

## EDP ENERGIAS DO BRASIL ACQUIRES STAKE IN CELESC

**São Paulo, December 19, 2017** - EDP - Energias do Brasil S.A. (“EDP” or “Company”) (“B3: ENBR3”), pursuant to the provision in the 4<sup>th</sup> paragraph of Article 157 of Law 6.404 of December 15, 1976, as amended (“Corporate Law”), and pursuant to CVM Instruction 358 of January 3, 2002, as amended, informs its shareholders and the market that:

Today, EDP signed a Share Purchase and Sale Agreement and Other Covenants (“Purchase and Sale Agreement”), whereby, subject to compliance with certain precedent conditions, the Company enters a commitment to acquire 33.1% of the common shares from CAIXA DE PREVIDÊNCIA DOS FUNCIONÁRIOS DO BANCO DO BRASIL – PREVI, corresponding to 5,140,868 (five million, one hundred and forty thousand, eight hundred and sixty-eight) shares, and 1.9% of the preferred shares, corresponding to 437,807 (four hundred and thirty-seven thousand, eight hundred and seven) shares. Jointly, representing 14.5% of the total shares of the issuance of CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A. – CELESC (“CELESC”) (B3: CLSC3; CLSC4; OTC: CEDWY), a publicly held company, registered with the Brazilian Securities and Exchange Commission – CVM (“Transaction”).

The total acquisition price is R\$230,000,000.00 (two hundred and thirty million reais), to be restated at the positive variation of the interbank deposit rate - CDI until the date that the Transaction is effectively concluded. The acquisition price shall be reduced by the amount of any distributions of Dividends or Interest on Shareholders' Equity that may be declared and/or paid by CELESC between this date and the conclusion of the Transaction.

Pursuant to the terms of the Purchase and Sale Agreement, the conclusion of the Transaction is subject to verification of certain conditions precedent, usual for this type of operation, among which are included: (a) approval by the Brazilian Anti-Trust Authority – CADE; and (b) the approval of the National Supervisory Authority for Complementary Pension Plans (*Superintendência Nacional de Previdência Complementar*) – PREVIC.

CELESC operates in the energy sector for the distribution, generation and transmission segments, being the main company in this segment in the state of Santa Catarina.

Once the Transaction is finalized, EDP intends to exercise the rights inherent to the acquired shareholding stake, including the nomination of members to CELESC’s Board of Directors in accordance with the Corporate Law and CELESC’s Bylaws. EDP has no plans or intention of altering the composition of CELESC’s shareholding control, at this moment.

The Company wishes to point out that the Transaction has been approved by its management bodies and is not subject to the provisions of Article 256, Paragraph 2 of the Corporate Law.

EDP Brasil would also inform that if (and only if) the Transaction is concluded, pursuant to the Corporate Law and Article 31 of CVM Instruction 361 of March 5, 2002 as amended, it will hold a Voluntary Public Offering (“Voluntary POS”), at the price of R\$27.00 (twenty seven reais) per share, to acquire up to 7,374,000 (seven million three hundred and seventy-four thousand reais) of CELESC’s preferred shares (“Shares Object of the POS”). These corresponds, as of the date of this Material Fact, up to 32% of the total preferred shares of the issue of CELESC, the pro-rata distribution



among the shareholders being guaranteed should the offering be successful and adherence be more than the maximum number of the Shares Object of the Offering to be acquired. The price of the Shares Object of the Offering shall be adjusted in the event of the declaration and/or payment on the part of CELESC of any dividends or interest on shareholders' equity until the date of the Voluntary POS. Exclusively for comparative purposes, this price represents, as of this date, a premium of approximately 33,2% of the average weighted price of the Preferred Shares, object of the Voluntary POS, quoted on B3 at the close of the previous 30 trading days from December 18, 2017, inclusive.

Concomitantly to the announcement of this Material Fact, the Company will notify CELESC as to the Transaction and the conduction of the Voluntary POS, pursuant to the terms and conditions herein, in order that CELESC may inform its shareholders and the market.

This Material Fact does not replace an eventual Notice of the Voluntary POS, to be published and announced in due course should the Transaction be effectively concluded according to the terms of the current legislation, the complete and final terms and conditions of the Voluntary POS to be those set forth in the aforementioned Notice upon publication.

This deal consolidates the beginning of a new cycle of growth of the Company, with emphasis on the distribution and transmission segment. In addition to strengthening the presence in the state of Santa Catarina initiated in the partnership with CELESC for the construction of Lot 21, contracted in the Transmission Auction of April 2017.

The Company reiterates its commitment to maintain the shareholders and the market in general informed as to developments in this and any other matter of interest to the market.

**The Company invites all to a conference call to be held in December 20, at 9.30 am (Brasília time). The connection may be done through 1-800-492-3904 or 1 646 828-8246. [Click here](#) for the webcasting.**

**Miguel Nuno Simões Nunes Ferreira Setas**

*Chief Executive and Investor Relations Officer*