



LIGHT S.A.
Corporate Taxpayer's ID (CNPJ/MF) 03.378.521/0001-75
Company Registry (NIRE) 33.3.0026316-1
Publicly-held company

MATERIAL FACT

Light S.A. ("Company"), in compliance with the Brazilian Securities and Exchange Commission ("CVM") Rule 358, of January 3, 2002, hereby announces to its shareholders and the market in general that, following the receipt of a Non-Binding Offer ("NBO"), submitted by **EDF S.A.** ("EDF"), an exclusivity letter ("Exclusivity Letter") was signed between Light and EDF ("the Parties") on this date. This commitment aims to further analyze a potential transaction related to the sale of the 51% stake in **Usina Hidrelétrica Itaocara S.A.** ("Itaocara") held by the Company through its wholly-owned subsidiary **Itaocara Energia Ltda.** ("Transaction").

The aforementioned Exclusivity Letter sets out the main terms and conditions to which the Company shall be submitted until January 31st, 2017, or the date the Parties sign a Sale and Purchase Agreement ("SPA"), whichever comes first ("Exclusivity period"), and, in particular, grants EDF the right of exclusively appraising any information regarding the Transaction, as well as negotiating the purchase of the foregoing stake during the Exclusivity period. Moreover, the Company, through this agreement, is obliged to accept a possible binding and unconditional offer that may eventually be made by EDF ("Binding Offer") provided it is, at the least, identical to the NBO. The execution of the Transaction shall be subject to necessary regulatory approvals and additional conditions precedent for this kind of transaction.

The Company clarifies that the abovementioned decision is in line with its mindset of constantly assessing strategic alternatives for its non-operating and/or non-core assets.

The Company will keep will keep its shareholders and the market in general duly informed on the progress of the negotiations between the Parties in accordance to the legislation in force.

Rio de Janeiro, October 28, 2016.

Ana Marta Horta Veloso

Chief Business Development and IR Officer