ENGIE BRASIL ENERGIA S.A.
A Publicly Listed Company – CNPJ 02.474.103/0001-19
NIRE 4230002438-4

ANNOUNCEMENT TO THE MARKET

ENGIE BRASIL ENERGIA S.A., a publicly listed company with registered offices in the city of Florianópolis, state of Santa Catarina at Rua Paschoal Apóstolo Pítsica, 5064, enrolled in the tax register (CNPJ) under number 02.474.103/0001-19 ("Company"), announces to its shareholders and the market in general that it has mandated Banco Morgan Stanley S.A. to render financial advisory services in the form of market prospection on a non-binding basis with a view to identifying potential buyers of the Company's coal-fired energy generation assets ("Operation"), as follows:

I. Jorge Lacerda Thermoelectric Complex:

Located in the municipal district of Capivari de Baixo, state of Santa Catarina, the Complex has an installed capacity of 857 MW.

II. Pampa Sul Thermoelectric Power Plant:

Under construction in the municipal district of Candiota, state of Rio Grande do Sul, the Plant will have an installed capacity of 340 MW. Startup of commercial operations is scheduled for the end of 2018. In the third quarter of 2016, work on plant construction was approximately 40% complete.

The potential divestment is in line with the ENGIE's worldwide strategy of decarbonization with focus on activities involving low carbon emissions such as generation from renewable energy, natural gas and infrastructure.

Florianópolis, February 15, 2017.

Carlos Freitas
Chief Financial and Investor Relations Officer

Eduardo Antonio Gori Sattamini
Chief Executive Officer