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PUBLIC NOTICE FOR BID NO. 2/2018-PPI/PND/CERON

ANNEX 1

SHARE PURCHASE AND SALE AGREEMENT AND OTHER COVENANTS

between

CENTRAIS ELÉTRICAS BRASILEIRAS S.A. – ELETROBRAS
as Seller,

[BID'S WINNER]
as Buyer

and

CENTRAIS ELÉTRICAS DE RONDÔNIA S.A.
as Intervening Party

[city], [--] [--], 2018

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SHARE PURCHASE AND SALE AGREEMENT AND OTHER COVENANTS

This Share Purchase and Sale Agreement and Other Covenants is entered into by and between:

From one side, as Seller:

CENTRAIS ELÉTRICAS BRASILEIRAS S.A. – ELETROBRAS, government-controlled publicly-held corporation, incorporated under the terms of Law No. 3.890-A, dated April 25th, 1961, headquartered in Brasília, Federal District, and main office at Avenida Presidente Vargas, n. 409, 13th floor, in the city of Rio de Janeiro, the State of Rio de Janeiro, enrolled at the National Taxpayer's Registry ("CNPJ") under No. 00.001.180/0001-26, herein represented in the terms of its corporate bylaws by its legal representatives, hereunder ("Seller" or "Eletrobras");

And, on the other side, as Buyer:

[BID'S WINNER], herein represented in the terms of its Corporate Bylaws by its legal representatives, hereunder ("Buyer");

Seller and Buyer will be referred to hereinafter, individually, as Party and, together, as Parties;

And as Intervening Party:

CENTRAIS ELÉTRICAS DE RONDÔNIA S.A., government-controlled closed corporation, with headquarters and jurisdiction in the city of Porto Velho, State of Rondônia, at Av. Imigrantes, n. 4137, enrolled at the National Taxpayers' Registry ("CNPJ") under No. 05.914.650/0001-66, herein represented in the terms of its Corporate Bylaws by its legal representatives, hereunder ("Distributor").

WHEREAS the Distributor is a Brazilian corporation, in the field of activity of electric power distribution in the cities in the State of Rondônia, with a capital stock in the amount of three billion, one hundred fifty-eight million, two hundred and ninety-eight thousand, five hundred and seventeen Brazilian Reais (R\$ 3,158,298,517.00), fully subscribed and paid in, divided into two billion, eight hundred eighty-eight million, five hundred and eighteen thousand, five hundred and ninety-two (2,888,518,592) registered ordinary shares without par value, all held by Eletrobras;

WHEREAS the Distributor was enrolled in the National Privatization Program – PND – and qualified in the Investment Partnership Program – PPI, in the terms of Law no. 13.334, dated September 13th, 2016, Law no. 9.491, dated December 9th, 1997, Federal Decree no. 2.594, dated May 15th, 1998 (as amended), and Federal Decree no. 8.893, dated November 1st, 2016;

WHEREAS, due to the privatization process, it was offered for sale two billion, five

hundred ninety-nine million, six hundred and sixty-six thousand, ninety-nine (2,599,666,099) ordinary shares, all registered and without par value, of the Distributor and owned by Eletrobras, upon sequential bid held in public session on [--], at B3 S.A. – BRASIL, BOLSA, BALCÃO (“B3”) (“Bid”), according to the Public Notice of Bid No. 2/2018-PPI/PND (“Public Notice”), in the terms of article 4, item I, of Law No. 9.491, dated September 9th, 1997;

WHEREAS the Bid was held on [--], at B3 S.A. – Bolsa de Valores, Mercadorias e Futuros (“B3”), having the Buyer won the bid, being therefore, obliged to enter on and comply with the terms and conditions set forth herein in order to become the controlling shareholder of the Distributor, in the terms of the Public Notice;

WHEREAS, accordance with the provisions of Resolution N. 20, dated of November 8th, 2017, as amended, of the Investment Partnership Program Board (“Resolution CPPI”), as well as the Decree No. 9.192, dated November 6th, 2017, Eletrobras has effected the adjustments to the Distributor to enable the disposal of the Distributor by the amount of fifty thousand Brazilian Reais (R\$ 50,000.00);

WHEREAS all documents and information related to the transfer of the referred shares by Eletrobras, by means of the Bid, have already been submitted and authorized by the Administrative Council for Economic Defense (“CADE”), as per Law No. 12.529, dated November 30th, 2011 as well as by the CADE Internal Regulation (Resolution CADE N. 1/2012, amended by Resolutions CADE No. 5/2013, 7/2014 and 8/2014), and by the National Electric Energy Agency (“ANEEL”), in the terms of Normative Resolution ANEEL N. 484/2012;

WHEREAS, in compliance with the provision of article 28 of Law N. 9.491, dated of September 9th, 1997, two hundred eighty-eight million, eight hundred fifty-two thousand, four hundred and ninety-two (288,852,492) ordinary shares, all registered and without par value, of the Distributor and owned by Eletrobras, corresponding to approximately ten percent (10%) of the Distributor share capital held by Eletrobras after the capital adjustment made by Eletrobras in the Distributor, will be offered to active and retired employees at the Distributor, in the terms of Offer to Active and Retired Employees at the Distributor (“Offer to Active and Retired Employees”), whose manual can be found in Annex 9 of the Public Notice with discount, of approximately, 10% (ten percent) of the minimum price per share;

WHEREAS any unsold shares of these two hundred eighty-eight million, eight hundred fifty-two thousand, four hundred and ninety-two (288,852,492) ordinary shares, all registered and without par value, of the Distributor and owned by Eletrobras, which will be offered to active and retired employees at the Distributor, in the terms of the Offer to Active and Retired Employees, shall be acquired by the Buyer, in accordance with Annex 9 of the Public Notice– Manual of Offer to Active and Retired Employees, for the value offered to the active and retired employees.

WHEREAS, in the terms of Resolution CPPI, Eletrobras will receive, due to the transfer

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of the Distributor's shares held by Eletrobras, the amount corresponding to the acquisition of these shares by the Buyer in the Bid, as well as the amount corresponding to the offer of shares active and retired employees of the Distributor, which totalizes the amount of fifty thousand Brazilian Reais (R\$ 50,000.00);

The Parties mutually **DECIDE** to executive this Agreement Share Purchase and Sale Agreement and Other Covenants, hereinafter referred to as "Agreement", which will be governed by the following clauses and conditions, to which the Parties and the Intervening Party mutually grant and accept, without any vice, including consent, namely.

1. PURPOSE

1.1. The purpose of this Agreement is the sale by the Seller to the Buyer of a single batch of two billion, five hundred and ninety-nine million, six hundred and sixty-six thousand, ninety-nine (2,599,666,099) ordinary shares, all registered and without par value, of the Distributor and owned by Eletrobras ("Offered Shares"), duly paid in, representing approximately ninety percent (90%) of the total capital stock of the Distributor.

1.2. The Offered Shares are free and cleared from any encumbrances, liens or rights of any nature, including securities, liens, charges, bonds, options, preference rights, retention rights, vote agreements, subscription rights, transfers or fiduciary granting and any other actual guarantee rights, environmental securities, tax lien, violations, rentals, licenses, easement, adverse demands, reversions, preferential agreements, restrictive agreements and any other conditions or restrictions for use, vote, transfer, distributions of income or other exercise of property attributes ("Lien"), as applicable.

1.3. As a result from the acquisition of the Offered Shares, the Buyer becomes the majority shareholder and controller of the Distributor as of the date of signature of this Agreement, while the Seller will remain as minority shareholder.

1.4. The Buyer hereby undertakes to acquire also all the unsold shares, which might be left from the Offer to Active and Retired Employees, in the terms provided in Resolution CPPI and the Public Notice, on the date provided thereon; for this purpose, the Buyer shall execute an amendment to this Agreement, as agreed with the Seller, and pay, for the acquisition of each share, the price defined in the scope of the Offer to Active and Retired Employees, in the terms of the Public Notice.

1.4.1. All provisions and duties, *mutatis mutandis*, applicable to the Offered Shares, apply to the shares that might be left from the Offer to Active and Retired Employees to be acquired by the Buyer in the terms of Clause 1.4 above.

2. ACQUISITION PRICE AND TERMS OF PAYMENT

2.1. The agreed, fixed and non-adjustable acquisition price of the Offered Shares is

forty-five thousand, five hundred Brazilian Reais and seventy-four cents (R\$ 45,500.74) ("Acquisition Price"), including the compensation for the discount granted to active and retired employees of the Distributor, as per the Offer to Active and Retired Employees, as per item 1.8 of the Public Notice for Bid n. 2/2018-PPI/PND.

2.2. The Acquisition Price is hereby paid by the Buyer to the Seller, in cash, in national currency, by means of the Bid Liquidation process operationalized by B3, which will occur through the issuance of messages in the Reserve Transfer System of the Brazilian Central Bank (STR) to the Liquidating Bank of the Accredited Broker, which will represent the Buyer before B3, as specified in Manual B3 of the Bid Procedures, which, as the responsible for the operationalization of the Bid Liquidation, according to Agreement signed by BNDES, will transfer to BNDES the full Acquisition Price received from the Buyer, and BNDES, as administrator of the National Privatization Fund ("FND"), will receive the funds in favor of Eletrobras, and will transfer the received Acquisition Price to Eletrobras, by means of individual acquisition entry in the Buyer's custody account.

2.2.1. At the time of payment of the Acquisition Price by the Buyer, the total Offered Shares will be duly transferred by B3 to the Buyer's custody account, according to the procedures provided in the Manual B3 of Bid Procedures, in compliance with the provisions in Clause 3 of this Agreement, regarding the Share transfer procedure, therefore, the Buyer will become the holder of the Offered Shares.

2.2.2. Moreover, as per Clause 1.4.1 above, any shares left from the Offer to Active and Retired Employees will be transferred by B3 to the Buyer's custody account upon the due payment by the Buyer for such shares in accordance with the Clause 1.4 as well as with the Manual B3 of the Bid Procedures.

2.3. Upon transfer of the Acquisition Price described in item 2.2. above, BNDES is authorized to deduct from such transfer the applicable discounts, according to the case, including the discounts related to the remuneration and the reimbursement of the cost due to BNDES, in the terms of article 21 of Federal Law No. 9.491, dated September 9th, 1997, of articles 25 and 26 of Federal Decree No. 2.594, dated May 15th, 1998, and article 19 of Resolution CPPI and Agreement no. 16.2.0678.1, entered into on 02/08/2017 between BNDES and the Seller.

2.4. In relation to any shares left from the Offer to Active and Retired Employees, the Buyer undertakes to pay such shares left within the deadline and in the conditions provided in the Public Notice and annexes, considering that the failure to effect the payment in due to time as wells as on the full amount of the value corresponding to the shares left from the Offer to Active and Retired Employees can lead to, upon the Seller's exclusive criterion: (a) termination of this Agreement, to be exercised and notified by simple notification in writing to the Buyer by the Seller, sending a copy of such notification to BNDES, or (b) specific execution of such obligation; in any case, notwithstanding Buyer's obligation to pay the penalty provided in Clause 7.

3. SHARE TRANSFER

3.1. The Buyer hereby authorizes the Distributor and/or any third party indicated by it to practice all acts and sign all documents and instruments necessary for the effective transfer of the Offered Shares to the Buyer regarding the bookkeeping of the transfer in the Share Transfer Book and the Registered Share Record Book of the Distributor, hereby granting the Distributor and/or any third party indicated by it, for this purpose, all necessary powers to withdraw the Shares from the B3 Deposit Center and record them in the above mentioned corporate books within 10 (ten) business days after the date of the Bid Liquidation and, in regard to the shares left from the Offer to Active and Retired Employees, from the date of liquidation of such shares in the terms of Clause 1.4 above.

3.2. The Buyer undertakes to make the Distributor and/or the third party indicated by it to comply with the provisions in Clause 3.1. above.

3.3. Once withdrawn from the B3 Deposit Center, the Offered Shares and the shares object of the Offer to Active and Retired Employees will be registered only in the corporate books of the Distributor, and at the margin of the record, there shall be a note that such shares are related to this Agreement, and therefore, subject to the obligations provided herein. In this context, in case of issuance of certificates of shares, such note shall also be stated in these instruments.

4. LIABILITY FOR ACTIVE LACK OF SUBSTANCE, PASSIVE SUPERVENIENCE AND CONTINGENCIES

4.1. The Seller will not be held responsible in any case and for any purpose whatsoever, as a whole or in part, individually, jointly and/or together, for any active lack of substance, undisclosed liability and/or contingency of any nature of the Distributor, no matter whether mentioned and/or identified or not during the Due Diligence carried out at the Distributor by the consultants hired by BNDES, provided or not in the Distributor's financial statements, mentioned or not in the Public Notice and its respective Annexes, provided or not in the reports prepared by the consultants hired by BNDES and/or in any other material made available by the Distributor and/or by the Seller, including the documents made available for evaluation purposes by the Buyer in the *Data Room* or by sufficiency and/or completeness of any of the referred data, finally, the Seller will not be held responsible, in any case and for any purpose whatsoever, as a whole or in part, individually, jointly and/or together for any direct, indirect loss and loss of profit.

4.2. The Buyer hereby recognizes also the exemption of liability of BNDES and of the Federal Government from liability for any cases described in sub-item 4.1, upon expressed and unequivocal waiver to any right to claim indemnity and/or repair for any direct, indirect loss and loss of profit.

4.3. Should the Buyer receive any notice, notification, judicial or extra-judicial, related to any obligation of the Distributor, but was taken by Eletrobras, the Buyer shall

immediately notify the Seller, so the Seller can take the necessary measures.

- 4.3.1. Should the Buyer fail to notify the Seller, in a timely manner, so the Seller can take the necessary measures, the Buyer shall bear with any and each loss caused to the Seller due to this failure, without prejudice to the penalties contained in this Agreement.
- 4.3.2. Upon the receipt of the notification sent by the Buyer, the Seller must make its best efforts to exempt the Buyer from any liability related to such obligation, considering that, if not possible, the Seller shall reimburse the Buyer of any and each charge and/or expense due to this event.

5. BUYER'S DUTIES

5.1. Notwithstanding the other obligations of the Buyer provided in this Agreement, the Buyer and its possible successors and grantees, for any purpose, including pursuant to any corporate restructuring or cession and transfer to third parties of the shares acquired from the Buyer in this Agreement, will be obliged jointly, irrevocably and irreparably, upon expressed waiver to all and any benefit, to fulfill the following obligations, considering that for this purpose, they undertake to exercise, if necessary, their right to vote in the General Assembly Meetings of the Distributor in order to:

- (i) on the date of signature of this Agreement and as soon as the Offered Shares are duly transferred to the Buyer, to increase the capital stock of the Distributor, by means of Extraordinary General Meeting, in the minimum amount of two hundred fifty-three million, eight hundred and forty-four thousand, one hundred and fifty-seven Brazilian Reais and six cents (R\$ 253,844,157.06);
- (ii) on the occasion of the capital increase, to pay, in the totality of the new shares issued pursuant to such the new increase of the capital stock at the time of the Extraordinary General Assembly Meeting of the Distributor, which deliberates on this matter, and, at the same time, to set the deadline for the minority shareholders to be able to exercise their preference right to preference for the subscription of the capital increase at the proportion of the number of shares of their property, as per the terms and conditions established in Annex 9 of the Public Notice – Manual of Offer to Active and Retired Employees;
- (iii) upon the draft of the minutes of the Distributor's Extraordinary General Meeting, in which the capital increase made by the Buyer is deliberated, to specifically mention the possibility of shareholders, to acquire shares of the Distributor after the date of such Extraordinary General Meeting, therefore participating in the capital increase, through exercise of the preemptive right, since such right is granted by the Seller to active and retired employees of the Distributor, that exercise the option to acquire the shares under the Offer to Active and Retired Employees;
- (iv) hold a new Extraordinary General Meeting of the Distributor, immediately at the end of the deadline related to the right to preference of the minority

- shareholders established in Annex 9 of the Public Notice – Manual of Offer to Active and Retired Employees, in order to homologate the capital increase;
- (v) comply with all terms and conditions established in Annex 9 of the Public Notice – Manual of Offer to Active and Retired Employees, mainly in regard to the exercise of the preemptive right of the minority shareholders in the capital stock increase described in item (i) above;
 - (vi) comply with all provisions of the new Concession Contract of the Distributor and execute all and any document, necessary to formalize the change of the Distributor's control, in compliance with the provisions in the Public Notice;
 - (vii) comply with all rules provided in the referred Concession Contract of the Distributor, and in the Public Notice and the applicable legislation, in case of any corporate change at the Distributor;
 - (viii) duly comply with all rules related to the electric power sector of the Distributor, including all rules issued by ANEEL and other governmental bodies that are applicable to the Distributor;
 - (ix) acquire, within the deadline and in the terms provided in Annex 9 of the Public Notice – Manual of Offer to Active and Retired Employees, the shares referring to possible leftovers from the Offer to Active and Retired Employees in the conditions provided in the Resolution CPPI and the Public Notice;
 - (x) in 3 (three) years after the execution of this Agreement, to make a buyout offer, in national currency, addressed to the active and retired employees shareholders, who have acquired shares within the scope of the Offer to Active and Retired Employees and/or those, who have subscribed new shares in the first capital increase made by the Buyer as the majority shareholder of the Distributor of a part or the totality of the shares acquired/subscribed by such Active and Retired Employees shareholders in these two situations described herein, considering that the buyout of these shares will be held under the terms specified in Annex 9 of the Public Notice – Manual of Offer to Active and Retired Employees;
 - (xi) fulfill the requests from any governmental body in connection with the Distributor, and allow public agents/servants/employees duly assigned by any governmental body to have unrestricted access to books and documents of the Distributor. The Buyer undertakes to keep and store the referred documentation for at least ten (10) years from the present date, or longer period, if required by the legislation and/or applicable regulation;
 - (xii) keep in its document archive as determined in the relevant legislation in force, undertaking to consult the Brazilian Electricity Memory Center – Electricity Memory before destroying any document related to the Brazilian electric sector;
 - (xiii) within sixty (60) calendar days from the date of signature of this Agreement, replace and/or make others replace the data of the Seller and/or its controlling companies mentioned in the financing Contracts and other obligations, financial or not, of the Distributor, in which the Seller still acts as warrantor, guarantor, co-obliged, jointly or subsidiary, and/or provides any form of guarantee or financial support to the Distributor in favor of third parties;
 - (xiv) in the event, when the respective creditors or beneficiary contract

counterparties (together, "Counterparties"), , do not agree with the replacement mentioned in the previous item (which shall be proven by the Buyer upon presentation to the Seller of the notifications sent to the respective creditors or Counterparties, as well as the copies of all communication kept between the parties), despite of the Buyer's best efforts in this regard or yet, in case any of the bonds posted by the Seller to the Distributor in favor of third parties is executed by any Counterparties, as a whole or in part, before the deadline referred to in the previous item, the Buyer, notwithstanding the obligation to continue presenting new bonds and/or alternatives of credit reinforcement to such creditors or Counterparties in order to fully and timely fulfill the obligation mentioned in the previous item , shall (i) monthly pay to the Seller on the 5th business day of each month, as remuneration for the bond or the financial support provided by the Seller in such Contracts and pending full substitution by the Buyer, the value of 1% (one percent) a month of the total value guaranteed by the Seller as per the terms of each respective Contract and correlated instruments, and also (ii) offer compensation bond to the Seller, in the same deadlines, values and conditions as the referred bond, considering that the Seller may accept or not the proposed compensation bond with due justification, and it is hereby agreed that in case the compensation bond is not accepted for two (2) times, the Buyer shall, within thirty (30) days, present a letter of guarantee issued by a financial institution authorized by BACEN and classified between the first and second levels, in other words, between "A" and "B" in the long-term rating scale of, at least, one of the following risk rating agencies: Fitch Ratings, Moody's or Standard & Poor's, without prejudice to the payment provided in the previous sub-item, and may submit new counterparties that fully comply with the same deadlines, amounts and conditions of the said guarantee provided by Seller to replace the bond;

- (xv) if it is not possible, within one hundred and eighty (180) calendar days from the date of signature of this Agreement, replace and/or make others replace the Seller in the financing Contracts and other obligations, financial or not, of the Distributor, in which the Seller provides guarantees, is co-obliged and/or gives any other bond or financial support in the terms of item (xiv) above, the Buyer shall, within the thirty (30) subsequent calendar days, pay or make the Distributor pay fully the referred Contract in advance and/or terminate it in the terms provided in the referred Contracts, thus, releasing the bond or the financial support provided by the Seller;
- (xvi) maintain the technical capacity of the Distributor so that provisions of the legislation applicable to the granted services are always complied with;
- (xvii) maintain, for all and any time, the Distributor's headquarters within its concession area, except if required otherwise by the competent authorities;
- (xviii) maintain, the social security beneficiary plans and health insurance, for the period of twenty-four (24) months from the date of execution of this Agreement, besides the legally required social benefits. However, this commitment will not impede the Buyer to establish negotiations during these twenty-four (24) months aiming to change the conditions of the current plans, including regarding the creation of new plans and/or the migration of its respective

- reserves to another private social security plan, provided that there is no reduction or exclusion of benefits during the minimum period defined above. After this period of twenty-four (24) months, the Buyer may implement the decisions it deems suitable regarding such plans in compliance with the applicable legislation, the agreements in force and the third parties' rights;
- (xix) grant free of charge a professional requalification program compatible to the best practices on the market, to any employees of the Distributor that might be fired after the execution of this Agreement, considering that for such purpose, it undertakes to enter into agreements and/or partnerships with companies specialized in such kind of field of activity;
 - (xx) provide the competent statutory changes of the Distributor that might be necessary for the fulfillment of the obligations and the requirements provided in the Public Notice and the adjustment of the Distributor to its new condition as a private company; and
 - (xxi) as the majority shareholder of Distributor, shall cause the Distributor to promote the evaluation, in the first tariff review, of the Distributor's assets accounted for in Fixed Assets in Progress (FAIP) on the base date of the valuation report mentioned below (Deloitte) and which may be subject to future tariff recognition ("Reimbursable FAIPs"). These Reimbursable FAIPs shall be reimbursed to the Seller, under the terms and conditions established in Clause 5.3. below, provided that they cumulatively meet the following:

- a) have been recorded in the FAIP up to the base date of the valuation report prepared by the consultancy (Deloitte), attached to this Agreement and indicated in the table below;
- b) do not appear in the regulatory remuneration basis presented in the report mentioned in item "a" above; and
- c) must have the tariff recognition approved by ANEEL in the first tariff review.

Information of the Appraisal Report, in which the Reimbursable Fixed Assets in Progress are not included in the Assets				
Appraiser	Date of the Report	Date of the Assets	Gross Regulatory Compensation Base* (R\$)	Net regulatory remuneration Base*(R\$)
Deloitte	07/27/2017	February/2017	1,195,450,369	673,449,819

* Suggested by the Appraiser based on the rules and procedures defined by ANEEL

5.2. It is hereby agreed between the Parties that the Seller at its sole discretion, may observe the preparation of the appraisal report contracted by Buyer for the Distributor tariff review process described in subitem (xxi) of Clause 5.1. above, in accordance with the current regulations, and may also request clarification and information thereof.

5.3. The Buyer, as the majority shareholder of the Distributor, shall cause the Distributor to reimburse the Seller for the Reimbursable FAIPs mentioned in subitem

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(xxi) of Clause 5.1. above, given that the amount of reimbursement due to the Seller as payment by the Reimbursable FAIPs shall correspond to 50% (fifty percent) of the contribution of each of the assets in the net remuneration base, according to the definition in force in the Tariff Regulation Procedures - PRORET of ANEEL, disregarding any postings, subsequent to the base date of the appraisal report indicated in the table above, of the investments necessary to the immobilization of these assets in progress.

5.3.1 The appraisal of the amount of the reimbursement referred to in item 5.3 above shall be carried out by a technical consultant duly registered with ANEEL, under the terms of the current regulation, to be contracted by the Distributor within a period of up to thirty (30) days counted from date of ratification by ANEEL of the result of the tariff review.

5.3.1.1 The appraisal referred to in Clause 5.3.1 above will be drawn up based on the comparison of the result of the tariff review approved by ANEEL vis a vis the evaluation report carried out by the consultancy (Deloitte), considering the criteria presented in sub-item (xxi) of Clause 5.1. above.

5.3.2 As soon as the technical consultant mentioned above is hired, the Distributor shall immediately inform the Seller in written form of such hiring, being allowed to the Seller to monitor the appraisal provided for in this Clause, and may also request clarifications and information, respecting any secrecy applicable to the case.

5.3.3 The result obtained by the calculation of the Reimbursable FAIPs must be approved by the Seller and by the Buyer within a maximum of thirty (30) days from the delivery of the respective appraisal by the technical consultant, being such term extendable by justification.

5.3.4 If any of the Parties fails to approve the result of the appraisal, with due justification, the Buyer shall hire a new technical consultant, registered with ANEEL, under the terms of the current regulation.

5.3.4.1. If the second appraisal results in a value different from that obtained by the first appraisal, the technical consultant hired pursuant to Clause 5.3.4 above shall obtain the average of the 2 (two) assessments, so that the result from that average will be the final value of reimbursement referred to in this Clause 5.3, and such result shall be binding for the Parties.

5.3.5 Once the final value has been defined, the payment of the reimbursement must be made according to one of the following options, at the sole discretion of the Distributor:

5.3.5.1. in a single installment, to be paid within 30 (thirty) days after the approval by the Parties of the result of the appraisal described in item 5.3.3. above or after the formal communication of the result by the consultant in the case provided for in Clause 5.3.4.1;

or

5.3.5.2. in monthly and successive installments of equal value, for a number of years limited to the remaining term of the Concession Agreement, being the first installment due in thirty (30) days counted in the terms of Clause 5.3.5.1.

5.3.6 The payment provided for in Clause 5.3.5.2 shall comprise a remuneration for the deferral of the reimbursement for the contractual term, equivalent to the product between the sum of the remaining installments payable under the terms of item 5.3.5.2. above and a rate of remuneration, which shall be equivalent to one hundred eleven per cent (111%) of SELIC, fixed by the correction index resulting from the provisions of article 4, paragraph 5 of Law 5,655, dated as of May 20, 1971, for assets linked to the Light for All Program and financed with the resources of RGR.

5.4. The Buyer also undertakes to make its best efforts for the Distributor to:

- (i) develop, implement and keep an Environmental and Social Management System (“SGAS”) according to the Good International Practices of the Industry (“BIPI”) in the management of social and environmental risks;
- (ii) develop stakeholder engagement plan according to the BIPI in the management of social and environmental risks, including mapping and aimed to access the risks and the impacts of the operational activities and concession expansion works that might affect the stakeholders;
- (iii) request and obtain all necessary environmental licenses, authorizations and permits from the competent environmental authorities; and
- (iv) ensure that its Human Resources - HR policies and procedures are accordance to the BIPI and the requirements of the Brazilian labor laws. Especially, the Buyer shall make its best efforts to (i) ensure that the mechanisms for handling the complaints in the Distributor’s environment are dully effective, allowing the workers and their organizations to make pertinent questions regarding their work conditions; as well as (ii) to assure that any measure resulting in reduction of personnel/structure of employees complied with the BIPI.

5.5. The obligations stipulated in Clauses 5.1, 5.2, 5.3 and 5.4 above cannot be alleged: (i) to claim tariff compensations with the intention to keep the economic-financial balance of the concession of the services provided by the Distributor; or (ii) in order to justify any non-fulfillment of the Concession Contract and/or the legislation and regulation applicable to the field of activity of the Distributor.

6. AGREEMENT VALIDITY

6.1. The Parties hereby agree that in case of sale, exchange, replacement, cession, transfer, increase of capital, institution of right to use or deed of trust, or any other form of direct or indirect disposition, free of charge or remunerated, even if pursuant to split, incorporation, merger, dissolution or liquidation operations, change of corporate purpose, or any other legal business, which results in direct or indirect transfer of

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ownership of the Offered Shares or the number of shares held by the Buyer that might result in transfer of the control of the Distributor, the obligations provided herein will remain enforceable, and shall be fully undertaken by the third party(ies), that become the owner of the Offered Shares and/or the number of shares representing the share control of the Distributor.

6.2. In this context, the Buyer hereby undertakes to be jointly responsible and upon express, irrevocable and irreparable waiver to all and any benefit, with any third party, that might become the owner of the Offered Shares and/or the shares representing the share control of the Distributor, for the fully and timely fulfillment of the obligations pursuant to this Agreement, while the Buyer's obligations described in items (i) to (v), (ix), (x), (xiii) to (xv), and (xviii) of Clause 5.1. of this Agreement might last.

6.3. The obligation provided herein refers not only to the Offered Shares, but also to the shares, that assure the Buyer the position of controlling shareholder of the Distributor. Thus, in case the Buyer, in any way or by any means whatsoever, or in case any third party, by means of any corporate reorganization or equivalent operation (even without the transfer itself by the Buyer) transfers and/or starts sharing the control of the Distributor on factual and/or legal basis, such third party acquiring the control of the Distributor subsequent to the Buyer shall undertake the obligation to fully and timely fulfill all obligations set forth in this Agreement, and the Buyer will also be jointly obliged with such third party before the Seller for the total and timely fulfillment of such obligations, while the Buyer's obligations described in items (i) to (v), (ix), (x), (xiii) to (xv), (xviii) and (xxi) of Clause 5.1, applying the same waivers as those mentioned in Clause 6.2 above to them.

6.4. This Agreement is entered into on irrevocable and irreversible character, obliging the Buyer and Seller, their successors, heirs, and grantors, at any title, to comply with the obligations agreed herein.

7. PENALTIES

7.1. Without prejudice of other dispositions set forth in this Agreement, the Buyer's failure to comply with the obligations provided herein will result in the enforcement of the penalties described below, non-compensatory and cumulatively, whereas the amount of the fines shall depend on the relevance of the defaulted obligation, as established below:

- (a) In cases of noncompliance of the obligations described in Clauses 1, 2, and 3, as well as in items (i) and (ii) of Clause 5.1., the Buyer shall incur in a cumulative, monthly fine, corresponding to zero point five per cent (0.5%) of the total contribution amount to be made by the Buyer as described in item (i) of Clause 5.1., until the obligation is duly fulfilled, whereas the contribution amount described herein shall be duly readjusted and corrected by IPCA variation, from the date of execution of this Agreement until full payment of the Fine to the Seller;

- (b) In cases of noncompliance of the obligations set forth in items (iii) to (v), (ix), (x), (xviii) and (xxi) of Clause 5.1., the Buyer shall incur in a cumulative, monthly fine, equivalent to twenty percent (20%) of the value of the defaulted obligation, until the obligation is duly complied with, whereas such amount shall be duly readjusted and corrected by IPCA variation, from the date of execution of this Agreement until full payment of the Fine to the Seller;
- (c) In cases of noncompliance of the obligations established in items (xiii) to (xv) of Clause 5.1., the Buyer shall incur in a cumulative, monthly fine, equal to twenty per cent (20%) of the total amount of the concerning agreement(s), until the obligation is duly complied with, whereas such amount shall be duly readjusted and corrected by IPCA variation, from the date of execution of this Agreement until full payment of the Fine to the Seller;
- (d) In case of noncompliance of any other obligations established herein, except for those described in sub-item "a" to "c" above, a daily fine shall be applied, corresponding to ten per cent (10%) of the Acquisition Price, duly readjusted and corrected by IPCA variation, from the date of execution of this Agreement until full payment of the fine to the Seller, for as long as the default endures, whereas, upon compliance with the defaulted obligation, the total amount of the Fine will be the sum amount of the daily fines, which shall not exceed the Acquisition Price.

7.2. In all cases mentioned above, an one per cent (1%) interest rate shall be added to the amount of the fine per month, applicable from the date of noncompliance with the obligation until the effective discharge of the fine.

7.3. The non-compensatory fine due to total or partial non-compliance of any of the obligations will be due, in case the Buyer fails to comply with more than one obligation provided in this Agreement;

7.4. The penalties described above will only be due by the Buyer in case of failure to correct the default within thirty (30) calendar days from the receipt of the notification submitted by the Seller informing such default.

7.5. The non-compensatory contractual fine set forth in Clause 7.1 shall be applied without prejudice to the specific execution of the defaulted obligation and to any compensation for damages and losses due to Seller as a result of said default.

8. NOTIFICATIONS

8.1. All warnings, agreements, waivers and other notifications shall be made in writing form and delivered by return-receipt letter, *courier*, in hand or sent by e-mail (in this case, upon confirmation of receipt), according to the case, to the address described below (or any other address indicated by the Parties):

(a) If to the Buyer, If to the:

Name: [--]
Address: [--]
CEP [Zip Code]: [--]
City/State
C/O: [--]
E-mail: [--]
Fax: [--]

(b) If to the Seller, If to the:

Centrais Elétricas Brasileiras S.A. – Eletrobras
Av. Presidente Vargas, nº 509, 22º andar, Centro
Rio de Janeiro – RJ
CEP [Zip Code] 20071-003
C/O: [--]
E-mail: [--]
Fax: [--]

8.2. The communications and/or the notifications will be considered effective and duly delivered: (i) immediately after sending, when sent by e-mail with confirmation of receipt or telecopy between 9:00 a.m. and 06:00 p.m. (Brasília time) in any business day, and sent after the referred time, at 9:00 a.m. (Brasília time) on the next business day; (ii) *on the* date they are received, when delivered in hand, sent by express service (*courier*) or return-receipt letter on any business day. Any of the Parties can change the address for submission of notifications upon written notification to the other Party, accordance with this Clause.

9. GENERAL PROVISIONS

9.1. Each Party shall bear its respective direct and indirect costs and expenses, including, but not limited to, any commissions and fees to agents, financial consultants, lawyers and/or auditors, resulting from the negotiation and the drafting of this Agreement and/or of the Public Notice, as well as any other instruments related thereto. Each Party shall also bear the corresponding taxes, that might be due to the operations and the obligations provided in this Agreement.

9.2. This Agreement benefits and binds the Parties and their successors and grantees, and is irrevocably and irreversibly executed. The Parties cannot delegate or transfer this Agreement and any rights and obligations provided herein without prior and express consent in written form of the other Party, and it is hereby agreed that any attempt of granting that violates this Clause will be null and void.

9.3. The Public Notice and the other documents provided therein are inseparable

This a free translation from the original draft of the Annex. In case of divergence between this version and the original version, in Portuguese language, the latter shall prevail.

parts of this Agreement and constitute the complete Agreement between the Parties, replacing all previous agreements and understandings between them, in oral or written form, in connection with its purpose. All obligations provided in the Public Notice, whose enforceability and/or efficacy are ulterior to the date of this Agreement or yet, continuously agreed, will remain valid, enforceable and efficient in the terms provided in the Public Notice.

9.4. This Agreement shall enter into force on the date of execution of this Agreement.

9.5. The Agreement cannot be amended or altered, unless upon instrument in written form and duly executed by the Parties, in compliance with any applicable corporate and regulatory authorizations, according to the case.

9.6. In case any term, provision, obligation or restriction of this Agreement is considered null, void or deemed against the regulatory policy by any agency with competent jurisdiction or another authority, all other terms, provisions, obligations and restrictions of this Agreement will remain valid and binding and will not be impaired or invalidated in anyway whatsoever, and this Agreement will be reformed, interpreted and executed in such jurisdiction as if such invalid, illegal or non-enforceable term, provision, obligation or restriction has never been part of this Agreement.

9.7. No delay or omission of any of the Parties to exercise any right in the terms of this Agreement, in compliance with the legal deadlines, shall be considered waiver to this right, or nor prevent further or subsequent exercise thereof, considering that any Party, that wishes to waive any of its rights under this Agreement, can do so only by means of a written instrument duly signed by the Party waiving the relevant right.

9.8. The Buyer has full knowledge of the legislation in force in Brazil, including rules and regulations issued by ANEEL, the Central Bank of Brazil, the Securities and Exchange Commission, and any rules related to the electric power distribution activity, and cannot claim lack of knowledge of any law or rule in force, assuming full responsibility for the obligations and limitations rising from laws and rules, that may be edited by the Public Power.

10. COURT

10.1. The Parties undertake to make reasonable efforts to resolve any doubt, controversy or dispute relating to or arising out of the obligations set forth in this Agreement before proposing any action, suit, or judicial proceeding for this purpose.

10.2. The Parties hereby elect the jurisdiction of the Judicial District of Brasília, Federal District to settle any judicial affairs in connection with this Agreement, hereby expressly waiving to any other jurisdiction, no matter how privileged it might be.

IN WITNESS WHEREOF, the Parties sign this Agreement in three (3) counterparts of equal content and form, in the presence of two (2) witnesses.

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[Place], [date].

[PARTIES]

[INTERVENING PARTY]

[WITNESSES]