



LAUNCH OF VOLUNTARY TENDER OFFER FOR THE ACQUISITION OF EDP - ENERGIAS DE PORTUGAL, S.A.

São Paulo, May 14, 2018 - EDP - Energias do Brasil SA ("EDP Brasil" or "Company") (B3: ENBR3) hereby informs its shareholders and the market in general that, on May 11, 2018, China Three Gorges (Europe) SA ("CTG") published, through the electronic website of the Portuguese Securities Market Commission, a Preliminary Announcement for the Launch of a General and Voluntary Tender Offer for the Acquisition of Shares representing the share capital EDP - Energias de Portugal, SA ("TOA" and "EDP Portugal"), controlling shareholder of the Company, aiming at the acquisition of control of this company.

The Company will keep its shareholders and the market in general duly informed of any developments related to the TOA.

Miguel Nuno Simões Nunes Ferreira Setas
CEO and Investor Relations Officer

The following is an unofficial English translation of the Portuguese preliminary announcement disclosed on this date. The original preliminary announcement, written in Portuguese, is the exclusive legally binding version and the Offeror undertakes no liability for any of the statements or representations made in the English translation. In cases of inconsistencies between the Portuguese preliminary announcement and the English text of the translation, the Portuguese text shall prevail.

China Three Gorges (Europe) S.A.

Registered office at 10B, Rue des Mérovingiens,

L – 8070 Bertrange, Luxembourg

Registered at the Registre de commerce et des sociétés

under the number B164928

Share capital: € 641,000,000

(Offeror)

**PRELIMINARY ANNOUNCEMENT
FOR THE LAUNCH OF A GENERAL AND VOLUNTARY
TENDER OFFER FOR THE ACQUISITION OF
SHARES REPRESENTING THE SHARE CAPITAL OF
EDP – ENERGIAS DE PORTUGAL, S.A.**

In accordance with and for the purpose of articles 175 and 176 of the Portuguese Securities Code it is hereby made public the decision of China Three Gorges (Europe) S.A. to launch a general and voluntary tender offer for the acquisition of the shares representing the share capital of EDP – Energias de Portugal, S.A. (hereinafter referred to as the “Offer”), pursuant to the following terms and conditions:

1. The offeror is China Three Gorges (Europe) S.A., a *société anonyme* with its head office at 10B, Rue des Mérovingiens, L – 8070 Bertrange, Luxembourg, registered with the Commercial Registry Office of Luxembourg under no. B164928, with a fully paid-up share capital of € 641,000,000 (hereinafter referred to as the “**Offeror**”).

The Offeror is ultimately held by China Three Gorges Corporation through its wholly-owned subsidiaries China Three Gorges International Corporation and China Three Gorges (Hong Kong) Company Limited. China Three Gorges Corporation is a state-owned enterprise of People’s Republic of China.

2. The target company is EDP – Energias de Portugal, S.A., a Portuguese public company, with its head-office in Avenida 24 de Julho, 12, Lisbon, registered with the Commercial Registry Office of Lisbon under no. 500 697 256, with a fully paid-up share capital of € 3,656,537,715.00 (hereinafter referred to as “**EDP**” or the “**Target Company**”).
3. The Financial Intermediary acting on behalf of the Offeror and providing assistance services in relation to the Offer, in accordance with and for the purpose of article 113, no. 1, paragraph b) of the Portuguese Securities Code is Banco Comercial Português, S.A., with its head office in Praça D. João I, 28, 4000-295 Oporto, Portugal, registered with the Commercial Registry Office of Oporto under no. 501525882, with a share capital of € 5,600,783,053.72, acting through its investment banking division, Millennium Investment Banking.
4. The securities that are the object of the Offer are the ordinary, dematerialised, nominative shares, with the nominal value of € 1 (one Euro) each, representing the share capital of the Target Company, and that are not

held by the Offeror, nor by entities that undertake not to tender their Shares in the Offer by accepting to block such Shares until the end of the Offer period (hereinafter referred to as the “Shares”).

The Shares are admitted to trading on “Euronext Lisbon”, the regulated market managed by Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados (hereinafter referred to as the “**Regulated Market of Euronext Lisbon**”).

5. As far as the Offeror is aware, the Target Company has not issued other securities with the nature of the securities mentioned in paragraph 1 of article 187 of the Portuguese Securities Code.
6. The Offer is general and voluntary and the Offeror undertakes, in accordance with this preliminary announcement and in the other Offer documents, to acquire all the Shares representing the share capital of the Target Company that are the object of the Offer which are object of a valid acceptance.
7. The acceptance of the Offer is limited to the Shares that at the date of settlement of the Offer are fully paid up and free of any encumbrance or other limitation over itself or the underlying rights, notably economic and/or political rights and its ability to be transferred, including when such limitation to the transfer arises from the blocking of the Shares in a securities account by initiative of their owner, in accordance with the terms of paragraph 2, a) of article 72 of the Portuguese Securities Code.
8. The acceptance of the Offer by its addressees is subject to compliance with the relevant legal and regulatory requirements, including those set out in foreign law to which the Offer addressees may be subject.
9. The Offeror holds, at this date, 850,777,024 shares in the Target Company’s share capital representing 23.27% of the share capital of the Target Company holding the entirety of the voting rights inherent to such shares, and, as far as the Offeror is aware, no further voting rights are attributed to it either directly or in accordance with the provisions set out in number 1 of article 20 of the Portuguese Securities Code.
10. The offered consideration shall be an amount of € 3.26 (three Euros and twenty six cents) for each Share, deducting any (gross) amount that is attributed to each Share, whether as dividend, advance for account of profit or distribution of reserves; such deduction to be made from the moment when the right to the relevant amount has been detached from the Shares if the detachment occurs prior to the financial settlement of the Offer.
11. The offered consideration complies with the criteria set out in number 1 of Article 188 of the Portuguese Securities Code, if those criteria were applicable, and represents:
 - (a) a premium of approximately 10.8% in relation to the volume-weighted average price of the Shares on the Regulated Market of Euronext Lisbon, during the six months prior to this date, which is approximately € 2.94 (two Euros and ninety-four cents) per share;
 - (b) a premium of approximately 17.9% in relation to the adjusted volume-weighted average price of the Shares on the Regulated Market of Euronext Lisbon during the six months prior to this date, which is approximately € 2.77 (two Euros and seventy seven cents) per share, such adjusted volume-weighted average price having been calculated by deducting, to the daily prices for transactions over Shares of the Target Company on the Regulated Market of Euronext Lisbon that took place during that six months period and before 27 April 2018 (the ex-dividend date), the per Share gross dividend (i.e. € 0.19) that became available for distribution on 2 May 2018 to the Offer Price.

12. It is the intention of the Offeror to continue contributing to the long term sustainable development and growth of the Target Company, as it has been doing since its initial investment in 2012. The Offeror anticipates its intention for the Target Company to lead the operations and growth of the China Three Gorges Corporation Group in Europe, the Americas and Portuguese-speaking countries. Should it be considered in the interest of the Target Company and its relevant stakeholders, the China Three Gorges Corporation Group may also consider relevant assets injection to further strengthen the Target Company's market position. The objective of such a potential assets injection would be the rationalisation of combined businesses portfolios, the enhancement of the Target Company's credit profile through the reduction of its leverage ratio and the delivery of additional value through cost savings. The Offeror further intends to maintain the Target as an important strategic asset with Portuguese identity, listed on the Euronext Lisbon and with headquarters in Lisbon while retaining a high level of autonomy with the highest standards of corporate governance. The Offeror will endeavour to maintain a stable dividend pay-out not below what has been disclosed in the Target Company's latest business plan.

13. The launching of the Offer is subject to:

- (a) the granting of previous registration of the Offer with the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários or "**CMVM**");
- (b) amendment to the Target Company's by-laws, even if conditioned to the Offer's success (as provided in section 15 below), in order to (i) remove any limit to the casting of votes issued by one single shareholder, either by itself or acting on behalf of another shareholder and (ii) exempt the Offeror and any entities which may, directly or indirectly, currently or in the future, control the Offeror, or be controlled by it, from being considered competitors of the Target Company;
- (c) the granting of all approvals and administrative authorisations that are required in accordance with Portuguese law or an applicable foreign law for the acquisition of the target Shares and, indirectly, of the shares held by the Target Company and the shares and assets held by the Target Company's subsidiaries, including:
 - (i) applicable merger control clearances, namely (i) a decision from the Portuguese Competition Authority stating that the Offer does not fall within the scope of Law no. 19/2012, of 8 May (Portuguese Competition Law), or a decision from the European Commission stating that the Offer does not fall within the scope of Regulation no. 139/2004 (European Merger Control Regulation), as applicable; or (ii) a decision from the Portuguese Competition Authority or the European Commission, declaring the transaction compatible with the Portuguese Competition Law or the European Merger Control Regulation, as applicable; or (iii) the absence of a decision by the Portuguese Competition Authority or the European Commission within the prescribed term under the Portuguese Competition Law or the European Merger Control Regulation, as applicable;
 - (ii) confirmation by the Portuguese Government that it will not oppose to the Offer as outlined in this Preliminary Announcement (and therefore, not opposing also to the launch of the potential mandatory tender offer over the shares representing the share capital of the Spanish company EDP Renováveis,

- S.A.) under and pursuant to article 5 of Decree-Law 138/2014, of 15 September, either through an explicit decision or by absence of a decision upon the expiry of the applicable waiting period;
- (iii) the granting of approval by the Committee on Foreign Investment in the United States (“**CFIUS**”) that is not subject to mitigation measures, unless such mitigation measures are accepted by the Offeror;
 - (iv) the granting of a final order by the Federal Energy Regulatory Commission of the United States of America (“**FERC**”) authorising the acquisition, as proposed herein and without modification;
 - (v) the granting of an authorisation by the President of the Polish Energy Regulatory Office (Prezes Urzędu Regulacji Energetyki”) or confirmation by said President of such authorisation not being required;
 - (vi) the granting of a rescrit (written ruling) by the French Ministry of Economy and Finance confirming that the Offer is not subject to approval under French foreign investment regulations and, if it is subject to said regulations, the granting of authorisation by the French Ministry of Economy and Finance for the Offer to proceed;
 - (vii) the granting of authorisation for the Offer to proceed by the Romanian Supreme Council of National Defence (“**SCND**”), or confirmation by the SCND of such authorisation not being required;
 - (viii) the granting of an authorisation by the Port Authority of Gijón for the Offer vis-à-vis the indirect change of control in Hidroeléctrica del Cantábrico, S.A. in connection with the public domain concessions granted by said authority, or confirmation by the Port Authority of said authorisation not being required;
 - (ix) the granting of an authorisation by the Port Authority of Avilés for the Offer vis-à-vis the indirect change of control in Hidroeléctrica del Cantábrico, S.A. in connection with the public domain concessions granted by said authority, or confirmation by the Port Authority of Avilés of said authorisation not being required;
 - (x) the granting of clearance to the Offer by the Brazilian competition authority (Conselho Administrativo da Defesa Econômica or “**CADE**”), or confirmation by CADE of said authorisation not being required;
 - (xi) the granting of clearance to the Offer by the Brazilian National Agency of Electric Energy (Agência Nacional de Energia Elétrica or “**ANEEL**”), or confirmation by ANEEL of said clearance not being required;
 - (xii) the explicit or silent (to the extent permitted by Canadian Law) non-rejection of the Offer upon completion of the relevant review by the Investment Review Division (Investment Canada) under the direction of the Minister of Innovation, Science and Economic Development.
 - (xiii) the granting of clearance to the Offer by the Canadian Federal Competition Bureau (“**FCB**”) or confirmation by FCB of said authorisation not being required, or alternatively, the obtaining of an advance ruling certificate by the FCB attesting that no filing before the FCB with respect to the Offer is required;
 - (xiv) the granting of clearance to the Offer by the Canadian Independent System Electricity Operator (“**IESO**”) or confirmation by IESO of said authorisation not being required;

(xv) any other authorisations or consents required to ensure the validity and enforceability of the Shares' transfer;

(xvi) a declaration from the CMVM confirming that the Offeror and any entities related to the Offeror as set out in paragraph 1 of article 20 of the Portuguese Securities Code are exempt of the duty to launch a subsequent mandatory tender offer as a result of the acquisition of the Shares within the Offer, in accordance with article 189, no. 1, paragraph a) and no. 2 of the Portuguese Securities Code, even if subject to the maintenance of the respective assumptions;

(d) the approvals and administrative authorisations listed in sub-sections 13(c)(i) to (xv) above being also provided (autonomously or together with the relevant approvals and authorisations for the Offer) in respect of the launch of the potential mandatory tender offer over the shares representing the share capital of EDP Renováveis, S.A., as disclosed in the preliminary announcement published on this date.

14. The Offeror reserves the right to, in its absolute discretion, waive any or all of the conditions set out in section 13, insofar as those conditions do not affect the validity of the Shares' transfer pursuant to the Offer.

15. The effectiveness of the Offer shall be subject to the fulfilment, up to the term of the Offer period, of the acquisition by the Offeror, within the Offer, of a number of Shares that added to those held by the Offeror or by companies under a control or group relation (*relação de domínio ou de grupo*) (as well as by other entities that are indicated to be related with the Offeror under any other of the circumstances provided for in article 20, no. 1 of the Portuguese Securities Code) represent, at least, 50% (fifty per cent) of the voting rights in the Target Company plus 1 (one) voting right.

16. The Offeror reserves the right to, in its absolute discretion, waive the condition set out in section 15 until the settlement of the Offer.

17. For all due purposes, mainly those set forth in article 128 of the Portuguese Securities Code, it is hereby referred that the decision to launch the Offer has been based on the assumption that, between the date hereof and the term of the Offer period, none of the following events shall occur with a material impact on the Target Company on a consolidated basis, including, without limitation, on the patrimonial, economic or financial situation of the Target Company on a consolidated basis:

(a) approval of resolutions by the competent corporate bodies of the Target Company, or of companies that are in a control or group relation (*relação de domínio ou de grupo*) with the Target Company, with head-offices in Portugal or abroad (hereinafter referred to as "companies in a control or group relation"), for the purpose of:

- issuing shares, bonds or other securities or equivalent rights that grant the right to subscribe for or to acquire shares of the Target Company;
- issuing shares, bonds or other securities or equivalent rights that grant the right to subscribe for or to acquire shares of companies in a control or group relation;
- winding up, transforming, merging or making a split-off of the Target Company or of companies in a control or group relation;

- amending the by-laws of the Target Company or of companies in a control or group relation (including share capital increases and/or reductions), except if those amendments are addressed to ensure the fulfilment of the conditions of the Offer;
- distributing dividends, assets or reserves of the Target Company, except insofar as the amounts of such distributions are deducted from the consideration mentioned in section 10;
- redeeming or terminating by other form shares issued by the Target Company or by companies in a control or group relation;
- acquiring, transferring or creating encumbrances, as well as promising to acquire, to transfer or to create encumbrances on the shares issued by the Target Company, except if for compliance with obligations contracted up to the date hereof and of public knowledge;
- acquiring, transferring or creating encumbrances, as well as promising to acquire, to transfer or to create encumbrances on holdings in other companies, except if for compliance with obligations contracted up to the date hereof and of public knowledge;
- transferring or creating encumbrances, as well as promising to transfer or to create encumbrances, on assets of the Target Company or of companies in a control or group relation, including undertaking debts, transferring (*trespassar ou ceder*) the ownership, the use or the exploitation of undertakings (*estabelecimentos*) of companies in a control or group relation or undertaking commitments for selling or transferring such assets or for undertaking such debts, except if for compliance with obligations contracted up to the date hereof and of public knowledge;

(b) filling up vacancies of members of the corporate bodies of the Target Company or of companies in a control or group relation without ensuring that the designated members may be removed without due cause (*sem justa causa*) against the payment of a compensation which amount shall not exceed the corresponding yearly remuneration;

(c) the removal of other members of the corporate bodies of the Target Company or of companies in a control or group relation being subject to the payment of compensations in an amount higher than that of the corresponding remuneration not yet due up to the expiry of the respective office period;

(d) the total remuneration of the members of each of the corporate bodies of the Target Company or of companies in a control or group relation for year 2018 and following years exceeding the total remuneration of the members of the same corporate body during 2017, except in relation to a yearly increase in line with market practice and with historical increases for each relevant corporate body;

(e) performance of any acts by the Target Company or by companies in a control or group relation which are not within the ordinary management or which violate the neutrality duty of the management body provided for in article 181, no. 5, paragraph d) of the Portuguese Securities Code;

(f) material negative patrimonial changes of the Target Company or of companies in a control or group relation that do not arise from the ordinary course of business by reference to the situation evidenced in the respective Management Reports and Accounts released in relation to 2017 or, if available, in relation to the latest half-year or quarter balance sheet released following said date;

(g) awareness of events that may materially influence the valuation of the Shares but that had not yet been made public up to this date.

18. In addition, the decision to launch the Offer has been based on the assumption that, except in relation to the information available in the accounting documentation of the Target Company prior to the date hereof and to the information that has been disclosed by the Target Company also up to this date, there is not any provision of any agreement, contract or other instrument to which the Target Company or companies in a control or group relation (the first and the latter hereinafter referred to as “members of the Group of the Target Company”) are a party to pursuant to which, as a result of the launching of the Offer or of the acquisition or proposal to acquire, all or part, of the Shares by the Offeror and with a material impact on the patrimonial, economic and financial situation of the Target Company on a consolidated basis:

(a) any loan or debt of any members of the Group of the Target Company that is not yet immediately due, becomes due or may be declared as immediately due or the ability of any of those members to contract loans or debts is withdrawn or limited;

(b) is permitted the creation of (or becomes effective) any rights or encumbrances for the benefit of third parties over all or part of the business or assets of any member of the Group of the Target Company;

(c) any agreement, right or obligation of any member of the Group of the Target Company terminates or is negatively modified or affected;

(d) the interest or the business of the Offeror, of companies (with head-offices in Portugal or abroad) in a control or group relation (relação de domínio ou de grupo) with the Offeror or of a member of the Group of the Target Company in or with, respectively, any person, firm, company or body terminates or is materially and negatively modified or affected;

(e) any member of the Group of the Target Company ceases to be able to carry out its business using its current name.

19. The Offer is also launched on the assumption that (i) no material change in the Portuguese or foreign financial markets and their financial institutions occurs that is not anticipated by the scenarios officially disclosed by the Eurozone authorities and that has a material negative impact on the Offer or on the Target Company (on a consolidated basis) thus exceeding the risks inherent to it and (ii) the acquisition of control of the Target Company by the Offeror as a result of the Offer does not trigger the obligation, under any applicable law, for the Offeror to launch a mandatory tender offer over shares or any other securities of any entity, including, without limitation, over the shares representing the share capital of the Brazilian company EDP – Energias do Brasil, S.A under Brazilian law (save for the launch of the potential mandatory tender offer over the shares representing the share capital of EDP Renováveis, S.A., as disclosed in the preliminary announcement published on this date).

20. The decision to launch the Offer was also based in the assumption that, until the end of the Offer period, the following shall not occur:

(a) any event independent from the will of the Offeror that is capable of determining an increase of the proposed Offer consideration;

(b) any fact that is capable of affecting the free disposal of the funds engaged for the financial settlement of the Offer and that is not capable of being remedied in due time.

21. Under the relevant Luxembourg legal provisions, the Offeror has opted in to the rules equivalent to those set out under the terms of article 182 of the Portuguese Securities Code; while the laws of the People’s Republic

of China, under which its ultimate controlling company, China Three Gorges Corporation, was incorporated and operates, provides for a regime similar to the one set out under the terms of the aforementioned article 182 of the Portuguese Securities Code. Concerning the set of matters foreseen in article 182-A, no. 1 of the Portuguese Securities Code, the by-laws of the Offeror do not include any restrictions to the transferability of shares or other securities that give right to the acquisition of shares nor to the exercise of voting rights and, as far as the Offeror is aware, there are no shareholders' agreement that provide such restrictions.

22. In the event that, as a result of the Offer, the Shares held in total by the Offeror and any of the persons or entities related to the Offeror as set out in paragraph 1 of article 20 of the Portuguese Securities Code exceeds 90% of the voting rights corresponding to the share capital of the Target Company, the Offeror does not intend to request the CMVM the loss of public company status (perda de qualidade de sociedade aberta).

This announcement does not constitute an offer or invitation to purchase any securities or a solicitation of an offer to buy any securities, pursuant to the Offer or otherwise. The Offer will be made solely by the Offer Document and the Form of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. The Offer Document and Form of Acceptance accompanying the Offer Document will be made available to all EDP shareholders at no charge to them. EDP shareholders are advised to read the Offer Document and the accompanying Form of Acceptance when they are made available to them because they will contain important information.

The Offer will be made in the United States in compliance with, and in reliance on, Section 14(e) of the US Securities Exchange Act of 1934 and Regulation 14E thereunder. The Offer will be made in the United States by the Offeror and no-one else. EDP shareholders in the United States should be aware that this announcement, the Offer Document, the accompanying Form of Acceptance or any other documents relating to the Offer have been or will be prepared in accordance with the disclosure and procedural requirements of Portugal which are different from those in the United States. The Offeror, certain affiliated companies and the nominees or brokers (acting as agent) may make certain purchases of, or arrangements to purchase, Shares in EDP outside the Offer during the period in which the Offer remains open for acceptance. If such purchases or arrangements to purchase are made they will be made outside the United States and will comply with applicable law, including the US Securities Exchange Act of 1934.

It may be difficult for holders of Shares in EDP to enforce their rights and claims arising out of the United States federal securities laws since EDP and the Offeror are located in countries other than the United States. It may not be possible to sue EDP or the Offeror or their respective officers or directors in a non-US court for violations of the United States securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Unless otherwise determined by the Offeror and permitted by applicable law and regulation, the Offer will not be made, directly or indirectly, in or into, or by use of emails of, or by any other means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or of any facility of a national securities exchange of Canada, nor will it be made in or into Australia or Japan and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within Australia, Canada or Japan. Accordingly, unless otherwise determined by the Offeror and permitted by

applicable law and regulation, neither copies of this announcement nor any other documents relating to the Offer are being, or may be, mailed or otherwise forwarded, distributed or sent in or into Australia, Canada or Japan and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from such jurisdictions.

Notwithstanding the foregoing, the Offeror retains the right to permit the Offer to be accepted and any sale of securities pursuant to the Offer to be completed if, in its sole discretion, it is satisfied that the transaction in question can be undertaken in compliance with applicable law and regulation.

The availability of the Offer to persons not resident in Portugal may be affected by the laws of the relevant jurisdiction. Persons who are not resident in Portugal should inform themselves about and observe any applicable requirements.

This announcement, including information included in this announcement, contains statements about EDP and the Offeror that are or may be “forward-looking statements”. Forward-looking statements include, without limitation, statements that typically contain words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aims”, “continue”, “will”, “may”, “should”, “would”, “could”, or other words of similar meaning. These forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These statements speak only as of the date of this announcement and are naturally subject to uncertainty and changes in circumstances. Many of these risks and uncertainties relate to factors that are beyond the companies’ ability to control or estimate precisely, such as, but not limited to, future market conditions, changes in the regulatory environment and the behaviour of other market participants. Such forward looking statements should be construed in the light of such factors, and therefore undue reliance should not be placed on such statements. The Offeror does not assume any obligation to and does not intend to revise or update these forward-looking statements except as required by applicable law.

Lisbon, 11 May 2018 10

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