ENGIE BRASIL ENERGIA S.A.
A Publicly Listed Company – CNPJ 02.474.103/0001-19
NIRE 4230002438-4

MATERIAL FACT

ENGIE BRASIL ENERGIA CONCLUDES NEGOTIATIONS FOR SALE OF CORPORATE STAKES

ENGIE BRASIL ENERGIA S.A., a publicly listed company with registered offices in the city of Florianópolis, state of Santa Catarina at Rua Paschoal Apóstolo Pítsica, 5064, enrolled in the tax register CNPJ/MF under number 02.474.103/0001-19 ("Company"), pursuant to the provisions in CVM instructions 358/2002 and 480/2009 and further to the announcement in the Material Fact published on December 23, 2016, informs shareholders and the market in general that as of today's date it has concluded the operation for the sale of the Eólica Beberibe S.A., Eólica Pedra do Sal S.A. and Hidrelétrica Areia Branca S.A. corporations ("Operation"), to Companhia Energética de Petrolina ("CEP"), following fulfillment of the conditions precedent agreed between the parties.

CEP is a company, which has operated in the Brazilian electricity sector since 2002 through Petrolina TPP. It has as its controllers, the Incospal, Coimex and Vale do Lobo groups, all of them with an extensive history of investments in Brazil.

The Operation was finalized with the financial settlement of the first of three tranches with a total net amount of R$ 321,992,195.34 (three hundred and twenty-one million, nine hundred and ninety-two thousand, one hundred and ninety-five Reais and thirty-four centavos), with adjustments up to October 31, 2017.

The Company reiterates that the Operation is part of the strategy of rotation and optimization of its generator complex in order to allow the expansion in assets offering a greater degree of synergy one with the other.

Florianópolis, October 31, 2017.

Eduardo Antonio Gori Sattamini
Chief Executive Officer

Carlos Freitas
Chief Financial and Investor Relations Officer