ENGIE BRASIL ENERGIA S.A.

A PUBLICLY HELD COMPANY – CNPJ 02.474.103/0001-19
NIRE 4230002438-4

NOTICE TO SHAREHOLDERS

APPROVAL OF INCREASE IN CAPITAL WITH BONUS SHARES

ENGIE BRASIL ENERGIA S.A. ("Company"), a corporation, registered as a publicly held company with the Brazilian Securities and Exchange Commission ("CVM"), complementary to the material fact published on October 31, 2018, wishes to inform its shareholders, investors and the market at large as follows:

1. Capital Increase: the Extraordinary General Meeting of the Company, held today, has approved the increase in capital stock of the Company from **R$ 2,829,055,259.66** to **R$ 4,902,647,710.37**, an increase therefore, of **R$ 2,073,592,450.71**, through the capitalization of profits and reserves as follows: (i) balance of the Retained Earnings Reserve for the amount of R$ 1,594,357,546.69; (ii) Tax Incentive Reserve Pending Capitalization with respect to SUDAM tax breaks on the Ponte de Pedra Hydroelectric Power Plant in the amount of R$ 4,165,733.17; and (iii) Net Income for the 3rd quarter of 2018 in the amount of R$ 475,069,170.85.

2. Share Bonus: in the light of the capital increase, **163,185,548** new common, book entry shares and with no par value shall be issued, distributed to the shareholders of the Company in the form of a bonus in the proportion of 1 (one) new share for every 4 (four) common shares already held by them.

3. Composition of the Capital Stock: consequent to the capital increase and share bonus, the Company's capital stock shall be **R$ 4,902,647,710.37**, divided into **815,927,740** common, book entry shares with no par value.

4. Bonus Base Date: holders of the common shares on **December 11, 2018** shall be entitled to the bonus.

5. Ex-Bonus Rights Trading: the shares of the Company's issuance shall be traded B3 S.A. – Bolsa, Brasil, Balcão ("B3") ex-bonus rights as from **December 12, 2018**.

6. Credit of Bonus Shares: the bonus shares shall be included in the shareholders' position on **December 17, 2018**, this being available for consultation as from **December 18, 2018.**

7. Rights of the Bonus Shares: the bonus shares shall have the same rights as those granted by the Corporate Bylaws of the Company and by the applicable legislation to the previously existing shares including rights to Interest on Shareholders' Equity to be paid to shareholders as decided by the Board of Directors at its meeting held on October 31, 2018. The amount of Interest on Shareholders' Equity per share shall be adjusted to reflect the new total number of shares of the Company's issuance.

8. Interest on Shareholders' Equity: The amount of Interest on Shareholders' Equity per share, approved at a meeting of the Board of Directors held on October 31, 2018, shall increase from R$ 0.6082033686 to **R$ 0.4865626949**, adjusted to reflect the new total number of shares of the Company's issuance resulting from the share bonus.

9. **International Market:** the benefits of the bonus shall be extended to the ADRs (American Depositary Receipts), traded in the United States Over-the-Counter market, with the same proportion of bonus shares.

10. **Cost of the Bonus Shares:** for the purposes of the provision in Article 10 of Law 9,249, of December 26, 1995, as amended, and in Paragraph 1, Article 47 of RFB Normative Instruction 1,585 of August 31, 2015, as amended, the unitary value to be attributed to the bonus shares shall be **R$ 12.70696135**.

11. **Share Fractions:** the bonus shares shall always be attributed to the shareholders in whole amounts. Consequently, pursuant to Paragraph 3, Article 169 of Law 6,404 of December 15, 1976, share fractions shall be sold on the stock exchange following the opening of a window of at least 30 days during which the holders of share fractions may buy and sell such fractions in order to recompose entire shares.

12. **Period for Recomposing the Fractions:** the holders of fractions of shares may buy and sell such fractions in order to recompose entire shares between **December 18, 2018**, inclusive, and **January 16, 2019**, inclusive.

13. **Auction of Fractions:** following the end of the 30-day window during which holders of share fractions may buy and sale in order to recompose entire shares, any remaining fractions shall be separated, grouped into whole numbers and sold by auction to be held on B3, the result of this sale to be made available to holders of these fractions. The Company will inform the procedures for conducting the auction of fractions in due course.

Florianópolis, December 7, 2018.

Eduardo Antonio Gori Sattamini
Chief Executive Officer

Carlos Freitas
Chief Financial and
Investor Relations Officer