%	-	100.00%
Geribatu VI	-	100.00%	-	100.00%
Geribatu VII	-	100.00%	-	100.00%
Geribatu VIII	-	100.00%	-	100.00%
Geribatu IX	-	100.00%	-	100.00%
Geribatu X	-	100.00%	-	100.00%
Paraíso Transmissora de Energia	-	100.00%	-	100.00%
Extremoz Transmissora do Nordeste S.A.	-	100.00%	-	100.00%
Brasil Ventos Energia S.A.	-	100.00%	-	100.00%
Transenergia Goiás S.A	-	99.99%	-	99.99%
Transmissora Sul Brasileira de Energia S/A	-	99.88%	-	99.88%
Chuí Holding (2)	-	78.00%	-	78.00%
Livramento Holding	-	78.00%	-	78.00%
<b>Complexo Eólico Pindaí I</b>				
Angical 2 Energia S.A.	-	99.96%	-	99.96%
Caititu 2 Energia S.A.	-	99.96%	-	99.96%
Caititu 3 Energia S.A.	-	99.96%	-	99.96%
Carcará Energia S.A.	-	99.96%	-	99.96%
Corrupião 3 Energia S.A.	-	99.96%	-	99.96%
Teiú 2 Energia S.A.	-	99.95%	-	99.95%
Acauã Energia S.A.	-	99.93%	-	99.93%
Arapapá Energia S.A.	-	99.90%	-	99.90%
<b>Complexo Eólico Pindaí II</b>				
Coqueirinho 2 Energia S.A.	-	99.98%	-	99.98%
Papagaio Energia S.A.	-	99.96%	-	99.96%
<b>Complexo Eólico Pindaí III</b>				
Tamanduá Mirim 2 Energia S.A.	-	83.01%	-	83.01%
<b>Joint operations (consortiums)</b>				
Consórcio Cruzeiro do Sul	-	49.00%	-	49.00%

(1) Company with transferred controlling interest, see note 48;

(2) Companies classified as held for sale, see note 47.

The subsidiary Eletrosul has a joint operation, resulting from a 49% interest in the Cruzeiro do Sul Consortium, which operates the Governador Jayme Canet Junior HPP, in Telêmaco Borba/Ortigueira (PR), in commercial operation since 2012, for a period of 30 years. Eletrosul (and Eletrobras, in its consolidated statements) is entitled to a proportional share of revenues and assumes a proportional portion of the expenses of the joint operation.

#### (b) Investments in associated companies

Associates are all entities over which the Company has significant influence, and which is not a subsidiary or jointly-controlled company.

#### (c) Joint control

A joint business is one in which two or more parties have joint control established by contract, which can be classified as a joint operation or a joint venture, depending on the rights and obligations of the parties.

#### 4.5. - Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other highly liquid short-term investments with original maturities of up to three months and with an insignificant risk of change in value.

#### 4.6. – Accounts Receivable

Accounts receivable from customers are comprised of credits from the supply, procurement and transport of billed and unbilled electric energy, the latter by estimate, including those arising from energy transacted within the scope of the Electric Energy Trading Chamber (CCEE), accounted for on an accrual basis, and they are initially recognized at fair value and subsequently measured at amortized cost less the Allowance for expected credit losses.

Accounts receivable are normally settled in a period of up to 45 days, which is why the book values substantially represent the fair values on the accounting closing dates.

#### 4.7. - Guarantees and Restricted Deposits

The registered amounts are for legal and/or contractual assistance. They are stated at acquisition cost plus interest and monetary restatement based on legal provisions and adjusted by provision for loss on realization when applicable. Their redemption is subject to the completion of the legal proceedings to which these deposits are linked.

#### 4.8. – Warehouse inventory

The inventory is recorded at the average acquisition cost, net of provisions for losses, when applicable, and does not exceed the replacement cost or the net realizable value. The net realizable value corresponds to the estimated selling price of stocks, less all estimated costs for completion and costs necessary to make the sale.

#### 4.9. - Nuclear fuel inventory

Composed of the uranium concentrate in stock, the corresponding services and the nuclear fuel elements used in the Angra I and Angra II thermonuclear power plants, which are recorded at acquisition cost.

#### 4.10. – Fixed Assets

Fixed assets are measured at historical cost less accumulated depreciation. The historical cost includes expenses directly attributed to the acquisition of the assets, and also includes, in the case of qualifying assets, the costs of capitalized loans in accordance with the Company's accounting policy. Such fixed assets are classified in the appropriate categories of fixed assets when completed and ready for their intended use. The depreciation of these assets begins when they are ready for use and in operation.

Depreciation is recognized based on the estimated useful life of each asset using the straight-line method, so that the cost less its residual value after its useful life is fully written off. The Company considers that the estimated useful life of each asset is similar to the depreciation rates determined by ANEEL, which are considered by the market to be acceptable for adequately expressing the useful life of the assets.

Assets held under finance leases are depreciated over their expected useful lives in the same way as their own assets or for a shorter period, if applicable, according to the terms of the lease agreement in

question.

#### 4.11. - Concession contracts and authorizations

The Company has concession and authorization contracts in the generation and transmission segments, signed with the Granting Authority (Federal Government), for periods varying between 20 years and 35 years, with all contracts, by segment, having similarities in terms of rights and obligations of the concessionaire and the granting authority. The terms of the main concessions are described in note 3.

##### 4.11.1. - Transmission Concessions

The concession contracts regulate the Company's operation of public electric energy transmission services, where:

- Electric energy transmission

a) The tariff is regulated and called Allowed Annual Revenue (RAP). The electric energy transmitter cannot negotiate with users. Generally, the RAP is fixed and monetarily updated by price index once a year, with revision cycles every five years.

b) The assets are reversible at the end of the concession, with the right to receive indemnity (cash) from the Granting Authority on investments not yet depreciated and not amortized.

The Company started to treat the transmission assets as contract assets (RAP) and receivables from the RBSE in accordance with CPC 47/IFRS 15 and CPC 48/IFRS 9, respectively. The details of the measurement of these assets are in note 4.23.

##### 4.11.2. - Generation concessions and authorizations

a) Hydraulic and thermal generation - the concessions, not directly affected by Law 12,783/2013, are not within the scope of ICPC 01/IFRIC 12, considering the price characteristics and not the regulated tariff. As of January 1, 2013, the concessions directly affected by Law 12,783/2013, until then outside the scope of ICPC 01/IFRIC 12, become part of the scope of such regulations, considering the change in the price regime, becoming a regulated tariff for these concessions;

b) Nuclear generation - It has a specific charging system, as it is an authorization and not a concession. In addition, it is not in the scope of IFRIC 12 because they are own assets without a forecast of reversion to the period of operation. At the end of the operating period, the assets must be decommissioned.

##### 4.11.3. - Itaipu Binacional

Itaipu Binacional is governed by a 1973 Binational Treaty in which the tariff conditions were established, the basis for the formation of the tariff being determined exclusively to cover the expenses and debt service of this Company.

The tariff base and marketing terms will be in force until 2023, which corresponds to a significant part of the plant's useful life, moment in which the tariff base and the marketing terms must be reviewed by the High Parties, which are the Brazilian and Paraguayan States.

The Itaipu tariff is a "per service cost" tariff and was established in a preponderant manner to allow payment of the debt service, which has a final maturity in 2023, and to maintain its operating and maintenance expenses.

According to the Treaty, the Company is responsible for selling Itaipu energy to the Brazilian market.

#### 4.12. - Intangible assets

Intangible assets with defined useful lives acquired separately are recorded at cost, less amortization

and accumulated impairment losses. Amortization is recognized using the straight-line method based on the estimated useful lives of the assets. The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in estimates is accounted for prospectively. Intangible assets with indefinite useful lives acquired separately are recorded at cost, less accumulated impairment losses.

#### 4.12.1. - Onerous Concessions (Use of Public Assets - UBP)

The Company has onerous concession contracts with the Federal Government for the use of hydraulic potentials, a public asset, for the generation of electric energy in certain power plants.

These assets are recorded in intangible assets against a non-current liability.

#### 4.13. - Impairment of non-financial assets, excluding goodwill

The Company periodically assesses whether there is any indication that its non-financial assets (Cash Generating Units - CGUs) have suffered any loss due to impairment. If there is such an indication, the recoverable amount of the asset is estimated in order to measure the amount of that loss.

In assessing the value in use, estimated future cash flows are discounted to present value at a discount rate, which reflects a current market assessment and/or the Company's opportunity cost, the currency's value over time and the specific risks of the asset for which the estimate of future cash flows was made.

#### 4.14. - Non-current assets held for sale and discontinued operation

##### 4.14.1. - Non-current assets held for sale

Non-current assets and groups of assets are classified as held for sale if their book value is recovered mainly through a sale transaction and not through continuous use. This condition is met only when the asset (or group of assets) is available for immediate sale in its current condition, subject only to the usual terms for the sale of that asset (or group of assets), and its sale is considered highly probable. Management must be committed to the sale, which is expected to be completed within one year from the date of classification.

Non-current assets (or the group of assets) classified as intended for sale are measured at the lower of the book value previously recorded and the expected sale value.

##### 4.14.2. - Discontinued operation

A discontinued operation is a component of a business of the Company that will be discontinued and that comprises operations and cash flows that can be clearly distinguished from the rest of the Company's operations and that:

- represents an important separate business line or geographical area of operations;
- is part of a coordinated individual plan for the sale of an important separate line of business or geographical area of operations; or
- is a subsidiary acquired exclusively for the purpose of resale.

Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria to be classified as held for sale, if this occurs beforehand.

#### 4.15. - Taxation

The expense with income tax and social contribution represents the sum of current and deferred taxes. Additionally, the option for calculating taxes on the Company's results is using the real profit method.

##### 4.15.1. - Current taxes

The provision for income tax (IRPJ) and social contribution (CSLL) is based on taxable income for the year. Taxable profit differs from the profit presented in the income statement because it excludes taxable income or expenses deductible in other years, in addition to permanently excluding non-taxable or non-deductible items. The provision for income tax and social contribution is calculated individually by each company of the Company based on the rates in force at the end of the year.

#### 4.15.2. - Deferred taxes

Deferred income and social contribution taxes are recognized, at the end of each reporting period, on temporary differences between the balances of assets and liabilities recognized in the financial statements and the corresponding tax bases used in determining taxable income, including balance of losses when applicable. Deferred tax liabilities are generally recognized on all taxable temporary differences and deferred tax assets are recognized on all deductible temporary differences, only when it is probable that the company will present future taxable income in an amount sufficient for such deductible temporary differences to be used, also observing the profitability history.

The recovery of the balance of deferred tax assets is reviewed at the end of each period and, when it is no longer probable that future taxable profits will be available to allow the recovery of the entire asset, or part of it, the asset balance is adjusted by the amount that it is expected to be recovered.

Deferred tax assets and liabilities are measured at the rates applicable in the period in which the liability is expected to be settled or the asset is realized, based on the rates provided for in the tax legislation in force at the end of each reporting period, or when new legislation has been approved. The measurement of deferred tax assets and liabilities reflects the tax consequences that would result from the way in which the Company expects, at the end of each reporting period, to recover or settle the carrying amount of these assets and liabilities.

Current and deferred taxes are recognized in income, except when they correspond to items recorded in other comprehensive income, or directly in equity, in which case current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. When current and deferred taxes originate from the initial accounting for a business combination, the tax effect is considered when accounting for the business combination.

#### 4.16. - Financial instruments

##### 4.16.1. - Recognition and measurement

Financial assets and liabilities are recognized when a company of the Company is part of the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized at fair value and, subsequently, measured at amortized cost or at fair value, following the rules of CPC 48/IFRS 9.

Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value in profit or loss) are added to or deducted from the fair value of financial assets or liabilities, if applicable, after initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

##### 4.16.2. - Financial assets

All regular purchases or sales of financial assets are recognized and written off on the trade date. Regular purchases or sales correspond to purchases or sales of financial assets that require the delivery of assets within the term established by market standard or practice.

All recognized financial assets are initially recognized at fair value and subsequently measured in full at amortized cost or fair value, depending on the classification of financial assets.

1) A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at Fair Value to Result (VJR):

- a) is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows; and
- b) its contractual terms generate, on specific dates, cash flows that are only related to the payment of principal and interest on the principal amount outstanding;

2) A debt instrument is measured at Fair Value to Other Comprehensive Income (FVTOCI) if it meets both of the following conditions and is not designated as measured at VJR:

- a) is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets; and
- b) its contractual terms generate, on specific dates, cash flows that are only related to the payment of principal and interest on the principal amount outstanding;

In the initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in Other Comprehensive Income (ORA). That choice is made investment by investment.

3) Financial assets not classified as measured at amortized cost or at FVTOCI, as described above, are classified as measured at fair value through profit or loss. Upon initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI as well as VJR if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

- Evaluation of the business model

The Company performs an assessment of the objective of the business model in which a financial asset is kept in the portfolio because it better reflects the way in which the business is managed and the information is provided to Management.

- Evaluation of contractual cash flows

For evaluation purposes, if the contractual cash flows are only payment of principal and interest, the principal is defined as the fair value of the financial asset at initial recognition. Interest is defined as a consideration for the time value of money and for the credit risk associated with the principal outstanding over a given period of time and for the other basic risks and costs of loans.

The Company considers the contractual terms of the instrument to assess whether the contractual cash flows are composed only of principal and interest payments. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of contractual cash flows so that it would not meet this condition.

#### 4.16.3. - Financial liabilities

Financial liabilities, which include loans and financing, suppliers and other accounts payable, are initially measured at fair value and subsequently at amortized cost using the effective interest method. Interest expenses, foreign exchange gains and losses are recognized in income.

The effective interest method is used to calculate the amortized cost of a financial liability and allocate its interest expense over the respective period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees and premiums paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the estimated life of the financial liability or, when appropriate, for a shorter period, for the initial recognition of the net book value.

The Company writes off financial liabilities only when the Company's obligations are extinguished and canceled or when they expire.

#### 4.16.4. - Financial guarantee contracts

A financial guarantee contract consists of a contract that requires the issuer to make specified payments in order to reimburse the holder for loss that it incurs due to the fact that the specified debtor does not make the payment on the scheduled date, according to the initial or changed instrument conditions. of debt.

These estimates are defined based on the judgment and experience of the Company's management. The fees received are recognized based on the straight-line method over the life of the guarantee (Note 22.3). Any increase in obligations in relation to guarantees is shown, when incurred, in operating expenses (Note 40).

#### 4.16.5. - Derivative financial instruments

The Company has derivative financial instruments to manage its exposure to interest rate and exchange rate risks, including interest rate swap contracts. Note 43 includes more detailed information on derivative financial instruments.

Derivatives are initially recognized at fair value, on the contracting date, and are subsequently remeasured at fair value at the end of the year. Any gains or losses are recognized in the income immediately, unless the derivative is designated and effective as a hedge instrument; in this case, the moment of recognition in the result depends on the nature of the hedge relationship.

#### 4.16.6. - Hedge accounting

The Company has a hedge accounting policy and the derivative financial instruments designated in hedge operations are initially recognized at fair value, on the date on which the derivative contract is signed, being subsequently revalued also at fair value. Derivatives are presented as financial assets when the fair value of the instrument is positive, and as financial liabilities when the fair value is negative.

### 4.17. - Post-employment benefits

#### 4.17.1. - Retirement obligations

The Company and its subsidiaries sponsor pension plans, which are generally financed by payments to these pension funds, determined by periodic actuarial calculations. The Company has defined benefit plans as well as defined and variable contributions. In defined contribution plans, the Company makes fixed contributions to a separate entity. In addition, it has no legal or constructive obligations to make contributions, if the fund does not have sufficient assets to pay, to all employees, the benefits related to the services provided in the current and previous years linked to this type of plan. A defined benefit plan is different from a defined contribution plan, since, in such defined benefit plans, a retirement benefit amount is established that an employee will receive upon retirement, usually dependent on one or more factors, such as age, length of service and remuneration. In this type of plan, the Company has an obligation to honor the commitment assumed, in case the fund does not have enough assets to pay, to all employees, the benefits related to the services provided in the current and previous years linked to this type of plan.

The liability recognized in the Balance Sheet, in relation to the defined benefit plans, is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows. The interest rates used in this discount are consistent with market securities, which are denominated in the currency in which the benefits will be paid and which have maturity terms close to those of the respective pension plan obligation.

Actuarial gains and losses, arising substantially from adjustments and changes in actuarial assumptions and in the return on plan assets, are debited or credited to other comprehensive income.

Past service costs are immediately recognized in the income statement when a plan change occurs.

With respect to defined contribution plans, the Company pays contributions on a mandatory, contractual

or voluntary basis. The Company has no additional payment obligations after the contribution is made. Contributions are recognized as an employee benefit expense, when due. Contributions made in advance are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 4.17.2. - Other post-employment obligations

Some of the Company's companies offer post-retirement health care benefits to their employees, in addition to life insurance for active and inactive employees. The right to these benefits is generally conditional on the employee remaining in the job until retirement age and the completion of a minimum period of service, or the employee's disability as an active employee.

The expected costs of these benefits are accumulated during the period of employment, using the same accounting methodology that is used for defined benefit pension plans. Actuarial gains and losses, arising from adjustments based on experience and changes in actuarial assumptions, are debited or credited to other comprehensive income over the expected remaining service period of employees. These obligations are assessed annually by qualified independent actuaries.

#### 4.17.3. - Termination Benefits

Termination benefits are payable when the employment relationship is terminated by Eletrobras Companies before the normal retirement date, or whenever an employee accepts voluntary dismissal in exchange for these benefits. Eletrobras Companies recognize termination benefits on the first of the following dates: (i) when Eletrobras Companies can no longer withdraw the offer of these benefits; and (ii) when the entity recognizes restructuring costs that are within the scope of CPC 25/IAS 37 and involve the payment of termination benefits. In the case of an offer made to encourage voluntary dismissal, termination benefits are measured based on the number of employees who are expected to accept the offer. Benefits that expire after 12 months from the balance sheet date are discounted to present value.

#### 4.18. - Provisions

Provisions are recognized for present obligations resulting from past events, the settlement of which is probable and it is possible to estimate the amounts reliably. The amount recognized as a provision is the best estimate of the considerations required to settle the obligation at the end of each reporting period, considering the risks and uncertainties related to the obligation. When the provision is measured based on the estimated cash flows to settle the obligation, its carrying amount corresponds to the present value of those cash flows (where the effect of the time value of the money is relevant).

##### 4.18.1. - Provision for decommissioning of nuclear power plants

The decommissioning of nuclear plants can be understood as a set of measures taken to safely remove a nuclear installation from service, reducing residual radioactivity to levels that allow the site to be released for restricted or unrestricted use.

It is made due to the operation of the nuclear power plants and refers to the obligation to demobilize the assets of these plants to cover the costs to be incurred at the end of their economic useful life.

It is a fundamental premise for the formation of this liability for decommissioning that the estimated value for its realization must be updated over the economic useful life of the plants, considering technological advances, with the objective of allocating the costs to be incurred with the technical-operational deactivation of the plants to the respective period of competence of the operation.

As provided for in IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (equivalent to CPC 25), a provision is set up over the economic useful life of thermonuclear power plants. The purpose of such provision is to allocate to the respective period of operation the costs to be incurred with its technical-operational deactivation, at the end of its useful life, estimated at forty years (Note 31).

##### 4.18.2. - Provision for legal obligations related to legal proceedings

Provisions for legal contingencies are recognized for present obligations (legal or non-formalized) resulting from past events, in which it is possible to estimate the amounts reliably and whose settlement

is probable. In this case, such a contingency would cause a probable outflow of funds for the settlement of the obligations and the amounts involved would be measurable with sufficient security, taking into account the opinion of the legal advisors, the nature of the actions, similarity with previous processes, complexity and the positioning of courts (jurisprudence).

#### 4.18.3. - Onerous contracts

Present obligations resulting from onerous contracts are recognized and measured as provisions. An onerous contract exists when the unavoidable costs of meeting the contract obligations exceed the economic benefits that are expected to be received over the same contract.

#### 4.19. - Advance for Future Capital Increase

Advances on funds received from the controlling shareholder and intended for capital contributions are granted irrevocably. They are classified as non-current liabilities when the number of shares to be issued is not known and initially recognized at fair value and subsequently updated by the contractually established index.

#### 4.20. - Capital stock

It represents common shares and paid-in preferred shares, and is classified in equity.

#### 4.21. - Interest on shareholders' equity and dividends

The Company has a Dividend Distribution Policy which, in line with the Bylaws, guarantees its shareholders the right, each year, to dividends and/or interest on equity not less than 25% (twenty-five percent) of adjusted net income, pursuant to the Brazilian Corporation Law and subsequent amendments and does not authorize the capital reserve to be used for dividend payment.

The amount of dividends above the mandatory minimum established by law or another legal instrument, not yet approved by the General Meeting, is presented in Net Equity, in a specific account called proposed additional dividends.

#### 4.22. - Other comprehensive income

Other comprehensive income comprises items of income and expense that are not recognized in the income statement. The components of the other comprehensive income include:

- a) Actuarial gains and losses in defined benefit pension plans;
- b) Gains and losses arising from conversion of financial statements of operations abroad;
- c) Adjustment of equity valuation related to gains and losses in the remeasurement of financial assets available for sale;
- d) Equity valuation adjustment related to the effective portion of gains or losses on hedge instruments in cash flow hedges; and
- e) Deferred income tax and social contribution impact on items recorded in other comprehensive income.

#### 4.23. - Revenue recognition

CPC 47/IFRS 15 established a new concept for the recognition of revenue, replacing CPC 30/IAS 18 Revenue, CPC 17/IAS 11 Construction Contracts and related interpretations as of January 1, 2018.

The standard establishes a five-step model, namely, (1) identification of the contract, (2) identification of performance obligations, (3) determination of the transaction price, (4) allocation of the transaction price and (5) recognition of the revenue, to determine when recognizing revenue, and for what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of assets or services to customers, at the amount the entity expects to be entitled to receive. Depending on whether certain criteria are met, revenue is recognized:

- Over time, in a way that reflects the entity's performance in the best possible way; or

- At a given time, when control of the asset or service is transferred to the customer.

Transmission concession contracts were considered to be contractual assets and recorded in accordance with CPC 47/IFRS 15.

#### 4.23.1. - Revenue related to electric energy transmission assets

The Company assessed that there are two performance obligations in the electric energy transmission concession contracts, namely, the construction of the necessary infrastructure for the transmission lines and the operation and maintenance of availability.

According to CPC 47/IFRS 15, any consideration whose performance obligation has been executed and transferred to the client, but which is not yet due, must be recognized as a contract asset. Therefore, after adopting CPC 47/IFRS 15, the Company derecognized its net transmission financial assets and contract assets were recognized.

#### 4.23.2. - Revenue from Incentive Program for Alternative Energy Sources – PROINFA

In the relationship established between Eletrobras and the PROINFA agents/suppliers, the Company concludes that suppliers have control over the energy they generate or have the capacity to generate and directly transfer energy control to consumers, without significant interference from Eletrobras. Therefore, in this case, Eletrobras is unable to determine or interrupt the energy supply, unless the supplier does not meet the accreditation conditions established by the regulation that created PROINFA. In this sense, based on the requirements contained in CPC 47/IFRS 15, the Company concluded that it acts as an agent, as it does not get to control the goods or services that are subsequently sold to the consumer, as shown above, thus changing the Eletrobras' role. Considering the conceptual changes in the "risks and benefits" model of the CPC 30/IAS 18 standard, mainly the disregard of credit risk and the less emphasis on Eletrobras' responsibility for accepting the source of energy generated and training from the supplier accredited by it, as of January 1, 2018, the revenues, costs and financial revenues from these operations are being presented net in the same line in the income statement.

#### 4.23.3. - Sale of energy and services

##### a) Generation

Revenue from the sale of energy is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company; the amount of revenue can be measured reliably; the risks and benefits related to the sale were transferred to the buyer; the costs incurred or to be incurred related to the transaction can be reliably measured; and the Company no longer has control and responsibility over the energy sold.

For generation concessions extended under Law 12,783/2013, there was a change in the tariff price regime, with periodic tariff review along the same lines that have been applied to the transmission activity until then. The tariff is calculated based on the operation and maintenance costs, plus an additional 10% revenue fee, and the revenue to cover operating and maintenance expenses is accounted for based on the cost incurred.

##### b) Transmission

According to the concession contract, an energy transmitter is responsible for transporting electric energy to distribution points. To fulfill this responsibility, the transmitter has two distinct performance obligations: (i) build and (ii) maintain and operate the infrastructure.

When fulfilling these two performance obligations, the energy transmitter keeps its transmission infrastructure available to users and in return receives a remuneration called Allowed Annual Revenue (RAP), throughout the term of the concession contract. These receipts amortize the investments made in this transmission infrastructure. Any unamortized investments generate the right to indemnity from the Granting Authority (when provided for in the concession contract), which receives the entire transmission infrastructure at the end of the concession contract.

#### 4.23.4. - Dividend income

Dividend income from investments is recognized when the shareholder's right to receive such dividends is established and provided that it is probable that future economic benefits will flow to the Company and the amount of income can be reliably measured.

#### 4.23.5. - Interest income

Revenue from interest financial assets is recognized when it is probable that future economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized using the straight-line method, based on time and the effective interest rate on the principal amount outstanding. The effective interest rate is that which exactly discounts estimated future cash receipts over the estimated life of the financial asset in relation to the initial net book value of that asset.

#### 4.24. - Leasings

Financial leases are recorded as if they were a financed purchase, recognizing, at the time of acquisition, a fixed asset and a financing liability (lease). Each installment paid for the lease is allocated, part to the liabilities and part to the financial charges, so that, in this way, a constant rate is obtained on the outstanding debt balance. The corresponding obligations, net of financial charges, are included in other long-term liabilities.

Interest and other financial expenses are recognized in the income statement during the lease period, to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period. Fixed assets acquired through finance lease is classified in Non-Current Assets and is amortized over its useful life (Note 24).

The current standard is being disclosed in accordance with note 4.3.3.

#### 4.25. - Government grants

Government grants are not recognized until there is reasonable assurance that the Company will meet the related conditions and that the grants will be received. Government grants are systematically recognized in the income statement during the years in which the Company recognizes as expenses the corresponding costs that the grants intend to offset. Government grants receivable as compensation for expenses already incurred, for the purpose of providing immediate financial support to the Company, without corresponding future costs, are recognized in the income statement in the period in which they are received and allocated to the profit reserve and are not intended for the distribution of dividends.

#### 4.26. - Presentation of business segments

A company's operating segments are defined as components that:

- a) carry out activities from which they can earn income and incur expenses;
- b) whose operating results are regularly reviewed by Management, to make decisions about the resources to be allocated to the segments and evaluate their performance; and
- c) for which financial information is available.

The Company determined the following operating segments:

- I. Generation, whose activities consist of the generation of electric energy and the sale of energy to distribution companies and free consumers, and marketing;
- II. Transmission, whose activities consist of the transmission of electric energy;
- III. Management, whose activities mainly represent the cash management of all Eletrobras Companies, the management of the compulsory loan and the management of business in SPEs, whose monitoring and management is done differently from corporate investments;

Eliminations, whose activities represent transactions between subsidiaries eliminated for consolidation purposes.

Transactions between these operating segments are determined by prices and conditions defined between the parties, which take into account the terms applied to transactions with unrelated parties.

#### 4.27. - Statement of added value - DVA

Brazilian corporate law requires public companies to prepare the Statement of Added Value - DVA and its disclosure as an integral part of the set of financial statements. These statements were prepared in accordance with CPC 09 - Statement of Added Value, approved by CVM Resolution 557/08. IFRS does not require the presentation of this statement.

This statement aims to present information related to the wealth created by the Company and the way in which such wealth was distributed.

#### 4.28. - Business combination

In the consolidated financial statements, business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured substantially at fair value, in accordance with CPC 15 - Business Combinations.

In summary, goodwill is measured as the excess between the amount paid for the business and the net assets acquired. Non-controlling interests are initially measured at fair value or based on the proportional portion of non-controlling interests in the recognized values of the acquirer's identifiable net assets.

When a business combination is carried out in stages, the interest previously held by the Company in the acquiree is revalued at fair value on the acquisition date and the corresponding gain or loss, if any, is recognized in the result.

If the initial accounting for allocating the amounts paid for a business combination is provisional at the end of the period in which the combination occurred, these provisional amounts are adjusted during the measurement period, or additional assets and liabilities are recognized to reflect the new information obtained related to facts and circumstances existing on the acquisition date that, if known, would have affected the amounts recognized on that date.

### NOTE 5 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying accounting policies, the Company's Management must make judgments and estimates regarding the carrying amounts of revenues, expenses, assets and liabilities, as well as the disclosures in the notes.

The estimates and the respective assumptions are based on historical experience and other factors considered relevant. The underlying estimates and assumptions are continually reviewed. The effects arising from the reviews made to the accounting estimates are recognized in the period in which the estimates are reviewed, if the review affects only this period, or also in subsequent periods if the review affects both the present and future periods.

Although these estimates and assumptions are permanently monitored and reviewed by the Management of the Company and its subsidiaries, the materialization on the book value of revenues, expenses, assets and liabilities is inherently uncertain, due to the use of judgment. Therefore, the Company may suffer effects as a result of imprecision in these estimates and judgments that are substantial in future periods, which may have a material adverse effect on its financial condition, on the results of its activities and/or on its cash flows.

The following are the main assumptions of the accounting estimates evaluated as the most critical by the Management of the Company and its subsidiaries, regarding the future and other main sources of uncertainty that can lead to significant adjustments in the book values of assets and liabilities in the next periods:

### 5.1 - Deferred tax assets and liabilities

Estimates of future taxable income, the basis for the analysis of the realization of net deferred tax assets, are based on annual budgets and the strategic plan, both periodically reviewed, and on the history of profitability. However, future taxable income may be higher or lower than the estimates considered by management when defining the need to record or not the amount of the deferred tax asset (Note 11).

### 5.2 - Provision for impairment of long-lived assets

The Company's Management considers assumptions and technical data for the preparation of the asset recovery determination test. In this practice, premises are applied, based on the historical experience in the management of the asset, set of assets or cash generating unit, and valuation practices commonly used in the market. Such assumptions may, eventually, not occur in the future, including regarding the estimated economic useful life. Currently, the useful life adopted by the Company is in accordance with the practices determined by ANEEL, applicable to the assets linked to the concession of the public electric energy service, which may vary as a result of the periodic analysis of the economic useful life of assets.

Several uncertain events also make up the assumptions used by the Company, including: future tariffs for the purchase and sale of electric energy; date of entry into operation of projects under construction; the growth rate of economic activity in the country; and availability of water resources; in addition to those inherent to the end of the public electric energy service concession terms, especially regarding the value of their reversion at the end of the concession term. At this point, the premise that the indemnity is contractually provided for was adopted.

### 5.3 - Provision for assets decommissioning

The Company recognizes a provision for obligations with the decommissioning of assets related to its thermonuclear power plants. To determine the amount of the provision, assumptions and estimates are made in relation to the discount rates, the estimated cost for the decommissioning and removal of the entire plant from the site and the expected time of said costs (Note 31). The cost estimate is based on legal, regulatory and environmental requirements for the decommissioning and removal of the entire plant, as well as the prices of products and services to be used at the end of their useful lives.

### 5.4 - Actuarial liabilities

The actuarial liabilities recorded are determined by actuarial calculations prepared by independent actuaries based on the participant's life expectancy, average retirement age and inflation. However, the actual future results of the benefits may differ from those existing and recorded in the accounts (Note 29).

### 5.5 - Provision for labor, tax and civil risks

Provisions for labor, tax and civil matters are acknowledged when there are present obligations (legal or assumed) resulting from past events, the settlement of which is probable and it is possible to estimate the amounts reliably, based on the assessment of Management and internal and external legal advisors. The provisioned amounts are recorded based on the estimated cost of the outcome of said contingencies. Contingent risks with the expectation of possible loss are disclosed by Management, and no provision is recorded. This assessment is supported by Management's judgment, together with its legal advisors, considering case law, decisions in initial and higher courts, the history of possible agreements and decisions, the experience of management and legal advisors, as well as other applicable aspects. (Note 30).

### 5.6 - Loss allowance for expected credit losses (ECL)

The Company adopted the simplified approach and calculated the expected loss, based on the expectation of default risk that occurs over the useful life of the financial instrument in accordance with IFRS 9, which established a calculation matrix based on the expected loss rates from clients.

A financial asset is considered in default when: (i) it is unlikely that the creditor will fully pay its credit obligations to the Company without resorting to actions such as collateral (if any); or (ii) the financial asset has expired in accordance with the current rules.

#### 5.7 - Valuation of financial instruments

The Company's Management uses valuation techniques that include information that is not based on observable market data to estimate the fair value of certain types of financial instruments, such as expected future contractual flows, terms for receiving these flows and discount rates. Note 43 presents information on the main assumptions used in determining the fair value of financial instruments, as well as the sensitivity analysis of these assumptions. The Management of the Company and its subsidiaries believes that the selected valuation techniques and the assumptions used are adequate for determining the fair value of financial instruments.

#### 5.8 - Onerous contracts

The Company and its subsidiaries use assumptions related to the economic costs and benefits of each contract to determine whether or not an onerous contract exists. In the case of long-term commitments such as the purchase and sale of energy, one of the critical estimates in determining the amount of provision for the future sale of the contract is the historical average Price of Settlement of Differences (PLD) approved by the Company's Management as a premise for the calculation of the provision for the onerous contract, exclusively for accounting purposes, as well as the discount rate used for cash flows. The actual values of the PLD and/or the elements considered within the discount rate over the years may be higher or lower than the assumptions used by the Company. In addition, the Company may have onerous contracts in concessions where the current expected cost for operation and maintenance is not fully covered by revenues (Note 33).

#### 5.9 - Evaluation of contractual transmission assets

The Company's Management used the following main assumptions to evaluate the contractual transmission assets: (i) the concession renewal date as an initial measure of the renewed concession contracts; (ii) contract signature date as the best estimate of the operation start date for the new concession contracts; (iii) RAP established in the concession contract as the basis for calculating the concession cash flow; (iv) the expected amount of investments and costs to be made in the concession as a basis for allocating construction and Operation and Maintenance (O&M) margins; (v) start date of the operation, as established in the concession contracts; (vi) term of the concession to residual assets as the best estimate to calculate indemnity at the end of the concession term; (vii) compatible market interest rate, at the rate that reflects counterparty credit risk; (viii) construction revenue calculated in accordance with the reference concession and investment contract; and (ix) construction cost as incurred. The best estimates from the Company are based on all information available at the time it was recorded. However, the actual values and circumstances may differ and these estimates may be updated as new information becomes available.

#### 5.10 - Measurement of RBSE transmission assets

The Company's Management measured the portion of RBSE assets with the main assumptions: (i) estimated financial flow of Allowed Annual Revenue (RAP) according to the criteria established in MME Ordinance 120 and ANEEL calculations; (ii) initial receipt period of 8 years as established by ANEEL; and (iii) discount rate based on the regulatory WACC fee (see note 17). The Company's best estimates are based on all information available at the time it was recorded. However, the actual values and circumstances may differ and these estimates may be updated as new information becomes available.

### NOTE 6 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH

	PARENT COMPANY		CONSOLIDATED	
	31/12/2019	31/12/2018	12/31/2019	12/31/2018
<b>a) Cash and Cash Equivalents</b>				
Cash and Banks	18,185	47,395	183,917	194,968
Financial Investments	17	5	151,390	388,384
	<u>18,202</u>	<u>47,400</u>	<u>335,307</u>	<u>583,352</u>
<b>b) Restricted cash</b>				
Commercialization - Itaipu	1,356,513	836,872	1,356,513	836,872
Commercialization - PROINFA	1,553,049	553,105	1,553,049	553,105
PROCEL	188,004	108,782	188,004	108,782
Collateral Account - SPEs	100,000	-	100,000	-
RGR Resources	29,970	61,329	29,970	61,329
	<u>3,227,536</u>	<u>1,560,088</u>	<u>3,227,536</u>	<u>1,560,088</u>
	<u>3,245,738</u>	<u>1,607,488</u>	<u>3,562,843</u>	<u>2,143,440</u>

a) Financial investments are of immediate liquidity, substantially with CDI/SELIC remuneration.

Balances considered as cash equivalents are short-term, immediately liquid investments readily convertible into a known amount of cash, subject to insignificant risk of change in value and held for the purpose of meeting short-term cash commitments and the Company's cash management. No public securities are classified as cash and cash equivalents.

b) Restricted cash - These are the resources raised by the respective funds that are used exclusively to comply with their regulatory provisions and are not available to the Company.

#### NOTE 7 – MARKETABLE SECURITIES

Resolution No. 3,284 of the Central Bank of Brazil establishes that any investments of resources resulting from revenues of public companies and mixed economy companies, which are members of the Indirect Federal Management, may only be invested in foreign investment funds managed by Caixa Econômica Federal – CEF (Federal Savings Bank) and by Banco do Brasil S.A. Accordingly, the Company and its subsidiaries invest their resources in extra-market Funds backed by substantially long-term government bonds, the use of which includes both the short-term corporate investment program, as well as maintaining of the Company's operating cash position.

The breakdown of securities in the funds in which the Company invests is as follows:

PARENT COMPANY					
CURRENT					
Securities	Financial Custodian	Due Date	Indexer	12/31/2019	12/31/2018
LTN	Banco do Brasil	After 90 days	Fixed	4,658,121	3,565,431
LTN	CEF	After 90 days	Fixed	72,811	56,578
NTN- F	Banco do Brasil	After 90 days	Fixed	435,948	3,165
Committed Op.	Banco do Brasil	-	-	1,615,818	394,086
Committed Op.	CEF	-	-	4,438	14,982
<b>Total Current</b>				<u>6,787,137</u>	<u>4,034,242</u>

  

NON-CURRENT		
Securities	12/31/2019	12/31/2018
Beneficiary Parties (a)	372,841	291,701
Other	1,760	1,808
<b>Total Non-Current</b>	<u>374,601</u>	<u>293,509</u>

CURRENT					
Unrestricted Securities	Financial Custodian	Due Date	Indexer	12/31/2019	12/31/2018
LTN	Banco do Brasil	After 90 days	Fixed	5,643,180	4,467,274
LTN	CEF	After 90 days	Fixed	510,379	139,442
NTN- F	Banco do Brasil	After 90 days	Fixed	504,418	40,136
LFT	CEF	After 90 days	Fixed	172,670	49,357
Fixed Income Securities	Banco do Brasil	-	-	1,018,235	694,769
Fixed Income Securities	CEF	-	-	490,037	375,970
Committed Op.	Banco do Brasil	-	-	1,803,988	394,086
Committed Op.	CEF	-	-	37,311	14,982
Other	-	-	-	155,477	168,665
<b>Subtotal</b>				<b>10,335,695</b>	<b>6,344,681</b>
Restricted Securities - FEN (b)	CEF	-	Fixed	90,675	63,423
<b>Total Current</b>				<b>10,426,370</b>	<b>6,408,104</b>

NON-CURRENT		
Securities	12/31/2019	12/31/2018
Beneficiary Parties (a)	372,841	291,701
Other	34,230	2,132
<b>Total Non-Current</b>	<b>407,071</b>	<b>293,833</b>

a) Participation Certificates

Marketable securities acquired as a result of the restructuring of the Company's investment in the subsidiary INVESTCO S.A. These assets guarantee annual income equivalent to 10% of the profits of the companies Lajeado Energia, Paulista Lajeado and CEB Lajeado, paid together with the dividends, and will be redeemed at the expected maturity of October 2032, upon their conversion into preferred shares of the capital stock of these companies. These securities are adjusted to present value.

b) Fundo de Energia do Nordeste (FEN - Northeast Energy Fund)

Sector fund, created by Provisional Measure No. 677/2015, converted into Law No. 13,182, of 11/03/2015. Resources reverted to the Fund are calculated as the difference between the price paid by large consumers to Chesf and the cost of power generation, under the terms of the legislation, in order to provide funds for the implementation of electric power projects in the Northeast of Brazil through SPEs. Chesf will use the funds of this fund for the acquisition/creation of these SPEs and its equity interest may be up to 49% of the equity of these companies.

**NOTE 8 - ACCOUNTS RECEIVABLE, NET**

	CONSOLIDATED					12/31/2018
	12/31/2019					
	Expiring	Up to 90 days past due	More than 90 days past due	Renegotiated Credits	Total	Total
<b>Current</b>						
Energy Provisioning/Supply (a)	2,057,408	361,252	539,994	122,378	3,081,032	2,199,618
Short Term Electric Power - CCEE (b)	790,367	153,334	324,424	-	1,268,125	1,045,952
Use of the Electric Network (c)	825,966	23,107	42,291	-	891,364	877,873
Connection/Availability for Transmission System	328,999	12,131	108,005	-	449,135	422,295
PROINFA	246,773	206,756	-	-	453,528	359,210
Installments	-	-	-	-	-	79,391
(-) PCLD (d)	(53,182)	(100,496)	(601,964)	(106,210)	(861,852)	(905,119)
	<b>4,196,331</b>	<b>656,084</b>	<b>412,750</b>	<b>16,168</b>	<b>5,281,333</b>	<b>4,079,221</b>
<b>Non-current</b>						
Energy Provisioning/Supply (a)	9,187	-	9,548	1,034,928	1,053,663	507,115
Short Term Electric Power - CCEE (b)	-	-	293,560	-	293,560	293,560
Use of the Electric Network (c)	-	-	4,348	-	4,348	4,348
(-) PCLD (d)	-	-	(307,456)	(758,764)	(1,066,220)	(796,610)
	<b>9,187</b>	<b>-</b>	<b>-</b>	<b>276,164</b>	<b>285,351</b>	<b>8,413</b>
	<b>4,205,518</b>	<b>656,084</b>	<b>412,750</b>	<b>292,332</b>	<b>5,566,684</b>	<b>4,087,634</b>

(a) Energy Provisioning/Supply

Receivables arising from energy sales in the Regulated Contracting Environment (ACR) and the Free Contracting Environment (ACL).

The increase in the Supply balance was mainly due to the unbundling of Amazonas Distribuidora, in which four gas-fired thermal plants were transferred to the subsidiary Amazonas GT, resulting in an increase in billing and receipts referring to PIEs. In addition, the supply of the Electric Energy Commercialization Contract in the Regulated Environment - CCEAR of the Mauá 3 plant, also owned by the subsidiary Amazonas GT, was started. The corresponding effects of these increases can also be seen in notes 38 and 39.

(b) Short-Term Electric Power - CCEE

Receivables arising from the settlement of differences between the amounts of electric power contracted and the generation or consumption amounts actually verified and attributed to the respective CCEE agents.

(c) Electric Network Usage

Receivables arising from the use of the transmission network by users connected to the network.

(d) Loss Allowance for Expected Credit Losses – ECL Customer

The subsidiaries set up and maintain provisions based on the analysis of the amounts in the due and overdue receivables, analyzing the history of losses and the Company's expectation regarding expected losses on credits, the amount of which is considered by Management to be sufficient to cover any expected losses on the realization of these due and overdue assets.

Changes in the provision for the years ended December 31, 2019 and 2018 are as follows:

CONSOLIDATED		
	12/31/2019	12/31/2018
Opening Balance	1,701,729	1,688,795
(+) Initial Adoption CPC48/IFRS 9	-	79,823
(+) Constitution	290,736	1,776,727
(-) Reversion	(22,801)	(602,444)
(-) Write-off	(41,592)	(178,213)
(-) Classification - Held for Sale	-	(1,062,959)
Final Balance	1,928,072	1,701,729

The constitution and reversal of the provision were recorded in the income statement as Operational Provisions (see note 40.b). Amounts are written off from the provision and recognized as a permanent loss when there is no expectation of recovery of the funds.

The classification of "Held for Sale" on December 31, 2018, refers to the balance of ELC of Ceal and Amazonas Distribuidora, see note 47.

## NOTE 9 - FINANCING AND LOANS

	Average Rate		PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
ITAIPU	7.04	7.08	5,843,724	7,989,717	5,843,724	7,989,716
CGTEE	4.79	6.33	411,054	3,431,079	-	-
FURNAS	6.14	6.26	2,510,010	2,944,335	-	-
AMAZONAS GT	6.50	7.52	2,470,505	2,306,554	-	-
ELETRONUCLEAR	7.01	7.10	1,822,991	1,701,740	-	-
ELETRONORTE	5.81	5.82	1,133,212	1,327,699	-	-
CEAL*	7.28	6.70	1,564,724	2,081,397	1,564,724	-
ELETROSUL	5.00	5.03	778,691	838,975	-	-
CHESF	0.00	9.63	-	269,483	-	-
ELETROPAULO	6.96	10.00	1,314,107	1,491,811	1,314,107	1,491,811
AMAZONAS D*	7.38	0.00	3,949,748	-	3,949,748	-
CEPISA	5.42	6.60	746,427	1,803,454	746,427	1,803,454
CERON	0.00	7.21	-	312,993	-	312,993
ELETROACRE	0.00	7.43	-	372,040	-	372,040
BOA VISTA	5.49	6.72	160,309	171,542	160,309	171,542
CELPA	5.96	5.95	6,236	11,998	6,236	11,998
EQUATORIAL MARANHÃ D	0.25	0.34	92,986	107,988	92,986	107,988
REPASSE RGR	5.00	5.00	1,101,161	1,858,070	1,101,161	1,858,070
OUTRAS	-	-	129,952	62,559	130,037	62,984
(-) PCLD	-	-	(632,643)	(307,655)	(632,643)	(307,655)
Total			23,403,194	28,775,779	14,276,816	13,874,941

\* Distributors CEAL and Amazonas Distribuidora were classified as held for sale as of 2018 and were sold in March 2019 and April 2019, respectively, see note 48.1.

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current	5,120,734	8,257,761	3,473,393	3,903,084
Charges	293,481	995,950	215,929	209,715
Capital	4,827,253	7,261,811	3,257,464	3,693,369
Non-current	18,282,460	20,518,018	10,803,423	9,971,857
Total	23,403,194	28,775,779	14,276,816	13,874,941

Financing and loans are made with the Company's own funds and external funds raised through international development agencies, financial institutions and the release of securities in the national and international financial market.

All financing and loans granted are supported by formal contracts signed with the borrowers. Most of these amounts are expected to be paid in monthly installments, amortized over an average term of 10 years, and at the average interest rate, weighted by the portfolio balance, of 6.75% per year.

The parent company has a loan with Itaipu with an exchange rate update clause representing 41% of the total consolidated portfolio (30% as of December 31, 2018). The other loans and financing provide for updating based on indices that represent the domestic price level in Brazil that reach 59% of the consolidated portfolio balance (70% as of December 31, 2018).

The parent company has a loan with Amazonas Distribuidora de Energia in the amount of R\$ 3.9 billion that substantially represents the unfunded receivables in the process of disposal of corporate control. These contracts were renegotiated with a grace period of up to 3 years to amortize the principal, and during this grace period, only interest is received. In addition, the renegotiation considered the period of 18 months for presentation of real guarantees that must be previously assessed and approved by Eletrobras Management.

In addition to the financing mentioned above, until April 30, 2017, Eletrobras was responsible for managing the Global Reversal Reserve (RGR), a sector fund, and was responsible for granting financing through the use of these resources to implement various sector programs. As of May 2017, with the issuance of Law 13,360/2016, CCEE assumed this activity. However, there is still financing made before this date, due by third parties, managed by Eletrobras.

Pursuant to Decree 9,022/2017, which regulates the aforementioned law, Eletrobras is not the guarantor of these operations taken by third parties, but is responsible for the contractual management of RGR funding contracts entered into until November 17, 2016, which must be passed on to RGR within five days from the date of actual payment by the debtor agent.

## 9.1 - RGR Transfer

With the process of sale of the distributors completed, the transfer of the management of RGR resources to CCEE pursuant to Law 13.360/2016 and in line with Decree No. 9,022/2017, as of June 2019, the Company revised the form to present the amounts raised and passed on to third parties, with funds from RGR, in order to better present the funds under the responsibility of Eletrobras of those loans and financing that do not constitute Eletrobras debt and should be settled by third parties with RGR, being Eletrobras solely responsible for the contractual management of these loans. Accordingly, the amounts as of December 31, 2019 referring to receivables from loans and financing granted by the RGR to third parties were segregated from other Eletrobras receivables and have equivalent liabilities (see Note 22).

PARENT COMPANY AND CONSOLIDATED			
12/31/2019			
RGR Transfer	Charges	Current	Non-current
AMAZONAS D	19,278	62,525	16,128
ELMA	10,648	3,143	-
ENERLESTE	1,529	1,424	-
GLOBAL	136,547	44,100	-
CELPA	15,799	6,795	662,478
CEMIG	-	10,688	8,412
COELCE	-	6,885	7,413
RGE-SUL	-	3,044	2,838
OUTROS	-	31,911	49,577
	183,801	170,513	746,847
<b>Liability</b>			
RGR CCEE	183,801	170,513	746,847

## 9.2 - Loss Allowance for Expected Credit Losses - ECL

As of December 31, 2019, the Company recognized provisions for doubtful accounts in the amount of R\$ 632,643 (R\$ 307,655 as of December 31, 2018). Such provision is deemed sufficient by the Company's management to cover expected losses on these assets, based on an analysis of the portfolio's behavior.

The changes in the provision for the Company's financing and loans for the years ended December 31, 2019 and 2018 are as follows:

PARENT COMPANY AND CONSOLIDATED		
	12/31/2019	12/31/2018
Opening balance	307,655	268,920
(+) Supplement	894,870	407,734
(-) Reversals	(569,882)	(369,000)
Final balance	632,643	307,655

The constitution and reversal of ECL were recorded in the income statement as Operational Provisions (see note 40).

## NOTE 10 - DIVIDENDS RECEIVABLES

The amounts presented refer to dividends and interest on equity receivable, net of Withholding Income Tax, when applicable, arising from permanent investments held by the Company.

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current</b>				
Subsidiaries				
Eletronorte	1,344,233	1,858,834	-	-
Chesf	1,170,627	162,490	-	-
Furnas	759,926	248,120	-	-
CGTEE	110,775	104,544	-	-
Eletrosul	40,664	31,240	-	-
Eletropar	-	2,619	-	-
Affiliates				
CTEEP	32,324	-	32,928	-
CEE Geração	30,040	-	30,040	-
Chapecoense	-	-	29,090	26,457
Lajeado Energia	23,975	11,278	23,975	11,278
CEB Lajeado	18,707	11,102	18,707	11,102
Transenergia São Paulo	-	-	17,271	18,031
Paulista Lajeado	16,221	15,223	16,221	15,223
Belo Monte Transmissora	-	-	13,810	12,503
Enerpeixe	-	-	12,236	16,382
Goiás Transmissão	-	-	11,668	11,985
EMAE	10,999	10,813	11,175	10,813
Manaus Construtora	-	-	9,178	9,178
TSLE	-	-	8,065	8,694
EAPSA	-	-	6,675	-
Retiro Baixo Energético	-	-	6,357	5,616
Paranaíba Transmissora de Energia	-	-	5,985	8,567
MGE Transmissão	-	-	5,616	5,616
Transenergia Renovável	-	-	4,492	-
Sete Gameleiras	4,176	4,176	4,176	4,176
Caldas Novas Transmissão	-	-	1,231	998
Equatorial Maranhão Distribuidora	-	61	-	61
Uirapuru	-	3,059	-	-
Tijoa Participações e Investimentos	-	-	-	16,468
Other	29,836	11,000	31,003	26,747
	<u>3,592,503</u>	<u>2,474,558</u>	<u>299,899</u>	<u>219,895</u>

## NOTE 11 - RECOVERABLE TAXES AND INCOME TAX AND SOCIAL CONTRIBUTIONS

### 11.1 - Taxes to be recovered

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current assets:</b>				
IRRF	767,055	450,636	1,083,278	984,828
Acountable PIS/PASEP/COFINS	40,095	37,955	203,541	175,923
ICMS to be recovered	-	-	128,329	12,869
Other	-	-	59,514	42,641
	<u>807,150</u>	<u>488,591</u>	<u>1,474,662</u>	<u>1,216,261</u>
<b>Non-current assets:</b>				
ICMS to be recovered	-	-	38,231	34,533
PIS/COFINS to be recovered	-	-	178,655	193,613
IR/CS	-	-	154,389	-
Other	-	-	49,095	37,659
	<u>-</u>	<u>-</u>	<u>420,370</u>	<u>265,805</u>

### 11.2 - Income tax and social contribution

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current assets:</b>				
Advances/ IRPJ and CSLL Negative Balance	309,033	817,417	2,382,899	2,420,165
<b>Non-current assets:</b>				
Deferred IRPJ and CSLL	-	-	463,451	553,409
<b>Non-current liabilities:</b>				
Deferred IRPJ and CSLL	628,904	432,582	3,978,754	8,315,386

### 11.3 - Composition of deferred income tax and social contribution

#### a) Deferred taxes by subsidiaries

	12/31/2019			12/31/2018		
	Assets	Liabilities	Net asset (liability) effect	Assets	Liabilities	Net asset (liability) effect
<b>Deferred assets</b>						
Eletronorte	2,039,253	(1,596,809)	442,445	1,868,051	(1,314,642)	553,409
Amazonas GT	21,006	-	21,006	-	-	-
<b>Total</b>	<b>2,060,259</b>	<b>(1,596,809)</b>	<b>463,451</b>	<b>1,868,051</b>	<b>(1,314,642)</b>	<b>553,409</b>
<b>Deferred liabilities</b>						
Eletrósul	546,089	(895,263)	(349,174)	443,849	(894,572)	(450,723)
Eletrobras	-	(628,904)	(628,904)	-	(432,582)	(432,582)
Furnas	2,541,558	(5,126,228)	(2,584,670)	969,179	(5,230,099)	(4,260,920)
Chesf	1,258,550	(1,662,708)	(404,158)	918	(3,166,663)	(3,165,745)
Eletropar	-	(11,847)	(11,847)	-	(5,416)	(5,416)
Eletronuclear	777,235	(777,235)	-	679,409	(679,409)	-
<b>Total</b>	<b>5,123,432</b>	<b>(9,102,185)</b>	<b>(3,978,753)</b>	<b>2,093,355</b>	<b>(10,408,741)</b>	<b>(8,315,386)</b>
<b>TOTAL</b>	<b>7,183,691</b>	<b>(10,698,994)</b>		<b>3,961,408</b>	<b>(11,723,383)</b>	

The subsidiary Furnas recognized deferred tax credits in the year in the amount of R\$ 1,219,273 derived from differences between the accounting and tax bases (temporary differences). In the case of subsidiary Chesf, the acknowledgement of the amount of R\$ 2,397,342 was due to deferred tax assets were recognized in the amount of R\$ 899,843 and deferred tax liabilities were reduced in the amount of R\$ 1,497,499.

#### b) Deferred taxes by tax category

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Deferred tax assets:</b>				
Tax Credits without Tax Loss and Negative Base	-	-	743,924	2,178,837
Operating Provisions	-	-	2,693,087	909,887
Adjustment of Law 11.638/2007- RTT (IFRS)	-	-	521,867	41,694
Provision for Contingencies	-	-	1,530,541	233,215
Provision of credit for doubtful accounts	-	-	1,052,746	208,758
Other	-	-	641,526	389,017
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>7,183,691</b>	<b>3,961,408</b>
<b>Deferred tax liabilities:</b>				
Existing Basic Systems Network Remuneration	-	-	7,806,665	9,380,308
Tax debit	-	-	546,444	484,228
VJORA Financial Instruments	628,904	432,582	628,904	432,582
Accelerated depreciation	-	-	225,806	192,457
Other	-	-	1,491,175	1,233,808
<b>Total Liability</b>	<b>628,904</b>	<b>432,582</b>	<b>10,698,994</b>	<b>11,723,383</b>

Subsidiaries that have a history of realizing deferred taxes prepare their future taxable income projections, which are projected to be realized within 10 years. The amounts recognized reflect the best estimate of their realization, the basis of which is formed by the tax loss and the negative basis of social contribution of each entity. The subsidiary Eletronorte has deferred assets derived from tax losses and negative basis of social contribution, whose realization for future year is as follows:

	12/31/2019
2020	108,233
2021	119,966
2022	155,840
2023	176,677
2024	183,208
	743,924

In addition, some of the Company's subsidiaries do not have a prospect of future taxable income and, therefore, have deferred tax credit for unrecorded tax losses and negative social contribution base in the amount of R\$ 2,840,157 as of December 31, 2019 (R\$ 2,121,250 as of December 31, 2018). Due to the merger of CGTEE and Eletrosul (note 50.1), the tax credit derived from tax loss and negative basis of CSLL in the amount of R\$ 1,603,154 may be acknowledged if future taxable income evidence is identified.

#### 11.4 - Income tax and social contribution recognized in other comprehensive income

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Deferred taxes				
Resulting from income and expenses recognized in other comprehensive income:				
Adjust actuarial gains and losses	-	-	917,389	-
Remeasurement of financial instruments' fair value through ORA	(196,322)	(37,624)	(196,322)	(19,297)
Participation in the comprehensive income of subsidiaries, affiliates and shared control companies	-	-	-	(18,327)
Total income tax and social contribution recognized in other comprehensive income	(196,322)	(37,624)	721,067	(37,624)

#### NOTE 12 - REIMBURSEMENT RIGHTS AND OBLIGATIONS

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current assets:				
CCC	-	-	48,458	454,139
Non-current assets:				
CCC	9,063,900	6,259,871	9,096,614	8,827,501
CCC - PCLD Provision	(3,681,066)	(3,025,329)	(3,681,067)	(3,025,329)
	5,382,834	3,234,542	5,415,547	5,802,172
Total reimbursement rights	5,382,834	3,234,542	5,464,005	6,256,311
Current liabilities:				
PROINFA	1,796,753	1,250,619	1,796,753	1,250,619
Total repayment obligation	1,796,753	1,250,619	1,796,753	1,250,619

PROINFA - Electric power trading operations under PROINFA generated a positive net balance of R\$ 546,134 in the year ended December 31, 2019 (negative R\$ 96,041 in the year ended December 31, 2018), with no effect on the Company's net income for the year, and this amount is included in the Reimbursement Obligations item.

#### Fuel Consumption Account (CCC) Assets

As a result of the conclusion of the process of sale of the electric power distribution companies, Eletrobras recognized CCC credits that were recorded in the distribution companies' assets in accordance with the conditions established by the Investment Partnership Program Council (CPPI).

Additionally, Eletrobras recognized a provision for recoverability of some of these assets, classified as discontinued operation, notably due to the difference between these credits and their prospects for

realization, based on the result of the inspection of CCC disbursements carried out by ANEEL and the technical notes approved by ANEEL on March 2020, see note 50.5, as well as on claims made by distributors and Eletrobras deemed to be likely to be accepted by ANEEL.

For the “inefficiency” portion from May 2016 to June 2017, the Company reviewed its expected realization and recorded a provision in the amount of R\$ 747 million, classified as discontinued operation, in view of the expiry of MP 879. Eletrobras' Management will evaluate other measures aimed at ensuring the full realization of the credits assumed.

The Company records provisions on CCC reimbursement rights based on the expectation of receipt, considering the criteria for evaluating the assurance inspections carried out by Aneel.

### NOTE 13 - NUCLEAR FUEL INVENTORY

The composition of the long-term stock of nuclear fuel inventory destined for the operation of Angra 1 NPP and Angra 2 NPP is shown below:

	CONSOLIDATED	
	12/31/2019	12/31/2018
Current		
Elements ready	538,827	510,638
	538,827	510,638
Non-current		
Elements ready	251,811	373,108
Uranium concentrate	204,116	187,394
In progress - nuclear fuel	384,623	267,908
	840,550	828,410
<b>TOTAL</b>	<b>1,379,377</b>	<b>1,339,048</b>

In the initial stage of the formation of nuclear fuel, uranium ore and the services necessary for its manufacture are purchased and classified in non-current assets, in the uranium concentrate and service in progress accounts - nuclear fuel, respectively. After the manufacturing process is completed, there is the element of nuclear fuel ready (Elements ready), whose value is classified in two accounting groups: in current assets, the portion related to the consumption forecast for the next 12 months is recorded and, in non-current assets, the remaining portion.

### NOTE 14 - ADVANCES FOR FUTURE CAPITAL INCREASE

The Company and its subsidiaries present in non-current assets amounts corresponding to advances for future capital increase in the following investees, as per below:

	PARENT COMPANY				
	Balance as of 12/31/2018	Additions	Capitalizations	Monetary update	Balance as of 12/31/2019
Subsidiaries:					
CGTEE (a)	1,069,774	246,544	(1,376,315)	72,761	12,764
Eletronuclear (b)	-	700,000	-	-	700,000
Furnas	58,241	-	-	3,463	61,704
Hermenegildo III	11,834	-	(11,834)	-	-
Other investments	883	-	(883)	-	-
<b>Total</b>	<b>1,140,732</b>	<b>946,544</b>	<b>- 1,389,032</b>	<b>76,224</b>	<b>774,468</b>

	CONSOLIDATED					
	Balance as of 12/31/2018	Additions	Returns	Capitalizations	Monetary update	Balance as of 12/31/2019
Investments guaranteed by equity equivalence:						
Energia Sustentável do Brasil (a)	337,200	138,400	-	(337,200)	-	138,400
TDG Transmissora Delmiro Gouveia (b)	101,000	-	-	(101,000)	-	-
Fronteira Oeste Transmissora de Energia S.A.	13,010	41,310	-	(13,004)	-	41,316
Vamcruz I Participações S.A.	5,929	-	(5,027)	(1,751)	849	-
Other investments	2,424	-	-	(883)	-	1,541
<b>Total</b>	<b>459,563</b>	<b>179,710</b>	<b>(5,027)</b>	<b>(453,838)</b>	<b>849</b>	<b>181,257</b>

PARENT COMPANY

	Balance as of 12/31/2017	Additions	Operations Discontinued and Held for Sale	Monetary update	Balance as of 12/31/2018
<b>Subsidiaries:</b>					
Furnas	54,727	-	-	3,514	58,241
CGTEE	781,790	227,375	-	60,609	1,069,774
Hermenegildo III	8,494	11,834	(8,494)	-	11,834
Ceal	180,142	-	(191,710)	11,568	-
Cepisa	346,357	-	(362,185)	15,828	-
Eletroacre	77,115	-	(86,513)	9,398	-
Boa Vista	89,975	-	(95,753)	5,778	-
Amazonas Distribuidora	129,189	-	(137,085)	7,896	-
Other investments	33,486	-	(33,486)	883	883
<b>Total</b>	<b>1,701,275</b>	<b>239,209</b>	<b>(915,226)</b>	<b>115,474</b>	<b>1,140,732</b>

CONSOLIDATED

	Balance as of 12/31/2017	Additions	Capitalizations	Monetary update	Transfer	Balance as of 12/31/2018
<b>Investments guaranteed by equity equivalence:</b>						
Energia Sustentável do Brasil	734,400	138,000	(535,200)	-	-	337,200
TDG Transmissora Delmiro Gouveia	101,000	-	-	-	-	101,000
Fronteira Oeste Transmissora de Energia S.A.	37,467	13,005	(37,462)	-	-	13,010
Vamcruz I Participações S.A.	9,800	-	(3,871)	-	-	5,929
Geradora eólica Itaguaçu da Bahia SPE S.A.(e)	72,814	-	-	-	(72,814)	-
Other investments(f)	4,357	-	(2,497)	883	(319)	2,424
<b>Total</b>	<b>959,838</b>	<b>151,005</b>	<b>(2,497)</b>	<b>883</b>	<b>(73,133)</b>	<b>459,563</b>

(a) CGTEE

In December 2019, at the Extraordinary General Meeting, debts and AFAC were capitalized, where the capitalization of R\$ 1,376,315 of its AFACs was authorized.

(b) Eletronuclear

In July 2019, Eletrobras approved the granting of funds to the subsidiary Eletronuclear in the form of AFAC, in the amount of R\$ 500,000, with funds intended for reimbursement of expenses and for the management of obligations related to the Angra 3 development. The amounts have already been released between August and November 2019.

In September 2019, Eletrobras approved another grant of funds to the subsidiary Eletronuclear in the form of AFAC, in the amount of R\$ 350,000, with the same allocation of funds; however, on December 9, 2019, Eletrobras released the first installment in the amount of R\$ 200,000.

(c) Energia Sustentável do Brasil

Funding is made according to the schedules approved at the Board of Directors' meetings. These funds are transferred by the Affiliate's shareholders in the form of an Advance for Future Capital Increase.

In April 2019, the capital increase subscribed to the subsidiary Energia Sustentável do Brasil was approved through the issuance of new common shares, all without par value, subscribed and fully paid up by the shareholders of the subsidiary, in proportion to their holdings. Therefore, the subsidiaries Chesf and Eletrosul paid in the amount of R\$ 168,600 each.

In December 2019, Eletrosul anticipated the AFAC of R\$ 6,000 for January 2020. This occurred due to the forecast for the incorporation of Eletrosul by CGTEE, which took place on January 2, 2020.

(d) TDG Transmissora Delmiro Gouveia

On October 31, 2019, the capitalization of the AFACs carried out by Chesf was approved, in the amount of R\$ 101 million and then the acquisition, by Chesf, of ATP's shareholding in TDG for the amount of R\$ 34 million. Since then, TDG has become a wholly owned subsidiary of Chesf, as per note 42.

(e) Geradora Eólica Itaguaçu da Bahia SPE S.A.

Due to the non-onerous assignment of Furnas' interests in the Fortim Compounds and Itaguaçu da Bahia, the AFACs balances referring to these Companies were transferred to Brasil Ventos.

## NOTE 15 - INVESTMENTS

Valued using by Equity Equivalence method

a) Subsidiaries	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Furnas	21,462,772	20,754,919	-	-
Chesf	17,612,978	15,310,867	-	-
Eletrosul	6,023,072	6,019,757	-	-
Eletronorte	17,777,911	17,324,305	-	-
Eletropar	147,674	156,902	-	-
Eletronuclear	2,000,283	2,300,626	-	-
CGTEE (*)	333,505	-	-	-
	<u>65,358,195</u>	<u>61,867,376</u>	<u>-</u>	<u>-</u>
b) Joint subsidiary	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Norte Energia (Belo Monte)	2,110,038	2,036,157	7,030,651	6,863,523
Energia Sustentável do Brasil S.A.	-	-	3,662,120	3,363,219
Belo Monte Transmissora de Energia SPE S.A.	-	-	1,701,956	1,603,211
Madeira Energia S.A.	-	-	1,595,099	2,004,915
Interligação Elétrica do Madeira S.A.	-	-	1,511,061	1,377,984
Norte Brasil Transmissora de Energia S.A.	-	-	890,833	1,082,843
Teles Pires Participações S.A.	-	-	753,865	727,840
Companhia Energética Sinop S.A.	-	-	704,110	479,280
Empresa de Energia São Manoel S.A.	-	-	657,106	644,735
Mata de Santa Genebra	-	-	570,803	482,329
Chapecoense Geração S.A.	-	-	409,864	395,841
Interligação Elétrica Garanhuns S.A.	-	-	373,363	342,776
Enerpeixe S.A.	-	-	254,272	260,599
Transmissora Sul Litorânea de Energia S.A.	-	-	214,643	233,594
STN - Sistema de Transmissão Nordeste S.A.	-	-	213,480	165,749
Goiás Transmissão S.A.	-	-	204,859	188,574
Paranaíba Transmissora de Energia S.A.	-	-	193,968	184,358
Transenergia Renovável S.A.	-	-	146,387	143,185
Retiro Baixo Energética S.A.	-	-	144,796	134,277
MGE Transmissão S.A.	-	-	139,176	127,583
Transnorte Energia S.A.	-	-	134,778	139,814
Rouar S.A.	109,643	124,448	109,643	124,448
Triângulo Mineiro Transmissora	-	-	112,865	91,698
Vale do São Bartolomeu	-	-	60,305	51,173
Other	201,721	193,921	508,839	531,266
	<u>2,421,402</u>	<u>2,354,526</u>	<u>22,298,842</u>	<u>21,744,814</u>
c) Affiliates	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
CTEEP	3,613,866	3,951,302	3,681,099	4,024,671
Lajeado Energia Energia	67,230	79,923	67,230	79,923
CEB Lajeado	63,047	52,804	63,047	52,804
Paulista Lajeado	29,967	30,241	29,967	30,241
Equatorial Maranhão D	1,031,514	989,425	1,031,514	989,425
Energética Águas da Pedra S.A.	-	-	233,604	218,301
Other	1,082,257	1,157,926	1,096,516	1,170,265
	<u>5,887,881</u>	<u>6,261,621</u>	<u>6,202,779</u>	<u>6,565,630</u>
<b>SUBTOTAL</b>	<u>73,667,478</u>	<u>70,483,523</u>	<u>28,501,819</u>	<u>28,310,442</u>
Provision for investment losses	(181)	(181)	(1,445,890)	(1,774,244)
<b>TOTAL</b>	<u>73,667,297</u>	<u>70,483,342</u>	<u>27,055,929</u>	<u>26,536,198</u>

(\*) Equity equivalence after the capitalization of the AFAC as per note 15.7.

Measured at fair value

	ASSET VALUE (*)	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2019	12/31/2018	12/31/2019	12/31/2018
AES Tietê	37,667	509,019	312,908	509,019	312,908
Coelce	52,340	301,218	244,042	301,218	244,042
Energisa S.A.	77,867	449,718	298,284	449,718	298,283
Cesp	122,284	214,488	134,146	214,488	134,146
Celpa	15,059	81,376	52,077	81,376	52,077
Celesc	144,069	213,556	206,795	213,556	206,795
CELPE	10,365	30,225	33,854	30,225	33,854
Energisa MT	2,845	12,796	8,140	12,796	8,140
COPEL	44,247	105,776	45,617	105,776	45,617
CGEEP	3,924	20,982	16,845	20,982	16,845
CEB	11,861	18,439	10,218	18,439	10,218
Outros	14,516	12,886	25,534	99,397	84,225
	<u>537,045</u>	<u>1,970,479</u>	<u>1,388,460</u>	<u>2,056,990</u>	<u>1,447,150</u>

(\*) Asset value according to Eletrobras' participation in the companies' share capital

### 15.1 - Provisions for investment losses

The Company estimates the recoverable value of its investments in SPEs based on their value for the shareholder, calculated from the discounted cash flow, or from its market value, where there was a transaction under market conditions for any SPE.

The assumptions used consider the best estimate of the Company's Management on the future trends in the electricity sector and are based both on external sources of information and on historical data from SPEs. The main assumptions are described below:

- Growth compatible with historical data and growth prospects for the Brazilian economy;
- Discount rate per year (after taxes\*) specific to each SPE, respecting the structure capital and debt cost of each SPE, using the WACC and the same metrics used to calculate discount rates for corporate UGCs mentioned in more details in note 20;
- Revenue projected according to the contracts, with no provision for extension of the concession/authorization;
- Expenses considering the Business Plan of each SPE and the historical values realized;

\* The use of post-tax discount rates, in determining the values in use, does not result in materially different recoverable values if pre-tax rates were used.

The balance of provisions for investment losses is shown below:

	CONSOLIDATED	
	12/31/2019	12/31/2018
Belo Monte Transmissora de Energia SPE S.A.	80,312	278,726
Empresa de Energia São Manoel S.A.	128,694	293,670
Madeira Energia S.A.	76,168	152,674
Norte Brasil Transmissora S.A.	-	267,595
Mata de Santa Genebra	-	120,645
Energia Sustentável do Brasil S.A	821,276	386,772
Interligação Elétrica Garanhuns S.A.	34,740	70,691
Transporte Energia S.A.	94,805	118,665
Companhia Energética Sinop	201,100	17,166
Teles Pires Participações S.A.	-	13,332
Inambari	274	274
Other	8,521	54,034
	<u>1,445,890</u>	<u>1,774,244</u>

## 15.2 - Changes in investments

Below is the movement of the most relevant investments of the Company:

Subsidiaries, affiliates, and joint subsidiaries	Balance as of 12/31/2018	Other Comprehensive Results	AFAC Capitalization	Investment adjustments	Dividends and Interest on Equity Capital	Equity equivalence	Transfer (*)	Balance as of 12/31/2019
<b>CHANGE IN INVESTMENTS - PARENT COMPANY</b>								
Furnas	20,754,919	(1,166,835)	-	(125,298)	(1,199,705)	3,199,691	-	21,462,772
Chesf	15,310,867	(24,730)	-	-	(1,170,627)	3,497,468	-	17,612,978
Eletrosul	6,019,757	(40,307)	-	-	(127,598)	171,220	-	6,023,072
Eletronorte	17,324,305	(24,570)	-	(100,048)	(1,344,233)	1,922,457	-	17,777,911
Eletronuclear	2,300,626	179,336	-	-	-	(479,679)	-	2,000,283
Eletropar	156,902	(41,374)	-	52,334	(18,191)	(1,997)	-	147,674
Norte Energia (Belo Monte)	2,036,157	-	-	-	-	73,881	-	2,110,038
CGTEE	-	(7,680)	4,673,951	-	-	(786,906)	(3,545,860)	333,505
Rouar S.A.	124,448	5,029	-	-	(21,060)	1,226	-	109,643
CTEEP	3,951,302	(14,856)	-	(363,685)	(352,023)	393,128	-	3,613,866
Lajeado Energia Energia	79,923	(67)	-	4,838	(78,566)	61,102	-	67,230
Equatorial Maranhão D	989,425	-	-	(32,633)	(118,980)	193,702	-	1,031,514
CEB Lajeado	52,804	(18)	-	-	(17,232)	27,493	-	63,047
Paulista Lajeado	30,241	-	-	-	(7,259)	6,985	-	29,967
Other	1,351,849	(77,231)	-	(32,314)	(237,547)	279,220	-	1,283,977
<b>TOTAL INVESTMENTS</b>	<b>70,483,525</b>	<b>(1,213,303)</b>	<b>4,673,951</b>	<b>(596,806)</b>	<b>(4,693,021)</b>	<b>8,558,990</b>	<b>(3,545,860)</b>	<b>73,667,478</b>

(\*) Transfer of CGTEE's uncovered liabilities before capitalization of AFAC according to note 15.7

Subsidiaries, affiliates, and joint subsidiaries	Balance as of 12/31/2018	Capital integration/Reduction	Other Comprehensive Results	AFAC Capitalization	Investment adjustments	Dividends and Interest on Equity Capital	Equity equivalence	Balance as of 12/31/2019
<b>CHANGE IN INVESTMENTS - CONSOLIDATED</b>								
Norte Energia (Belo Monte)	6,863,523	-	-	-	-	-	167,128	7,030,651
CTEEP	4,024,671	-	(15,133)	-	(363,685)	(358,579)	393,825	3,681,099
Lajeado Energia Energia	79,923	-	(67)	-	4,838	(78,566)	61,102	67,230
CEB Lajeado	52,804	-	(18)	-	-	(17,232)	27,493	63,047
Paulista Lajeado	30,241	-	-	-	-	(7,259)	6,985	29,967
Rouar S.A.	124,448	-	5,029	-	-	(21,060)	1,226	109,643
Equatorial Maranhão D	989,425	-	-	-	(32,633)	(118,980)	193,702	1,031,514
Madeira Energia S.A.	2,004,915	-	-	-	-	-	(409,816)	1,595,099
Energia Sustentável do Brasil S.A.	3,363,219	-	-	337,200	-	-	(38,299)	3,662,120
Interligação Elétrica do Madeira S.A.	1,377,984	-	-	-	-	-	133,077	1,511,061
Norte Brasil Transmissora de Energia S.A.	1,082,843	-	-	-	(208,593)	(22,211)	38,794	890,833
Enerpeixe S.A.	260,599	-	-	-	-	(54,430)	48,103	254,272
Teles Pires Participações S.A.	727,840	55,962	-	-	-	-	(29,937)	753,865
Chapecoense Geração S.A.	395,841	-	-	-	-	(108,460)	122,483	409,864
Belo Monte Transmissora de Energia SPE S.A.	1,603,211	-	-	-	(14,936)	(2,613)	116,294	1,701,956
Interligação Elétrica Garanhuns S.A.	342,776	-	-	-	-	(5,897)	36,484	373,363
Mata de Santa Genebra	482,329	130,289	-	-	-	-	(41,815)	570,803
Energética Águas da Pedra S.A.	218,301	-	-	-	-	(41,939)	57,242	233,604
Goiás Transmissão S.A.	188,574	-	-	-	-	(5,072)	21,357	204,859
Empresa de Energia São Manoel S.A.	644,735	19,333	-	-	-	-	(6,962)	657,106
Companhia Energética Sinop S.A.	479,280	264,568	-	-	-	-	(39,738)	704,110
STN - Sistema de Transmissão Nordeste S.A.	165,749	-	-	-	-	(16,044)	63,775	213,480
Transnorte Energia S.A.	139,814	-	-	-	(73)	-	(4,963)	134,778
MGE Transmissão S.A.	127,583	-	-	-	-	-	11,593	139,176
Transenergia Renovável S.A.	143,185	-	-	-	-	(15,713)	18,915	146,387
Retiro Baixo Energética S.A.	134,277	-	-	-	-	(3,277)	13,796	144,796
Paranaíba Transmissora de Energia S.A.	184,358	-	-	-	-	(2,986)	12,596	193,968
Vale do São Bartolomeu	51,173	4,926	-	-	(1)	-	4,207	60,305
Triângulo Mineiro Transmissora	91,698	1,406	-	-	-	-	19,761	112,865
Transmissora Sul Litorânea de Energia S.A.	233,594	-	-	-	-	195	(19,146)	214,643
Other	1,701,529	(132,841)	(77,231)	114,005	(46,434)	(262,961)	309,288	1,605,355
<b>TOTAL INVESTMENTS</b>	<b>28,310,442</b>	<b>343,643</b>	<b>(87,420)</b>	<b>451,205</b>	<b>(661,517)</b>	<b>(1,143,084)</b>	<b>1,288,550</b>	<b>28,501,819</b>

Subsidiaries and affiliates	Balance as of 12/31/2017	Sale of participation	Other Comprehensive Results	AFAC Capitalization	Adjustments from previous fiscal years	Dividends and Interest on Equity Capital	Equity Equivalence	SPEs Transfers (**)	Held for sale	Balance as of 12/31/2018
<b>CHANGE IN INVESTMENTS - PARENT COMPANY</b>										
Furnas	19,949,366	-	(114,299)	-	126,259	(247,185)	1,040,777	-	-	20,754,919
Chesf	13,781,383	-	(72,053)	-	1,492,849	(157,969)	266,657	-	-	15,310,867
Eletrosul	5,824,553	-	(180,316)	-	332,103	(83,273)	126,690	-	-	6,019,757
Eletronorte	16,268,119	-	(126,447)	-	262,942	(1,842,596)	2,762,288	-	-	17,324,305
Eletronuclear	-	-	(287,864)	-	-	-	2,588,490	-	-	2,300,626
Eletropar	168,291	-	39,493	-	6,056	(67,969)	11,031	-	-	156,902
Norte Energia (Belo Monte)	1,776,786	-	-	140,700	-	-	118,671	-	-	2,036,157
Rouar	105,413	-	18,062	-	-	-	973	-	-	124,448
CTEEP	3,420,726	-	25,888	-	388,621	(732,158)	848,225	-	-	3,951,302
Lajeado Energia	64,103	-	-	-	-	(23,886)	39,705	-	-	79,923
CEB Lajeado	49,153	-	-	-	-	(15,237)	18,889	-	-	52,804
Paulista Lajeado	30,436	-	-	-	-	(9,873)	9,679	-	-	30,241
Outros	3,459,829	(599,002)	(70,519)	(4,687)	69,957	(163,061)	377,130	1,960,391	(2,688,764)	2,341,274
<b>TOTAL INVESTMENTS</b>	<b>64,898,158</b>	<b>(599,002)</b>	<b>(768,055)</b>	<b>136,013</b>	<b>2,678,786</b>	<b>(3,343,208)</b>	<b>8,209,206</b>	<b>1,960,391</b>	<b>(2,688,764)</b>	<b>70,483,525</b>

Subsidiaries, affiliates, and joint subsidiaries	Balance as of 12/21/2017	Sale of participations	Capital integration/Reduction	Other Comprehensive Results	AFAC Capitalization	Capital Gain / Loss	Adjustments from previous fiscal years	Dividends and Interest on Equity Capital	Equity Equivalence	SPEs Transfer (**)	Held for sale	Balance as of 12/31/2018
<b>CHANGE IN INVESTMENTS - CONSOLIDATED</b>												
CTEEP	3,485,985	-	-	26,370	-	-	395,857	(745,791)	862,250	-	-	4,024,671
Lajeado Energia	64,103	-	-	-	-	-	-	(23,886)	39,705	-	-	79,923
CEB Lajeado	49,153	-	-	-	-	-	-	(15,237)	18,889	-	-	52,804
Paulista Lajeado	30,436	-	-	-	-	-	-	(9,873)	9,679	-	-	30,241
Rouar	105,413	-	-	18,062	-	-	-	-	973	-	-	124,448
Madeira Energia S.A. (MESA)	2,077,575	-	678,069	-	-	-	-	-	(750,729)	-	-	2,004,915
Interligação Elétrica do Madeira S.A. (IE Madeira)	1,314,514	-	-	-	-	-	(85,510)	-	148,980	-	-	1,377,984
Norte Brasil Transmissora de Energia S.A.	1,046,172	-	-	-	-	-	(14,808)	(12,967)	64,446	-	-	1,082,843
Enerpeixe S.A.	292,002	-	-	-	-	-	-	(71,273)	39,870	-	-	260,599
Teles Pires Participações	764,559	-	77,823	-	-	-	-	-	(114,542)	-	-	727,840
Chapecoense Geração S.A. (Chapecoense)	389,981	-	-	-	-	-	-	(105,540)	111,400	-	-	395,841
Belo Monte Transmissora de Energia	1,478,019	-	24,500	-	-	-	(211,938)	(8,548)	321,178	-	-	1,603,211
Interligação Elétrica Garanhuns S.A.	356,302	-	-	-	-	-	(34,911)	(15,844)	37,229	-	-	342,776
Mata de Santa Genebra	459,169	-	47,904	-	-	-	(23,835)	3,250	(4,159)	-	-	482,329
Energética Águas da Pedra S.A.	224,668	-	-	-	-	-	-	(50,077)	43,710	-	-	218,301
Goiás Transmissão S.A.	181,481	-	-	-	-	-	(8,589)	-	15,682	-	-	188,574
Empresa de Energia São Manoel	649,731	-	26,000	-	-	-	-	-	(30,996)	-	-	644,735
Companhia Energética Sinop S.A.	539,498	-	70,560	-	-	-	-	-	(130,778)	-	-	479,280
STN - Sistema de Transmissão Nordeste S.A.	216,741	-	-	-	-	-	(50,646)	(43,410)	43,064	-	-	165,749
Transnorte Energia S.A.	148,453	-	-	-	-	-	(10,575)	-	1,936	-	-	139,814
MGE Transmissão S.A.	115,039	-	-	-	-	-	3,827	-	8,717	-	-	127,583
Transenergia Renovável S.A. (Transenergia)	154,498	-	-	-	-	-	(19,732)	(2,450)	10,869	-	-	143,185
Retiro Baixo Energética S.A. (Retiro Baixo)	124,386	-	-	-	-	-	-	(3,081)	12,972	-	-	134,277
Paranaíba Transmissora	160,191	-	-	-	2,082	-	12,554	(2,999)	12,530	-	-	184,358
Vale do São Bartolomeu	123,131	-	4,290	-	-	-	(65,735)	-	(10,513)	-	-	51,173
Triângulo Mineiro Transmissora	163,637	-	-	-	-	-	(57,219)	-	(14,720)	-	-	91,698
Transmissora Sul Litorânea de Energia S.A.	198,174	-	25,948	-	-	-	-	(8,693)	18,165	-	-	233,594
Outros	8,640,015	(599,002)	(1,881,243)	(376,559)	577,351	(18,043)	30,381	(217,759)	(109,838)	1,896,902	(1,888,034)	6,054,173
<b>TOTAL INVESTMENTS</b>	<b>29,421,729</b>	<b>(599,002)</b>	<b>(598,037)</b>	<b>(332,127)</b>	<b>720,133</b>	<b>(18,043)</b>	<b>(140,879)</b>	<b>(1,334,178)</b>	<b>1,181,977</b>	<b>1,896,902</b>	<b>(1,888,034)</b>	<b>28,310,442</b>

Subsidiaries, affiliates, and joint subsidiaries	Balance as of 12/31/2018	Capital integration/Reduction	Other Comprehensive Results	AFAC Capitalization	Investment adjustments	Dividends and Interest on Equity Capital	Equity equivalence	Balance as of 12/31/2019
<b>CHANGE IN INVESTMENTS - CONSOLIDATED</b>								
Norte Energia (Belo Monte)	6,863,523	-	-	-	-	-	167,128	7,030,651
CTEEP	4,024,671	-	(15,133)	-	(363,685)	(358,579)	393,825	3,681,099
Lajeado Energia Energia	79,923	-	(67)	-	4,838	(78,566)	61,102	67,230
CEB Lajeado	52,804	-	(18)	-	-	(17,232)	27,493	63,047
Paulista Lajeado	30,241	-	-	-	-	(7,259)	6,985	29,967
Rouar S.A.	124,448	-	5,029	-	-	(21,060)	1,226	109,643
Equatorial Maranhão D	989,425	-	-	-	(32,633)	(118,980)	193,702	1,031,514
Madeira Energia S.A.	2,004,915	-	-	-	-	-	(409,816)	1,595,099
Energia Sustentável do Brasil S.A.	3,363,219	-	-	337,200	-	-	(38,299)	3,662,120
Interligação Elétrica do Madeira S.A.	1,377,984	-	-	-	-	-	133,077	1,511,061
Norte Brasil Transmissora de Energia S.A.	1,082,843	-	-	-	(208,593)	(22,211)	38,794	890,833
Enerpeixe S.A.	260,599	-	-	-	-	(54,430)	48,103	254,272
Teles Pires Participações S.A.	727,840	55,962	-	-	-	-	(29,937)	753,865
Chapecoense Geração S.A.	395,841	-	-	-	-	(108,460)	122,483	409,864
Belo Monte Transmissora de Energia SPE S.A.	1,603,211	-	-	-	(14,936)	(2,613)	116,294	1,701,956
Interligação Elétrica Garanhuns S.A.	342,776	-	-	-	-	(5,897)	36,484	373,363
Mata de Santa Genebra	482,329	130,289	-	-	-	-	(41,815)	570,803
Energética Águas da Pedra S.A.	218,301	-	-	-	-	(41,939)	57,242	233,604
Goiás Transmissão S.A.	188,574	-	-	-	-	(5,072)	21,357	204,859
Empresa de Energia São Manoel S.A.	644,735	19,333	-	-	-	-	(6,962)	657,106
Companhia Energética Sinop S.A.	479,280	264,568	-	-	-	-	(39,738)	704,110
STN - Sistema de Transmissão Nordeste S.A.	165,749	-	-	-	-	(16,044)	63,775	213,480
Transnorte Energia S.A.	139,814	-	-	-	(73)	-	(4,963)	134,778
MGE Transmissão S.A.	127,583	-	-	-	-	-	11,593	139,176
Transenergia Renovável S.A.	143,185	-	-	-	-	(15,713)	18,915	146,387
Retiro Baixo Energética S.A.	134,277	-	-	-	-	(3,277)	13,796	144,796
Paranaíba Transmissora de Energia S.A.	184,358	-	-	-	-	(2,986)	12,596	193,968
Vale do São Bartolomeu	51,173	4,926	-	-	(1)	-	4,207	60,305
Triângulo Mineiro Transmissora	91,698	1,406	-	-	-	-	19,761	112,865
Transmissora Sul Litorânea de Energia S.A.	233,594	-	-	-	-	195	(19,146)	214,643
Other	1,701,529	(132,841)	(77,231)	114,005	(46,434)	(262,961)	309,288	1,605,355
<b>TOTAL INVESTMENTS</b>	<b>28,310,442</b>	<b>343,643</b>	<b>(87,420)</b>	<b>451,205</b>	<b>(661,517)</b>	<b>(1,143,084)</b>	<b>1,288,550</b>	<b>28,501,819</b>

(\*\*) Transfer of SPEs from Eletrosul, Chesf, Furnas and Eletronorte to Eletrobras in 2018.

### 15.3 Summary of information on the main jointly-controlled and associates companies

12/31/2019						
Jointly controlled and affiliated companies	Participation	ASSETS				Total Assets
		Current		Non-Current		
		Cash and cash equivalent	Other assets	Financial intangible and fixed assets	Other assets	
Norte Energia S.A.	49.98%	194,147	908,468	43,279,924	657,221	45,039,760
ESBR Participações	40.00%	122,422	606,459	19,232,356	1,304,520	21,265,757
Madeira Energia S.A.	43.00%	77,538	672,399	19,915,145	1,764,490	22,429,572
CTEEP	36.05%	593,663	2,035,404	10,298,397	6,091,347	19,018,811
Belo Monte Transmissora de Energia	49.00%	36,481	765,981	6,434,399	130,392	7,367,253
Interligação Elétrica do Madeira S.A.	49.00%	276,254	624,764	5,291,424	89,644	6,282,638
Teles Pires Participações	49.72%	43,031	116,616	4,670,067	417,570	5,247,284
Belo Monte Transmissora	24.50%	36,481	765,981	6,434,400	130,391	7,367,253
Companhia Energética Sinop	49.00%	85,459	89,213	2,178,234	594,036	2,946,942
Norte Brasil Transmissora de Energia S.A.	49.00%	69,886	333,290	2,963,093	57,317	3,423,586
Empresa de Energia São Manoel	33.00%	112,935	111,788	3,366,191	370,104	3,961,018
Chapecoense Geração S.A.	40.00%	240,645	138,713	2,650,780	93,675	3,123,813
Mata de Santa Genebra	50.00%	33,616	12,688	2,544,168	289,562	2,880,034
Enerpeixe S.A.	40.00%	287,831	135,784	1,417,723	189,993	2,031,331
Serra do Facão Energia S.A.	49.00%	4	236,243	1,645,917	145,010	2,027,174
Paranaíba Transmissora	24.50%	20,338	158,220	1,733,299	25,943	1,937,800
Energética Águas da Pedra S.A.	49.00%	64,007	42,099	656,075	28,372	790,553
EMAE	40.44%	397,457	187,942	77,804	763,499	1,426,702
Interligação Elétrica Garanhuns S.A.	49.00%	3,770	121,017	1,022,777	11,882	1,159,446
Transmissora Sul Litorânea de Energia	51.00%	17,073	46,475	2,583	930,468	996,599
STN - Sistema de Transmissão Nordeste S.A.	49.00%	65,277	171,005	476,807	36,349	749,438
Goiás Transmissão S.A.	49.00%	10,745	55,556	566,134	8,624	641,059
Transenergia Renovável S.A.	49.00%	14,673	55,273	346,901	5,490	422,337
Vale do São Bartolomeu	39.00%	32	9,121	481,746	7,781	498,680
Triângulo Mineiro Transmissora	49.00%	7,270	6,678	464,986	13,057	491,991
Retiro Baixo Energética S.A.	49.00%	55,676	12,506	333,502	9,453	411,137
Rouar	50.00%	68,184	5,463	326,407	17,956	418,010
MGE Transmissão S.A.	49.00%	14,468	4,149	351,683	4,225	374,525
Transenergia São Paulo S.A.	49.00%	4,497	17,429	170,344	1,861	194,131
Baguari Energia S.A.	31.00%	8,828	50,749	185,593	1,918	247,088
Manaus Construtora Ltda	49.50%	-	88,136	-	1	88,137
Fronteira Oeste	51.00%	22,173	4,649	14	145,614	172,450
Tijoa Participações e Investimentos	50.00%	20,353	56,472	42,906	180	119,911
Manaus Construção	19.50%	30,082	344	-	58,548	88,974
Caldas Novas Transmissão	50.00%	2,277	585	33,205	783	36,850
Construtora Integração Ltda	49.00%	256	44,214	-	657	45,127
Lago Azul Transmissão	50.00%	6,941	900	36,756	271	44,868
CSE Centro de Soluções Estratégicas	50.00%	9,041	1,156	899	18	11,114
Amapari Energia S.A.	49.00%	45,200	997	473	-	46,670
Energia Olímpica S.A.	50.00%	2,235	3,233	-	-	5,468
Inambari Geração de Energia	20.00%	51	254	-	-	305

12/31/2019

Jointly controlled and affiliated companies	Participation	LIABILITIES						Net equity
		Current		Non-Current		Total Liabilities		
		Loans, Financing and Debentures	Other liabilities	Loans, Financing and Debentures	Other liabilities			
Norte Energia S.A.	49.98%	2,860,815	1,551,300	25,218,056	1,378,009	31,008,180	14,031,580	
ESBR Participações	40.00%	446,741	479,396	10,035,991	1,148,330	12,110,458	9,155,299	
Madeira Energia S.A.	43.00%	284,507	892,490	15,675,160	1,872,655	18,724,812	3,704,760	
CTEEP	36.05%	658,553	772,231	403,959	5,389,749	7,224,492	11,794,319	
Belo Monte Transmissora de Energia	49.00%	224,852	83,288	3,080,320	490,516	3,878,976	3,488,277	
Interligação Elétrica do Madeira S.A.	49.00%	251,430	221,127	1,623,559	1,102,724	3,198,840	3,083,798	
Teles Pires Participações	49.72%	213,094	110,465	2,861,799	519,778	3,705,136	1,542,148	
Belo Monte Transmissora	24.50%	224,853	83,287	3,080,320	490,516	3,878,976	3,488,277	
Companhia Energética Sinop	49.00%	26,823	30,414	1,330,892	84,741	1,472,870	1,474,072	
Norte Brasil Transmissora de Energia S.A.	49.00%	223,237	81,438	901,994	394,305	1,600,974	1,822,612	
Empresa de Energia São Manoel	33.00%	116,689	47,023	1,752,728	73,241	1,989,681	1,971,337	
Chapecoense Geração S.A.	40.00%	138,759	313,044	913,308	734,044	2,099,155	1,024,658	
Mata de Santa Genebra	50.00%	95,074	36,407	1,207,619	431,139	1,770,239	1,109,795	
Enerpeixe S.A.	40.00%	195,808	418,639	467,505	313,698	1,395,650	635,681	
Serra do Facão Energia S.A.	49.00%	50,473	175,026	251,507	1,505,919	1,982,925	44,249	
Paranaíba Transmissora	24.50%	60,398	43,667	580,451	461,579	1,146,095	791,705	
Energética Águas da Pedra S.A.	49.00%	35,430	54,367	211,088	14,795	315,680	474,873	
EMAE	40.44%	-	119,000	-	317,477	436,477	990,225	
Interligação Elétrica Garanhuns S.A.	49.00%	33,399	22,812	186,232	155,034	397,477	761,969	
Transmissora Sul Litorânea de Energia	51.00%	29,386	38,772	360,282	147,291	575,731	420,868	
STN - Sistema de Transmissão Nordeste S.A.	49.00%	23,644	49,609	55,122	185,388	313,763	435,675	
Goiás Transmissão S.A.	49.00%	17,842	33,788	156,462	41,290	249,382	391,677	
Transenergia Renovável S.A.	49.00%	15,384	14,692	80,523	26,529	137,128	285,209	
Vale do São Bartolomeu	39.00%	22,721	12,078	74,801	11,958	121,558	377,122	
Triângulo Mineiro Transmissora	49.00%	23,004	12,280	77,554	9,729	122,567	369,424	
Retiro Baixo Energética S.A.	49.00%	13,703	20,236	68,468	9,198	111,605	299,532	
Rouar	50.00%	12,716	1,314	164,083	20,643	198,756	219,254	
MGE Transmissão S.A.	49.00%	9,364	16,538	57,755	23,981	107,638	266,887	
Transenergia São Paulo S.A.	49.00%	4,437	6,216	28,421	43,778	82,852	111,279	
Baguari Energia S.A.	31.00%	-	15,571	-	4,533	20,104	226,984	
Manaus Construtora Ltda	49.50%	-	2,263	23,769	23,298	49,330	38,807	
Fronteira Oeste	51.00%	-	1,895	-	81,010	82,905	89,545	
Tijoa Participações e Investimentos	50.00%	-	63,676	-	29,799	93,475	26,436	
Manaus Construção	19.50%	-	2,418	-	47,067	49,485	39,489	
Caldas Novas Transmissão	50.00%	1,374	2,733	7,484	2,234	13,825	23,025	
Construtora Integração Ltda	49.00%	-	1,247	-	-	1,247	43,880	
Lago Azul Transmissão	50.00%	-	3,610	-	1,410	5,020	39,848	
CSE Centro de Soluções Estratégicas	50.00%	-	3,977	-	126	4,103	7,011	
Amapari Energia S.A.	49.00%	-	3,552	-	46,317	49,869	(3,199)	
Energia Olímpica S.A.	50.00%	-	2,974	-	-	2,974	2,494	
Inambari Geração de Energia	20.00%	-	280	-	-	280	25	

12/31/2018

Jointly controlled and affiliated companies	Participation	ASSETS					Total Assets
		Current		Non-Current			
		Cash and cash equivalent	Other assets	Financial intangible and fixed assets	Other assets		
Norte Energia S.A	49.98%	252,763	1,222,598	41,608,558	1,075,826	44,159,745	
ESBR Participações	40.00%	95,767	453,419	19,362,325	1,508,356	21,419,867	
Madeira Energia S.A.	42.46%	68,645	549,585	20,787,932	1,665,469	23,071,631	
CTEEP	36.05%	6,224	2,436,439	37,325	15,306,539	17,786,527	
Belo Monte Transmissora de Energia	49.00%	36,725	732,197	6,239,595	102,468	7,110,985	
Interligação Elétrica do Madeira S.A.	49.00%	182,192	474,127	5,110,465	181,899	5,948,683	
Teles Pires Participações	49.44%	27,857	139,167	4,803,349	370,501	5,340,874	
Belo Monte Transmissora	24.50%	36,725	175,099	6,786,725	112,436	7,110,985	
IEMADEIRA	24.50%	182,192	474,127	5,110,465	181,899	5,948,683	
Companhia Energética Sinop	49.00%	64,563	70,034	2,204,358	288,075	2,627,030	
Norte Brasil Transmissora de Energia S.A.	49.00%	138,473	362,877	3,541,588	57,153	4,100,091	
Empresa de Energia São Manoel	33.33%	46,025	74,060	3,362,567	438,080	3,920,732	
Chapecoense Geração S.A.	40.00%	184,003	161,734	2,732,454	118,866	3,197,057	
Manaus Transmissora de Energia S.A.	19.50%	73,448	186,326	38,873	2,664,935	2,963,582	
Mata de Santa Genebra	49.90%	19,568	10,931	2,181,111	153,550	2,365,160	
Enerpeixe S.A.	40.00%	307,780	192,726	1,471,006	154,532	2,126,044	
Serra do Fação Energia S.A.	49.47%	3	156,883	1,747,814	153,643	2,058,343	
Paranaíba Transmissora	24.50%	13,931	19,164	1,812,949	58,402	1,904,446	
Energética Águas da Pedra S.A.	49.00%	26,547	44,273	683,503	28,829	783,152	
EMAE	40.44%	216,626	184,307	72,957	784,520	1,258,410	
Interligação Elétrica Garanhuns S.A.	49.00%	37,490	93,081	1,018,264	14,241	1,163,076	
Transmissora Sul Litorânea de Energia	51.00%	25,017	134,734	845,532	42,450	1,047,733	
Chapada Piauí II Holding S.A.	49.00%	17,671	20,052	759,287	27,268	824,278	
Chapada Piauí I Holding S.A.	49.00%	21,770	19,908	746,512	29,464	817,654	
STN - Sistema de Transmissão Nordeste S.A.	49.00%	13,204	224,958	477,011	27,672	742,845	
Goiás Transmissão S.A.	49.00%	8,804	6,220	626,825	8,286	650,135	
Vamcruz I	49.00%	79,544	19,567	453,165	-	552,276	
Serra das Vacas Holding	49.00%	13,981	7,417	483,119	14,427	518,944	
Transenergia Renovável S.A.	49.00%	20,042	6,681	403,512	5,667	435,902	
Vale do São Bartolomeu	39.00%	1,716	7,401	438,758	7,222	455,097	
Triângulo Mineiro Transmissora	49.00%	2,039	5,026	435,814	12,509	455,388	
Retiro Baixo Energética S.A.	19.61%	35,582	11,412	343,504	10,631	401,129	
Rouar	50.00%	92,982	6,416	315,590	19,962	434,950	
MGE Transmissão S.A.	49.00%	12,855	2,803	355,902	4,239	375,799	
TDG	49.00%	31,814	33,118	295,944	8,338	369,214	
Transnorte Energia S.A.	49.00%	7,283	8,395	-	279,180	294,858	
Transenergia São Paulo S.A.	49.00%	2,511	1,765	182,015	1,972	188,263	
Baguari Energia S.A.	30.61%	5,942	35,858	194,769	9,320	245,889	
Manaus Construtora Ltda	49.50%	1	87,794	-	1	87,796	
Livramento	78.00%	3,725	2,349	159,904	3,402	169,380	
Fronteira Oeste	51.00%	1,273	14,386	121,928	13,819	151,406	
Banda de Couro	1.70%	10,379	1,709	127,029	2,054	141,171	
BARAÚNAS I	49.00%	3,128	1,375	118,510	4,253	127,266	
Mussambê	49.00%	3,925	1,293	115,806	5,409	126,433	
Morro Branco I	49.00%	2,627	1,679	116,042	3,272	123,620	
7 Gameleiras	49.00%	1,848	4,046	87,527	12,090	105,511	
S P do Lago	49.00%	1,774	3,337	85,395	16,736	107,242	
Tijoa Participações e Investimentos	49.90%	35,973	30,021	37,123	72	103,189	
Pedra Branca	49.00%	2,535	5,320	78,501	9,232	95,588	
Baraúnas III	1.50%	13,031	1,951	84,961	1,532	101,475	
Manaus Construção	19.50%	1	460	-	87,430	87,891	
Caldas Novas Transmissão	49.90%	2,023	530	33,938	748	37,239	
Construtora Integração Ltda	49.00%	1	45,781	-	5,559	51,341	
Lago Azul Transmissão	49.90%	5,389	824	58,082	271	64,566	
CSE Centro de Soluções Estratégicas	49.90%	6,649	2,864	887	165	10,565	
Amapari Energia S.A.	40.07%	4,127	115	-	1,943	6,185	
Energia Olímpica S.A.	49.90%	2,235	3,233	-	-	5,468	
Inambari Geração de Energia	19.61%	51	254	-	-	305	

12/31/2018

Jointly-controlled and affiliated companies	Participation	LIABILITIES						Net equity
		Current		Non-Current		Total Liabilities		
		Loans and financing	Other liabilities	Loans and financing	Other liabilities			
Norte Energia S.A.	49.98%	2,348,330	1,341,796	25,578,153	1,166,966	30,435,245	13,724,500	
ESBR Participações	40.00%	402,315	487,343	10,409,556	1,712,606	13,011,820	8,408,047	
Madeira Energia S.A.	42.46%	169,178	1,112,155	14,795,974	2,337,731	18,415,038	4,656,593	
CTEEP	36.05%	280,729	250,411	940,564	5,246,176	6,717,880	11,068,647	
Belo Monte Transmissora de Energia	49.00%	342,809	123,745	2,436,758	961,328	3,864,640	3,246,345	
Interligação Elétrica do Madeira S.A.	49.00%	173,943	115,077	1,375,483	1,471,970	3,136,473	2,812,210	
Teles Pires Participações	49.44%	214,126	160,783	3,053,391	419,885	3,848,185	1,492,689	
Belo Monte Transmissora	24.50%	384,299	82,255	2,990,508	407,578	3,864,640	3,246,345	
IEMADEIRA	24.50%	173,943	115,077	1,375,483	1,471,970	3,136,473	2,812,210	
Companhia Energética Sinop	49.00%	47,959	66,549	1,029,711	251,384	1,395,603	1,231,427	
Norte Brasil Transmissora de Energia S.A.	49.00%	75,482	180,497	730,024	912,399	1,898,402	2,201,689	
Empresa de Energia São Manoel	33.33%	113,773	60,485	1,767,900	77,351	2,019,509	1,901,223	
Chapecoense Geração S.A.	40.00%	138,706	285,757	1,045,401	737,591	2,207,455	989,602	
Manaus Transmissora de Energia S.A.	19.50%	75,063	149,959	647,885	653,237	1,526,144	1,437,438	
Mata de Santa Genebra	49.90%	33,964	90,642	934,650	339,312	1,398,568	966,592	
Enerpeixe S.A.	40.00%	176,508	414,211	573,087	310,740	1,474,546	651,498	
Serra do Facão Energia S.A.	49.47%	50,744	166,834	289,710	1,524,799	2,032,087	26,256	
Paranaíba Transmissora	24.50%	55,968	48,631	612,854	434,414	1,151,867	752,579	
Energética Águas da Pedra S.A.	49.00%	35,573	51,051	244,875	15,805	347,304	435,848	
EMAE	40.44%	-	129,976	-	259,579	389,555	868,855	
Interligação Elétrica Garanhuns S.A.	49.00%	33,400	26,958	218,523	165,413	444,294	718,782	
Transmissora Sul Litorânea de Energia	51.00%	55,275	28,916	499,213	6,303	589,707	458,026	
Chapada Piauí II Holding S.A.	49.00%	24,451	28,561	539,513	116,032	708,557	115,721	
Chapada Piauí I Holding S.A.	49.00%	25,533	30,858	530,657	112,289	699,337	118,317	
STN - Sistema de Transmissão Nordeste S.A.	49.00%	22,481	49,004	78,733	132,855	283,073	459,772	
Goiaás Transmissão S.A.	49.00%	17,694	32,784	172,648	42,165	265,291	384,844	
Vamcruz I	49.00%	18,108	14,761	216,177	35,693	284,739	267,537	
Serra das Vacas Holding	49.00%	19,276	12,636	248,051	57,868	337,831	181,113	
Transenergia Renovável S.A.	49.00%	13,553	7,294	95,699	27,141	143,687	292,215	
Vale do São Bartolomeu	39.00%	22,050	11,622	95,529	6,940	136,141	318,956	
Triângulo Mineiro Transmissora	49.00%	22,368	2,330	100,381	6,096	131,175	324,213	
Retiro Baixo Energética S.A.	19.61%	13,651	18,523	81,905	8,985	123,064	278,065	
Rouar	50.00%	12,004	1,206	166,479	6,404	186,093	248,858	
MGE Transmissão S.A.	49.00%	9,342	15,626	66,173	24,284	115,425	260,374	
TDG	49.00%	3,393	20,007	154,366	126,467	304,233	64,981	
Transnorte Energia S.A.	49.00%	-	727	-	10,459	11,186	283,672	
Transenergia São Paulo S.A.	49.00%	4,424	2,903	32,755	49,033	89,115	99,148	
Baguari Energia S.A.	30.61%	-	9,213	-	4,706	13,919	231,970	
Manaus Construtora Ltda	49.50%	-	2,317	-	47,067	49,384	38,412	
Livramento	78.00%	3,540	4,700	35,422	180,569	224,231	(54,851)	
Fronteira Oeste	51.00%	-	22,886	-	25,510	48,396	103,010	
Banda de Couro	1.70%	2,783	6,672	62,335	35,886	107,676	33,495	
BARAÚNAS I	49.00%	5,644	2,408	62,218	21,902	92,172	35,094	
Mussambê	49.00%	5,155	2,618	56,805	21,883	86,461	39,972	
Morro Branco I	49.00%	5,909	2,430	65,079	21,853	95,271	28,349	
7 Gameleiras	49.00%	5,216	1,567	49,704	3,597	60,084	45,427	
S P do Lago	49.00%	5,374	3,156	55,545	4,035	68,110	39,132	
Tijoa Participações e Investimentos	49.90%	-	51,350	-	30,751	82,101	21,088	
Pedra Branca	49.00%	5,204	2,737	49,560	2,037	59,538	36,050	
Baraúnas III	1.50%	3,420	4,401	43,326	22,979	74,126	27,349	
Manaus Construção	19.50%	-	2,317	-	47,067	49,384	38,507	
Caldas Novas Transmissão	49.90%	1,341	3,202	8,888	2,283	15,714	21,525	
Construtora Integração Ltda	49.00%	-	2,706	-	103	2,809	48,532	
Lago Azul Transmissão	49.90%	-	7,942	-	-	7,942	56,624	
CSE Centro de Soluções Estratégicas	49.90%	-	5,411	-	-	5,411	5,154	
Amapari Energia S.A.	40.07%	-	32,688	-	3,275	35,963	(29,778)	
Energia Olímpica S.A.	49.90%	-	2,974	-	-	2,974	2,494	
Inambari Geração de Energia	19.61%	-	280	-	-	280	25	

12/31/2019

Jointly controlled and affiliated enterprises	Net operating revenue	Financial revenue	Financial expenses	Taxes on profit	Net profit (loss)	Depreciation and amortization
Norte Energia S.A.	4,214,481	51,962	(1,691,603)	(945)	209,628	(1,121,301)
CTEEP	2,617,843	416,240	(599,248)	(344,718)	1,762,631	(18,603)
ESBR Participações	2,568,049	11,050	(980,479)	55,929	(95,748)	(816,959)
Madeira Energia S.A.	3,197,523	131,422	(1,683,378)	9,574	(951,833)	(868,899)
Chapecoense Geração S.A.	884,034	16,526	(164,565)	(152,201)	306,209	(86,931)
Teles Pires Participações	831,628	9,811	(285,650)	51,220	(63,933)	(179,889)
Belo Monte Transmissora de Energia	790,313	12,389	(331,461)	(119,145)	237,334	(370)
Interligação Elétrica do Madeira S.A.	682,133	19,823	(169,314)	(110,410)	271,588	(6,951)
Enerpeixe S.A.	407,567	34,258	(108,923)	3,017	120,259	(52,728)
EMAE	405,996	40,334	(1,545)	(29,474)	92,636	(1,674)
Empresa de Energia São Manoel	382,499	12,124	(187,155)	6,754	(13,216)	(130,107)
Norte Brasil Transmissora de Energia S.A.	350,239	10,903	(110,237)	(8,382)	56,902	-
Serra do Facão Energia S.A.	339,013	9,680	(165,130)	1,805	8,669	(100,478)
Mata de Santa Genebra	337,116	2,204	(91,572)	43,156	(83,797)	(70)
Energética Águas da Pedra S.A.	255,879	4,348	(23,152)	(21,566)	114,721	(29,326)
Companhia Energética Sinop	241,413	7,910	(31,962)	18,504	(43,982)	(24,748)
Tijoa Participações e Investimentos	177,363	1,438	(370)	(27,614)	54,005	(595)
Paranaíba Transmissora	175,055	3,402	(57,556)	(39,028)	51,313	(32)
STN - Sistema de Transmissão Nordeste S.A.	106,975	2,891	(9,767)	(20,563)	130,154	-
Interligação Elétrica do Madeira S.A.	93,118	3,479	(17,972)	6,398	74,458	-
Transmissora Sul Litorânea de Energia	79,693	2,375	(51,587)	2,961	(10,447)	(109)
Goiás Transmissão S.A.	71,525	1,006	(15,540)	(2,681)	43,588	(102)
Retiro Baixo Energética S.A.	70,341	2,989	(8,175)	(3,301)	28,154	(10,498)
Baguari Energia S.A.	68,432	4,232	(669)	(16,581)	32,282	(8,867)
Triângulo Mineiro Transmissora	66,378	791	(5,306)	(4,573)	40,329	(38)
Transenergia Renovável S.A.	63,810	1,869	(9,037)	(2,624)	38,601	(77)
MGÉ Transmissão S.A.	42,815	879	(5,367)	(1,675)	23,659	(23)
Fronteira Oeste	25,809	409	(874)	(14,746)	(38,965)	-
Transenergia São Paulo S.A.	23,485	366	(3,024)	(965)	16,633	(20)
Rouar	16,965	822	11,814	3,670	(2,495)	(20,325)
CSE Centro de Soluções Estratégicas	11,474	336	(132)	(479)	1,857	(745)
Caldas Novas Transmissão	3,452	133	(759)	(140)	1,967	(7)
Lago Azul Transmissão	2,955	351	(7)	(226)	1,404	(3)
Construtora Integração Ltda	46	741	(22)	(5,040)	(4,294)	-
Manaus Construção	-	1,491	(54)	(257)	982	-
Amapari Energia S.A.	-	1,922	(1,977)	-	(3,492)	-
Energia Olímpica S.A.	-	166	(9)	544	440	-
Inambari Geração de Energia	-	-	(9)	-	(159)	-

12/31/2018

Jointly controlled and affiliated enterprises	Net operating revenue	Financial revenue	Financial expenses	Taxes on profit	Net profit (loss)	Depreciation and amortization
Norte Energia S.A.	4,241,678	128,548	(1,162,825)	(228,373)	1,284,948	(106,049)
Madeira Energia S.A.	3,005,553	127,777	(1,880,828)	(111,830)	(1,743,636)	(887,061)
CTEEP	2,750,621	332,301	(468,926)	(454,828)	1,881,668	(8,347)
Belo Monte Transmissora	1,509,358	9,972	(319,121)	(318,570)	647,395	(570)
Chapecoense Geração S.A.	874,070	24,678	(205,138)	(139,216)	278,495	(86,189)
Teles Pires Participações	772,601	13,550	(316,654)	11,477	(229,984)	(177,313)
IE Madeira	637,388	23,401	(195,668)	(18,705)	304,037	(5,381)
Mata de Santa Genebra	514,591	4,877	(64,384)	2,685	(5,070)	(71)
Norte Brasil Transmissora de Energia S.A.	352,817	9,786	(117,078)	(42,912)	161,741	-
Enerpeixe S.A.	327,484	43,960	(89,319)	(2,441)	99,675	(56,642)
Serra do Facão Energia S.A.	309,961	6,374	(195,896)	18,978	(24,494)	(100,498)
Empresa de Energia São Manoel	285,835	8,258	(166,007)	45,701	(88,809)	(125,861)
EMAE	285,819	37,560	(4,825)	19,557	101,517	(1,378)
Interligação Elétrica do Madeira S.A.	182,192	474,127	5,110,465	181,899	5,948,683	173,943
Paranaíba Transmissora	165,260	4,511	(62,488)	(32,898)	51,141	(35)
STN - Sistema de Transmissão Nordeste S.A.	154,227	2,521	(13,576)	(16,966)	106,034	(1,722)
Tijoa Participações e Investimentos	150,451	1,054	(547)	(17,485)	33,387	(1,394)
Manaus Transmissora de Energia S.A.	131,265	3,569	(46,221)	(23,604)	49,346	-
Interligação Elétrica Garanhuns S.A.	129,696	2,815	(17,739)	(12,470)	83,268	(1,191)
Transmissora Sul Litorânea de Energia	100,280	3,325	(57,842)	8,788	35,620	(108)
ESBR Participações	95,767	453,419	19,362,325	1,508,356	21,419,867	402,315
Chapada Piauí I Holding S.A.	71,755	1,523	(56,314)	(2,204)	(31,878)	-
Retiro Baixo Energética S.A.	71,137	1,953	(10,511)	(2,835)	26,472	(10,482)
Baguari Energia S.A.	67,778	1,887	(916)	(3,451)	39,327	(8,099)
Companhia Energética Sinop	64,563	70,034	2,204,358	288,075	2,627,030	47,959
Goiás Transmissão S.A.	60,005	1,236	(17,023)	(2,941)	32,003	(70)
Transenergia Renovável S.A.	55,723	1,583	(9,962)	(2,344)	22,182	(25)
Transmissora Sul Brasileira de Energia S.A.	45,873	2,384	(29,343)	(3,617)	2,441	(9)
Triângulo Mineiro Transmissora	41,130	789	(5,458)	(1,422)	(10,639)	(37)
MGE Transmissão S.A.	33,864	811	(6,942)	(1,438)	17,791	(25)
TDG	33,275	2,763	(8,195)	(2,940)	9,250	(1,136)
Vamcruz I	32,479	2,456	(17,536)	(1,965)	(9,572)	(7,070)
Serra das Vacas Holding	26,561	253	(13,326)	(1,015)	490	(214)
Fronteira Oeste	33,185	125	(257)	11,909	(7,584)	-
Vale do São Bartolomeu	31,180	721	(3,602)	(1,103)	(11,899)	(28)
Energética Águas da Pedra S.A.	26,547	44,273	683,503	28,829	783,152	35,573
Livramento	22,901	298	(5,896)	(585)	12,870	(10,352)
Pedra Branca	22,843	737	(5,100)	(957)	5,176	(5,750)
7 Gameleiras	20,312	954	(5,039)	(1,004)	1,843	(5,290)
Transenergia São Paulo S.A.	19,567	1,925	(3,538)	(1,302)	12,629	(2)
Rouar S.A.	17,329	183	12,298	3,027	(1,948)	19,748
CSE Centro de Soluções Estratégicas	15,669	336	(104)	(681)	995	(245)
Banda de Couro	11,526	462	(7,306)	(540)	(3,495)	(5,996)
Mussambê	10,770	297	(5,269)	(426)	(2,838)	-
Baraúnas I	10,636	268	(5,595)	(413)	(3,420)	(6,094)
Morro Branco I	10,518	250	(5,880)	(402)	(3,759)	-
Transenergia Goiás	9,983	1,327	(28)	(655)	4,609	(15)
Baraúnas III	8,923	561	(4,057)	(494)	(1,207)	(125)
Chapada Piauí II Holding S.A.	7,217	(241)	(21,289)	(501)	(22,359)	-
Transnorte Energia S.A.	7,150	449	(62)	(1,462)	2,434	-
Lago Azul Transmissão	6,028	347	(5)	1,142	6,052	(3)
Caldas Novas Transmissão	4,064	123	(809)	(180)	1,497	(8)
S P do Lago	468	262	(1,424)	(59)	(3,406)	-
Manaus Construção	-	-	(167)	(9)	(188)	-
Construtora Integração Ltda	-	-	(359)	-	(518)	-
Amapari Energia S.A.	-	362	(1,942)	-	(1,753)	-
Energia Olímpica S.A.	-	166	(9)	544	440	-
Inambari Geração de Energia	-	-	(9)	-	(159)	-

## 15.4 - Information of the market value of investees accounted for using the equity method that are quoted on the stock exchange

Publicly traded companies	Participation	Fair Value (*)	
		12/31/2019	12/31/2018
Valued by the equity equivalence method			
CTEEP	36.05%	5,389,526	4,031,053
EQUATORIAL MARANHÃO D.	33.55%	2,624,872	1,760,599
CEEE-GT	32.59%	1,268,004	663,577
EMAE	39.02%	532,395	263,386
CEEE-D	32.59%	315,467	118,344

## 15.5 - Special Purpose Entities - SPEs

Over the last few years, Eletrobras Companies have entered into investments in partnerships with the private sector, where the Company is a non-controlling shareholder. These projects are aimed at operating in the areas of generation and transmission of electric power, whose amounts contributed are classified under Investments.

In 2018, the Company made several transactions with its subsidiaries to transfer shares of generation and transmission SPEs that were later sold. At the end of 2018 and throughout 2019, these SPEs were transferred as disclosed in note 48.

## 15.6 - Shares in guarantee

Given that the Company has several lawsuits under the Judiciary Branch, where it is the defendant (see note 30), assets representing 9.24% in the Parent Company and 24.02% in the Consolidated as of December 31, 2019 (9.89% in the Parent Company and 25.39% in the Consolidated as of December 31, 2018) of the total investment balances are offered as collateral, as follows:

PARENT COMPANY 12/31/2019			
EQUITY HOLDINGS	INVESTMENT AMOUNT	BLOCKING PERCENTAGE	BLOCKED INVESTMENT
CTEEP	3,613,866	90.45%	3,268,742
EQUATORIAL MARANHÃO D.	1,031,514	91.35%	942,288
CEEE - GT	776,526	100.00%	776,526
EMAE	386,386	100.00%	386,386
AES TIETE	509,019	95.28%	484,993
ENERGISA S.A.	449,718	78.87%	354,693
COELCE	301,218	83.82%	252,481
CESP	214,488	97.85%	209,877
CELESC	213,556	74.70%	159,526
CEB	18,439	99.97%	18,433
CELPA	81,376	100.00%	81,376
CELPE	30,225	100.00%	30,225
CGEEP	20,982	64.89%	13,615
ENERGISA MT	12,796	100.00%	12,796
<b>TOTAL</b>	<b>7,660,109</b>		<b>6,991,957</b>

## 15.7 - Provision negative equity

As of December 31, 2019, the Company recorded a provision for negative equity of subsidiaries of R\$ 119,223 (R\$ 3,883,600 as of December 31, 2018). The movement of the companies that have negative equity is as follows:

Subsidiaries and affiliates	Balance as of 12/31/2018	Other Comprehensive Results	Asset equivalence	AFAC Capitalization (*)	Transfer to Investment	Balance as of 12/31/2019
Change in Provision for Uncovered Liabilities						
CGTEE	3,545,861	7,680	786,905	(4,673,951)	333,504	-
Amazonas GT	337,739	863	(219,379)	-	-	119,223
<b>Total Provision for Uncovered Liabilities</b>	<b>3,883,600</b>	<b>8,543</b>	<b>567,526</b>	<b>(4,673,951)</b>	<b>333,504</b>	<b>119,223</b>

Subsidiaries and affiliates	Balance as fo 12/31/2017	Initial adoption - IFRS 9	Other Comprehensive Results	Asset equivalence	Transfer to Investment	Classification - held for sale	Balance as of 12/31/2018
<b>CHANGE IN PROVISION FOR UNCOVERED LIABILITIES - PARENT COMPANY</b>							
Eletronuclear	5,142,907	-	307,774	(7,751,307)	2,300,626	-	-
CGTEE	3,523,129	-	51,121	(28,389)	-	-	3,545,861
Amazonas GT	446,539	-	58,546	(167,346)	-	-	337,739
Amazonas D	11,489,996	79,823	(2,120)	(1,461,246)	-	(10,106,453)	-
Ceal	1,054,046	-	1,339	(34,121)	-	(1,021,264)	-
<b>TOTAL PROVISION FOR UNCOVERED LIABILITIES</b>	<b>21,656,617</b>	<b>79,823</b>	<b>416,660</b>	<b>(9,442,409)</b>	<b>(2,300,626)</b>	<b>(11,127,717)</b>	<b>3,883,600</b>

(\*) Capitalization of R\$ 4,673,951, through the conversion of debts and liabilities owed by CGTEE to the Company into capital stock. The operation is intended to financially reorganize and restructure CGTEE, under the terms of the Business and Management Master Plan (PDNG 2019-2023).

## 15.8 - Generation and Transmission Companies:

a) CGTEE - Its main corporate purpose is to conduct studies, projects, constructions and operations of electric power plants, electric power transmission and transformation facilities, and these activities are regulated. On December 31, 2019, the subsidiary had a negative net working capital of R\$ 339,242 (negative R\$ 1,849,262 on December 31, 2018).

On January 2, 2020, the subsidiary Eletrosul was merged by CGTEE. The resulting company was renamed Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil – CGT Eletrosul, as provided for in the PDNG 2019-2023, as per note 50.1.

b) Amazonas GT - Its main activities are the generation and transmission of electric power in the state of Amazonas. As of December 31, 2019, the investee has a positive net working capital of R\$ 26,186 (negative R\$ 1,067,641 as of December 31, 2018) and negative equity of R\$ 119,223 (R\$ 337,739 as of December 31, 2018). The entity had successive losses in its operation, notably until 2018, before the

startup of Mauá 3. However, there is an expectation of a reversal of the deficit scenario due to the funds from the startup of the Mauá 3 Plant.

c) Eletronuclear - has as main objective the construction and operation of nuclear power plants, the generation of electric energy resulting from them and the performance of engineering and related services in the state of Rio de Janeiro. On December 31, 2019, the subsidiary had a negative net working capital of R\$ 674,316 (negative R\$ 889,658 on December 31, 2018).

d) In addition to the above subsidiaries that have a provision for unsecured liabilities, the Company also holds interests, through its subsidiaries, in SPEs Madeira Energia S.A., Norte Energia S.A., Energia Sustentável do Brasil S.A. and Teles Pires Participações S.A., which as of December 31, 2019 have negative net working capital in the respective amounts of R\$ 427,060, R\$ 3,309,499, R\$ 197,256 and R\$ 163,912 (R\$ 663,103, R\$ 2,762,388, R\$ 314,358 and R\$ 207,885 respectively as of December 31, 2018).

## NOTE 16 - FIXED ASSETS, NET

Fixed assets items refer mainly to infrastructure for the generation of electric power from concessions not extended under Law 12,783/13 and corporate assets.

Special Obligations (obligations linked to concessions) correspond to funds received from consumers with the purpose of contributing to the execution of expansion projects necessary to fulfill requests for electric power supply and are allocated to the corresponding projects. Assets acquired with the corresponding funds are recorded in the Company's fixed assets, pursuant to provisions established by ANEEL. Due to their nature these contributions do not represent effective financial obligations, as they will not be returned to consumers.

Management's fixed assets are mainly composed of: land, buildings, machinery and equipment, vehicles, furniture and fixtures and easements. The most significant values originate from the subsidiaries Eletronorte and Chesf. The following shows the movement of fixed assets:

	CONSOLIDATED						Balance as of 12/31/2019
	Balance as of 12/31/2018	Initial adoption - IFRS 16	Additions	Transfer	Write-offs	Impairment	
<b>Generation / Commercialization</b>							
In service	47,517,007	-	516,684	1,799,348	(3,732)	-	49,829,307
Accumulated depreciation	(25,547,961)	-	(1,482,961)	8,871	984	-	(27,021,067)
In progress	15,387,242	-	1,842,068	(1,959,882)	(9,460)	-	15,259,968
Provision for asset recovery value (impairment) (1)	(6,920,862)	-	-	-	-	73,763	(6,847,099)
Special Obligations Linked to the Concession	(526,248)	-	(190,827)	(8,329)	-	-	(725,404)
	<u>29,909,178</u>	<u>-</u>	<u>684,964</u>	<u>(159,992)</u>	<u>(12,208)</u>	<u>73,763</u>	<u>30,495,705</u>
<b>Administration</b>							
In service	2,446,802	-	908	69,241	(11,710)	-	2,505,241
Accumulated depreciation	(1,536,672)	-	(96,743)	48,638	8,623	-	(1,576,154)
In progress	566,693	-	110,948	(40,152)	(1,702)	-	635,787
Special Obligations Linked to the Concession	(8,329)	-	-	8,329	-	-	-
	<u>1,468,494</u>	<u>-</u>	<u>15,113</u>	<u>86,056</u>	<u>(4,789)</u>	<u>-</u>	<u>1,564,874</u>
<b>Commercial Lease (2)</b>							
In service	1,730,922	340,225	172,513	-	(111,289)	-	2,132,371
Accumulated depreciation	(738,202)	-	(138,874)	-	-	-	(877,076)
	<u>992,720</u>	<u>340,225</u>	<u>33,639</u>	<u>-</u>	<u>(111,289)</u>	<u>-</u>	<u>1,255,295</u>
<b>TOTAL</b>	<u>32,370,392</u>	<u>340,225</u>	<u>733,716</u>	<u>(73,936)</u>	<u>(128,286)</u>	<u>73,763</u>	<u>33,315,874</u>

	CONSOLIDATED						
	Balance as of 12/31/2017	Additions	Transfer	Write-offs	Held for sale (3)	Impairment	Balance as of 12/31/2018
<b>Generation / Commercialization</b>							
In service	50,062,347	64,032	283,396	(236,866)	(2,655,902)	-	47,517,007
Accumulated depreciation	(24,329,630)	(1,452,120)	(4,139)	109,963	127,965	-	(25,547,961)
Commercial Lease	-	-	1,730,922	-	-	-	1,730,922
Accumulated depreciation	-	(57,697)	(680,505)	-	-	-	(738,202)
In progress	13,897,354	1,916,813	(273,252)	(23,554)	(130,119)	-	15,387,242
Provision for asset recovery value (impairment)	(13,804,579)	-	-	-	297,920	6,585,797	(6,920,862)
Special Obligations Linked to the Concession	(607,383)	(1,660)	-	6,903	75,891	-	(526,249)
	<u>25,218,110</u>	<u>469,368</u>	<u>1,056,422</u>	<u>(143,554)</u>	<u>(2,284,245)</u>	<u>6,585,797</u>	<u>30,901,898</u>
<b>Distribution</b>							
Commercial Lease	1,730,922	-	(1,730,922)	-	-	-	-
Accumulated depreciation	(680,505)	-	680,505	-	-	-	-
	<u>1,050,417</u>	<u>-</u>	<u>(1,050,417)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Administration</b>							
In service	2,406,319	61,350	210,759	(27,727)	(203,899)	-	2,446,802
Accumulated depreciation	(1,537,139)	(117,188)	(2,365)	(10,290)	130,310	-	(1,536,672)
In progress	836,544	25,754	(228,544)	(14,908)	(52,153)	-	566,693
Special Obligations Linked to the Concession	(8,414)	(30)	-	113	2	-	(8,329)
	<u>1,697,310</u>	<u>(30,114)</u>	<u>(20,150)</u>	<u>(52,812)</u>	<u>(125,740)</u>	<u>-</u>	<u>1,468,494</u>
<b>TOTAL</b>	<u>27,965,837</u>	<u>439,254</u>	<u>(14,145)</u>	<u>(196,366)</u>	<u>(2,409,985)</u>	<u>6,585,797</u>	<u>32,370,392</u>

(1) More details can be seen in note 20.

(2) Lease balances up to December 31, 2018 referred only to the contracts of Independent Energy Producers (PIEs) of the Subsidiary Amazonas GT, as of January 1, 2019, with the application of CPC 06 (R2)/IFRS 16, new contracts were classified as leases and they refer to real estate, land, vehicles and equipment as described in note 4.3.3.

(\*) The assets of the subsidiaries Santa Vitória do Palmar, Hermenegildo I, Hermenegildo II, Hermenegildo III and Chuí IX were classified as held for sale, see note 47.

#### Average depreciation rate:

	Average depreciation rate	CONSOLIDATED	
		Accumulated depreciation	
		12/31/2019	12/31/2018
<b>Generation</b>			
Hydraulic	2.27%	17,559,436	16,968,891
Nuclear	3.33%	5,848,344	5,324,411
Thermic	3.07%	4,218,591	3,779,187
Eolic	4.40%	254,904	205,100
Transmission	2.73%	16,868	8,574
		<u>27,898,143</u>	<u>26,286,163</u>
<b>Administration</b>	5.58%	<u>1,576,154</u>	<u>1,536,672</u>
<b>Total</b>		<u>29,474,297</u>	<u>27,822,835</u>

#### NOTE 17 - FINANCIAL ASSETS AND PUBLIC SERVICE CONCESSIONS

	CONSOLIDATED	
	12/31/2019	12/31/2018
<b>Transmission Concessions</b>		
RBSE (a)	34,288,071	36,277,549
<b>Generation Concessions</b>		
Compensable Concessions (a)	2,070,912	2,033,078
Itaipu Financial Assets (b)	1,202,493	1,803,717
<b>Total</b>	<u>37,561,476</u>	<u>40,114,344</u>
<b>Current</b>	5,927,964	6,013,891
<b>Non-current</b>	31,633,512	34,100,453
<b>Total</b>	<u>37,561,476</u>	<u>40,114,344</u>

#### a) Indemnifiable Generation Concessions

The item of indemnifiable concessions and RBSE, in the amount of R\$ 36,358,983 as of December 31, 2019 (R\$ 38,310,627 as of December 31, 2018), refers to the unrealized assets held by Eletrobras Companies.

- RBSE

It corresponds to the assets of the installations that make up the existing Basic Network as of May 31, 2000, non-depreciated and that, therefore, are due to the concessionaires that renewed their concessions as per Law No. 12,783/2013. The asset was recognized considering the interpretation of MME Ordinance 120/2016 and ANEEL Technical Note No. 336/2016.

Due to the transfer of RBSE costs to consumers, the Brazilian Association of Large Industrial Energy Consumers and Free Consumers – ABRACE, the Brazilian Technical Association of Automatic Glass Industries - ABIVIDRO and the Brazilian Association of Iron Alloy and Metallic Silicon Producers - ABRAFE, "Ação Abrace", among others, filed a lawsuit, with an injunction request, against ANEEL and the Federal Government, questioning the indemnities to the transmitters that renewed the concessions in advance in 2013.

On April 10, 2017, a preliminary injunction was rendered in favor of ABRACE in the scope of the aforementioned judicial process partially attending to ABRACE's claim that "ANEEL excludes the 'remuneration' portion of the Tariff for Use of Transmission System - TUST, calculated on the reversible assets, not yet amortized or depreciated, provided for in Article 15, § 2, of Law No. 12,783/2013, the amount of which should be updated only." This injunction was replicated in the vast majority of legal cases involving the theme.

Thus, in compliance with the preliminary injunctions, ANEEL recalculated a new RAP for the 2017-2018 tariff cycle, between July 1, 2017 and June 30, 2018. However, the exclusion of the portion subject to the injunction (the remuneration in excess of inflation as of January 2013) was extended to all users of the transmission system and not only to the claimants, due to the impracticability alleged by ANEEL of segregating the components tariffs and the irreversibility of the effects caused, according to Order No. 1,779 of ANEEL of June 20, 2017.

As of November 2019, judgements have been rendered in the legal cases that discuss RBSE, dismissing the cases and revoking the injunctions granted, guaranteeing the full payment of the amount due to the concessionaires, including compensation.

It is worth mentioning that the legal cases in question are subject to the double degree of mandatory jurisdiction, and that the appeals filed were received only for the return effect, which is why it is being discussed with Aneel and the Brazilian Association of Electricity Transmission Companies - ABRATE, in the sense that the amounts are received by the concessionaires after the next tariff review.

- Change in accounting estimate of RBSE assets

With the initial adoption of IFRS 09, the RBSE component was measured at fair value through profit or loss, over the years 2018 and 2019. Management identified that the measurement using mark to market by NTN-B resulted in great volatility in the income due to the fluctuations in the NTN-B rate, detaching from the economic and financial reality of this asset and business model in which it foresees the continuous receipt of cash flows from this asset. Below are the NTN-B indices considered in the quarterly closings and the respective quarterly results calculated.

Database	NTN-Bs	Fair Value
01/01/2018 a 03/31/2018	4.56%	1,532,663
04/01/2018 a 06/30/2018	5.72%	(2,897,829)
07/01/2018 a 09/30/2018	5.88%	(699,405)
10/01/2018 a 12/31/2018	4.60%	1,143,358
01/01/2019 a 03/31/2019	4.10%	1,101,175
04/01/2019 a 06/30/2019	3.09%	716,218
07/01/2019 a 09/30/2019	2.60%	(191,227)

In the initial measurement, the use of NTN-B was justified because it is an observable rate in loan contracts with the Federal Government, considered as a counterparty, and because there is no risk of demand for the financial assets of the transmission, and the government entity as the final guarantor of these assets. Although there is a mitigation of the risk of demand for these assets, payment is made

substantially via users of the Basic Energy Network, Generators, Distributors, Free and Potentially Free Consumers, and Traders who import and export electric energy.

However, when observing the detachment of the NTN-B rate and the measured value of this asset, the need to adjust the fair value measurement was identified, which is substantially reflected by the discount rate considered. Thus, the Company started to consider a discount rate close to the regulatory one for the measurement of this asset.

The proposed amendment aims to better reflect the economic essence of this financial asset, which does not show constant fluctuations in value and does not have an active market. Therefore, in order to remove the oscillation in which the NTN-B represents in the measurement for a risk not associated with the assessed financial asset and considering that the financial flow originates substantially from large network users, the regulatory remuneration component is more suitable for measurement at fair value.

In addition, in November 2019, the aforementioned preliminary injunction that excluded the portion of the remuneration was reversed. Therefore, the Company understands that the amounts to be paid as RBSE should be recalculated, in order to include the portion provided for in Article 1, third paragraph, of MME Ordinance 120/2016, and considering this scenario, the Company estimates that the portion referring to Ke will be included in the next tariff cycle for the remaining period of 05 years.

In view of this scenario, Eletrobras reviewed the topic and changed its estimates considering the current legal and regulatory scenario, and the following estimates were adjusted:

- Update of the "Ke" remuneration portion by the regulatory WACC of the transmission and IPCA until the measurement date;
- Change in the discount rate to reflect regulatory remuneration; and
- "Ke" term - start of receipt/amortization - 21/22 tariff cycle - start of receipt in June 2021 for the term provided for in Ordinance 120, until June 2025.

Such changes were made in order to approximate the current legal scenario of RBSE and adjust its cash flows, approaching the expectation of realization.

- Effects of change in estimate

Effect on income and equity:

Results	12/31/2019 - NTN-B	12/31/2019 - WACC	Impacts
Furnas	2,891,211	2,464,370	(426,841)
Chesf	1,440,382	1,276,310	(164,072)
Eletronorte	783,795	491,091	(292,704)
Eletrosul	371,806	208,982	(162,824)
	<u>5,487,194</u>	<u>4,440,753</u>	<u>(1,046,441)</u>

Asset Value	12/31/2019 - NTN-B	12/31/2019 - WACC	Impacts
Furnas	17,936,143	17,509,302	(426,841)
Chesf	9,899,842	9,735,770	(164,072)
Eletronorte	5,455,307	5,162,603	(292,704)
Eletrosul	2,043,220	1,880,396	(162,824)
	<u>35,334,512</u>	<u>34,288,071</u>	<u>(1,046,441)</u>

As of December 31, 2019, the movement of assets related to the RBSE is as follows:

- Equity:

	Furnas	Chesf	Eletronorte	Eletrosul	Total
Balance as of December 31, 2017	19,679,665	10,868,543	5,544,767	2,145,040	38,238,015
Initial Adoption Adjustment IFRS 09	370,152	257,689	454,788	55,916	1,138,545
Updates - Financial Revenue	2,492,439	1,013,071	739,940	216,810	4,462,260
Fair Value Adjustment	(815,930)	5,951	(124,654)	13,420	(921,213)
(Receipt)	(3,401,741)	(1,856,228)	(964,537)	(417,552)	(6,640,058)
Balance as of December 31, 2018	18,324,585	10,289,026	5,650,304	2,013,634	36,277,549
Balance as of December 31, 2018	18,324,585	10,289,026	5,650,304	2,013,634	36,277,549
Updates - Financial Revenue	2,241,887	791,278	830,424	209,404	4,072,993
Fair Value Adjustment	222,483	485,032	(339,333)	(422)	367,760
(Recebimento)	(3,279,653)	(1,829,566)	(978,792)	(342,220)	(6,430,231)
Balance as of December 31, 2019	17,509,302	9,735,770	5,162,603	1,880,396	34,288,071
Current Assets	3,641,821	1,725,579	1,051,757	201,325	6,620,482
Non-Current Assets	13,867,481	8,010,191	4,110,846	1,679,071	27,667,589

- Cash flow:

The estimated cash flow, without inflation, considering the Company's premises is shown below:

Years	Cash Flow
2020	6,354,434
2021	7,614,166
2022	8,873,899
2023	7,799,544
2024	6,725,190
2025	3,362,595
	40,729,828

b) Itaipu Financial Assets (Liabilities)

	PARENT COMPANY	
	12/31/2019	12/31/2018
Accounts Receivable	3,074,190	3,355,804
Right of Reimbursement	2,248,043	2,003,493
Energy Suppliers - Itaipu	(3,028,920)	(2,985,619)
Reimbursement obligations	(2,996,427)	(3,173,079)
Total Assets / Current Liabilities	(703,114)	(799,401)
Accounts Receivable	922,703	1,216,926
Right of Reimbursement	3,479,337	4,553,380
Reimbursement obligations	(2,496,433)	(3,167,188)
Total Assets / Non-Current Liabilities	1,905,607	2,603,118
Total	1,202,493	1,803,717

The effects of the constitution of Itaipu's financial assets are set forth above and detailed below:

17.1 - Adjustment factor

The balances resulting from the Itaipu Binacional adjustment factor, included in the Financial Assets and Liabilities items are shown in the following table:

	12/31/2019		12/31/2018	
	R\$ mil	USD mil	R\$ mil	USD mil
Regulatory Asset - Current Asset	2,248,044	557,730	2,003,494	517,057
Regulatory Asset - Non-current Asset	3,479,337	863,209	4,553,380	1,175,126
<b>Total assets</b>	<b>5,727,380</b>	<b>1,420,939</b>	<b>6,556,873</b>	<b>1,692,184</b>
Reimbursement obligation - Union - Current liabilities	(1,410,466)	(349,931)	(1,232,250)	(318,016)
Reimbursement obligation - Union - Non-current liabilities	(2,496,433)	(619,355)	(3,167,188)	(817,381)
<b>Total assets</b>	<b>(3,906,899)</b>	<b>(969,286)</b>	<b>(4,399,438)</b>	<b>(1,135,398)</b>
<b>Net Financial Assets</b>	<b>1,820,481</b>	<b>451,654</b>	<b>2,157,435</b>	<b>556,786</b>

The Company's liabilities will be transferred to the National Treasury by 2023, as a result of the credit assignment operation carried out between the Company and the National Treasury in 1999. Therefore, the Company has a net financial asset of Itaipu from this component in the amount of R\$ 1,820,481, equivalent to US\$ 451,654 thousand (R\$ 2,157,436 on December 31, 2018, equivalent to US\$ 556,786 thousand).

Such amount will be realized upon its inclusion in the transfer rate to be added until 2023.

## 17.2 - Itaipu electric power trading

The trading operation does not impact the Company's results and, under current regulations, the negative result represents an unconditional right to receive and, if positive, an effective obligation.

In the year ended December 31, 2019, the activity had a deficit of R\$ 321,328 (surplus of R\$ 319,318 as of December 31, 2018), the related obligation being considered as part of the financial asset item.

## NOTE 18 - CONTRACTUAL TRANSMISSION ASSETS

The Company's transmission concessions are classified as contractual assets. The movement of these assets in the year is as follows:

	Chesf	Eletronorte	Furnas	Eletrosul	Amazonas GT	CONSOLIDATED
	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019
Opening balance before adoption of CPC 47/IFRS 15 on December 31, 2017	5,478,176	4,558,559	2,649,345	1,315,078	328,943	14,330,101
Initial Adoption Adjustment of CPC 47/IFRS 15	(954,190)	89,337	174,437	183,130	(73,882)	(581,168)
Balances as of January 1, 2018	4,523,986	4,647,896	2,823,782	1,498,208	255,061	13,748,933
Addition - Construction revenue	184,697	63,614	297,373	628,722	32,920	1,207,326
Contract Finance Revenue	166,987	250,632	153,127	107,868	11,746	690,360
(Receipt)	(225,411)	(328,323)	(178,865)	(190,673)	(117,181)	(1,040,453)
Write-offs and transfers	-	(34,358)	-	-	(12)	(34,370)
Balance as of December 31, 2018	4,650,259	4,599,461	3,095,417	2,044,125	182,534	14,571,796
Addition - Construction revenue	117,195	41,156	290,823	67,922	4,252	521,348
Contract Finance Revenue	248,765	249,963	141,664	142,151	10,696	793,239
(Receipt)	(278,435)	(338,525)	(217,215)	(222,596)	-	(1,056,771)
Write-offs and transfers	20,471	8,871	(237)	26,182	(24,614)	30,673
Balance as of December 31, 2019	4,758,255	4,560,926	3,310,452	2,057,784	172,868	14,860,285

  

	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2018
Contractual Transmission Asset - Current	411,921	438,928	115,572	108,045	41,543	1,116,009	1,302,959
Contractual Transmission Asset - Non-Current	4,346,334	4,121,998	3,194,880	1,949,739	131,325	13,744,276	13,268,837
	4,758,255	4,560,926	3,310,452	2,057,784	172,868	14,860,285	14,571,796

Below is the Company's estimate of the realization of these contractual components:

	Chesf	Eletronorte	Furnas	Eletrosul	Amazonas GT	CONSOLIDATED
	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019
Execution of Contractual Assets						
Contractual Asset - RAP (i)	4,071,259	3,837,987	2,829,740	1,643,731	41,543	12,424,260
Contractual Asset - Compensation (ii)	686,996	722,939	480,712	414,053	131,325	2,436,025

Throughout the concession operation, the contractual asset is realized by two cash flows, (i) by receiving RAP for the portion that will be amortized until the end of the concession and (ii) by indemnity after the reversal of the unamortized infrastructure to the Granting Authority.

**NOTE 19 - INTANGIBLE ASSETS, NET**

The movement of intangible assets in the year is as follows:

	CONSOLIDATED					
	BALANCE AS OF 12/31/2018	ADDITIONS	WRITE-OFFS	TRANSFERS	Impairment	BALANCE AS OF 12/31/2019
Linked to the Concession - Generation	68,990	1,219	(12,220)	239,510	5,736	303,235
In service	55,131	(867)	(2,819)	223,912	5,736	281,093
Cost	287,663	2,046	(2,819)	15,100	-	301,990
Accumulated amortization	(17,056)	(2,913)	-	5,519	-	(14,450)
Special Obligations	(8)	-	-	-	-	(8)
Impairment	(215,468)	-	-	203,293	5,736	(6,439)
In progress	13,859	2,086	(9,401)	15,598	-	22,142
Cost	32,585	2,086	(9,401)	(3,128)	-	22,142
Impairment	(18,726)	-	-	18,726	-	-
Linked to the Concession - Transmission	15,929	30	-	(13,867)	-	2,092
In service	14,628	-	-	(13,837)	-	791
Cost	9,108	-	-	(8,317)	-	791
Accumulated amortization	5,520	-	-	(5,520)	-	-
In progress	1,301	30	-	(30)	-	1,301
Cost	1,301	30	-	(30)	-	1,301
Not Related to the Concession (Other Intangible Assets) - Administration	564,731	75,886	(17,194)	(198,305)	(64,310)	349,714
In service	321,904	(56,994)	-	(104,807)	(64,310)	95,793
Cost	948,962	5,662	-	98,727	-	1,053,351
Accumulated amortization	(578,614)	(62,656)	-	-	-	(641,270)
Impairment	(48,444)	-	-	(203,534)	(64,310)	(316,288)
In progress	242,827	66,440	(8,597)	(46,749)	-	253,921
Cost	295,758	66,440	(8,597)	(46,749)	-	306,852
Other	(52,931)	-	-	-	-	(52,931)
<b>TOTAL</b>	<b>649,650</b>	<b>77,135</b>	<b>(29,414)</b>	<b>27,338</b>	<b>(58,574)</b>	<b>655,041</b>

	CONSOLIDATED						
	BALANCE AS OF 12/31/2017	ADDITIONS	WRITE-OFFS	TRANSFERS	CLASSIFICATION - HELD FOR SALE	Impairment	BALANCE AS OF 12/31/2018
Linked to the Concession - Generation	185,521	(11,109)	(2,673)	208,146	(96,067)	(214,828)	68,990
In service	185,521	(24,456)	(2,673)	208,146	(96,067)	(215,340)	55,131
Cost	323,741	11,601	(2,673)	208,596	(253,602)	-	287,663
Accumulated amortization	(138,524)	(36,774)	-	-	158,242	-	(17,056)
Special Obligations	432	717	-	(450)	(707)	-	(8)
Impairment	(128)	-	-	-	-	(215,340)	(215,468)
In progress	-	13,347	-	-	-	512	13,859
Cost	19,238	13,347	-	-	-	-	32,585
Impairment	(19,238)	-	-	-	-	512	(18,726)
Linked to the Concession - Distribution	77,665	(104,237)	(1,713)	66,751	(38,466)	-	-
In service	77,030	(105,536)	-	66,972	(38,466)	-	-
Cost	1,126,957	3	(1,397)	83,941	(1,209,504)	-	-
Accumulated amortization	(1,026,715)	(134,443)	1,397	-	1,159,761	-	-
Special Obligations	(23,212)	28,904	-	(16,969)	11,277	-	-
In progress	635	1,299	(1,713)	(221)	-	-	-
Cost	669	1,330	(1,713)	(287)	1	-	-
Special Obligations	(34)	(31)	-	66	(1)	-	-
Linked to the Concession - Transmission	83,837	51	(1,444)	(66,515)	-	-	15,929
In service	82,536	-	(1,444)	(66,464)	-	-	14,628
Cost	87,544	-	(1,444)	(76,992)	-	-	9,108
Accumulated amortization	(5,008)	-	-	10,528	-	-	5,520
In progress	1,301	51	-	(51)	-	-	1,301
Cost	1,301	51	-	(51)	-	-	1,301
Not Related to the Concession (Other Intangible Assets) - Administration	402,739	74,668	19,160	(94,377)	(53,268)	215,809	564,731
In service	218,004	(35,525)	16,163	(56,288)	(36,259)	215,809	321,904
Cost	1,030,135	36,214	13,283	(45,760)	(84,910)	-	948,962
Accumulated amortization	(547,878)	(71,739)	2,880	(10,528)	48,651	-	(578,614)
Impairment	(264,253)	-	-	-	-	215,809	(48,444)
In progress	184,735	110,193	2,997	(38,089)	(17,009)	-	242,827
Cost	200,215	110,193	-	2,359	(17,009)	-	295,758
Other	(15,480)	-	2,997	(40,448)	-	-	(52,931)
Total	749,762	(40,627)	13,330	114,005	(187,801)	981	649,650

During 2018, the distribution segment was discontinued. More details can be seen in note 49.

## NOTE 20 - IMPAIRMENT OF LONG-LIVED ASSETS

The Company estimates the recoverable value of its fixed assets and intangible assets based on value in use, as there is no active market for the infrastructure linked to the concession. The value in use is evaluated based on the present value of the estimated future cash flow.

The assumptions used consider the Company's Management's best estimate of future trends in the electric energy sector and are based on both external sources of information and historical data from the cash generating units.

The main premises defined below were considered:

- Growth compatible with historical data and growth prospects for the Brazilian economy;
- Discount rate per year (after tax\*) specific to the tested segments: 4.40% for non-renewed generation (except Angra 3, see below), 4.36% for renewed generation, (5.92% for non-extended generation, 5.86% for extended generation - except Angra 3 - and 5.86% for transmission in 2018), taking into account the weighted average cost of capital;
- Revenues projected in accordance with the contracts, with no provision for extending the concession/authorization;
- Expenses segregated by cash-generating unit, projected based on the PDNG for 5 years and consistent with the plan for the other years;
- The Company treated each of its projects as independent cash-generating units.

\* The use of post-tax discount rates in determining the amounts in use does not result in materially different recoverable amounts if rates before taxes have been used.

Below, we highlight the main impacts arising from the Company's assessment of recoverable value in December 2019.

➤ Angra 3 NPP

The impairment balance for the Angra 3 project recorded on the base date of December 31, 2019 is R\$ 4,508,764. The new result presented in this asset impairment test changes the previous one, based on December 2018, with its main effects summarized below: (i) postponement of 11 (eleven) months of entry into operation (November 30, 2026 - 2019/compared to January 1, 2026 - 2018); (ii) update of the project's CAPEX budget; (iii) changes in the multi-annual Capex distribution of the Angra 3 project, based on the "Critical Line Acceleration Plan"; (iv) change in the discount rate.

➤ Santa Cruz TPP, Batalha HPP and Simplício HPP

After applying the impairment test, using the methodologies and assumptions listed above, Furnas identified a decrease in estimated losses in the Cash Generating Units of Santa Cruz TPP and Batalha HPP and the reversal of the estimated loss of Simplício HPP due to cost reduction with Furnas PMSO and in particular the impact of the Consensual Dismissal Plan plus the impact of the reduction in the discount rate.

➤ Samuel HPP

Among the assets evaluated, the Samuel HPP impairment reversal stands out, whose main factors are: (i) energy sales prices that were defined by Eletrobras; (ii) settlement of the surplus of energy in addition to what is contracted; and (iii) reduction of the discount rate (cost of capital) defined by Eletrobras.

The movement of provisions is as follows:

Generation

Cash-generating Unit	12/31/2018	Additions	Reversals	Write-offs	12/31/2019
Angra 3	4,046,642	462,122	-	-	4,508,764
TPP Santa Cruz	731,988	-	(113,419)	-	618,569
HPP Batalha	377,005	-	(325)	-	376,680
Casa Nova I	345,893	-	-	-	345,893
Candiota Fase B	366,298	-	(45,892)	-	320,406
TPP Camaçari	247,263	-	(23,231)	-	224,032
Candiota Fase C	68,706	115,923	-	-	184,629
Livramento	326,698	6,508	(215,340)	-	117,866
HPP Samuel	306,866	-	(219,263)	-	87,603
HPP Simplício	198,940	-	(198,940)	-	-
Outros	138,753	22,528	(87,802)	(4,384)	60,095
Total	7,155,052	607,081	(904,212)	(4,384)	6,853,538

Cash-generating Unit	12/31/2017	Additions	Reversals	Assets held for sale	12/31/2018
Angra 3	9,900,353	652,576	(6,506,287)	-	4,046,642
HPP Samuel	308,846	-	(1,980)	-	306,866
HPP Batalha	385,269	-	(8,264)	-	377,005
Candiota Fase B	366,298	-	-	-	366,298
Candiota Fase C	362,631	-	(293,925)	-	68,706
Casa Nova I	387,396	-	(41,503)	-	345,893
TPP Santa Cruz	693,560	38,428	-	-	731,988
HPP Simplício	279,515	-	(80,575)	-	198,940
TPP Camaçari	247,263	-	-	-	247,263
Eólica Chuí IX	27,159	-	-	(27,159)	-
Eólica Hermenegildo III	76,623	-	-	(76,623)	-
Eólica Hermenegildo II	97,580	-	-	(97,580)	-
Eólica Hermenegildo I	92,749	-	-	(92,749)	-
Livramento	129,869	215,340	(18,511)	-	326,698
Other	468,834	13,695	(343,776)	-	138,753
<b>Total</b>	<b>13,823,945</b>	<b>920,039</b>	<b>(7,294,821)</b>	<b>(294,111)</b>	<b>7,155,052</b>

## Management

Intangible - Administration	12/31/2018	Additions	12/31/2019
Goodwill (Livramento)	-	233,989	233,989
UGC LT Salto Santiago - Ivaiporã - Cascavel	-	33,855	33,855
Other	48,444	-	48,444
<b>Total</b>	<b>48,444</b>	<b>267,844</b>	<b>316,288</b>

Intangible - Administration	12/31/2017	Additions	12/31/2018
Goodwill (Livramento)	215,340	(215,340)	-
Other	48,913	(469)	48,444
<b>Total</b>	<b>264,253</b>	<b>(215,809)</b>	<b>48,444</b>

Below are the impairment positions for the year:

	12/31/2019		
	Generation	Administration	Total
Fixed	6,847,099	-	6,847,099
Intangible	6,439	316,288	322,727
<b>Total</b>	<b>6,853,538</b>	<b>316,288</b>	<b>7,169,826</b>

	12/31/2018		
	Generation	Administration	Total
Fixed	6,920,858	-	6,920,858
Intangible	234,194	48,444	282,638
<b>Total</b>	<b>7,155,052</b>	<b>48,444</b>	<b>7,203,496</b>

- Cash Generating Units (CGUs) that do not have a provision for impairment

CGUs that did not have impairment have a recoverable amount greater than the carrying amount of fixed assets. The following table shows the percentage by which the Recoverable Value (VR) exceeds the Book Value (VC) of fixed assets. In addition, the Company carried out a sensitivity analysis, increasing the discount rate by 5% and 10%, shown below, to assess the risk of impairment for each CGU. No CGU presented a risk of impairment.

UGC	Discount rate	Book Value (VC)	Recoverable Value (VR)	VR/VC-1	VR/VC-1 (5% var)	VR/VC-1 (10% var)	Risk of Impairment
HPP Balbina	4.40%	310,580	782,300	151.9%	150.3%	148.7%	-
TPP Aparecida Complexo	4.40%	118,325	339,282	186.7%	183.7%	180.7%	-
TPP Maua 3	4.40%	1,380,606	5,201,818	276.8%	272.7%	268.6%	-
Geração Boa Esperança	4.36%	48,326	392,751	712.7%	693.6%	675.0%	-
Geração Complexo PA + Moxotó	4.36%	148,582	5,909,885	3877.5%	3791.3%	3707.7%	-
Geração Curemas	4.40%	4,063	5,710	40.5%	39.4%	38.3%	-
Geração Funil	4.36%	2,293	71,310	3009.9%	2906.9%	2807.2%	-
Geração Pedra	4.36%	7,302	27,563	277.5%	264.9%	252.6%	-
Geração Sobradinho	4.36%	257,575	3,320,327	1189.1%	1166.9%	1145.3%	-
Geração Xingó	4.36%	31,717	3,363,150	10503.7%	10285.9%	9974.8%	-
HPP Itaparica	4.36%	72,555	1,776,678	2348.7%	2296.0%	2244.9%	-
HPP Curuá-Una	4.40%	45,267	95,069	110.0%	103.2%	96.6%	-
HPP Tucuruí	4.40%	5,024,906	16,477,856	227.9%	225.6%	220.7%	-
EOL Cerro Chato I	4.40%	94,790	135,197	42.6%	39.9%	37.4%	-
EOL Cerro Chato II	4.40%	94,790	141,721	49.5%	46.7%	44.0%	-
EOL Cerro Chato III	4.40%	94,790	140,132	47.8%	45.0%	42.3%	-
HPP Gov. Jayme C. Júnior	4.40%	685,938	1,074,451	56.6%	53.7%	50.8%	-
HPP S. Domingos	4.40%	372,590	447,883	20.2%	18.3%	16.4%	-
HPP Passo S. João	4.40%	456,066	487,501	6.9%	5.0%	3.2%	-
EOL Coxilha Seca	4.40%	138,566	160,938	16.1%	13.8%	11.5%	-
EOL Capão do Inglês	4.40%	47,238	55,074	16.6%	14.1%	11.8%	-
HPP de Itumbiara	4.40%	584,354	2,253,003	285.6%	285.0%	284.5%	-
HPP de Mascar Moraes	4.40%	385,910	2,996,108	676.4%	669.7%	663.1%	-
HPP de Serra da Mesa	4.40%	1,288,263	3,724,930	189.1%	180.6%	172.3%	-
HPP de Manso	4.40%	498,649	1,247,872	150.3%	144.9%	139.7%	-
HPP Simplício	4.40%	2,452,111	2,813,257	14.7%	12.5%	10.3%	-

## NOTE 21 - SUPPLIERS

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current</b>				
Goods, Materials and Services	84,862	99,214	2,355,091	2,523,449
Energy Purchased for Resale	409,271	470,004	728,643	835,607
CCEE - Short-term energy	-	-	11,735	1,494
	<u>494,133</u>	<u>569,218</u>	<u>3,095,469</u>	<u>3,360,550</u>
<b>Non-current</b>				
Goods, Materials and Services	-	-	18,143	16,555
	<u>494,133</u>	<u>569,218</u>	<u>3,113,612</u>	<u>3,377,105</u>

## NOTE 22 - FINANCING AND LOANS

The breakdown of loans and financing due by Eletrobras and its subsidiaries is as follows:

12/31/2019

	PARENT COMPANY				CONSOLIDATED			
	CURRENT CHARGES		PRINCIPAL		CURRENT CHARGES		PRINCIPAL	
	Average Rate	Value	CURRENT	NON-CURRENT	Average Rate	Value	CURRENT	NON-CURRENT
<b>Financial institutions</b>								
<b>Foreign Currency</b>								
World Bank	2.41%	3,096	107,789	323,669	2.41%	3,096	107,789	323,669
Banco Interamericano de Desenvolvimento - BID	4.49%	-	-	-	4.95%	469	30,428	334,706
BNP Paribas	2.65%	230	141,578	141,578	2.65%	230	141,578	141,578
Kreditanstalt für Wiederaufbau - KfW	2.46%	18	14,398	220,937	2.46%	18	14,398	220,937
Corporación Andino de Fomento - CAF	4.38%	1,496	148,643	-	4.38%	1,496	148,643	-
		4,840	412,408	686,184		5,308	442,836	1,020,889
<b>Bonus</b>								
Maturity 10/27/2021	5.75%	83,693	-	7,053,725	5.75%	83,693	-	7,053,725
		83,693	-	7,053,725		83,693	-	7,053,725
		88,533	412,408	7,739,909		89,001	442,836	8,074,614
<b>National Currency</b>								
RGR Return (a)	5.00%	-	250,802	1,383,629	5.00%	-	250,802	1,383,629
RGR Subsidiaries (b)	5.00%	-	-	863,645	5.00%	-	-	863,645
RGR CCEE (c)	5.00%	183,801	170,513	746,847	5.00%	183,801	170,513	746,847
BNDES	-	-	-	-	9.25%	23,164	513,582	5,574,689
Caixa Econômica Federal	5.26%	955	416,400	756,992	5.26%	48,545	1,137,149	5,007,814
Banco do Brasil	5.26%	1,528	666,240	1,211,188	5.26%	22,866	1,053,945	2,504,620
Petrobras	4.62%	373,146	1,924,074	6,631,614	4.62%	373,146	1,924,074	6,631,614
BR Distribuidora	5.05%	5,079	423,464	198,589	5.05%	5,079	423,464	198,589
Renegotiation of Controlled Debts	4.40%	-	397,183	2,714,084	4.40%	-	-	-
State Grid	-	-	-	-	10.00%	-	45,590	379,982
Banco do Nordeste do Brasil	-	-	-	-	10.14%	5,703	38,265	750,519
BASA	-	-	-	-	8.50%	1,133	27,862	324,011
Cigás	-	-	445,037	268,611	-	-	445,039	268,611
Other Financial Institutions	-	-	-	-	-	24,674	386,400	1,594,545
		564,509	4,693,713	14,775,200		688,111	6,416,685	26,229,116
		653,042	5,106,122	22,515,109		777,112	6,859,521	34,303,730

In February 2020, the Company concluded the issue in the international market of Notes maturing in 2025 and 2030. The proceeds from this issue have been used, mainly, to roll over the debt related to the Bonus contract due on October 27, 2021, more details in note 50.3.

	PARENT COMPANY				CONSOLIDATED			
	CURRENT CHARGES		PRINCIPAL		CURRENT CHARGES		PRINCIPAL	
	Average Rate	Value	CURRENT	NON-CURRENT	Average Rate	Value	CURRENT	NON-CURRENT
<b>Financial institutions</b>								
<b>Foreign Currency</b>								
World Bank	2.41%	2,979	-	415,187	2.41%	2,977	-	415,187
Banco Interamericano de Desenvolvimento - BID	4.49%	-	-	-	4.95%	570	29,251	351,011
BNP Paribas	3.63%	452	136,102	272,205	3.63%	452	136,102	272,205
Kreditanstalt für Wiederaufbau - KfW	2.46%	18	14,107	230,582	2.46%	18	14,107	230,582
Corporación Andino de Fomento - CAF	5.10%	3,263	142,894	142,894	5.10%	3,263	142,894	142,894
		6,712	293,103	1,060,869		7,280	322,354	1,411,880
<b>Bonus</b>								
Maturity 10/27/2021	5.75%	80,456	-	6,780,900	5.75%	80,456	-	6,780,900
Maturity 07/30/2019	6.88%	130,241	3,874,801	-	6.88%	130,241	3,874,800	-
		210,697	3,874,801	6,780,900		210,697	3,874,800	6,780,900
		217,410	4,167,904	7,841,769		217,977	4,197,154	8,192,780
<b>National Currency</b>								
RGR Subsidiaries (b)	5.00%	-	596,692	5,206,155	5.00%	-	596,692	5,206,155
BNDES	9.25%	-	-	-	9.25%	25,749	506,748	6,062,908
Caixa Econômica Federal	7.65%	1,862	416,399	1,173,391	7.65%	68,351	1,374,042	6,136,728
Banco do Brasil	7.65%	2,977	666,240	1,877,428	7.65%	26,669	1,112,049	3,558,253
Petrobras	6.40%	13,194	241,670	1,228,487	6.40%	13,194	2,898,738	10,246,074
BR Distribuidora	7.98%	346	424,046	622,829	7.98%	346	424,046	622,829
Renegotiation of Controlled Debts	6.40%	-	282,776	2,653,273	-	-	-	-
FIDC	-	-	-	-	CDI + 2,0%	1,346	135,836	535,310
Other Financial Institutions	-	-	-	-	-	15,622	452,353	1,744,848
		18,379	2,627,823	12,761,564		151,277	7,500,504	34,113,106
		235,788	6,795,727	20,603,333		369,254	11,697,658	42,305,886

### (a) RGR Return

In addition to the financing due by Eletrobras in 2017, through the administrative process, which supervised the Eletrobras management of the RGR, from 1998 to 2011, ANEEL determined the return by Eletrobras of about R\$ 2 billion, in 10 years, updated by SELIC, according to Article 21-A and 21-B of Law 12,783/2013. Eletrobras has been complying with this obligation and the balance to be repaid as of December 31, 2019 was R\$ 1,634,431, presented in the "RGR Return" item.

### (b) Subsidiary RGR

The aforementioned financing includes debts taken by Eletrobras subsidiaries with the RGR, with interest of 5%, and considering that they were taken before November 17, 2016, they are still managed by Eletrobras, since they have not yet been transferred to CCEE, according to Decree No. 9,022/2017. These obligations are presented as "Subsidiary RGR" in the amount of R\$ 863,645.

(c) CCEE RGR

These refer to the amounts transferred from RGR funds to third parties, and have a corresponding entry in assets, as note 9.1. Eletrobras acts only as a transferring agent and is responsible for the contractual management of such financing, such funds not being required from Eletrobras until the debtor agent makes the payment.

Pursuant to Decree 9,022/2017, Eletrobras shall transfer the funds to RGR within five days from the date of actual payment by the debtor agent.

As of December 31, 2019, the balance of funds withdrawn from the fund and passed on to third parties, excluding those owed by Eletrobras Companies, as per Note 9.1, totals R\$ 1,101,161.

## 22.1 - Movement of loans and financing

The movement presented below comprises the years ended December 31, 2019 and 2018.

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Loans and Financing</b>				
<b>National Currency</b>				
Opening balance	15,407,768	12,591,725	41,764,887	33,709,463
Funding	-	5,666,505	992,950	15,947,038
Interests, monetary and exchange rate variations incurred	1,810,093	767,341	2,561,519	2,279,329
Interests Paid	(606,452)	(807,014)	(1,817,748)	(2,104,774)
Amortization of the Principal	(5,570,727)	(2,810,790)	(8,081,855)	(5,679,750)
Transfer (a)	11,077,939	-	(645)	198,587
Write-offs	(2,085,197)	-	(2,085,197)	-
Classified as held for sale	-	-	-	(2,585,007)
Closing balance	20,033,424	15,407,767	33,333,911	41,764,887
<b>Foreign Currency</b>				
Opening balance	12,227,081	11,060,789	12,607,912	11,412,328
Interests, monetary and exchange rate variations incurred	1,017,425	2,587,177	1,045,501	2,660,094
Interests Paid	(799,989)	(738,485)	(813,035)	(751,047)
Amortization of the Principal	(4,203,668)	(682,400)	(4,233,926)	(711,884)
Classified as held for sale	-	-	-	(1,580)
Closing balance	8,240,849	12,227,081	8,606,452	12,607,912
<b>Total</b>	<b>28,274,273</b>	<b>27,634,849</b>	<b>41,940,363</b>	<b>54,372,798</b>

(a) In 2019, the Company assumed certain debts of companies sold by Eletrobras according to note 48.

The long-term portion of financing and loans is scheduled to mature as follows:

	2021	2022	2023	2024	2025	After 2025	Total
Parent Company	11,151,899	3,720,270	2,718,410	2,403,937	787,456	1,733,137	22,515,109
Consolidated	12,700,556	5,229,153	3,988,053	2,946,113	1,228,336	8,211,519	34,303,730

## 22.2 - Reconciliation of assets and liabilities to cash flows arising from financing activities

	PARENT COMPANY				
	Loans and Financing	Dividends/JCP payable	AFAC	Other liabilities	Total
Loans and financing obtained	5,000,000	-	-	-	5,000,000
Payment of loans and financing - principal	(9,712,469)	-	-	-	(9,712,469)
Payment of remuneration to shareholders	-	(1,219,194)	-	-	(1,219,194)
Receipt of advance for future capital increase	-	-	3,660,215	-	3,660,215
Payment of financial leases	-	-	-	(40,998)	(40,998)
<b>Balance as of December 31, 2019</b>	<b>(4,712,469)</b>	<b>(1,219,194)</b>	<b>3,660,215</b>	<b>(40,998)</b>	<b>(2,312,446)</b>

	CONSOLIDATED				
	Loans and Financing	Dividends/JCP payable	AFAC	Other liabilities	Total
Loans and financing obtained / debentures obtained	6,779,312	-	-	-	6,779,312
Payment of loans and financing - principal	(12,463,148)	-	-	-	(12,463,148)
Payment of remuneration to shareholders	-	(1,183,146)	-	-	(1,183,146)
Receipt of advance for future capital increase	-	-	3,660,215	-	3,660,215
Payment of financial leases	-	-	-	(547,226)	(547,226)
Other	-	-	-	(51,412)	(51,412)
Balance as of December 31, 2019	(5,683,836)	(1,183,146)	3,660,215	(598,638)	(3,805,405)

	PARENT COMPANY			
	Loans and Financing	Dividends/JCP payable	Debentures	Total
Changes in financing cash flows				
Payment of loans and financing - principal	(3,264,653)	-	-	(3,264,653)
Payment of remuneration to shareholders	-	(1,580)	-	(1,580)
Total changes in cash flows from financing activities	(3,264,653)	(1,580)	-	(3,266,233)
Balance as of December 31, 2018	(3,264,653)	(1,580)	-	(3,266,233)

	CONSOLIDATED				
	Loans and Financing	Dividends/JCP payable	Debentures	Other liabilities	Total
Changes in financing cash flows					
Loans and financing obtained	1,024,168	-	-	-	1,024,168
Loans and financing obtained	-	(6,374,321)	-	-	(6,374,321)
Payment of loans and financing - principal	-	(64,499)	-	-	(64,499)
Other	-	-	-	(149,148)	(149,148)
Total changes in cash flows from financing activities	1,024,168	(6,438,820)	-	(149,148)	(5,563,800)
Balance as of December 31, 2018	1,024,168	(6,438,820)	-	(149,148)	(5,563,800)

### 22.3 - Guarantees

The Company participates as a guarantor intervening in several ventures of its controlled and non-controlled investees. The total exposure in guarantees comprises the guarantees provided to non-controlled investees in the amount of R\$ 30,577,167, on December 31, 2019, and are presented in the table below:

NON-SUBSIDIARY COMPANIES

Guarantor	Company	Financing Bank	Modality	Shareholding %	Financing Amount /Guaranteed Value	Balance Due as of 12/31/2019	End of Guarantee
		BNDES	SPE	15.00%	2,025,000	2,427,574	1/15/2042
		CEF	SPE	15.00%	1,050,000	1,351,985	1/15/2042
		BTG Pactual	SPE	15.00%	300,000	386,281	1/15/2042
Eletrobras	UHE Belo Monte - Norte Energia	BNDES	SPE	19.98%	2,697,300	3,233,528	1/15/2042
		CEF	SPE	19.98%	1,398,600	1,800,844	1/15/2042
		BTG Pactual	SPE	19.98%	399,600	514,527	1/15/2042
		BNDES	SPE	15.00%	2,025,000	2,427,574	1/15/2042
		CEF	SPE	15.00%	1,050,000	1,351,985	1/15/2042
		BTG Pactual	SPE	15.00%	300,000	386,281	1/15/2042
					11,245,500	13,880,578	
		BNDES Original Direct	SPE	43.06%	1,329,920	1,667,767	3/15/2034
		BNDES Supplementary Direct	SPE	43.06%	428,402	543,799	3/15/2034
Eletrobras	UHE Santo Antônio	BNDES Original Transfer	SPE	43.06%	1,310,835	1,782,038	3/15/2034
		BNDES Supplementary Transfer	SPE	43.06%	428,402	517,499	3/15/2034
		BASA	SPE	43.06%	216,750	229,675	3/10/2034
		Issuance of Debentures	SPE	43.06%	180,833	205,217	3/15/2034
Fumas		Issuance of Debentures	SPE	43.06%	301,389	414,926	3/15/2034
		Issuance of Debentures	SPE	43.06%	680,188	1,543,695	3/15/2034
					4,876,719	6,904,616	
		BNDES	SPE	20.00%	727,000	816,587	8/15/2034
		BNDES	SPE	20.00%	232,500	234,152	1/15/2035
Eletrobras	UHE Jirau - ESBR	BNDES TRANSFER	SPE	20.00%	717,000	834,301	8/15/2034
		BNDES TRANSFER	SPE	20.00%	232,500	227,231	1/15/2035
		BNDES	SPE	20.00%	727,000	816,587	8/15/2034
		BNDES	SPE	20.00%	232,500	234,152	1/15/2035
		BNDES TRANSFER	SPE	20.00%	717,000	834,301	8/15/2034
		BNDES TRANSFER	SPE	20.00%	232,500	227,231	1/15/2035
					3,818,000	4,224,542	
		BNDES	SPE	24.50%	412,825	436,802	8/15/2032
Eletrobras	Belo Monte Transmissora de Energia S. A.	BNDES TRANSFER	SPE	24.50%	214,375	231,936	8/15/2032
		BNDES TRANSFER	SPE	24.50%	214,375	231,936	8/15/2032
		BNDES	SPE	24.50%	412,825	436,802	8/15/2032
Eletronorte		Issuance of Debentures	SPE	24.50%	142,100	159,373	8/15/2032
Fumas		Issuance of Debentures	SPE	24.50%	142,100	159,373	6/15/2033
					1,538,600	1,656,222	
		BNDES	SPE	24.50%	296,940	299,580	2/15/2036
Eletrobras	UHE Teles Pires	BNDES/Banco do Brasil	SPE	24.50%	294,000	296,803	2/15/2036
		Issuance of Debentures	SPE	24.72%	160,680	158,375	5/30/2032
		BNDES	SPE	24.50%	296,940	299,580	2/15/2036
		BNDES/Banco do Brasil	SPE	24.50%	294,000	296,803	2/15/2036
		Issuance of Debentures	SPE	24.72%	160,680	158,375	5/30/2032
					1,503,240	1,509,516	
Eletrobras	UHE Sinop	BNDES	SPE	24.50%	256,270	275,578	6/15/2038
		BNDES	SPE	24.50%	256,270	275,578	6/15/2038
Chesf		Issuance of Debentures	SPE	24.50%	57,820	63,781	6/15/2032
Eletronorte		Issuance of Debentures	SPE	24.50%	57,820	63,781	6/15/2032
					628,180	678,718	
Eletrobras	Empresa de Energia São Manoel	BNDES	SPE	33.33%	437,996	515,693	12/15/2038
Fumas		Issuance of Debentures	SPE	33.33%	113,322	107,384	12/15/2031
					551,318	623,077	
Eletrobras	Norte Brasil Transmissora	BNDES	SPE	49.00%	514,500	359,939	12/15/2029
		Issuance of Debentures	SPE	49.00%	98,000	144,431	9/15/2026
					612,500	504,370	
Eletrobras	Manaus Transmissora	BNDES	SPE	49.50%	198,495	112,860	12/15/2026
		BASA	SPE	49.50%	123,750	128,263	7/15/2031
		BASA	SPE	49.50%	74,250	72,766	2/15/2029
					396,495	313,890	
Eletrobras	IE Garanhuns S/A	BNDES	SPE	49.00%	175,146	107,807	12/15/2028
Chesf	TDG	BNB	SPE	49.00%	29,764	23,793	3/30/2031
		BNB	SPE	49.00%	58,346	51,475	8/1/2032
					88,110	75,268	
Eletrobras	Rouar	CAF	SPE	50.00%	39,364	39,364	30/10/2020
Eletrobras	Mangue Seco 2	BNB	SPE	49.00%	40,951	32,029	10/14/2031
Eletrobras	Livramento Holding	BNDES	SPE	49.00%	29,255	17,632	6/15/2030
Eletrobras	Centroeste de Minas	BNDES	SPE	49.00%	13,827	5,119	4/15/2023
Eletrobras	Caldas Novas Transmissão	BNDES	SPE	49.90%	2,536	937	3/15/2023
		BNDES	SPE	49.90%	5,536	3,484	3/15/2028
					8,072	4,420	
	Garantias empresas não controladas				25,565,276	30,577,167	

Guarantees provided to controlled investees are presented separately as their balances are already recorded in payable financing and loans.

The amount guaranteed for the controlled investees is R\$ 15,789,524 as of December 31, 2019 and is presented in the table below.

SUBSIDIARY COMPANIES

Guarantor	Company	Financing Bank	Modality	Shareholding %	Financing Amount /Guaranteed Value	Balance Due as of 12/31/2019	End of Guarantee
Eletrobras	Angra III	BNDES	Corporate	100.00%	6,181,048	3,471,811	15/06/2036
Eletrobras	Eletronuclear	CEF	Corporate	100.00%	3,800,000	3,204,663	06/06/2038
					9,981,048	6,676,475	
Eletrobras	Belo Monte Transmissora de Energia S. A.	State Grid Brazil S.A.	Corporate	100.00%	294,700	425,568	28/07/2029
		State Grid Brazil S.A.	Corporate	100.00%	294,700	425,572	28/07/2029
					589,400	851,139	
Eletrobras	Projetos Corporativos Eletrosul	FIDC DI	Corporate	100.00%	690,000	548,819	20/01/2022
		Banco do Brasil	Corporate	100.00%	250,000	111,330	15/11/2023
					940,000	660,148	
Eletrobras	Several	Banco do Brasil	Corporate	100.00%	750,000	762,122	02/10/2023
Eletrobras	Estação Transmissora de Energia	BNDES	Corporate	100.00%	505,477	298,566	15/11/2028
		BASA	Corporate	100.00%	221,789	197,710	15/10/2031
		BASA	Corporate	100.00%	221,789	168,186	10/07/2031
					949,055	664,462	
Eletrobras	Projetos Corporativos Chesf	CEF	Corporate	100.00%	200,000	87,868	06/09/2021
		BNDES	Corporate	100.00%	475,454	151,628	15/06/2029
		BNDES	Corporate	100.00%	727,560	291,981	15/06/2029
		Banco do Brasil	Corporate	100.00%	500,000	17,247	28/02/2020
					1,903,014	548,724	
Eletrobras	UHE Simplicio	BNDES	Corporate	100.00%	1,034,410	454,045	15/07/2026
Eletrobras	Santa Vitória do Palmar Holding S.A.	BNDES	SPE	61.75%	249,458	234,787	16/06/2031
		BRDE	SPE	61.75%	123,501	118,055	16/06/2031
		Issuance of Debentures	SPE	61.75%	55,575	63,637	15/06/2028
					428,533	416,479	
Eletrobras	Several	Emissão de Debêntures	Corporate	100.00%	450,000	450,633	18/11/2024
Eletrobras	Eólicas Hermenegildo	BNDES	SPE	99.99%	93,358	76,511	15/06/2032
		BRDE	SPE	99.99%	40,699	33,564	15/06/2032
		BNDES	SPE	99.99%	109,579	89,804	15/06/2032
		BRDE	SPE	99.99%	47,770	39,396	15/06/2032
		BNDES	SPE	99.99%	109,555	90,199	15/06/2032
		BRDE	SPE	99.99%	47,759	39,382	15/06/2032
					448,720	368,855	
Eletrobras	Reinforcement of Working Capital Structure 2	Banco do Brasil	Corporate	100.00%	405,262	332,666	07/06/2024
Furnas	Modernization of UHE Furnas and UHE Luiz Carlos Barreto de Carvalho	BID	Corporate	100.00%	427,511	365,134	15/12/2031
Eletrobras	Complexo Eólico Livramento - Entorno II	KfW	Corporate	100.00%	282,083	294,352	20/06/2028
Eletrosul	Transmissora Sul Litorânea de Energia	BNDES	SPE	51.00%	252,108	198,731	15/02/2029
		Debentures	SPE	51.00%	76,500	79,232	15/12/2030
					328,608	277,963	
Eletrobras	Corporate financing	Banco do Brasil	Corporate	100.00%	400,000	207,488	06/12/2023
Eletrobras	Complexo São Bernardo	KfW	Corporate	100.00%	29,854	55,823	30/12/2038
		KfW	Corporate	100.00%	136,064	179,512	30/12/2042
					165,918	235,335	
Eletrobras	UHE Mauá	BNDES	Corporate	100.00%	182,417	103,095	15/01/2028
		BNDES/Banco do Brasil	Corporate	100.00%	182,417	103,108	15/01/2028
					364,834	206,203	
Eletrobras	Implementation of PAR and PMIS	BNDES	Corporate	100.00%	361,575	186,943	15/12/2023
Eletrobras	Porto Velho Transmissora de Energia	BNDES	Corporate	100.00%	283,411	192,020	15/08/2028
Eletrobras	Investment Plan 2012-2014	BNDES	Corporate	100.00%	441,296	175,353	15/06/2029
Eletrobras	Linha Verde Transmissora	BASA	Corporate	100.00%	185,000	170,044	10/11/2032
Eletrobras	Eólicas Casa Nova II and III	BNB	Corporate	100.00%	158,420	159,982	25/07/2031
Eletrobras	Corporate Transmission Projects	BNB	Corporate	100.00%	155,817	73,481	15/11/2031
Eletrobras	Rolagem BASA 2008	Banco do Brasil	Corporate	100.00%	208,312	112,861	28/12/2020
Eletrobras	UHE São Domingos	BNDES	Corporate	100.00%	207,000	130,746	15/06/2028
Eletrobras	Transmissora Sul Brasileira de Energia S.A.	Issuance of Debentures	SPE	100.00%	77,550	116,474	15/09/2026
Eletrobras	UHE Batalha	BNDES	Corporate	100.00%	224,000	102,676	15/12/2025
Eletrobras	UHE Passo de São João	BNDES	Corporate	100.00%	183,330	89,622	15/07/2026
		BNDES	Corporate	100.00%	14,750	7,407	15/07/2026
					198,080	97,029	
Eletrobras	Innovation Projects	FINEP	Corporate	100.00%	268,503	92,482	15/11/2023
Eletrobras	Rio Branco Transmissora	BNDES	Corporate	100.00%	138,000	79,230	15/03/2027
Eletrobras	Projetos Corporativos Furnas	Banco do Brasil	Corporate	100.00%	35,000	17,505	28/12/2020
		Banco do Brasil	Corporate	100.00%	50,000	25,007	28/12/2020
					85,000	42,511	
Eletrobras	RS Energia	BNDES	Corporate	100.00%	126,221	18,441	15/06/2021
		BNDES	Corporate	100.00%	41,898	22,613	15/03/2027
		BNDES	Corporate	100.00%	9,413	5,626	15/08/2027
		BNDES	Corporate	100.00%	12,000	5,825	15/08/2027
					189,532	52,505	
Eletrobras	Ribeiro Gonç./Balsas	BNB	Corporate	100.00%	70,000	44,691	03/06/2031
Eletrobras	Eólica Chuí IX S/A	BNDES	SPE	99.99%	31,558	25,865	15/06/2032
		BRDE	SPE	99.99%	13,757	11,346	15/06/2032
					45,314	37,212	
Eletrobras	Cerro Chato I, II e III	Banco do Brasil	Corporate	100.00%	223,419	16,328	15/07/2020
Eletrobras	UHE Baquari	BNDES	Corporate	100.00%	60,153	25,318	15/07/2026
Eletrosul	Expansion of the Sistema Sul de Transmissão	BNDES	Corporate	100.00%	29,074	21,191	15/09/2029
Eletrobras	Expansion of the Lechuga Substation	BNDES	Corporate	100.00%	35,011	17,502	15/10/2028
Eletrosul	Brazil-Uruguay Interconnection	BNDES	Corporate	100.00%	21,827	15,908	15/09/2029
Eletrobras	Miramar/Tucuruí Substation	BNDES	Corporate	100.00%	31,000	14,549	15/08/2028
Eletrobras	Lechuga/J. Teixeira	BASA	Corporate	100.00%	25,720	14,777	15/10/2028
Eletrobras	Miranda II	BNDES	Corporate	100.00%	47,531	8,785	15/11/2024
Eletrobras	SC Energia	BNDES	Corporate	100.00%	67,017	7,381	15/03/2021
Eletrobras	Nobres Substation	BNDES	Corporate	100.00%	10,000	4,322	15/03/2028
Eletrobras	São Luis II e III	BNDES	Corporate	100.00%	13,653	5,000	15/11/2024
	Guarantees of subsidiary companies				23,709,613	15,789,524	

## 22.4 - Movement of Provision for Guarantees

In order to cover any possible foreclosure, Eletrobras accrues 1% of the guaranteed outstanding balance to the controlled and non-controlled investees.

Below you can see the year's guarantee movements:

	PARENT COMPANY	
	12/31/2019	12/31/2018
Opening balance	549,436	512,690
Additions of Guarantees	13,690	66,495
Update	5,889	11,542
Write-offs	(105,239)	(41,291)
Closing balance	463,776	549,436

The main variations in guarantees that occurred in 2019 are due to the following factors: (a) write-off in the 2nd quarter of guarantees then provided to Amazonas Distribuidora, former subsidiary of Eletrobras, whose share control was transferred on April 10, 2019 resulting in an impact in the amount of R\$ 60,210; (b) write-off in the 3rd quarter of the remaining guarantees provided to Amazonas Distribuidora, with an impact of R\$ 16,832, resulting from the settlement of debts by the company with a creditor; and (c) exoneration in the 4th quarter of guarantees then provided to SPE IE Madeira with an impact in the amount of R\$ 9,512.

## 22.5 - Assumed Obligations – Covenants

Eletrobras Companies have covenant clauses in some of their loan, financing and debentures agreements. The main covenants refer to: compliance with some financial indexes (Net Debt to EBITDA, coverage ratio on debt service, among others), existence of corporate guarantees, requirements for changing corporate control, compliance with the required licenses and authorizations, and limitation to the significant sale of assets.

The Company did not identify any event of non-compliance as of December 31, 2019.

## NOTE 23 - DEBENTURES

### 23.1 - Composition of Debentures

Issuer	Date of Issue	Interest Rate	Due date	12/31/2019	12/31/2018
Estação Transmissora de Energia S.A. - ETE (Eletronorte)	06/2011	TJLP + 1,65% a .a.	10/07/2031	197,711	201,754
Transmissora Sul Brasileira de Energia - TSBE (Eletrosul)	09/2014	IPCA + 6,80% a.a.	15/09/2028	116,474	114,341
Extremoz Transmissora do Nordeste - ETN S.A. (CHESF)	04/2017	IPCA + 7,0291% a.a.	15/01/2029	150,322	152,133
Eletrobras (a)	05/2019	Taxa DI + 0,70% a.a. (Series 1)	25/04/2022	1,106,991	-
		Taxa DI + 1,00% a.a. (Series 2)	25/04/2024	2,214,791	-
		Taxa DI + 1,20% a.a. (Series 3)	25/04/2026	1,006,967	-
		IPCA + 5,18% a.a. (Series 4)	15/05/2029	715,479	-
Furnas (b)	11/2019	CDI 117,60% a.a (Series 1)	15/11/2024	450,543	-
				5,959,279	468,228
Total Current Liabilities				78,527	36,073
Total Non-Current Liabilities				5,880,751	432,155

#### a) Eletrobras Debentures

Eletrobras concluded on May 24, 2019 the offer of debentures, in four series for a total amount of R\$ 5 billion.

#### b) Furnas Debentures

On December 20, 2019, the subsidiary Furnas concluded the offer of debentures, not convertible into shares with personal guarantee, in the amount of R\$ 450 million.

### 23.2 - Movement of Debentures

The movement presented below comprises the years ended December 31, 2019 and 2018.

	PARENT COMPANY	CONSOLIDATED	
	12/31/2019	12/31/2019	12/31/2018
<b>Current</b>			
Opening balance	-	36,073	183,432
Capture	-	-	5,586
Charges	201,627	242,167	41,512
Interest paid	(168,468)	(179,401)	-
Amortization of principal	-	(49,373)	(60,100)
Appropriate transaction costs	-	598	-
Transfer	-	28,463	(131,833)
Classification - Held for sale	-	-	(2,524)
Ending Balance	33,159	78,527	36,073
<b>Non-current</b>			
Opening balance	-	432,155	287,347
Capture	5,000,000	5,450,000	109,832
Charges	11,069	27,059	8,941
Amortization of principal	-	-	(10,754)
Transfer	-	(28,463)	131,857
Classification - Held for sale	-	-	(95,068)
Ending Balance	5,011,069	5,880,751	432,155
Total	5,044,228	5,959,278	468,228

The long-term portion of the debentures is scheduled to mature as follows:

	2021	2022	2023	2024	2025	After 2025	Total
Parent Company	-	1,100,000	-	2,200,000	-	1,711,069	5,011,069
Consolidated	47,067	1,150,905	54,021	2,702,273	75,042	1,851,443	5,880,751

The Company has covenants related to its debentures and has not identified any event of non-compliance for 2019. More details in note 22.5.

### NOTE 24 - LEASE OPERATION

The lease liability items refer to lease agreements that correspond to real estate, vehicles, equipment and energy supply contracts signed with the PIEs in 2005 with a 20-year term that were transferred from Amazonas Distribuidora to Amazonas GT during the unbundling process and, previously, the adoption of CPC 06 (R2)/IFRS 16, already classified as financial leases. The movement of these items is presented as follows:

	CONSOLIDATED
	12/31/2019
Opening balance on 12/31/2018	976,115
Initial adoption of CPC 06 R(2)/IFRS 16	340,225
Additions	211,375
Accumulated interest	338,163
Payments	(547,226)
Write-offs	(111,463)
Ending balance	1,207,189
Current	219,484
Non-current	987,705
	CONSOLIDATED
	12/31/2019
Total cash outflow for leases	
Classified in lease liabilities	547,226
Not classified in lease liabilities	52,376
Total payments	599,602

The fixed and variable rents, as well as those related to short term and low value contracts, were as follows for the year ended December 31, 2019:

	<u>CONSOLIDATED</u> <u>12/31/2019</u>
Short-term leases	52,771
Low-cost leases	40,592
Variable lease expenses	3,822

The maturities of the non-current balance are shown in the table below:

<u>CONSOLIDATED</u>	
Maturity	<u>12/31/2019</u>
2021	199,356
2022	207,895
2023	189,267
2024	187,226
2025	93,115
After 2025	110,846
<b>Total</b>	<b>987,705</b>

The table below shows the potential right of PIS/COFINS to be recovered included in the lease consideration, according to the period foreseen for payment.

	<u>CONSOLIDATED</u> <u>12/31/2019</u>
Compensation from leasing	547,226
Potential PIS/COFINS (9.25%)	50,618

## **NOTE 25 - COMPULSORY LOANS**

The compulsory loan on electric power consumption, established instituted by Law 4,156/1962 with the purpose of generating funds for the expansion of the Brazilian electric power sector, was extinguished by Law 7,181, of December 20, 1983, which set the date of December 31, 1993 as the collection deadline.

In the first phase of this compulsory loan, closed with the advent of Decree-Law 1,512/1976, the collection of the tax reached several classes of energy consumers, and the taxpayers' credits were represented by Bearer Bonds issued by the Company.

The bearer bonds, issued as a result of the compulsory loan, do not constitute securities, are not negotiable on a stock exchange, are not listed and are unforceable.

The issuance of these securities was the result of a legal imposition and not of a corporate decision by the Company. Likewise, its adoption by bondholders did not emanate from an act of will, but from a legal duty, under Law 4,156/1962.

The CVM, in a decision of its Board issued in the CVM RJ 2005/7230 administrative proceeding, filed by holders of the aforementioned bonds, states verbatim that "the bonds issued by the Company as a result of Law 4,156/1962 cannot be considered as securities."

The CVM also understood that there is no irregularity in the procedures adopted by the Company in its financial statements, with respect to the aforementioned bonds, nor in the disclosure regarding the existence of lawsuits.

The unenforceability of these bearer bonds was reinforced by decisions of the Superior Court of Justice (STJ), which corroborate the understanding that these bonds are prescribed and that they are not suitable to guarantee tax foreclosures.

Therefore, bearer bonds issued in the first phase of this compulsory loan, as decided by the CVM, are not to be confused with debentures. In addition, pursuant to the provisions of article 4, § 11 of Law

4,156/1962 and article 1 of Decree 20,910/1932, they are unenforceable, a condition confirmed in STJ Newsletter 344, which states that these bonds cannot be used as guarantee of tax foreclosures, as they have no liquidity and are not debentures. For this reason, they are not provisioned.

In the second phase, beginning with the provisions contained in the aforementioned Decree-Law, the compulsory loan in question started to be charged only to industries with monthly energy consumption greater than 2,000 kWh, and taxpayers' credits are no longer represented by securities, to be simply recorded by the Company.

Most of these compulsory loan taxpayer credits have already been converted into preferred shares, as authorized by law, through four general shareholders' meetings of Eletrobras, held on April 20, 1988, April 26, 1990, April 28, 2005 and April 30, 2008, respectively. However, there is a remaining compulsory loan balance that has not yet been converted.

The balances of the remaining compulsory loan, after the 4th conversion into shares, relating to credits constituted from 1988 to 1994, are recorded in current and non-current liabilities and are remunerated at the rate of 6% per year until the date of their conversion into shares, plus monetary restatement based on the variation of the Special Extended Consumer Price Index (IPCA-E).

	PARENT COMPANY AND CONSOLIDATED	
	12/31/2019	12/31/2018
Current		
Interest payable	15,156	15,659
Non-current		
Credits collected	470,600	477,459
<b>TOTAL</b>	<b>485,756</b>	<b>493,118</b>

Thus, the liability relating to the compulsory loan refers to the residual credits, constituted from 1988 to 1994, of industrial consumers with consumption greater than 2,000 kW/h, referring to the second phase of this compulsory loan, as well as to the annual interest not yet paid relating to those credits.

The contingent liability related to the compulsory loan theme is shown in the note on provisions and contingent liabilities (Note 30).

## NOTE 26 - TAXES PAYABLE AND INCOME TAX AND SOCIAL CONTRIBUTIONS – LIABILITY

### 26.1 - Taxes to be collected

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current liabilities:				
PASEP/ COFINS	87,548	123,983	755,102	778,966
IRRF/ CSRF	65,193	35,284	316,801	274,499
ICMS	-	-	252,972	62,431
INSS/ FGTS	4,899	4,649	112,937	77,996
PAES/ REFIS	-	-	23,191	22,566
ISS	-	-	14,549	12,424
Others	43,876	2,607	100,106	48,169
<b>Total</b>	<b>201,516</b>	<b>166,523</b>	<b>1,575,658</b>	<b>1,277,051</b>
Non-current liabilities:				
PAES/ REFIS	-	-	190,365	207,673
PASEP/ COFINS	-	-	42,100	14,283
Others	-	-	7,494	26,626
<b>Total</b>	<b>-</b>	<b>-</b>	<b>239,959</b>	<b>248,582</b>

### 26.2 - Income tax and social contribution

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current liabilities:</b>				
Current income tax	-	674,578	1,693,623	2,031,674
Current social contribution	-	243,156	839,109	921,398
	-	917,734	2,532,732	2,953,072
<b>Non-current liabilities:</b>				
Deferred IRPJ/ CSLL	628,904	432,582	3,978,754	8,315,386

### 26.3 - Reconciliation of income tax and social contribution expenses

	PARENT COMPANY			
	12/31/2019		12/31/2018	
	IRPJ	CSLL	IRPJ	CSLL
Earnings before IRPJ and CSLL	7,412,149	7,412,149	14,031,419	14,031,419
Total IRPJ and CSLL calculated at a rate of 25% and 9%, respectively	(1,853,037)	(667,093)	(3,507,855)	(1,262,828)
<b>Effects of additions and exclusions:</b>				
Dividend income	25,354	9,127	15,820	5,695
Equity method investments	2,139,748	770,309	2,052,301	738,828
Operating Provisions	(458,459)	(165,045)	1,606,373	578,294
Exchange Variation	188,381	67,817	(201,679)	(72,605)
Unrecognized/written off deferred taxes	(715)	(258)	(607,745)	(219,274)
Grants	(2,712)	(976)	(2,123)	(764)
Other additions and exclusions	(38,560)	(13,881)	65,501	24,066
Total IRPJ and CSLL expense	-	-	(579,407)	(208,588)
Effective rate	0.00%	0.00%	4.13%	1.49%

	CONSOLIDATED			
	12/31/2019		31/12/2018	
	IRPJ	CSLL	IRPJ	CSLL
Earnings before IRPJ and CSLL	6,368,606	3,638,606	15,930,518	15,930,518
Total IRPJ and CSLL calculated at a rate of 25% and 9%, respectively	(1,592,151)	(573,175)	(3,982,630)	(1,433,747)
<b>Effects of additions and exclusions:</b>				
Indemnity - RBSE	248,015	89,285	311,388	112,100
Dividend income	353,564	127,283	16,073	5,786
Equity method investments	285,183	102,666	346,213	124,637
Exchange variation	188,381	67,817	(201,679)	(72,605)
Tax loss offset/Negative base	238,285	79,784	405,337	179,447
Establishment of tax credits	2,457,113	322,783	433,571	156,086
Operating provisions	(302,179)	136,349	1,727,581	621,930
Unrecognized/written off deferred taxes (a)	(1,011,667)	(364,200)	(1,117,987)	(402,962)
Tax incentives (b)	658,136	3,588	435,279	-
Grants	(10,628)	(3,826)	(2,123)	(764)
Other additions and exclusions	(327,784)	(82,359)	(69,480)	(75,166)
Total IRPJ and CSLL expense	1,184,267	(94,005)	(1,698,458)	(785,259)
Effective rate	18.60%	1.48%	10.66%	4.93%

#### (a) Unrecognized/written off deferred taxes

It is composed of temporary differences between the accounting result, taxable result, tax loss and negative basis of CSLL calculated in the year, whose tax benefits were not recognized due to the absence of history of taxable profit and/or projection of future tax results.

#### (b) Tax Incentives

Provisional Measure No. 2,199-14, dated 08/24/2001, as amended by Law No. 11,196, dated 11/21/2005, allows companies located in the regions where Sudene operates that have projects in the

infrastructure sector, considered by the Executive Power one of the priority sectors for regional development, to reduce the amount of income tax due for investment in installation, expansion, modernization or diversification projects.

Chesf holds the right to a 75% reduction in Income Tax and non-refundable additional items, calculated based on operating profit. For the transmission contracts number 008/2005 and 007/2005, the right to the reduction incentive was granted for the years 2011 to 2020, and for contract number 010/2007, it was granted for the years 2014 to 2023.

For concession contracts 006/2009, 20/2010, 007/2010, 012/2007, 007/2005, 019/2012, 017/2009, 014/2010, 010/2011, 019/2010, 005/2008, 018/2012 and 021/2010 and of the Xingó, Luiz Gonzaga, Funil, Paulo Afonso Compound, and Pedra Power Plants, the constitutive reports issued by SUDENE for the enjoyment of the benefit in the years 2018 to 2027 were obtained. However, the Company is awaiting the position of the Federal Revenue of Brazil - RFB to ratify the enjoyment of the tax benefit, that if within 120 days of the filing date of the request at the RFB, there is no positioning, Chesf will automatically be able to enjoy the benefit as provided for in Article 60 of IN RFB No. 267/2002.

For tax incentive contracts, the 25% income tax rate is reduced by 75%, calculated on the profit from the operation of the incentive projects.

The tax incentive to reduce Income Tax and non-refundable Additional Items is recorded in the income statement as income tax reduction, in compliance with Technical Standard CPC 07 (R1) (IAS 20). The portion of the profit arising from these tax incentives is allocated to the Profit Reserve called Tax Incentive Reserve, in accordance with Article 195-A of Law No. 6,404/1976, which can only be used for share capital increase or loss absorption.

Regarding the subsidiary Eletronorte, SUDENE and SUDAM, through constitutive reports, recognized the right of this subsidiary to a 75% reduction in income tax and non-refundable additional, calculated on the profit of the exploration in the activities of generation and transmission of electricity for the following projects and periods listed below:

- Tucuruí hydroelectric plant, period from 2012 to 2021, Report 170/2014;
- Samuel hydroelectric plant, period from 2014 to 2023, Report 170/2014;
- Coaracy Nunes hydroelectric plant, period from 2015 to 2024, Report 009/2015;
- Curuá-Una hydroelectric plant, period from 2015 to 2024, Report 126/2015;
- Transmission in the State of Mato Grosso, from 2016 to 2025, Report 012/2016;
- Transmission in the State of Tocantins, period from 2016 to 2025, Report 001/2016;
- Transmission in the State of Boa Vista, period from 2016 to 2025, Report 060/2016;
- Transmission in the State of Acre, period from 2017 to 2026, Report 019/2017;
- Transmission in the State of Maranhão, period from 2017 to 2026, Report 063/2017;
- Transmission in the State of Rondônia, period from 2017 to 2026, Report 050/2017; and
- Transmission in the State of Pará, period from 2017 to 2026, Report 072/2017.

The calculated tax incentive to reduce Income Tax and, non-refundable additional incentives, are recorded in the period statement as income tax reduction, in compliance with Technical Pronouncement CPC 07. The portion of the profit resulting from these tax incentives is subject to allocation to the Profit Reserve, called the Tax Incentive Reserve, in accordance with Article 195-A of Law No. 6,404/76, which can only be used to increase share capital or loss absorption.

Therefore, in 2019, Chesf recognized, according to the reports issued by SUDENE, the right to use the tax incentive to reduce the 75% income tax in the amount of R\$ 300,418. The subsidiary Eletronorte, in 2019, took advantage of the income tax incentive, totaling R\$ 342,580.

## **NOTE 27 - REGULATORY FEES**

	CONSOLIDATED	
	12/31/2019	12/31/2018
<b>Current</b>		
Research and Development - R&D	397,125	425,669
RGR quote	120,162	125,900
Compensation for the use of water resources	72,212	61,236
CDE contribution	16,579	16,400
PROINFA contribution	11,433	14,714
Electric power services inspection rate	10,100	9,098
	<u>627,611</u>	<u>653,017</u>
<b>Non-current</b>		
Research and Development - R&D	730,246	698,917
RGR quote	57	22,619
	<u>730,303</u>	<u>721,536</u>
<b>TOTAL</b>	<u>1,357,914</u>	<u>1,374,553</u>

### 27.1 - Global Reversal Reserve (RGR)

The contribution to the formation of the RGR is the responsibility of the concessionaires of the public electric energy service, through a quota called Reversion and Expropriation of Electric Energy Services, of up to 2.5% of the value of the investments of the concessionaires and permit holders, limited 3% of annual revenue. The quota value is calculated as a component of the concessionaires' service cost. Transmitters bidding as of September 12, 2012 and transmitters and generators that had their concessions extended under the terms of law 12,783/2013 are released from the payment of this charge.

### 27.2 - Compensation for the Use of Water Resources

The compensation for the use of water resources for the purpose of generating electric energy was instituted by the Federal Constitution of 1988 and is a percentage of 6.75% that hydroelectric generation concessionaires pay for the use of water resources.

### 27.3 - Research and Development (R&D) and Energy Efficiency (PEE)

Electric energy concessionaires are required to invest, annually, the amount of, at least, 1% of their adjusted net operating revenue, in research and development projects and the energy efficiency program of the electric energy sector, pursuant to Law No. 9,991, of July 24, 2000.

## NOTE 28 - SHAREHOLDERS' COMPENSATION

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Dividends of fiscal year 2019	2,540,567	-	2,540,567	-
Dividends of fiscal year 2018	14,809	1,250,000	14,809	1,253,164
Unclaimed dividends	4,053	7,502	4,760	7,502
Dividends withheld from previous fiscal years	-	-	-	44,967
Minimum required dividends of fiscal year 2019	-	-	15,080	-
	<u>2,559,429</u>	<u>1,257,502</u>	<u>2,575,216</u>	<u>1,305,633</u>

## NOTE 29 - POST-EMPLOYMENT BENEFITS

Eletrobras Companies sponsor pension plans for their employees, as well as health care plans and post-employment life insurance in certain cases. These benefits are classified as Defined Benefits (BD) and Defined Contribution (CD).

Due to the decentralized structure of Eletrobras Companies, each segment sponsors its own employee benefits package. In general, Eletrobras Companies offer their current and future retirees and their

dependents benefits such as social security, health care and post-employment life insurance, as shown in the following table:

Types of post-employment benefits sponsored by the companies of the Eletrobras System					
Company	Social security plans			Other post-employment	
	BD Plan	Balanced Plan	CD Plan	Life Insurance	Health Plan
Eletrobras	X		X		X
Amazonas GT	X		X		X
CGTEE	X				
Chesf	X	X	X	X	
Eletronorte	X		X	X	X
Eletronuclear	X				X
Eletrosul	X		X		X
Furnas	X		X	X	X

The pension benefit plan normally exposes the Group to actuarial risks, such as investment risk, interest rate risk, longevity risk and salary risk.

- Investment risk: The present value of the defined pension benefit plan liability is calculated using a discount rate determined by virtue of the remuneration of high quality private securities; if the return on the plan's assets is below this rate, there will be a deficit in the plan. The plan currently has a relatively balanced investment in stocks, debt instruments and real estate. Due to the long-term nature of the plan's liabilities, the pension fund's board considers it appropriate that a reasonable portion of the plan's assets should be invested in stocks and real estate to leverage the return generated by the fund;
- Interest rate risk: A reduction in the interest rate on the securities will increase the plan's liabilities. However, this will be partially offset by an increase in the return on the plan's debt securities;
- Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants during and after their stay at work. An increase in the life expectancy of plan participants will increase plan liabilities; and
- Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of the plan participants. Therefore, an increase in the salary of plan participants will increase plan liabilities.

The tables below show the reconciliation of the present value of defined benefit obligations and the fair value of assets with the amounts recorded in the balance sheet for pension benefits and other post-employment benefits. The consolidated results of Eletrobras Companies are shown below.

Post-employment benefit obligations - amounts recognized in the balance sheet:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Social security plan benefits	833,039	1,218,254	4,320,918	2,812,902
Health and life insurance plans	4,347	7,368	194,261	246,207
Total post-employment benefit liabilities	837,387	1,225,622	4,515,179	3,059,109
Current	14,875	29,336	161,773	164,160
Non-current	822,512	1,196,286	4,353,406	2,894,949
	837,387	1,225,622	4,515,179	3,059,109

a) Reconciliation of pension plan liabilities and other benefits

Defined pension benefit plans - Amounts recognized in the balance sheet and income statement for the year:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Present value of partially or fully covered actuarial liabilities	2,457,865	2,775,625	30,663,539	26,134,809
Fair value of plan assets	(1,655,206)	(1,612,919)	(27,385,218)	(24,149,547)
Net liabilities/(assets)	802,659	1,162,706	3,278,321	1,985,262
Net current cost of service	(326)	(1,817)	55,849	(7,684)
Net interest cost	98,585	53,855	224,221	155,747
Actuarial expense/(revenue) recognized in the fiscal year	98,259	52,038	280,070	148,063

Other post-employment benefits - Amounts recognized in the balance sheet and income statement for the year:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Present value of partially or fully covered actuarial liabilities	4,347	7,368	196,180	246,207
Fair value of plan assets	-	-	-	-
Net liabilities/(assets)	4,347	7,368	196,180	246,207
Current cost of service	1,174	164	7,253	10,827
Net interest cost	637	153	15,546	26,577
Actuarial expense/(revenue) recognized in the fiscal year	1,811	317	22,798	37,404

#### b) Disclosure of Defined Pension Benefits

Consolidated results of defined pension benefits - reconciliation of the present value of defined benefit obligations

Defined pension benefit plans - Change in the present value of actuarial obligations:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Value of actuarial liabilities at the start of the year	2,775,625	2,185,266	26,134,809	23,086,781
Subsidiaries held for sale (*)	-	-	-	(170,122)
Current cost of service	2,748	3,530	95,428	97,890
Taxes on actuarial liabilities	227,154	196,566	2,209,849	2,115,384
Benefits paid during the year	(257,147)	(220,124)	(2,195,889)	(1,956,093)
Regular stakeholder's contributions	(954)	(2,417)	9,810	(64,413)
Loss on actuarial liabilities arising from reassessment	(289,562)	612,805	4,409,531	3,025,383
Actuarial losses arising from financial assumption changes	326,153	209,045	6,067,232	2,613,642
Actuarial losses arising from adjustments from experience	(615,715)	403,760	(1,657,701)	411,741
Present value of actuarial liabilities at the end of the year	2,457,865	2,775,625	30,663,539	26,134,809

\* The actuarial obligations of subsidiaries Ceal and Amazonas Distribuidora were reclassified to held for sale in 2018.

Consolidated results of defined pension benefits - reconciliation of the fair value of plan assets

Defined pension benefit plans - Changes and composition of the fair value of assets:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Fair asset value at the start of the year	1,612,919	1,593,905	24,149,547	23,153,018
Subsidiaries held for sale (*)	-	-	-	(266,176)
Benefits paid during the fiscal year	(257,147)	(220,124)	(2,195,889)	(1,956,093)
Stakeholder's contributions during the fiscal year	2,120	2,930	30,462	41,170
Employer contributions during the fiscal year	30,912	31,046	289,086	294,978
Expected return on assets during the fiscal year	128,569	142,711	2,052,801	2,145,641
Gain on plan assets (excluding interest income)	137,833	62,451	3,059,213	737,008
Fair asset value at the end of the year	1,655,206	1,612,919	27,385,218	24,149,547
Effective yield of assets during the year	266,401	205,162	5,112,013	2,882,650

\*The assets at fair actuarial value of subsidiaries Ceal and Amazonas Distribuidora were reclassified to held for sale in 2018.

Consolidated results of defined pension benefits - Amounts recognized in Other Comprehensive Income:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Other Comprehensive Income (OCI) accrued - Social Security Program	542,854	940,937	4,509,106	3,383,390
	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Actuarial gains (losses) recognized in OCI in the fiscal year net of deferred taxes - Social Security Program	398,083	(492,020)	(1,125,716)	258,065

### c) Disclosure of Other Post-Employment Benefits

Consolidated results of other post-employment benefits - reconciliation of the present value of defined benefit obligations

Other post-employment benefits - Changes in the present value of actuarial obligations:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Value of actuarial liabilities at the start of the year	7,368	16,133	246,207	315,429
Subsidiaries held for sale (*)	-	-	-	(33,733)
Current cost of service	1,174	164	7,253	10,827
Taxes on actuarial liabilities	637	153	15,546	26,577
Benefits paid during the year	(667)	(22,113)	(116,930)	(256,038)
Health plan deduction	-	(14,523)	(5,555)	(14,523)
Loss on actuarial liabilities arising from reassessment	(4,165)	27,555	49,660	197,668
Actuarial losses arising from demographic assumption changes	817	116	69,803	17,567
Actuarial losses arising from financial assumption changes	80	585	1,162	70,303
Actuarial losses arising from adjustments from experience	(5,062)	26,853	(21,306)	109,798
Present value of actuarial liabilities at the end of the year	4,347	7,368	196,181	246,207

\* Subsidiaries Ceal and Amazonas Distribuidora were reclassified to held for sale in 2018.

Consolidated results of other post-employment benefits - amounts recognized in Other Comprehensive Income:

	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Other Comprehensive Income (OCI) accrued - Other post-employment benefits	21,353	25,518	462,816	413,156
	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Actuarial gains (losses) recognized in OCI in the fiscal year - Other post-employment benefits	4,165	(27,555)	(49,660)	(197,668)

### d) Actuarial and Economic Assumptions

The actuarial assumptions presented below were used to determine the defined benefit obligation and the expense for the year.

	Economic Assumptions	
	2019	2018
Annual effective discount interest rate	3.07% to 3.37%	4.54% to 4.78%
Average wage increase forecast	1.00% to 2.00%	1.00% to 3.00%
Average annual inflation rate	3.68%	3.89%
Expected plan assets return on investment (i)	3.68%	3.89%

Demographic Assumptions		
	2019	2018
Turnover Rate	0% yy; Ex-Nucleos 2018; Null turnover rate	T-1 Service (downsized by 20%); GAMA - Turnover Exp. - NUCLEOS - 2015
Active and inactive mortality table	AT-2000 (segregated by sex) reduced by 10%; AT-2000 (segregated by sex) downsized by 15%; AT-83 Feminine; AT-2000 (masculine); AT-2000 (segregated by sex) downsized by 10%; AT-2000 Basic downsized by 5%, segregated by sex	AT-2000 (segregated by sex) reduced by 10%; AT-2000 (segregated by sex) downsized by 15%; AT-83 Feminine; AT-2000 M&F (downsized by 10%); AT-2000 (masculine); AT-2000 Basic reduced by 5%, segregated by sex; AT-2000 (segregated by sex) reduced by 10%
Invalid mortality table	RRB-1983; AT-49 segregated by sex; AT-49 reduced by 2 years Masculine; AT-83 IAM (masculine); MI-2006 (segregated by sex) downsized by 10%	RRB-1983; AT-49 segregated by sex; AT-49 reduced by 2 years Masculine; AT-49 (increased 100%) M&F; AT-83 (masculine); AT-83 IAM (masculine)
Invalidity table	LIGHT (FRACA); ALVARO VINDAS (downsized by 50%); TASA 1927	Light (Fraca); Alvaro Vindas (downsized by 50%); Alvaro Vindas; TASA 1927; Light (Average)

(i) Represents the maximum and minimum rates of return on plan assets.

The definition of this rate took into account the market practice of Federal Government bonds, according to the criteria recommended by national and international standards, for terms similar to the flow of the obligations of the benefits program, in the so-called concept of Duration.

The expected global rate of return corresponds to the weighted average of the expected returns of the various categories of plan assets. Management's assessment of the expected return is based on historical return trends and market analysts' forecasts for the asset over the life of the respective obligation. The current return on BD plan assets as of December 31, 2019 was R\$ 266,401 (R\$ 205,162 in 2018) in the Parent Company and R\$ 5,112,013 (R\$ 2,882,650 in 2018) in Consolidated.

#### e) Employers' contributions

As of December 31, 2019, the contributions made by the Parent Company for the constitution of the mathematical provisions for benefits under the CD Plan reached R\$ 293 (R\$ 343 in 2018) and R\$ 3,488 (R\$ 4,362 in 2018) in the Consolidated.

As of December 31, 2019, the contributions made by the Parent Company for the constitution of the mathematical provisions for benefits of the BD Plan reached R\$ 30,912 (R\$ 31,046 in 2018) and R\$ 289,086 (R\$ 294,978 in 2018) in the Consolidated.

The Parent Company expects to contribute R\$ 212,532 to the defined benefit plan during the next year and R\$ 2,013,660 to Consolidated.

The weighted average duration of the Parent Company defined benefit obligation is 67 years and the Consolidated average weighted by the obligations is 64 years.

Analysis of expected maturities of undiscounted benefits from post-employment defined benefit plans for the next 10 years:

Social Security Program	PARENT COMPANY						
	2020	2021	2022	2023	2024	2025 a 2029	Total
As of December 31, 2019	212,532	210,122	203,727	199,502	191,331	1,241,050	2,258,263

  

Social Security Program	CONSOLIDATED						
	2020	2021	2022	2023	2024	2025 a 2029	Total
As of December 31, 2019	2,013,660	2,001,413	1,945,599	1,908,447	1,845,328	14,596,897	24,311,345

f) The significant actuarial assumptions for determining the defined benefit plan obligation are: discount rate, expected salary increase and mortality. The sensitivity analyzes below were determined based on reasonably possible changes in the respective assumptions that occurred at the end of the reporting period, keeping all other assumptions constant.

## Parent Company

- If the discount rate on the obligation were 1% higher or lower, the defined benefit obligation would have decreased by R\$ 246,023 or increased by R\$ 273,388, respectively.
- If the expectation of wage growth on the obligations increased or decreased, the defined benefit obligation would have increased by R\$ 8,242 or reduced by R\$ 7,417, respectively.

## Consolidated

- If the discount rate on the obligation were 1% higher or lower, the defined benefit obligation would have decreased by R\$ 3,293,540 or increased by R\$ 3,639,685, respectively.
- If the expectation of wage growth on the obligations increased or decreased, the defined benefit obligation would have increased by R\$ 336,960 or reduced by R\$ 350,480, respectively.

The sensitivity analysis presented may not be representative of the real change in the defined benefit obligation, since the change is not likely to occur in isolated premises, considering that some of the premises may be correlated.

In addition, when presenting the sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected credit unit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change from previous years in the methods and assumptions used in the preparation of the sensitivity analysis.

### g) Amounts included in the fair value of plan assets

Asset Category	PARENT COMPANY		CONSOLIDATED	
	2019	2018	2019	2018
Assets Immediately Available	200	7	3,506	1,053
Realizable Assets	73,476	57,051	1,022,989	570,218
Fixed Income Investments	1,522,443	1,178,883	20,627,305	16,019,282
Variable Income Investments	425,522	207,824	5,742,086	2,046,838
Real Estate Investments	180,110	151,408	943,323	711,127
Structured Investments		13,506	808,415	286,682
Loans and Financing	84,694	78,855	538,542	527,564
Others	3,039	2,346	30,527	(3,132)
(-) Funds receivable from sponsor	(3,805)	(6,605)	(504,822)	(109,839)
(-) Operating Liabilities	(4,869)	(3,686)	(76,816)	(69,892)
(-) Contingency Liabilities	(13,777)	(11,028)	(251,351)	(278,846)
(-) Investment Funds	(80,947)	(6,756)	(242,605)	(126,621)
(-) Administrative Funds	(68,642)	(48,886)	(199,179)	(141,706)
(-) Social Security Funds	-	-	(11,440)	(9,964)
<b>Total Assets</b>	<b>2,117,444</b>	<b>1,612,919</b>	<b>28,430,481</b>	<b>19,422,764</b>

The fair values of equity and debt instruments are determined based on market prices quoted in active markets while the fair values of real estate investments are not based on market prices listed in active markets.

## NOTE 30 - PROVISIONS FOR LITIGATION AND CONTINGENT LIABILITIES

The Company and its subsidiaries are parties to several lawsuits in progress in the judicial sphere, mainly in the labor and civil spheres, which are at various stages of judgment.

### 30.1 - Provisions

The Company sets up provisions in an amount sufficient to cover losses considered probable and for which a reliable estimate can be made in the following amounts:

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current</b>				
Civil	1,013,385	849,535	1,030,288	884,044
Labor	1,200	1,293	1,200	45,611
Tax	-	-	-	1,709
	<u>1,014,585</u>	<u>850,828</u>	<u>1,031,488</u>	<u>931,364</u>
<b>Non-current</b>				
Civil	16,564,019	17,115,956	22,104,427	21,327,263
Labor	360,152	488,774	1,774,298	1,522,207
Tax	-	-	336,213	346,825
	<u>16,924,171</u>	<u>17,604,730</u>	<u>24,214,938</u>	<u>23,196,295</u>
	<u>17,938,756</u>	<u>18,455,558</u>	<u>25,246,426</u>	<u>24,127,659</u>

These provisions had, during this year, the following evolution:

	PARENT COMPANY	CONSOLIDATED
Balance on December 31, 2018	<u>18,455,558</u>	<u>24,127,659</u>
Establishment of provisions	1,306,042	2,630,645
Reversal of provisions	(696,918)	(888,050)
Monetary correction	576,745	1,204,640
Retirements	-	(35,837)
Payments	<u>(1,702,671)</u>	<u>(1,792,631)</u>
Balance on December 31, 2019	<u>17,938,756</u>	<u>25,246,426</u>

The constitution and reversal of the provision for contingencies were recorded in the income statement as Operating Provisions (see note 40).

Summary of the main proceedings:

### 30.1.1 - Civil

As of December 31, 2019, the Company and its subsidiaries have civil lawsuits of R\$ 23,134,716 (R\$ 22,211,307 as of December 31, 2018), which is the probable estimate of outflow of funds to settle these proceedings.

Civil lawsuits mainly argue for monetary restatement on the Compulsory Loan, proceedings resulting from payments, fines and charges for alleged delays and defaults, collective actions for putative securities, and civil lawsuits concerning the consumption relationship, related to moral and material damages arising mainly from irregularities in the measurement of consumption and undue charges according to the main proceedings described below:

Parent Company

- Compulsory Loan - Judgment on Special Appeal, by the STJ (Superior Court of Justice)

The Compulsory Loan on Electric Power Consumption, established by Law 4,156/1962, was intended to generate funds for the expansion of the Brazilian electric power sector, and was extinguished by Law 7,181, of December 20, 1983, which set the date of December 31, 1993 as the collection deadline.

There is a significant litigation involving the Company, where the largest number of lawsuits have the purpose of challenging the monetary restatement criteria of the Compulsory Loan book-entry credits on electric power consumption, determined by the law governing the Compulsory Loan and applied by the Company, and the application of inflationary purges arising from economic plans implemented in Brazil. As of December 31, 2019, the Company had 3,975 lawsuits related to this matter provisioned.

The credits from the Compulsory Loan were substantially paid by the Company through share conversions held at shareholders' meetings, on April 20, 1988, April 26, 1990, April 28, 2005 and April 30, 2008, respectively.

The divergence on the criteria for monetary restatement of the referred credits was brought to the STJ, and the question of merit was decided by that Court, through repetitive appeals embodied in Special Appeal 1,003,955/RS and Special Appeal 1,028,592/RS and Motion for Resolution in Special Appeal 826,809/RS. After the judgment and publication of the collegiate decision on the repetitive theme by the STJ, the same solution should be applied to other processes that have identical theses.

The matter, however, is currently subject to appeals in the Federal Supreme Court (STF), which are pending judgment.

Despite the fact that the matter was submitted to the STF, in view of the precedents of the STJ, the lawsuits filed have had their normal course and, consequently, there have been several convictions to the payment of monetary restatement differences and interest rates of 6% per year, the latter as a reflection of monetary restatement differences. As a result, Eletrobras has been the target of executions, and there is disagreement with the plaintiffs as to how to determine the amount due, especially with regard to the application of the 6% p.a. interest after the General Meeting of conversion of these credits into shares and the five-year term for the collection of said interest.

Eletrobras, in the scope of these processes, has recorded provisions related to: (i) difference in principal due to monetary restatement criteria, (ii) reflex remuneration interest; and (iii) application of default interest (substantially the SELIC Rate).

	12/31/2019	12/31/2018
Principal	6,128,374	6,372,806
Compensatory interest	1,714,617	1,741,409
Default interest	9,718,620	9,827,697
	17,561,611	17,941,912

The most relevant controversy concerns the continued application of reflex interest rates of 6% per year after the conversion General Meeting. Pursuant to the current precedent of the STJ (repetitive appeals in Special Appeal 1,003,955/RS and Motion for Resolution in Special Appeal 826,809/RS), the reflexive interest of 6% per year ceases on the date of the conversion General Meeting, subject to the five-year limitation.

The difference in monetary restatement calculated on the date of the conversion General Meeting (if any), as it is a legal dispute, now includes the charges of the judicial debts, i.e. IPCA-E until the beginning of the incidence of SELIC. The SELIC rate is applied to the amount of the principal and the reflected remuneration interest, from the conversion General Meeting or date of summons, whichever is later. The Company, except for specific judicial determination, adopts this understanding.

Through the Motion for Resolution in Special Appeal No. 790,288/PR, by the STJ, a taxpayer obtained, on June 12, 2019, a favorable decision, by vote of 5 ministers out of the total of 9 voting ministers, to have, in the specific process, the remuneration interest rate of 6% per year, continuously from the 143rd Extraordinary General Meeting, of June 30, 2005, until the effective payment, accumulating with the SELIC rate. Regarding this decision, appeals may be filed by the Company.

In this sense, the Company has already filed an appeal called motion for clarification, clarifying the impossibility of cumulating interest with the SELIC rate and also informing that the judgment mentioned above, unfavorable to Eletrobras, has no effect of repetitive appeal, pursuant to Article 1,036 of the Civil Procedure Code, that is, it has no binding effect for the other legal proceedings that deal with the subject, contrary to the precedent arising from Special Appeal 1,003,955/RS and Motion for Resolution in Special Appeal 826,809/RS. These last two appeals, which are those adopted by Eletrobras to estimate its provision, were judged by the STJ as repetitive appeals, of general repercussion, and, therefore, must be considered for the other lawsuits that deal with this specific issue, according to the Brazilian legislation.

In this context, we identified that, in subsequent judgments, in other legal proceedings on the same topic, the understanding of the restriction of the application of 6% interest payments until the date of the Meeting was maintained, which reinforces the aforementioned understanding of the Company (Special Appeal No. 1,818,653/RS, Special Appeal No. 1,804,433/RS, Motion for Clarification in Special Appeal 1,659,030/RS, Interlocutory Appeal in Special Appeal 785,344/PR (ruling), Motion for Clarification

in Appeal Special No. 1,702,937/RS and Motion for Clarification in Special Appeal No. 866,941/PR, under the terms of the previous Special Appeal No. 1,003,955/RS).

Therefore, the aforementioned process No. 790,288/PR, which had an unfavorable decision for Eletrobras, is not decisive to influence the estimate made by the Company's management with regard to the provision, now recognized in this interim financial information, and will be the object of appeals by the Company.

#### Consolidated

##### Eletronorte

- Action for compensation - Sul América Companhia Nacional de Seguros

This is regarding the reimbursement of amounts to Sul América due to the payment made to Albrás Alumínio Brasileiro S.A. for the incident suffered as a result of the interruption of the electric energy supply. In a Special Appeal, Eletronorte was condemned to the entire obligation. This decision was challenged through Motion for Clarification, which is pending judgment. The balance of the provision as of December 31, 2019 amounts to R\$ 363,412 (R\$ 351,575 as of December 31, 2018).

##### Chesf

- Partial nullity of an amendment (Factor K of analytical price correction)

Chesf is the plaintiff of a lawsuit in which it asks for the declaration of partial nullity of an amendment (Factor K of analytical price correction) to the civil works contract of the Xingó Hydroelectric Power Plant, signed with the consortium formed by Companhia Brasileira de Projetos e Obras - CBPO, Construções e Comércio and Mendes Júnior Engenharia S.A. - CONSTRAN S.A. (defendants in this process) and the return of amounts paid, as a Factor K, in the amount of approximately R\$ 350,000 (values at the time, converted into reais), in double. The defendants, in addition to contesting the deed, pleaded the conviction of Chesf to overdue payments resulting from the same contractual amendment, not timely settled by the Company (partial disallowance of Factor K between July 1990 and December 1993 and full suspension of payment of Factor K, from January 1994 to January 1996).

After procedural processing in the ordinary instances, Chesf's action was dismissed and the defendants' counterclaim was upheld, both decisions rendered by the TJPE.

The lawsuit is pending before the STJ due to an appeal by Chesf. In August 2010, the majority ruled it dismissed, which was subsequently the subject of the first Motion for Clarification by all parties, now ruled (Chesf's appeal was dismissed; the plaintiffs' appeal was partially upheld, in relation to defeat fees), and also of the second Motion for Clarification by all parties, equally judged now, and again a Motion for Clarification was filed by Chesf, which was rejected with a fine of 0.01% of the value in question. Subsequently, Chesf, within the legal period, filed a Motion for Resolution and an Extraordinary Appeal: the Motion for Resolution, due to its specific particularities, depends on the assessment in part by the Special Court and in part by the first section, both of the same STJ - before the special court of the STJ, it was ruled unfounded in February 2016, and currently the same Motion for Resolution awaits consideration by the STJ; filed at the same time but destined for the STF, it will only be considered in due time after the end of the appreciation of the Motion for Resolution in all its internal instances of the STJ.

On the other hand, a procedure of "Provisional compliance with the sentence", proposed by the same parties opposing Chesf in the case, is proceeding in the first instance, where:

- There was a calculation of the judicial accountant approved by the court (although applying updating criteria that are manifestly wrong for the case) fixing (provisionally) the amount of the principal sentence (for April 2015) at approximately R\$ 1,035 million;
- Chesf presented an "insurance guarantee" that was originally accepted by the prosecuting court, but, in appeal, refused by the TJPE;

- Until December 2016, Chesf's bank financial assets were attached in the amount of approximately R\$ 500 million; and
- Chesf filed review appeals and claims pending consideration by the TJPE.

In December 2016, in view of a new appeal filed by Chesf pending before the STJ and related to that same ordinary proceeding (settlement action), a decision was obtained that results in the extinction/suspension of the settlement action and the provisional execution action (this being due to the settlement action), the entire amount hitherto blocked/pledged being consequently released in full, in favor of Chesf. The final judgment was initiated with a single vote against Chesf (the judgment was subsequently suspended).

Chesf updated the provision in the amount of R\$ 1,287,047 (R\$ 1,293,550 as of December 31, 2018) and other additional items in the amount of R\$ 128,805 (R\$ 129,355 as of December 31, 2019) in relation to the amount of the sentence regarding defeat fees in favor of the patrons of the parties opposing Chesf. Taking especially as a reference, the decision expressed by the TJPE in a settlement action, currently in progress before the STJ, awaiting processing and judgment with attribution of suspensive effect on the appeal as mentioned above, and the amounts for which there is a conviction of inappropriateness/inapplicability to the case. There is no time estimate for the outcome of this dispute.

- GSF (Generation Scaling Factor) – Hydrological risk

The GSF is a systemic index that indicates the amount of energy generated by all hydraulic plants participating in the Energy Relocation Mechanism (MRE) of the National Interconnected System (SIN) in relation to the total physical guarantee of the MRE. In July 2015, Chesf was charged under the rules adopted by the CCEE to apportion the default value of other agents due to GSF exposure, even though it did not cause the problem. Chesf then started legal proceedings and obtained, through an injunction, the neutrality of the effects of the apportionment of injunctions of other agents and of the GSF, less than 95% in the accounting in the Short-Term Market - MCP.

Since then, regardless of the value of GSF that occurred in that period, Chesf has been perceiving, in the amounts recorded in the MCP, a "credit" arising from the effects of the injunction granted. The amounts correspond to the ballast of the non-quota plants, under the scope of the MRE, namely: the Sobradinho Plant and a portion of energy not allocated to the quota regime of the other Chesf plants. Considering that the hydrological risks for non-quota plants, according to current legislation, are attributed to hydraulic generators, Chesf considers that the effects of the injunction can be promptly lifted, with the immediate consequence of the "return", through accounting in the MCP, of the amounts perceived in settlements, since 2015, when the injunction was issued. Therefore, the company has been provisioning the amounts that are being credited monthly to Chesf in the settlement at CCEE resulting from the GSF limitation imposed by said injunction.

Replies were made to Aneel's and the Federal Government's complaints and the interlocutory appeal was filed by the Federal Government, counteracted by Chesf in July 2019. In October 2019, the active suspensive effect was granted in favor of the Federal Government. In November 2019, Chesf filed a motion for clarification, whose provision was denied, confirming, however, that the effects of the decision would not be retroactive. In December 2019, Chesf filed an interlocutory appeal. In the first degree, the migration of the process to the Electronic Judicial Process (PJe) was determined, and it was concluded for the sentence. Chesf has a provision in its non-current liabilities to support eventual losses in the amount of R\$ 1,084,386 (R\$ 831,352 as of December 31, 2018).

### 30.1.2 - Tax

As of December 31, 2019, the Company and its subsidiaries have tax lawsuits of R\$ 336,213 (R\$ 348,534 as of December 31, 2018), which is the probable estimate of funds to settle these proceedings.

Tax proceedings mainly discuss PIS and COFINS offsets, collection of undue social security contributions, assessments for the extemporaneous bookkeeping of ICMS credits, requirements for ICMS credit reversal on energy losses, use of ICMS credit due to CCC subsidies, in addition to various tax foreclosures and processes in which consumers seek reimbursement of the paid public lighting fee.

### 30.1.3 - Labor

As of December 31, 2019, the Company and its subsidiaries have labor lawsuits of R\$ 1,775,497 (R\$ 1,567,818 as of December 31, 2018), which is the probable estimate of disbursement of funds to settle these proceedings.

Labor proceedings are mainly discussed in lawsuits brought by employees of service providers, linked to issues related to labor and employment relations.

### 30.2 - Contingent Liabilities

Additionally, the Company has lawsuits assessed as possible losses in the following amounts:

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Civil	20,775,533	8,074,924	31,817,331	18,591,346
Labor	3,128,990	3,098,028	5,900,822	5,145,030
Tax	-	-	12,131,337	11,339,924
	<u>23,904,523</u>	<u>11,172,952</u>	<u>49,849,489</u>	<u>35,076,300</u>

#### 30.2.1 - Civil

As of December 31, 2019, the Company and its subsidiaries have civil lawsuits of R\$ 31,817,331 (R\$ 18,591,346 as of December 31, 2018), the likelihood of loss being possible, where no provision is made.

##### Parent Company

- Compulsory Loan - Judgment on Special Appeal, by the STJ (Superior Court of Justice)

Notwithstanding the restricted effect of the aforementioned proceeding in note 30.1.1, depending on its final outcome, it could generate reflexive legal arguments on the current repetitive appeal (Special Appeal 1,003,955/RS), on which Eletrobras relies to make its provision estimates. If there is any change in the current case law of the STJ to the detriment of Eletrobras, specifically regarding the application of remuneration interest after the conversion meeting, the measurement of the provision could be increased, in the Company's best estimate, based on the current provisioned lawsuits and available information, at R\$ 11,070,703 as of December 31, 2019. The Company did not make a provision for this amount, as it believes that the likelihood of loss of these claims is possible.

- El Paso Rio Negro Energia

Manaus Energia S.A., now Amazonas Distribuidora de Energia S.A., successor to the rights and obligations of that company, signed contracts with Independent Electric Energy Producers (PIEs) El Paso Rio Negro Energia Ltda and El Paso Amazonas Energia Ltda in January 2005, for the supply of electric energy to the Manaus electric energy system, which ended in January 2008 and had Eletrobras as guarantor. The first enforcement action distributed was filed by El Paso Rio Negro, whose lawsuit was filed under No. 39286-87.2009.4.01.3400, against the guarantor Eletrobras alone, aimed at the payment of R\$ 76,498. Of this amount, the amount of R\$ 73,940 refers to invoices issued and unpaid - disallowed due to administrative processes, and R\$ 2,557 resulting from updates due to the late payment of previous invoices, values updated only for the date of filing the lawsuit in 2009.

In the first degree, the magistrate partially upheld the request, and currently the process is pending before the second degree of jurisdiction (Regional Federal Court), awaiting judgment. The updated amount of the claim as of December 31, 2019 is R\$ 435,243 (R\$ 423,929 as of December 31, 2018).

##### Consolidated

##### Eletronorte

- Collection by CNEC of monetary correction and interest for late payment

Collection lawsuit filed by CNEC - Consórcio Nacional de Engenheiros Consultores S.A., aiming to receive monetary correction and interest for late payment of invoices, due to the monetary correction disproportionate to the real value of the currency, for the suppression and use of indexes not in line with the contractual reality. Eletronorte maintains that the parties have made a composition of all their pending matters by signing a "Debt Recognition, Consolidation and Payment Agreement and other covenants," and that the claimed right is prescribed and settled. As of December 31, 2019, the updated amount of the claim is R\$ 503,653, as the expert calculations determined the amount of R\$ 460,427 (R\$ 1,154,122 as of December 31, 2018).

#### CGTEE

- Collection of obligations arising from loans - Banco KfW

Banco KfW postulates the collection of obligations arising from the unfavorable loans of CGTEE, which was the guarantor of the referred loan, considering the overdue amortizations (contractual fines accounted for), overdue loan interest, late payment interest on overdue amortization and indemnity for damage.

The next step will be KfW's statement about the appeal. This action has a value of R\$ 366,612 as of December 31, 2019 (R\$ 389,749 as of December 31, 2018), not provisioned.

#### Chesf

- Environmental damage - Associação de Pescadores do Povoado Cabeço e Saramém

Public civil action filed against the Company by Associação Comunitária do Povoado do Cabeço e Adjacências, in the amount of R\$ 368,548, with the objective of obtaining financial compensation due to alleged environmental damages caused to fishermen in Cabeço, downstream of Xingó and resulting from the construction of this Plant.

The passive pole of the action included IBAMA, IMA-AL, CRA-BA, the Federal Government and Adema-SE. On the other hand, a public civil action filed against Chesf by Associação de Pescadores do Povoado Cabeço e Saramém was also in progress, to which the amount of R\$ 309,114 was attributed for the same purposes as the previously mentioned claim. In April 2008, a sentence was passed recognizing the Federal Court's competence to process and judge the deed. In February 2009, the two actions were considered to be procedurally related and started to be processed together. The two expert reports were made available to Chesf in December 2015.

The opinion of Chesf's technical assistants, who challenged the expert reports, was presented in both lawsuits in May 2016. In turn, Chesf's final allegations were filed in September 2016, with the processes being concluded for judgment in December 2018 and having provided for the migration of the process to the PJe system on January 24, 2019. On May 21, 2019, after digitization, a court ruled that the deed should be concluded again for sentence.

Chesf classified the risk of loss as possible, in the estimated amount of R\$ 715,673 (R\$ 715,673 as of December 31, 2018).

- Nullity of the union agreement

Public civil action proposed by the Federal Prosecutor's Office (MPF), which, in summary, seeks to obtain a judicial decree declaring the non-existence of the Amendment to the 1986 Agreement, signed in 1991 between Chesf and the representatives of the Rural Workers Union Pole of the region of the São Francisco river. The amount attributed to the claim was R\$ 1,000,000. A judgment was handed down declaring the 1991 agreement between Chesf and the Union Pole to be null and void, which changed the VMT calculation method to the equivalent of 2.5 minimum wages; as well as to determine the payment of the differences found, since 1991, between the amount actually paid and the value of 2.5 minimum wages, monetarily corrected and plus default interest for each family that received or still receives the VMT, for the respective period that have received and that belong to the territorial jurisdiction of this Judicial Subsection, except for the cases of resettlers who have signed the terms of extrajudicial agreements

and the public deed of donation with the defendant, renouncing the benefits of VMT, and removed the right of interested parties to the perception of installments affected by the five-year prescription, as from the filing of the lawsuit. Appeals were filed against the sentence by Chesf and the MPF, and they are awaiting judgment, being distributed by dependency in November 2016 to the Federal Judge rapporteur.

In December 2016, it was concluded for reporting and voting. This position remains unchanged until December 31, 2019; based on the assessment of its legal counsel, Chesf classified the risk of loss as possible, in the estimated amount of R\$ 1 billion (R\$ 1 billion as of December 31, 2018).

- Collection of alleged losses to final consumers

This is a public civil action brought by Aneel with the intention of charging Chesf for alleged losses that final consumers of electric energy would have had with the delays in the works related to the so-called Shared Generation Facilities (ICGs). This loss would amount to R\$ 1,471 million. Chesf received the summons and filed a challenge to the case in December 2015. A reply by Aneel was presented, and the judge dismissed the presentation of evidence required by Chesf. The Honorable Judge determined the MPF's subpoena for manifestation, which was held. Chesf petitioned to suspend the process, due to the strategy of taking the case to CCAF/AGU. In December 2017, the suspension request was granted for a period of 6 months. An application was filed with the CCAF/AGU in March 2018. There was a conciliation hearing, in which the parties showed no interest in reconciling. The process had been concluded for sentence since December 2018. In September 2019, a decision was rendered in which the claim was partially upheld to convict Chesf to reimburse the amounts paid by the CCEE. The sentencing court ruled that the Government was responsible for the delay, so that the aforementioned responsibility of Chesf would be limited to the percentage of its fault for the delays, which would be assessed by an expert in the sentence settlement phase. In November 2019, an appeal was filed by Aneel. In the same month, the migration of the process to the PJe was determined, and the time limit for Chesf's appeal has not yet started, due to the lack of publication of the sentence. This position remains unchanged as of December 31, 2019.

It is not possible to assess, at the present moment, what the outcome of the case would be, since this is the first action in the country to address the issue. Based on the assessment of its legal counsel, Chesf classified the risk of loss as possible, in the estimated amount of R\$ 1,470,885 (R\$ 1,470,885 as of December 31, 2018).

### 30.2.2 - Tax

As of December 31, 2019, the Company and its subsidiaries have tax lawsuits with probability of possible loss in the amount of R\$ 12,131,337 (R\$ 11,339,924 as of December 31, 2018).

Eletrosul

- Tax aspects of law 12,783/2013

Infraction notice on RBNI's surplus compensation in the amount of R\$ 547,500 on December 31, 2018. Provisional Measure No. 579/2012, converted into Law No. 12,783/2013, provided that, at the discretion of the Federal Government, the operation of the concession for the public electric energy transmission service could be extended. Upon acceptance of the conditions imposed by the granting authority, in December 2012, Eletrosul and the Federal Government agreed to extend the term of concession contract No. 057/2001, by defining the payment to be made to Eletrosul regarding the indemnity of non-amortized assets. Compensation from RGR funds allocated by law to cover the cost of reversing assets at the close and taking over of concessions in the electric energy sector, as well as the value of the new tariffs arising from the extension of the concession contract.

In March 2019, in view of the writ of mandamus previously filed against the declaratory action, by majority, the suspension of the demand for the tax credit of the indemnity issue was granted, issuing tutelage for this, being also motivated by the aspect of additional risk to Eletrosul regarding the regular continuity of public services provided.

Substantiated by an external legal opinion, which assigns a possible degree of risk to the loss, including in the judicial sphere. The updated amount, as of December 31, 2019, is estimated at R\$ 574,213 (R\$ 539,000 as of December 31, 2018).

#### Furnas

- Administrative process

Transfer of administrative process No. 16682.720517/2011-98 (R\$ 1,474,099 as of December 31, 2018) to the judicial sphere, after an unfavorable final administrative decision. With this change, a new numbering was given, passing to Process No. 5033017-06.2019.4.02.5101 (R\$ 1,858,049 as of December 31, 2019), and it had its value increased by 20% as charges, reason for which the amount provisioned in the aforementioned annulment action is higher than the administrative proceeding in question;

- PIS/COFINS

Process No. 16682.720516/2011-43 in the amount of R\$ 1,438,031 (R\$ 1,391,882 as of December 31, 2018), related to the infraction notice issued due to the alleged insufficiency of payment or declaration to PIS/COFINS. Compensation made without presentation of the suitable PERDCOMP document;

- IRPJ and CSLL - Tax credit

Process No. 0085231-98.2015.4.02.5101 in the amount of R\$ 863,086 (R\$ 827,830 as of December 31, 2018), related to the Tax Foreclosure filed by the Federal Government for collection of tax credit constituted due to differences in IRPJ and CSLL calculated as a result of the accounting clearing procedure carried out by Furnas without the presentation of a suitable instrument;

- Infraction notice - tax loss

Process No. 16682.722946/2015-23 in the amount of R\$ 673,225 (R\$ 717,044 as of December 31, 2018), referring to the infraction notice due to the use of expenses in 2000 as a tax loss recorded in 2010 and, therefore, offset in calendar years 2009, 2010 and 2011. Expenses deducted in calendar year 2010 were disallowed by the tax authority;

- IRPJ and CSLL - Administrative process

Process No. 16682.722216/2017-94 in the amount of R\$ 528,363 (R\$ 501,427 as of December 31, 2018), related to the Administrative Process regarding the issue of the IRPJ and CSLL assessment on the tax authority's own initiative, of the period from 01/2012 to 12/2012, plus estimate fines and those assessed by the tax authority.

#### Chesf

- Indemnity related to the Xingó Plant - ICMS

Action brought by the Municipality of Canindé do São Francisco, requiring the declaration of added value due in view of the amount received from the Federal Government by Chesf, pertinent to the indemnity referring to the Xingó Plant. The Municipality of Canindé do São Francisco basically pleads: (a) that the State of Sergipe proceeds to include the amount of R\$ 2,925,318 in the Added Value of the base year of 2013, recalculating the IPM due to the Xingó Hydroelectric Power Plant compound, in the same way to the subsequent years, for effect in the participation of the ICMS apportionment in 2017, with transfer of data to the TCE/SE for republishing Deliberative Act No. 884/2016, under penalty of a daily fine of R\$ 100,000.00; and b) that the State of Sergipe be compelled to, within 48 hours, add to the file the map with the calculation of the ICMS added value of the Plaintiff Municipality, referring to the years 2013, 2014, 2015 and 2016, highlighting if there was, in the composition of the value of the respective IPM, the inclusion of the values perceived by Chesf as an advance, in the form of item "a" above. (c) recognize the legal-tax relationship arising from the anticipation of revenue made by the Federal Government in favor of Chesf, as a taxable tax element, attesting to its inclusion of the ICMS amount due and the

distribution product allocated to the VAF - Added Value of the Municipality of Canindé de São Francisco; (d) all Defendants be compelled to make the accounting and financial adjustments necessary for inclusion in the Added Value in the base year of 2013 of the amount of R\$ 2,925,318,050.00, recalculating the IPM and participation in the ICMS apportionment, due to the Xingó Hydroelectric Power Plant compound for all subsequent years, convicting them to pay the Claimant the values unduly suppressed since 2013, in an amount to be determined by an accounting review carried out in the records. The Federal Government, when cited in the context of Federal Justice, claimed its passive illegitimacy and requested the exclusion of the dispute. Chesf presented its defense. The federal court dismissed the emergency relief of the municipality, and this decision was challenged by an interlocutory appeal, and maintained by E. TRF. The Government's request for passive illegitimacy was accepted. An order was issued requiring the parties to proceed with the specification of evidence. In March 2018, Chesf had petitioned, requiring the production of accounting expert evidence, to be carried out by an accounting specialist in the electric energy sector. In April 2018, the Municipality requested the suspension of the case. In September 2018, the Federal Government petitioned expressing interest in the case, and the Municipality was summoned to express its opinion on the Government's entry in October 2018. The state court determined the suspension of the case pending the decision of the Federal Court on jurisdiction. The request was upheld and the process was referred to the Federal Court. In July 2019, a decision by the Federal Court was issued, once again determining the referral of the case to the State Court. Of this decision, interlocutory appeals were filed by Chesf and the Federal Government in September 2019, which, on December 31, 2019, are still pending judgment.

Based on the assessment of its legal advisors, Chesf classified the risk of loss as possible, in the estimated amount of R\$ 2,925,318 (R\$ 2,925,318 on December 31, 2018).

### 30.2.3 - Labor

As of December 31, 2019, the Company and its subsidiaries have labor lawsuits of R\$ 5,900,822 (R\$ 5,145,030 as of December 31, 2018), the likelihood of loss being possible, where no provision is made.

Eletronuclear

- Union of Engineers of the State of Rio de Janeiro - SENGE

The main controversy whose amount involved as of December 31, 2019 is R\$ 527,931 (R\$ 473,462 as of December 31, 2018) lies in the interpretation of the *res judicata* that limited the payment of the URP index only for the month of February 1989. However, in the liquidation phase, the other party claimed that the 26.05% index should be applied month by month until it is incorporated into the remuneration of the replaced employees or until their resignation. There is a possibility of having a judicial decision ratifying the historical value of R\$ 359,671, calculated by the judicial expert in 2014. It should be noted that the Attorney General's Office (AGU) entered the case file.

The AGU has a legal thesis that is in line with the defense of the subsidiary Eletronuclear, by explaining that:

- a) The decision in the liquidation/execution phase, which establishes the right to incorporate URP/1989 in the remuneration of the replaced employees, is against the decision that has already been *res judicata*;
- b) The amount demanded based on the final and unappealable decision, that is, the payment of the URP relating only to the month of February 1989, has already been paid, due to the existence of a Collective Agreement agreed in 1989, between the parties to the present lawsuit, whose content deals specifically with the discharge of URP/1989. At the moment there is a report issued by the expert of the Court. In November 2017, a judicial decision was published for the parties to manifest themselves in relation to the expert report that answered the questions presented by Eletronuclear. In this report, the Court Expert, by sampling, pointed out that the amounts indicated in the collective agreement specific to the URP of February 1989 were paid.

In March 2018, it was published, addressed to the plaintiff, so that it may offer a statement regarding the petition presented by the defendant.

On January 29, 2019, a decision was published for Eletronuclear to pay the debt or present a defense, which inaugurated the process execution phase. In any case, in the decision, Eletronuclear was exempted

from offering assets for attachment to file a possible defense. A motion for clarification was filed by Eletronuclear, with no published judgment decision. A decision was published in July 2019 for Eletronuclear to pay the Court expert's fee, which has already been carried out.

### **NOTE 31 - ASSET DECOMMISSIONING OBLIGATION**

#### a) Decommissioning

The Company recognizes obligations for decommissioning thermonuclear power plants of its subsidiary Eletronuclear, which are included in a program of activities required by the National Nuclear Energy Commission (CNEN), which allows these nuclear facilities to be safely and minimally dismantled at the end of the operational cycle. The values corresponding to the total liabilities for decommissioning of assets adjusted to present value refer to Angra 1, with the license valid until December 31, 2024 (in November 2019, CNEN was requested to extend Angra I's useful life from 40 to 60 years) and refer to Angra 2, with the license valid until August 31, 2040.

It is a fundamental premise for the formation of this liability for decommissioning that the estimated value for its realization must be updated over the economic useful life of the plants, considering technological advances, with the objective of allocating the costs to be incurred with the technical-operational deactivation of the plants to the respective period of competence of the operation.

The amount corresponding to the decommissioning liability adjusted to present value as of December 31, 2019 is R\$ 2,497,466 (R\$ 2,026,997 as of December 31, 2018).

#### b) Constitution of Liabilities for Low and Medium Activity Tailings and Used Nuclear Fuel

The cost estimates for managing, in the long term, low and medium level operational tailings and used fuel elements were as follows:

b.1) For transportation and final disposal of low and medium activity operational tailings, relative to the accumulated volume until 2020, when it is considered that their transfer to the National Repository of Low and Medium Activity Level Radioactive Tailings (RBMN) will start, to be implemented by CNEN, legally responsible for the final custody of these tailings, the amount of R\$ 54,555 will be spent.

b.2) For the initial storage of fuel elements used until the end of the 2070s, when it is estimated that the useful life of Angra 3 and, therefore, of the Almirante Álvaro Alberto Nuclear Power Plant (CNAAA) itself, the estimate is represented by the amount of R\$ 610,127, an amount that will be spent in the implementation of the Installation for the Storage of Irradiated Fuels (UFC) and the respective system for moving the fuel elements of the plants to this installation, whose project is in progress and whose commissioning should occur until 2020.

The amount corresponding to the liability for Low and Medium Activity Tailings and Used Nuclear Fuel adjusted to present value as of December 31, 2019 is R\$ 636,913 (R\$ 593,131 as of December 31, 2018).

Pursuant to CPC 27 and ICPC 12, Eletronuclear recorded the estimated total cost discounted to present value, based on a rate that represents Eletronuclear's cost of capital and recorded in fixed assets, against the obligation to demobilize assets. The current discount rate approved for Eletrobras Companies is 5.86% per year.

The value of the adjustment to present value of decommissioning, low and medium activity tailings and used nuclear fuel, recognized in the result in other financial expenses, as of December 31, 2019, is R\$ 153,539 (R\$ 145,260 as of December 31, 2018).

The table below summarizes the position of the amounts corresponding to the total asset decommissioning liabilities:

Decommissioning				
Plant	12/31/2019			12/31/2018
	Total Cost Estimate	Present Value Adjustment	Present Value Estimate	Present Value
Angra 1	1,928,878	(369,677)	1,559,201	1,367,056
Angra 2	2,266,537	(1,328,272)	938,265	659,941
<b>Total</b>	<b>4,195,415</b>	<b>(1,697,949)</b>	<b>2,497,466</b>	<b>2,026,997</b>

  

Low and Medium Activity Waste and Nuclear Fuel used				
Plant	12/31/2019			12/31/2018
	Total Cost Estimate	Present Value Adjustment	Present Value Estimate	Present Value
Angra 1	248,137	(10,367)	237,770	221,426
Angra 2	416,545	(17,402)	399,143	371,705
<b>Total</b>	<b>664,682</b>	<b>(27,769)</b>	<b>636,913</b>	<b>593,131</b>

  

Total Asset Demobilization Liabilities				
Plant	12/31/2019			12/31/2018
	Total Cost Estimate	Present Value Adjustment	Present Value Estimate	Present Value
Angra 1	2,172,015	(380,044)	1,791,971	1,588,482
Angra 2	2,683,082	(1,345,674)	1,337,408	1,031,646
<b>Total</b>	<b>4,855,097</b>	<b>(1,725,718)</b>	<b>3,129,379</b>	<b>2,620,128</b>

## NOTE 32 - ADVANCE FOR FUTURE CAPITAL INCREASE

	PARENT COMPANY AND CONSOLIDATED	
	12/31/2019	12/31/2018
Government Contribution for Future Capital Increase	46,452	3,580,852
Acquisition of interest CEEE / CGTEE	3,401	262,210
HPP Xingó	161	12,437
Federal Electrification Fund - Law 5.073/66	150	11,540
Banabuí - Fortaleza Transmission Line	57	4,426
Bahia State Transmission Line	25	1,947
	<b>50,246</b>	<b>3,873,412</b>

On December 30, 2019 there was a capital increase of Eletrobras' shareholders (approved on February 17, 2020) in the amount of R\$ 7,751,940, through the issuance of 201,792,299 new common shares, for the unit price of R\$ 35.72 and 14,504,511 new class "B" preferred shares, for the unit price of R\$ 37.50, all of which being new book-entry shares with no par value, for private subscription by the Company's shareholders. Of this amount, R\$ 4,148,795 for the capitalization of AFAC and R\$ 3,603,145 through direct contribution from shareholders. With the issuance of the new shares, corresponding to 77.61% of the capital increase, the minimum amount to be subscribed was reached, thus making it possible to partially approve the capital increase.

This transaction was ratified at the 177th Extraordinary General Meeting on February 17, 2020, in which Eletrobras' capital stock will be R\$ 39,057,271 divided into 1,288,842,596 common shares, 146,920 class "A" preferred shares and 279,941,394 class "B" preferred shares.

## NOTE 33 - PROVISIONS FOR ONEROUS CONTRACTS

	CONSOLIDATED				
	Balance on 12/31/2018	Accruals	Reversals	Retirements	Balance on 12/31/2019
<b>Generation</b>					
Jirau	30,701	8,449	-	-	39,150
Funil (a)	248,520	-	(25,639)	-	222,881
Coaracy Nunes	101,738	3,542	(5,523)	-	99,757
TPP Santa Cruz (b)	159,832	-	(159,832)	-	-
	540,791	11,991	(190,994)	-	361,788
<b>Transmission</b>					
LT Recife II - Suape II (c)	50,197	-	-	(50,197)	-
LT Camaçari IV - Sapeaçu (c)	124,104	-	-	(124,104)	-
LT Funil-Itapebi (c)	6,227	-	-	(6,227)	-
LT Eunápolis - T. Freitas (a)	4,059	-	-	-	4,059
	184,587	-	-	(180,528)	4,059
	725,378	11,991	(190,994)	(180,528)	365,847
Total Current Assets	9,436	-	(5,523)	-	3,913
Total Non-current Assets	715,942	11,991	(185,471)	(180,528)	361,934
<b>TOTAL</b>	<b>725,378</b>	<b>11,991</b>	<b>(190,994)</b>	<b>(180,528)</b>	<b>365,847</b>

	CONSOLIDATED			
	Balance on 12/31/2017	Accruals	Reversals	Balance on 12/31/2018
<b>Generation</b>				
Jirau	-	30,701	-	30,701
Funil	126,861	293,505	(171,846)	248,520
Coaracy Nunes	232,052	-	(130,314)	101,738
Angra 3	1,388,843	-	(1,388,843)	-
TPP Santa Cruz	32,258	318,565	(190,991)	159,832
Others	114,626	45,556	(160,182)	-
	1,894,640	657,626	(2,011,475)	540,791
<b>Transmission</b>				
LT Recife II - Suape II	50,197	-	-	50,197
LT Camaçari IV - Sapeaçu	124,104	-	-	124,104
Others	10,286	-	-	10,286
	184,587	-	-	184,587
	2,079,227	657,626	(2,011,475)	725,378
Total Current Assets	12,048	-	(2,612)	9,436
Total Non-current Assets	2,067,179	657,626	(2,008,863)	715,942
<b>TOTAL</b>	<b>2,079,227</b>	<b>657,626</b>	<b>(2,011,475)</b>	<b>725,378</b>

- (a) Of the amount of the provision for onerous contracts maintained on December 31, 2019, R\$ 226,940 (R\$ 592,939 on December 31, 2018) derive from concession contracts extended under the terms of Law 12,783/13, due to the fact that the determined tariff presents an imbalance in relation to current operating and maintenance costs. In view of this, the present obligation under each contract was recognized and measured as a provision, which can be reversed due to adjustments to the cost reduction program and/or tariff review.
- (b) In 2019, Furnas reversed the amount of R\$ 159,832, upon recognition of the burden of the exercise of the concession of Contract No. 004/2004 - Santa Cruz TPP, based on the burden tests performed by the Subsidiary.
- (c) The subsidiary Chesf recognized in the year a decrease in the amount of R\$ 180,528 due to the expiry declared by the Granting Authority.

#### **NOTE 34 - LONG-TERM OPERATING COMMITMENTS**

The Company's long-term commitments, mainly related to electricity and fuel purchase contracts are:

### 34.1- Purchase of energy

Companies	2021	2022	2023	2024	2025	After 2025
CGTEE	218,262	236,072	236,072	-	-	-
Amazonas GT	833,419	833,419	833,419	833,419	295,287	-
Chesf	268,747	214,148	214,148	213,531	213,531	1,966,158
Eletrosul	423,358	409,074	408,233	402,625	398,948	3,834,088
Furnas	844,080	834,995	712,080	705,240	699,361	2,499,753
Total	2,587,866	2,527,708	2,403,952	2,154,815	1,607,127	8,299,999

### 34.2- Fuel suppliers

Companies	2021	2022	2023	2024	2025	After 2025
CGTEE	89,496	89,946	89,946	89,946	-	-
Eletronuclear	11,356	72,329	167,177	-	67,935	10,397,397
Amazonas GT	2,926,104	2,926,104	2,926,104	2,926,104	2,926,104	8,778,312
Total	3,026,956	3,088,379	3,183,227	3,016,050	2,994,039	19,175,709

The subsidiary Eletronuclear, which has contracts signed with Indústrias Nucleares do Brasil S.A. - INB for the acquisition of Nuclear Fuel for the production of electric energy, for the refills of the Angra 1 NPP and Angra 2 NPP, as well as the initial charge and future refills of Angra 3 NPP.

At subsidiary Amazonas, there is a long-term commitment regarding the purchase of natural gas for the purpose of generating thermoelectric power with Companhia de Gás Natural do Amazonas - CIGÁS. The contract's deadline is November 30, 2030.

### 34.3- Sale of Energy

Companies	2021	2022	2023	2024	2025	After 2025
Amazonas GT	729,016	752,748	800,213	826,202	858,708	2,600,806
CGTEE	738,482	738,196	735,858	500,472	456,397	-
Chesf	783,354	729,683	729,683	729,635	729,635	6,331,603
Eletrosul	424,258	424,258	424,347	425,332	424,240	5,746,748
Eletronuclear	3,726,446	3,726,446	3,726,446	3,726,446	3,726,446	-
Furnas	2,255,060	2,275,957	2,283,272	2,286,696	2,285,863	32,546,675
Eletronorte	4,846	5,013	5,178	5,178	5,178	142,011
Total	8,661,462	8,652,301	8,704,997	8,499,961	8,486,467	47,367,843

### 34.4- Socio-environmental commitments

Companies	2021	2022	2023	2024	2025	After 2025
Eletronuclear	46,299	64,384	60,169	57,007	57,007	56,065
Eletronorte	940,313	9,731	7,203	7,203	7,203	3,050
Total	986,612	74,115	67,372	64,210	64,210	59,115

#### Angra 3

Terms of commitments assumed with the Municipalities of Angra dos Reis, Rio Claro and Paraty, in which Eletronuclear undertakes to enter into specific socio-environmental agreements linked to Angra 3 NPP, aiming at the execution of programs and projects in accordance with the conditions established by IBAMA.

#### Tucuruí

As a result of legal requirements, related to the expansion works of the Tucuruí Hydroelectric Power Plant and the increase in the quota of its reservoir, from 72 to 74 meters, there was a need to carry out the licensing process for this undertaking with the State Department for the Environment (Sema), of the State of Pará, having been defined by that body, as a condition for the release of the Installation License (LI), that Eletronorte had to implement various mitigation and socio-environmental compensation programs.

### 34.5- Acquisition of fixed assets and intangible assets

Companies	2021	2022	2023	2024	2025	After 2025
Chesf	188,933	3,644	3,644	-	-	-
Eletronuclear	266,618	415,664	625,366	371,410	292,315	36,480
Eletrosul	1,839	-	-	-	-	-
<b>Total</b>	<b>457,390</b>	<b>419,308</b>	<b>629,010</b>	<b>371,410</b>	<b>292,315</b>	<b>36,480</b>

Contracts signed with different suppliers for the purchase of equipment to replace fixed assets, mainly from the Angra 1, Angra 2 and Angra 3 plants, necessary for the operational maintenance of these assets.

#### 34.6- Acquisition of supplies

Companies	2021	2022	2023	2024	2025
CGTEE	29,352	29,352	29,352	14,676	14,676

The subsidiary CGTEE acquires lime to control waste emissions from its plants.

#### 34.7- Commitments - Joint ventures

The commitment amounts of joint ventures are shown below by the proportion of the companies' interests.

##### 34.7.1 - Use of public assets

Companies	2021	2022	2023	2024	2025	After 2025
SINOP	1,958	1,966	1,974	1,982	1,982	18,945

##### 34.7.2 - Capital contribution

The Company has entered into future commitments regarding the shareholding in SPE, related to AFAC, as shown below:

Companies	2021	2022	2023	2024	2025
Teles Pires	84,028	83,000	79,312	-	-
ESBR	50,301	42,685	40,093	18,420	14,714
Brasil Ventos	9,700	10,100	10,500	-	-
Vale São Bartolomeu	959	629	-	-	-
<b>Total</b>	<b>144,988</b>	<b>136,414</b>	<b>129,905</b>	<b>18,420</b>	<b>14,714</b>

#### NOTE 35 - ESTIMATED OBLIGATIONS

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>Current</b>				
Provision for vacation	15,812	39,565	287,292	328,170
Termination processes	636	4,277	158,218	226,952
Payroll	62,974	20,888	240,343	260,276
Contribution on vacation pay	10,092	5,804	148,861	150,011
13th month bonus	21,925	11,884	22,839	16,338
Profit sharing	28,265	29,609	409,412	289,930
Contribution on 13th month bonus	165	89	37,668	39,322
Social security contribution	7,237	44,229	12,475	54,009
Others	-	7,738	14,149	30,977
	<b>147,106</b>	<b>164,083</b>	<b>1,331,257</b>	<b>1,395,985</b>
<b>Non-current</b>				
Termination processes	-	-	242,259	400,868
	-	-	242,259	400,868
<b>TOTAL</b>	<b>147,106</b>	<b>164,083</b>	<b>1,573,516</b>	<b>1,796,853</b>

#### NOTE 36 - EQUITY

The Company's Capital Stock as of December 31, 2019 is R\$ 31,305,331 (R\$ 31,305,331 as of December 31, 2018) and its shares have no par value. Preferred shares have voting rights and are not convertible into common shares. However, they have priority in the repayment of capital and in the distribution of dividends, at annual rates of 8% for class "A" shares (subscribed until June 23, 1969) and 6% for class "B" shares (subscribed from June 24, 1969), calculated on the capital stock corresponding to each class of shares.

The Capital Stock is distributed by major shareholders and by type of shares as of December 31, 2019, as follows:

SHAREHOLDER	12/31/2019							
	COMMON		PREFERRED				TOTAL CAPITAL	
	QUANTITY	%	Series A	%	Series B	%	QUANTITY	%
Federal Government	554,394,671	51.00	-	-	411	0.00	554,395,082	40.99
BNDSPAR	141,757,951	13.04	-	-	18,691,102	7.04	160,449,053	11.86
BNDES	74,545,264	6.86	-	-	18,262,671	6.88	92,807,935	6.86
Banco Clássico	54,400,000	5.00	-	-	-	-	54,400,000	4.02
Fundo Nacional de Desenvolvimento (CEF)	45,621,589	4.20	-	-	-	-	45,621,589	3.37
American Depositary Receipts – ADR's	27,121,748	2.49	-	-	8,030,814	3.03	35,152,562	2.60
Fundo Garantidor da Habitação Popular (CEF)	1,000,000	0.09	-	-	-	-	1,000,000	0.07
Fundos 3G Radar	73,204	0.01	-	-	20,564,000	7.75	20,637,204	1.53
Others	188,135,870	17.31	146,920	100.00	199,887,885	75.31	388,170,675	28.70
	1,087,050,297	100.00	146,920	100.00	265,436,883	100.00	1,352,634,100	100.00

Of the total 493,926,737 minority shares, 244,690,962, or 49.54%, are owned by non-resident investors, of which 134,668,660 are common shares, 28 are class "A" preferred shares and 110,022,274 class "B" preferred shares.

Of the total stake of shareholders domiciled abroad, 27,121,748 common shares and 8,030,814 class "B" preferred shares are in custody, backing the American Depositary Receipts (ADRs) Program, which are traded on the New York Stock Exchange (NYSE).

On December 30, 2019 there was an advance for future capital increase of Eletrobras' shareholders (approved at the 177th EGM in February 2020) in the amount of R\$ 7,751,940. Eletrobras' capital stock will be R\$ 39,057,271 divided into 1,288,842,596 common shares, 146,920 class "A" preferred shares and 279,941,394 class "B" preferred shares, more details in note 32. With this increase, capital stock will be distributed as follows:

SHAREHOLDER	12/31/2019							
	COMMON		PREFERRED				TOTAL CAPITAL	
	QUANTITY	%	Series A	%	Series B	%	QUANTITY	%
Government	667,888,884	51.82	-	-	494	0.00	667,889,378	42.57
BNDSPAR	141,757,951	11.00	-	-	18,691,102	6.68	160,449,053	10.23
BNDES	74,545,264	5.78	-	-	18,262,671	6.52	92,807,935	5.92
Banco Clássico	65,536,875	5.08	-	-	-	-	65,536,875	4.18
Fundo Nacional de Desenvolvimento (CEF)	45,621,589	3.54	-	-	-	-	45,621,589	2.91
American Depositary Receipts – ADR's	25,158,848	1.95	-	-	7,120,619	2.54	32,279,467	2.06
Fundo Garantidor da Habitação Popular (CEF)	1,000,000	0.08	-	-	-	-	1,000,000	0.06
Fundos 3G Radar	3,300,129	0.26	-	-	22,773,900	8.14	26,074,029	1.66
Others	264,033,056	20.49	146,920	100.00	213,092,608	76.12	477,272,584	30.42
	1,288,842,596	100.00	146,920	100.00	279,941,394	100.00	1,568,930,910	100.00

### 36.1. Capital Reserve

This reserve represents the company's accumulated capital surplus. The amounts earmarked for this purpose are permanently invested and cannot be used to pay dividends.

### 36.2 Profit reserves

#### 36.2.1 - Legal reserve

Recognized through the appropriation of 5% of net income for the year, in accordance with Law 6,404/1976.

#### 36.2.2 - Profit Retention Reserve

Pursuant to Law 6,404/1976, the General Meeting may, at the proposal of the management bodies, resolve to retain a portion of the net income for the year provided for in the capital budget previously approved by it.

### 36.2.3 - Statutory Reserves

The General Meeting will allocate, in addition to the legal reserve, calculated on the net profits for the year:

I - 1% as a reserve for studies and projects; and II - 50%, as an investment reserve.

### 36.2.4 - Special Dividend Reserve

On December 31, 2018, the Company constituted R\$ 2,291,889 in a special dividend reserve, based on Article 202, Paragraphs 4 and 5, Law 6,404/1976.

### 36.3 Compensation to shareholders

The Company's bylaws establish a minimum mandatory dividend of 25% of net income, adjusted under the terms of the corporate law, respecting the minimum remuneration for preferred A and B shares, of 8% and 6%, respectively, of the nominal value of the share capital relating to these types and classes of shares, providing for the possibility of paying interest over the share capital.

The profit distribution is shown below, attributed to the minimum dividends, under the terms of the applicable law, as well as the total value of the compensation proposed to shareholders, to be resolved in Ordinary General Assembly:

Assignment of Net Profit		
	2019	2018
Fiscal year balance assignment	10,697,124	13,262,378
(-) Legal Reserve (5% of the Net Profit)	(534,856)	(663,119)
(+) Implementation of reevaluation reserve	-	22,434
(+) Unclaimed remuneration to Shareholders - Prescribed	-	362
(+) IFRS 9/15 Adjustment	(157,205)	2,525,081
(+) Investment Adjustment	-	5,721
(-) Compulsory Dividends	(2,540,567)	(3,155,514)
Subtotal to be distributed	7,464,496	11,997,342
(-) Constitution of Statutory Reserve for Investments (50% of LL)	(5,348,562)	(6,631,189)
(-) Constitution of Statutory Reserve for studies and projects (1% of LL)	(106,971)	(132,624)
(-) Constitution of Profit Retention Reserve (Art. 196, LSA)	(2,008,963)	(5,233,529)
(=) Balance from fiscal year to be distributed	-	-

### NOTE 37 - EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders and their number of issued shares, excluding those purchased by the Company and held as treasury shares. Preferred shares have a guaranteed right (per share) of at least 10% superiority in the distribution of Dividends and/or Interest on Equity (JCP) over common shares.

12/31/2019				
Numerator	Common	Preferred A	Preferred B	Total
Earnings attributable to each share class - Continued Operation	5,842,099	869	1,569,182	7,412,149
Earnings attributable to each share class - Discontinued Operation	2,589,148	385	695,442	3,284,975
Earnings for the year	8,431,247	1,253	2,264,624	10,697,124
Denominator	Common	Preferred A	Preferred B	
Weighted average number of shares	1,087,050	147	265,437	
% of shares in relation to the total	80.37%	0.01%	19.62%	
Basic earnings per share from continued operations (R\$)	5.37	5.91	5.91	
Basic earnings per share from discontinued operations (R\$)	2.38	2.62	2.62	
Net basic earnings per share	7.76	8.53	8.53	
12/31/2018				
Numerator	Common	Preferred A	Preferred B	Total
Earnings attributable to each share class - Continued Operation	10,438,185	1,552	2,803,686	13,243,423
Loss attributable to each share class - Discontinued Operation	14,940	2	4,013	18,955
Earnings for the year	10,453,125	1,554	2,807,699	13,262,378
Denominator	Common	Preferred A	Preferred B	
Weighted average number of shares	1,087,050	147	265,437	
% of shares in relation to the total	80.37%	0.01%	19.62%	
Basic earnings per share from continued operations (R\$)	9.60	10.56	10.56	
Basic earnings per share from discontinued operations (R\$)	0.01	0.01	0.02	
Net basic earnings per share (R\$)	9.62	10.58	10.58	

### (b) Diluted

To calculate diluted earnings per share, the Company must assume the exercise of options, warrants and other potential dilutive effects. The only dilutive effect found was the conversion of the compulsory loan. Assumed amounts arising from these instruments shall be deemed to have been received from the issuance of shares at the average market price of the shares during the year. As of December 31, 2019, based on the liability balance relating to the compulsory loan and advance for future capital increase, the dilution with an increase of 10,748,159 preferred B shares in earnings per share was simulated, as shown below.

12/31/2019					
Numerator	Common	Preferred A	Preferred B - Converted	Preferred B	Total
Earnings attributable to each share class - Continued Operation	5,938,162	745	54,473	1,418,770	7,412,149
Earnings attributable to each share class - Discontinued Operation	2,631,722	330	24,142	628,782	3,284,975
Earnings for the year	8,569,884	1,075	78,614	2,047,552	10,697,124
Denominator	Common	Preferred A	Preferred B - Converted	Preferred B	
Weighted average number of shares in thousands	1,288,843	147	10,748	279,941	
% of shares in relation to the total	81.59%	0.01%	0.68%	17.72%	
Diluted earnings per share from continued operations (R\$)	4.61	5.07	5.07	5.07	
Diluted earnings per share from discontinued operations (R\$)	2.04	2.25	2.25	2.25	
Diluted earnings per share (R\$)	6.65	7.31	7.31	7.31	
12/31/2018					
Numerator	Common	Preferred A	Preferred B - Converted	Preferred B	Total
Earnings attributable to each share class - Continued Operation	10,339,158	1,537	125,641	2,777,087	13,243,423
Loss attributable to each share class - Operation	14,798	2	180	3,975	18,955
Loss for the year	10,353,956	1,539	125,821	2,781,062	13,262,378
Denominator	Common	Preferred A	Preferred B - Converted	Preferred B	
Weighted average number of shares in thousands	1,087,050	147	12,009	265,437	
% of shares in relation to the total	79.42%	0.01%	1.17%	19.39%	
Diluted earnings per share from continued operations (R\$)	9.51	10.46	10.46	10.46	
Diluted earnings per share from discontinued operations (R\$)	0.01	0.01	0.01	0.01	
Diluted earnings per share (R\$)	9.52	10.48	10.48	10.48	

The Company restated the 2018 earnings per share disclosure to give effect to the method of each class, considering that preferred A & B class shares are entitled to receive dividends at least 10% higher than

those attributed to each common share in the respective fiscal year.

### NOTE 38 - NET OPERATING REVENUE

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>OPERATING INCOME</b>				
Generation				
Power Supply for Distribution Company	79,139	258,312	15,870,784	13,268,869
Power Supply for End Consumers	-	-	2,282,200	2,319,857
Short-term Electric Power	-	-	1,353,218	1,296,526
Operation and maintenance revenue	-	-	3,549,019	2,708,451
Plant construction revenue	-	-	49,353	34,295
Financial Effect Itaipu	269,432	511,079	269,432	511,079
	<u>348,571</u>	<u>769,391</u>	<u>23,374,006</u>	<u>20,139,077</u>
Transmission				
Operation and maintenance revenue	-	-	4,156,349	4,083,956
Construction revenue	-	-	521,348	678,408
Contractual revenue - Transmission	-	-	793,239	643,208
Return on investment - RBSE	-	-	4,072,993	4,462,260
	<u>-</u>	<u>-</u>	<u>9,543,929</u>	<u>9,867,832</u>
Other revenues	<u>90,469</u>	<u>75,717</u>	<u>768,764</u>	<u>869,183</u>
	<u>439,040</u>	<u>845,108</u>	<u>33,686,699</u>	<u>30,876,092</u>
(-) Operational Revenue Deductions				
(-) ICMS	-	-	(926,475)	(431,850)
(-) PASEP and COFINS	(72,515)	(176,280)	(3,253,511)	(3,079,004)
(-) Sector charges	-	-	(1,771,906)	(1,583,049)
(-) Other deductions (including ISS)	-	-	(9,280)	(9,884)
	<u>(72,515)</u>	<u>(176,280)</u>	<u>(5,961,172)</u>	<u>(5,103,787)</u>
Net operating revenue	<u>366,525</u>	<u>668,828</u>	<u>27,725,527</u>	<u>25,772,305</u>

### NOTE 39 - OPERATING COSTS

	CONSOLIDATED	
	31/12/2019	31/12/2018
Supply	(1,670,691)	(682,892)
Commercialization in the CCEE	(466,806)	(637,313)
Others	(24,821)	(239,328)
Energy bought for resale	(2,162,318)	(1,559,533)
Electric grid usage charges	(1,593,223)	(1,482,125)
Fuel for electric power production	(2,107,161)	(1,184,948)
Construction	(915,117)	(1,310,457)
	<u>(6,777,819)</u>	<u>(5,537,063)</u>

Supply - Amounts resulting from the sale of energy in the Regulated Contracting Environment (ACR) and in the Free Contracting Environment (ACL), more details and main variations in the period are included in note 8.

Fuel for electricity production - The amounts refer mainly to the purchase of oil byproducts for electricity production and the costs incurred by subsidiary Amazonas GT with Independent Producers - PIEs, amounts that have now been recognized in 2019 after the sale of Amazonas Distribuidora.

### NOTE 40 - OPERATING EXPENSES

	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Personnel	(468,882)	(444,636)	(5,827,606)	(5,385,351)
Materials	(1,856)	(1,663)	(279,773)	(261,768)
Services	(331,722)	(300,675)	(2,170,908)	(2,157,242)
Personnel, Materials and Services (a)	(802,460)	(746,974)	(8,278,287)	(7,804,361)
Depreciation and Amortization	(13,386)	(4,401)	(1,807,429)	(1,701,989)
Donations and contributions	(117,058)	(114,169)	(156,166)	(137,802)
Provisions/operational reversals (b)	(752,160)	4,073,549	(2,005,808)	6,495,463
Others	(112,233)	(165,967)	(1,415,834)	(1,166,254)
	(1,797,297)	3,042,038	(13,663,524)	(4,314,943)

#### (a) Personnel, Material and Services

The expenses related to the Consensual Dismissal Plan (PDC) in 2019 totaled R\$ 566,551 (R\$ 370,139 for the year ended in December 31, 2018). The total number of subscribers was 1,842, of which 1,727 were disconnected by the end of 2019, the remainder is expected to be disconnected in 2020.

#### (b) Operational Provisions/Reversals

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Guarantees	101,274	(37,783)	101,274	(37,783)
Contingencies	(609,124)	(931,834)	(1,757,494)	(1,819,710)
ECL - Consumers and resellers	-	-	(267,938)	(160,116)
ECL - Financing and loans	(356,202)	81,388	(356,202)	81,388
Negative equity in subsidiaries	219,379	5,238,406	-	-
Onerous contracts	-	-	179,003	1,353,849
Provision/(Reversal) for losses on investments	6,753	(40,204)	334,100	340,361
Provision for losses on investments classified as held for sale	-	(276,479)	-	(553,607)
Impairment of long-term assets	-	469	121,581	6,546,048
Provision for ANEEL - CCC	-	-	53,063	-
TFRH	-	-	-	1,183,583
Others	(114,240)	39,586	(413,195)	(438,550)
	(752,160)	4,073,549	(2,005,808)	6,495,463

### NOTE 41 - FINANCIAL RESULT

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>FINANCIAL REVENUE</b>				
Income from interest, fees and commissions	2,121,894	3,672,441	876,212	2,642,607
Income from financial investments	434,807	437,178	763,016	686,179
Additional interest on energy	2,306	6,826	252,112	248,407
Monetary adjustment gain	1,310,401	867,818	1,205,941	699,871
Exchange variations gain	2,608,820	4,235,847	2,662,259	4,150,664
Adjustment to fair value - RBSE	-	-	367,760	-
Gains on derivatives	-	-	-	20,366
Other financial revenue	343,069	190,977	532,054	623,725
	6,821,297	9,411,087	6,659,354	9,071,819
<b>FINANCIAL EXPENSES</b>				
Debt charges	(2,040,736)	(1,532,979)	(3,247,747)	(2,680,884)
Commercial leasing charges	(6,230)	-	(340,819)	(308,770)
Charges on shareholder resources	(230,850)	(233,971)	(271,130)	(270,533)
Monetary adjustment loss	(604,613)	(658,718)	(788,982)	(800,789)
Exchange variations loss	(2,506,625)	(4,195,897)	(2,627,251)	(4,364,256)
Adjustment to fair value - RBSE	-	-	-	(921,212)
Losses on derivatives	-	-	(56,613)	(63,378)
Other financial expenses	(1,008,846)	(645,944)	(1,407,838)	(1,036,628)
	(6,397,800)	(7,267,509)	(8,740,380)	(10,446,450)
<b>FINANCIAL RESULT</b>	423,397	2,143,578	(2,081,026)	(1,374,631)

### NOTE 42 - BUSINESS COMBINATION

## TDG - Transmissora Delmiro Gouveia S.A.

On October 31, 2019, the subsidiary Chesf acquired control over SPE TDG, through the definitive dilution of the shareholding of the Partner Future ATP Serviços de Engenharia Consultiva Ltda, resulting from the capitalization of the AFACs carried out by Chesf, in the amount of R\$ 101,000, with the Company now having a 72.31% interest.

On the same date, Chesf acquired the shareholding of Future ATP Serviços de Engenharia Consultiva Ltda, upon payment of R\$ 34,000, thus making TDG its wholly owned subsidiary.

### ➤ Determination of the fair value of the consideration

We show below a comparative table between the fair value and the book value of the Balance Sheet of said SPE, on October 31, 2019, as well as the value resulting from the advantageous purchase:

TDG Balance Sheet on 10/31/2019		
	Book value	Fair value
Assets	442,312	442,312
Liabilities	291,950	291,950
Net equity	150,362	150,362
	Book value	Fair value
Chesf investment value (72.31%)	108,727	108,727
ATP investment value (27.69%)	41,635	41,635
Total	150,362	150,362

The business combination generated a concession asset of R\$ 41,635, recorded in the investments subgroup. The concession asset represents the difference between the value of the business and the fair value of the identifiable assets less the fair value of the liabilities assumed, where they will be amortized by the concession period.

Book value of acquired equity	
Fair value of acquired equity	41,635
Amount paid by Chesf for the acquisition of 27.69% of SPE	(34,000)
Gain from advantageous purchase	7,635

## NOTE 43 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 43.1. - Capital Risk Management

The Company's objectives in managing its capital are to safeguard the Company's ability to continue to provide shareholder returns and benefits to other stakeholders and to pursue an ideal capital structure to reduce this cost. Acquisitions and sales of financial assets are recognized on the trade date.

In order to maintain or adjust the capital structure, the Company may revise its dividend payment policy, return capital to shareholders or issue new shares or sell assets to reduce, for example, the level of indebtedness.

In line with other companies in the sector, the Company monitors capital based on the financial leverage ratio. This ratio corresponds to net exposure divided by total capital. Net exposure, in turn, corresponds to total short- and long-term loans, financing and debentures, notes 22 and 23, less cash and cash equivalents and marketable securities (without considering restricted cash/marketable securities), notes 6 and 7. Total capital is calculated as the sum of net equity as shown in the consolidated balance sheet and net exposure.

	12/31/2019	12/31/2018
Total loans, financing and debentures	47,899,595	54,372,798
(-) Cash and cash equivalents	(335,307)	(583,352)
(-) Marketable securities	(10,742,766)	(6,701,937)
Net debt	36,821,568	47,087,509
(+) Total net equity	71,394,146	55,758,948
Total capital	108,215,714	102,846,457
Financial leverage index	34%	46%

#### 43.2. - Classification by category of financial instruments

The accounting balances of certain financial assets and liabilities represent a reasonable approximation to fair value. The Company uses the following classification to frame its financial instruments and their respective levels:

	Level	PARENT COMPANY		CONSOLIDATED	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
<b>FINANCIAL ASSETS</b>					
Amortized cost		30,458,710	31,252,654	28,615,140	28,349,514
Loans and financing		23,403,194	28,775,779	14,276,816	13,874,941
Reimbursement rights		5,382,834	-	5,464,005	6,256,311
Financial asset - Generation		-	-	2,070,912	2,033,078
Financial asset - Itaipu		1,202,493	1,803,717	1,202,493	1,803,717
Customers		468,429	379,649	5,566,684	4,087,634
Marketable securities		1,760	293,509	34,230	293,833
Fair value through profit or loss		7,178,318	4,083,837	46,623,772	43,540,027
Marketable securities	2	7,159,978	4,034,242	10,708,536	6,408,104
RBSE	3	-	-	34,288,071	36,277,549
Cash and cash equivalents	1	18,202	47,400	335,307	583,352
Derivative Financial Instruments	2	138	2,195	291,858	371,022
Fair value through other comprehensive income		1,970,479	1,388,460	2,056,990	1,447,150
Investments (Equity Holdings)	1	1,970,479	1,388,460	2,056,990	1,447,150
<b>FINANCIAL LIABILITIES</b>					
Amortized cost		35,672,889	29,454,685	54,090,209	60,513,440
Loans and financing		28,274,273	27,634,848	41,940,363	54,372,798
Debentures		5,044,228	-	5,959,278	468,228
Reimbursement obligations		1,796,753	1,250,619	1,796,753	1,250,619
Suppliers		494,133	569,218	3,113,612	3,377,105
Commercial leasing		63,502	-	1,207,189	976,115
Concessions payable UBP		-	-	73,014	68,575
Fair value through profit or loss		683	928	5,683	26,421
Derivative Financial Instruments	2	683	928	5,683	26,421

Level 1 - quoted (unadjusted) prices in active, liquid and visible markets for identical assets and liabilities that are accessible at the measurement date;

Level 2 - quoted prices (may or may not be adjusted) for similar assets or liabilities in active markets, other inputs not observable at level 1, directly or indirectly, under the terms of the asset or liability; and

Level 3 - Assets and liabilities whose prices do not exist or whose prices or valuation techniques are supported by a small or non-existent, unobservable or net market. At this level, the estimate of fair value becomes highly subjective.

The fair value of financial instruments traded in active markets is based on market prices quoted on the balance sheet date. A market is seen as active if quoted prices are readily and regularly available from a Stock Exchange, distributor, broker, industry group, pricing service or regulatory agency, and prices represent real market transactions that occur regularly on a purely commercial basis.

The quoted market price used for the financial assets held by the Company and its subsidiaries is the current bid price. These instruments are included in Level 1. The instruments included in Level 1 mainly comprise equity investments classified as at fair value through profit or loss or through other comprehensive income previously classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in active markets (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximize the use of data adopted by the market where they are available and rely as little as possible on entity-specific estimates. If all relevant information required for the fair value of an instrument is adopted by the market, the instrument will be included in Level 2.

If one or more relevant information is not based on data adopted by the market, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or quotes from financial institutions or brokers for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on yield curves adopted by the market; and
- The fair value of future foreign exchange contracts is determined based on future exchange rates at the balance sheet date, with the resulting value discounted to present value.

Other techniques, such as discounted cash flow analysis, which are used to determine the fair value of the remaining financial instruments and the credit risk of counterparties to swap transactions.

The Company classified the financial asset - Itaipu and the Transmission asset (RBSE) as fair value through profit or loss. As factors relevant to fair value valuation are not publicly observable, the fair value hierarchy rating is level 3. Gains on income for the year were R\$ 269,432 (R\$ 511,079 as of December 31, 2018) and R\$ 4,440,753 (R\$ 3,665,701 as of December 31, 2018), respectively. The main assumptions used are disclosed in notes 17 and 5, respectively.

### 43.3. - Financial Risk Management

In the exercise of its activities, the Company is impacted by risk events that may compromise its strategic objectives. The main purpose of risk management is to anticipate and minimize the adverse effects of such events on the Company's business and economic and financial results.

For the management of financial risks, the Company has defined operating and financial policies and strategies, approved by internal committees and by management, aimed at providing liquidity, security and profitability to its assets and maintaining the indebtedness levels and debt profile defined for the economic and financial flows.

The following sensitivity analyzes were prepared pursuant to CVM Instruction 475/2008, with the purpose of measuring the impact of changes in market variables on each financial instrument of the Company. These are, therefore, projections based on evaluations of macroeconomic scenarios, which does not mean that the transactions will have the values presented within the considered analysis period.

The main financial risks identified in the risk management process are:

#### 43.3.1. - Exchange rate risk

This risk arises from the possibility of the Company having its economic and financial statements impacted by fluctuations in exchange rates. The Company has exposure to financial risks that cause volatility in its results as well as its cash flow. The Company has exposure to foreign currency-indexed assets and liabilities, especially the US dollar.

The Company has a Financial Hedge Policy whose objective is to monitor and mitigate exposure to market variables that impact assets and liabilities of the Company and its subsidiaries, thereby reducing the effects of undesirable fluctuations of these variables on their financial statements and interim financial information.

Thus, this policy aims to ensure that the Company's results faithfully reflect its actual operating performance and that its projected cash flow is less volatile.

Considering the different ways of hedging the mismatches presented by the Company, the Policy lists a scale of priorities, prioritizing the structural solution, and, only for residual cases, adopting operations with derivative financial instruments.

Transactions with financial derivatives, when carried out, may not characterize financial leverage or credit granting operations to third parties.

#### (a) Breakdown of foreign currency balances and sensitivity analysis

In the tables below, scenarios for exchange rates were considered, with the respective impacts on the Company's results. For the sensitivity analysis we used as a probable scenario for the year ended December 31, 2019 forecasts and/or estimates based primarily on macroeconomic assumptions obtained from the Focus Report, released by the Central Bank, and *Economic Outlook 86*, published by the Organization for Economic Cooperation and Development (OECD).

- Exchange rate appreciation/depreciation risk

		PARENT COMPANY						
		Balance on 12/31/2019		Effect on income - revenue (expense)				
		Foreign currency	Reais	Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>	Scenario II (-25%) <sup>1</sup>	Scenario III (-50%) <sup>1</sup>
	Loans obtained	1,986,426	8,005,495	59,791	(1,926,635)	(3,913,061)	2,046,217	4,032,643
USD	Loans granted	1,522,713	6,137,598	(46,747)	1,475,965	2,998,678	(1,569,460)	(3,092,173)
	Financial asset - Itaipu	451,654	1,820,481	(13,866)	437,788	889,442	(465,520)	(917,173)
	Impact on income - USD	3,960,793	15,963,574	(822)	(12,882)	(24,941)	11,237	23,297
	Loans obtained	51,966	235,354	(9,926)	(71,245)	(132,565)	51,394	112,714
	Loans granted	51,945	235,335	9,844	71,138	132,433	(51,451)	(112,746)
	Impact on income - EURO	103,911	470,689	(83)	(107)	(133)	(57)	(32)
	Loans granted	3,122,073	115,985	8,898	40,119	71,339	(22,323)	(53,544)
	Impact on income - IENE	3,122,073	115,985	8,898	40,119	71,339	(22,323)	(53,544)
Impact on income in case of exchange rate appraisal				7,993	27,129	46,266		
Impact on income in case of exchange rate appraisal							11,143	(30,278)
		CONSOLIDATED						
		Balance on 12/31/2019		Effect on income - revenue (expense)				
		Foreign currency	Reais	Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>	Scenario II (-25%) <sup>1</sup>	Scenario III (-50%) <sup>1</sup>
	Loans obtained	2,077,144	8,371,098	62,522	(2,014,622)	(4,091,766)	2,139,666	4,216,810
USD	Loans granted	1,450,154	5,845,135	(44,520)	1,405,634	2,855,788	(1,494,674)	(2,944,827)
	Financial asset - ITAIPU	451,654	1,820,481	(13,866)	437,788	889,442	(465,520)	(917,173)
	Impact on income - USD	3,978,952	16,036,714	4,136	(171,200)	(346,536)	179,472	354,810
	Loans obtained	51,966	235,353	(9,925)	(71,245)	(132,565)	51,394	112,714
	Impact on income - EURO	51,966	235,353	(9,925)	(71,245)	(132,565)	51,394	112,714
Impact on income in case of exchange rate appraisal				(5,789)	(242,445)	(479,101)		
Impact on income in case of exchange rate appraisal							230,866	467,524
<sup>(1)</sup> Assumptions adopted:		12/31/2019	Probable	+25%	+50%	-25%	-50%	
	USD	4.03	4.00	5.00	6.00	3.00	2.00	
	EURO	4.51	4.72	5.90	7.08	3.54	2.36	
	IENE	0.04	0.04	0.05	0.06	0.03	0.02	

#### 43.3.2. - Interest rate risk

This risk is associated with the Company's ability to account for losses due to fluctuations in market interest rates, impacting its statements by the increase in financial expenses related to foreign funding contracts, mainly referenced to the Libor rate.

The Company monitors its exposure to the Libor rate and engages in derivative transactions to minimize this exposure, in accordance with the Financial Hedging Policy.

#### (a) Breakdown of balances by indexer and sensitivity analysis

The following tables considered scenarios for indices and rates, with the respective impacts on the

Company's results. For the sensitivity analysis we used as a probable scenario for the period ended December 31, 2019 forecasts and/or estimates based primarily on macroeconomic assumptions obtained from the Focus Report, released by the Central Bank, and *Economic Outlook 86*, published by the OECD.

In all scenarios, the probable US dollar exchange rate was used to convert to reais the effect on the result of risks linked to the LIBOR fluctuation. This sensitivity analysis is not considering any foreign exchange effect as a result of any appreciation or depreciation of the probable scenario of the dollar value. The impact of the appreciation and depreciation of the probable scenario of the dollar value is presented in item (a.1) of this note.

#### (a.1) LIBOR

##### Interest rate appreciation risk

		PARENT COMPANY				
		Balance of debt/National value on 12/31/2019		Effect on income - revenue (expense)		
		In USD	In reais	Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>
LIBOR	Loans obtained	107,574	433,525	1,702	2,127	2,552
	Derivative	169	683	(3)	(3)	(4)
	<b>Total</b>	<b>107,744</b>	<b>434,208</b>	<b>1,699</b>	<b>2,124</b>	<b>2,548</b>
		CONSOLIDATED				
		Balance of debt/National value on 12/31/2019		Effect on income - revenue (expense)		
		In USD	In reais	Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>
LIBOR	Loans obtained	198,295	799,128	3,137	3,921	4,705
	Derivative	169	683	(3)	(3)	(4)
	<b>Total</b>	<b>198,464</b>	<b>799,811</b>	<b>3,134</b>	<b>3,918</b>	<b>4,701</b>
(1) Assumptions adopted:			12/31/2019	Probable	25%	50%
	USD		4.03	4.00	5.00	6.00
	LIBOR		1.91%	1.57%	1.96%	2.36%

#### (a.2) National Indexers

##### Interest rate appreciation/depreciation risk

		PARENT COMPANY					
		Balance on 12/31/2019	Effect on income - revenue (expense)				
			Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>	Scenario II (-25%) <sup>1</sup>	Scenario III (-50%) <sup>1</sup>
CDI	Loans obtained	4,033,270	(177,061)	-	(265,591)	(132,795)	(88,530)
	Debentures issued	4,033,270	190,032	237,540	285,048	(142,524)	(95,016)
	<b>Impact on income - CDI</b>	<b>8,362,019</b>	<b>12,971</b>	<b>237,540</b>	<b>19,457</b>	<b>(275,319)</b>	<b>(183,546)</b>
SELIC	Loans obtained	11,687,266	(430,091)	(657,409)	(788,890)	(394,445)	(262,963)
	<b>Impact on income - IPCA</b>	<b>11,687,266</b>	<b>(430,091)</b>	<b>(657,409)</b>	<b>(788,890)</b>	<b>(394,445)</b>	<b>(262,963)</b>
IGPM	Loans granted	239,095	11,190	13,987	16,784	8,392	5,595
	Lease liabilities	7,574	(354)	(443)	(532)	266	177
	<b>Impact on income - IGPM</b>	<b>246,669</b>	<b>10,836</b>	<b>13,544</b>	<b>16,252</b>	<b>8,658</b>	<b>5,772</b>
IPCA	Loans granted	3,502,135	128,879	161,098	193,318	96,659	64,439
	Debentures issued	715,479	26,330	32,912	39,494	19,747	13,165
	<b>Impact on income - IPCA</b>	<b>4,217,614</b>	<b>155,209</b>	<b>194,010</b>	<b>232,812</b>	<b>116,406</b>	<b>77,604</b>
	<b>Impact on income - index appreciation</b>		<b>(251,075)</b>	<b>(212,315)</b>	<b>(520,369)</b>		
	<b>Impact on income - index appreciation</b>					<b>(150,255)</b>	<b>(100,170)</b>

		Balance on 12/31/2019	Effect on income - revenue (expense)				
			Scenario I - Probable 2019 <sup>1</sup>	Scenario II (+25%) <sup>1</sup>	Scenario III (+50%) <sup>1</sup>	Scenario II (-25%) <sup>1</sup>	Scenario III (-50%) <sup>1</sup>
CDI	Loans obtained	8,698,416	(381,860)	(477,326)	(572,791)	(286,395)	(190,930)
	Debentures issued	4,779,292	(209,811)	(262,264)	(314,716)	(157,358)	(104,905)
	Impact on income - CDI	13,477,708	(591,671)	(739,590)	(887,507)	(443,753)	(295,835)
SELIC	Loans obtained	8,594,909	(386,771)	(483,464)	(580,156)	(290,078)	(193,385)
	Impact on income - IPCA	8,594,909	(386,771)	(483,464)	(580,156)	(290,078)	(193,385)
TJLP	Loans obtained	6,232,878	(333,459)	(416,824)	(500,188)	(250,094)	(166,729)
	Debentures issued	197,711	10,794	13,222	15,866	7,933	5,289
	Impact on income - TJLP	6,430,589	(322,665)	(403,602)	(484,322)	(242,161)	(161,440)
IGPM	Lease liabilities	1,207,189	(56,496)	(70,621)	(84,745)	42,372	28,248
	Loans granted	239,095	11,190	13,987	16,784	8,392	5,595
	Impact on income - IGPM	1,446,284	(45,306)	(56,634)	(67,961)	50,764	33,843
IPCA	Loans obtained	73,481	(2,704)	(3,380)	(4,056)	(2,028)	(1,352)
	Loans granted	146,824	5,403	6,754	8,105	4,052	2,702
	Debentures issued	982,275	(36,148)	(45,185)	(54,222)	(27,111)	(18,074)
	Impact on income - IPCA	1,202,580	(33,449)	(41,811)	(50,173)	(25,087)	(16,724)
Impact on income - index appreciation			(1,380,078)	(1,725,101)	(2,070,119)		
Impact on income - index appreciation						(950,315)	(633,541)
<sup>(1)</sup> Assumptions adopted:		12/31/2019	Probable	+25%	+50%	-25%	-50%
	CDI	4.40%	4.39%	5.49%	6.59%	3.29%	2.20%
	SELIC	4.50%	4.50%	5.63%	6.75%	3.38%	2.25%
	IPCA	4.20%	3.68%	4.60%	5.52%	2.76%	1.84%
	TJLP	5.57%	5.35%	6.69%	8.03%	4.01%	2.68%
	IGPM	7.30%	4.68%	5.85%	7.02%	3.51%	2.34%

### 43.3.3. - Credit risk

This risk arises from the possibility of the Company and its subsidiaries incurring losses resulting from the difficulty of realizing their customer receivables, as well as from the default of counterparty financial institutions in operations.

Eletrobras, through its subsidiaries, operates in the electric power generation and transmission markets supported by contracts signed in a regulated environment. The Company seeks to minimize its credit risks through guarantee mechanisms involving receivables from its customers and, when applicable, through bank guarantees.

Regarding receivables from loans granted (note 9), except for financial transactions with jointly-controlled subsidiary Itaipu, whose credit risk is low due to the inclusion of borrowing costs in the energy trading tariff of the jointly-controlled company, as defined under the terms of the International Treaty signed between the Governments of Brazil and Paraguay, the concentration of credit risk with any other individual counterparty did not exceed 26% of the outstanding balance.

Excess cash and cash equivalents are invested in off-market funds, according to specific regulations of the Central Bank of Brazil. This fund is fully composed of government securities held at SELIC, with exposure to lower credit risk than other instruments.

In any relationship with financial institutions, the Company is obligated to apply its cash and cash equivalents only in Caixa Econômica Federal and Banco do Brasil S.A., pursuant to Resolution No. 3,284 of the Central Bank of Brazil. These banks are low risk, and their ratings reviewed by credit rating agencies.

The Company has the standard on accreditation of financial institutions for derivative transactions. This standard defines criteria in relation to size, rating and expertise in the derivatives market, so as to select the institutions that may carry out transactions with the Company.

The Company monitors the credit risk of its swap transactions, but does not account for this non-performance risk in the fair value balance of each derivative because, based on the net exposure to credit risk, the Company may account for its portfolio of swaps considering an unforced transaction

between the parties at the valuation date. The Company considers the risk of default only for the analysis of the retrospective test for each relationship designated to Hedge Accounting.

Additionally, the Company is exposed to credit risk with respect to financial guarantees granted to banks by the Parent Company and its subsidiaries. The Company's maximum exposure corresponds to the maximum amount that the Company will have to pay if the guarantee is forfeited and this is set out in note 22.3.

#### 43.3.4. - Liquidity risk

The liquidity needs of the Company and its subsidiaries are the responsibility of the finance and fund raising areas, which act in line with the permanent monitoring of short-, medium- and long-term cash flows, forecast and realized, seeking to avoid possible mismatches and consequent financial losses and to ensure liquidity requirements for operational needs.

The table below analyzes the non-derivative financial liabilities of the Eletrobras Companies by maturity, corresponding to the period remaining in the balance sheet to the contractual maturity date. The contractual maturity is based on the most recent date on which the Eletrobras Companies should settle their obligations and includes the related contractual interest, when applicable.

	PARENT COMPANY				
	12/31/2019				
	Payment flow				
	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
<b>FINANCIAL LIABILITIES (Current/Non-Current)</b>					
Measured at amortized cost	9,151,904	15,816,946	7,174,368	8,238,005	40,381,223
Loans and financing	6,544,528	15,532,125	5,556,310	3,975,859	31,608,822
Debentures	308,916	273,533	1,584,968	4,250,597	6,418,014
Reimbursement obligations	1,796,753	-	-	-	1,796,753
Suppliers	494,133	-	-	-	494,133
Commercial leasing	7,574	11,288	33,090	11,549	63,501

	PARENT COMPANY				
	12/31/2018				
	Payment flow				
	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
<b>FINANCIAL LIABILITIES (Current/Non-Current)</b>					
Measured at amortized cost	8,851,352	12,514,035	3,207,674	4,881,624	29,454,685
Loans and financing	7,031,515	12,514,035	3,207,674	4,881,624	27,634,848
Reimbursement obligations	1,250,619	-	-	-	1,250,619
Suppliers	569,218	-	-	-	569,218

	CONSOLIDATED				
	12/31/2019				
	Payment flow				
	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
<b>FINANCIAL LIABILITIES (Current/Non-Current)</b>					
Measured at amortized cost	15,412,375	19,696,974	11,600,831	15,876,498	62,586,679
Loans and financing	9,783,672	18,982,813	8,864,393	11,309,125	48,940,003
Suppliers	3,092,676	20,936	-	-	3,113,612
Reimbursement obligations	1,796,753	-	-	-	1,796,753
Commercial leasing	242,055	219,635	643,834	224,708	1,330,232
Debentures	492,623	469,382	2,080,612	4,290,447	7,333,064
Concessions payable UBP	4,596	4,208	11,992	52,218	73,014

	CONSOLIDATED				
	12/31/2018				
	Payment flow				
	Up to 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
<b>FINANCIAL LIABILITIES (Current/Non-Current)</b>					
Measured at amortized cost	15,132,228	18,849,860	8,968,042	14,980,746	57,930,875
Loans and financing	10,385,810	18,107,879	8,636,012	14,717,910	51,847,610
Suppliers	3,303,173	-	16,555	-	3,319,728
Reimbursement obligations	1,250,619	-	-	-	1,250,619
Commercial leasing	152,122	304,244	304,243	215,506	976,115
Debentures	36,073	432,155	-	-	468,228
Concessions payable UBP	4,431	5,582	11,232	47,330	68,575

#### 43.4. - Sensitivity analysis of derivative financial instruments

The following analysis estimates the potential value of instruments in hypothetical stress scenarios of the main market risk factors that impact derivative financial instruments.

- Probable: The probable scenario was defined as the fair value of derivatives as of December 31, 2019;
- Scenario I and II: Estimated fair value considering a deterioration of 25% and 50%, respectively, in the associated risk variables; and
- Scenario III and IV: Estimated fair value considering an appreciation of 25% and 50%, respectively, in the associated risk variables.

Embedded derivative	Probable	Scenario I	Scenario II	Scenario III	Scenario IV
Electricity supply (43.4.1)	291,720	218,790	145,860	364,650	437,580
Conversion option into shares (43.4.2)	5,000	3,750	2,500	6,250	7,500

Sensitivity analyzes were prepared pursuant to CVM Instruction 475/2008, with the purpose of measuring the impact of changes in market variables on each financial instrument of the Company. These are, therefore, projections based on evaluations of macroeconomic scenarios, which does not mean that the transactions will have the values presented within the considered analysis period.

##### 43.4.1. - Electric energy supply

Sensitivity analyzes were performed to the Albrás electro-intensive consumer power supply contracts, as they have a contractual clause referring to the premium for aluminum price variation in the international market.

Thus, a variation on the premium price earned was sensitized to such hybrid contracts, as shown in the table below. The volatility components of the premium are basically: LME primary aluminum price, foreign exchange and CDI.

##### 43.4.2. - Stock conversion option

Sensitivity analyzes were performed to the debentures contract, as it has a contractual clause regarding the possibility of converting these debentures into shares of Eletronorte.

The following analysis considered scenarios for the TJLP with the respective impacts on the results of Eletronorte.

Sensitivity analyzes were performed for the curve of payment of debt service contracted with the Amazon Development Fund (FDA), as they have a contractual clause referring to the option to convert 50% of the Company's shares on the effective settlement date of the paper.

According to CPC 48, hybrid contracts that have volatile elements associated with them, be they price indices and/or commodities, must be marked at market value. As a result, the financial statements reflect the fair value of the transaction on each valuation date. Thus, a variation on the expectation of realization of the TJLP was sensitized to the contract.

#### **NOTE 44 - OPERATING SEGMENT INFORMATION**

The information by business segment for December 31, 2019 is as follows:

	12/31/2019				
	Administration	Generation	Transmission	Eliminations	Total
Net operating revenue	194,692	19,833,995	8,756,808	(1,059,968)	27,725,527
Costs	(67,019)	(6,866,912)	(865,397)	1,021,509	(6,777,819)
Operating expenses	(3,648,322)	(6,354,559)	(4,561,399)	900,756	(13,663,524)
Operating result before the financial result	(3,520,649)	6,612,524	3,330,012	862,297	7,284,184
Financial result	(253,165)	(1,604,727)	(223,134)	-	(2,081,026)
Interest revenue	2,121,894	2,272	2,778	(1,250,732)	876,212
Interest expense	(2,899,211)	(1,580,732)	(630,485)	1,250,732	(3,859,696)
Other financial revenue and expenses	524,152	(26,267)	404,573	-	902,458
Result of Equity Holdings	1,140,733	-	-	-	1,140,733
Other revenue and expenses	24,715	-	-	-	24,715
Current and deferred income tax and social contributions	(113,668)	(79,007)	1,282,937	-	1,090,262
Period net earnings (losses)	(2,722,034)	4,928,790	4,389,815	862,297	7,458,868

  

	12/31/2018				
	Administration	Generation	Transmission	Eliminations	Total
Net operating revenue	261,355	17,433,979	9,183,074	(1,106,103)	25,772,305
Costs	(226,879)	(5,107,440)	(1,275,820)	1,073,076	(5,537,063)
Operating expenses	(2,212,402)	1,222,410	(4,545,256)	1,220,305	(4,314,943)
Operating result before the financial result	(2,177,926)	13,548,949	3,361,998	1,178,278	15,920,299
Financial result	2,166,025	(1,769,920)	(1,770,736)	-	(1,374,631)
Interest revenue	3,672,441	2,199	2,688	(1,034,721)	2,642,607
Interest expense	(1,749,769)	(1,675,239)	(869,900)	1,034,721	(3,260,187)
Other financial revenue and expenses	243,353	(96,880)	(903,524)	-	(757,051)
Result of Equity Holdings	1,384,850	-	-	-	1,384,850
Current and deferred income tax and social contributions	(853,448)	(1,210,107)	(420,163)	-	(2,483,718)
Period net earnings (losses)	519,501	10,568,922	1,171,099	1,187,278	13,446,800

The elimination column presents the adjustments made between the Company's segments, reconciling the balances disclosed by each segment. There are no reconciliations arising from differences in accounting practice.

Raw revenue from external customers by segment before tax deductions:

	12/31/2019		
	Generation	Transmission	Total
Power Supply for Distribution Companies	15,870,784	-	15,870,784
Power Supply for End Consumers	2,282,200	-	2,282,200
CCEE	1,353,218	-	1,353,218
Revenue from operation and maintenance	3,549,019	4,153,759	7,702,778
Construction revenue	49,353	521,348	570,701
Financial Effect of Itaipu	269,432	-	269,432
Contract revenue - Transmission	-	793,239	793,239
Financial Return on Investments - RBSE	-	4,075,583	4,075,583
Total gross revenue	23,374,006	9,543,929	32,917,935

  

	12/31/2018		
	Generation	Transmission	Total
Power Supply for Distribution Companies	13,268,869	-	13,268,869
Power Supply for End Consumers	2,319,857	-	2,319,857
CCEE	1,296,526	-	1,296,526
Revenue from operation and maintenance	2,708,451	4,083,948	6,792,399
Construction revenue	34,295	678,416	712,711
Financial Effect of Itaipu	511,079	-	511,079
Contract revenue - Transmission	-	643,208	643,208
Update revenue - RBSE	-	4,462,260	4,462,260
Total gross revenue	20,139,077	9,867,832	30,006,909

Inter-segment Revenue:

12/31/2019

	Administration	Generation	Transmission	Total
Supply (sale) of electric power from the segment of generation	-	349,374	-	349,374
Revenue of transmission - O&M from the segment of generation	-	-	672,135	672,135
Interest revenue from the segment of generation	877,512	-	-	877,512
Interest revenue from the segment of transmission	373,220	-	-	373,220
<b>Total</b>	<b>1,250,732</b>	<b>349,374</b>	<b>672,135</b>	<b>2,272,241</b>

12/31/2018

	Administration	Generation	Transmission	Total
Supply (sale) of electric power from the segment of generation	-	362,969	-	362,969
Revenue of transmission - O&M from the segment of generation	-	-	710,107	710,107
Interest revenue from the segment of generation	621,543	-	-	621,543
Interest revenue from the segment of transmission	413,178	-	-	413,178
<b>Total</b>	<b>1,034,721</b>	<b>362,969</b>	<b>710,107</b>	<b>2,107,797</b>

Addition to non-current assets by segment:

12/31/2019

	Administration	Generation	Transmission	Total
Fixed Assets	111,856	2,358,752	-	2,470,608
Intangible assets	75,886	1,219	30	77,135
<b>Total</b>	<b>187,742</b>	<b>2,359,971</b>	<b>30</b>	<b>2,547,713</b>

12/31/2018

	Administration	Generation	Transmission	Total
Fixed Assets	87,104	1,980,845	-	2,067,949
Intangible assets	146,407	24,948	51	171,406
<b>Total</b>	<b>233,511</b>	<b>2,005,793</b>	<b>51</b>	<b>2,239,355</b>

Non-current assets by segment:

12/31/2019

	Administration	Generation	Transmission	Total
Fixed Assets	1,545,786	31,770,088	-	33,315,874
Intangible assets	553,008	99,941	2,092	655,041
<b>Total</b>	<b>2,098,794</b>	<b>31,870,029</b>	<b>2,092</b>	<b>33,970,915</b>

12/31/2018

	Administration	Generation	Transmission	Total
Fixed Assets	1,468,494	30,901,898	-	32,370,392
Intangible assets	564,732	68,990	15,929	649,651
<b>Total</b>	<b>2,033,226</b>	<b>30,970,888</b>	<b>15,929</b>	<b>33,020,043</b>

Items that do not affect cash by segment:

12/31/2019

	Administration	Generation	Total
Depreciation and amortization	251,545	1,555,884	1,807,429
Constitution (Reversal) of onerous contract	-	179,003	179,003
Provision fo recoverable assets (impairment)	-	121,581	121,581
<b>Total</b>	<b>251,545</b>	<b>1,856,468</b>	<b>2,108,013</b>

12/31/2018

	Administration	Generation	Total
Depreciation and amortization	160,123	1,541,867	1,701,990
Constitution (Reversal) of onerous contract	-	(1,353,849)	(1,353,849)
Provision fo recoverable assets (impairment)	(42,634)	(6,458,393)	(6,546,048)
<b>Total</b>	<b>117,489</b>	<b>(6,270,375)</b>	<b>(6,197,907)</b>

**NOTE 45 - TRANSACTIONS WITH RELATED PARTIES**

The Company's transactions with its subsidiaries, affiliates, special purpose entities and governmental entities are carried out at prices and conditions defined by the parties, which take into consideration the conditions that could be practiced in the market with unrelated parties, when applicable. Among the main transactions with related parties, we highlight loans and financing granted established under the conditions mentioned and/or in accordance with specific legislation on the subject.

#### 45.1 - Main transactions in 2019

Name of the Parties	Operation Date	Contract Purpose	Transaction Amount
Eletrobras, Madeira Energia S/A, Santo Antônio S/A and BNDES	01/28/2019	Increase in the amount of the guarantee caused by an increase in shareholding from 42.46% to 43.05% of the subsidiary Fumas in the capital of Santo Antônio S / A.	57,437
Fumas and Foz do Chapecó Energia S/A	07/03/2019	Energy Commercialization Contract in the Free Contracting Environment - CCEAL, in which Fumas is a seller and Foz do Chapecó Energia S / A buyer	117,100
Eletrobras, Eólicas Hermenegildo, I, II, III and Chuí IX, BNDES, Caixa Econômica Federal and Banco de Desenvolvimento Regional do Extremo Sul	07/25/2019	Guarantee constitution through escrow account	100,000
Eletrobras, Fumas, Chesf, Eletronuclear, Eletronorte, Eletrosul, Amazonas GT and CGTEE	09/20/2019	Human Resources Sharing and Infrastructure Associated with the Operation of the Eletrobras System Shared Services Center	533,475
Eletrobras and Petrobras	09/20/2019	Amendments to the IADs and Other Covenants were signed, referring to the debts admitted in 2014 and 2018 by Eletrobras, as well as the new celebration of two autonomous IADs, between Eletrobras (Debtor) and Petrobras (Credora). These additives and new autonomous IADs aim to adopt the early maturity clause in place of Eletrobras' obligation to present real guarantees. Interest rates charged: IADs 2014: 100% of the Selic Rate; IAD 2018-2: 124.75% of the CDI.	739,000
Fumas and Petrobras	12/06/2019	Energy Commercialization Contract in the Free Contracting Environment - CCEAL, in which Fumas is a seller and Petrobras is a buyer	66,100
Fumas and Energia Sustentável do Brasil S.A.	12/06/2019	Energy Commercialization Contract in the Free Contracting Environment - CCEAL, in which Fumas is a seller and Energia Sustentável do Brasil S.A. buyer	91,700

#### 45.2 - Transactions with Governmental Entities

In addition to operations with the Federal Government, Eletrobras maintains transactions with other governmental entities, under common control, in the course of its operations. The balances of the main transactions with these entities are summarized below:

NATURE OF THE OPERATION	CONSOLIDATED				
	12/31/2019		12/31/2018		INCOME
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	
Customers					
Federal Government	-	-	68,743	-	-
Reimbursement obligations					
Federal Government	5,464,005	-	6,256,311	-	-
Loans and financing payable					
Federal Government - FIDC	-	-	-	672,492	-
Federal Government - Banco do Brasil	-	3,581,431	-	4,696,971	-
Federal Government - Caixa Econômica Federal (a.2)	-	6,193,508	-	7,579,121	-
Federal Government - BNDES (a.1)	-	6,111,390	-	6,595,405	-
Federal Government - Global Reversal Reserve (a.3)	-	863,645	-	5,802,847	-
Federal Government - BR Distribuidora (d)	-	-	-	1,047,221	-
Federal Government - Petrobras (c)	-	8,928,835	-	-	-
Suppliers (c)					
Poder Público Federal - BR Distribuidora (d)	-	-	-	3,081,505	-
Reimbursement obligations (b)					
National Treasury - Itaipu	-	5,492,860	-	6,340,267	-
Service provision revenue					
Federal Government	-	-	-	-	129,861
Federal Government	-	-	-	-	-
Total	5,464,005	31,171,714	6,325,054	35,815,829	129,861

The following are the conditions of the main transactions with other government entities:

- a) Loans and financing payable:

## Applications at the Angra 3 Plant

a.1) Loan between the National Bank for Economic and Social Development (BNDES) and Eletronuclear: Financing contract between BNDES and Eletronuclear, with Eletrobras intervening to implement the Angra 3 plant.

a.2) Loan between CEF and Eletronuclear: Contract between Eletronuclear and CEF (main contract) for complementary financing of Angra 3, regarding the importation of equipment and services.

## Global Reversal Reserve (RGR)

a.3) The Company was responsible for the management of sector resources of RGR and others. In accordance with Law No. 13,360/2016, regulated by Decree No. 9,022/2017, and ANEEL Order No. 1,079, of April 18, 2017, the responsibility for the budget, management and movement of these Sector Funds was transferred to CCEE, since May 1, 2017.

## Loan guarantee:

Eletrobras' interest as guarantor of loans taken by its subsidiaries can be seen in more detail in note 22.

b) Reimbursement obligations - Itaipu: Indemnifiable financial assets arising from the Itaipu concession, further details in note 17, item b.

c) Petrobras Operations: With the sale of the subsidiary Amazonas Distribuidora, the assignment of rights of Amazonas Energia to Eletrobras regarding the CCC and the Energy Development Account (CDE), recognized in the Distributor's Financial Statements, became effective. Eletrobras assumed obligations in equivalent amounts as loans acquired, pursuant to conditions set forth in CPPI Resolution No. 20 of November 8, 2017 and subsequent amendments.

d) BR Distribuidora: BR Distribuidora announced to the market on July 29, 2019, that Petróleo Brasileiro S.A. (Petrobras) settled the Public Offering of Secondary Distribution of Common Shares of the Company, which ceased to be the controlling shareholder of BR Distribuidora, thus ceasing to have joint control with Eletrobras.

## 45.3 - Transactions with associates and subsidiaries - Parent Company

The parent company's business transactions and related party balances are summarized below:

	Balance and Transactions per Nature - Parent Company					
	12/31/2019			12/31/2018		
	ASSETS	LIABILITIES	INCOME	ASSETS	LIABILITIES	INCOME
Loans and financing (a)	14,991,496	-	-	20,941,319	2,936,049	-
Advance for future capital increase (b)	774,468	-	-	1,128,015	-	-
Dividend receivable	3,522,447	-	-	2,458,196	-	-
Credits with subsidiaries - CCD's (d)	2,109,354	-	-	1,485,926	-	-
Other assets	122,802	-	-	1,125,450	-	-
Contributions payable - sponsor	-	14,875	-	-	29,336	-
Provisions	-	818,164	-	-	1,196,286	-
Other liabilities	-	1,251,794	(119,006)	-	950,494	(159,192)
Revenue from interest, fees, charges and exchange variation(d)	-	-	2,054,210	-	-	3,403,874
Other financial revenues/expenses	-	-	990	-	-	(196,327)
Charges	-	-	(4,078)	-	-	(3,393)
TOTAL	21,520,567	2,084,834	1,932,116	27,138,906	5,112,166	3,045,962

Balance and Transactions per Entity - Parent Company

	12/31/2019			12/31/2018		
	ASSETS	LIABILITIES	INCOME	ASSETS	LIABILITIES	INCOME
<b>Subsidiaries</b>						
Furnas	3,336,050	-	280,404	3,250,697	-	330,918
Eletronorte	4,586,799	-	134,661	5,193,072	2,936,049	238,517
Eletronuclear	2,523,981	1,251,794	21,032	1,702,293	950,494	(219,963)
Amazonas GT	2,470,505	-	191,505	2,876,456	-	170,113
Eletrosul	821,844	-	72,623	872,511	-	98,623
CGTEE	534,867	-	468,479	4,605,396	-	383,033
CHESF	1,198,894	-	4,189	431,972	-	94,042
Eletropar	445	-	990	2,619	-	-
	15,473,384	1,251,794	1,173,883	18,935,018	3,886,544	1,095,283
<b>Jointly-controlled ventures and associated companies</b>						
Itaipu	5,874,600	-	751,019	8,023,673	-	1,940,669
Eletros	-	833,039	(4,078)	-	1,225,622	(3,393)
Equatorial Maranhão D	38,936	-	10,337	115,722	-	12,168
Lajeado Energia	23,975	-	-	11,278	-	-
CEB Lajeado	19,588	-	-	11,102	-	-
Paulista Lajeado	16,221	-	-	15,223	-	-
CEEE-D	12,489	-	955	16,077	-	1,235
CEEE-GT	15,897	-	-	-	-	-
CTEEP	41,021	-	-	-	-	-
EMAE	4,456	-	-	10,813	-	-
	6,047,183	833,039	758,233	8,203,888	1,225,622	1,950,679
<b>TOTAL</b>	<b>21,520,567</b>	<b>2,084,834</b>	<b>1,932,116</b>	<b>27,138,906</b>	<b>5,112,166</b>	<b>3,045,962</b>

The following are the conditions of the main transactions made with the related parties of the parent company:

a) Loans and financing:

Itaipu Binacional

As agreed in the Itaipu Treaty, the resources required for the studies, construction and operation of the power plant and the auxiliary works and facilities will be supplied by Eletrobras and the *Administración Nacional De Electricidad (ANDE)*, or obtained by Itaipu through the credit operation. The main contracts signed with Eletrobras are related to:

- Refinancing of due and overdue debt balances of all Itaipu debt through financing contracts with Eletrobras;
- Financing of the cost of the remaining investments of the Works Completion Plan;
- Financing of the installation of the last two generating units of ITAIPU; and
- Coverage of the total cost of the Complementary Investment Program (PIC).

CGTEE

The financing provided by Eletrobras is intended to enable the construction of Candiota III (Phase C) TPP and also to enable the energy purchases that the subsidiary CGTEE has required in recent years.

b) Advances for future capital increases:

The information regarding the AFAC is shown in note 14;

c) Interest income, commissions, fees and exchange variation:

Part of these amounts refer to financial charges on loans in accordance with note 9 and part refers to exchange variation arising from Itaipu's operations, details of which are in note 17;

d) Other assets: Credit Assignment – Eletronorte:

CCC credits related to certain divested distributors transferred to Eletrobras that will be paid by the subsidiary Eletronorte, adjusted until the payment date. The restated total of these credits as of December 31, 2019 is R\$ 2,082,331 (R\$ 1,968,930 as of December 31, 2018).

45.4 - Transactions with associates and jointly controlled entities - Consolidated

The consolidated business transactions and related party balances are summarized below:

Balance and Transactions per Nature - Consolidated

	12/31/2019			12/31/2018		
	ASSETS	LIABILITIES	INCOME	ASSETS	LIABILITIES	INCOME
Customers	55,835	-	-	53,253	-	-
Accounts receivable	16,793	-	-	5,232	-	-
Advance for future capital increase	181,257	-	-	709,666	-	-
Dividends / JCP receivable	205,540	-	-	196,831	-	-
Loans and financing	5,865,035	-	-	8,121,455	-	-
Other assets	162,770	-	-	17,582	-	-
Suppliers	-	34,979	-	-	399,716	-
Provisions	-	818,164	-	-	1,213,161	-
Contributions payable - sponsor	-	14,875	-	-	29,336	-
Accounts payable	-	820	-	-	1,742	-
Other liabilities	-	1,999	-	-	2,153	-
Revenue from generation	-	-	2,729	-	-	-
Revenue from the use of electric energy	-	-	598,102	-	-	358,971
Revenue from the sale of energy	-	-	81,576	-	-	78,623
Revenue from service provision	-	-	114,824	-	-	104,076
Other revenues	-	-	1,380	-	-	370,824
Energy purchased for resale	-	-	(748,229)	-	-	(278,309)
Fees for the use of the network	-	-	(107,885)	-	-	(93,804)
Charges	-	-	(4,078)	-	-	(3,393)
Other expenses	-	-	(328)	-	-	(158,281)
Revenue from interest, fees, charges and exchange variation	-	-	762,311	-	-	1,954,072
Financial revenue	-	-	6,308	-	-	178,325
Financial expenses	-	-	(4)	-	-	(10)
TOTAL	6,487,230	870,837	706,706	9,104,019	1,646,109	2,511,094

Balance and Transactions per Entity - Consolidated

	12/31/2019			12/31/2018		
	ASSETS	LIABILITIES	INCOME	ASSETS	LIABILITIES	INCOME
AETE	-	-	-	203	120	882
Baguari	362	-	435	363	-	449
Baraúnas I	-	-	-	12	-	-
Baraúnas II	-	-	-	-	248	(1,674)
Belo Monte Transmissora SPE S.A.	14,363	2,664	(36,491)	15,328	2,083	34,228
Bom Jesus Eólica S.A.	-	-	-	-	-	1,031
Brasil Ventos Energia S.A.	-	-	-	250,987	16,875	8
Brasnorte	-	-	-	14	65	162
Brasventos Eolo	-	-	-	231	-	1,898
Brasventos Miassaba	-	-	-	172	99	2,366
Banda de Couro	-	-	-	-	-	(166)
Cachoeira Eólica S.A.	-	-	-	-	-	1,050
Caldas Novas	1,248	2	467	1,055	2	640
Carnaúba I Eólica S.A.	-	-	-	-	-	1,985
Carnaúba II Eólica S.A.	-	-	-	-	-	1,972
Carnaúba III Eólica S.A.	-	-	-	-	-	1,375
Carnaúba V Eólica S.A.	-	-	-	-	-	2,283
CEB Lajeado	19,589	-	-	11,102	-	-
CEEE-D	12,490	-	955	16,077	-	1,235
Centrais Eolica Famosa I S.A.	-	-	-	-	-	738
Centrais Eolica Pau Brasil S.A.	-	-	-	-	-	692
Centrais Eolica Rosada S.A.	-	-	-	-	-	1,115
Centrais Eolica São Paulo S.A.	-	-	-	-	-	765
Centroeste	-	-	-	75	41	(118)
Cervantes I Eólica S.A.	-	-	-	-	-	1,416
Cervantes II Eólica S.A.	-	-	-	-	-	991
Chapecoense	29,830	-	-	27,197	-	-
Cia Hidrel Teles Pires	6,371	9,560	(179,165)	6,550	18,348	(160,703)
CSE Centro de Soluções Estratégicas S.A.	-	-	-	649	-	1,320
Eletros (a)	-	833,039	(4,078)	-	1,225,622	(21,321)
EMAE	4,456	-	-	10,813	-	-
Empresa de Energia São Manuel S.A.	1,339	3,346	(25,486)	141	4,920	8,584
Energia Olímpica S.A.	428	-	93	428	-	-
Enerpeixe	12,792	3,387	(33,769)	16,950	404	(138)
EAPSA - Energética Águas da Pedra S.A.	-	-	-	513	-	2,690
Eólica Ibirapuitã S.A.	-	-	-	25	-	-
Equatorial Maranhão D	38,936	-	10,337	115,722	-	12,168
ESBR	152,431	13,592	(245,174)	351,359	368,698	-
ETAU	-	-	-	-	-	53,079
Foz do Chapecó	879	-	10,738	901	-	11,028
Fronteira Oeste (FOTE)	41,325	-	682	13,015	-	535
Goiás Transmissão	11,668	131	(1,705)	11,985	135	(1,660)
IE Garanhuns	-	269	(3,624)	-	301	(3,340)
IE Madeira	-	2,668	(36,571)	-	3,898	(61,612)
Itaipu (b)	5,874,600	-	751,019	7,991,589	-	1,940,668
Inhambari	-	-	-	-	-	(88)
Lagoa Azul Transmissora	130	10	116	2,614	10	(8,292)
Lajeado Energia	23,975	-	-	11,278	-	-
Livramento	1,770	-	1,160	-	-	-
Luziânia Niquelândia Transmissora	-	-	-	8	10	(73)
Madeira Energia	-	-	-	-	-	216,530
Manaus Construção	-	-	-	9,178	-	-
Manaus Transmissão	-	-	-	1,067	1,329	(12,672)
Manaus Construtora	9,178	-	-	-	-	-
Mata de Santa Genebra	-	-	-	1	-	(120,645)
MGE Transmissão	5,634	75	(810)	5,633	53	(733)
Norte Brasil Transmissora	100	663	(8,622)	99	1,064	11,414
Norte Energia (Belo Monte)	29,270	-	267,014	22,215	-	137,239
Paranaíba Transmissora de Energia S.A.	5,985	341	(3,963)	8,567	399	(3,742)
Paulista Lajeado	-	-	-	15,223	-	-
Pedra Branca	-	-	-	17	-	33
Pitimbu Eólica S.A.	-	-	-	-	-	1,454
Punau I Eólica S.A.	-	-	-	-	-	1,744
Rei dos Ventos 3 Geradora de Energia S.A.	-	-	-	151	-	2,001
Retiro Baixo	7,582	-	-	6,841	-	-
S. Pedro do Lago	-	-	-	14	-	-
Santo Antônio Energia	18,397	-	222,851	19,446	-	224,896
São Caetano Eólica S.A.	-	-	-	-	-	1,260
São Caetano I Eólica S.A.	-	-	-	-	-	1,058
São Galvão Eólica S.A.	-	-	-	-	-	195
Serra Facão Energia	45	-	93	-	-	156
Sete Gameleiras	-	-	-	14	-	-
SINOP	914	388	(3,310)	2,515	-	158,716
STN	346	529	(3,462)	322	580	(2,512)
TDG	2,901	62	1,954	101,241	79	1,852
Tijoa Participações e Investimentos S.A.	873	-	16,985	17,505	-	10,951
TME - Transmissora Matogrossense de Energia	-	-	-	12	190	(1,536)
Trans. São Paulo	17,271	24	(282)	18,031	37	(286)
Transenergia Renovável	4,492	-	(527)	-	45	(539)
Transirape	-	-	-	-	77	(1,505)
Transleste	-	-	-	-	125	(2,074)
Transnorte	-	13	562	61	20	533
Transudeste	-	-	-	216	77	(1,189)
Triângulo Mineiro Trans. S.A.	-	-	-	11	71	58,089
TSBE - Transmissora Sul Brasileira de Energia S.A.	105	4	6,288	-	-	-
TSLE - Transmissora Sul Litorânea de Energia S.A.	8,075	7	1,964	8,700	8	1,289
Teles Pires Participações	-	-	-	-	-	1
Vale do São Bartolomeu Transmissora de Energia S.A.	1,262	63	31	1,523	75	947
Vamcruz Participações S.A.	125,816	-	-	8,059	-	-
<b>TOTAL</b>	<b>6,487,228</b>	<b>870,837</b>	<b>706,706</b>	<b>9,104,019</b>	<b>1,646,109</b>	<b>2,511,094</b>

The following are the conditions of the main transactions made with the related parties of the consolidated:

- a) Eletros - Fundação Eletrobras de Seguridade Social: As of December 31, 2019, the balance of provisions for employee benefits totals R\$ 833,039 (R\$ 1,225,622 as of December 31, 2018).
- b) Itaipu: As mentioned in note 45.3. (a), linked to the Loan described in note 9, interest income, commissions, fees and exchange variation mainly derive from financial charges and exchange variation arising from Itaipu operations, details of which can be observed in note 17.

45.4.1 - Below are the main conditions of significant transactions concerning the use of a transmission network, purchase of energy or provision of services:

STN – Sistema de Transmissão do Nordeste S.A.: Service contracts related to the maintenance of the transmission line, as well as charging for the use of the transmission system network;

Energia Sustentável do Brasil S.A.: Contracts entered into for the availability of the power transmission and purchase system, as well as the bilateral ACL contract, concerning the purchase of energy, effective on 03/01/2013 and ending on 01/15/2035, with average contracted volume of 107.596 Mw;

TDG – Transmissora Delmiro Gouveia S.A.: Contracts entered into for the provision of services and capital advances, as well as charging for the use of the transmission system network;

Norte Energia S.A.: Contract to provide maintenance and operation services for Belo Monte and Pimentel plants, and provision of transmission networks;

Interligação Elétrica Garanhuns S.A.: Contracts entered into for the provision and use of the transmission system; and

Companhia Hidrelétrica Teles Pires S.A.: Contracts entered into for the availability of the transmission system and the purchase of energy, as well as for charging for the use of the transmission system network.

Information on loans granted by Eletrobras to its subsidiaries, jointly-owned subsidiaries and affiliates is presented in note 9.

#### **NOTE 46 - REMUNERATION OF KEY PERSONNEL**

The remuneration of the Company's key personnel (members of the Executive Board, Board of Directors and Fiscal Council) is as follows:

	CONSOLIDATED			
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Short-term benefits	7,905	8,194	42,181	42,448
Post-employment benefits	453	626	453	1,058
Other long-term benefits	-	-	-	7
	8,358	8,820	42,634	43,513

#### **NOTE 47 - ASSETS HELD FOR SALE**

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Generation	1,147,082	1,282,083	3,144,351	3,365,208
Transmission	399,168	760,299	399,168	790,226
Distribution	-	3,240,242	-	11,268,925
Total assets classified as held for sale	1,546,250	5,282,624	3,543,519	15,424,359
Generation	-	-	1,692,708	1,691,745
Transmission	-	-	-	4,299
Distribution	-	11,127,717	-	8,598,923
Total liabilities associated to assets classified as held for sale	-	11,127,717	1,692,708	10,294,967

## Distribution

On November 8, 2017, the CPPI of the Presidency of the Republic approved Resolution No. 20 containing the minimum conditions and prices for the sale by Eletrobras of the shares representing its equity interest in the then subsidiaries Ceal, Cepisa, Eletroacre, Amazonas Distribuidora, Boa Vista and Ceron.

During the third and fourth quarters of 2018, the Company concluded the sale of control of Cepisa, Eletroacre, Boa Vista and Ceron. On March 18, 2019, Eletrobras transferred to Equatorial Energia S.A. the common and preferred shares issued by Ceal and, on April 10, 2019, transferred the common shares of Amazonas Distribuidora to the Consortium formed by the companies Oliveira Energia Geração e Serviços Ltda. and ATEM'S Distribuidora de Petróleo S.A.

As a result of the transfer of control of all distributors, since April 10, 2019, the Company has no balances related to assets held for sale for the distribution segment.

## Generation and Transmission

On February 23, 2018, Eletrobras' Board of Directors approved the sale of the equity interests of certain SPEs held by the Company and its subsidiaries. On July 25, 2019, the Board of Directors initiated Competitive Disposal Procedure No. 01/2019 aiming at the sale of the equity interests in 39 remaining SPEs of Tender No. 01/2018. Eletrobras considered CPC 31/IFRS 5 to assess that these SPEs met the criteria for classification as held for sale, as presented in the financial statements as of December 31, 2018.

The table below shows SPEs classified as held for sale as of December 31, 2019.

Lot	SPEs Wind Generation	Shareholding
A	Santa Vitória do Palmar Holding S.A. (WPP Verace I to X) and Chuí Holding S.A. (WPP Chuí I, II, IV and V and Minuano I and II)	78.00%
B	Eólica Hermenegildo I S.A. (WPP Verace 24 to 27)	99.99%
	Eólica Hermenegildo II S.A. (WPP Verace 28 to 31)	99.99%
	Eólica Hermenegildo III S.A. (WPP Verace 34 to 36)	99.99%
	Eólica Chuí IX S.A. (WPP Chuí 09)	99.99%
D	Chapada do Piauí I Holding S.A. (WPP Santa Joana IX to XVI)	49.00%
	Chapada do Piauí II Holding S.A. (WPP Santa Joana I, III, IV, V, VII and Santo Augusto IV)	49.00%
E	Vam Cruz I Participações S.A. (WPP Caiçara I and II and Junco I and II)	49.00%
G	Geradora e Comercializadora de Energia Elétrica S.A. (WPP Mangue Seco 2)	49.00%
Lot	SPEs Transmission	Shareholding
P	Companhia de Transmissão Centroeste de Minas S.A. (CENTROESTE)	49.00%
Q	Luziânia-Niquelândia Transmissora S.A. (LUZIÂNIA-NIQUELÂNDIA)	49.00%
R	Manaus Transmissora de Energia S.A. (MANAUS TR)	49.50%

The main assets and liabilities classified as held for sale as of December 31, 2019 are as follows:

Generation:

Generation

	Eletrobras	Chesf	Santa Vitória do Palmar	Hermenegildo I	Hermenegildo II	Hermenegildo III	Chuí IX	Eliminations	Total
	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019	12/31/2019
Cash and cash equivalents	-	-	74,878	14,922	13,218	8,523	5,332	-	116,873
Customers	-	-	22,342	2,464	17	8	3	(2,457)	22,377
Taxes and social contributions	-	-	1,712	3,095	3,413	3,202	1,044	-	12,466
PP&E	-	-	1,619,270	217,617	216,017	185,971	60,821	-	2,299,696
Intangible Assets	-	-	53,430	11,917	11,477	10,221	3,664	-	90,709
Investments	1,147,082	125,816	-	-	-	-	-	(1,055,658)	217,240
Other assets	-	-	229,174	46,596	49,834	46,193	13,331	(138)	384,990
Total assets of the subsidiary classified as held	1,147,082	125,816	2,000,806	296,611	293,976	254,118	84,195	(1,058,253)	3,144,351
Suppliers	-	-	2,545	1,719	3,134	2,569	1,114	(361)	10,720
Loans and financing	-	-	863,213	132,254	131,860	112,341	37,974	-	1,277,642
Taxes and social contributions	-	-	1,871	785	773	635	246	-	4,310
Provisions for contingencies	-	-	439	-	-	-	-	-	439
AFAC	-	-	173,749	-	-	-	-	-	173,749
Other liabilities	-	-	136,527	28,339	25,095	26,332	9,555	-	225,848
Liabilities of the subsidiary associated with assets classified as held for sale	-	-	1,178,344	163,097	160,862	141,877	48,889	(361)	1,692,708

Generation

	Eletrobras	Chesf	Santa Vitória do Palmar	Hermenegildo I	Hermenegildo II	Hermenegildo III	Chuí IX	Eliminations	Total
	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018
Cash and cash equivalents	-	-	76,719	13,230	10,460	5,894	3,669	-	109,972
Customers	-	-	22,974	1,464	1,311	1,409	433	-	27,591
Taxes and social contributions	-	-	1,229	2,087	2,402	2,351	725	-	8,794
PP&E	-	-	1,653,735	193,430	191,613	165,564	54,408	-	2,258,750
Intangible Assets	-	-	53,430	11,916	11,477	10,222	3,664	-	90,709
Investments	1,282,083	175,651	-	-	-	-	-	(942,043)	515,691
Other assets	-	-	182,878	51,702	54,777	49,718	14,626	-	353,701
Total assets of the subsidiary classified as held	1,282,083	175,651	1,990,965	273,829	272,400	235,158	77,525	(942,043)	3,365,208
Suppliers	-	-	12,074	403	425	341	124	(388)	12,979
Loans and financing	-	-	900,017	138,891	138,939	118,373	40,014	-	1,336,234
Taxes and social contributions	-	-	2,802	491	462	420	151	-	4,326
Provisions for contingencies	-	-	680	516	528	501	-	-	2,225
AFAC	-	-	-	-	-	11,834	-	(11,834)	-
Other liabilities	-	-	284,124	25,548	23,188	23,924	8,597	(29,400)	335,981
Liabilities of the subsidiary associated with assets classified as held for sale	-	-	1,199,697	165,849	163,542	155,393	48,886	(41,622)	1,691,745

Transmission:

Investments in SPEs Transmission from Eletrobras classified as assets held for sale	PARENT COMPANY AND CONSOLIDATED 12/31/2019
Companhia de Transmissão Centroeste de Minas	18,737
Luziania-Niquelandia Transmissora S.A.	31,182
MTE - Manaus Transmissora de Energia S.A.	349,249
	<u>399,168</u>

Transmission

	Eletrobras	Uirapuru	Eliminations	Total
	12/31/2018	12/31/2018	12/31/2018	12/31/2018
Cash and cash equivalents	-	1,999	-	1,999
Customers	-	3,030	-	3,030
Financial assets	-	65,333	-	65,333
Investments	760,299	-	(41,434)	718,865
Other assets	-	999	-	999
Total assets of the subsidiary classified as held for sale	760,299	71,361	(41,434)	790,226
Suppliers	-	6,341	(6,175)	166
Taxes and social contributions	-	107	-	107
Other liabilities	-	9,668	(5,642)	4,026
Liabilities of the subsidiary associated with assets classified as held for sale	-	16,116	(11,817)	4,299

**NOTE 48 - DISPOSAL OF INVESTEEES**

48.1 - Sale of subsidiaries - Ceal and Amazonas Distribuidora

The subsidiaries Ceal and Amazonas Distribuidora, previously classified as held for sale, had their tenders held on December 10, 2018 and December 28, 2018, respectively. Sales of these subsidiaries were concluded on March 18, 2019 and April 10, 2019, respectively, with the signing of the share purchase and sale contract in accordance with the schedule established in the privatization tender.

As a result of the conclusion of the process of sale of the distributors, Equatorial Energia S.A. acquired the controlling interest of approximately 89.94% of the total capital of Ceal and the Consortium formed by the companies Oliveira Energia Geração e Serviços Ltda. and ATEM'S Distribuidora de Petróleo S.A. and acquired the controlling interest of approximately 90% of the total capital of Amazonas Distribuidora.

Eletrobras received, for the sale of the two distributors mentioned above, the amount of approximately R\$ 100 and had a positive effect on the result of the year of R\$ 3,284,975, due to the reversal of negative equity. The effect on disposal is recorded as a discontinued operation.

	Ceal	Amazonas D
Negative equity	900,034	5,269,403
Other comprehensive income	(40,974)	(9,647)
Sale price	(50)	(50)
Gain on the disposal of distributors' shares	859,010	5,259,706

  

Income on discontinued operations	
CEAL income recognized on the fiscal year as of the sale date	94,451
Amazonas D income recognized on the fiscal year as of the sale date	(1,176,127)
CEAL disposal effect - reversal of negative equity	859,060
Amazonas D disposal effect - reversal of negative equities	5,259,756
Provision for the Right of Reimbursement CCC	(1,752,165)
Income on discontinued operations	3,284,975

As part of the privatization modeling of Amazonas Distribuidora, the Company assumed obligations and rights in equivalent amounts, in accordance with the conditions set forth in CPPI Resolution No. 20 of November 8, 2017 and subsequent amendments, see notes 12 and 22.

#### 48.2 - Sale of SPEs

Lot	SPE	Disposal Date	Purchaser	Approximate Transaction Amount
Lot H	Pedra Branca S.A, São Pedro do Lago S.A, Sete Gameleiras S.A, Baraúnas I Energética S.A, Baraúnas II Energética S.A, Mussambê Energética S.A, Morro Branco I Energética S.A e Banda de Couro Energética S.A.	03/28/2019	Brennand Energia S.A	250,000
Lot N	Empresa de Transmissão do Alto Uruguai - ETAU	04/29/2019	TAESA S.A e DME Energética S.A	39,134
Lot L	Brasnorte Transmissora de Energia S.A -	05/31/2019	TAESA S.A	76,000
Lot M	Companhia Transirapé de Transmissão - TRANSIRAPÉ	05/31/2019	TAESA S.A	77,000
Lot J	Uirapuru Transmissora de energia S.A	06/25/2019	Copel Geração e Transmissão S.A	100,000
Lot O	Amazônia - Eletronorte Transmissora de Energia S.A - AETE	07/01/2019	APAETE Participações em Transmissão - APAETE	87,000
Lot F	Brasventos Eolo Geradora de Energia S.A, Rei dos Ventos 3 Geradora de Energia S.A e Brasventos Miassaba 3 Geradora de Energia S.A.	08/23/2019	Ventus Holding de Energia Eólica Ltda	178,000
Lot C	Eólica Serra das Vacas Holding - S.A	10/07/2019	Eólica Serra das Vacas Participações S.A	74,000
Lot K	Transmissora Matogressense de Energia S.A	11/13/2019	Alupar Investimento S.A	118,000

The effect of the sale of SPEs on December 31, 2019 was R\$ 24,715.

#### NOTE 49 - DISCONTINUED OPERATIONS

The Company held tenders for the sale of its then subsidiaries in the distribution segment during 2018 in accordance with its PDNG. The then controlled companies Eletroacre, Cepisa, Ceron and Boa Vista had their share purchase and sale contracts signed in 2018, while Ceal and Amazonas Distribuidora had their controls transferred on March 18, 2019 and April 10, 2019, respectively.

As these companies represented all transactions in the distribution segment, transactions in this segment were presented in the financial statements as of December 31, 2018 as discontinued operations. Accordingly, the income statement and the accompanying notes to the comparative year of December 31, 2018 are being restated in accordance with CPC 31/IFRS 5, to present these distribution segment

transactions separately from continuing operations.

We present below the results and cash flows of discontinued operations, the year ended December 31, 2019 with information from Ceal and Amazonas Distribuidora, and the period ended December 31, 2018, consisting of all distributors.

- Result of discontinued operations:

	PARENT COMPANY		CONSOLIDATED	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net operating revenue	-	-	1,648,758	11,881,505
Operating costs	-	-	(1,540,551)	(7,294,157)
Operating expenses	(1,752,165)	(187,278)	(2,461,635)	(5,767,169)
Operating income before financial income	(1,752,165)	(187,278)	(2,353,428)	(1,179,821)
Net financial income	-	-	(337,401)	(1,572,694)
Profit from shareholdings	-	(1,760,865)	-	-
Effect on sale of subsidiary	5,037,140	2,967,098	6,118,816	2,967,098
Operating income before taxes	3,284,975	18,955	3,427,987	214,583
Income tax expense and social contribution	-	-	(143,012)	(313,806)
Profit (Loss) on discontinued operations	3,284,975	18,955	3,284,975	(99,223)

- Effects on cash flow statement

	CONSOLIDATED	
	12/31/2019	12/31/2018
<b>Operational Activities</b>		
Revenue before income tax and social contribution	3,427,987	214,583
Adjustments:		
Depreciation and amortization	-	150,732
Monetary and exchange variations, net	5,396	(74,216)
Financial charges	361,536	2,264,293
Profit from the sale of shareholdings	(5,037,140)	(2,967,097)
Net operating provisions	2,058,053	2,475,670
Others	(1,416,476)	(136,601)
	(4,028,631)	1,712,780
Net profit from changes in operating assets and liabilities	451,783	(1,971,156)
Payment of financial charges	(36,404)	(40,088)
Payment of income tax and social contribution	(143,012)	(102,072)
Payment of refinancing of taxes and contributions - principal	(3,769)	(16,809)
Payment of legal contingencies	(48,000)	(227,204)
Judicial deposits	49	(116,610)
Net cash from operating activities	(379,997)	(546,575)
<b>Financing activities</b>		
Loans and financing obtained	449,422	85,156
Payment of loans and financing - principal	(34,698)	(1,019,908)
Global reversal reserve resources	-	1,484,127
Others	-	(329)
Net cash from financing activities	414,724	549,046
<b>Investment activities</b>		
Acquisition of property, plant and equipment	(60)	(17,538)
Acquisition of intangible assets	(746)	(20,014)
Others	7,143	7,406
Net cash from investment activities	6,337	(30,146)
Net cash from discontinued operations	41,064	(27,675)

## NOTE 50 - SUBSEQUENT EVENTS

### 50.1 - Incorporation of Eletrosul by CGTEE

On January 2, 2020, the extraordinary general meetings of the subsidiaries Eletrosul and CGTEE were held, both having approved the merger of Eletrosul by CGTEE as provided for in PDNG 2019-2023. The

resulting company changes its name to CGT Eletrosul - Companhia de Geração e Transmissão de Energia Elétrica do Sul do Brasil.

#### 50.2 - Transfer of interest in Companhia de Transmissão Centroeste de Minas S.A.

On January 13, 2020, the Company received R\$ 45 million, obtaining a net result in the operation of R\$ 26.3 million, for the transfer of all the shares it held from Companhia de Transmissão Centroeste de Minas S.A., corresponding to 49% of the total capital stock, to Companhia Energética de Minas Gerais (Cemig). With this transfer, 100% of the transfers from the SPEs sold in September 2018 are completed.

#### 50.3 - Issuance of debt securities in the international market

On February 4, 2020, the Company completed the issuance of notes due in 2025 and 2030, in the amounts of US\$ 500 million and US\$ 750 million and annual interest rates of 3.625% and 4.625%, respectively. The proceeds from the issue of the Notes were mainly used for the acquisition offer, concluded on February 5, of the Company's 2021 Notes. The Acquisition Offer was accepted by investors representing approximately 64.25% of the 2021 Notes in circulation, totaling a total acquisition of US\$ 1,124 million.

#### 50.4 - Furnas Debenture - Second Series

On February 20, 2020, debentures were subscribed in the total amount of R\$ 800 million, of the second series of issue of the subsidiary Furnas, which will bear interest of 4.08% per year and maturing on November 15, 2029.

#### 50.5 - Right to receive CCC credit

On March 10, 2020, ANEEL recognized the right to receive CCC credit to Ceron and Eletroacre in the amounts of R\$ 1.9 billion and R\$ 192 million, respectively, related to the inspection of benefits due in the period of July 30, 2009 to June 30, 2016, considered as the first period of the inspection process, and these credits were assigned to Eletrobras on the occasion of the privatization of said distributors.

These amounts recognized by ANEEL are in accordance with the amounts recorded in the Company's financial statements, referring to the First Inspection Period. The other amounts assigned by Ceron and Eletroacre to Eletrobras and recorded in the financial statements refer to claims that will still be submitted to ANEEL's Board of Directors after the conclusion of the second inspection period that covers the period from July 1, 2016 to April 30, 2017.

ANEEL's Board of Directors also approved, on this date, the obligation to return R\$ 2.1 billion, referring to the CCC's monthly inspection and reprocessing process paid to Amazonas Distribuidora, from July 2016 to April 2017, referring to the Second Inspection Period. With this decision, Amazonas Distribuidora has completed its entire inspection process. The amount mentioned above was also assigned to Eletrobras in the privatization process of the distributor and is recorded in the Company's financial statements.

#### 50.6 - New WACC methodology - ANEEL

On March 10, 2020, ANEEL approved the new calculation methodology and the WACCs for the transmission, generation and distribution segments. The rates will be updated annually and will remunerate, during the tariff review cycle, the capital invested in the concession, in addition to being used provisionally for the authorization of reinforcements and transmission improvements. For the transmission segment, the actual after-tax WACC of 7.66% for 2018, 7.39% for 2019 and 6.98% for 2020 was approved. The Company is evaluating the possible impacts of this change.

#### 50.7 - Transfer Amazonas GT

On March 16, 2020, Eletrobras transferred the control of Amazonas GT to Eletronorte. 489,068,809 common shares representing the Capital Stock of Amazonas GT were transferred, for the amount of R\$ 3,130,227.

## 50.8 - Coronavirus (COVID-19) - Impacts for Eletrobras

In March 2020, a global pandemic was declared by the World Health Organization (WHO) related to the rapid increase in cases of diseases by the new coronavirus (COVID-19). The Company has been taking all measures to maintain the normality of its operations, given the strategic sector in which it operates, and has been following the recommendations of government agencies to preserve its employees and collaborators, avoiding the spread of the disease. Due to the atypical scenario and potentially unpredictable characteristics, it is not possible to accurately predict the scenarios that may materialize in the coming months in the Company's operations. The effects on the world economy and, particularly in Brazil, are not yet clear enough, nor how long these effects will last or how much will be the eventual reduction in electricity consumption in Brazil and the duration of this reduction.

### NOTE 51 - CVM COMPLEMENTARY INFORMATION - INITIAL ADOPTION CPC 47/IFRS 15 AND CPC 48/IFRS 9 ON TRANSMISSION ASSETS

As advised by the Securities and Exchange Commission - CVM in the 2019 closing letter, and complementary in explanatory note 3.1.2, referring to the adoption of CPC 47/IFRS15 and CPC 48/IFRS 9 presented in the December 2018 financial statements, the Company is disclosing complementary information regarding the adoption of these standards, whose impacts are shown below:

	Adoption of CPC 47 / IFRS 15 and CPC 48 / IFRS 9			
	12/31/2017	CPC 48 / IFRS 9	CPC 47 / IFRS 15	1/1/2018
<b>Assets</b>				
Contractual Asset Transmission	-	-	13,748,933	13,748,933
Financial Assets Transmission	11,755,690	-	(11,755,690)	-
Financial Assets Transmission (RBSE)	38,238,015	1,471,415	-	39,709,430
Financial Assets - Concessions and Itaipu	7,891,418	-	-	7,891,418
PLCD Clients	(600,835)	(79,824)	-	(680,659)
Investments	28,708,364	318,570	(459,449)	28,567,485
Others	86,982,707	-	-	86,982,707
<b>Total Assets</b>	<b>172,975,359</b>	<b>1,710,161</b>	<b>1,533,794</b>	<b>176,219,314</b>
<b>Liabilities</b>				
Deferred taxes	8,901,931	372,725	343,561	9,618,217
Others	121,320,896	-	-	121,320,896
<b>Total Liabilities</b>	<b>130,222,827</b>	<b>372,725</b>	<b>343,561</b>	<b>130,939,113</b>
Accumulated profit	-	1,337,436	1,190,233	2,527,669
Others	42,752,532	-	-	42,752,532
<b>Total Net Assets</b>	<b>42,752,532</b>	<b>1,337,436</b>	<b>1,190,233</b>	<b>45,280,201</b>

Additionally, please find below the composition by component of the impacts from measuring the initial adoption of the CPC 47 on transmission assets. The substantial impacts of measurement are the result of identification and pricing of performance obligations to operate and build, application of margins and financial income according to the counterparty's financing rate.

	Components of adoption of CPC 47 / IFRS 15		
	ICPC 01 / IFRIC 12	CPC 47 / IFRS 15	PL Effect
Financial assets	2,006,622	-	(2,006,622)
Construction Revenue	12,234,618	12,597,884	363,266
Financial revenue	5,341,839	4,975,429	(366,410)
Amortization and transfers	(5,234,167)	(3,824,380)	1,409,787
Unconsolidated investees	-	(459,449)	(459,449)
Deferred taxes	-	(343,561)	(343,561)
Impairment	(2,593,222)	-	2,593,222
Balance as of 01/01/2018	11,755,690	12,945,923	1,190,233

**Wilson Ferreira Junior**

Chairman

**Elvira Baracuhy Cavalcanti Presta**

Chief Financial and Investor Relations Officer

**Luiz Augusto Pereira de Andrade Figueira**

Sustainability Management Director

**Lucia Casasanta**

Governance Risk and Compliance Director

**Márcio Szechtman**

Director of Transmission

**Pedro Luiz de Oliveira Jatobá**

Director of Generation

**Rodrigo Villela Ruiz**

Accountant - CRC-RJ 088488/O-9S