



NEOENERGIA S.A.

Companhia Aberta

CNPJ/MF 01.083.200/0001-18

NOTICE TO THE MARKET

Neoenergia S.A. ("Neoenergia"), a publicly-held company registered with CNPJ under number 01.083.200 / 0001-18, pursuant to the provisions of Law 6,404, dated December 15, 1976, as amended, and the Instruction of the Brazilian Securities and Exchange Commission ("CVM") number 358 of January 3, 2002, informs its shareholders and the market in general:

1. In the Auction for the Concession of Electric Power Transmission services nº 02/2019 - held on December 19, 2019 – the company bought lot 9, located in Bahia State, which comprise 1 transmission line of 210 km in length and 2 substations. The deadline for the construction of the works is 48 months counting from the execution of the relevant agreements, which will take place within the deadlines set forth in the auction notice. The total capex anticipated by the regulator (Aneel) is in the order of R\$ 303 million. The Annual Revenue Permitted (RAP) from the new projects amounts to R\$ 18 million.
2. It has protocolled with System National Operator (free translation for "Operador Nacional do Sistema – ONS") the request for Revenue Release Term ("TLR") of the Lot 20 from Auction nº 05/2016 which took place on April 2017 (EKTT 13 SERVIÇOS DE TRANSMISSÃO DE ENERGIA ELÉTRICA SPE S.A.), aiming to complete the construction of the referred project, with 14 months in advance when compared to Aneel Contractual Term (February 2021). The Substation, that is located in São Paulo State, had a total investment 38% minor than the originally estimated by ANEEL, and R\$ 13.278 million defined RAP.
3. The Brazilian Institute of Environmental and Natural Renewable Resources (free translation for "Instituto Brasileiro de Meio Ambiente e Recursos Naturais Renováveis - IBAMA") issued the Installation Licence ("Licença de Instalação – LI") referred to the Transmission Line "LT 500 Kv Miracema – Gilbués II C3" and the Transmission Line "LT 500 kV Gilbués II - Barreiras II C2" that crosses the States of Bahia, Piauí, Tocantins and Maranhão, with 418 km of extension and 311 Km of extension, respectively. The licence also includes the series capacitors, 1 at substation Gilbués II and 1 at substation Barreiras II. All of those assets are from lot 4 auction nº 02/2017, that took place on December 2017 (EKTT 1 SERVIÇOS DE TRANSMISSÃO DE ENERGIA ELÉTRICA SPE S.A.). The due date stipulated by ANEEL for Lot 4 concession energization is March 2023.



4. The National Bank for Economic and Social Development (free translation for “Banco Nacional de Desenvolvimento Econômico Social - BNDES”) approved three financial agreements that reinforce the Neoenergia’s vast access to credit lines at costs and competitive terms.
 - a. Funding of about 70% of the investment needed to the lot 4 from Auction nº 02/2017 which took place on December 2017 (EKTT 1 SERVIÇOS DE TRANSMISSÃO DE ENERGIA ELÉTRICA SPE S.A.): Total amount of R\$ 778 million, term of 24 years with a grace period of 3 years and a cost of IPCA + 3.51% per year.
 - b. Funding of about 70% of the investment needed to the lot 4 from Auction n.05/2016 which took place on April 2017 (EKTT 1 SERVIÇOS DE TRANSMISSÃO DE ENERGIA ELÉTRICA SPE S.A.): Total amount of R\$ 375 million, term of 24 years with a grace period of 3 years and a cost of IPCA + 3.51% per year.
 - c. Funding to the Chafariz Wind Farm Complex (total of 12 wind farms): Total amount of R\$ 1.3 billion, term of 24 years with a grace period of 3 years and a cost of IPCA + 4.11% per year.

Rio de Janeiro, December 19, 2019.

Leonardo Pimenta Gadelha
Finance and Investors Relations Executive Director