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 ("ENGIE Brasil Energia" or "Company"), pursuant to CVM Instruction 358 of January 3, 2002, announces to its shareholders and the market at large that the Board of Directors, pursuant to its powers under Article 8 of the Corporate Bylaws, today approved an increase in the Company's capital stock of R$ 91,694,387.96 (ninety-one million, six hundred and ninety-four thousand, three hundred and eighty-seven reais and ninety six centavos), without the issue of new shares, corresponding to R$ 0.1404756565 per share. Consequently, the Company's capital stock will now increase from R$ 2,737,360,871.70 (two billion, seven hundred and thirty-seven million, three hundred and sixty thousand, eight hundred and seventy-one reais and seventy centavos) to R$ 2,829,055,259.66 (two billion, eight hundred and twenty-nine million, fifty-five thousand, two hundred and fifty-nine reais and sixty-six centavos).

Pursuant to the provision in Article 30 to CVM Instruction 480 of December 7, 2009, as amended by CVM Instruction 552 of October 9, 2014, please note that the Company's shares have no nominal value and that the capital increase was made through the capitalization in the amount of R$ 91,694,387.96, relative to the full capital reserves on the date of this announcement.

We would point out that the purpose of this increase in capital is to meet requirements under article 199 of Law 6,404/76, so that profit reserves do not exceed the amount of Company's capital stock at the end of 2016 fiscal year.

Florianópolis, October 27, 2016.

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