

Equatorial Energia S.A.

Public-Held Company

CNPJ/MF nº 03.220.438/0001-73

NOTICE TO THE MARKET

Brasília, April 24, 2017 - Equatorial Energia S.A. (“Company”) (“BM&FBOVESPA: EQTL3”) hereby informs that, in ANEEL’s greenfield Power Transmission Auction #05/2016, held today, it presented a winning bid for Lot 31, located in the State of Pará, as described in the table below:

Lot	State	Lines Km	Subst. #	Capex Aneel R\$ '000	Max Revenue R\$ '000	Bid Revenue R\$ '000	Discount	Rev. / Capex	Start ANEEL	Necessity	Constructor
31	Pará	436	3	671.285	139.316	126.081	9,5%	18,8%	Aug/22	Immediate	Elecnor
TOTAL		436	3	671.285	139.316	126.081	9,5%	18,8%			

Obs: RAP and Investment values as of Oct, 2016

One should note that the “Capex” and the “Startup Date” presented in the table above are the ones included in the Auction Bidding Documents and do not reflect the Company’s estimates.

Since the Auction Bidding Documents set the “Date needed” as Immediate, Equatorial can start collecting annual revenues (as defined by the winning bid RAP - Annual Permitted Revenues), amounting to R\$126.1 million, escalated annually at the IPCA inflation index, as soon as Lot 31 starts operations. The Company estimates that operations may start at least 12 months ahead of schedule.

Lot 31 is eligible, in its entirety, to the SUDAM tax benefit. The estimated investment schedule is similar to the one foreseen for the concessions acquired in the Oct, 2016 auction, with an approximate delay of 6 months.

2017	2018	2019	2020	2021
20 - 25%		50 - 60%	15 - 30%	

The Company is studying alternative funding structures, aiming at minimizing financing costs and optimizing the projects’ capital structure.

Today’s auction results further strengthen Equatorial’s position in the power transmission segment. With total investments (as estimated by ANEEL) above R\$ 4.6 billion, Equatorial Transmissão will have annual revenues amounting to R\$851 million (as of Oct, 2016) when fully operational.

As shown in the table below, in the aggregate of the last two auctions, the Company achieved a RAP/CAPEX ANEEL of 18.5% (18.8% for the April, 2017 auction), in line with the overall Oct, 2016 auction results of 18.3%, but considerably above today’s overall results of 13.1%.

	Equatorial	Auction Oct/16	Auction Apr/17
Bid RAP (R\$ MM)	851	2.142	1.672
Capex (R\$ MM)	4.602	11.692	12.729
Average Discount	11,4%	12,1%	36,5%
RAP / Capex Aneel	18,5%	18,3%	13,1%

The Company believes that, with such results, it has reached differentiated returns to its shareholders while maintaining its discipline in capital allocation.

By investing in the transmission segment, Equatorial diversifies its scope within the Brazilian electric energy sector with adequate returns, controlled risk and cash flow predictability. The Company's efficient management skills, with a proven-track-record in the distribution segment, will also be applied in the construction and operation of the transmission assets.

EDUARDO HAIAMA

Chief Financial and Investor Relations Officer

EQUATORIAL ENERGIA S.A.