LIGHT S.A. - *em Recuperação Judicial*

THIS LETTER REQUIRES YOUR IMMEDIATE AND URGENT ATTENTION AS IT RELATES TO A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006 PROPOSED BY LIGHT S.A. - *em Recuperação Judicial* WHICH WILL BE CONSIDERED BY THE HIGH COURT OF JUSTICE IN ENGLAND AND WALES AT THE CONVENING HEARING, WHICH IS EXPECTED TO TAKE PLACE ON OR AROUND 29 JULY 2024.

THE SPECIFIC DETAILS OF THE CONVENING HEARING (INCLUDING THE DATE AND TIME) WILL BE CONFIRMED TO ALL SCHEME CREDITORS IN THE NOTICE OF CONVENING HEARING. THIS NOTICE WILL BE SENT TO ALL SCHEME CREDITORS BEFORE THE CONVENING HEARING AND WILL BE MADE AVAILABLE TO SCHEME CREDITORS AT THE FOLLOWING SCHEME WEBSITE: HERE.[1]

YOU ARE BEING CONTACTED AS THE SCHEME COMPANY BELIEVES YOU ARE A SCHEME CREDITOR AND WILL THEREFORE BE AFFECTED BY THE PROPOSED SCHEME.

THIS LETTER DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE ANY SUCH OFFER OR INVITATION OR SOLICITATION IN SUCH JURISDICTION. NONE OF THE SECURITIES REFERRED TO IN THIS LETTER MAY BE SOLD, ISSUED OR TRANSFERRED IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION OR IN ANY OTHER JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED.

SCHEME CREDITORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE SCHEME, INCLUDING THE MERITS AND RISKS INVOLVED. ALL SCHEME CREDITORS SHOULD CONSULT THEIR OWN LEGAL, FINANCIAL AND TAX ADVISORS WITH RESPECT TO LEGAL, FINANCIAL AND TAX CONSEQUENCES OF THE SCHEME IN THEIR PARTICULAR CIRCUMSTANCES.

[1] https://clients.dfkingltd.com/light/

PRACTICE STATEMENT LETTER

From: **Light S.A. - *em Recuperação Judicial*** (the "**Scheme Company**")

To: The Scheme Creditors

To: The Notes Trustee

To: DTC (as depositary under the Existing Indenture)

Cc: The Information Agent

3 July 2024

THIS LETTER CONCERNS MATTERS WHICH MAY AFFECT YOUR LEGAL RIGHTS AND ENTITLEMENTS AND YOU MAY THEREFORE WISH TO TAKE APPROPRIATE LEGAL ADVICE ON ITS CONTENTS.

Dear Ladies and Gentlemen,

Proposed scheme of arrangement under Part 26 of the Companies Act 2006 in relation to the Scheme Company

1. Purpose of this Letter

1.1 The Scheme Company is proposing a scheme of arrangement with the Scheme Creditors under Part 26 of the Companies Act 2006 in order to facilitate the implementation of a financial restructuring in respect of itself and the Group of which it forms part, as further detailed in the RJ Plan. The Scheme Company is sending you this Letter in accordance with the Practice Statement issued by the Court.

1.2 The Scheme will alter the rights of Scheme Creditors, including in respect of certain claims that a Scheme Creditor might have against the Scheme Company. You are being contacted as the Scheme Company believes that you are a Scheme Creditor entitled to vote on the Scheme. For further information regarding what constitutes a Scheme Creditor, please refer to paragraph 4.3 below.

1.3 In accordance with the Practice Statement, the purpose of this Letter is to inform you:

(a) that the Scheme Company intends to formally propose the Scheme;

(b) of the proposed objectives and effects of the Scheme;

(c) that the Scheme Company intends to apply, at a Convening Hearing to be held on or around 29 July 2024, for an order from the Court to convene the Scheme Meeting for the purpose of considering and, if thought fit, approving the Scheme;

(d) of the proposed class composition of Scheme Creditors for the Scheme Meeting that the Scheme Company proposes to convene for the purpose of voting on the Scheme;

(e) of certain jurisdictional points regarding the Scheme and why the Scheme Company considers that the Court has jurisdiction to sanction the Scheme;

(f) of your right to attend the Convening Hearing and the subsequent Sanction Hearing; and

(g) of how you may make further enquiries about the Scheme.

1.4 This Letter is being sent to the Information Agent so that the Information Agent can make the Letter available to Scheme Creditors by:

(a) distributing it to Scheme Creditors via the Clearing Systems; and

(b) making it available at the Scheme Website that may be accessed here.[2] If any Scheme Creditors have difficulty accessing the Scheme Website, please contact the Information Agent using the contact details set out in paragraph 13.1 below.

1.5 This Letter is also being sent to the Notes Trustee in its capacity as notes trustee under the Existing Indenture (who will be authorised and instructed to perform certain actions pursuant to the Scheme, as further described below) by email.

1.6 The time, date and location of the Scheme Meeting will be confirmed in the Explanatory Statement, which, provided that the Court gives its permission to convene the Scheme Meeting, will be circulated to Scheme Creditors shortly after the Convening Hearing. The Scheme Documentation will further explain how the Scheme Creditors may vote at the Scheme Meeting and provide additional details of the terms of the Scheme.

1.7 Scheme Creditors should seek professional advice if they have any concerns about the matters set out in this Letter. For any concerns which relate to the jurisdiction of the Court or constitution of the Scheme Meeting, or any concerns that may affect the conduct of the Scheme Meeting, Scheme Creditors should contact the Information Agent as soon as possible using the contact details set out in paragraph 13.1 below.

1.8 Capitalised terms in this Letter shall have the meanings given to them under, and general terms shall be construed in accordance with, Schedule 1 (*Definitions*) of this Letter unless, in either case, inconsistent with the subject or context.

If you have assigned, sold or otherwise transferred your interests in the Existing Notes or you intend to do so before the Record Time, you should forward a copy of this Letter to the person to whom you have, or will have assigned, sold or otherwise transferred such interests.

2. What is a Scheme of Arrangement?

2.1 A scheme of arrangement is a statutory procedure under English law pursuant to Part 26 of the Companies Act 2006 which allows a company to agree a compromise or arrangement with its creditors (or classes of creditors), and for the terms of that compromise or arrangement to bind any non-consenting or opposing minority creditors. The scheme being proposed is a creditors' scheme and so no further references are made below to the position of members under Part 26 of the Companies Act 2006.

2.2 If the Court is satisfied at the convening hearing that the proposed scheme has a prospect of being approved by scheme creditors, and that the proposed class or classes of scheme creditors for voting purposes have been correctly constituted, the Court will order the scheme meeting or meetings for the relevant class or classes of creditors to be convened. The Convening Hearing is expected to take place on or around 29 July 2024 and Scheme Creditors will be informed of the precise date, time and location of the Convening Hearing via the Information Agent (and the details will also be made available via the Scheme Website) as soon as the details have been confirmed by the Court.

2.3 The Scheme Company will draw any issues raised by any Scheme Creditor to the Court's attention at the Convening Hearing. Scheme Creditors have the right to attend the Convening Hearing themselves or through counsel and to make representations at the Convening Hearing, although they are not obliged to do so.

[2] https://clients.dfkingltd.com/light/

2.4 A scheme of arrangement will take effect between a company and its creditors (or the relevant class or classes of them) and become binding on all the creditors to whom it applies if:

(a) the scheme of arrangement is approved in each class by at least 50% in number representing not less than 75% in value of those creditors who vote (either in person or by proxy) at the relevant scheme meeting convened to consider the scheme of arrangement;

(b) the scheme of arrangement is subsequently sanctioned by the Court at the sanction hearing; and

(c) an official copy of the order sanctioning the scheme of arrangement is delivered to the Registrar of Companies for registration.

2.5 If a scheme of arrangement becomes effective, it will bind the scheme company and all classes of scheme creditors according to its terms, including those scheme creditors who did not vote on the scheme or who voted against it.

2.6 The Scheme Company considers that the time period from the publication of this Letter until the anticipated date of the Convening Hearing is adequate time for the Scheme Creditors to consider the Letter. It is noted that the key terms of the Restructuring, and the fact that the Scheme Company would launch a Scheme for the purposes of assisting with implementation of the Restructuring, were detailed in the RJ Plan which is available on the Scheme Company's website and is also publicly available in the RJ Proceeding docket.

3. Why is a Scheme Required?

3.1 As is further detailed in section 7 (*Background to the Restructuring*), the Restructuring is being effected through the RJ Proceeding and by way of the present Scheme.

3.2 The RJ Plan filed by the Scheme Company pursuant to the RJ Proceeding was supported by the requisite majority of creditors and became effective in Brazil on 20 June 2024 following handing down of the Brazilian Confirmation Order. However, it is also necessary for measures to be taken in order to ensure that the Restructuring is effective in relation to all relevant claims and is effective internationally.

3.3 The relevant context is as follows:

(a) **Regulatory Context in Brazil**

Due to the regulated nature of the Issuers of the Existing Notes, there are restrictions under Brazilian law which limited their ability to seek direct relief that would otherwise be available to corporate entities in an RJ in Brazil. This is why the Scheme Company was the primary debtor for the purposes of the RJ Proceeding. The Issuers were however able to receive certain protections from the RJ Court by extension, such as the moratorium against creditor action in Brazil, and the Brazilian Confirmation Order did subsequently extend certain effects of the RJ Proceeding and RJ Plan to creditors of the Issuers as a matter of Brazilian law.

However, the Noteholders are owed liabilities not only by the Scheme Company, but also by the Issuers. The Restructuring of the Group is not capable of being fully implemented in jurisdictions outside of Brazil unless all relevant claims are compromised, including the claims of the Noteholders against the Issuers in relevant jurisdictions.

Thus, while the RJ Plan includes releases of the claims of the Noteholders against the Issuers and enables these releases and the Restructuring as a whole to be implemented in respect of the Existing Notes in Brazil, such releases will not be effective as a matter

of the governing law of the Existing Notes, absent some further implementation procedure.

(b) **Requirement for Unanimous Consent**

Without a further implementation procedure, the consent of each Noteholder would have been required to implement the Restructuring in respect of all Noteholders. In particular, the exchange of Existing Notes for New Securities would have required the individual consent of each Noteholder. Given the disparate holdings of the Existing Notes, the Scheme Company and Issuers did not consider that this level of consent would be achievable.

Accordingly, in order to ensure that the Restructuring becomes effective in relation to the claims of Noteholders against the Issuers outside of Brazil, it is necessary for the Restructuring to be implemented by means of a further procedure.

(c) **International Recognition of the Exchange**

The exchange of the Existing Notes into the New Securities necessitates obtaining consent under the Existing Indenture, which is governed by laws other than the law of Brazil (presently the law of New York although this will be changed to the laws of England and Wales prior to the date of the Convening Hearing as detailed in paragraph 12.2 below) and in respect of the Existing Notes which – to the understanding of the Scheme Company – are held by a wide range of international Noteholders. Accordingly, the Scheme Company considers it essential to ensure that the Restructuring as it impacts the Existing Notes, will be duly recognised not only in Brazil but also in other relevant jurisdictions.

Such recognition will provide certainty that the Restructuring will have valid effect in the relevant jurisdictions and avoid the risk of any future legal action by creditors outside of Brazil to seek to enforce pre-Restructuring rights.

(d) **Issuance of "foreign law" Securities**

The result of the Brazilian Confirmation Order is that the Restructuring will be implemented as a matter of Brazilian law even in a scenario where the Scheme is not successful. Pursuant to the RJ Plan, the New Securities will be governed by Brazilian law unless the Scheme is successful (or unless Scheme Creditors have acceded to the Restructuring Support Agreement as detailed below), in which case all Scheme Creditors will have the right to elect, should they wish, to receive New Securities governed by New York law instead of Brazilian law.

Whether a Scheme Creditor elects to receive New York law governed New Securities via the Scheme or receives Brazilian law governed New Securities via the RJ Plan, the relevant New Securities (as applicable) will have identical economic terms and will be substantially similar in all respects save for the governing law of the underlying instrument. Given market differences in New York and Brazil, although technically economically identical, the difference in governing law between the instruments will result in the relevant New Securities (as applicable) being commercially and practically different. However, the Scheme Company understands from its discussions with Scheme Creditors that certain Noteholders perceive material practical value in holding New York law, as opposed to Brazilian law, instruments (including the ability to trade such instruments through the Clearing Systems), and the Scheme – if successful – will provide optionality to all Scheme Creditors in this regard.

3.4 In these circumstances, the Scheme Company considers that it is appropriate to promulgate an English law scheme of arrangement in order to implement the Restructuring in conjunction with the RJ Plan.

3.5 Further, the proposed Scheme will attract the recognition necessary in relevant foreign jurisdictions as detailed in paragraph 12.4 below. In particular, recognition in the relevant jurisdictions will ensure that releases of the Issuers' liability to Noteholders and the exchange of Existing Notes for New Securities under the Scheme will be recognised internationally.

3.6 Accordingly, the Scheme Company is proposing the Scheme in conjunction with the RJ Plan in order to implement all aspects of the Restructuring and to ensure that the terms of the Restructuring will be effective in Brazil and in all other relevant jurisdictions.

4. Who is Entitled to Vote and Whose Rights are Affected by the Scheme?

4.1 The Scheme relates to the Existing Notes, comprising both the Existing Light Energia Notes and the Existing Light SESA Notes.

4.2 The Existing Light Energia Notes are stapled to the Existing Light SESA Notes (and vice versa). Accordingly, all holders of the Existing Light Energia Notes and Existing Light SESA Notes are cross-holders who hold claims against both Light SESA and Light Energia, with the Scheme Company as the guarantor. The Scheme Company is a guarantor of 100% of the Existing Notes.

4.3 The Scheme will alter the rights of Scheme Creditors. You will be a Scheme Creditor for the purposes of this Letter and the Scheme if, at the Record Time, you are a Noteholder – meaning any holder of a proportionate co-ownership or other beneficial interest or right in the Existing Notes held directly or through an account holder, broker or other intermediary such as a Clearing System.

4.4 If the Scheme is sanctioned by the Court and the sanction order is duly delivered to the Registrar of Companies such that the Scheme becomes effective, all Scheme Creditors (including those who do not vote in favour of the Scheme and those who do not vote at all) and the Scheme Company will be bound by its terms.

5. Background to the Scheme Company and the Group

5.1 The Scheme Company is a publicly held corporation headquartered in the city of Rio de Janeiro, in the State of Rio de Janeiro, Brazil. The Scheme Company's corporate purpose is to hold equity interests, either as partner or shareholder, in other companies that exploit, directly or indirectly, electric power services, including the systems of electric power generation, transmission, commercialisation and distribution, as well as other related services.

5.2 The Scheme Company is the parent entity of one of the largest electric power companies in Brazil. The Scheme Company operates through its wholly-owned subsidiaries, principally Light SESA and Light Energia, to provide essential energy distribution, generation, and commercialisation services across thirty-one municipalities in the State of Rio de Janeiro and five municipalities in the State of Minas Gerais.

5.3 The Group's principal business activities are divided among two segments: (i) distribution, consisting of the transportation of energy from the border of the basic grid to the point of delivery to end-customer, and (ii) generation, whereby the Group operates and commercialises clean energy generated from renewable sources through hydroelectric power plants housed in generation complexes in Rio de Janeiro.

5.4 Light SESA is the part of the Group that, through a concession, operates in the electricity distribution segment, being the fourth largest electricity distributor in Brazil in terms of supply revenue and the sixth largest in terms of the amount of electricity distributed to the captive market (according to 2021 data from ANEEL's Market Information Monitoring System for Economic Regulation).

5.5 Light Energia is the part of the Group that, also through a concession, operates in the electricity generation segment in addition to selling its own production. All electricity generated by it is exclusively from a hydraulic source and considered "clean". It owns, directly or indirectly, five hydroelectric plants.

5.6 The Group's operations are highly regulated and supervised by the Brazilian government, through ANEEL, MME, Operador Nacional do Sistema Elétrico (Brazil's national grid operator) and other governmental authorities. The Group's energy transmission, distribution, and generation activities are conducted in accordance with concession agreements entered into with ANEEL or authorisations granted by ANEEL or MME. Specifically, (i) Light SESA holds the concession agreement No. 001/96 and (ii) Light Energia holds the concession agreement No. 005/2017. The concession agreements impose minimum quality standards determined by ANEEL for the generation and distribution of energy, as well as for the improvement of services and required investments in research and development.

6. Debt Structure of the Group

6.1 The external debt obligations of the Group which are the subject of the Scheme are the Existing Notes. To provide further detail on the Existing Notes:

(a) The Existing Light Energia Notes are stapled to the Existing Light SESA Notes (and vice versa).

(b) Each US$ 1,000 unit of Existing Notes consists of US$ 667.00 of Existing Light SESA Notes and US$ 333.00 of Existing Light Energia Notes. Transfers are only possible when transferring a holder's interest in their entire unit of Existing Notes such that the Existing Light SESA Notes and Existing Light Energia Notes do not trade separately.

(c) Both the Existing Light SESA Notes and the Existing Light Energia Notes bear interest at a rate of 4.375% payable semi-annually and mature on 18 June 2026.

(d) The Existing Notes rank equally with the unsecured indebtedness of each Issuer (except those obligations preferred by operation of law) and will be senior to any subordinated indebtedness of Light SESA and Light Energia respectively.

(e) The guarantee provided by the Scheme Company is unsecured and ranks equally with unsecured indebtedness of the Scheme Company and is senior to all subordinated indebtedness of the Scheme Company (except those obligations preferred by operation of law).

6.2 Although not relevant to the Scheme, the Group is also financed by the following third-party indebtedness all of which is guaranteed by the Scheme Company:

(a) Debentures issued by Light SESA in the 9th, 15th, 16th, 17th, 19th, 20th, 21st, 22nd, 23rd, 24th and 25th issuances totalling approximately R$ 6,420,000,000.00;

(b) Credit Agreement with Banco Citibank S.A. as lender, the outstanding amount of which is approximately US$ 40,300,000.00;

(c) Debentures issued by Light Energia in the 7th issuance totalling approximately R$ 579,870,000.00; and

(d) Derivative operations of Light SESA and Light Energia, whose total balance amounts to approximately R$ 682,000,000.00.

7. Background to the Restructuring

Challenges to the business

7.1 Despite the Scheme Company's efforts to comply with its financial obligations and to maintain the public electric power supply in the State of Rio de Janeiro, adverse conditions beyond its control impaired the Scheme Company's business and caused significant operational challenges, which has resulted in the Group facing severe liquidity constraints.

7.2 Numerous factors have contributed to this, including (i) non-technical losses due to rampant energy theft and illegal connections of electric power, (ii) decreased energy consumption, (iii) entry of a judgment requiring the Group to refund tax credits to customers, (iv) the macroeconomic deterioration of the concession area in which the Group supplies energy, and (v) the COVID-19 pandemic.

7.3 As to certain of these challenges:

(a) **Non-technical losses**: The Group's concession area has historically been subject to high levels of loss, due to complexities and difficulties inherent to the territory that the concession area encompasses. For several years, the Group has contended with high rates of losses that occur in the distribution of energy caused by fraud, theft, faulty metering and problems with operational processes, including those related to connections, recording, metering, or billing of customers' facilities. These non-technical losses correspond primarily to increasing theft of electric power and clandestine connections in concession areas dominated by paramilitary criminal groups. In 2021 alone, losses resulting from energy theft totaled approximately R$ 680,000,000.00. In the same year, the Group directed approximately 30% of its investments, amounting to over R$ 390,000,000.00, toward combating and preventing energy theft. The Group incurred similar losses in 2022. Despite these investments, the situation has become increasingly uncontrollable, especially due to the expansion of organised crime in Rio de Janeiro. The Group continues to incur non-technical losses across all neighborhoods of the concession area.

(b) **Decreased energy consumption**: The Group has also incurred substantial losses due to decreased levels of energy consumption in Rio de Janeiro. In the period between 2013 and 2022, energy consumption in the state decreased by 12.5%. Coupled with the high rate of non-technical losses and increased expenditures to combat energy theft, this decrease in invoiced energy consumption has worsened the Group's liquidity crisis.

(c) **Tax credits**: The Scheme Company has also experienced substantial losses due to the promulgation of Law No. 14,385 on 27 June 2022. Pursuant to this law, ANEEL directed the Group to return tax credits related to the undue collection of PIS/COFINS (Contribution to the Social Integration Program/Contribution for the Social Security Funding) from consumers, after the retroactive exclusion of ICMS (State Value-Added Tax on Goods and Services) from the calculation base on electric power bills. To date, the Group has refunded approximately R$ 374,200,000.00 in credits in 2021 and approximately R$ 1,050,000,000.00 in 2022. At the end of fiscal year 2022, there was an extraordinary tariff review of negative 5.89% resulting from these returns. A significant amount remains outstanding on this obligation, which will necessarily require the Group to offer services to many customers at substantially discounted rates.

RJ Filing

7.4 The Group published financial statements on 28 March 2023 which illustrated a deterioration of operating performance as a result of the factors highlighted above.

7.5 Aware of the risk of acceleration of its debt, on 10 April 2023 the Group requested provisional relief to suspend the enforceability of some of its financial obligations and to initiate a collective mediation process with creditors. On 12 April 2023, the RJ Court granted the provisional relief from the Brazilian court and initiated mediation to facilitate the renegotiation of the Group's financial obligations and entered a stay to prevent creditors of the Group from accelerating debt for a period of thirty days.

7.6 On 12 May 2023, the Scheme Company filed a petition to convert the application for the preliminary injunction into a full restructuring proceeding with respect to the Scheme Company only. The filing did not seek to place Light SESA or Light Energia into RJ because under Law No. 12,767 in Brazil, energy utility companies, including Light SESA and Light Energia, are prohibited from directly filing a court-supervised reorganisation or out-of-court reorganisation.

7.7 The RJ Court accepted the RJ filing for the Scheme Company on 15 May 2023, including upholding several protective measures from the provisional relief on a final basis including the suspension of the effects of all acceleration provisions in the Scheme Company's debt documents and a stay against any enforcement actions and orders attaching assets or rights of the Scheme Company. The RJ Court also entered a stay with respect to Light SESA and Light Energia due to the integrated nature of the Group and the adverse effect to the Scheme Company from any disruption to the business of Light SESA and/or Light Energia or action against them. Further, the stay was extended beyond the Scheme Company so that it also protected Light SESA and Light Energia on the basis that this was necessary for the success of any RJ in respect of the Scheme Company and of the future administration of the Scheme Company's estate.

Progress of RJ Proceeding and negotiation of the Restructuring

7.8 The RJ Proceeding was initially proposed to expire on 12 October 2023. On 5 October 2023, the Scheme Company submitted a request to the RJ Court to extend the stay granted in favour of the Scheme Company, Light SESA and Light Energia and the extension was granted until 17 April 2024.

7.9 As is required by the RJ Proceeding, the Scheme Company negotiated the terms of a financial restructuring with its creditors. On 17 November 2023, the Scheme Company's judicial administrator announced that the first general creditor meetings to vote on the RJ Plan (in accordance with the requirements of the RJ Proceeding) should be held on 21 March 2024 and 28 March 2024.

7.10 On 23 February 2024, the Scheme Company filed an amended RJ Plan to adjust certain terms and conditions previously proposed with a view to address criticism and better align the RJ Plan with the interests of the Scheme Company's creditors and other stakeholders.

7.11 On 5 March 2024, the Scheme Company filed a petition to the RJ Court to postpone its general creditor meetings to 19 April 2024 and 26 April 2024 for reasons unrelated to the negative feedback received from creditors (the RJ Court had not timely authorised the publication of the notice of general creditor meeting required to make the meeting's call effective under Brazilian law) and extend the stay period granted in favour of the Scheme Company, Light SESA and Light Energia. On 8 March 2024, the RJ Court rescheduled the Scheme Company's general creditor meetings to 25 April 2024 and 3 May 2024. On 9 April 2024, the same Court approved the extension of the stay in respect of the Scheme Company, Light SESA and Light Energia.

7.12 During early 2024, the Scheme Company continued to refine the terms of its RJ Plan with certain of its creditors. On 11 April 2024, the Scheme Company publicly released materials detailing the term sheet agreed with an ad-hoc group of local debenture holders and then, on 22 April 2024, the Scheme Company agreed a "Judicial Reorganization Plan Support Agreement and Other Covenants" with an ad-hoc group of local debenture holders and presented a further amended version to the RJ Plan incorporating this agreement. On 9 May 2024, the Scheme

Company also executed a term sheet with the Ad-Hoc Group which was supplemented by means of a supplemental term sheet.

7.13 Following an application from the Scheme Company, the RJ Court approved the withdrawal of certain claims of Light Energia from the RJ Proceeding on 18 April 2024 (the "**Light Energia Financial Claims**"). Subsequently, at the general creditor meeting on 25 April 2024, the creditors of the Scheme Company voted to adjourn the general creditor meeting to 29 May 2024 in order to allow further time to review the RJ Plan and update the creditor list so as to, among other changes, remove Light Energia Financial Claims from the RJ Proceedings.

7.14 Following continued discussions with key stakeholders, including the Ad-Hoc Group, the Scheme Company prepared a further amended RJ Plan, which is intended to address the restructuring of each of the key creditor constituencies of the Group in a way which will ensure the stability and going concern of the Group, while ensuring fair and reasonable treatment for all creditors and other stakeholders. The results of this engagement with stakeholders is that on 18 May 2024 the RJ Plan was filed with the RJ Court. A supplemental term sheet was then presented at the general creditor meeting in Rio de Janeiro, in connection with the RJ Plan and subsequently approved by 99.4% of the creditors representing 99.1% in value at such meeting. The RJ Plan became effective on 20 June 2024 following the issuance of the Brazilian Confirmation Order, including in respect of the supplemental term sheet.

7.15 The key terms of the RJ Plan and its interplay with the Scheme are detailed in section 8 (*Overview and Objectives of the Scheme and the Restructuring)* below.

8. Overview and Objectives of the Scheme and the Restructuring

8.1 A fulsome summary of the Restructuring can be found in the RJ Plan, a copy of which is available on the Scheme Company's website and is also publicly available in the RJ Proceeding docket. For convenience, each key aspect of the Restructuring - being (i) the New Money Capital Raise, (ii) the Light SESA Cash Contribution, (iii) the exchange of the Existing Light SESA Notes, and (iv) the exchange of the Existing Light Energia Notes - is summarised below.

New Money Capital Raise

8.2 Within 90 days from the Concession Renewal, the Scheme Company shall raise new capital by way of issuing New Scheme Company Equity in a minimum amount of R$ 1,000,000,000.00 and a maximum amount of R$ 1,500,000,000.00, being the "**New Money Capital Raise**".

8.3 All existing shareholders of the Scheme Company will be entitled to participate in the New Money Capital Raise, where the Anchor Shareholder has undertaken to subscribe for New Scheme Company Equity in an amount of up to R$ 1,000,000,000.00 (the "**Anchor Shareholder's Capital Raise Amount**"), to ensure a contribution of new funds in the amount corresponding to the Anchor Shareholder's Capital Raise Amount.

8.4 The Scheme Company will issue Warrant Instruments to shareholders who participate in the New Money Capital Raise. The exercise of the Warrant Instruments will confer its holder two units of New Scheme Company Equity to each unit of New Scheme Company Equity subscribed for under the New Money Capital Raise.

Light SESA Cash Contribution

8.5 The Scheme Company will contribute the cash proceeds of the New Money Capital Raise as follows:

(a) the first R$ 1,000,000,000.00 of the cash proceeds to Light SESA; and

(b) in respect of any cash proceeds in excess of R$ 1,000,000,000.00, 70% of such cash proceeds to Light SESA with the Scheme Company retaining 30% of such proceeds to fund the costs associated with the Restructuring.

8.6 In addition, and irrespective of the New Money Capital Raise, the Scheme Company will provide an equity injection to Light SESA of an amount of no less than R$ 300,000,000.00 in cash from available excess cash for the purposes of supporting Light SESA's operations until the Concession Renewal.

Exchange of the Existing Light SESA Notes

8.7 Creditors of Light SESA, including the holders of the Existing Light SESA Notes, will have the opportunity to participate in a debt-for-equity exchange in relation to their existing Light SESA Claims. Creditors will have the following options:

(a) **Option 1: Conversion Light SESA Creditor**

(i) Creditors of Light SESA who elect to participate in the Debt-for-Equity Exchange (the "**Conversion Light SESA Creditors**") shall elect to convert at least 35% of their total Light SESA Claims, being the "**Equitised Light SESA Claims**". Fulsome details of the equitisation mechanics and timeline will be detailed in the Explanatory Statement but to summarise, Conversion Light SESA Creditors will first receive Convertible Securities which will, within 90 days of the Concession Renewal and only after the New Money Capital Raise disbursement, convert into shares or Level 1 ADRs in accordance with the terms of the Convertible Securities. In addition, Conversion Light SESA Creditors will receive Warrant Instruments. The exercise of the Warrant Instruments will confer its holder one unit of New Scheme Company Equity to each two units of New Scheme Company Equity to be delivered to such Conversion Light SESA Creditor upon the conversion of the Convertible Securities received.

(ii) Once all creditors of Light SESA have elected whether to participate in the Debt-for-Equity Exchange, if the total Equitised Light SESA Claims of the Conversion Light SESA Creditors would exceed R$ 2,200,000,000.00 (the "**Required Equitisation Amount**"), then each Conversion Light SESA Creditors' Equitised Light SESA Claim shall be reduced on a pro rata basis with reference to the amount of Light SESA Claims that each creditor elected to equitise, such that the total Equitised Light SESA Claims shall not exceed the Required Equitisation Amount.

(iii) The remaining Light SESA Claims of the Conversion Light SESA Creditors shall be exchanged for New Priority Light SESA Securities on a $ for $ basis, where the amount of New Priority Light SESA Securities issued will not exceed R$ 4,100,000,000.00. Any amount of Light SESA Claims in excess of R$ 4,100,000,000.00 shall be allocated per Option 2, as described in paragraph 8.7(b) below.

(b) **Option 2: Non-Conversion Light SESA Creditor**

(i) Creditors of Light SESA who support the Restructuring but elect not to participate in the Debt-for-Equity Exchange (the "**Non-Conversion Light SESA Creditors**") will not equitise any of their Light SESA Claims, but instead the Light SESA Claims of the Non-Conversion Light SESA Creditors shall be exchanged for New Light SESA Securities on a $ for $ basis subject to (ii) below.

(ii) To the extent that the Equitised Light SESA Claims of the Conversion Light SESA Creditors would be less than the Required Equitisation Amount (the difference between the Equitised Light SESA Claims and the Required Equitisation Amount being the "**Equitisation Shortfall Amount**"), the Light SESA Claims of the Non-Conversion Light SESA Creditors will not be exchanged for New Light SESA Securities on a $ for $ basis but instead the total amount of Light SESA Claims held by Non-Conversion Light SESA Creditors will be exchanged for New Light SESA Securities in an amount equal to the amount of Light SESA Claims less the Equitisation Shortfall Amount, on a pro-rata basis. The result of this exchange mechanism is that an amount of Light SESA Claims equal to the Equitisation Shortfall Amount will be written off, such write-off being applied on a pro-rata basis against the entire amount of Light SESA Claims held by Non-Conversion Light SESA Creditors.

(c) **Option 3: Non-Electing Light SESA Creditor**

(i) The Light SESA Claims of Scheme Creditors who do not make an election (the "**Non-Electing Light SESA Creditors**"), such that they are neither a Conversion Light SESA Creditor nor a Non-Conversion Light SESA Creditor, shall receive the so-called "**Default Option**".

(ii) The Default Option will enable a Non-Electing Light SESA Creditor to be able to demand payment from the Scheme Company of an amount equal to 20% of its Light SESA Claims in a single instalment due 15 years from the date of the Brazilian Confirmation Order. The Default Option will be implemented by way of newly issued securities, with characteristics as further detailed in the RJ Plan.

8.8 If the Scheme is successful, Conversion Light SESA Creditors will have the choice in relation to their Equitised Light SESA Claims between receiving Convertible Securities that are governed by New York law or Brazilian law, at their discretion. Further details of the terms of the Convertible Securities will be contained in the Explanatory Statement but, at a high level, the Convertible Securities in each case will be economically equivalent. The key difference between the New York law and Brazilian law governed Convertible Securities will be that the Brazilian law Convertible Securities will convert into equities with identical terms as the New Scheme Company Equity whereas the New York law Convertible Securities will convert into American Depositary Receipts ("**ADRs**") as described in the RJ Plan. If the Scheme is not successful, all Convertible Securities issued to Scheme Creditors pursuant to the RJ Plan will be governed by Brazilian law (subject to the right for signatories to the Restructuring Support Agreement to receive New York law governed instruments, as detailed below).

8.9 The terms of the New Priority Light SESA Securities that will be issued to Conversion Light SESA Creditors can be summarised as follows (where all terms used and not otherwise defined herein have the meaning given to them in the RJ Plan):

Effective Date for Interest Accrual	1 July 2024.
Term	8 years after the Closing Date – Local Securities.
Principal Grace Period	36 months after the Closing Date – Local Securities, with first instalment starting on month 42.
Amortization	Semi-annually in 10 instalments, after the Principal Grace Period.

Payment of Interest	Semi-annually, starting on month 6 after Closing Date – Local Securities.
Interest	IPCA + 5.00% per annum (or for US$, 4.21%).
Collateral	Corporate guarantee by the Scheme Company. 1st priority fiduciary lien on proceeds from damages in connection with assets related to the Base Regulatory Compensation. 1st priority fiduciary lien on receivables accounts which shall receive amounts collected by a first rate collection agent, up to R$ 50,000,000.00 per month, accrued yearly with IPCA, provided that: (i) amounts in excess of R$ 50,000,000.00 shall be transferred to an unrestricted account held by Light SESA if there are no monetary defaults, or (ii) if there are outstanding payment defaults, the exceeding amounts shall be withheld during the applicable cure period, and afterwards used for the payment of any unpaid amounts up to R$ 50,000,000.00 per month and R$ 300,000,000.00 per annum.
Covenants and Events of Default	The New Securities shall have additional affirmative and negative covenants, events of default and other terms customary for restructured debt of Brazilian issuers.
Governing law	Brazilian law (subject to paragraph 8.11 below).

8.10 The terms of the New Light SESA Securities that will be issued to Non-Conversion Light SESA Creditors can be summarised as follows (where all terms used and not otherwise defined herein have the meaning given to them in the RJ Plan):

Effective Date for Interest Accrual	1 July 2024.
Term	13 years from the Closing Date – Local Securities.
Prinicpal Grace Period	36 months after Closing Date – Local Securities, with first instalment starting on month 42.
Amortization	Semi-annually in 20 instalments, as follows: (i) from month 42 to 72: 2% per instalment; (ii) from month 78 to 108: 4% per instalment; (iii) from month 114 to 156: 8% per instalment.
PIK Interest	12 months from the Closing Date – Local Securities.
Payment of Interest	Semi-annually, starting on month 18.
Interest	IPCA + 3.00% per annum (for US$ notes, 2.26%).

Collateral	Corporate guarantee by the Scheme Company. 2nd priority fiduciary lien on proceeds from damages in connection with assets related to the Base Regulatory Compensation. 2nd priority fiduciary lien on receivables accounts which shall receive amounts collected by a first rate collection agent, up to R$ 50,000,000.00 per month, accrued yearly with IPCA, provided that: (i) amounts in excess of R$ 50,000,000.00 shall be transferred to an unrestricted account held by Light SESA if there are no monetary defaults, or (ii) if there are outstanding payment defaults, the exceeding amounts shall be withheld during the applicable cure period, and afterwards used for the payment of any unpaid amounts up to R$ 50,000,000.00 per month and R$ 300,000,000.00 per annum.
Governing law	Brazilian law (subject to paragraph 8.11 below).

8.11 If the Scheme is successful, Scheme Creditors will have the choice between receiving New Priority Light SESA Securities or New Light SESA Securities (as applicable) that are governed by New York law or Brazilian law. Scheme Creditors who are Conversion Light SESA Creditors and will therefore receive New Priority Light SESA Securities must elect to receive New Priority Light SESA Securities with the same governing law as the governing law of the Convertible Securities that such Conversion Light SESA Creditor elects to receive. If the Scheme is not successful, all New Priority Light SESA Securities and New Light SESA Securities issued to Scheme Creditors pursuant to the RJ Plan will be governed by Brazilian law (subject to the right for signatories to the Restructuring Support Agreement to receive New York law governed instruments, as detailed below).

Exchange of Existing Light Energia Notes

8.12 The Existing Light Energia Notes shall be exchanged such that each Light Energia Noteholder will receive New Light Energia Securities. The New Light Energia Securities shall have terms which in all material regards mirror the terms of the Existing Light Energia Notes, save that:

(a) all interest that has accrued and is unpaid under the Existing Light Energia Notes between 12 May 2023 and the date of issuance of the New Light Energia Securities will be converted to principal debt due and payable pursuant to the terms of the New Light Energia Securities;

(b) the New Light Energia Securities will not be guaranteed by the Scheme Company and the restricted group will be limited to Light Energia and its subsidiaries;

(c) the New Light Energia Securities shall be fully "unstapled" from the New Light SESA Securities and the New Priority Light SESA Securities such that each shall constitute entirely separate and freely tradeable instruments governed by their own separate documentation; and

(d) the New Light Energia Securities will provide holders with an option to elect to participate in the Light Energia Securities Auction whereby it shall have the option for its New Light Energia Securities to be redeemed at a discount by the Scheme Company.

8.13 Noteholders who are Conversion Light SESA Creditors or Non-Conversion Light SESA Creditors will be automatically entitled to receive New Light Energia Securities and will not need to make a separate election in this regard. The Light Energia Claims held by Non-Electing Light SESA Creditors shall be treated in an equivalent way as the Light SESA Claims held by Non-Electing Light SESA Creditors such that Light Energia Noteholders who are Non-Electing Light SESA Creditors receive the same rights to the Default Option in respect of their Light Energia Claims as they do in respect of their Light SESA Claims as detailed at paragraph 8.7(c) above.

8.14 Although no election is required in order to be entitled to New Light Energia Securities, similarly to the position in respect of the Existing Light SESA Notes, if the Scheme is successful, Scheme Creditors will have the choice between receiving New Light Energia Securities that are governed by New York law or Brazilian law at their discretion and will need to elect for the governing law of their choice. Scheme Creditors are free to choose New Light Energia Securities which have a different governing law to the governing law of the New Light SESA Securities that the Scheme Creditor elects to receive. If the Scheme is not successful, all New Light Energia Securities issued to Scheme Creditors pursuant to the RJ Plan will be governed by Brazilian law (subject to the right for signatories to the Restructuring Support Agreement to receive New York law governed instruments, as detailed below).

9. Restructuring Support Agreement

9.1 On 28 June 2024, the Scheme Company and the Ad-Hoc Group documented their agreement as to the terms of the proposed Restructuring by executing the Restructuring Support Agreement to support the implementation of the Scheme and the Restructuring. All conditions to the effectiveness of the Restructuring Support Agreement were satisfied, and the terms of the Restructuring Support Agreement became effective, on 28 June 2024.

9.2 All Scheme Creditors that were not original parties to the Restructuring Support Agreement will be given the opportunity to accede to the Restructuring Support Agreement and will be provided with instructions for doing so and contact details for the Information Agent in case of any queries. Based on submitted documentation and subject to reconciliation of claims, the Existing Notes held by signatories to the Restructuring Support Agreement exceeds approximately 54.36% in value of the total Existing Notes as at the date hereof. All Scheme Creditors will continue to have the right to accede to the Restructuring Support Agreement at any point prior to the Scheme Meeting.

9.3 The Restructuring Support Agreement sets out the terms pursuant to which, among others, the Scheme Company and the Ad-Hoc Group have agreed to implement the Restructuring (as summarised above) in accordance with the RJ Proceeding. It also includes undertakings by the parties thereto to support and facilitate the implementation of the Scheme. The Restructuring Support Agreement contains certain customary termination events (some of which are automatic and some of which are exercisable by a creditor or specified group of creditors). A copy of the Restructuring Support Agreement is available to all Scheme Creditors on the Scheme Website.

10. Consequences if the Scheme is Unsuccessful

10.1 As noted in paragraph 7.14 above, the RJ Plan was approved by the requisite majority of creditors and subsequently became effective as a matter of Brazilian law as of 20 June 2024. If the Scheme is unsuccessful, the Restructuring will still occur as contemplated in the RJ Plan albeit:

(a) absent the Scheme, the RJ Plan may not be recognised in England (which would be of particular significance once the governing law of the Existing Notes is changed to the

laws of England and Wales) nor in the United States of America. As detailed in paragraph 3.3 above, such recognition is considered important as it will provide certainty that the Restructuring will have valid effect in the relevant jurisdictions and avoid the risk of any Noteholders bringing future legal action outside of Brazil to seek to enforce their pre-Restructuring rights.

(b) if the Scheme is successful, all Scheme Creditors are entitled to elect to receive New Securities that are governed by New York law. Absent the Scheme, the Scheme Company may elect to offer New York law governed securities however it is not obliged by the RJ Plan to do so (although it is obliged to do so in respect of certain Scheme Creditors pursuant to the Restructuring Support Agreement, as explained below).

10.2 The Scheme Company has instructed FTI to prepare the Comparator Report, which will present the Scheme Company's analysis of the impact of the Restructuring on Scheme Creditors in the scenario in which the Restructuring is implemented via a successful Scheme and conversely in the "relevant alternative" scenario in which the Scheme is not successful and the Restructuring is implemented and effective only as a matter of Brazilian law pursuant to the RJ Plan.

10.3 The Scheme Company considers the "relevant alternative" to be a scenario in which:

(a) the Restructuring is implemented with all Scheme Creditors receiving New Securities governed by Brazilian law, other than those Scheme Creditors who have signed up to the Restructuring Support Agreement (such Scheme Creditors being entitled to receive New Securities governed by New York law); and

(b) the Restructuring is effective as a matter of Brazilian law but does not have specific effect in other relevant jurisdictions such that there is a risk that Scheme Creditors retain any ability that they had pre-completion of the Restructuring, to bring legal action outside of Brazil to enforce their pre-Restructuring rights (albeit nothing in this Letter should be taken to deem any acceptance by the Scheme Company that such terms of the RJ Plan are not valid outside of Brazil).

Comparator analysis

10.4 The Comparator Report including the FTI analysis will be appended to the Explanatory Statement, which will be circulated to Scheme Creditors promptly following the Convening Hearing.

10.5 As at the date of this Letter, FTI has performed an initial assessment and has reached the preliminary conclusion that Scheme Creditors will be no worse off if the Scheme is sanctioned than in the "relevant alternative" for the following key reasons:

(a) In the "relevant alternative", Scheme Creditors who do not accede to the Restructuring Support Agreement and then elect in the Scheme to receive New York law governed New Securities ("**Non-RSA NY Electors**"), will not be entitled to receive New York law governed New Securities and will instead only be entitled to receive Brazilian law governed New Securities pursuant to the RJ Plan (albeit the Scheme Company may offer New York law governed securities to Non-RSA NY Electors, at its discretion).

(b) Non-RSA NY Electors would have identified that New York law governed New Securities would be the best available option for their specific institution, hence electing for this option in the Scheme, however this preferred option will not be available to them if the Scheme is not sanctioned. Negative impacts on Non-RSA NY Electors that arise in the "relevant alternative" could include:

(i) non-compliance with internal by-laws restricting ability to hold non-US$ related debt or equity;

(ii) inability to trade or realise R$-denominated debt or equity absent Brazilian tax and/or regulatory registration and/or set-up of necessary banking and regulatory arrangements, in compliance with Brazilian law and regulations, each of which is likely to carry additional cost and/or limitations on liquidity to the Non-RSA NY Electors;

(iii) reduced liquidity absent ability to trade debt or equity in Brazil; and/or

(iv) exposure to R$ currency risk.

10.6 For completeness, all Scheme Creditors other than the Non-RSA NY Electors will receive the same outcome in the "relevant alternative" as they would if the Scheme were sanctioned and so cannot be any worse off in the Scheme scenario.

11. Proposed Class Constitution of Scheme Creditors

Applicable principles

11.1 Pursuant to Part 26 of the Companies Act 2006, in order for a scheme of arrangement to be approved more than 50% in number representing not less than 75% in value of each group of creditors who vote (either in person or by proxy) together at a class at a meeting of creditors convened for the purposes of considering a scheme must vote in favour of the proposed scheme.

11.2 Where creditors have rights which are so dissimilar as to make it impossible for them to consult together with a view to their common interest, they must be split into separate classes and a separate scheme meeting must be held for each class. In accordance with the Practice Statement, it is the responsibility of the Scheme Company to determine whether the Scheme requires more than one meeting of Scheme Creditors and, if so, to ensure that those meetings are properly constituted.

11.3 In summary, the tests applied by the Court for class constitution for schemes of arrangement under Part 26 of the Companies Act 2006 are as follows:

(a) where creditors affected by a scheme have rights that are so dissimilar, or would be affected so differently by the scheme, as to make it impossible for them to consult together with a view to their common interest, they must be divided into separate classes, and a separate meeting must be held for each class of creditor; and

(b) it is the legal rights of creditors (both going into and coming out of the scheme), and not their separate commercial or other interests, that determine whether they form a single class or separate classes.

Proposed creditor classes for the Scheme

11.4 The Scheme Company has considered the present rights of each of its Scheme Creditors and each Scheme Creditors' rights in the aforementioned "relevant alternative" scenario and has further considered the way in which Scheme Creditors' present rights are proposed to be compromised under the Scheme.

11.5 Having taken into account previous decisions of the Court, and having consulted its legal advisers, the Scheme Company has concluded that the Scheme Creditors will constitute a single class for the purpose of the Scheme. The Scheme Company consider that the rights of the Scheme Creditors are not so dissimilar as to make it impossible for them to consult together with a view to their common interest in respect of the Scheme. The Scheme Company has made particular reference to the following factors and features of the Scheme in conducting this analysis:

(a) the rights of holders of the Existing Notes;

(b) the optionality afforded to the holders of the Existing Notes under the Scheme;

(c) the Scheme Creditors' entitlement to accede to the Restructuring Support Agreement; and

(d) cost coverage arrangements as regards the Ad-Hoc Group Advisers.

Existing Notes

11.6 As summarised in paragraph 6.1(b) above, each US$ 1,000 unit of Existing Notes consists of US$ 667.00 of Existing Light SESA Notes and US$ 333.00 of Existing Light Energia Notes. Both the Existing Light SESA Notes and the Existing Light Energia Notes are issued pursuant to the same indenture, bear interest at a rate of 4.375% payable semi-annually and mature on 18 June 2026. Transfers are only possible when transferring a holder's interest in its entire unit of Existing Notes such that the Existing Light SESA Notes and Existing Light Energia Notes do not trade separately, and the Existing Light Energia Notes and the Existing Light SESA Notes rank *pari passu* with one another in all respects. The Scheme Company has concluded that there is no need to separate the Light SESA Noteholders and Light Energia Noteholders into separate classes.

Optionality

11.7 As detailed earlier in this Letter, Scheme Creditors will be entitled to make a number of elections in respect of their Existing Notes such that, if they make different elections, the Scheme will not result in an equivalent outcome for all Scheme Creditors. Given that all election options are available to all Scheme Creditors on an equal basis, meaning that the rights afforded to each Scheme Creditor in respect of the election options are identical, the Scheme Company has concluded that this does not fracture the class.

Restructuring Support Agreement

11.8 The Scheme Company has agreed that any Scheme Creditor that accedes to the Restructuring Support Agreement and votes in favour of the Scheme at the Scheme Meeting will be entitled to receive New Securities governed by New York law and not by Brazilian law, should they wish. This entitlement remains even in a scenario where the Scheme is ultimately unsuccessful.

11.9 The Scheme Company has considered whether the terms of the Restructuring Support Agreement and the entitlement to receive New York law governed instruments even where the Scheme is unsuccessful has an impact on the classification of Scheme Creditors for the purposes of voting on the Scheme. The Scheme Company has concluded that it does not, because:

(a) it is well-established that the entry into a Restructuring Support Agreement does not, of itself, fracture a class;

(b) each Scheme Creditor will be permitted to accede to the Restructuring Support Agreement at any point prior to the Scheme Meeting, and thereby become entitled to also receive New York law governed instruments regardless of whether the Scheme is successful; and

(c) the Scheme Company considers this entitlement and notional additional "benefit" to be appropriate and beneficial in order to secure support for the Scheme from the Group's diverse and numerous creditors, including the Scheme Creditors, and thereby facilitate the delivery of a restructuring solution and maximise the prospects of a successful outcome by providing the Scheme Company with visibility over the levels of creditor support for the Scheme in advance of voting at the Scheme Meeting.

11.10 The Restructuring Support Agreement does not otherwise entitle Scheme Creditors that accede to it to receive any fee.

Ad-Hoc Group Adviser Costs

11.11 Under the Restructuring Support Agreement, the Scheme Company has agreed to pay the fees, costs and expenses reasonably incurred by the Ad-Hoc Group Advisers in connection with the implementation of the Scheme. Payment of these fees, costs and expenses is not conditional on the Scheme being sanctioned. It is well-established that the provision of such fees, costs and expenses does not fracture a class.

Conclusions

11.12 The Scheme Company has also considered the fees and benefits available to a particular group of creditors on a cumulative basis. In particular, the Scheme Company has considered the "benefits" available to the Ad-Hoc Group. Having taken into account (a) the cumulative benefits, (b) what the Ad-Hoc Group have provided in exchange for such benefits, and (c) the "relevant alternative" in a scenario where the Scheme is unsuccessful, the Scheme Company has concluded that it does not consider the differences in rights between the Ad-Hoc Group and the other Scheme Creditors to be sufficiently material to fracture the class.

11.13 Accordingly, it is proposed that one meeting of the Scheme Creditors be convened for the purposes of considering and, if the Scheme Creditors think fit, approving such Scheme.

If any Scheme Creditor has comments as to the proposed constitution of the Convening Hearing, or any other issues which they consider should be raised with the Court, they should in the first instance contact the Information Agent using the contact details set out in paragraph 13.1 below.

12. Jurisdiction and Recognition

Jurisdiction

12.1 The Scheme Company considers that the Court has jurisdiction in relation to the Scheme under Part 26 of the Companies Act 2006, and should exercise its discretion to sanction the Scheme if satisfied that the requirements for sanction are met, for the following reasons:

(a) the Scheme constitutes a compromise or arrangement between the Scheme Company and the Scheme Creditors;

(b) the Scheme Company is incorporated in Brazil but is a "company" for the purposes of Part 26 of the Companies Act 2006, since it is liable to be wound up under the Insolvency Act 1986 as an unregistered company; and

(c) as detailed in paragraph 12.2 below, the Existing Indenture under which the Existing Notes are constituted will be governed by English law by the date of the Convening Hearing, and the liabilities which are the subject of the Scheme will be therefore governed by the laws of England and Wales – this establishes a "sufficient connection" to England and Wales.

12.2 As at the date of this Letter, the Existing Indenture is governed by New York law and any claim instituted in respect of the Existing Indenture is subject to the non-exclusive jurisdiction of the New York courts. Following issuance of this Letter, the Scheme Company will launch a consent solicitation process which will contain requests to:

(a) change the governing law of the Existing Indenture from New York law to the laws of England and Wales; and

(b) change the jurisdiction clause of the Existing Indenture such that the courts of England and Wales have (i) non-exclusive jurisdiction to settle any disputes or proceedings in respect of the Existing Notes, and (ii) exclusive jurisdiction to settle any such disputes

or proceedings instituted by the Issuers or the Scheme Company in relation to any Noteholders or the Notes Trustee on behalf of the Noteholders.

12.3 The consent solicitation voting period will conclude and the supplemental indenture to reflect the amendments detailed in paragraph 12.2 above will be effective in advance of the Convening Hearing.

Recognition

12.4 The Scheme Company intends to seek recognition of the Scheme under Chapter 15 of the US Bankruptcy Code, and will seek permanent relief in the United States Bankruptcy Court for the District of Delaware or the Southern District of New York (or such other appropriate forum determined by the Scheme Company) enjoining Scheme Creditors from commencing or continuing any action or proceeding against any member of the Group or their successors in interests that are inconsistent with the Scheme in the United States.

12.5 The Scheme Company is in the process of obtaining:

(a) an opinion from an independent expert that the Scheme is likely to be recognised and given effect in Brazil, being the jurisdiction in which Scheme Company and the Issuers of the Existing Notes are incorporated; and

(b) an opinion from an independent expert on certain matters of US Federal and New York law including:

(i) whether, as a matter of New York law, the steps proposed to be taken to change the governing law and jurisdiction clauses of the Existing Indenture to English law are valid and effective; and

(ii) whether the Scheme is likely to be recognised by the United States Bankruptcy Court for the District of Delaware or the Southern District of New York (or such other appropriate forum determined by the Scheme Company) as a "foreign proceeding" under Chapter 15 of the U.S. Bankruptcy Code and, if sanctioned, will be given full force and effect in the United States.

13. Enquiries and Further Information

13.1 Contact details

If you have any questions in relation to this Letter, or the Scheme, please contact White & Case LLP or BMA, and to request copies or access to the Scheme Website, the Information Agent, using the contact details set out below:

Information Agent
Email: light@dfkingltd.com
Phone: In New York: (877) 732 3619 (Toll Free) or +1 (212) 269 5550 (Toll)
In London: (+44) 208 089 3951
Attention: D.F. King & Co., Inc.
In New York: 48 Wall Street, New York, NY 10005
In London: 6th Floor, 65 Gresham Street, London EC2V 7NQ

White & Case LLP
Contact: Richard Kebrdle, Ian Wallace
Email: rkebrdle@whitecase.com, ian.wallace@whitecase.com
Address: 5 Old Broad Street, London EC2N 1DW

BMA

Contact:	Eduardo G. Wanderley, Conrado de Castro Stievani, Igor Silva de Lima
Email:	egw@bmalaw.com.br, cto@bmalaw.com.br, isl@bmalaw.com.br
Address:	Avenida Juscelino Kubitschek, 1.455 10º andar, São Paulo/SP Brazil 04543-011

13.2 Scheme Website

(a) The Information Agent has set up the Scheme Website (here[3]) to disseminate information and communications about the Scheme and to facilitate the implementation of the Scheme. Scheme Creditors may download documents relating to the Scheme from the Scheme Website once they have registered online. Scheme Creditors wishing to register online should contact the Information Agent using the details set out in paragraph 13.1 above.

(b) If a Scheme Creditor encounters any technical difficulties accessing the Scheme Website, please contact the Information Agent using the details set out in paragraph 13.1 above.

(c) If any amendments or modifications are made to the Scheme Documentation, then such amended or modified documents will also be made available to Scheme Creditors on the Scheme Website.

13.3 Scheme Documentation

The Scheme Documentation will be provided to the Court in advance of the Convening Hearing scheduled to take place on or around 29 July 2024. The Scheme Documentation will be made available on the Scheme Website and a notice in this regard will be circulated to Scheme Creditors via the Clearing Systems by the Information Agent shortly after the Convening Hearing. Any Scheme Creditors who are unable to download any of the Scheme Documentation from the Scheme Website should contact the Information Agent who will arrange for alternative access to be granted to the relevant Scheme Documentation. Any such request should be made to the Information Agent at the contact details set out in paragraph 13.1 above.

13.4 Legal advice

White & Case LLP and BMA, as legal advisers to the Scheme Company, are unable to offer legal advice to Scheme Creditors in connection with the Scheme.

14. Concluding Remarks

As outlined above, the Scheme Company considers that the Scheme is necessary to implement the Restructuring, in the shortest practicable time and, by so doing, producing a better outcome for Scheme Creditors than would otherwise be possible absent the Scheme. For this reason, all Scheme Creditors are encouraged to support the Scheme.

[3] https://clients.dfkingltd.com/light/

Schedule 1 Definitions

"**Ad-Hoc Group**" means the ad-hoc group of Noteholders, represented by the Ad-Hoc Group Advisers.

"**Ad-Hoc Group Advisers**" means Moelis & Company Assessoria Financeira Ltda., Cleary Gottlieb Steen & Hamilton LLP and Pinheiro Neto Advogados.

"**ADRs**" has the meaning given to it in paragraph 8.8 of this Letter.

"**Anchor Shareholder**" means the investment fund Bavaro Fundo de Investimento em Ações, CNPJ nº 50.568.751/0001-87, which, as at 22 April 2024, held common shares issued by the Scheme Company representing 20% (twenty per cent) of the total and voting share capital of the Scheme Company.

"**Anchor Shareholder's Capital Raise Amount**" has the meaning given to it in paragraph 8.3 of this Letter.

"**ANEEL**" means Agência Nacional de Energia Elétrica, the Brazilian Electricity Regulatory Agency, being an autarchy of the government of Brazil and an association of MME.

"**BMA**" means Barbosa Müssnich Aragão Advogados, Brazilian legal counsel to the Scheme Company.

"**Brazilian Confirmation Order**" means the order of the RJ Court dated 18 June 2024 and publicised on 20 June 2024 which confirmed the effectiveness of the RJ Plan.

"**Clearing System**" means DTC, Clearstream Banking S.A. or Euroclear Bank SA/NV (as applicable), together, the Clearing Systems.

"**Comparator Report**" means the comparator report to be prepared by FTI, to assist with the analysis of, and aid Scheme Creditors in deciding whether to support, the Scheme. The Comparator Report will be appended to the Explanatory Statement.

"**Concession Renewal**" means the date on which the concession agreement No. 001/96 for the distribution of electricity between Light SESA and ANEEL dated 4 June 1996 (as amended and/or restated from time to time) is renewed.

"**Convening Hearing**" means a hearing of the Court to be held on or around 29 July 2024, for an order granting certain directions in relation to the Scheme, including an order granting permission to convene the Scheme Meeting.

"**Conversion Light SESA Creditor**" has the meaning given to it in paragraph 8.7(a)(i) of this Letter.

"**Convertible Securities**" means the new securities that will be issued by the Scheme Company to each Conversion Light SESA Creditor on the terms set out at paragraph 8.8 of this Letter.

"**Court**" means the High Court of Justice of England and Wales.

"**Debt-for-Equity Exchange**" means the debt-for-equity exchange in respect of the Light SESA Claims of creditors of Light SESA, the details of which are set out in the RJ Plan, where each holder of Light SESA Claims will be given the option to exchange 35% of its Light SESA Claims for Convertible Securities and Warrant Instruments in accordance with the calculation mechanics set out in the RJ Plan.

"**Default Option**" has the meaning given to it in paragraph 8.7(c)(i) of this Letter.

"**DTC**" means the Depositary Trust Company.

"**Equitisation Shortfall Amount**" has the meaning given to it in paragraph 8.7(b)(ii) of this Letter.

"**Equitised Light SESA Claims**" has the meaning given to it in paragraph 8.7(a)(i) of this Letter, and Equitised Light SESA Claim shall mean each one of them.

"**Existing Indenture**" means the indenture dated 18 June 2021 executed by Light SESA and Light Energia, as issuers, the Scheme Company as notes units guarantor and The Bank of New York Mellon, as trustee.

"**Existing Light Energia Notes**" means the US$ 200,000,000 in principal amount of 4.375% notes due 2026 issued by Light Energia pursuant to the Existing Indenture.

"**Existing Light SESA Notes**" means the approximately US$ 407,000,000, which includes US$ 400,000,000 million principal amount of 4.375% notes due 2026 issued by Light SESA pursuant to the Existing Indenture as well as approximately US$ 7,000,000 in accrued interest as per the RJ Plan.

"**Existing Notes**" means the Existing Light Energia Notes and the Existing Light SESA Notes.

"**Explanatory Statement**" means an explanatory statement relating to the Scheme and summarising the terms of the Scheme and the Restructuring.

"**FTI**" means FTI Consulting LLP.

"**Group**" means the Scheme Company, Light Energia, Light SESA and each of its direct and indirect subsidiaries.

"**Information Agent**" means D.F. King Ltd, a private company incorporated in England and Wales with registered number 09288591, whose registered office is at 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ (or any successor in title).

"**Issuers**" means Light Energia and Light SESA.

"**Letter**" means this practice statement letter.

"**Light Energia**" means Light Energia S.A., *a sociedade por ações* incorporated and existing under the laws of the Federal Republic of Brazil, having its principal office at Avenida Marechal Floriano, 168, Centro, Rio de Janeiro, RJ, 20080-002.

"**Light Energia Claims**" means outstanding claims of Noteholders under the Existing Light Energia Notes.

"**Light Energia Financial Claims**" has the meaning given to it in paragraph 7.13 of this Letter.

"**Light Energia Noteholders**" means the holders of the Existing Light Energia Notes.

"**Light Energia Securities Auction**" means the voluntary reverse auction in respect of the New Light Energia Securities whereby each holder of the New Light Energia Securities will be given the option to participate in a reverse auction whereby the Scheme Company will redeem the holders' New Light Energia Securities at a discount of at least 5% to par. The total funds available for such auction process shall be R$ 500,000,000.00.

"**Light SESA**" means Light Serviços de Eletricidade S.A., *a sociedade por ações* incorporated and existing under the laws of the Federal Republic of Brazil, having its principal office at Avenida Marechal Floriano, 168, Centro, Rio de Janeiro, RJ, 20080-002.

"**Light SESA Cash Contribution**" means the contribution by the Scheme Company of the cash proceeds of the New Money Capital Raise as detailed in paragraph 8.5.

"**Light SESA Claims**" means all of the outstanding claims against Light SESA subject to the RJ Plan (including the claims of Noteholders under the Existing Light SESA Notes).

"**Light SESA Noteholders**" means the holders of the Existing Light SESA Notes.

"**MME**" means the Brazilian Ministry of Mines and Energy.

"**New Light Energia Securities**" means the new securities that will be issued by Light Energia to each Conversion Light SESA Creditor and each Non-Conversion Light SESA Creditor on the terms set out at paragraphs 8.12 to 8.14 of this Letter.

"**New Light SESA Securities**" means the new securities that will be issued by Light SESA to each Non-Conversion Light SESA Creditor on the terms set out at paragraphs 8.10 and 8.11 of this Letter.

"**New Priority Light SESA Securities**" means the new securities that will be issued by Light SESA to each Conversion Light SESA Creditor on the terms set out at paragraphs 8.9 and 8.11 of this Letter.

"**New Scheme Company Equity**" means common registered shares with no par value issued by the Scheme Company on B3 under the ticket LIGT3.

"**New Securities**" means the Convertible Securities, the New Light SESA Securities, the New Priority Light SESA Securities and the New Light Energia Securities.

"**Non-Conversion Light SESA Creditor**" has the meaning given to it in paragraph 8.7(b)(i) of this Letter.

"**Non-Electing Light SESA Creditor**" has the meaning given to it in paragraph 8.7(c)(i) of this Letter.

"**Noteholder**" means a holder of the Existing Notes and "**Noteholders**" means the holders of the Existing Notes together.

"**Notes Trustee**" means The Bank of New York Mellon, 240 Greenwich Street - 7E New York, New York 10286.

"**Practice Statement**" means the Practice Statement (Companies: Schemes of Arrangement under Part 26 and Part 26A of the Companies Act 2006) issued on 26 June 2020 by the Court.

"**Record Time**" means the date and time by which the Scheme Creditors' entitlements to vote on the Scheme shall be assessed, being 5:00pm (London Time) the day before the Scheme Meeting.

"**Registrar of Companies**" means the registrar of companies for England and Wales as described in section 1060 of the Companies Act 2006.

"**Required Equitisation Amount**" has the meaning given to it in paragraph 8.7(a)(ii) of this Letter.

"**Restructuring**" means the financial restructuring of the Group relating to the financial obligations of the Scheme Company and its Group, namely Light SESA and Light Energia, including in respect of the Existing Notes and as more fully detailed in the RJ Plan and the Restructuring Support Agreement.

"**Restructuring Support Agreement**" means the restructuring support agreement dated 28 June 2024 between, among others, the Scheme Company, the Issuers and the Ad-Hoc Group.

"**RJ**" means judicial reorganisation (*recuperação judicial*), the main court-supervised reorganisation procedure under Brazilian law for a company to restructure its business and its debt, with the objective to: (i) overcome the debtor's economic and financial crisis, (ii) preserve the debtor's activities and employees and the creditors' interests and (iii) allow the debtor to continue its business activities.

"**RJ Court**" means the Third Specialized Chamber for Business Law of the Court of the State of Rio de Janeiro, Brazil.

"**RJ Plan**" means the judicial reorganization plan submitted by the Scheme Company pursuant to the RJ Proceeding on 18 May 2024, which was approved by the requisite majority of creditors at the general meeting of creditors on 29 May 2024 and subsequently confirmed by the RJ Court.

"**RJ Proceeding**" means the RJ proceeding commenced by Light before the RJ Court, docket number 0843430-58.2023.8.19.0001.

"**Sanction Hearing**" means the court hearing following the Scheme Meeting whereby the Scheme Creditors will have the opportunity to raise objections to the Scheme, which shall occur in the event that the Court grants an order at the Convening Hearing to convene the Scheme Meeting.

"**Scheme**" means a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 between the Scheme Company and the Scheme Creditors.

"**Scheme Company**" means Light S.A. a public limited company incorporated under the laws of Brazil with registered number 03,378,521/0001-75 with registered address at Av. Marechal Floriano, nº 168, 2nd floor, corridor A, Centro, City of Rio de Janeiro, State of Rio de Janeiro.

"**Scheme Creditors**" means together, the Notes Trustee and the Noteholders, as at the Record Time, including each of their transferees, assignees, and successors after the Record Time, and Scheme Creditor means any one of them.

"**Scheme Documentation**" means:

(a) a notice convening the Scheme Meeting;

(b) the Explanatory Statement (which will include the form of account holder letter to be used for voting on the Scheme and the principal agreements that will govern the terms of the Restructuring); and

(c) the Scheme.

"**Scheme Meeting**" means the meeting of certain of its creditors for the purpose of considering and if thought fit, approving the Scheme.

"**Scheme Website**" means the website set up for the Scheme Creditors by the Information Agent at https://clients.dfkingltd.com/light/.

"**US Bankruptcy Code**" means the body of federal bankruptcy law, embodied in Title 11 of the United States Code (11 U.S.C. §§ 101 to 1532).

"**Warrant Instruments**" means the warrants in the share capital of the Scheme Company to be issued by the Scheme Company to subscribers of the New Scheme Company Equity and holders of the Convertible Securities as detailed in paragraphs 8.4 and 8.7(a)(i) and in accordance with the RJ Plan.

"**White & Case LLP**" means White & Case LLP and its related partnerships and associations as international legal adviser to the Scheme Company.