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

MATERIAL FACT

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 corporate tax register (CNPJ) under number 02.474.103/0001-19 ("ENGIE Brasil Energia" or "Company"), pursuant to the provisions of CVM instructions 358/2002 and 480/2009, hereby informs its shareholders and the market at large that it has been notified by its controlling company, ENGIE Brasil Participações Ltda. ("EBP" or "Controlling Company"), that the latter has engaged Banco Itaú BBA S.A. for the rendering of advisory services in the preparation of an economic-financial study for the elaboration of a proposal for the transfer to the Company of the Controlling Company's 40% (forty percent) stake in ESBR Participações S.A. ("ESBRpar"), holder of 100% (one hundred percent) of the capital stock of Energia Sustentável do Brasil S.A. ("ESBR"), a company responsible for the construction, maintenance, operation and sale of energy generated by Jirau Hydroelectric Power Plant ("Jirau HPP") located on the Madeira River, Porto Velho in the state of Rondônia. The study will also incorporate the transfer of the Controlling Company's stake of 100% (one hundred percent) in Geramamoré Participações e Comercializadora de Energia Ltda. ("Geramamoré", jointly with ESBR, denominated the "Companies").

The proposal to transfer EBP's stake in the Companies to the Company shall be made known in due course to the Board of Directors of ENGIE Brasil Energia, which shall immediately thereafter convene a Special Independent Committee for Transactions with Related Parties ("Committee"). It shall be incumbent on the Committee to negotiate the terms and conditions of the transfer proposal, deciding the structure and other conditions of the transaction to be submitted to the Company's Board of Directors and/or the General Shareholders' Meeting, pursuant to the Committee's Charter.

Florianópolis, May 25, 2017.

Eduardo Antonio Gori Sattamini
Chief Executive Officer

Carlos Freitas
Chief Financial and Investor Relations Officer