



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 SESA will be the first company to accede voluntarily to the new concession contract model including terms regarding quality and economic-financial indicators

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 National Electric Energy Agency – ANEEL, at its 7th Ordinary Executive Board Public Meeting held today, the 5th amendment to the concession contract n^o 001/1996 of Light SESA Pursuant to ANEEL Dispatch No. 2.194, dated 8/16/2016 ("Dispatch"). The Dispatch made it possible for agents – not affected by the extension of contracts under the terms of Law 12,783 – to sign a contractual amendment with the terms of the new concession contract model, which may contemplate a new date for the ordinary tariff revisions.

This amendment brings important changes in the concession agreement, with a new detailing of the tariff calculation, in which the portion that remains with the distributor - Parcel B – must be calculated at each tariff adjustment through a specific component, less susceptible to variations in Parcel A (which includes sector charges, transmission costs and energy purchase).

Other important aspects are:

- i. Extension of the concept of neutrality for all items of Parcel A
- ii. Unrecoverable Revenue Cost included in Parcel A, with an annual update
- iii. Risk Mitigation with Other Revenues, which are calculated annually
- iv. Possibility of considering the projections of Parcel A items in the tariff calculation, reducing the risk of a relevant CVA
- v. Expansion and flexibilization of X factor application

Therefore, the risks assumed by Light SESA will also be more compatible with its core activity, allowing the Company to work effectively to mitigate them.

Another point arising from this contractual amendment, pursuant to the terms of the Dispatch, is the anticipation of Light SESA's 4th tariff review, from November 6, 2018 to March 15, 2017. This anticipation will be fundamental to recover the balance of the concession agreement, mainly affected by: (i) the excessive increase of Parcel A after 2014, with consequent rise in losses caused by energy theft and

delinquency; and (ii) the 2016 Olympic Games, which required a large additional investment by Light SESA.

It is also worth mentioning that, through this amendment, the Company undertakes to comply with economic and financial sustainability indicators and the quality of service rendered. These indicators aim to monitor the economic and financial health of the energy distributor, as well as guarantee a service delivery with adequate quality to the final consumer.

The efficiency criteria regarding the quality of the service provided by the distributor will be measured by indicators that consider the average duration and the frequency of interruptions of the public energy distribution service - DECI and FECI, respectively - whose internal limits (which only involve events in the networks of Light SESA) are as follows:

DECI (hours)					FECI (interruptions)				
2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
9,80	8,23	8,14	8,02	7,84	6,01	5,72	5,43	5,15	4,86

It is important to note that the signing of the 5th contractual amendment does not extend the final term of Light SESA's concession, which remains on June 4, 2026.

Further details on the 5th contractual amendment may be found in its draft, which will be available on the ANEEL website at: <http://www.aneel.gov.br>

The final decision on the process related to Light SESA's 4th tariff review shall take place on March 14, 2017, as announced during the ANEEL's 7th Ordinary Executive Board Public Meeting.

Rio de Janeiro, March 7, 2017.

Ana Marta Horta Veloso
Chief Business Development and IR Officer