



CPFL Energias Renováveis S.A.
Publicly-held Company
CNPJ 08.439.659/0001-50 - NIRE 35.300.335.813

MATERIAL FACT

CPFL Energias Renováveis S.A. (“CPFL Renováveis” ou “Company”), in compliance with the provisions of article 157, paragraph 4, of Law No. 6404/76, and the CVM Instruction No. 358/02, hereby informs its shareholders and the market in general that it has received, on this date, of its indirect controlling shareholder, CPFL Energia S.A. (“CPFL-E”), correspondence with the following content:

“To

Sr. Alessandro Gregori Filho,

Investor Relations Officer of CPFL Energias Renováveis S.A.

CPFL Energia S.A. (“CPFL Energia”) informs that it has executed a binding Memorandum of Understanding (“MOU”) with its controlling shareholder, State Grid Brazil Power Participações S.A. (“State Grid”), with the purpose of establishing the grounds to regulate the negotiations for a potential transaction, involving the acquisition by CPFL Energia of the entire equity interest directly held by State Grid in CPFL Energia Renováveis S.A. (“CPFL-R”), a publicly-held company indirectly controlled by CPFL Energia.

The purpose of the transaction is, among others, to create potential synergies between CPFL Energia and its subsidiaries, consisting in a first step of a possible broader restructuring that will be evaluated, which allows CPFL Energia to hold all shares issued by CPFL-R, with an exception to the shares held by its minority shareholders. Thereby, it mitigates the need for CPFL Energia to issue new shares in a potential future consolidation involving CPFL-R, which could compromise the compliance with article 10 of the Novo Mercado Regulation, even after the intended public offering, as disclosed through the material facts dated April 2, 22 and 24, 2019 (“Offer”).

The terms of the MOU were negotiated independently by CPFL Energia's representatives. In addition to the usual conditions in this kind of transaction, such as the negotiation and execution of definitive agreements, the MOU provides conditions for the effective execution of the transaction, among them: (i) that the transaction is subject to the successful conclusion of the Offer, provided that CPFL Energia intends to use up to the totality of the net funds, obtained with the primary tranche of the Offer, to finance the acquisition; (ii) that the transaction is subject to approval by parties' competent management bodies; and (iii) that the amount to be paid by CPFL Energia for all the shares of CPFL-R held by State Grid will be negotiated and determined independently by CPFL Energia and State Grid, and the parties will confirm that the transaction is being carried out on an arm's length basis, being noted that State Grid has already declared that it agrees to sell the shares at a price per share of R\$ 16.85

In order to assist it with its recommendation of the transaction price, CPFL-E's Related Party Transactions Committee has selected UBS Bank to prepare an appraisal report that will contain an indicative price range for the shares held by State Grid in CPFL-R's capital stock. The final approval of Transaction, including the price, will be made by the Board of Directors of the Company.

The information required by CVM Instruction No. 480/09 concerning the transaction will be disclosed upon approval by the competent management bodies, including the independent members of CPFL Energia's Board of Directors, and the execution of the definitive documents of the transaction.

Also on this date and within the context of the transaction, CPFL Energia's management approved the beginning of integration of CPFL-R in CPFL Energia, involving (i) as first step, the implementation of actions to restructure and strengthen activities of CPFL-R benefiting from synergies between CPFL-R and CPFL Energia's organizational model, and (ii) the completion of studies and analyzes aimed at a restructuring, which allows a possible consolidation, total or partial, between CPFL Geração de Energia S.A. and CPFL-R, still to be evaluated and timely submitted to competent approvals. In any event, the consolidation described in item (ii) shall only be implemented after a final decision is taken regarding CPFL Renováveis' free float reestablishment obligation.

CPFL-E requests the Investor Relations Officer of CPFL-R to publicize the terms of this letter, pursuant to the Brazilian Corporations Law and CVM's regulation, and remain available to provide further clarification to the Company on the transaction."

The Company shall disclose to its shareholders and to the market in general any progress that it be informed about the subject matter of this Material Fact.

São Paulo, May 21, 2019

Alessandro Gregori Filho

Chief Financial and Investor Relations Officer