ENGIE BRASIL ENERGIA S.A.

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

NOTICE TO SHAREHOLDERS

We hereby notify all Shareholders and the market in general that the Board of Directors of ENGIE Brasil Energia S.A., meeting on October 27, 2016, pursuant to subsection XV of Article 19 of the Company's Bylaws, approved the credit of interest on shareholders' equity relative to the period from January 1st to December 31, 2016, pursuant to Article 9 of Law 9,249/95 and CVM Deliberation 683/2012 with respect to the following values and conditions:

a) Amount

The gross amount of the interest on shareholders' equity shall be R$ 432,500,000.00 (four hundred, thirty-two million and five hundred thousand reais), corresponding to R$ 0.6625893121 per share.

b) Record date

The record date for the entry of the interest on shareholders' equity to the Company's accounting records shall take place on December 31, 2016, based upon the shareholding position as of November 10, 2016.

c) Share Trading

The Company's shares shall trade *ex*-interest on shareholders' equity as from November 11, 2016.

d) Income tax withholding at the source

The amount of interest on shareholders' equity shall be subject to federal income tax withholding of 15%, except for shareholders who are provably immune or exempt. Regarding shareholders who are resident in or domiciled in a country that does not tax income or that applies a maximum tax rate of less than 20%, pursuant to article 24 of Law 9,430 of December 27, 1996, the income tax withholding rate at the source shall be 25%.

e) Proof of immunity or exemption

Shareholders who are immune or exempt of income tax, under the terms of the existing tax legislation, shall present proof of such immunity or exemption by December 5, 2016, at the Company's head offices at Rua Paschoal Apóstolo Pítsica, 5064 –

Agronômica, Florianópolis – SC, Zip code 88025-255 Brazil, Attn the Tax Governance Department – GTR (Departamento de Governança Tributária).

f) Imputation of the interest to the dividends - The interest on shareholders' equity, net of income tax withheld at the source, shall be imputed to the mandatory dividends of 2016 fiscal year, pursuant to § 7º from article 9 of Law 9,249/95 and CVM Deliberation 683/2012.

g) Payment of interest on shareholders' equity - The interest on shareholders' equity shall be paid based on the records currently on file at Itaú Unibanco Banco Múltiplo S.A., on a date to be subsequently decided upon by the Board of Executive Officers and communicated through a Notice to Shareholders.

Florianópolis, October 27, 2016.

Eduardo Antonio Gori Sattamini
Chief Executive Officer and
Financial and Investor Relations Officer