



Equatorial Energia S.A.
Public-Held Company
CNPJ/MF nº 03.220.438/0001-73

NOTICE TO THE MARKET

Equatorial signs concession contracts of the 2nd Part of the Transmission Auction 13/2015

Brasília, February 13, 2017 – Equatorial Energia S.A. informs its shareholders and the market in general that, on February 10, 2017, it has signed the concession contracts of the transmission lines and substations that were part of Blocks 08, 09, 12, 14, 15, 16 and 23 from the 2nd Part of the Transmission Auction 013/2015, held on October 28, 2016.

The concession contracts are valid for 30 years from the date of their signature and assure Annual Allowed Revenues (RAP, in Portuguese) totaling R\$ 718.5 million (as of Jul/16), escalated annually at inflation as measured by the IPCA inflation index. All blocks are totally or partially eligible for SUDENE/SUDAM tax incentives.

The total required investment estimated by ANEEL (Brazilian Electric Energy Regulatory Agency) to build these assets amounts to R\$ 3.9 billion (as of Jul/16). Equatorial has signed lump-sum turnkey Engineering, Procurement and Construction (EPC) contracts with AG Construções e Serviços Ltda., Andrade Gutierrez Engenharia S.A. and Elecnor do Brasil Ltda. Payments pursuant to these contracts are subject to the achievement of previously agreed milestones and incentive mechanisms for early startup are also foreseen.

The Company believes its differentiated management skills, as shown in the distribution segment, will be key in the execution of construction as well as in the operation of these assets.

Equatorial's expansion into the transmission segment was an opportunity for the company to diversify and grow its scope within the Brazilian electric power industry, with adequate returns, controlled risk and cash flow predictability.

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