

EQUATORIAL ENERGIA S.A.
CNPJ/MF 03.220.438/0001-73
NIRE 21.300.009.388
Public-held Company

NOTICE TO SHAREHOLDERS

EQUATORIAL ENERGIA S.A. ("Company") is hereby informing its shareholders that at a meeting of the Board of Directors held on January 17, 2013, approval was granted for an increase in the Company's capital stock, within the limit of the authorized capital, pursuant to the terms and conditions as described below:

I. Quantity of Shares To Be Issued and Rights Granted: The Company will issue, for private subscription, within the limit of its authorized capital, under the terms of Article 7 of its Bylaws, 13,203,450 (thirteen million, two hundred and three thousand, four hundred and fifty) new, common, registered nominal shares at no face value, which shall confer upon their owners the same rights and privileges of the already existing shares, including the right to vote, receive dividends, interest on shareholder equity and eventual capital remuneration that may be declared by the Company as of the issue date.

II. Increase in Capital Stock: The Company's capital stock will be increased, within the limit of its authorized capital, by R\$ 234,757,341.00 (two hundred thirty-four million, seven hundred fifty-seven thousand, three hundred forty-one reais), to become R\$ 1,776,944,616.72 (one billion, seven hundred seventy-seven million, nine hundred forty-four thousand, six hundred and sixteen reais and seventy-two centavos) rising to R\$ 2,011,701,957.72 (two billion, eleven million, seven hundred and one thousand, nine hundred fifty-seven reais and seventy-two centavos).

III. Issue Price per Share: The per share price of the issue was set at R\$ 17.78 (seventeen reais and seventy-eight centavos), decided upon pursuant to the conditions of Article 170, paragraph 1, item III of Law 6.404 of December 15, 1976 ("Corporation Law").

IV. Subscription and Payment of the Shares: The common shares issued shall be fully subscribed by BNDES Participações S.A. - BNDESPAR and paid in through capitalization of credit, in the same amount as the approved increase, belonging to it in the Company. Notwithstanding the above, pursuant to legislation the Company's shareholders shall be able to exercise their preemptive rights. The shareholders who exercise their preemptive rights for subscription of a portion of the capital stock increase to which they have a right must fully pay for the shares in cash upon the act of subscription in Brazilian currency, with said payment to be passed on to BNDESPAR, under the conditions contained in Article 171, paragraph 2, of the Corporation Law.

V. Preemptive Rights: (a) Company shareholders who owned shares issued by the Company on January 17, 2013, shall have preemptive rights for subscribing to the new shares that are issued as part of the increase in the capital stock, being able to subscribe a quantity of shares proportional to the quantity of their shareholding in the Company on this date, in a ratio of 0.071276030 new shares for each share owned by the shareholders on said date. Because this is an increase in capital stock through capitalization of a credit, the amounts paid in by the shareholders who exercise their preemptive rights will be delivered to BNDESPAR, the owner of the credit to be capitalized, as foreseen in Article 171, paragraph 2 of the Corporation Law, commensurate with the proportional delivery of the shares to those shareholders who have exercised their respective preemptive rights.

(b) The preemptive rights must be exercised within a deadline of 30 (thirty) days as of the date of the publication of the Notice to Shareholders, beginning on January 21, 2013 and ending on (and including) February 19, 2013, resulting from the preparation of the subscription bulletin to be placed at the disposal of the shareholders by the Custodian Bank ("Preemptive Rights Period").

(c) The subscription rights regarding the Company's new shares may be traded on the BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros, under the conditions herein explained.

(d) The shareholders who decide not to exercise their preemptive rights for subscription of the shares involved in the capital increase may trade or transfer them to third parties, whether on stock exchanges or through private trades. Shareholders who own stock registered with the Company's custodian bank may transfer the preemptive rights (including the right to subscribe to surplus shares) through procedures as informed by the custodian. Shareholders whose stock is under the custodianship of the BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros should enter into contact with their custodial agents.

(e) The shareholders who have exercised preemptive rights may not transfer the right of subscription of surplus shares.

VI. Trading Ex-Subscription: The Company's shares acquired as of January 18 (and including) shall not be entitled to preemptive rights for subscription to the capital increase herein discussed and, as of the aforementioned date, shares issued by the Company shall be traded ex-subscription.

VII. Period of Subscription of Unsubscribed Share Surpluses: (a) After the expiration of the Preemptive Rights Period and after the custodian bank informs the Company the quantity of shares subscribed by the Company's shareholders during the Preemptive Rights Period, eventual share surpluses will be pro-rated among the shareholders who expressed interest in such a surplus mentioned in the respective subscription bulletin during a period comprising 5 (five) business days as of the publication of the aforementioned Notice to Shareholders,

informing the number of unsubscribed surplus shares. For the purpose of clarification, to this end surplus shares shall be considered to be shares that were not subscribed to by the Company's shareholders resulting from non-exercising of the preemptive rights foreseen under law.

(b) The quantity of surplus shares each interested shareholder will have the right to subscribe to during the Preemptive Rights Period shall be calculated by multiplying the quantity of new shares that are not subscribed by the Company's shareholders after the Preemptive Rights Period by the quantity of shares subscribed to by the respective interested shareholder during the Preemptive Rights Period, dividing the product of this calculation by the total quantity of shares subscribed to by all of the Company's shareholders during the Preemptive Rights Period.

(c) It is estimated that the Preemptive Rights Period shall begin on February 28, 2013 and shall end on March 6, 2013.

(d) Additional information regarding the Preemptive Rights Period will be disclosed by the Company after the expiration of the Preemptive Rights Period.

VIII. Subscription Procedures: The right to subscription may be exercised by the shareholders as of (and including) the present date upon the preparation of the applicable documents in any specialized branch office of Itaú Corretora de Valores S.A., through payment of the subscription price and filling out of the respective subscription bulletin, available at the following addresses:

Brasília Specialized Securities Agency

SCS Quadra 3 – Edif. D'Angela, 30 – Bloco A, Sobreloja
Centro – Brasília/DF
CEP: 70300-500

Belo Horizonte Specialized Securities Agency

Av. João Pinheiro, 195 – Subsolo
Centro – Belo Horizonte/MG
CEP: 30130-180

Curitiba Specialized Securities Agency

R. João Negrão, 65 – Sobreloja
Centro – Curitiba/PR
CEP: 80010-200

Porto Alegre Specialized Securities Agency

R. Sete de Setembro, 746 – Térreo
Centro – Porto Alegre/RS
CEP: 90010-190

Rio de Janeiro Specialized Securities Agency

R. Sete de Setembro, 99 – Subsolo
Centro – Rio de Janeiro/RJ
CEP: 20050-005

São Paulo Specialized Securities Agency

R. Boa Vista, 176 – 1 Subsolo
Centro - Sao Paulo/SP
CEP: 01092-900

Salvador Specialized Securities Agency

Av. Estados Unidos, 50 - 2º AND - (ED SESQUICENTENÁRIO)
Comércio - Salvador/BA
CEP: 40020-010

Shareholders who participate in the BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros, fungible custody program whose shares are on deposit in the Central Assets Depository must exercise their preemptive rights through their custodial agents, within the deadlines stipulated by the BM&FBOVESPA – Bolsa de Valores, Mercadorias e Futuros, and the conditions of this Notice to Shareholders.

Additional information about the capital increase and subscription and payment conditions may be obtained by request sent to the following address: ri@equatorialenergia.com.br.

Rio de Janeiro, January 18, 2013.

EQUATORIAL ENERGIA S.A.

Eduardo Haiama
Investor Relations Officer