

ENERGISA S.A.

-Publicly Held Company-

CNPJ/MF n° 00.864.214/0001-06

NIRE n.º 33.3.0016654-8

MATERIAL FACT

**Tender Offer to Acquire the Control of Eletropaulo Metropolitana
Eletricidade de São Paulo S.A.**

ENERGISA S.A., publicly held company, enrolled with the Corporate Taxpayer ID (CNPJ/MF) under the No. 00.864.214/0001-06 (“Company”), pursuant to article 157 (4) of Law 6404, issued December 15th, 1976, as amended (“Brazilian Corporate Law”), and Brazilian Securities and Exchange Commission (“CVM”) Instruction 358, issued on January 3rd, 2002, as amended (“ICVM 358/02”), hereby informs its shareholders and the market in general of the following:

At a meeting held today, April 5th, 2018, amongst other matters the Company’s Board of Directors approved:

- (1) the launch of a voluntary public tender offer in order to acquire the equity control of **ELETROPAULO METROPOLITANA ELETRICIDADE DE SÃO PAULO S.A.**, a corporation headquartered in the City of Barueri, State of São Paulo, at Av. Dr. Marcos Penteadó de Ulhôa Rodrigues, No. 939, Tower 2, Sítio Tamboré, Zip code 06460-040, with its acts registered at the Board of Trade of the State of São Paulo under the Company Registry (NIRE) 35.300.050.274, enrolled with the Corporate Taxpayer ID (CNPJ/MF) under the No. 61.695.227/0001-93 (“Eletropaulo”), having as objective up to the totality of the common share issued by Eletropaulo (“Offer”);
- (2) the firm commitment to, in case the Offer is successful and the Company acquires the equity control of Eletropaulo, (a) approve a capital increase in Eletropaulo in order to improve its capital structure, in the amount of, at least, R\$ 1,000,000,000.00 (one billion reais); and (b) exercise its preemptive right and, in case there are leftovers of unsubscribed shares, to subscribe and pay up to the total amount of the respective unsubscribed shares, ensuring the capital increase of at least R\$ 1,000,000,000.00 (one billion reais) in Eletropaulo; and
- (3) hiring financial institutions to coordinate the realization of a public offering of primary distribution of units backed on common and preferred shares to be issued

by the Company, by means of an increase of Company's paid-in capital, to be held in Brazil and abroad ("Follow-on"), pursuant to item 3 below.

1. PUBLIC OFFER FOR CONTROL ACQUISITION

1.1. Background

On this date, according to available public information¹, the paid-in capital of Eletropaulo, fully subscribed and paid up, is of R\$ 1,323,486,385.25 (one billion, three hundred and twenty-three million, four hundred and eighty-six thousand, three hundred and eighty-five reais and twenty-five cents), represented by 167,343,887 (one hundred and sixty-seven million, three hundred and forty-three thousand, eight hundred and eighty-seven) common, nominative, book-entry shares with no par value, distributed among the shareholders as shown below:

Shareholder	Common Shares		Total Shares	
	N.º	%	N.º	%
AES Holdings Brasil Ltda.	28.179.237	16,839119	28.179.237	16,839119
GWI Asset Management	11.585.400	6,923109	11.585.400	6,923109
BNDES Participações S.A. – BNDESPAR	31.350.329	18,734075	31.350.329	18,734075
Federal União	13.342.642	7,973188	13.342.642	7,973188
Treasury Shares	3.058.154	1,827467	3.058.154	1,827467
Others	79.828.125	47,703042	79.828.125	47,703042
Total Shares	167.343.887	100,000000	167.343.887	100,000000

1.2. Terms of the Offer

The Company is willing to acquire, within the scope of the Offer, up to a total of 167,343,887 (one hundred and sixty-seven million, three hundred and forty-three thousand, eight hundred and eighty-seven) common, nominative, book-entry shares with no par value issued by Eletropaulo, traded on B3 S.A. - Brasil, Bolsa, Balcão ("B3") under the ticker ELPL3, excluding Eletropaulo's shares maintained in treasury.

The price to be offered will be of **R\$ R\$ 19.38 (nineteen Brazilian reais and thirty-eight centavos)**, per share, a price that may change according to the terms set out in the Notice, in the event that between the publication of the Notice and the date the shares subject to the Offer are auctioned, Eletropaulo pays out dividends or interest on shareholders' equity or the shares begin to be traded *ex-dividends* or *ex-interest*, as the case may be, or as result of a change to Eletropaulo's paid-in capital caused by splitting or grouping shares ("Price per Share").

¹ Information contained in Eletropaulo's Reference Form (*Formulário de Referência*) of 2017, version 24.0, delivered on February 22nd, 2018. Available at: www.cvm.gov.br. Accessed on April 5th, 2018.

The acquisition of up to all the common shares of Eletropaulo shall result in the maximum disbursement of **R\$ 3,243,124,530.06 (three billion, two hundred and forty-three million, one hundred twenty-four thousand, five hundred and thirty Brazilian reais and six centavos)** by the Company, not including in this amount the charges, fees, applicable commission and the possible subsequent acquisition, referred to in article 32-A of CVM Instruction No. 361, issued on March 5th, 2002, as amended ("ICVM 361/02").

For the acquisition of the shares within the scope of the Offer, the Company has committed a credit line with Banco Citibank S.A. The resources of this credit line must be paid within 1 (one) year as of this date, with the resources obtained by the Company through the Follow-on. The effective achievement of financing alternatives for this acquisition **is not** a condition for the performance of the Offer

The Offer is conditioned to the adherence by Eletropaulo shareholders who are holders of a minimum number of shares that guarantees to the Company the majority control of Eletropaulo, that is, of at least 83,671,944 (eighty-three million, six hundred and seventy-one thousand, nine hundred and forty-four) shares, corresponding to the absolute majority of shares issued by Eletropaulo, pursuant to article 257 (2) and article 258, item III, of the Brazilian Corporate Law, as well as article 32, item III, of ICVM 361/02 ("Minimum Number of Shares").

Thus, in case the shareholders that hold the Minimum Number of Shares do not accept the Offer, the Company will withdraw from the Offer and will not acquire any share subject to the Offer.

Additionally, the Notice establishes usual hypotheses in this type of deal in which, once verified, the Company may modify or revoke the Offer. Amongst these cases, are the ones emphasized below:

- (i) change in the business, conditions, revenues, operations or assets of Eletropaulo and / or its direct and indirect subsidiaries that represents or could represent an increase in the Net Debt / Adjusted EBITDA ratio, from the 2.90 times presented in the financial statements of Eletropaulo for the fiscal year ended on December 31st, 2017, to any level above 3.50 times (not included), observing the definitions of "Net Debt" and "Adjusted EBITDA" as defined by the financial covenants reported by Eletropaulo;
- (ii) change in the rights and obligations attributable to the shares or in Eletropaulo's capital structure arising from (a) any person, universality, or group of persons acting under common interest or bound by a voting agreement to become the holder of the Minimum Number of Shares; or (b) issuance of new shares or any securities and rights convertible into shares that imply dilution of the shareholding base by a

percentage equal to or greater than 5% (five percent) of the shares, even if shareholders are entitled to preemptive rights in the subscription of the new shares;

- (iii) in case, until 6 pm (Brasília time) of the business day immediately prior to the date of the bid auction, the waiver of the right of the respective creditors to declare, automatically or not, the advanced maturity of the following debts contracted by Eletropaulo due to the Company's acquisition of control of Eletropaulo is not obtained: (a) simple, unsecured, unsubordinated debentures, not-convertible into shares, in a single series, of Eletropaulo's 15th issuance; (b) simple secured debentures, non-convertible into shares, in two series, of Eletropaulo's 18th issuance; (c) simple secured debentures, non-convertible into shares, in a single series, of Eletropaulo's 19th issuance; and (d) 12-series commercial promissory notes of Eletropaulo's 3rd issuance; and
- (iv) in case, until 6 pm (Brasília time) of the business day immediately prior to the date of the bid auction, waiver of the right of the respective creditors to declare debts arising from or represented by securities issued by Eletropaulo and/or its subsidiaries is not obtained, and, cumulatively, debts, (i) that set forth advanced maturity, automatically or not, in case of change or acquisition of control of Eletropaulo; and (ii) whose individualized debt balance on March 31st, 2018, is greater than R\$ 25.000.000,00 (twenty-five million reais).

The Company reserves itself the right to waive to one or more cases of revocation and/or modification of the Offer, pursuant to the provisions of the offer instrument to be published in the form of a Notice.

The Company has engaged the services of CITIGROUP GLOBAL MARKETS BRASIL, CORRETORA DE CÂMBIO, TÍTULOS E VALORES MOBILIÁRIOS S.A., a financial institution, enrolled with the Corporate Taxpayer ID (CNPJ/MF) under the No. 33.709.114/0001-64, with headquarters in the City of São Paulo, State of São Paulo, at the address Avenida Paulista, 1.111, 14^o floor (part), as the intermediary institution for the Offering, in accordance with article 4, item IV of ICVM 361/02 ("Intermediary Institution"). The Company has also engaged CITIGROUP GLOBAL MARKETS ASSESSORIA LTDA. as exclusive financial advisor of the Company in the transaction.

Pursuant to article 32-A of ICVM 361/02, in case the Company acquires a number of shares equal to or greater than the Minimum Number of Shares, the Company will acquire the remaining shares subject to the Offer, for a term of 30 (thirty) days as of the date of the Offer auction and for the Price per Share restated by the variation of the Rate of the Special System of Liquidity and Custody of the Central Bank of Brazil (*Taxa do Sistema Especial de Liquidação e Custódia do Banco Central do Brasil*), published by the Central Bank of Brazil ("SELIC Rate"), since the date

of the settlement of the auction until the date of the effective payment (“Subsequent Acquisitions” and “Subsequent Sale Right”).

Additionally, the Company understands that, in case the Offer is successful, and the Company becomes Eletropaulo’s controlling shareholders, it will not be obliged to launch a public offer for the acquisition of shares due to the attainment of relevant equity interest, pursuant to article 44 of Eletropaulo’s by-laws (“OPA 30%”).

In the Company’s understanding, the OPA 30% will not be applicable for the following reasons: (a) the Company has not acquired shares issued by Eletropaulo on the last 12 (twelve) months so that the OPA 30% price would be the same Price per Share applicable within scope of the Offer; (b) the Offer is addressed with no distinction to all of Eletropaulo’s shareholders; (c) the Company is willing to acquire up to the totality of the Shares Subject to the Offer, so that there will be no apportionment between those who accepted the Offer.

If the Offer is successful and once the capital increase of Eletropaulo is completed, the Company, based on the situation and composition of Eletropaulo’s capital structure, as well as the market conditions at the time, will evaluate if Eletropaulo shall remain or exit from the Novo Mercado segment. In the event that the Company decides for the exit of Eletropaulo from the Novo Mercado segment, it will be launched a public offer for the acquisition of shares, pursuant to Novo Mercado Regulation, which provides, among other obligations, the necessity of a valuation report to determine the fair price for the offer (“Novo Mercado Exit”).

The Company’s decision about whether Eletropaulo should stay or not in the Novo Mercado segment once the Offer is successful and the capital increase of Eletropaulo is completed, will take into account, among other factors, the minimum percentage of outstanding shares provided in the Novo Mercado Regulation and the possibility of using the period of 18 (eighteen) months to recompose such percentage, as applicable, pursuant to Novo Mercado Regulation.

Equally, once the Offer is successful and after the capital increase of Eletropaulo is completed, the Company will assess, jointly with the possibility of a Novo Mercado Exit, but not necessarily linked to it, the possibility or, as may be the case, the necessity to perform a public offer for cancellation of Eletropaulo’s publicly-held company registration, pursuant Brazilian Corporate Law and ICVM 361/2002. That is, the Company may, as it deems appropriate and timely, propose the exit of the Novo Mercado segment, but opt to maintain Eletropaulo registered as a publicly-held company with the CVM.

Furthermore, the Offer will be made on the terms of the Offer instrument, to be published on April 6th, 2018, in the form of a notice (“Notice”) and in accordance with the rules established in Brazilian Corporate Law, the Company’s by-laws and ICVM 361/02.

1.3. Purpose of the Offer

The success of the Offer will allow the Company to expand its operations in the electricity distribution sector in Brazil, combining the operational excellence of the Energisa Group with Eletropaulo's potential to generate value.

Eletropaulo is the largest electricity distributor in Brazil in terms of volume of energy sold and is present in 24 (twenty-four) municipalities in the metropolitan region of São Paulo, including the State capital, one of the main economic and financial centers of the country. The 4,526 km² (four thousand, five hundred and twenty-six square kilometers) concession area concentrates the largest national GDP and the highest population density in the country, with 1,581 (one thousand, five hundred and eighty one) consumer units per km², corresponding to 33.3% (thirty-three and three tenths percent) of the total electricity consumed in the State of São Paulo and 9.3% (nine and three tenths percent) of the total in Brazil.²

Eletropaulo serves approximately 7.2 million consumer units and currently has 7,355 (seven thousand, three hundred and fifty-five) own employees. The distributor has an infrastructure of 156 (one hundred and fifty-six) substations – of which 144 (one hundred and forty-four) are transforming distribution stations, 8 (eight) are distribution system stations and 4 (four) underground distribution stations – and a distribution and sub transmission network, aerial and underground cables, of more than 43 (forty-three) thousand kilometers, of which 1,876 km (one thousand, eight hundred and seventy-six kilometers) are sub transmission lines, 2,306 km (two thousand three hundred and six kilometers) are underground distribution networks and 39,250 km (thirty-nine thousand, two hundred and fifty kilometers) refer to air distribution networks. Eletropaulo also owns more than 210 (two hundred and ten) thousand transformers of aerial and subterranean distribution.

1.4. Approvals

The Company will submit the acquisition of the control of Eletropaulo to the competitive approval by the Administrative Council of Economic Defense (CADE), under the terms of the applicable legislation. Since it is an operation carried out by means of a public offering of shares, the consummation of the acquisition of the shares within the scope of the Offer does not depend on the prior approval of CADE.

In addition, according to the legislation in force, if the Offer is successful and the Company acquires control of Eletropaulo, Eletropaulo will be responsible for submitting to the National Electric Energy Agency (ANEEL) the request for authorization to change its control.

Thus, both the competitive approval and the regulatory authorization do not prevent the Company from launching the Offer and acquiring the shares under the Offer.

² According to Eletropaulo's Complete Annual Financial Statements for 2017.

Finally, it is important to highlight that the Company is still, jointly to its advisors, assessing if the acquisition of Eletropaulo's control is subject to ratification by the general meeting as set forth in article 256 of Brazilian Corporate Law;

Should it conclude that a general meeting is necessary, the Company informs that its controlling shareholders have undertaken to vote favorably to ratifying Eletropaulo's control acquisition at said general meeting.

In addition, if the ratification of Eletropaulo's control acquisition grants dissenting shareholders the right to withdraw, pursuant article 256 (4) of Brazilian Corporate Law, the shareholders dissenting from the resolution may exercise their right of withdrawal in relation to the shares they were proven to have held on this date, in compliance with the negotiations carried out up to this date, including, as provided in article 137 (1) of Brazilian Corporate Law.

Any reimbursement per share to be paid to dissenting shareholders shall correspond to the Company's shareholders' equity, as shown in the financial statements for the fiscal year ended December 31st, 2017, divided by the Company's total shares, excluded any treasury shares.

1.5. Rough Schedule and Documents of the Offer

See below an estimated schedule of the stages of the Offer, informing its main events:

Estimated Date	Event
04/05/2018	Company's Board of Directors' meeting approving the Offer Publication of Company's Material Fact announcing the Offer Publication of Offer Notice
04/06/2018	Publication of Offer Notice on the journal "Valor Econômico".
05/07/2018	Holding of auction at B3
05/10/2018	Settlement of bids made at the auction
06/07/2018	End of period for exercising the Subsequent Sale Right

The minutes of the meeting of the Company's Board of Directors held on this date, which approved the Offer, and the full Offer Notice, will be available for consultation at the Company's headquarters and website (ri.energisa.com.br), as well as on the CVM website.

2. ELETROPAULO'S CAPITAL INCREASE

The Company's Board of Directors has approved the undertaking, by the Company, of the obligation, subject to the success of the Offer, within 180 (one hundred and eighty) days as of the date of the auction, to approve an increase in Eletropaulo's paid-in capital in order to improve its

capital structure, in the amount of at least R\$ 1,000,000,000.00 (one billion reais) (“Capital Increase”).

The Board of Directors also approved the firm commitment of the Company, once acquiring Eletropaulo’s control, to fully exercise its preemptive right in the Capital Increase and, in case that there are leftovers of unsubscribed shares, to subscribe and pay up to the total amount of the respective unsubscribed shares, ensuring the Capital Increase of at least R\$ 1,000,000,000.00 (one billion reais).

3. FOLLOW-ON

The Company may launch a public offering for the primary distribution of Units, backed by common and preferred shares to be issued by the Company, through an increase in the Company's paid-in capital, to be held in Brazil, in an unorganized over-the-counter market, in accordance with CVM Instruction 476, of January 16, 2009, as amended (“ICVM 476/09”).

At the same time, efforts will be made to place Units (i) in the United States of America exclusively for qualified institutional buyers resident and domiciled in the United States of America, as defined in Rule 144A of the Securities Act, in transactions free of registration in the United States of America, pursuant to the Securities Act and the regulations issued under the Securities Act, and (ii) in other countries, for investors who are deemed to be non-residents of the United States of America and incorporated under the legislation in force in the non-US person’s country of residence, based on Regulation S, under the Securities Act, and observing the applicable legislation in the country of domicile of each investor.

The funds obtained through the Follow-on will be used by the Company to pay the amounts owed due to the credit line contracted by it, whose values will have been used to acquire the shares under the Offer. Also, following the acquisition of control of Eletropaulo, the Company must use funds raised in the Follow-on in Eletropaulo’s Capital Increase, with the purpose of strengthening its capital structure, and reducing its indebtedness.

The schedule and other terms and conditions of the Follow-on will be duly appraised and approved by the Company's Board of Directors and informed by the Company to the market and investors in general, pursuant to applicable regulations.



The Company will maintain the market and its shareholders informed regarding developments related to the described in this material fact.

Cataguases, April 5th, 2018.

Maurício Perez Botelho
Investor Relations Officer