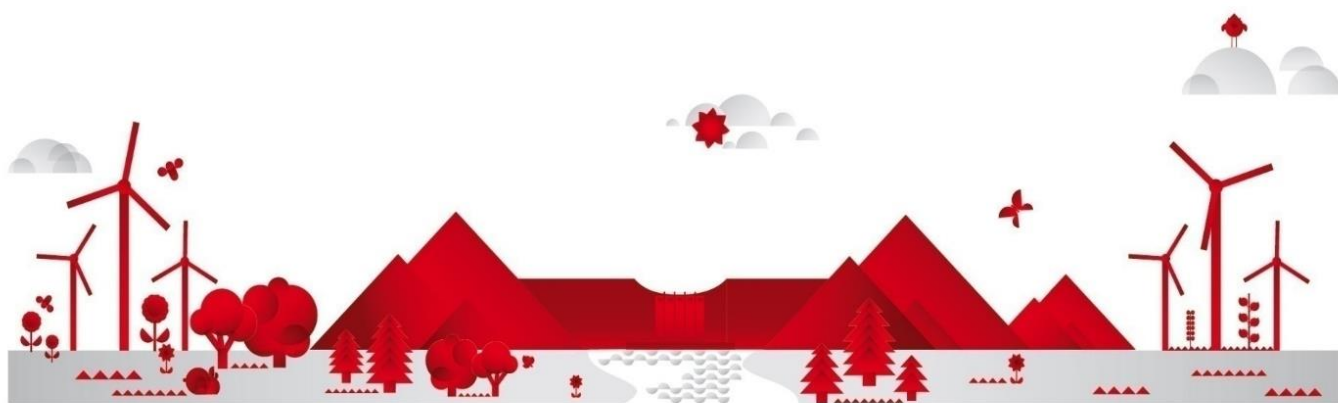




MANAGEMENT PROPOSAL

ORDINARY AND EXTRAORDINARY GENERAL MEETING

To be held on March 31st, 2020



CONSIDERATIONS ON THIS MANAGEMENT PROPOSAL

Company Identification

EDP – ENERGIAS DO BRASIL S.A., ('Company' or 'EDPBR'), a stock company, enrolled in the National Registry of Legal Entities [CNPJ/MF] under the number 03.983.431/0001-03 and with its articles of incorporation filed at the Board of Trade of the State of São Paulo under the Company's Registry Number [NIRE] 35.300.179.731, registered as a publicly-held company before the Securities Exchange Commission ('CVM' - *Comissão de Valores Mobiliários*) under the number 19763.

Registered Office

Gomes de Carvalho Street, no. 1996, 8th floor, Vila Olímpia, City of São Paulo, State of São Paulo, Zip Code [CEP] 04547-006.

Investors Relations Board

Mr. Miguel Nuno Simões Nunes Ferreira Setas is the CEO and the Investors Relations Director. The telephone number of EDPBR's investors relations department is +55 (11) 2185-5907. The e-mail of EDPBR's investors relations department is ri@edpbr.com.br.

The Company's Independent Auditors

2019: KPMG Auditores Independentes, located at Arquiteto Olavo Redig de Campos Street, 105, 6th floor – Torre A – City and State of São Paulo. Telephone: +55 (11) 3940-1500. www.kpmg.com.br.

Custodian Bank

Itaú Corretora de Valores S.A. ('Itaú')

Shareholders Services

The Shareholders services is performed by EDPBR's Investors Relations Board (whose general information are above) or in any agency of Itaú Bank, whose registered office is located at Rua Ururaí, no. 111 – Prédio B – Térreo – Tatuapé, City of São Paulo, State of São Paulo, Postal Code 03084-010. Contact upon the telephone numbers +55 (11) 3003-9285 (capital and metropolitan areas) or 0800 7209285 (other locations).

Issued Bonds and Securities

The Company's shares are listed at B3 S.A. – Brasil, Bolsa, Balcão [Brazil, Exchange, Counter] ('B3') under the symbol '**ENBR3**', in the segment named as New Market.

EDP – Energias do Brasil S.A.
CNPJ/MF no. 03.983.431/0001-03
NIRE 35.300.179.731
Publicly held Company

42nd Ordinary General Meeting

In attention to the Shareholders of
EDP – Energias do Brasil S.A.

The Management of EDP Energias do Brasil S.A. ('EDPBR' or 'Company') presents herein the following proposals to be discussed in the Ordinary and Extraordinary General Meeting, to be held on March 31st, 2020.

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ANNEX I

EDP – ENERGIAS DO BRASIL S.A.

Publicly held Company

CNPJ/MF nº 03.983.431/0001-03 NIRE 35.300.179.731

Call Notice – 42nd Ordinary and Extraordinary General Meeting

The Shareholders are called to attend the **42nd Ordinary and Extraordinary General Meeting** of EDP – ENERGIAS DO BRASIL S.A. ('Company'), to be held in its registered office, in the City of São Paulo, State of São Paulo, at Rua Gomes de Carvalho, no. 1996 - 8º andar, District of Vila Olímpia, Zip Code 04547-006, at 11:00 a.m. of the 31st day of March of 2020, to discuss on the following agenda: **1. Ordinary General Meeting:** (i) to receive the managers accounts, analyze, discuss and vote the management report and the financial statements, together with a report from the external independent auditors, regarding the accounting year concluded on December 31st, 2019; (ii) to approve the destination of the net profit, the allocation of dividends regarding the accounting year of 2019; (iii) to approve the capital budget of the Company for the accounting year of 2020, in the terms of article 196 of the Companies Act; (iv) to define the number of members of the Board of Directors and resolve on its election; and (v) to set the global compensation of the Company's managers; **2. Extraordinary General Meeting:** (i) to approve the increase of the Company's share capital in the value of eight hundred and twenty millions of Reais (R\$ 820,000,000.00), upon the capitalization of part of the profits retention reserve, without the issuance of new shares, with the consequent amendment of the 5th Article of the Company's Bylaws; (ii) to approve the amendment of the Company's Bylaws, with selective alterations, in a way to reflect the modifications of the New Market Ruling of B3 S.A. – *Brasil, Bolsa, Balcão* ('B3') in force since January 01, 2018; (iii) to approve the consolidation of the Company's Bylaws, in a way to reflect the alterations indicated; and (iv) to authorize the managers to practice all the necessary acts for the realization of the resolutions above.

The minimum percent of participation in the voting capital necessary to request the system of multiple votes for the election of members of the Board of Directors shall be five percent (5%), in accordance with the CVM Instruction 165/91, as amended. The request of the mentioned process of multiple vote for the election of members of the Board of Directors shall be forwarded in written to the Company in up to forty-eight (48) hours prior to the date scheduled for the holding of the General Meeting, now called.

The shareholders can be represented by proxies, with the recommendation that the powers of attorney, with certification of signature in the case of shareholders residing in Brazil or consular legalization in case of shareholders residing abroad, are delivered in the Company's registered office in up two (02) days prior to the holding of the General Meeting.

The shareholder, its legal representative or proxy, must be present in the General Meeting with the proper documents for his/her identification, as well as the statement issued by the depositary financial institution of the shares of his/her entitlement or in custody according to article 10 of the Company's Bylaws.

EDP Brasil, in accordance with the terms of CVM Instruction 481/2009 will adopt the systematic of Remote Voting Form and the guidelines for its fulfillment and sending, are at the disposal of the shareholders for consultation in the registered office and in the Company's electronic address (www.edpbr.com.br/ri) and sent to B3 and the Securities Exchange Commission, in accordance with the provisions of the applicable legislation.

São Paulo, February 27th, 2020.

Antônio Luis Guerra Nunes Mexia
President of the Board of Directors

ANNEX II

EDP – ENERGIAS DO BRASIL S.A.

Publicly held Company

CNPJ/MF nº 03.983.431/0001-03 NIRE 35.300.179.731

Shareholders General Meetings Attendance Manual

Message from the Board of Directors

Dear Shareholders,

EDP – Energias do Brasil S.A. ('EDPBR' or 'Company') is a holding that holds investments in the energy sector, consolidating assets of generation, trading, distribution, transmission and services of energy.

EDPBR is held mostly by EDP Energias de Portugal S.A. ('EDPPT'), a Portuguese company and one of the greatest operators in Europe in the energy sector.

EDPBR has its shares listed in the New Market of B3 S.A. – *Brasil, Bolsa, Balcão* ('B3'), and since July of 2005, has joined to the most elevated standards of corporate governance.

Reinforcing our commitment to maintain the highest level of transparency with the Shareholders, and based on our policy of good practice of corporate governance, we make available this manual to better guide you, with information regarding the Ordinary and Extraordinary General Meeting ('General Meeting').

In this sense, we invite the Shareholders to attend this Company's General Meeting, to be held on **March 31st, 2020 at 11:00 a.m.**, in our registered office, located in the City and State of São Paulo, at Gomes de Carvalho Street, no. 1996 – 8th floor, District of Vila Olímpia, Zip Code 04547-006, whose Call Notice is already available in the website of the Securities Exchange Commission ('CVM').

In the mentioned General Meeting we will review the agenda forecast in the mentioned Call Notice, which are: **1. Ordinary General Meeting:** (i) to receive the managers accounts, analyze, discuss and vote the management report and the financial statements, together with a report from the external independent auditors, regarding the accounting year concluded on December 31st, 2019; (ii) to approve the destination of the net profit, the allocation of dividends regarding the accounting year of 2019; (iii) to approve the capital budget of the Company for the accounting year of 2020, in the terms of article 196 of the Companies Act; (iv) to define the number of members of the Board of Directors and resolve on its election; and (v) to set the global compensation of the Company's managers; **2. Extraordinary General Meeting:** (i) to approve the increase of the Company's share capital in the value of eight hundred and twenty millions of Reais (R\$ 820,000,000.00), upon the capitalization of part of the profits retention reserve, without the issuance of new shares, with the consequent amendment of the 5th Article of the Company's Bylaws; (ii) to approve the amendment of the Company's Bylaws, with selective alterations, in a way to reflect the modifications of the New Market Ruling of B3 S.A. – *Brasil, Bolsa, Balcão* ('B3') in force since January 1st, 2018; (iii) to approve the consolidation of the Company's Bylaws, in a way to reflect the alterations indicated; and (iv) to authorize the managers to practice all the necessary acts for the realization of the resolutions above.

At last, we inform that we will count with the presence of the Company's management in the General Meeting, who can provide any information related to the matters of the agenda. We count with your presence and we hope that this manual is useful for your participation.

Cordially,

Miguel Nuno Simões Nunes Ferreira Setas
CEO and Investors Relations Director

Guidelines for the participation in the General Meeting

The shareholders can attend the General Meeting by attending in person in the Company's registered office, or also, can exercise the right to remote vote, according to the terms of CVM Instruction 481, as amended, as stated below:

Individuals Shareholders:

- Document of identification with photo (RG [ID], RNE [National Registry of Foreigners, CNH [Driving license in Brazil] or professional license officially acknowledged); and
- To be part of the General Meeting, the shareholders must prove this capacity, upon the presentation of the deposit statement, issued by the depositary institution of the shares, issued between the period of, at most, two (2) days prior to the date of the General Meeting.

Legal Entities Shareholders:

- Certified copy of the Bylaws and last amendments, or the consolidate Articles of Incorporation and the corporate documents identifying the election of the legal representatives of the company granting powers of representation (Minutes of the Board's election);
- Document of identification of the legal representative(s) with photo (RG [ID], RNE [National Registry of Foreigners, CNH [Driving license in Brazil] or professional license officially acknowledged); and
- To be part of the General Meeting, the shareholders must prove this capacity, upon the presentation of the deposit statement, issued by the depositary institution of the shares, issued between the period of, at most, two (2) days prior to the date of the General Meeting.

Shareholders Represented by Proxy:

- In addition to the documents indicated above, the shareholder can be represented by a proxy nominated less than one (1) year ago, being a shareholder, a Company's manager, a lawyer, a financial institution or a manager of investment funds representing the tenants; and
- Document of identification of the proxy with photo (RG [ID], RNE [National Registry of Foreigners, CNH [Driving license in Brazil] or professional license officially acknowledged.

Remote Voting Form ('BVD' or 'Form'):

If the shareholders chooses to exercise his/her right to remote vote, according to the terms of CVM Instruction 481, as amended, is indispensable that the fields of the BVD are fulfilled with the full name (or corporate name) of the shareholder and the number of the Registry in the Ministry of Treasury, whether of legal entities (CNPJ) or individuals (CPF), in addition to an e-mail address for possible contact.

In addition to the aforementioned, for the vote form to be considered valid and the votes casted therein to be counted in the General Meeting's quorum:

- all the fields of the BVD must be properly fulfilled;
- all the pages of the BVD must be countersigned;
- by the end of it, the shareholder or the legal representative(s), according to the case and according to the terms of the legislation in force, must sign the BVD; and
- the certification of the signatures set in the Form will not be required, neither its consular legalization.

Guidelines of delivery, indicating the faculty to send it directly to the Company or to send instructions of fulfillment to the custodian

The shareholder opting to exercise his/her right to remote vote can: (i) fulfill and send this form directly to the Company, or (ii) send instructions of fulfillment to capable services providers, according to the orientations below:

Vote exercise by means of services providers – Remote vote system

The shareholder opting to exercise his/her right of remote vote by means of a service provider must send his/her instructions of votes to his/her respective custodian agent, observing the rules set by the agent, who, in turn, shall forward such manifestations of vote to the Depositary Central of 'B3'. For this purpose, the shareholders must contact his/her custodian agents and verify the procedures set by them for the issuance of vote instructions by Form, as well as the documents and information required by them for such purpose.

Sending of the Form by the shareholder directly to the Company

The shareholder opting to exercise his/her right to remote vote, can, alternatively, execute it directly to the Company, and for that purpose, must send the following documents to Gomes de Carvalho Street, 1996, Vila Olímpia, Zip Code 04547-006, City of São Paulo, State of São Paulo, Brazil, in attention to the Investors Relations Board:

- Physical copy of this form dully fulfilled, countersigned and signed; and
- Certified copy of the following documents:
 - a. For individuals:
 - i. Document of identification with the shareholder's photo;
 - b. For legal entities:
 - i. The last consolidated bylaws or articles of incorporation and the corporate documents proving the legal representation of the shareholder; and
 - ii. Document of identification with photo of the legal representative.
 - c. For investment funds:
 - i. The last consolidated ruling of the fund;
 - ii. Bylaws; and
 - iii. Document of identification with the legal representative's photo.

Mailing address for the sending of the Remote Voting Form, in case the shareholders wishes to deliver the document directly to the Company

The Form shall be sent to Gomes de Carvalho Stret, 1996, Vila Olímpia, Zip Code 04547-006, City of São Paulo, State of São Paulo, Brazil, in attention to the Investors Relations Board.

Indication of the institution contracted by the Company to provide the service of custody of transferable securities, with name, physical and electronic address, telephone number and contact person

Banco Itaú Corretora de Valores S.A., located at Brigadeiro Faria Lima Av., 3.500, 3rd floor, City of São Paulo, State of São Paulo.

Annex (Model of the Remote Voting Form)

REMOTE VOTING FORM

AGO - EDP - ENERGIAS DO BRASIL S.A. of 3/31/2020

Name of the Shareholder
CNPJ or CPF of the Shareholder
E-mail
Guidelines for fulfillment <p>This form must be fulfilled if the shareholder chooses to exercise his/her right to remote vote, according to the terms of CVM Instruction 481, as amended.</p> <p>In this case, it is indispensable that the fields are fulfilled with the full name (or corporate name) of the shareholder and the number of the Registry in the Ministry of Treasury, whether of legal entity (CNPJ) or individual (CPF), in addition to an e-mail address for possible contact.</p> <p>In addition to the aforementioned, for this vote form to be considered valid and the votes casted herein to be counted in the General Meeting's quorum:</p> <ul style="list-style-type: none">- All the fields below must be properly fulfilled;- All the pages must be countersigned;- By the end of it, the shareholder or the legal representative(s), according to the case and according to the legislation in force, must sign the form; and- The certification of the signatures set in the form will not be required, neither the consular legalization.
Guidelines of delivery, indicating the faculty to send it directly to the Company or to send instructions of fulfillment to the custodian <p>The shareholder opting to exercise his/her right to remote vote can: (i) fulfill and send this form directly to the Company, or (ii) send instructions of fulfillment to capable services providers, according to the orientations below:</p> <p>Vote exercise by means of services providers – Remote vote system:</p> <p>The shareholder opting to exercise his/her right of remote vote by means of a service provider must send his/her instructions of votes to his/her respective custodian agent, observing the rules set by the agent, who, in turn, shall forward such manifestations of vote to the Depositary Central of 'B3'. For this purpose, the shareholders must contact his/her custodian agents and verify the procedures set by them for the issuance of vote instructions by Form, as well as the documents and information required by them for such purpose.</p> <p>Sending of the Form by the shareholder directly to the Company:</p> <p>The shareholder opting to exercise his/her right to remote vote, can, alternatively, execute it directly to the Company, and for that purpose, must send the following documents to Rua Gomes de Carvalho, 1996, Vila Olímpia, Zip Code 04547-006, City of São Paulo, State of São Paulo, Brazil, in attention to the Investors Relations Board:</p> <ul style="list-style-type: none">(i) Physical copy of this form duly fulfilled, countersigned and signed;(ii) Statement issued by depositary institution of the shares of his/her entitlement; and(iii) Certified copy of the following documents:<ul style="list-style-type: none">(a) For individuals:<ul style="list-style-type: none">- Document of identification with the shareholder's photo;(b) For legal entities:<ul style="list-style-type: none">- The last consolidated bylaws or articles of incorporation and the corporate documents proving the legal representation of the shareholder; and- Document of identification with photo of the legal representative.(c) For investment funds:<ul style="list-style-type: none">- The last consolidated ruling of the fund;- Bylaws; and- Document of identification with the legal representative's photo.
Mailing address for the sending of the Remote Voting Form, in case the shareholders wishes to deliver the document directly to the Company <p>Gomes de Carvalho Street, 1996, Vila Olímpia, Zip Code 04547-006, City of São Paulo, State of São Paulo, Brazil.</p>

Indication of the institution contracted by the Company to provide the service of custody of transferable securities, with name, physical and electronic address, telephone number and contact person

Itaú Corretora de Valores S.A. ("Itaú"), located at Ururai Street, n. 111 – Prédio B – Térreo – Tatuapé, São Paulo/SP CEP 03084-010. Contact by phone (55 11) 3003-9285 (and metropolitan regions) or 0800 7209285 (other locations).

Resolutions/Matters related to the AGO

Simple Resolution

1. to receive the managers accounts, to analyze, discuss and vote the management report and the financial statements, together with the report of the external independent auditors, regarding the accounting year concluded on December 31st, 2019.

☐ Approve ☐ Reject ☐ Abstain

Simple Resolution

2. to approve the destination of the net profit, the allocation of the dividends regarding the accounting year of 2019

☐ Approve ☐ Reject ☐ Abstain

Simple Resolution

3. to approve the budget of the Company's capital for the accounting year of 2020, in accordance with the terms of article 196 of the Companies Act.

☐ Approve ☐ Reject ☐ Abstain

Simple Resolution

4. to define the number of members of the Board of Directors and discuss on its election

☐ Approve ☐ Reject ☐ Abstain

Simple Resolution

5. to set the global compensation of the Company's managers

☐ Approve ☐ Reject ☐ Abstain

Simple Matter

6. Do you wish to require the installing of the Supervisory Board, in accordance with the terms of article 161, of Law no. 6.404 of 1976?

☐ Yes ☐ No ☐ Abstain

Simple Matter

7. Do you wish to require the adoption of Multiple Vote, in accordance with the terms of article 141 of Law no. 6.404 of 1976?

☐ Yes ☐ No ☐ Abstain

Simple Matter

8. Do you wish to require the election, separately, of a member of the Board of Directors, in accordance with the terms of article 141, 4th paragraph, line I, of Law no. 6.404 of 1976?

☐ Yes ☐ No ☐ Abstain

Election of the Board of Directors by unique slate

Unique Slate

Antônio Luis Guerra Nunes Mexia
Miguel Nuno Simões Nunes Ferreira Setas
Miguel Stilwell de Andrade
João Manuel Veríssimo Marques da Cruz
Pedro Sampaio Malan
Francisco Carlos Coutinho Pitella
Modesto Souza Barros Carvalhosa
Juliana Rozenbaum Munemori

9. Indication of all the names forming the slate (the votes indicated in this field shall not be considered if the shareholder, owner of the shares entitle to vote also fulfills the fields present in the separate election of a member of the Board of Directors and the separate election, subject of the fields, occurs) – Single slate

☐ Approve ☐ Reject ☐ Abstain

10. If one of the candidates forming the chosen slate no longer is part of it, the votes corresponding to your shares can continue to be granted to the chosen slate?

☐ Yes ☐ No ☐ Abstain

11. In case of adoption of an election process by multiple votes, does the vote corresponding to your shares must be allocated in equal percentage through the members of the slate you have chosen? [If the shareholder chose to 'abstain' and the election occurs by the process of multiple votes, his/her vote must be counted as abstention in the respective resolution of the meeting].

☐ Yes ☐ No ☐ Abstain

12. Display of all the candidates forming the slate for indication of the percentage (%) of the votes to be assigned.

António Luis Guerra Nunes Mexia [] %
Miguel Nuno Simões Nunes Ferreira Setas [] %
Miguel Stilwell de Andrade [] %
João Manuel Veríssimo Marques da Cruz [] %
Pedro Sampaio Malan [] %
Francisco Carlos Coutinho Pitella [] %
Modesto Souza Barros Carvalhosa [] %
Juliana Rozenbaum Munemori [] %

REMOTE VOTING FORM

AGE - EDP - ENERGIAS DO BRASIL S.A. of 3/31/2020

Name of the Shareholder
CNPJ or CPF of the Shareholder
E-mail
<p>Guidelines for fulfillment</p> <p>This form must be fulfilled if the shareholder chooses to exercise his/her right to remote vote, according to the terms of CVM Instruction 481, as amended.</p> <p>In this case, it is indispensable that the fields are fulfilled with the full name (or corporate name) of the shareholder and the number of the Registry in the Ministry of Treasury, whether of legal entity (CNPJ) or individual (CPF), in addition to an e-mail address for possible contact.</p> <p>In addition to the aforementioned, for this vote form to be considered valid and the votes casted herein to be counted in the General Meeting's quorum:</p> <ul style="list-style-type: none"> - All the fields below must be properly fulfilled; - All the pages must be countersigned; - By the end of it, the shareholder or the legal representative(s), according to the case and according to the legislation in force, must sign the form; and - The certification of the signatures set in the form will not be required, neither the consular legalization.
<p>Guidelines of delivery, indicating the faculty to send it directly to the Company or to send instructions of fulfillment to the custodian</p> <p>The shareholder opting to exercise his/her right to remote vote can: (i) fulfill and send this form directly to the Company, or (ii) send instructions of fulfillment to capable services providers, according to the orientations below:</p> <p>Vote exercise by means of services providers – Remote vote system:</p> <p>The shareholder opting to exercise his/her right of remote vote by means of a service provider must send his/her instructions of votes to his/her respective custodian agent, observing the rules set by the agent, who, in turn, shall forward such manifestations of vote to the Depositary Central of 'B3'. For this purpose, the shareholders must contact his/her custodian agents and verify the procedures set by them for the issuance of vote instructions by Form, as well as the documents and information required by them for such purpose.</p> <p>Sending of the Form by the shareholder directly to the Company:</p> <p>The shareholder opting to exercise his/her right to remote vote, can, alternatively, execute it directly to the Company, and for that purpose, must send the following documents to Rua Gomes de Carvalho, 1996, Vila Olímpia, Zip Code 04547-006, City of São Paulo, State of São Paulo, Brazil, in attention to the Investors Relations Board:</p> <ul style="list-style-type: none"> (i) Physical copy of this form duly fulfilled, countersigned and signed; (ii) Statement issued by depositary institution of the shares of his/her entitlement; and (iii) Certified copy of the following documents: <ul style="list-style-type: none"> (a) For individuals: <ul style="list-style-type: none"> - Document of identification with the shareholder's photo; (b) For legal entities: <ul style="list-style-type: none"> - The last consolidated bylaws or articles of incorporation and the corporate documents proving the legal representation of the shareholder; and - Document of identification with photo of the legal representative. (c) For investment funds: <ul style="list-style-type: none"> - The last consolidated ruling of the fund; - Bylaws; and - Document of identification with the legal representative's photo. <p>Mailing address for the sending of the Remote Voting Form, in case the shareholders wishes to deliver the document directly to the Company</p> <p>Gomes de Carvalho Street, 1996, Vila Olímpia, Postal Code 04547-006, City of São Paulo, State of São Paulo, Brazil.</p>

<p>Indication of the institution contracted by the Company to provide the service of custody of transferable securities, with name, physical and electronic address, telephone number and contact person</p> <p>Itaú Corretora de Valores S.A. (“Itaú”), located at Ururai Street, n. 111 – Prédio B – Térreo – Tatuapé, São Paulo/SP CEP 03084-010. Contact by phone (55 11) 3003-9285 (and metropolitan regions) or 0800 7209285 (other locations).</p>
<p>Resolutions/Matters related to the AGE</p>
<p>Simple Resolution</p> <p>1. to approve the increase of the Company’s capital share in the value of eight hundred and twenty millions of Reais (R\$ 820,000,000.00), upon the capitalization of part of the profits retention reserve, without the issuance of new shares, with the consequent amendment of the 5th Article of the Company’s Bylaws.</p>
<p><input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Abstain</p>
<p>Simple Resolution</p> <p>2. to approve the amendment of the Company’s Bylaws, with selective alterations in a way to reflect the modifications of the New Market Ruling of B3 S.A. – <i>Brasil, Bolsa, Balcão</i> (‘B3’) in force since January 1st, 2018.</p>
<p><input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Abstain</p>
<p>Simple Resolution</p> <p>3. to approve the consolidation of the Company’s Bylaws in a way to reflect the amendments indicated.</p>
<p><input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Abstain</p>
<p>Simple Resolution</p> <p>4. to authorize the managers to practice all the acts necessary for the realization of the resolutions above.</p>
<p><input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Abstain</p>

City: _____

Date: _____

Signature: _____

Shareholder’s Name: _____

Telephone: _____

ANNEX III

Comments of the Company's Directors

Item 10 – Form of Reference

CVM Instruction 480/2009

10.1. Comments of our Directors on:

(Values expressed in millions of Reais, except when indicated)

a) General financial and asset conditions

We are a holding, owner of a diversified and integrated portfolio of companies that act in the areas of generation, distribution, transmission, services and trading of electric energy in the Brazilian market. The directors understand that we have a proper liquidity, compatible with the energetic and economic scenario currently lived in the country, with positive consolidated working net capital of R\$ 1,591.4 on December 31st, 2019.

The consolidated working net capital in 2018 and 2017, were positive in R\$ 2,449.9 and R\$ 927.9, respectively. In 2017, it was positive due to the increase of the bonds and deposits linked to transmission and the increase of sectorial assets/liabilities.

The Directors believe that our financial and asset conditions are sufficient to maintain our business plan, develop our activities and comply with all of our obligations of short- and medium-term, by the renegotiation of maturing debts in the short-term to larger terms, by the acting along with the entities of the electrical sector, in the search of solutions that meet all the parties involved with the Brazilian energetic matter, which continues to be fundamental for the development of the country.

The board believes that the Company presents comfortable levels of general liquidity, that highlight the Company's strategy to maintain its structure of capital balanced, in a way to optimize its profitability, without exposing the Company to high risks of liquidity.

Regarding the leverage, in relation to the financial debts (debentures, loans and financing), the Company also aims to work with an equalized level, that ensures the maximization of the profitability, without harming the continuity of the operation. More information on this metric can be found at item 10.1.b.

Below, we present some metrics, according to the consolidated numbers of the Company's Financial Statements, which highlight the Company's financial situation in the past 3 accounting years:

Asset	12/31/2017	12/31/2018	12/31/2019
Current	5,454.2	7,017.7	7,325.0
Non-Current	4,006.5	4,729.3	9,423.3
Total	9,460.6	11,747.1	16,748.3
Liability			
Current	4,526.3	4,567.8	5,733.5
Non-Current	7,044.1	8,529.7	11,423.9
Total	11,570.4	13,097.5	17,157.5
	12/31/2017	12/31/2018	12/31/2019
Net Working Capital	927.9	2,449.9	1,591.4
Level of General Liquidity	0.82	0.90	0.98
Level of Current Liquidity	1.21	1.54	1.28
	12/31/2017	12/31/2018	12/31/2019
Total leverage on			
Leverage + Net Equity*	43.5%	46.7%	47.8%

(*) Net equity does not consider the Interest of the non-controllers

b) Structure of capital

Below are the resume tables with the main metrics that compose our net debt and structure of capital:

	12/31/2017	12/31/2018	12/31/2019
Total Leverage on Leverage + Net Equity*	43.5%	46.7%	47.8%
Net Leverage on Net Equity (Net Debt on Net Equity)	56.5%	61.7%	63.1%
Equity Holding			
Own Equity	40.5%	39.4%	35.0%
Third Parties Equity	59.5%	60.6%	65.0%
	100.0%	100.0%	100.0%

In the past three accounting years, the Company has used as sources of third parties' equities, loans, financing and debentures.

The Directors understand that the Company has a balanced structure of capital. On December 31st, 2019, we had 65.0% of third parties equity, that correspond to R\$ 17.2 billion, from which 33.4% of short-term and 66.6% of long-term, and 35.0% of resources from shareholders (net equity). On December 31st, 2018, we had 60.6% of third parties equity, that correspond to R\$ 13.1 billion, from which 34.9% of short-term and 65.1% of long-term, and 39.4% of resources of shareholders (net equity). On December 31st, 2017, we had 59.5% of third parties equity, that correspond to R\$ 11.6 billion, from which 39.1% of short-term and 60.9% of long-term, and 40.5% of resources from shareholders (net equity).

The standard of financing of the Company's operations by own equity and third parties equity can be perceived through the years by the relation between the total leverage (loans, financing and debentures) and the total leverage plus the net equity (not considering the equity of the non-controllers). On December 31st, 2019 we had an increase in that relation, due to, mainly, the increase of the total leverage for investments in the projects of transmissions.

c) Capacity of payment in relation to the financial commitments taken

Our Directors believe that we are in a proper level of leverage, notwithstanding the energetic economic context that the country has been living in the past years.

The Company's Directors highlight the capacity of the generation of cash of the Company, measured by the adjusted EBITDA (the net profit or loss of the Company with consolidated basis, accrued with the social contribution, income tax, asset equivalence, financial outcomes, depreciation and amortization), that has reached, on December 31st, 2019, the amount of R\$ 2,914.2. Now, on December 31st, 2018, the capacity of generation of cash of the Company has reached the amount of R\$ 2,768.0 and on December 31st, 2017, the capacity of generation of cash of the Company has reached the amount of R\$ 2,186.6.

The level of availabilities of the Company also is maintained in a level sufficient to honor its daily needs, its amortizations and investments, and the balance of availabilities of the Company was R\$ 2,773.9 on December 31, 2019, R\$ 2,203.4 on December 31, 2018 and R\$ 1,603.2 on December 31st, 2017.

This way, considering the current position of cash and the capacity of generation of cash of the Company, the Directors believe that the Company has the same liquidity and sufficient resources to honor its financial commitments of short-, medium- and long-term.

The Company has maintained the assiduity of payment in all the commitments, as expected, and does not present any sign of lack of liquidity. If the Company understands to be necessary to contract new loans to finance its investments and acquisitions, the Directors believe that the Company has the capacity to contract and honor them without compromising the development of its businesses.

The consolidated gross debt totaled R\$ 7,458.8 on December 31st, 2018, in comparison to R\$ 6,057.7 on December 31st, 2017, which points out an increase of R\$ 1,401.1. The consolidated net debt has reached R\$ 4,395.5 on December 31st, 2018, in comparison to R\$ 4,454.5 on December 31st, 2017, verifying a decrease of R\$ 59.0. The increase of the gross debt is due to, mainly, the debts of transmission projects. And the decrease of the net debt is due to the cash resulting from its own issuances, and the sale of the company's subsidiaries.

We can demonstrate our capacity of payment in relation to the commitments taken by means of the measurements that the rating agencies execute periodically on the company. Currently, we are evaluated by the agencies of risk classification Moody's, Standard & Poors (S&P) and Fitch. Below are the ratings of EDP - Energias do Brasil and its controlled companies:

Escala de Rating da Moodys																					
Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca	C	WR
Investment grade																					

Moody's	National			Global		
	2017	2018	2019	2017	2018	2019
EDP - Energias do Brasil	Aa2.br	Aa2.br	Aa2.br	Ba2	Ba2	Ba2
EDP São Paulo	Aa2.br	Aa1.br	Aa1.br	Ba2	Ba2	Ba2
EDP Espírito Santo	Aa1.br	Aa1.br	Aa1.br	Ba2	Ba2	Ba2
Energest	Aa2.br	Aa2.br	-	Ba2	Ba2	-
Lajeado Energia	Aa2.br	Aa2.br	Aa2.br	Ba2	Ba2	Ba2

S&P	National			Global		
	2017	2018	2019	2017	2018	2019
EDP São Paulo	brAA-	brAAA	brAAA	-	-	-
EDP Espírito Santo	brAA-	brAAA	brAAA	BB-	BB-	BB-

Fitch	Nacional			Global		
	2017	2018	2019	2017	2018	2019
EDP Energias do Brasil	-	-	AAA(bra)	-	-	-

Due to the challenging sectorial context from the beginning of 2015 and the worsening of the macroeconomic situation of the Brazilian economy in the second semester of 2015, with the exception of Lajeado Energia, EDP - Energias do Brasil and its subsidiaries had their ratings and/or perspectives reviewed in 2015.

By Moody's, EDP - Energias do Brasil has its rating reduced to 'Ba2/Aa3.br' with negative perspective. EDP São Paulo, EDP Espírito Santo and Energest had their ratings maintained in 'Baa3/Aa1.br' with the alteration of the perspective to 'negative'. On December 10th, 2015, Moody's has put the ratings of some issuers 'Baa3' to 'possible decrease' in function of a similar action taken on the ruler rating of Brazil.

In a similar way, in function of the decrease of the Brazilian ruler rating, S&P reduced the local ratings of EDP São Paulo and EDP Espírito Santo to 'brAA'. The global rating of EDP Espírito Santo was maintained in 'BB+'. The perspective of the ratings for both companies was 'negative'.

On February 17th, 2016, as consequence of the decrease of the Brazilian ruler rating, S&P reduced the local ratings of EDP São Paulo and EDP Espírito Santo to 'brAA'. The global rating of EDP Espírito Santo was reduced to 'BB'. The perspective of the ratings to all the companies was 'negative'.

On February 25th, 2016, as consequence of the decrease of the Brazilian ruler rating, Moody's has reviewed the ratings of the companies. EDP São Paulo, EDP Espírito Santo, Energest and Lajeado Energia had their ratings reduced to 'Aa2.br' in local scale and 'Ba2' in global scale. In a similar way, EDP – Energias do Brasil also had their ratings reduced to 'A2.br' in local scale and 'Ba3' in global scale. The perspective of the ratings to all the companies was 'negative'.

On May 9th, 2016, due to the adjustment of the National scale of ratings of Moody's, EDP – Energias do Brasil had its rating in local scale elevated to 'A1.br', with the maintenance of the rating 'Ba3' in global scale and the negative perspective.

On March 6th, 2017, due to the improvement of the results presented by EDP Espírito Santo, Moody's elevated the rating of the company to Aa1.br in local scale but has kept the negative perspective due to the impact of the ruler.

On March 17th, 2017, Moody's elevated the local rating of EDP – Energias do Brasil to 'Aa2.br', and the global to 'Ba2', due to the improvement in its operation and solid metrics of credit. In the same date, the agency altered the perspective of the rating from 'negative' to 'stable', EDP – Energias do Brasil and its subsidiaries, Energest, EDP Espírito Santo, EDP São Paulo and Lajeado Energia, following the same change performed in the ruler rating.

On January 12th, 2018, Standard & Poors (S&P) altered the perspective of the ratings of EDP São Paulo and EDP Espírito Santo, going from negative to stable, and altered the global rating of EDP Espírito Santo from 'BB' to 'BB-'.

On April 10th, 2018, Moody's elevated the rating of EDP São Paulo in global scale to 'Aa1.br', reflecting the change of perspective, as well as the positioning of its profile of credit in comparison with the local pairs of the regulated sector of energy distribution.

On April 23th, 2018, Moody's restated the ratings of EDP São Paulo and on April 25th, 2018, Moody's restated the ratings of EDP Espírito Santo, with the following classifications: 'Aa1.br' in local scale and 'Ba2' in global scale. The perspective of both ratings remained stable.

On April 27th, 2018, Moody's restated the ratings of Energest: 'Aa2.br' in local scale and 'Ba2' in global scale, with stable perspective.

On May 8th, 2018, Moody's restated the ratings of EDP Energias do Brasil: 'Aa2.br' in local scale and 'Ba2' in global scale, with stable perspective.

On July 11th, 2018, S&P increased the rating of EDP São Paulo and EDP Espírito Santo, after the alteration of the methodology and the table of mapping of ratings of the Brazilian National Scale. The local ratings went from 'brAA-' to 'brAAA'. The perspective remained stable.

On September 27th, 2018, S&P restated the ratings of EDP São Paulo and EDP Espírito Santo, in 'brAAA' in local scale for both and 'BB-' in global scale for EDP Espírito Santo.

On April 3rd, 2019, Moody's restated the ratings of EDP São Paulo and on April 5th, 2019, Moody's restated the ratings of EDP Espírito Santo, with the following classifications: 'Aa1.br' in local scale and 'Ba2' in global scale. The perspective of both ratings remained stable.

On April 10th, 2019, Moody's restated the ratings of Energest: 'Aa2.br' in local scale and 'Ba2' in global scale, with stable perspective.

On May 23th, 2019, Moody's restated the ratings of EDP Energias do Brasil: 'Aa2.br' in local scale and 'Ba2' in global scale, with stable perspective.

On October 25th, 2019, Fitch published an initial rating of EDP Energias do Brasil: AAA (bra) in national scale, with stable perspective.

On November 8th, 2019, Moody's removed the ratings of Energest upon the request of the company.

d) Sources of financing for working capital and for investments in non-current assets used

The Directors highlight that, with the purpose to attend the strategy defined for the Company and consequently, by virtue of the investments in new capacities (UHE Cachoeira Caldeirão, UHE São Manoel, UHE Santo Antonio do Jari, UTE Pecém I, Lot 24, Lot 21, Lot 18, Lot 7 and Lot 11), the Company needed to capture resources by means of financial agreements. In the Directors' opinion, the group's distributors already contract financing proper for their usual operations of investment in the expansion and maintenance of their net, in addition to the execution of refinancing and enlargement of maturing agreements.

In the last three accounting years, the sources of financing used by the group were the generation of operational cash, the loans, financing and debentures. In these periods, our controlled companies and the Company have captured resources to finance the investments and the working capital of the areas of distribution, generation and transmission, by means of issuances of debentures, and loans and financing along with commercial banks, BNDES and BNB. In the opinion of our Directors, the captures executed were proper and consistent with our need of capital, considering the context and the conditions of the market in which the Company is and was.

The Company aims to predict its captures with a minimum antecedence, enabling a greater planning regarding the terms and forms of capture, in order to be always prepared for possible changes in the market, and is able to search alternative sources of resources in case of need. In the vision of our Directors, this acting guarantees a greater flexibility, and better decisions in relation to its captures.

The Directors of the Company believe that this strategy of captures is the most indicated for the group, as a way to maintain a proper level of leverage, always searching for alternatives to reduce the cost of capture and increase its medium-term.

The main contracting of the Company, in the last three accounting years, is below:

Contracted Lines 2019			
Instrument	Approved	Maturity	Cost
EDP Transmissão SP-MG – 1st issuance of Debentures	R\$ 250	June/2020	CDI + 0.2% per year
EDP Transmissão SP-MG – 2 nd Issuance of Debentures	R\$ 800	July/2039	IPCA + 4.45% per year
EDP Transmissão MA II (Lot 11) – Banco do Nordeste	R\$ 22	January/2039	IPCA + 2.57% per year
EDP São Paulo – 10th Issuance of Debentures	R\$ 200	March/2024	106.6% of CDI
EDP São Paulo – 5th Issuance of Promissory Notes	R\$ 300	July/2024	106.58% of CDI
EDP Espírito Santo – 8th Issuance of Debentures	R\$ 300	March/2024	106.9% of CDI
EDP Grid – Bill of Exchange	R\$ 70	April/2021	CDI + 0.15% per year
EDP Comercializadora – Bill of Exchange	R\$ 150	July/2020	CDI + 0.44% per year
Lajeado Energia – 4 th Issuance of Debentures	R\$ 100	November/2020	CDI + 0.20% per year
EDP Transmissão MA I – Bank Credit Bill	R\$ 67	June/2020	CDI + 0.65% per year
EDP Transmissão MA II – Bank Credit Bill	R\$ 66	June/2020	CDI + 0.65% per year
Total	R\$ 2,325		

Contracted Lines 2018			
Instrument	Approved	Maturity	Cost
EDP São Paulo – 8 th Issuance of Debentures (2 nd Pay-up)	R\$ 100	January/2021	107.50% of CDI
EDP Espírito Santo – 6 th Issuance of Debentures (2 nd Pay-up)	R\$ 100	January/2021	107.50% of CDI
EDP São Paulo – BNDES FINEM	R\$ 37	June/2025	TJLP + 2.96% per year / IPCA + 3.23% per year
EDP São Paulo – BNDES FINAME (Release)	R\$ 1	May/2022	TJLP
EDP São Paulo – 9th Issuance of Debentures	R\$ 260	August/2025	IPCA + 5.91% per year
EDP São Paulo – Bank Credit Bill	R\$ 90	February/2019	CDI + 0.95% per year
EDP Espírito Santo – BNDES FINEM	R\$ 88	June/2025	TJLP + 2.96% per year / IPCA + 3.23% per year
EDP Espírito Santo – BNDES FINAME (Release)	R\$ 1	May/2022	TJLP
EDP Espírito Santo – 7th Issuance of Debentures	R\$ 190	July/2025	IPCA + 5.91% per year
EDP Espírito Santo – Bank Credit Bill	R\$ 90	February/2019	CDI + 0.95% per year
EDP Grid – Bill of Exchange	R\$ 82	August/2023	CDI + 0.45% per year
Investco – Bank Credit Bill	R\$ 40	August/2018	CDI + 1.20% per year
Lajeado – 3 rd Issuance of Debentures	R\$ 100	October/2022	109.25% of CDI
Enerpeixe – 3 rd Issuance of Debentures	R\$ 255	November/2023	112.48% of CDI
EDP Transmissão – Bank Credit Bill	R\$ 27	June/2018	CDI + 0.64% of CDI
EDP Transmissão – 1 st Issuance of Debentures	R\$ 115	May/2033	IPCA + 7.0267% per year
EDP Transmissão MA I – Bank Credit Bill	R\$ 1	June/2019	CDI + 1.0% per year
EDP Transmissão MA II – Bank Credit Bill	R\$ 1	June/2019	CDI + 1.0% per year
EDP Transmissão Aliança – Bank Credit Bill	R\$ 30	October/2018	CDI + 0.83% per year
EDP Transmissão Aliança – 1st Issuance of Promissory Notes	R\$ 200	April/2020	111.0% of CDI
EDP Transmissão Aliança – 1 st Issuance of Debentures	R\$ 1,200	October/28	IPCA + 6.72% per year
Total	R\$ 3,008		

Contracted Lines 2017			
Instrument	Approved	Maturity	Cost
EDP São Paulo – 7 th Issuance of Debentures	R\$ 150	April/2022	108.75% of CDI
EDP Espírito Santo – 5 th Issuance of Debentures	R\$ 190	April/2022	108.75% of CDI
EDP São Paulo – 4 th Issuance of Promissory Notes	R\$ 130	July/2019	107.50% of CDI
Enerpeixe – 2 nd Issuance of Debentures	R\$ 320	December/2022	116.00% of CDI
Lajeado – 1 st Series of 2 nd Issuance of Debentures	R\$ 100	December/2020	109.00% of CDI
Lajeado – 2 nd Series of 2 nd Issuance of Debentures	R\$ 200	December/2022	113.70% of CDI
EDP PCH – 1 st Issuance of Debentures	R\$ 150	December/2022	CDI + 1.30% per year
EDP SP – 8 th Issuance of Debentures	R\$ 100	January/2021	107.50% of CDI
EDP SP – 6 th Issuance of Debentures	R\$ 120	January/2021	107.50% of CDI
EDP Soluções em Energia – BNDES FINEM	R\$ 9	August/2022	TJLP + 4.30% per year
EDP São Paulo – BNDES FINEM	R\$ 123	June/2025	TJLP + 2.96% per year / IPCA + 3.23% per year
EDP Espírito Santo – BNDES FINEM	R\$ 86	June/2025	TJLP + 2.96% per year / IPCA + 3.23% per year
Total	R\$ 1,678		

e) Sources of financing for working capital and for investments in non-current assets that aim to be used to cover deficiencies of liquidity

On December 5th, 2017, the distributors executed financing agreements along with BNDES in the total value of R\$ 753.8, from which R\$ 333.0 were already spent until December 31st, 2018. In 2019, we did not have new disbursements. The financing has as purpose, the investment plan of the years of 2016 to 2018 of the companies. The line of credit was open for disbursement until May 2019 and has its final maturity in 2025, with interests varying between TJLP + 2.96% per year and the Reference Rate of BNDES + 3.23% per year (corrected by IPCA).

On December 28th, 2018, EDP Transmissão MA II contracted a financing along with the Banco do Nordeste do Brasil – BNB to supplement part of the values that will be invested in the construction of the transmission line of Lot 11 of the auction no. 05/16. The line totalizes R\$ 124.5 million, from which R\$ 21.6 million were already spent until December 31st, 2019.

Other necessities of financing are ensured by the access of the companies to credit operations with partner financial institutions (Itaú, Bradesco, ABC, Banco Votorantim, Citibank, MUFG, among others) that support us in the supplement of our needs of cash, when lower to the generation of operational cash.

Our directors understand that the existing credit lines are sufficient for the needs of the Company and, in case of need of resources for possible investments in non-current assets, the Company will search sources of financing of long-term, such as loans along with development banks, as BNDES and BNB, and debentures of infrastructure, among other alternatives that are in disposal at the moment.

f) Levels of indebtedness and the features of such debts

Our Directors believe that our level of indebtedness has remained in a level compatible with our cash flow.

In the understanding of our Directors, the composition of our indebtedness also demonstrates the good financial health of the group. The medium-term of the consolidated debt on December 31st, 2019 has reached 4.1 years, while that in the same period of the previous year, has reached 3.7 years. The Directors, in this sense, understand that such variation is, mainly, due to: (i) the captures of long-term executed at EDP Transmissão SP-MG and in the distributors, EDP SP and EDP ES and (ii) the several liquidations and captures executed by the group's companies.

The level of total leverage on the net equity remained in 47.8% in 2019, in comparison to 46.7% in the previous year. The increase is due to a greater leverage in the operational companies, for an efficiency gain of the financial structure and from the financing of investments in transmission. The Directors understand that the metric is managed in a proper level.

In 2018, the level of leverage on the net equity was 46.7%, higher than the 43.5% of 2017. The increase is, mainly, a result of the strategy of greater leverage in the operational companies, for a greater efficiency of the capital structure.

Total Leverage (R\$ million)	12/31/2017	12/31/2018	12/31/2019
Loans and Financing of short-term	473.5	805.2	617.5
Debentures of short-term	863.1	586.1	1,371.2
	1,336.6	1,391.2	1,988.7
Loans and Debentures of long-term	2,021.7	1,750.1	1,659.6
Debentures of long-term	2,699.4	4,317.5	4,816.5
	4,721.1	6,067.6	6,476.2
Total of Leverage	6,057.7	7,458.8	8,464.8
Net Equity*	7,881.8	8,523.7	9,229.0
Total leverage on total leverage + Net equity*	43.5%	46.7%	47.8%

(*) Net Equity does not consider the non-controllers

(i) **Loans and financing agreements**

CONSOLIDATED EDP - ENERGIAS DO BRASIL

	Company	Agreement Maturity	Covenants	Debt Cost	Form of Payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Foreign Currency									
Banco Citibank – Bank Credit Bill	EDP São Paulo Distribuição de Energia	09/04/2015 a 09/04/2019	Gross debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5	Libor 3M + 1.84% per year	Main annual from Sept/2018 and quarterly interests	Promissory Note	-	39,816	67,639
Banco Caixa Geral de Depósitos	Porto do Pecém	12/09/2016 a 12/06/2019		Libor 6M + 2.50% per year	Main in single installment in the maturity and biannual interests	Promissory Note of EDP - Energias do Brasil	-	173,460	147,689
							-	213,276	215,328
National Currency									
Eletrobras LPT - ECFS 184/07	EDP São Paulo Distribuição de Energia	11/30/2009 to 10/30/2019		5% per year + 1% per year (adm. rate)	Main and monthly interests	(i) Promissory Notes and (ii) Guarantee on receivables	-	1,095	2,518
BNDES - BB/CALC	EDP São Paulo Distribuição de Energia	02/17/2010 to 06/17/2019	Gross Debt in relation to the Adjusted EBITDA minor or equal to 3.5	4.5% per year and 1.81% to 3.32% per year above TJLP	Main and monthly interests	(i) Corporate guarantee of EDP Energias do Brasil and (ii) Secure deposit	-	2,443	7,279
BNDES - FINEM	EDP São Paulo Distribuição de Energia	12/28/2014 to 12/16/2024	Gross Debt in relation to the Adjusted EBITDA(ii) minor or equal to 3.5	TJLP to TJLP + 3.05% per year TR (iv) + 3.05% per year and pre of 6.00% per year	Main monthly with interests in the quarterly waiting period, after shall be monthly. Main and annual interests.	a. Secure deposits; b. Corporate guarantee of EDP Energias do Brasil	143,503	184,177	221,622
(-) Cost of transaction	EDP São Paulo Distribuição de Energia	12/28/2014 to 12/16/2024					(421)	(616)	(826)
BNDES - FINEM / No. 17.2.0295.1	EDP São Paulo Distribuição de Energia	09/05/2017 to 06/15/2025	Gross debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5	TJLP + 2.96% per year IPCA + TR (iv) + 3.23% per year	a) Main monthly with interests quarterly on the waiting period, after shall be monthly. b) Main and annual interests.	a. Fiduciary assignment of, at least, 130% of the value of the debit balance; b. Corporate guarantee of EDP Energias do Brasil.	169,650	168,697	123,094
(-) Cost of transaction	EDP São Paulo Distribuição de Energia	09/05/2017 to 06/15/2025					(1,958)	(2,665)	(3,378)
Promissory Notes (4th issuance)	EDP São Paulo Distribuição de Energia	07/19/2017 to 07/19/2019	Net debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5	107.5% of CDI	Main and interests in a single installment by the end		-	144,304	134,962
(-) Cost of transaction	EDP São Paulo Distribuição de Energia	07/19/2017 to 07/19/2019					-	(23)	(68)
Banco ABC – Banking Credit Bill	EDP São Paulo Distribuição de Energia	11/07/2018 to 02/05/2019		CDI + 0.95% per year	Main and interests in a single installment by the end		-	90,924	
(-) Cost of Transaction	EDP São Paulo Distribuição de Energia	11/07/2018 to 02/05/2019					-	(338)	

	Company	Agreement maturity	Covenants	Cost of Debt	Form of Payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Promissory Notes (5 th Issuance)	EDP São Paulo Distribuição de Energia	07/19/2019 to 07/17/2024	Net debt in relation to the adjusted EBITDA (i) minor or equal to 3.5, ascertained annually on December	106.58% of CDI	Main and interests in a single installment by the end		307,771	-	-
(-) Cost of Transaction	EDP São Paulo Distribuição de Energia	07/19/2019 to 07/17/2024		0	0	0	(457)		
BNDES - FINEM / No. 17.2.0296.1	EDP Espírito Santo Distribuição de Energia	09/05/2017 to 06/15/2025	Gross debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5.	TJLP + 2.96% per year IPCA + TR (iv) + 3.23% per year	a) Main monthly with quarterly interests in the waiting period, after shall be monthly. b) Main and annual interests.	a. Fiduciary assignment of, at least, 130% of the value of the maturing installment of the subsequent month; b. Corporate guarantee of EDP Energias do Brasil.	183,563	184,421	86,775
(-) Cost of Transaction	EDP Espírito Santo Distribuição de Energia	09/05/2017 to 06/15/2025					(1,507)	(2,045)	(2,586)
BNDES - BB/CALC	EDP Espírito Santo Distribuição de Energia	02/17/2010 to 05/15/2017	Gross debt in relation to the EBITDA minor or equal to 3.5.	4.5% per year and of 1.81% to 3.32% per year above TJLP	Main and monthly interests	(i) Corporate guarantee of EDP Energias do Brasil and (ii) Secure Deposit	-	1,181	3,519
(-) BNDES - CALC – Cost of transaction	EDP Espírito Santo Distribuição de Energia	02/17/2010 to 05/15/2017			Monthly amortization of the transaction cost		-	-	-
BNDES - FINEM	EDP Espírito Santo Distribuição de Energia	12/28/2014 to 12/16/2024	Gross debt in relation to the Adjusted EBITDA(ii) minor or equal to 3.5	TJLP to TJLP + 3,.05% per year TR (iv) + 3.05% per year, and pre of 6.00% per year	Main monthly with interests in the quarterly waiting period, after shall be monthly. Main and annual interests.	a. Secure deposits; b. Corporate guarantee of EDP Energias do Brasil	140,412	179,363	216,083
(-) Cost of transaction	EDP Espírito Santo Distribuição de Energia	12/28/2014 to 12/16/2024			Monthly amortization of the transaction cost		(442)	(671)	(930)
Eletrobras LPT - ECFS 106/05	EDP Espírito Santo Distribuição de Energia	05/30/2008 to 04/30/2018		5% per year + 1.5% per year (adm. rate)	Main and monthly interests	(i) promissory notes and (ii) Guarantee on receivables.	-	-	1,571
Eletrobras LPT - ECFS 181/07	EDP Espírito Santo Distribuição de Energia	04/30/2010 to 04/30/2020		5% per year + 1.5% per year (adm. rate)	Main and monthly interests	(i) promissory notes and (ii) Guarantee on receivables.	1,898	6,039	11,001
Eletrobras LPT - ECFS 258/09	EDP Espírito Santo Distribuição de Energia	01/30/2012 to 12/30/2021		5% per year + 1.5% per year (adm. rate)	Main and monthly interests	(i) promissory notes and (ii) Guarantee on receivables.	3,564	5,106	6,985
Banco Citibank – Exchange Bill	EDP Espírito Santo Distribuição de Energia	05/08/2014 to 05/14/2018	Gross debt in relation to the Adjusted EBITDA(i) minor or equal to 3.5	85% of CDI + 1.0625%	Main annual from May/2014 and quarterly interest	Promissory note	-	-	67,361
(-) Citibank N.A. – Exchange Bill – Costs of Transaction	EDP Espírito Santo Distribuição de Energia	05/08/2014 to 05/14/2018					-	-	-

	Company	Agreement maturity	Covenants	Cost of the debt	Form of payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Banco ABC – Banking Credit Bill (vi)	EDP Espírito Santo Distribuição de Energia	11/07/2018 to 02/05/2019		CDI + 0.95% per year	Main and interest in a single installment by the end		-	-	
(-) Cost of Transaction	EDP Espírito Santo Distribuição de Energia	11/07/2018 to 02/05/2019			Main and interest in a single installment by the end		-	-	
BNDES - Banco do Brasil	Santa Fé	04/15/2010 to 02/15/2024	i. Cover rate of the service of the debt, higher or equal to 1.2. ii. Cover rate of equity, higher or equal to 30%. iii. restriction of payment of dividends.	TJLP + 1.90% per year	Main and monthly interest	(i) Pledge of shares; (ii) Corporate guarantee; (iii) Secure deposits; and (iv) Bonding of incomes	-	-	36,158
Cumulative receivable shares (iii)	Investco				Annual dividends and payment of the main.		59,057	59,681	60,013
Banco Itaú – Bank Credit Bill	Investco	02/23/2018 to 08/23/2018		CDI + 1.20% per year	Main and interests in 6 monthly installments		-	-	
(-) Cost of Transaction	Investco	02/23/2018 to 08/23/2018			Monthly amortization of the cost of transaction		-	-	
BNDES	Porto do Pecém	07/09/2009 a 06/15/2026	Cover rate of the service of the debt, higher or equal to 1.2.	2.77% per year up to TJLP	Main and monthly interest	a. Pledge of shares; b. Secure deposits; c. assignment of rights and agreements; d. promissory notes; e. lien; and f. disposal of assets.	803,020	923,624	1,040,134
(-) Cost of transaction	Porto do Pecém	07/09/2009 to 06/15/2026					(2,460)	(3,268)	(4,190)
Banco Citibank – exchange bill	EDP São Paulo Distribuição de Energia	05/29/2015 to 05/29/2019	Gross debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5.	85% of CDI + 1.19%	Main annual from May/2018 and quarterly interests	Promissory note	-	75,476	151,027
Banco Citibank – exchange bill	EDP Espírito Santo Distribuição de Energia	05/29/2015 to 05/29/2019	Gross debt in relation to the Adjusted EBITDA (i) minor or equal to 3.5.	85% of CDI + 1.19%	Main annual from May/2018 and quarterly interests	Promissory note	-	50,317	100,684
BNDES FINEM (SAFRA)	EDP Soluções em Energia	08/02/2017 to 08/15/2022	Net debt in relation to the EBITDA minor or equal to 3.5 of the consolidated of EDP Energias do Brasil	TJLP + 4.3% per year	Main and interests in 54 monthly installments from 03/15/2018, prior quarterly interests.	Approval EDP - Energias do Brasil	-	7,166	8,803
EDP - Energias do Brasil S.A.	EDIP GRID	04/04/2018 to 08/31/2018		96% of CDI	Main and interests in a single installment by the end		-	-	
MUFG – exchange bill	EDIP GRID	08/20/2018 to 08/22/2023	Net debt in relation to the Consolidated EBITDA of EDP Energias do Brasil minor or equal to 3.5 accrued biannually on June and December	CDI + 0.45% per year	Main biannual from August/2020 and biannual interests	Approval EDP - Energias do Brasil	156,582	84,176	
Banco ABC Brasil – Bank credit bill	EDP Transmissão Aliança	07/04/2018 to 10/08/2018		CDI + 0.8299% per year	Main and interests in a single installment by the end	Corporate guarantee of EDP - Energias do Brasil proportional to its corporate interest.	-	-	
Promissory notes (1st issuance)	EDP Transmissão Aliança	10/04/2018 to 04/02/2020		111.00% of CDI per year	Main and interests in a single installment by the end	Corporate guarantee of EDP - Energias do Brasil proportional to its corporate interest.	-	203,195	
(-) Cost of Transaction	EDP Transmissão Aliança	10/04/2018 to 04/02/2020					0	-	

	Company	Agreement maturity	Covenants	Cost of the Debt	Form of payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Banco Citibank – Bank credit bill	EDP Transmissão MA I	12/17/2018 to 06/15/2019		CDI + 1.0% per year	Main and interests in a single installment by the end	Approval EDP - Energias do Brasil	70,001	1,001	
(-) Cost of transaction	EDP Transmissão MA I	12/17/2018 to 06/15/2019				0	-	-	
EDP - Energias do Brasil S.A.	EDP Transmissão MA I	11/22/2018 to 11/21/2020		100.3% CDI	Main and interest by the end	0	-	-	
	EDP Transmissão MA II	12/28/2018 to 01/15/2039		IPCA + 2.57% per year	Main monthly from February/2022, quarterly interests during the waiting period and monthly from February/2022.	a. Assignment of rights and agreements; b. Bank guarantees; c. Pledge of shares; d. Fiduciary disposal of machinery and equipment; and e. secure deposits	21,764	-	
Banco do Nordeste do Brasil									
(-) Cost of transaction	EDP Transmissão MA II	0				0	(535)	-	
Banco Citibank – Bank credit bill	EDP Transmissão MA II	12/17/2018 to 06/15/2019		CDI + 1.0% per year	Main and interests in a single installment by the end	Approval EDP - Energias do Brasil	70,289	1,001	
(-) Cost of transaction	EDP Transmissão MA II	12/17/2018 to 06/15/2019				0	-	-	
EDP - Energias do Brasil S.A.	EDP Transmissão SP-MG	11/22/2018 to 11/21/2020		100.3% CDI	Main and interests by the end	0	-	-	
	EDP Comercialização	07/25/2019 to 07/22/2020		CDI + 0.44% per year	Main and interests in a single installment by the end	a. Promissory Note and b. Approval EDP – Energias do Brasil	155,823		
MFUG – Exchange Bill									
(-) Cost of Transaction		07/25/2019 to 07/22/2020					-		
							2,277,117	2,363,831	2,267,611
Derivatives									
Banco Caixa Geral de Depósitos	Porto do Pecém	12/09/2016 to 12/06/2019		Swap Libor 6M + 2.50% per year to CDI + 2.73% per year	According to the amortization flow of the main and interests of the protected debt		-	(19,699)	5,591
Banco Citibank	EDP São Paulo Distribuição de Energia	09/04/2015 to 09/04/2019		Swap Libor 3M + 1.84% per year to CDI + 1.20% per year	According to the amortization flow of the main and interests of the protected debt		-	(2,156)	6,728
							-	(21,855)	12,319
Total							2,277,117	2,555,252	2,495,258

(i) The Adjusted EBITDA means ‘the outcome prior to the financial costs, taxes, depreciation and amortization, adjusted with the assets and liabilities of the Compensation Account of Cost Variation of Installment ‘A’ – CVA, over contracting and impartiality of the sectorial burdens’.

(ii) The Adjusted EBITDA means ‘the outcome prior to the financial costs, taxes, depreciation and amortization, adjusted with the assets and liabilities of the Compensation Account of Cost Variation of Installment ‘A’ – CVA, over contracting and impartiality of the sectorial burdens’ and with other non-operational lines that may have an effect in the cash.

(iii) Refers to the preferential shares redeemable of classes ‘A’, ‘B’ and ‘C’ issued by the indirect controlled company Investco, where, according to the 8th article of its Bylaws, the holders of such shares have, among others, the right to receive a fixed annual dividend, cumulative, of 3% on the value of his/her respective corporate interest in the share capital. Due to its features, the shares were classified as a financial instrument of debt as they satisfy the definition of financial liability, due to the fact that Investco does not have the right to avoid the sending of cash or other financial asset to other entity, according to item 19 of CPC 39. The annual payment of dividends was considered until 2023 (end of concession) and discounted at current value by the rate of 8.70% per year, which is equivalent to the average cost of uptake of Investco in the date of evaluation of the shares.

(vi) Liquidated in advance on December 12th, 2018.

(ii) Debentures**CONSOLIDATED EDP - ENERGIAS DO BRASIL**

Fiduciary Agent	Company	Total value	Date of issuance	Agreement maturity	Purpose	Cost of Debt	Form of payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo Distribuição de Energia	176,800	3rd issuance on 08/27/2014	08/27/2014 to 08/27/2020	Stretching of the debt and working capital	CDI + 1.50%	Main biannual from 08/27/2018 and biannual interest		72,429	145,299	182,339
(-) Costs of issuance	EDP Espírito Santo Distribuição de Energia		3rd issuance on 08/27/2014				Monthly amortization	-	20 -	87	(198)
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo Distribuição de Energia	190,000	5th issuance on 04/07/2017	04/07/2017 to 04/07/2022	Refinancing and stretching of the average term of the debt and working capital	108.75% of CDI per year	Main biannual from April/2020 and biannual interest		192,352	192,870	193,254
(-) Costs of issuance	EDP Espírito Santo Distribuição de Energia		5th issuance on 04/07/2017				Monthly amortization	-	414 -	742 -	1,061
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo Distribuição de Energia	300,000	8th Issuance on 03/30/2019	04/09/2019 to 03/30/2024	Refinancing and stretching of the average term of the debt and working capital	106.90% of CDI per year	Main in a single installment at maturity and biannual interests		303,989	-	-
(-) Costs of issuance	EDP Espírito Santo Distribuição de Energia						Monthly amortization	-	908	-	-
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo Distribuição de Energia	300,000	5th issuance on 04/30/2014	04/30/2014 to 04/30/2019	Stretching of debt and refinancing of the working capital	CDI + 1.39%	Main biannual from April/2017 and biannual interest		-	36,448	109,475
(-) Costs of issuance	EDP São Paulo Distribuição de Energia		5th issuance on 04/30/2014				Monthly amortization	-	-	41 -	302
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo Distribuição de Energia	150,000	7th issuance on 04/07/2017	04/07/2017 to 04/07/2022	Refinancing and stretching of the average term of the debt and working capital	108.75% of CDI per year	Main biannual from April/2020 and biannual interest		152,477	152,266	152,569
(-) Costs of issuance	EDP São Paulo Distribuição de Energia		7th issuance on 04/07/2017				Monthly amortization		335 -	600 -	858
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo Distribuição de Energia	200,00	10th issuance on 03/30/2019	04/09/2019 to 03/30/2024	Refinancing and stretching of the average term of the debt and working capital	106.60% of CDI per year	Main in a single installment at maturity and biannual interests		202,652	-	-
(-) Costs of issuance	EDP São Paulo Distribuição de Energia						Monthly amortization	-	728	-	-
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP PCH	150,000	1st issuance on 12/26/2017	12/26/2017 to 12/26/2022	Readjustment of the capital structure, with decrease of the share capital.	CDI + 1.30% per year	Main biannual from December/2020 and biannual interest		-	-	150,095
(-) Costs of issuance	EDP PCH	(924)	1st issuance on 12/26/2017	12/26/2017 to 12/26/2022			Monthly amortization		-	-	556
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo Distribuição de Energia	260,000	9th issuance on 08/15/2018	08/15/2018 to 08/15/2025	Expansion, renewal and improvement of the infrastructure of distribution of electric energy	IPCA + 5.91%	Main annual from August/2023 and biannual interest		275,835	266,510	
(-) Costs of issuance		(3,948)	9th issuance on 08/15/2018	08/15/2018 to 08/15/2025			Monthly amortization	-	3,069	3,680	

Fiduciary Agent	Company	Total Value	Date of issuance	Agreement maturity	Purpose	Cost of Debt	Form of Payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	190,000	7th issuance on	08/15/2018 to 07/15/2025	Expansion, renewal and improvement of the infrastructure of distribution of electric energy	IPCA + 5.91%	Main annual from August/2023 and biannual interest		202,027	194,757	-
(-) Costs of Issuance	EDP Espírito Santo	(2,941)	7th issuance on	08/15/2018 to 07/15/2025			Monthly Amortization	-	2,284	2,739	-
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão	115,000	1st issuance on 05/15/2018	05/15/2018 to 05/15/2033	Deployment of the project of line of transmission and substation of plot 24 of the 13/2015-ANEEL auction	IPCA + 7.0267% per year	Main and interests biannual from May/2021	a. Corporate guarantee of EDP - Energias do Brasil; b. Fiduciary disposal of the shares.	135,576	122,622	-
(-)Costs of Issuance	EDP Transmissão	(7,774)	1st issuance on 05/15/2018	05/15/2018 to 05/15/2033			Monthly Amortization	-	6,443	7,218	-
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	664,253	1st series of the 4th issuance on 09/15/2015	09/15/2015 to 09/15/2018	Allocated to the redeem in advance of the 1st issuance of Promissory notes of the Company	CDI + 1.74% per year	Annual amortizations from September/2017 and biannual interest		-	-	341,156
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	179,887	2nd series of the 4th issuance on 09/15/2015	09/15/2015 to 09/15/2021	Allocated to investments in projects of the Company.	IPCA + 8.3201% per year	Annual amortizations from September/2019 and biannual interest		147,619	214,695	206,345
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	48,066	3rd series of the 4th issuance on 09/15/2015	09/15/2015 to 09/15/2024	Allocated to investments in projects of the Company.	IPCA + 8.2608% per year	Annual amortizations from September/2022 and biannual interest		59,168	57,357	55,127
(-)Costs of Issuance	EDP - Energias do Brasil		3rd series of the 4th issuance 09/15/2015	09/15/2015 to 09/15/2024			Monthly Amortization	-	956 -	1,446 -	4,128
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	DP Transmissão Aliança	1,200,000	1st issuance on 10/15/2018	10/15/2018 to 10/15/2028	Deployment of the project of line of transmission and substation of plot 21 of the 05/2016-ANEEL auction	IPCA + 6.7200% per year	Main biannual from April/2023 and biannual interest	a. Corporate guarantees of EDP- Energias do Brasil and Celesc proportional to the equity interest of each one; b. Secure deposits.	1,260,557	1,217,114	-
(-)Costs of Issuance	DP Transmissão Aliança	(56,660)	1st issuance on 10/15/2018	10/15/2018 to 10/15/2028			Monthly Amortization	-	47,557 -	54,978	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	450,000	1st issuance on 11/25/2013	11/25/2013 to 11/25/2019	Payment to the shareholders as reimbursement of shares due to the decrease of the share capital on 05/03/2013.	CDI + 1.20%	Main annual and biannual interest	Corporate guarantee of EDP Energias do Brasil	-	151,091	302,218
(-)Costs of Issuance	Lajeado Energia		1st issuance on 11/25/2013				Monthly Amortization		- -	188 -	581
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia 1st series	100,000	2nd issuance on 12/08/2017	12/08/2017 to 12/08/2020	Readjustment of capital structure, with decrease of share capital.	109% of CDI per year	Main in a single installment on December/2020 and biannual interest		100,285	100,376	100,260
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia 2nd series	200,000	2nd issuance on 12/08/2017	12/08/2017 to 12/08/2022	Readjustment of capital structure, with decrease of share capital.	113.70% of CDI per year	Main annual from December/2021 and biannual interest		200,597	200,785	200,542
(-) Costs of issuance	Lajeado Energia							-	518 -	824 -	1,089
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	100,000	3rd issuance on 11/14/2018	11/14/2018 to 10/20/2022	Working capital and refinancing of debt	109.25% of CDI per year	Main annual from October/2021 and biannual interest		101,013	100,729	-
(-)Costs of issuance	Lajeado Energia	(351)	3rd issuance on 11/14/2018	11/14/2018 to 10/20/2022			Monthly Amortization	-	417 -	334	-

Fiduciary Agent	Company	Total Value	Date of issuance	Agreement maturity	Purpose	Cost of Debt	Form of Payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	100,000	4 th issuance on 11/19/2019	11/19/2019 to 11/19/2020	Working capital and refinancing of the debt	CDI + 0.20% per year	Main and interests in a single installment at maturity		100,493	-	-
(-) Costs of Issuance	Lajeado Energia			11/19/2019 to 11/19/2020			Monthly amortization		- 43	-	-
Planner Trustee Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo Distribuição de Energia	120,000	6th issuance on 12/20/2017	12/20/2017 to 01/20/2021	Stretching of debt and working capital.	107.50% of CDI per year	Main annual from January/2020 and biannual interests		225,688	226,554	120,068
(-)Costs of issuance	EDP Espírito Santo Distribuição de Energia	(1,438)	6th issuance on 12/20/2017	12/20/2017 to 01/20/2021			Monthly Amortization		- 289 -	810 -	1,289
Planner Trustee Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo Distribuição de Energia	100,000	8th issuance on 12/20/2017	12/20/2017 to 01/20/2022	Refinancing and stretching of the average term of debt and working capital	107.50% of CDI per year	Main annual from January/2020 and biannual interest		205,171	205,958	100,057
(-)Costs of issuance	EDP São Paulo Distribuição de Energia	(1,317)	8th issuance on 12/20/2017	12/20/2017 to 01/20/2022			Monthly Amortization		- 263 -	742 -	1,183
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Energest	36,000	1st series of 2nd issuance on 04/20/2016	04/20/2016 to 04/20/2018	Reinforcing of the working capital and refinancing of the issuer debt	CDI + 2.25% per year	Main in a single installment by the end and biannual interests		-	-	22,581
(-) Cost of issuance	Energest	(427)	1st series of 2nd issuance on 04/20/2016	04/20/2016 to 04/20/2018			Monthly amortization		-	--	69
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Energest	54,000	2nd series of 2nd issuance on 04/20/2016	04/20/2016 to 04/20/2020	Reinforcing of the working capital and refinancing of the issuer debt	CDI + 2.65% per year	Main biannual from April/2018 and biannual interests		-	32,937	69,028
(-) Cost of issuance	Energest	(640)	2nd series of 2nd issuance on 04/20/2016	04/20/2016 to 04/20/2020			Monthly amortization		- --	104	277
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP – Energias do Brasil	250,000	5th issuance on 03/22/2016	03/22/2016 to 04/15/2022	Allocated to investments in projects of the Company	IPCA + 8.3479% per year	Annual amortizations from April/2021 and biannual interests		291,190	281,950	270,889
(-) Cost of issuance	EDP – Energias do Brasil	(7,097)	5th issuance on 03/22/2016	03/22/2016 to 04/15/2022			Monthly amortization		- 2,484 -	3,678 -	4,926
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Enerpeixe	350,000	1st issuance on 11/22/2016	11/22/2016 to 05/22/2020	Decrease of the share capital and allocation of resources to the shareholders	114.50% of CDI per year until 11/22/2019; and 100% of CDI + 0.43% per year until 05/22/2020	Main annual from November/2018 and biannual interests	Fiduciary Assignment of the Credit Rights of Energy Agreements	88,029	176,287	352,848
(-) Cost of issuance	Enerpeixe		1st issuance on 11/22/2016	11/22/2016 to 05/22/2020			Monthly amortization		- -	540 -	1,667
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	320,000	2nd issuance on 11/20/2017	11/20/2017 to 12/20/2022	Re-leverage and decrease of capital	116% of CDI per year	Main biannual from June/2020 and biannual interests	Fiduciary assignment of the credit rights of Energy Agreements	320,380	320,549	322,321
(-) Cost of issuance	Enerpeixe	(2,048)	2nd issuance on 11/20/2017	11/20/2017 to 12/20/2022			Monthly amortization		- 913 -	1,420 -	1,935
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	255,000	3rd issuance on 11/23/2018	11/23/2018 to 11/23/2023	Stretching of debt	112.48% of CDI per year	Main in a single installment on November/2023 and biannual interests		256,222	255,212	-
(-) Costs of issuance	Enerpeixe	(510)	3rd issuance on 11/23/2018	11/23/2018 to 11/23/2023			Monthly amortization		- 405 -	493	-

Fiduciary Agent	Company	Total value	Date of issuance	Agreement maturity	Purpose	Cost debt	of	Form of payment	Guarantees	12/31/2019	12/31/2018	12/31/2017
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Porto do Pecém	330,000	1st issuance on 11/14/2016	11/14/2016 to 11/14/2021	Advanced liquidation of the financing along with BID	CDI 2.95% per year	+	Main annual from November/2020 and biannual interests	Corporate guarantee of EDP – Energias do Brasil	330,061	333,719	334,007
(-) Costs of issuance	Porto do Pecém		1st issuance on 11/14/2016	11/14/2016 to 11/14/2021				Monthly Amortization	-	1,086 -	1,876 -	2,649
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão SP-MG	250,000	1st issuance on 12/13/2018	01/29/2019 to 06/15/2020	Deployment of the project of transmission line and substation of plot 18 of the auction 05/2016-ANEEL	CDI 0.20% per year	+	Main and interests in a single installment at maturity	a. Corporate guarantee of EDP Energias do Brasil	268,819	-	-
(-) Costs of Transmission	EDP Transmissão SP-MG	(984)		01/29/2019 to 06/15/2020				Monthly amortization	-	311	-	-
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão SP-MG	800,000	2nd issuance on 07/15/2019	07/15/2019 to 07/15/2039	Deployment of the project of transmission line and substation of plot 18 of the auction 05/2016-ANEEL	IPCA 4.45% per year	+	Main biannual from July/2022 and biannual interests	a. Corporate guarantee of EDP Energias do Brasil	816,081	-	-
(-) Costs of Transmission	EDP Transmissão SP-MG	(56,278)		07/15/2019 to 07/15/2039				Monthly amortization	-	54,546	-	-
Total										6,187,721	4,903,545	3,562,421



(iii) level of subordination between debts

In the vision of our Directors, there is not any level of contractual subordination between the unsecured debts of the Company and its controlled companies.

Additionally, it should be pointed out that the lines of credit contracted by the Company's controlled companies along with BNDES count with the provision of real guarantees on the assets, of fiduciary assignment and receivables.

In relation to the Company, as a holding, there is not any structural subordination of the Company's debts in relation to the debts of the controlled companies.

In a possible universal tender of creditors, after the execution of the Company's assets, it will satisfy, by the terms of the law, the labor, social security and tax credits, giving preference in relation to the creditors with a real, fluctuant and unsecured guarantee.

(iv) possible restrictions imposed to the Company, specially, in relation to the limits of indebtedness and contracting of new debts, to the allocation of dividends, the disposal of assets, the issuance of new transferable securities and the disposal of corporate control, as well as if the issuer is complying with such restrictions

The main financial covenants that our companies are obliged to comply with are the following:

- Gross debt in relation to EBITDA minor or equal to 3.5 times, to the companies EDP São Paulo, EDP Espírito Santo, Energest and Lajeado, totally met in 2018 and 2017. From the closing of 2019 (inclusive) any company of the group no longer had the financial covenant of gross debt in relation to the Ebitda.
- Net debt in relation to the EBITDA minor or equal to 3.5 times to EDP Energias do Brasil Consolidated and Enerpeixe, Lajeado, EDP São Paulo, EDP Espírito Santo, totally met in 2019, 2018 and 2017.
- Net debt in relation to the EBITDA minor or equal to 2.5 times to Energest, totally met in 2018 and 2017.
- ICSD – [*Índice de Cobertura do Serviço da Dívida*]– Cover Index of the Debt Service higher or equal to 1.2 times to Santa Fé, totally met in 2017.
- ICSD – Cover Index of the Debt Service higher or equal to 1.2 times to Porto do Pecém, totally met in 2019, 2018 and 2017.

The covenants taken by the Company, by EDP São Paulo and EDP Espírito Santo, that have biannual ascertainment, remain fully met.

The controlled company Santa Fé, in addition to ICSD, had a restriction of payment of dividends higher than the mandatory minimum of 25% of the net profit. The company's debt was liquidated in advance on July of 2018.

The controlled company Porto do Pecém, in addition to ICSD, has a restriction of payment of dividends higher than the mandatory minimum of 25% of the net profit, although once met, the ICSD and the projected ICSD are above 1.3 times, it is possible, with the authorization of the banks, a percentage increase until the level in which the ICSD is met.

Our Directors highlight that the non-compliance with any of these covenants can result in the anticipation of the maturity of the financing agreements of our controlled companies, what could have a negative financial impact in the Company.

Our Directors highlight, also, that the Company and its controlled companies monitor all these levels in a systematic and constant form, in a way that the conditions are always met. In the understanding of our Directors, all the restrictive conditions and other covenants taken by us and by our controlled companies are properly met. In the vision of the Directors, these restrictive levels are in accordance with the market's metrics, and do not entail excessive risks to the Company.



g) Limits of the contracted financing and percentage already used

The Directors inform that, currently, EDP Transmissão MA I and EDP Transmissão MA II have financing agreements along with BNB, with a total limit of use of R\$ 252.1 million and R\$ 124.5 million, respectively, from which R\$ 21.6 million already used by EDP Transmissão MA II until December 31st, 2019.

More information on the line of credit above was presented in item 10.1 (e). In the vision of our Directors, the limits of use of the contracted financing are proper, as they follow strictly the provisions of the agreements.

h) Significant alterations in each item of the financial statements

The following discussion on the financial situation and the result of the Company's operations reflects the understanding of our Directors and shall be read together with the Company's financial statements related to the accounting years of December 31st, 2019, 2018 and 2017, and respective explanatory notes, as well as the information part of the other items. The values in the tables are presented in millions of Reais, jointly with the explanatory comments, except when indicated.

INCOME STATEMENT

Items in R\$ Millions or %	12/31/2017	AV	12/31/2018	AV	12/31/2017	AV	Variation 2019-2018 (%)	Variation 2018-2017 (%)
Net Operational Income¹	11,735.1	100.0%	12,486.9	100.0%	12,556.8	100.0%	-2.3%	9.5%
Construction Income	602.2	5.1%	970.6	7.6%	2,589.8	20.6%	166.8%	61.2%
Margin Construction Transmitters	(0.1)	0.0%	16.7	0.1%	81.7	0.7%	387.9%	n.a.
Non-Manageable Costs	(8,236.2)	-70.2%	(9,042.1)	-70.4%	(8,479.5)	-67.5%	-6.2%	9.8%
Electric Energy Bought for Resale	(6,779.1)	-57.8%	(7,392.8)	-57.5%	(6,926.4)	-55.2%	-6.3%	9.1%
Burdens of Use of the Electric Net	(680.0)	-5.8%	(967.6)	-7.5%	(957.3)	-7.6%	-1.1%	42.3%
Others	(777.0)	-6.6%	(681.7)	-5.3%	(595.7)	-4.7%	-12.6%	-12.3%
Gross Margin	3,498.8	29.8%	3,821.5	29.7%	4,159.0	33.1%	8.8%	9.2%
Manageable Costs	(1,312.2)	-11.2%	(1,053.5)	-8.2%	(1,244.8)	-9.9%	18.2%	-19.7%
PMSO	(1,239.4)	-10.6%	(1,333.9)	-10.4%	(1,151.4)	-9.2%	-13.7%	7.6%
Personal	(467.7)	-4.0%	(489.1)	-3.8%	(376.9)	-3.0%	-22.9%	4.6%
Material	(53.1)	-0.5%	(76.3)	-0.6%	(63.7)	-0.5%	-16.5%	43.6%
Services of Third Parties	(491.6)	-4.2%	(491.8)	-3.8%	(472.4)	-3.8%	-4.0%	0.1%
Provisions	(112.2)	-1.0%	(132.4)	-1.0%	(157.2)	-1.3%	18.8%	18.0%
Others	(114.9)	-1.0%	(144.3)	-1.1%	(81.2)	-0.6%	-43.7%	25.7%
Gains/Losses in the Deactivation/Disposal of Assets	(72.8)	-0.6%	(94.2)	-0.7%	(93.4)	-0.7%	-0.8%	29.5%
Gains Disposal of Investment	-	0.0%	374.7	2.9%	-	0.0%	-100.0%	0.0%
EBITDA	2,186.6	18.6%	2,768.0	21.5%	2,914.2	23.2%	5.3%	26.6%
Depreciation and Amortization	(578.3)	-4.9%	(607.7)	-4.7%	(621.8)	-5.0%	2.3%	5.1%
Outcome of the Corporate Interests	(16.3)	-0.1%	3.0	0.0%	66.1	0.5%	2191.5%	-118.2%
Net Financial Outcome	(547.8)	-4.7%	(366.3)	-2.9%	(433.2)	-3.4%	18.3%	-33.1%
Income Tax and Social Contribution	(355.8)	-3.0%	(382.2)	-3.0%	(444.8)	-3.5%	16.4%	7.4%
Net Profit before the Minority	688.3	5.9%	1,414.8	11.0%	1,482.5	11.8%	4.8%	105.5%
Interest of the Minority	(76.5)	-0.7%	(141.9)	-1.1%	(144.6)	-1.2%	1.9%	85.6%
Net Profit of the Accounting Year	611.9	5.2%	1,272.8	9.9%	1,337.9	10.7%	5.1%	108.0%

¹ Does not consider the income of construction.

Outcomes in 2019 and 2018

The table above presents the values related to the consolidated income statement and the variations that occurred in the periods presented.

Gross Margin

The Gross Margin by segment of business is presented as below:

Items in R\$ Millions or %	Water Generation 2019	Thermal Generation 2019	Distribution 2019	Trade + Variation 2019	Transmission 2019	Holding 2019	Others ¹ 2019	Eliminations 2019	Consolidated ² 2019
Net Operational Income³	1,676.1	1,986.9	7,591.5	3,895.9	164.0	4.6	65.8	(2,825.0)	17,556.8
Construction Income	-	-	646.9	-	1,942.9	-	-	-	2,589.8
Margin Construction Transmitters	-	-	-	-	81.7	-	-	-	81.7
Non-manageable costs	(816.7)	(1,364.5)	(5,337.9)	(3,777.2)	-	-	(8.0)	2,824.8	(8,479.5)
Electric Energy Bought for Resale	(727.6)	(711.5)	(4,521.3)	(3,760.3)	-	-	-	2,794.2	(6,926.4)
Burdens of Use of the Electric Net	(87.9)	(66.8)	(814.9)	(15.3)	-	-	-	27.5	(957.3)
Others	(1.2)	(586.1)	(1.7)	(1.7)	-	-	(8.0)	3.0	(595.7)
Gross Margin	859.4	619.4	2,253.7	118.7	245.6	4.6	57.9	(0.3)	4,159.0



Items in R\$ Millions or %	Water Generation 2018	Thermal Generation 2018	Distribution 2018	Trade Variation 2018	+ Transmission 2018	Holding 2018	Others ¹ 2018	Eliminations 2018	Consolidated ^{1,2} 2018
Net Operational Income³	1,304.5	1,760.1	6,926.4	4,000.2	20.4	5.1	82.9	(1,252.7)	12,846.9
Construction Income	-	-	654.5	-	316.1	-	-	-	970.6
Margin Construction Transmitters	-	-	-	-	16.7	-	-	-	16.7
Non-manageable costs	(345.8)	(1,034.7)	(5,093.3)	(3,810.4)	-	-	(9.1)	1,251.1	(9,042.1)
Electric Energy Bought for Resale	(257.1)	(290.5)	(4,278.5)	(3,791.9)	-	-	-	1,125.2	(7,392.8)
Burdens of Use of the Electric Net	(88.1)	(74.4)	(813.1)	(14.7)	-	-	-	22.7	(967.6)
Others	(0.6)	(669.7)	(1.7)	(3.8)	-	-	(9.1)	3.3	(681.7)
Gross Margin	958.8	725.4	1,833.1	189.8	37.1	5.1	73.7	(1.6)	3,821.5

¹Does not consider the income of construction. ²Considers Services and Ventures. ³Considers the intragroup elimination.

The Company closed 2019 with a Gross Margin of R\$ 4,159.0 million, that represents a variation of R\$ 337.58 million (8.8%) higher than the same period of the previous year. The main explanations of this variation, by type of business, are:

- **Water Generation:** a decrease of 10.4% resulting from the sale of EDP PCH, Santa Fé and Costa Rica in 2018. If we do not consider the Gross Margin of these companies in 2018, this line would increase 2.9%, in function of the increase of the energy sold, resulting from the higher seasonal adjustment of the sale agreements and the physical guarantee for the 2nd semester;
- **Thermal Generation:** decrease of 14.6% in function of the accounting in 2018, resulting from the recalculation of the FID that changed from 90.14% to 83.75%;
- **Distribution:** increase of 22.9% resulting from the acknowledgement of the new value of reposition ('VNR') resulting from the equity evaluation reports occurred in the pricing reviews of the distributors, of the pricing effect of the reviews, in addition to the increase of the volume of energy in the period;
- **Trade:** a decrease of 37.5% resulting from the lower volume of energy traded;
- **Transmission:** increase of R\$ 208.5 million, resulting from the progress of the works in the period and the beginning of operation of Lot 24.

Manageable Costs

Since 2015, the Company works with the program of Zero Basis Budget ('OBZ'), whose strategic focus provides an efficient trajectory of control and managements of costs, that already resulted in gains above R\$ 300 million, directed to negotiations of agreements, optimization of the processes execution, consolidation of the Center of Shared Services and process of budget structuring.

The main items that contributed with the decrease of 17.3% in the PMSO were:

- **Personal:** decrease of 22.9% (-R\$ 112.2 million), reflection of the adjustment of the actuarial report, as already mentioned. Excluding this effect, the increase would be of 5.1% (+R\$ 25.0 million), resulting from the effects mentioned in the quarter, in addition to the costs with extra hours, due to the increase of the medium temperatures in the 1st semester;
- **Material:** decrease of 16.5% (-R\$ 12.6 million), reflects minor costs with projects in the EDP Solar and with materials of conservation and maintenance in Pecém;
- **Third Parties Services:** decrease of 4.0% (-R\$ 19.5 million), reflection of the accounting of credit of PIS/COFINS in Pecém, in addition to the decrease of outsourced teams, due to the focus on employees initiated in 2019;
- **Provisions:** increase of 18.8% (-R\$ 24.8 million), reflecting the increase of PECLD of R\$ 27.9 million, resulting from the adoption of the new methodology of losses expected for the Irregular Consume, with percentage of provision higher than the percentage applied on the bills of Regular Consume. Therefore, the use of a proper table of provision was adopted in 2019, while in 2018 the billing for Irregular Consume were provided by the general table of expected losses; and
- **Others:** decrease of 43.7% (-R\$ 63.1 million), reflection of the effect mentioned above, in addition to the credit resulting from the adjustment of the sale agreement of EDP PCH, resulting from the increase of the physical guarantee. In addition to it, the decrease in the period reflects the new account rule of rents capitalization.

Gains Disposal of Investment

On December 21, 2018, the Company has concluded the sale of 100% of the shares of EDP PCH and Santa Fé to Statkraft Energias Renováveis S.A, generating in the accounting year of 2018, a gain of R\$ 340.6. On September 6, 2018, the Company has concluded the sale of the totality of its corporate interest at Costa Rica to CEI – Companhia Energética Integrada Ltda., generating in the accounting year of 2018, a gain of R\$ 34.1.



Outcome of the corporate interests

Items in R\$ Millions or %	2019	2018	Variation
Santo Antonio do Jari (50%) ¹	40.0	14.1	183.1%
Cachoeira Caldeirão (50%) ¹	(11.9)	(5.3)	123.7%
São Manoel (33.33%) ¹	(4.4)	(32.2)	-86.3%
Celesc (25.35%) ¹	46.5	28.8	61.6%
Others ²	(2.0)	(2.4)	-18.5%
Outcome of the Corporate Interests	68.1	3.0	n.a.

Financial Outcome

The financial outcome presented an increase of 18.3%, below are the main explanations:

Financial Income: increased 64.9% reaching R\$ 758.4, reflection of the impacts below:

- (i) Increase in the line of interests and monetary variations, resulting from the increase of interests and fines on tributes, coming from the non-inclusion of the ICMS in the calculation basis of PIS and COFINS in the distributors, in addition to the increase in the line of income of financial applications, resulting from the cash balance through the year;
- (ii) Decrease of capitalized interests, reflection of the capitalization of income of financial applications obtained with the funding of transmission lines; and
- (iii) Decrease in the line of gain of acquisition with investment, resulting from the beneficial sale of the additional corporate interest at Celesc, accounted in 2018.

Financial Costs: increased 44.2% reaching R\$ 1,191.6, reflection of the:

- (i) Increase in the line of interests and monetary variations, in function of the line of sectorial financial assets/liabilities, resulting from the acknowledgement of the non-inclusion of the ICMS in the calculation basis of PIS and COFINS; and
- (ii) Increase in the line of GSF, reflecting the monetary updating on the balance of the liability. The variation between the periods reflects the change in the calculation occurred in 2018, as, in that moment, the amount of GSF contemplated the application of interests of 1% per month, accrued of monetary updating calculated by IGP-M. From July 2018, the Company, by means of legal report, has opted for the non-incidence of interests of 1%, reverting the amount of interests calculated until that date, and, by consequence, has not provisioned the mentioned interests in the accounting year of 2019.

Income Tax and Social Contribution

The Income Tax/Social Contribution of R\$ 444.8 million in the year, resulting from the additions and exclusions that reduced the calculation basis, reflection of the addition of Interests on Equity, of R\$ 85.6 million, a minor value in relation to the previous year, due to the minor optimization of the tax benefit in the period in this line.

Outcomes in 2018 and 2017

Gross Margin

The Gross Margin by segment of business is presented below:

Items in R\$ Millions or %	Water Generation 2018	Thermal Generation 2018	Distribution 2018	Trade Variation 2018	+ Transmission 2018	Holding 2018	Others' 2018	Eliminations 2018	Consolidated ^{1,2} 2018
Net Operational Income³	1,304.5	1,760.1	6,926.4	4,000.2	20.4	5.1	82.9	(1,252.7)	12,846.9
Construction Income	-	-	654.5	-	316.1	-	-	-	970.6
Margin Construction Transmitters	-	-	-	-	16.7	-	-	-	16.7
Non-manageable costs	(345.8)	(1,034.7)	(5,093.3)	(3,810.4)	-	-	(9.1)	1,251.1	(9,042.1)
Electric Energy Bought for Resale	(257.1)	(290.5)	(4,278.5)	(3,791.9)	-	-	-	1,125.2	(7,392.8)
Burdens of Use of the Electric Net	(88.1)	(74.4)	(813.1)	(14.7)	-	-	-	22.7	(967.6)
Others	(0.6)	(669.7)	(1.7)	(3.8)	-	-	(9.1)	3.3	(681.7)
Gross Margin	958.8	725.4	1,833.1	189.8	37.1	5.1	73.7	(1.6)	3,821.5



Items in R\$ Millions or %	Water Generation 2017	Thermal Generation 2017	Distribution 2017	Trade Variation 2017	+ Transmission 2017	Holding 2017	Others ¹ 2017	Eliminations 2017	Consolidated ^{1,2} 2017
Net Operational Income³	1,339.5	1,680.2	6,349.7	3,552.8	0.9	5.7	63.1	(1,256.9)	11,735.1
Construction Income	-	-	568.5	-	33.7	-	-	-	602.1
Margin Construction Transmitters	-	-	-	-	(0.1)	-	-	-	(0.1)
Non-manageable costs	(395.4)	(1,079.3)	(4,627.3)	(3,384.3)	-	-	(6.6)	1,256.8	(8,236.2)
Electric Energy Bought for Resale	(308.2)	(245.7)	(4,091.9)	(3,368.7)	-	-	-	1,235.3	(6,779.1)
Burdens of Use of the Electric Net	(84.7)	(69.5)	(533.2)	(14.1)	-	-	-	21.5	(680.0)
Others	(2.5)	(764.2)	(2.2)	(1.4)	-	-	(6.6)	-	(777.0)
Gross Margin	944.1	600.9	1,722.4	168.5	0.8	5.7	56.5	(0.0)	3,498.8

¹Does not consider the income of construction. ²Considers Services and Ventures. ³Considers intragroup elimination.

The Company closed 2018 with a Gross Margin of R\$ 3,821.5, that represents a variation of R\$ 3,227 million (9.2%) higher than the same period of the previous year. The main explanations of this variation, by type of business, are:

- **Water Generation:** increase of 1.5%, increase of 1.0% in the installed capacity of 2,859 MW, in relation to the end of 2017, resulting from the entrance in operation of the controlled jointly with São Manoel, regardless of the review of the installed capacities of the UHEs Santo Antonio do Jari and Suíça, in addition to the sale of the controlled companies Costa Rica, EDP PCH and Santa Fé;
- **Thermal Generation:** increase of 20.7% in function of the programmed maintenance occurred during the second semester of the year, the availability of the controlled company Porto do Pecém in the year was 80.3%. It was the first time that the station went through a major that lasted 50 days in the UG01 and 67 days in the UG02. Regardless of the decrease of the Station's availability in comparison to 2017, there is not any impact in the ADOMP;
- **Distribution:** increase of 6.4% due to, mainly, the growth of market of 2.6% and 3.8% in the controlled companies EDP São Paulo and EDP Espírito Santo, respectively;
- **Trade:** increase of 12.7% in consequence of the increase in the volume traded and the assertiveness in the capture of the opportunities presented throughout the year, such as: (i) the volatility of the market prices (variation between R\$ 79.0/MWh and R\$ 505.2/MWh), associated to the high liquidity, that benefited operations of position taken long and short; (ii) the higher volume of energy available in the market, arising from the decontracting of energy of the distributors that occurred in 2017 through the Mechanisms of Compensation of Remains and Deficits – MCSD – or bilateral agreements, reflected throughout 2018; (iii) the increase in the volume of energy sold to new free consumers (resulting from migrations); (iv) the strategy of seasonal adjustment of energy of the trade, used to adjust the curve of energetic volume of the year; (v) the agreements of usage flexibilities, that demonstrate gains in comparison to the market prices; (vi) the management of portfolio of the Generators with Hedge operations and (vii) of the strategic position in different submarkets due to the price detachment.

Manageable Costs

The year of 2018 was very important in terms of management and control of costs with the deployment of 'OBZ 3.0', with focus in the optimization of the costs in the Center of Shared Services (CSP) and other areas of business support, bringing an economy of R\$ 266.1 million since the deployment of the OBZ (2015). Since 2017 the Analytics area acts through the engineering of data and the work with algorithms in environment (architecture) of data, in the support to the strategic divisions, in the optimization of the processes and in the costs control, as well as the counter of losses. The Company also is working constantly in initiatives of automation and robotization and administrative processes through CSP, with the purpose to increase the operational and financial efficiency. Currently, counts with 130 robotized processes.

The main items that contributed with the decrease of 17.3% in the PMSO were:

- **Personal:** increase of 4.6% (+R\$ 21.5 million), coming from: (i) Effect of terminations and PIA in the Distributors (+R\$ 12.3 million); and (ii) the increase of the costs of personnel, reflection of the application of the terms of the collective agreement on November 2017 (+R\$ 12.4 million);
- **Material:** increase of 43.6% (+R\$ 23.2 million), coming from: (i) the greater allocation of resources to projects of EDP Solar (+R\$ 22.6 million);
- **Provisions:** increase of 18.0% (+R\$ 20.2 million), coming from: (i) the reversion of the regulatory contingency in 2017, in relation to the MUST of reliability in the EDP SP (impact of R\$ 7.2 million); composition of tax contingency (+R\$ 6.2 million), and increase of the civil contingency, mainly in the Distributors (+R\$ 5.7 million);



Gains in the disposal of investments

On December 21, 2018, the Company has concluded the sale of 100% of the shares of EDP PCH and Santa Fé to Statkraft Energias Renováveis S.A, generating in the accounting year of 2018, a gain of R\$ 340.6. On September 6, 2018, the Company concluded the sale of the totality of its corporate interest at Costa Risca to CEI – Companhia Energética Integrada Ltda., generating in the accounting year of 2018, a gain of R\$ 34.1.

Outcome of the corporate interests

The outcome of the corporate interests has increased R\$ 19.3 in relation to the previous accounting year, resulting from the consolidation of the Company's corporate interest at CELESC (23.56%).

Financial Outcome

The financial outcome presented a decrease of 33.1%, below are the main explanations:

Financial Income: increased 45.4% reaching R\$ 375.5, reflection of the impacts below:

- (i) Increase of R\$ 27.1 million in the line of interests and monetary variations due to the: (i) increase of R\$ 71.6 million in the line of energy sold arising from interests and fines on the clients' delays; (ii) increase of R\$ 16.4 million in the line of judicial deposits in function of the monetary correction performed in the 4T17; and (iii) decrease of R\$ 63.0 million in the line of income of financial applications and bonds due to the decrease of the CDI between the compared periods;
- (ii) Increase of R\$ 78.9 million in the line of gain with the acquisition of investment, arising from the beneficial acquisition of corporate interest at Celesc.

Financial Costs: decreased 8.8% reaching R\$ 752.0, reflection of the:

- (iv) Decrease of R\$ 81.1 million in burdens of debt resulting from the decrease of interests and the financing cost; and
- (v) Increase of the cost of interests and monetary variations in R\$ 19.0 million, resulting from the: (i) increase in the line of Use of Public Asset due to the updating by the IGPM in Enerpeixe; and (ii) decrease of R\$ 25.0 million in the cost of GSF also at Enerpeixe.



BALANCE SHEET

Items in R\$ Millions or %	12/31/2017	AV	12/31/2018	AV	12/31/2019	AV	Variation 2019- 2018 (%)	Variation 2018- 2017 (%)
ASSET								
Current								
Cash and equivalent	1,608.2	7.8%	2,203.4	9.7%	2,638.9	9.6%	19.8%	37.4%
Securities	112.5	0.5%	174.5	0.8%	135.3	0.5%	-22.5%	56.1%
Receivable accounts	2,406.4	11.7%	2,486.1	10.9%	2,625.9	9.6%	5.6%	3.3%
Taxes and social contributions	496.8	2.4%	350.5	1.5%	123.3	0.4%	-64.8%	-29.4%
Other offset tributes	373.0	1.8%	282.3	1.2%	670.4	2.4%	137.4%	-24.3%
Deferred Tributes	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%	0.0%
Receivable Loans	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%	0.0%
Receivable Dividends	2.2	0.0%	5.7	0.0%	22.5	0.1%	293.9%	157.2%
Stocks	144.8	0.7%	267.0	1.2%	168.7	0.6%	-36.8%	84.3%
Bonds and linked deposits	4.298	0.0%	687.2	3.0%	130.9	0.5%	-81.0%	15,889.6%
Sectorial financial assets	108.8	0.5%	366.1	1.6%	228.0	0.8%	-37.7%	236.6%
Concession Assets	0.0	0.0%	0.0	0.0%	17.4	0.1%	0.0%	0.0%
Other Credits	170.4	0.8%	194.8	0.9%	222.2	0.8%	14.0%	14.3%
Non-current assets kept for sale	31.8	0.2%	0.0	0.0%	341.8	1.2%	0.0%	-100.0%
Total of the Current Asset	5,454.2	26.5%	7,017.7	30.8%	7,325.0	26.6%	4.4%	28.7%
Non-Current								
Indemnifiable financial asset	1,913.9	9.3%	2,308.9	10.1%	3,0000.6	10.9%	30.0%	20.6%
Receivable accounts	119.6	0.6%	92.2	0.4%	100.5	0.4%	9.0%	-22.9%
Securities	0.0	0.0%	0.0	0.0%	1.8	0.0%	0.0%	0.0%
Income Tax and Social contribution to be offset	0.0	0.0%	0.0	0.0%	93.8	0.3%	0.0%	0.0%
Other offset tributes	241.5	1.2%	238.8	1.0%	1,663.0	6.0%	596.5%	-1.1%
Deferred tributes	806.7	3.9%	741.1	3.3%	741.7	2.7%	0.1%	-8.1%
Receivable loans	21.1	0.1%	22.8	0.1%	26.2	0.1%	14.8%	8.3%
Advance payment for future capital increase	35.5	0.2%	36.0	0.2%	0.0	0.0%	-100.0%	1.4%
Bonds and linked deposits	208.7	1.0%	282.5	1.2%	402.4	1.5%	42.5%	35.3%
Assets of concession	385.7	1.9%	818.7	3.6%	3,200.2	11.6%	290.9%	112.3%
Sectorial financial assets	198.6	1.0%	122.4	0.5%	131.4	0.5%	7.3%	-38.4%
Other credits	75.1	0.4%	66.0	0.3%	61.7	0.2%	-6.4%	-12.2%
	<u>4,006.5</u>	19.4%	<u>4,729.3</u>	20.8%	<u>9,423.3</u>	34.3%	99.3%	18.0%
Investments	1,514.8	7.4%	2,024.6	8.9%	2,097.7	7.6%	3.6%	33.7%
Estates for investments	12.4	0.1%	12.2	0.1%	11.6	0.0%	-5.0%	-1.6%
Fixed assets	7,225.4	35.1%	6,662.0	29.3%	6,306.1	22.9%	-5.3%	-7.8%
Intangible assets	2,394.8	11.6%	2,326.3	10.2%	2,325.5	8.5%	0.0%	-2.9%
	<u>11,147.3</u>	54.1%	<u>11,025.0</u>	48.4%	<u>10,740.8</u>	39.1%	-2.6%	-1.1%
Total of the Non-Current Asset	15,153.8	73.5%	15,754.3	69.2%	20,164.1	73.4%	28.0%	4.0%
TOTAL OF ASSETS	20,608.0	100.0%	22,772.1	100.0%	27,489.1	100.0%	20.7%	10.5%



Balance Sheets	12/31/2017	AV	12/31/2018	AV	12/31/2019	AV	Variation 209- 2018 (%)	Variation 2018- 2017 (%)
LIABILITY								
Current								
Suppliers	1,754.4	8.5%	1,611.0	7.1%	2,104.9	7.7%	30.7%	-8.2%
Collectable Income Tax and Social Contribution	109.5	0.5%	59.0	0.3%	43.8	0.2%	-25.8%	-46.1%
Other collectable tributes	462.5	2.2%	509.4	2.2%	494.0	1.8%	-3.0%	10.1%
Deferred tributes	0.5	0.0%	1.2	0.0%	1.5	0.0%	23.6%	129.5%
Dividends	231.9	1.1%	430.0	1.9%	399.6	1.5%	-7.1%	85.4%
Debentures	863.1	4.2%	586.1	2.6%	1,371.2	5.0%	134.0%	-32.1%
Loans, financing and burdens of debts	473.5	2.3%	805.2	3.5%	617.5	2.2%	-23.3%	70.0%
Post-employment benefits	45.6	0.2%	49.4	0.2%	46.6	0.2%	-5.7%	8.5%
Social and labor obligations	87.6	0.4%	83.0	0.4%	101.2	0.4%	21.9%	-5.2%
Sectorial burdens	211.1	1.0%	154.3	0.7%	98.2	0.4%	-36.4%	-26.9%
Use of public asset	29.2	0.1%	28.4	0.1%	29.3	0.1%	3.2%	-2.8%
Compensation for downtime	70.8	0.3%	64.5	0.3%	62.6	0.2%	-3.0%	-8.8%
Provisions	29.9	0.1%	29.9	0.1%	81.5	0.3%	172.7%	-0.1%
Sectorial financial liabilities	52.3	0.3%	1.1	0.0%	-	0.0%	-100.0%	-97.9%
Other payable accounts	91.4	0.4%	155.3	0.7%	205.3	0.7%	32.2%	69.9%
Non-current liabilities kept for sale	13.0	0.1%	-	0.0%	76.4	0.3%	0.0%	-100.0%
Total of the Current Liability	4,526.3	22.0%	4,567.8	20.1%	5,733.5	20.9%	25.5%	0.9%
Non-current								
Other collectable tributes	356.9	1.7%	389.3	1.7%	355.6	1.3%	-8.7%	9.1%
Deferred tributes	370.4	1.8%	436.2	1.9%	730.8	2.7%	67.5%	17.8%
Debentures	2,699.4	13.1%	4,317.5	19.0%	4,816.5	17.5%	11.6%	59.9%
Loans, financing and burdens of debts	2,021.7	9.8%	1,750.1	7.7%	1,659.6	6.0%	-5.2%	-13.4%
Post-employment benefits	768.8	3.7%	723.8	3.2%	868.7	3.2%	20.0%	-5.9%
Sectorial burdens	11.0	0.1%	14.6	0.1%	8.8	0.0%	-39.8%	33.1%
Advanced payment for future capital increase	0.9	0.0%	1.4	0.0%	10.0	0.0%	640.7%	58.8%
Use of public asset	275.4	1.3%	285.7	1.3%	294.8	1.1%	3.2%	3.8%
Compensation for downtime	20.2	0.1%	-	0.0%	-	0.0%	0.0%	-100.0%
Provisions	333.4	1.6%	387.1	1.7%	482.4	1.8%	24.6%	16.1%
Provision for uncovered liability	4.5	0.0%	7.9	0.0%	11.0	0.0%	40.6%	73.8%
Sectorial financial liabilities	153.7	0.7%	171.9	0.8%	2,099.0	7.6%	1,121.2%	11.8%
Other payable accounts	27.8	0.1%	44.3	0.2%	86.7	0.3%	95.9%	59.1%
Total of the Non-Current Liability	7,044.1	34.2%	8,529.7	37.5%	11,423.9	41.6%	33.9%	21.1%
Equity								
Share capital	4,682.7	22.7%	4,682.7	20.6%	4,682.7	17.0%	0.0%	0.0%
Capital reserves	135.8	0.7%	136.7	0.6%	139.6	0.5%	2.1%	0.7%
Profits reserves	3,521.5	17.1%	4,111.0	18.1%	5,059.6	18.4%	23.1%	16.7%
Other extensive outcomes	(452.8)	-2.2%	(402.0)	-1.8%	(620.7)	-2.3%	54.4%	-11.2%
Shares in treasury	(5.4)	0.0%	(4.7)	0.0%	(32.2)	-0.1%	578.7%	-12.1%
Total of Equity	7,881.8	38.2%	8,523.7	37.4%	9,229.0	33.6%	8.3%	8.1%
Interest of non-controllers	1,155.8	5.6%	1,150.9	5.1%	1,102.6	4.0%	-4.2%	-0.4%
Total of Equity and interest of non-controllers	9,037.6	43.9%	9,674.6	42.5%	10,331.6	37.6%	6.8%	7.0%
TOTAL OF LIABILITY	20,608.0	100.0%	22,772.1	100.0%	27,489.1	100.0%	20.7%	10.5%

Comparison of the main equity accounts on December 31, 2019 and December 31, 2018

Below are the comments of the Directors regarding the variations of the main accounts of the Balance Sheet.

Asset

Current Asset

Cash and equivalent: the balance 19.8% higher is due to, mainly, the extension of the medium-term of the debts and working capital.

Securities: the decrease of 22.5% refers, mainly, to the variation of the securities of the controlled company Porto do Pecém and is the result of the financial application in an investment fund, belonging to the financial institution, with a substantial portfolio composed by LFTs, with profitability equivalent to 100.0% of the Interbank Deposit Certificate -CDI.

Receivable accounts: the positive variation of 5.6% occurred, mainly, due to the: (i) supply of electric energy of the supplier resulting from the increase of the market price of short-term, provoking an increase in the demand of clients by operations of renegotiation and operations of sale of coverage; (ii) the incomplete receipt of the liquidations along with CCEE by virtue of the liminal in force of the agents of the electric sector for the protection of the GSF (Generation Scaling Factor) effects, prior to February 2018; and (iii) expressive increase of the volume of energy sold by Porto do Pecém in relation to 2018, however there was a decrease of the medium PLD of R\$ 166.02 in 2019 compared to R\$ 273.90 in 2018.



Taxes and social contributions and other offset tributes: the negative variation of 27.2% results, mainly, from the constitution of credits due to the recalculation of tributes in the controlled companies EDP São Paulo, EDP Espírito Santo and Enerpeixe, in the accounting year of 2017.

Stocks: the negative variation of 36.8% results, mainly, from the stock of coal of the controlled company Porto do Pecém due to the fact that this was not being dispatched by the National Operator of the Electric System – ONS, in the last quarter of 2018, due to the favorable hydrological scenario. From February 2019, due to a deterioration of the hydrological scenario, Porto do Pecém returned to be dispatched, consuming, consequently, the accrued stock until that moment.

Bonds and linked deposits: the decrease of 81.0% refers to, mainly, the controlled company EDP Transmissão Aliança, resulting from the partial release of the guaranteed account - Escrow Account after the issuance of the Installation License - LI.

Sectorial financial assets: the negative variation of 37.7% corresponds to the: (i) transfer to the consumers in the billing of energy, of the net sectorial values of liabilities homologated by ANEEL; (ii) decrease of the Hydrological Risk in reason of a more optimistic situation of the hydro scenario, that impacted in a decrease of the prices throughout 2019; (iii) exchange variation in the accounting year higher than the one granted as tariff cover to the Energy Cost of Itaipu; (iv) Burdens of Service of the System – ESS / Burdens of Energy Reserve – EER, were lower to the ones predicted in relation to the respective tariff covers for the period under analysis, generating a regulatory liability; (v) participation of the Company in the Mechanism of Sale of Surplus – MVE, where the decontracting of energy was executed for the period from February to December of 2019, the impact of the over contracting is positive in the financial liquidation of the market of short-term; and (vi) growth of the market of EDP São Paulo in relation to the reference market of the tariff process of 2019, enabling a greater transfer to the consumers in the tariff process of 2020.

Non-current assets kept for sale: constitution of disposal of 100% of the corporate interest in the investment Energest S.A..

Non-current Asset

Indemnifiable financial asset: these financial assets reflect the remaining balance of the intangible assets of the distributors and transmitters non-redeemable until the termination of the concession term and unrecovered by means of the provision of services related to the concession. The balance, 30.0% higher is due to the additions of the period and the financial updating by the New Value of Restitution.

Other offset tributes: the variation of 596.5% results from, mainly, the constitution of credits due to the recalculation of the tributes in the controlled companies EDP São Paulo and EDP Espírito Santo, in the accounting year of 2017 and the exclusion of the values of ICMS of the calculation basis of PIS and COFINS, as well as the review of the values collected previously.

Bonds and linked deposits: the positive variation of 42.5% results from, mainly, the judicial deposits corresponding to labor and civil contingencies.

Concession assets: the positive variation of 290.9% results from, mainly, the transmission assets, which are the receivable values in relation to the services of infrastructure deployment and the income of compensation of the concession assets.

Fixed Asset: the low balance in 5.3% is due to, mainly, the: (i) deconsolidation of generation assets (EDP PCH, Santa Fé and Costa Rica); and (ii) accounting of the right of use.

Liability

Current liability

Suppliers: the balance, 30.7% higher than the previous year, is due to, mainly, the: (i) transactions of traded energy and burdens in the scope of CCEE; and (ii) investments for the construction of transmission lines.

Debentures: increase of 134.0% resulting from: (i) the capture in the controlled company and EDP Transmissão SP-MG (R\$ 250); (ii) the burdens incurred in the accounting year of 2019; and (iii) the transfers of the non-current.



Loans, financing and burdens of debts: decrease of 187.7% resulting from: (i) the amortizations of the controlled companies EDP São Paulo, EDP Espírito Santo, EDP Transmissão Aliança and Porto do Pecém; (ii) the burdens incurred during the year of 2019; and (iv) the transfers of the non-current of the controlled companies Porto do Pecém, EDP São Paulo and EDP Espírito Santo.

Non-current Liability

Debentures: increase of 11.6% due to the issuance by the controlled companies EDP Transmissão SP-MG (R\$ 800.0), EDP Espírito Santo (R\$ 300.0), EDP São Paulo (R\$ 200.0) and EDP Lajeado (R\$ 100.0), compensated partially by the transfers of maturing installments in a period lower than 12 months for the current.

Loans, financing and burdens of debts: decrease of 5.2%, mainly, resulting from the transfers to the current liability of debts with maturity lower than 12 months, partially mitigated by the entry in the controllers EDP São Paulo (R\$ 300.0), EDP Lajeado (R\$ 100.0) e EDP GRID (R\$ 70,0.0).

Post-employment benefits: increase of 20.0% due to, mainly, the adjustment of the discount rate of the plan of the controlled company EDP São Paulo.

Sectorial financial liabilities: Payable balance of regulatory liabilities that will be returned to the consumer in 12 months via tariff in the next tariff readjustment, in addition to the movement of exceeding of demand and reactive energy that are accounted in this line and will only be incorporated in the tariff in the next tariff review in 2020.

Equity: increase of 8.3%, mainly, due to the net profit non-allocated of the accounting year closed on December 31, 2019, withheld in the lines of profits reserves in the amount of R\$ 667.6.

Comparison of the main equity accounts on December 31, 2018 and December 31, 2017

Below are the comments of the Directors regarding the variations of the main accounts of the Balance Sheet.

Asset

Current Asset

Cash and similar: the balance of 37.4% higher is due to, mainly, the issuance of debentures of infrastructure of the controlled company EDP Transmissão Aliança.

Bonds and Securities: the variation of 55.1% is due to: (i) the amount on December 31, 2018 in relation to the financial application in an investment fund of the controlled company Porto do Pecém; and (ii) the amount on December 31, 2017 in relation to the debentures issued by the controlled company jointly with São Manoel, liquidated in advance on September/2018.

Receivable accounts: the positive variation of 3.3% occurred, mainly, because of: (i) the increase of the fees of the distributors in the annual adjustment; (ii) the non-receipt of the variable installment of the agreements on the scope of ACR of Porto do Pecém due to the non-dispatch by ONS, between the months of November and December of 2018; (iii) the incomplete receipt of the liquidations along with CCEE at Enerpeixe due to the current injunctions of the electrical sector agents, for protection of the GSF effects; (iv) the decrease of the volume of energy sold in CCEE by Porto de Pecém.

Taxes and social contributions and other tributes: the negative variation of 27.2% results mainly from the constitution of credits due to the recalculation of taxes in the controlled companies EDP São Paulo and EDP Espírito Santo, in the accounting year of 2017.

Stocks: the positive variation of 84.3% is due to, mainly, the stock of coal of the controlled company Porto do Pecém due to: (i) the non-dispatch of ONS; and (ii) the non-entrance in programmed maintenance between the months of August and December.

Bonds and linked deposits: the variation is in relation to, mainly, the controlled company EDP Transmissão Aliança resulting from applications in CDB, with Itaú Bank, in compliance with its 1st issuance of debentures, constituted as part of the issuance guarantee. The release of the resources is conditioned to the issuance of all licenses of installation (LI).



Sectorial financial assets: the positive variation of 236.6% corresponds to the appropriation of: (i) Energy Cost of Itaipu, due to the variation of exchange in the accounting year, higher than the one granted as tax cover; and (ii) the increase of the quotas of the Energetic Development Account [CDE] for the year of 2018.

Other credits: the positive variation of 14.3% results, mainly, from the receipt of tax discounts of CCEE.

Non-current Asset

Indemnifiable financial asset: these financial assets reflect the remaining balance of the intangible assets of the distributors and transmitters non-redeemable until the termination of the concession's term and non-recovered by means of provision of services related to the concession. The balance, 20.6% higher is due to the additions of the period and the financial update by the New Value of Restitution.

Other offset tributes: the negative variation of 1.1% results, mainly, from the constitution of credits due to the recalculation of taxes in the controlled companies EDP São Paulo and EDP Espírito Santo, in the accounting year of 2017.

Deferred tributes: the negative variation of 8.1% is, mainly, for the balance of accrued tax losses of Porto do Pecém, which are being compensated with future taxable profits.

Bonds and linked deposits: the positive variation of 35.3% is due to, mainly, the judicial deposits in relation to labor and civil contingencies.

Concession assets: the positive variation of 112.2% is due to, mainly, the assets of transmission, which are the receivable values in relation to the services of infrastructure deployment and income of the compensation of concession assets.

Sectorial financial assets: the negative variation of 38.4% corresponds to the constitution of CVA's liabilities, which shall be incorporated to the fees in tax cycles higher than 12 months.

Investments: the balance 33.7% higher corresponds, basically, for the acquisition corporate interest in the company Celesc.

Fixed asset: the lower balance in 7.8% is due to, mainly: (i) the deconsolidation of generation assets (EDP PCH, Santa Fé and Costa Rica); and (ii) the depreciation of the generators' assets.

Liability

Current Liability

Suppliers: the balance, 8.2% lower in relation to the previous year, is due to, mainly: (i) the increase of 1.7% in the volume of energy traded by EDP Comercializadora compensated by the volatility of the market prices, associated to the high liquidity of the short-term agreements; (ii) the transactions of energy traded and burdens in the scope of CCEE.

Other collectable tributes: the increase of 10.1% is due to, mainly, (i) the increase of the balance of ICMS incident on the bills of electric energy of the distributors; (ii) the decrease of the balance of installments of federal tributes (REFIS) in the controlled company Enerpeixe; and (iii) the increase of the balance of IRFF on the interests without equity of the Company.

Dividends: increase of 85.4% resulting from, mainly, the higher profit of the Company in the year of 2018.

Debentures: decrease of 32.1% in virtue of burdens incurred in the accounting year of 2018, accrued with the non-current transfers, compensated from the amortizations executed by the Company in 2017 (R\$ 332.1).

Loans, financing and burdens of debts: the increase of 70.02% is due to: (i) the uptake of the controlled company EDP São Paulo; (ii) the amortizations of the controlled companies EDP Espírito Santo; (iii) the burdens incurred during the year of 2018; and (iv) the transfers of the non-current of the controlled companies Porto do Pecém, EDP São Paulo and EDP Espírito Santo.

Non-current Liability



Other collectable tributes: increase of 91.1% due to, mainly (i) the transfer of PIS credit from short-term to long-term in the controlled company Enerpeixe; (ii) amortization of the installments of REFIS, joined by the controlled companies EDP São Paulo and EDP Espírito and by the Company.

Debentures: increase of 59.9% due to the issuance by the controlled companies EDP Transmissão Aliança (R\$ 1,200), EDP São Paulo (R\$ 3,600), EDP Espírito Santo (R\$ 290), Enerpeixe (R\$ 255), EDP Transmissão (R\$ 115) and Lajeado (R\$ 100), compensated partly by the transfers of maturing installments in a period lower than 12 months for the current.

Loans, financing and burdens of debts: decrease of 13.4%, due to, mainly, the transfers for the current liability of debts with maturity lower than 12 months, partially mitigated by the entry in the controlled companies EDP Transmissão Aliança (R\$ 230.0), EDP São Paulo (R\$ 1,208.0), EDP GRID (R\$ 82.0) and EDP Espírito Santo (R\$ 89.0).

Post-employment benefits: decrease of 5.9% due to, mainly, the adjustment of experience of the plan of the controlled company EDP Espírito Santo.

Provisions: increase of 16.1% due to, mainly, the change of correction rate of the labor actions of Referential Rate [TR] for IPCA-E.

Sectorial financial liabilities: Payable balance of regulatory liabilities that shall be returned to the consumer in 12 months via fee in the next tax adjustment, besides the movement of overtaking of demand and reactive energy that are accounted in this line and will only be incorporated in the fee in the next tax adjustment in 2019.

Equity: increase of 8.1% mainly by the net profit non-allocated of the accounting year closed on December 31, 2018, withheld in the lines of profit reserves in the amount of R\$ 699.5.

SOURCES AND USE OF RESOURCES

According to the Directors, the Company counts, mainly, with the cash flow of its operations and with resources captured from third parties by means of financing agreements to fund its operational activities and investments. The Company's resources are used mainly for investments in its energy distributors, searching to maintain the quality of the service rendered and support the natural increase of load inherent to the concessions. In the generation, aiming the expansion of the capacity installed and consequently, increasing the participation of this business in the Group's portfolio.

Cash Flow

The table below presents our cash flow of the operational, investment and financing activities for the periods indicated therein:

Items in R\$ Millions or %	12/31/2017	AV	12/31/2018	AV	12/31/2019	AV
Cash generated by (applied in) the operational activities	1,377.8	-332.4%	1,755.5	292.5%	2,503.5	575.2%
Cash generated by (applied in) the investment activities	(994.2)	239.8%	(945.7)	-157.6%	(2,324.4)	-534.1%
Cash generated by (applied in) the financing activities	(798.1)	192.5%	(209.5)	-34.9%	256.1	58.8%
Availabilities in the beginning of the accounting year	2,017.7	-486.7%	1,603.2	267.1%	2,203.4	506.3%
Availabilities by the end of the accounting year	1,603.2	-386.7%	2,203.4	367.1%	2,638.6	606.3%
Increase (decrease) in the availabilities	(414.6)	100.0%	600.2	100.0%	435.2	100.0%
Increase (decrease) in the availabilities (%)	-20.5%		37.4%		19.8%	

Items in R\$ Millions or %	Variation 2019-2018	Variation 2019-2018	Variation 2018-2017	Variations 2018-2017
Cash generated by (applied in) the operational activities	748.1	42.6%	377.7	27.4%
Cash generated by (applied in) the investment activities	(1,378.7)	145.8%	48.5	-4.9%
Cash generated by (applied in) the financing activities	465.6	-222.2%	588.6	-73.7%
Availabilities in the beginning of the accounting year	600.2	37.4%	(414.6)	-20.5%
Availabilities by the end of the accounting year	435.2	19.8%	600.2	37.4%
Increase (decrease) in the availabilities	(165.0)	-27.5%	1,014.8	-244.8%

Comparison of the Cash Flow in the accounting years closed on December 31, 2019 and December 31, 2018

Below are the comments of the Directors regarding the cash flows of the operational, financing and investment activities:

The net cash flow of the operational activities presented an increase of R\$ 748.1, between the periods. Such variation is explained mainly by: (i) the supply of electric energy of the trader resulting from the increase of the market price of short-



term, provoking an increase in the clients' demand for operations of renegotiation and operations of sale of coverage; 9ii) the investment for the construction of transmission lines and in the distributors in the concession's infrastructure; and (iii) the gain with the sale of EDP PCH, Santa Fé and Costa Rica, in the amount of R\$ 374 in 2018.

The cash flow of the investment activities presented a negative variation of R\$ 1,378.7 between the periods, by virtue of, mainly: (i) the receipt with the disposal of Costa Rica in 2018, in the amount of R\$ 43.5; (ii) the receipt with the disposal of EDP PCH and Santa Fé in 2018, in the amount of R\$ 600.7; (iii) the payment of the partial acquisition of Celesc in 2018, in the amount of R\$ 361.8 and R\$ 28.5 in 2019; (iv) the payment of the acquisition of the controlled company EDP Transmissão Litoral Sul (R\$ 80.7); (v) the additions to the concession assets in the Transmitters; and (vi) the additions to the fixed and intangible assets, mainly at Porto do Pecém, EDP São Paulo and EDP Espírito Santo.

The cash flow of the financing activities presented a positive evolution of R\$ 465.6 between the periods. This variation results, mainly, from the 1st and 2nd issuance of debentures by the controlled company EDP Transmissão SP-MG (R\$ 1,050) mitigated by the amortization of the debt of the controlled company EDP Transmissão Aliança (R\$ 200) and the debts in foreign currency (R\$ 212.5).

Comparison of the Cash Flow in the accounting years closed on December 31, 2018 and December 31, 2017

Below are the comments of the Directors regarding the cash flows of the operational, financing and investment activities:

The net cash flow of the operational activities presented an increase of R\$ 377.7, between the periods. Such variation is explained mainly: (i) by the increase of the profit of Porto do Pecém, mitigated by the stock of coal and decrease of dispatch; and (ii) gain with the sale of EDP PCH, Santa Fé and Costa Rica, in the amount of R\$ 374 in 2018.

The cash flow of the investment activities presented a positive variation of R\$ 48.5 between the periods, by virtue of, mainly: (i) the receipt with the disposal of Costa Rica in 2018, in the amount of R\$ 43.5; (ii) the receipt with the disposal of EDP PCH and Santa Fé in 2018, in the amount of R\$ 600.7; (iii) the payment of the partial acquisition of Celesc in 2018, in the amount of R\$ 361.8; (iv) the additions to the assets of concession in the Transmitters; and (v) the additions to the fixed and assets, mainly in Porto do Pecém, EDP São Paulo and EDP Espírito Santo.

The cash flow of the financing activities presented a positive evolution of R\$ 588.6 between the periods. This variation results mainly from the 1st issuance of debentures by the controlled company EDP Transmissão Aliança (R\$ 1,200) mitigated by the application in CDB, long with Itaú Bank, constituted as part of the issuance guarantee.

10.2. Comments of the Company's Directors on:

(In millions of Reais, except when indicated. The comparatives with the net operational income do not consider the construction income, except when indicated).

The income of construction, registered in the distributors, is directly associated with the additions of the intangible asset in formation (Concession right – infrastructure), and a margin is not incorporated in this construction activity, thus classified as the application of ICPC 01 (R1) – Concession Agreements. The formation of the construction income results from the allocation of the working hours by technical teams, the materials used, the measurement of the provision of outsourced services and other costs directly allocated. The account registry of this income is made, in contrast to the Cost with construction of infrastructure, in the same amount. In summary, as it is an account income, without effect in the net outcome, the Company purges its effects for the purpose of explanation of the variations.

a) Outcomes of the operations

Our Directors highlight that the four main segments of acting of the Company are distribution, generation, trading and transmission. These segments execute purchases and sales of electric energy among them. The segments of generation and trading also sell energy to our distributors. Our Directors highlight that, with the purpose to avoid the duplicity of incomes and costs, the intersegment outcomes of the operations are eliminated from our consolidated statements. However, the Directors understand that the individual analysis of the segments would not be the most proper analysis, if these operations were not considered. As consequence, the sales and costs between the segments were not eliminated in the discussion of the outcomes presented below.



(i) Description of any components of the income

Distribution

The income in the distribution segment results from, mainly, the billing of energy consumption of the consumers of the concession areas of the distributors EDP São Paulo and EDP Espírito Santo. Another relevant part of the income of this segment is related to the collection of a fee for the use of the distribution net (TUSD).

The fees collected from the consumers are established by the regulatory body (ANEEL), and any alteration in the current rules for the sector or in the methodology of calculation of the fees can affect the Company's income.

The quantity of energy sold varies, mainly, because of external factors, such as, temperature, salary mass and economic activity of the concession area of our distributors, besides the Country's own economic activity.

Generation

The income of the generation segment results from the sale of energy generated in the stations (hydroelectrical and thermoelectrical) for the distributors and traders. Currently, EDP – Energias do Brasil Group has 4 hydroelectrical stations and 1 thermoelectrical station in operation (see item 7.3a.). Part of this income is allocated to the shareholders non-controllers.

Trading

The income in the trading segment results from EDP Comercializadora, as a result of the sale of energy to free consumers, concessionaires, permissionaires and other traders.

Transmission

The income in the transmission segment results from the operation and maintenance (O&M) of the lines, Construction and Compensation of the financial asset.

(ii) Factors that affect materially the operational outcomes

Below are the amounts of the net income, adjusted EBITDA and Net Profit, separated by segment, and the percentage of representativity in relation to the consolidated:

	Net income (*)										
	Distribution	%	Generation	%	Trading retail	%	Transmission	%	Other/Eliminations	%	
2019	7,591.5	60.5%	3,660.0	29.1%	3,895.9	31.0%	164.0	1.3%	(2,754.6)	-21.9%	12,556.8
2018	6,926.4	53.8%	3,064.6	23.8%	4,000.2	31.1%	20.4	0.2%	(1,164.7)	-9.1%	12,846.9
2017	6,349.7	54.1%	3,019.7	25.7%	3,552.8	30.3%	0.9	0.0%	(1,188.0)	-10.1%	11,735.1

	Adjusted EBITDA (*)										
	Distribution	%	Generation	%	Trading + retail	%	Transmission	%	Other/Eliminations	%	
2019	1,350.9	46.4%	1,293.6	44.4%	97.4	3.3%	232.4	8.0%	(60.2)	-2.1%	2,914.2
2018	843.0	30.5%	1,447.7	52.3%	172.5	6.2%	30.2	1.1%	274.6	9.9%	2,768.0
2017	808.6	37.0%	1,311.4	60.0%	151.0	6.9%	(0.5)	0.0%	(83.9)	-3.8%	2,186.6

	Net profit (not considering the corporate interest of the shareholders non-controllers)										
	Distribution	%	Generation	%	Trading + retail	%	Transmission	%	Other/Eliminations	%	
2019	738.4	55.2%	510.9	38.2%	61.6	4.6%	139.3	10.4%	(112.3)	-8.4%	1,337.6
2018	384.0	30.2%	512.6	40.3%	120.4	9.5%	18.9	1.5%	237.0	18.6%	1,272.8
2017	322.7	52.7%	444.5	72.6%	105.0	17.2%	(0.5)	-0.1%	(259.9)	-	611.9



	Net income		Adjusted EBITDA		Net profit	
	$\Delta 2019 \times 2018(\%)$	$\Delta 2018 \times 2017(\%)$	$\Delta 2019 \times 2018(\%)$	$\Delta 2018 \times 2017(\%)$	$\Delta 2019 \times 2018 (\%)$	$\Delta 2018 \times 2017(\%)$
Distribution	9.6%	9.1%	60.2%	4.3%	92.3%	19.0%
Generation	19.4%	1.5%	-10.6%	10.4%	-0.3%	15.3%
Trading	-2.6%	12.6%	-43.5%	14.2%	-48.9%	14.6%
Transmission	704.9%	n.a.	669.0%	n.a.	637.9%	n.a.
Other/ Disposals	136.5%	-2.0%	-121.9%	-427.2%	-147.4%	-191.2%
Total	-2.3%	9.5%	5.3%	26.6%	5.1%	108.0%

(*) Not considering the construction income.

In the opinion of our Directors, the variations in the income of our segments are due to, essentially, the following circumstances: (i) in distribution, by influence of the electric energy fees collected from the consumers that, in turn, are regulated and adjusted by ANEEL, as by the consumption of electric energy by the clients of the concession area of the distributors; (ii) in generation, by influence of the fees established in the energy sales agreements, adjusted by the inflation; (iii) in trading, by influence of the fee and the volume of energy sales; and (iv) in transmission, by income of O&M and updating of the Concession Assets.

In relation to the adjusted EBITDA, in the opinion of the Directors, in addition to the income variations, indicated in the paragraph above, other relevant aspect are the operational costs.

The most relevant operational costs for distribution are: (i) the costs with energy purchased for resale and burdens of net use, which are transferred to the fee collected from the consumers in the tariff adjustments, but can impact between the periods of regulatory adjustment; and (ii) the costs with personal, outsourcing services, materials and provisions, among others, which are those that can be managed and are in constant control.

Now, the most relevant operational costs for generation are: (i) the costs with energy purchased for resale and burdens of net use; and (ii) the costs with personal, outsourcing services, materials and provisions, among others, used in the manufacture and operation of the stations.

For trading, the most relevant operational costs are electric energy purchased for resale.

For transmission, the costs with personal, outsourcing services, materials and provisions, among others, used in the maintenance of the transmission lines.

In relation to the net profit, in the opinion of our Directors, in addition to the variations in the income and of the operational costs, indicated in the paragraphs above, other relevant aspects are the net financial outcome (income with financial applications and burdens of loans and financing contracted, influenced by the rates as CDI and TJLP) and taxes on the profit.

Our Directors highlight below, the main factors that affected materially the operational outcomes, resulting from public policies.

For detailed information on the factors that have influenced the outcome of each segment of the Company in each period, see item 10.1(h) 'Income Statement'.

2019

The main topics that permeated the regulatory debates throughout 2019 were i) the expectation of a solution for the GSF; ii) PLD Hour; iii) a new methodology for the calculation of the regulatory WACC; iv) subsidies given to the Generation Distributed; among others.

Towards a conclusion for the unlocking of the market of short-term through the solution of the GSF liabilities, the project of law regarding the reimbursement of the hydrological risk was approved in the House of Representatives on the 26th of June, being forwarded to vote in the Senate, where remains in processing.

Regarding the discussions on the hour prices for the market of short-term, its deployment was delayed to 2021. In 2020, the operation with semi-hour dispatch was defined, without its effective use for the process of price formation.

The Public Consultation in relation to the change in the calculation methodology and the updating of the Regulatory WACC of the distributors was open between October and December, after Aneel announced the preliminary numbers



for the three segments (6.81% for Generation and Transmission and 7.17% for Distribution). Among other alterations, the proposal must prioritize national parameters, as well as to present a greater simplification, although can reduce the regulatory stability due to its annual updating. The resolution must be homologated until March of 2020.

The incentives given to the Generation Distributed were another regulatory topic of great highlight. ANEEL opened a Public Audit searching for the obtainment of subsidies for the analysis of the regulatory impact of the rules for micro and mini generation, and the subject has progressed on October for a Public Consultation, with proposals for the gradual termination of subsidies. The topic is not closed yet and shall continue to be discussed throughout 2020.

Continuing the process of opening of the free market to consumers from 2,000 kW, initiated in 2018, a schedule of progressive enlargement was established regarding the access for agents with consumption until 500 kW – being 1,500 kW from 2021, 1,000 kW from 2022 and 500 kW from 2023. New studies to evaluate the opening of the market to consumers below 500 kW from 2024 must be presented until January 31, 2022.

Among the changes deployed throughout the year, the review of the mechanism of triggering of the Tariff Flags was a highlight in the distribution, now with the trigger based on GSF, calculated with the Physical Flat Guarantee – decreasing the seasonality of the physical guarantee in the composition of the collection of the flag account. The new mechanism of triggering makes the forecast collection, with the proposed values, to come even closer of the costs incurred. There was also an increase in the collection in case of triggering, adding R\$ 1.343 at each 100 kWh consumed in the yellow flag and, for the red flag, +R\$ 4.169 in level 1 and +R\$ 6.243 in level 2.

2018

As in the previous years, 2018 was featured by important events in the regulatory environment, initiated with the Provisional Measure no. 814, of December/2017, which approached possible solutions for the hydrological risk of the generators with agreements in the free market, the approval for the commencement of privatizations of Eletrobras' assets, as well as the defrayal of subsidies and burdens (CCC/CDE, expansion of the Low-income, Program Light to All) and the increase of the energy price for the recovery of Angra 3. The Provisional Measure had the purpose to decrease the impacts of one of the main problems of the electrical sector, linked to GSF (Generation Scaling Factor), but is no longer in force, since June, due to the other proposals, related to the subsidies and Angra 3 that would result in significant increases in the energy fees.

Also, on the GSF, several attempts of approval of the agreement were made for the resolution of the liability in the Environment of Free Contracting (ACL), but the proposal for the free market did not receive adherence of the agents. In this context, in October, occurred the decline of the injunction (APINE) that protected the agents from the payment of exposition in the MCP. The liability is still in discussion, but the hydro agents began to pay the expositions in the liquidations in relation to the following months. In addition, a Legislative proposal was approved in the end of December by the Senate, addressing the solution for the debts of generators with agreements in the free market and the new composition of the MME has listed as priority, to solve the matter of the liability until the end of February, through the PL 10.985/2018 in the House of Representatives (PL 209/2015 in the Senate).

In the scope of the structural measures, purpose of the discussions of the Public Consultation no. 033 of MME in 2017, the main measures were not voted in the National Congress. Some administrative and intralegal measures were taken, such as the decrease of the power of installation of a consumer in order to acquire energy in the free market (2.5 MW from July/2019 and 2.0 MW from January/2020). Another important initiative taken in 2018 was the structuring of the pricing process on hours basis, which shall begin to operate in 2019, bringing a new dynamic to the market of short-term. Finally, as result of a working group created by the government, a decree was published dissolving the tax subsidies for 5 years for consumers of rural type, water public services, sewage and drainage, public services of watering and cooperatives of rural electrification. It also has suppressed the cumulative of the subsidies for the rural and irrigating classes.

Regarding the regulations on the new technologies, ANEEL promoted a broad debate with the society on its regulatory role of the electrical sector for the insertion of electrical vehicles in the Brazilian market. After a public consultation, international workshop, several meetings and public hearing, the regulatory body has understood that the market of electrical mobility is a non-regulated activity. Therefore, it would be necessary to establish procedures only for the distributor to comply with the requests for the installation of the stations of recharge and has published a Normative Resolution, with the purpose to avoid interferences to the activities of electrical operation by the distributors.

The pricing flags were also a topic of the year with the disclosure of new criteria in April. ANEEL has altered the bands of triggering, encompassing matters of hydrologic risk defined through the operative history of the National Interconnected System (SIN - *Sistema Interligado Nacional*) and the definition of the cost of hydrologic risk, where



there is an indirect relation between the GSF and PLD. The composition of these two variables makes the forecast collection, with the proposed values, to come closer of the incurred costs. Therefore, the yellow flag remains R\$ 1.00 to each 100-kWh consumed and fractions, the red flag in the level 1, R\$ 3 to each 100 kWh, and in level 2, to each 100 kWh.

In order to mitigate the impacts of the over contracting of energy in the distributors, ANEEL has created the Mechanism of Sale of Surplus (MVE - *Mecanismo de Venda de Excedentes*), which allows the distributors to negotiate until 15% of the energy over contracted with the Free Environment of Contracting (ACL - *Ambiente Livre de Contratação*) through an auction with fixed price declared by the seller.

At last, with the purpose to supply the electrical system in situations of contingency, as, for example, when sources of intermittent energy reduce the generation, ANEEL created the Complementary Order for Maintenance of the Operative Power Reserve. This Ancillary Service is defined as a dispatch of units, generators of thermoelectrical stations dispatched centrally, aiming to preserve the operative power reserve in the hydroelectrical stations part of the Automatic Control of Generation in any subsystem.

2017

In 2017, ANEEL presented a proposal to improve the methodology of the tariff flags, with changes in the values collected from the consumers and the inclusion of new criteria in the calculation, as the costs related to the hydric deficit. This way, the values of the yellow and red flags had alterations: the red flag began to have two levels, whose additional are R\$ 3.00 and R\$ 5.00 applied to each 100-kWh consumed, and the yellow flag began to represent additional costs of R\$ 1.00, applied to each 100 kWh.

ANEEL also revoked the rule that allowed the republishing of the PLD and established that the ONS, with the support of CCEE, shall make available the preliminary deck of the computing models and documents that subsidize in one virtual platform, decreasing the doubts as for the entrance data and information regarding the models of short- and medium-term.

In relation to the dispatches of the hydroelectrical stations, our Directors clarify that ANEEL has established a mean of reimbursement to the participant hydroelectrical generator of MRE by virtue of the Generation Out of Order of Merit – GFOM that the ONS opts to dispatch, whether by electrical restrictions of energetic safety or import of energy without physical guarantee. CCEE has begun the execution of the Mechanism of Compensation of Remains and Deficits (MCSO - *Mecanismo de Compensação de Sobras e Déficits*) of New Energy, enabling the negotiation of contractual reductions between the distributors and generators, balancing the exchanges with the execution of compulsory sessions between the distributors that declare remains and the generators that wish to decrease the quantity of energy supplied.

b) Variations of the income assignable to the modifications of prices, exchange rates, inflation, alterations of volumes and introduction of new products and services

The Directors understand that the outcome of our operations is direct and significantly impacted by the change in the fees of electric energy, regulated by ANEEL, and our operational income and margins (essentially in the case of our controlled distributors) depend on the process of tariff review/adjustment. We aim to maintain a good relationship with the regulatory body and with the other participants of the market, for the process of tariff review/adjustment to reflect in a proper and transparent form, the interests of the consumers and shareholders.

Whereas, the sales agreements of energy generation are attached to the IGPM and/or IPCA, corrected on annual basis. Therefore, the net income is directly affected by the impact caused by the inflation and by the regulatory body.

The net income, excluding the construction income, has reached R\$ 12,638.5 in 2019, a decrease of 2.3% in relation to the same period of the previous year. In the vision of our Directors, this variation results from greater intragroup operations.

The net income, excluding the construction income, has reached R\$ 12,863.6 in 2018, 9.6% higher than the same period of the previous year. In the vision of our Directors, this variation results from, mainly, the segments of Trading and Distribution, being: (i) an increase of R\$ 447.7 at EDP Comercializadora, due to the volatility of the prices that vary between R\$ 79.0/MWh and R\$ 505.2/MWh, associated to the high liquidity of the market, benefiting the operations of short-term; and (ii) an increase of R\$ 576.6 in the controlled companies of distribution resulting from the increase of the energy sold together with the tariff adjustments occurred in 2018 and 2017.



When compared to the net income, excluding the construction income, of the year of 2017, that has reached R\$ 11,735.0, with the accounting year of 2016, that has reached R\$ 8,884.1, we verify a positive variation of 32.5%. According to our Directors, this verification is a result, mainly, of the segments of Trading and Distribution, being: (i) an increase of R\$ 1,702.4 at EDP Comercializadora, due to the volatility of the prices that vary between R\$ 121.4/MWh and R\$ 533.8/MWh, associated to the high liquidity of the market, benefiting operations of short-term, a greater volume of energy available in the market, arising from the decontracting of energy of the distributors through the MCSDs or bilateral agreements associated to an increase in the volume of energy sold for the new free consumers, reflection of the clients' migrations from the captive market to the free market; and (ii) an increase of R\$ 924.4 in the controlled companies of distribution occurred by the increase of the volume traded and mainly by the positive result of the tariff adjustments occurred in the financial year.

c) Impact of the inflation, of the variation of prices of the main inputs and products, of the exchange and of the interest rate in the operational outcome and in the financial outcome of the Company, when relevant.

The Directors highlight that all our operations are in national territory. This way, the general performance of the Brazilian economy affects the demand for electric energy and the inflation affects our costs and margins. The inflation affects the business basically by the increase of the operational costs and financial costs.

Whereas, the depreciation of Real, increases the acquisition costs of electric energy of the Itaipu Hydroelectric, in addition to decrease in Dollar (or Euro) the number of dividends to be allocated to the shareholders or even, the equivalent in Dollars (or Euros) to the market price of our ordinary shares.

Our Directors believe that we have a proper policy of protection against fluctuations in the interest and exchange rates.

In addition, our Directors highlight that the impacts resulting from alterations in the tariff on our net income of the past three accounting years and the current accounting year, were commented at item 10.2. (b).

10.3. Comments of the Company's Directors on the relevant effects that the events below may have caused or are expected to cause in the financial statements of the Company and its outcomes

(in millions of Reais, except when indicated).

The Company's Directors have acknowledged the information described in this item and the transactions herein mentioned are aligned with the business strategies of the Company.

a) Introduction or disposal of operational segment

In the financial year of 2017, the Company acquired 4 plots in the auction of transmission lines concluded on May/2017. These plots reinforce the Company's presence in the Transmission segment, diversifying its acting in the chain of value of the electrical sector. Consequently, the Company began to evaluate this business segment in a separate form, making it a disclosing segment from the financial statements related to December 31, 2017.

The Directors inform that in the accounting years of 2019 and 2018, there was no introduction or disposal of operational segment.

b) Constitution, acquisition or disposal of corporate interest

Our Directors understand that the events listed in this item are due to the compliance with our strategies of: (i) searching to grow supported in assets of generation, distribution and transmission; (ii) focusing in activities of our segment of business and for which we have the competence; and (iii) maximizing the profitability of our shareholders, as in the case of exploitation of tax benefits and decrease of costs, due to the corporate reorganizations described next.

Below is the summary of the main operations of constitution, acquisition or disposal of corporate interest, occurred in the past three financial years:

- 1) Sale of shareholding interest – Pantanal
- 2) Corporate restructuring – Energest
- 3) EDP - Energias do Brasil acquires Plot 24 of the Transmission Auction no. 013/2015



- 4) EDP - Energias do Brasil acquires four plots in the transmission auction no. 05/16
- 5) EDP - Energias do Brasil acquires corporate interest in the Centrais Elétricas de Santa Catarina – CELESC
- 6) Disposal of corporate interest at Costa Rica
- 7) Disposal of corporate interest at EDP PCH and Santa Fé
- 8) EDP - Energias do Brasil acquires Plot Q – Litoral Sul of the Transmission auction no. 013/2015

Below are the details and the comments of the Directors in relation to each one of these operations:

1) Sale of corporate interest – Pantanal

On July 15, 2015, the Company communicated the market that executed a Purchase and Sale of Quotas Agreement with Cachoeira Escura Energética S.A. to sell 51.1 MW of installed capacity regarding 100% of the voting capital of Pantanal.

Pantanal has two hydroelectrical centrals, the UHE Assis Chateaubriand (Mimoso) and PCH Paraíso I, with installed capacity of 29.5 MW and 21.6MW, respectively. Both are located in the state of Mato Grosso do Sul.

On January 29, 2016, the Company concluded the sale of Pantanal by the value of R\$ 390,000, with R\$ 355,000 paid on this date. The remaining R\$ 35,000 were received on July 24, 2017, after the compliance of the landholding obligations, duly updated by CDI, in the amount of R\$ 45,095.

2) Corporate Restructuring – Energest

The Company reorganized the corporate structure of its controlled company Energest and its subsidiaries, allowing a greater operational efficiency, disposing intermediate holdings and segregating assets granted in the modality of public service from those in the modality of independent manufacturer. The corporate restructure was divided in 2 parts:

- (i) Transfer of the corporate control: On June 26, 2015, the controlled company Energest, in Extraordinary General Meeting – AGE, approved the decrease of its share capital in the minimum value of R\$ 190,507 and maximum value of R\$ 200,177, without cancelling any shares, upon the delivery to the Company, of the totality of the corporate interest held at Pantanal, Santa Fé and Costa Rica, the account value, without generating gains or losses between the involved parties, being: (i) 23,390,368 quotas of Pantanal's issuance, with par value of R\$ 1.00 each; (ii) 86,370,999 nominative ordinary shares, without par value, of Santa Fé's issuance; and (iii) 7,302,274 quotas of Costa Rica's issuance, with par value of R\$ 1.00 each.

In Extraordinary General Meeting held on November 17, 2015, the Company, after obtaining concurrence of Banco do Brasil, according to a letter dated of August 17, 2015, of ANEEL by means of Authorizing Resolution no. 5.510/2015 and of BNDES, according to the letter no. 236/2015 of November 16, approved the decrease of its share capital in the value of de R\$ 200,177, in compliance with the EGM of Energest held on June 26, 2015.

- (ii) Demerger of Energest: On July 9th, 2015, the Company has registered at ANEEL a request for authorization of the demerger of Energest, passing installment of its assets corresponding to the grants in the modality of independent manufacture for EDP Pequenas Centrais Hidrelétricas S.A., remaining only the assets of UHE Mascarenhas in the modality of public service.

On December 24th, 2015, ANEEL published the Order no. 4.105/2015, authorizing the Report of Partial Demerger for EDP PCH. In addition, on January 27th, 2016, by means of a letter no. 09/2016, BNDES authorized the partial demerger of Energest, restrained to ANEEL authorization that, on February 16, 2016, by means of the Authorizing Resolution no. 5.633, also authorized the demerger process, approving the minutes for the Amendment Term to the Concession Agreements.

In an AGE, held on February 29th, 2016, the partial demerger of the assets of UHE Suíça and das PCHs Viçosa, São João, Alegre, Fruteiras, Jucu and Rio Bonito for EDP PCH, which is a direct controlled company of the Company, was approved.

The net archive of Energest was R\$ 265,589, and the demerger was realized to accounting values without effects in the consolidated financial statements.

3) EDP - Energias do Brasil acquires Plot 24 of the Transmission Auction no. 013/2015



On October 28, 2016, the Company communicated the market that has acquired plot 24 of the 2nd Stage of the Auction for the Concession of Public Service of Electric Energy Transmission no. 013/2015, held by ANEEL.

The plot is composed by a line of transmission of 113 km and a substation located in the State of Espírito Santo with the following features: (i) Allowed Annual Income [RAP] of R\$ 20.7 million, updated by IPCA; (ii) Term for commencement of operation of 32 months; (iii) total estimated investment of R\$ 116 million; and (iv) Tax benefits applicable of Sudene, Reidi and Invest-ES.

The financing of the project forecast the acquisition of a long-term debt with BNDES and the issuance of Infrastructure Debentures with total estimated leverage of 60%.

The entrance in the segment of Transmission will allow the Company to diversify its acting in the chain of value of the electrical sector with proper profitability, foreseeability of cash flows and controlled risk. The competencies highlighted in the construction of hydroelectrical projects and the experience in the distribution segment, in particular in the State of Espírito Santo, shall be crucial for the well succeed development of this project.

For the operative work of this undertaking, the Company designated the controlled company EDP Transmissão S.A., and the concession agreement was executed with ANEEL on February 10th, 2017.

4) EDP - Energias do Brasil acquires four plots in the transmission auction no. 05/16

On April 24, 2017, the Company communicated to the market that was the winner of the plots 7,11,18 and 21 in the Concession Auction of Public Service of Electrical Energy Transmission no. 05/16, held by ANEEL, as set out below:

	Plots			
	7	11	18	21
State	MA	MA	SP/MG	SC/RS
RAP (R\$ millions)	66,267	30,200	205,200	171,824
Discounts	36.50%	4.91%	47.49%	34.99%
Line of Transmission (Km)	123	203	375	484.5
Substation (number)	1	1	-	1
Estimated investment (R\$ million)	388	184	1,290	1,125
% Capex Aneel	78%	116%	71%	89%
Tax Benefit	REIDI/ SUDENE	REIDI/ SUDENE	REIDI	REIDI/ Pro- employment

The conditions obtained in the auction result in real profitability between 12% and 14% of the shareholders. The agreements executed with EPCistas and suppliers include a package of guarantees proper for the projects of this nature.

The financing of the projects forecast the acquisition of long-term debts with BNDES and the issuance of infrastructure debentures with estimated average total leverage of up to 80%. The maximum participation of BNDES shall be of up to 80% of financeable items, being up to 60% of machinery and equipment line to the cost of TJLP + Spread in the term of up to 14 years. The infrastructure debentures consider the methodology defined by BNDES for the Cover Rate of Debt Service [ICSD].

In relation to Plot 21, the Company has executed a partnership with Celesc Geração S.A. (CELESC G), the Consórcio Aliança, in the proportion of 90% and 10%, respectively.

To protect the investments related to the construction of the transmission lines, the Company has constituted the following controlled companies:

- EDP Transmissão MA I S.A. (Plot 7)
- EDP Transmissão MA II S.A. (Plot 11)
- EDP Transmissão SP-MG S.A. (Plot 18)
- EDP Transmissão Aliança SC S.A. (Plot 21)



On August 11th, 2017 the mentioned companies have executed the concession agreements, with term of 30 years from the signature date, which ensures the Allowed Annual Income [RAP] after the entrance in the operation of the undertakings.

The Directors state that the result in the auction reinforces the presence of the Company in the segment of Transmission, diversifying its acting in the chain of value of the electrical sector with perspective of proper profitability and controlled risk.

5) EDP - Energias do Brasil acquires corporate interest at Centrais Elétricas de Santa Catarina – CELESC

On December 19th, 2017, the Company published Relevant Fact informing the execution, on that date, of the Purchase and Sale of Shares Agreement, through which has committed itself to acquire from Banco do Brasil Employee Pension Fund [PREVI], 33.1% of the ordinary shares equivalent to 5,140,868 shares and 1,9% of preferential shares equivalent to 437,807 shares, representing jointly, 14.46% of the total shares issued by CELESC.

CELESC is a holding of open capital with the predominant activity of generation, transmission and distribution of electrical energy. In addition, it has a controlled company jointly with the Companhia de Gás de Santa Catarina S.A. – SCGÁS that acts in the segment of piped natural gas distribution.

By the terms of the Purchase and Sale Agreement, the conclusion of the operation was subjected to the verification of certain precedents, usual conditions to this type of transactions, among them is included: (i) the approval by the Board of Directors of the Economic Defense [CADE], executed on February 14th, 2018; and (ii) the approval by the National Superintendence of Complementary Security [PREVIC], executed on February 23th, 2018.

On March 21st, 2018 the Company has published the Relevant Fact communicating the compliance with the totality of the precedent conditions, concluding the acquisition of CELESC's shares by the updated price of R\$ 244,004, as forecast in the Purchase and Sale of Shares Agreement, previously executed.

On March 27th, 2018, the Company has disclosed a Release to the Market, with subsequent amendment on April 4, 2018, with the Public Notice of Voluntary Public Offer for the Acquisition of Shares [OPA], in the terms of the Companies Act and article 31 of the CVM Instruction no. 361/02, for the acquisition of up to 7,374,000 preferential shares, correspondent, nearly, to 32% of the preferential shares issued by CELESC. OPA was concluded on April 26th, 2018, and 1,990,013 were acquired, by the price of R\$ 27,00 each, totalizing the value of R\$ 53,730.

On November 7th, 2018, the Company has disclosed a Release to the Market, on the acquisition of 1,518,000 preferential shares from CELESC at the average price of R\$ 41,93, totalizing the amount of R\$ 63,653.

After the conclusion of the operations above, the Company became the holder of 3,945,820 preferential shares that, in addition to the 5,140,868 ordinary shares, represent the same 33.1% of voting capital and 23.56% of share capital of CELESC.

The Directors state that the transaction reinforces the cycle of growth of the Company, with emphasis in the segment of distribution and transmission, in addition to increase its presence in the State of Santa Catarina, initiated with the partnership executed with CELESC for the construction of Plot 21 (item 4 above).

6) Disposal of corporate interest at Costa Rica

On May 24th, 2018, the Company has disclosed a Release to the Market informing the execution, at the mentioned date, of the Purchase and Sale of Quotas Agreement, with CEI - Energética Integrada Ltda., to divest its total interest of 51% in the share capital of Costa Rica.

On September 6th, 2018, the Company has disclosed a new Release to the Market, informing the conclusion of the sale, once all the precedent conditions were met.

The total value of the transaction was R\$ 43,510, received fully in the date of conclusion, reflecting the adjustments between the signature date and the conclusion date.



With this transaction, the Directors state that the Company has concluded the process of disposal of small hydroelectrical centrals in the State of Mato Grosso do Sul, initiated with the sale of Pantanal Energética Ltda., with installed capacity of 51.1 MW, which was concluded on January 29th, 2016.

7) Disposal of corporate interest at EDP PCH and Santa Fé

On October 25th, 2018, the Company, by means of a Release to the Market, has disclosed the execution of the purchase and sale of shares agreement with Statkraft Energias Renováveis S.A. for the disposal of 100% of the shares held by the Company at PCH, composed of seven hydroelectrical stations, and at Santa Fé, totalizing 131.97MW of installed capacity and 68,70 MW means of physical guarantee, with final term of concession between 2025 and 2031.

On December 21st, 2018, the Company has disclosed a new Release to the Market, informing the sale conclusion, once all the precedent conditions were met.

The total value of transaction was R\$ 600,761, received, fully, on the date of the conclusion, reflecting the adjustments between the date of signature and the date of conclusion.

The Directors state that the disposal process of EDP PCH and Santa Fé is in accordance with the strategy of EDP - Energias do Brasil Group, keeping the focus in stations of medium size between 100 MW and 1,000 MW of capacity.

8) EDP - Energias do Brasil acquires Plot Q – Litoral Sul of the Transmission Auction no. 013/2015

On May 28th, 2019, the Company disclosed a Release to the Market informing the execution, on May 27th, 2019, of the Purchase and Sale Agreement with CEE Power and Brafer for the acquisition of 100% quotas of Litoral Sul Transmissora de Energia Ltda. ('LSTE') with the controlled company EDP Comercializadora. By means of the Order no. 2.062/19, ANEEL has agreed previously with the transfer of the corporate control of LSTE to EDP Comercializadora, upon the delivery of the evidentiary documents of formalization of the operation. On August 9th, 2019, after the delivery of the respective documents, EDP Comercializadora began to hold the totality of the representative quotas of LSTE share capital.

LSTE acquired plot Q in the 1st stage of the transmission auction 13/2015, held on April/2016, with 0% discount on the maximum RAP. The plot is composed by 2 substations and 142 km of line extension. The project is divided in 2 parts, being one in Santa Catarina, that already has a license of installation, representing 42% of the RAP, and the other between the states of Santa Catarina and Rio Grande do Sul, representing the remaining 58%, both with forecast of partial RAP in the entry of the operation.

The total investment estimated is R\$ 406,497, considering the value of acquisition and the total nominal Capex, as well as the tax benefits REIDI and Pro-employment. The leverage was estimated in 85%. The updated RAP by the IPCA is R\$ 45.8 million. Considering the mentioned premises, the real profitability leveraged of the investment is higher than 12%.

The value for the acquisition of the assets was R\$ 75,631, updated monetarily, with R\$ 74,631 paid on August 9th, 2019 and R\$ 1,000 in relation to the Regulatory holdback of EDP Transmissão Litoral Sul related to the risks of fines resulting from the delay in the bookkeeping of the regulatory obligations as guarantee.

The General Meeting held on August 16th, 2019 approved the following amendments: (i) transformation of the corporate type of the society, from 'limited corporation' to 'privately held stock corporation'; and (ii) alteration of the corporate name from Litoral Sul Transmissora de Energia Ltda. to EDP Transmissão Litoral Sul S.A..

The Directors state that the result of the auction reinforces the presence of the Company in the Transmission segment, diversifying its acting in the chain of value of the electric sector with a proper perspective of profitability and controlled risk.

c) Unusual events or operations

The Directors understand that this item is not applicable, considering that in the last 3 accounting years there was not any unusual event or operation.



10.4. Comments of the Company's Directors on:

(a) Significant changes in the accounting practices

2019

The Company and its controlled companies, from January 1, 2019 began to adopt new rules and interpretations, as described below:

1) CPC 06 (R2) – Operations of Leasing

On December 2017, the CPC 06 (R2) was issued, in correlation with rule IFRS 16, that introduced new rules for the operations of leasing. The purpose is to ensure that lessees and lessors supply relevant information, in a way to faithfully represent these transactions. CPC 06 (R2) requires that the lessees start to acknowledge the liability of future payments and the right to use of the leased asset to practically all the leasing agreements, including the operational ones, however optional exemptions were created for leasing of short-term and low value (Note 34.4). The criteria of acknowledgement and measurement of the leasing in the financial statements of the lessors are substantially maintained. CPC 06 (R2), in general, was applied retrospectively from January 1st, 2019 and has replaced CPC 06 (R2) – Operations of Leasing (IAS 17) and correspondent interpretations.

This rule impacted the registry of leasing operations that the Company and its controlled companies have in open. In the cases where the Company or its controlled companies are lessees, the same acknowledged: (i) by the right to use the purpose of the leasing, an asset; (ii) by the payments established in the agreements, brought up to current value, a liability; (iii) costs with depreciation of assets; and (iv) financial costs with interests on obligations of the leasing. In return, the Company and its controlled companies did not register in the outcome, the costs related to rents and leasing fitted at CPC 06 (R2).

The Company and its controlled companies applied the CPC 06 (R2), using the practice expedient C8 (b) (ii), from January 1, 2019 retrospectively, with cumulative effect, in other words, the effect of the adoption was acknowledged in the balances of opening on January 1st, 2019, without updating the comparative information. Thus, the Company and its controlled companies did not adopt the practice expedient that would exempt them from applying the new statement for agreements that previously were in the reach of CPC 06 (R1).

2) ICPC 22 – Uncertainty on the Treatment of Tributes over Profit

On December of 2018, the ICPC 22 was issued, in correlation with the rule IFRIC 23, aiming to clarify how to apply the requirements of acknowledgement and measurement of the CPC 32 – Tributes over profit when there is uncertainty on the tax positions that were not accepted yet by the tax authorities.

The interpretation sets that is necessary to evaluate if it is possible that the tax authority will accept the tax treatment chose by the entity: (i) if yes, the company must acknowledge the value on the financial statements, according to the tax ascertainment, and consider the disclosure of additional information on the uncertainty of the tax treatment chosen; (ii) if not, the entity must acknowledge a different value in its financial statements in relation to the tax ascertainment in a way to reflect the uncertainty of the tax treatment chosen.

For the tax positions, when there is uncertainty of treatment, the Company's Management and its controlled companies conclude that is possible that they are contemplated in the tax jurisprudence, as, by its turn, the Company's Management and its controlled companies understand that this interpretation did not generate relevant effects in the financial statements.

3) Review of Technical Statements of the CPC no. 13/18

The document establishes alterations to the Technical Interpretations and Statements, mainly, in relation to: (i) the alterations of several CPC's in function of the edit of the CPC 06 (R2); (ii) the alterations in corporate interest of long-term in colligate, controlled and undertaking controlled jointly; (iii) the modifications in the CPC 33 (R1) resulting from the alteration, reduction or liquidation of benefit plans to employees; and (iv) the annual alterations executed by IASB from



the Cycle of Improvements 2015 – 2017. The Company and its controlled companies did not identify significant impacts resulting from the alterations of these normative.

4) CPC 00 (R2) – Conceptual Structure for Financial Report

On March of 2018, before the many alterations made in the past in several rules and interpretations, IASB reviewed the 'Conceptual Structure for Financial Report' (Conceptual Framework), known in Brazil as technical Statement CPC 00. Upon this review by the International Committee, in Brazil, the Committee of Accounting Statements (CPC), on November 1st, 2019, in accordance with the provisions of Resolution CFC no. 1.055/05, as amended, approved CPC 00 (R2), turning public its application in the country.

Regardless the fact that the Conceptual Structure is not a proper statement, whereas anything on it overlaps to any statement or any requirements in statement, for the Group is notorious the importance in evaluate and disclosure its reviews, as this is used as basis for the accounting acknowledgement, as forecast by the CPC 26 – Presentation of Accounting Statements (in correlation IAS 1). Furthermore, its importance is also grounded in the following practice purposes, namely: to direct the development of future rules; support the executors of financial statements to develop consistent accounting policies (when any other statement applies to certain transaction or other event, or when the statement allows to choose the accounting policy); and support all the users and executors to understand and interpret the Statements.

As mentioned before, the main changes brought by the review are concentrated in the updating of the structure before the rules issued by the Committee in the last years, with main being: (i) the purpose of the financial report, which starts to be the provision of useful information for the take of decisions of allocation of resources, (ii) the inclusion of the concept of prudence (defined as the exercise of caution when making judgments in conditions of uncertainty), as component of the neutrality, (iii) the definition of the entity that reports it, that can be a legal entity, or also part of it, and (iv) the review of the definitions of asset and liability.

According to the decisions of the International Committee, its application and effectiveness are prompt for those that develop the rules (IASB and IFRS Interpretations Committee), but only required for the executors of the statements from January 1, 2020. The Company's Management and its controlled companies evaluated the new conceptual structure and do not expect that its adoption will cause material impacts in the Financial Statements.

2018

The Company and its controlled companies, from January 1, 2018, began to adopt new rules and interpretations, as described below:

1) CPC 47 – Client's Agreement Income

This rule is correlated to the rule IFRS 15 and introduced a new model for the acknowledgment of income resulting from client's agreements. This emphasizes the acknowledgement of income as the transfer of control of products and services to the clients, instead of the principle of transfer of risks and benefits, considering which amount is expected to be capable of exchanging for those products and services and when the income must be acknowledged. CPC 47 has replaced CPC 30 (R1) – Income (IAS 18), CPC 17 (R1) – Construction Agreements (IAS 11) and the related interpretations.

The statement requires retrospective application and allows one of the following methods: (i) retrospective to each accounting year presented previously; or (ii) retrospective with cumulative effect of the initial application in the date of the initial adoption. The Company and its controlled companies opted to adopt the statement using the retrospective method with cumulative effect, whose impacts originated from the adoption being accounted from January 1, 2018. The agreements that have been executed and concluded in the same accounting year of comparative presentation, as well as the agreements that were concluded in the beginning of the older accounting year presented, will not be presented again.

The Company and its controlled companies made a detailed analysis of the impact resulting from the application of CPC 47, including the evaluation of the five steps for acknowledgment and measurement of income, which are: (i) identify the types of agreement executed with its clients; (ii) identify the obligations present in each type of agreement; (iii) Set the



price of each type of transaction; (iv) Allocate the price to the obligations part of the agreements; and (v) Acknowledge the income when (or as far as) the entity satisfies each agreement's obligation.

After this analysis, the Company and its controlled companies have concluded, based on the criteria of rating, acknowledgment and measurement, that there was not any significative impact in the adoption of this statement, except in the controlled companies of distribution, transmission and Porto do Pecém.

For the controlled companies of distribution and Porto do Pecém, there was the reclassification of penalties of performance metrics, classified previously in the financial statements as operational costs, which were classified as gear items of the income. The statement defines that the value of the consideration by the obligation of performance can vary by reason of discounts, reductions, refunds, credits, concessions of prices, benefits, performance bonus, penalties or other similar items, whose income must be acknowledged in net form of this variable consideration. The controlled companies of distribution are evaluated by ANEEL in several aspects in the supplying of electrical energy for clients, among them, is the quality of the service and the product offered to the consumers, incorporating the evaluation of the interruptions in the supplying of electrical energy. We can highlight, in the aspect of quality of the service, the collective metrics of continuity, DEC and FEC, and the individual metrics of continuity DIC, FIC and DMIC, and, if they are not complied with, the controlled companies are obliged to reimburse the clients, by means of discount in the monthly bill of energy consumption. Whereas, the controlled company Porto do Pecém has the duty to reimburse the distributors for the periods in which the station was not available when dispatched by the National Operator of the System - ONS.

The controlled companies of distribution also have concluded that there was an impact in the rating of the Intangible – On course under the scope of ICPC 01 (R1), and the balances presented on December 31, 2017 as 'Intangible – On course' reclassified for the line of 'Concession Assets' for a greater presentation (Item 3 below).

For the controlled companies of transmission, the Management has concluded that there was an impact in the acknowledgement of income under the scope of ICPC 01 (R1), described with more details at item 3 below.

The amount related to the financial year of 2017 of the controlled companies of distribution, transmission and Porto do Pecém were represented for comparative effect, for a greater presentation of the balances. In addition, the rule has established a greater detailing in the disclosures related to the clients' agreements.

2) CPC 48 – Financial Instruments

This rule is correlated to the rule IFRS 9 and has replaced CPC 38 – Financial Instruments: Acknowledgement and Measurement (IAS 39). CPC 48 brought as main modifications: (i) requirements to decrease to the recoverable value (impairment) for financial assets, beginning with the hybrid model of expected and incurred losses, in replacement of the previous model of incurred losses; (ii) new criteria of classification and measurement of financial assets; and (iii) turns the requirements for hedge accounting less strict.

The changes in the accounting policies resulting from the adoption of CPC 48 were applied, in retrospect, as required by the rule, however, the Company and its controlled companies have taken advantage of the exemption that allows them not to present again comparative information of previous accounting years resulting from the alterations in the rating and measurement of financial instruments (including expected losses of credit). Thus, the difference in the accounting balances of financial assets and liabilities resulting from the adoption of CPC 48 were acknowledged in the Equity on January 1st, 2018.

The Company and its controlled companies have made a detailed evaluation of the impact in the adoption of the new rule and identified the following aspects:

• *Rating and measurement*

CPC 48 presents a new approach of rating and measurement of financial assets that reflect the business model in which the assets are managed and its features of cash flow.

In relation to the financial liabilities, the main alteration related to the requirements already established by CPC 38, requires that the change in the fair value of the financial liability designated to the fair value is assignable to the changes in the credit risk of that liability, being presented in other broad results and not in the financial statement, unless such



acknowledgment result in an incompatibility in the financial statement.

Now, for the financial assets, the statement simplifies the previous model of measurement and establishes three categories of rating: (i) measured to the amortized cost; (ii) measured to the fair value by means of other broad results (VJORA); and (iii) measured to the fair value by means of the result (VJR). The rule eliminates the categories existing in the CPC 38 of maintained until the maturity, loans and receivables and available for sale.

- *Decrease to the recoverable value*

CPC 48 has replaced the model of losses incurred by a prospective model of expected losses. This new approach requires a relevant judgment on how the changes in economic factors affect the expected losses of credit, which shall be set based on weighted probabilities. The new model applies to the financial assets measured to the amortized cost or to the VJORA, with the exception of investment in equity instruments and contractual assets.

According to CPC 48, the provisions for expected losses are measured in one of the following basis: (i) Losses of credit expected for 12 months, in other words, losses of credit that result from possible events of failure to pay within 12 months after the date basis; and (ii) Losses of credit expected for the whole life, in other words, losses of credit that result from all the possible events of failure to pay over the expected life of a financial instrument. The rule also proposed the application of the practice expedient for the financial assets that do not have significative components of financing, with a simplified approach, whose expected loss shall be made with a matrix by maturity age of the receivable accounts.

For the lines of Receivable Accounts and other credits, the Company's Management and its controlled companies have decided for the application of the simplified approach and will register expected losses during the whole life in all credits, resulting, when applicable, in an expediting in the acknowledgment of losses by decreasing to the recoverable value in its financial assets. For the other financial assets, significative impacts were not identified in the adoption of this statement.

The controlled companies of generation, transmission and services, after a careful analysis of credit, concluded that there is no indication of losses in its financial assets in the initial acknowledgment.

- *Hedge accounting*

CPC 48 requires that the Company and its controlled companies ensure that the relations of hedge accounting are aligned with the purposes and strategies of the risk management establish by the Management, applying a more qualitative and prospective approach to evaluate the hedge effectiveness. The new rule comes to introduce a model less restrictive to the hedge, requiring an economic relation between the cover item and the hedge instrument in which the cover level is the same of the one applied by the entity for the risk management.

On December 31st, 2017, in relation to the hedge accounting, the new rules did not have an impact in the Company and its controlled companies due to the absence of this modality of financial instrument.

In the accounting year of 2018, the controlled company Porto do Pecém contracted a Non-Deliverable Forward - NDF with the purpose to protect the exchange in the contracting of insurance of lost profit, whose payment of award was made in Dollar. The controlled company has framed the operation as hedge accounting according to CPC 38, opting for the transition of CPC 48 that allows using the previous rule for this particular matter. The mentioned NDF was liquidated on July/2018, and on December 31st, 2018, there was not any financial instrument framed in this modality.

3) Review of Technical Statement of the CPC no. 12/17

The document establishes alterations to the Technical Interpretations and Statements, mainly in relation to: (i) the Edit of CPC 47; (ii) the alteration of CPC 48; (iii) the alteration in the rating and measurement of transactions of payment based on actions of the CPC 10; (iv) the alteration in the transfer of property for investments of the CPC 28; and (v) the annual alterations proceeded by IASB of the Cycle 2014 – 2016.

In relation to the reviews above, we can highlight the alterations in the CPC 40 – Financial Instruments: Highlighting the disclosures related to the financial instruments. With the edit of CPC 48, extensive new disclosures were included in the CPC 40, specifically on the hedge accounting, credit risk and expected credit losses.

The Company and its controlled companies made an analysis to identify the new requirements of disclosure, highlighting the disclosures relevant in the explanatory notes of the Receivable Accounts, Income and financial instruments.



In relation to the alterations introduced by the CPC 47 and CPC 48 in the ICPC 01 (R1), we highlight below the reflections in the acknowledgment of assets of the controlled companies of transmission and in the rating in the controlled companies of distribution.

The Company and its controlled companies did not identify significant impacts resulting from alterations in the other statements.

- *ICPC 01 (R1) – Concession Agreements*

Transmission

The alterations introduced by CPC 47 and CPC 48 have impacted the controlled companies of transmission in the way to rate and measure its assets, once they are under the reach of ICPC 01. As disclosed at item 1 above, the allocation of price is required for each type of obligation of performance identified in the agreement with the client, jointly with the requirement to classify the financial asset between the amortized cost or the fair value by means of the outcome.

Under the reach of CPC 47, the controlled companies of transmission have a single agreement with the client (concession of transmission line) with three obligations of performance identified, which are: (i) to construct; (ii) to operate and maintain; and (iii) to finance the grantor power. Therefore, based on the contractual features, the controlled companies have classified the asset as contractual, as for its execution, the financial flows are influenced by factors of operational performance, as well as the future conditions due to the proceedings of tariff review, from time to time, and these assets are not receivable only for the passage of time, precedent condition for the rating as financial asset according to CPC 48.

As they are agreements with clients of long-term, the controlled companies identified a component of significant financing, which is considered for the calculation of financing to the Grantor Power, as mentioned above.

Distribution

The alterations introduced by CPC 47 impacted the controlled companies of distribution in the way to rate its assets, as those are under the reach of ICPC 01. Among the alterations we can highlight the treatment of all assets in the period of construction and which are not yet in service, for Contractual Assets, being reclassified for the line 'Concession Assets'.

4) ICPC 21 – Transaction in Foreign Currency and Advanced Payment

This interpretation clarifies that the date of transaction, to set the exchange rate to be used in the initial acknowledgment of the item related to the payment or advanced payment, must be the date in which the entity acknowledges initially the non-monetary asset or liability, resulting from the advanced consideration. If there are multiple payments or advanced payments, the entity must set the date of transaction for each payment or receipt. The Company and its controlled companies did not identify significant impacts resulting from the adoption of this statement.

2017

The Company and its controlled companies, from January 1st, 2017, began to adopt new rules and interpretations according to the Review of the Technical Statement A no. 10/16, issued by CPC.

This review has established alterations to the CPC 03 (R2) – Statement of Cash Flow and CPC 32 – Tributes over Profit, due to the clarifications made by IASB on liabilities arising from the activity of financing and the acknowledgment of deferred tax assets over unrealized losses, respectively. In relation to CPC 03 (R2), the Company and its controlled companies introduced an additional disclosure that allows an evaluation on the changes occurred in the liabilities arising from financing activities. In relation to CPC 32, the review did not reflect impacts in the financial statements.

In addition, in the accounting year closed on December 31st, 2017, the Company's Directors highlight that there were not any significant changes in the accounting practices in relation to the last accounting year, in other words, the accounting year closed on December 31, 2016.

(b) Significant effects of the alterations in the accounting practices in relation to the last 3 accounting years

2019

CPC 06 (R2) – Operations of Leasing



As a result of the adoption of the CPC 06 (R2), EDP – Energias do Brasil and its controlled companies applied the CPC 06 (R2), using the practice expedient C8 (b) (ii), from January 1, 2019 retrospectively, with cumulative effect, in other words, the effect of the adoption was acknowledged in the opening balances on January 1, 2019, as demonstrated below:

	Controller		
	Balance on 12/31/2018	Adjustments Initial Adoption	Balance on January 1, 2019
Asset			
Fixed	31,734	8,666	40,400
Liability			
Other payable accounts (Current)	43,901	4,269	48,170
Other payable accounts (Non-current)	6,488	4,397	10,885

	Consolidated		
	Balance on 12/31/2018	Adjustments Initial Adoption	Balance on January 1, 2019
Asset			
Fixed	6,661,984	80,520	6,742,504
Liability			
Other payable accounts (Current)	238,369	33,341	271,710
Other payable accounts (Non-current)	44,255	47,179	91,434

In the opinion of the Company's Directors, in the accounting year closed on December 31, 2019, with the exception of CPC 06 (R2) highlighted above, there was not any significative effects in the Company's financial statements in relation to the other alterations in the accounting practices related to the last accounting year, in other words, the accounting year closed on December 31st, 2018.

2018

CPC 47 - Income of Client's Agreement

Due to the adoption of CPC 47, the controlled companies EDP São Paulo, EDP Espírito Santo and Porto do Pecém reclassified in the Income Statement, the compensations for downtime in the provision of service of electric energy from the line Operation Cost to the line of Income, demonstrated below:

	Consolidated		
	2017		
	Published	CPC 47	Presented again
Income	12,373,375	(36,191)	12,337,184
Cost of the production and service of electric energy			
Cost of operation	(1,192,706)	36,191	(1,156,515)
Gross Profit	2,322,949		2,322,949
Outcome prior to the tributes over profit	1,044,160		1,044,160
Net outcome of the accounting year	688,338		688,338

CPC 48 – Financial Instruments

• Rating and Measurement

In relation to the rating and measurement of the financial assets, the Company and its controlled companies have altered the rating in the lines related below. The alteration in the rating did not have an impact in the measurement of the items, and thus, there is not a significative impact in the financial statements:

	Rating CPC 38	Rating CPC 48
Indemnifiable financial asset	Available for sale	Fair price by means of the outcome
Bonds and linked deposits	Assets kept until maturity	Amortized cost
Securities - Debentures	Assets kept until maturity	Amortized cost
Banks – movement account (Cash and similar)	Loans and receivables	Amortized cost
Receivable Securities	Loans and receivables	Amortized cost
Receivable Income	Loans and receivables	Amortized cost
Consumers and Concession companies	Loans and receivables	Amortized cost



	Rating CPC 38	Rating CPC 48
Related parties (Other credits)	Loans and receivables	Amortized cost
Sectorial financial assets	Available for sale	Amortized cost
Receivable loans	Loans and receivables	Amortized cost

The controlled companies EDP São Paulo and Porto do Pecém have financial liabilities measured to the VJR, represented by debts in foreign currency, for which there are derivative financial instruments (swaps) for mitigation of the exchange risk. For those derivatives, the mentioned companies can maintain a measurement to the fair value by means of the outcome, without having any divergence of measurement between CPC 48 and CPC 38 for those financial liabilities.

The other controlled companies do not have financial liabilities measured to the VJR, therefore, for these companies; there was not any impact in the financial statements resulting from the adoption of the rule, maintaining the rating as amortized cost.

• *Decrease of the recoverable value*

The controlled companies of distribution, as well as EDP Comercializadora, after the due analysis, identified the following adjustments made, in contrast, of the line Accrued Profits, in the Equity, on January 1, 2018:

	Consolidated		
	Current and Non-current		
	Adjustments		
	Balance on 12/31/2017	Initial Adoption (CPC 48)	Balance on January 1, 2018
Receivable Accounts (net of PECLD)	2,526,070	(47,073)	2,478,997
Other credits	245,471	1,174	246,645
PECLD	(241,298)	(6,811)	(248,109)
Total	2,530,243	(52,710)	2,477,533

Revision of the Technical Statement of CPC no. 12/17

The controlled companies of transmission and distribution reclassified the amounts in the Balance Sheet previously registered in the lines 'Indemnifiable Financial Asset' and 'Intangible', respectively, for the line 'Concession Assets', as demonstrated below:

	Consolidated		
	2017		
	Review of		
	Published	ICPC 01 (R1)	Presented again
Non-current			
Indemnifiable financial asset	1,951,930	(38,025)	1,913,905
Concession assets	-	385,676	385,676
Intangible	2,742,416	(347,651)	2,394,765
Total of the Non-current asset	15,153,795	-	15,153,795

2017

In the opinion of the Company's Directors, in the accounting year closed on December 31, 2017, there were not any significative effects in the financial statements of the Company, related to the alterations in the accounting practices in relation to the last accounting year, in other words, the accounting year closed on December 31, 2016.

(c) Exceptions and emphasis present in the audit report

2019 and 2018

The Directors highlight that the individual and consolidated financial statements of the Company related to December 31, 2018 were audited by KPMG Auditores Independentes in accordance with the accounting practices adopted in Brazil, including the statements issued by the Committee of Accounting Statements (CPCs), and according to the international rules of the financial report, International Financial Reporting Standards (IFRS) issued by IASB, and those do not have any exceptions or emphasis.



2017

The Directors highlight that the individual and consolidated financial statements related to December 31, 2017 were audited by PricewaterhouseCoopers Auditores Independentes, according to the accounting practices adopted in Brazil, including the statements issued by the Committee of Accounting Statements [CPCs], and in accordance with the international rules of financial reports, International Financial Reporting Standards (IFRS), issued by IASB, and those do not have any exception or emphasis.

10.5. The directors must indicate and comment critical accounting policies adopted by the Company, exploring, particularly, accounting estimative made by the management on uncertain and relevant matters for the description of the financial situation and the outcomes, which require subjective or complex judgments, such as: provisions, contingencies, acknowledgment of income, tax credits, assets of long-term, service life of non-current assets, pension plans, adjustments of conversion in foreign currency, costs of environmental recovery, criteria for recovery tests of financial assets and instruments.

In the drafting of the financial statements, according to the accounting practices adopted in Brazil, and international accounting practices, it is required that the Company's Directors and the directors of its controlled companies, use as basis, estimative for the registry of certain transactions that may affect the assets, liabilities, incomes and costs.

The outcomes and final consequences of these transactions and information, in the case of its effective execution in subsequent periods, can differ from these estimative, due to the inaccuracies related to the process of its ascertainment. The Company's directors and its controlled companies, review the estimative and premises, at least, quarterly, except as for the benefits plan post-employment, which is reviewed biannually and the consequent decrease to the recoverable value, which is reviewed according to the criteria detailed below.

The Company's Directors highlight below the main estimative related to the financial statements:

Decrease to the recoverable value

In relation to the decrease to the recoverable value, in the opinion of the Directors, the following criteria use in the ascertainment of those, can be highlighted:

Financial assets and Contractual assets

They are evaluated in the initial acknowledgment based on the study of expected losses, when applicable, and when there are evidences of non-recoverable losses. They are considered non-recoverable assets when there are evidences that one or more events have occurred after the initial acknowledgment of the financial asset and that, eventually, have outcomes of negative effects in the estimated flow of future cash of the investment.

Non-financial asset

The review of the non-financial assets of the Company is made, at least, annually, or with a higher frequency, if the Company's Management and its controlled companies identify indications of non-recoverable losses in the net account value of non-financial assets, or that have occurred events or alterations in the circumstances indicating that the account value cannot be recoverable.

The recoverable value is set based in the current value of the assets, being calculated with the resource of the evaluation methodologies, based on techniques of discounted cash flows, considering the conditions of the market, the time value and the business risks.

For the jointly controlled company São Manoel, the Directors highlight that, by means of sensibility tests, regulatory alterations, and analysis of metrics, have identified indicatives that the calculation of recoverable value of the station could be under evaluated, with effect over the entry of impairment, acknowledged in 2016. The metrics identified go from the homologation of new Physical Guarantee, to factors of improvement in the macro economic scenario, components for the discount of cash flow in the investment's evaluation, used for the calculation of the recoverable value. After the analysis of metrics are made and the recoverability test is performed, using the internal and external sources of information forecast in the Decrease to the Recoverable Value of Assets, São Manoel has proceeded with the registry of reversion in the amount of R\$ 111,191.



The Directors highlight that in the accounting year closed on December 31, 2019, after the performance of the recoverability test of the non-financial assets, the Management has concluded that, with the exception of the jointly controlled company São Manoel, highlighted above, the net account value of the assets is recoverable and, therefore, there was not the need to registry the provision or reversion for the decrease to the recoverable value.

Estimated loss with Credits of Doubtful Liquidation – PECLD

The Directors highlight that, as required by CPC 48 – Financial instruments, a detailed analysis is made of the balance of the Receivable Accounts, and, according to the simplify approach and when necessary, it is constituted a PECLD to cover possible losses in the execution of those assets.

For the controlled companies of distribution and trading, from January 1, 2018, PECLD is registered on all life of the receivable based on the application of percentage calculated from the study of the history of failure to pay segregated by parameters of: (i) consumer class; (ii) tension; (iii) billing date; and (iv) maturity date. Therefore, a matrix of risk by period of failure to pay was constituted, adjusted by the economic expectation of the current period, obtained by means of the forecast of the parameters of the failure to pay rates of the market of the Central Bank.

The controlled companies of generation evaluated their histories of receipts and have identified that are not exposed to an elevated risk of credit, as possible matured balances and not received are mitigated for agreements with financial guarantees executed in the contracting of the energy auctions or in the formalization of bilateral agreements. Furthermore, the receivable amount of energy of short-term are managed by CCEE that, in turn, controls the failure to pay between the sectorial participants based on regulations issued by the Grantor Power, decreasing the credit risk in the transactions executed. Therefore, after the due analysis, the controlled companies of generation did not identify the need to constitute possible expected losses, as these are intangible and manageable.

Regarding the controlled companies of services, PECLD is calculated taking into consideration the credit risk of its clients with Credit Institutions. Every time there is a decline in the client's rating in comparison to the moment in which the sale occurred, the loss is increased for the next 12 months, regardless if there is delay or not. The delay is an additional factor considered in the calculation of the PECLD to ascertain if this is calculated over life or for the next 12 months.

Sectorial financial assets

These financial assets are registered by the current value of the right to receive and are calculated using observable premises for the distributors of the electric energy sector in the periods of adjustments and tariff reviews. Its measurement takes into consideration the time difference between the budgeted cost by ANEEL and included in the tariff in the commencement of the tax period, and those that are effectively incurred over the period the tariff is in force. The Directors highlight that the main uncertainties on this financial instrument are due to the risk of non-acknowledgement of part of these assets by the Grantor Power.

Realization of the deferred tax credits

The deferred income tax and social contribution, assets and liabilities, were registered on tax losses, negative base of social contribution and temporary differences considering the current aliquot of the mentioned tributes, according to the provisions of the CVM Deliberation no. 599/09 and considering the history of profitability and expectation of future taxable profits generation grounded in a technical study of viability.

The Company's Directors and its controlled companies have drafted a projection of future taxable outcomes, inclusive considering its discounts to the current value. In the opinion of the Directors, the Company and its controlled companies have the capacity to execute those tax credits in the next accounting years.

Indemnifiable financial asset

For the controlled companies of distribution, these financial assets are registered by the fair value of right on the date of the financial statement and are calculated based on the value of the assets in service belonging to the concession and that shall be reverted by the end of the concession, homologated by ANEEL at every 3 or 4 years in a report of evaluation of the Regulatory Compensation Basis [BRR].

The Directors highlight that the main uncertainties on this financial instrument are due to the risk of non-acknowledgement of part of these assets by the Grantor Power and its respective prices of repossession by the end of the concession.



Concession Assets

Distribution

Refer to the contractual right of the concession company to receive cash from the users for the construction services of the distribution system of electric energy, in the occasion of the entry in operation of the respective assets and are measured to their cost value accrued of financial burdens, when applicable.

In the occasion of the infrastructure construction, such assets shall begin to be classified as indemnifiable financial asset or as Intangible Asset, according to the form of compensation.

The Directors highlight that the main uncertainties on these assets are due to the risk of non-acknowledgement of part of these assets by the Grantor Power when transferred to the indemnifiable financial asset or for the Intangible Asset.

Transmission

The contractual assets include the receivable values regarding the services of implementation of infrastructure and the income of compensation of the concession assets and are measured by the current value of the future cash flows, based on the average rate of financing of the current project in the occasion of the formalization of the concession agreement, according to CPC 47.

The controlled companies of transmission shall receive the contractual assets by means of the Permitted Annual Income - RAP, instituted by the Grantor Power and collected from the users of the Basic Net, which corresponds to the cash flows forecast in the concession agreement.

As required by CPC 48 – Financial instruments, a detailed analysis of the balance of the Concession Assets is executed and, according to the simplified approach, when necessary, is constituted a PECLD, to cover possible losses in the execution of these assets. The Directors highlight that the controlled companies of transmission are not exposed to a high credit risk.

Service life of the fixed and intangible assets

The calculation basis of depreciation is the depreciable value (acquisition cost, subtracted of the residual value) of the asset. The depreciation is acknowledged in the outcome based on the linear method in accordance with the service life of each unit of addition and withdraws. The rates of depreciation used are forecast in the table XVI of the Manual of Patrimonial Control of the Electric Sector - MCPSE approved by the Normative Resolution n° 674 of August 11, 2015.

The gains are amortized by the curve of expectation of future outcomes and by the term of concession and the concession rights are amortized by the remaining term of concession.

The Directors believe that this method is what reflects in a better way the standard of consumption of future economic benefits incorporated in the fixed and intangible assets.

Post-employment benefit

As established by the CVM Deliberation no. 695/12, the accounting of the liabilities arising from post-employment benefits must occur based on the rules established in the CPC 33 (R1). On annual basis, the controlled companies EDP São Paulo, EDP Espírito Santo, Energest and Investco hire independent actuary to execute an actuarial evaluation of the plans in the modality of defined benefit, according to the Method of Projected Unit Credit.

The obligations of the defined benefit plans are acknowledged if the value of the obligation on the date of the balance is higher than the fair value of the plan's assets. The actuarial gains and losses generated by adjustments and alterations in the actuarial premises of the Benefit's plans are acknowledged in the accounting year in which they occurred directly in the Equity in the line 'Other broad outcomes'. The costs with past services are acknowledged in the period in which they occurred, fully in the outcome in the line Personal, and the financial outcome of the benefit is calculated on the actuarial deficit/surplus using the rate of discount of the current report. For the cases in which the plan is surplus and there is the need to acknowledge an asset, such acknowledgement is limited to the current value of the economic benefits available in the form of reimbursements or future decreases in the plan's contributions.



The Directors highlight that the main uncertainties are the alterations in the actuarial premises that may lead to impacts in the financial statements.

Provisions

The Provisions are acknowledged in the balance due to a past event, when is probable that an economic resource is required to settle the obligation and that may be estimated in a reliable form. The Directors highlight that the provisions are registered based on the best estimative of the risk involved.

In relation to the civil, tax and labor provisions, these are reviewed, from time to time, with the assistance of the legal assistants of the Company and its controlled companies.

Income

The incomes are measured by the fair value of the consideration received or receivable. The income is acknowledged on monthly basis and when there is the convincing evidence that there was: (i) the identification of rights and obligations of the agreement executed with the client; (ii) the identification of the obligations of performance present in the agreement; (iii) the setting of the price for each type of transaction; (iv) the allocation of price of the transaction to the obligations of performance set in the agreement; and (v) the compliance with the obligations of performance of the agreement. An income is not acknowledged if there is a significative uncertainty in its execution.

The services rendered for the clients, mostly, have the following features: (i) they are routine and recurring; (ii) they have the same standard of transfer; and (iii) they are rendered for the client over a certain period. Therefore, in relation to the compliance with the obligation of performance of the Company and its controlled companies, these are met, substantially, over the time.

The Company and its controlled companies acknowledge the income in net form of possible discounts, reductions, reimbursements, credits, concessions of prices, incentives, performance bonus, penalties or other similar items.

The Directors highlight that the Company's incomes and its controlled companies are measured according to the performance's obligations identified in the agreements executed with the clients, and the main criteria of acknowledgement and measurement, by segment, are presented as follows:

Distribution

- i. *Supply – Billed.* They are acknowledged by means of the delivery of electric energy occurred in a certain period. This measurement occurs in accordance with the calendar of Reading established by the distributor. The billing of the services of electric energy distribution is, therefore, executed according to this calendar, and the income of the services is registered as far as the bills are issued based on the current tariff homologated by the regulatory body.
- ii. *Tariff of Use of the Distribution System - Billed:* They are acknowledged by the availability of the infrastructure of the electric net of distribution to its clients (free and captive), and the fair value of the consideration calculated according to the tariff to use the system, which is defined by the regulatory body.
- iii. *Not billed:* Refers to the energy supplied and/or the use of the distribution system that have not been billed yet, corresponding to the period between the date of the last reading and the closing of the financial statements. It is estimated and acknowledged as income not billed considering as basis the real load of energy distributed in the month, the rate of loss annualized and the current tariff.
- iv. *Outcomes of the sectorial financial assets:* it is acknowledged on monthly basis by the difference between the costs part of Installment 'A' effectively incurred in the outcome, those acknowledged in the income of operations with electric energy forecast in the current tariff by ANEEL.
- v. *Supply - Billed:* Refers to the electric energy supplied to other concession company, according to contractual conditions. The amount of the consideration is set by the quantity of energy delivered multiplied by the current tariff established by the regulatory body.
- vi. *Energy of short-term:* The income is acknowledged by the fair value of the consideration receivable in the moment in which the surplus of energy is traded in the scope of CCEE. The consideration corresponds to the multiplication of the quantity of energy sold by the Price of Liquidation of the Differences - PLD.



- vii. *Construction income*: The acknowledgment of construction income is directly associated to the additions to the concession assets and a margin are not incorporated in this activity of construction, classified according to the application of ICPC 01 (R1) – Concession Agreements. The formation of the construction income results from the allocation of working hours by the technical teams, of the materials used, of the measurement of the provision of outsourced services and other costs directly allocated by means of input method, according to the CPC 47. The accounting registry of this income is made, in turn, to the Cost with construction of infrastructure in equal amount.
- viii. *Subsidies linked to the service rendered*: It is acknowledged in the occasion of the effective application of discounts in the tariff of units of consumption benefited by subsidies from the government by the difference between the reference tariff of the respective class of consumption from those effectively applied to the beneficiary consumers of these subsidies.
- ix. *Leasing and rents*: The incomes of leasing is measured by the fair value of the receivable consideration and are acknowledged on monthly basis according to the leasing agreements.

Generation

- i. *Supply of electric energy*: The income is acknowledged based on the energy secured and with specific tariffs in the terms of the supplying agreements. The controlled company can sell the energy manufactured in two environments: (i) Free Contracting Environment – ACL, where the trading of the electric energy occurs by means of the free negotiation of prices and conditions between the parties, by means of bilateral agreements; and (ii) in the Regulated Contracting Environment - ACR, where there is the trading of electric energy to the distributors agents, and the energy price is established by the Regulatory Body by means of an energy auction.
- ii. *Energy of short-term*: The income is acknowledged by the fair value of the receivable consideration in the moment in which the surplus of energy manufactured, after the allocation of energy in the MRE, is traded in the scope of CCEE. The consideration corresponds to the multiplication of the quantity of energy sold by the PLD.

Transmission

- i. *Construction income*: It is acknowledged as an obligation of performance that is met by the construction of transmission line and its associated assets. The acknowledged of the construction income is directly associated to the additions to the contractual asset according to the costs incurred (input method). The formation of the construction income results from the allocation of working hours by the technical teams, the materials used, the measurement of provision of outsourced services and other costs directly allocated. The accounting registry of this income is executed, in turn, to the concession Assets, accrued by the margin in construction and PIS and COFINS.
- ii. *Income of Operation and Maintenance (O&M)*: It is acknowledged on monthly basis as an obligation of performance that is met by the operation and maintenance of the transmission line. This income is calculated based on the amount of costs forecast in the concession agreement, accrued of margin.
- iii. *Update of the concession Assets*: The concession agreements of the transmitter have a significative component of financing, as the term of receipt by the construction of infrastructure is of long-term (30 years). Therefore, as required by the CPC 47, the compensation of the concession assets is calculated based on the average rate of financing of the project of the moment of formalization of the concession agreement with the Grantor Power on the balance of Concession Assets.

Trading

The income is acknowledged based on bilateral agreements executed with agents of the market and dully registered in the CCEE.

Services

The acknowledged of the income is directly associated to the measurement of the provision of services and other costs directly allocated, by means of the input method, according to the CPC 47. Certain agreements have a significative component of financing, which are acknowledged proportionally over the period of the agreement using the financing rate that would be reflected in one separated transaction between the parties.



Measurement to the fair value of the financial instruments

For the ascertainment of the fair value, the Company and its controlled companies project the flows of the financing instruments until the conclusion of the operations following the contractual rules, inclusive for the post-fixed rates, and uses as discount rate, the future Interbank Deposit - DI disclosed by B3, except when other rate is indicated in the description of the premises for the calculation of the fair value and also considering the risk of own credit of the Company and the Counterpart, according to CPC 46. This procedure can result in an accounting value different from the fair value mainly by virtue of the instruments presenting long terms of liquidations and different costs in relation to the interest rates currently used for similar agreements.

The Company drafts analysis of sensibility with the purpose to measure the impact to the changes in the variables of the market on each financial instrument of the Company and its controlled companies, measured at a fair value. The Directors highlight that, notwithstanding, the liquidation of the transaction involving this estimative can result in different values from the ones estimated due to the subjectivity contained in the process used in the drafting of the analysis.

10.6. Relevant items not highlighted in the financial statements of the Company:

(values presented in millions of Reais)

a) The assets and liabilities held by the issuer, directly or indirectly, which are not part of the financial statements (off-balance sheet items), such as:

The Directors highlight that the values presented below are in reference to the consolidated amounts of the EDP – Energias do Brasil Group duly updated with the respective projected rates and adjusted to the current value by the rate that represents the average cost of capital (WACC) of the EDP – Energias do Brasil Group.

(i) Portfolio of lowered receivables over which the entity has risks and responsibilities, indicating the respective liabilities

The Directors highlight that there is not any portfolio of receivables unregistered in the Company's Financial Statements and its controlled companies for the accounting years closed in 2019, 2018 and 2017.

(ii) Agreements of future purchase and sale of products or services

	12/31/2019	12/31/2018	12/31/2017
Obligations of purchase with: (i) materials; (ii) services; (iii) energy; (iv) burdens of energy connection and transport; and (v) energy trading	55,609,008	55,314,615	57,511,260

(iii) Agreements of unfinished construction

The Directors highlight that the construction agreements are disclosed at item (iii) above, as they are characterized as provision of services agreements.

(iv) Agreements of future receipts of financing

In 2019, below is stated the position of credits contracted and not yet received:

Company	Financial institution	Total amount contracted	Received amount	Unreceived amount	Purpose
EDP Transmissão MA I	Citibank	70,000	1,000	69,000	Financing of CAPEX for the construction of the transmitters
EDP Transmissão MA I	Banco do Nordeste do Brasil - BNB	252,056	-	252,056	
EDP Transmissão MA II	Citibank	70,000	1,000	69,000	
EDP Transmissão MA II	Banco do Nordeste do Brasil - BNB	124,521	-	124,521	
Total		1,038,332	334,693	703,639	

In 2017, the controlled companies EDP São Paulo and EDP Espírito Santo had credit available in two lines of credit along with BNDES in relation to the financing of CAPEX executed in the companies in the years of 2016 to 2018. Below is the movement occurred in the accounting year of 2017.



Company	Financial institution	Total amount contracted	Amount not received in 2017	Amount received in 2017
EDP São Paulo	BNDES	399,733	277,733	122,708
EDP Espírito Santo	BNDES	354,078	268,078	86,000

b) Other items not highlighted in the financial statements

The Directors highlight that, in addition to the amounts highlighted above, the Company and its controlled companies have the following items not highlighted in the financial statements:

	12/31/2019	12/31/2018	12/31/2017
Award of Risk - GSF	22,077	20,942	23,810
Maturing interest of loans, financing and debentures	2,380,327	1,659,469	1,490,118

10.7. Comments on the items not highlighted in the financial statements indicated at item 10.6:

a) As such items alter or may alter the incomes, the costs, the operational outcome, the financial costs or other items of the financial statements of the issuer

The Directors highlight that the amounts presented at item 10.6 are future commitments taken with the suppliers, services providers, financial institutions, etc. and, in the occasion of the execution of the service, receipt of the products or goods, or the competency of interests, the said amounts will be registered in the financial statements of the issuer, affecting mainly, the operational costs and expenses and financial costs.

b) Type and purpose of the operation

The Directors highlight that the values presented at item 10.6 reflect, essentially, the agreements and commitments necessary for the normal course of the operational activity of the Company and its controlled company, including those contractual commitments that overcome the final date of the concession.

c) Type and amount of the obligations taken and of the rights generated in favor of the issuer due to the operation

The amounts involved and the types of the operations are highlighted at item 10.6.

10.8. Comments on the main elements of the Company's business plan:

(in millions of Reais, except when indicated)

a) Investments, including:

(i) Quantitative and qualitative description of the investments in progress and the forecast investments

The Directors state that the Company's investments totalized R\$ 2,818.2 in 2019 in the undertakings where the Company holds full control (not considering the corporate interest of the UHEs Santo Antônio do Jari, Cachoeira Caldeirão and São Manoel), and the Distribution corresponded to 23.0%, the Generation to 2.8%, the Transmission to 71.2% and the other business correspond to 3.0%.

In 2018, the Company's investments totalized R\$ 1,132.2 in the undertakings where the Company holds full control (not considering the corporate interest of the UHEs Santo Antônio do Jari, Cachoeira Caldeirão and São Manoel), and the Distribution corresponded to 57.8%, the Generation to 11.0%, the Transmission to 27.9% and the other businesses correspond to 3.3%.

In 2017, the Company's investments totalized R\$ 772.0, in the undertakings where the Company holds full control (not considering the interests of the UHEs Santo Antônio do Jari, Cachoeira Caldeirão and São Manoel), and the Distribution corresponded to 73.6%, the Generation to 19.6%, the Transmission to 4.9% and the other business correspond to 1.9%.

In relation to the values forecast, the Directors maintain the practice to not disclose prediction or future projections of any kind, including the investments projections.

(ii) Sources of investments financing



Our Directors state that the main sources of financing of our investments were and shall continue to be our capacity of cash generation, as well as the obtainment of loans and financing along with financial institutions and public and restrictive issuances of securities.

Among the sources of financing of our investments, our Directors highlight that BNDES is the main financial partner of long-term, as it has adherent features to the Company's standards, but we also have relations with other financial partners who may complement this acting of BNDES.

(iii) Relevant disinvestments in progress and forecast disinvestments

Our Directors state that during the accounting year of 2019, the Company reclassified its investment at Energest S.A., whose corporate interest is 100%, for the line of Non-current Assets kept for sale, whose disposal is expected until the end of 2020.

On September of 2018 there was the conclusion of the sale of the corporate interest of 51% at Costa Rica. On December of 2018, there was the conclusion of the sale of the companies EDP PCH and Santa Fé, generators controlled 100% by the Company.

During the accounting year of 2017, the Company reclassified its investment at Costa Rica Energética Ltda., whose corporate interest is 51% for the line of non-current Assets kept for sale, whose disposal is expected until the end of 2018.

For more information regarding operations already concluded, see item 10.3 of this Reference Form.

10.9. Comments on other factors that may influence in a relevant way, the operational performance and that have not been identified or commented in the other items of this section:

According to the Company's Directors, there is not any other factor that may influence in a relevant way the operational performance of the Company and that have not been identified or commented in the other items of this section '10'.



ANNEX IV

Proposal of Allocation of the Net Profit of the Accounting Year of 2019

Item 9-1-II

(in millions of Reais, except when indicated)

1. Inform the net profit of the accounting year:

Net Profit (in Reais)	Adjusted Net Profit – LLA (in Reais)
R\$ 1,337,856,292.23	R\$ 1,339,330,786.25

2. Inform the global amount and the value per share of the dividends, including the anticipated dividends and the interest over equity, already declared:

Interests over Equity (JSCP) (in Reais)	Value per share (JSCP) (in Reais)
R\$ 236,000,000.00	R\$ 0.390207737
R\$ 205,967,147.89 (*)	R\$ 0.340550740 (*)

(*) Net JSCP of Income Tax Withheld at Source (IRRF)

Dividends (in Reais)	Value per share (in Reais)
R\$ 368,806,050.00	R\$ 0.609792263

3. Inform the percentage of the net profit of the accounting year allocated:

% Net Profit (*)	%LLA
47.59%	47.53%

(*) Net Profit deducted from the constitution of legal reserve

4. Inform the global amount and the value per share of dividends allocated based on the profit of previous accounting years:

The Company did not allocate dividends based on profits of previous accounting years.

5. Inform, deducting the anticipated dividends and the interest on equity already declared:

a) The gross value of the dividend and the interests on equity in a segregate way, per share of each kind and class:

Category	Type of Share	Total gross value (in Reais)	Value per share (in Reais)
Additional dividends	Ordinary (ON)	R\$ 368,806,050.00	R\$ 0.609792263

b) The form and term of payment of dividends and interest on equity:

The form and term of payment shall be discussed in the Ordinary General Meeting to be held on March 31, 2020.

c) Possible incidence of updating and interest on dividends and interest on equity:

There is not any incidence of updating and interest on dividends and interest on equity.

d) Date of the declaration of payment of the dividends and interest on equity considered for the identification of the shareholders who shall have the right to its receipt: The interest on equity discussed by the Board of Directors in a meeting held on December 23, 2019, shall be paid to the shareholders holders of ordinary shares of the Company on the date basis of December 31, 2019, inclusive. The date of identification of the shareholders that shall have the right to receive the dividends shall be defined in the Ordinary General Meeting to held on March 31, 2020.



6. In case of declaration of dividends or interest on equity based on the profits accrued on biannual balances or lower periods:

a) Inform the amount of dividends or interest on equity already declared:

There was not any declaration of dividends or interest on equity based on profits accrued on biannual balances or lower periods.

b) Inform the date of the respective payments:

There was not any declaration of dividends or interest on equity based on profits accrued on biannual balances or lower periods.

7. Provide the comparative table indicating the following values per share of each kind and class:

a) Net profit of the accounting year and the three (03) previous accounting years:

12/31/2019	12/31/2018	12/31/2017	12/31/2016
R\$ 2.21204	R\$ 2.09953	R\$ 1.00939	R\$ 1,,23072

b) Dividend and interest on equity allocated in the three (03) previous accounting years:

Interest on Equity		
12/31/2018	12/31/2017	12/31/2016
R\$ 0.622590075	R\$ 0.119949205	R\$ 0.544406300

Dividends		
12/31/2018	12/31/2016	12/31/2015
R\$ 0.061338999	R\$ 0.485702865	-

8. In case of allocation of profits to the legal reserve:

a) Identify the amount destined to the legal reserve:

Legal reserve (in Reais)
R\$ 66,966,539.31

b) Detail the form of calculation of the legal reserve:

The Legal Reserve is constituted applying 5% of the adjusted net profit until the limit of 20% of the share capital.

9. If the Company has preferential shares with the right to fixed or minimum dividends:

a) Describe the form of calculation of the fixed or minimum dividends:

The Company does not have preferential shares.

b) Inform if the profit of the accounting year is sufficient for the full payment of the fixed or minimum dividends:

The Company does not have preferential shares.

c) Identify if, possible installment not paid, is cumulative:

The Company does not have preferential shares.

d) Identify the global value of the fixed or minimum dividends to be paid to each class of preferential shares:

The Company does not have preferential shares.

e) Identify the fixe or minimum dividends to be paid per preferential share of each class:

The Company does not have preferential shares.



10. In relation to the mandatory dividend:

a) Describe the form of calculation forecast in the bylaws:

The installment correspondent to, at least, twenty-five percent (25%) of the net profit, calculated on the balance obtained with the deductions and increases forecast in the article 202 I, II, e III of the Companies Law, shall be allocated to the shareholder as annual mandatory minimum dividend.

b) Inform if the dividend is being fully paid:

The dividend shall be fully paid.

c) Inform the amount eventually withheld:

There was not any amount withheld.

11. In case of any withholding of the mandatory dividend due to the financial situation of the Company:

a) Inform the amount of withholding:

There was not any amount withheld.

b) Describe, in detail, the financial situation of Company, approaching, inclusive, aspects related to the analysis of liquidity of the working capital and positive cash flows:

There was not any amount withheld.

c) Justify the withholding of dividends:

There was not any dividend withheld.

12. In case of any allocation of outcome to the contingencies reserve:

a) Identify the amount allocated to the reserve:

There was not any allocation of outcome to the contingencies reserve.

b) Identify the loss considered possible and the cause:

There was not any allocation of outcome to the contingencies reserve.

c) Explain why the loss was considered possible:

There was not any allocation of outcome to the contingencies reserve.

d) Justify the constitution of reserve:

There was not any allocation of outcome to the contingencies reserve.

13. In case of allocation of outcome to the unrealized profits reserve:

a) Inform the amount allocated to the unrealized profits reserve:

There was not any allocation of outcome to the unrealized profits reserve.

b) Inform the nature of the unrealized profits that originated the reserve:

There was not any allocation of outcome to the unrealized profits reserve.

14. In case of allocation of outcome to the statutory reserves:

a) Describe the statutory clauses that establish the reserve:

There was not any allocation of outcome to the statutory reserves.

b) Identify the amount allocated to the reserve:

There was not any allocation of outcome to the statutory reserves.

c) Describe how the amount was calculated:

There was not any allocation of outcome to the statutory reserves.

15. In case of withholding of profits forecast in capital budget:

a) Identify the amount of withholding:

Withholding of profits in the amount of R\$ 666,153,460.96.



b) Provide a copy of the capital budget:

Below is the proposal of capital budget:

EDP - Energias do Brasil S.A. plans to invest **R\$ 2,513,419,733.01** in the year of 2020 in the segments of Distribution, Transmission and Hydric and Thermoelectrical Generation, with the purpose to continue its strategy of expansion, highlighting the investments in the segment of Transmission, in addition to the investments related to the activity of distribution of energy in the respective areas of concession to attend the market, special and regulatory projects, in order to contribute with the achievement of the strategic purpose to consolidate its presence in the Brazilian electrical sector, as well as to bring a greater balance to the business portfolio aiming the generation of value for the shareholders.

To enable the budgeted projects for 2020, own and outsourced resources shall be used, as well as those consigned in the Reserve of Profits Withholding. Therefore, with the purpose to continue the investments in progress, as well as to commence projects that meet its strategic purpose, the Company proposes to allocate the value of **R\$ 666,153,460.96** to the Reserve of Profits Withholding, according to the capital budget, whose approval was submitted to the shareholders, in the terms of the article 196 of the Law 6.404/76, as amended.

We present next the summary of the applications and the origins of the Investment Program (capital budget):

INVESTMENT PROGRAM FOR 2020

APPLICATIONS

The investments in electrical energy comprehend applications in projects already in progress of the Company, as well as new projects for the expansion of the installed capacity.

TOTAL	R\$ 2,513,419,733.01
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RESOURCES

Withholding of profits 2019	R\$ 666,153,460.96
Own and/or outsourced resources	R\$ 1,847,266,272.05
TOTAL	R\$ 2,513,419,733.01

16. In case of allocation of outcome to the tax benefits reserve:

a) Inform the amount allocated to the reserve:

There was not any allocation of outcome to the tax benefits reserve.

b) Explain the nature of the allocation:

There was not any allocation of outcome to the tax benefits reserve.

* * *



ANNEX V

Information regarding the Board of Directors

Board of Directors for the accounting years of 2020/2022

According to the terms of article 16 of the Company's Bylaws, the Board of Directors shall be composed by, at least, five (5) and, at most, eleven (11) members, elected by the General Meeting and by it removed at any time, with an unified mandate of two (02) years, with the possibility of reelection.

The proposal is the number of eight (08) members for the composition of the Company's Board of Directors, in a single slate contemplating the reelection of the current members, until the date of the General Meeting that will analyze the accounts of the accounting year to be concluded on December 31, 2021.

According to the Companies Act, the election of the members of the Board of Directors can be made by majority vote, process of multiple vote and/or separate vote. As the several proceedings of voting can impact in the fixing of the number of members of the Board of Directors, for a better understanding of the dynamic of this election, the voting proceedings are detailed as follows:

Majority Voting

In this case, the voting of the candidates can be made individually, considering each one of the candidates solely or by a single slate of candidates, and the management proposes that the election should be taken by a single slate indicated at item 12.5 below. To allow the greater participation of the shareholders, the president of the General Meeting will put into voting the name of the slate indicated by the management and, if it is the case, by the other shareholders of the Company. This way, the shareholders can express their favorable, contrary or abstain vote for the indicated slate. Taking into consideration that the article 129 of the Companies Act forecasts that the resolutions of the General Meeting are taken by the absolute majority of votes, not considering the abstentions, the election of the members of the Board of Directors shall depend on the favorable vote of more than the half of votes valid from the present shareholders expressed in such election.

Multiple Vote

Considering that the share capital of the Company is R\$ 4,682,715,947.12, according to the terms of the CVM Instruction 165, as amended, the Company's Shareholders, representing, at least, 5% of the share capital, can require, in written, the adoption of the proceeding of multiple vote. The Shareholders aiming to require the adoption of the proceeding of multiple vote must make it, in written, to the Company, until 10:00 a.m. from the 2nd day of April of 2018, by means of correspondence delivered in the Company's registered office, located in the city of São Paulo, in attention to the Investors Relations Board.

If validly required the adoption of the proceeding of multiple vote, each share shall receive as many votes as the office to be filled, with the Shareholder being allowed the right to accumulate votes in only one candidate or distribute them among several candidates. In the General Meeting, the table based on the information constant in the 'Presence Book', in compliance with the provisions of article 141, § 1st, *in fine*, of the Companies Act, shall inform the number votes necessary to, in any scenario, elect one (01) member of the Board of Directors in the scope of multiple vote.

Separate Election

In addition to the use of the proceeding of multiple vote, the article 141, § 4th of the Companies Act, ensures the right to require the execution of a separate voting for the election of one (01) member of the Board of Directors and the respective alternate, to the majority of the shareholders holders of, at least, 10% of the total of shares with the right to vote (according to the interpretation of the Collegiate of CVM of article 141, § 5th of the Companies Act, according to the meetings of 08/November/2005 – Process CVM RJ2005/5664 of 11/April/2006), and the other members are elected by multiple voting or majority voting, as the case.

We highlight that in accordance with article 16 of the bylaws and in accordance with the New Market Regulation, at least twenty percent (20%) of the members of the Board of Directors shall be independent members, with the definition of independent member attributed by the New Market Regulation. The member elected upon the exercise of the right of separate election of the minority shareholders forecast in article 141, § 4th, line I, of the Companies Act is also considered an independent member.



Item 12.5

Composition proposed for the Company's Board of Directors for the mandate 2020-2022:

Name	Date of Birth	Profession	CPF Passport	Elective Office Taken	Forecast Date of Election	Date of Taken of Office	Term of the Mandate	Elected by the Controller	Other Positions taken in the Company	Independent Member	Number of Consecutive Mandates
António Luis Guerra Nunes Mexia	07.12.1957	Economist	G542748	President of the Board of Directors	AGOE of April 4, 2018	Until 30 days after the election	Two (02) years	Yes	<ul style="list-style-type: none"> President of the Compensation Committee President of the Sustainability Committee 	No	5
Miguel Nuno Simões Nunes Ferreira Setas	11.12.1970	Engineer	233.022.348-05	Vice-President of the Board of Directors	AGOE of April 4, 2018	Until 30 days after the election	Two (02) years	Yes	<ul style="list-style-type: none"> CEO and Director of Investors Relations Member of the Corporate Governance Committee and Related Parties Member of the Sustainability Committee 	No	6
Miguel Stilwell de Andrade	08.06.1976	Mechanic Engineer	P25582	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	Yes	-	No	1
João Manuel Veríssimo Marques da Cruz	05.23.1961	Manager	M888720	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	Yes	-	No	5
Pedro Sampaio Malan	02.19.1943	Economist	028.897.227-91	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	No	<ul style="list-style-type: none"> Member of the Compensation Committee 	Yes	14
Francisco Carlos Coutinho Pitella	02.09.1953	Civil Engineer	370.030.977-53	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	No	<ul style="list-style-type: none"> President of the Audit Committee Member of the Corporate Governance Committee and Related Parties 	Yes	13
Modesto Souza Barros Carvalhosa	03.15.1932	Attorney	007.192.698-49	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	No	<ul style="list-style-type: none"> President of the Corporate Governance Committee and Related Parties Member of the Audit Committee Member of the Sustainability Committee 	Yes	15
Juliana Rozenbaum Munemori	07.21.1976	Economist	081.606.157-28	Member	AGOE of March 31, 2020	Until 30 days after the election	Two (02) years	No		Yes	1



Resumes

António Luis Guerra Nunes Mexia

Licensed in Economy by the University of Genève (1980), where he was Assistant of the Department of Economy. He was a Professor in the course of Post-Graduation in European Studies in the Catholic University, Regent in the New University and in the Catholic University where he ministered between 1982 and 1995. He was assistant of the Secretary of State of Foreign Trade between 1986 and 1988. Between 1988 and 1990 he was Vice-President of CA of the ICEP – Institute of Foreign Trade. Between 1990 and 1998, he was the Manager of the Investment Bank Espírito Santo and, in 1998, he was nominated President of the CA of Gás de Portugal and Transgás. In 2000, he was part of Galp Energia as Vice-President of the CA and between 2001 and 2004 took the office of CEO of Galp Energia and President of the CA of Petrogal, Gás in Portugal, Transgás and Transgás-Atlântico. In 2004 was nominated Minister of Public Works, Transports and Communications of the XVI Constitutional Government of Portugal. He was also President of the Portuguese Association of Energy - APE (1999-2002), member of the Trilateral Commission (1992-1998), Vice-President of the Portuguese Industrial Association - AIP, President of the General Council of Ambelis, as well as representative of the Portuguese Government along with European Union in the Group of work for the development of trans European nets. On January of 2008 he was nominated member of the General and Supervision Council of the Banco Comercial Português, S.A., and previously was part of the Superior Council and, on February of 2012, he was nominated member of the Board of Directors. He is President and Delegated Member of EDP – Renováveis, President of the Board of Directors of EDP - Energias do Brasil and The Union of the Electricity Industry – EURELECTRIC. He was elected on March 30, 2006 to take the office as President of the Board of Directors of EDP Energias do Portugal (*Controller Shareholder of the Issuer 51%*) from June 30th, 2006, where he remains since then.

Miguel Nuno Simões Nunes Ferreira Setas

In Brazil, since 2008, Miguel Setas has taken, on January of 2014, the Presidency of EDP Energias do Brasil. Between 2010 and 2013, he was Vice-President, responsible for the Distribution business (CEO of the companies EDP Bandeirante and EDP Escelsa – *Integral Subsidiaries of the Issuer*) and previously, for 2 years, the Vice-President responsible for New Businesses, Trading and Renewable. He joined the EDP Group (Portugal) in 2006, as Head of Office of the President of the Board of Directors of EDP Energias do Portugal (*Controller Shareholder of the Issuer 51%*). He was member of the Management of EDP Inovação (where he remains), of Portgás and the EDP Foundation. He graduated in Physic Engineering in the Technical Superior Institute, in Lisbon, where he also did the MA in Electrotechnical and Computers Engineering. In 1996, he did MBA in the New University of Lisbon. He entered the Energy sector in 1998, as Corporate Director of GDP - Gás de Portugal. Since then, he kept himself linked to the energy sector, being the Manager of Setgás, between 1999 and 2001, and Executive Manager of LisboaGás, between 2000 and 2001. Until 2004, he was the Director of Strategic Marketing of the Galp Energia Group. Between 2004 and 2006 he was the Manager of CP - Comboios de Portugal. In this period, he presided the Executive Commission of CP Lisbon. He began his professional life in 1995, as Consultant at McKinsey & Company, where he developed activities in sectors as diverse as Energy, Stall, Insurance, Distribution and Industry. On April 21st, 2015, he was elected to take the office as member of the Board of Directors of EDP Energias do Portugal. Currently, he is member of the Board of Directors of companies controlled by EDP Energias do Brasil, as President of the Board of Directors, Bandeirante Energia S.A, Espírito Santo Centrais Elétricas S.A. – ESCELSA, Investco S.A. and Lajeado Energia S.A., since 2014 and Director Vice-President of the institute Energias do Brasil since 2009.

Miguel Stilwell de Andrade

He has concluded a MA in Engineering with Distinction in Mechanic Engineering by the University of Strathclyde (Glasgow, Scotland) and a MBA by MIT Sloan (Boston, USA). He began his career in the UBS Investment Bank, in London, United Kingdom, where he worked, mainly, in the area of mergers and acquisitions in several projects in European countries, including Portugal, and also Japan, Thailand and Brazil. He lived successively in Scotland, Italy, England, Portugal and USA between 1994 and 2003. He was part of EDP in 2000 in the area of Corporate Strategy and Development / M & A of EDP Energias do Portugal (*Controller Shareholder of the Issuer 51%*) ('EDP') taken the office of Director responsible for the area, from 2005 to 2009. In this area he directed and coordinated the operations of acquisitions and disinvestments of EDP and several operations of the capital market. Among the main operations is the acquisition of several companies of renewables that originated EDP Renováveis, the acquisition of Hidrocantábrico, several stages of the reprivatization of EDP, the increase of EDP's share capital in 2004, the OPV of EDP Energias do Brasil in 2005 and the OPV of EDP Renováveis in 2008. He was a member of the Board of Directors of EDP Distribuição Energia, from January of 2009 to February of 2012, as well as Manager of EDP Inovação, EDP Ventures, EDP Gás Distribuição and President of InovGrid ACE. In 2012, he was nominated President of EDP Comercial, as well as Delegated Member and Vice-President of the Hidroelétrica del Cantábrico and Naturgas Energia. In 2014, he was assigned President of EDP Soluções Comerciais and in 2015, he was nominated member of the Council of the Hispanic Portuguese Chamber of Trade, in Spain. He was elected member of the Board of Directors of EDP on February of 2012.

João Manuel Veríssimo Marques da Cruz



Licensed in Management by the Superior Institute of Economy of the Technical University of Lisbon (1984), MBA of Management in the Technical University of Lisbon (1989) and Post-graduation in Marketing and Management of Air Lines by IATA – International Air Travel Association and Bath University – UK (1992). Between 1984 and 1999, he took several offices at TAP Air Portugal, and was nominated General Director. Between 1997 and 1999, he took the office of Manager at TAPGER. Between 2000 and 2002, he was the Manager of EMEF and in other Companies of the CP group. From December of 2002 to February of 2005, he took the office as President of the Executive Commission of Air Luxor. Between 2005 and 2007, he was President of the Institute of Foreign Trade – ICEP of Portugal. He was a member of the Board of Directors of EDP International between 2007 and 2012, and in 2009 he was nominated President of the Board of Directors of the Company of Electricity of Macau – CEM. He was elected member of the Board of Directors of EDP Renováveis on May of 2012, President of the Sino-Chinese Chamber of Trade on April of 2012 and President of EDP International on September of 2014. He was elected member of the Board of Directors of EDP Energias de Portugal (*Controller Shareholder of the Issuer 51%*) on February 20, 2012 and reelected on April 21, 2015. He is a member of the Board of Directors of EDP – Energias do Brasil since April of 2015.

Pedro Sampaio Malan

President of the International Advisory Council of Itaú Unibanco; Member of the Advisory Councils of ALCOA – Latin America and BUNGE – Brazil. Member of the Board of Directors of the following companies: EDP – Energias do Brasil; Souza Cruz; Mills Engenharia. Member of the Trustee Council of IFRS Foundation; Director of Thomson Reuters Founders Share Company and member of Temasek International Panel. Professor of the Department of Economy of PUC Rio de Janeiro. He was President of the Board of Directors of Unibanco; Minister of Treasury; President of the Central Bank of Brazil; Special Consultant and Head Negotiator for Matters of External Debt – Ministry of Treasury; Executive Director of the Banco Mundial; Executive Director of the Interamerican Bank of Development; Director of the Center of Transnational Companies of the United Nations Organizations – ONU; Director of the Department of International Economy and Social Matters of ONU. He is graduated in Engineering by Pontifícia Universidade Católica in Rio de Janeiro; PhD in Economy by the University of Berkeley, California. He is the author of dozens of articles and essays on economy published in specialized magazines and books, in Brazil and abroad.

Modesto Souza Barros Carvalhosa

Author of several books and articles in specialized magazines. Lecturer and speaker in academic seminars and professional meetings. He is enrolled in the Order of Attorneys of Brazil – OAB, Sections São Paulo and Rio de Janeiro. President of the Court of Ethics of OAB, Section São Paulo – OAB/SP – 1991/1994. Member of the International Faculty for Corporate and Capital Market Law and Securities Regulation – Philadelphia, USA – 1975/1985. Tenure Professor of Commercial Law at the Law School of the University of São Paulo – USP – 1971/1985. Legal Advisor of the Stock Market of São Paulo – BOVESPA – 1965/1975. Full Professor in Commercial Law at the Law School of the University of São Paulo – USP – 1972. PhD in Law by the University of São Paulo – USP – 1966, Law Graduate by the University of São Paulo – USP – 1957. Member of the Board of Directors of Companhia Melhoramentos de São Paulo.

Francisco Carlos Coutinho Pitella

Director of Investors Relations of GTD Participações S.A., company with investments at EDP – Energias do Brasil S.A. President of the Investment Committee of Energia PCH Investment Fund in Corporate Interests. President of the Board of Directors and General Director of Juruena Participações e Investimentos S.A., company with investments at PCHs in the state of Mato Grosso. Represents the trading companies Marc Rich Investment AG, Stratton Metals Ltd and Trafigura AG in the import and export of ore and metal. He was a member of the Board of Directors and Supervisory Board of Escelsa and Enersul (Subsidiaries of the Issuer). He was a Director of Vale Do Rio Doce Alumínio S.A., member of the Board of Directors of the companies Valesul Alumínio S.A. and Mineração Rio Do Norte S.A. and the Advisory Councils of ALBRAS – Alumínio Brasileiro S.A. and ALUNORTE – Alumina Do Norte Do Brasil S.A. He was the General Director for South America of the trading companies Aioc Corporation and Marc Rich Investment AG. Civil Engineer graduated by the National School of Engineering of the Federal University of Rio de Janeiro - UFRJ.

Juliana Rozenbaum Munemori

Juliana has 13 years of experience in Sell Side Equity Research, with primary focus in companies of the sector of consumption and retail. Since July of 2013, she is a member of the Board of Directors of Arezzo&Co and Coordinator of the Strategy Committee. Since June of 2016, she is an independent full member of the Board of Directors of Duratex S.A, in addition to the Audit and Risks Management Committee and Evaluation of Transactions with Related Parties Committee. At Lojas Renner S.A., she is an independent member of the Board of Directors since April of 2017, in addition to the Audit and Risks Management Committee. She was part of some financial institutions between 2000 and May of 2013, but primarily at Itaú BBA. Between 2013 and 2017, she acted as consultant in projects of consumption and retail of the Investment Banking of Itaú BBA. She is also a member of the Advisory Council of Uatt, company of Entrepreneurs Endeavor, organization where she is an active mentor. Previously, she acted as economist in the Buy Side of institutions as JGP, Pactual and Icatu. Throughout the years, she was awarded several times by the Institutional Investor for her cover of the sectors of



retail and consumption goods. She is graduated in Economy by the Pontifícia Universidade Católica - PUC Rio de Janeiro and holds the appointment CFA.

Criteria used by the issuer to ascertain the independency

Letter (k) of item 12.5 of IN/CVM 480

The Issuer informs that to ascertain the independency of the Member, uses the criteria express in the Listing Regulation of the New Market.

The independent members indicated in this proposal present to the Company, their own signed declaration, attesting their framework in relation to the criteria of independency established in the New Market Regulation, attesting each one individually, that:

- (i) He/she is not a direct or indirect controller shareholder of the Company;*
- (ii) He/she does not have the exercise of voting in the meetings of the Board of Directors of EDP linked by shareholders agreement, that has as purpose, matters related to the Company;*
- (iii) He/she is not spouse, partner or relative, in direct or collateral line, until second degree, of the controller shareholder, the Company's manager or the manager of the controller shareholder;*
- (iv) He/she was not, in the past three years, an employee or director of the Company or its controller shareholder;*
- (v) He/she does not have any relation until second degree with the controller shareholder, the Company's manager or the manager of the controller shareholder;*
- (vi) He/she was not, in the past three years, an employee or director of corporations colligated, controlled or under common control of the Company;*
- (vii) He/she did not have commercial relations with the Company, its controller shareholder or corporations colligated, controlled or under common control;*
- (viii) He/she does not hold an office in a corporation or entity that has commercial relations with the Company or with its controller shareholder that has decisive power in the conduct of the activities of said corporation or entity; and*
- (ix) He/she does not receive another compensation from the Company, its controller shareholder, corporations colligated, controlled or under common control, besides the one related to the acting as member of the Board of Directors or the Company's Committees, its controller shareholder, its corporations colligated, controlled or under common control.*

In addition, the independent member indicated, Prof. Modesto de Souza Barros Carvalhosa, has stated in the mentioned letter, grounds that do not remove his independency in function of the specific commercial relationship with Enerprev – Complementary Pension of the Group Energias do Brasil ('Enerprev') multi sponsored, that manages benefits plans of security nature of the Company's employees.

This is regarding the sponsorship by the legal office, where is a partner, in relation to a collective arbitration proceeding filed in the Arbitration Chamber of the Market – CAM along with Petróleo Brasileiro S.A. – Petrobrás for compensation for losses caused by the scandal of corruption, purpose of the investigation called 'Operação Lava Jato', conducted by the Federal Police of Brazil, where, among the countless applicants, are several close-ended pension fund entities, traditional investors of Petrobrás, including Enerprev.

Description of any of the following events that may have occurred during the last 5 years

Letter (n) of item 12.5 of IN/CVM 480

All the members indicated for the office of Member of the Board of Directors at item 12.5 declare, for all the means of the law, that in the last five (05) years there was not any criminal conviction and/or final sentence in administrative proceeding of CVM, as well as, there is not any acknowledge of any sentence with final decision in the judicial and administrative spheres, that may have suspended or disabled any Member for the practice of professional or commercial activity.

12.6. In relation to each one of the persons that acted as member of the Board of Directors or the supervisory board in the last accounting year, to inform, in a table format, the percentage of participation in the meetings held by the respective body in the same period, that occurred after the taking of office.



Member	Item 12.6. Percentage of participation in the Meetings of the Board of Directors held in the last accounting year after the taking of office
Antonio Luis Guerra Mexia	91%
Miguel Nuno Simões Nunes Ferreira Setas	100%
Miguel Stilwell de Andrade	100%
João Manuel Veríssimo Marques da Cruz	91%
Pedro Sampaio Malan	82%
Francisco Carlos Coutinho Pitella	100%
Modesto Souza Barros Carvalhosa	100%
Juliana Rozenbaum Munemori	91%

12.7. Provide the information mentioned at item 12.5 in relation to the members of statutory committees, as well as the audit, risk, financial and compensation committees, even if such committees or structures are not statutory.

The members of the advisory committees to the Board of Directors, not statutory, are all Members the Company's Board of Directors and their respective information can be found at item 12.5 above.

12.8. In relation to each one of the persons that have acted as member of the statutory committees, as well as the audit, risk, financial and compensation committees, even if such committees and structures are not statutory, to inform, in a table format, the percentage of participation in the meetings held by the respective body in the same period, that occurred after the taking of office.

Member	Item 12.8. Percentage of participation in the Meetings of Committees held in the last accounting year after the taking of office
Antonio Luis Guerra Mexia	100%
Miguel Nuno Simões Nunes Ferreira Setas	100%
Miguel Stilwell de Andrade	60%
Pedro Sampaio Malan	100%
Francisco Carlos Coutinho Pitella	100%
Modesto Souza Barros Carvalhosa	100%
Juliana Rozenbaum Munemori	100%

12.9. Inform the existence of marital relationship, common-law marriage or relation until second degree between:

For the purposes of item 12.9 of the 'Reference Form' (IN CVM 480/2009) there is not any marital relationship, common-law marriage or relation, relation of subordination, provision of services or control in the terms of said item 12.9.

12.10. Inform on relations of subordination, provision of services or control maintained, in the last 3 accounting years, between the managers of the issuer and:

For the purposes of item 12.10 of the 'Reference Form' (IN CVM 480/2009), there is not any relation of subordination, provision of services or control in the terms of said item 12.10.



ANEXO VI

Information regarding the Compensation of the Managers

Item 13 – Reference Form

CVM Instruction 480/2009

13.1 Policy or practice of compensation of the Board of Directors, Statutory and Non-Statutory Boards, Supervisory Board, Statutory and Audit, risk, financial and compensation Committees

a. Purposes of the policy or practice of compensation

The policy of compensation has the purpose to ensure the attraction and withholding of professionals highly qualified and encourage the reaching of the purposes and the overcoming of goals, aiming the aggregation of value to the Company. All process is supported by constant research of the market, qualitative and quantitative, conducted, currently, by a specialized company with international name.

The Company has a policy of compensation of its Directors. The mentioned policy is not available for access to third-parties or other employees and can be found in a restrict area of Human Resources.

b. Composition of compensation, indicating:

(i) the description of the compensation elements and the purposes of each one of them

Board of Directors

- Fixed Compensation
 - Salary or Pro-labore: Fee paid on monthly basis, calculated according to the seniority and complexity of the office and according to the best practices of the market. The salary's purpose, or pro-labore, is to remunerate the member for the services rendered.
 - Direct or Indirect benefits: Does not apply.
 - Compensation for participation in committees: Fee paid on monthly basis, calculated according to the seniority and complexity of the office and according to the best practices of the market. The purpose of the compensation for participation in committees is to compensate the member for the performance of an additional activity – the participation in the committee – to the activities naturally related to a member of the Board of Directors.
 - Other: In relation to the members of the Board of Directors receiving compensation, the values legally forecast on the fixed compensation are collected for the National Institute of Social Security [INSS].
- Variable compensation (does not apply).

Advisory Committees (Committees of: Audit, Compensation, Sustainability, Corporate Governance and Related Parties, Inclusion and Diversity)

- Fixed Compensation
 - Salary or Pro-labore: Does not apply.
 - Direct or Indirect Benefits: Does not apply.
 - Compensation for participation in committees: Applicable to the independent members of the Audit Committee. Fee paid on monthly basis, calculated according to the best practices of the market. The purpose of the compensation



for the participation in committees is to compensate the member for the performance of his/her activities.

- Other: The values legally forecast on the compensation received for the participation in the respective committees are collected for INSS.
- Variable Compensation
 - Bonus: Does not apply.
 - Participation in the Outcomes: Does not apply.
 - Compensation for participation in meetings: Applicable to the independent members of the Committees of Compensation, Sustainability, Corporate Governance and Related Parties and Inclusion and Diversity. Fee paid by meeting, calculated according to the best practices of the market. The purpose of the compensation for participation in committees is to compensate the member for the performance of his/her activities.
 - Commissions: does not apply.

Supervisory Board (when installed)

- Fixed Compensation
 - Salary or Pro-labore: Fee paid on monthly basis, calculated according to the Companies Law, in other words, 10% of the average of the Board's compensation. The purpose of the salary, or pro-labore, is to remunerate the member for the services rendered.
 - Direct or Indirect benefits: does not apply.
 - Other: The values legally forecast on the fixed compensation are collected for INSS.
- Variable compensation: does not apply.

Statutory Board

- Fixed Compensation
 - Salary or Pro-labore: Represents the fixed compensation, paid on monthly basis, calculated according to the seniority and complexity of said office and according to the best practices of the market. The purpose of the salary, or pro-labore, is to remunerate the director for the services rendered.
 - Direct or indirect benefits: Represents the benefits, medical and dental assistance, subsidy for medicines, food tickets and meal voucher, life insurance and private pension. The purpose of the direct and indirect benefits is to complement the compensation of the directors and is also paid as a compensation for the services rendered.
 - Compensation for participation in committees: does not apply.
 - Other: the values legally forecast on the fixed compensation are collected for INSS.
- Variable compensation
 - Bonus: Represents the variable compensation of short-term, as a way to compensate the reach or overcome of the Company's purposes. The purpose of the variable compensation is to stimulate the productivity of the directors and serve as an additional compensation for the compliance with the established goals and satisfactory performance of their duties.
 - Participation in the Outcomes: does not apply.
 - Compensation for participation in meetings: does not apply.
 - Commissions: does not apply.
 - Other: the values legally forecast on the variable compensation are collected for INSS.



Non-Statutory Board

- Fixed Compensation
 - Salary or Pro-labore: Represents the fixed compensation, paid on monthly basis, according to the seniority and complexity of the office and according to the best practices of the market. The purpose of the salary, or pro-labore, is to remunerate the director for the services rendered.
 - Direct or indirect benefits: Represents the benefits, medical and dental assistance, subsidy for medicines, food tickets and meal voucher, life insurance and private pension. The purpose of the direct and indirect benefits is to complement the fixed compensation of the directors and is also paid as a compensation for the services rendered.
 - Compensation for participation in committees: does not apply.
 - Other: the values legally forecast on the fixed compensation are collected for INSS.
- Variable compensation
 - Bonus: represents the variable compensation of short-term, as a way to compensate the reach or overcome of the Company's purposes. The purpose of the variable compensation is to stimulate the productivity of the directors and serve as an additional compensation for the compliance with the established goals and satisfactory performance of their duties.
 - Participation in the Outcomes: represents the variable compensation of short-term as a way to compensate the reach or overcome of the Company's purposes, paid by means of a Program of Participation in the Profits and Outcomes. The purpose of the variable compensation is to stimulate the productivity of the directors and serve as an additional compensation for the compliance with the established goals and satisfactory performance of their duties.
 - Compensation for participation in meetings: does not apply.
 - Commissions: does not apply.
 - Other: For the Bonus, the values legally forecast are collected for INSS. For the PLR any burden is not collected, as the variable compensation is paid according to the Law 10.101/2000 that provides on the PLR, and according to the 3rd article, does not constitute basis for incidence of any labor burden.

(ii) in relation to the last three accounting years, which is the proportion of each element in the total compensation

	2019	2018	2017	2016
Board of Directors				
Fixed Compensation	100.0%	100.0%	100.0%	100.0%
Salary or Pro-labore	82.2%	82.8%	67.2%	80.6%
Compensation for participation in committees	0.0%	0.0%	0.0%	3.3%
Direct or Indirect benefits	0.0%	0.0%	0.0%	0.0%
Social burdens	17.8%	17.2%	32.8%	16.1%
Variable Compensation	0.0%	0.0%	0.0%	0.0%
Bonus	0.0%	0.0%	0.0%	0.0%
Direct or Indirect Benefits	0.0%	0.0%	0.0%	0.0%
Supervisory Committee				
Fixed Compensation	93.1%	63.2%	88.1%	69.0%
Compensation for Participation in Committees	93.1%	63.2%	88.1%	69.0%
Variable Compensation	6.9%	36.8%	11.9%	31.0%



Compensation for participation in meetings	6.9%	36.8%	11.9%	31.0%
Supervisory Board				
Fixed Compensation	100.0%	100.0%	n/a	n/a
Salary or Pro-labore	83.3%	83.3%	n/a	n/a
Social Burdens	16.7%	16.7%	n/a	n/a
Non-Statutory Board				
Fixed Compensation	81.8%	81.0%	80.2%	75.8%
Salary or Pro-labore	59.9%	55.9%	53.3%	49.5%
Direct or Indirect Benefits	8.2%	5.4%	8.0%	7.9%
Social Burdens	13.7%	19.7%	18.9%	18.4%
Variable Compensation	18.2%	19.0%	19.8%	24.2%
PLR	18.2%	19.0%	19.8%	24.2%
Statutory Board				
Fixed Compensation	78.9%	78.1%	72.9%	78.0%
Salary or Pro-labore	54.7%	53.9%	57.0%	59.9%
Direct or Indirect Benefits	4.1%	5.2%	5.0%	3.4%
Social Burdens	20.1%	19.0%	10.9%	14.7%
Variable Compensation	21.1%	21.9%	27.1%	22.0%
Bonus	21.1%	21.9%	22.0%	20.6%
Social Burdens	0.0%	0.0%	5.1%	1.4%

(iii) methodology of calculation and adjustment of each one of the compensation elements

The policy of compensation of the Company is analyzed by means of comparison with the values paid in the market, with the purpose to maintain the proper level of competitiveness. The researches on salary are made by means of the methodology of the consulting Hay Group (Korn Ferry), which classifies the office by points according to three elements: know-how, mental process and liability for outcomes. The measurement of these three factors results in the office's weight. Such methodology allows to measure the importance and complexity related to the expected results of the office. This comparison is made annually and the Board of the Company analysis it and discuss the actions of movements related to this compensation analysis.

We present below, the details in relation to the Board of Directors, Advisory Committee, Statutory and Non-Statutory Boards.

Board of Directors: The methodology for the definition of the Compensation is based on the analysis of the levels of Compensation and the best practices of the market, where the Compensation Board analysis the information and approves the proposals.

Advisory Committees: The methodology for the definition of the Compensation is defined by the Compensation Committee, where it is stipulated a value to be paid to each member in relation to the number of meetings the member shall be part of over the year.

Supervisory Board: The methodology for the definition of the Compensation is based on 10% of the average salary or pro-labore of the members of the statutory board.

Statutory and Non-statutory boards: The methodology for the definition of the Compensation is based on the analysis of the levels of Compensation and the best practices of the market, where the Compensation Board analysis the information and approves the proposals. For the fixed compensation, a salary table with minimal, average and maximum reference is set, in such way to be competitive with our market of reference. For the variable compensation, after the analysis of the market data, we define the target value of bonus/PLR for each one of the levels of hierarchy.

(iv) reasons that justify the composition of compensation



In the case of the fixed compensation, the purpose is to ensure the competitiveness and attractiveness of the Company, aiming to increase its value.

The purposes of the variable compensation are: creation of bonds between the performance and the reward and sharing of the Company's outcomes. The methodology is totally connected to the performance of the business and of the employee, in other words, as much as the employee is committed with his/her direct and indirect results, the performance of the Company shall be better, consequently, shall be the financial reward.

To verify the form of ascertainment of the compliance with goals and the methodology of calculation of the variable compensation, please, see items 13.1 (c) and 13.1 (d).

(v) the existence of non-remunerated members by the issuer and the reason for that

There is not any compensation for the members of the Board of Directors indicated by the controller shareholder, EDP - Energias de Portugal, as the mentioned compensation is already borne by the mentioned controller, and the Vice-president of the Board of Directors is remunerated by the office of CEO and Director of Investors Relations of the Company.

c. Main metrics of performance that are taken into consideration in the setting of each element of the compensation

In the setting of the compensation, the performance of the business in relation to the fixed purposes are taken into consideration, relatively to: (i) profitability; (ii) satisfaction of the clients, shareholders and employees; (iii) Company's image; and (iv) social liability.

Below are the KPIs ('Key Performance Indicator') of EDP – Energias do Brasil Group for the ascertainment of the calculation of the Variable Compensation:

- **EBITDA**, understood as the metric that measures the potential of cash generation of the business, obtained by the profit, prior to interests, taxes, depreciation and amortization;
- **Operational costs**, understood as the metric that measures the costs with operational expenses (OPEX, personal, material, services, others);
- **Net Outcome**, understood as the Company's profit;
- **CAPEX**, understood as the rate that measures the investments in the companies;
- **ISE**, understood as the Rate of Corporate Sustainability;
- **Quotation ENBR vs Ibovespa vs IEE**, understood as the comparison of the Evolution of the quotation of the share ENBR3 at Bovespa in relation to the Bovespa Rate and the Rate of the electric energy companies; and
- **Operational Cash Flow** understood as the metric that measures the operational cash flow.

d. Structure of compensation to reflect the evolution of the performance metrics

The fixed compensation of the management does not suffer an impact according to the evolution of the performance metrics. Therefore, the evolution of such metrics does not increase the salary, pro-labore, direct and indirect benefits, and neither the compensation for participation in committees.

As for the bonus and participation in the outcomes, which are part of the variable compensation of the statutory and non-statutory boards, the payment of those is directly connected to the compliance, by the Company, with the goals established by the Board of Directors. As they are complied with, the goals connected to the performance metrics, installments of the Company's outcome are directed to the payment of the variable compensation. As greater the evolution of the



performance metrics is, greater is the portion of the Company's outcome that shall be allocated for the payment of the variable compensations of the directors.

Based on individual evaluations of the directors, made by the Compensation Committee, and pre-established technical parameters, the division and payment of the variable compensation is made.

e. Relation between the policy and practice of compensation and the Company's interests of short-, medium- and long-term

The policy of compensation used, based on the fixed component and on other variable, aims to align the activity of our employees with the Company's purposes, as for example, the increase of its market value and sustainability. The fixed component intends to turn attractive the adherence and maintenance of qualified professionals, while the variable component, as it is established based on performance metrics aligned to the Company's purposes, encourages the individual overcome to enable the Company to meet the goals set by its management.

We highlight that the value of the variable compensation is directly connected to the Individual Result [RI], which is ascertained by means of the compliance, by the employee, with strategic goals, set by the Company's management to meet the purposes of growth of short- and medium-term. Then, we understand that as greater the Individual Outcome of the employee is, the greater shall be his/her contribution for the compliance with the purposes and interests of the Company, consequently, the greater shall be his/her variable compensation.

f. Compensation borne by subsidiaries, controlled companies or direct or indirect controllers

In relation to the Non-Statutory Board or the Advisory Committees, there is not any compensation, both fixed and variable, borne by the subsidiaries, controlled companies or direct or indirect controllers.

As for the Executive and Statutory Boards, there are members that receive part of their compensation from the controller shareholder or from subsidiaries companies of the Company (as detailed at item 13.15 of this Reference Form).

We identify, in the table below, the components of compensation that are borne partly by the Company and partly by its subsidiaries:

	Company	Controller	EDP São Paulo	EDP Espírito Santo	EDP Comercializadora	Energest	EDP Grid
Fixed Compensation							
Salary or Pro-labore	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Direct or Indirect benefits	Yes	No	No	No	No	No	No
Compensation for participation in committees	Yes	No	No	No	No	No	No
Others	Yes	No	No	No	No	No	No
Variable Compensation							
Bonus	Yes	Yes	Yes	Yes	Yes	Yes	No
Participation in the outcome	No	No	No	No	No	No	No
Compensation for participation in meetings	No	No	No	No	No	No	No
Commissions	No	No	No	No	No	No	No
Others	No	No	No	No	No	No	No

g. Compensations or benefits linked to the occurrence of corporate events.



There are not any compensations or benefits linked to the occurrence of corporate events.

h. Practices and procedures adopted by the Board of Directors to define the individual compensation of the Board of Directors and the Board, indicating:

(i) the bodies and committees of the issuer that are part of the decision process, identifying in which way they are part of it:

The Compensation Committee analysis the practices of the market (with the purpose to ensure the attraction and withholding of professionals highly qualified and encourage the reach of the purposes and the overcome of goals, aiming the aggregation of value to the Company), issuing a report regarding the best practice to be follow. Subsequently, the Board of Directors, jointly with the Compensation Committee, approve the individual compensation of each member.

(ii) criteria and methodology used to fix the individual compensation, indicating if there is the use of studies to verify the practices of the market, and in positive case, the criteria of comparison and the reach of these studies:

The considerations regarding the criteria and methodology used are described at item 'b', subitem 'iii', of this document.

(iii) the frequency and form that the Board of Directors evaluates the adequacy of the policy of compensation of the issuer:

Annually, the Board of Directors evaluates the adequacy of the policy of compensation.

13.2 Compensation of the Board of Directors, Supervisory Board and Company's Board, acknowledged in the outcome of the last 3 accounting years and forecast for the accounting year of 2020

Total compensation forecast for the current Accounting Year 12/31/2020 – Annual Values				
	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	8	5	3	16
Total number of remunerated members	4	5	3	12
Annual fixed compensation	1,572,000	4,830,450	228,000	6,630,450
Salary or pro-labore	1,310,000	3,506,916	190,000	5,006,916
Direct and indirect benefits		178,412		178,412
Participation in committees				0
Others	262,000	1,145,122	38,000	1,445,122
Description of other fixed compensation	Refers to social burdens	Refers to social burdens	Refers to social burdens	
Variable Compensation	0	2,032,128	0	2,032,128
Bonus		1,587,600		1,587,600
Participation in the outcome				0
Participation in meetings				0
Commissions				0
Others		444,528		444,528
Description of other variable compensations		Refers to social burdens		0
Post-employment		101,400		101,400
Termination of office				0
Based on shares, including options		906,022		906,022
Note				0
Total of Compensation	1,572,000	7,870,000	228,000	9,670,000
Total compensation of the Accounting Year 12/31/2019 – Annual Values				
	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	8	5	3	16
Total number of remunerated members	4	5	3	12
Annual fixed compensation	1,284,000	4,752,957	215,503	6,252,460
Salary or pro-labore	1,056,000	3,363,267	179,586	4,598,853
Direct and indirect benefits		151,648		151,648



Participation in committees				0
Others	228,000	1,238,042	35,917	1,501,959
Description of other fixed compensation	Refers to social burdens	Refers to social burdens	Refers to social burdens	
Variable Compensation	0	1,295,000	0	1,295,000
Bonus		1,295,000		1,295,000
Participation in the outcome				0
Participation in meetings				0
Commissions				0
Others		0		0
Description of other variable compensations				0
Post-employment		103,135		103,135
Termination of office				0
Based on shares, including options		0		0
Note				0
Total of Compensation	1,284,000	6,151,092	215,503	7,650,595

Total compensation of the Accounting Year 12/31/2018 – Annual Values				
	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	7.75	5	2.25	15
Total number of remunerated members	3.75	5	2.25	11
Annual fixed compensation	1,164,420	4,514,788	151,035	5,830,243
Salary or pro-labore	964,350	3,185,000	125,863	4,275,213
Direct and indirect benefits		210,743		210,743
Participation in committees				0
Others	200,070	1,119,045	25,172	1,344,287
Description of other fixed compensation	Refers to social burdens	Refers to social burdens	Refers to social burdens	0
Variable Compensation	0	1,295,000	0	1,295,000
Bonus		1,295,000		1,295,000
Participation in the outcome				0
Participation in meetings				0
Commissions				0
Others				0
Description of other variable compensations				0
Post-employment		94,140		94,140
Termination of office				0
Based on shares, including options				0
Note				0
Total of Compensation	1,164,420	5,903,928	151,035	7,219,383

Total compensation of the Accounting Year 12/31/2017 – Annual Values				
	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	7	5		12
Total number of remunerated members	3	5		8
Annual fixed compensation	1,191,333	3,844,660	0	5,035,993
Salary or pro-labore	800,000	3,083,000		3,883,000
Direct and indirect benefits		173,613		173,613
Participation in committees				0
Others	391,333	588,047		979,380
Description of other fixed compensation				0
Variable Compensation	0	1,468,900	0	1,468,900
Bonus		1,192,500		1,192,500
Participation in the outcome				0
Participation in meetings				0
Commissions				0
Others		276,400		276,400
Description of other variable compensations				0
Post-employment		96,100		96,100
Termination of office				0
Based on shares, including options				0
Note				0
Total of Compensation	1,191,333	5,409,660	0	6,600,993



13.3 Variable compensation of the Board of Directors, the Company's Board and the Supervisory Board in the last three accounting years of the Company and the forecast compensation for the accounting year of 2020.

Variable Compensation forecast for the current accounting year – 2020 (R\$)

	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	8.00	5.00	3.00	16.00
Total number of remunerated members	4.00	5.00	3.00	12.00
Bonus				
Minimum value forecast in the Compensation Plan	n/a	793,800	n/a	793,800
Maximum value forecast in the Compensation Plan	n/a	2,698,920	n/a	2,698,920
Value forecast in the Compensation Plan, if the goals are met	n/a	1,587,600	n/a	1,587,600
Participation in the outcome				
Minimum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Maximum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Value forecast in the Compensation Plan, if the goals are met	n/a	n/a	n/a	n/a

Variable Compensation – accounting year closed on December 31, 2019 (R\$)

	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	8.00	5.00	3.00	16.00
Total number of remunerated members	4.00	5.00	3.00	12.00
Bonus				
Minimum value forecast in the Compensation Plan	n/a	783,000	n/a	783,000
Maximum value forecast in the Compensation Plan	n/a	2,662,200	n/a	2,662,200
Value forecast in the Compensation Plan, if the goals are met	n/a	1,566,000	n/a	1,566,000
Value effectively acknowledged in the outcome of the accounting year	n/a	1,295,000	n/a	1,295,000
Participation in the outcome				
Minimum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Maximum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Value forecast in the Compensation Plan, if the goals are met	n/a	n/a	n/a	n/a

Variable Compensation – accounting year closed on December 31, 2018 (R\$)

	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	7.75	5.00	2.25	15.00
Total number of remunerated members	3.75	5.00	2.25	11.00
Bonus				



Minimum value forecast in the Compensation Plan	n/a	750,000	n/a	750,000
Maximum value forecast in the Compensation Plan	n/a	2,550,000	n/a	2,550,000
Value forecast in the Compensation Plan, if the goals are met	n/a	1,500,000	n/a	1,500,000
Value effectively acknowledged in the outcome of the accounting year	n/a	1,295,000	n/a	1,295,000
Participation in the outcome				
Minimum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Maximum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Value forecast in the Compensation Plan, if the goals are met	n/a	n/a	n/a	n/a

Variable Compensation – accounting year closed on December 31, 2017 (R\$)

	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	7.00	5.00	n/a	12.00
Total number of remunerated members	0.00	5.00	n/a	5.00
Bonus				
Minimum value forecast in the Compensation Plan	n/a	850,000	n/a	850,000
Maximum value forecast in the Compensation Plan	n/a	2,550,000	n/a	2,550,000
Value forecast in the Compensation Plan, if the goals are met	n/a	1,700,000	n/a	1,700,000
Value effectively acknowledged in the outcome of the accounting year	n/a	1,192,500	n/a	1,192,500
Participation in the outcome				
Minimum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Maximum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Value forecast in the Compensation Plan, if the goals are met	n/a	n/a	n/a	n/a



Variable Compensation – accounting year closed on December 31, 2016 (R\$)

	Board of Directors	Statutory Board	Supervisory Board	Total
Total number of members	8.00	5.00	n/a	13.00
Total number of remunerated members	0.00	5.00	n/a	5.00
Bonus				
Minimum value forecast in the Compensation Plan	0	0	n/a	0
Maximum value forecast in the Compensation Plan	0	3,071,531	n/a	3,071,531
Value forecast in the Compensation Plan, if the goals are met	0	2,047,687	n/a	2,047,687
Value effectively acknowledged in the outcome of the accounting year	0	1,176,600	n/a	1,176,600
Participation in the outcome				
Minimum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Maximum value forecast in the Compensation Plan	n/a	n/a	n/a	n/a
Value forecast in the Compensation Plan, if the goals are met	n/a	n/a	n/a	n/a
Value effectively acknowledged in the outcome of the accounting year	n/a	n/a	n/a	n/a

13.4 Information of the compensation plan based on the shares of the executive and statutory boards, in force in the last accounting year and forecast for the current accounting year of 2019

a) General terms and conditions

The Policy of Compensation Based on Shares of the Company establishes the general conditions for the granting of ordinary shares issued by the Company to the managers and employees of the Company and its controlled companies indicated by the Board of Directors of the Company ('Beneficiaries'), observing the terms and conditions of the Policy of Compensation, in accordance with the provisions of Law no. 6.404 of December 15, 1976 ('Companies Act'), CVM Instruction no. 10, of February 14th, 1980, as amended.

The policy involves the payment of bonus for performance to the Beneficiaries, upon the delivery of Restrictive Shares, according to the settings of the Board of Directors in each financial year.

The Beneficiaries of the Policy of Compensation shall be selected by the Board of Directors, based on the recommendations of the Company's Compensation Committee, considering, among other bases, the importance and essentiality of the office taken, the development in strategic projects, compliance with the goals related to the individual performance and/or the global performance of the Company in the respective period of ascertainment, approved by the competent body ('Performance Goals'), as well as the aggregate value that the Beneficiary offers to the Company.

In the definition of the criteria for the eligibility for the purpose of payment of the annual performance bonus of the Beneficiaries, the Board of Directors shall ascertain the Performance Goals, based on the recommendations of the Compensation Committee, on annual basis.

The benefit forecast in the Policy of Compensation shall only be applicable to the managers and employees of the Company and its controlled companies, eligible to receive the performance bonus of EDP and its controlled companies.



Any provision of the Policy of Compensation or the Agreement, can be understood in the sense of granting to any Beneficiary, the right to remain as manager and/or employee of the Company and/or its controlled company, neither shall interfere, at any form, in the right of the Company and/or its controlled companies, according to the case, at any time and subject to the legal and contractual conditions, to terminate the employment agreement of the employee, the services provision agreement and/or disrupt the mandate of the director.

The execution of the respective Agreement shall imply in the express acceptance of all the terms of the Policy of Compensation by the Beneficiary, who obliges himself/herself to comply with it, fully and completely.

The rights granted to the Beneficiaries in the terms of the Policy of Compensation and the Agreements cannot be granted or transferred, in whole or partly, neither can be encumbered or given as guarantee in any case.

The Company commits itself to file this Policy of Compensation in its registered office, in the form and for the purposes according to the provisions of Article 40 of the Companies Law, as amended.

b) Main purposes of the plan

The Policy of Compensation has the purpose to acknowledge the organizational and individual performance of the Beneficiaries and its contribution for the expansion, success and execution of the social purposes of the Company and its controlled companies, upon the payment, by the Company, of a bonus in shares issued by the Company, observing the rules and conditions established in the Plan.

c) How the plan contributes with these purposes

The Company believes that the payment of bonus for performance in shares issued by the Company to certain eligible Beneficiaries in the form of letter 'a', encourages such Beneficiaries to search even more the creation of value for the Company and the valorization of the actions, as well as encourages the continuity of capable managers and employees in the Company, aligning the interests of the Beneficiaries to the other shareholders of the Company by means of the participation in the social profit.

d) How the plan is inserted in the policy of compensation of the issuer

This plan is inserted in the current policy of compensation of the Company, as far as it creates a different mechanism of acknowledgement.

e) How the plan aligns the interest of the managers and of the issuer at short-, medium- and long-term

The plan creates the commitment and overcoming of the eligible Beneficiaries by the valorization of the Company's shares, and the balance of the short-, medium- and long-term, and also ensures the competitiveness, attractiveness and value of the Company. It is also relevant for this point, the mentioning of letter 'c' of this item.

f) Maximum number of shares covered

According to item 'g', the maximum number of shares covered is equivalent to 1% of the Company's total share capital.



g) Maximum number of options to be granted

This plan is based in the payment of a variable compensation in shares issued by the Company, maintained in treasury. Taking into consideration the current structure of the plan, the Company has as limit of granting of shares, the percentage of 1% of the Company's total share capital.

h) Conditions of shares acquisition

The Beneficiaries of the Policy of Compensation shall be selected by the Board of Directors of the Company, considering, among other bases, the importance and the essentiality of the office taken, the involvement in strategic projects, the compliance with the goals related to the individual performance and/or the Company's global performance.

i) Criteria to fix the price of acquisition or exercise

For the purpose of ascertainment of the number of Restrict Shares to be granted to each Beneficiary, the price for Restrict Share shall be equivalent to the ascertained average of price of the shares issued by the Company at B3 in the 60 days prior to the date of transfer of the Restrict Shares to the respective Beneficiary. Considering the period of suspension for the disposal of the mentioned shares, the price of sale subsequently, shall be the one practiced by the market.

j) Criteria to fix the term of exercise

See the previous item – letter 'i'.

k) Form of liquidation

See the previous item – letter 'i'.

l) Restrictions to the transfer of shares

The Beneficiaries cannot, by the period of 1 year from the date of transfer of the Restrict Shares by the Company and always observing the provisions of the law, CVM Instruction 358/02 and the Policy of Negotiation with Securities issued by the Company, assign, transfer or at any form, dispose, directly or indirectly, any Restrict Share, as well as the shares to be acquired by them, by virtue of bonus and/or deployment of these Restrict Shares. After the Period of Restriction, the Beneficiaries can freely assign, transfer or at any form, dispose, directly or indirectly, his/her shares, in favor of third parties, without the impediment or restriction of any kind.

m) Criteria and events that, when verified, can cause the suspension, amendment or termination of the plan

The Policy of Compensation based on shares issued by the Company was approved in General Meeting, held on April 10th, 2015 and its Regulation was approved by the Company's Board of Directors, on May 2nd, 2016. In this same meeting, the Board of Directors approved the indications of the Beneficiaries of the Program, and the date of May 2nd, 2017 was considered as the Date of Grant to the Beneficiaries.

Possible suspensions, amendments and/or termination of any conditions of the Policy and/or Regulation shall be discussed by the General Meeting and/or by the Company's Board of Directors, according to the case.

n) Effects of the departure of manager of the issuer bodies on the rights forecast in the plan of compensation based on shares

The Regulation of the Policy of Compensation based on shares of the Company, approved by its Board of Directors has established the applicable rules in case of departure of the Beneficiaries from the Company, as follows:



(a) In cases of Departure by initiative of the Program's Beneficiaries (resignation or dismissal request) or by initiative of the Company and/or its controlled companies with dismissal for cause (dismissal for cause or destitution for fair reason) during the period of the program, the right to receive the Granted Shares not fully acquired shall be automatically terminated, full-fledged, regardless previous note or notification, and without the right to any compensation.

(b) In cases of Departure by initiative of the Company and/or its controlled companies without dismissal for cause (without dismissal for cause or destitution without fair reason) or by retirement of the Program's Beneficiaries during the period of the program, the Beneficiaries of the Program shall entitled to the number of Shares, according to the case, proportionally to the months of the period of the program until the date of departure, and the right to receive the other Granted Shares not fully acquired shall be automatically terminated, full-fledged, regardless previous note or notification and without any right to any compensation.

(c) In cases of Departure by permanent disability or death of the Program's Beneficiaries, dully proved, the Granted Shares not fully acquired in the Date of Departure shall have its period of the program advanced.

13.5. Compensation based on shares acknowledged in the outcome of the last 3 accounting years and the forecast for the current accounting year, of the executive and statutory boards.

The regulation of the compensation plan based on shares was approved by the Company's Board of Directors on May 9th, 2019, and the implementation and adherence to this regulation were executed in the month of June of 2019.

Item not applicable for the last three accounting years, as there was not any granting of shares to members of the Executive and Statutory Board of the Company in the last three accounting years.

13.6. In relation to the compensation based on free shares of the executive and statutory board by the end of the last accounting year:

Compensation based on free shares by the end of the financial year closed on 12/31/2019

	PLAN IV	
	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Total number of remunerated members	0.00	4.00
Options not yet exercisable		
Quantity	n/a	103.913
Date when they will be exercisable	n/a	06/30/2024
Maximum term for the exercise of the options	n/a	5 years from the date of granting
Term of restriction to the transfer of shares	n/a	3 to 5 years from the date of granting
Leveraged average price of the accounting year	n/a	1,719,735.16
Fair value of the options in the last day of the accounting year	n/a	2,296,477.30
Exercisable Options		
Quantity	n/a	0
Maximum term to exercise the options	n/a	n/a
Term of restriction to the transfer of shares	n/a	n/a
Leveraged average price of the accounting year	n/a	0
Fair value of the options in the last day of the accounting year	n/a	0
Fair value of the total of options in the last day of the accounting year	n/a	0



	PLAN III	
	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Total number of remunerated members	0.00	4.00
Options not yet exercisable		
Quantity	n/a	145,088
Date when they will be exercisable	n/a	06/30/2023
Maximum term for the exercise of the options	n/a	5 years from the date of granting
Term of restriction to the transfer of shares	n/a	3 to 5 years from the day of granting
Leveraged average price of the accounting year	n/a	1,479,619.40
Fair value of the options in the last day of the accounting year	n/a	3,206,444.80
Exercisable Options		
Quantity	n/a	0
Maximum term to exercise the options	n/a	n/a
Term of restriction to the transfer of shares	n/a	n/a
Leveraged average price of the accounting year	n/a	0
Fair value of the options in the last day of the accounting year	n/a	0
Fair value of the total of options in the last day of the accounting year	n/a	0

	PLAN II	
	Board of Directors	Statutory Board
Total number of members	7.00	5.00
Total number of remunerated members	0.00	4.00
Options not yet exercisable		
Quantity	n/a	36,000
Date when they will be exercisable	n/a	06/30/2022
Maximum term for the exercise of the options	n/a	5 years from the day of granting
Term of restriction to the transfer of shares	n/a	3 to 5 years from the day of granting
Leveraged average price of the accounting year	n/a	441,940.53
Fair value of the options in the last day of the accounting year	n/a	795,600.00
Exercisable Options		
Quantity	n/a	0
Maximum term to exercise the options	n/a	n/a
Term of restriction to the transfer of shares	n/a	n/a
Leveraged average price of the accounting year	n/a	0
Fair value of the options in the last day of the accounting year	n/a	0
Fair value of the total of options in the last day of the accounting year	n/a	0

	PLAN I	
	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Total number of remunerated members	0.00	4.00
Options not yet exercisable		



Quantity	n/a	44,000
Date when they will be exercisable	n/a	06/30/2021
Maximum term for the exercise of the options	n/a	5 years from the date of granting
Term of restriction to the transfer of shares	n/a	3 to 5 years from the date of granting
Leveraged average price of the accounting year	n/a	438,413.89
Fair value of the options in the last day of the accounting year	n/a	972,400.00
Exercisable Options		
Quantity	n/a	0
Maximum term to exercise the options	n/a	n/a
Term of restriction to the transfer of shares	n/a	n/a
Leveraged average price of the accounting year	n/a	0
Fair value of the options in the last day of the accounting year	n/a	0
Fair value of the total of options in the last day of the accounting year	n/a	0

13.7. In relation to the shares related to the compensation based on shares undertaken and shares delivered to the executive and statutory boards, in the last three accounting years

In the last 3 accounting years, there was not any delivery of shares, as they depend on the conclusion of the waiting period according to the details of items 13.4 e 13.5 of this Reference Form.

Options undertaken – accounting year closed on 12/31/2019

	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Number of remunerated members	4.00	5.00
Options undertaken		
Number of shares	n/a	0
Measured average price of the accounting year	n/a	0
Difference between the value of the accounting year and the market value of the shares related to the options undertaken	n/a	0
Shares delivered		
Number of shares delivered	n/a	0
Measured average price of acquisition	n/a	0
Difference between the value of acquisition and the market value of the shares acquired	n/a	0

Options undertaken – accounting year closed on 12/31/2018

	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Number of remunerated members	3.75	5.00
Options undertaken		
Number of shares	n/a	0
Measured average price of the accounting year	n/a	0
Difference between the value of the accounting year and the market value of the shares related to the options undertaken	n/a	0
Shares delivered		



Number of shares delivered	n/a	0
Measured average price of acquisition	n/a	0
Difference between the value of acquisition and the market value of the shares acquired	n/a	0

Options undertaken – accounting year closed on 12/31/2017

	Board of Directors	Statutory Board
Total number of members	7.00	5.00
Number of remunerated members	0.00	4.00
Options undertaken		
Number of shares	n/a	0
Measured average price of the accounting year	n/a	0
Difference between the value of the accounting year and the market value of the shares related to the options undertaken	n/a	0
Shares delivered		
Number of shares delivered	n/a	0
Measured average price of acquisition	n/a	0
Difference between the value of acquisition and the market value of the shares acquired	n/a	0

13.8. Summary description of the information necessary for the understanding of the data disclosed at items 13.5 to 13.7, such as the explanation of the pricing method of the value of shares and options

The policy of compensation has the purpose to acknowledge the organizational and individual performances of the beneficiaries, upon the delivery of shares issued by the Company. The beneficiaries of the policy of compensation shall be selected by the Board of Directors, based on the recommendations of the Compensation Committee, considering, among other bases, the importance and essentiality of the office taken, the involvement in strategic projects, the compliance of goals related to the individual performance and/or the global performance of the Company in the respective period of ascertainment, approved by the competent body, as well as the aggregate value that the beneficiary offers to the Company. The policy forecasts two types of programs, as described below:

- (i) Incentive Program – the beneficiary of the program has the right to receive, in the future, up to 2 shares to each share issued by the Company, acquired by him/her, using 30% of the net value of his/her bonus for annual performance; and
- (ii) Withhold Program – the beneficiary of the program has the right to receive shares issued by the Company as payment of an annual complementary bonus, eventually granted by the Company.

The price of the shares shown in the tables of items 13.5 to 13.7 are equivalent to the future dividends of the next 5 years of the Company, at current value, with interest rate of market of 8.9% for the Plans I and II (2016 and 2017) and of 9.3% for the Plan III and IV (2018 and 2019).

The shares of the incentive program or withhold program shall only be granted to the beneficiaries who remain continuously linked as managers and/or employees of the Company and/or its controlled companies, during the waiting period. In addition, for the beneficiaries of the incentive program, they shall maintain their respective primordial shares, abstaining themselves of encumber and/or transfer them.



The delivery of the incentive shares shall be after the waiting period, which is, 3 years, if the profitability of the market is met (accrued profitability equal or above 15% on the average ascertainment of the Rate of Electric Energy - IEE and Bovespa Rate - IBOVESPA), or after 5 years, if the profitability of the market defined by the regulation is not met.

13.9 Information regarding the quantity of shares or direct or indirect quotas held, in Brazil and abroad, and other securities convertible into shares or quotas, issued by the issuer, its direct or indirect controllers, companies controlled or under common control, by members of the Board of Directors, statutory board or supervisory board, pooled by body, in the date of closing of the last accounting year, shares held by the members of the Company's Management

Company	Security	Board of Directors	Supervisory Board
EDP Energias do Brasil S.A.	Ordinary Share	6,039*	84,000
Enerpeixe S.A.	Ordinary Share		2
Energest S.A.	Ordinary Share		3
EDP Comercialização e Serviços de Energia Ltda.	Quota		3
EDP Comercialização Varejista Ltda.	Quota		5
EDP Pequenas Centrais Hidroelétricas S.A.	Ordinary Share		1
Investco S.A.	Ordinary Share		2
Lajeado Energia	Ordinary Share		2
EDP Soluções em Energia S.A.	Ordinary Share		1
Porto do Pecém Geração de Energia S.A.	Ordinary Share		1
Santa Fé Energia S.A.	Ordinary Share		1
EDP Ventures Brasil S.A.	Ordinary Share		1

** The value related to 6,000 shares considered in the column of the Board of Directors is also considered in the column Board, as it is the same Manager.*

13.10 Information related to the plans of security in force granted to the members of the Board of Directors and statutory directors

(in Reais, except when indicated)

2019

	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Total number of remunerated members	0.00	2.00
Plan's name	n/a	Enerprev
Number of managers with conditions to retire	n/a	n/a
Conditions to retire in advance	n/a	n/a
Updated accrued value used of the accrued contributions until the closing of the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	508,239
Total accrued value of the contributions made during the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	104,050
Possibility of redeeming in advance and which are the conditions	n/a	Yes, at any moment providing that terminates the bond with the company. Only the contributions made directly by the managers can be redeemed.



2018

	Board of Directors	Statutory Board
Total number of members	8.00	5.00
Total number of remunerated members	0.00	2.00
Plan's name	n/a	Enerprev
Number of managers with conditions to retire	n/a	n/a
Conditions to retire in advance	n/a	n/a
Updated accrued value used of the accrued contributions until the closing of the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	371,091
Total accrued value of the contributions made during the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	94,140
Possibility of redeeming in advance and which are the conditions	n/a	Yes, at any time if the bond with the company is terminated. Only contributions made directly by the managers can be redeemed.

2017

	Board of Directors	Statutory Board
Total number of members	7.00	5.00
Total number of remunerated members	0.00	1.00
Plan's name	n/a	Enerprev
Number of managers with conditions to retire	n/a	n/a
Conditions to retire in advance	n/a	n/a
Accrued value used from the accrued contributions until the closing of the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	138,087 (*)
Total accrued value of the contributions made during the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	56,950
Possibility of redeeming in advance and which are the conditions	n/a	Yes, at any time if the bond with the company is terminated. Only contributions made directly by the managers can be redeemed.

(*) The decrease of the accrued balance in relation to the previous accounting years is in relation to the Statutory Director transferred for a controlled company. The values related to 2017 are in relation to the new Statutory Director, who has the benefit.

2016

	Board of Directors	Statutory Board
Total number of members	8,00	5,00
Total number of remunerated members	0,00	1,00
Plan's name	n/a	Enerprev
Number of managers with conditions to retire	n/a	n/a
Conditions to retire in advance	n/a	n/a
Accrued value used from the accrued contributions until the closing of the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	520.619
Total accrued value of the contributions made during the last accounting year, discounted the installment related to the contributions made directly by the managers	n/a	47.406
Possibility of redeeming in advance and which are the conditions	n/a	Yes, at any time if the bond with the company is terminated. Only contributions



		made directly by the managers can be redeemed.
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13.11 Minimum, maximum and average individual compensation of the Board of Directors, statutory board and supervisory board

	Statutory Board			Board of Directors			Supervisory Board		
	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017	12/31/2019	12/31/2018	12/31/2017
Total number of members	5.00	5.00	5.00	8.00	7.75	7.00	3.00	3.00	3.00
Number of remunerated members	5.00	5.00	5.00	4.00	3.75	3.00	3.00	2.25	0.00
Value of the higher compensation (R\$)	1,756,874	1,669,786	1,631,900	410,200	410,400	398,900	72,590	52,588	0.00
Value of the lower compensation (R\$)	642,314	642,314	627,160	179,820	179,820	226,800	70,322	45,859	0.00
Average value of compensation (R\$)	1,230,218	1,180,786	1,081,932	321,000	310,512	397,111	71,834	67,127	0.00

13.12 Description of the contractual arrangements, insurance policies or other instruments that structure mechanism of compensation or compensation for the managers in case of destitution of office or retirement, indicating which are the financial consequences for the Company

Not applied.

13.13 In relation to the three last accounting years, indicate the percentage of the total compensation of each body acknowledged in the outcome of the Company, in relation to the members of the Board of Directors, the Company's Board and Supervisory Board, which are parties related to the controllers, direct or indirect, as defined by the accounting rules on this subject

	2019	2018	2017
Board of Directors	n/a	n/a	n/a
Board	n/a	n/a	n/a
Supervisory Board	n/a	n/a	n/a

13.14 In relation to the last three accounting years, indicate the values acknowledged in the outcome of the Company as compensation of members of the Board of Directors, statutory board or supervisory board, pooled by body, for any reason that is not their office, as for example, commissions and services of consulting or assistance rendered

It was not acknowledged in the outcome of the Company, in the last three accounting years, any wage value besides the ones previously informed at item 13.2.

13.15 In relation to the last three accounting years, indicate the values acknowledged in the outcome of the controllers, direct or indirect, of companies under common control and the controlled companies of the Company, as compensation of members of the Board of Directors, Company's Board and Supervisory Board of the Company, pooled by body, specifying how such values were allocated to such individuals

(values expressed in Reais or Euros, as stated)

2019 – Compensation received due to the exercise of the office in the issuer



	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	ND(*)	ND(*)	n/a	ND(*)
Controlled companies of the issuer	0	R\$ 2,219,872	n/a	R\$ 2,219,872
Companies under common control	0	0	n/a	0

(*) The values related to 2019 are still pending of validation by the controller Shareholder

2019 – Other compensation received, specifying how they were allocated

	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	n/a	n/a	n/a	n/a
Controlled companies of the issuer	n/a	n/a	n/a	n/a
Companies under common control	n/a	n/a	n/a	n/a

2018 – Compensation received due to the exercise of the office in the issuer

	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	€\$223,398(*)	€\$305,029(*)	n/a	€\$528,427
Controlled companies of the issuer	0	R\$ 2,427,768	n/a	R\$ 2,427,768
Companies under common control	0	0	n/a	0

(*) Values in Euro, considering the proportionality of the global compensation of four Managers paid by EDP – Energias de Portugal, related to the offices taken at EDP – Energias do Brasil

2018 – Other compensations received, specifying how they were allocated

	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	n/a	n/a	n/a	n/a
Controlled companies of the issuer	n/a	n/a	n/a	n/a
Companies under common control	n/a	n/a	n/a	n/a

2017 – Compensation received due to the exercise of the office in the issuer

	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	€261,056 (*)	€298,306 (*)	n/a	€\$559,362
Controlled companies of the issuer	0	R\$ 2,000,667	n/a	R\$ 2,000,667
Companies under common control	0	0	n/a	0

(*) Values in Euro, considering the proportionality of the global compensation of four Managers paid by EDP – Energias de Portugal, related to the offices taken at EDP – Energias do Brasil

2017 – Other compensation received, specifying how they were allocated

	Board of Directors	Statutory Board	Supervisory Board	Total
Direct and Indirect Controllers	n/a	n/a	n/a	n/a
Controlled companies of the issuer	n/a	n/a	n/a	n/a
Companies under common control	n/a	n/a	n/a	n/a

13.16 Other relevant information.



All relevant information related to this Section 13 was discussed at the previous items.

* * *



ANNEX VII

PROPOSAL TO INCREASE THE SHARE CAPITAL

Values in R\$ Thousand

The Company's management proposes to increase the Company's share capital, without alteration of the number of shares or issuance of new shares, with the purpose to capitalize part of the balance of the profit reserves, exceeding the share capital, due to the approval of the Financial Statements and the Allocation of the Net Profit of the Accounting Year in Ordinary General Meeting.

This way, once the Financial Statements and the Allocation of the Net Profit of the Accounting Year closed on December 31st, 2019 are approved by the Ordinary General Meeting, the profit reserves of the Company will exceed the share capital in 2.6% of the totality of the Share Capital paid-up on 12.31.2019, and considering the article 199 of Law no. 6.404/76, we propose to approve the capitalization of the Profit Reserves in the amount of R\$ 820,000. It is important to clarify that, with the capitalization of the profit reserves, as proposed, the share capital of the Company will be increased for the value of R\$ 5,502,716, in favor of all the shareholders of the Company, equally, without the issuance of new shares, in accordance with article 169, § 1st of Law no. 6.404/76.

CVM INSTRUCTION No. 480, OF DECEMBER 7th, 2009

ANNEX 30-XXXII

1st Article. The issuer must disclose to the market the value of the increase and the new share capital, and if the increase will be executed upon:

The capitalization of profits or reserves

The issuer also must:

I – explain, in details, the reasons for the increase and the legal and economic consequences;

The Company's management proposes to increase the Company's share capital, without modification of the number of shares or issuance of new shares, with the purpose to capitalize part of the balance of the profit reserves, exceeding the share capital, due to the approval of the Financial Statements and the Allocation of the Net Profit of the Accounting Year in Ordinary General Meeting.

This way, once the Financial Statements and the Allocation of the Net Profit of the Accounting Year of December 31st, 2019 are approved by the Ordinary General Meeting, the profit reserves will exceed the share capital in 2.6% of the totality of the Share Capital paid-up on 12.31.2019, and considering the article 199 of Law no. 6.404/76, we propose to approve the capitalization of the Profit Reserves in the amount of R\$ 820,000.

II – Supply a copy of the Supervisory Board's report, if applicable.

The members of the Supervisory Board who met on 2.12.2020, issued the following report:

'Considering the explanations made, the members of the Supervisory Council issued a favorable report regarding the proposal of the Company's Management, to be submitted to the General



Meeting, for resolution on the increase of the share capital, in the amount of eight hundred million of Reais (R\$ 820,000,000.00), without the issuance of new shares, upon the capitalization of part of the profit reserves'.

3rd Article. In case of increase of the share capital due to the capitalization of profits or reserves, the issuer must:

I – Inform if the alteration of the par value of shares will be implied, if existent, or instead, the allocation of new shares among the shareholders;

It will not be implied.

II – Inform if the capitalization of profits or reserves will be executed with or without modification of the number of shares, in the companies with shares without par value;

There will not be modification of the number of shares.

III – in case of allocation of new shares:

a) inform the number of shares issued of each kind and class;

Does not apply.

b) inform the percentage that the shareholders will receive in shares;

Does not apply.

c) describe the rights, advantages and restrictions attributed to the shares to be issued;

Does not apply.

d) inform the cost of acquisition, in Reais per share, to be attributed to allow the shareholders to comply with article 10 of Law 9.249, of December 26, 1995; and

Does not apply.

e) inform the treatment of the fractions, if applicable;

Does not apply.

IV – inform the term forecast in the § 3rd of article 169 of Law 6.404, of 1976; and

Does not apply.

V – inform and supply the information and documents forecast in the 2nd article above, when applicable.

Does not apply.



ANNEX VIII

Detailed report regarding the amendment of the First Paragraph of the 1st Article, 5th Article, First Paragraph of Article 16, Caput of Article 34 and respective First and Second Paragraphs and Article 35 of the Company's Bylaws.

The proposal is to approve the adjustments to the Bylaws of the Company, due to the **New Market Regulation** of B3, according to the report detailed below:

- ✓ *Specify that the New Market Regulation applies to all the shareholders, including the 'controllers shareholders';*
- ✓ *Inclusion of the mention to the share capital to refer that the same is fully 'paid-up';*
- ✓ *New criteria of rounding applicable to the number of independent members, in other words, in the calculation of 20% of Independent Members, if the result is fractional, this will be rounded to the 'whole number immediately superior';*
- ✓ *Streamlining of wording, as the direct or indirect disposal of control contemplates the provisions of article 34, and its 1st and 2nd paragraphs; and*
- ✓ *Exclusion of the obligation of the payment of the difference between the price of OPA (tag along) and the value paid to the shareholders who disposed shares in stock market before the alteration of control.*



DETAILED REPORT REGARDING THE AMENDMENTS IN THE BYLAWS OF EDP – ENERGIAS DO BRASIL S.A.		
Current Bylaws	Bylaws Proposed	Amendments – Origin, Justification and Analysis of Effects
1st Article EDP – ENERGIAS DO BRASIL S.A. is a stock company ruled by this Bylaws and the legal provisions applicable to it, including Law no. 6.404/76, as amended ('Companies Act').	(Not altered)	***
First Paragraph – With the admission of the Company in the special segment of listing called New Market of = B3 S.A. - Brasil, Bolsa, Balcão ('B3'), the Company, its shareholders, managers and members of the Supervisory Board, when installed, are subject to the provisions of the New Market Ruling of B3 ('New Market Ruling').	First Paragraph – With the admission <u>the entry</u> of the Company in the special segment of listing called New Market of B3 S.A. – Brasil, Bolsa, Balcão ('B3'), the Company, its shareholders, <u>including the controllers shareholders</u> , managers and members of the Supervisory Board <u>supervisory board</u> , when installed, are subject to the provisions of the New Market Regulation of B3 ('New Market Regulation') .	The alterations executed in the clause reflect specific adjustments and simplification of the wording, in the terms of the New Market Regulation, with the inclusion of 'controllers shareholders'.
5th Article – The share capital of the Company is four billion, six hundred and eighty-two million, seven hundred and fifteen thousand, nine hundred and forty-seven Reais and twelve cents (R\$ 4,682,715,947.12), fully subscribed, represented by six hundred and six million, eight hundred and fifty thousand, three hundred and ninety-four (606.850.394) ordinary shares, all nominative, book-entry and without par value.	5th Article – The share capital of the Company is five billion, five hundred and two million, seven hundred and fifteen thousand, nine hundred and forty-seven Reais and twelve cents (R\$ 5.502.715.947,12), fully subscribed <u>and paid-up</u> , represented by six hundred and six million, eight hundred and fifty thousand, three hundred and ninety-four (606.850.394) ordinary shares, all nominative, book-entry and without par value.	Inclusion of the mention to the share capital fully 'paid-up'. Already with the value of the share capital updated, if approved in the previous item.
Article 16 – The Board of Directors shall be composed by, at least, five (05) and, at most, eleven (11) members, and among them one shall be the President and another, the Vice-President, elected by the General Meeting and by it removed, at any time, and, at least, two (02) or twenty	(Not altered)	***



<p>percent (20%), wherever is higher, must be independent members, according to the definition of the New Market Regulation, and the characterization of the nominated ones to the Board of Directors as independent members be discussed in the general meeting electing them.</p>		
<p>First Paragraph – When, due to the observance of the percentage mentioned in the caput, result in a fractional number of members, the rounding shall be made according to the terms of the New Market Regulation.</p>	<p>First Paragraph – When, due to <u>the calculation</u> the observance of the percentage mentioned in the caput, result in a fractional number, <u>the Company must proceed with of</u> members, the rounding shall be made according to the terms of the New Market Regulation <u>to the round number immediately superior.</u></p>	<p>The alteration executed in the clause reflects the new criteria of rounding applicable to the number of independent members – to the round number immediately superior – forecast in the sole paragraph of article 15 of the New Market Regulation.</p>
<p>Article 34 – The alienation, direct or indirect, of the Company’s control, by means of a single operation, or by means of successive operations, must be contracted under the suspensive or resolute condition that the acquirer obliges to implement <u>the acquirer of the control obliges to implement a public offer of shares acquisition, with the purpose being the shares issued by the Company, held by the other shareholders</u> observing the conditions and terms forecast in the legislation in force and in the New Market Regulation, a public offer of shares acquisition of all the other shareholders of the Company, to ensure them an equal treatment to the one given to the transferor shareholder.</p>	<p>Article 34 – The alienation, direct or indirect, of the Company’s control, by means of a single operation, or by means of successive operations, must be contracted under the suspensive or resolute condition that the acquirer obliges to implement <u>the acquirer of the control obliges to implement a public offer of shares acquisition, with the purpose being the shares issued by the Company, held by the other shareholders</u> observing the conditions and terms forecast in the legislation <u>and regulations</u> in force and in the New Market Regulation, a public offer of shares acquisition of all the other shareholders of the Company, to ensure them an equal treatment to the one given to the transferor shareholder.</p>	<p>The alterations executed in this clause and correlated reflect the streamlining of wording, that began to incorporate the indirect disposal of control, according to the terms of article 37 of the New Market Regulation, in addition to remove the features contemplated impliedly in the tag along rule and the payment of difference.</p>
<p>First Paragraph – The public offer mentioned in this Article 34 will also be required in the cases of onerous transfer of subscription rights of the shares</p>	<p>First Paragraph – The public offer mentioned in this Article 34 will also be required in the cases of onerous transfer of subscription rights of the</p>	<p>The alteration executed reflects the streamlining and other simplifications performed in Article 34 of the New Market Regulation.</p>



and other bonds or rights related to the securities convertible into shares of the Company, that may result in the disposal of the Company's control.	shares and other bonds or rights related to the securities convertible into shares of the Company, that may result in the disposal of the Company's control.	
Second Paragraph – The public offer of acquisition of shares mentioned in this Article 34 will also be required in case of disposal of control of a Corporation holding the Power to Control the Company, according to the definition of the New Market Regulation. In this case, the controller shareholder transferor of the shares will be obliged to declare to the Securities Exchange Commission – CVM and to B3, the value attributed to the Company, for the disposal of its control and to annex the documents proving this value.	Second Paragraph – The public offer of acquisition of shares mentioned in this Article 34 will also be required in case of disposal of control of a Corporation holding the Power to Control the Company, according to the definition of the New Market Regulation. In this case, the controller shareholder transferor of the shares will be obliged to declare to the Securities Exchange Commission – CVM and to B3, the value attributed to the Company, for the disposal of its control and to annex the documents proving this value.	The alteration executed reflects the streamlining and other simplifications performed in Article 34 of the New Market Regulation.
Article 35 – The one acquiring the Power of Control, according to the definition of the New Market Regulation, by reason of the private agreement executed with the controller shareholder, involving any number of shares, will be obliged to (i) implement a public offer according to the terms of Article 34 of this Bylaws, and (ii) pay, according to the terms indicated below, an amount equivalent to the difference between the price of the public offer and the value paid per share eventually acquired in stock market in the six (06) months prior to the date of acquisition of the Power of Control, dully updated until the date of the payment. Such amount must be distributed among all the people that sold shares of the Company in the stock market sessions, where the acquiror executed the acquisitions, proportionally to	Article 35 – The one acquiring the Power of Control, according to the definition of the New Market Regulation, by reason of the private agreement executed with the controller shareholder, involving any number of shares, will be obliged to (i) implement a public offer according to the terms of Article 34 of this Bylaws, and (iii) pay, according to the terms indicated below, an amount equivalent to the difference between the price of the public offer and the value paid per share eventually acquired in stock market in the six (06) months prior to the date of acquisition of the Power of Control, dully updated until the date of the payment. Such amount must be distributed among all the people that sold shares of the Company in the stock market sessions, where	The alteration executed reflects the streamlining of wording of the rules applicable to the disposal of control, in addition to the exclusion of the obligation to pay the difference between the price of OPA (tag along) and the value paid to the shareholders who disposed shares in the stock market before the change of control. This way, considering the set of alterations mentioned above, besides the removal of the payment of difference, the companies must exclude the mentioned clause.



the daily seller net balance of each one of them, and the B3 is responsible for the operation of the allocation, according to the terms of its regulations.	the acquiror executed the acquisitions, proportionally to the daily seller net balance of each one of them, and the B3 is responsible for the operation of the allocation, according to the terms of its regulations.	
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ANNEX IX

Proposal to approve the Consolidation of the Company's Bylaws, as follows:

Consolidated Bylaws EDP – Energias do Brasil S.A.

CHAPTER I Corporate Name, Registered Office, Term and Purpose

1st Article EDP – ENERGIAS DO BRASIL S.A. is a stock company ruled by these Bylaws and by the legal provisions applicable to it, including the Law no. 6.404/76, as amended ('Companies Act').

First Paragraph – With the entry of the Company in the New Market of B3 S.A. – *Brasil, Bolsa, Balcão* ('B3'), the Company, its shareholders, including controllers shareholders, managers and members of the supervisory board, when installed, subject to the provisions of the New Market Regulation.

Second Paragraph – The provisions of the New Market Regulation will prevail over the statutory provisions, in the cases of loss of the rights of the recipients of public offers forecast in this Bylaws.

2nd Article – The Company has its registered office and jurisdiction in the city of São Paulo, State of São Paulo.

Sole Paragraph – Upon resolution of the Board, the Company may open and close subsidiaries, agencies, offices and representations and any other establishment to perform the Company's activities in any part of the National and Foreign territories.

3rd Article – The Company shall have an undetermined term.

4th Article – The Company has the purpose to:

- a)** hold corporate interest in other corporations, as partner, shareholder or quotaholder, as well as in businesses and undertakings of the energetic sector, in Brazil and/or abroad;
- b)** manage assets of distribution, generation, transmission and trading of energy, in its several forms and modalities;
- c)** study, plan, develop and deploy projects of distribution, generation, transmission and trading of energy, in its several forms and modalities; and
- d)** provide services in businesses of the energetic sector in Brazil and/or abroad.

CHAPTER II Share Capital and Shares

5th Article – The share capital of the Company is five billion, five hundred and two million, seven hundred and fifteen thousand, nine hundred and forty-seven Reais and twelve cents (R\$ 5,502,715,947.12), fully subscribed and paid-up, all nominative, book-entry and without par value.

First Paragraph – The share capital shall be represented exclusively by ordinary shares.

Second Paragraph – Each ordinary share will give the right to one vote in the resolutions of the Company's General Meetings.

Third Paragraph – The shares shall be undivided in relation to the Company. When a share is held by more than one person, the rights granted to it shall be exercised by the representative of the joint ownership.

Fourth Paragraph – The shares are book-entry and shall be kept in a deposit account in a financial institution, in the name of its holders, without the issuance of certificates, and the cost of transfer and registration, as well as the service related to the custodian shares, can be charged from the shareholder.



Fifth Paragraph – The issuance of beneficiary parties by the Company is forbidden.

6th Article – The Company is authorized to increase the share capital until the limit of one billion (1,000,000,000) of ordinary shares regardless of statutory amendment, by resolution of the Board of Directors, that also will have the competency to establish the conditions of issuance, inclusive price, term and form of its paying-up.

First Paragraph – The Company can issue shares, debentures convertible into ordinary shares and bonus of subscription within the limit of the authorized share capital.

Second Paragraph – At the discretion of the Board of Directors, the right of preference in the issuance of shares, debentures convertible into shares and bonus of subscription can be excluded or decreased, whose placement is made upon the sale in the stock market or public subscription, according to the terms of the law, and within the limit of the authorized share capital.

7th Article – The Company can, by resolution of the Board of Directors, acquire their own shares for the tenure in treasury and subsequent disposal or cancelling, until the amount of the balance of profit and reserves, except the legal reserve, without decreasing the share capital, observing the legal and regulatory provisions applicable.

8th Article – The Company can, by resolution of the General Meeting, grant an option of purchase of shares in favor of the managers and employees, and this option can be extended to the managers and employees of the companies controlled by and colligated with the Company, directly or indirectly.

CHAPTER III General Meetings

9th Article – The General Meeting will be held, ordinarily, within the four (04) months following the closure of each accounting year and, extraordinarily, every time the social interests require.

First Paragraph – The General Meetings will be called by the Board of Directors, represented by its President, Vice-President or two (02) of the members jointly, or also in accordance with the other legal provisions applicable, with, at least, fifteen (15) days in advance.

Second Paragraph – The General Meeting will be presided by the President of the Board of Directors or, in his/her absence, by the Vice-President of the Board of Directors or, in the absence of both, by a shareholder chosen by the majority of the votes of the shareholders participating in the meeting, and the President of the Meeting will designate the secretary.

Article 10 – To participate in the General Meeting, the shareholders must prove this capacity, upon the presentation of the deposit statement, issued by the financial institution depositary of the shares, issued within, at most, three (03) days prior to the date of the General Meeting.

Sole Paragraph – The shareholder can be represented in the General Meeting by a proxy constituted, at least, one (01) year ago, being a shareholder, manager of the Company, attorney, financial institution or manager of an investment fund representing the holders with joint ownership.

Article 11 – The resolutions of the General Meeting, excepting the special hypothesis forecast by the law and observing the provisions of this Bylaws, shall be taken by the majority of the votes of the shareholders present at the Meeting, without counting the blank votes.

CHAPTER IV Management

General Provisions

Article 12 – The Company shall be managed by an Board of Directors and by a Board, with powers granted by the applicable law and according to this Bylaws.



Article 13 – The mandate of the members of the Board of Directors shall be unified, of two (02) years, and the members of the Board shall be three (03) years, with the possibility of reelection. The members of the Board of Directors and the Directors will remain in office until the election and taken of office of their successors.

Article 14 – The global compensation of the Board of Directors and the Board shall be fixed annually by the General Meeting, and the Board of Directors is responsible for the resolution regarding the respective allocation.

Article 15 – The members of the Board of Directors and the Board will take office upon the signature of the respective term in the books of the Minutes of the Board of Directors and the Board, remaining subject to the requirements, hindrances, duties, obligations and liabilities forecast in the Articles 145 to 158 of the Companies Act.

Board of Directors

Article 16 – The Board of Directors shall be composed by, at least, five (05) and, at most, eleven (11) members, and among them, one shall be President and another, Vice-President, all shareholders, elected by the General Meeting and removed by it at any time, and, at least, two (02) (or) twenty percent (20%), wherever is higher, shall be independent members, according to the definition of the New Market Regulation, and the characterization of the indicated ones as independent members must be discussed in the general meeting electing them.

First Paragraph – When, due to the calculation of the percentage mentioned in the caput, the result generates a fractional number, the Company must proceed with the rounding to the number immediately superior.

Second Paragraph – The General Meeting shall ascertain, by the vote of the majority of the shareholders present at the meeting, without counting the blank votes, previously to the election, the number of members of the Company's Board of Directors in each accounting year.

Third Paragraph – It cannot be elected for the Board of Directors, except dismissal by the Meeting, the one that (i) is an employee or has a managing office in corporations that may be considered concurrent of the Company; or (ii) has or represents conflicting interest with the Company.

Fourth Paragraph – The offices of President of the Board of Directors and CEO and Investors Relations Director or main executive of the Company cannot be taken by the same person.

Article 17 – The Board of Directors will reunite, ordinarily, at every three (03) months and, extraordinarily, every time it is necessary.

Article 18 – The meetings of the Board of Directors can be called by its President, Vice-President or any two (02) members jointly, upon notification in written delivered with, at least, five (05) days in advance and with the presentation of the agenda to be discussed.

Sole Paragraph – Regardless of the formalities forecast in this Article 18, the meeting where all the Members are present, by themselves or represented according to the Second Paragraph of Article 19, shall be considered regular.

Article 19 – The meetings of the Board of Directors will only be installed with the presence of the majority of its members in office.

First Paragraph – The meetings of the Board of Directors shall be presided by the President of the Board of Directors and the secretary shall be the person indicated by the President. In case of hindrance or temporary absence of the President of the Board of Directors, the meetings of the Board of Directors shall be presided by the Vice-President or, in the absence of both, by a Member chosen by the majority of the votes of the other members of the Board of Directors, and the president of the meeting will indicate the secretary.

Second Paragraph – In case of hindrance or temporary absence of any member of the Board of Directors, the member can appoint another member to represent him/her, in which case, if it is a temporary absence, the member appointed to represent him/her must vote in the meetings of the Board of Directors in his/her own



name and in the name of the member, he/she is representing. The appointment must be expressly accepted by the appointed member, as well as notified to the President of the Board of Directors. Alternatively, in case of temporary absence, the member of the Board of Directors can, based on the agenda to be discussed, give his/her vote in written, by means of a letter or fac-simile delivered to the President of the Board of Directors, or also, by means electronic mail that identified in a distinct way the sender, with prove of receipt by the President of the Board of Directors.

Third Paragraph – In case of vacancy of the office of any member of the Board of Directors, the alternate shall be appointed by the remaining members and shall be in office until the first General Meeting to be held after the characterization of the vacancy of office.

Article 20 – The resolutions of the Board of Directors shall be taken upon the favorable vote of the majority of the members in office, counting the votes given according to Article 19, Second Paragraph, and in case of tied vote, the President of the Board of Directors will have the casting vote.

Article 21 – The meetings of the Board of Directors shall be held, preferentially, in the registered office of the Company. The meetings by means of teleconference, videoconference or other communication means shall be admitted, and such participation will be considered presence in person in such meeting. In this case, the members of the Board of Directors who participate remotely of the meeting of the Board of Directors must give their votes by means of letter, fac-simile or electronic mail that identify in a distinct form the sender.

First Paragraph – By the termination of the meeting, the minutes shall be taken, and shall be signed by all the Members physically present at the meeting, and subsequently, transcribed in the Book of Registry of Minutes of the Board of Directors of the Company. The votes given by the Members participating remotely in the meeting of the Board of Directors or that manifested themselves according to Article 19, Second Paragraph *in fine* must equally be featured in the Book of Registry of Minutes of the Board of Directors, and a copy of the letter, fac-simile or electronic message, according to the case, with the vote of the Member, must be annexed to the Book, right after the transcription of the minutes.

Second Paragraph – The minutes of the meetings of the Board of Directors of the Company must be published and filed in the registry of trade, when they have resolutions destined to produce effects before third parties.

Article 22 – It is competence of the Board of Directors:

- a) to fix the general orientation of the Company's businesses;
- b) to elect and remove the Company's Board, fixing the attributions of its members, observing the provisions applicable to this Bylaws;
- c) to supervise the management of the Board, analyze at any time the Company's books and papers, request information on agreements executed or in process of being executed by the Company, and practice any other act necessary for the exercise of its duties;
- d) to call the General Meeting in the cases forecast by the law or when think convenient;
- e) to express regarding the report and the accounts of the Board, as well as the financial statements of the accounting year that shall be submitted to the Ordinary General Meeting;
- f) to establish the limits and values of Board's sphere of competence for the acquisition, disposal or encumbrance of rights, real states or movable assets, including corporate interests, as well as the contracting of goods and services, loans and financing, provision of guarantees in favor of third parties and other obligations of the Company;
- g) to discuss on any business between, by one side, the Company and the other side, any of its direct or indirect shareholders;
- h) to choose and remove independent auditors;
- i) to discuss on the matters submitted to it by the Board;
- j) to submit to the General Meeting, proposals of share capital increase above the limit of the authorized share capital, as well as the amendment of the Bylaws;
- k) to discuss on the issuance, placement, price and conditions of paying-up of the shares, convertible debentures and bonus of subscription, in the limits of the authorized share capital, inclusive for the granting of the option of purchase of shares according to the terms of the Bylaws;
- l) to discuss on the opportunity of issuance of debentures, the form of subscription or placement and the type of debentures to be issued, at the time, the conditions of payment of interests, the participation in the profits and the award of reimbursement of the debentures, if any, as well as the time and conditions of maturity, amortization or redemption of the debentures;



m) to discuss on the acquisition of shares issued by the Company for the effect of cancelling or remaining in treasury, as well as on its resale or replacement in the market, observing the rules released by the Securities Exchange Commission – CVM and the other legal provisions applicable;

n) to approve the contracting of the depositary institution providing the services of book-entry shares;

o) to approve the businesses plans and annual budgets and pluriannual, operational and investments plans of the Company;

p) to authorize the issuance of debt bonds in the international market and simple debentures, non-convertible into shares and without real guarantee, for the public or private allocation, as well as to provide on the terms and conditions of the issuance;

q) to authorize the issuance of promissory notes (commercial papers) for the public allocation in Brazil or abroad, as well as provide on the terms and conditions of the issuance;

r) to propose to resolution of the General Meeting, the allocation to be given to the remaining balance of the profits at every accounting year;

s) to declare intermediary and interim dividends, as well as interests over equity, according to the terms of the Companies Act and other legislations applicable;

t) to discuss regarding the order of the works and establish the regimental rules of its operation, observing the provisions of this Bylaws; and

u) to express favorable or contrary opinion regarding any public offer of acquisition of shares that has as purpose the shares issued by the Company, by means of a previous grounded report, disclosed in up fifteen (15) days from the publishing of the public notice of offer for acquisition of shares, that must contemplate, at least, (i) the convenience and opportunity of the public offer of acquisition of shares regarding the interest of the Company and the set of its shareholders, inclusive regarding the price and potential impacts for the liquidity of the shares; (ii) the strategic plans disclosed by the offer or in relation to the Company; (iii) regarding the alternatives to the acceptance of the public offer of acquisition available in the market; and (iv) other topics that the Board of Directors considers pertinent, as well as the information required by the applicable rules established by the Securities Exchange Commission – CVM.

Article 23 – The Board of Directors, for its assistance, can establish the formation of technical and advisory committees, with defined purposes and duties, being formed by members of the bodies of the Company's management or not.

Sole Paragraph – The Board of Directors is responsible to establish the rules applicable to the Committees, including rules regarding their composition, term of management, compensation and operation.

Board

Article 24 – The Board shall be composed by until five (05) members, shareholders or not, resident in the country, elected by the Board of Directors, who shall have the following designations, with the cumulation of offices by a single Director authorized: (i) CEO and Director of Investors Relations; (ii) Vice-President and Director of Finances; (iii) Vice-President and Director of Nets; (iv) Vice-President and Director of Generation and Trading Operations; (v) Vice-President and Director of Strategy and Development of Businesses.

Article 25 – It is competence of the Board, the management of the social businesses in general and the practice, for such, of all the acts necessary and convenient, excepting those that by law or by this Bylaws are competence of the General Meeting or the Board of Directors. In the performance of their duties, the Directors can execute all the operations and practice all the acts of management necessary to the consecution of the purposes of the office, according to the general guidance of businesses established by the Board of Directors, including to solve the application of resources, compromise, waive, grant rights, confess debts, execute accords, execute commitments, incur in obligations, execute agreements, acquire, dispose and encumber real estates and movable assets, post bond, endorsements and guarantees, issue, endorse, cover, discount, withdraw and confirm securities in general, as well as open, move and close accounts in establishments of credit, observing the legal restrictions and those established in this Bylaws.

First Paragraph – It is competence of the CEO and Director of Investors Relations: (i) to execute and provide the execution of the resolutions of the General Meetings and Board of Directors; (ii) to ascertain and promote the execution and deployment of the policies, strategies, budgets, investments projects and other conditions of the business plan of the Company; (iii) to coordinate the activities of the other Directors, observing the specific attributions forecast in this Bylaws; (iv) to set the distribution of competencies to the other members of the Board in relation to the areas mentioned in this paragraph or in relation to the areas not necessarily



specified in this Bylaws, 'ad referendum' of the Board of Directors; (v) to supervise all the Company's operations, monitoring its progress, including the corporate governance, the policies of human resources, of institutional relations, of energetic planning, and of risk management, as well as the activities related to the audit and the areas of regulation and legal of the Company; (vi) to represent the Company before the agencies of control and other institutions acting in the capital market, with the competence to provide information to the investors, the Securities Exchange Commission – CVM and the Stock Markets, where the Company has its securities negotiated, according to the legislation applicable; (vii) to manage and promote the policies of work safety and environment of the Company; (viii) to preside the meetings of the Board; and (ix) to ensure the application of the corporate policies and the principles of sustainable development in all the activities under his/her liability.

Second Paragraph – It is competence of the Vice-President and Director of Finances, among other duties that may be established: (i) to plan, coordinate, organize, supervise and direct the activities related to the financial, accounting, tax and planning and control areas of the Company; (ii) to manage the consolidated finances and financial risk of the Company; (iii) to manage and promote the policies of work safety and environment in all areas under his/her liability; (iv) to ensure the application of the corporate policies and the principles of sustainable development in all activities under his/her liability; and (v) to evaluate and monitor policies, strategies and direct the activities in the areas defined by the CEO and Director of Investors Relation.

Third Paragraph – It is competence of the Vice-President and Director of Nets, among other duties that may be established: (i) to manager and lead the business of distribution of energy in the corporations controlled by or colligated with the Company; (ii) to respond for the planning, operation and maintenance of the electric system, engineering and management of assets of energy distribution of the corporations controlled by or colligated with the Company, observing the proper standards of corporate profitability and the quality standards defined by the Grantor Power; (iii) to propose and manage the investments related to the business of distribution of energy of the Company and its controlled and colligated companies; (iv) to respond for the deployment of the undertakings of expansion and improvement of distribution, promoting the project, construction and assembly, ensuring the physic-financial performance of these undertakings; (v) to manage and promote the policies of work safety and environment in the corporations controlled by or colligated with the Company in the scope of energy distribution; (vi) to ensure the application of the corporate policies and the principles of sustainable development in all activities under his/her liability; and (vii) to evaluate and monitor the policies, strategies and direct the activities in the areas defined by the CEO and Director of Investors Relation.

Fourth Paragraph – It is competence of the Vice-President and Director of Generation and Trading Operations, among other duties that may be established: (i) to manage and lead the business of generation of energy in the corporations controlled by and colligated with the Company; (ii) to respond for the planning, operation and maintenance, engineering and management of the assets of energy generation of the corporations controlled by and colligated with the Company, observing the proper standards of corporate profitability and the standards of quality excellence; (iii) to propose and manage the investments related to the business of energy generation of the Company and its controlled and colligated companies; (iv) to respond for the deployment of the undertakings of expansion of generation, promoting the project, construction and assembly, ensuring the physic-financial development of these undertakings; (v) to manage and lead the business of energy trading in the corporations controlled by and colligated with the Company; (vi) to manage and promote the policies of work safety and environment in the corporations controlled by and colligated with the Company in the scope of energy generation; (vii) to ensure the application of the corporate policies and the principles of sustainable development in all activities under his/her liability; and (viii) to evaluate and monitor policies, strategies and direct the activities in the areas defined by the CEO and Director of Investors Relation.

Fifth Paragraph – It is competence of the Vice-President and Director of Strategy and Business Development, among other duties that may be established: (i) to manage and lead the business of provision of services of the corporations controlled by and colligated with the Company; (ii) to search, evaluate, propose and structure new opportunities of business in accordance with the strategic planning of the Company; (iii) to manage and promote the policies of work safety and environment in the corporations controlled by and colligated with the Company in the scope of energy trading and provision of services; (iv) to ensure the application of the corporate policies and principles of sustainable development in all activities under his/her liability; and (v) to evaluate and monitor policies, strategies and direct the activities in the areas defined by the CEO and Director of Investors Relation.



Article 26 – The Board will reunite whenever called by the CEO and Director of Investors Relation or by any two of the Vice-President Directors, jointly, when the social businesses required, with at least two (02) days in advance, and the meeting shall be installed with presence of the majority of the members.

First Paragraph – In case of hindrance or temporary absence of any Director, this can appoint another Director to represent him/her in the meetings, and in such case, the Director appointed to represent him/her will vote in the Board's meetings in his/her own name and in the name of the Director represented by him/her. The appointment shall be made upon notification in written to the CEO and Director of Investors Relation and must contain clearly the name of the Director appointed and the powers granted to him/her and this shall be annexed to the minutes of the respective meeting. Alternatively, in case of temporary absence, the Director can, based on the agenda to be discussed, express his/her vote in written, by means of a letter, fac-simile or electronic mail delivered to the CEO and Director of Investors Relation.

Second Paragraph – Upon the occurrence of a vacancy in the Board, the other Directors are responsible for the indication, among them, of an alternate that will take over, temporarily, the duties of the replaced one, and the temporary replacement shall remain until the definitive provision of office to be decided by the first meeting of the Board of Directors to be held, and the alternate then elected will act until the end of the Board's mandate.

Third Paragraph – The Board's meetings can be held by means of teleconference, videoconference or other communication means, and such participation shall be considered as personal presence in such meeting. In this case, the members of the Board participating remotely in the Board's meeting must express their votes by means of a letter, fac-simile or electronic mail identifying in a distinct form the sender.

Fourth Paragraph – By the end of the meeting, the minutes shall be taken, which shall be signed by all the Directors physically present at the meeting, and subsequently transcribed in the Book of Registry of Minutes of the Company's Board. The votes expressed by the Directors participating remotely of the Board's meeting or that expressed themselves according to Article 26, First Paragraph *in fine* must equally appear in the Book of Registry of Minutes of the Board, and a copy of the letter, fac-simile or electronic message, according to the case, containing the vote of the Director, must be annexed to the Book right after the transcription of the minutes.

Article 27 – The resolutions of the Board's meetings shall be taken by the majority of the votes of the directors present in each meeting or that expressed their vote according to Article 26, First Paragraph, and in case of tied vote, the CEO and Director of Investors Relation shall have the casting vote.

Article 28 – The Company considers itself obliged when represented by:

- a) two (02) Directors jointly;
- b) one (01) Director jointly with one (01) proxy with special powers, dully constituted;
- c) two (02) proxies jointly, with special powers, dully constituted; and
- d) one (01) Director or one (01) proxy, according to the powers stated in the respective instrument of mandate, in this case, exclusively for the practice of specific acts.

First Paragraph – The proxies are granted in the name of the Company by two (02) Directors jointly, and must specify the powers granted, and excepting those forecast in the second paragraph of this article, shall have the limited period of, at most, one (01) year.

Second Paragraph – The proxies for judicial means can be granted by an undetermined term and those granted for the purposes of compliance with contractual clauses can be granted by the term of the agreement linked to it.

CHAPTER V

Supervisory Board

Article 29 – The Company will have a non-permanent Supervisory Board composed by three (03) effective members and the same number of alternates, shareholders or not, elected by the General Meeting discussing its installation, fixing their fees, respecting the legal limits. When in operation, the Supervisory Board shall the duties and powers granted by the law. The period of operation of the Supervisory Board shall terminate in the first Ordinary General Meeting held after its installation.



CHAPTER VI

Accounting Year, Profits and Dividends

Article 30 – The accounting year shall begin on January 1 and shall close on December 31 of each year, when the financial statements shall be drafted, as forecast in the legislation applicable.

Article 31 – The net profit in the accounting year shall have the following allocation:

- (a) the installment of five percent (5%) will be deducted for the constitution of legal reserve, which will not exceed twenty percent (20%) of the share capital;
- (b) the installment corresponding to, at least, twenty-five percent (25%) of the net profit, calculated over the balance obtained with the decreases and increases forecast in Article 202, I, II and III of the Companies Act, will be allocated to the shareholders as the mandatory minimum annual dividend; and
- (c) the remaining balance, after the provisions of the previous items of this Article are met, will have the allocation decided by the General Meeting of shareholders based on the proposal of the management, according to the provisions of Article 176, 3rd paragraph and 196 of the Companies Act, observing the provisions expressed in Article 134, 4th paragraph of such law. If the balance of profit reserves overcomes the share capital, the General Meeting will discuss on the application of the excess in the paying-up or in the increase of the share capital or also, in the allocation of additional dividends to the shareholders.

Sole Paragraph – The dividends not reclaimed in the term of three (03) years from the date when they were allocated at the disposal of the shareholders, will prescribe in benefit of the Company.

Article 32 – The Company can raise biannual and/or quarterly balances, and based on them can declare, by resolution of the Board of Directors, intermediary and interim dividends. The intermediate and interim dividends forecast in this Article can be imputed to the mandatory minimum dividend.

Article 33 – The Company can pay to its shareholders, interests on equity, which can be imputed to the mandatory minimum dividend.

Sole Paragraph – The interests on equity not reclaimed in the term of three (03) years from the date they were put into the disposal of the shareholders are reverted in favor of the Company.

CHAPTER VII

Disposal of Corporate Control

Article 34 – The disposal, direct or indirect, of the Company's control, by means of a single operation, or by means of successive operations, must be contracted under the condition that the acquirer of control obliges to execute a public offer of acquisition of shares, having as purpose the shares issued by the Company hold by the other shareholders, observing the conditions and terms forecast in the legislation and in the regulation in force and in the New Market Regulation, in a way to secure the equal treatment to the one given to the transferor.

CHAPTER VIII

Liquidation

Article 35 – The Company will be liquidated in the cases forecast by the law, and the General Meeting is the body with competence to ascertain the form of liquidation and appoint the liquidator and the Supervisory Board that must operate in the period of liquidation.

CHAPTER IX

General Provisions

Article 36 – The Company, its Shareholders, Managers and members of the Supervisory Board, effective and alternates, oblige themselves to resolve, by means of arbitration, before the Arbitration Chamber of the Market, in the form of its regulation, all and any dispute or controversy that may arise among them, related with or arising from the condition of issuer, shareholder, manager and member of the supervisory board, specially, resulting from the provisions of the Law 6385/76, Companies Act, in the Company's Bylaws, the rules edited by the National Monetary Council, by the Central Bank of Brazil and the Securities Exchange Commission



– CVM, as well as the other rules applicable to the operation of the capital market in general, in addition to those part of the New Market Regulation, the other regulations of B3 and the Participation Agreement of the New Market.

Article 37 – The taken of office of the managers and members of the Supervisory Board, effective and alternates, is conditioned to the signature of the term of office, that must contemplate the subjection to the arbitration clause mentioned in Article 36.