



## Notice to the Market – IR 20/16

### **Litigation – Ivaí Engenharia de Obras S.A.**

Companhia Paranaense de Energia – COPEL, a company that generates, transmits, distributes and sells power, with shares listed on the BM&FBOVESPA (CPLE3, CPLE5, CPLE6), the NYSE (ELPVY, ELP) and LATIBEX (XCOP), hereby informs its shareholders and the market in general that today its Board of Directors approved a proposal for a judicial settlement with Ivaí Engenharia de Obras S.A.

Said judicial settlement, proposed by Ivaí Engenharia de Obras S.A. to the Company, refers to the ongoing administrative discussions and litigation between Companhia Paranaense de Energia – Copel, Copel Geração e Transmissão S.A. and Ivaí Engenharia de Obras S.A., whose object is the recognition of the right to economic-financial balance and the respective amounts of involved, arising from the contract entered into with Copel Geração e Transmissão S.A. related to execution of the works of the Derivação Rio Jordão SHP in the 1990s.

As described in Note 29 of the Quartely Information of June 30, 2016, the Company recorded the amount of R\$658.2 million classified as possible loss and R\$148.6 million as probable loss, the latter being the basis for the judicial settlement, bringing certain benefits for the Company. The amount will be paid in fifteen monthly installments corrected by 50% of the monthly IPCA index disclosed until the due date of each installment.

The judicial settlement approval process followed all the Company's corporate governance procedures, with decisions by all the collegiate bodies within their statutory spheres of competence (Executive Board, Audit Committee, Board of Directors and Fiscal Council), based on two independent legal opinions by highly specialized law firms and the evaluation of a consulting firm.

Curitiba, October 20, 2016.

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