



ENEVA S.A.

Corporate Taxpayer ID (CNPJ) 04.423.567/0001-21

Company's Registry (NIRE) 33.3.0028402-8

Publicly-held Company

MATERIAL FACT

Rio de Janeiro, March 1st, 2020 – ENEVA S.A. (“Eneva” or “Company”) (B3: ENEV3), in compliance with the provisions of Article 157, Paragraph 4, of Law No. 6,404/76 and the provisions of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários) Instruction No. 358, dated January 3rd, 2002, informs that it has sent a binding business combination proposal to AES Tietê Energia S.A. (“**AES Tietê**”), under the terms approved by its Board of Directors at a meeting held on this date (“**Proposal**”), a copy of which is follows this Material Fact notice.

The Proposal submitted for analysis by the Board of Directors of AES Tietê aims to combine the businesses of the two companies (“**Transaction**”), resulting in the merger of shareholder bases in one publicly-held company listed on the Novo Mercado of B3, with a solid portfolio of assets, complementary resources and the potential to benefit from significative operating and financial synergies.

The Transaction comprises an exchange ratio of 0,0461 common shares of Eneva for each common or preferred share of AES Tietê or of 0,2305 for each UNIT, as well as a cash payment totaling R\$ 2,750,641,308.80, equivalent to R\$1.38 for each common or preferred share or R\$ 6.89 for each UNIT. The exchange ratio is subject to adjustments in the terms of the Proposal.

The Transaction is subject to approval by (i) shareholders of both companies in general assembly; (ii) the Administrative Council for Economic Defense – CADE; and (iii) the Agência Nacional de Energia Elétrica – ANEEL.

The Company will inform its shareholders and the market in general about any relevant information related to the topics discussed here.

Marcelo Habibe

CFO and Investor Relations Officer

ENEVA S.A.



Rio de Janeiro, March 1st, 2020

To

AES Tietê Energia S.A.

Attn.: Messrs. Members of the Board of Directors: Julian Jose Nebreda Marquez, Berned Raymond da Santos Ávila; Charles Lenzi; Denise Duarte Damiani; Francisco Jose Morandi Lopez; Franklin Lee Feder; Krista Sweigart; Leonardo Eleutério Moreno; Sérgio Eduardo Weguelin Vieira; Susan Pasley Keppelman Harcourt; Valdeci Goulart

C/C: Mr. Ítalo Tadeu de Carvalho Freitas Filho, Chief Executive Officer; and Ms. Clarissa Della Nina Sadock Accorsi, Vice Chief Executive Officer and Investors Relations Officer.

Ref.: **Business Combination Proposal**

Dear Sirs,

Eneva S.A., publicly-held company enrolled with the Corporate Taxpayers Registry (CNPJ) under number 04.423.567/0001-21, headquartered at Praia de Botafogo, No. 501, Block I, 4th and 6th floors, Rio de Janeiro ("Company" or "Eneva"), hereby presents, respectfully, a binding proposal for a potential business combination ("Transaction" or "Business Combination") with AES Tietê Energia S.A. ("AES Tietê") as described below.

I. Eneva

Founded in 2001 and listed on the corporate governance segment called Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3") since 2007, Eneva is an integrated energy company, with complementary businesses in electricity generation and hydrocarbon exploration and production in Brazil. The Company was the first private electric power generation company in Brazil with integrated operations in the thermoelectric segment, controlling the supply of natural gas to its plants.

Currently, Eneva has a 2.2 GW⁵ thermal generation park, which represents 5% of the country's thermal generation capacity⁶. Its total installed capacity will reach 2.8 GW by 2024, with the entry into operation of three new plants, which together represent investments estimated at R \$ 3.6 billion.

⁵ The reported operational capacity of 2.2 GW does not include the future production of Parnaíba V and Jaguatirica II, still under construction. Data from the National Electric Energy Agency ("ANEEL"), referring to [October 2019], available at the Generation Information Bank: (www2.aneel.gov.br/aplicacoes/capacidadebrasil/OperacaoCapacityBrasil.cfm)

⁶ Data from ANEEL, referring to [October 2019], available at the Generation Information Bank: (www2.aneel.gov.br/aplicacoes/capacidadebrasil/OperacaoCapacidadeBrasil.cfm)

The Company is the third largest producer of natural gas in Brazil, and the second largest operator of natural gas in land or sea⁷. Currently, it operates 10 natural gas fields in the Parnaíba and Amazonas Basins and has concession contracts for exploration and production of hydrocarbons in more than 45 thousand km².

In 2018, Eneva's Net Revenue reached R\$ 3.1 billion and the Company reported adjusted EBITDA of R\$ 1.4 billion and Net Income of R \$ 0.9 billion.

II. Strategic Merits of Business Combination

Historically, Brazil has promoted the establishment of an energy matrix formed predominantly by hydraulic sources⁸ and, more recently, has encouraged the development of renewable projects. The nature of these sources is to be seasonal and, when we consider only wind and solar, they are still intermittent. For this reason, in recent years, gas thermal generation in the country has shown itself to be increasingly essential to stabilize the Brazilian electrical system and foster the continuous growth of other sources.

Each source, seen in isolation, has important merits, but it also carries with it some inherent risks to the business that are unpredictable and not mitigable, especially the climatic and hydrological phenomena. A well-balanced platform of water, renewable and thermal assets is more efficient, with a great competitive advantage, serving the most varied stakeholders, from investors to customers, standing out even as part of the solution to infrastructure problems at the national level.

A combination of Eneva's assets with AES Tietê would result, given the complementary nature of its sources of power generation, on a diversified, balanced and unreplicable platform. The Business Combination would result in a giant in the generation sector, with a portfolio of essential assets for the country and, still, with all the necessary competences for the development of new competitive and diversified projects to attend the growth and the energy demand in the country.

Another important benefit of the combination of assets resulting from the complementarity of sources would be the great stability in the generation of electricity. As a result, greater predictability and security in generating cash flow is also expected, resulting in lower economic and financial risk and lower capital cost.

An efficient platform, with a diversity of generation sources, with low capital cost, and a first-rate team will be better positioned to develop structured and competitive projects, ensuring the security of supply in a market in constant growth and in transition.

The unification of the shareholding bases of Eneva and of AES Tietê in a company listed on the Novo Mercado of B3 and adhering to the best corporate governance practices would result in the second largest private power generation company listed in Brazil, reflecting a significant increase in shares liquidity.

In numbers, we estimate that, with the broad commercial and operational integration between Eneva and AES Tietê, the Business Combination will allow efficiency gains and significant operational and financial synergies.

⁷ Data obtained through the Dynamic Panel for the Production of Oil and Natural Gas - National Agency of Petroleum, Natural Gas and Biofuels - ANP: (<http://www.anp.gov.br/exploracao-e-producao-de-oleo-e-gas/painel-dinamico-deproducao-de-petroleo-e-gas-natural>)

⁸ 64% share of this type of source in electricity generation in the country (Dec / 17).

In order to highlight the great benefits resulting from the Business Combination and to identify the main synergies resulting from it, Eneva is hiring an economic opinion from a renowned financial consulting company.

For these reasons, we understand that the Business Combination and the union of the talents and strengths of Eneva and AES Tietê represent a unique opportunity for companies and their shareholders.

III. Transaction Structure and Exchange Ratio

We propose that the Business Combination be implemented through the merger or merger of AES Tietê shares by Eneva, whose structure should include, at the end, (i) the delivery of shares issued by Eneva to the shareholders of AES Tietê; and (ii) the payment of a portion in cash, by Eneva or by a company controlled by it, to the shareholders of AES Tietê.

The shares exchange ratio proposed for the Business Combination ("Exchange Ratio"). on a fully diluted basis, is of 0.0461 common shares issued by Eneva for each common or preferred share issued by AES Tietê or of 0.2305 per UNIT, plus a total cash portion of R\$ 2,750,641,308.80, equivalent to R\$ 1.38 per common or preferred shares or R\$ 6.89 per UNIT.

Thus, as a result of the Business Combination, the shareholders of AES Tietê, together, would receive a total of 91,994,693 common shares issued by Eneva, representing 22.58% of Eneva's share capital, after implementation of the Transaction.

The proposed Exchange Ratio includes the attribution of an incentive of 13.3% on the closing price of the shares issued by AES Tietê in the trading session immediately prior to the submission of this proposal and greater than the historical maximum in the last 52 weeks.

The proposed Exchange Ratio is be subject to adjustments due to (i) any earnings. Including dividends and interest on own equity eventually declared by the companies involved before the date of the implementation of the Business Combination, as well as any changes in their respective capital stock occurred between this date and the date of implementation of the Business Combination (capital increases or decreases, splits, reverse splits, bonuses, repurchases, among others); (ii) any events outside the ordinary course of business of the companies occurred as of the present date; and (iii) other hypotheses established by common agreement by the companies.

In order to demonstrate the fairness of the economic conditions proposed for the Business Combination, Eneva is in the process of contracting a top-tier bank to issue a fairness opinion on the Exchange Ratio.

IV. Governance Structure

This proposal considers that, in the context of Business Combination, the corporate and administrative structure of Eneva and AES Tietê would be jointly designed between the managements of the two companies, in addition to providing for the hiring of specialized consultants, in order to ensure the proper integration of the activities of Eneva and AES Tietê, the maximization of synergies, valuing employees, preserving key people and making better use of the companies' strengths and talents, resulting in a successful company.

V. Approvals

The implementation of the Business Combination would be subject to: *(i)* the approval by the shareholders of Eneva and AES Tietê united at a general shareholders' meeting; *(ii)* the prior approval of the Administrative Council for Economic Defense - CADE; and *(iii)* the prior approval by the National Electric Energy Agency - ANEEL. We understand that this transaction does not imply any competitive or regulatory concerns.

VI. Next steps

In view of the relevance of the transaction now proposed for the businesses of both companies, we trust that the terms and conditions of the Business Combination will be promptly assessed by the Board of Directors of AES Tietê, in compliance with the fiduciary duties imposed on them by corporate legislation, and that the negotiations necessary for obtaining an agreement on the legal and financial bases for the Business Combination will be initiated. To this end, we place Eneva's Board of Directors and its financial and legal advisors at the entire disposal of AES Tietê as of the present date.

Eneva's management is ready to meet with you to present its vision on the Business Combination and deal with its terms and conditions to be submitted to the shareholders of the two companies in its respective general meetings.

In our view, the proposed Transaction dispense with the performance of an audit, since these are publicly-held companies whose financial statements are audited by first-rate independent companies, with public documents under the scrutiny of the regulatory bodies, its shareholders and the market for years.

In addition, we propose that joint efforts be made to obtain any additional approvals necessary for the implementation of the Transaction, including with creditors of the companies, if necessary.

VII. Final Considerations

We understand that the proposed Business Combination not only serves the best interests of the shareholders of the companies involved, but also creates value for all the stakeholders, as employees, customers and suppliers.

Accordingly, Eneva's managers, in compliance with their fiduciary duties, invite you for a meeting to present and discuss the proposed Business Combination, to be held at a location of your preference on the next days.

This proposal is valid for sixty (60) days from this date and is subject to the absence of material adverse changes in market conditions or in the businesses of the companies.

In light of the duties imposed on us by Law 6.404/76 and rules issued by the Brazilian Securities and Exchange Commission, we emphasize that this proposal will be disclosed to the market, in order to ensure equitable and

simultaneous dissemination of information regarding the potential Business Combination to our shareholders and the market in general.

Being that what was up to us to present and request, we put ourselves at your disposal for any clarifications that may be necessary.

Sincerely,

Eneva S.A.