



EQUATORIAL ENERGIA S.A.

Publicly-held Company – CVM No. 2001-0
Corporate Taxpayer's ID (CNPJ/MF) No. 03.220.438/0001-73
Company Registry (NIRE) No. 1.300.009.38-8

Publicly-held Company
Category A

MATERIAL FACT

EQUATORIAL ENERGIA S.A., a publicly-held company, registered before the Brazilian Securities and Exchange Commission ("CVM"), headquartered at Alameda A, Quadra SQS, No. 100, Loteamento Quitandinha, Anexo A, Altos do Calhau, Zip Code 65.071-680, in the City of São Luís, State of Maranhão, enrolled with the Corporate Taxpayer's ID (CNPJ/MF) under No. 03.220.438/0001-73, with its by-laws registered before the Board of Trade of the State of Maranhão under NIRE No. 2130000938-8, with its shares traded in the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão under the code "EQTL3" ("Company"), in compliance with the provisions of section 157, § 4th, of Law No. 6,404, dated as of December 15, 1976, as amended ("Brazilian Corporate Law"), and CVM Instruction No. 358, dated as of January 3, 2002, as amended, hereby informs its shareholders and the market in general the following:

On the date hereof, the Company won the bidding procedure (*procedimento licitatório*) in the modality of bid (*leilão*) ("Bid"), carried out in accordance with the invitation to bid No. 2/2018-PPI/PND ("Invitation to Bid"), for the granting of the concession of the public service of distribution of electric energy associated with the transfer of the shareholding control of the electric energy distributor company COMPANHIA ENERGÉTICA DO PIAUÍ ("CEPISA").

The Company offered in the Bid the index 119.00, which was the highest combined index of discount (*deságio*) in the regulatory flexibilization and grant (*outorga*).

Upon the verification of the conditions set forth in the Invitation to Bid, on the closing date, the Company will acquire approximately 89.94% of the total and voting capital stock of CEPISA, in consideration for the payment of R\$ 45,521.52 to Centrais Elétricas Brasileiras S.A. ("Eletrobras").

In addition to the acquisition of the equity interest, the Company shall also execute a shareholders' agreement with Eletrobras and a agreement for the concession of the public service of distribution of electric energy (under the terms of Law No. 12,783, of January 11, 2013) with the Federal Government (*União*) ("Transaction").

Pursuant to the Invitation to Bid, the Transaction is conditioned on the homologation of the result of the Bid by the Bidding Commission (*Comissão de Licitação*).



Moreover, the acquisition of the shareholding control of CEPISA by the Company and the execution of the remaining subsequent acts also depend on the approvals by the Administrative Council of Economic Defense – CADE and by the National Electric Energy Agency – ANEEL.

Additionally, in accordance with the terms of the Invitation to Bid, the Company shall acquire any potential leftovers (*sobras*) of the 74,790,616 common shares and 3,582,784 preferred shares of CEPISA, representing approximately 10.06% of CEPISA's total and voting capital stock, which will be offered to the employees and retirees of CEPISA.

Furthermore, it will be granted to Eletrobras the right to, within 6 months from the date of liquidation of the Transaction, conduct a capital increase in order to increase its equity interest in up to 30% of CEPISA's total and voting capital stock.

If, after the required assessments, the acquisition of the shareholding control of CEPISA is subject to the approval by the general shareholders' meeting, set forth in section 256 of the Brazilian Corporate Law, and also if it grants the dissenting shareholders the right to withdrawal (*direito de retirada*), as provided in § 2nd of section 256 of the Brazilian Corporate Law, the Company will disclose to the market the applicability or not of the referred legal provision. If it is ultimately assessed the existence of the right to withdrawal (*direito de recesso*), the dissenting shareholders may exercise such right with respect to the shares that are demonstrably held by such shareholder on the date of this relevant fact, pursuant to the terms of section 137, § 1st, of the Brazilian Corporate Law.

At last, the Company reiterates its commitment to keep the shareholders and the market in general informed of the progress of this and any other matter of market's interest.

São Luís, July 26, 2018.

Eduardo Haiama
Investor Relations Officer