
GOVERNMENT OF THE STATE OF SÃO PAULO

BID NOTICE SF. 001/2018

Sale of equity stock of:

CESP - Companhia Energética de São Paulo

2018

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Government of the State of São Paulo

Directing Council of the State Privatization Program

Bid Notice SF. 001/2018

**Sale of Equity Stock in:
CESP - Companhia Energética de São Paulo**

The State of São Paulo, through the State Revenue Office, in compliance with and for the purposes of State Law 9,361, dated as of July 5, 1996, on its own behalf and representing the other SELLERS, makes public the terms and conditions of the destatization of CESP- Companhia Energética de São Paulo.

The procedures for the transfer of SHARES shall be governed by this BID NOTICE and its annexes, by the INSTRUCTION MANUAL, by resolutions of the DIRECTING COUNCIL OF THE PED - State Destatization Program, by acts issued by the STATE and by applicable laws.

This English translation of the BID NOTICE is presented for information purposes only. The PROCESS will be conducted in Portuguese. Any and all documents must be presented in Portuguese (translated into Portuguese by a public sworn translator in Brazil if applicable). In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

Chapter 1 - Preliminary Clarifications

1.1. Definitions

For its purposes and effects, in this PUBLIC NOTICE, the expressions listed below shall have, in their singular or plural forms, the meanings indicated below:

- 1.1.1. ACCESS: is the access to information relating to CESP, by those interested in participating in the AUCTION, including, without limitation, those available in the DATA ROOM and those obtained during meetings or visits to CESP.
- 1.1.2. SHARES: are 116,450,297 (one hundred sixteen million, four hundred fifty thousand, two hundred ninety-seven) shares issued by CESP, being 87,522,028 (eighty-seven million, five hundred twenty-two thousand, twenty-eight) common registered shares and 28,928,269 (twenty-eight million, nine hundred and twenty-with thousand, two hundred sixty-nine) class B preferred registered shares, of the following SELLERS:

SHAREHOLDER	CNPJ	COMMON SHARES	PREFERRED B SHARES
STATE	46.379.400/0001-50	86,330,751	15,135,166
Companhia do Metropolitano de São Paulo - METRO	62,070,362.0001-06	1,182,500	–
DERSA – Desenvolvimento Rodoviário S.A.	62,464,904/0001-25	180	–
Companhia de Saneamento Básico do Estado de São Paulo - SABESP	43,776,517/0001-80	6,690	–
Department of Water and Electric Power - DAEE	46,853,800/0001-56	1,907	–
Companhia Paulista de Parcerias - CPP	06,995,362/0001-46	–	13,793,103
Selling shareholders' total number of shares		87,522,028	28,928,269

- 1.1.3. SHARES IN THE OFFER TO EMPLOYEES: are the 16,375,710 (sixteen million, three hundred and seventy-five thousand, seven hundred ten) common registered shares issued by CESP owned by the STATE, corresponding to approximately 5% (five percent) of CESP's capital, in two lots, being: 1,202,700 (one million, two hundred and two thousand, seven hundred) SHARES IN THE OFFER TO EMPLOYEES at a discount of 50% (fifty percent) on the MINIMUM PRICE AT AUCTION, at a price of R\$ 7.15 (seven Brazilian Reals and fifteen cents) per share, duly adjusted by the SELIC RATE variation between the date of the

PUBLIC AUCTION SESSION and the date of the AUCTION SETTLEMENT, and 15,173,010 (fifteen million, one hundred seventy-three thousand, ten) SHARES IN THE OFFER TO EMPLOYEES offered at no discount, at a price of R\$ 14.30 (fourteen Brazilian Reals and thirty cents) per share, duly adjusted according to the SELIC RATE variation between the date of the PUBLIC AUCTION SESSION and the date of the AUCTION SETTLEMENT.

- 1.1.4. AMENDMENT TO THE CONCESSION AGREEMENT: means the amendment to the CONCESSION AGREEMENT to be entered into by and between the GOVERNMENT and CESP, and the NEW CONTROLLING PERSON as an intervening party, to reflect the transfer of controlling interest in CESP and the exclusion of Primavera HPP, which will be the object of a new concession under Decree 9,271, dated as of January 25, 2018.
- 1.1.5. WATERWAY ADMINISTRATOR: is AHRANA Administradora da Hidrovia do Rio Paraná and DH/ST-SP, bodies responsible for the management, administration and inspection of the Tietê-Paraná Waterway, at the federal and state levels.
- 1.1.6. SELLERS: are the STATE, METRÔ, DERSA, SABESP, DAEE and CPP.
- 1.1.7. ANEEL: is the National Agency of Electric Power, federal authority under special regime, with legal personality under public law, under the Ministry of Mines and Energy, with principal place of business and venue in the Federal District, created by Federal Law 9,427, dated as of December 26, 1996 and regulated by Federal Decree 2,335, dated as of October 6, 1997.
- 1.1.8. ANNEX: is each of the documents attached to this BID NOTICE, numbered in sequence, and that are expressly integral parts hereof.
- 1.1.9. B3: is B3 S.A. - Brasil, Bolsa, Balcão, corporation with its principal place of business in the City of São Paulo, State of São Paulo, at Praça Antônio Prado, 48, enrolled with CNPJ under 09,346,601/0001-25.

- 1.1.10. CADE: is the Administrative Council for Economic Defense, federal authority under the Ministry of Justice, in accordance with Federal Law 12,529, dated as of November 30, 2011.
- 1.1.11. CESP: is CESP - Companhia Energética de São Paulo, publicly traded corporation, public utility concessionaire of power generation, with its principal place of business in the City and State of São Paulo, at Avenida Nossa Senhora do Sabará, 5,312, enrolled with CNPJ under 60,933,603/0001-78.
- 1.1.12. BIDDING PROCESS COMMITTEE: special committee created by the OFFICE, which will receive, analyze and judge the documents and conduct the procedures related to this AUCTION.
- 1.1.13. PED DIRECTING COUNCIL: is the Directing Council of the State Destatization Program, collegiate organized according to Chapter II, article 4 of the PED LAW.
- 1.1.14. CONSORTIUM: is the consortium formed by two or more BIDDERS, who are expressly jointly and severally liable, in accordance with and for the purposes of item 3.2.1 of this BID NOTICE.
- 1.1.15. CONSULTANT: is the consulting firm engaged by the OFFICE, through public tender (E-Procurement NC 45/2016), for the provision of consultancy services involving the evaluation, modeling and execution of sale of securities held by the STATE, namely Banco Fator S.A. and subcontractors duly authorized by the STATE, as required by the provision in paragraph 1, article 7 of the PED LAW.
- 1.1.16. COUNTER-GUARANTEE: is the guarantee to be given by the NEW CONTROLLING PERSON in compliance with the obligations assumed by CESP with respect to debts object of the STATE GUARANTEES.

- 1.1.17. STOCK PURCHASE AGREEMENT: is the agreement to be executed by SELLERS and the NEW CONTROLLING PERSON, whose subject matter is the purchase and sale of the SHARES, whose draft is in ANNEX I to this BID NOTICE.
- 1.1.18. CONCESSION AGREEMENT: is Agreement for the Concession of Public Utility - Electric Power Generation 003/2004, executed on November 12, 2004, by and between the GOVERNMENT, through ANEEL and CESP, and the STATE as an intervening party, and amendments thereto.
- 1.1.19. ACCREDITED BROKERAGE FIRM: brokerage firm authorized by the Brazilian Central Bank and CVM, duly authorized to operate in B3 and engaged by the BIDDER(s) to represent it(them) in all acts related to the AUCTION with B3.
- 1.1.20. CPP: is Companhia Paulista de Parcerias - CPP, corporation with its principal place of business in the Capital of the State of São Paulo, at Av. Rangel Pestana, 300, 5th floor, enrolled with CNPJ/MF 06,995,362/0001-46.
- 1.1.21. ACCREDITATION: procedure to register the BIDDERS' legal representatives, according to item 3.3 of this BID NOTICE.
- 1.1.22. CREDITOR is the creditor of CESP's debt object of CESP's GUARANTEE, which is described in ANNEX II hereof.
- 1.1.23. SCHEDULE: is the schedule of the main events of the PROCESS, described in ANNEX XIV hereof.
- 1.1.24. CVM: is the Brazilian Securities and Exchange Commission, federal agency under the Ministry of Finance, governed by Federal Law 6,385, dated as of December 7, 1976, as amended.
- 1.1.25. DAEE: is the Department of Water and Electric Power - DAEE, agency under the Sanitation and Energy Office of the State of São Paulo, with its principal office

in the Capital of the State of São Paulo, located at Rua Boa Vista, 170, 7th floor, enrolled with CNPJ/MF under 46,853,800/0001-56.

- 1.1.26. DERSA: is Dersa Desenvolvimento Rodoviário S.A., corporation with its principal place of business in the Capital of the State of São Paulo, located at Rua Iaiá, 126, enrolled with CNPJ/MF under 62,464,904/0001-25.
- 1.1.27. SESSION'S CHAIRPERSON: Representative of B3 who will conduct the AUCTION'S PUBLIC SESSION on behalf of the BIDDING PROCESS COMMITTEE, according to the terms of this BID NOTICE.
- 1.1.28. BID NOTICE: is this Bid Notice SF. 001/2018, for the sale of the SHARES, including its ANNEXES.
- 1.1.29. EMPLOYEES: are people entitled to purchase SHARES IN THE OFFER TO EMPLOYEES in the context of the OFFER TO EMPLOYEES, in accordance with the provisions in the PROSPECTUS OF OFFER TO EMPLOYEES, which includes (i) employees in activity on 07/31/2016, including those who have retired after that date, and (ii) employees who have been hired by 07/31/2016 and restated by court order after that date.
- 1.1.30. STATE: is the State of São Paulo, legal entity governed by public law, herein represented by the OFFICE.
- 1.1.31. FUNDAÇÃO CESP: is the private entity of supplementary social security administrating CESP's employees' retirement and assistance benefits, enrolled with CNPJ under 62,465,117/0001-06, with its principal place of business the City and in the State of São Paulo, at Alameda Santos, 2,477.
- 1.1.32. CESP GUARANTEE: is the guarantee given by CESP's with regard to CESP's debt, and which is described in ANNEX II hereof.

- 1.1.33. BID BONDS: guarantees to be given by the BIDDERS to participate in the AUCTION, in accordance with the provisions hereof.
- 1.1.34. STATE GUARANTEES: are guarantees and/or counter-guarantees given by the STATE against CESP's debts, and which are described and characterized in ANNEX III hereof.
- 1.1.35. QUALIFICATION: is the qualification process for those interested in participating in the AUCTION, according to the documents defined in item 3.6 of this BID NOTICE, and to which the participation of any BIDDER in the AUCTION is conditioned.
- 1.1.36. DEPOSITORY ENTITY: is Banco Itaú Unibanco S.A., financial institution depository of the shares issued by CESP, with its principal place of business in the City and State of São Paulo, at Praça Alfredo Egydio de Souza Aranha 100, Torre Itaúsa - 9th floor, or any other PERSON that succeeds or substitutes it.
- 1.1.37. PED LAW: is State Law 9.361, dated as of July 5, 1996, that creates the State Destatization Program - PED and provides on Corporate and Equity Restructuring of the Energy Sector of the State of São Paulo, as amended.
- 1.1.38. AUCTION: is the bidding procedure, in auction mode, as authorized by Law 9,074, dated as of July 7, 1995, with general provisions in Federal Law 8,666, dated as of June 21, 1993, and special provisions in State Law 9,361, dated as of July 5, 1996, and State Law 6,6544, dated as of November 22, 1989, , whose procedures are detailed herein and in the INSTRUCTION MANUAL.
- 1.1.39. LIVE AUCTION: is the procedure described in item 3.7.6 herein.
- 1.1.40. BIDDER: (i) is the PERSON interested in participating in the AUCTION, under provisions in item 3.1. and (ii) after the ACCREDITATION, is the PERSON or CONSORTIUM whose members have been registered and that have presented

envelopes with their BID BOND and QUALIFICATION documents, according to this BID NOTICE.

- 1.1.41. SETTLEMENT OF OFFER TO EMPLOYEES: timely and full payment to the STATE made by the EMPLOYEES participating in the OFFER TO EMPLOYEES as compensation to the transfer of ownership of the SHARES IN THE OFFER TO EMPLOYEES, which will be carried out by B3.
- 1.1.42. AUCTION SETTLEMENT: timely and full payment made by the NEW CONTROLLING PERSON to the SELLERS as compensation for the transfer of ownership of the SHARES IN THE OFFER TO EMPLOYEES, which will be carried by B3.
- 1.1.43. INSTRUCTION MANUAL: is the document prepared by B3, to be made available according to the SCHEDULE, detailing the ACCREDITATION process, operational system, the allocation of the BID BOND and the AUCTION SETTLEMENT.
- 1.1.44. DUE DILIGENCE PROCEDURES MANUAL: is the document detailing the procedures to obtain information about CESP.
- 1.1.45. METRÔ: is Companhia de Metropolitano de São Paulo - METRÔ, corporation with its principal place of business in the Capital of the State of São Paulo, located at Rua Augusta, 1626, enrolled with CNPJ/MF under 62,070,362/0001-06.
- 1.1.46. NEW CONCESSION AGREEMENT: is the new concession agreement to be entered into the GOVERNMENT and CESP, with the NEW CONTROLLING PERSON as an intervening party, whose object is the new concession for the exploration of the Hydroelectric Power Plant Engenheiro Sérgio Motta (Porto Primavera HPP), as Independent Producer of Power – IPP, under Law 9,074, dated as of July 7, 1995 and Decree 9,271, dated as of January 25, 2018, whose draft is part of ANNEX IV of the BID NOTICE.

- 1.1.47. NEW CONTROLLING PERSON: is the winning BIDDER that will purchase the single lot of the SHARES.
- 1.1.48. OFFER TO EMPLOYEES: is the offer to EMPLOYEES of the SHARES IN THE OFFER TO EMPLOYEES, in accordance with the provisions set forth in the PROSPECTUS OF THE OFFER TO EMPLOYEES.
- 1.1.49. PUBLIC STOCK OFFER: is the tender offer of shares by transfer of controlling interest, pursuant to the applicable legislation, CVM's regulation and the provisions in CESP's Articles of Incorporation.
- 1.1.50. GRANT AMOUNT: amount to be paid by CESP to the Federal Government for granting the new concession of Porto Primavera HPP, under the provisions of Interministerial Regulation 117, dated as of April 10, 2018.
- 1.1.51. RELATED PARTY: means, with respect to a PERSON, any other PERSON that: (i) is directly or indirectly controlled by the said PERSON; (ii) directly or indirectly controls said person; (iii) is, directly or indirectly, controlled by any PERSON directly or indirectly controlling said PERSON; it being established that the concept of control, whenever used herein, is that provided in article 116 of Federal Law 6,404, dated as of December 15, 1976, as amended.
- 1.1.52. PERSON: means any natural person, legal entity, equity fund (FIP), condominium, securities portfolio or other form of organization, resident or with its principal place of business located in Brazil or abroad.
- 1.1.53. GRANTING ENTITY: is the Union, using its authority conferred upon it by article 21, item XII, "b", of the Federal Constitution, represented by the Ministry of Mines and Energy.

- 1.1.54. ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION: is the amount due by the NEW CONTROLLING PERSON, in addition to the FINAL PRICE AT AUCTION, calculated in order to compensate for the discount set for the SHARES IN THE OFFER TO EMPLOYEES at a discount, pursuant to item 2.3 herein.
- 1.1.55. FINAL PRICE AT AUCTION: is the final bid amount per SHARE, offered by BIDDER that wins at AUCTION.
- 1.1.56. MINIMUM PRICE AT AUCTION: is the minimum sale price per SHARE at AUCTION, recommended by the PED DIRECTING COUNCIL and approved by the Governor of the State of São Paulo, pursuant to item 2.2.3 hereof.
- 1.1.57. PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT A DISCOUNT: is the value relative to the number of SHARES OF THE OFFER TO EMPLOYEES at a discount purchased under the OFFER TO EMPLOYEES, and which will be mandatorily acquired by the NEW CONTROLLING PERSON at the price of R\$ 7.15 (seven Brazilian Reals and fifteen cents) per share, duly adjusted according to the SELIC RATE variation between the PUBLIC AUCTION SESSION and the date of AUCTION SETTLEMENT, since the discount value will be paid at the time of the payment of the ADDITIONAL PRICE WITH RESPECT TO SHARES ACQUIRED AT AUCTION.
- 1.1.58. PRICE OF LEFTOVERS FROM OFFER TO EMPLOYEES NOT AT DISCOUNT: is value relative value to the number of SHARES OF THE OFFER TO EMPLOYEES not at discount and not purchased under the OFFER TO EMPLOYEES, and which will be mandatorily purchased by the NEW CONTROLLING PERSON, for the MINIMUM PRICE AT AUCTION, that is, R\$ 14.30 (fourteen Brazilian Reals and thirty cents) per share, duly adjusted according to the variation of the SELIC RATE between the date of the PUBLIC AUCTION SESSION and the date of AUCTION SETTLEMENT.

- 1.1.59. PROCESS: is the process of sale of the SHARES that began with the publication of the PED LAW and ends with the announcement of official closure made by the PED DIRECTING COUNCIL, which will occur only after the settlement of the PUBLIC STOCK OFFER.
- 1.1.60. PRICE OFFER: offer to be presented by the BIDDERS in this AUCTION, according to the terms and provisions in item 3.4 herein.
- 1.1.61. PROSPECTUS OF THE OFFER TO EMPLOYEES: is the document detailing the conditions and operational procedures of the OFFER TO EMPLOYEES to be made available according to the SCHEDULE.
- 1.1.62. ACCREDITED REPRESENTATIVES: Individuals authorized to represent the BIDDERS in all documents and acts related to the AUCTION.
- 1.1.63. SABESP: is Companhia de Saneamento Básico do Estado de São Paulo, corporation with its principal place of business in the Capital do Estado de São Paulo, at Av. do Estado, 561, Edifício I, enrolled with CNPJ/MF under 43,776,517/0001-80.
- 1.1.64. DATA ROOM: is the virtual environment where documents, data, reports, access to the systems and any other type of information about CESP relative to the current process will be available, which can be accessed by the interested parties registered that meet the requirements in the DUE DILIGENCE PROCEDURES MANUAL.
- 1.1.65. OFFICE: is the State Office of Finance, that, representing the STATE, is responsible for the publication of the BID NOTICE and for the coordination of the PROCESS.
- 1.1.66. PUBLIC AUCTION SESSION: Session for the classification of the PRICE OFFERS and eventually the LIVE AUCTION, to take place on the date indicated in the

SCHEDULE, at B3, whose procedures are detailed herein and in the INSTRUCTIONS MANUAL.

- 1.1.67. CONSULTANT'S SERVICES: are the services that include, besides the economic and financial evaluation, modeling and execution of sale of SHARES and other services necessary for the execution of the PROCESS, in accordance with the Notice of E-Procurement NC 45/2016 (case 12091-959115/2016 SF).
- 1.1.68. SPECIAL PURPOSE ENTITY or SPE: is the legal entity that might be organized in accordance with Brazilian laws, as a corporation, with principal place of business located in Brazil, owned or organized exclusively by the winning BIDDER at AUCTION that, for the purposes execution of the STOCK PURCHASE AGREEMENT and the AMENDMENT to the CONCESSION AGREEMENT and the NEW CONCESSION AGREEMENT pursuant to item 3.2.2 hereof, and that will, for all purposes, be deemed the successor of such BIDDER.
- 1.1.69. SELIC RATE: is the adjusted average rate of daily financing in the integrated System for Settlement and Custody (SELIC) for federal bonds, as defined in the Central Bank of Brazil Circulars Nos. 2,868, dated as of March 4, 1999, and 2,900, dated as of June 24, 1999.

1.2 information about CESP

1.2.1 Organization and Brief History

CESP was organized on December 5, 1966, as Centrais Elétricas de São Paulo from the consolidation of 11 (eleven) electric power companies. The goal was to centralize the planning and rationalization of resources of the State of São Paulo in the energy sector.

On October 27, 1977, CESP's corporate name changed to Companhia Energética de São Paulo. The goal was to expand the company's operations, making room for the

development of other activities besides the traditional public services concerning energy.

The Government of the State of São Paulo State, from 1996 on, carried out the privatization process of the power sector of the STATE, regulated by the PED LAW, under the coordination of the PED Directing Council, and CESP was included in this program.

On November 5, 1997, common stock of Companhia Paulista de Força e Luz (CPFL), controlled by CESP since 1975, were sold.

On June 1, 1998, Elektro - Eletricidade e Servilos, wholly-owned subsidiary of CESP, was created. The privatization of Elektro occurred on July 16, 1998, with the sale of the common stock at auction at B3.

On March 31, 1999, CESP underwent a partial spin-off, resulting in three generation companies (among them CESP itself) and one electric power transmission company.

Out of the generation companies arising from CESP's spin-off, two were privatized in the 90's: Companhia de Geração de Energia Elétrica Paranapanema, whose auction at B3 occurred on July 28, 1999, and Companhia de Geração de Energia Elétrica Tietê, privatized on October 27, 1999. The power transmission company, Companhia de Transmissão de Energia Elétrica São Paulo - CTEEP, was privatized at auction at B3, on June 28, 2006. Unlike the others, CTEEP was privatized without a new concession contract being granted.

CESP's privatization process was suspended on May 15, 2001, when the Government of the State of São Paulo decided, on the recommendation of the PED DIRECTING COUNCIL, to postpone the auction for the sale of shares CESP's capital, object of Bid Notice SF/006/2001, which would be held on May 16, 2001 at B3, in São Paulo.

The postponement resulted from circumstances unrelated to the Government of the State's wishes, related to uncertainty as to measures to contain electricity use, which

had not yet been announced by the Federal Government, as well as about the future regulation of the electricity sector, which could significantly influence the behavior of the market in general.

On July 28, 2006, CESP joined B3's Level 1 of Differentiated Corporate Governance Practices and Market Arbitration Chamber. It has also taken committed to several requirements found in higher levels of special trading segments, such as the New Market, which were incorporated into its Bylaws through the Special Meeting held on July 7, 2006.

In August 2006, there was a capital increase in the amount of R\$3.2 billion, through a public offering of stock distribution, which allowed CESP a significant capitalization.

CESP's privatization resumed in mid-2007. From a new economic and financial valuation and changes in the electrical energy sector regulations, Bid Notice 001/2008/SF was published on February 25, 2008, providing on the sale of equity interest in CESP, this time under conditions different from those existing in the previous privatization attempt, to the extent that only the transfer of control of CESP is the objective, in view of the option for an extension provided for in art. 19, of Law 9,074/1995. There were no bidders interested in this new privatization auction, however, which led to a new suspension of CESP's privatization process.

The privatization process of the government-owned company resumed in 2016, with the decision of Directing Council of the State Destatization Program, formalized in the minutes of the 17th Special Meeting, published on August 24, 2016, which recommended the Governor of the State of São Paulo to resume CESP's privatization process, by "*carrying out the necessary studies(...) with further analysis of the proposed modeling and minimum price*".

Indeed, the OFFICE launched the bidding process through Notice of E-Procurement NC 45/2016 (SF 12091-959115/2016), to hire the CONSULTANT'S SERVICES.

The result from the CONSULTANT'S SERVICES was subject to the PED DIRECTING COUNCIL's review during the 20th Council's Special Meeting, and CESP's privatization was approved pursuant to the terms of the Bid Notice published in the State Register on August 3, 2017 and corrected in August 11, 2017 State Register.

Due to the adjustments made in order to foster the competitiveness of the PROCESS, without damages to the current shareholders of CESP, the PROCESS was suspended by the PED DIRECTING COUNCIL at the 21st Special Meeting.

On January 26, 2018, Federal Decree No. 9,271 of January 25, 2018 was published, giving greater legal certainty and giving economic conditions for the privatization of CESP together with the granting of a new electric power generation concession.

As a result, the PED DIRECTING COUNCIL, through its 231st Regular Meeting and 234th Regular Meeting, approved to restart of the PROCESS and the conditions for publication of a new Bid Notice, which leaded to this BID NOTICE and its terms.

1.2.2 Legal Nature and Principal Place of Business

CESP, government-controlled company, incorporated as a corporation with indefinite duration, principal place of business and venue in the State Capital of São Paulo, may open and close branches, agencies, offices or representations anywhere within the Brazilian territory, at the discretion of the Executive Board, and abroad, upon proposal of the Executive Board and resolution by the Board of Directors.

1.2.3 Capital

CESP's capital is the amount of R\$ 5,975,433,454.43 (five billion, nine hundred seventy-five millions, four hundred thirty-three thousand, four hundred fifty-four Brazilian Reals and three cents), represented by 327,502,673 (three hundred twenty-seven million, five hundred two thousand, six hundred seventy-three) shares, 109,167,751 (one hundred nine million, one hundred sixty-seven thousand, seven hundred fifty-one) single class

common shares, 7,399,122 (seven million, three hundred ninety-nine thousand, one hundred twenty-two) class A preferred shares and 210,935,800 (two hundred ten million, nine hundred thirty-five thousand, one hundred twenty-two) class B preferred shares, all registered with no par value.

1.2.4 Purpose

CESP's purpose is described in its Bylaws in the following terms:

- i. Studying, planning, designing, constructing and operating production, transformation, transportation and storage systems, distributing and marketing energy, especially electric power from using rivers and other sources, in particular renewable ones.
- ii. Studying, planning, designing, constructing and operating detention dams and other enterprises for the multiple use of water;
- iii. Participating in enterprises whose objective is generating and marketing energy, especially electrical power, as well as providing services that are directly or indirectly related to such purpose;
- iv. Studying, design, implementing plans and research and development programs about new energy sources, especially renewable ones, directly or in cooperation with other entities;
- v. Studying, preparing, implementing plans and programs for economic development in areas of interest to the Company, either directly or in cooperation with other government or private bodies, as well as providing information and assistance to the private sector or government whose purpose is to implement economic, cultural, social, and welfare activities in those regions, to perform its social purpose for the benefit of the community;
- vi. Studying, designing, implementing three forestation and reforestation, commercialization and industrialization of trees, wood and by-products arising out of these activities;
- vii. Researching, mining, exploiting and using mineral resources, especially energy sources; and

- viii. Holding equity interest in other companies, as a partner, shareholder or member of a limited-liability company.

1.3 Legal Framework

1.3.1 Basic Legislation applicable to CESP's Destatization Process and Public Hearing

The PROCESS is governed by the provisions of Federal Law 6,404, dated as of December 15, 1976 (as amended), Federal Law 6,385, dated as of December 7, 1976, Federal Law 8,666, dated as of June 21, 1993, Federal Law 8,987, dated as of February 13, 1995, Federal Law 9,074, dated as of July 7, 1995, Federal Decree 9,271, dated as of January 25, 2018, Federal Law 9,427 dated as of December 26, 1996, Federal Law 9,433, dated as of January 8, 1997, Federal Law 9,648, dated as of May 27, 1998, State Law 9,361, dated as of July 5, 1996, State Law 6,544, dated as of November 22, 1989, ANEEL Resolution 484, dated as of April 17, 2012 as well as, if applicable, complementary and supervening legislation, rules and regulations issued by the competent governmental bodies, especially with respect to the exploitation of public services of electric power generation, and with respect to the AUCTION and the PUBLIC STOCK OFFER.

In attention to the provision in art. 39 of Federal Law 8,666, dated as of June 21, 1993, and article 29 of State Law 10,177/1998, a Public Hearing with the conditions for CESP's privatization, pursuant this BID NOTICE, in February 20, 2018, whose notice was published in the State of São Paulo's Register, on February 1, 2018, and high-circulation newspapers. In addition to these media, the notice and the content of the Public Hearing were also electronically published on online platforms: <<http://vendacesp.com.br/>> and <<https://portal.fazenda.sp.gov.br/>>.

Regardless, considering the new concession involving Porto Primavera HPP, ANEEL carried out Public Hearing about the new conditions of the NEW CONCESSION AGREEMENT (Public Hearing 18/2018), and interested parties submitted contributions from March 29, 2018 and April 27, 2018, and whose analysis was made via Technical Note 236/2018-SCG/ANEEL via Administrative Order 1,208, dated as of May 30, 2018.

1.3.2. ANEEL's consent to the transfer of control of the CESP

In accordance with article 27, of Federal Law 8,987, dated as of February 13, 1995, Section Twelve CESP's CONCESSION AGREEMENT and ANEEL Resolution 484, dated as of April 17, 2012, CESP's transfer of control, resulting from the AUCTION, is subject to ANEEL's prior consent and subject to the NEW CONTROLLING PERSON's complying, at ANEEL's discretion, with the requirements described in the legislation.

The winning BIDDER will be responsible for any and all costs related to the process to obtain ANEEL's prior consent, and must submit to ANEEL, according to the terms of ANEEL Resolution 484, dated as of April 17, 2012, all the information and required documents for the analysis of the transfer of CESP's control, and submit the request for previous authorization within three (3) business days as from the publication of the ratification and award of the object of the AUCTION.

1.3.3. CADE's prior authorization of the Transaction

The NEW CONTROLLING PERSON shall comply with the provisions of Article 88, of Federal Law 12,529, dated as of November 30, 2011, submitting documents and information to CADE, as required by antitrust laws and CADE Resolution 02, dated as of May, 29 2012, within 3 (three) business days as from the publication of the ratification and award of the object of the AUCTION..

The NEW CONTROLLING PERSON will be responsible for any and all costs related to the process with CADE, especially the fee provided for in art. 23 of Law 12,529, dated as of November 30, 2011.

1.3.4. Exemption from Registration with CVM

Pursuant to article 5, item I of CVM Instruction 400, dated as of December 23, 2003, the sales of SHARES, is automatically exempt from the application for registration of a public offering of distribution.

1.3.5. PUBLIC STOCK OFFER

The NEW CONTROLLING PERSON will make a PUBLIC STOCK OFFER for the sale of control pursuant to federal law 6,404, dated as of December 15, 1976, CVM Instruction 361, dated as of March 5, 2002, and the provisions in CESP's bylaws.

The NEW CONTROLLING PERSON shall notify the STATE of the settlement of the PUBLIC STOCK OFFER.

1.4. PROCESS

1.4.1. Beginning of the PROCESS

The PROCESS began with the publication of the PED LAW, which authorized the STATE to sell shares in CESP's capital stock in any manner authorized by law.

1.4.2. Engagement of CONSULTANTS

In compliance with the requirement in paragraph 1, article 7 of the PED LAW, the OFFICE engaged the CONSULTANT to implement the CONSULTANT'S SERVICES, defined in Notice of E-Procurement NC 45/2016, whose bid process was conducted in accordance with Federal Law 10,520, dated as of July 17, 2002.

1.4.3. Summary of Price Evaluations and Justifications

CESP's economic and financial valuation was prepared by the CONSULTANT in accordance with the provisions in the Notice of E-Procurement NC 45/2016, based on

the present value of the discounted cash flow and comparative analysis. The projections used should not be taken as a guarantee of CESP's revenue.

The economic and financial valuation was based on the discounted cash flow methodology, which considered:

- a) net current value of operating free cash flow to shareholders derived from operating activities until the end of the concession agreements, supported by detailed study of discount rate used and possible residual value obtained at the end of the concession agreements;
- b) identification of critical variables and sensitivity analysis, in particular, of the disputes, as plaintiff or defendant, with the Federal Government regarding the compensation for investments made;
- c) evaluation of the operational costs of the valued company, the levels and quality of services provided and the evolution of its revenue;
- d) assessment of corporate positioning evaluated in the markets in which it operates, including the perspectives of these markets for the coming years and profitability projections of their activities.

In addition to discounted cash flow assessment, a comparative study of the values obtained in economic and financial valuation with the values obtained in other similar assets for sale operations nationally and internationally (multiple analysis) was conducted.

After analysis of the evaluations carried out by the CONSULTANT, the PED DIRECTING COUNCIL, based on authority granted by the PED LAW, decided in its 234th Meeting held on July 6, 2018 to recommend the minimum selling price of the SHARES be R\$ 14.30 (fourteen Brazilian Reals and thirty cents), having this amount been approved by the Governor of the State of São Paulo.

In its evaluation, the CONSULTANT used the forecasts and estimates of variables subject to uncertainties, and information whose correctness, suitability and sufficiency have not been independently verified.

The calculation made by the CONSULTANT is not an offer nor an investment recommendation. Additionally, the work performed by the CONSULTING FIRM aims at advising the STATE within the PROCESS.

Each BIDDER must conduct its own evaluation before deciding whether to present its offer.

1.4.4. Summary of the GRANT calculation

In attention to the provisions in Law 9,074, dated as of July 7, 1995, regulated by Federal Decree 9,271, dated as of January 25, 2018, the grant of the new power generation concessions is conditioned to CESP paying the amount in the BID NOTICE as GRANT, whose amount was calculated by the GOVERNMENT taking into consideration the appropriation of the total additional cash flow discounted from the Concession involving Porto Primavera HPP, between 2028 and 2048, pursuant Interministerial Regulation 117, dated as of April 10, 2018.

The process of defining the GRANT calculation is object of analysis of the Union Accounting Court (TCU), which has jurisdiction to do so. If necessary, pursuant art. 1, paragraph 4, of the Federal Decree 9,271/2018, the STATE may take the applicable measure incorporated to this BID NOTICE before the PUBLIC AUCTION SESSION, in compliance with the legal publicity duties.

1.4.5. Information Process

1.4.5. I. Information regarding the PROCESS will be published through this BID NOTICE, the INSTRUCTIONS MANUAL, the DUE DILIGENCE PROCEDURES MANUAL and the PROSPECTUS OF THE OFFER TO EMPLOYEES;

1.4.5.II. INFORMATION: documents relating to CESP are available to the interested parties in the DATA ROOM, and may be reviewed, provided the criteria and procedures set out in the DUE DILIGENCE PROCEDURES MANUAL are complied with;

1.4.5.III. Access: only interested parties accredited for access to the DATA ROOM, in accordance with the criteria set out in the DUE DILIGENCE PROCEDURES MANUAL, may receive information, participate in explanatory meetings and technical visits to CESP. Access will not enable the interested parties to participate in the AUCTION;

1.4.5.IV. ADDITIONAL INFORMATION and CLARIFICATION: clarification regarding the BID NOTICE should be requested to the BIDDING PROCESS COMMITTEE by e-mail, per item 1.6 hereof, and said request should be received until the applicable deadline set forth in the SCHEDULE. The answers will be provided as described in item 1.6 hereof. Additional information conveyed in writing on the PROCESS's websites (www.vendacesp.com.br and www.fazenda.sp.com.br), will be considered integral parts of the BID NOTICE; and

1.4.5. V. ADDITIONAL INFORMATION: Additional information officially disclosed on the PROCESS's websites (www.vendacesp.com.br and www.fazenda.sp.com.br) will be considered integral parts of the PROCESS.

1.4.6. Sales Phases

1.4.4. AUCTION: the SHARES will be put up for sale through auction to be carried out at B3. The terms and conditions of the AUCTION are described herein and in the INSTRUCTIONS MANUAL; and

1.4.4.II. OFFER TO EMPLOYEES: the SHARES OF THE OFFER TO EMPLOYEES will be offered to the EMPLOYEES who qualify under the terms of the PROSPECTUS OF THE OFFER TO EMPLOYEES. The terms and conditions of the OFFER TO EMPLOYEES will be detailed in the PROSPECTUS OF THE OFFER TO EMPLOYEES.

The phases mentioned in items I and II above are two different ones, and the OFFER TO EMPLOYEES is conditioned to the AUCTION SETTLEMENT.

1.4.7. Announcement of Conclusion of the PROCESS

The PROCESS will be concluded by announcement to be released by PED DIRECTING COUNCIL after the settlement of the payment for the PUBLIC STOCK OFFER, by the NEW CONTROLLING PERSON.

1.5. The BIDDING PROCESS COMMITTEE

1.5.1. The AUCTION will be judged by the BIDDING PROCESS COMMITTEE, which will conduct the work needed for it to take place.

1.5.2. The BIDDING PROCESS COMMITTEE may request information from any body and entity involved in this bid process, and from the State Government and its entities.

1.5.3. In addition to the prerogative that arise from its legal role, the BIDDING PROCESS COMMITTEE may:

- a) Request the BIDDERS, at any time, for clarification about the documents they presented, and adopt correction criteria upon formal errors during the AUCTION, being the late inclusion of documents not permitted, document which should originally have been submitted by the BIDDERS;
- b) Take measures and request additional information to clarify the content and authenticity of information in documents, or in addition to AUCTION instruction; and
- c) Extend the time limits in the BID NOTICE if it is in the public interest, in case of act of God or force majeure events, without a right to damages or reimbursement of costs and expenses at any title and at any time.

1.5.4. The refusal to provide clarification and documents or comply with requests made by the AUCTION COMMITTEE within the time it determines and pursuant to this BID NOTICE, may result in the elimination of the BIDDER and foreclosing of the respective BID BOND.

1.6. Additional Clarification and Challenge to the BID NOTICE

1.6.1. Request for clarification and information must be sent to the BIDDING PROCESS COMMITTEE must be sent to the BID COMMITTEE, within the time in the SCHEDULE.

- i. The requests for clarification must be written in Brazilian Portuguese and may be sent to the e-mail address "editalcesp@fazenda.sp.gov.br", with subject line "Venda CESP – Pedidos de Esclarecimentos" (CESP SALE – Request for Clarification).
- ii. Answers to requests sent according to this item will be made available by the BIDDING PROCESS COMMITTEE on the PROCESS's website, within the time period in the SCHEDULE.

- iii. Relevant clarification, addenda and/or notices disclosed by the OFFICE and/or the BIDDING PROCESS COMMITTEE will be an integral part of this BID NOTICE.
- iv. If there are no requests for clarification, it will be presumed that the information and the elements available in this BID NOTICE, AGREEMENT and its ANNEXES are sufficient to allow for PRICE OFFERS to be prepared and for the other documents requests in the BIDDING PROCESS to be presented and thus, to participate in the bid process, reason why inquiries submitted after the date in the SCHEDULE for submission of inquiries will not be accepted.

1.6.2. Any citizen is a legitimate party to file an objection to this BID NOTICE, and the objection must be presented in the same manner a request for clarification would, described in item 1.6.1 of this BID NOTICE, within five (5) days prior to the date when the envelopes will be opened, according to the SCHEDULE, and the BIDDING PROCESS COMMITTEE will judge and respond to the objection within three (3) business days.

1.6.3. Any BIDDER is a legitimate party to file an objection to this BID NOTICE, and the objection must be presented in the same manner a request for clarification would, described in item 1.6.1 of this BID NOTICE, within two (2) days prior to the date when the envelopes will be opened, according to the SCHEDULE. Per the legislation in force, the right to file an objection to the terms of the BID NOTICE preempts if the BIDDER fails to do so within the time and in the manner described herein.

1.6.4. The objection must be physically filed at the OFFICE's headquarters on Av. Rangel Pestana, 300 - Sé, in the City of São Paulo State of São Paulo, to the care of the BIDDING PROCESS COMMITTEE. It must contain the identification of the party filing it, and a copy of the undersigned party's ID must be enclosed thereto (if an individual) or documents showing representation powers (if a legal entity).

1.6.5. All requests for clarification and/or objection, physical or electronic, will be considered delivered on the date they are received by the addressee, except if delivery occurs after 5 p.m. (Brasília Time), even if made via electronic mail. Mail delivered after

5 p.m. (Brasília Time) will be deemed delivered for all effects, including to verify if made timely, on the business day immediately after.

Chapter 2 - Purpose, Offer Structure, Price and Sale Conditions

2.1. Purpose of the BID NOTICE

The purpose of the BID NOTICE is to sell the SHARES owned by the SELLERS, which will be done in one single lot at AUCTION.

2.2. AUCTION

2.2.1. Object of the AUCTION

The SHARES will be put up for sale at AUCTION in one single lot. The AUCTION will take place under the provisions of Federal law 8,989, dated as of February 13, 1995, Federal Law 8,666, dated as of June 31, 1993, PED LAW and State Law 6,544, dated as of November 22, 1989, with the PUBLIC AUCTION SESSION at B3, on the date and time provided for in the SCHEDULE, per ANNEX XIV.

2.2.2. Award Criteria

The award criteria for this AUCTION is the highest price paid for each SHARE of the single lot of SHARES, considering the MINIMUM BID.

2.2.3. MINIMUM PRICE AT AUCTION

2.2.3.1. The MINIMUM PRICE AT AUCTION, for the lot of SHARES, is R\$ 14.30 (fourteen Brazilian Reals and thirty cents) per SHARE.

2.2.3.2. Proposals with bids below the MINIMUM PRICE AT AUCTION will be disqualified.

2.2.3.3. Roundoffs. All amounts related to the AUCTION will be considered up to two decimal places. If, after any of the rules provided herein, such as, but not limited to, correction and adjustment, the results are amounts with more than two decimal places, the amounts will be rounded off as follows:

- a) The numbers after the second decimal place that are equal to or lower than 4 (four) will be rounded to the number immediately before; and
- b) The numbers after the second decimal place that are equal to or higher than 5 (five) will be rounded to the next immediate number.

2.2.4. AUCTION SETTLEMENT and update of the FINAL PRICE AT AUCTION

2.2.4.1 The AUCTION SETTLEMENT, as set forth in item 2.2.4.2 below, must occur on the fifth business day following (i) the publication, by ANEEL, of the consent to CESP's transfer of control to the NEW CONTROLLING PERSON; or (ii) the publication, by CADE, of a res judicata certificate of the decision approving the transaction transferring CESP's control, without restrictions, whichever occurs last.

2.2.4.2. The FINAL PRICE AT AUCTION will duly adjusted by SELIC RATE variation between the date of the PUBLIC AUCTION SESSION and the date of (i) the publication, by ANEEL, of the consent to CESP's transfer of control to the NEW CONTROLLING PERSON; or (ii) the publication, by CADE, of a res judicata certificate of the decision approving the transaction transferring CESP's control, without restrictions, whichever occurs last. Payment must be made in cash, in national currency

2.2.4.3. The BIDDING PROCESS COMMITTEE must inform B3 of the duly adjusted FINAL PRICE AT AUCTION, according to the previous item, and the total financial amount must be presented with two decimal places.

2.2.4.4. B3 will carry out the operational side of the AUCTION SETTLEMENT as described in the INSTRUCTIONS MANUAL.

2.2.4.5. For the AUCTION SETTLEMENT's operational side to be carried out by B3, the SELLERS must have deposited the SHARES in B3's Depository Central.

2.2.4.6. If it is a CONSORTIUM, the AUCTION SETTLEMENT will be made in the name of the companies in the consortium, proportionally to each company's shares in the CONSORTIUM, or by one single BIDDER, provided the payment(s) made correspond(s) to the total AUCTION SETTLEMENT. In the event of non-payment due, in whole or in part, to a default of a single member of the CONSORTIUM or all of them, the AUCTION SETTLEMENT will not be performed and the CONSORTIUM will be disqualified and the BID BOND will be executed by the STATE.

2.2.4.6.1. If it is a CONSORTIUM, the rules applicable to consortia in Federal Law 8,666, dated as of June 21, 1993 apply, especially article 33.

2.2.4.7. If dividends and/or interest on the stockholders' capital is distributed by CESP between the publication of the BID NOTICE and the Auction Settlement, that will affect the final amount to be paid by the NEW CONTROLLING PERSON, which must be adjusted according to Section 1.2.2.1 of ANNEX I.

2.3. ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION

2.3.1. The NEW CONTROLLING PERSON will be required to pay at the AUCTION SETTLEMENT an amount in addition to the FINAL PRICE AT AUCTION multiplied by the number of SHARES, equivalent to R\$ 8,599,305.00 (eight million, five hundred ninety-nine thousand, three hundred and five Brazilian Reals), to set off the SHARES OF THE OFFER TO EMPLOYEES at discount.

2.3.2. The ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION will be duly adjusted by the SELIC RATE variation according to item 2.2.4.2 below.

2.3.3. The BIDDING PROCESS COMMITTEE will inform B3 of the duly adjusted ADDITIONAL PRICE RELATED TO THE SHARES PURCHASED AT AUCTION, according to the

previous paragraph, and the total financial amount will be presented with two decimal places.

2.4. OFFER TO EMPLOYEES

2.4.1. Object

2.4.1.1. The SHARES OF THE OFFER TO EMPLOYEES will be offered to the EMPLOYEES, through preferred offer, as follows: 1,202,700 (one million, two hundred and two thousand, seven hundred) SHARES OF THE OFFER TO EMPLOYEES offered at a discount, priced at R\$ 7.15 (seven Brazilian Reals and fifteen cents) per share, and 15,173,010 (fifteen million, one hundred seventy-three thousand, ten) SHARES OF THE OFFER TO EMPLOYEES offered at no discount, priced at R\$ 14.30 (fourteen Brazilian Reals and thirty cents) per share. The fact that there are provisions regarding the OFFER TO EMPLOYEES in this BID NOTICE does not represent any guarantee of a right to purchase the SHARES OF THE OFFER TO EMPLOYEES, since the OFFER TO EMPLOYEES is subject to the AUCTION SETTLEMENT.

2.4.1.2. The value of the SHARES OF THE OFFER TO EMPLOYEES will be adjusted as provided in item 2.2.4.7 herein.

2.4.2. PROSPECTUS OF OFFER TO EMPLOYEES

2.4.2.1. The detailed conditions and operational procedures of the OFFER TO EMPLOYEES are in the PROSPECTUS OF THE OFFER TO EMPLOYEES, to be made available on the process's website, according to the SCHEDULE.

2.4.3. Allocation of the leftovers

2.4.3.1. The SHARES OF THE OFFER TO EMPLOYEES not purchased under the OFFER TO EMPLOYEES will be compulsorily purchased by the NEW CONTROLLING PERSON for the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT A DISCOUNT in the event the

leftovers relate to the lot of SHARES IN THE OFFER TO EMPLOYEES offered at a discount or for the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT NO DISCOUNT in the event the leftovers related to the lot of SHARES OF THE OFFER TO EMPLOYEES offered at no discount.

2.4.3.2. The amount will be paid in full to the STATE, in cash, in national currency, and the financial amount of the share will be presented with two decimal places.

2.4.3.3. The payment will be made by the third (3rd) business day after the communication by the BIDDING PROCESS COMMITTEE, to the NEW CONTROLLING PERSON presenting the adjusted amount of the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT A DISCOUNT and the PRICE OF LEFTOVERS FROM OFFER TO EMPLOYEES NOT AT DISCOUNT.

2.4.4. Putting forward the OFFER TO EMPLOYEES and Settlement of the OFFER TO EMPLOYEES

2.4.4.1. The completion of the OFFER TO EMPLOYEES, including its financial settlement, is subject to the occurrence or performance of the events described below:

(a) AUCTION SETTLEMENT and payment of the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION;

(b) execution of the STOCK PURCHASE AGREEMENT; and

(c) the execution, by the NEW CONTROLLING PERSON, of the Term of Consent required by Section 3.1, (iii), of the Agreement for the Adoption of B3's Level 1 Differentiated Corporate Governance Practices entered into by CESP on July 28, 2006, which is a part hereof, as ANNEX VI;

2.4.5. Deadlines

2.4.5.1. The OFFER TO EMPLOYEES will start on the date provided in the SCHEDULE, except if, at the STATE's sole discretion, it is extended. The dates for the subsequent events are listed on the SCHEDULE.

2.4.6. Independence of Phases

The AUCTION and the OFFER TO EMPLOYEES are independent from the PROCESS and in relation to each other for all legal purposes, except exclusively for the purposes of item 2.4.4.1 the OFFER TO EMPLOYEES is conditioned to the AUCTION SETTLEMENT.

2.5. STOCK PURCHASE AGREEMENT

2.5.1. On the date set in the SCHEDULE, the STOCK PURCHASE AGREEMENT must be entered into between the SELLERS and the NEW CONTROLLING PERSON, according to the draft in ANNEX I hereof.

2.5.2. In the event the NEW CONTROLLING PERSON is a CONSORTIUM or SPECIAL PURPOSE ENTITY, in the case provided in item 3.6 below, the STOCK PURCHASE AGREEMENT must also be entered into between its members, partners and/or shareholders, who will be jointly and severally liable with the CONSORTIUM or SPE and among themselves for the compliance with the obligations set forth therein.

2.6. Payment of GRANT and execution of the NEW CONCESSION AGREEMENT

2.6.1. As consideration for the execution of the NEW CONCESSION AGREEMENT, under Federal Law 9,074, dated as of July 7, 1995, regulated by Federal Decree 9,271/2018, CESP must receive the GRANT to be paid within twenty (20) days as from the execution of the NEW CONCESSION AGREEMENT, as provided in Interministerial Regulation 117, or subsequent adjustments under item 1.4.4.

2.6.2. The same premium percentage obtained at AUCTION on the MINIMUM PRICE AT AUCTION will apply upon the GRANT, and the final GRANT amount will be calculated as follows:

$$\mathbf{GA = MGA + (MGA * PP)}$$

Where:

GA = concession grant amount;

MGA = minimum GRANT amount, provided in item 2.6.1 above; and

PP = premium percentage over the minimum amount for the acquisition of the shares to be sold when the Auction winner is selected.

2.6.2.1. Within five (5) days as from the publication of the results of the AUCTION, the STATE will calculate the final GRANT amount, based on the FINAL PRICE AT AUCTION, and submit the calculation to approval of the GRANTING ENTITY, which will include the amount approved in the NEW CONCESSION AGREEMENT.

2.6.3. After payment of the FINAL PRICE AT AUCTION and the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION, CESP must execute the NEW CONCESSION AGREEMENT with the GRANTING ENTITY, and the NEW CONTROLLING PERSON must sign the document as an intervening party.

2.7. AMENDMENT TO THE CONCESSION AGREEMENT

2.7.1. After payment of the FINAL PRICE AT AUCTION and the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION, in accordance with this BID NOTICE, the AMENDMENT TO THE CONCESSION AGREEMENT must be executed on a date to be set by the GRANTING ENTITY or by ANEEL.

2.8. STATE's Interest in Jaguari HPP

2.8.1. Considering the hydrological importance of Jaguari HPP, the STATE states it intends to request the GRANTING ENTITY for an authorization be granted to the STATE

itself, directly or indirectly, to exploit Jaguari HPP, after the end of the current concession of said hydropower plant.

Chapter 3 - General AUCTION Procedures

3.a. The PUBLIC AUCTION SESSION will be conducted by B3 at Rua XV de Novembro 275, City and State of São Paulo, on the date set in the SCHEDULE.

3.b. The general AUCTION procedures and representation rules are further detailed in the INSTRUCTIONS MANUAL.

3.c. The AUCTION will be processed and judged with inverted phases, as provided in art. 18-A of Federal Law 8.987, dated as of February 13, 1995, and as authorized in the PED LAW, judging the PRICE OFFERS and, if applicable, the LIVE AUCTION will occur, and then the BID BOND and the QUALIFICATION of the BIDDER that has the best offer according to this BID NOTICE.

3.1. Condition to the Participation

3.1.1. Under the terms and restriction herein, any interested Brazilian or foreign company, financial institution, equity fund (FIP) and supplementary retirement entities may participate in the AUCTION, acting individually or in a CONSORTIUM.

3.1.1.2. Restrictions to the Participation of Social Security Entities

Social security or welfare entities and supplementary retirement pension funds related to the direct or indirect public administration shall be subject to the restrictions and the limits set forth in the applicable legislation, as well as to any other rules issued by competent bodies. The other private retirement pension entities must also comply with the legislation and rules issued by such agencies, applicable to the purchase of the SHARES object of this BID NOTICE.

3.1.1.3 Restrictions to the participation of State Government-Owned Companies

Pursuant to article 24, § 2 of the PED LAW, any and all State Government-owned company, except for those owned by the STATE itself, may not participate in the AUCTION neither (i) directly, as a BIDDER; nor (ii) indirectly, as shareholder singly holding the majority of the direct or indirect voting capital of a BIDDER.

3.1.1.4. Restrictions to the Participation of Energy Distribution Companies

Energy distribution companies may not be directly or indirectly participate in the AUCTION as BIDDERS, pursuant to Federal Law 10,848, as of March 15, 2004. Said restriction is not applicable to controllers of energy distribution companies.

3.1.1.5. Restriction to the Participation of Companies that are Insolvent, Disreputable or Barred from Contracting with the STATE

The PERSON (i) under judicial or extrajudicial recovery, bankruptcy, insolvency, intervention or liquidation, (considering regulatory requirement to transfer the control of concessionaire, per ANEEL Resolution 484, dated as of April 17, 2012), (ii) that has been declared disreputable by the government at any level, (iii) that is temporarily suspended from participating in bidding processes and/or barred from contracting with the STATE, (iv) that has been convicted, in a final decision, to interdiction of rights due to the practice of environmental crimes, under art 10 of Law 9,605, dated as of February 12, 1998 or (v) that has been included in the registrations referred to in articles 22 and 23 of Federal law 12, 846/13 and article 5 of State Decree 60.106/2014, may not pre-identify as a PARTICIPANT.

3.1.1.6. Restriction to Participation by more than one BIDDER

The PERSON that is a RELATED PARTY of another BIDDER will not be permitted to participate in the AUCTION.

3.1.1.7. Other restrictions to BIDDERS

The "Electronic Application and Registration System of Administrative Penalties - e-Penalties", at the address www.esancoes.sp.gov.br, and the "National Register of Disreputable and Suspended Companies - EASY", at the address <http://www.portaltransparencia.gov.br/ceis>, must be consulted prior to the execution of the STOCK PURCHASE AGREEMENT.

3.1.1.7.1. BIDDERS in the following situations may not be awarded contract:

3.1.1.7.1.1. That are, in line with the item 3.1.1.5, with the right to participate in bid processes and to contract temporarily suspended, or have been prevented from bidding and contracting with the direct and indirect State Government pursuant to article 87, III, of Federal Law 8,666, dated as of June 21, 1993, and article 7 of Federal Law 10,520, dated as of July 17, 2002;

3.1.1.7.1.2. That, in line with item 3.1.1.5, have been declared disreputable by the federal, State or municipal government, pursuant to article 87, IV, of Federal Law 8,666, dated as of June 21, 1993;

3.1.1.7.1.3. That have been prohibited by the Brazilian Antitrust Authority to participate in bid processes promoted by the direct and indirect federal, State, municipal government, for having violated the economic order, in accordance with article 38, item II, of Federal Law 12,529, dated as of November 30, 2011;

3.1.1.7.1.4. That, in line with item 3.1.1.5, may not contract with the Government because of sanction that restricts rights arising out of environmental administrative infringement, pursuant to art. 72, § 8, V, of Federal Law 9,605, dated as of February 12, 1998;

3.1.1.7.1.5. They have been forbidden to contract with the Government because of conviction for administrative misconduct, in accordance with article 12 of Federal Law 8,429, dated as of June 2, 1992;

3.1.1.7.1.6. That have been declared disreputable to contract with the Government by the full bench of the Accounting Court of the State of São Paulo, pursuant to article 108 of Complementary State Law 709, dated as of January 14, 1993;

3.1.1.7.1.7. That have been temporarily suspended, restricted or declared disreputable to participate in bidding processes bid or to contract with direct and indirect Government, for failing to comply with the Access to Information Act, pursuant to article 33, IV and V, of Federal Law 12,527, dated as of November 18, 2011 and article 74, IV and V, of State Decree 58,052, dated as of May 16, 2012.

3.2. Participation in CONSORTIUM and SPECIAL PURPOSE COMPANY

3.2.1. CONSORTIUM

3.2.1.1. If the date on the SCHEDULE is complied with, and the interested BIDDERS decide for joint participation in a consortium, together, they must present the ACCREDITATION documents, according to item 3.3, the applicable commitment to organize a CONSORTIUM.

3.2.1.2. The instrument presented in accordance with the previous item must indicate the percentage of each BIDDER in the CONSORTIUM and expressly establish that the members of the CONSORTIUM are jointly and severally liable for the compliance with all the obligations provided in this BID NOTICE. If the BIDDER is the final winner of the AUCTION, including the obligations to pay the FINAL PRICE AT AUCTION, the ADDITIONAL PRICE WITH RESPECT TO SHARES ACQUIRED AT AUCTION, and, if applicable, the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT DISCOUNT and the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT NO DISCOUNT and, if appropriate, the penalties provided for in items and 3.14.3 3.14.2 without prejudice to

the other penalties provided for herein, particularly those provided in item 3.17. The commitment to organize a Consortium must contain:

- (i) name, organization and purpose of the consortium;
- (ii) identification of the companies in the consortium;
- (iii) composition of the consortium, with the respective holdings of its members;
- (iv) indication of the leader, responsible for carrying out the acts that the Consortium must perform; and
- (v) express provision of joint and several liability among themselves and with respect to the consortium, to comply with all the terms, conditions, and obligations set forth in the BID NOTICE and its ANNEXES.

3.2.1.3. There is no limit to the number of participants to organize the CONSORTIUM.

3.2.1.4. To include, replace, remove, delete, or change the percentage of participation of consortium members will not be admitted from the date of ACCREDITATION until the execution of the STOCK PURCHASE AGREEMENT.

3.2.2. SPECIAL PURPOSE ENTITY

Until the 12 (twelve) hours of the second business day immediately following the publication and adjudication of the auction, will be provided to the winning bidder at the auction, including one that has presented itself in the form of Consortium, do replace by SPECIAL PURPOSE COMPANY for signing the agreement of purchase and sale of shares, the new CONCESSION AGREEMENT and to the fulfillment of other conditions, rights and obligations contained in the NOTICE, provided that cumulatively: (a) there is no prejudice or delay to schedule or in the fulfillment of each of the steps contained therein; (b) members entitled to participate in the SPECIAL PURPOSE COMPANY, exact proportion of your participation in the Consortium; (c) the SPECIAL PURPOSE COMPANY have your headquarters and administration in Brazil; and (d) be presented to the State the documentation of the SPE, pursuant to 3.6 of this PUBLIC NOTICE, without prejudice

to the fulfilment of other obligations set out in this public notice and in the STOCK PURCHASE AGREEMENT. The shareholders of a SPECIAL PURPOSE COMPANY are, pursuant to this ANNOUNCEMENT, jointly and severally liable with each other and with respect to SPECIAL PURPOSE COMPANY, comply with all the terms, conditions, and obligations set forth in the NOTICE and Agreement of purchase and sale of shares, including the obligation to pay the ultimate price of the auction, the ADDITIONAL PRICE in RESPECT of SHARES ACQUIRED at the AUCTION, and, if applicable, the amount equivalent to the price of the LEFTOVERS of the OFFER to EMPLOYEES with DISCOUNT and PRICE of LEFTOVERS The OFFER to EMPLOYEES without DISCOUNT and, if appropriate, the penalties provided for in items and 3.14.3 3.14.2 without prejudice to the measures laid down in section 3.17, and sign, to both, such documents as such.

3.3. ACCREDITATION

3.3.1. Opening of the Accreditation Phase

3.3.1.1. On the date and at the time indicated on the SCHEDULE of this BID NOTICE, the BIDDERS should submit documents listed in section 3.3.4 below, which shall be packed in an envelope in accordance with item 3.7.2 of this BID NOTICE, and indicate the ACCREDITED REPRESENTATIVES, along with the delivery of VOLUME 1 - PRICE OFFER , and VOLUME 2-BID BOND and QUALIFICATION documents.

3.3.2. ACCREDITED REPRESENTATIVES

3.3.2.1. Each BIDDER, whether individually or in a CONSORTIUM, may have up to 2 (two) ACCREDITED REPRESENTATIVES. Each ACCREDITED REPRESENTATIVE may only exercise the representation of a single BIDDER, either individually or in CONSORTIUM.

3.3.2.2. The BIDDER that does not meet the requirements for the accreditation of its ACCREDITED REPRESENTATIVE will be prevented from exercising the rights and faculties inherent to its condition of BIDDER during the public sessions that occur in the course of

the bidding process, but there is no impediment to the participation of BIDDERS in the AUCTION.

3.3.2.3. In any session and at any time, including the initial public session, the BIDDERS may request the accreditation of its representatives, presenting the documents listed above.

3.3.2.4. The accreditation of an ACCREDITED REPRESENTATIVE of the BIDDER is not a condition for the delivery of the envelopes.

3.3.3. The ACCREDITED BROKERAGE FIRMS

3.3.3.1. The BIDDERS, in the context of the BIDDING PROCESS before B3, will be represented by ACCREDITED BROKERS, qualified to operate at B3, per the INSTRUCTIONS MANUAL.

3.3.3.2. Each ACCREDITED BROKERAGE FIRM may only exercise the representation of a single BIDDER and each BIDDER may only be represented and participate in the BIDDING PROCESS through a single ACCREDITED BROKERAGE FIRM.

3.3.4. ACCREDITED REPRESENTATIVE's Documents:

The granting of representation authority to the ACCREDITED REPRESENTATIVES will follow the procedures below:

3.3.4.1. In case of Brazilian BIDDERS, of branches of foreign legal entities authorized to operate in Brazil, through a public power of attorney that shows the powers to perform,, on behalf of the PARTICIPANT, all acts relating to the PROCESS (including powers to represent the PARTICIPANT in the administrative level, reach settlements, waive rights, such as right to appeal), with a notarized signature and accompanied by the documents proving the powers of the grantor(s) (such as last amendment to bylaws filed with the Registry of Commerce of competent civil registry);

3.3.4.2. In the case of a foreign BIDDER that does not operate in Brazil, upon presentation of:

- power of attorney granted to a representative resident or with its principal place of business in Brazil, with notarized signature(s) or with signature(s) certified by other entity per the legislation applicable to the documents, legalized by the Brazilian consular office or apostilled according to the terms of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents, concluded in Hague on October 5, 1961 and Federal Decree 8,660, dated as of January 29, 2016, in any case, the document must be accompanied by its certified translation into Portuguese, prepared by a sworn translator registered with any of the Registries of Commerce in Brazil, and recorded with a Registry of Deeds and Documents, wherein there are powers sufficient to:

(i) practice, on BIDDER's behalf, all acts related to the AUCTION;

(ii) receive service of process and represent the BIDDER in administrative and judicial courts, pursuant to art. 32, paragraph 4, of Law 8,666/93; and

(iii) reach settlements and waive rights;

- documents that show the powers of the grantors, legalized by the Brazilian consular office or apostilled according to the terms of the Convention Abolishing the Requirement of Legalization for Foreign Public Documents, concluded in Hague on October 5, 1961 and Federal Decree 8,660, dated as of January 29, 2016, in any case, the document must be accompanied by its certified translation into Portuguese, prepared by a sworn translator registered with any of the Registries of Commerce in Brazil (pursuant to last amendment to articles of organization filed with a legal entity, civil or similar requirement in the country of origin).

3.3.4.3. In the case of a CONSORTIUM, the signatures of all signing must be notarized. The powers of the parties in the consortium organization must be proven by presenting the respective corporate documents of each of the parties to the Consortium. Other requirements regarding the participation via CONSORTIUM are described in item 3.2 herein.

3.3.4.4. ACCREDITED BROKERAGE FIRM's Documents, according to the INSTRUCTIONS MANUAL.

3.4. PRICE OFFER

3.4.1. Each BIDDER is responsible for carrying out, at their own account and risk, surveys and studies for the submission of PRICE OFFERS.

3.4.2. Only PRICE OFFERS, including the bids during the LIVE AUCTION, covering all of the SHARES object of this BIDDING PROCESS, that meet all conditions of the INSTRUCTIONS MANUAL and this BID NOTICE, will be taken into consideration, in compliance with the template for written tenders in ANNEX VII.

3.4.3. The PRICE OFFERS, when in writing, must be drawn up in Brazilian Portuguese, official language of this BIDDING PROCESS, and contain the amounts expressed in national currency (Brazilian Real).

3.4.4. Per the template tender in ANNEX VII, the bid value per SHARE should include cents (that is, with two decimal places), and the value written in words, which will prevail in the event of divergence between the two.

3.4.5. The PRICE OFFERS will be valid for one hundred eighty (180) days from the date of their submission. If the AUCTION is postponed, the PRICE OFFER should be renewed for an equal period up to the fifth business day prior to the expiration date, under penalty of disqualification. The PRICE OFFER, and the bids made in the LIVE AUCTION will be unconditional and irrevocable.

3.4.6. Each BIDDER may deliver one single written version of the PRICE OFFER, containing one single bid.

3.5. BID BOND

3.5.1. Presentation of the BID BOND

3.5.1.1. On the date set forth on the Schedule, each BIDDER must submit to the STATE at B3's facilities, an BID BOND, together with the other qualification documents, security in cash, federal government debt security, insurance guarantee or bank-issued guarantee according to the INSTRUCTIONS MANUAL, in the amount of R\$16,652,392.00 (sixteen million, six hundred fifty-two thousand, three hundred ninety-two Brazilian Reals), equivalent to one per cent (1%) of the MINIMUM PRICE AT AUCTION, multiplied by the number of SHARES, added to the ADDITIONAL PRICE WITH RESPECT TO SHARES ACQUIRED AT AUCTION; valid for at least one hundred eighty (180) days, subject to extension, at the discretion of the STATE, as many times as necessary, subject to the provisions of item 3.5.2 below. If the BID BOND is not renewed as provided hereunder, the BID BOND in force will be foreclosed on according to the provisions of Chapter 6, as applicable.

3.5.1.2. If the BIDDER organized as a CONSORTIUM, the presentation of the BID BOND will made in the name of each of its members or by the leader of the CONSORTIUM, as properly identified.

3.5.1.3. Detailed information and procedures for the allocation of the guarantee are detailed in the INSTRUCTIONS MANUAL.

3.5.2. Foreclosure upon BID BONDS

3.5.2.1. The BID BONDS given in favor of the SELLERS may be foreclosed on by the STATE, after prior process of law in administrative procedure, without prejudice to other

penalties provided in this BID NOTICE and the applicable legislation, in the following cases:

- a. total or partial failure by the BIDDER to perform obligations it assumed as a result of its participation in the AUCTION;
- b. presentation by the BIDDER, of documents that are not in compliance with the provisions herein;
- c. failure by the BIDDER to ratify its bid in case of a LIVE AUCTION;
- d. removal, by the BIDDER, of its tender during the validity period;
- e. BIDDER fails to comply with the obligations prior to the AUCTION SETTLEMENT;
- f. BIDDER's late submission of documents and information to CADE and ANEEL for prior consent to the transaction;
- g. if ANEEL and/or CADE, if applicable, do not give their authorization for reasons attributable to the winning BIDDER;
- h. winning BIDDER's refusal to execute the STOCK PURCHASE AGREEMENT, and/or TO perform the acts necessary for the effective and timely AUCTION SETTLEMENT;
- i. practice of acts to defraud the AUCTION or thwart its objectives;
- j. refusal to provide clarification and documents or to comply with the requirements requested by the BIDDING PROCESS COMMITTEE within the time limit it had provide and according to the terms of this BID NOTICE.

3.5.3. Release and/or replacement of BID BOND

3.5.3.1. The BID BOND, pursuant to ITEM 3.5.1, will be returned to BIDDERS that do not win the AUCTION after the AUCTION SETTLEMENT.

3.5.3.2. The winning BIDDER's BID BOND will be released five (5) days after settlement of leftovers of the OFFER TO THE EMPLOYEES by the new CONTROLLING PERSON, within the time frame set forth on the SCHEDULE.

3.5.3.3. The winning BIDDER must keep the BID BOND valid and effective until the obligation referred to in the above paragraph is performed, assuming the obligation to, if necessary, renew it before the B3 as many times as necessary for this purpose, in compliance with the provisions of the INSTRUCTIONS MANUAL regarding the cash security mode, under penalty of having the existing guarantee foreclosed on, under the provisions of Chapter 6, as they may be applicable.

3.5.3.3. The BID BONDS that have been released and, despite contact and request, are not removed by the BIDDERS within three (3) months as from the release date will be discarded.

3.6. QUALIFICATION

3.6.1. The QUALIFICATION of this AUCTION consists of the presentation of documents listed in item 3.5, in this 3.6, and in the INSTRUCTIONS MANUAL, and its purpose is to verify the technical, financial capacity and legal and fiscal regular status of the BIDDERS, including part of the documentation required by ANEEL for the transfer of control of CESP to the NEW CONTROLLING PERSON.

3.6.2. The representations presented for purposes of QUALIFICATION must follow the templated in the ANNEXES of this BID NOTICE and the INSTRUCTIONS MANUAL. Participation in the AUCTION via a CONSORTIUM will be subject to the provisions of item 3.2. The individual QUALIFICATION will be required under this item 3.6, of each member of the CONSORTIUM that wishes to participate in the AUCTION as provided in item 3.2.

3.6.3. If any of the documents listed in this item 3.6 do not apply to the specific case of the BIDDER, the BIDDER must submit a justification, as well as Declaration of Absence of Equivalent Foreign Document, as the case may be, in accordance with ANNEX VIII.

3.6.4. The foreign BIDDER, participating either individually or in CONSORTIUM, must present a statement according to which it represents that to participate in this AUCTION,

it will be subject to the laws of the Federative Republic of Brazil and that it waives the right to make any complaint via diplomatic channels, according to the template in ANNEX X.

3.6.5. Documents for QUALIFICATION

For the QUALIFICATION, in addition to the documents listed below and in the INSTRUCTIONS MANUAL, will be required, as appropriate.

3.6.5.1. Representations:

a) Representation that it does not participate in the AUCTION through another BIDDER, either directly or by means of RELATED PARTY (see model in ANNEX XI);

b) Representation that the BIDDER is not prevented from participating in the AUCTION according to item 3.1 (see model in ANNEX IX);

c) Representation of compliance with article 7, XXXIII of the Federal Constitution (see template in ANNEX XII);

d) Representation of acknowledgment and acceptance of the terms and conditions of the BID NOTICE, the INSTRUCTIONS MANUAL and other documents related to the PROCESS (see model in ANNEX IX).

3.6.5.2. Legal Qualification

(i) Corporate organization documents in force and duly registered at the competent body

(i.a) Bylaws or Articles of Organization in force, duly registered with the competent body, accompanied by documents that elect their current managers, in

compliance, in what it is applicable, with the provisions of Federal Law 6,404, dated as of December 15, 1976, as amended, and Federal Law 10,303, dated as of October 31, 2001.

(i.b) Decree of authorization if it is a foreign company or entity operating in the country, and the registration document or authorization to operate issued by the competent body, when its activity so requires.

(i.c) If the BIDDER is an equity fund, it must also submit the following documents:

- A. proof of registration of the fund with the Brazilian Securities and Exchange Commission, established by Federal Law 6,385/76.
- B. organization documents with latest amendment filed before the competent body;
- C. regulation and amendments, if any, duly registered in the Registry of Deeds and Documents;
- D. proof of registration of the administrator and, if any, of the fund's manager, before the Brazilian Securities and Exchange Commission;
- E. proof that the fund is authorized by its shareholders to participate in the bidding process;
- F. attest that there are private investment commitment instruments executed by the shareholders and the fund, or notice of the fund's closing of offer to serve as proof, per Annex V, and Annex VII of CVM Instruction 400, or, in the case of public offerings of securities distributed with restricted efforts, per CVM Instruction 476.

(i.d) If the BIDDER is an open or closed entity of supplementary pension plan, it must also submit proof of express specific authorization as to its organization and functioning, granted by the competent supervisory body.

(i.e) If the BIDDER is a financial institution, it must also submit proof of express and specific authorization of its organization and functioning, granted by the regulatory authority of the sector.

(i.f) If the BIDDER is organized as a CONSORTIUM, in accordance with the terms of item 3.2 of this BID NOTICE, it must present commitment to organize consortium, accompanied by the respective corporate documents of the members of the consortium, showing authority of the signatories. The signatories' signatures must be notarized.

3.6.5.3. Economic-financial Qualification and Fiscal and Labor Regularity

- (i) Copy of the enrollment card with the National Registry of Legal Entities – CNPJ.
- (ii) If it is a business, Certificate of No Bankruptcy, Filing, and no Judicial and Out-of-Court Reorganization issued by the Clerk of the Judicial District where the BIDDER has its principal place of business (per regulatory requirement for transfer of control, according to ANEEL Resolution 484, dated as of April 17, 2012).
- (iii) Certificate regarding the Case Assignment Offices of the Judicial District where the BIDDER's principal place of business is, issued no longer than 30 (thirty) days prior to the date of the PUBLIC AUCTION SESSION.
- (iv) If it is a Simple Society, certificate issued by the Case Assignment Office of Civil Judicial Courts of the Judicial District in which the company's principal place of business is, regarding Asset Execution;

(v) When the BIDDER is an open or closed private complementary pension entity, it must also submit representation to the fact that the plans and benefits it manages are not under liquidation or intervention of the Complementary Retirement Office of the Ministry of Social Welfare;

(vi) When the BIDDER is a private equity fund, it must submit , in addition to the Fund's certificate, certificate of no bankruptcy filing of the administrator and the manager of the fund (according to regulatory requirement for transfer of control, per ANEEL Resolution 484, dated as of April 17, 2012), issued by Clerk's Office(s) where their principal place of business is located, issued no longer than ninety (90) calendar days prior to the date of delivery of Envelopes;

(vii) Proof of enrollment as a State and Municipal Taxpayer.

(viii) Certificate of Good Standing or Certificate of Suspended Liability related to Federal Taxes and Overdue Federal Taxes.

(ix) Certificate of Good Standing issued by the Guarantee Fund for Length of Service - FGTS.

(x) Certificate of Good Standing related to Labor Debts – CNDT or Certificate of Debts with the same effects as a CNDT.

(xi) Proof of Regular Status before the State and Municipal Treasury Offices.

3.6.5.4. All the certificates listed above should be within the expiration date. If the certificates presented do not have an expiration date on them, only those issued up to ninety (90) days before the date of their submission will be accepted, unless another period has been specified in the BID NOTICE.

3.6.5.5. If any of the certificates shows debts, or does not show the updated statues of the debt(s), proof of discharge and/or certificates that show the updated status of

lawsuits and/or administrative procedures must be shown, dated not longer than ninety (90) days prior to the date of the PUBLIC AUCTION SESSION.

3.6.6. General Provisions and the Presentation of the QUALIFICATION Documents

3.6.6.1. The documents required in this item 3.6 should be delivered in two counterparts, with the pages that have content numbered in sequential order, initialed by the BIDDERS, the STATE, at the premises of B3, on the date provided on the SCHEDULE and, when appropriate, in the form of the templates in the annexes herein and the INSTRUCTIONS MANUAL.

3.6.6.2. The original documents required for the QUALIFICATION or their notarized copy (by competent office or government servant or publication by the government printing office) may be submitted.

3.6.6.3. The documents listed above must be submitted by the individual BIDDER or each BIDDER of the CONSORTIUM.

3.6.6.4. Proof that the certificates have been requested will not be accepted in lieu of the certificates themselves.

3.6.6.5. If the BIDDER(S), or member of the CONSORTIUM is a subsidiary/branch, it must present the consolidated balance sheet of the parent company.

3.6.6.6. All documents (except those shown as a form of BID BOND) produced by the BIDDERS and that have been prepared abroad must be notarized and consularized and, if in another language, translated into Portuguese by a public sworn translator in Brazil. The cases for presentation of apostille documents will be provided in item 3.6.6.7 below.

3.6.6.7. The companies or foreign entities that do not operate in Brazil shall meet, as much as possible, the QUALIFICATION conditions by presenting equivalent documents, authenticated by their respective consulates and translated by a sworn translator, and

must have legal representation in Brazil, with express authority to receive service of process and represent them in administrative and judicial proceedings.

- i. Foreign companies from signatory States of the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents, enacted in Brazil through Federal Decree 8,660/2016, may replace the need for authentication by the respective consulate, referred to in items 3.6.6.6 and 3.6.6.7 above, by placing the apostille referred to with in articles 3 and 4 of the Convention. The documents and the respective apostille must be translated by a sworn certified translator.
 - a. The QUALIFICATION documents equivalent to those requested in this BID NOTICE must be submitted in order to permit clear identification of its validity, enforceability and effectiveness, and the BIDDER will indicate to which item of the BID NOTICE the document is equivalent.

3.7. Submission of the Proposal and procedures for sale of shares in the PUBLIC AUCTION SESSION

3.7.1. The ACCREDITATION, PRICE OFFER, BID BOND and QUALIFICATION documents required in this BIDDING PROCESS will be submitted in three (3) different envelopes, in two counterparts each, sealed and initialed on their clasp, identified as show below.

3.7.2. On the date set in the SCHEDULE, the BIDDERS must submit the volume with the ACCREDITATION documents, Volume 1 – PRICE OFFER, and Volume 2 – OFFER GURANTEE AND QUALIFICATION documents. The envelopes must be sealed, and shall show, on the outside, the names of the PARTICIPANT and the brokerage firm representing it and reference to this AUCTION, per the template below.

ACCREDITATION

ACCREDITATION

BID NOTICE SF. 001/2018

Auction for Purchase of Shares in
CESP – Companhia Energética de São Paulo

BIDDER's Name

ACCREDITED BROKERAGE FIRM

PRICE OFFER

VOLUME 1 – PRICE OFFER

BID NOTICE SF. 001/2018

Auction for Purchase of Shares in
CESP – Companhia Energética de São Paulo

PARTICIPANT's Name

BIDDER's Name

ACCREDITED BROKERAGE FIRM

QUALIFICATION and BID BOND

VOLUME 2 - QUALIFICATION and BID BOND

BID NOTICE SF. 001/2018

Auction for Purchase of Shares in
CESP – Companhia Energética de São Paulo

PARTICIPANT's Name

BIDDER's Name

ACCREDITED BROKERAGE FIRM

3.7.3. B3 will be responsible for keeping the proposals until the PUBLIC SESSION, when they will be opened by the AUCTION CHAIRPERSON.

3.7.4. The PUBLIC AUCTION SECTION for the sale of one single and indivisible lot of SHARES will be made through AUCTION by highest bid offered, initially in writing, and then by live verbal and successive bids and, as the case may be, in accordance with the rules set forth in this BID NOTICE and the INSTRUCTIONS MANUAL.

3.7.5. After the commencement of the PUBLIC AUCTION SESSION, the AUCTION's CHAIRPERSON will open the proposals, verify whether they are in compliance with the BID NOTICE, and will announce the amount per SHARE offered in writing by each of the BIDDERS in the order in which they were delivered. If the situation described in item 3.7.6 immediately below does not happen, the AUCTION CHAIRPERSON will declare the BIDDER ranked first the winner of the AUCTION, on behalf of the STATE.

3.7.6. If the offer(s) of any of the other PARTICIPANT(S) has/have an amount equivalent to at least 90% (ninety percent) of the amount offered by the BIDDER that ranked first, the AUCTION CHAIRPERSON will commence an in-person live auction among BIDDERS whose proposals meet the requirements below:

(a) the LIVE AUCTION will be initiated by the AUCTION CHAIRPERSON, who will receive the bids of the BIDDERS entitled to participate, bids which will be considered valid if, and only if (i) the shortest period between bids, provided in the INSTRUCTIONS MANUAL is complied with, (ii) it is higher than the then highest bid; (iii) it is not in the exact same amount of another bids; and (iv) the longest period between bids, as defined by the chairperson of the public session is complied with, in accordance with the INSTRUCTIONS MANUAL.

(b) the procedure described in item (a) above will be successively repeated until none of the BIDDERS offers a bid higher than the last valid bid offered by a BIDDER in the LIVE AUCTION, case in which the BIDDER that made the last valid bid will be declared the winner of the LIVE AUCTION by the AUCTION CHAIRPERSON, on behalf of the STATE, declaration which will entitle such BIDDER to the right to purchase all of the SHARES.

3.7.7. If there is a tie between the BIDDERS' bids and if they fail to submit bids at the LIVE AUCTION, per the legal provisions, the AUCTION CHAIRPERSON will draw lots to define the winner of the AUCTION. The first one drawn will be best ranked and will win the AUCTION.

3.7.8. After the LIVE AUCTION, BIDDERS that have bid must ratify their bids upon presentation of letter, according to template in ANNEX XIII – Bid Ratification Template.

3.7.9. The documentation of the PRICE OFFER will be initialed by the members of the SPECIAL BIDDING PROCESS COMMITTEE and, optionally, by ACCREDITED REPRESENTATIVES present at the session, after the classification of the PRICE OFFERS and the processing, if appropriate, of the bid phase.

3.7.10. The BIDDER that has its PRICE OFFER classified as the winner, will have its BID BOND and QUALIFICATION documents analyzed.

3.7.10.1. Given the decision containing the classification of the Proposed Price, the SPECIAL BIDDING PROCESS COMMITTEE will grant time to BIDDERS, in accordance with the SCHEDULE, to submit an appeal, as from the date of the registration of the minutes of the respective AUCTION PUBLIC SESSION, except if all BIDDERS expressly waive their right to appeal.

3.7.10.2. The SESSION CHAIRPERSON, if all BIDDERS waive their right to appeal, in the same public session, will hold the public opening of the Envelope with the BID BOND and the QUALIFICATION of the BIDDER that was found to be the winner, and the

Envelope with the BID BOND and QUALIFICATION of the other BIDDERS will remain intact.

3.7.10.2. The Envelope with the OFFER GURANTEEE and QUALIFICATION documents will be initialed by BIDDING PROCESS COMMITTEE and, optionally, by ACCREDITED REPRESENTATIVES present at the PUBLIC SESSION of the AUCTION, and then analyzed by the BIDDING PROCESS COMMITTEE.

3.7.10.3. The QUALIFICATION of the BIDDERS will follow the objective criteria set out in this BID NOTICE, and the BIDDERS that fail to present the documents of BID BOND and QUALIFICATION in compliance with the provisions in this BID NOTICE and the legislation will be disqualified.

3.7.11. After the analysis of the BID BOND and QUALIFICATION documents of the BIDDER whose PRICE OFFER is the winning one, and if it has met all the requirements of BID BOND and QUALIFICATION set forth in this BID NOTICE and in the legislation in force, it will be considered the winner of the event.

3.7.12. If the BIDDER that has the winning PRICE OFFER does not fully and satisfactorily meet all the conditions and requirements of BID BOND and QUALIFICATION in this BID NOTICE, the envelope with the BID BOND and QUALIFICATION documents of the BIDDER with second highest PRICE OFFER will be analyzed. If this BIDDER does not meet the requirements, the procedure will be repeated successively for the other BIDDERS, from highest to lowest PRICE OFFER.

3.7.13. The disqualification of any consortium member will lead to the disqualification of the CONSORTIUM.

3.8. Administrative Appeals

3.8.1. BIDDERS may submit administrative appeal within 5 (five) business days regarding (i) the classification of the PRICE OFFER; as well as (ii) the analysis of the winning

BIDDER's BID BOND and its respective QUALIFICATION documents, except if all BIDDERS expressly waive their right to appeal.

3.8.2. If appeals are filed by any of the interested BIDDERS, all BIDDERS will be given the right to file statements within the time limits set forth in the SCHEDULE, on such filings. In this case, the STATE will provide new updated SCHEDULE to ensure interested BIDDERS may file their statements. The appeals will be reviewed by STATE and the result disclosed electronically and by publication in the State Register on the date indicated in the SCHEDULE.

3.8.3. Any administrative appeals should be filed upon petition with grounds, addressed to the BIDDING PROCESS COMMITTEE, observing the procedures established in Federal Law 8,666, dated of June 21, 1993, and the rules in this BID NOTICE.

3.8.4. The appeals must be timely filed at the address of the OFFICE's headquarters, Av. Rangel Pestana, 300, 5th floor, addressed to the BIDDING PROCESS COMMITTEE, on business days, from 8:30 a.m. to 12:30 p.m. and 1:30 pm to 5:30 pm.

3.9. Publication of the result of the AUCTION

3.9.1. The result of the AUCTION will be published in the State Register and on the OFFICE's website, as well as at the electronic address <http://vendacesp.com.br/>

3.9.2. When the final result of this BIDDING PROCESS is reached, the bidding process will be approved and its winning BIDDER awarded the object, under the conditions it had offered.

3.10. General Provisions for the AUCTION

3.10.1. The BIDDING PROCESS COMMITTEE may at any time request BIDDERS details of the documents presented, being the correction of failures admitted, as well as of any insufficiencies, or corrections of formal problems, as long as the missing elements may

be presented within three (3) days, under penalty of disqualification or ineligibility of the BIDDER.

- i. The flaws in the documentation that may be corrected within the period referred to in this item are those which refer to factual or legal situation that already existed on the date of the presentation of the PRICE OFFER.
- ii. If any of the representations required is missing, the BIDDER may provide a statement of equal content, which should be expressly recorded in the minutes.

3.10.2. Detailed minutes of all public sessions will be recorded and they will be signed by the BIDDING PROCESS COMMITTEE, and the ACCREDITED REPRESENTATIVES may also sign them.

3.10.3. The BIDDING PROCESS COMMITTEE may, at its sole discretion, end the public sessions, and analyze the documentation and tenders in public session or in private session, and may avail themselves of technical assistance. In any case, the BIDDING PROCESS COMMITTEE will make their decisions in writing, mentioning the grounds for the decisions, which will be enclosed to the files of the bidding process.

3.10.4. The envelopes and unopened wrappings may be withdrawn by the interested parties, within thirty (30) days after the liquidation of the leftovers of the OFFER TO THE EMPLOYEES by the NEW CONTROLLING PERSON. If not withdrawn within that period, they will be discarded, irrespective of any notice or notification.

3.11. Documents for ANEEL's approval of the transfer of CESP's control

3.11.1. Within three (3) business days after the publication and adjudication of the object of the AUCTION, the NEW CONTROLLING PERSON must submit to ANEEL, pursuant to ANEEL Resolution 484, dated as of April 17, 2012 all information and documents necessary for the analysis of transfer of control of CESP.

3.12. Completion of the Transfer of SHARES

3.12.1. The AUCTION SETTLEMENT is conditioned to (i) the provisions in this BID NOTICE, within the time limits set forth in the SCHEDULE; (ii) the execution of the SHARES SALE AND PURCHASE AGREEMENT; and (iii) the conditions precedent set forth in Clause 1.4 of the STOCK PURCHASE AGREEMENT.

3.12.2. If the AUCTION SETTLEMENT does not occur, the STATE, without prejudice to the provisions of item 3.12.3, may, at its sole discretion, summon the BIDDER that was in second place, and have the same procedure done successively, for the execution of the STOCK PURCHASE AGREEMENT for the price of the BIDDER that was in first place, duly updated pursuant to item 2.2.4.2 of this BID NOTICE, without prejudice to the penalties provided herein.

3.12.3. The BIDDER that wins at AUCTION will be obliged to pay a non-compensatory pecuniary penalty, to the STATE in the amount of thirty per cent (30%) of the total amount composed by (i) the FINAL AUCTION PRICE, multiplied by the number of SHARES, and (ii) the total amount involving the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION if the BIDDER, because of fault or fraud, does not meet the requirements established by the GOVERNMENT for the transfer of CESP's control. To comply with that obligation, the STATE may foreclose on the BID BOND.

3.13. Failure to pay the PRICE OF THE LEFTOVERS OF THE OFFER TO EMPLOYEES AT DISCOUNT and the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT NO DISCOUNT

3.13.1. If the NEW CONTROLLING PERSON does not pay the PRICE OF THE LEFTOVERS OF THE OFFER TO EMPLOYEES AT DISCOUNT and the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT NO DISCOUNT, by the date set on the SCHEDULE, the STATE may foreclose on the guarantee given, per item 3.5.1, without prejudice to the fine provided in item 3.14.2.

3.14. Irrevocability

3.14.1. The purchase and sale of SHARES under the terms of this BID NOTICE, once formalized by the executions of the STOCK PURCHASE AGREEMENT, will be a perfect and irrevocable juridical act, not susceptible to termination on any grounds. The transfer of CESP's control and its exercise by the NEW CONTROLLING PERSON will be subject to the applicable legislation and inspection by the competent governmental bodies.

3.14.2. Without limiting in any way the NEW CONTROLLING PERSON's liability with respect to the performance of any of the obligations provided herein, including those described in this item, the NEW CONTROLLING PERSON will be obliged to pay a non-compensatory pecuniary fine to the STATE, in the amount of 30% (thirty percent) of the amount of the financial obligations related to the events listed below and not paid by the NEW CONTROLLING PERSON on the dates on which they are due and payable per the terms of the BID NOTICE:

- a. AUCTION SETTLEMENT by the date provided in the SCHEDULE;
- b. payment of the total amount payable for the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION, by the date provided in the SCHEDULE;
- c. payment of the total amount payable for the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT A DISCOUNT and for the PRICE OF LEFTOVERS FROM OFFER TO by the date provided in the SCHEDULE.

3.14.3. The STATE, for the purposes of receiving any of the amounts described herein, including those relating to the fine in item 3.11.2, may, without prejudice to the exercise of any other rights, foreclose on the BID BOND given per item 3.5.1.

3.14.4. The foreclosure on the BID BOND, per the provisions in item 3.14.3. does not preclude the CONSORTIUM members' or the SPE's shareholders' joint and several liability, as the case may be.

3.15. Liability for the Information and for the PROCESS

The information contained in any of the documents of the PROCESS, as well as other information disclosed by the STATE and other SELLERS, by B3, CESP, and by the CONSULTANT and their subcontractors are for informational purposes only and shall not replace independent analysis that the BIDDERS may have carried out, at their expenses and by their own means. The STATE and other SELLERS, CESP, the CONSULTANT and their subcontractors, B3 will not be liable, in any way and on any ground whatsoever, for (i) the truthfulness, consistency, quality, and sufficiency of the information provided during the PROCESS; (ii) the decision taken by any of the BIDDERS with respect to its participation in the PROCESS; or (iii) for any losses or damages suffered by any PARTICIPANT on account of its participation in the PROCESS.

3.16. B3's Fees

3.16.1. The following fees will be payable to B3, by the NEW CONTROLLING PERSON, in national currency:

3.16.2. During the AUCTION SETTLEMENT, B3 will retain the amount corresponding to its fees.

3.16.3. B3's fees are made up of the following amounts:

- I. R\$1,765,940.48 (one million, seven hundred and sixty-five thousand, nine hundred forty Brazilian Reals and forty-eight cents); and

II. Asset Distribution Fee corresponding to 0.035% of the AUCTION SETTLEMENT regarding the FINAL PRICE AT AUCTION and the ADDITIONAL PRICE WITH RESPECT TO THE SHARES PURCHASED AT AUCTION.

3.1.6.4. B3 will issue statement confirming receipt of its compensations and will send it to the STATE.

3.16.5. The effective sale of the SHARES is conditioned upon B3's compensation, so that the BID BOND may be enforced on for the purposes of compliance with this obligation.

3.16.6. The amounts will be adjusted for inflation if the payment is effect on a date that is later than a year after the BID NOTICE date of publication.

3.16.7. The adjustment will be calculated based on positive variation assessed between the last index published prior to the date of publication of the BID NOTICE and that published immediately prior to the date of the AUCTION SETTLEMENT, by the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo – IPCA*), published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística – IBGE*) or if IPCA is not available, by the adjustment index that replaces it.

3.17. Penalties

3.17.1. The BIDDER that causes the auction to be late, does not keep the PRICE OFFER or makes false representations, ensured the right to receive service of process and to defense, will be prevented from participating in bidding processes and contracting with the government for up to 2 (two) years, while the compelling reasons for the punishment persist or until it is rehabilitated with the authority that applied the penalty, pursuant to §12 of article 40, of Law 6,544/89, without prejudice to the foreclosure upon the BID BOND.

3.17.2. The refusal to execute the STOCK PURCHASE AGREEMENT, without justification accepted by the STATE, within the period established, will cause the winner of the auction - individual company, or, if a CONSORTIUM, all member companies, to be temporarily suspended from participating in bidding processes and prevented from contracting with the Government for 24 (twenty four) months, and will be subject to a fine of one percent (1%) of the value of the STOCK PURCHASE AGREEMENT and may have its BID BOND foreclosed on for this purpose.

3.17.3. The practice of any acts aimed at frustrating and/or disrupting the present auction, subject to the provisions herein, will also cause, at the discretion of the Auction Chairperson, a penalty in the same amount fixed 3.17.2 item and the BID BOND may be foreclosed on to ensure the penalty amount is received.

3.17.4. The BIDDER who has practiced unlawful acts to frustrate the goals of the bidding process or that shows is not reputable to contract with the Government as a result of unlawful acts practiced, will be subject to the penalties provided in Article 87, III and IV, of Law 8,666/93, with support in article 88 of Law 8,666/93, with its right to an adversary proceeding and to defend itself ensured.

3.18. Final Provisions of the Bidding Process

3.18.1. The disciplinary rules of this AUCTION will be interpreted in favor of extending the dispute, and equal opportunity will be given to BIDDERS, provided they do not compromise public interest, the purpose and security of the contracting.

3.18.2. In case of divergence, the terms, provisions and conditions of the BID NOTICE prevail over the provisions of the ANNEXES, the same applies to the INSTRUCTIONS MANUAL, that is, the BID NOTICE will always prevail over it.

3.18.3. The STATE, through the OFFICE, may at any time revoke, postpone or even cancel this AUCTION in accordance with Federal Law 8,666/93, without right to indemnity or reimbursement of any expenses.

3.18.4. In the interest of the STATE, with no right to any claim or indemnification to the BIDDERS:

- i. the AUCTION PUBLIC SESSION may be postponed; and/or
- ii. the BID NOTICE may be changed, and a new timeframe established for the AUCTION, in accordance with the specific legislation; and/or
- iii. new public session may schedules, if the BIDDING PROCESS COMMITTEE understands it is pertinent to have a detailed review of all documents received.

3.18.5. At any time, the BIDDING PROCESS COMMITTEE may, according to the phase of the AUCTION, disqualify a BIDDER, or make it ineligible, and the BIDDER will not have the right to damages or reimbursement of expenses, if it comes to their attention any fact or condition that is against their reputation or compromises their financial, technical, administrative or production suitability.

3.18.6. This BID NOTICE is governed by the laws of the Federative Republic of Brazil, and the competent jurisdiction to settle any issues or disputes arising out of the BID NOTICE is the jurisdiction of the City of São Paulo, State of São Paulo.

Chapter 4 - NEW CONTROLLING PERSON's Rights and Obligations

4.1. Dividends

The SELLERS will be entitled to being paid dividends declared until the date of the transfer of the SHARES. The purchaser of the SHARES will be entitled to being paid dividends and to other rights, including, share bonuses, that may be declared from the date of transfer of the SHARES in the DEPOSITORY ENTITY's records.

4.2. Intervening parties in the NEW CONCESSION AGREEMENT

Without prejudice to other obligations required by the GRANTING ENTITY or by ANEEL, the NEW CONTROLLING PERSON shall:

- a. as intervening consenting party, execute the NEW THE CONCESSION AGREEMENT; and
- b. strictly comply with the relevant contractual provisions and legal provisions, regulations involving CESP's activity, making efforts so that the necessary investments are made to its maintenance and improvement, always with the purpose of providing appropriate and efficient generation service object of the CONCESSION AGREEMENT.

4.3. NEW CONTROLLING PERSON's Special Obligations

4.3.1. The NEW CONTROLLING PERSON, even if organized as a CONSORTIUM or SPECIAL PURPOSE ENTITY, and its successors, in any quality, all jointly and severally liable among themselves and with the CONSORTIUM and the SPECIAL PURPOSE ENTITY, including as a result of a future assignment or transfer of shares, is irrevocably required, without prejudice to compliance with specific legal rules and regulations, to perform the obligations herein, as well as (i) to exercise, whenever necessary, its right to vote in CESP's Shareholders' Meetings; and (ii) to direct the votes of the Board of Directors' members elected, so that the Company continues to perform, for the duration of the Company's concessions, the obligations provided in Section Three - New Controlling Person's Special Obligations in the STOCK PURCHASE AGREEMENT, under penalty of having appropriate judicial measures brought against CESP and/or the NEW CONTROLLING PERSON, including specific performance, comminatory fine, without prejudice to cumulative request for damages suffered by the STATE and the society in general.

4.3.2 Without prejudice to the compliance of all other CESP's financial obligations in relation to which the NEW CONTROLLING PERSON acknowledges the STATE is not responsible for, if, while CESP has any debts guaranteed or counter-guaranteed by the STATE, the NEW CONTROLLING PERSON intends to transfer CESP's control or to promote corporate restructuring for CESP's spin-off, consolidation or merger, such transaction is conditioned to the unconditional consent of third parties who may acquire or receive CESP's shares, to the STOCK PURCHASE AGREEMENT.

4.3.3 Without in any way limiting any SELLERS' rights , including that of bringing actions for specific performance, in the event the NEW CONTROLLING PERSON fails to carry out the PUBLIC STOCK OFFER described in the item 1.3.5 herein, the STATE may, at its sole discretion, terminate, as of right, the STOCK PURCHASE AGREEMENT irrespective of notification or warning. In this case, all of the shares issued by CESP transferred to the NEW CONTROLLING PERSON due to the AUCTION or the OFFER TO EMPLOYEES shall be returned to their respective SELLERS, who may therefrom exercise the rights, privileges and advantages inherent to those shares, retaining from the amount to be returned to the NEW CONTROLLING PERSON, as liquidated damages, 50% (fifty percent) of the total amount resulting from the sum of the FINAL PRICE AT AUCTION, multiplied by the number of SHARES, added to the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION, and the total amount involving the PRICE OF LEFTOVERS OF THE OFFER TO EMPLOYEES AT A DISCOUNT, and the total amount involving the PRICE OF LEFTOVERS FROM OFFER TO EMPLOYEES NOT AT DISCOUNT duly adjusted according to the SELIC RATE variation during that period.

4.4. Absence of Liability for Increase in Assets or Decrease in Assets

The SELLERS, the PED DIRECTING COUNCIL's members, the CONSULTANT and its subcontractors will not be liable, in no circumstances whatsoever or for any reason, for any of CESP's increase in assets or decrease in assets or contingencies, whatever their nature. By presenting a proposal the BIDDERS, it is assumed that they unconditionally acknowledge and accept, that the SELLERS', PED DIRECTING COUNCIL's members', the CONSULTANT'S and its subcontractors' are not liable for increase or decrease in assets,

or contingencies, regardless of their having been mentioned during the course of the PROCESS, mentioned in the BID NOTICE, in the reports and/or DATA ROOM.

4.5. Supervening Facts

4.5.1. The events in the BID NOTICE and the SCHEDULE are directly subordinate to carrying out and success of the several phases of the PROCESS. In the event supervening facts occur after the publication of the BID NOTICE, the PED DIRECTING COUNCIL may review, postpone, change, suspend, extend, or revoke the SCHEDULE, completely or in part, seeking the best result be achieved by CESP's privatization. The change of conditions provided in this BID NOTICE or in its ANNEXES shall not prejudice the carrying out of the AUCTION and its respective settlement, except at the discretion of the PED DIRECTING COUNCIL.

4.5.2. Any material act or fact, after the publication of this BID NOTICE, that may influence the BIDDERS' decision, will be widely publicized, with publication on the process's websites www.vendacesp.com.br, as well as in newspapers of wide circulation.

Chapter 5 - Obligation of the STATE to CESP

5.1. Responsibility for the Benefits Arising from Law 4.819/58

5.1.1. In view of State Law 4,819, dated as of August 26, 1958, and in paragraph 4, Article 3, of the PED LAW, the STATE undertakes:

- I. to directly fund the supplementary retirement and pension benefits provided for in State Law 4,819, dated as of August 26, 1958, payable to employees who have retired at CESP or to CESP's current employees and their respective survivors who fall into the scope of State Law 4,819/58 and that come to retire there, and who meet the terms and conditions set by the STATE's Attorney General Office; and

- II. to carry out the financial transfers, within the limits of the guidelines established by the STATE Attorney General's Office provided in the STOCK PURCHASE AGREEMENT, either to CESP or to FUNDAÇÃO CESP, as the case may be, in the event they are required to pay these benefits to employees who have retired at CESP or CESP's current employees and their respective survivors who fall into the scope of State Law 4,819/58 who retire there, by court decision, in an action in which the STATE is not a party, in which all appeals and stages of the legal case have been timely and properly exhausted.

5.1.2. For the purposes of item II above, the guidelines set by the State's Attorney General Office establishes that the payment of complementary retirement benefits and pension and the amounts transferred to CESP or to Fundação CESP, as the case may be, are limited to the base salary, additional yearly payment for length of service, bonus for occupation, upon which the salary and social security contribution ceiling applies.

5.1.3. Thus, in the event provided in item II above, the transfers to CESP or to Fundação CESP, as the case may be, will be made on a monthly basis, exclusively with respect to the base salary, additional yearly payment for length of service, bonus for occupation, upon which the salary and social security contribution ceiling applies. No monies arising from judicial decisions that order other monies be paid, and those that establish new calculation for the purposes of incorporating installments to the base salary or change in criteria to calculate the amounts will be reimbursed by the STATE.

5.1.4. The STATE will not bear any administrative expenses that might be incurred by CESP or Fundação CESP in connection with the processing of the payments of the benefits in question.

5.1.5. Also with respect to item II above, the NEW CONTROLLING PERSON undertakes to keep the State informed of all legal actions filed against CESP and Fundação CESP, through periodical reports to be forwarded to the Office, containing the main

information regarding such actions. Such reports will be presented whenever there is a new action or every 6 months.

Chapter 6 - Warranties Relating to CESP's Financial Contracts

6.1. CESP's Debts Secured by the STATE

6.1.1. The STATE has given the STATE GUARANTEES with respect to CESP's debts that described and characterized in ANNEX III hereof.

6.1.2. The NEW CONTROLLING PERSON shall, as a condition for the execution of the STOCK PURCHASE AGREEMENT, deliver the COUNTER-GUARANTEE to the STATE, according to the SCHEDULE.

6.1.3. The COUNTER-GUARANTEE may be given as a Bank-issued Guarantee or insurance guarantee and, in both cases, meet at least the following requirements: (i) the duration must be 12 (twelve) months, renewable for equal periods until there are no more STATE GUARANTEES in force; (ii) be in an amount equivalent to the balance due of the debts object of the STATE GUARANTEES on the date of they are issue or renewed, as the case may be; (iii) be governed by the laws of the Federative Republic of Brazil and have as their exclusive jurisdiction the Forum of the Capital District of the State of São Paulo; and (iv) not contemplate any provisions that exclude liability nor any provisos that may hinder or prevent their foreclosure, allowing for their automatic and unconditioned foreclosure.

6.1.4. The NEW CONTROLLING PERSON is fully responsible for carrying out the required renewals and updates, and it shall give notice of any renewal and update to the STATE. The NEW CONTROLLING PERSON must submit to the STATE document proving the COUNTER-GUARANTEE has been renewed and updated, at least 30 (thirty) days prior before their expiration date, under penalty of failing to comply with a NEW CONTROLLING PERSON's obligation and full foreclosure on the COUNTER-GUARANTEE.

6.1.5. If the COUNTER-GUARANTEE is a Bank-issued Guarantee, it must meet at least the following specific requirements: (i) the guarantor shall be bound as principal debtor and joint and several debtor and expressly waive the rights and prerogatives conferred upon it by applicable Brazilian legislation, in particular those provided in articles 333, sole paragraph, 364, 365, 366, 368, 821, 827, 830, 834, 835, 837, 838 and 839 of Law 10,406, dated as of January 10, 2002 , as amended ("Civil Code") and in articles 130 and 794 of Law 13,105, dated as of March 16, 2015, as amended ("Code of Civil Procedure"); (ii) it shall be issued by a Brazilian financial institution listed among the 50 (fifty) largest institutions according to the "Total Assets" criteria, in the Supervised Entities' Selected Data, IF.data, , issued by the Central Bank of Brazil, in the following segments: "b1 – Commercial bank, bank with multiple portfolios or savings bank" and/or "b2 – Bank with multiple portfolios with no commercial portfolio and investment bank", in the report available at the time the COUNTERGUARANTEE is received" ; (iii) it shall contain an express clause that ensures the STATE, irrespective of any formality, the irrevocable right to enforce the Bank-issued Guarantee from the date (including) it is notified by any creditors of debts that are object of STATE GUARANTEES to effect payment of amounts due and unpaid by CESP;

6.1.6. If the COUNTER-GUARANTEE is a Insurance Guarantee, it must meet at least the following specific requirements: (i) be issued by an insurance company authorized to operate in Brazil, per the laws in force at the time it is presented; (ii) be shown to exist by submission of an insurance guarantee policy accompanied by proof of premium payment, when applicable, as well as Certificate of Good Operation Standing issued by the Private Insurance Superintendency - SUSEP, in the name of the insurer that provided the policy; (iii) the policy must be in compliance with the provision in SUSEP Circular 477/2013, and must not include any clause exempting the NEW CONTROLLING PERSON or the insurer from liability, nor any special or particular conditions; (iv) in case the COUNTER-GUARANTEE given as Insurance Guarantee includes any clauses that are not compatible with the provisions hereof or of the STOCK PURCHASE AGREEMENT, including clauses that limit or exempt liability, the NEW CONTROLLING PERSON shall submit a declaration, undersigned by the insurance company, stating that such clauses are not applicable as to the current AUCTION and its respective STOCK PURCHASE

AGREEMENT, and that the Insurance Guarantee is valid for all the events provided for herein and in the STOCK PURCHASE AGREEMENT.

6.1.7 In the event the NEW CONTROLLING PERSON fails to submit the new COUNTER-GUARANTEE, per the provisions in Section 6.1.4 above, the STATE, irrespective of any notice or formality, may fully foreclose on the COUNTER-GUARANTEE. In such a case, the resources received by the STATE due to the foreclosure on the COUNTER-GUARANTEE may be used for the purposes of making advance payment on CESP's debts object of the STATE GUARANTEE, if possible as a result of negotiations with creditors, as there is no express contract provision to that end in CESP's debt agreements object of the STATE GUARANTEE, and if that is economically possible for CESP and the NEW CONTROLLING PERSON. In the event it is not possible to pay CESP's debts in advance, debts which are object to the STATE GUARANTEE, the funds received by the STATE by reason of the foreclosure on the COUNTER-GUARANTEE shall be kept in an account whose exclusive purpose is the payment of CESP's debts object of the STATE GUARANTEES. While kept in said escrow bank account, such funds will be invested in investment backed by federal public securities with liquidity consistent with CESP's need for such funds; and the use of financial derivatives is prohibited, and the amount obtained from such investments shall be incorporated into the amount deposited in the escrow account and used to pay CESP's debts or returned to the NEW CONTROLLING PERSON in case of excess in relation to the balance due after full payment of the debts guaranteed by the STATE GUARANTEES. At the sole discretion of the STATE, the amounts deposited in escrow account may be released to the NEW CONTROLLING PERSON, upon the latter's request, whenever the balance in the escrow account, on the date of the intended release, is greater than the amount of the adjusted debt balance of the debts object of the STATE GUARANTEES.

6.1.8. The COUNTER-GUARANTEE shall be fully in force until the full and final discharge of debts guaranteed by the STATE GUARANTEE, and will only be released by the STATE after such discharge and release is proven.

6.1.9. Whenever the COUNTER-GUARANTEE is executed, in full or in part, the NEW CONTROLLING PERSON will be required to bring it back to its total amount within 48 (forty-eight) hours as from receipt of notice, under penalty of defaulting and full execution of the COUNTER-GUARANTEE.

6.1.10. Amendments to the terms and conditions of the COUNTER-GUARANTEE are prohibited, except upon express prior consent of the STATE and, in any event, including, without limitation, at the time of its renewal or restoration of its economic value and enforceability conditions.

6.1.11. If the NEW CONTROLLING PERSON wishes and succeeds in effecting the early settlement of all such debts, the STATE must authorize the release of the COUNTER-GUARANTEE, whatever it is, upon production by the NEW CONTROLLING PERSON of release instruments with respect to the debts object of the STATE Guarantees.

6.2. CESP's Debts Secured by CESP

6.2.1. CESP has given CESP's GUARANTEE to back the performance of its obligations resulting from CESP's debt as described and characterized in ANNEX V hereof;

6.2.2. Considering that, according to the CESP's debt contractual instrument, object of CESP GUARANTEE, as described and characterized in ANNEX II hereof (i) the CREDITOR may require CESP'S GUARANTEE be supplemented or replaced in the event CESP is totally or partially privatized, and (ii) CESP undertakes to meet such request within 24 (twenty-four) hours as of the receipt of the CREDITOR's notice under penalty of early payment of the total debt amount; the NEW CONTROLLING PERSON shall, within 2 (two) business days of the as from CADE's final approval of the transaction, notify the CREDITOR to inform it of its right, taking the necessary steps with CREDITOR to have CESP'S GUARANTEE replaced, if the CREDITOR so wishes.

Chapter 7 - Additional Information and SCHEDULE

7.1. Notices and Communications

The PED DIRECTING COUNCIL MAY require the OFFICE and/or BIDDING PROCESS COMMITTEE publish notices or additional communications pertaining to the contents of the BID NOTICE, its ANNEXES, and other PROCESS documents.

7.2. Provision of Bid Notice

Those interested in obtaining the BID NOTICE, its ANNEXES and additional PROCESS documents, may do so in accordance with the provisions in the SCHEDULE, available on the process's websites www.vendacesp.com.br and www.fazenda.sp.com.br.

7.3. Implicit and Unconditional Acceptance

The participation of any investor in the offer object of the BID NOTICE implies tacit, irrevocable, unconditional and acceptance of its terms, rules and conditions as well as of the INSTRUCTIONS MANUAL, and other documents that may be disclosed and/or published because of the BID NOTICE.

The BIDDERS also acknowledge and represent that they are fully aware of the laws in force in Brazil, including rules and regulations issued by ANEEL, Brazil's Central Bank, the Brazilian Securities and Exchange Commission, and any rules relating to rural property ownership by foreign persons, and that they may claim ignorance of any law or current regulation, and they assume full responsibility for the obligations and limitations arising from laws and regulations that may be issued by the Government.

7.4. ANNEXES

The following ANNEXES are integral parts of this BID NOTICE:

ANNEX I - Draft STOCK PURCHASE AGREEMENT

ANNEX II – CESP's Debts Secured by CESP

ANNEX III – CESP's Debts Secured by the STATE

ANNEX IV – Draft NEW CONCESSION AGREEMENT

ANNEX V –Operational Regulation for the Lock - Porto Primavera HPP (Eng. Sérgio Mota)

ANNEX VI - Agreement for Adoption of Corporate Governance Practices – B3 Level 1 executed by CESP

ANNEX VII – Template of Written Proposal

ANNEX VII– Template of Certification of No Equivalent Foreign Document

ANNEX IX – Template of Statement of Acknowledgment of and Agreement with the Terms of the Bid Notice and Absence of Impediment to Participation in the AUCTION

ANNEX X - Template of Statement of Compliance to Brazilian Laws

ANNEX XI - Template of Certification that it does not participate in the AUCTION through another BIDDER, neither directly or by means of RELATED PARTY

ANNEX XII - Template of Certification to the fact that it complies with the provisions of article 7, item XXXIII of the Federal Constitution

ANNEX XIII – Template Bid Ratification

ANNEX XIV - SCHEDULE

ANNEX I TO BID NOTICE SF 001/2018

Draft Stock Purchase Agreement

[separate document]

ANNEX II TO BID NOTICE SF 001/2018

CESP's Debts Secured by CESP

Creditor	Date of Agreement	Amount	Maturity	Outstanding balance on 03/31/2018
Eletróbrás	09/18/2002	R\$ 90,000,000.00	11/30/2019	R\$ 8,335,481.63

ANNEX III TO BID NOTICE SF 001/2018**CESP's Debt Secured by the STATE**

Creditor	Date of Agreement	Amount ¹		Maturity	Outstanding balance on 03/31/2018 ²	
		USD	BRL		USD	BRL
BNDES	09/04/2002	552,650,508.00	1,660,714,776.39	10/15/2019	105,132,230.01	349,543,638.34

¹ Amount in Brazilian Reals was calculated based on the dollar exchange rate published by the Central Bank of Brazil on September 2, 2002 (US \$1.000 = R\$3.005).

²Balance in Brazilian Reals was calculated based on the dollar exchange rate published by the Central Bank of Brazil on March 29, 2018 (US\$1.000 = R\$3.3248).

ANNEX IV TO BID NOTICE SF 001/2018
Draft NEW CONCESSION AGREEMENT

[According to separate document – presented only in Portuguese]

ANNEX V TO BID NOTICE 001/2018

Operational Regulation for the Lock - Porto Primavera HPP (Eng. Sérgio Mota)

1. OPERATION AND MAINTENANCE OF THE LOCKS

1.1. CESP, as the operator of the existing lock at the dam of the Porto Primavera Hydroelectric Power Plant, as to the operation of the Lock, shall:

- I. provide the conditions necessary for the navigation on the Tietê-Paraná Waterway, in the stretch covered by the plant reservoir as described in these Regulations, whenever normal operational conditions exist;
- II. operate the lock and its related facilities, whose list is part hereof, as Annex A, without any charge to the user, with its own resources and under the monitoring and inspection of WATERWAY ADMINISTRATORS;
- III. ensure the locks are operational 24 hours a day, during the entire year, as long normal operating conditions are met;
- IV. ensure the operational availability according to the limits established in the regulations in force;
- V. ensure operating reservoir levels throughout its length for navigation with minimum draft established for the 3.5m Paraná standard and guarantee the continuity of the use of the locks with due control of total downflow. The above value is valid for normal operating conditions.

If any adverse hydrologic situation occurs that may lead to the suspension of the lock operation, such an event shall be previously notified to the WATERWAY ADMINISTRATORS.

- VI. meet the standards, instructions and guidelines for the operation of the locks and approach of vessels, in particular:

- Traffic Rules in the Locks of the Tietê-Paraná waterway and its canals, 2012 - Navy Ministry- Ports and Coasts Board - DPC;
 - Maritime Authority Regulations for Vessels Employed in Inland Navigation - NORMAN 02 - 2005 Navy Ministry - Ports and Coasts Board-DPC;
 - Operating Instruction 05.02.29 - Operating Procedures for Use of Locks by Vessels - 2015;
- Porto Primavera Power Plant and Lock - Navigation Routes-Signalling and Buoyage - Themag Report 13701-EC22-RT-2783-25572 R-OA.

VII. forward, monthly, to the WATERWAY ADMINISTRATORS, information pertaining to the day-to-day movement of vessels and cargo transport;

VIII. allow that, in the plant under its charge, at any time, including in the safety lock area, the WATERWAY ADMINISTRATORS can install and maintain any and all kinds of signs used in the buoyage of the Waterway, such as floats, shore signs, bridge navigation span signs, buoys and illuminated signs. All such equipment is the property and use of the WATERWAY ADMINISTRATORS;

1.2. CESP, as the operator of the existing lock at the dam of the Porto Primavera Hydroelectric Power Plant, as to the maintenance of the lock, shall:

- I. perform maintenance and attend to the proper operation of the lock and the related premises part of the Tietê-Paraná Waterway, whose list is part hereof as Annex A, without any charge to the user, providing the necessary resources for this purpose;
- II. perform maintenance of the lock in a manner that is compatible with the obligations set forth in item 1.1., subitems III and IV of this ANNEX, except for preventive maintenance;
- III. perform periodic inspections, together with the WATERWAY

ADMINISTRATORS in the navigable stretches within the power plant area, checking all equipment and lock systems, identifying all items that present risk to the operation of the Waterway;

IV. Comply with three maintenance levels for the lock:

- a.** Emergency - held when the malfunction or breakdown of equipment cause system stoppage.
 - a.1. For this procedure, a Police Report must be made, identifying the decisive causes for the malfunction or breakage and defining the responsibilities for legal purposes. The repair service will occur immediately, and should be reported to the WATERWAY ADMINISTRATORS within 24 hours as of the occurrence.
- b.** Corrective - held in previously established date, with the purpose of replacing or repairing equipment that present risks for the proper functioning of the system.
 - b.1. The corrective maintenance procedures will be provided by the lock operator and should occur within the shortest time possible, in order to restore its operation within safety and quality indexes. The dates and periods for such maintenance procedures to take place must be submitted to the WATERWAY ADMINISTRATORS within at least 72 hours in advance, for approval.
- c.** Preventive - maintenance procedure that will be made every two years, with a maximum length of 70 (seventy) days, and the waterway may remain totally or partially interrupted for up to 30 (thirty) days.
 - c.1. Preventative maintenance must cover replacing worn items, anticorrosive treatment, painting, lubrication and gauging. This activity will occur during from December 20 to February 28 (period between crops), after notifying the WATERWAY ADMINISTRATORS, the Navy, City governments, companies

that use the Tietê-Paraná Waterway and the general population.

- c.2. Notice of the period for preventive maintenance to the WATERWAY ADMINISTRATORS must be given within 180 (one hundred and eighty) days in advance.

2. EXCEPTIONAL, UNFORESEEN OR ABNORMAL OCCURRENCES WITH VESSELS IN THE TRANSPOSITION SYSTEM

2.1. CESP notify the WATERWAY ADMINISTRATORS and the body in charge of the Navy, of any occurrences involving administrative and/or judicial measure, so that these issues may be always dealt with jointly and in a coordinated manner, so that the operation of the Waterway System does not suffer solution of continuity.

3. THE WATERWAY ADMINISTRATORS

3.1. The WATERWAY ADMINISTRATORS, within their respective areas of competence, as defined in items 3.1.1 and 3.1.2 of this ANNEX, shall:

- I. monitor operations performed in the locks on its own initiative, or when it deems a request made by users of the system well-founded;
- II. supervise, together with other agencies responsible for the navigation system, the compliance with the operational rules set forth in item 1.1, subitem VI of this ANNEX, the Rules herein and those that come to complement, replace or amend them;
- III. promote studies with the purpose of revising the rules in subitem VI, item 1.1. of this ANNEX, the Rules herein, and any other source relating to the use of Tietê-Paraná Waterway, together with the Ministry of Transport and ANEEL, or their delegates, and according to the authority of each of the bodies involved.
- IV. mediate the disputes between the lock users and the operator;

- V. establish among themselves an operation agreement to coordinate the maintenance and inspection duties regarding the Tietê-Paraná Waterway, standardizing the Lock Operating Rules of the rivers that are part of it.

3.1.1. The Waterway Department of the Transport Office of the State of São Paulo is responsible for the administration of Tietê River, Pereira Barreto Channel, São José dos Dourados River and the Paraná River stretch between Tietê River and the Jupia Dam, included.

3.1.2. AHRANA - Administradora da Hidrovia do Rio Paraná, of the Ministry of Transport, is responsible for the administration of the remaining stretches of the Paraná River, Paranaíba River and Grande River, that are in the concession area.

4. LOCK OPERATOR'S DUTIES

- 4.1. The coordination of waterway traffic and maintenance of navigation conditions, within the safety area of Porto Primavera Power Plant lock, which comprises the navigable river area between upstream and downstream required stopover points (PPOs), as defined in article 3, item XXII of the "Traffic Rules of the Locks of the Tietê-Paraná Waterway and its Channels " are exclusive duties of Companhia Energética de São Paulo as defined by the WATERWAY ADMINISTRATORS. Among these duties, the following are not included: works and buoyance services and signalling of navigational route and maintenance of the bridge pillars protection devices.

5. AMENDMENTS

- 5.1. The provisions in these Rules may be amended by the WATERWAY ADMINISTRATORS, in conjunction with the Ministry of Transport and ANEEL, and in compliance with the authority of the other agencies involved.

6. MISCELLANEOUS

6.1. Any differences of interpretation of these Rules and other rules applicable to the operation and maintenance of locks shall be resolved by the WATERWAY ADMINISTRATORS, in conjunction with the Ministry of Transport and ANEEL, and in compliance with the authority of the other agencies involved.

* This English translation is presented for information purposes only. The Operational Regulation is available as an ANNEX to the BID NOTICE, in Portuguese. In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

ANNEX VI TO BID NOTICE 001/2018

Agreement for Adoption of Differentiated Corporate Governance Practices – B3 Level

1 executed by CESP

[According to separate document – presented only in Portuguese]

ANNEX VII TO BID NOTICE SF. 001/2018

Written Proposal Template

[Place], [•] [•], 20__

Dear Sirs,

In response to the call in the PROCESS conducted by the STATE, pursuant to the terms and conditions in BID NOTICE SF. 001/2018, we hereby present our proposal for the acquisition of SHARES in CESP - Companhia Energética de São Paulo.

We offer, irrevocably, the amount of R\$ [•] ([•] Brazilian Reals) for each SHARE.

We expressly represent that:

- This proposal is valid for 180 (one hundred and eighty) days from its date of submission;
- We agree, in full and without any restrictions, to the contract terms and conditions set forth in the BID NOTICE and the draft stock purchase agreement;
- We confirm that we have full knowledge of the object of the STOCK PURCHASE AGREEMENT and the conditions therein; and
- We have fully complied with all the obligations and requirements contained in the BID NOTICE.

Any terms in capital letters contained herein will have the meanings assigned to them in the BID NOTICE.

[BIDDER]

[ACCREDITED REPRESENTATIVE]

* This English translation is presented for information purposes only. The PROCESS will be conducted in Portuguese. Any and all documents, including any declaration, representations and statements must be presented in Portuguese (translated into Portuguese by a public sworn translator in Brazil if applicable). In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

ANNEX VII TO BID NOTICE SF 001/2018

Template of Certification of No Equivalent Foreign Document

[Place], [•], [•], 20__

TO THE STATE

RE: Bid Notice SF 001/2018 - Template of
Certification of No Equivalent Foreign Document

Dear Sirs,

For the purposes of complying with Bid Notice SF 001/2018, [•], company with its principal business office in [•], by its undersigned legal representative, in compliance with the provisions of item 3.3 of the BID NOTICE, hereby expressly declares, under the penalties of the law, that there is no document, in its country of origin, equivalent to the one required in item [•] of the BID NOTICE.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

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ANNEX IX TO BID NOTICE SF 001/2018

Template of Statement of Acknowledgment of and Agreement with the Terms of the Bid Notice and Absence of Impediment to Participation in the AUCTION

[Place], [•] [•], 20__

TO THE STATE

Re: Bid Notice SF 001/2018 - Statement of Acknowledgment of the Terms of the Bid Notice and Absence of Impediment to Participation in the Auction

Dear Sirs,

In response to the aforementioned Bid Notice, the [BIDDER], by its undersigned representative(s), declares, under penalty of the applicable law, to acknowledge the terms of this BID NOTICE, and to be in agreement with all that is provided therein, as well as other documents related to the PROCESS, and that there is no impediment that prevents its participation in the procurement procedures with the STATE.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

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ANNEX X TO BID NOTICE 001/2018

Template of Statement of Compliance to Brazilian Laws

[Place], [•] [•], [•]

TO THE STATE

Re: Bid Notice SF 001/2018 - Statement of
Compliance to Brazilian Laws

Dear Sirs,

The [BIDDER], by its undersigned representative(s), certifies, for the due purposes, to formally and expressly be subject to and comply with the Brazilian Laws and it fully waives the right to make any claim via diplomatic channels for any reasons of fact or of law.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

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ANNEX XI TO BID NOTICE SF 001/2018

Template of Certification that it does not participate in the AUCTION through another PARTICIPANT, neither directly or by means of RELATED PARTY

[Place], [•] [•], [•]

TO THE STATE

Re: Bid Notice SF 001/2018 - Certification to the fact that it does not participate in the AUCTION through another BIDDER, neither directly nor through a RELATED PARTY

Dear Sirs,

For the purposes of complying with Bid Notice SF 001/2018, [•], company with its principal business office in [•], by its undersigned legal representative, in compliance with the provisions of item 3.6.5.1 of the BID NOTICE, expressly declares, under the penalties of the law, that it does not participate in the AUCTION through another BIDDER, neither directly nor through a RELATED PARTY.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

* This English translation is presented for information purposes only. The PROCESS will be conducted in Portuguese. Any and all documents, including any declaration, representations and statements must be presented in Portuguese (translated into Portuguese by a public sworn translator in Brazil if applicable). In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

ANNEX XII TO BID NOTICE SF 001/2018

Template of Certification to the fact that it complies with the provisions of article 7,
item XXXIII of the Federal Constitution

[Place], [•] [•], [•]

TO THE STATE

Re: Bid Notice SF 001/2018 - Certification to the
fact that it complies with the provisions of
article 7, item XXXIII of the Federal Constitution

Dear Sirs,

For the purpose of complying with Bid Notice 001/2018, [•], company with its principal business office in [•], by its undersigned legal representative, in response to the provisions of item 3.6.5.1 of the BID NOTICE, expressly declares, under the penalties of the law, that it does not employ anyone under the age of eighteen in night, dangerous or unhealthy work, and does not employ anyone under the age of sixteen years, except those in apprenticeship contract, older than fourteen years old.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

* This English translation is presented for information purposes only. The PROCESS will be conducted in Portuguese. Any and all documents, including any declaration, representations and statements must be presented in Portuguese (translated into Portuguese by a public sworn translator in Brazil if applicable). In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

ANNEX XIII TO BID NOTICE SF 001/2018

Template Bid Ratification

[Place], [•], [•], [•]

Dear Sirs,

In response to the call in the PROCESS conducted by the STATE, pursuant to the terms and conditions in BID NOTICE SF. 001/2018, we hereby present our proposal for the acquisition of SHARES in CESP-Companhia Energética de São Paulo.

We offer, irrevocably, the amount of R\$ [•] ([•] Brazilian Reals) for each SHARE.

We expressly represent that:

- This proposal is valid for 180 (one hundred and eighty) days from its date of submission;
- We agree, in full and without any restrictions, to the contract terms and conditions set forth in the BID NOTICE and the draft stock purchase agreement;
- We confirm that we have full knowledge of the object of the STOCK PURCHASE AGREEMENT and the conditions therein; and
- We have fully complied with all the obligations and requirements contained in the BID NOTICE.

Any terms in capital letters contained herein will have the meanings assigned to them in the BID NOTICE.

Sincerely yours,

[BIDDER]

[ACCREDITED REPRESENTATIVE]

* This English translation is presented for information purposes only. The PROCESS will be conducted in Portuguese. Any and all documents, including the Bid Ratification must be presented in Portuguese (translated into Portuguese by a public sworn translator in Brazil if applicable). In case of any discrepancy between the original BID NOTICE, in Portuguese, and this English version, the version in Portuguese shall prevail.

ANNEX XIV to BID NOTICE SF. 001/2018**SCHEDULE****GENERAL SCHEDULE**

Under the conditions provided in item 4.5 of the BID NOTICE, all the dates indicated in the SCHEDULE below are subject to being changed, suspended, pushed back or pushed forward.

Date	Event
02/01/2018	Notice of Public Hearing.
02/20/2018	Public Hearing.
02/27/2018	Updated AUDIT PROCEDURES MANUAL made available.
07/07/2018	BID NOTICE and its ANNEXES made available.
07/13/2018	PROSPECTUS of the OFFER TO EMPLOYEES and the manual of the B3's INSTRUCTION MANUAL made available.
09/20/2018	End of the time limit to request clarification referred to in the BID NOTICE.
09/25/2018	Disclosure of responses to clarification in BID NOTICE, by the STATE, on the process's website.
09/25/2018	End of the time limit for objection to BID NOTICE by any citizen.
09/28/2018	End of the time limit for objection to the BID NOTICE by the BIDDERS.
09/28/2018	End of audit procedures described in the AUDIT PROCEDURES MANUAL.

02/10/2018	Receipt of ACCREDITATION volumes, VOLUME 1 – PRICE OFFER and VOLUME 2- BID BOND and QUALIFICATION and registration, of the 10 hours 09 on B3.
02/10/2018	Opening of the accreditation volume at 10 hours, in B3.
02/10/2018	PUBLIC AUCTION SESSION at 14 hours, in B3.
02/10/2018	Public Meeting to open Volume 3 - BID BOND and QUALIFICATION.
10/09/2018	Deadline to file appeals.
10/10/2018	Approval and Award (if there is no appeal)
10/16/2018	Deadline to send to ANEEL and CADE the documents required for the authorization to transfer CESP's control in accordance with their respective authority (if there is no appeal).
10/17/2018	Beginning of the reserve period of the OFFER TO EMPLOYEES.
11/19/2018	Estimated date for the authorization by ANEEL and by CADE to the transfer of corporate control of CESP.
11/22/2018	Deadline to submit COUNTER-GUARANTEE to the STATE (as a condition for the execution of the STOCK PURCHASE AGREEMENT).
11/23/2018	Expected date to execute the STOCK PURCHASE AGREEMENT.
11/26/2018	The expected date for the AUCTION SETTLEMENT, including the payment of the ADDITIONAL PRICE WITH RESPECT TO SHARES PURCHASED AT AUCTION, at B3, as provided in the INSTRUCTIONS MANUAL.
12/04/2018	End of the reserve period of the OFFER TO EMPLOYEES.
12/05/2018	Disclosure of the allocation of the OFFER TO EMPLOYEES.

12/12/2018	Date of the SETTLEMENT OF THE OFFER TO EMPLOYEES.
12/14/2018	Notice about of leftovers of the OFFER TO EMPLOYEES to the NEW CONTROLLING PERSON.
12/21/2018	Settlement of leftovers of the OFFER TO THE EMPLOYEES by the NEW CONTROLLING PERSON.
12/26/2018	Deadline for the application, by the NEW CONTROLLING PERSON, of the registration with CVM of the PUBLIC STOCK OFFER.
12/28/2018	The BIDDING PROCESS COMMITTEE 's Authorization for B3 to release of the BID BOND to the winning bidder at AUCTION.