

Management Proposal

for the Annual and Extraordinary General Meetings of 04.26.2019

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ANEFAC 2017

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PROPOSAL FROM THE BOARD OF DIRECTORS FOR THE ANNUAL GENERAL MEETING, TO BE HELD ON APRIL 26, 2019, PURSUANT TO INSTRUCTION 481 OF THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM), OF DECEMBER 17, 2009 (ICVM 481/09), AS AMENDED.

Pursuant to article 9 of the ICVM 481/09, the Company must supply the following documents and information at least 1 (one) month prior to the date of the Annual General Meeting (AGM):

- **Management Report and Financial Statements (article 9, sections I and II, of CVM Instruction 481/09)**

The Complete Annual Financial Statements, including the Management Report, were filed with the CVM and B3 on February 19, 2019, and published in the newspapers Diário Oficial do Estado de Santa Catarina and Diário Catarinense, on March 26, 2019. These documents are also available in the following Websites: the Company's (www.engie.com.br/investidores), CVM's (www.cvm.gov.br) e da B3 (www.b3.com.br).

- **Management comments on the Company's financial position in accordance with item 10 of the Reference Form (article 9, section III, of CVM Instruction 481/09)**

Information concerning the comment of the directors on the Company's financial situation is available in Attachment I of this document.

- **Report (opinion) by the Independent Auditors (article 9, section IV, of CVM 481/09)**

The Report (opinion) by the Independent Auditors is contemplated in the Company's Annual Complete Accounting Statements.

- **Fiscal Council Report, including dissenting votes, if any (article 9, section V, of ICVM 481/09)**

The Fiscal Council Report is contemplated in the Company's Annual Financial Statements, noting that there were no dissenting votes.

- **Standard Financial Statements Form - DFP (article 9, section I, sole paragraph, of ICVM 481/09)**

The Standard Financial Statements form (DFP) was published by the Company on February 19, 2019, on the same date of the submission of the Management Report and the Complete Annual Financial Statements. This document can be accessed from the websites of the Company (www.engieenergia.com.br), CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

- **Proposed allocation of net profit for the year containing at least the information indicated in Attachment 9-1-II, ICVM 481/09 (article 9, section II, sole paragraph, of ICVM 481/09)**

Information relating to Attachment 9-1-II of ICVM 481/09 is available in Attachment II of this document.

- **Statement by the Audit Committee, if any (article 9, section III, sole paragraph, of ICVM 481/09)**

The Company has no Audit Committee. However, Attachment VII of the present Management Proposal addresses the creation of such o body pursuant to the Novo Mercado regulations. The body shall convene on a later date.

- **Capital Budget**

Capital Budget information can be found in Attachment III hereto.

Whenever the General Meeting is convened to elect the members of management or fiscal council, the Company shall provide (Article 10 of ICVM 481/09):

- **At least the information shown in items 12.5-12.10 of the Reference Form with respect to the candidates nominated or supported by the management or by the controlling shareholders (article 10, Subsection I of ICVM 481/09)**

The aforementioned data is shown in attachment IV hereto. This Meeting shall only elect the members of the Fiscal Council. Therefore, the information provided in items 12.5-12.10 only concerns the members of the Council.

Whenever a General Shareholders' Meeting is convened to set the compensation of the members of the management, the Company shall provide at least the following documents and information (Article 12 of ICVM 481/09):

- **Information concerning the compensation of directors based on item 13 of said Reference Form (article 12 –sections I and II, of ICVM 481/09)**

This information is presented in attachment V hereto.

- **Information concerning proposed employee profit sharing in fiscal year 2018**

The proposal can be found in Attachment VI hereto.

Whenever a General Meeting convenes to amend the Bylaws, the company shall provide, at least, the following documents and information (article 11 of ICVM 481/09):

- **Copy of the bylaws with emphasis on the proposed amendment; and**

A copy of the Bylaws with the proposed amendments can be found in Attachment VII hereto.

- **Report with details on the origins and justification of the proposed amendment sand an analysis of their legal and economic effects.**

Justification for the proposed amendments can be found in Attachment VII hereto.

- **Remote voting list, to which Article 21-F (Article 9, section VI, of ICVM 481/09) refers and should the events pursuant to Article 21-A (Article 10, section II of ICVM 481/09) arise**

Pursuant to ICVM 481/09 and its subsequent amendments, the Company is to adopt the remote voting system as from fiscal year 2017.

The Company published the remote voting list on March 26, 2019, by means of Central de Inteligência Corporativa (CI.CORP), on the same date of the submission of the Management Proposal. This document can be accessed through the websites of the Company (www.engieenergia.com.br), the CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

ATTACHMENT I – MANAGEMENT'S COMMENTS

Article 9, section III, of ICVM – Management's comments on the Company's financial position, in accordance with item 10 of the reference form

10.1 General financial and equity conditions

The financial information provided in items 10.1-10.9 of the present Reference Form reflects the Company's financial statements for the fiscal years ending December 31, 2018, 2017 and 2016, prepared pursuant to the International Financial Reporting Standards (IFRS) and Brazilian accounting practices

a. Overall financial and equity conditions

Based on the liquidity and debt indicators provided ahead, Management understands that the Company's financial and equity conditions are appropriate to the execution of its capital and investment expansion plans, as well as to meet its liquidity requirements and meet its short- and long-term obligations.

Consolidated information for the fiscal year ending December 31, 2018

The year 2018 was characterized by consistent growth as a result of the implementation of new power plants and maintenance of its electricity generation plant, as well as entry into the transmission, distributed generation and electric energy trading segments, according to the ENGIE Group's global de-carbonization, decentralization and digitalization guidelines.

The Company continues to expand its renewables matrix. In 2018, it completed construction of the Campo Largo Wind Complex – Phase I, consolidated the operations of the Jaguara and Miranda Hydroelectric Plants, and continued work towards the implementation of the Pampa Sul Thermal Power Station, which is set to begin commercial operations in mid-2019. Also in 2018, the Company completed the acquisition of the remaining 50% of equity shares in ENGIE Geração Solar Distribuída S.A. (ENGIE Solar).

Furthermore, in 2018, the Company, through its direct subsidiaries ENGIE Brasil Energias Complementares Participações Ltda. ("ECP") and ENGIE Brasil Energia Comercializadora Ltda. ("EBC"), entered into the concession contract associated with Transmission Auction No. 02/2017.

According to the Monthly Summary of the Electric Energy Market, published by Empresa de Pesquisa Energética in January 2019, net energy consumption in Brazil was up 1.1% in 2018 to 472,242 GWh. As concerns 2018's hydrological scenario, the energy volumes making it to reservoirs remained blow historic average.

2018's Differences Settlement Price (PLD) was at the regulatory ceiling (BRL 505/MWh) for 10 consecutive weeks. The average PLD of the South and Southeast/Center-West submarkets was down 10.25%, from R$ 320 to R$ 288. According to the CCEE bulletin of January 2019, average GSF (*Generation Scaling Factor*) was 81.6% vs. 2017's 79.4%.

The indicators' recent evolution continues to indicate the continued recovery of the Brazilian economy at a slow and gradual pace. According to IBGE, Gross Domestic Product (GDP) growth in 2018 was 1.1%, from 1.0% in the previous year.

With respect to economic and financial performance, the Company reported consolidated net income of R$ 2,315 million in 2018, up 15.5%, or R$ 310 million, from 2017. Adjusted EBITDA in 2018 was R$ 4,368 million, up 24.1%, or R$ 848 million, from 2017. Adjusted EBITDA margin was down 0.5 p.p. from 50.2% to 49.7% YoY. This is largely due to the 2018 effects of trading operations and the booking of the transmission line's revenues and construction costs. Ex- these impacts, EBITDA margin would have been 54.0%, up 3.8 p.p. between periods.

The main factors leading to the performance above were operating results from the Jaguara and Miranda Hydroelectric Plants, which were acquired in late 2017; the increased revenue from short-term market transactions; the higher average net selling price and volume of energy sold; lower energy acquisitions for the purposes of managing the Company's portfolio; the booking of revenues from indemnity rights associated with business disruption and contract penalties; and entry into trading operations in January 2018.

The factors listed next support the Company's favorable equity and financial conditions:

- Increasing net-income generation – In 2018, the Company posted R$ 2,315 million in net income, up 15.5% from the previous year's consolidated net income.
- Robust operating cash generation – Consolidated adjusted EBITDA in FY 2018 was R$ 4,368 million, up 24.1% from 2017.
- Indebtedness – "Total debt-to-adjusted EBITDA" was 2.2X and "Net debt-to-adjusted EBITDA" was 1.6X in 2018. The YoY indebtedness increase is due to funds raised from BNDES, private-sector institutions and debentures issued to finance construction and modernization of the Company's electricity generation plant and manage cash flow to continue implementing its business plan. In 2018, foreign currency-denominated debt was 27.4% of the total and was fully hedged against currency fluctuations by means of swap contracts.

- Loans and financing – In 2018, the company took loans and financing to refinance maturing debt and expand its electricity generation plant by means of the implementation of the Campo Largo Wind Complex – Phase I, the Pampa Sul Thermal Power Plant, and the Assú V Photovoltaic Power Plant. The total amount raised was R$ 2,233 million.
- Debentures issued – In 2018, controlled companies Companhia Energética Jaguara ("Jaguara") and Companhia Energética Miranda ("Miranda") issued two series of restricted-effort debentures in a total amount of R$ 1,802 million (R$ 1,759 million net of fundraising costs). The purpose was to make early payment of a portion of the amount raised by means of promissory notes. Furthermore, in the same year, the Company issued simple, non-convertible debentures in two series, as prescribed in CVM Instruction 400/2003, in a total amount of R$ 747 million (R$ 728 million net of fundraising costs), to partly finance the Company's expansion projects.
- Risk rating – On February 7, 2018, because of the downgrade of Brazil's sovereign risk to 'BB-', Fitch Ratings downgraded EBE's International foreign-currency Long-Term Raring to 'BB', stable outlook, still one notch above the sovereign rating. The Company's domestic long-term rating, local scale, remained at 'AAA(bra)', stable outlook.
- Reduced level of delinquency – The result of a strict credit analysis and portfolio diversification process in connection with the Company's clients.
- Installed capacity – As of December 31, 2018, the Company had 8,004.8 MW in installed capacity and operated a 9,725.5 MW electricity generation park made up of 41 power plants – 11 hydroelectric, three conventional thermal, 20 wind parks, three biomass, two photovoltaic solar, and two small hydroelectric plants. Out of these, 37 are fully owned by the Company and four (the Itá, Machadinho and Estreito hydroelectric plants and the Ibitiúva Bioenergética biomass co-generation plant) are commercially explored by means of partnerships with other companies.
- Installation of new plants – In 2018, the 11 wind plants that make up the Campo Largo Wind Complex – Phase I, became operational, with 326.7 MW total installed capacity. In addition, the Umburanas Wind Complex and the Pampa Sul Thermal Power Plant are in their installation phases. As of the submission of the present Proposal, on March 27, 2019, Aneel authorized entry into commercial operations of 13 wind plants of the Umburanas Wind Complex. Entry into commercial operation of the Farm's five other wind plants is slated to take place over the course of 2019. As for the Pampa Sul Thermal Power Plant, entry into commercial operations is set for mid-2019. Late 2019 will also see the beginning of construction for the Campo Largo Wind Complex – Phase II, pursuant to entry into contracts under the Free Contracting Environment (ACL). Installation of Phase II was approved in the Meeting of the Board of Directors of February 19, 2019.

- Business segment – At Aneel Transmission Auction No. 02, of December 15, 2017, the Company successfully bid for Lot 1, with approximately 1,000 kilometers in expansion in the state of Paraná. This marked the company's entry into the electric energy transmission business in Brazil. The project also provides for the installation of five new substations. The transmission utility service concession period, including licensing, construction, assembly and operation and maintenance of the transmission installations will be of 30 years, from entry into the concession contract. The deadline for entry into operation of the transmission line is March 09, 2023.. The Company, however, projects that it will be ahead of the deadline. The concession contract was entered into on March 08, 2018. In addition, in January 2018, the Company entered into the trading market as a means to derive income from the changes in electric energy prices, within the risk and counterparties constraints previously set by Management. Furthermore, with the completion of the acquisition of the remaining 50% of the equity stock of ENGIE Solar, the Company now also operates in the distributed generation segment.
- Disposal of assets: On April 12, 2018, the Company announced to its shareholders and the market at large that the talks with ContourGlobal in connection with the acquisition of CTJL, as well as of the Pampa Sul Thermal Power Complex, did not evolve to satisfaction. The Company therefore decided to consider alternative paths to pursue its portfolio's decarbonization process.

Consolidated information for the fiscal year ending December 31, 2017

The year 2017 was characterized by the Company's dedication to creating value in preparation for the transformation and opportunities brought about by energy transition, as reflected in the business strategy's three pillars: decarbonization, decentralization and digitalization. The ability to deliver effective results, even under adverse scenarios, lies among the Company's main virtues over the course of its path. 2017 was no different, and the Company achieved significant success executing its strategy.

The Company made progress in expanding its renewable energy matrix, notably with the acquisition of two new concessions – the Jaguara and Miranda Hydroelectric Power Plants, which together added 832 MW of installed capacity to the generating complex. Also on the renewable energy front, the Company acquired the 605 MW Umburanas Wind Complex, in the state of Bahia. The project neighbors the Company's Campo Largo Wind Complex and enables significant resources optimization and synergies implementing and operating these wind farms. In 2017, in the distributed solar generation segment, ENGIE Solar maintained the growing number of system installations.

After two consecutive years of decline, the Brazilian economy showed signs of resumed activity in 2017. Despite being modest, these signs indicate the potential for a more favorable business environment in the coming years. Gross Domestic Product (GDP) gained 1% in 2017 vs. 2016, when the economy retracted close to 3.5%.

2017's hydrological scenario was even more restrictive than 2016's in terms of hydroelectric energy supply. With the exception of the North subsystem, which reached yearend hydroelectric plant reservoirs at storage levels slightly above January's, the other subsystems reached yearend 2017 at even worse conditions that those seen early in the year.

As for its economic and financial performance, in 2017 ENGIE Brasil Energia posted R$ 2,005 million in consolidated net earnings, up 29.5%, or R$ 457 million, from 2016. The Company's adjusted EBITDA was R$ 3,520 million, up 10.8%, or R$ 344 million, from 2016. Adjusted EBITDA margin gained 0.9 p.p., from 49.3% in 2016 to 50.2% in 2017. This was largely due to the combination of an increased volume of energy sold, the positive income from short-term operations (in particular those conducted within the CCEE), lower royalties costs – due to less favorable hydrological conditions – , the disposal of the Beberibe, Pedra do Sal and Areia Branca plants, and the booking of revenues from the operation of the Jaguara and Miranda Hydroelectric Plants.

Consolidated information for the fiscal year ending 12.31.2016

The year 2016 was characterized by a series of changes at the Company in line with the strategic integration proposed by its Controlling Company. The adopted new name – ENGIE and consequently the new logo, are part of this process of adjusting the business to the energy transition process. This is transforming the electric energy sector globally and designing the future for this environment around three principle axes: decarbonization, decentralization and digitalization.

ENGIE Brasil Energia's principal operational areas continue to be centralized generation, prioritizing renewable sources, and energy commercialization. At the same time, the Company seeks to increasingly offer integrated and innovative solutions to people, companies and cities. In 2016, its debut in the distributed solar generation segment through the ENGIE Geração Solar Distribuída S.A., subsidiary represents an important initiative in this direction.

The hydroelectric scenario in 2016 was an even more critical one than 2015 in relation to hydrology and corresponding hydroelectric plant inflows. Both the North and Northeast regions experienced their second worst year ever. Conversely, strong inflows in the Southeast and the Center-West region in January 2016 combined with regular inflows in the South for the best part of the year together with a significant decrease in energy consumption, resulted in the Price for the Settlement of Differences (PLD) remaining relatively low for the period.

With respect to economic and financial performance, ENGIE Brasil Energia reported a consolidated net income in 2016 of R$ 1,548 million, 3.1% or R$ 47 million higher than fiscal year 2015. The Company recorded EBITDA of R$ 3,176 million, an increase of 2.0% or R$ 61 million compared with 2015. EBITDA margin rose 1.5 p.p. from 47.8% in 2015 to 49.3% in 2016.

This performance is essentially a reflection to a combination of the Company's low net leverage during the year, a reduction in fuel consumption for generating energy — a reflection of lower thermoelectric dispatch — a decline in the volume of energy purchases for resale and finally, recognition of impairment of assets. Worthy of note is that the comparison with results in 2015 was impacted by the effects of renegotiation of the hydrological risk for the regulated contracting environment, to which the Company adhered pursuant to Law 13.203/2015. As this was recognized in fiscal year 2015, the positive effects of renegotiation adversely impacted the comparison of performance in 2016 relative to 2015.

b. Capital structure

The Management understands that the Company has a capital structure with low leverage, which will permit growth strategy to be implemented over the coming years.

The Company's business shows high operating cash generation, due mainly to its high margin, a product of the electric energy generation activity's capital-intensive nature and of Management's strict control of costs and expenses.

The main components of the Company's capital structure as follows:

Amounts in million R$	**12.31.2018**	**12.31.2017**	**12.31.2016**
Gross debt[1]	9,498	6,738	3,089
(-) Cash and cash equivalent and restricted deposits	2,642	2,155	1,996
Net debt	6,856	4,583	1,093
Long-term debt (% of total debt)	93.0%	54.4%	90.3%
Equity	6,320	6,835	6,614
Leverage[2]	52.0%	40.1%	14.2%
Capital structure composition:			
- Own capital (Net worth/ Total liability)	26.6%	34.9%	45.9%
- Third parties' capital (current and non-current liabilities/total liabilities)	73.4%	65.1%	54.1%

The increase in percentage leverage seen on December 31, 2018 and December 31, 2017, is due to loans and financing taken, including in foreign currency, fully hedged against in Brazilian *Reais*, and debentures issues by the Company and by controlled companies Jaguara and Miranda.

Funding was secured with the main purpose of enabling construction and modernization of the Company's electricity generation complex and managing its cash flow to enable continued implementation of its business plan.

[1] Incorporates loans – net of the effect of the hedge, financing, debentures and the promissory notes.
[2] Net debt / (Net debt + Equity)

c. Payment capacity relative to financial obligations

Give the Company's debt profile and liquidity position, Management believes that, assuming regular market conditions, it will be fully able to honor existing current and long-term liabilities and to continue expanding investments.

On December 12, 2017, the Company showed negative net outstanding capital due significantly to the promissory notes issued and the loans secured in 2017 to finance the concessions for the Jaguara and Miranda Hydroelectric Plants. The promissory notes were settled largely by means of an issue of simple, nonconvertible, secured debentures in two series, for controlled entities Jaguara and Miranda, in the amount of R$ 1,802 million, thereby addressing the negative working capital position.

Management further understands that, under regular market conditions, solid cash generation affords the Company comfortable margin honoring all of its existing long-term liabilities.

The table next lists the main debt-repayment capacity indicators used by the Company.

Amounts in R$ million	12.31.2018	12.31.2017	12.31.2016
Adjusted EBITDA	4,368	3,520	3,176
Gross financial expense	854	450	753
Net financial expense	699	227	355
Gross debt	9,498	6,738	3,089
Net debt	6,856	4,583	1,093
Net debt / Adjusted EBITDA	1.6	1.3	0.3
Total debt / Adjusted EBITDA	2.2	1.9	1.0
Adjusted EBITDA / Gross financial expense	5.1	7.8	4.2

Over the past three fiscal years, the Company has honored its obligations to third parties such as suppliers, dividends, debts and grants payable, among others.

The Company's 2018 risk rating was published by Fitch Ratings. On February 27, 2018, because of the downgrade of Brazil's sovereign rating to 'BB-', Fitch Ratings downgraded EBE's Long Term foreign currency international rating to 'BB', stable outlook, still one notch above the sovereign rating. The Company's domestic long-term rating, local scale, remained at 'AAA(bra)', stable outlook.

d. Sources of financing for working capital and investment in non-current assets

The Company uses lines of credit from top-ranking financial institutions to cover any short- and medium-term cash needs.

As concerns the Company's investment projects, in addition to using some of its cash generation, the main source of financing is the Brazilian Development Bank – BNDES, either directly or through Banks that lend-on BNDES lines. These institutions normally offer interest rates and terms of payment compatible with the return on energy generation projects.

If the investment project is not eligible for BNDES financing or due to financing-cost issues, the Company may use other sources of incentivized funding such as the Constitutional Financing Fund for the Northeast (FNE), the Constitutional Financing For the Center-West (FCO), the capital markets through the issuance of promissory notes and/or debentures or other sources of funding, in order to maintain an adequate capital structure and liquidity. The Company constantly evaluates operations financing alternatives.

In 2017 and 2016, the Company's main sources of funding for projects were the BNDES and its Lend-On Banks. These contracts generally include a "standard" required investment ratio to secure lines of credit, of about of 30% own capital and 70% third-party financing. In 2018, in addition to BNDES and its Lend-On Banks, the Company secured funding by means of debentures issues, due to favorable market conditions.

e. Sources of financing for working capital and for investments in non-current assets to be used to cover liquidity shortfalls

Notwithstanding the fact that Management does not foresee any liquidity deficiency, the Company holds standby credit lines (working capital, long-term financing and bank guarantees) from first class financial institutions in a total amount of approximately R$ 3.0 billion.

In the event that it should need to draw on financing for working capital, the Company intends to use credit lines available in the market from first class credit institutions. In the case of financing of non-current assets, the Company intends as a priority to use long-term financing resources directly from the BNDES or its Lend-On Banks.

In addition, because of the high rating assigned by ratings agency Fitch Ratings, the Company has ready access to the capital markets should it need to obtain additional funding.

f. Indebtedness levels and debt characteristics, further describing:

The principal information on debt taken from Financial Institutions is described as follows:

(i) material loans and financing agreements and promissory notes

Terms of the main debts taken

		Payment Conditions		Amounts in R$ million		
Companies / Banks	**Interest**	**Maturity**	**Principal and interest**	**12.31.2018**	**12.31.2017**	**12.31.2016**
Controlling Shareholder						
Domestic currency						
Nordic Investment Bank	IPCA + 3.55% p.a.	10.2022	Principal: Monthly Interest: Quarterly	112	135	157
BNDES – Modernization	TJLP + 2.26% p.a.[a]	07.2020	Principal: Monthly, after 08.2016 Interest: Quarterly until 08.2016, then monthly	119	171	203
BNDES –São Salvador Plant	TJLP + 2.7% p.a.[a]	10.2023	Monthly	80	96	112
BNDES Lend-on (Banks) [b]	TJLP + 3.25% p.a.[a]	10.2023	Monthly	-	-	226
Finame Lend-on (Banks)	3.68% p.a.	11.2024	Monthly	6	8	18
Foreign currency (US Dollars)						
Bank of Tokyo	3.712% p.a. with swap for 101% of CDI	04.2020	Principal: 04.2020 Interest: Semi-annual	390	-	-
BNP Paribas	3.684% p.a. with swap for 102% of CDI	04.2020	Principal: 04.2020 Interest: Semi-annual	388	-	-
Bank of Tokyo	3.998% p.a. with swap for 103% of CDI	04.2021	Principal: 04.2021 Interest: Semi-annual	392	-	-
Scotiabank	3.798% p.a. with swap for 102% of CDI	04.2021	Principal: 04.2021 Interest: Semi-annual	387	-	-
HSBC France	8.459% p.a. with swap for 103% of CDI	10.2020	Principal: 10.2020 Interest: Semi-annual	341	334	-
Scotiabank	3.3710% p.a. with swap for IPCA + 5.2% p.a.	11.2022	Principal: 11.2022 Interest: Semi-annual	768	669	-
Bank of Tokyo	1.9429% p.a. with swap for 101.4% CDI 2.0571% p.a. with swap for 101.4% CDI	10.2018	Principal: 10.2018 Interest: Semi-annual	-	667	-
Controlled entities:						
Hidropower - Banco do Brasil	8.08% p.a.	10.2017	Monthly	-	-	3
Companhia Energética Estreito						
BNDES –Social Credit	TJLP	06.2018	Monthly	-	3	8
BNDES	TJLP + 1.89% p.a.[a]	09.2029	Monthly	593	644	692
BNDES Lend-on (Banks) [b]	TJLP + 2.95% p.a.[a]	09.2029	Monthly	403	438	470
Ibitiúva						
BNDES (Subloan B)	4.5% p.a.	01.2020	Monthly	5	9	13
BNDES (Subloan A and C)	TJLP + 2.05% p.a.[a]	01.2021	Monthly	8	11	15
Ferrari						
BNDES	TJLP + 1.91% p.a.[a]	06.2021	Monthly	11	15	19
BNDES Expansion	TJLP + 1.76% p.a.[a]	07.2032	Monthly	38	41	44
BNDES Lend-on (Banks) [b]	TJLP + 3.40% p.a.[a]	06.2021	Monthly	5	7	8
Trairí Wind Complex [c]						
BNDES	TJLP + 2.51% p.a.[a]	07.2029	Monthly	252	274	294
BNDES –Social Credit	TJLP	07.2029	Monthly	1	1	2

Companies / Banks	Interest	Payment Conditions		Amounts in R$ million		
		Maturity	Principal and interest	12.31.2018	12.31.2017	12.31.2016
Controlled entities:						
Santa Mônica Wind Complex [(d)] BNDES	TJLP + 2.18% p.a.[(a)]	05.2033	Monthly	305	293	-
Campo Largo Wind Complex						
BNDES	TJLP + 2.52% p.a. [(a)]	06.2035	Monthly	390	-	-
BNDES	TJLP + 1.82% p.a. [(a)]	06.2035	Monthly	488	-	-
Pampa Sul						
BNDES	TJLP + 3.09% p.a. [(a)]	01.2036	Monthly from February 2020	628	-	-
Assú V						
Banco do Nordeste do Brasil	IPCA + 1.7624% p.a.	07.2038	Principal: Monthly from 08.2023 Interest: Quarterly until 07.2023, then monthly	84	-	-
Jaguara - Banco J. Safra S.A.	104.9% p.a. on Δ DI Rate	11.2018	Principal: 11.2018 Interest: 11.2018	-	1,326	-
Miranda - Banco J. Safra S.A.	104.9% p.a. on Δ DI Rate	11.2018	Principal: 11.2018 Interest: 11.2018	-	784	-

[(a)] The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal amount.

[(b)] The Banks are the following ones: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.

[(c)] Trairí Project financing composed of the following companies: Trairí, Mundaú, Guajiru and Fleixeiras I.

[(d)] Financing of the Santa Mônica Project, made up of the entities Santa Mônica, Cacimbas, Estrela and Ouro Verde.

Additional information on the more relevant loan and financing agreements and promissory notes of the Company and its controlled entities

Balances as of December 31, 2018, December 31, 2017 and December 31, 2016 of the loans listed below can be found in the table provided with foregoing item f(i).

ENGIE Brasil Energia

- Nordic Investment Bank

In January 2013, the Company signed a loan agreement with the Nordic Investment Bank (NIB), amounting to R$ 143 million or US$ 70 million. The amount of R$ 142 million was drawn on January 22, 2013, net of funding costs of R$ 1 million. The amortization period is 7 years, from October 2015, and financial charges on the loan are IPCA + 3.55% per annum. In February 2018, due the downgrade of Brazil's sovereign rating, the Company took a US Dollar-denominated guarantee in the amount of R$ 112 million, maturing in 2019.

- BNDES – Modernization

In September 2014, the Company signed an agreement with the BNDES for R$ 275 million for financing the modernization of Salto Santiago and Passo Fundo HPPs. The outstanding balance of the loan was R$ 119 million as of December 31, 2018. Of the total financed, around 99% bear interest at TJLP + 2.26% and monthly amortization payments from August 2016 to July 2020, and approximately 1% bears interest at TJLP and monthly amortization payments from August 2016 to July 2020.

- BNDES – São Salvador HPP and BNDES Lend-On (Banks)

In March 2007, Companhia Energética São Salvador ("CESS") agreed a line of finance from the BNDES and its Lend-On Banks – Itaú Unibanco, Bradesco, Santander and Votorantim – for the construction of the São Salvador Hydroelectric Power Plant. The Company incorporated CESS in December 2013. As of December 31, 2018, the outstanding balance of the loan was R$ 80 million.

- Foreign currency-denominated loans

In 2018, 2017 and 2016, the Company took foreign currency-denominated loans from HSBC France, Bank of Tokyo, Scotiabank and BNP Paribas.

The funds were raised with the main purpose of financing the construction and modernization of the Company's electricity generation complex and manage its cash flow to ensure continued implementation of its business plan.

To hedge cash flows against oscillations of the US Dollar/Brazilian Real exchange rate, the Company entered into swaps covering the entirety of the foreign currency-denominated loans with the Brazilian subsidiary of the lending institution. This will maintain a call position equal to the change of the US Dollar plus interest and a put position equal to the change in CDI. Principal repayment and interest amortizations of the loans and swaps will take place on the same exact dates. It is worth emphasizing that, according to the Company's Investment and Derivatives Policy, the use of derivatives is limited to risk hedges and must be kept in strict correlation with debt profiles, volumes and terms.

The main terms of the loans and swaps taken were as follows:

		Amount		Loans and long swap position	Short swap position	
Banks	Mth/Year	US$ million	R$ million	US$ + Interest (p.a.) Δ	CDI Δ	Maturity
HSBC France	10.2017	100	325	8.459%	103% of CDI	10.2020
Scotiabank	11.2017	200	650	3.371%	IPCA + 5.2%	11.2022
Scotiabank II	04.2018	100	342	3.798%	102% of CDI	04.2021
BNP Paribas	04.2018	100	339	3.684%	102% of CDI	04.2020
Bank of Tokyo I	12.2014	50	131	114.2857% of Libor + 0.5486%	98% of CDI	12.2016
Bank of Tokyo II	10.2017	200	656	1.9429% and 2.0571%	101% of CDI	10.2018
Bank of Tokyo III	10.2018	100	341	3.712%	101% of CDI	04.2021
Bank of Tokyo IV	10.2018	100	341	3.998%	103% of CDI	04.2020
		950	**3,125**			

Due to the characteristics of these financial instruments, the Company applied the fair value hedge accounting rules for booking purposes. Thus, both the hedging instrument (swap) and the hedged loan are measured at the fair value compensating the result and fully protecting the Company from fluctuations in the US dollar and the interest rates.

In April 2018, the Company postponed the maturity of the foreign currency-denominated (USD) loan and the respective hedge (swaps), respectively, with the Bank of Tokyo and its Brazilian subsidiary – Bank of Tokyo II. The postponement produced the two new operations listed in the foregoing table as Bank of Tokyo III and Bank of Tokyo IV.

Controlled entities consolidated into ENGIE Brasil Energia

The following financing arrangements were taken as Project Finance. To this end, Special-Purpose Entities (SPEs) have been executed to implement the respective projects.

- Companhia Energética Estreito (CEE)

In March 2008, the CEE signed a financing agreement with the BNDES and with the BNDES Lend-on Banks – Itaú Unibanco, Bradesco and Votorantim – for the construction of the Estreito Hydroelectric Plant. The outstanding balance was R$ 996 million as of December 31, 2018.

- Trairí Wind Complex

In May 2012, the indirectly controlled companies Mundaú, Guajiru, Fleixeiras I and Trairí signed a financing agreement with the BNDES for the installation of their wind farms in the state of Ceará. The balance was R$ 253 million as of December 31, 2018.

- Santa Mônica Wind Complex

In August 2016, indirectly controlled companies Cacimbas, Estrela, Ouro Verde and Santa Mônica entered into a financing contract with BNDES for the implementation of the wind farms in the state of Ceará. The balance owed on December 31, 2018, was R$ 305 million.

- Campo Largo Wind Complex

In April 2018, the Campo Largo Wind Complex – Phase I entered into a financing agreement with BNDES for the purposes of installing the Complex's wind farms. The balance on December 31, 2018, was R$ 878 million.

- Pampa Sul

In April 2018, controlled entity Pampa Sul Thermal Power Plant S.A. entered into a financing agreement with BNDES, for the purposes of construction of the plant. The balance on December 31, 2018, was R$ 628 million.

- Assú V

In June 2018, indirectly controlled entity Assú V entered into a financing agreement with Banco do Nordeste do Brasil (BNB), the proceeds of which were allocated to financing construction of the photovoltaic power plant. The balance on December 31, 2018, was R$ 84 million.

- Companhia Energética Jaguara (Jaguara) and Companhia Energética Miranda (Miranda)

On November 27, 2017, directly controlled companies Jaguara and Miranda issued single-series promissory notes for restricted efforts public dealing with R$ 5,000 face value for a total amount of R$ 1,320 million and R$ 780 million, respectively. The funds raised, in the amount of R$ 2,096 million, net of fundraising costs, were allocated to payment of a portion of the bonus paid for the grant under Aneel Auction 001/2017.

On June 26, 2018, the controlled entities issued debentures as approved by their Boards of Directors at a meeting held on May 11, 2018. The restricted effort debentures with a face value of R$ 1,000.00, were issued in two series in a total amount of R$ 1.802 million. The funds raised were allocated to early liquidation of a portion of the amount raised by means of promissory notes. The remaining balance was liquidated on maturity of the promissory notes.

Loan and financing guarantee

The Company maintains a guarantee for the loan and financing agreements described next. The Company provides no guarantees in connection with the other loans.

- NIB – Wind Projects Financing – the Company has taken guarantee in US Dollars in an amount equivalent to R$ 112 million, maturing in 2019. The guarantee requirement emerged in February 2018, when Fitch Rating downgraded Brazil's sovereign rating with an impact on the Company's long-term foreign currency rating. The loan from NIB was taken in December 2012 to execute construction of the Trairí Wind Complex.

- BNDES – Modernization

Guarantees offered against the agreement signed with the BNDES for modernization of the Salto Santiago and Passo Fundo hydroelectric plants are the pledge of revenues from the Power Purchase Agreements in the Regulated Environment (CCEAR).

- BNDES – financing originally granted to São Salvador Hydroelectric Power Plant incorporated by the Company

Following incorporation, the guarantees for the respective financing were substituted by a bank guarantee for the BNDES installment.

- BNDES and BNDES Lend-on (Banks) – hydroelectric projects

The financing of hydroelectric projects carry the following guarantees: (a) lien on rights stemming from the concession; (b) lien on credit rights originating from electric energy sales agreements; (c) reserve account in an amount equivalent to three months of debt service or bank guarantee; (d) reserve account in an amount corresponding to three months of maintenance and operational contractual expenses, applicable to those plants which engage third party services for executing these activities; and (e) pledge of all shares.

In the case of the CEE agreement, additional to these guarantees there is also a lien on dividends to be paid by the Company to its parent company, ENGIE Participações.

- BNDES – Biomass, Wind and Thermal Power Plants

Guarantees for biomass, wind and thermal projects are as follows: (a) chattel mortgage of assets and equipment; (b) the entirety of the controlled entities equity shares; (c) receivables and reserve account; and (d) corporate pledge from the Company.

- Banco do Nordeste do Brasil (BNB) – Photovoltaic Solar Project Financing: (a) lien on the rights and credits stemming from the concession and credit rights from electric energy sale agreements; (b) constitution of an O&M Reserve Account in an amount equivalent to 25% of annual O&M expenditures; (c) Chattel Mortgage of the Reserve Account; (d) reserve account in an amount equal to a minimum of 4.09% of the project's balance owed; (e) chattel mortgage of assets and equipment; (f) corporate pledge from ENGIE Energias Complementares Participações Ltda.; (g) Shareholder Support Agreement entered into with ENGIE Energias Complementares Participações Ltda.

- Promissory notes – Jaguara e Miranda

The promissory notes are secured by a warrant from controlling company ENGIE Brasil Energia, covering all principal and accessory liabilities taken.

(ii) other long-term relations with financial institutions

Represented by the debentures issued by the Company and by controlled entities Jaguara and Miranda. On December 31, 2018, December 31, 2017, and December 31, 2016, the Company had the following outstanding issues:

				Payment Conditions		Amounts in R$ million		
		Quantity	Compensation	Interest/ monetary restatement	Principal	12.31.2018	12.31.2017	12.31.2016
Controlling Shareholder	5th Issue - Single Serie	165,000	IPCA + 6.3% p.a.	Annually in December	3 Annual installments from 12.2022	207	199	194
	6th Issue - Series 1	246,600	IPCA + 6.2621% p.a.	Annually in July	3 Annual installments from 07.2021	271	260	251
	6th Issue - Series 2	353,400	IPCA + 6.2515% p.a.	Annually in July	3 Annual installments from 07.2024	387	371	359
	7th Issue - Series 1	515,353	IPCA + 5.6579% p.a.	Annually in July	2 annual installments from 07.2024	519	-	-
	7th Issue - Series 2	231,257	IPCA + 5.9033% p.a.	Annually in July	3 annual installments from 07.2026	233	-	-
Controlled Entities	1st Issue - Series 1	782,000	107% p.a. on Δ DI Rate with swap for IPCA + 4.47% p.a.	Semi-annually from 12.2018	9 semi-annual installments from 06.2019	778	-	-
	1st Issue - Series 2	1,020,000	IPCA + 6.4962% p.a.	Semi-annually from 12.2018	15 semi-annual installments from 06.2020	1,015	-	-

Additional information on debentures

- Fifth debenture issue - Single series

In December 2014, the Company issued 165,000 simple debentures, non-convertible, single series of the unsecured type, with a nominal value of R$ 1 thousand making the total amount of R$ 165 million on the date of issue. These debentures are adjusted by the IPCA and yield interest corresponding to 6.3% p.a., calculated on the restated Unit Face Value. Payment of this compensation is annual, the first disbursement taking place on December 15, 2015. The principal. Principal will be repaid in three annual installments on 12.15.2022, 12.15.2023 and 12.15.2024. The public debentures offering was liquidated on 12.23.2014 and the proceeds were used to modernize the Salto Santiago and Passo Fundo Hydroelectric Plants.

- Sixth debenture issue – Series 1 and 2

In July 2016, the Company issued 600,000 simple, non-convertible, unsecured debentures in two series with a nominal value of R$ 1 thousand, amounting to a total of R$ 600 million, or R$ 586 million, net of funding costs. The debentures are restated at the IPCA and carry an interest rate corresponding to 6.2621% p.a. and 6.2515% p.a. for Series 1 and 2, respectively, payable on the Restated Nominal Unit Value. Payments will be made in 3 annual installments, the first as from July 2021 and from July 2024 for the 1 and 2 Series respectively. The funds raised have been allocated for the installation of the Pampa Sul Thermal Power Plant.

- Seventh debenture issue – Series 1 and 2

In July 2018, the Company issued 746,610 simple, non-convertible, unsecured debentures in two series pursuant to CVM Instruction 400/2003, with a nominal value of R$ 1 thousand, for a total amount of R$ 747 million (R$ 728 million, net of fundraising costs). These debentures are restated at the IPCA and yield interest at 5.6579% p.a. and 5.9033% p.a. for Series 1 and 2, respectively, payable on the restated Nominal Unit Value. Payment is made annually and the principal of Series 1 will be repaid in 2 annual installments due on 07.15.2024 and 07.15.2025, and the principal of Series 2 will be repaid in 3 annual installments due on 07.15.2026, 07.15.2027 and 07.15.2028. The offering was liquidated on 07.25. 2018 and the proceeds were allocated to installation of the Campo Largo Wind Complex – Phase I and the refinancing of a portion of the Jaguara and Miranda promissory notes.

- First debenture issue – Series 1 and 2 – Controlled Entities

In June 2018, directly controlled entities Jaguara and Miranda issued 1,117,000 and 685,000 debentures, respectively, in two series, restricted effort, in the nominal value of R$ 1 thousand, for a total of R$ 1,117 million and R$ 685 million, respectively. These debentures yield 107% of the CDI rate and IPCA + 6.4962% p.a. for Series 1 and 2, respectively. Payments are made twice annually starting from 12.2018. repayment of the principal of Series 1 will take place in 9 twice annually installments from 06.2019, and repayment of Series 2 will take place in 15 twice annually installments from 06.2020. The funds raised have been allocated to early repayment of a portion of the amount raised by means of promissory notes.

To fully hedge future principal and interest payment flows against changes in the DI rate, swaps were entered into with Banco Itaú BBA on 12.19.2018 at the IPCA rate + 4.47% p.a...

Because of the financial instrument's characteristics, the Company applied fair-value hedge accounting rules for the purposes of their booking. Therefore, the hedged debentures and the hedge instrument (swap) itself are measure at fair value, protecting the Company from the financial effects of CDI Changes on the debentures.

(iii) debt subordination degree

The debt subordination degree is as follows: (i) financing with collateral; (ii) unsecured loans and (iii) unsecured debt issues.

The debts with collateral guarantees are deemed to be all those that require collateral, comprising bank warrants, pledges and other forms of collateral.

Unsecured debts are those with no guarantee, or with guarantor, to include warrants and pledges, among other forms of guarantor security.

Furthermore, in the event of court-assisted composition with creditors, the Company will abide by the contents of Law No. 11101/05, as amended, to determine the order of preferred payment of all creditors.

(iv) any constraints on the Company, especially in relation to debt limits and the engagement of new debt, distribution of dividends, sale of assets, issue of new securities and the sale of corporate control, as well as the Company's record of compliance with such constraints

a) Loans, financing and promissory notes

The Company is subject to the following covenants – financial ratios and limits – pursuant to its loan and financing contracts:

Debt	*Covenants*
Controlling Shareholder:	
Nordic Investment Bank	Controlling Shareholder: Total debt/Adjusted EBITDA ≤ 3.5 Consolidated: Total debt/Adjusted EBITDA ≤ 4.5 Controlling Shareholder and Consolidated: Adjusted EBITDA/financial expenses ≥ 2.0
BNDES – Modernization	Controlling Shareholder: Net debt/Adjusted EBITDA ≤ 3.5
BNDES –São Salvador HPP	Consolidated: Gross debt/Adjusted EBITDA ≤ 4.5
HSBC France, Scotiabank, Bank of Tokyo and BNP Paribas	Consolidated: Adjusted EBITDA/financial expenses ≥ 2.0 Consolidated: Gross debt /Adjusted EBITDA ≤ 4.5
Controlled Entities:	
BNDES and BNDES Lend-on (Banks)	Debt service coverage ratio[3] ≥ 1.2 or ≥1.3, depending on the entity
BNDES Expansion	Net debt/Adjusted EBITDA ≤ 3.5
BNDES – Ibitiúva	Overall indebtedness ratio ≤ 0.80 Debt service coverage ratio ≥ 1.3

As the controlling entity and guarantor of the CEE financing with BNDES, ENGIE Brasil Energia must comply with the following covenant: Consolidated Debt /EBITDA ≤ 3.5.

Financing contracts with BNDES are formalized by entry into financing agreements through the opening of a line of credit, subject to the provisions applicable to BNDES agreements.

Under these provisions, in addition to the financial covenants described in the table presented above, obligors may not, without the prior authorization of BNDES: (i) give preference to other credits; (ii) amortize shares; (iii) issue debentures; (iv) issue beneficiary parties; (v) take on new debt, except as explicitly provided in the BNDES agreements; (vi) sell or encumber fixed assets; and (vii) distribute dividends higher than the mandatory minimum in certain controlled companies.

Furthermore, BNDES may declare early maturity of the agreement and demand immediate repayment in the event of default on obligations before it accepted by the beneficiary of the credit, its subsidiaries, intervening parties, or a member entity of the Conglomerate to which the company belongs. Another early-maturity case occurs in the event of changes to effective direct or indirect control of the beneficiary of the credit without the bank's prior consent. In addition, other events affecting the project's operating capacity or the guarantees provided to the bank are ordinarily regarded as early-maturity cases.

[3] Debt service coverage ratio: Cash generation from activities / Debt service.

Moreover, more comprehensive items such as unappeasable sentencing in a case involving child labor, slave labor or crimes against the environment also imply early maturity of financial instruments of this type.

The Company is compliant with the covenants as provided in its loan and financing agreements.

The promissory notes, which have been redeemed in 2018, carried no covenants.

b) Debentures

	Debt	*Covenants*
Controlling Shareholder	5th, 6th and 7th issues	(i)Consolidated: Ebitda/financial expenses ≥ 2.0 (ii)Consolidated: Gross debt/Ebitda ≤ 4.5
Controlled entities	1st issue	Debt service coverage ratio ≥ 1.10

In addition to the financial commitments described in the table, as per the debentures indenture, the Company must not allow any of the following to occur, under penalty of early maturity. The list contemplates the most restrictive items for the Company's outstanding debentures issues: (i) more than 2 working day's late payment of monies as provided in the debentures indenture; (ii) persistent noncompliance after a period of 5 working days from receipt of notice from the Fiduciary Agent of noncompliance with any non-financial obligation under the debentures indenture; (iii) non-payment of any obligations which, individually or together, are equal to or greater than R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th issue, and R$ 50 million for controlled entities; (iv) early maturity of any debts whose individual or joint amount exceeds R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th issue, and R$ 50 million for controlled entities; (v) protest of the securities of the Company or any of tits controlled entities in an individual or joint amount in excess of R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th issue, and R$ 50 million for controlled entities; (vi) liquidation, dissolution, termination or any manner of corporate reorganization of the Company's controlled entities and the Company itself, except where the succeeding entity or entities are also under the direct or indirect control of a member company of the Company's conglomerate and the assets remain within the Company's conglomerate, and, furthermore, this does not imply a downgrade of the Company's risk rating below AA, local scale, according to Standard & Poor´s or Fitch, or a similar rating according to Moody's; (vii) in- or out-of-court voluntary or involuntary bankruptcy, or any similar proceeding characterizing the insolvency of the Company or its controlled entities; (viii) application for or declaration of bankruptcy of the Company or its controlled entities, except where such a filing is challenged and proof is provided of the timely required court deposit, where applicable; (ix) spin-off, merger, or any manner of corporate reorganization of the Company, except where: (ix.i) the change has been approved at a General Debenture Holders' Meeting; (ix.ii) the right of early redemption is assured to debenture holders who fail to agree with the reorganization; or (ix.iii) the successor entity is directly or indirectly controlled by a member company of the Company's conglomerate and this does not imply ,a downgrade of the Company's risk rating below AA, local scale, according to Standard & Poor´s or Fitch, or a similar rating from Moody's.; (x) change in direct or indirect share control of the Company; (xi) divestment, inoperativeness or prolonged stoppage or any other form of disposal, on the part of the Company, of fixed assets representing, individually or collectively, 25% of the Company's electric energy generation capacity in a way that provenly affects the Company's economic and financial capacity; (xii) intervention or loss of a concession/permit representing more than 25% of the installed capacity in such a manner that provenly affects the Company's economic

and financial capacity in connection with issues of the controlling company, and loss of the Concession Contract, except where, within a period of fifteen (15) working days from gaining awareness of any such facts, the Issuer provides evidence of a finding in favor of the cancellation, suspension, reversal, takeover, expiration or extinction, and as long as such an injunction is not revoked for its controlled entities; (xiii) corporate-type change of the Company; (xiv) reduction of the Company's equity capital, except if approved by the General Debenture Holders' Meeting; (xv) payment of dividends, interest on equity capital or any other form of profits payout as prescribed in the Bylaws, except for payment of the minimum mandatory dividends pursuant to the Corporations Law, if the Company is in default on any financial obligation in connection with the debentures; (xvi) assignment, pledge of assignment, or any manner of transfer to third parties of the rights and obligations arising from the debentures issued, in the absence of the debenture holders' prior consent; (xvii) on-renewal, cancellation, recall or suspension of the permits, concessions, grants, or licenses needed for execution of the Company's operations implying the interruption or suspension of 25% of the Company's electricity generating capacity and causing significant effects in connection with the Company's ability to honor the obligations stemming from the debentures indenture; (xviii) failure to comply with any court or administrative finding or court sentence that cannot be appealed or unappealable arbitration finding, in an individual or global amount in excess of R$ 100 million for the 5th and 6th issues, R$ 120 million for the 7th issue, and R$ 50 million for controlled entities; (xix) failure to maintain a corporate risk rating of at least AA, local scale, from Standard & Poor's or Fitch, or a similar rating from Moody's; and (xx) failure to use the proceeds from the debentures issue as provided in the respective debenture indenture.

The Company is compliant with the foregoing financial covenants and constraints.

g. Contracted financing limits and percentage usage

In December 2015, indirectly controlled entity Ferrari Termoelétrica S.A. entered into a financing agreement with BNDES in the amount of R$ 81 million, for the expansion of its power plant. Of this amount, R$ 44 million (54.3%) have been released. The balance is R$ 37 million, which are expected to be drawn in 2019.

In April 2018, the Company, through the Campo Largo Wind Complex – Phase I and Pampa Sul, entered into financing agreements with BNDES in the respective amounts of R$ 1,039 million and R$ 729 million. As of December 31, 2018, R$ 852 million (8.,0%) and R$ 616 million (84.5%) had been released, respectively. Release of the remaining balances is expected in 2019.

h. material changes in financial statement items

h.1) Comparative analysis between the results for the fiscal years ending December 31, 2018 and 2017 prepared pursuant to the IFRS and the CPC:

	December 31,				
Amounts in R$ million	**2018**	**% of revenues**	**2017**	**% of revenues**	**2018 *versus* 2017 (%)**
NET OPERATING REVENUE	**8,795**	**100**	**7,010**	**100**	**25.5**
Costs of energy sold and services provided					
Electricity purchased for resale	(2,325)	(26.4)	(1,746)	(24.9)	33.2
Transactions in the short-term energy market	(574)	(6.5)	(360)	(5.1)	59.4
Charges for the use of the electric network and connection	(461)	(5.2)	(423)	(6.0)	9.0
Electricity production cost	(1,491)	(17.0)	(1,444)	(20.6)	3.3
Cost of services provided	(25)	(0.3)	(31)	(0.4)	(19.4)
	(4,876)	**(55.4)**	**(4,004)**	**(57.1)**	**21.8**
GROSS PROFIT	**3,919**	**44.6**	**3,006**	**42.9**	**30.4**
Operating Revenues (expenses)					
Sales expenses	(7)	(0.1)	(17)	(0.2)	(58.8)
General and Administrative Expenses	(201)	(2.4)	(179)	(2.6)	12.3
Impairment	(39)	(0.4)	(18)	(0.3)	116.7
Divestment income	-	-	57	0.8	-
Other net operating revenues (expenses)	(4)	-	4	0.1	(200.0)
	(251)	**(2.9)**	**(153)**	**(2.2)**	**64.1**
EARNINGS BEFORE FINANCIAL RESULTS, FROM EQUITY INCOME AND TAXES	**3,668**	**41.7**	**2,853**	**40.7**	**28.6**
Financial Result					
Financial revenue	155	1.8	223	3.2	(30.5)
Financial expenses	(854)	(9.7)	(450)	(6.4)	89.8
	(699)	**(7.9)**	**(227)**	**(3.2)**	**207.9**
Equity Income					
Equity Income	(1)	-	(2)	-	(50.0)
	(1)	**-**	**(2)**	**-**	**(50.0)**
EARNINGS BEFORE TAXES	**2,968**	**33.8**	**2,624**	**37.5**	**13.1**
Income tax and social contribution	(653)	(7.4)	(619)	(8.8)	5.3
NET EARNINGS FOR HE FISCAL YEAR	**2,315**	**26.4**	**2,005**	**28.7**	**15.5**
EARNINGS PER SHARE – BASIC AND DILUTED – IN BRL	**2.84**		**2.45**		

Net operating revenue

Net operating revenue was up from R$ 7,010 million in 2017 to R$ 8,795 million in 2018, an increase of R$ 1,785 million, or 25.5%. The increase was essentially due to: (i) R$ 723 million from energy trading operations, which began in 2018; (ii) R$ 462 million from increased revenues from short-term market operations; (iii) R$ 292 million from financial assets yield; and R$ 112 million in GAG revenues from the Jaguara and Miranda Hydroelectric Plants; (iv) R$ 85 million due mainly to indemnity revenues for offsetting the negative impact of business disruptions caused by an insurance loss event in the Jorge Lacerda A Thermal Power Plant and the collection of contract penalties for the partial delay of modernization works on one of Salto Santiago Hydroelectric Plant's machines and downtime of the Santa Mônica Wind Complex's units; (v) R$ 47 million from infrastructure implementation revenues for the Gralha Azul transmission line; (vi) R$ 37 million from the sale of photovoltaic panels to homes and businesses through controlled entity ENGIE Solar, where a controlling stake was acquired in August 2018; (vii) R$ 20 million from the higher net average selling price; and (viii) R$ 15 million due to the greater quantity of energy sold.

- Net average selling price

The average selling price of energy, net of charges on revenues, reached R$ 180.60/MWh in 2018, up 0.1% from 2017's R$ 180.39/MWh. These prices do not include trading operations, which the Company started conducting in January 2018. The slight price increase was significantly due to the monetary restatement of existing contracts and new energy sales agreements with traders at prices in excess of the average of existing or terminated contracts, which effects have been mitigated by the lower net average price of energy sold to free consumers.

- Sales volume

Energy sales volume in 2018 was 35,904 GWh (4,099 aMW), from 35,761 GWh (4,082 aMW) in 2017, up 143 GWh (17 aMW) or 0.4%. These volumes do not include energy-trading operations.

The gains from entry into commercial operation of the Campo Largo Wind Complex – Phase I in 2018 and the sale of the portion of energy traded in the free market from the Jaguara and Miranda Hydroelectric Plants more than offset the impacts from the reduced buy-and-sell volumes of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Plant (SHP) in October 2017, leading to the slight YoY gain in sales volumes.

Cost of energy sold and services rendered

The cost of energy sales and services was R$ 4,876 million, up 21.8%, or R$ 872 million, from 2017's R$ 4,004 million. These changes were essentially due to the behavior of the components next:

- Energy purchased: up R$ 579 million (33.2%) from 2017, due to the following items: (i) R$ 694 million — purchase of 3,131 GWh (358 aMW) allocated to energy trading operations; (ii) R$ 88 million — down 532 GWh (61 aMW) in energy purchases for portfolio-management purposes; and (iii) R$ 27 million — a 1.6% reduction in the net average buying price. The lower net average buying price YoY was largely due to the lower average price of existing contracts.

Ex- the effects of energy trading operations, energy purchases were down R$ 115 million (6.6%) in 2018.

- Transactions in the short-term energy market: These costs were up R$ 214 million (59.4%) in 2018 from 2017. Additional details can be found in the specific topic ahead.

- Charges for the use of and connection to the electricity grid: up R$ 38 million (9.0%) in 2018 from 2017, due mainly to the annual restatement of transmission tariffs, charges on the parcel of energy from the Jaguara and Miranda Hydroelectric Plants traded on the free market, and the 2018 entry into commercial operation of the 11 wind farms of the Campo Largo Wind Complex – Phase I. These changes were partly mitigated by the effects of the stoppage of the William Arjona Thermal Power Plant as a consequence of its becoming economically non-viable because of the rising price of gas.

Cost of electric energy production and services rendered

- Electric energy production fuels: down R$ 302 million (66.5%) YoY, due essentially to the acknowledgment of a court-assisted deal with the natural gas supplier in a lawsuit regarding the fuel price gap between September 2014 and June 2017. In 2018, consumption of coal increased because of the limitation on coal refunds from the Energy Development Account (CDE) as per Aneel Resolution No. 801, of 12.19.2017, which mitigated the effects of the foregoing booking of the deal with the natural gas supplier.

- Financial compensation for the use of water resources (royalties): up R$ 6 million (5.0%) in 2018 from 2017, mainly as a reflection of increased hydroelectric plant generation in the periods at hand, the 2018 booking of obligations in connection with the Jaguara and Miranda Hydroelectric Plants, and the 2.5% adjustment of the Annual Reference Tariff (TAR) in 2018.

- Personnel: up R$ 4 million (1.8%) in 2018 from 2017, due largely to the annual restatement of employee wages and benefits and to new hires, including the personnel of ENGIE Solar, which was fully acquired in 2018 and whose payroll expenses were R$ 3 million in August—December 2018. The increase was partly offset by the 2018 booking of the recovery of PIS and Cofins credits on certain operating payroll expenses in the amount of R$ 5 million.

- Depreciation and amortization: up R$ 10 million (1.5%) YoY, due mainly to the following: (i) intangible asset amortization associated with the acquisition, in late 017, of the Jaguara and Miranda Hydroelectric Plants; and (ii) entry into commercial operations of the Campo Largo Wind Complex – Phase I in 2018. The increase was partly mitigated by the following: (i) final depreciation of major maintenance works from previous periods on the Jorge Lacerda Thermal Power Complex; and (ii) disposal of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Plant, in October 2017.

- Net operational provisions: a negative R$ 244 million (101.5%) YoY. The change is a result of the reversal of the provision against losses in the 2017 sale of fuel oil from the Alegrete Thermal Power Plant, which is in the process of being returned to the Government and, mainly, the entry into and court certification of a natural gas price deal between the Company and its supplier for the fuel, leading to the reversal of the amount booked as provisions in the second half of 2017 – R$ 219 million – and its recognition as fuel cost for electric energy production.

- Transmission infrastructure implementation cost: booking of R$ 45 million in 2018 relative to the infrastructure construction costs for the Gralha Azul transmission line, offset against the booking of infrastructure implementation revenues ascertained based on the costs incurred, plus the gross margin intended to cover construction management costs.

- Cost of sales of solar photovoltaic panels: booking of R$ 23 million in 2018 for costs associated with the sale of solar photovoltaic panels to homes and businesses by means of controlled entity ENGIE Solar, in which control was acquired in August 2018.

Details of short-term operations

Short-term operations are defined as energy purchase or sale operations whose main purpose is management of the Company's exposure on the CCEE. The price of these operations is therefore characterized by the linkage with the Differences Settlement Price (PLD). This item also includes the transactions conducted through the CCEE, given the volatile and seasonal - and, therefore, short-term - nature of the results originating from accounting movement in the CCEE. Additionally, long and short positions are settled at the PLD, similarly to the short-term operations described above.

In relation to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of a CCEE agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. It is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of said billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods at hand - the reason for including this specific topic. The strategy allows analyzing the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

Generically, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor, triggered when generation of plants, part of the MRE, is greater or smaller (Secondary Energy) than the allocated energy; (iii) from the so-called "submarket risk"; (iv) from dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

In fiscal year 2018, net income (the difference between revenues and costs – with taxes deducted), from short-term transactions was a positive R$ 355 million, up R$ 248 million from the also positive R$ 107 million in 2017. The increase is mainly a reflection of (i) increased revenue, net of purchases, from short-term operations intended to manage the CCEE position and the impact of the re-booking of the William Arjona Thermal Power Plant; (ii) lower impact from the MRE Adjustment Factor (GSF), net of the effects of the hydrological risk renegotiation; and (iii) reduction of the long CCEE position arising from the hydrological resources allocation strategy and the lower PLD in the fourth quarter, compared to the same period in 2017.

In December 2017, Aneel set the PLD ceiling and floor for 2018 at R$ 505/MWh and R$ 40/MWh, respectively. The average PLD of the South and Southeast/Center-West submarkets was down 10.25% YoY, from R$ 320 to R$ 288.

Financial Result

Financial income: In a comparison of 2017 and 2018, financial revenues were down R$ 68 million (30.5%), from R$ 223 to R$ 155 million. This is essentially due to the following: (i) R$ 85 million decrease in revenues from financial investments because of the lower volume of funds invested and the dropping interest rates; (ii) R$ 26 million increase in interest on accounts receivable, mainly in connection with CCEE amounts; (iii) lower interest on R$ 7 million in income tax and social contribution outstanding from previous years; and (iv) R$ 3 million decrease in monetary restatement of court deposits.

Financial expenses: Expenses were up from R$ 450 million to R$ 854 million YoY, that is, R$ 404 million (89.8%), a product of the combination of the following main changes: (i) R$ 201 million increase in interest and restatement on concessions payable, given 2018's higher inflation indices; (ii) R$ 191 million increase in interest and restatement of debts, due mainly to the debentures issue of Companhia Energética Jaguara and Companhia Energética Miranda, in June 2018, as well as by ENGIE Brasil Energia in July 2018, and on recently taken loans; and (iii) booking of R$ 18 million in 2018 in restatement of other amounts payable.

Income Tax (IR) and Social Contribution on Net Income (CSLL)

IR and CSLL expenses in 2018 were up R$ 34 million (5.3%), from R$ 619 million in 2017 to R$ 653 million, due mainly to the higher earnings before taxes, partly mitigated by controlled entities taxation rules changes in 2018.

Comparative analysis between the results for the fiscal years ending December 31, 2017 and 2016 prepared pursuant to the IFRS and the CPC:

	Fiscal Year ending December 31,				
Amounts in R$ million	**2017**	**% of revenues**	**2016**	**% of revenues**	**2017 *versus* 2016 (%)**
NET OPERATING REVENUE	**7,010**	**100**	**6,442**	**100**	**8.8**
Costs of energy sold and services provided					
Electricity purchased for resale	(1,746)	(24.9)	(1,643)	(25.5)	6.3
Transactions in the short-term energy market	(360)	(5.1)	(182)	(2.8)	97.8
Charges for the use of the electric network and connection	(423)	(6.0)	(397)	(6.2)	6.5
Electricity production cost	(1,444)	(20.6)	(1,449)	(22.5)	(0.3)
Cost of services provided	(31)	(0.4)	(30)	(0.5)	3.3
	(4,004)	**(57.1)**	**(3,701)**	**(57.5)**	**8.2**
GROSS PROFIT	**3,006**	**42.9**	**2,741**	**42.5**	**9.7**
Operating Revenues (expenses)					
Sales expenses	(17)	(0.2)	(17)	(0.3)	-
General and Administrative Expenses	(179)	(2.6)	(185)	(2.8)	(3.2)
Impairment	(18)	(0.3)	(121)	(1.9)	(85.1)
Divestment income	57	0.8	-	-	-
Other net operating revenues (expenses)	4	0.1	7	0.1	(42.9)
	(153)	**(2.2)**	**(316)**	**(4.9)**	**(51.6)**
EARNINGS BEFORE FINANCIAL RESULTS, FROM EQUITY INCOME AND TAXES	**2,853**	**40.7**	**2,425**	**37.6**	**17.6**
Financial Result					
Financial revenue	223	3.2	398	6.2	(44.0)
Financial expenses	(450)	(6.4)	(753)	(11.6)	(40.2)
	(227)	**(3.2)**	**(355)**	**(5.4)**	**(36.1)**
Equity Income					
Equity Income	(2)	-	(3)	-	(33.3)
	(2)	**-**	**(3)**	**-**	**(33.3)**
EARNINGS BEFORE TAXES	**2,624**	**37.5**	**2,067**	**32.2**	**26.9**
Income tax and social contribution	(619)	(8.8)	(519)	(8.1)	19.3
NET EARNINGS FOR HE FISCAL YEAR	**2,005**	**28.7**	**1,548**	**24.1**	**29.5**
EARNINGS PER SHARE – BASIC AND DILUTED – IN BRL	**2.45**		**1.90**		

Net operating revenue

Net operating revenue was up from R$ 6,442 million in 2016 to R$ 7,010 million in 2017, that is, a R$ 568 million, or 8.8% increase. The increase is essentially a consequence of the following combination of events: (i) R$ 350 million – increase in revenues from operations in the short-term market, in particular those executed within the scope of the CCEE, additional details can be found in the item "Details on short-term operations – CCEE transactions in particular"; (ii) R$ 165 million – increased energy sales volume; and (iii) R$ 48 million – operating revenue from the Jaguara and Miranda Hydroelectric Power Plants.

- Net average selling price

The net average selling price net of charges on revenue was R$ 180.39/MWh, down 0.2% from 2016's R$ 180.68/MWh. The decline was essentially due to sales to consumers of the free energy de-contracted with distribution companies because of the term of the Existing Energy Auction agreement, in late 2016, at lower prices than those previously in force.

- Sales volume

In 2017, energy sales volume was 35,761 GWh (4,082 aMW), from 34,789 GWh (3,961 aMW) in 2016, up 972 GWh (121 aMW) or 2.8%. This was largely due to the combination of increased sales of conventional energy to free trading companies and of incentivized energy to free consumers, as well as to the entry into commercial operation of the Santa Mônica Wind Complex, which has 47.4 aMW physical guarantee and the majority of wind farms of which entered into commercial operation in early 2017.

Cost of energy sold and services rendered

The cost of energy and services sold was up by R$ 303 million (8.2%) year-on-year, from R$ 3,701 million in 2016 to R$ R$ 4,004 million in the 2017. The change was largely due to the following principal components:

- Energy purchased: a R$ 103 million increase from 2016, due to the following items: (i) R$ 393 million –2,346 GWh (672 aMW) increase in medium- and long-term purchases; and (ii) R$ 290 million – reduction of the average price of these purchases, due mainly to the termination of energy purchase agreements whose prices were higher than the average prices of agreements in force and new agreements.

- Transactions in the short-term market: between fiscal years 2016 and 2017, these costs increased by R$ 178 million. More details are to be found under the specific heading.

- Charges for the use of and connection to the electricity grid: a R$ 26 (6.6%) million increase between fiscal years 2016 and 2017, due mainly to the annual readjustment in transmission tariffs.

Electric energy production and services costs

- Fuels for generation: a R$ 314 million increase between the two fiscal years due basically to the booking of a court deal with the natural gas supplier in the proceedings regarding the price differential for the fuel supplied in the period from September 2014 and June 2017, in the total amount of R$ 355 million.

- Financial compensation for the use of water resources (royalties): a R$ 74 million decrease between fiscal years 2016 and 2017, mostly as a reflection of reduced generation at hydro plants in the period at hand, as well as a 22.7% decrease in the Annual Reference Tariff (TAR) in 2017.

- Personnel: a R$ 25 million decrease year-on-year, due largely to headcount readjustment and the reduction of costs associated with the Voluntary Severance Plan (PDV), which ended in November 2016.

- Materials and third-party services: A R$ 23 million increase between the two fiscal years, mainly as a reflection of the following : (i) booking of non-recurring gains in 1Q16 in the amount of R$ 15 million due to the recovery of PIS and Cofins credits from third-party materials and services; and (ii) payment in 2017 of the success fee arising from the court deal with the natural gas supplier in proceedings regarding the differential in fuel supply prices from September 2014 to June 2017.

- Depreciation and amortization: a R$ 18 million increase year-on-year due mainly to the following: (i) entry into commercial operation of the Santa Mônica Wind Complex; and (ii) amortization of the intangible asset associated with the acquisition of the Jaguara and Miranda HPPs in Auction 001/2017, which Aneel held on September 29, 2017. The change was partly mitigated by the reduced depreciation of thermal generation assets under impairment.

- Reversal of net operating provisions: a positive R$ 264 million between the two fiscal years. The change was chiefly due to the negotiation and court acceptance of a deal between the Company and the natural gas supplier regarding fuel prices for electric energy generation, leading to the 2Q17 reversal of the R$ 219 million booked as provisions. Add to this, were the reversal of provisions for losses on sale of fuel oil from the Alegrete TPP, which is in the process of being returned to the Union, and the provision for costs incurred decommissioning the Charqueadas TPP. These reversals are due to the fact that the company has been incurring lower losses and costs than originally estimated.

Details on short-term operations

For the full fiscal year 2017, the net result from short-term transactions – particularly those transacted across the CCEE, was a positive R$ 107 million, from a negative R$ 65 million in 2016, representing a R$ 172 million increase between the two years under review. This variation is the result of a combination of the following: (i) increased revenues from a creditor (long) position at the CCEE as a result of the hydro resources allocation strategy together with active portfolio management; (ii) recognition of the effects of a re-counting as a result of the higher Variable Unit Cost (CVU) of the William Arjona TPP after the court agreement with the natural gas supplier; (iii) positive thermal generation results. Despite the lower generation in 2017, there was a reduction in the physical guarantee associated with this source because of the termination of operations at the Charqueadas TPP in late 2016; (iv) recognition of revenues recomposition at the CCEE because of indemnity from an insurance loss event at one of the Company's generation units; (v) increased negative effects of the GSF, net of the positive effects of the hydrological risk re-arrangement arising from the high hydro generation deficit factor; and (vi) reduced MRE revenues because of the lower hydro generation in the period.

average PLD was up by 244.1%, from R$ 93.16 to R$ 320.59 at the end of 2017 vs 2016. It is worth mentioning that the higher average PLD in 2017, as noted earlier, had a significant contribution to the increased positive effects of the energy surplus settled at the CCEE and increased thermal dispatch, as well as to the increased negative effects of the application of the GSF.

Provision for impairment

In 2017, the Company recognized a supplementary provision for the impairment of assets in the amount of R$ 18 million, initially recognized in 2016 at R$ 121 million. Out of the total provisions made in 2017, R$ 16 million (R$ 45 million in 2016) correspond to thermal generation assets and R$ 2 million (R$ 76 million in 2016) to non-operational assets of the Jacuí Thermal Project, for a positive effect of R$ 103 million YoY.

On October 31, 2017, after meeting the agreed conditions precedent, the Company completed the sale of controlled entities Beberibe Wind farm, Pedra do Sal Wind Farm, and Areia Branca Small Hydroelectric Plant, recognizing R$ 57 million in proceeds from the sale of investments in 4Q17.

Financial Result

- Financial income: financial revenue was down R$ 175 million (44.0%) YoY, from R$ 398 million in 2016 to R$ 223 million in 2017. This is basically explained by the following factors: (i) a R$ 128 million decrease in revenues from financial investments because of the lower volume of funds invested and the drop in interest rates; (ii) a R$ 39 million reduction in monetary restatement as a result of a ruling in favor of the company in a 2016 court dispute surrounding the collection of restated amounts receivable from an industry player; (iii) R$ 14 million reduction in the monetary restatement of accounts receivable due to CCEE financial settlement defaulting in 2016; (iv) higher interest rates on R$ 9 million outstanding income tax and social contribution bills for previous years ; and (v) a R$ 4 million decrease in the monetary restatement of court deposits.

- Financial expenses: expenses were down YoY from R$ 753 million to R$ 450 million, that is, by R$ 303 million (or 40.2%). This is essentially the product of a combination of the following : (i) a R$ 136 million decrease in the monetary restatement of concessions owed because of the drop in inflation indices; (ii) recognition, in 2016, of R$ 58 million in monetary restatement of amounts owed before CCEE that were pending payment because of temporary relief orders preventing the CCEE from applying the GSF; and (iii) a R$ 103 million decrease in interest and monetary restatement on debts owed because of the lower indebtedness over the course of 2017 and the drop in inflation.

Income Tax (IR) and Social Contribution on Net Income (CSLL)

IR and CSLL expenses for the year were up by R$ 100 million, from R$ 519 million in 2016 to R$ 619 million in 2017. The increase was significantly the result of the higher earnings before taxes, partly mitigated by the entry into force of fiscal incentives of the Amazon Development Agency (Sudam) - Ponte de Pedra Hydroelectric Power Plant and the Northeast Development Agency (Sudene) – Estreito Hydroelectric Power Plant, granted in 2017. The effective IR and CSLL rate in 2017 was 23.6%, from 25.1% in 2016.

h.2) Comparison of the balance sheets of December 31, 2018, December 31, 2017, and December 31, 2016, prepared pursuant to the IFRS and CPC

	ASSETS							
Amounts in R$ millions	**12.31.2018**	**%**	**12.31.2017**	**%**	**12.31.2016**	**%**	**12.31.2018 *versus* 12.31.2017 (%)**	**12.31.2017 *versus* 12.31.2016 (%)**
CURRENT ASSETS								
Cash and cash equivalents	2,416	10.2	1,930	9.9	1,815	12.6	25.2	6.3
Client accounts receivable	1,181	5.0	1,058	5.4	824	5.7	11.6	28.4
Income tax and social contribution credit	99	0.4	12	0.1	1	-	725.0	1,100.0
Insurance indemnity receivable	75	0.3	22	0.1	8	0.1	240.9	175.0
Inventories	126	0.5	98	0.5	106	0.7	28.6	(7.5)
Unrealized gains from hedges	3	-	4	-	1	-	(25.0)	300.0
Unrealized gains from trading operations	116	0.5	-	-	-	-	-	-
Restricted deposits	9	-	15	0.1	9	0.1	(40.0)	66.7
Hydrological risk renegotiation to appropriate	15	0.1	26	0.1	26	0.2	(42.3)	-
Concessio financial asset	278	1.2	302	1.5	-	-	(7.9)	-
Other current assets	225	0.8	263	1.4	145	1.0	(14.4)	81.4
	4,543	**19.0**	**3,730**	**19.1**	**2,935**	**20.4**	**21.8**	**27.1**
Non-current asssets held for sale	14	0.1	6	-	420	2.9	133.3	(98.6)
	4,557	**19.1**	**3,736**	**19.1**	**3,355**	**23.3**	**155.1**	**11.4**
NON-CURRENT ASSETS								
Long-Term Assets								
Unrealized gains from hedges	256	1.1	14	0.1	2	-	1,728.6	600.0
Unrealized gains from trading operations	44	0.2	-	-	-	-	-	-
Restricted deposits	232	1.0	231	1.2	186	1.3	0.4	24.2
Court deposits	98	0.4	101	0.5	150	1.0	(3.0)	(32.7)
Hydrological risk renegotiation to appropriate	131	0.6	145	0.7	171	1.2	(9.7)	(15.2)
Concessio financial asset	2,318	9.8	2,245	11.5	-	-	3.3	-
Other non-current assets	151	0.6	91	0.5	103	0.7	65.9	(11.7)
	3,230	**13.7**	**2,827**	**14.5**	**612**	**4.2**	**14.3**	**361.9**
Investments	**-**	**-**	**19**	**0.1**	**5**	**-**	**(100.0)**	**280.0**
Property, Plant & Equipment	**14,635**	**61.7**	**11,678**	**59.6**	**10,195**	**70.7**	**25.3**	**14.5**
Intangible	**1,313**	**5.5**	**1,309**	**6.7**	**253**	**1.8**	**0.3**	**417.4**
	19,178	**80.9**	**15,833**	**80.9**	**11,065**	**76.7**	**21.1**	**43.1**
TOTAL	**23,735**	**100.0**	**19,569**	**100.0**	**14,420**	**100.0**	**21.3**	**35.7**

LIABILITIES AND SHAREHOLDERS EQUITY

Amounts in R$ millions	12.31.2018	%	12.31.2017	%	12.31.2016	%	12.31.2018 *versus* 12.31.2017 (%)	12.31.2017 *versus* 12.31.2016 (%)
CURRENT LIABILITIES								
Suppliers	588	2.5	617	3.2	371	2.6	(4.7)	66.3
Dividends and interest on shareholders equity	2,137	9.0	1,301	6.6	372	2.6	64.3	249.7
Loans and financing	455	1.9	948	4.8	283	2.0	(52.0)	235.0
Debentures and promissory notes	210	0.9	2,128	10.9	17	0.1	(90.1)	12,417.6
Income tax and social contributions payable	102	0.4	181	0.9	81	0.6	(43.6)	123.5
Other tax and regulatoiry liabilitie	104	0.4	94	0.5	89	0.6	10.6	5.6
Payroll liabilities	100	0.4	95	0.5	95	0.7	5.3	-
Unrealized losses from trading operations	98	0.4	-	-	-	-	-	-
Concessions payable	85	0.4	67	0.3	65	0.5	26.9	3.1
Provisions	9	-	12	0.1	35	0.2	(25.0)	(65.7)
Retirement benefit liabilities	35	0.1	31	0.2	27	0.2	12.9	14.8
Other current liabilities	247	1.1	203	1.0	207	1.3	21.7	(1.9)
	4,170	**17.5**	**5,677**	**29.0**	**1,642**	**11.4**	**(26.5)**	**245.7**
Liabilities associated with non-current assets held for sale	-	-	-	-	159	1.1	-	-
	4,170	**17.5**	**5,677**	**29.0**	**1,801**	**12.5**	**(26.5)**	**215.2**
NON-CURRENT LIABILITIES								
Loans and financings	5,855	24.7	2,868	14.7	2,001	13.9	104.1	43.3
Debentures	3,200	13.5	812	4.1	787	5.5	294.1	3.2
Unrealized losses from trading operations	19	0.1	-	-	-	-	-	-
Concessions payable	2,766	11.7	2,433	12.4	2,282	15.8	13.7	6.6
Provisions	89	0.4	78	0.4	292	2.0	14.1	(73.3)
Retirement benefit liabilities	284	1.2	281	1.4	272	1.9	1.1	3.3
Deferred income tax and social contribution	769	3.2	508	2.6	311	2.2	51.4	63.3
Other non-current liabilities	263	1.1	77	0.4	60	0.4	241.6	28.3
	13,245	**55.9**	**7,057**	**36.0**	**6,005**	**41.7**	**87.7**	**17.5**
SHAREHOLDERS EQUITY								
Equity capital	4,903	20.7	2,829	14.5	2,829	19.6	73.3	-
Profit reserves	1,029	4.3	2,964	15.2	2,926	20.3	(65.3)	1.3
Proposed capital increase and dividends	77	0.3	637	3.3	410	2.8	(87.9)	55.4
Adjustments to equity valuation	307	1.3	401	2.0	446	3.1	(23.4)	(10.1)
	6,316		**6,831**		**6,611**		**(7.5)**	**3.3**
Non-controlling interest	4	-	4	-	3	-	-	33.3
	6,320	**26.6**	**6,835**	**35.0**	**6,614**	**45.8**	**(7.5)**	**3.3**
TOTAL	**23,735**	**100.0**	**19,569**	**100.0**	**14,420**	**100.0**	**21.3**	**35.7**

Comments on significant variations between the balance sheets as of 12.31.2018 and 12.31.2017

Current assets

Cash and cash equivalents

The R$ 486 million increase was mainly the result of a combination of the following: (i) R$ 3,147 million – revenues from operating activities; (ii) R$ 2,397 million – loans and financing; and (iii) R$ 2,486 million – debentures issued by the Company and controlled entities Jaguara and Miranda. These positive effects were partly mitigated by the following cash-consuming effects: (i) R$ 3,306 million – investment in fixed and intangible assets; (ii) R$ 2,290 million – repayment of the promissory notes issued by controlled entities Jaguara and Miranda and of loans and financing agreements; and (iii) payment of dividends and interest on shareholders' equity, including R$ 1,990 million in income tax withheld.

Client accounts receivable

The R$ 123 million increase is mainly due to trading operations, which began in January 2018 – R$ 66 million, and the sale of solar photovoltaic panels by means of controlled entity ENGIE Solar – R$ 26 million.

Income tax and social contribution credit

The R$ 87 million increase is mainly due to excess income tax and social contribution payments over the course of 2018 and to be recovered over the course of 2019.

Insurance indemnity receivable

The R$ 53 million change mainly concerns the booking of indemnity receivable for the negative impacts of the stoppage at the Jorge Lacerda A Thermal Power Plant (UTLA) caused by an insurance loss event.

Unrealized gains from hedge operations

The change in this item is described in "Unrealized gains from hedge operations" in the "Non-current assets" item.

Unrealized gains from trading operations

In January 2018, the company joined the energy trading market as a means to derive income from changes in energy process, within the risk and counterparty constraints previously established by Management. Trading operations are conducted on an active market and booked at fair income value, based on the difference between the contractual price and the market price of outstanding contracts on the date as-of the balance sheet. The R$ 160 million balance, R$ 116 million as current assets and R$ 44 million as non-current, concerns unrealized gains from open trading positions as of 12.31.2018.

Financial concession asset

The change in this item is described in the "Financial concession" sub-item, "Nun-current assets" item.

Non-current assets

Long-term assets

Unrealized gains from hedge operations

This item covers unrealized gains from hedge operations at fair value. These operations include swaps taken respective to foreign currency-denominated loans as a means to hedge the entirety of the future principal and interest payment flows against changes in the Us Dollar/Brazilian Real exchange rate, as well as transactions entered into by controlled entities Jaguara and Miranda to hedge the entirety of principal and interest payment flows of the debentures against DI rate changes. The R$ 241 million increase in current and non-current assets is mainly due to entry into new swap operations over the course of 2018 and the appreciation of the US Dollar in the same year.

Unrealized gains from trading operations

The change in this item is described in sub-item "Unrealized gains from trading operations", item "Current assets".

Fixed assets

The R$ 2,957 million increase is mainly due to the following items: (i) acquisition of assets in the amount of R$ 3,315 million; (ii) R$ 610 million in depreciation; (iii) capitalization of R$ 294 million in interest on and restatement of loans, financing agreements and debentures; (iv) transfer of the William Arjona assets to non-current assets held for sale, in the amount of R$ 38 million; and (v) R$ 4 million in written-off assets.

Current liabilities

Dividends and interest on shareholders' capital

The R$ 836 million increase is significantly due to the following items: (i) dividends and interest on shareholders' equity approved in 2018, in the amount of R$ 2,773 million; (ii) payment of R$ 1,927 million in dividends and interest on shareholders' equity; and (iii) transfer of unclaimed dividends in the amount of R$ 10 million to other current liabilities.

Loans and financing

The change in this item is described in sub-item "Loans and financings", item "Non-current liabilities".

Debentures and promissory notes

The change in this entry is described in sub-item "Debentures", item "Non-current liabilities".

Income tax and social contribution payable

The R$ 79 million decrease is due mainly to made in 2018 in excess of the income tax and social contribution tax bills ascertained based on the real earnings of 2018 (taxable earnings).

Unrealized losses from trading operations

The balance of R$ 117 million, of which R$ 98 million in current liabilities and R$ 19 million in non-current liabilities, concerns unrealized losses from open trading positions as of 12.31.2018.

Concessions payable

The change in this entry is described in sub-item "Concessions payable", item "Non-current liabilities".

Other current liabilities

The change in this entry is described in sub-item "Other liabilities", item "Non-current liabilities".

Non-current liabilities

Loans and financings

The R$ 2,494 million increase in current and non-current liabilities is explained by the following: (i) entry into loans and financings in the amount of R$ 2,397 million with the main purpose of financing construction of the Campo Largo Wind Complex – Phase I, Pampa Sul and Assú V, as well as of managing cash flow to continue implementing the Company's business plan; (ii) R$ 411 million in financial charges exchange rate variations; and (iii) R$ 220 million in capitalized interest and restatement. The increase was mitigated by: (i) R$ 518 million in principal repayments and interest payments; and (ii) a fair-value adjustment of R$ 16 million.

Debentures

The R$ 470 million change in current and non-current liabilities is significantly due to the following events leading to a higher balance: (i) R$ 2,496 in debentures issued by the Company and controlled entities Jaguara and Miranda; (ii) R$ 202 million in financial charges; (iii) R$ 75 million in capitalized interest and restatement; and (iv) fair-value adjustment of R$ 11 million. The increase was mitigated by R$ 2,304 million in principal and interest payments.

Unrealized losses from trading operations

The change in this entry is described in sub-item "Unrealized losses from trading operations", item "Current liabilities".

Concessions payable

The R$ 351 million increase in current and non-current liabilities is due to: (i) R$ 422 million in interest and restatement; and (ii) R$ 71 million in amortizations.

Deferred income tax and social contribution

The R$ 261 million increase is basically due to the combination of the following impacts on deferred tax bills: (i) capitalized financial charges; and (ii) unrealized gains from hedge and trading operations.

Other liabilities

The R$ 230 million increase is significantly due to the following items: (i) booking of amounts payable as a result of mandatory purchase of coal belonging to CDE and under the Company's management on the as-of date of 12.31.2016, to be liquidate dover a period of 5 years; (ii) increase in unrealized losses from fair-value hedge operations; and (iii) research and development liabilities.

Shareholders' equity

The R$ 515 million decrease is significantly due to a combination of the following: (i) FY2018 net income of R$ 2,315 million; (ii) R$ 2,197 million in interim dividends and interest on shareholders' equity credited; and (iii) approval of R$ 637 million in proposed dividends payout for 2017.

Comments on significant changes between the balance sheets as of 12.31.2017 and 12.31.2016

Current assets

Cash and cash equivalents

The R$ 155 million increase was a result of a combination of the following: (i) revenues from operating activities in the amount of R$ 2,831 million, ex- payment of the concession bonus of the Jaguara and Miranda HPPs, in the amount of R$ 2,499 million; (ii) acquisition of investments in the amount of R$ 37 million; (iii) investment of R$ 1,905 million and R$ 1,051 million in fixed and intangible assets, respectively; (iv) proceeds from the divestment of Beberibe, Pedra do Sal and Areia Branca in the amount of R$ 212 million; (v) payment of dividends and interest on shareholders' capital in the amount of R$ 839 million; (vi) amortization of R$ 505 million in loans and financings; (vii) funds raised by means of loans and financing and promissory notes in the respective amounts of R$ 1,952 million and R$ 2,096 million, respectively, and largely intended for payment of the concession bonus for controlled companies Jaguara and Miranda; (viii) payment of concession installments in the amount of R$ 69 million; (ix) investment of R$ 27 million in deposits linked with debt service; and (x) R$ 44 million from other investment and financing activities.

Client accounts receivable

The R$ 234 million increase is largely due to recognition of the effects of the re-counting of amounts receivable at the CCEE from the increased CVU of the William Arjona TPP after the court agreement with the natural gas supplier, in the amount of R$ 178 million.

Financial concession asset

On 09.27. 2017, Aneel held its Non-Extended Concessions Auction (Auction 001/2017), where the company was the winning bidder for two lots corresponding to the Jaguara and Miranda HPP concession, and consequently the pro-rata allocation of their energy and power physical guarantees as per Law 12.783/2013 as amended.

The 30-year concession bonuses for the Jaguara and Miranda HPPs were R$ 2,171 million and R$ 1,360 million respectively. Payment was made in a lump sum on 11.30.2017. The company calculated the present value of the future cash flows from energy to be settled at the ACR based on a 6.9% p.a. pre-tax discount rate ascertained for the purposes of these calculations. This is the rate that best reflects the expected return from this tranche of the investments. The amount found comprises an unconditional right of the Company to collect cash restated according to the IPCA inflation rate and compensatory interest for the duration of the concession period.

Other current assets

The R$ 118 increase is due mainly to the booking of amounts receivable from completion of the disposal of indirectly controlled entities Beberibe Wind Farm, Pedra do Sal Wind Farm and Areia Branca SHP, in October 2017, in the amount of R$ 112 million.

Non-current assets held for sale

The R$ 414 million reduction is the result of the following: (i) completion of the divestment of indirectly controlled companies Beberibe, Pedra do Sal and Areia Branca; and (ii) write-off, due to assets disposal and the booking of supplementary impairment, of amounts receivable from the non-operational Jacui thermal project.

Non-current assets

Long-term assets

Court deposits

The R$ 49 million decrease is due mainly to the release of deposits associated with unappealable proceedings found in favor of the company, in the amount of R$ 55 million, partly offset by the booking of monetary restatement on court deposits and inflows arising from legal proceedings to which the company is a party.

Unappealable proceedings required maintaining the non-accrual system for the purposes of ascertaining PIS and Cofins tax bills associated with revenues from contracts with "predetermined prices".

Concession financial asset

The nature of the operation and the reason for the R$ 2,245 million increase are described under the heading "Current assets", item "Financial concession asset".

Fixed assets

The R$ 1,483 million increase is due to the following items: (i) acquisition of assets in the amount of R$ 1,953 million; (ii) R$ 630 million in depreciation; (iii) R$ 17 million in assets re-booked as assets held for sale; (iv) capitalization of R$ 169 million in interest and monetary restatement of loans, financings and debentures; (v) write-off of R$ 30 million in assets; and (vi) reversal of impairment provisions in the amount of R$ 4 million.

Intangible

The R$ 1,056 million increase was largely due to the recognition of a portion of the concession bonus in the amount of R$ 1,031 million.

Current liabilities

Current liabilities

Suppliers

The main factors leading to the increase in suppliers were: (i) increased balance of fossil fuels and biomass suppliers due to: (i.i) the recognition of a court agreement with the natural gas supplier in proceedings surrounding the fuel-price differential in the period from September 2014 to June 2017; and (i.ii) a share of coal payable to coal suppliers; (ii) increase in suppliers of energy purchased for resale and fixed assets; and (iii) a reduction in short-term market transactions.

Dividends and interest on shareholders' capital

The R$ 929 million increase is largely due to the credit of deferred dividends for 2017. Payment of said dividends began in 01.10.2018.

Loans and financing

The R$ 665 million increase was due to the following factors: (i) principal and interest payments in the amount of R$ 700 million, including early settlement of the financing for the São Salvador Hydroelectric Power Plant (UHSA) and the Jorge Lacerda Thermal Complex with BNDES lend-on banks; (ii) inflows in the amount of R$ 680 million due mainly to funds raised largely intended for the refinancing of debt that was approaching maturity, the financing of the payment of a portion of the Jaguara and Miranda concession bonuses and the construction of the Santa Mônica Wind Complex; (iii) transfer of R$ 464 million from non-current liabilities; (iv) R$ 218 million in financial charges and foreign exchange variations; (v) fair-value adjustment and other effects for a total of R$ 5 million.

Debentures and Promissory Notes

The R$ 2,111 increase stems from a combination of the following: (i) issuance of promissory notes by controlled companies Jaguara and Miranda with maturity in November 2018, in the amount of R$ 2,096 million. The proceeds are intended to pay for a portion of the concession bonus; (ii) R$ 67 million

– recognition of interest and monetary restatement; (iii) R$ 50 million in interest amortization; and (iv) transfer of R$ 2 million to non-current liabilities.

Income tax and social contribution payable

The R$ 100 million increase is due mainly to the real income increase in 2017 (the taxable basis for income tax and social contribution).

Concessions payable

The change in this entry is described in sub-item "Non-current liabilities", item "Concessions payable".

Provisions

The change in current and non-current liabilities in the respective amounts of R$ 23 million and R$ 214 million is largely due to the following items: (i) reversal of the provision for the fuel purchase proceedings because of the court agreement with the natural gas supplier in a lawsuit surrounding the difference in fuel supply prices from September 2014 to June 2017; (ii) reversal of the provision un a lawsuit filed against the Fundação Eletrosul de Previdência e Assistência Social – ELOS and Eletrosul – Eletrosul Centrais Elétricas S.A., by participants in the Foundation, in which the plaintiffs requested the declaration of nullity or, alternatively, unenforceability of their options in the sense of limiting contributions to the Foundation to their contribution salaries, due to an deal with the plaintiffs; and (iii) reversal of the provision for the decommissioning of the Charqueadas TPP, due to entry into agreement with the supplier.

Liabilities related to non-current assets held for sale

Due to the completion of the divestment process of subsidiaries Beberibe, Pedra do Sal and Areia Branca, the related non-current assets held for sale were fully written off against income.

Non-current liabilities

Loans and financing

The R$ 867 million increase is explained by the following: (i) a R$ 1,272 million inflow due mainly to loans chiefly intended to refinancing maturing debt, the financing of the payment of a portion of the concession bonuses for Jaguara and Miranda, and the construction of the Santa Mônica Wind Complex; (ii) transfer to current liabilities of R$ 464 million in debt maturing in 2017; (iii) a R$ 14 million increase from the reclassification of liabilities associated with non-current assets held for sale; (iv) financial charges and foreign exchange variation in the amount of R$ 37 million; and (v) R$ 8 million in fair-value adjustment.

Debentures and Promissory Notes

Debentures

The change in this entry is described in sub-item "Debentures e Promissory notes", item "Current liabilities".

Concessions payable

The R$ 153 million increase in current and non-current liabilities is due to: (i) interest and monetary restatement in the amount of R$ 222 million; and (ii) R$ 69 million in amortization.

Provisions

The change in this entry is described in sub-item "Provisions", item "Current liabilities"

Deferred income tax and social contribution

The R$ 197 million increase is essentially due to a combination of the following impacts on deferred taxes: (i) increased accelerated fiscal depreciation of eligible assets; (ii) reduction of the cost attributed to fixed assets (fair-value adjustment); (iii) constitution of deferred taxes on capitalized interest; and (iv) compensation and monetary restatement of the financial concession asset.

Shareholders' equity

The R$ 221 decrease is mainly the product of a combination of: (i) FY2017 net income of R$ 2,005 million; (ii) interim dividends and interest on shareholders' equity credited relative to 2017 in the amount of R$ 1,364 million; (iii) reversal of non-realized gains from cash-flow hedge operations in the amount of R$ 6 million; (iv) approval of R$ 410 million in proposed dividends distribution for 2016; and (v) R$ 4 million loss in the re-measuring of retirement benefits obligations.

10.2 Management's comments on:

a. The Company's operational results, in particular:

(i) description of any material components of revenues

The Company's net operating revenue breaks down as follows:

R$ millions	12.31.2018	%	12.31.2017	%	12.31.2016	%	12.31.2018 *versus* 12.31.2017 (%)	12.31.2017 *versus* 12.31.2016 (%)
NET OPERATING REVENUE								
Free Consumers	3,020	34.3	3,162	45.1	2,834	44.0	(4.5)	11.6
Electric energy distribution companies	2,722	31.0	2,687	38.3	3,114	48.3	1.3	(13.7)
Transactions in the short-term market	929	10.6	467	6.7	117	1.8	98.9	299.1
Energy trading operations	723	8.2	-	0.0	-	0.0	100.0	-
Elecric energy traders	700	8.0	601	8.6	320	5.0	16.5	87.8
Yield on concession financial assets	340	3.9	48	0.7	-	0.0	608.3	100.0
Revenue from services provided	112	1.3	-	0.0	-	0.0	100.0	-
Transmission infrastructure installation revenue	47	0.5	-	0.0	-	0.0	100.0	-
Other revenues	202	2.2	45	0.6	57	0.9	348.9	(21.1)
	8,795	**100.0**	**7,010**	**100.0**	**6,442**	**100.0**	**25.5**	**8.8**

Comparative analysis of material variations in the components of net operating revenues between the fiscal years ending on December 31, 2018, and December 31, 2017

Free consumers

In 2018, revenues from sales to free consumers were R$ 3,020 million, down 4.5% from 2017's R$ 3,162 million. The decrease is explained as follows: (i) R$ 86 million —2.7% decrease in the net average price of energy sold; and (ii) R$ 56 million –348 GWh (40 aMW) decrease in the volume of energy sold.

The YoY quantitative decrease was mainly a result of reduced consumption from industrial clients. The drop in price was mainly a result of lower prices charged from industrial clients compared to matured and existing contracts.

Electricity distribution companies

Revenues in 2018 were R$ 2,722 million, up 1.3% from FY2017's R$ 2,687 million. The increase is due to a combination of the following: (i) R$ 53 million —2.0% increase in the net average selling price; and (ii) R$ 18 million —85 GWh (10 aMW) decrease in quantity sold, due mainly to reductions arising from the Surpluses and Deficits Compensation Mechanism (MCSD). The higher net average selling price YoY was mainly a product of the restatement of existing contracts.

Short-term market transactions including within the CCEE

Revenues from short-term market transactions were up R$ 462 million in 2018 from the previous fiscal year's R$ 467 million to R$ 929 million, for a 98.9% increase. Additional information on these transactions and changes has been emphasized in "item 10.1.h.1", sub-item "Details on short-term operations".

Trading operations

The company entered the trading market in January 2018 to accept market positions associated with the price variations of electric energy, within the existing risk and counterparty limits.

Trading operations are conducted on an active market and, for accounting purposes, meet the definition of fair-value financial instruments, due mainly to the fact that no obligation exists of combining put and call operations, which provides the flexibility needed to manage contracts and secure income based on changes in market prices.

In 2018, trading revenues from energy sales were R$ 680 million, or 3.049 GWh (348 aMW). In addition, at yearend, the Company booked R$ 43 million associated with net unrealized mark-to-market gains – from outstanding net operations as of December 31, 2018. Therefore, total revenues from trading operations in 2018 were R$ 723 million.

Electric energy trading companies

Revenues from sales to energy traders were R$ 743 million in 2018, up 23.6% from 2017's R$ 601 million. The increase is due to the following: (i) R$ 89 million —578 GWh (67 aMW) increase in the volume of energy sold; and e (ii) R$ 53 million —8.9% increase in the net average selling price due to new contracts at prices above the average of existing or expired agreements.

The YoY volume gain is largely due to the sale of the energy parcel traded in the Free Contracting Environment (ACL) from the Jaguara and Miranda Hydroelectric Plants, and entry into commercial operations of the Campo Largo Wind Complex – Phase I in 2018, partly mitigated by the lower volume of energy purchased for reselling and the sale of the Beberibe and Pedra do Sal Wind Farms and the Areia Branca SHP in October 2017.

Return on financial concession assets

Financial concession assets represent the present value of the future cash flows of the energy parcel allocated to the Regulated Contracting Environment (ACR) from the Jaguara and Miranda Hydroelectric Plants, equal to 70% of the Plants' physical guarantee. These assets yield returns at the internal rate of return and the change in the (IPCA) price index.

Compensation of the financial concession assets was up from R$ 48 million in 2017 to R$ 340 million in 2018. The increase reflects the November 2017 acquisition of the Jaguara and Miranda Hydroelectric Plants and the change in the IPCA.

Revenue from services

The Jaguara and Miranda Hydroelectric Plants collect the parcel associated with Generation Assets Management (GAG) for the energy sold on the ACR. This aims to cover O&M costs, as well as improvements expenditures and investments during the concession period. The GAG amount recognized in 2018 was R$ 112 million

Revenues from transmission infrastructure installation

In 2017, the Company entered the transmission segment after placing a winning bid for the Gralha Azul Transmission Line ("Gralha Azul"). The Company is the primary party responsible for construction and scintillation of the infrastructure associated with the Gralha Azul transmission concession, whose installation began in 2018, and is exposed to the respective risks and benefits. Therefore, based on the applicable accounting practices, the Company has been recognizing transmission infrastructure installation revenues over the course of the installation, associated with the construction costs plus a gross residual margin intended to cover construction management costs. Such construction-related expenditures are recognized as cost.

The company recognized R$ 47 million in transmission infrastructure installation revenues in FY2018.

Other revenues

Other revenues were up R$ 114 million from R$ 45 in 2017 to R$ 159 in 2018. This is mainly a result of the following: (i) R$ 85 million mainly in association with indemnity revenues to offset the negative impacts of the business stoppage caused by an insurance loss event at the Jorge Lacerda A Thermal Power Plant and the collection of contract penalties for the partial delay of modernization works on one of the Salto Santiago Hydroelectric Plant's machines and downtime at the Santa Mônica Wind Complex's plants; and (ii) R$ 37 million from recognition of revenues from the sales of solar photovoltaic panels to homes and businesses by controlled entity ENGIE Geração Solar Distribuída S.A., where a controlling stake was acquired in August 2018.

Comparative analysis of material net operating revenue changes between the fiscal years ending 12.31.2017 and 12.31.2016

Free consumers

In 2017, revenues from sales to free consumers reached R$ 3,162 million, up 11.6% from 2016's R$ 2,834 million. The increase is related to the following: (i) R$ 404 million — a 2,443 GWh (284 aMW), or 14.7%, increase in energy sales volume; and (ii) R$ 76 million — a 2.7% decrease in the net average price of energy sold.

This increase in quantities sold is basically associated with the greater volume of incentivized energy sales to customers migrating from the ACR to the ACL, including the energy generated by the Santa Monica Wind Complex, with physical guarantee of 47.4 aMW and the majority of whose wind farms entered into commercial operations in early 2017. The drop in price was significantly due to the termination of sales contracts with prices in excess of the average applicable to now contracts.

Electric energy distribution companies

Revenues were R$ 2,687 million in 2017, down 13.7% from 2016's R$ 3,114 million. The decrease is due to a 3,483 GWh (393 aMW) decrease in the volume of energy sold, partly mitigated by the increased net average selling price due to the period's inflation.

The YoY sales volume decrease is mostly due to the term of the Existing Energy Auction contract in late 2016 (343 aMW), together with reductions arising from the Surpluses and Deficits Compensation Mechanism (MCSD). In addition, the change in average price was due to the effects of the term of the contract stemming from said Auction in 2016, price of which was lower than average for contracts currently in force.

Short-term market transactions

The year 2017 saw a R$ 350 million increase from the previous year in revenues from short-term transactions, including within the CCEE, from R$ 117 million in 2016 to R$ 467 in 2017, or a 299.1% increase. Additional details on these transactions and changes have been listed in "item 10.1.h.1", sub-item "Details on short-term transactions".

Electric energy trading companies

Revenues from sales to trading companies reached R$ 601 million in 2017, up 87.8% from 2016's R$ 320 million. The increase is a product of the following: (i) R$ 293 million — 95.3%, or 2,088 GWh (239 aMW) increase in the volume of energy sold; and (ii) R$ 12 million — a 3.8% decrease in the average net selling price.

The change in volume seen in the periods at hand was the result of increased sales of conventional energy, together with the purchase of incentivized energy for resale to free consumers migrating from the Regulated Contracting Environment (ACR) to the Free Contracting Environment (ACL). The price reduction was mostly due to new agreements at prices lower than the average prices under existing contracts.

Return on concession financial assets

An amount equivalent to 70% of the physical guarantee of the Jaguara and Miranda Hydroelectric Plants, acquired on 09.27.2017, will be remunerated for the unconditional cash receipts right through the Concession Bonus Return (RBO). Therefore, accounting practices require a portion equivalent to the amount paid for the concession to be booked as a financial asset and that the asset's compensation be recognized as financial operating revenues.

The amount of this compensation recognized in the period from 11.10.2017 to 12.31.2017 in the Jaguara and Miranda Hydroelectric Plants was R$ 30 million and R$ 18 million, respectively.

(ii) factors materially affecting operational results

The factors that materially affected the Company's operating results in 2018, 2017 and 2016 are listed next. Additional information on these has been provided in items 10.1.h and 10.2.a.(i).

FY2018 – (i) recognition of income from the operation of the Jaguara and Miranda Hydroelectric Plants, acquired in late 2017; (ii) increased positive result from short-term market transactions; (iii) reduced energy purchases for the purposes of managing the Company's portfolio; (iv) recognition of indemnity revenues for business disruption and contractual penalties; (v) income from trading operations, beginning in January 2018; and (vi) increased net average selling price and volume of energy sold.

FY2017 – (i) increased revenue from operations conducted in the short-term market, especially within the CCEE; (ii) increased volume of energy sold; (iii) increase in purchases of energy for resale; (iv) lower royalties cost; (v) proceeds from divestments; (vi) revenue from the financial concession asset's compensation arising from the acquisition, at Aneel Auction 001/2017 of Non-Renewed Concessions, of the Jaguara and Miranda HPPs, which have been contributing operating revenues since November 10, 2017; (vii) increased grid usage charges; and (viii) increase in fuels used to generate electricity.

FY2016 - (i) increase in net average selling price; (ii) reduction in the volume of energy sold; (iii) negative result of transactions in the short-term market including those conducted through the scope of the CCEE against the positive result for fiscal year 2015; (iv) reduction in the costs of purchasing electric energy for resale; (v) lower fuel consumption for electric energy generation; (vi) positive effect in net operating provisions when compared to the same period in 2015; (vii) recognition of a provision for impaired assets in the thermoelectric generation segment and for the return of a fuel reimbursement (CDE) payment due to changes in the legislation; and (viii) a reduction in net financial expenses..

b. Changes in revenues due to modifications in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

The Company's sales revenues are supported by agreements with price adjustment clauses indexed, for the most part, to the IPCA and the IGP-M. The Company's revenues are not exposed to exchange rates in a manner that significantly affects income and were not materially affected by the introduction of new products and services.

In 2018, the company entered the energy trading market as a means to derive income from electric energy price changes, within the risk and counterparty limits previously set by Management. In 2018, these transactions contributed R$ 724 million in revenues, of which R$ 681 million (348 aMW) concern operations settled in 2018 and R$ 43 concern unrealized net mark-to-market gains — the differential between contracted and market prices — from net contracted operations outstanding on December 31, 2018.

The main changes in the Company's revenues due to price modification and volume change are explained in item 10.2.a (i).

c. Impact of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the operating result and financial result, when relevant.

c.1) Inflation and price changes in the cost of electricity sold

Energy purchased for portfolio-management purposes: such transactions are usually conducted by means of medium- and long-term contracts with prices restated at IPCA and IGP-M. The average impact of price restatements at the applicable inflation indices in FY2018 has been approximately R$ 16 million, versus approximately R$ 11 million and R$ 33 million in 2017 and 2016, respectively.

Energy purchased for trading operations: Such operations are annually restated at IPCA and IGP-M. There was no restatement-related impact on price changes in 2018 because operations began in that year.

Fuel for electric energy production: At the end of 2017, the William Arjona Thermal Power Plant was unavailable for dispatch by the National Electric System Operator (ONS) because of the inability to renew the gas supply contract at prices that justified continued economical operation of the Plant. On 02.20.2018, after a request from the Company, Aneel revoked the Plant's concession. In 2017, the company reversed the provision for the fuel purchase process as a result of a court agreement with the natural gas supplier in proceedings involving the difference in fuel prices from September 2014 to June 2017. The cost of the fuel was recognized simultaneously with the reversal, eliminating the effects of this additional cost on the Company's operating results.

In 2016, the unit price of gas was reduced because the William Arjona TPP was dispatched by the National Electric System Operator (ONS) only in the months of January and February.

The prices of coal not subject to reimbursement from CDE are negotiated upon contracting the purchase or renewal of the agreement using parametric formulas comprising the INPC and specific sector indices, mostly those published by the Getulio Vargas Foundation (FGV). The adjustments did not result in significant effects on the Company's cost.

Electric network and connection usage charges - these are calculated by multiplying the amount of network usage in kW by the rate established annually by Aneel, based on the prorating of the total observed and expected costs of connection and transmission for the entire system, and on inflation indices for readjusting transmission and existing connection agreements - mostly IPCA and IGP-M. In 2018, the average contract restatement was 2.5%, with a negative R$ 11 million impact on cost. In addition, new operations under construction and/or in operation – Campo Largo Wind Complex - Phase 1, Umburanas Wind Complex, and Pampa Sul – had a negative R$ 27 million impact on cost. In 2017, the effect was negative at R$ 26 million, and negative at R$ 34 million in 2016.

Financial compensation for the use of water resources (royalties): The amount corresponds to 7.0% of the quantity of electricity produced, adjusted by an Annual Reference Tariff (TAR) defined by Aneel, based on the acquisition cost of energy by the distributor and subject to review every 4 years. In FY2018, the TAR experienced a positive 2.5% restatement, with a negative impact on the Company's bottom line of approximately R$ 3 million. In 2017, the restatement was a negative 22.7% with a positive impact on cost at R$ 34 million, and in 2016 the negative effect was R$ 16 million, due to the 9.5% restatement.

c.2) Impact of exchange, inflation and interest rates on the Company's financial result

Currency exposure

In 2018 and 2017, the company took US Dollar-denominated loans in the amounts of US$ 200 million and US$ 500 million, equal to R$ 681 million and R$ 1,631 million, respectively. The proceeds were mainly allocated to cash flow management to ensure continued implementation of the Company's business plan.

To protect the entirety of future payments flows from exchange rate fluctuations, the Company contracted swaps with the Brazilian subsidiaries of the financial institutions that extended to loans at the same amounts and with the same interest and principal due dates.

In 2016, the company settled the entirety of its US Dollar-Denominated debt with HSBC, Mizuho and Tokyo and their respective swap operations with the Brazilian subsidiaries were settled in full.

The Company currently has no foreign currency-denominated financial obligations whose exchange rate variation is not entirely hedged.

Exposure to floating interest rates and inflation indices

In 2018 and 2017, the Company was exposed to floating interest rates and indices associated with changes in the TJLP, DI, IPCA and IGP-M.

In 2016, except for the exposure to the DI rate, the company's debt was exposed to the same indices listed above.

The impacts of interest and monetary restatement on the Company's financial result in fiscal years 2018, 2017 and 2016 were as follows:

(Amounts in R$ million)	Loans, financing, debentures and promissory notes[4]	Concessions payable	Total
Fiscal Year ending 12.31.2018			
- Interest	310	242	552
- Monetary restatement	47	180	227
Fiscal Year ending 12.31.2017			
- Interest	133	217	350
- Monetary restatement	34	4	38
Fiscal Year ending 12.31.2016			
- Interest	220	201	421
- Monetary restatement	51	140	191

10.3 Management's comments on the material effects that the events below make have caused or are expected to cause on the Company's financial statements and results

a. Introduction or disposal of an operational segment

The Company manages its business as a single operating segment made up of the generation and sales of the electricity generated by its assets or purchased under medium- and long-term contracts.

2018

The generation and sales operational segment concentrated 92.5% of consolidated net revenues from sales in 2018.

In 2018, the Company entered the following new segments: (i) electric energy trading operations; (ii) distributed generation from the sale and installation of photovoltaic panels, by means of the acquisition of a controlling stake in ENGIE Solar; and (iii) electric energy transmission based on the winning bid for the Gralha Azul Transmission Line, where construction works began in 2018 and remains underway, as described in item "b", below. These new segments are not material vis-à-vis the Company's total assets, revenues and net income.

No operational segments were divested in 2018.

2017 and 2016

The generation and sales operational segment concentrated 99.4% of consolidated net revenues from sales in 2017 and 2016.

No operational segments were introduced or divested in 2017 and 2016.

[4] Including interest on fair-value hedges against loans and debentures.

b. Constitution, acquisition or disposal of a corporate stake

2018

The main information in connection with the constitution, material amendment, acquisition, incorporation and divestment of equity stakes held by the Company are as follows:

- Diamante Geração de Energia Ltda. (Diamante)

In January 2018, the Company increased the equity capital of its directly controlled entity Diamante by R$ 562 million, due relevantly to the payment in, at book value, of the fixed assets and inventories associated with the Jorge Lacerda Thermal Power Complex (CTJL). The main purpose of the operation is to keep coal-based generation operations in a separate entity and has had no impact on the Company's operations and consolidated results. In February, Aneel authorized transfer of the CTJL plants from ENGIE Brasil Energia to Diamante. These plants comprise seven generators grouped as follows: Jorge Lacerda A, with two 50-MW and two 66-MW generator units, Jorge Lacerda B, with two 131-MW units, and Jorge Lacerda C, with one 363-MW unit, for a total 857 MW. Physical guarantee for trading purposes is 649.9 aMW and the operational permit is valid until 2028.

- ENGIE Transmissão de Energia Ltda. (ENGIE Transmissão)

ENGIE Transmissão's corporate purpose is electric energy transmission. The Company was formed to bid in the Transmission Auction No. 02/2017, which ANEEL held on 12.15.2017. On 03.08.2018, the Company, through its directly controlled entities ENGIE Brasil Energias Complementares Participações Ltda. ("ECP") and ENGIE Brasil Energia Comercializadora Ltda. ("EBC"), entered into the concession contract won in the foregoing auction.

The project, called "Projeto Gralha Azul", will involve an approximate investment of R$ 2 billion and comprise approximately 1,000 km of transmission lines in the Central and Southern regions of the state of Paraná, with the construction of five substations and 10 transmission lines that will cover 25 municipalities.

The public transmission service concession, including construction, assembly, operation and maintenance of the transmission facilities, will be for a period of 30 years from entry into the contract, which took place in 03.08.2018. The deadline for commercial operations starts in 03.08.2023.

- ENGIE Geração Solar Distribuída S.A. ("ENGIE Solar")

In August 2018, the Company completed acquisition of a controlling stake in ENGIE Solar. Acquisition of the controlled entity took place in stages, beginning in April 2016 with the purchase of 50% of the target company's equity capital. The total amount of the acquisition was R$ 59,437, as follows: (i) R$ 24,276 – acquisition of 50% of the equity capital in April 2016, by means of equity subscription and stock subscription premium; and (ii) R$ 35,161 – acquisition of the remaining 50% of the capital stock, completed in August 2018.

ENGIE Solar's corporate purpose is to develop, conduct bulk and retail sales, operate and maintain generators and solar photovoltaic panels with installed power under 5.0 MW.

- ENGIE Trading Comercializadora de Energia Ltda. ("ENGIE Trading")

The Company entered the energy trading market as from January 2018 to take market positions associated with the change in electric energy prices, within the previously established risk and counterparties limits.

Trading operations are conducted on the long market and, for accounting purposes, meet the definition of fair-value financial instruments, due mainly to the fact that there is no required combination of long and short positions, providing the flexibility to manage contracts and make income from market price changes.

The Company is undergoing structuring and awaits authorization from the relevant authorities to conduct its activities. For this reason, in 2018, operations of this nature were conducted by ENGIE Brasil Comercializadora de Energia Ltda. ("EBC").

2017

The main information on the acquisition, incorporation and disposal of equity stakes by the Company are as follows:

- Companhia Energética Jaguara and Companhia Energética Miranda

On 09.27.2017, at the Aneel Auction for Non-Extended Concessions, the Company was the winning bidder for the Jaguara and Miranda HPPs at a cost of R$ 3,531 million. The Plants' installed capacity is 424.0 MW and 408.0 MW and commercial capacity is 341.0 aMW and 198.2 aMW, respectively. Both of the concessions belonged to the Companhia Energética de Minas Gerais – CEMIG. The auction's technical and economic parameters were laid out in Resolution 12/2017 of the National Energy Policy Council – CNPE. EBE offered the highest bonus amount for the concession to generate energy under the quotas regime, given a 70% ratio of physical guarantee of the Hydro Power Plants directed to the Regulated Contracting Environment (ACR). The remaining 30% will be sold through Free Contracting Environment (ACL).

Companhia Energética Jaguara and Companhia Energética Miranda were formed on October 9, 2017 and commenced activities on 10.19.2017 and 10.20.2017 respectively. Their purpose is to operate the Jaguara and Miranda HPPs.

The Company took charge of operations on 12.29.2017, after the transition period referred to as "assisted operation", which began on 11.10.2017, the same date on which the concession contracts were signed.

- Umburanas Wind Complex

On November 24, 2017, the Company completed the acquisition of the entirety of the equity of the companies that make up the Umburanas Wind Complex for R$ 17 million. Located in the municipality of Umburanas (BA), the complex has 605.0 MW in wind potential, of which 360.0 MW relates to Phase I (257.5 MW intended for the free market and 102.0 MW already contracted in the regulated market), with operations startup in 2019. The remaining 245.0 MW will be held in the company's portfolio for future development. Environmental licensing is fully regular and construction is at an early stage.

- Divestment – Beberibe Wind Farm, Pedra do Sal Wind Farm and Areia Branca Hydroelectric Plant

On 10.31.2017, the Company completed the divestment of the entirety of the equity stake that it and its directly controlled entity ENGIE Brasil Energias Complementares Participações Ltda.'s ("ECP") held in Eólica Beberibe S.A., Eólica Pedra do Sal S.A. and Hidrelétrica Areia Branca S.A. for R$ 321 million, after price adjustments, net of PIS and Cofins, and after meeting all conditions precedent provided in the equity purchase and sale agreement. The plants that belong to the divested indirectly controlled entities have 63.4 MW in total installed capacity of and 23.9 aMW in total commercial capacity.

- Diamante Geração de Energia

On 12.13.2017, the Company's Board of Directors approved transfer of the assets of the Jorge Lacerda Thermal Power Complex ("CTJL") to Diamante Geração de Energia Ltda. ("Diamante"), a controlled entity of the Company executed for this exclusive purpose. The transfer was effected on 01.01.2018 by means of a capital increase of Diamante by means of the payment-in of fixed assets and inventories associated with the CTJL.

2016

The main information on the acquisition, incorporation and disposal of equity stakes by the Company are as follows:

- Santo Agostinho Wind Complex

In 2016, the Company concluded the acquisition of the final phase of the Santo Agostinho Wind Complex, four SPEs having been transferred to its control. The Wind Complex comprises twenty-four SPEs, each responsible for the development of a wind generation project, representing the total harnessing of 600 MW, each SPE participating with 25 MW, together with a holding company, all situated in the municipalities of Lajes and Pedro Avelino in the state of Rio Grande do Norte.

The value added of the entire business acquired, in the amount of R$ 59 million, corresponds largely to the fair value of the basic environmental projects, energy generation certification, wind measurements, preliminary environmental licenses and the leasing agreements, all of which allocated to intangible assets. To the current time, R$ 45 million has been disbursed in the acquisition of the project.

- Assú Project

In November 2015, ECP, a directly controlled entity of the Company, signed an agreement to acquire projects for the installation of three photovoltaic plants and the option – exercised in 2016 – to acquire a further two in the municipality of Assú, state of Rio Grande do Norte. Again in November 2015, ECP, through its controlled entity Assú V - which is to develop one of the acquired projects - sold 9.2 aMW at the Reserve Energy Auction (LER) held by Aneel in the amount of R$ 302.99/MWh for a 20-year term, to be supplied as from November 1, 2018.

The Assú V Photovoltaic Complex will have 36.7 MW in installed capacity. Construction work began in 2016 and commercial operations began in December 2017. The project will require a total investment of about R$ 220 million.

- Norte Catarinense TPP

The Company is developing a project for the installation of a natural gas-fired, combined cycle thermoelectric plant in the city of Garuva, located in the north of the state of Santa Catarina. The Norte Catarinense TPP will have approximately 600 MW in installed capacity. The Preliminary Environmental License was issued in March 2016, allowing the Plant to take part in future new energy auctions.

- ENGIE Comercializadora Varejista de Energia Ltda.

ENGIE Varejista was executed in 2016. Its corporate purpose lies in retail sales of electric energy, including bulk or retail procurement, retail sales, and imports of electric energy. Commencement of the Company's commercial operations is contingent on accreditation before the Electric Energy Trade Board (CCEE), which remains pending.

Aneel regulated the retail seller's role in 2015 to reduce the complexity of joining the market and facilitate the development of the Free Contracting Environment (ACL).

- ENGIE Geração Solar Distribuída S.A.

In April 2016, the Company acquired 50% of the equity capital of ENGIE Solar via subscription of the capital stock. ENGIE Solar's corporate purpose is to develop, conduct bulk and retail sales, operate and maintain generators and photovoltaic panels with an installed capacity under 5 MW.

The maximum acquisition amount will be R$ 24 million to be injected in up to 48 months.

- Divestment – Beberibe and Pedra do Sal Wind Farms and the Areia Branca Small Hydroelectric Plant

At a meeting held on 12.23.2016, the Company's Board of Directors approved the sale of the corporate stakes held by the Company and by its directly controlled company, ECP in the following corporations: (i) Eólica Beberibe S.A., which holds an Aneel authorization to operate the Beberibe Wind Farm, with 25.6 MW in installed capacity; (ii) Eólica Pedra do Sal S.A., which holds an Aneel authorization to operate the Pedra do Sal Wind Farm, with 18.0 MW in installed capacity; and (iii) Hidrelétrica Areia Branca S.A, which holds an Aneel authorization to operate the Areia Branca Small Hydroelectric Plant, with 19.8 MW in installed capacity.

The Enterprise Value of the corporations, prior to any ordinary usual adjustments in price, was set at R$ 392 million, of which R$ 85 million relate to net estimated debt. Completion of the divestment is subject to certain conditions precedent pursuant to the share purchase agreement, including the prior approval of the Brazilian Anti-Trust Authority (CADE), the Brazilian Development Bank (BNDES) and Aneel.

The Operation is part of the strategy for optimizing the Company's generator complex to allow expansion in assets with a greater degree of mutual synergy.

c. Unusual events or operations

2018

The key unusual events affecting the Company's results in FY 2018 were as follows: (i) R$ 85 million mainly in association with indemnity revenues for the negative impacts of business disruption caused by an insurance loss event in the Jorge Lacerda A Thermal Power Plant, and the collection of contractual penalties for the partial delay of modernization works on one of the Salto Santiago Hydroelectric 's machines and downtime of the Santa Mônica Wind Complex; and (ii) supplement to the provision for impairment, in the amount of R$ 39 million, for the assets of the William Arjona TPP.

2017

The key unusual events affecting the Company's results in fiscal year 2017 were as follows: (i) on 10.31.2017, after meeting the agreed conditions precedent, the Company effected the sale of controlled companies Beberibe Wind Farm, Pedra do Sal Wind Farm and Areia Branca Small Hydroelectric Plant, recognizing R$ 56.9 million in proceeds from divestments in 4Q17; and (ii) insurance loss event at a generating unit of the São Salvador HPP (UHSA), resulting in an indemnity for long-term lost profits in the amount of R$ 22 million.

2016

The key unusual events impacting the Company's result in the fiscal year 2016 were the recognition of provisions for: (i) impairment of assets amounting to R$ 121 million of which R$ 76 million for non-operational assets of the Jacuí thermoelectric project and R$ 45 million for thermal generation assets; (ii) reduction of fuel reimbursement (CDE) in the amount of R$ 87 million due to changes in the law governing fuel costs reimbursements in plants firing domestic coal; (iii) provision for decommissioning expenditures at the Charqueadas Thermal Power Plant in the amount of R$ 19 million; and (iv) reduction in inventories at net cash value at the Charqueadas and Alegrete thermoelectric plants – in the amount of R$ 6 million.

10.4 Management comments on

a. Material account changes

The main standards published by the *International Accounting Standard Board* (IASB) and replicated by the Accounting Announcements Committee (CPC), with entered into force on 01.01.2018, and with impacts on the Company's accounting practices are as follows:

CPC 47 – Revenues from contracts with clients (IFRS 15)

According to the new standards, revenues must be booked at values reflecting the payment that the company expects in exchange for the transfer of goods and services to a client. The revenue must be recognized as of the transfer of domain over the goods or services to clients, instead of based on the principle of transfer of risks and benefits. The announcement provides a need to observe certain phase for booking a revenue.

Based on the foregoing, the Company books revenues according to the contracts entered into, with monthly performance obligations, as clients simultaneously receive and consume the benefits that the Company provides. Consequently, the amount of the payment reflects the fair value receivable at the moment when energy is effectively delivered to a client.

CPC 48 – Financial Instruments (IFRS 9)

The main changes in the standard are as follows:

Financial assets and liabilities classification and measurement

The announcement provides an approach that attempts to reflect the Company's business model and its cash-flow characteristics. Based on this, financial instruments are now classified according to three categories: measured at amortized cost, at fair value by means of other comprehensive results ("VJORA") and at fair value of profit/loss ("VJR").

Measurement and booking of impairment losses of financial assets

CPC 48 replaces the "incurred losses" model under CPC 38 with a prospective "expected credit losses" model. This requires Management to make a relevant judgment of how changing economic factors may affect expected credit losses, to be determined based on weighted probabilities. The new model applies to financial assets measured at cost and at fair value by means of other comprehensive results.

Hedge accounting

The standard requires hedge accounting practices to be in line with the Company's risk-management objectives and strategies, and application of a qualitative and prospective approach to assessing a hedge's effectiveness.

As per the announcement, as concerns application of CPC 48, the Company has elected continued use of CPC 38's hedge accounting requirements.

2017 and 2016

There were no significant changes in the Company's accounting practices for fiscal years ending 12.31.2017 and 12.31.2016.

b. Significant effects of the changes in accounting practices

The changes in the Company's accounting practices listed in the foregoing item had no significant impacts in the fiscal year ending December 31, 2018.

There were no changes in accounting practices in the fiscal years ending 12.31.2017 and 12.31.2016.

c. Qualifications and emphases in the auditors' opinion

The Independent Auditor's Reports for the Account Statements for fiscal years ending 12.31.2018, 12.31.2017 and 12.31.2016 were unqualified.

10.5 Critical accounting policies adopted by the Company, in particular highlighting accounting estimates made by management on uncertain and material issues for describing the financial position and results that require subjective or complex judgments, such as: provisions, contingencies, revenue recognition, tax credits, long-duration assets, useful life of non-current assets, pension plans, conversion adjustments in currency, environmental recovery costs, criteria for testing the recovery of assets and financial instruments

Critical accounting practices are those which are considered important in showing the Company's financial condition and results and require the most difficult, subjective or complex judgments by Management, often as a result of the need to make estimates that impact matters that are inherently uncertain. As the number of variables and assumptions increases, affecting the possible future resolution of the uncertainties, these judgments become even more subjective and complex.

In preparing the accounting statements, the Company adopted certain assumptions based on historical experience and other factors it deems reasonable and relevant. Although these estimates and assumptions are reviewed by the Company in the ordinary course of business, the statement of its financial condition and results from operations often require judgments as to the effects of inherently uncertain matters on the book value of its assets and liabilities.

The actual results can differ from estimates due to variables, assumptions and conditions. In order to provide an understanding of how the Company forms its judgments on future events, including the variables and assumptions in the estimates, and certain impacts related to the changes in these estimates, we have included comments related to each critical accounting practice described below:

a. Derivatives

Derivatives are recognized at fair value in the financial statements. The definition of fair value for the Company's derivatives requires the use of valuation methodologies that can be complex and involve the use of estimates for future exchange, inflation, and long-term interest rates; and energy prices.

b. Useful life of fixed assets

The Company recognizes the depreciation of its fixed assets using the linear method based on annual rates established by Aneel, practiced by companies in the Brazilian electric sector as a whole and represent the estimated useful lives of the assets - limited to the term of the concession or plant authorization, as applicable. However, actual useful lives can vary based on the technological modernization of the assets of each generating unit. The useful lives of the fixed assets also affect impairment tests of these assets when deemed necessary

c. Long-lived assets' impairment value test

Specific rules apply to evaluating the impairment of long-lived assets, and of fixed assets in particular. At the end of each fiscal year, the Company conducts an analysis to determine whether evidence exists that the amount of the long-lived assets may not be recoverable. Under unusual circumstances, if such evidence does emerge, the Company conducts impairment tests for these assets. Such tests involve certain variables and uncertainties regarding projected cash flows for the evaluation of assets in use, and regarding the definition of the market value of assets held for disposal.

d. Retirement benefits obligations

The Company recognizes its obligations under benefits plans to employees and related costs, net of plan assets, adopting the following practices: (i) future commitments arising from pension benefit plans are discounted at present value based on the interest rates of Federal Government securities with an average duration equivalent to the expected payment for the projected future commitments; and (ii) pension plan assets marking to market on the date of the balance sheet.

In the actuarial calculations, actuarial consultants also use subjective factors such as mortality tables, estimated inflation, projected wage growth, terminations, and staff turnover.

The actuarial assumptions used by the Company may differ materially from actual results due to changes in economic and market conditions, regulatory events, judicial decisions or shorter/longer life spans of participants. However, the Company and its actuaries have used assumptions consistent with internal and external analyzes to define the estimates.

e. Tax, civil and labor provisions

Provisions are defined based on the assessment and qualification of risks where loss is deemed probable. This determination must be supported by the judgment and experience of Management, together with its legal advisors, in the light of case law, decisions in lower and appeals courts, the history of plea bargains and findings, and other applicable aspects. Risk assessments and the estimated values may differ from those effectively incurred by the Company.

10.6 Management description of material items not evident from the Company's financial statements

a. Assets and liabilities held by the Company, either directly or indirectly, not appearing in its balance sheet (off-balance sheet items)

b. Other items not shown in the financial statements

Management states that no material assets and liabilities exist not reflected in the Company's accounting statements in the fiscal years ending December 31, 2018, 2017 and 2016.

10.7 Management's comments on each of the items not evident from the financial statements as listed in item 10.6

a. How these items change or may change revenues, expenses, operating income, financial expenses or other items in the Company's financial statements;

b. Nature and purpose of the operation;

c. Nature and amount of the obligations assumed and rights generated in favor of the Company as a result of the operation.

Management states that there are no significant assets and liabilities not reflected in the Company's financial statements for the fiscal years ending December 31, 2018, 2017 and 2016.

10.8 Key elements of the Company's business plan:

a. Investments:

(i) quantitative and qualitative description of investments in progress and expected investments

In 2018, the Company's work in progress involved, basically, the Campo Largo – Phase I Wind Farms, which was completed in 2018, with the farms' entry into commercial operation, and Umburanas, the Pampa Sul Thermal Power Plant, and the Gralha Azul Transmission Line ("LT Gralha Azul").

The investments made in 2018 and scheduled for 2019 to 2021, as of 12.31.2018, are as follows:

Financing (Amounts in R$ million)	Effective 2018	Projected 2019	Projected 2020	Projected 2021
- Third-parties capital	2,386	2,588	1,342	225
- Own capital	1,066	(829)	1,107	488
	3,452	**1,759**	**2,449**	**713**

The negative amounts in the "Own capital" line concern replenishment, with third-party funds, of own capital initially invested because of changes in the financing release schedule.

In 2018, the Company invested R$ 3,221 million in the construction of new plants and of a transmission project, as follows: (i) R$ 1,210 million in the Campo Largo Wind Complex – Phase 1; (ii) R$ 1,132 million in the Umburanas Wind Complex; (iii) R$ 825 million in the Pampa Sul Thermal Power Plant; (iv) R$ 48 million in the Gralha Azul Transmission Line; and (v) R$ 6 million –Assú V Photovoltaic Complex.

In the same year, the Company invested R$ 144 million in maintenance of and upgrades to its generator complex in order to maintain a high degree of plant uptime. These investments were mainly channeled to major maintenance work at the Jorge Lacerda Thermal Complex and generator complex maintenance, with total investments of R$ 66 million and R$ 78 million, respectively. Additional investments were made in upgrades to the Salto Santiago and Salto Osório Hydroelectric Plants, where R$ 32 million and R$ 8 million were invested, respectively.

Finally, the Company invested R$ 48 million arising from the acquisition of equity stakes, where emphasis is justified for the investment acquiring the remaining shares of ENGIE Geração Solar Distribuída S.A.

The foregoing amounts do not consider capitalization of interest on financing during the project construction phase.

The main projects and investments scheduled for the coming years concern development of the Gralha Azul Transmission Line, of the Campo Largo – Phase II and Umburanas Wind Farms, of the Pampa Sul Thermal Power Plant, of upgrades to the Salto Osório Hydroelectric Plant, and maintenance pf the Company's generating complex.

(ii) investment funding sources

The industry's projects generally have access to financing in the range of 50%-70% of total investment. The remainder is covered with own funds, which usually come from capital injections from controlling company ENGIE Brasil Energia. The controlling company raises funds by means of bank loans or capital market issues that are usually allocated to such injections.

(iii) material divestments in progress and expected divestments

Charqueadas TPP

The Charqueadas Thermal Power Plant, in the state of Rio Grande do Sul, was shut down on 11.25.2016 in line with the Company's business model as concerns de-carbonization, as well as the project's lack of financial viability. In December 2017, the Company entered into a decommissioning contract for the Plant, under which the contractors take responsibility for disassembling, removing, packaging and transporting the Plant's assets.

Beberibe and Pedra do Sal Wind Farms and Areia Branca SHP

Disposal of ENGIE Brasil Energias Complementares Participações Ltda.'s equity stakes in subsidiaries Eólica Beberibe S.A., Eólica Pedra do Sal S.A. and Pequena Central Hidrelétrica Areia Branca S.A. was completed on 10.31. 2017, after meeting all conditions precedent under the equity sale agreement. The divested Plants' total installed capacity is 63.4 MW and their total commercial capacity s 23.9 aMW. The capital gain from sale of these assets was R$ 57 million.

William Arjona TPP

On 02.20. 2018, Aneel accepted the recall of the authorization for the William Arjona TPP as requested by the Company, due to the Plant's lack of economic and financial viability arising from the rising cost of fuel (natural gas) for electric energy generation.

The Company is in the process of disposing of the Plant's assets, which, because of the stage where the process stands, were booked in 201 as non-current assets held for sale at the expected selling price, in the amount of R$ 8,500.

Jorge Lacerda Thermal Power Complex and Pampa Sul TPP

As part of the Company's commitment to de-carbonizing its portfolio, a market survey remains in progress for potential buyers of the Jorge Lacerda Thermal Power Complex (SC) and the Pampa Sul Thermal Power Plant (RS), under construction.

b. Previously disclosed acquisition of plants, equipment, patents or other assets, which may materially affect the Company's production capacity

In line with the business model of the ENGIE Conglomerate, controlling company ENGIE Participações participates in auctions and develops hydroelectric projects, mitigates the main risks and then transfers the projects to ENGIE Brasil Energia. The timing of each transfer is contingent on each project's risk-profile stage.

In this context, ENGIE Participações, through its controlled entity Energia Sustentável do Brasil, unveiled the Jirau HPP in December 2016, in Porto Velho, state of Rondônia (RO), with 3,750 MW in installed capacity – including expansion of the Plant's plans to provide 50 generating units – where ENGIE holds a 40% stake.

In May 2017, ENGIE Brasil Participações (EBP) – holder of a 40% stake in the project – announced retaining Banco Itaú BBA S.A. to provide financial advisory services preparing the economic and financial study for the purposes of drafting the transfer of its take to ENGIE Brasil Energia.

c. New products and services

(i) description of ongoing research already disclosed

Not applicable.

(ii) total amounts spent by the issuer in research to develop new products or services

Not applicable.

(iii) projects under development already disclosed

Not applicable.

(iv) total amounts spent by the issuer in the development of new products or services

Not applicable.

It is worth mentioning that, pursuant to Law 9991/2010, as amended, ENGIE Brasil Energia, as an electric energy generating company authorized to produce independently, is required to invest 1% of its adjusted net operating revenue every year in research and development applicable to the electricity sector

The foregoing funds are allocated as follows: (i) 40% to the National Fund for Scientific and Technological Development (FNDCT); (ii) 40% to the Company's proprietary research and development projects (R&D) pursuant to Aneel regulations; and (iii) 20% to the Ministry of Mines and Energy (MME), mainly to cover studies and planning of research for expansion of the Brazilian energy system.

At yearend 2018, the Company and its controlled entities had a balance of R$ 100 million to invest in proprietary projects, of which R$ 55 million are earmarked for ongoing R&D projects.

A substantial portion of this amount is already committed and concerns research and development projects intended to: (i) develop and certify an wind generator with domestic technology and 3.3 MW in nominal power, in a partnership with manufacturers WEG S.A; and (ii) explore every possible role that an energy storage system may play, including the evaluation of systems using electrochemical batteries for centralized large-scale applications, small- and medium-size distributed generation applications, and individual and collective electric vehicles, with the Federal University of Santa Catarina and Guascor do Brasil Ltda. (Siemens group) as partners. We estimate total investments of around R$ 201 million and R$ 25 million for the two projects, of which an approximate R$ 84 million and 19 million, respectively, will be financed with R&D resources from the Company and its Controlled Entities.

The Company's Research and Development Program's purpose is to innovate in the energy industry and build the technical and scientific skills of Brazilian researchers. The program covers investment themes such as: alternative electric energy generation sources, watersheds and reservoirs management, the environment, maintenance and energy efficiency, to name a few.

10.9 Comment on other factors that have significantly affected operating performance and which have not been identified or commented in other items in this section

No other factors have materially affected the Company's operating performance, which have not already been identified or commented on in previous items.

ATTACHMENT II – PROFIT ALLOCATION PROPOSAL

Article 9 of ICVM 481/09 – Sole Paragraph, Section II – Proposed allocation of annual net profit containing at least the information indicated in Attachment 9-1-II of ICVM 481/09:

Allocation of annual net profit

1) Inform the fiscal year's net profit	R$ 2,314 million (controlling company)
2.a) Inform the total amount of dividends, including previously disclosed interim dividends and interest on shareholders' equity	R$ 2,273 million [5]
2.b) Inform the dividends per share, including previously disclosed interim dividends and interest on shareholders' equity	R$ 2.7851510063 per common share [6]
3) Inform the percentage of annual net profit to be paid out	100% of adjusted net profit [5, 7]
4) Inform the total amount and the amount per share of dividends paid out from previous years' profits	R$ 653 million, or R$ 1.0000000000 per common share [8]
5) Inform, ex- previously announced early dividends and interest on shareholders' equity:	

[5] The R$ 2,273 million in total dividends includes (i) R$ 653 million from interim dividends associated with earnings reserves, as per item 4; (ii) R$ 1,146 million and 397 million from interim dividends and interest on shareholders' equity, respectively, as per item 6 "a"; and (iii) R$ 77 million for additional dividends proposed, as noted in item 5. The total amount of the dividends therefore equals 100% of adjusted net profits.

[6] Dividends and interest on shareholders' equity per common share (in Brazilian Reais) calculated based on the current number of shares.

[7] Adjusted Net Profit is the fiscal year's net profit minus Legal Reserves and Tax Incentives, adjusted at realized equity value adjustment (cost assigned to fixed assets as per the guidelines provided in CPC 27 and ICPC 10) and unclaimed dividends and interest on shareholders' equity, booked in the "Accumulated Profits" account.

[8] Calculations per common share (in Brazilian Reais) considers the number of shares on the date of approval (10.31.2018), which was 652,742,192 common shares.

a) The gross amount of dividends and interest on shareholders' equity, broken down by share type and class	R$ 77 million, equal to R$ 0.0940069200 per common share
b) Manner and term of payment of dividends and interest on shareholders' equity	To be submitted to the Annual General Meeting on 04.26.2019
c) Any restatement of, or interest on, dividends and interest on shareholders' equity	Not applicable
d) Date of announcement of payout of dividends and interest on shareholders' equity for the purposes of determining shareholders entitled to receive them	The date of dividends payout will be decided at the AGM

6) Should there have been announced dividends or interest on shareholders' equity based on semi-annual balance sheets or those for shorter periods	
a) Inform the amount of previously disclosed dividends and interest on shareholders' equity	R$ 1,146 million in interim dividends and R$ 397 million in interest on shareholders' equity
b) Inform the date of the respective payments	Payout of interim dividends began on 01.29.2019 and payout of interest on shareholders' equity will take place on 03.27.2019.

7) Provide a comparative table indicating the following amounts broken down by share type and class:	
a) Annual net profit and for the 3 previous fiscal years	2018 = R$ 2.8364772872 2017 = R$ 2.4553787762[9] 2016 = R$ 1.8975967011[9]
b) Dividends and interest on shareholders equity paid out over the last 3 fiscal years	2018 = R$2.7851510063[10] 2017 = R$ 3.0642635985 2016 = R$ 2.2786046398
8) If profits are allocated to required reserves	
a) Identify the amount allocated to the required reserve	R$ 116 million.
b) Detail calculations of the required reserves	Equal to 5% of the fiscal year's net profits
9) If the company has preferred shares entitled to minimum fixed dividends	Not applicable
10) Concerning mandatory dividends	
a) Describe calculations as prescribed in the Bylaws	The company's bylaws provide that distribution of a dividend of at least 30% (thirty percent) of the legally adjusted net profit is mandatory each year, and the allocation of the full result for the fiscal year must be submitted for resolution of the Annual General Meeting.

[9] Due to the increased number of shares in 2018 arising from the 163,185,548 bonus common shares to shareholders, "Basic and diluted earnings per share – in R$" for 2017 and 2016, for the Controlling Shareholder and Consolidated, has been restated to consider the number of common shares of the Company as of December 31, 2018 – 815,927,740.

[10] Dividends and interest on shareholders' equity per common share (in Brazilian Reais) calculated in light of the existing number of shares.

	- The Company shall prepare semi-annual balance sheets and the Board of Directors may, at its discretion, declare interim dividends based thereon. - The Company may prepare balance sheets and distribute interim dividends at shorter periods, provided that the total dividends paid out in each half of the fiscal year do not exceed the amount of capital reserves mentioned in Paragraph 1, Article 182 of Law 6,404 of December 15, 1976. - The Board of Directors may announce interim dividends against the retained earnings or profit reserves accounts booked in the latest annual or semiannual balance sheet. - By resolution of the Board of Directors, the Company may credit or pay interest on shareholders' equity in accordance with the applicable legislation. The amounts paid or credited by the Company as interest on shareholders' equity may be considered for the purposes of mandatory dividends in accordance with the legislation. - Statute of limitations on claims on dividends shall run in three (03) years. Dividends not claimed in a timely manner shall revert to the Company.

b) Inform whether it is being paid in full	Yes
c) Inform any retained amounts	Not applicable

11) In case mandatory dividends have been retained due to the company's financial situation	
a) Inform the amount retained	Not applicable
b) Describe the company's financial situation in detail, including aspects related to liquidity analysis, working capital and positive cash flows	Not applicable
c) Justify retaining the dividends	Not applicable

12) In the event of profits allocated to contingency reserves	
a) Identify the amount allocated to reserves	Not applicable
b) Identify the loss deemed probable and its cause	Not applicable
c) explain why the loss has been deemed probable	Not applicable
d) Justify constitution of the reserves	Not applicable

13) In the event of profits allocated to unrealized profit reserves	
a) Inform the amount allocated to unrealized profit reserves	Not applicable
b) Inform the nature of the unrealized profits originating the reserve	Not applicable

14) In the event of profits allocated to statutory reserves	
a) Describe the statutory clauses establishing the reserves	Not applicable
b) Identify the amount allocated to the reserves	Not applicable
c) Describe calculation of the amount	Not applicable

15) In the event of profits retained pursuant to capital budgets	
a) Identify the amount retained	R$ 178 million
b) Provide a copy of the capital budget	Filed with CVM and B3 via the Empresas.Net system

16) In the event of profits allocated to tax incentives reserves	
a) Inform the amount allocated to reserves	R$ 23 million
b) Explain the nature of the allocation	The reserve is formed by allocation a portion of the fiscal year's profits equivalent to the tax benefit granted by the Amazon Development Agency (Sudam) and the Northeast Development Agency (Sudene). The benefit corresponds to a 75% reduction in income tax owed on profits from activities of the Plants that have been granted the benefit - Ponte de Pedra and São Salvador Plants, based on Article 626 of Decree 9,580 / 2018, as shown below:

	R$ million
Exploration profit in 2018	**134**
Nominal income tax (15%)	20
Additional income tax	10
Calculated income tax	**30**
Tax incentive (%)	75%
Tax incentive (%)	**23**

17) In the event of profits allocated to equity capital increases	
a) Inform the amount of the increase	R$ 475 million from net profits in 3Q18[11]
b) Inform the amount of the new equity capital	R$ 4,903 million

[11] On 12.07. 2018, the Shareholders in an AGM approved a capital increase of R$ 2,0743 million, by capitalizing: (i) the balance of the Retained Earnings Reserve account, in the amount of R$ 1,594 million; (ii) Tax Incentives to be Capitalized Reserve, associated with the SUDAM benefit for the Ponte de Pedra HPP, in the amount of R$ 4 million; and (iii) Net Income of 3Q18, in the amount of R$ 475 million, issuing 163,185,548 new common, book-entry shares with no face value that were distributed to shareholders as a bonus, at a ratio of 1 (one) new share for every 4 (four) common shares held on the as-of date of December 11, 2018.

Therefore, the Company's equity capital as of December 31, 2018, increased to R$ 4,903 million (R$ 2,829 million as of 12.31.2017), fully subscribed and paid in, represented by 815,927,740 (652,742,192 as of 12.31.2017) common nominative shares with no face value.

c) Inform whether new shares have been issued	163,185,548 new common, book entry shares with no face value that have been assigned to shareholders as a bonus, at a ratio of one (01) new share for every four (04) shares held as of 12.11.2018. [6]
d) Provide a detailed explanation of the reasons for the equity capital increase	Given the significant amount of reserves and accumulated profits that the Company had before the capital increase, Management proposed the capital increase by capitalizing reserves (Retained Earnings Reserve and Tax Benefits to Be Capitalized Reserve) and profits (Net Profit from 3Q18). As a result of the capitalization, shares were issued and distributed *gratis* to the Company's shareholders, proportionally to their respective equity stakes, without diluting the position of any shareholders. The capital increase from bonus shares was intended to increase the stock's market liquidity, given that (a) additional shares outstanding may potentially increase the traded volume; and (b) the adjustment in stock quotes arising from the bonus makes the price per share more attractive and accessible to more investors.

ATTACHMENT III – CAPITAL BUDGET

In thousands of reais

	To be realized		
Sources of funds	**2019**	**2020**	**Total**
Retained FY2018 earnings (Art. 196, Corporations Law)	177,673	-	177,673
Third-parties capital and internal cash generation	1,581,327	2,449,000	4,030,327
Total sources	**1,759,000**	**2,449,000**	**4,208,000**
Uses of funds			
Pampa Sul Thermal Power Plant	367,000	-	367,000
Umburanas Wind Complex	448,000	-	448,000
Campo Largo Wind Complex – Phase I	42,000	-	42,000
Campo Largo Wind Complex – Phase II	317,000	1,285,000	1,602,000
Gralha Azul Transmission Line	231,000	990,000	1,221,000
Salto Osório Upgrade	84,000	37,000	121,000
Productive complex maintenance	270,000	137,000	407,000
Total uses	**1,759,000**	**2,449,000**	**4,208,000**

ATTACHMENT IV – COMPOSITION OF THE FISCAL COUNCIL

12.5/6 Composition and professional experience of the board of directors and the fiscal council

FISCAL COUNCIL (nominated candidates)

Name	Date of birth	Management body	Election date	Independent member
CPF or Passport number	Profession	Elected position held	Tenure date	Nominated by the controlling shareholder
Other positions or functions held		Number of consecutive terms	Term of office	Attendance at 2018 FC meetings
Carla Carvalho de Carvalho	**18.12.1965**	**Fiscal Council**	**04.26.2019**	**No**
863.499.377-91	Attorney	40 – Chairwoman of the FC – Appointed by the controlling shareholder	04.26.2019	Yes
-		0 (zero)	AUG 2020	75%
Carlos Guerreiro Pinto	**17.06.1942**	**Fiscal Council**	**04.26.2019**	**No**
047.615.457-04	Administrator	43 - FC (Full Member) - Appointed by the controlling shareholder	04.26.2019	Yes
-		9 (nine)	AUG 2020	100%
Manoel Eduardo Lima Lopes	**07.07.1943**	**Fiscal Council**	**04.26.2019**	**Yes**
046.227.237-00	Accountant	45 - FC (Full Member) – Elected by Minority Common Shareholders	04.26.2019	No
-		14 (fourteen)	AUG 2020	100%
Waltamir Barreiros	**04.08.1953**	**Fiscal Council**	**04.26.2019**	**No**
242.690.507-72	Accountant	46 - FC (Alternate) - Appointed by the controlling shareholder	04.26.2019	Yes
-		0 (zero)	AUG 2020	-
Manoel Eduardo Bouzan de Almeida	**03.04.1952**	**Fiscal Council**	**04.26.2019**	**No**
269.006.377-87	Accountant	46 - FC (Alternate) - Appointed by the controlling shareholder	04.26.2019	Yes
-		13 (thirteen)	AUG 2020	-
Anderson Paiva Martins	**31.03.1979**	**Fiscal Council**	**04.26.2019**	**Yes**
077.424.247-70	Accountant	48 - FC (Alternate) - Elected by Minority Common Shareholders	04.26.2019	No
-		0 (zero)	AUG 2020	-

Carla Carvalho de Carvalho – 863.499.377-91

Born on December 18, 1965. Attorney with a Law degree from Universidade Federal Fluminense - UFF, a Graduate degree in Tax Law from Universidade Estácio de Sá; an Executive MBA from COPPEAD-UFRJ, and a Graduate degree in Civil Law from Escola Superior de Advocacia – OAB/RJ. Formerly an advisor in the Financial Market, Capital Markets and Corporate Finance areas of Banco Nacional S.A.; advisor to the Comptroller of Banco Boa Vista; legal advisor for Serra da Mesa Energia S.A. for the implementation of the Serra da Mesa HPP; and Legal Superintendent of GDF Suez Energy Brasil Ltda., as well as a member of the Environmental Committee of the French-Brazilian Chamber.
The nominee has signed a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

Carlos Guerreiro Pinto - 047.615.457-04

Born June 17, 1942, graduated in Business Administration from Sociedade Unificada de Ensino Superior Augusto Motta (SUAM). He has a postgraduate degree in Business Administration from the Instituto de Pós-Graduação e Pesquisa em Administração of Universidade Federal de Rio de Janeiro (COPPEAD), having also concluded his Financial Management course at the Citibank N.A. Training Center. He was certified as a Business Development Partner by Fundação Dom Cabral. He was responsible for structuring the Open Market area of Banco Nacional, also holding the position of Director - Business Risk Area. Additionally, he was President of Sinal Corretora de Valores. He also worked as an Audit Director for the National Supplementary Health Agency (ANS), the private health insurance regulator, from March 2010 to November 2011 responsible for operators placed under the special audit regime. He was a Visiting Consultant at the Fundação Getulio Vargas and provides management advisory services to the State Environmental Agency - INEA and Rio de Janeiro State Secretariat for the Environment - SEA. Currently, he is Administrator of the Nossa Senhora de Fátima Sanctuary in Recreio dos Bandeirantes, Rio de Janeiro-RJ.
The nominee has signed a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

Manoel Eduardo Lima Lopes - 046.227.237-00

Born on July 7, 1943. Has degrees in Accounting and Law from Universidade do Estado do Rio de Janeiro. Former Auditor-General and Accounting and Comptrollership Superintendent of Banco do Estado do Rio de Janeiro S.A. (BANERJ), a consultant for and officer at Banco Clássico S.A., and Comptrollership Manager of IRB – Brasil Resseguros S.A. Currently an officer at Banco Clássico S.A. and an alternate member of the Board of Directors of Companhia do Gás do Rio de Janeiro.
The nominee has signed a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

Waltamir Barreiros - 242.690.507-72

Born on August 4, 1953. Has a degree in Accounting from Universidade Federal de Santa Catarina (UFSC) and a post-graduate degree in Auditing from UFSC. Is a member and Financial Director of the Academia Catarinense de Ciências Contábeis. Formerly employed at Eletrosul – Centrais Elétricas S.A. from March 1975 to December 1997, holding various positions in the accounting/tax area and serving as Accounting Department Manager. Formerly Accounting Department Manager at Tractebel Energia S.A. (currently ENGIE Brasil Energia S.A.) from December 1997 to May 2005, and Tax Governance Department Manager from May 2005 to April 2014. Former professor of the Accounting Sciences Department at UFSC, 20 weekly hours regime, from August 1985 to February 2015. Former Full Member of the Administrative Tax Appeals Board – CARF, from September 2015 to August 2016. Former full member of the Fiscal Council of Fundação Eletrosul de Previdência e Assistência Social – ELOS, of the Centro de Pesquisas de Energia Elétrica – CEPEL, and of the Brazilian Energy Concessionaires Association – ABCE. Chairman of the Fiscal Council of Energia Sustentável do Brasil since May 2008. A member of the Tax and Legislative Affairs Chamber at FIESC.

The nominee has signed a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

Manoel Eduardo Bouzan de Almeida - 269.006.377-87

Born April 3, 1952, he holds a Bachelor's degree in Accounting Sciences, having graduated in 1978 from the Faculdades Integradas Simonsen, Rio de Janeiro. He worked in the industrial sector from 1969 to June 1995 in various administrative functions, reaching the position of administration and accounting manager. In the second half of 1995, he was hired as accountant for the Serra da Mesa project by Serra Mesa S.A., occupying this position until June 1998, when he was transferred to the ENGIE Group, as the holding company's accountant, remaining in this position until his retirement at the end of June 2011.

The nominee has signed a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

Anderson Paiva Martins - 077.424.247-70

Born 03.31.1979, he has a Bachelor of Accounting Degree, graduated in 2016 from Faculdade Presbiteriana Mackenzie Rio, and a Bachelor of Business Administration Degree, graduated in 2013 from Centro Universitário da Cidade. Formerly an employee at Mega Models from 1999 to 2008, where he was Financial Planning Coordinator. An employee of Agency Model from 2008 to 2015, where he was Financial Assistant. Has since 2015 been an Accountant at Banco Clássico S.A.

The nominee will sign a statement to the effect that he or she has not been: i) convicted on criminal charges; ii) convicted in a CVM proceeding; or iii) unappealably convicted in the judiciary or administrative spheres, such that he or she has been suspended or barred from any professional or commercial activity.

12.7/8 Composition of the committees

None of the members appointed to the Fiscal Council have seats in the Company's statutory committees, nor in other committees, even if non-statutory.

12.9 Existence of a marital, common-law, or family connection up to second degree

Justification for non-completion of the field:

None of the foregoing connections exist between any of the members appointed to the Fiscal Council by the Controlling Shareholders.

12.10 Subordination, retainer or control relations in the past 3 fiscal years between the Company's managers (appointed by the Controlling Shareholder) and: (i) an entity under the Company's direct or indirect control, or (ii) the Company's directly or indirectly controlling shareholder:

The members of the Fiscal Council appointed by the Controlling Shareholder did not, in the past 3 fiscal years, perform any executive duties in entities directly or indirectly controlled by the Company or in the Company's directly or indirectly controlling shareholder.

12.12 Other information that the Company deems relevant

The Company has no other relevant information on the members appointed to form the Fiscal Council

ATTACHMENT V – MANAGEMENT COMPENSATION

Management compensation information based on item 13 of the reference form

13.1 Description of the policy or practice of compensation of the Board of Directors, Statutory and Non-Statutory Executive Board, Fiscal Council, Statutory Committees, and Audit, Risk, Financial and Compensation Committees, addressing the following aspects:

a. objectives of the compensation policy or practice, informing whether the compensation policy has been formally approved, the relevant approving body, the date of approval and, where the issuer discloses the policy, world wide web sites where the document can be viewed

The Company abides by the Controlling Group's guidelines and compensation benchmarks obtained from compensation surveys conducted by specialized consultancy firms. On, 02.19.2019 the Board of Directors approved the management Compensation Policy, which is available at the Company's website (www.engie.com.br/investidores).

The compensation practice for members of the Board of Directors, Statutory Management and Fiscal Council aims to attract and retain professionals and executives aligned with the Company's business guidelines, values and culture. The practice takes account of market practices, the knowledge required to perform, the complexity of the activities involved and the expected results based on business objectives.

In addition, Committee members who are also on the Company's payroll receive no compensation for their membership in committees, except (i) for the Leader of the Strategy Committee, who receives monthly additional compensation equal to that of the members of the Board of Directors, where he or she also has a seat, and (ii) the Special Independent Committee for Review of Transactions with Related Parties, whose members are compensated upon completion of the assignment for which the committee was formed.

b. Compensation breakdown

(i) description of the elements of the compensation and their respective objectives

The composition of the total compensation of members of the Board of Directors, Statutory Management and Fiscal Council is proposed by controlling company ENGIE Participações according to criteria set at a global level, and breaks down into fixed compensation, bonus, and long-term incentive. The maximum compensation of said Management bodies is approved annually by the General Meeting pursuant to the contents of Law 6,404/76.

The composition of the compensation and the nomination of members for each manager profile are set by the Board of Directors as follows:

Board of Directors

The total compensation of the Board of Directors is made up of the following items, and the maximum aggregate amount thereof is approved by the Annual General Meeting:

- Fixed compensation: Paid in 13 monthly installments intended as direct compensation for services in line with market practices. In addition, the Leader of the Strategy Committee, who also has a seat in the Board of Directors, receives fixed compensation for his or her sear in said committee;

- Variable compensation: The Chairperson of the Board of Directors receives a variable amount based on the Company's results, in the light of financial and operating indicators. Payment is made by the Company's controlling shareholder, ENGIE Brasil Participações Ltda., with which the Chairperson of the Board has entered into an individual employment contract, and 40% of the amount, including charges, are reimbursed by the Company. This compensation is directly tied in with collective and individual performance results and is intended to compensate the executive for results attained, in line with the Company's business guidelines, values and culture. Furthermore, pursuant to the Collective Employment Contract, full and alternate Directors appointed by the employees may also receive variable annual compensation calculated based on the sum of the average number of monthly salaries paid to employees as Profit Sharing (PLR) and a Management Bonus, at the discretion of the Chairperson of the Board of Directors. The Company currently has one Director (and one alternate) elected by the employees.

- Post-employment benefits: The Company sponsors a supplementary retirement plan in the Set Contribution format. The plan is managed by PREVIG and funding for the benefits comes from members' and the sponsor's contributions. The Company's contribution is the same as the employees'' basic contribution, limited to a ceiling pursuant to the plan's regulations. The purpose of this form of compensation is to offer an attractive long-term incentive in line with market practices.

- Stock-based compensation: The Company's directly controlling shareholder, ENGIE Brasil Participações Ltda. Offers certain members of the Board of Directors, i.e. those who have held Executive Board positions in the past 4 years, a Long-Term Incentive ("ILP") Plan that provides a specific deferred bonus paid in cash 4 years after joining. Two indicators apply to ascertaining the performance results proposed under the ILP, each with 50% weight in the ascertainment of overall results over a 4-year period: TSR – Total Shareholder Return and EPS – Earnings per Share.

- Other: These include social charges levied on the Board of Directors' compensation.

The individual compensation of the members of the Board of Directors shall not exceed that of the members of the Statutory Executive Board.

Statutory Executive Board

Compensation of the members of the Statutory Executive Board breaks down into fixed and variable portions and its maximum annual amount is approved by the General Meeting.

- - Fixed compensation: Paid in 13 monthly installments intended as direct compensation for services rendered. In addition, indirect compensation is provided as benefits offered by the Company, such as: health-recovery support, annual medical checkup, food vouchers, and life insurance. The purpose of the fixed compensation is to offer an attractive package in line with market practices.

- Variable compensation: The amount of the variable compensation, which breaks down into bonus and profit sharing, lies in the range of 40%-81% of annual fixed compensation, depending on the executive's position, challenges and goals. Its purpose is to compensate executives for the Company's short- and medium-term results. Payment is made in the first half of the following year, after the fiscal year's accounts have been drawn, based on collective and individual performance evaluations.

- Post-employment benefits: The Company sponsors a supplementary retirement plan in the Set Contribution format. The plan is managed by PREVIG and funding for the benefits comes from members' and the sponsor's contributions. The Company's contribution is the same as the

employees'' basic contribution, limited to a ceiling pursuant to the plan's regulations. The purpose of this form of compensation is to offer an attractive long-term incentive in line with market practices.

- Stock-based compensation: The Company's directly controlling shareholder, ENGIE Brasil Participações Ltda. Offers certain members of the Board of Directors, i.e. those who have held Executive Board positions in the past 4 years, a Long-Term Incentive ("ILP") Plan that provides a specific deferred bonus paid in cash 4 years after joining. Two indicators apply to ascertaining the performance results proposed under the ILP, each with 50% weight in the ascertainment of overall results over a 4-year period: TSR – Total Shareholder Return and EPS – Earnings per Share. The purpose of this form of compensation is to offer an attractive long-term incentive in line with market practices.

- Other: These include social charges levied on the Board of Directors' compensation.

Non-Statutory Executive Board

No Non-statutory Board is installed. The Chief Business Development Officer accumulates his statutory functions with functions in the Controlling Economic Group, ENGIE, with which he has an individual work contract.

Fiscal Council

The fees of the members of the Fiscal Council are a fixed compensation set and approved by the General Shareholders' Meeting and paid in 13 monthly installments. Fees may not be less, for each active member, than 10% of the average monthly compensation of the Statutory Directors, excluding benefits. The purpose of this form of compensation is to address performance of the tasks that Fiscal Council membership requires.

The "Other" item concerns social charges levied on the compensation of the members of the Fiscal Council.

Special Independent Committee for the Review of Transactions with Related Parties

The Committee's compensation is set by the Board of Directors by project and shall not exceed one (01) additional monthly compensation of the members who already hold positions with the Company. Upon convening, the Board of Directors shall define the duration of the committee's engagement and payment of the relevant compensation.

No payments have been made as compensation for members of this Committee in the past 3 fiscal years.

(ii) proportion of each component in the total compensation relative to the last 3 fiscal years

The compensation of the Board of Directors is fixed for all members except for the Chairperson of the Board and the full and alternate members elected by the Company's employees, who also receive variable compensation. The variable compensation of the Chairperson of the Board can be as high as 80% of the annual fixed compensation and the member elected by employees, as much as 40% of his/her annual fixed compensation. Members of the Fiscal Council enjoy fixed compensation only.

The Statutory Executive Board's fixed compensation is based on market conditions. The variable portion may lie in the 40%-81% range of fixed annual compensation.

The proportions of fixed compensation, variable compensation and benefits to total compensation are represented as follows:

Total compensation in the Fiscal Year as of 12.31.2018				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Fixed annual compensation	74%	70%	100%	73%
Salary	56%	49%	81%	52%
Direct and indirect benefits	0%	8%	0%	5%
Committee seats	4%	0%	0%	2%
Other	14%	13%	19%	14%
Description of other fixed compensation	Social Charges	Social Charges	Social Charges	Social Charges
Variable compensation	10%	24%	0%	18%
Bonus	2%	13%	0%	8%
Profit sharing	7%	9%	0%	8%
Attendance at meetings	0%	0%	0%	0%
Committees	0%	0%	0%	0%
Other	1%	3%	0%	2%
Description of other variable compensation	Social Charges	Social Charges	Social Charges	Social Charges
Post-employment	1%	6%	0%	4%
Termination	0%	0%	0%	0%
Stock-based	15%	0%	0%	5%
Total compensation	100%	100%	100%	100%

Total compensation in the Fiscal Year as of 12.31.2017				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Fixed annual compensation	64%	58%	100%	61%
Salary	48%	41%	83%	45%
Direct and indirect benefits	0%	5%	0%	3%
Committee seats	3%	0%	0%	1%
Other	13%	12%	17%	12%
Description of other fixed compensation	Social Charges	Social Charges	Social Charges	Social Charges
Variable compensation	17%	33%	0%	26%
Bonus	13%	25%	0%	20%
Profit sharing	0%	0%	0%	0%
Attendance at meetings	0%	0%	0%	0%
Committees	0%	0%	0%	0%
Other	4%	8%	0%	6%
Description of other variable compensation	Social Charges	Social Charges	Social Charges	Social Charges
Post-employment	0%	4%	0%	2%
Termination	0%	0%	0%	0%
Stock-based	19%	5%	0%	11%
Total compensation	100%	100%	100%	100%

Total Compensation in the Fiscal Year as of 12.31.2016				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Fixed annual compensation	78%	50%	100%	60%
Salary	60%	35%	83%	44%
Direct and indirect benefits	0%	4%	0%	3%
Committee seats	3%	0%	0%	1%
Other	15%	11%	17%	12%
Description of other fixed compensation	Social Charges	Social Charges	Social Charges	Social Charges
Variable compensation	16%	36%	0%	29%
Bonus	12%	28%	0%	23%
Profit sharing	0%	0%	0%	0%
Attendance at meetings	0%	0%	0%	0%
Committees	0%	0%	0%	0%
Other	4%	8%	0%	6%
Description of other variable compensation	Social Charges	Social Charges	Social Charges	Social Charges
Post-employment	1%	3%	0%	2%
Termination	0%	0%	0%	0%
Stock-based	5%	11%	0%	9%
Total compensation	100%	100%	100%	100%

(iii) calculation and restatement method for each element of compensation

The definition of the fixed amounts payable to the Statutory Executive Board is established based on the median of market surveys and in line with the nature and responsibilities of each position.

Similarly, the variable portion is established considering market practices for each position. Payment is contingent on the financial and operating results obtained by the Company, such as net income, EBITDA, and the achievement of specific, previously negotiated, goals, as well as managerial and behavioral aspects.

Executive Compensation may be restated in January each year, taking into account market surveys of compensation.

The restatement of the compensation paid to the Executive Board and the Chairperson of the Board of Directors is proposed by the Controlling Group based on compensation surveys and the individual performance of each executive in the preceding fiscal year. The aggregate restatement requires approval of the Board of Directors.

The restatement of the fixed compensation paid to the Board of Directors and the Fiscal Council is proposed by the Chairperson of the Board of Directors based on compensation surveys. The aggregate amount is submitted to the General Meeting for approval.

The variable compensation of the Board of Directors depends on the attainment of collective and individual goals, on the Company's results, and on joint and several contribution of up to 10% of the aggregate results of the controlling shareholder ENGIE Brasil Participações Ltda. Performance evaluations for the purpose of variable compensation payment is conducted by the CEO and the Chairperson of the Board of Directors, whereas the Chairperson of the Board of Directors is evaluated by the Controlling Group.

The compensation of the Fiscal Council shall be set at an amount no lower than 10% of the average fixed compensation of the Board of Directors, ex-benefits. The Fiscal Council shall have no variable compensation.

(iv) reasons that justify the compensation breakdown

The Management Compensation Policy as approved by the Board of Directors on 02.19.2019 is based on market practices and aims to attract and retain professionals and executives compatible with the Company's needs.

The compensation paid to the Board of Directors and the Fiscal Council abides by the market's standards for comparable companies.

The compensation paid to the Statutory Executive Board is periodically monitored based on market practices.

(v) presence of members without compensation from the Company and the reason for this

The Company has no uncompensated members in its Board of Directors, Statutory Executive Board, and Fiscal Council and in the Committees mentioned in item "13.1.a" hereof.

c. principal performance indicators considered for the purposes of determining each element of compensation

Management compensation positioning relative to the market relies on quantitative and qualitative indicators, the degree of contribution to results, overall performance, and experience.

Variable compensation is directly related with corporate and individual performance results, and considers:

- financial and operating indicators for the fiscal year: EBITDA evolution, free cash generation, net income, operating expenses, alignment with the results of the controlling entity, ENGIE Brasil Participações Ltda. etc.;

- individual attainment of goals, industrial and/or financial results; and

- behavioral and managerial aspects.

d. how the compensation is structured to reflect the evolution of performance indicators

Fixed compensation and benefits are set according to market surveys and not adjusted during the year, as they are set for each year within the limits approved by the General Shareholders Meeting for the Fiscal Year (January-December).

Variable compensation is directly related with corporate and individual performance results and considers:

- financial and operating indicators representing, on average, 65% of the annual bonus;

- individual and behavioral indicators, representing on average 35% of the annual bonus.

e. how the compensation policy or practice aligns with the Company's short-, medium- and long-term interests

The amount of the executives' annual variable compensation depends on the attainment of the Company's short-term objectives.

As concerns medium- and long-term objectives, the Company's directly controlling entity, ENGIE Brasil Participações Ltda., offers to the Statutory Executive Board and certain members of the Board of Directors an ILP that provides a specific and distinctive bonus paid in cash four years after joining the plan. Determination of the performance results proposed under the ILP relies on two indicators, each with 50% weight in the ascertainment of overall results over a 4-year period: TSR – *Total Shareholder Return* and EPS – *Earnings per Share*.

Performance over this period is measured from the date of joining the plan until the end of the 4-year period, when the results are evaluated. According to these results, the amount of the award under the long-term incentive plan is calculated and paid in full, paid in part, or not paid (if minimum goals are not attained). The calculations are done by a specialized consultancy firm whose fee is approved by the CEO of the controlling entity, ENGIE Brasil Participações Ltda., in Brazil.

In addition, the Conglomerate to which the Company belongs has a Group Stock Call Options Policy, in Paris, at predetermined prices and open to all of the Company's employees, and a Performance Shares program tied in with the Conglomerate's future results and intended for senior executives and professionals. Generally speaking, these Performance Shares and call options are in relevant amounts relative to the annual compensation of the Company's executives.

f. presence of compensation with support from subsidiaries or directly or indirectly controlled or controlling entities

No payments are made by subsidiaries. The Controlling Conglomerate makes no payments to the Company's Executive Board or Board of Directors, except:

- Monthly fixed compensation, variable compensation, benefits and contributions under the individual employment contract with the Chief Business Development Officer and the Chairperson of the Board of Directors, who accumulate corporate positions with the Company's statutory mandates. These costs are partly reimbursed by the Company in proportion to the dedication of the executives to statutory activities; and
- Those mentioned in letter "e", Performance Shares and ENGIE S.A. stock call options are of a corporate nature and intended to reinforce employee engagement.

g. presence of compensation or benefits tied in with the occurrence of a given corporate event, such as disposal of the Company's controlling stake

Not applicable to the Company.

h. practices and procedures embraced by the Board of Directors to set the individual compensation of the Board of Directors and Executive Board:

(i) governing bodies and committees of the issuer that play a role in the decision-making process, identifying the role played;

Compensation composition and the indication of members under each managerial profile is set by the Board of Directors and validated annually by the General Meeting.

(ii) criteria and methodology used to set individual compensation, indicating whether surveys are used to determine market practices and, if so, the benchmarking criteria and the scope of such studies;

Fixed compensation is benchmarked against the Brazilian median according to market surveys conducted annually with specialized consultancies to enable comparisons between the amounts paid to executives by companies of similar size and revenues, with greater weight assigned to those active in the Brazilian electricity industry, as well as internal consistency with the Controlling Group. The variable compensation aims to provide competitive compensation levels compared with the market, repay efforts building results, and the values generated by the Company by means of a bonus pegged to performance, and to motivate the fulfillment of business and strategic objectives, reflecting the Company's and its Controller's culture and values.

(iii) how often, and in what manner, does the board of directors evaluate the adequacy of the issuer's compensation policy?

The Company reevaluates the Policy's alignment with market practices on an annual basis, and any required changes or updates must have the approval of the Board of Directors and be disclosed in a timely manner to the Securities Exchange Commission – CVM and B3.

13.2 Aggregate compensation of the Board of Directors, Statutory Executive Board and Fiscal Council, booked in the results of the last 3 fiscal years and estimated for the fiscal year under way:

Total projected compensation for the fiscal year ending December 31, 2019 - Annual Amounts in Reais				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members ("b")	18	7	3	28
Number of remunerated members ("c")	18	7	3	28
Fixed annual compensation	5,835,607.22	8,420,322.89	616,617.91	14,872,548.02
Salary	4,490,008.17	5,903,991.28	498,038.59	10,892,038.04
Direct and indirect benefits	1,409.31	863,214.05	-	864,623.36
Committee seats	287,700.17	-	-	287,700.17
Other	1,056,489.57	1,653,117.56	118,579.32	2,828,186.45
Description of other fixed compensation	Social charges	Social charges	Social charges	Social charges
Variable compensation	1,497,417.83	8,636,079.25	-	10,133,497.07
Bonus	938,221.29	6,092,217.40	-	7,030,438.69
Profit-sharing	296,494.57	1,426,040.97	-	1,722,535.54
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	262,701.96	1,117,820.87	-	1,380,522.83
Description of other variable compensation	Social charges	Social charges	-	Social charges
Post-employment	52,265.02	980,223.59	-	1,032,488.62
Termination	-	-	-	-
Share based	-	961,746.56	-	961,746.56
Notes	18 members for the entire year	7 members for the entire year	3 members for the entire year	-
Total compensation	7,385,290.07	18,998,372.29	616,617.91	27,000,280.26

The number of members per body (letter "b") was established as per Circular Letter CVM/SEP/No.02/2018. Given that fiscal year 2019 is the current fiscal year, the foregoing numbers gave been included based on the Company's projections as per Circular Letter CVM/SEP/No.02/2018.

Amounts relative to stock-based payments include the applicable social charges.

In 2019, annual aggregate management compensation in the amount of up to R$ 27 million will be submitted to the approval of the Annual General Meeting.

Total projected compensation for the fiscal year ending December 31, 2018 – Annual Amounts in Reais				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members ("b")	18	7	3	28
Number of remunerated members ("c")	12.33 (a)	6 (a)	3	21.33
Fixed annual compensation	4,883,685.19	7,576,080.70	590,885.27	13,050,651.16
Salary	3,670,402.54	5,318,310.10	476,591.95	9,465,304.59
Direct and indirect benefits	1,408.26	826,043.44	-	827,451.70
Committee seats	275,311.17	-	-	275,311.17
Other	936,563.22	1,431,727.16	114,293.22	2,482,583.70
Description of other fixed compensation	Social charges	Social charges	Social charges	Social charges
Variable compensation	677,833.42	2,561,422.30	-	3,239,255.72
Bonus	109,014.43	1,350,859.11	-	1,459,873.54
Profit-sharing	533,774.22	854,163.04	-	1,387,937.26
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	35,044.77	356,400.15	-	391,444.92
Description of other variable compensation	Social charges	Social charges	-	Social charges
Post-employment	50,552.80	641,826.96	-	692,379.76
Termination	-	-	-	-
Share based	985,665.81	-	-	985,665.81
Notes	6,597,737.22	10,779,929.96	590,885.27	17,967,952.45

(a) 1 member is remunerated by the Company's controlling shareholder, for this reason, his/her compensation has not been listed in the foregoing table. The relevant costs are partly reimbursed by the Company proportionally to the executives' dedication to statutory duties.

The number of members per body (letter "b") was established as per Circular Letter CVM/SEP/No.02/2018.

As concerns the Statutory Executive Board, in addition to the foregoing amounts, the Company has provisioned R$ 333,706.53 in 2018 – pursuant to the Voluntary Severance Plan for officers. Amounts associated with stock-based payments include applicable social charges. One member of the Statutory Executive Board is compensated by the Controlling Company.

Total compensation in Fiscal Year ending 12.31.2017 – Annual amounts in Reais				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members ("b")	15.17	7	3	25.17
Numbers of remunerated members ("c")	14.17 (a)	6 (a)	3	23.17
Annual fixed compensation	5,886,582.73	7,258,980.82	548,926.75	13,694,490.30
Salary	4,461,037.16	5,124,938.87	457,439.09	10,043,415.12
Direct and indirect benefits	827.45	671,489.11	-	672,316.56
Committee seats	246,592.32	-	-	246,592.32
Other	1,178,125.80	1,462,552.84	91,487.66	2,732,166.30
Description of other fixed compensation	Social charges	Social charges	Social charges	
Variable compensation	1,622,976.68	4,075,516.11	-	5,698,492.79
Bonus	1,214,559.35	3,038,329.56	-	4,252,888.91
Profit-sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	408,417.33	1,037,186.55	-	1,445,603.88
Description of other variable compensation	Social charges	Social charges	-	-
Post-employment	37,908.13	460,630.99	-	498,539.12
Termination	-	-	-	-
Share-based	1,782,013.44	587,571.20	-	2,369,584.64
Total compensation	9,329,480.98	12,382,699.12	548,926.75	22,261,106.85

(a) 1 member is remunerated by the Company's controlling shareholder, for this reason, his/her compensation has not been listed in the foregoing table. The relevant costs are partly reimbursed by the Company proportionally to the executives' dedication to statutory duties.

The number of members per body (letter "b") was established as per Circular Letter CVM/SEP/No.02/2018.

In addition to the foregoing amounts, the Company has provisioned R$ 2,047,958.89 for the Executive Board in 2017 – pursuant to the Voluntary Severance Plan for officers. Concerning the relevant accounting entries, the table above excludes the amount of R$ 523,242.60 in connection with Administrative Expenses associated with maintenance of the Private Retirement Plan and executive contributions. Amounts associated with stock-based payments include applicable social charges. One member of the Statutory Executive Board is compensated by the Controlling Shareholder.

Total compensation in Fiscal Year ending 12.31.2016 – Annual amounts in Reais				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members ("b")	16.67	6.92	3	26.59
Numbers of remunerated members ("c")	15.67 (a)	5.92 (a)	3	24.59
Annual fixed compensation	5,318,265.05	6,970,818.71	486,330.86	12,775,414.62
Salary	4,098,992.11	4,952,864.60	405,275.68	9,457,132.39
Direct and indirect benefits	785.76	545,950.64	-	546,736.40
Committee seats	230,980.19	-	-	230,980.19
Other	987,506.99	1,472,003.47	81,055.18	2,540,565.64
Description of other fixed compensation	Social charges	Social charges	Social charges	
Variable compensation	1,108,516.56	5,010,799.51	-	6,119,316.07
Bonus	868,830.06	3,911,927.03	-	4,780,757.09
Profit-sharing	-	-	-	-
Attendance at meetings	-	-	-	-
Commissions	-	-	-	-
Other	239,686.50	1,098,872.48	-	1,338,558.98
Description of other variable compensation	Social charges	Social charges	-	-
Post-employment	36,491.57	389,500.42	-	425,991.99
Termination	-	-	-	-
Share-based	313,578.38	1,513,901.95	-	1,827,480.33
Total compensation	6,776,851.56	13,885,020.59	486,330.86	21,148,203.01

(a) 1 member is remunerated by the Company's controlling shareholder, for this reason, his/her compensation has not been listed in the foregoing table. The relevant costs are partly reimbursed by the Company proportionally to the executives' dedication to statutory duties.

The number of members per body (letter "b") was established as per Circular Letter CVM/SEP/No.02/2018.

In addition to the above amounts, the Company paid R$ 7,428,127.05 to the Statutory Board – of which R$ 6,546,842.93 was provisioned in 2015 – pursuant to the Voluntary Severance Plan for retiring Officers.

13.3 Variable compensation of the Board of Directors, Statutory Executive Board and Fiscal Council in the last 3 fiscal years and projected for the current fiscal year

Any variable compensation owed to the Board of Directors is to be considered in the aggregate amount approved by the General Shareholders' Meeting. Members of the Fiscal Council are not entitled to variable compensation. The information is shown in the table below:

Variable compensation projected for Fiscal Year 2019

(Amounts in Reais)	Board of Directors	Statutory Executive Board
Total number of members	18	7
Number of remunerated members	3	7
Bonus		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	1,200,923.25	7,210,038.27
Amount assuming goal attainment as per the compensation plan	600,461.63	3,605,019.14
Profit sharing		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	296,494.57	1,426,040.97
Amount assuming goal attainment as per the compensation plan	296,494.57	1,426,040.97

The bonuses above include social charges on compensation.

Recognized in the last 3 fiscal years

Variable compensation – Fiscal Year ending December 31, 2018

(Amounts in Reais)	Board of Directors	Statutory Executive Board
Total number of members	18	7
Number of remunerated members	3	6 (a)
Bonus		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	1,430,705.48	2,816,481.51
Amount assuming goal attainment as per the compensation plan	955,939.03	1,334,613.38
Profit sharing		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	95,944.88	1,160,966.07
Amount assuming goal attainment as per the compensation plan	95,944.87	1,160,966.07
Amount effectively recognized in the result	677,833.42	2,561,422.30

(a) 1 member is compensated by the Company's controlling shareholder.
The bonuses shown above include social charges on compensation.

Starting in fiscal year 2018, the Company will grant profit sharing (PLR) benefits to its Officers and employee-elected Directors after approval of the accounting statements by the General Shareholders' Meeting, contingent upon the achievement of net profit or operating results in the previous fiscal year, attainment of business goals, and approval of the respective payment by the General Meeting, as per the Collective Work Contract.

Variable compensation – Fiscal Year ending December 31, 2017

(Amounts in Reais)	Board of Directors	Statutory Executive Board
Total number of members	15.17	7
Number of compensated members	3	6 (a)
Bonus		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	1,630,187.99	6,132,000.82
Amount assuming goal attainment as per the compensation plan	1,494,032.76	5,574,546.20
Profit sharing		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	-	-
Amount assuming goal attainment as per the compensation plan	-	-
Amount effectively recognized in the result	1,622,976.68	4,075,516.11

(a) 1 member is compensated by the Company's controlling shareholder.
The bonuses shown above include social charges on compensation.

Variable compensation – Fiscal Year ending December 31, 2016

(Amounts in Reais)	Board of Directors	Statutory Executive Board
Total number of members	16.67	6.92
Number of compensated members	2	5.92 (a)
Bonus		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	1,178,233.26	7,706,462.64
Amount assuming goal attainment as per the compensation plan	1,178,233.26	7,380,029.03
Profit sharing		
Minimum amount as per the compensation plan	-	-
Maximum amount as per the compensation plan	-	-
Amount assuming goal attainment as per the compensation plan	-	-
Amount effectively recognized in the result	1,108,516.56	5,010,799.51

The bonuses shown above include social charges on compensation.

13.4 Share-based compensation plan of the Board of Directors and the Statutory Executive Board in force in the last fiscal year and estimated for the current fiscal year:

The Company offers its managers a Long-Term Incentive Plan ("ILP") sponsored by the directly controlling shareholder, ENGIE Brasil Participações Ltda. ("ENGIE Brasil Participações").

a. general terms and conditions

As described in items 13.1 and 13.8, the Company's directly controlling shareholder, ENGIE Brasil Participações, offers a Phantom Shares-based ILP to the Statutory Executive Board and certain members of the Board of Directors, in connection with medium- and long-term goals.

b. main objectives

The ILP's main objectives are to motivate and reward the Company's key executives in the attainment of medium- and long-term results and to ensure a compatible overall rewards package.

c. how the plan contributes to these objectives

Determination of the performance results under the ILP is based on two indicators, each with 50% weight in aggregate results over a 4-year period. The indicators are: TSR – *Total Shareholder Return* and EPS – *Earnings per Share*.

d. how the plan matches the Company's compensation policy

The ILP was devised as a means to supplement the Performance Shares plan of the indirectly controlling shareholder the ENGIE Group, as described in item "13.15" hereof. It is a specific deferred bonus additional to the fixed and variable compensation and established for the Company's managers.

e. how the plan aligns with the short-, medium- and long-term interests of the managers and the issuer

The ILP is pegged to the Company's performance indicators as follows: TSR – *Total Shareholder Return* and EPS – *Earnings per Share*, both of which are performance metrics. On the other hand, the aggregate amount of the bonus is set based on the executive compensation matrix and range, which are defined based on annual market surveys involving companies of a similar size and in the same segment as a means to guarantee competitive executive compensation packages.

f. maximum number of shares covered

There is no maximum number of shares covered. The maximum number of *Phantom Shares* to be distributed corresponds to the maximum individual amount as described in item "g", below, divided by the value of the shares.

g. maximum number of options granted

As described in item "h", below, the amount of the ILP (% of the annual salary converted into *Phantom Shares*) is limited to 130% of the Company's compensation range for the executive's position plus the ILP set for the position in question on the granting date. The annual base salary plus adjusted ILP must not exceed this limit.

h. stock purchase conditions

The ILP is intended for the executives of the Company and of the directly controlling shareholder, ENGIE Brasil Participações, who maintain management agreements and

positions with the companies' Executive Boards. The controlling shareholder will annually determine executives eligible for the ILP.

i. acquisition- or strike-price setting criteria

The market value of the *Phantom Shares* is calculated as the simple average of the closing price of the EGIE3 stock in the three months preceding the grant date. Upon the plan's 4th anniversary, the market value of the phantom shares (again, calculated as the average closing price of EGIE3 in the 3 months preceding the end of the period) will be the basis for the reward to be paid for goals achieved. The ending date shall be the 15th of March subsequent to the plan's 4th anniversary, after the previous fiscal year's accounts have been drawn and finalized.

The ILP payment is a percentage of the value of the (*Phantom Shares*) at the end of the cycle. The percentage will be contingent on results achieved in terms of the plan's two performance indicators over the 4-year period.

The plan uses two indicators, in line with the goas set by the directly controlling shareholder, ENGIE Brasil Participações. Each indicator has 50% weight and impact on the phantom shares, as follows:

a) TSR – Total Shareholder Return (50% weight – half of the phantom shares):
   - TSR is based on the change in share price plus proceeds (dividends and interest on shareholders' equity) paid per share over a certain period.
   - The Company's performance according to this indicator will be compared with the panel of companies forming the stock exchange's IBrX100 index.
   - TSR will be calculated according to the methodology applied by third parties retained by the controlling shareholder, ENGIE Brasil Participações. The methodology may change for every version of the plan as circumstances recommend.
   - 50% of the total proposed number of phantom shares will be granted according to the following criteria: none of the 50% of phantom shares with TSR is lower than the median for the group of compared companies; 25% of the 50% of phantom shares if the Company's accumulated TSR is equal to or greater than the median of the group of compared companies; 100% of the 50% of phantom shares will be granted if the Company's results are within the third quartile or better. Results between the median and the third quartile will be pro-rated between the minimum and maximum amounts (proportional amounts in the 25%-100% range out of the available 50%).

b) EPS – Earnings per Share (weight 50% - half of the phantom shares):
   - The applicable amount will be the accumulated earnings per share (EPS) indicator over the plan's period.
   - At the discretion of the controlling shareholder, ENGIE Brasil Participações, the indicator may be adjusted when the plan is affected by strategic decisions causing a significant impact on the EPS indicator during the plan's relevant period.
   - Far award calculation (year N), the basis for comparison will be the Medium-Term Plan N+1-N+6, provided together with Nv1 (current year).

An amount equal to 50% of the proposed number of phantom shares connected with this indicator will be awarded based on the following criteria: no phantom shares if the accumulated EPS is lower than 90% of target; 33% of the 50% of shares (half of the shares granted), if the accumulated EPS is 90% of target; 100% of the 50% of shares (half of the shares granted), if the accumulated EPS equals the target. For intermediate results (between 90% and 100% of target), a linear pro-rating system will apply between the minimum and maximum amounts for the purposes of phantom-share calculations.

The amount of the ILP (% of the annual salary converted into *Phantom Shares*) is limited to 130% of the Company's salary range for the executive's position plus the ILP set for the relevant position on the granting date. The annual basic salary plus adjusted ILP may not exceed this limit.

j. maturity-setting criteria

According to the ILP, the plan shall have a duration of 4 years, pursuant to the methodology proposed by the specialized consultants responsible for drafting the plan in 2012.

k. settlement

The plan involves a specific deferred bonus paid in cash 4 years after the granting date. Payment of the ILP to Statutory Officers shall be made by the Company, and payment to the Chairperson of the Board of Directors shall be made by the directly controlling shareholder, ENGIE Brasil Participações, and reimbursed by the Company.

l. restrictions on share transfers

Given that the ILP provides for payment of a specific deferred bonus based on phantom shares, share transfers are not possible.

m. Criteria and events that shall, upon occurring, cause the plan's suspension, amendment or extinction

It shall be the prerogative of the directly controlling shareholder, ENGIE Brasil Participações, to at any time, with or without advance notice, modify, change, correct, include or eliminate ILP conditions, as well as to cancel future grants, irrespective of justification.

n. Effects of the manager's severance from the issuer's managing bodies on his or her rights under the share-based compensation plan

Executives who leave the Company before the end of the 4-year waiting period provided under the ILP shall be automatically waiving right to any payments under the plan. Exceptions may apply in the event of: severance from the Company to perform duties under other ENGIE Group companies, after retirement due to time in employment or illness, joining voluntary severance programs, termination without cause at the discretion of the Company, or due to death of the executive.

13.5 Share-based compensation of the Board of Directors and the Statutory Board recognized in the result for the last 3 fiscal years and estimated for the current fiscal year:

The Company's share-based compensation is booked in its ledgers as described in item "13.4" hereof. This is the Long-Term Incentive Plan ("ILP") that the Company's directly controlling shareholder, ENGIE Brasil Participações Ltda., offers to the Statutory Executive Board and certain members of the Board of Directors.

The amounts of stock-based payments include applicable social charges.

Share-based compensation projected for the current Fiscal Year (2019)

	Board of Directors	Statutory Executive Board
Total number of members	18	7
Number of compensated members	3	6
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	-	961,746.56
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

Share-based compensation - fiscal year ending on December 31, 2018

	Board of Directors	Statutory Executive Board
Total number of members	18	7
Number of compensated members	3	6
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	985,665.81	-
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

Share-based compensation - fiscal year ending on December 31, 2017

	Board of Directors	Statutory Executive Board
Total number of members	15.17	7
Number of compensated members	3	5
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	1,782,013.44	587,571.20
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

Share-based compensation - fiscal year ending on December 31, 2016

	Board of Directors	Statutory Executive Board
Total number of members	16.67	6.92
Number of compensated members	3	6
Weighted average strike price:		
(a) Of outstanding shares at the beginning of the fiscal year	-	-
(b) Of options lost during the fiscal year	-	-
(c) Of options exercised during the fiscal year	313,578.38	1,513,901.95
(d) Of options expired during the fiscal year	-	-
Potential dilution in the event of the exercise of all options granted	Not applicable	Not applicable

For every award recognized in the results of the last 3 (three) fiscal years and the current fiscal year

	Board of Directors	Statutory Executive Board
Total number of members	1	7
Award date	03.15.2018	03.15.2018
Number of options awarded	4,703	37,769
Option exercise period	03.15.2022	03.15.2022
Final option exercise deadline	03.15.2022	03.15.2022
Restricted share-transfer period	Not applicable	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$ 36.67	R$ 36.67

	Board of Directors	Statutory Executive Board
Total number of members	1	7
Award date	03.16.2017	03.16.2017
Number of options awarded	14,235	41,286
Option exercise period	03.15.2021	03.15.2021
Final option exercise deadline	03.15.2021	03.15.2021
Restricted share-transfer period	Not applicable	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$ 35.91	R$ 35.91

	Board of Directors	Statutory Executive Board
Total number of members	1	6
Award date	01.01.2016	01.01.2016
Number of options awarded	18,644	32,491
Option exercise period	03.15.2020	03.15.2020
Final option exercise deadline	03.15.2020	03.15.2020
Restricted share-transfer period	Not applicable	Not applicable
Option value on the awarding date (simple average of the closing price in the 3 months preceding the ward)	R$ 34.20	R$ 34.20

13.6 Outstanding options of the Board of Directors and the Statutory Board at the end of the last fiscal year:

As of the date of this document, there are no outstanding options for the in the name of members of the Board of Directors and the Statutory Executive Board.

13.7 Exercised options and shares delivered relative to share-based compensation of the Board of Directors and the Statutory Board in the last three fiscal years:

No options or shares were granted relative to share-based compensation in the past 3 fiscal years.

13.8 Succinct description of the information required for understanding the data disclosed in items "13.5"- "13.7", such as explanation of the shares and options pricing method

The Long-Term Incentive Plan ("ILP") is proposed annually by the directly controlling shareholder, ENGIE Brasil Participações Ltda., in the light of the following:

- Each beneficiary's individual amount will be set as a percentage of the executive's annual base salary.
- The amount of the "ILP" shall be deducted of the nominal amount, on the date of the award of the performance shares of ENGIE S.A., granted in the previous year. Therefore, a portion of the long-term incentive will be pegged to the results of the Company's indirectly controlling shareholder, the ENGIE Group.
- The resulting amount will be converted into a number of phantom shares based on the market value of the company's shares (EGIE3), providing the basis for the amount of the bonus to be paid for objectives attained by the date of the plan's maturity.

For the duration of the plan, the number of shares awarded for the purposes of determining the amount of the incentive may be proportionally increased based on the share's value when the Company' pays its shareholders dividends e interest on shareholders' equity. Said adjustment will take place based on calculation of the *dividend yield* on the closing price of EGIE3 on the ex- date.

The exact amount of the incentive will be calculated using the following formula: (% SB – VF PSP) / price of the EGIE3 share on the plan's starting date = X number of phantom shares (initial), where:

- % SB is a % of the basic annual salary according to the executive's wage matrix on the plan's starting date;
- VF PSP is the face value of the performance shares of ENGIE S.A. granted in the previous year, at the quoted price and EUR/BRL exchange rate on the granting date thereof.

The resulting amount is converted into "X" phantom shares of the Company according to the market value of the share. The market value shall be calculated as the simple average of the closing price of EGIE3 in the 3 months preceding the granting date. The granting date is the date set in the performance shares plan of the indirectly controlling shareholder, ENGIE S.A., usually in December each year.

At the end of the plan's 4-year duration, the market value of the shares (again, calculated as the average closing price of EGIE3 in the 3 months preceding the ending date) will provide the basis for the amount of the bonus to be paid for goals attained. The ending date shall be the 15th of March after the plan's 4th anniversary, after the previous year's results have been finalized.

Full payment of the ILP shall be a percentage of the value of the shares at the end of the cycle. The percentage will be set based on results achieved according to the plan's two performance indicators over the plan's 4-year duration: TSR – *Total Shareholder Return* (50% weight – half of the phantom shares) and EPS – *Earnings per Share* (50% weight – half of the phantom shares).

13.9 Number of shares or quotas and other securities convertible into shares or quotas issued by the Company, its directly or indirectly controlled or controlling entities, directly or indirectly held in Brazil or abroad by members of the Board of Directors, of the Statutory Executive Board or of the Fiscal Council, grouped by body, on the closing date of the last fiscal year

On 12.31.2018, the Company had 815,927,740 common shares, all nominative and with no face value.

The table next shows the number of shares and other securities held by Directors and Officers of the Company:

Body	Number of shares held on 12/31/2018		
	Common Shares		
	Directly	Indirectly	Total
Board of Directors	467,516	-	467,516
Statutory Executive Board	3,517	-	3,517
Fiscal Council	2,515	-	2,515
Total	**473,548**	**-**	**473,548**

The shares held by these individuals correspond to 0.058038% of all shares issued.

Share price on December 31, 2018, was R$ 33.02 per share.

13.10 Pension plans in effect granted to the members of the Board of Directors and Statutory Executive Board

(Amounts in Reais)	Board of Directors	Statutory Executive Board
Number of members	18	7
Number of compensated members	2	7
Plan name	CD Plan	CD Plan
Number of members of management qualified for retirement	2	5
Qualifying for early retirement	-	2
Restated amount of the accumulated contributions to the pension plan at the close of the last fiscal year, discounting the portion relating to contributions made directly by members of management	623,544.70	6,776,028.19
Total accumulated amount of the contributions made during the last fiscal year, discounting the portion relating to contributions made directly by members of management	50,552.80	641,826.96
Whether early redemption is possible, and under what conditions	Not applicable	Not applicable

13.11 Maximum, minimum and average individual compensation of the members of the Board of Directors, Statutory Executive Board and Fiscal Council, in the last 3 fiscal years

	Board of Directors			Statutory Executive Board			Fiscal Council		
(Amounts in Reais)	12.31.2018	12.31.2017	12.31.2016	12.31.2018	12.31.2017	12.31.2016	12.31.2018	12.31.2017	12.31.2016
No of members	18	15.17	16.67	7	7	6.92	3	3	3
No of compensated members	12.33	14.17	15.67	6	6	5.92	3	3	3
Amount of the highest compensation	1,683,991.40	2,108,606.39	1,599,214.60	2,541,352.27	2,313,357.96	2,769,770.97	196,961.76	182,975.58	162,110.29
Amount of the lowest compensation	137,655.52	140,947.42	153,091.00	1,088,749.61	1,055,808.10	990,475.00	196,961.76	182,975.58	162,110.29
Average compensation	535,096.29	658,396.68	432,472.98	1,796,554.99	2,063,783.19	2,345,442.67	196,961.76	182,975.58	162,110.29

The above figures incorporate the fixed and variable compensation and include payroll social charges (INSS and FGTS, as applicable).

The members of the Statutory Executive Board, Board of Directors and Fiscal Council identified with the highest and lowest compensation occupied their posts throughout the twelve months of the year.

One member of the Statutory Board is compensated by the Controlling Company.

13.12 Contractual arrangements, insurance policies or other instruments establishing compensation or indemnification mechanisms for members of management in the event of removal from the position or retirement and what the financial consequences thereof for the Company

The Company has no contractual arrangements, insurance policies or other instruments establishing compensation or indemnification mechanisms for members of management in the event of removal from the position or retirement.

13.13 Concerning the last 3 fiscal years, indicate the percentage of total compensation of each body as booked in the Company's results relating to members of the Board of Directors, the Statutory Executive Board or the Fiscal Council who are related parties to directly or indirectly controlling shareholders as defined by the accounting rules that address this matter

The compensation of the members of the Board of Directors who have labor contracts linked either directly or indirectly to the controllers of the Company corresponded to 82% of total compensation of the Board of Directors in 2018, 2017 and 2016.

The Chairperson of the Board of Directors receives compensation from the Controlling Conglomerate, ENGIE, because of his mandate as CEO. An amount corresponding to the portion of dedication to the Company, including charges, is reimbursed thereby. Certain Officers accumulate statutory duties with positions with the Controlling Conglomerate, ENGIE. In these cases, the amount corresponding to their dedication to the Company, charges included, is reimbursed by the Company.

In the past 3 years, no members of the Fiscal Council were deemed related parties to the Company's controlling shareholders.

13.14 Amounts booked in the result of the Company as compensation of members of the Board of Directors, the Statutory Executive Board or Fiscal Council, grouped by body, for any reason other than the positions held, such as, for example, committee seats held and consulting or advisory services rendered, in relation to the last 3 fiscal years

No compensation was paid to members of the Board of Directors, the Statutory Executive Board or the Fiscal Council for any reason other than the positions held in the past 3 fiscal years.

13.15 Amounts recognized in the result of the controllers, either direct or indirect, of corporations under common control and of Company's subsidiaries, as compensation of members of the Board of Directors, of the Statutory Board or the Fiscal Council of the Company, grouped by collegiate body, specifying why these amounts were assigned to these individuals, in relation to the last 3 fiscal years

The Company's Controlling Conglomerate, ENGIE S.A., has a performance shares granting program that may be awarded to senior executives and professionals under the conditions in force.

The table next shows the average awards of share of the Controlling Conglomerate to members of the Company's Statutory Board of Executives:

FY 2018 – Compensation received for Positions Held with the Company

	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Directly and indirectly controlling shareholders	-	176,233.80	-	176,233.80
Controlled entities of the Company	-	-	-	-
Jointly controlled entities	-	-	-	-

FY 2017 – Compensation received for Positions Held with the Company

	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Directly and indirectly controlling shareholders	-	183,569.74	-	183,569.74
Controlled entities of the Company	-	-	-	-
Jointly controlled entities	-	-	-	-

FY 2016 – Compensation received for Positions Held with the Company

	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Directly and indirectly controlling shareholders	-	165,193.39	-	165,193.39
Controlled entities of the Company	-	-	-	-
Jointly controlled entities	-	-	-	-

13.16 Other information that the Company may deem relevant

Annual average number of total members per body

FY 2018

Month	Board of Directors	Statutory Executive Board	Fiscal Council
January	18	7	3
February	18	7	3
March	18	7	3
April	18	7	3
May	18	7	3
June	18	7	3
July	18	7	3
August	18	7	3
September	18	7	3
October	18	7	3
November	18	7	3
December	18 (a)	7	3
Total	**216**	**84**	**36**
Annual average members	**18**	**7**	**3**

(a) On 12.19.2018, the Company announced to the market the resignation of Directors Claude Emile Jean Turbet and Natacha Herrero Et Guichard Marly. As a consequence, Alternate Director Leonardo Augusto Serpa became a full member of the Board of Directors, replacing Claude Emile Jean Turbet. Natacha Herrero Et Guichard Marly's seat remained vacant from 12.19.2018 to 12.31.2018. Therefore, for averaging purposes, the Company understands that the Board of Directors was comprised of 18 members in December 2018.

FY 2017

Month	Board of Directors	Statutory Executive Board	Fiscal Council
January	16	7	3
February	16	7	3
March	16	7	3
April	16	7	3
May	16	7	3
June	16	7	3
July	15	7	3
August	15	7	3
September	14	7	3
October	14	7	3
November	14	7	3
December	14	7	3
Total	**182**	**84**	**36**
Annual average members	**15.17**	**7**	**3**

FY 2016

Month	Board of Directors	Statutory Executive Board	Fiscal Council
January	18	8	3
February	18	8	3
March	18	8	3
April	18	8	3
May	16	8	3
June	16	7	3
July	16	6	3
August	16	6	3
September	16	6	3
October	16	6	3
November	16	6	3
December	16	6	3
Total	**200**	**83**	**36**
Annual average members	**16.67**	**6.92**	**3**

Information on proposed employee profit-sharing in fiscal year 2018

14.3 Description of the compensation policy for the Company's employees

a. salary and variable compensation policy

Compensation policy:

The Company's compensation policy is to maintain compensation in line with market practices, meeting the interests of the Company and its employees. Therefore, the company understands that:

- The amount paid to each employee for his or her work in the Company shall be consistent with the market value of such work;
- Compensation should reflect each employee's responsibilities, performance level and results achieved, both individually and as a member of a team.

Variable compensation system:

In addition to the fixed salary paid, the Company maintains a variable compensation system based on the attainment of business objectives and the percentage attainment of goals associated therewith. This is measured annually based on the Company's financial results, individual performance evaluation and the evaluation of the performance of each of the Company's areas. As such, variable compensation is made up of:

- Profit- or Income-Sharing Program (PLR): extended to all of the Company's employees and contingent on business results as measured by the fiscal year's EBITDA and Net Earnings, in addition to attainment of departmental goals and behavioral evaluations, in line with the organizational culture. These criteria are negotiated with workers' unions and established in the Collective Bargaining Agreement (ACT). Payment of the PLR fosters competitive compensation compared with those typical of the Brazilian jobs market.
- Management Bonus Program: applicable to all employees with managerial duties. The program is pegged to attainment of business goals and the impact and difficulty level of the relevant area's targets, and is contingent on percentage attainment thereof.

The Management's proposal considers an amount of up to R$ 35.5 million in employee PLR for fiscal year 2018, to be distributed according to the criteria set forth in the Company's Compensation System and Collective Bargaining Agreements.

ATTACHMENT VII - BYLAWS

Pursuant to CVM Instruction No. 481 (ICVM 481), of December 17, 2009, as amended, the Company has adopted remote voting as from fiscal year 2017.

CHAPTER I **Name, Organization, Head Office, Duration and Purpose**				
Art. 1 - ENGIE BRASIL ENERGIA S.A. is a corporation governed by these Bylaws, by Law 6,404 of December 15, 1976 ("Brazilian Corporate Law") and other applicable Laws and Regulations.		Unchanged		Meets the contents of Art. 3 of the Corporations Law.
Paragraph 1 – With the admission of the Corporation to the special listing segment denominated Novo Mercado of the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange ("BM&FBOVESPA"), the Corporation, its shareholders and members of the fiscal council, when installed, are subject to the provisions of BM&FBOVESPA Novo Mercado Listing Rules ("Novo Mercado Rules").		**Paragraph 1 –** With the admission of the Corporation to the special listing segment denominated Novo Mercado of the B3 S.A. – Brasil, Bolsa, Balcão (B3), the Corporation, its shareholders, including controlling shareholders, managers and members of the fiscal council, when installed, are subject to the provisions of BM&FBOVESPA Novo Mercado Listing Rules ("Novo Mercado Rules").		Stock-exchange name update and adjustment of the Paragraph to Art. 6, Item I, of the Bylaws
Paragraph 2 – The provisions of the Novo Mercado Rules shall prevail over the statutory provisions in the bylaws, in the event of violation of rights of the beneficiaries to the public offerings pursuant to these Bylaws.		Unchanged		
Paragraph 3 – The terms and definitions beginning with capital letters in these Bylaws, when not defined in the said Bylaws themselves, shall have the meaning pursuant to item 2.1 of the Novo Mercado Rules.		**§ 3** - The terms and definitions beginning with capital letters in these Bylaws, when not defined in the said Bylaws themselves, shall have the meaning assigned in article 3 of the Novo Mercado Rules.		Meet the contents of Art. 3 of the Rules
Art. 3 – The Corporation has an indeterminate duration.		Unchanged		Meets the contents Art. 997, item II, of the Brazilian Civil Law Code (Law 10,406/2002).

Art. 4 – The Corporate purpose is: I – to study, design build and operate electric power plants, as well as to carry out the ensuing business activities; II – to take part in research of interest to the energy industry, concerning the generation and distribution of electric power, as well as studies for the use of reservoirs for multiple purposes; III– to contribute to the training of technical staff needed by the electric power industry, as well as to build the capacity of specialized workers, by providing specific courses; IV – to take part in organizations dedicated to the operational coordination of interconnected electrical systems; V – to take part in regional, national or international technical, scientific and business associations or organizations of interest to the electric industry; VI – to contribute to environmental preservation in the performance of its activities; VII – to cooperate in programs related to the promotion and incentive to the national industry of materials and equipment designed for the electric energy industry, as well as to its technical regulations standardization and quality control; and VIII – to have an interest, as a partner, shareholder or stockholder, in other companies in the energy industry.		Unchanged		Meets the contents Art. 997, item II, of the Brazilian Civil Law Code (Law 10,406/2002) and Art. 2 of the Corporations Law.

CHAPTER II **Capital and Stock**				
Art. 5 – The subscribed capital stock is R$ 4,902,647,710.37 (four billion, nine hundred and two million, six hundred and forty-seven thousand, seven hundred and ten Reais and thirty- seven centavos), totally subscribed and paid in, divided into 815,927,740 (eight hundred and fifteen million, nine hundred and twenty-seven thousand, seven hundred and forty) shares, all of them common, nominative, no-par value.		Unchanged		Meets the contents of Arts. 5, 11 and 20 of the Corporations Law and Art. 8 of the Novo Mercado Rules (2018).
Paragraph 1 - Shares issued by the Corporation may be kept in custody accounts in the name of their respective holders, as uncertified shares, in a financial institution appointed by the Board of Directors.		Unchanged		Meets the contents of Art. 27 of the Corporations Law.
Paragraph 2 - Whenever the stock ownership is transferred, the custodian financial institution may charge the seller a transfer fee, within the limits established by the Brazilian Securities and Exchange Commission – CVM.		Unchanged		
Paragraph 3 – The Corporation may not issue preferred shares or founder's shares.		Unchanged		Meets the contents of Art. 8 of the Novo Mercado Rules (2018).
Paragraph 4 - Pursuant to the law, shareholders dissenting from a resolution of the General Meeting and that have exercised right of withdrawal shall have their shares reimbursed at the net equity value published in the last balance sheet approved by General Meeting, the right pursuant to Paragraph 2, Article 45 the Brazilian Corporate Law being guaranteed.		Unchanged		Meets the contents of Art. 45 LS/A.
Art. 6 - The Corporation may issue simple or convertible debentures.		Unchanged		Meets the contents of Arts. 52 and 57 of the Corporations Law.
Art. 7 – Capital increases shall be carried out by means of public or private stock subscription, by conversion of debentures or capitalization of reserves, as allowed by law; the payment of the shares shall comply with the rules and conditions established by the Board of Directors.		Unchanged		Meets the contents of Art. 166 of the Corporations Law.
Sole paragraph – Shareholders who fail to pay up according to the rules and conditions mentioned herein shall be legally deemed in default and		Unchanged		Meets the contents of Art. 106, Paragraph 2, of the Corporations Law.

subject to monetary restatement, interest at 12% (twelve percent) per year and a penalty of 10% (ten percent) on the overdue amount.				
Art. 8 – The Corporation may, by resolution of the Board of Directors and irrespective of amendment hereto, increase its capital up to the limit of R$ 7,000,000,000.00 (seven billion Reais). **Paragraph 1 -** In addition to the other conditions concerning the issue of new shares, it is incumbent on the Board of Directors to determine the issue price and the deadline for the payment of the subscribed shares. **Paragraph 2 –** The Board of Directors may approve the issue of new shares without giving the preemptive right to senior shareholders if the sale is made on the stock exchange, by public subscription, or in exchange for stock in a public buyout.		Amended Unchanged Unchanged		Meets the contents of Art. 168 of the Corporations Law. Meets the contents of Art. 172 of the Corporations Law.
Art. 9 – The Corporation may issue single or multiple share certificates. Stock splits or reverse splits will be carried out on request; the requesting shareholder will pay for all the expenses arising from the replacement of the certificates. **Sole paragraph –** The services of stock conversion, transfer and splits may be temporarily discontinued, conditional on the compliance with the rules and limitations set by the laws in force.		Unchanged Unchanged		Meets the contents of Arts. 25 and 122 of the Corporations Law.
CHAPTER III **Shareholders' Meetings** **Art. 10** – The annual shareholders' meeting shall be held within the first four (4) months following the end of the fiscal year, at a date and time previously established, to: **I –** take cognizance of the management accounts, examine, discuss and vote the financial statements; **II -** determine the destination of the net income for the year and the distribution of dividends; **III** – elect the fiscal council members and, as the case might be, the members of the Board of Directors.		Unchanged Unchanged Unchanged **III –** elect the members of the Company's Board of Directors and, as the case may be, of the fiscal council, when convened, and set the aggregate		Meets the contents of Art. 132 of the Corporations Law. Text change suggested to meet the prescriptions of the Best Corporate

		compensation of the Managers and the additional allowances for Committee members, if any.		Governance Practices Code (Instituto Brasileiro de Governança Corporativa - item 2.16 a).
Art. 11 - The general meeting shall be held whenever required, subject to the applicable laws and these bylaws concerning the call, installation and resolutions.		Unchanged		Meets the contents of Art. 131 of the Corporations Law.
Art. 12 – The general meetings shall be chaired by the Chairman of the Board of Directors or, in his/her absence or incapacity, by whomever the shareholders may choose, and a secretary elected among the shareholders present.		Unchanged		Meets the contents of Art. 128 of the Corporations Law.
Art. 13 – The call notice may condition attendance to the general meeting on the fulfillment of the applicable legal requirements, shareholders substantiating their status as such, the required documents being delivered 72 (seventy-two) hours prior to the date on which the meeting is scheduled to be held. **Sole Paragraph** – In addition to the matters within its scope of authority provided by the law and in these Bylaws, it is also incumbent on the extraordinary general meeting to approve: I – the deregistration from the Novo Mercado; II – the choice of the institution or specialized company charged with valuating the Corporation for the purposes of the public offerings provided in chapters XI and XII hereof, among the companies listed by the Board of Directors; and III – plans to grant stock options to management and employees of the Corporation and of other corporations directly or indirectly controlled by the Corporation, without preemptive rights.		Unchanged **Sole paragraph**– It shall be the general meeting's exclusive prerogative to decide, in addition to matters as prescribed in Article 10 hereof, on the following matters: **I –** decision on the Company's proposed deregistration from the Novo Mercado and its delisting; **II –** the choice of the institution or specialized company charged with valuating the Corporation for the purposes of the public offerings provided in chapters XII and XIII hereof, among the companies listed by the Board of Directors; and **III –** decision regarding plans to grant stock options to management and employees of the Corporation and of other corporations directly or indirectly controlled by the Corporation, without preemptive rights.		Meets the contents of Art. 126 of the Corporations Law. Mere syntax change. Meets the contents of Art. 41 and subsequent of the Novo Mercado Rules.

CHAPTER IV **Management** **Art. 14** – The Corporation shall be managed by a Board of Directors and a Board of Executive Officers.		Unchanged		Meets the contents of Art. 138 of the Corporations Law.
Art. 15 - The shareholders' meeting shall determine the compensation of the members of both boards. In the event such compensation is determined as an aggregate amount, such amount will be apportioned among the members of both boards by the Board of Directors.		Unchanged		Meets the contents of Art. 152 of the Corporations Law.
CHAPTER V **Board of Directors** **Art. 16 -** The Board of Directors is comprised of a minimum of 5 (five) and a maximum of 9 (nine) directors and an equal number of alternates. One of the directors shall be appointed Chairman of the board and another the Vice Chairman by the shareholders, as provided by law, for a two-year term of office, and may be reappointed.		Unchanged		Meets the contents of Art. 140 of the Corporations Law and Art. 14 of the Novo Mercado Rules (2018).
Paragraph 1 – One of the members of the Board of Directors, and his/her respective alternate, shall be elected by the employees by direct vote to be organized by the Corporation; the director so elected will be confirmed by the shareholders at the general meeting.		**Paragraph 1 –** One of the members of the Board of Directors, and his/her respective alternate, shall be appointed by the employees by direct vote to be organized by the Corporation, such Director and his/her alternate to be elected and confirmed by the shareholders at the general meeting.		As a means to adjust to the contents of the Corporations Law, where the General Meeting has the exclusive prerogative of electing the members of the Board of Directors.
Paragraph 2 - Should a vacancy on the Board of Directors occur, it will be filled by the proper alternate. In the event of the vacancy both of the director and his/her alternate, it will be filled by a director appointed by the remaining directors, who shall hold office until the next general meeting. Should the majority of positions be vacant, a general meeting shall be convened for the purpose of holding a new election.		Unchanged		Meets the contents of 150, main heading and Paragraph 1, of the Corporations Law).
Paragraph 3 – The investiture of the members of the Board of Directors shall be conditional upon the prior adherence to the Directors Consent Form pursuant to the provision in the Novo Mercado Rules, as well as compliance with the applicable legal requirements.		**Paragraph 3 –** The investiture of the full and alternate members of the Board of Directors shall be conditional upon execution of the respective Oath of Investiture, which shall cover compliance with the contents of the B3 Novo Mercado Rules and the declaration to which Article 40 makes reference.		Required change to adjust to the Declaration Clause of Management's Oath of Investiture – Art. 40 of the Novo Mercado Rules.

Paragraph 4 - At least 20% (twenty per cent) of the Board of Directors shall be Independent Directors as defined in the Novo Mercado Rules, and expressly declared as such in the minutes of the General Shareholders' Meeting which elects them, also being considered as independent, those directors elected pursuant to Article 141, paragraphs 4 and 5 and Article 239 of Law 6.404/76. **Paragraph 5** - When due to the compliance with the said percentage in the foregoing paragraph, the result is a fraction of a number of directors, the number shall be rounded up pursuant to the terms of the Novo Mercado Rules. **Paragraph 6** – The positions of Chairman of the Board of Directors and Chief Executive Officer of the Corporation may not be accumulated by the same person.		**Paragraph 4** - At least 2 (two) members, or 20% (twenty percent), whichever is greater, of the Board of Directors, shall be Independent Directors as defined in the Novo Mercado Rules and the Board's Statutes, and the characterization of the individuals appointed to Independent Director seats shall be decided by the general meeting that elects them, also being considered as independent, those directors elected pursuant to Article 141, paragraphs 4 and 5 and Article 239 of Law 6,404/76. **Paragraph 5 -** If calculation of the 20% (twenty percent) prescribed in the foregoing paragraph produces a fraction, the Company shall round up the result to the immediately subsequent whole number. **Paragraph 6 –** At the end of the term of office, Directors shall continue to fulfill their duties until the investiture of their replacements, pursuant to the Law and the present Bylaws. Unchanged (sequence change to Paragraph 7) – **Paragraph 7** - The positions of Chairman of the Board of Directors and Chief Executive Officer of the Corporation may not be accumulated by the same person.		Required change to meet the contents of Art. 15 of the Novo Mercado Rules. Meets the contents of Art. 16, Paragraph 3, of the Novo Mercado Rules. Text supplementation change suggested by the B3 Regulatory Bodies area. Meets Art. 15, sole paragraph, of the Novo Mercado Rules. Suggested paragraph inclusion to adjust the Company's Bylaws to Art. 150, paragraph 4, of the Corporations Law. Meets the contents of Art. 20 of the Novo Mercado Rules.
Art. 17 – The Board of Directors shall meet every quarter, and whenever the corporate best interests require, convened as determined herein.		**Art. 17 –** The Board of Directors shall meet 6 (six) time per year, and whenever the corporate best interests require, convened as determined herein.		Changing the frequency of BoD meetings in line with the contents of ICVM No. 586/2017, item 17, "a", "i" (Governance Report – Comply or Explain)
Art. 18 – The Board of Directors meetings shall be called by its Chairman or at least one-third (1/3) of the directors; the call is waived when all members are present. The Board of Directors' resolution will be passed by the majority of votes; the Chairman has the casting vote.		**Art. 18 -** The Board of Directors meetings shall be called, with at least 3 (three) days advance notice, its Chairman or at least one-third (1/3) of the directors; the call is waived when all members are present. The		Amended text and included paragraphs 1 and 2 suggested to align the Company's Bylaws with the

		Board of Directors' resolution will be passed by the majority of votes; the Chairman has the casting vote. **Paragraph 1** – Meetings of the Board of Directors shall be called in writing, including e-mail, and shall contain the agenda of the da and matters to be decided in the respective meeting. **Paragraph 2** – The quorum for convening meetings of the Board of Directors shall be the presence of the majority of the members, and attendance shall be allowed by teleconferencing, videoconferencing, email, or any other means of communication that enables identification of the Director and communication with all other persons in attendance at the meeting.		contents of Art 140, item IV, of the Corporations Law.
Art. 19 – The Board of Directors shall have the following duties: **I –** to determine the overall direction of the Corporate businesses; **II –** to appoint and remove officers and determine their duties, subject to the provisions hereof **III –** to supervise the officers' performance; **IV -** ~~to establish limits and scope of authority for corporate proxies;~~ [Role transferred to the Statutory Executive Board] **V –** to call the general meeting; **VI –** to opine on the management report and the accounts of the Board of Executive Officers; **VII –** to approve the global annual budget of the Corporation;		All items left unchanged except for items IV and XVII. **IV** – establish the Special Independent Committee for Transactions with Related Parties ("Independent Committee") whenever the Company or an entity controlled thereby intends to negotiate with a related party in connection with any operation, business, contract or transaction whose approval lies within the purview of the Board of Directors or the general meeting, subject to the rules set forth in the statues of the Independent Committee, and to decide on the recommendations submitted by said committee.		Meets the contents of Art. 142 of the Corporations Law. Representation limits are provided in the company's internal standards, which are part of its governing rules. Jurisdiction for approval is the Board of Directors, as per item XIX of this article. The new text aims to meet the contents of item 29, "a", "i" of ICVM No. 586/2017, Governance Report – Comply or Explain.

VIII – to approve agreements and commitments and amendments thereto, worth over R$ 20,000,000.00 (twenty million Reais), subject to the provisions of the sole paragraph hereof; **IX –** to propose to the general meeting the issue of debentures under conditions that are not within their original scope of authority; **X –** to decide on the issue of debentures convertible into common shares, up to the limit of the authorized capital deducted from the capital already subscribed and, if the case, from the previous issues of convertible debentures decided by the Board of Directors; on the conditions lawfully delegated by the shareholders' meeting; and on the opportune nature of the issue; **XI –** to approve the granting of co-signature or guarantee to third parties, except those offered by the Company to its subsidiaries, which require the approval of the Board of Executive Officers, within the limits established in subsection VIII and in the sole paragraph of this Article; **XII –** to approve the pledge or divestiture of the Corporate fixed assets worth over twenty million Reais (R$ 20,000,000.00); **XIII –** to decide on the purchase and divestiture of Corporate stock, determining the respective prices and conditions; **XIV –** to decide on the issue of new shares, their issue prices, and other issue conditions, subject to the provisions hereof; **XV** – in the cases provided for herein, to declare interim dividends from the income shown in the half-yearly financial statements, or in the case of shorter periods, for retained earnings or surplus reserve, as well as the credit or payment of interest on shareholders' capital; **XVI -** to decide on the issue of commercial papers, as well as on the issue of subscription bonuses **XVII -** to define a list of three companies specialized in economic analyses of companies for the preparation of an evaluation report of the shares of the Corporation in the event of a public offering for the acquisition of shares for the cancellation of the registration of a listed company or for deregistration from the Novo Mercado;				

XVIII - to approve or reject any public offering for the acquisition of shares involving shares issued by the Corporation, based on a prior well founded opinion, disclosed in up to 15 (fifteen) days from the publication of the notice of the public offering for the acquisition of shares, which should include at least (i) the convenience and opportunity of the public offering for acquisition of shares with respect to the interests of the shareholders as a whole and in relation to the liquidity of the securities of its ownership; (ii) the repercussions of the public offering for the acquisition of shares on the interests of the Corporation; (iii) the strategic plans announced by the offeror in relation to the Corporation; (iv) other points which the Board of Directors deem as pertinent as well as information required by the applicable rules as set forth by the CVM; **XIX -** to appoint and dismiss the independent auditors and approve any other agreement to be signed with the company rendering independent audit services; **XX -** to approve the internal charter of the Company; and **XXI -** to decide on matters not provided for herein. **Sole paragraph** – The limit set in the foregoing item VIII does not apply to the agreements for the commercialization of electric power, for the purchase of fuel for the production of electrical power, or to the agreement for the use of the transmission and distribution system (CUST and CUSD) and the contracting of acceptable and necessary financial and surety instruments for guaranteeing legal processes and for financial settlement of the operations conducted within the scope of the Electric Power Trade Board. The contracting of such activities must comply with the approval limits defined below, with subsequent notice to the Board of Directors: **I -** Agreements for the purchase and sale of electrical power and subsequent acts linked to them including the contracting of financial and surety instruments acceptable and necessary for guarantee: a) up to 20 average MW per month, limited to 1,000 GWh for the duration of the contract: approval by two ENGIE executive officers; b) above 20 average MW per month and up to 150 aMW per month, limited to 7,500 GWh for the total duration of the contract: approval by ENGIE's Chief Executive officer jointly with an executive officer; and		**XVIII** - to approve or reject any public offering for the acquisition of shares involving shares issued by the Corporation, based on a prior well founded opinion, disclosed in up to 15 (fifteen) days from the publication of the notice of the public offering for the acquisition of shares, which should include at least (i) the convenience and opportunity of the public offering for acquisition of shares with respect to the interests of the shareholders as a whole and in relation to the liquidity of the securities of its ownership; (ii) the repercussions of the public offering for the acquisition of shares on the interests of the Corporation; (iii) the strategic plans announced by the offeror in relation to the Corporation; (iv) market alternatives to acceptance of the Public Offering; and (v) other points which the Board of Directors deem as pertinent as well as information required by the applicable rules as set forth by the CVM; Unchanged.		Required change to meet the contents of Art. 21, item III, of the Novo Mercado Rules.

c) above 150 average MW per month or above 7,500 GWh for the total duration of the contract: approval by the Board of Directors; **II -** Energy export contracts, CUST and CUSD, and subsequent acts linked to them including the contracting of financial and surety instruments acceptable and necessary for guarantee: approval by ENGIE Chief Executive Officer and an executive officer; and **III -** for the purchase of CE-4500 coal, up to 100,000 tons a month, or an equivalent amount for the purchase of other types of fuel: approval by the ENGIE Chief Executive Officer and an executive officer. Purchases exceeding the amount set herein require approval by the Board of Directors. **IV -** and for the contracting of acceptable and necessary financial and surety instruments for guaranteeing legal processes and for financial settlement of operations conducted within the scope of the Electric Power Trade Board: approval by two executive officers.				
Art. 20 – In the event of his/her absence or incapacity, the Chairman of the board shall be replaced by his/her alternate and, in the absence of the latter, by the Vice Chairman.		Unchanged.		Meets the contents of Art. 140 of the Corporations Law.
CHAPTER VI **Board of Executive Officers** **Art. 21 –** The Board of Executive Officers shall be comprised of 7 (seven) officers elected by the Board of Directors, serving a 3- (three) year term of office, eligible for reelection. **Paragraph 1 –** The duties and powers of the Board of Executive Officers will be determined by the Board of Directors, which must appoint the Chief Executive Officer and the Investor Relations Officer. **Paragraph 2 –** The investiture of the members of the Board of Executive Officers shall be conditional on prior acceptance of the Executive Officers' Consent Form pursuant to the Novo Mercado Rules as well as compliance with the applicable legal requirements.		Unchanged. **Paragraph 1 –** The duties and powers of the Board of Executive Officers will be determined by the Board of Directors as per the Statutes of the Company's Board of Executive Officers, with mandatory appointment of appoint the Chief Executive Officer and the Investor Relations Officer. Other officers may or may not be specifically designated as decided by the Board of Directors. **Paragraph 2** – Investiture of the members of the Board of Executive Officers shall be conditional on their execution of the respective Oath of Investiture, which shall include compliance with the B3 Novo Mercado Rules and the declaration to which Article 40 makes reference.		Meets the contents of Art. 143 of the Corporations Law. Suggested change for adjustment to the current framework of the Company's Board of Executive Officers. Required change to adjust to the Declaration Clause of Management's Oath of Investiture – Art. 40 of the Novo Mercado Rules.

		Paragraph 3 – At the end of their term of office, Officers shall continue to fulfill their duties until the investiture of the replacements, pursuant to the Law and the present Bylaws.		Suggested paragraph inclusion to adjust the Bylaws to the contents of Art. 150, paragraph 4, of the Corporations Law.
Art. 22 - The Board of Executive Officers shall meet regularly, at least once a month, and whenever special meetings are called, as set forth herein.		Unchanged.		Meets the contents of §2 do Art. 143 of the Corporations Law.
Art. 23 - The meetings of the Board of Executive Officers shall be called by the Chief Executive Officer or two (2) executive officers; the call is waived when all executive officers are present. The Board of Executive Officers will decide by the majority of votes; the Chief Executive Officer has the casting vote.		**Art. 23 -** The meetings of the Board of Executive Officers shall be called by the Chief Executive Officer or two (2) executive officers, with at least 2 (two) days' advance notice, the call is waived when all executive officers are present. The Board of Executive Officers will decide by a simple majority of votes; the Chief Executive Officer has the casting vote **Sole Paragraph** – The quorum for convening meetings of the Board of Executive Officers shall be the presence of the majority of its effective members, and attendance shall be allowed by teleconferencing, videoconferencing, email, or any means of communication that enables identifying the Officer and communication with all other parties in attendance at the meeting.		Amendment and sole paragraph inclusion suggested to adjust the Company's Bylaws to the contents of Art. 143, paragraph 2, of the Corporations Law.
Art. 24 – The Board of Executive Officers is charged with the general management and with representing the Corporation, subject to these Bylaws as well as the guidelines and duties determined by the Board of Directors. **Paragraph 1 -** In the performance of their duties, it is incumbent on the Board of Executive Officers to: **I –** prepare the financial statements and the management report, when appropriate; **II –** draft the internal charter and submitting it to the Board of Directors; **III –** prepare the annual corporate budget, and		**Art. 24 –** The Board of Executive Officers is charged with the general management and with representing the Corporation, subject to these Bylaws as well as the guidelines and duties determined by the Board of Directors. **Paragraph 1 -** In the performance of their duties, it is incumbent on the Board of Executive Officers to: **I –** establish the standards and guidelines stemming from the overall business direction as set by the Board of Directors; **II** - prepare the financial statements and the management report for analysis by the Board of Directors and approval by the general meeting, when appropriate; **III** – prepare the annual corporate budget, the manner of its execution and the Company's general plans;		Suggested change to collegiate prerogative of the Board of Executive Officers, but no mandatory legal requirement exists.

IV – approve any review of the agreed annual budget, subject to the overall amounts approved by the Board of Directors. **Paragraph 2 –** The following duties are incumbent solely on the Chief Executive Officer: I – presiding over the Board of Executive Officers meetings; II – coordinating and guiding the activities of all other executive officers, in their respective areas; III – assigning special activities and tasks to any of the executive officers, irrespective of their usual duties; and IV – ensuring the compliance with the resolutions of the Board of Directors and Board of Executive Officers.		**IV** - approve any review of the agreed annual budget, subject to the overall amounts approved by the Board of Directors. **V** - draft the internal charter and submitting it to the Board of Directors; **VI** – set limits and jurisdictions for the Company's representation by proxy; and **VII** – decide on all other matters referred to the Executive Board by the Board of Directors or the general meeting. Unchanged		
Art. 25 - In the case of temporary incapacity, leave or vacation of any executive officer, the Board of Executive Officers shall appoint another executive officer to take on his/her duties.		Unchanged		
Art. 26 – In the event of a vacancy, the Board of Executive Officers shall appoint another executive officer to hold the office for the remaining term, until the next meeting of the Board of Directors, when the vacancy shall be filled.		Unchanged		
Art. 27 – The Corporation shall be bound by the signature of two officers, but subject to the provisions of the following paragraphs.		**Art. 27 –** The Company shall be represented as plaintiff or defendant, in any acts creating obligations or discharging third parties from obligations before the Company, by the joint signature of two Officers, subject to the provisions of the following paragraphs.		New description of the Company's representation rules, but no mandatory legal requirement exists.

Paragraph 1 – The executive officers may appoint proxies to represent the Corporation, acting always jointly with an executive officer or another duly empowered proxy, or, severally. **Paragraph 2 -** Powers of attorney shall be granted by two (2) executive officers, specifying the authority granted and the duration, except for the power of attorney to represent the Corporation in any action at law or in equity, which may of a perpetual duration.		Unchanged **Paragraph 2 -** Powers of attorney shall be granted by two (2) executive officers, specifying the authority granted and the duration, except for the power of attorney to represent the Corporation in any action at law or in equity, or before arbitration, which may of a perpetual duration.		

CHAPTER VII ~~**Strategy Committee**~~ ~~**Art. 28** – The Corporation shall have a Strategy Committee, which shall act as a consulting body for the management, providing advice and opinions to the Board of Directors and to the Board of Executive Officers, when requested. The Strategy Committee shall be comprised of up to seven (7) members, shareholders or not, residing in Brazil or not, who may be officers, elected by the Board of Directors, which will establish the compensation of its members and its functioning governed by the Corporation's internal charter.~~		**CHAPTER VII** **Management Support Bodies** **Art. 28 –** The Company shall have a permanent audit committee to advise the Board of Directors. **Paragraph 1 –** the audit committee shall operate autonomously and shall have a Charter approved by the Company's Board of Directors, providing details on its duties and operational procedures. The members of the audit committee shall be subject to the same duties, obligations and prohibitions that the Law, the present Bylaws or the Novo Mercado Rules impose on the Company's managers. **Paragraph 2** – The purview, term of office and functioning of the committee and its members shall be defined as provided in the Novo Mercado Rules. **Paragraph 3** – The Board of Directors may, if it deems needed, create additional committee to support the Company's management. The composition, purview, term of office and functioning of the committees and their members shall be defined as provided in the Novo Mercado Rules, as applicable. **Paragraph 4** – As appropriate, the Board of Directors shall set the compensation for committee members. **Art. 29** – The audit committee shall be made up of a minimum of 3 (three) members, all appointed by the Board of Directors. At least 1 (one) of them shall be an independent director, and 1 (one) shall have acknowledged experience in corporate accounting matters. **Paragraph 1** – A single member of the audit committee may accumulate the two characteristics above. **Paragraph 2 –** The audit committee shall have 1 (one coordinator who shall operate pursuant to the committee's Charter, with the due approval of the Board of Directors.	Suggested change to adjust to the contents of Art. 22 of the Novo Mercado Rules. Given that the Strategy Committee will no longer be statutory.

		Paragraph 3 – The purview of the audit committee, in addition to matters as defined in its charger, shall include: I – providing an opinion on the retainer and dismissal of independent audit services and the retainer of independent auditors for any other services, without prejudice of the contents of Article 19, Item XVIII; II – evaluating quarterly information, interim statements and financial statements; III – tracking the activities of internal audit and of the Company's internal controls area; IV – evaluating and monitoring the Company's risk exposures; and V – evaluating, monitoring and recommending to the Company's management the correction or improvement of internal policies of the Company, including the policy for transactions with related parties. **Sole paragraph** – The audit committee shall have the means to receive and address information on noncompliance with applicable legal and regulatory requirements, as well as with its own internal rules, charters, manuals and codes, including, specific procedures for whistleblower protection, as well as protection of information secrecy.		

CHAPTER VIII **Fiscal Council**		**CHAPTER VIII** **Do Fiscal Council**		
Art. 29 – The Fiscal Council will be permanent and elected by the General Shareholders' Meeting, as provided by law, and shall comprise 3 (three) to 5 (five) permanent auditors and an equal number of alternates, for a one (1) year term of office, members being eligible for reelection. The general meeting electing the fiscal council shall establish the members' respective compensation, subject to the legal minimum.		**Art. 30 –** The Fiscal Council shall not be permanent and shall convene only at the request of the shareholders, pursuant to the law. It shall be made up of up to 3 (three) full members and an equal number of alternates, all serving 1- (one-) year terms of office. The general meeting that calls the fiscal council to convene shall set the respective compensation, subject to the legal minimum.		Meets the contents of Art. 161 and subsequent of the Corporations Law. Making the Fiscal Council non-permanent because of the establishment of the audit committee.
Paragraph 1 – In addition to the legally required competencies, the Fiscal Council shall have the following functions:		**Sole paragraph**- Investiture of the full and alternate members of the fiscal council shall be contingent upon their execution of the Oath of Investiture, which shall include compliance with the contents of the B3 Novo Mercado Rules and the declaration to which Article 41 makes reference.		Required change to adjust to the Declaration Clause of Management's Oath of Investiture – Art. 40 of the Novo Mercado Rules.
I – evaluate the risk management and internal controls systems; and				
II – opine on any proposals to be submitted to the Board of Directors for engaging additional services to be contracted from the company rendering the auditing services of the financial statements.				
Paragraph 2 –The investiture of the members of the Fiscal Council shall be conditional on the prior adherence to the Fiscal Council Members Consent Form pursuant to the provision in the Novo Mercado Rules as well as compliance with the applicable legal requirements.				
CHAPTER IX **Fiscal Year and Financial Statements**		**CHAPTER IX** **Fiscal Year and Financial Statements**		
Art. 30 – The fiscal year shall end on December 31 of each year. The financial statements shall comply with the Novo Mercado Rules and the applicable laws.		**Art. 31** - The fiscal year shall end on December 31 of each year. The financial statements shall comply with the Novo Mercado Rules and the applicable laws.		Required change for compliance with the contents of the Novo Mercado Rules in force.
Paragraph 1 - The distribution of dividends not below thirty percent (30%) of the net income, indexed as required by law, is mandatory; the destination of total income for the year shall be submitted to the general meeting.		Unchanged.		Meets the contents of Art. 202, paragraph 2, of law 6404/1976
Paragraph 2 – The Corporation shall prepare half-yearly balance sheets; the Board of Directors may declare interim dividends on the basis of such financial statements.		Unchanged.		Meets the contents of Art. 204 and paragraph 1, of law 6,404/1976
		Unchanged.		

Paragraph 3 – The Corporation may prepare a balance sheet and distribute interim dividends for lesser periods provided the dividends paid in each half of the fiscal year do not exceed the capital reserves pursuant to Paragraph 1, Article 182, Law 6,404, dated December 15, 1976. **Paragraph 4 -** The Board of Directors may declare interim dividends, from retained earnings or surplus reserves existing in the last annual or half-year balance sheet. **Paragraph 5** - The Corporation, upon decision of the Board of Directors, may credit or pay the shareholders interest on capital, subject to the applicable legislation. The amounts paid or credited by the Corporation as interest on capital may be posted as prepaid mandatory dividends, pursuant to the applicable laws.		Unchanged. Unchanged		Meets the contents of Art. 204, paragraph 2, law 6,404/1976 Meets the contents of Art. 9 of Law 9,249/1995.
Art. 31 - Legal claim to dividends shall expire in three (3) years and any dividends left unclaimed shall revert to the Company.		Unchanged (for sequential purposes only, change to Article 32)		Meets the contents of Article 206, paragraph 3, item III, of the Brazilian Civil Law Code (Lei 10406/2002) and Art 287, item II, letter "a", of the Corporations Law.

CHAPTER X **Divesture of the controlling interest**		**CHAPTER X** **Divesture of the controlling interest**	
Art. 32 – Sale of a Controlling Interest in the Corporation, whether in a single operation or in a series of operations, shall be agreed upon on the suspensive or resolutory condition that the acquiring party undertakes to make a public offering for the acquisition of the shares from the remaining shareholders, thereby ensuring them equal treatment to that enjoyed by the Divesting Controlling Shareholder, and subject to the terms and conditions provided by the laws in force and Novo Mercado Rules.		**Art. 33** – Direct or indirect sale of a Controlling Interest in the Corporation, whether in a single operation or in a series of operations, shall be agreed upon on the suspensive or resolutory condition that the acquiring party undertakes to make a public offering for the acquisition of the shares from the remaining shareholders, thereby ensuring them equal treatment to that enjoyed by the Divesting Controlling Shareholder, and subject to the terms and conditions provided by the laws and regulations in force and Novo Mercado Rules.	Required amendment to meet the contents of Art. 37 of the Novo Mercado Rules.
Sole Paragraph – The public offering mentioned above shall also be required in the event of:		Unchanged.	Required amendment to meet the contents of Art. 38 of the Novo Mercado Rules.
I – the sale of rights to the subscription of shares and other securities, or rights to convertible securities that may result in the Divestiture of the Controlling Interest in the Corporation; or			
II - divestiture of the controlling interest in the Holding Company of the Corporation, in this case the Selling Controlling Shareholder having the obligation to advise the BM&FBOVESPA of the value of the Corporation in that divestiture and attach documents evidencing such value.		**II –** in the event of indirect divesture, that is, the divesture of the controlling interest in an entity that holds Controlling Shareholder powers in the Company, the acquirer shall disclose the values assigned to the Company in the course of the sale for the purposes of setting the Public Offering price, as well as disclose documentation justifying such a value.	Meets the contents of Art. 38 of the Novo Mercado Rules.
Art. 33 – The party which acquires the Controlling Stake as a result of a private share purchase agreement signed with the Controlling Shareholder, involving any quantity of shares, shall be required to:		~~**Art. 33** – The party which acquires the Controlling Stake as a result of a private share purchase agreement signed with the Controlling Shareholder, involving any quantity of shares, shall be required to:~~	Article suggested due to the expiration (28.12.2017) of the previous Rules, which explicitly defined such terms, and in compliance with Art. 38 of the Novo Mercado Rules.
I – effect the public offering pursuant to Article 32 above; and		~~I - effect the public offering pursuant to Article 32 above; and~~	
II – to pay as indicated below the amount equivalent to the difference between the price of the public offering and the value paid per share eventually acquired on the stock exchange in the 6 (six) months preceding the date of the acquisition of the Controlling Stake, monetarily restated up to the date of the payment. The said amount shall be distributed among all those who have sold shares in the Corporation on the trading days when the acquiring party made		~~II - to pay as indicated below the amount equivalent to the difference between the price of the public offering and the value paid per share eventually acquired on the stock exchange in the 6 (six) months preceding the date of the acquisition of the Controlling Stake, monetarily restated up to the date of the payment. The said amount shall be distributed among all those who have sold shares in the Corporation on the trading days when the acquiring party made purchases, proportional to the net daily sold position of each one,~~	

purchases, proportional to the net daily sold position of each one, being incumbent on the BM&FBOVESPA to operationalize the distribution, pursuant to its regulations.		~~being incumbent on the BM&FBOVESPA to operationalize the distribution, pursuant to its regulations.~~		
Art. 34 – The Corporation shall not register any assignment of shares to the Acquiring Party or to the party/parties that may eventually hold the Controlling Stake, until the said party/parties have adhered to the Controlling Shareholders Agreement to which the Novo Mercado Rules relate. **Sole Paragraph** – No Shareholders' Agreement concerning the exercise of such control may be filed with the Company while its signatories have not adhered to the Controlling Shareholders' Agreement to which the Novo Mercado Rules refer.		~~**Art. 34** The Corporation shall not register any assignment of shares to the Acquiring Party or to the party/parties that may eventually hold the Controlling Stake, until the said party/parties have adhered to the Controlling Shareholders Agreement to which the Novo Mercado Rules relate~~ ~~Sole Paragraph No Shareholders' Agreement concerning the exercise of such control may be filed with the Company while its signatories have not adhered to the Controlling Shareholders' Agreement to which the Novo Mercado Rules refer.~~		Article suppressed due to the expiration (12.28.2017) of the former Rules, which explicitly defined this obligation.

Absent		**CHAPTER XI** **Corporate Reorganization** **Art. 34** – In the event of a corporate reorganization involving a transfer of the Company's stock base, the resulting entities shall apply for admission to the Novo Mercado, within a period of 120 (one hundred and twenty) days from the date of the general meeting that approved the reorganization. **Sole paragraph** – If the resulting entities from such a reorganization do not wish to apply for admission to the Novo Mercado, the majority of the shareholders of Outstanding Shares in the Company present at the general meeting that decides on the corporate reorganization shall consent to the new structure.		Inclusion required in compliance with Art. 46 of the Novo Mercado Rules.

CHAPTER XI **Deregistration** **Art. 35** – In the public offering for the acquisition of shares, to be made by the Controlling Shareholder or by the Corporation, for deregistration as a publicly listed corporation, the minimum price to be offered shall correspond to the Economic Value calculated in the valuation report prepared pursuant to Article 37 and component paragraphs, respecting the legal norms and applicable regulations. **Sole Paragraph -** Provided all the other provisions of the Novo Mercado Rules, these Bylaws, and the laws in force are complied with, the public offering for deregistration may, in addition to payment in cash, also provide for an alternative of an exchange for securities issued by other publicly-held companies, to be accepted at the discretion of the offered party.		**CHAPTER XII** **Deregistration** **Art. 35** – Delisting as a publicly traded corporation shall be preceded by a public offering for shares to be made by the Controlling Shareholder or the Company, for all shares issued by the Company, and the minimum price offered shall be a fair price. Shareholders shall be entitled to request a new valuation of the Company, subject to the applicable laws and regulations. **Paragraph 1** – The Company shall only delist if the holders of more than 1/3 (one-third) of the Outstanding Shares accept the Public Offering for delisting, selling their shares in the Public Offering auction or, if they choose not to sell, explicitly agree with the Company's delisting. **Paragraph 2** – Shareholders in agreement with the Public Offering shall not be subject to pro-rating of their stakes, subject to the limits waiver procedures provided in the Securities Exchange Commission regulations applicable to Public Offerings for shares. **Paragraph 3** – The Offering Party shall be bound to acquire the Outstanding Shares of the remaining shareholders within a period of 1 (one) month from the date of the Public Offering Auction, at the final price set in said Auction, restated up until the date of effective payment for the shares, pursuant to the relevant announcement and the applicable law, to take place within a maximum of 15 (fifteen) days from the date of the shareholder's exercise of the right to sell the shares held.		Amendment required in compliance with the contents of Arts. 42 and 43 of the Novo Mercado Rules. The previous contents were provided in the Rules in force until 12.22.2017. (voluntary deregistration from the Novo Mercado) The change aims to adjust the contents to the CVM's rules in force governing Public Offerings for Shares.
Art. 36 – Once the market is informed of the decision to proceed with the deregistration, the offeror must disclose the maximum price per share or lot of a thousand shares on which the public offering will be based. **Paragraph 1** – The public offering shall be contingent on the value determined by the valuation report mentioned in article 37 and its paragraphs, not exceeding the price disclosed by the offeror, as provided in the foregoing paragraph. **Paragraph 2** - Should the value of the shares determined by the valuation report exceed the value disclosed by the offeror, the decision to proceed with the deregistration will be revoked, unless the offeror expressly		~~Art. 36 – Once the market is informed of the decision to proceed with the deregistration, the offeror must disclose the maximum price per share or lot of a thousand shares on which the public offering will be based.~~ ~~Paragraph 1 – The public offering shall be contingent on the value determined by the valuation report mentioned in article 37 and its paragraphs, not exceeding the price disclosed by the offeror, as provided in the foregoing paragraph.~~ ~~Paragraph 2 – Should the value of the shares determined by the valuation report exceed the value disclosed by the offeror, the decision to proceed with the deregistration will be revoked, unless the~~		Article suppressed due to the expiration (12.28.2017) of the former Rules, which explicitly defined such terms in Chapter X and in compliance with the contents of Arts. 42 and 43 of the Novo Mercado Rules.

agrees to make a public offering for the value determined by the valuation report; the offeror must disclose the decision adopted to the market.		~~offeror expressly agrees to make a public offering for the value determined by the valuation report; the offeror must disclose the decision adopted to the market.~~		
Art. 37 - The valuation report must be issued by an institution or specialized company of renowned experience and independent from corporate decision-making, management and/or the controlling shareholder, as well as satisfy the requirements of Paragraph 1 of Article 8 of Law 6,404/76, and include the responsibility pursuant to Paragraph 6 of this same Article. **Paragraph 1** – The choice of the institution or specialized company is incumbent solely on the general meeting, based on the Board of Directors' list of three names; the respective approval will be adopted by the majority of the outstanding voting stock present at the general meeting, blank votes excluded. If the meeting is called to order on the first call, the quorum will be shareholders' holding at least twenty percent (20%) of the outstanding shares or, if called to order on the second call, the quorum will be any number of outstanding shares. **Paragraph 2** - The costs incurred in the preparation of the valuation report shall be borne by the offeror.		~~Art. 37 - The valuation report must be issued by an institution or specialized company of renowned experience and independent from corporate decision-making, management and/or the controlling shareholder, as well as satisfy the requirements of Paragraph 1 of Article 8 of Law 6,404/76, and include the responsibility pursuant to Paragraph 6 of this same Article.~~ ~~Paragraph 1 – The choice of the institution or specialized company is incumbent solely on the general meeting, based on the Board of Directors' list of three names; the respective approval will be adopted by the majority of the outstanding voting stock present at the general meeting, blank votes excluded. If the meeting is called to order on the first call, the quorum will be shareholders' holding at least twenty percent (20%) of the outstanding shares or, if called to order on the second call, the quorum will be any number of outstanding shares.~~ ~~Paragraph 2 – The costs incurred in the preparation of the valuation report shall be borne by the offeror.~~		Article suppressed due to the expiration (12.28.2017) of the former Rules, which explicitly defined such terms and in compliance with the contents of Arts. 42 and 43 of the Novo Mercado Rules.

CHAPTER XII **Deregistration from the New Market**		**CHAPTER XIII** **Deregistration from the Novo Mercado**		
~~Art. 38 Should the general meeting adopt the deregistration from the Novo Mercado in order that the Corporation's securities may be registered for trading outside the Novo Mercado, or by virtue of an operation involving a corporate reorganization, in which the company resulting from this corporate reorganization is not accepted for trading its securities on the Novo Mercado within the period of 120 (one hundred and twenty) days as from the date of the annual shareholders' meeting that approved the said operation, the Controlling Shareholder must make a public offering for the purchase of shares held by the remaining shareholders of the Corporation, at least at the respective Economic Value of the shares as calculated in the valuation report prepared pursuant to Article 37, subject to the applicable laws and regulations.~~		**Art. 36** – The Company may decide to leave the Novo Mercado in a general meeting, regardless of holding a Public Offering for Shares, by a majority vote of the holders of Outstanding Shares present at such a meeting, pursuant to the Novo Mercado Rules. **Sole paragraph** – The general meeting that will decide on the deregistration from the Novo Mercado shall convene with the presence of shareholders representing at least 2/3 (two-thirds) of the total Shares Outstanding, at a first call. If such a quorum is not reached, the meeting shall convene at a second call with any number of holders of Shares Outstanding. **Art. 37** – The Company's voluntary deregistration may also take place by means of a Public Offering for Shares as provided in Chapter XII of the Bylaws and the applicable regulations of the Securities Exchange Commission, subject to the following: **I-** establishment of a fair price per share. Shareholders shall be entitled to request a new valuation of the Company pursuant to the contents of the Corporations Law; **II-** acceptance of the Public Offering by more than 1/3 (one-third) of the holders of Shares Outstanding, with the sale of their shares or, if they choose not to sell, their agreement with deregistration from the segment.		Amendment required in compliance with the contents of Art. 44 of the Novo Mercado Rules. (voluntary deregistration from the Novo Mercado). Amendment suggested at the recommendation of the B3 Regulatory Bodies area.
Art. 39 – In the absence of a Controlling Shareholder, should a resolution be made to deregister the Corporation from the Novo Mercado in order that the securities it has issued may be registered for trading outside the Novo Mercado, or by virtue of an operation for corporate reorganization, in which the securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo Mercado within the period of 120 (one hundred and twenty) days as from the date of the annual shareholders' meeting at which the said operation was approved, the process of deregistration shall		~~Art. 39 In the absence of a Controlling Shareholder, should a resolution be made to deregister the Corporation from the Novo Mercado in order that the securities it has issued may be registered for trading outside the Novo Mercado, or by virtue of an operation for corporate reorganization, in which the securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo Mercado within the period of 120 (one hundred and twenty) days as from the date of the annual shareholders' meeting at which the said operation was approved, the process of~~		Article suppressed due to the expiration (12.28.2017) of the former Rules, which explicitly defined such terms and in compliance with the contents of Art. 44 of the Novo Mercado Rules.

be conditional on the realization of a public offering for the acquisition of shares under the same conditions pursuant to the preceding article. **Paragraph 1** – The said annual shareholders' meeting shall decide as to the responsible party/parties for effecting the public offering for the acquisition of shares, the said party/parties, which been present at the meeting expressly assuming the obligation to execute the offering. **Paragraph 2** – In the absence of a definition on the responsible parties for holding the public offering for the acquisition of shares, in the case of a corporate reorganization in which securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo Mercado, it shall be incumbent on the shareholders that voted in favor of the corporate reorganization, to execute the said offering.		~~deregistration shall be conditional on the realization of a public offering for the acquisition of shares under the same conditions pursuant to the preceding article.~~ ~~Paragraph 1 – The said annual shareholders' meeting shall decide as to the responsible party/parties for effecting the public offering for the acquisition of shares, the said party/parties, which been present at the meeting expressly assuming the obligation to execute the offering.~~ ~~Paragraph 2 – In the absence of a definition on the responsible parties for holding the public offering for the acquisition of shares, in the case of a corporate reorganization in which securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo Mercado, it shall be incumbent on the shareholders that voted in favor of the corporate reorganization, to execute the said offering.~~		
~~Article 40 – The deregistration of the Corporation from the Novo Mercado due to noncompliance with the Novo Mercado Rules is conditional on the holding of a public offering for the acquisition of shares, at least at the Economic Value of the shares to be calculated in the valuation report pursuant to Article 38 of these Bylaws in line with the legal norms and applicable rules.~~ ~~Paragraph 1 – The Controlling Shareholder shall execute the public offering for the acquisition of shares pursuant to the caption sentence to this article.~~ ~~Paragraph 2 – In the event of there being no Controlling Shareholder and the deregistration from the Novo Mercado pursuant to the caption sentence occurs as a result of the resolution of the annual shareholders' meeting, the shareholders that have voted in favor of the resolution resulting in the respective non compliance, shall execute the public offering for the acquisition of shares pursuant to the caption sentence.~~ ~~Paragraph 3 - In the event of there being no Controlling Shareholder and the deregistration from the Novo Mercado pursuant to the caption sentence occurs as a result of a management act or fact, the Members of Management of the Corporation shall call a meeting, included on the agenda~~		**Art. 38** – The Company's deregistration from the Novo Mercado due to noncompliance with obligations under the Novo Mercado Rules shall be contingent upon a public offering for shares as provided in Chapter XII and Chapter XIII, Article 36, of the present Bylaws. **Sole paragraph** – If the required percentage of Outstanding Shares acquired for deregistration from the Novo Mercado is not reached, after the Public Offering, the Company's shares shall remain in trade for a period of 6 (six) months on the Novo Mercado segment, counting from the date of the Public Offering without prejudice of a potential monetary penalty.		Amendment required in compliance with the contents of Art. 45 of the Novo Mercado Rules. (mandatory deregistration from the Novo Mercado).

~~of the day, a resolution on how to remedy non-compliance with the obligations contained in the Novo Mercado Rules or, if the case, decide on deregistering the Corporation from the Novo Mercado.~~ ~~Paragraph 4 – Should the annual shareholders' meeting mentioned in Paragraph 3 above decide on the deregistration of the Corporation from the Novo Mercado, the said annual shareholders' meeting shall decide the party/parties responsible for executing the public offering of shares pursuant to the caption sentence, the said party/parties, having been present at the meeting, shall expressly accept the obligation of executing the offering.~~				

Absent		**CHAPTER XIV** **Termination, Liquidation and Extinction** **Art. 39 –** The Company shall liquidate, terminate and be extinguished pursuant to the law, or by a decision of the general meeting. **Paragraph 1 –** The Board of Directors shall appoint a receiver, set his or her fees and establish formats and guidelines for such a liquidation, termination and extinction of the Company. **Paragraph 2 –** The fiscal council shall be convened during the liquidation period.		Inclusion suggested for the purposes of alignment with the contents of Arts. 206 and subsequent of law 6,404/1976
CHAPTER XIII **Arbitration** **Article 41 –** The Corporation, its shareholders, management and auditors undertake to submit to arbitration, through the Novo Mercado Arbitration Panel, any and every dispute or controversy that may arise among them, related with or arising from, in particular, the application, validity, enforcement, interpretation, violation and their effects, of the provisions in the Brazilian Corporate Law, the Corporation's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as the other rules applicable to the capital markets in general, besides those in the Novo Mercado Listing Rules and the Rules of Arbitration, the Rules on Penalties and the Novo Mercado Registration Agreement.		**CHAPTER XV** **Arbitration** **Art. 40** – The Corporation, its shareholders, full and alternate management and fiscal council members undertake to submit to arbitration, through the Novo Mercado Arbitration Panel, any and every dispute or controversy that may arise among them, related with or arising from its or their status as issuer, shareholders, managers and fiscal council members and, in particular, the application, validity, enforcement, interpretation, violation and their effects, of the provisions in the Corporations Law and the Securities Market Law, the Corporation's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as the other rules applicable to the capital markets in general, besides those in the Novo Mercado Listing Rules and the Rules of Arbitration, other B3 Rules, and the Novo Mercado Registration Agreement.		Required change to meet the contents of Art. 39 of the Novo Mercado Rules.

CHAPTER XIV **Miscellaneous** **Art. 42 –** Employees may receive a share of the profits or income, not linked to their pay, upon decision adopted by the general meeting, subject to the applicable laws.		**CHAPTER XVI** **Miscellaneous** **Art. 41 -** Employees may receive a share of the profits or income, not linked to their pay, upon decision adopted by the general meeting, subject to the applicable laws. **Art. 42** – The Company, its Directors, Officers, and committee members shall be governed by the contents of the Internal Charters, Code of Conduct, B3 Novo Mercado Rules, Information Disclosure Policy Manuals and Shares Trading Policy.		Article inclusion suggested to comply with the contents of the Statutory Recommendations Manual of the Instituto Brasileiro de Governança Corporativa - Item 12.6

BYLAWS

Proposal to be submitted to the EGM of April 26, 2019.

CHAPTER I
Name, Organization, Head Office, Duration and Purpose

Article 1 - ENGIE BRASIL ENERGIA S.A. is a corporation governed by these Bylaws, by Law 6,404 of December 15, 1976 ("Brazilian Corporate Law") and other applicable Laws and Regulations.

Paragraph 1 – With the admission of the Corporation to the special listing segment denominated Novo Mercado of the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange ("BM&FBOVESPA"), the Corporation, its shareholders and members of the fiscal council, when installed, are subject to the provisions of BM&FBOVESPA Novo Mercado Listing Rules ("Novo Mercado Rules").

Proposal:

Paragraph 1 *– With the admission of the Corporation to the special listing segment denominated Novo Mercado of the B3 S.A. – Brasil, Bolsa, Balcão ("B3"), the Corporation, its shareholders, including controlling shareholders, management and members of the fiscal council, when installed, are subject to the provisions of Novo Mercado Listing Rules ("Novo Mercado Rules").*

Paragraph 2 – The provisions of the Novo Mercado Rules shall prevail over the statutory provisions in the bylaws, in the event of violation of rights of the beneficiaries to the public offerings pursuant to these Bylaws.

Paragraph 3 – The terms and definitions beginning with capital letters in these Bylaws, when not defined in the said Bylaws themselves, shall have the meaning pursuant to item 2.1 of the Novo Mercado Rules.

Proposal:

Paragraph 3 *– The terms and definitions beginning with capital letters in these Bylaws, when not defined in the said Corporate Bylaws themselves, shall have the meaning pursuant to Article 3 of the Novo Mercado Rules.*

Article 2 – The Corporate Head Office and jurisdiction are in the city of Florianópolis, Santa Catarina, at Rua Paschoal Apóstolio Pitsíca, 5064, Agronômica CEP 88025-255; the Corporation may open branches, subsidiaries, agencies and offices in Brazil and abroad; the Corporation may open, alter and close branches, subsidiaries, agencies and offices in Brazil upon the decision of the Board of Executive Officers and abroad, upon the decision of the Board of Directors.

Article 3 – The Corporation has an indeterminate duration.

Article 4 – The Corporate purpose is:

I – to study, design build and operate electric power plants, as well as to carry out the ensuing business activities;

II – to take part in research of interest to the energy industry, concerning the generation and distribution of electric power, as well as studies for the use of reservoirs for multiple purposes;

III – to contribute to the training of technical staff needed by the electric power industry, as well as to build the capacity of specialized workers, by providing specific courses;

IV – to take part in organizations dedicated to the operational coordination of interconnected electrical systems;

V – to take part in regional, national or international technical, scientific and business associations or organizations of interest to the electric industry;

VI – to contribute to environmental preservation in the performance of its activities;

VII – to cooperate in programs related to the promotion and incentive to the national industry of materials and equipment designed for the electric energy industry, as well as to its technical regulations standardization and quality control; and

VIII – to have an interest, as a partner, shareholder or stockholder, in other companies in the energy industry.

CHAPTER II
Capital and Stock

Article 5 – The subscribed capital stock is R$ 4,902,647,710.37 (four billion, nine hundred and two million, six hundred and forty-seven thousand, seven hundred and ten reais and thirty-seven centavos), totally subscribed and paid in, divided into 815,927,740 (eight hundred and fifteen million, nine hundred and twenty-seven thousand, seven hundred and forty) shares, all of them common, nominative, no-par value.

Paragraph 1 - Shares issued by the Corporation may be kept in custody accounts in the name of their respective holders, as uncertified shares, in a financial institution appointed by the Board of Directors.

Paragraph 2 - Whenever the stock ownership is transferred, the custodian financial institution may charge the seller a transfer fee, within the limits established by the Brazilian Securities and Exchange Commission – CVM.

Paragraph 3 – The Corporation may not issue preferred shares or founder's shares.

Paragraph 4 - Pursuant to the law, shareholders dissenting from a resolution of the General Meeting and that have exercised right of withdrawal shall have their shares reimbursed at the net equity value published in the last balance sheet approved by General Meeting, the right pursuant to Paragraph 2, Article 45 the Brazilian Corporate Law being guaranteed.

Article 6 – The Corporation may issue simple or convertible debentures.

Article 7 – Capital increases shall be carried out by means of public or private stock subscription, by conversion of debentures or capitalization of reserves, as allowed by law; the payment of the shares shall comply with the rules and conditions established by the Board of Directors.

Sole paragraph – Shareholders who fail to pay up according to the rules and conditions mentioned herein shall be legally deemed in default and subject to monetary restatement, interest at 12% (twelve percent) per year and a penalty of 10% (ten percent) on the overdue amount.

Article 8 – The Corporation may, by resolution of the Board of Directors and irrespective of amendment hereto, increase its capital up to the limit of R$ 7,000,000,000.00 (seven billion reais).

Paragraph 1 - In addition to the other conditions concerning the issue of new shares, it is incumbent on the Board of Directors to determine the issue price and the deadline for the payment of the subscribed shares.

Paragraph 2 – The Board of Directors may approve the issue of new shares without giving the preemptive right to senior shareholders if the sale is made on the stock exchange, by public subscription, or in exchange for stock in a public buyout.

Article 9 – The Corporation may issue single or multiple share certificates. Stock splits or reverse splits will be carried out on request; the requesting shareholder will pay for all the expenses arising from the replacement of the certificates.

Sole paragraph – The services of stock conversion, transfer and splits may be temporarily discontinued, conditional on the compliance with the rules and limitations set by the laws in force.

CHAPTER III
Shareholders' Meetings

Article 10 – The annual shareholders' meeting shall be held within the first four (4) months following the end of the fiscal year, at a date and time previously established, to:

I – take cognizance of the management accounts, examine, discuss and vote the financial statements;

II – determine the destination of the net income for the year and the distribution of dividends; and

III – elect the fiscal council members and, as the case might be, the members of the Board of Directors.

Proposal:

***III** – to elect the members of the Company's board of directors, if the case, and the fiscal council, when installed, and establish the aggregate compensation of the members of the board of directors and the additional stipend for the members of the Committees, if the case.*

Article 11 - The general meeting shall be held whenever required, subject to the applicable laws and these bylaws concerning the call, installation and resolutions.

Article 12 – The general meetings shall be chaired by the Chairman of the Board of Directors or, in his/her absence or incapacity, by whomever the shareholders may choose, and a secretary elected among the shareholders present.

Article 13 – The call notice may condition attendance to the general meeting on the fulfillment of the applicable legal requirements, shareholders substantiating their status as such, the required documents being delivered 72 (seventy-two) hours prior to the date on which the meeting is scheduled to be held.

Sole Paragraph – In addition to the matters within its scope of authority provided by the law and in these Bylaws, it is also incumbent on the extraordinary general meeting to approve:

I – the deregistration from the Novo Mercado;

II – the choice of the institution or specialized company charged with valuating the Corporation for the purposes of the public offerings provided in chapters XI and XII hereof, among the companies listed by the Board of Directors; and

III – plans to grant stock options to management and employees of the Corporation and of other corporations directly or indirectly controlled by the Corporation, without preemptive rights.

Proposal:

Sole paragraph – *It is exclusively incumbent on the General Meeting besides the matters pursuant to Article 10 of the Corporate Bylaws, to decide the following matters:*

***I** – decide on the Company's proposal to deregister from the Novo Mercado and to close the capital;*

***II** – select the institution or specialized company charged with determining the fair price of the Corporation for the purposes of the public offerings pursuant to chapters XII and XIII of these Corporate Bylaws, among the companies nominated by the Board of Directors; and*

***III** – decide on plans to grant stock options to management and employees of the Company and of other corporations directly or indirectly controlled by the Company, without preemptive rights.*

CHAPTER IV
Management

Article 14 – The Corporation shall be managed by a Board of Directors and a Board of Executive Officers.

Article 15 - The shareholders' meeting shall determine the compensation of the members of both boards. In the event such compensation is determined as an aggregate amount, such amount will be apportioned among the members of both boards by the Board of Directors.

CHAPTER V
Board of Directors

Article 16 - The Board of Directors is comprised of a minimum of 5 (five) and a maximum of 9 (nine) directors and an equal number of alternates. One of the directors shall be appointed Chairman of the board and another the Vice Chairman by the shareholders, as provided by law, for a two-year term of office, and may be reappointed.

Paragraph 1 – One of the members of the Board of Directors, and his/her respective alternate, shall be elected by the employees by direct vote to be organized by the Corporation; the director so elected will be confirmed by the shareholders at the general meeting.

Proposal:

Paragraph 1 - *One of the members of the board of directors, and their respective alternate, shall be nominated by the employees by direct vote to be organized by the Company; the said director and alternate to be elected and confirmed by the shareholders at the general meeting.*

Paragraph 2 - Should a vacancy on the Board of Directors occur, it will be filled by the proper alternate. In the event of the vacancy both of the director and his/her alternate, it will be filled by a director appointed by the remaining directors, who shall hold office until the next general meeting. Should the majority of positions be vacant, a general meeting shall be convened for the purpose of holding a new election.

Paragraph 3 – The investiture of the members of the Board of Directors shall be conditional upon the prior adherence to the Directors Consent Form pursuant to the provision in the Novo Mercado Rules, as well as compliance with the applicable legal requirements.

Proposal:

Paragraph 3 *– The investiture of the members of the Board of Directors, effective and alternates, shall be conditional on the signature of their respective Investiture Instrument which shall incorporate adherence to the provisions to B3's Novo Mercado Rules and the commitment clause pursuant to Article 40.*

Paragraph 4 - At least 20% (twenty per cent) of the Board of Directors shall be Independent Directors as defined in the Novo Mercado Rules, and expressly declared as such in the minutes of the General Shareholders' Meeting which elects them, also being considered as independent, those directors elected pursuant to Article 141, paragraphs 4 and 5 and Article 239 of Law 6,404/76.

Proposal:

Paragraph 4 *– Of the members of the board of directors, at least 2 (two) or 20% (twenty percent), whichever is the larger, shall be Independent Directors, as defined in the New Market Rules and in the Internal Charter for this Board, the respective characterization of those nominated to the position of Independent Directors to be decided by the General Meeting which elected them, also being considered as independent, those directors elected pursuant to Article 141, paragraphs 4 and 5 of Law 6,404/76.*

Paragraph 5 - When due to the compliance with the said percentage in the foregoing paragraph, the result is a fraction of a number of directors, the number shall be rounded up pursuant to the terms of the Novo Mercado Rules.

Proposal:

Paragraph 5 *– When in the light of the calculation of 20% (twenty percent) referred in the foregoing paragraph, the result is a fraction, the Company shall adopt a rounding up to the immediately higher whole number.*

Proposal:

Paragraph 6 *– At the end of their term of office, the Directors shall remain in the exercise of their positions up to the investiture of the new directors who shall replace them pursuant to the law and these Corporate Bylaws.*

Paragraph 7 – The positions of Chairman of the Board of Directors and Chief Executive Officer of the Corporation may not be accumulated by the same person.

Article 17 – The Board of Directors shall meet every quarter, and whenever the corporate best interests require, convened as determined herein.

Proposal:

Article 17 - *The Board of Directors shall meet ordinarily, 6 (six) times a year, and whenever the corporate best interests require, convened as determined in these Corporate Bylaws.*

Article 18 – The Board of Directors meetings shall be called by its Chairman or at least one-third (1/3) of the directors; the call is waived when all members are present. The Board of Directors' resolution will be passed by the majority of votes; the Chairman has the casting vote.

Proposal:

Article 18 - *The Board of Directors meetings shall be called with at least 3 (three) working days' notice by its chairman or by members representing at least one-third (1/3) of the directors, calling being waived when all members are present. The board of directors shall decide by a majority of votes, the chairman having the casting vote in the event of a tie.*

Paragraph 1 *– The convening of the meetings of the Board of Directors shall be made in writing, including by electronic mail, and include the agenda of the day and the matters to be decided at the respective meeting.*

Paragraph 2 *– The quorum for installing the meetings of the Board of Directors shall be the attendance of the majority of its members, participation being authorized through conference call, videoconference, electronic mail of any other means of communication that permits identification of the Director and communication with all remaining participants in the meeting.*

Article 19 – The Board of Directors shall have the following duties:

I – to determine the overall direction of the Corporate businesses;

II – to appoint and remove officers and determine their duties, subject to the provisions hereof;

III – to supervise the officers' performance;

IV – to establish limits and scope of authority for corporate proxies;

Proposal:

IV *– to install the Special Independent Committee for Transactions with Related Parties ("Independent Committee") whenever the Company or corporation under its control, intends to negotiate with the related party, any operation, business, agreement or transaction, the approval of which is within the authority of the Board of Directors or the general meeting, pursuant to the rules set out in the regulations of the Independent Committee and to decide on the recommendation presented by this Committee.*

V – to call the general meeting;

VI – to opine on the management report and the accounts of the Board of Executive Officers;

VII – to approve the global annual budget of the Corporation;

VIII – to approve agreements and commitments and amendments thereto, worth over R$ 20,000,000.00 (twenty million reais), subject to the provisions of the sole paragraph hereof;

IX – to propose to the general meeting the issue of debentures under conditions that are not within their original scope of authority;

X – to decide on the issue of debentures convertible into common shares, up to the limit of the authorized capital deducted from the capital already subscribed and, if the case,

from the previous issues of convertible debentures decided by the Board of Directors; on the conditions lawfully delegated by the shareholders' meeting; and on the opportune nature of the issue;

XI – to approve the granting of co-signature or guarantee to third parties, except those offered by the Company to its subsidiaries, which require the approval of the Board of Executive Officers, within the limits established in subsection VIII and in the sole paragraph of this Article;

XII – to approve the pledge or divestiture of the Corporate fixed assets worth over twenty million reais (R$ 20,000,000.00);

XIII – to decide on the purchase and divestiture of Corporate stock, determining the respective prices and conditions;

XIV – to decide on the issue of new shares, their issue prices, and other issue conditions, subject to the provisions hereof;

XV – in the cases provided for herein, to declare interim dividends from the income shown in the half-yearly financial statements, or in the case of shorter periods, for retained earnings or surplus reserve, as well as the credit or payment of interest on shareholders' capital;

XVI – to decide on the issue of commercial papers, as well as on the issue of subscription bonuses;

XVII – to define a list of three companies specialized in economic analyses of companies for the preparation of an evaluation report of the shares of the Corporation in the event of a public offering for the acquisition of shares for the cancellation of the registration of a listed company or for deregistration from the Novo Mercado;

XVIII – to approve or reject any public offering for the acquisition of shares involving shares issued by the Corporation, based on a prior well founded opinion, disclosed in up to 15 (fifteen) days from the publication of the notice of the public offering for the acquisition of shares, which should include at least (i) the convenience and opportunity of the public offering for acquisition of shares with respect to the interests of the shareholders as a whole and in relation to the liquidity of the securities of its ownership; (ii) the repercussions of the public offering for the acquisition of shares on the interests of the Corporation; (iii) the strategic plans announced by the offeror in relation to the Corporation; (iv) other points which the Board of Directors deem as pertinent as well as information required by the applicable rules as set forth by the CVM;

Proposal:

XVIII *- to approve or reject any public offering for the acquisition of shares involving shares issued by the Corporation, based on a prior well founded opinion, disclosed in up to 15 (fifteen) days from the publication of the notice of the public offering for the acquisition of shares, which should include at least (i) the convenience and opportunity of the public offering for acquisition of shares with respect to the interests of the shareholders as a whole and in relation to the liquidity of the securities of its ownership; (ii) the repercussions of the public offering for the acquisition of shares on the interests of the Corporation; (iii) the strategic plans announced by the offeror in relation to the Corporation; (iv) alternatives to acceptance of the Public Offering and available in the market and (v) other points which the Board of Directors deem as pertinent as well as information required by the applicable rules as set forth by the CVM;*

XIX- to appoint and dismiss the independent auditors and approve any other agreement to be signed with the company rendering independent audit services;

XX – to approve the internal charter of the Company; and

XXI – to decide on matters not provided for herein.

Sole paragraph – The limit set in the foregoing item VIII does not apply to the agreements for the commercialization of electric power, for the purchase of fuel for the production of electrical power, or to the agreement for the use of the transmission and distribution system (CUST and CUSD) and the contracting of acceptable and necessary financial and surety instruments for guaranteeing legal processes and for financial settlement of the operations conducted within the scope of the Electric Power Trade Board. The contracting of such activities must comply with the approval limits defined below, with subsequent notice to the Board of Directors:

I – Agreements for the purchase and sale of electrical power and subsequent acts linked to them including the contracting of financial and surety instruments acceptable and necessary for guarantee:

a) up to 20 average MW per month, limited to 1,000 GWh for the duration of the contract: approval by two ENGIE executive officers;

b) above 20 average MW per month and up to 150 MWa per month, limited to 7,500 GWh for the total duration of the contract: approval by ENGIE's Chief Executive officer jointly with an executive officer; and

c) above 150 average MW per month or above 7,500 GWh for the total duration of the contract: approval by the Board of Directors;

II – Energy export contracts, CUST and CUSD, and subsequent acts linked to them including the contracting of financial and surety instruments acceptable and necessary for guarantee: approval by ENGIE Chief Executive Officer and an executive officer; and

III – for the purchase of CE-4500 coal, up to 100,000 tons a month, or an equivalent amount for the purchase of other types of fuel: approval by the ENGIE Chief Executive Officer and an executive officer. Purchases exceeding the amount set herein require approval by the Board of Directors.

IV – and for the contracting of acceptable and necessary financial and surety instruments for guaranteeing legal processes and for financial settlement of operations conducted within the scope of the Electric Power Trade Board: approval by two executive officers.

Article 20 – In the event of his/her absence or incapacity, the Chairman of the board shall be replaced by his/her alternate and, in the absence of the latter, by the Vice Chairman.

CHAPTER VI
Board of Executive Officers

Article 21 – The Board of Executive Officers shall be comprised of 7 (seven) officers elected by the Board of Directors, serving a 3- (three) year term of office, eligible for reelection.

Paragraph 1 – The duties and powers of the Board of Executive Officers will be determined by the Board of Directors, which must appoint the Chief Executive Officer and the Investor Relations Officer.

Proposal:

Paragraph 1 *– The duties and powers of the board of executive officers will be determined by the board of directors pursuant to the Internal Charter of the Company's Executive Board which must appoint the chief executive officer and the investor relations officer. The remaining officers may or may not have a specific designation as per the decision of the board of directors.*

Paragraph 2 – The investiture of the members of the Board of Executive Officers shall be conditional on prior acceptance of the Executive Officers' Consent Form pursuant to the Novo Mercado Rules as well as compliance with the applicable legal requirements.

Proposal:

Paragraph 2 *– The investiture of the members of the board of directors shall be conditional on the signature of their respective Investiture Instrument which shall include adherence to the Novo Mercado Rules of B3 and the commitment clause in Article 40.*

Paragraph 3 *– With the termination of their term of office, the Officers shall remain in the exercise of their positions until the investiture of the officers replacing them pursuant to the terms of the law and these Corporate Bylaws.*

Article 22 – The Board of Executive Officers shall meet regularly, at least once a month, and whenever special meetings are called, as set forth herein.

Article 23 – The meetings of the Board of Executive Officers shall be called by the Chief Executive Officer or two (2) executive officers; the call is waived when all executive officers are present. The Board of Executive Officers will decide by the majority of votes; the Chief Executive Officer has the casting vote.

Proposal:

Article 23 - *The meetings of the board of executive officers shall be called by the chief executive officer or two (2) executive officers with prior notice of at least 2 (two) working days, this being waived when all executive officers are present. The board of executive officers will decide by simple majority of votes; the chief executive officer having the casting vote in the event of a tie.*

Sole paragraph *– The quorum for installation of the meetings of the Board of Executive Officers shall be the attendance of the majority of its effective members, participation being authorized through conference call, videoconference, electronic mail or by any other means of communication that permits identification of the Officer and communication with all remaining participants in the meeting.*

Article 24 – The Board of Executive Officers is charged with the general management and with representing the Corporation, subject to these Bylaws as well as the guidelines and duties determined by the Board of Directors.

Paragraph 1 - In the performance of their duties, it is incumbent on the Board of Executive Officers to:

I – prepare the financial statements and the management report, when appropriate;

II – draft the internal charter and submitting it to the Board of Directors;

III – prepare the annual corporate budget, and

IV – approve any review of the agreed annual budget, subject to the overall amounts approved by the Board of Directors.

Proposal:

Paragraph 1 - In the performance of their duties, it is incumbent on the Board of Executive Officers to:

***I** – establish the rules and guidelines in the light of the general guidance for business set forth by the Board of Directors;*

***II** – prepare the financial statements and the management report for analysis of the board of directors and approval of the General Meeting, where applicable;*

***III** – prepare the Company's annual budget, manner in which it will be implemented and the general plans of the Company;*

***IV** – approve any review of the agreed annual budget, subject to observing the overall amounts approved by the Board of Directors.*

***V** – prepare the internal regulations of the Company and submit them for approval of the board of directors;*

***VI** – establish limits and levels of authority for the representation of the Company by proxies; and*

***VII** – deliberate on other matters attributed to the Board of Executive Officers by the board of directors or by the general meeting.*

Paragraph 2 – The following duties are incumbent solely on the Chief Executive Officer:

I – presiding over the Board of Executive Officers meetings;

II – coordinating and guiding the activities of all other executive officers, in their respective areas;

III – assigning special activities and tasks to any of the executive officers, irrespective of their usual duties; and

IV – ensuring the compliance with the resolutions of the Board of Directors and Board of Executive Officers.

Article 25 – In the case of temporary incapacity, leave or vacation of any executive officer, the Board of Executive Officers shall appoint another executive officer to take on his/her duties.

Article 26 – In the event of a vacancy, the Board of Executive Officers shall appoint another executive officer to hold the office for the remaining term, until the next meeting of the Board of Directors, when the vacancy shall be filled.

Article 27 – The Corporation shall be bound by the signature of two officers, but subject to the provisions of the following paragraphs.

Proposal:

Article 27 – The Company *shall be represented actively and passively in acts which create obligations or discharge third parties in the name of the Company through the joint signature of two officers, but subject to the provisions of the following paragraphs.*

Paragraph 1 – The executive officers may appoint proxies to represent the Corporation, acting always jointly with an executive officer or another duly empowered proxy, or, severally.

Paragraph 2 - Powers of attorney shall be granted by two (2) executive officers, specifying the authority granted and the duration, except for the power of attorney to represent the Corporation in any action at law or in equity, which may of a perpetual duration.

Proposal:

Paragraph 2 - *Powers of attorney shall be granted by two (2) executive officers, specifying the authority granted and the duration, except for the powers of attorney for representing the Company in any action at law, in equity and arbitration which may be of an indeterminate duration.*

CHAPTER VII
Strategy Committee

Article 28 – The Corporation shall have a Strategy Committee, which shall act as a consulting body for the management, providing advice and opinions to the Board of Directors and to the Board of Executive Officers, when requested. The Strategy Committee shall be comprised of up to seven (7) members, shareholders or not, residing in Brazil or not, who may be officers, elected by the Board of Directors, which will establish the

compensation of its members and its functioning governed by the Corporation's internal charter.

Proposal:

CHAPTER VII
Auxiliary Management Bodies

Article 28 - *The Company shall have a permanently installed Audit Committee for advising the Board of Directors.*

Paragraph 1 - *The Audit Committee shall operate on an autonomous basis and shall have an Internal Charter, approved by the Board of Directors of the Company, detailing its operational functions and procedures. The members of the Audit Committee shall be subject to the same duties, obligations and restrictions contained in law, in these Corporate Bylaws or in the Novo Mercado Rules as apply to the Company's management.*

Paragraph 2 - *The powers, mandate and functioning of the Committee and its members shall be defined in the terms of the provision in the Novo Mercado Rules.*

Paragraph 3 - *At its discretion, the Board of Directors, may create additional Committees for advising the Company's Management. The composition, powers, term of office and functioning of the Committees and their members shall be defined in the terms of the provision in the Novo Mercado Rules, when applicable.*

Paragraph 4 - *When due, the Board of Directors shall establish the compensation of the members of the Committees.*

Article 29 - *The Audit Committee shall be composed of at least, 3 (three) members, all appointed by the Board of Directors, 1 (one) of them at least being an Independent Director of the Board and 1 (one) of them with recognized experience in corporate accounting matters.*

Paragraph 1 - *The same member of the Audit Committee may accumulate both qualifications referred to in the caption sentence.*

Paragraph 2 - *The Audit Committee shall have 1 (one) coordinator who shall exercise his activities in conformity with the definition in the Internal Charter of the said Committee, duly approved by the Board of Directors.*

Paragraph 3 - *The functions of the Audit Committee, in addition to those defined in its Internal Charter, shall be:*

I - to opine on the hiring and dismissal of the independent auditor's services and on the hiring of the independent auditor for any other service without limitation on the provision in subsection XVIII of Article 19;

II – to evaluate the quarterly information, intermediate statements and the financial statements;

III – to accompany the activities of the internal audit and the Company's internal controls area;

IV – to evaluate and monitor the Company's risk exposures; and

V – to evaluate, monitor and recommend to the Company's management the correction or improvement of the Company's internal policies including the policy for transaction between related parties.

***Sole paragraph** – The Audit Committee shall have the means to receive and handle information with respect to non-compliance with legal and normative provisions applicable to the Company as well as its regulations, charters, manuals and internal codes, also providing for the specific procedures for protecting the provider of information as well as the confidentiality of information.*

CHAPTER VIII
Fiscal Council

Article 29 – The Fiscal Council will be permanent and elected by the General Shareholders' Meeting, as provided by law, and shall comprise 3 (three) to 5 (five) permanent auditors and an equal number of alternates, for a one (1) year term of office, members being eligible for reelection. The general meeting electing the fiscal council shall establish the members' respective compensation, subject to the legal minimum.

Paragraph 1 – In addition to the legally required competencies, the Fiscal Council shall have the following functions:

I – evaluate the risk management and internal controls systems; and

II – opine on any proposals to be submitted to the Board of Directors for engaging additional services to be contracted from the company rendering the auditing services of the financial statements.

Paragraph 2 –The investiture of the members of the Fiscal Council shall be conditional on the prior adherence to the Fiscal Council Members Consent Form pursuant

to the provision in the Novo Mercado Rules as well as compliance with the applicable legal requirements.

Proposal:

Article 30 - *The Fiscal Council shall not function permanently, being installed only upon the request of the shareholders, in the due form of the law, comprising of up to 3 (three) effective members and an equal number of alternates with a term of office of 1 (one) year. It shall be incumbent on the General Meeting which elects the Fiscal Council to set the respective compensation, respecting the legal minimum.*

Sole paragraph *– The investiture of the members of the fiscal council, both effective and alternates, shall be conditional on the signature of their respective Investiture Instrument which shall include adherence to the provision in B3's Novo Mercado Rules and the said commitment clause in Article 41.*

CHAPTER IX
Fiscal Year and Financial Statements

Article 30 – The fiscal year shall end on December 31 of each year. The financial statements shall comply with the Novo Mercado Rules and the applicable laws.

Proposal:

Article 31 - *The fiscal year shall end on December 31 of each year. The financial statements shall comply with the Novo Mercado Rules and the applicable laws.*

Paragraph 1 - The distribution of dividends not below thirty percent (30%) of the net income, indexed as required by law, is mandatory; the destination of total income for the year shall be submitted to the general meeting.

Paragraph 2 – The Corporation shall prepare half-yearly balance sheets; the Board of Directors may declare interim dividends on the basis of such financial statements.

Paragraph 3 – The Corporation may prepare a balance sheet and distribute interim dividends for lesser periods provided the dividends paid in each half of the fiscal year do not exceed the capital reserves pursuant to Paragraph 1, Article 182, Law 6,404, dated December 15, 1976.

Paragraph 4 - The Board of Directors may declare interim dividends, from retained earnings or surplus reserves existing in the last annual or half-year balance sheet.

Paragraph 5 - The Corporation, upon decision of the Board of Directors, may credit or pay the shareholders interest on capital, subject to the applicable legislation. The amounts paid or credited by the Corporation as interest on capital may be posted as prepaid mandatory dividends, pursuant to the applicable laws.

Article 32 – Dividends not claimed within three (3) years shall revert to the Corporation.

CHAPTER X
Divestiture of the controlling interest

Article 32 – Sale of a Controlling Interest in the Corporation, whether in a single operation or in a series of operations, shall be agreed upon on the suspensive or resolutory condition that the acquiring party undertakes to make a public offering for the acquisition of the shares from the remaining shareholders, thereby ensuring them equal treatment to that enjoyed by the Divesting Controlling Shareholder, and subject to the terms and conditions provided by the laws in force and Novo Mercado Rules.

Proposal:

Article 33 – *Direct or indirect sale of a Controlling Interest in the Company, whether in a single operation or in a series of operations, shall be agreed upon on the suspensive or resolutory condition that the acquiring party undertakes to make a Public Offering for the acquisition of the shares from the remaining shareholders of the Company, thereby ensuring them equal treatment to that enjoyed by the Divesting Controlling Shareholder, and subject to the terms and conditions provided by the laws and regulations in effect and in the Novo Mercado Rules.*

Sole Paragraph – The public offering mentioned above shall also be required in the event of:

I – the sale of rights to the subscription of shares and other securities, or rights to convertible securities that may result in the Divestiture of the Controlling Interest in the Corporation; or

II - divestiture of the controlling interest in the Holding Company of the Corporation, in this case the Selling Controlling Shareholder having the obligation to advise the BM&FBOVESPA of the value of the Corporation in that divestiture and attach documents evidencing such value.

Proposal:

II – *in the case of indirect divestiture, that is, the sale of the control of the corporation which holds a controlling interest in the Company, the acquiring party shall disclose the value attributed to*

the Company in this sale for the purposes of defining the price of the Public Offering, as well as disclosing the documentation which justifies this amount.

Elimination proposal:

~~***Art. 33*** *– The party which acquires the Controlling Stake as a result of a private share purchase agreement signed with the Controlling Shareholder, involving any quantity of shares, shall be required to:*~~

~~***I*** *– effect the public offering pursuant to Article 32 above; and*~~

~~***II*** *– to pay as indicated below the amount equivalent to the difference between the price of the public offering and the value paid per share eventually acquired on the stock exchange in the 6 (six) months preceding the date of the acquisition of the Controlling Stake, monetarily restated up to the date of the payment. The said amount shall be distributed among all those who have sold shares in the Corporation on the trading days when the acquiring party made purchases, proportional to the net daily sold position of each one, being incumbent on the BM&FBOVESPA to operacionalize the distribution, pursuant to its regulations.*~~

~~***Article 34*** *– The Corporation shall not register any assignment of shares to the Acquiring Party or to the party/parties that may eventually hold the Controlling Stake, until the said party/parties have adhered to the Controlling Shareholders Agreement to which the Novo Mercado Rules relate.*~~

~~***Sole Paragraph –*** *No Shareholders' Agreement concerning the exercise of such control may be filed with the Company while its signatories have not adhered to the Controlling Shareholders' Agreement to which the Novo Mercado Rules refer.*~~

Proposal for inclusion:

CHAPTER XI
Corporate Reorganization

Article 34 *– In a corporate reorganization which involves the transfer of the Company's shareholding base, the corporations resulting from this reorganization shall request their entry into the Novo Mercado within a period of up to 120 (one hundred and twenty) days from the date of the general meeting which approved the said reorganization.*

Sole paragraph *– Should the corporations resulting from the said reorganization not intend to request entry into the Novo Mercado, the majority of the shareholders of the Free Float present at the general meeting which decides on the corporate reorganization, shall agree to this new structure.*

CHAPTER XII
Deregistration

Article 35 – In the public offering for the acquisition of shares, to be made by the Controlling Shareholder or by the Corporation, for deregistration as a publicly listed corporation, the minimum price to be offered shall correspond to the Economic Value calculated in the valuation report prepared pursuant to Article 37 and component paragraphs, respecting the legal norms and applicable regulations.

Sole Paragraph - Provided all the other provisions of the Novo Mercado Rules, these Bylaws, and the laws in force are complied with, the public offering for deregistration may, in addition to payment in cash, also provide for an alternative of an exchange for securities issued by other publicly-held companies, to be accepted at the discretion of the offered party.

Proposal:

Article 35 - In the public offering for the acquisition of shares, to be made by the Controlling Shareholder or by the Company, for deregistration as a publicly listed corporation, the minimum price to be offered shall correspond to a fair price, the shareholder being permitted to request a new evaluation of the Company, respecting the legal norms and applicable regulations.

Paragraph 1 *– The deregistration of the Company will only take place if the shareholders of more than 1/3 (one thirds) of the Free Float have accepted the terms of the Public Offering in order to proceed with the sale of their shares in the Public Offering auction or in the event of no sale, expressly agreeing to the deregistration of the Company.*

Paragraph 2 *– The shareholders agreeing to the Public Offering may not be subject to prorating in the sale of their stake, pursuant to the procedures for waiving the established limits pursuant to the regulations of the Brazilian Securities and Exchange Commission applicable to public offerings for the acquisition of shares.*

Paragraph 3 *– The Offeror is obliged to acquire the Free Float of the remaining shareholders within a period of 1 (one) month from the date that the Public Offering Auction is held, at the final price established in the said Auction, restated to the date of effective payment of the shares, pursuant to the notice and legislation and regulations in effect, which shall occur within a maximum term of 15 (fifteen) days from the date the shareholder exercises their right to sell their shares.*

Elimination proposal:

~~***Article 36*** *– Once the market is informed of the decision to proceed with the deregistration, the offeror must disclose the maximum price per share or lot of a thousand shares on which the public offering will be based.*~~

~~***Paragraph 1*** *– The public offering shall be contingent on the value determined by the valuation report mentioned in article 37 and its paragraphs, not exceeding the price disclosed by the offeror, as provided in the foregoing paragraph.*~~

~~***Paragraph 2*** *– Should the value of the shares determined by the valuation report exceed the value disclosed by the offeror, the decision to proceed with the deregistration will be revoked, unless the offeror expressly agrees to make a public offering for the value determined by the valuation report; the offeror must disclose the decision adopted to the market.*~~

~~***Article 37*** *– The valuation report must be issued by an institution or specialized company of renowned experience and independent from corporate decision making, management and/or the controlling shareholder, as well as satisfy the requirements of Paragraph 1 of Article 8 of Law 6,404/76, and include the responsibility pursuant to Paragraph 6 of this same Article.*~~

~~***Paragraph 1*** *– The choice of the institution or specialized company is incumbent solely on the general meeting, based on the Board of Directors' list of three names; the respective approval will be adopted by the majority of the outstanding voting stock present at the general meeting, blank votes excluded. If the meeting is called to order on the first call, the quorum will be shareholders' holding at least twenty percent (20%) of the outstanding shares or, if called to order on the second call, the quorum will be any number of outstanding shares.*~~

~~***Paragraph 2*** *– The costs incurred in the preparation of the valuation report shall be borne by the offeror.*~~

CHAPTER XIII
Deregistration from the New Market

Article 38 – Should the general meeting adopt the deregistration from the Novo Mercado in order that the Corporation's securities may be registered for trading outside the Novo Mercado, or by virtue of an operation involving a corporate reorganization, in which the company resulting from this corporate reorganization is not accepted for trading its securities on the Novo Mercado within the period of 120 (one hundred and twenty) days as from the date of the annual shareholders' meeting that approved the said operation, the Controlling Shareholder must make a public offering for the purchase of shares held by the remaining shareholders of the Corporation, at least at the respective Economic Value of the shares as calculated in the valuation report prepared pursuant to Article 37, subject to the applicable laws and regulations.

Proposal:

Article 36 *– The Company may decide in a general meeting on deregistration from the Novo Mercado, irrespective of the holding of a Public Offering of Shares, by a majority of votes of holders of shares in the Free Float in attendance at the said meeting, pursuant to the Novo Mercado Rules.*

Sole Paragraph *– The general meeting for deregistration from the Novo Mercado by the Company, shall be installed with a quorum of shareholders representing at least 2/3 (two thirds) of the total Free Float, on the first calling. In the event that this quorum of shareholders present is not reached, the meeting shall be installed on a second calling with the presence of any number of holders of shares comprising the Free Float.*

Article 37 *– The voluntary deregistration of the Company may also take place through a Public Offering of Shares pursuant to the terms in Chapter XII of the Corporate Bylaws and current regulations of the Brazilian Securities and Exchange Commission, in accordance with the following criteria:*

I *– establishing a fair price for the offer of shares, pursuant to the Corporate Law, the shareholders being permitted to request a new evaluation of the Company;*

II *– acceptance of the Public Offering by more than 1/3 (one third) of the holders of the shares in the Free Float with the sale of their shares or in the event of no sale, with their agreement for deregistration.*

Elimination proposal:

~~***Article 39*** *– In the absence of a Controlling Shareholder, should a resolution be made to deregister the Corporation from the Novo Mercado in order that the securities it has issued may be registered for trading outside the Novo Mercado, or by virtue of an operation for corporate reorganization, in which the securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo Mercado within the period of 120 (one hundred and twenty) days as from the date of the annual shareholders' meeting at which the said operation was approved, the process of deregistration shall be conditional on the realization of a public offering for the acquisition of shares under the same conditions pursuant to the preceding article.~~

~~***Paragraph 1*** *– The said annual shareholders' meeting shall decide as to the responsible party/parties for effecting the public offering for the acquisition of shares, the said party/parties, which been present at the meeting expressly assuming the obligation to execute the offering.~~

~~***Paragraph 2*** *– In the absence of a definition on the responsible parties for holding the public offering for the acquisition of shares, in the case of a corporate reorganization in which securities of the corporation resulting from this reorganization are not acceptable for trading on the Novo*~~

~~*Mercado, it shall be incumbent on the shareholders that voted in favor of the corporate reorganization, to execute the said offering.*~~

Article 40 – The deregistration of the Corporation from the Novo Mercado due to noncompliance with the Novo Mercado Rules is conditional on the holding of a public offering for the acquisition of shares, at least at the Economic Value of the shares to be calculated in the valuation report pursuant to Article 38 of these Bylaws in line with the legal norms and applicable rules.

Paragraph 1 – The Controlling Shareholder shall execute the public offering for the acquisition of shares pursuant to the caption sentence to this article.

Paragraph 2 – In the event of there being no Controlling Shareholder and the deregistration from the Novo Mercado pursuant to the caption sentence occurs as a result of the resolution of the annual shareholders' meeting, the shareholders that have voted in favor of the resolution resulting in the respective non-compliance, shall execute the public offering for the acquisition of shares pursuant to the caption sentence.

Paragraph 3 - In the event of there being no Controlling Shareholder and the deregistration from the Novo Mercado pursuant to the caption sentence occurs as a result of a management act or fact, the Members of Management of the Corporation shall call a meeting, included on the agenda of the day, a resolution on how to remedy non-compliance with the obligations contained in the Novo Mercado Rules or, if the case, decide on deregistering the Corporation from the Novo Mercado.

Paragraph 4 – Should the annual shareholders' meeting mentioned in Paragraph 3 above decide on the deregistration of the Corporation from the Novo Mercado, the said annual shareholders' meeting shall decide the party/parties responsible for executing the public offering of shares pursuant to the caption sentence, the said party/parties, having been present at the meeting, shall expressly accept the obligation of executing the offering.

Proposal:

Article 38 *– The deregistration of the Company from the Novo Mercado due to noncompliance with the Novo Mercado Rules is conditional on the holding of a public offering for the acquisition of shares, pursuant to the terms of Chapter XII and Article 36 of Chapter XIII of these Corporate Bylaws.*

Sole paragraph *– In the event of the percentage for the acquisition of the Free Float not being reached for deregistration from then Novo Mercado, following the holding of the Public Offering, the shares of the Company's issuance shall continue to trade for a term of 6 (six) months in the do Novo Mercado, as from the date of the holding of the Public Offering, without limitation on the imposition of eventual monetary sanctions.*

Proposal for inclusion:

CHAPTER XIV
Dissolution, Liquidation and Extinguishment

Article 39 *– The Company shall go into liquidation, dissolution and extinguishment in cases in law or by decision of the general meeting.*

Paragraph 1 *– The board of directors shall nominate the liquidator and establish his fees as well as the form and guidelines for the said liquidation, dissolution and extinguishment of the Company.*

Paragraph 2 *– The fiscal council shall operate during the period of liquidation.*

CHAPTER XIII
Arbitration

Article 41 – The Corporation, its shareholders, management and auditors undertake to submit to arbitration, through the Novo Mercado Arbitration Panel, any and every dispute or controversy that may arise among them, related with or arising from, in particular, the application, validity, enforcement, interpretation, violation and their effects, of the provisions in the Brazilian Corporate Law, the Corporation's Bylaws, the rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as the other rules applicable to the capital markets in general, besides those in the Novo Mercado Listing Rules and the Rules of Arbitration, the Rules on Penalties and the Novo Mercado Registration Agreement.

Proposal:

Article 40 *– The Corporation, its shareholders, management and members of the fiscal council, both effective and alternates, undertake to submit to arbitration, through the Novo Mercado Arbitration Panel, any and every dispute or controversy that may arise among them, related with or arising from their condition as issuer, shareholders, management and members of the fiscal council and, in particular, the application, validity, enforcement, interpretation, violation and their effects, of the provisions in the Corporations Laws and of the Securities' Market, the Company's Corporate Bylaws, rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as the other rules applicable to the capital markets in general, besides those of the Novo Mercado Listing Rules and the Rules of Arbitration, of the other Regulations of B3 and the Novo Mercado Registration Agreement.*

CHAPTER XVI
Miscellaneous

Article 42 – Employees may receive a share of the profits or income, not linked to their pay, upon decision adopted by the general meeting, subject to the applicable laws.

Proposal:

Article 41 - *Employees may receive a share of the profits or income, not linked to their pay, upon decision adopted by the general meeting, subject to the applicable laws.*

Article 42 - *The Company, its members of the board of directors, fiscal council and committees, shall be governed by the provisions of their Internal Charters, Code of Conduct, B3's Novo Mercado Rules, Manuals of Policy for Disclosure of Information and Securities Trading Policy.*

Chairman’s Office

Legal Affairs Area

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