



EDP ENERGIAS DO BRASIL WINS LOT 24 OF TRANSMISSION AUCTION

São Paulo, October 28, 2016 - EDP - Energias do Brasil S.A. (“EDP” or “Company”) (“BM&FBOVESPA: ENBR3”) announces to the market that on the 2nd Stage of Auction 013/2015 of Public Power Transmission Lines, held by ANEEL on this date, EDP was the winner of lot 24. Lot 24 consists of a transmission line of 113 km and one substation in the state of Espírito Santo.

Assumptions used for the project:

Lot 24:

- ✓ Annual Permitted Revenue (“RAP”): R\$ 20.7 million (data base: Oct/2016) adjusted by IPCA;
- ✓ Deadline considered for entry into operation: 32 months;
- ✓ Total estimated investment: R\$ 116 million, corresponding to 100% of ANEEL’s capex (34% eligible for Machines and Equipment) with disbursement of 5% in 2017, 27% in 2018, 65% in 2019 and 2% in 2020;
- ✓ Tax benefits applicable: Sudene, Reidi and Invest- ES.

Contracts signed with EPCs (constructors) and suppliers reflect the conditions considered above, including a package of adequate guarantees for projects of this nature.

The financing of project predicts a long-term debt to obtain with BNDES and an Infrastructure Debenture Issue with estimated total leverage of 60%, and BNDES may finance up to 50% of Machinery and Equipment line at the cost of TJLP + spread for up to 14 years for the other financeable items leverage is up to 80% the cost of IPCA + Spread for up to 20 years. Infrastructure Debentures consider the methodology defined by BNDES to the ICSD.

The entry in the Transmission segment will allow EDP Energias do Brasil to diversify its activities in the value chain in the energy sector with adequate profitability, cash flow predictability and controlled risk. The skills evidenced in the construction of hydroelectric projects and experience in the distribution segment, particularly in the state of Espírito Santo, will be crucial to the successful development of this project.

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