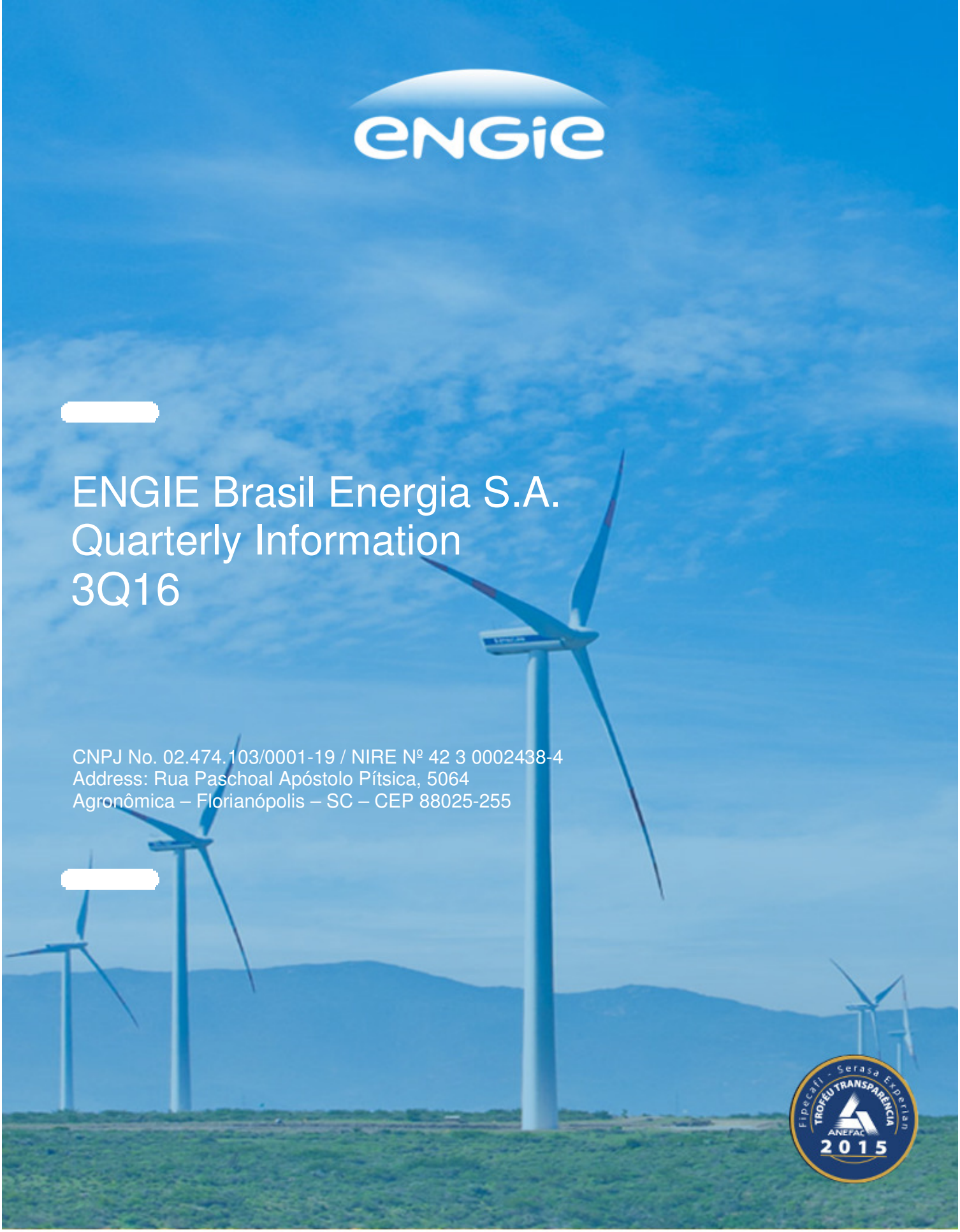


ENGIE Brasil Energia S.A.
Quarterly Information
3Q16

CNPJ No. 02.474.103/0001-19 / NIRE Nº 42 3 0002438-4
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Company Information / Capital Composition

Number of shares (Units)	Current quarter 9/30/2016
Paid-in capital	
Common	652,742,192
Preferred	0
Total	652,742,192
Treasury shares	
Common	0
Preferred	0
Total	0

Company Information / Profit Distribution in Cash

Event	Approval	Profit Distribution	Commencement of Payment	Type of Share	Class of Share	Profit Distribution per Share (Reais / Share)
Board of Directors' Meeting	11/6/2015	Interest on equity	2/24/2016	Common shares		0.48105
Annual Shareholders' Meeting	4/14/2016	Dividends	5/25/2016	Common shares		0.32095
Board of Directors' Meeting	7/28/2016	Dividends	10/6/2016	Common shares		0.98844
Board of Directors' Meeting	10/27/2016	Interest on equity		Common shares		0.66259

Parent company Financial Statements / Balance Sheet - Assets

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
1	Total Assets	13,385,901	12,832,143
1.01	Current Assets	3,689,960	3,281,282
1.01.01	Cash and Cash Equivalents	2,421,877	1,739,008
1.01.03	Accounts Receivable	796,063	794,614
1.01.03.01	Trade Accounts Receivable	487,376	441,588
1.01.03.02	Other Accounts Receivable	308,687	353,026
1.01.03.02.01	Dividends receivable from subsidiaries	248,990	208,777
1.01.03.02.02	Fuel reimbursable	59,697	144,249
1.01.04	Inventories	93,404	86,100
1.01.06	Recoverable Taxes	11,307	6,095
1.01.06.01	Current Taxes Recoverable	11,307	6,095
1.01.06.01.02	Tax credits recoverable	11,307	6,095
1.01.08	Other Current Assets	367,309	655,465
1.01.08.03	Other	367,309	655,465
1.01.08.03.01	Restricted deposits	2,484	2,293
1.01.08.03.02	Unrealized hedge gains	176,720	488,802
1.01.08.03.03	Renegotiation of hydrological risk to appropriate	23,991	23,991
1.01.08.03.04	Other current assets	77,228	53,493
1.01.08.03.05	Non-current asset held for sale	86,886	86,886
1.02	Non-current Assets	9,695,941	9,550,861
1.02.01	Long Term Assets	341,149	350,200
1.02.01.09	Other Non-current Assets	341,149	350,200
1.02.01.09.03	Tax credits recoverable	32,640	34,457
1.02.01.09.04	Restricted deposits	8,252	10,160
1.02.01.09.05	Judicial deposits	142,586	130,020
1.02.01.09.07	Renegotiation of hydrological risk to appropriate	145,396	163,388
1.02.01.09.08	Other non-current assets	12,275	12,175
1.02.02	Investments	3,973,996	3,719,135
1.02.02.01	Equity Interest	3,973,996	3,719,135
1.02.02.01.02	Interest on Subsidiaries	3,714,297	3,433,650
1.02.02.01.03	Interest in Joint Ventures	259,699	285,485
1.02.03	Property, Plant and Equipment	5,360,487	5,464,264
1.02.03.01	Property, Plant and Equipment in Operation	5,078,080	5,219,353
1.02.03.03	Construction in Progress	282,407	244,911
1.02.04	Intangible Assets	20,309	17,262
1.02.04.01	Intangible Assets	20,309	17,262

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
2	Total Liabilities	13,385,901	12,832,143
2.01	Current Liabilities	2,389,756	2,504,892
2.01.01	Social and Labor Obligations	97,564	102,343
2.01.01.02	Labor Obligations	97,564	102,343
2.01.01.02.01	Provision for payroll and charges	97,564	102,343
2.01.02	Suppliers	217,414	372,502
2.01.02.01	Domestic Suppliers	217,414	372,502
2.01.03	Tax Liabilities	89,318	1,570
2.01.03.01	Federal Tax Liabilities	89,318	1,570
2.01.03.01.01	Income and Social Contribution Taxes Payable	89,318	1,570
2.01.04	Loans and Financing	1,064,050	1,553,493
2.01.04.01	Loans and Financing	1,047,639	1,553,004
2.01.04.01.01	In Local Currency	137,512	100,828
2.01.04.01.02	In Foreign Currency	910,127	1,452,176
2.01.04.02	Debentures	16,411	489
2.01.05	Other Liabilities	870,103	428,034
2.01.05.02	Other	870,103	428,034
2.01.05.02.01	Dividends and Interest on Equity Payable	649,240	269,470
2.01.05.02.04	Concessions payable	59,624	55,388
2.01.05.02.05	Other tax and regulatory liabilities	63,291	67,996
2.01.05.02.06	Other current liabilities	97,948	35,180
2.01.06	Provisions	51,307	46,950
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	29,118	24,761
2.01.06.01.02	Social Security and Labor Provisions	6,976	2,500
2.01.06.01.04	Civil Provisions	22,142	22,261
2.01.06.02	Other Provisions	22,189	22,189
2.01.06.02.04	Retirement benefits obligations	22,189	22,189
2.02	Non-current liabilities	4,411,958	3,687,379
2.02.01	Loans and Financing	1,394,673	845,469
2.02.01.01	Loans and Financing	610,291	664,522
2.02.01.01.01	In Local Currency	610,291	664,522
2.02.01.02	Debentures	784,382	180,947
2.02.02	Other Liabilities	2,203,527	1,973,734
2.02.02.02	Other	2,203,527	1,973,734
2.02.02.02.03	Concessions payable	2,188,930	1,965,193
2.02.02.02.04	Other Non-Current Liabilities	14,597	8,541
2.02.03	Deferred Taxes	273,913	369,210
2.02.03.01	Deferred Income and Social Contribution Taxes	273,913	369,210
2.02.04	Provisions	539,845	498,966
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	267,134	243,414
2.02.04.01.01	Tax Provisions	5,438	4,847
2.02.04.01.02	Social Security and Labor Provisions	3,602	6,889
2.02.04.01.04	Civil Provisions	258,094	231,678
2.02.04.02	Other Provisions	272,711	255,552
2.02.04.02.04	Retirement benefits obligations	272,711	255,552
2.03	Shareholders' equity	6,584,187	6,639,872

Parent Company Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
2.03.01	Paid-in Capital Stock	2,737,361	2,445,766
2.03.02	Capital Reserves	91,695	91,695
2.03.02.07	Capital Reserves	91,695	91,695
2.03.04	Profit Reserves	2,850,959	3,333,102
2.03.04.01	Legal Reserve	489,153	489,153
2.03.04.05	Retained Earnings Reserve	2,247,099	2,247,099
2.03.04.07	Tax Incentive Reserve	114,707	96,864
2.03.04.10	Capital Increase and Additional Dividends Proposed	0	499,986
2.03.05	Retained Earnings/Losses	433,658	0
2.03.06	Assets Valuation Adjustments	470,514	769,309

Parent Company Financial Statements / Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 7/1/2016 to 9/30/2016	YTD Current Year 1/1/2016 to 9/30/2016	Same Quarter Previous Year 7/1/2015 to 9/30/2015	YTD Previous Year 1/1/2015 to 9/30/2015
3.01	Revenue from Sales of Goods and/or Services	1,048,970	3,192,411	965,807	3,065,708
3.02	Cost of Products and/or Services Sold	-514,379	-1,569,397	-495,756	-1,667,321
3.02.01	Electrical energy purchased for resale	-117,611	-347,945	-107,304	-314,103
3.02.02	Transactions in the short-term energy market	-21,281	-122,906	-205	-197,520
3.02.03	Charges for the use of and connection to the power grid	-84,453	-240,331	-77,909	-220,579
3.02.04	Cost of electrical energy production	-283,474	-836,051	-303,150	-914,853
3.02.05	Cost of services rendered	-7,560	-22,164	-7,188	-20,266
3.03	Gross Income	534,591	1,623,014	470,051	1,398,387
3.04	Operating Expenses/Income	74,260	144,478	72,023	119,536
3.04.01	Sales Expenses	-2,294	-7,652	-2,440	-7,625
3.04.02	General and Administrative Expenses	-38,793	-130,987	-43,379	-127,923
3.04.04	Other Operating Income	466	3,600	5,396	8,283
3.04.05	Other Operating Expenses	-296	-313	-8,121	-9,309
3.04.06	Equity Income	115,177	279,830	120,567	256,110
3.04.06.01	Equity	116,012	282,336	121,402	258,616
3.04.06.02	Goodwill amortization	-835	-2,506	-835	-2,506
3.05	Income Before Financial Result and Taxes	608,851	1,767,492	542,074	1,517,923
3.06	Financial Result	-74,871	-314,693	-80,299	-294,452
3.06.01	Financial Income	76,436	240,451	58,167	146,565
3.06.02	Financial Expenses	-151,307	-555,144	-138,466	-441,017
3.07	Income Before Income Taxes	533,980	1,452,799	461,775	1,223,471
3.08	Income and Social Contribution Taxes	-137,366	-380,795	-114,407	-322,480
3.08.01	Current	-129,948	-476,092	-16,054	-149,430
3.08.02	Deferred	-7,418	95,297	-98,353	-173,050
3.09	Net Income from Continuing Operations	396,614	1,072,004	347,368	900,991
3.11	Net Income for the Period	396,614	1,072,004	347,368	900,991
3.99	Earnings per Share (R$ /share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	ON	0.60761	1.64231	0.53217	1.38032
3.99.02	Diluted Earnings per Share				
3.99.02.01	ON	0.60761	1.64231	0.53217	1.38032

Parent Company Financial Statements / Comprehensive Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 7/1/2016 to 9/30/2016	YTD Current Year 1/1/2016 to 9/30/2016	Same Quarter Previous Year 7/1/2015 to 9/30/2015	YTD Previous Year 1/1/2015 to 9/30/2015
4.01	Net Income for the Period	396,614	1,072,004	347,368	900,991
4.02	Other comprehensive income (loss)	-13,968	-272,993	190,051	274,901
4.02.01	Equity in the unrealized gains of subsidiaries, net of deferred taxes	-13,968	-272,993	190,051	274,901
4.03	Comprehensive Income for the Period	382,646	799,011	537,419	1,175,892

Parent Company Financial Statements / Cash Flow Statement – Indirect Method

(In thousands of Reais)

Account Code	Account Description	YTD Current Year 1/1/2016 to 9/30/2016	YTD Prior Year 1/1/2015 to 9/30/2015
6.01	Net Cash from Operating Activities	1,424,022	1,541,056
6.01.01	Cash Generated from Operations	1,960,883	1,744,258
6.01.01.01	Income before income taxes	1,452,799	1,223,471
6.01.01.02	Equity Interest income	-279,830	-256,110
6.01.01.03	Depreciation and amortization	312,849	293,996
6.01.01.04	Monetary variation	127,744	145,851
6.01.01.05	Interest	345,707	266,303
6.01.01.06	(Reversal) Recognition of operating provisions, net	-652	61,837
6.01.01.07	Other	2,266	8,910
6.01.02	Changes in Assets and Liabilities	-536,861	-203,202
6.01.02.01	Trade accounts receivable	-23,325	-19,040
6.01.02.02	Fuel reimbursable	84,552	195,478
6.01.02.03	Insurance damages receivable	0	121,415
6.01.02.04	Inventories	-7,304	-15,766
6.01.02.05	Tax credits recoverable	-35,341	-15,287
6.01.02.06	Restricted and judicial deposits	11,819	57,210
6.01.02.07	Other assets	21,413	-9,203
6.01.02.08	Suppliers	-211,445	-96,175
6.01.02.09	Payment of income and social contribution taxes	-294,357	-294,315
6.01.02.10	Payment of interest on debt, net of hedge	-122,508	-140,709
6.01.02.11	Other tax and regulatory obligations	-13,097	19,826
6.01.02.12	Retirement benefits obligations	-9,996	-8,807
6.01.02.13	Other liabilities	62,728	2,171
6.02	Net Cash from Investment Activities	-497,002	-540,144
6.02.01	Capital increase in subsidiaries	-515,050	-366,529
6.02.02	Acquisition of property, plant and equipment	-202,182	-227,017
6.02.03	Acquisition of intangible assets	-6,582	-8,786
6.02.04	Dividends received from subsidiaries	226,812	62,188
6.03	Net Cash from Financing Activities	-244,151	-861,120
6.03.01	Loans, financing and debentures obtained	621,779	92,273
6.03.02	Loans and financing paid	-297,383	-244,522
6.03.03	Concession installments paid	-43,259	-39,573
6.03.04	Dividends and interest on equity paid	-521,050	-702,889
6.03.05	Deposits related to debt service	-4,238	33,591
6.05	Increase (Decrease) in Cash and Cash Equivalents	682,869	139,792
6.05.01	Opening Balance of Cash and Cash Equivalents	1,739,008	1,287,464
6.05.02	Closing Balance of Cash and Cash Equivalents	2,421,877	1,427,256

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2016 to 9/30/2016

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	3,333,102	0	769,309	6,639,872
5.03	Adjusted Opening Balances	2,445,766	91,695	3,333,102	0	769,309	6,639,872
5.04	Capital Transactions with Partners	0	0	-209,499	-645,197	0	-854,696
5.04.08	Additional Dividends for 2015 paid	0	0	-209,499	0	0	-209,499
5.04.09	Dividends for the 1st half of 2016	0	0	0	-645,197	0	-645,197
5.05	Total Comprehensive Income	0	0	0	1,072,004	-272,993	799,011
5.05.01	Net Income for the Period	0	0	0	1,072,004	0	1,072,004
5.05.02	Other Comprehensive Income	0	0	0	0	-272,993	-272,993
5.05.02.06	Cash Flow Hedge Operations in Subsidiaries	0	0	0	0	-272,993	-272,993
5.06	Internal Changes in Shareholders' Equity	291,595	0	-272,644	6,851	-25,802	0
5.06.04	Capital Increase	291,595	0	-291,595	0	0	0
5.06.05	Tax Incentive Reserve	0	0	18,951	-18,951	0	0
5.06.06	Realization of Deemed Cost	0	0	0	25,802	-25,802	0
5.07	Closing Balances	2,737,361	91,695	2,850,959	433,658	470,514	6,584,187

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2015 to 9/30/2015

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,589,794	0	523,790	5,651,045
5.03	Adjusted Opening Balances	2,445,766	91,695	2,589,794	0	523,790	5,651,045
5.04	Capital Transactions with Partners	0	0	-172,081	-311,277	0	-483,358
5.04.08	Additional Dividends for 2015 paid	0	0	-172,081	0	0	-172,081
5.04.09	Dividends for the 1st half of 2015	0	0	0	-311,277	0	-311,277
5.05	Total Comprehensive Income	0	0	0	900,991	274,901	1,175,892
5.05.01	Net Income for the Period	0	0	0	900,991	0	900,991
5.05.02	Other Comprehensive Income	0	0	0	0	274,901	274,901
5.05.02.06	Cash Flow Hedge Operations in Subsidiaries	0	0	0	0	274,901	274,901
5.06	Internal Changes in Shareholders' Equity	0	0	7,638	23,521	-31,159	0
5.06.04	Tax incentive Reserve	0	0	7,638	-7,638	0	0
5.06.05	Realization of Deemed Cost	0	0	0	31,159	-31,159	0
5.07	Closing Balances	2,445,766	91,695	2,425,351	613,235	767,532	6,343,579

Parent Company Financial Statements / Value Added Statement

(In thousands of Reais)

Account Code	Account Description	YTD Current Year 1/1/2016 to 9/30/2016	YTD Prior Year 1/1/2015 to 9/30/2015
7.01	Revenues	3,559,769	3,449,040
7.01.01	Sale of Products and Services	3,541,594	3,423,539
7.01.02	Other Income	18,175	25,501
7.02	Raw Material Acquired from Third Parties	-993,666	-1,149,032
7.02.01	Cost of Products and Services Sold	-607,984	-692,359
7.02.02	Materials, Energy, Third Parties Services and Other	-120,009	-137,932
7.02.04	Other	-265,673	-318,741
7.02.04.01	Charges for the use of and connection to the power grid	-240,331	-220,579
7.02.04.02	Reversal (Recognition) of operating provisions	652	-61,837
7.02.04.03	Other	-25,994	-36,325
7.03	Gross Added Value	2,566,103	2,300,008
7.04	Retentions	-312,849	-293,996
7.04.01	Depreciation, Amortization and Depletion	-312,849	-293,996
7.05	Net Added Value Generated	2,253,254	2,006,012
7.06	Added Value Received in Transfer	520,281	402,675
7.06.01	Equity Income	279,830	256,110
7.06.02	Financial Income	240,451	146,565
7.07	Total Added Value to Distribute	2,773,535	2,408,687
7.08	Distribution of Added Value	2,773,535	2,408,687
7.08.01	Labor	213,397	202,404
7.08.01.01	Direct Remuneration	136,779	130,497
7.08.01.02	Benefits	45,143	42,278
7.08.01.03	F.G.T.S.	9,969	9,040
7.08.01.04	Other	21,506	20,589
7.08.01.04.01	Profit sharing	21,506	20,589
7.08.02	Taxes, Duties and Contributions	750,534	687,690
7.08.02.01	Federal	736,531	663,343
7.08.02.02	State	11,984	22,594
7.08.02.03	Municipal	2,019	1,753
7.08.03	Third Parties Capital Remuneration	305,560	241,225
7.08.03.01	Interest	276,599	200,651
7.08.03.02	Rentals	7,125	6,981
7.08.03.03	Other	21,836	33,593
7.08.03.03.01	Capitalized interest	14,888	26,527
7.08.03.03.02	Other financial expenses	6,948	7,066
7.08.04	Remuneration of Own Capital	1,078,855	924,512
7.08.04.02	Dividends	645,197	311,277
7.08.04.03	Retained Earnings / Loss for the Period	433,658	613,235
7.08.05	Other	425,189	352,856
7.08.05.01	Sectorial charges	160,808	143,176
7.08.05.02	Charges on concessions payable	271,232	233,201
7.08.05.03	Tax incentive reserve	18,951	7,638
7.08.05.04	Realization of deemed cost	-25,802	-31,159

Consolidated Financial Statements / Balance Sheet - Assets

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
1	Total Assets	15,621,291	15,289,386
1.01	Current Assets	4,530,898	4,431,818
1.01.01	Cash and Cash Equivalents	3,085,348	2,396,854
1.01.03	Accounts Receivable	859,400	917,851
1.01.03.01	Trade Accounts Receivable	799,703	773,602
1.01.03.02	Other Accounts Receivable	59,697	144,249
1.01.03.02.01	Fuel reimbursable	59,697	144,249
1.01.04	Inventories	96,649	88,888
1.01.06	Recoverable Taxes	25,572	46,385
1.01.06.01	Current Taxes Recoverable	25,572	46,385
1.01.06.01.02	Tax credits recoverable	25,572	46,385
1.01.08	Other Current Assets	463,929	981,840
1.01.08.03	Other	463,929	981,840
1.01.08.03.01	Restricted deposits	8,581	8,426
1.01.08.03.02	Unrealized hedge gains	218,478	778,227
1.01.08.03.03	Renegotiation of hydrological risk to appropriate	26,064	26,064
1.01.08.03.04	Other current assets	123,920	82,237
1.01.08.03.05	Non-current asset held for sale	86,886	86,886
1.02	Non-current Assets	11,090,393	10,857,568
1.02.01	Long Term Assets	619,108	716,695
1.02.01.09	Other Non-current Assets	619,108	716,695
1.02.01.09.03	Tax credits recoverable	45,543	46,763
1.02.01.09.04	Restricted deposits	188,662	158,139
1.02.01.09.05	Judicial deposits	145,659	132,480
1.02.01.09.06	Unrealized hedge gains	3,418	130,240
1.02.01.09.07	Renegotiation of hydrological risk to appropriate	177,531	197,079
1.02.01.09.08	Other non-current assets	58,295	51,994
1.02.02	Investments	4,252	0
1.02.02.01	Equity interest	4,252	0
1.02.02.01.04	Other equity interest	4,252	0
1.02.03	Property, Plant and Equipment	10,214,041	9,897,550
1.02.03.01	Property, Plant and Equipment in Operation	8,905,113	9,154,772
1.02.03.03	Construction in Progress	1,308,928	742,778
1.02.04	Intangible Assets	252,992	243,323
1.02.04.01	Intangible Assets	252,992	243,323

Consolidated Financial Statements / Balance sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
2	Total Liabilities	15,621,291	15,289,386
2.01	Current Liabilities	2,856,943	2,977,377
2.01.01	Social and Labor Obligations	101,011	102,992
2.01.01.02	Labor Obligations	101,011	102,992
2.01.01.02.01	Provision for payroll and charges	101,011	102,992
2.01.02	Suppliers	367,518	573,573
2.01.02.01	Domestic Suppliers	367,518	573,573
2.01.03	Tax Liabilities	107,047	17,799
2.01.03.01	Federal Tax Liabilities	107,047	17,799
2.01.03.01.01	Income and Social Contribution Taxes Payable	107,047	17,799
2.01.04	Loans and Financing	1,226,824	1,712,979
2.01.04.01	Loans and Financing	1,210,413	1,712,490
2.01.04.01.01	In Local Currency	300,286	260,314
2.01.04.01.02	In Foreign Currency	910,127	1,452,176
2.01.04.02	Debentures	16,411	489
2.01.05	Other Liabilities	1,002,256	522,118
2.01.05.02	Other	1,002,256	522,118
2.01.05.02.01	Dividends and Interest on Equity Payable	649,707	271,021
2.01.05.02.04	Concessions payable	65,107	60,572
2.01.05.02.05	Other tax and regulatory liabilities	89,621	97,665
2.01.05.02.06	Other current liabilities	197,821	92,860
2.01.06	Provisions	52,287	47,916
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	30,098	25,727
2.01.06.01.01	Tax provisions	177	177
2.01.06.01.02	Social Security and Labor Provisions	6,976	2,500
2.01.06.01.04	Civil provisions	22,945	23,050
2.01.06.02	Other Provisions	22,189	22,189
2.01.06.02.04	Retirement benefits obligations	22,189	22,189
2.02	Non-current liabilities	6,177,158	5,669,873
2.02.01	Loans and Financing	2,983,697	2,534,215
2.02.01.01	Loans and Financing	2,199,315	2,353,268
2.02.01.01.01	In local currency	2,199,315	2,353,268
2.02.01.02	Debentures	784,382	180,947
2.02.02	Other Liabilities	2,289,043	2,074,407
2.02.02.02	Other	2,289,043	2,074,407
2.02.02.02.03	Concessions payable	2,235,707	2,009,980
2.02.02.02.04	Other non-current liabilities	53,336	64,427
2.02.03	Deferred Taxes	359,984	558,826
2.02.03.01	Deferred Income and Social Contribution Taxes	359,984	558,826
2.02.04	Provisions	544,434	502,425
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	271,723	246,873
2.02.04.01.01	Tax provisions	5,600	4,965
2.02.04.01.02	Social Security and Labor Provisions	3,912	7,508
2.02.04.01.04	Civil provisions	262,211	234,400
2.02.04.02	Other Provisions	272,711	255,552
2.02.04.02.04	Retirement benefits obligations	272,711	255,552

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 9/30/2016	Prior Year 12/31/2015
2.03	Consolidated Shareholders' equity	6,587,190	6,642,136
2.03.01	Paid-in Capital Stock	2,737,361	2,445,766
2.03.02	Capital Reserves	91,695	91,695
2.03.02.07	Capital Reserves	91,695	91,695
2.03.04	Profit Reserves	2,850,959	3,333,102
2.03.04.01	Legal Reserve	489,153	489,153
2.03.04.05	Retained Earnings Reserve	2,247,099	2,247,099
2.03.04.07	Tax Incentive Reserve	114,707	96,864
2.03.04.10	Additional Dividend Proposed	0	499,986
2.03.05	Retained Earnings/Losses	433,658	0
2.03.06	Assets Valuation Adjustments	470,514	769,309
2.03.09	Non-Controlling Interest	3,003	2,264

Consolidated Financial Statements / Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 7/1/2016 to 9/30/2016	YTD Current Year 1/1/2016 to 9/30/2016	Same Quarter Previous Year 7/1/2015 to 9/30/2015	YTD Previous Year 1/1/2015 to 9/30/2015
3.01	Revenue from Sales of Goods and/or Services	1,602,820	4,776,162	1,640,014	4,802,840
3.02	Cost of Products and/or Services Sold	-910,044	-2,750,573	-970,157	-2,958,328
3.02.01	Electrical energy purchased for resale	-413,617	-1,208,187	-484,932	-1,254,495
3.02.02	Transactions in the short-term energy market	-21,627	-153,377	-882	-260,047
3.02.03	Charges for the use of and connection to the power grid	-103,089	-292,440	-94,226	-268,547
3.02.04	Cost of electrical energy production	-364,136	-1,074,379	-382,923	-1,154,963
3.02.05	Cost of services rendered	-7,575	-22,190	-7,194	-20,276
3.03	Gross Income	692,776	2,025,589	669,857	1,844,512
3.04	Operating Expenses/Income	-44,056	-144,492	-51,184	-145,777
3.04.01	Sales Expenses	-4,128	-13,410	-4,229	-13,614
3.04.02	General and Administrative Expenses	-39,843	-133,953	-44,415	-131,468
3.04.04	Other Operating Income	486	3,705	5,649	8,690
3.04.05	Other Operating Expenses	-297	-316	-8,189	-9,385
3.04.06	Equity Income (loss)	-274	-518	0	0
3.05	Income Before Financial Result and Taxes	648,720	1,881,097	618,673	1,698,735
3.06	Financial Result	-65,460	-310,468	-106,248	-373,126
3.06.01	Financial Income	103,317	322,280	75,759	195,256
3.06.02	Financial Expenses	-168,777	-632,748	-182,007	-568,382
3.07	Income Before Income Taxes	583,260	1,570,629	512,425	1,325,609
3.08	Income and Social Contribution Taxes	-186,377	-497,886	-164,803	-423,979
3.08.01	Current	-166,438	-565,015	-56,499	-253,758
3.08.02	Deferred	-19,939	67,129	-108,304	-170,221
3.09	Net Income from Continuing Operations	396,883	1,072,743	347,622	901,630
3.11	Consolidated Net Income for the Period	396,883	1,072,743	347,622	901,630
3.11.01	Attributable to the Partners of the Parent Company	396,614	1,072,004	347,368	900,991
3.11.02	Attributable to Non-Controlling Partners	269	739	254	639
3.99	Earnings per Share (R$ /share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	ON	0.60802	1.64344	0.53256	1.38129
3.99.02	Diluted Earnings per Share				
3.99.02.01	ON	0.60802	1.64344	0.53256	1.38129

Consolidated Financial Statements / Comprehensive Income Statement

(In thousands of Reais)

Account Code	Account Description	Current Quarter 7/1/2016 to 9/30/2016	YTD Current Year 1/1/2016 to 9/30/2016	Same Quarter Previous Year 7/1/2015 to 9/30/2015	YTD Previous Year 1/1/2015 to 9/30/2015
4.01	Consolidated Net Income for the Period	396,883	1,072,743	347,622	901,630
4.02	Other comprehensive income	-13,968	-272,993	190,051	274,901
4.02.01	Unrealized (losses)/gains from cash flow hedge operations	-23,990	-407,165	287,956	416,516
4.02.02	Deferred income and social contribution taxes	8,156	138,436	-97,905	-141,615
4.02.03	Realized gains (losses) from cash flow hedge operations in the period	1,866	-4,264	0	0
4.03	Consolidated Comprehensive Income for the Period	382,915	799,750	537,673	1,176,531
4.03.01	Attributed to the Parent Company's Shareholders	382,646	799,011	537,419	1,175,892
4.03.02	Attributed to Non-controlling Shareholders	269	739	254	639

Consolidated Financial Statements / Cash Flow Statement - Indirect Method

(In thousands of Reais)

Account Code	Account Description	YTD Current Year 1/1/2016 to 9/30/2016	YTD Prior Year 1/1/2015 to 9/30/2015
6.01	Net Cash from Operating Activities	1,831,557	1,928,493
6.01.01	Cash Generated from Operations	2,574,430	2,370,172
6.01.01.01	Income before income taxes	1,570,629	1,325,609
6.01.01.02	Depreciation and amortization	469,881	448,828
6.01.01.03	Monetary variation	146,972	153,038
6.01.01.04	Interest	384,129	372,154
6.01.01.05	Recognition of operating provisions, net	130	61,556
6.01.01.06	Other	2,689	8,987
6.01.02	Changes in Assets and Liabilities	-742,873	-441,679
6.01.02.01	Trade accounts receivable	-5,159	-93,823
6.01.02.02	Fuel reimbursable	84,552	195,478
6.01.02.03	Insurance damages receivable	0	121,415
6.01.02.04	Inventories	-7,761	-15,639
6.01.02.05	Tax credits recoverable	-27,895	1,029
6.01.02.06	Restricted and judicial deposits	7,477	57,158
6.01.02.07	Other assets	4,347	-13,248
6.01.02.08	Suppliers	-244,853	-56,610
6.01.02.09	Payment of income and social contribution taxes	-360,170	-398,103
6.01.02.10	Payment of interest on debt, net of hedge	-232,810	-253,451
6.01.02.11	Other tax and regulatory obligations	-18,653	23,864
6.01.02.12	Retirement benefits obligations	-9,996	-8,807
6.01.02.13	Other liabilities	68,048	-942
6.02	Net Cash from Investment Activities	-758,369	-603,788
6.02.01	Acquisition of investment, net of cash and cash equivalent of acquired companies	-20,055	-16,647
6.02.02	Acquisition of property, plant and equipment	-731,622	-578,324
6.02.03	Acquisition of intangible assets	-6,692	-8,817
6.03	Net Cash from Financing Activities	-384,694	-987,699
6.03.01	Loans, financing and debentures obtained	621,779	93,524
6.03.02	Loans and financing paid	-412,445	-357,340
6.03.03	Concession installments paid	-47,496	-43,358
6.03.04	Dividends and interest on equity paid	-522,134	-702,889
6.03.05	Deposits related to debt service	-21,342	21,355
6.03.06	Other	-3,056	1,009
6.05	Increase (Decrease) in Cash and Cash Equivalents	688,494	337,006
6.05.01	Opening Balance of Cash and Cash Equivalents	2,396,854	1,604,731
6.05.02	Closing Balance of Cash and Cash Equivalents	3,085,348	1,941,737

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2016 to 9/30/2016

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	3,333,102	0	769,309	6,639,872	2,264	6,642,136
5.03	Adjusted Opening Balances	2,445,766	91,695	3,333,102	0	769,309	6,639,872	2,264	6,642,136
5.04	Capital Transactions with Partners	0	0	-209,499	-645,197	0	-854,696	0	-854,696
5.04.08	Additional Dividends for 2015 paid	0	0	-209,499	0	0	-209,499	0	-209,499
5.04.09	Dividends for the 1st half of 2016	0	0	0	-645,197	0	-645,197	0	-645,197
5.05	Total Comprehensive Income	0	0	0	1,072,004	-272,993	799,011	739	799,750
5.05.01	Net Income for the Period	0	0	0	1,072,004	0	1,072,004	739	1,072,743
5.05.02	Other Comprehensive Income	0	0	0	0	-272,993	-272,993	0	-272,993
5.05.02.06	Cash flow Hedge	0	0	0	0	-272,993	-272,993	0	-272,993
5.06	Internal Changes in Shareholders' Equity	291,595	0	-272,644	6,851	-25,802	0	0	0
5.06.04	Capital Increase	291,595	0	-291,595	0	0	0	0	0
5.06.05	Tax Incentive Reserve	0	0	18,951	-18,951	0	0	0	0
5.06.06	Realization of Deemed Cost	0	0	0	25,802	-25,802	0	0	0
5.07	Closing Balances	2,737,361	91,695	2,850,959	433,658	470,514	6,584,187	3,003	6,587,190

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2015 to 9/30/2015

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,589,794	0	523,790	5,651,045	3,904	5,654,949
5.03	Adjusted Opening Balances	2,445,766	91,695	2,589,794	0	523,790	5,651,045	3,904	5,654,949
5.04	Capital Transactions with Partners	0	0	-172,081	-311,277	0	-483,358	0	-483,358
5.04.08	Additional Dividends for 2014 paid	0	0	-172,081	0	0	-172,081	0	-172,081
5.04.09	Dividends for the 1st half of 2015	0	0	0	-311,277	0	-311,277	0	-311,277
5.05	Total Comprehensive Income	0	0	0	900,991	274,901	1,175,892	639	1,176,531
5.05.01	Net Income for the Period	0	0	0	900,991	0	900,991	639	901,630
5.05.02	Other Comprehensive Income	0	0	0	0	274,901	274,901	0	274,901
5.05.02.06	Cash Flow Hedge	0	0	0	0	274,901	274,901	0	274,901
5.06	Internal Changes in Shareholders' Equity	0	0	7,638	23,521	-31,159	0	0	0
5.06.04	Tax incentive reserve	0	0	7,638	-7,638	0	0	0	0
5.06.05	Realization of deemed cost	0	0	0	31,159	-31,159	0	0	0
5.07	Closing Balances	2,445,766	91,695	2,425,351	613,235	767,532	6,343,579	4,543	6,348,122

Consolidated Financial Statements / Value Added Statement

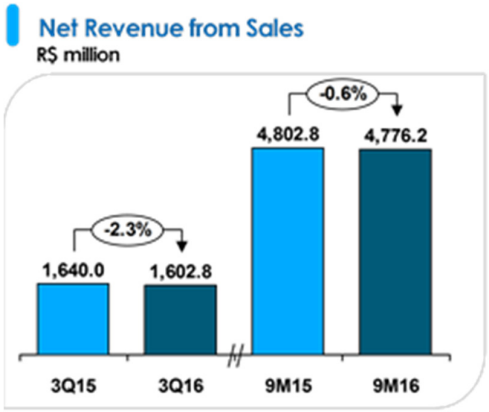
(In thousands of Reais)

Account Code	Account Description	YTD Current Year 1/1/2016 to 9/30/2016	YTD Prior Year 1/1/2015 to 9/30/2015
7.01	Revenues	5,902,926	5,710,023
7.01.01	Sale of Products and Services	5,283,694	5,334,601
7.01.02	Other Income	18,277	25,832
7.01.03	Income related to the Construction of Own Assets	600,955	349,590
7.02	Raw Material Acquired from Third Parties	-2,528,652	-2,612,544
7.02.01	Cost of Products and Services Sold	-1,510,407	-1,713,589
7.02.02	Materials, Energy, Third Parties Services and Other	-165,103	-181,416
7.02.04	Other	-853,142	-717,539
7.02.04.01	Charges for the use of and connection to the power grid	-292,440	-268,547
7.02.04.02	(Recognition) of operating provisions	-130	-61,556
7.02.04.03	Expenses with construction of plants	-532,287	-348,604
7.02.04.04	Other	-28,285	-38,832
7.03	Gross Added Value	3,374,274	3,097,479
7.04	Retentions	-469,881	-448,828
7.04.01	Depreciation, Amortization and Depletion	-469,881	-448,828
7.05	Net Added Value Generated	2,904,393	2,648,651
7.06	Added Value Received in Transfer	321,762	195,256
7.06.01	Equity income (loss)	-518	0
7.06.02	Financial Income	322,280	195,256
7.07	Total Added Value to Distribute	3,226,155	2,843,907
7.08	Distribution of Added Value	3,226,155	2,843,907
7.08.01	Labor	216,712	206,491
7.08.01.01	Direct Remuneration	139,267	133,383
7.08.01.02	Benefits	45,624	42,841
7.08.01.03	F.G.T.S.	10,168	9,532
7.08.01.04	Other	21,653	20,735
7.08.01.04.01	Profit sharing	21,653	20,735
7.08.02	Taxes, Duties and Contributions	1,024,889	961,453
7.08.02.01	Federal	1,010,578	936,806
7.08.02.02	State	12,099	22,706
7.08.02.03	Municipal	2,212	1,941
7.08.03	Third Parties Capital Remuneration	448,984	366,598
7.08.03.01	Interest	342,323	315,196
7.08.03.02	Rentals	10,919	10,938
7.08.03.03	Other	95,742	40,464
7.08.03.03.01	Capitalized interest	83,556	27,513
7.08.03.03.02	Other financial expenses	12,186	12,951
7.08.04	Remuneration of Own Capital	1,078,855	924,512
7.08.04.02	Dividends	645,197	311,277
7.08.04.03	Retained Earnings / Loss for the Period	433,658	613,235
7.08.05	Other	456,715	384,853
7.08.05.01	Sectorial charges	185,069	167,620
7.08.05.02	Charges on concessions payable	277,758	240,115
7.08.05.03	Non-controlling shareholder	739	639
7.08.05.04	Tax incentive reserve	18,951	7,638
7.08.05.05	Realization of deemed cost	-25,802	-31,159

Economic-Financial Performance

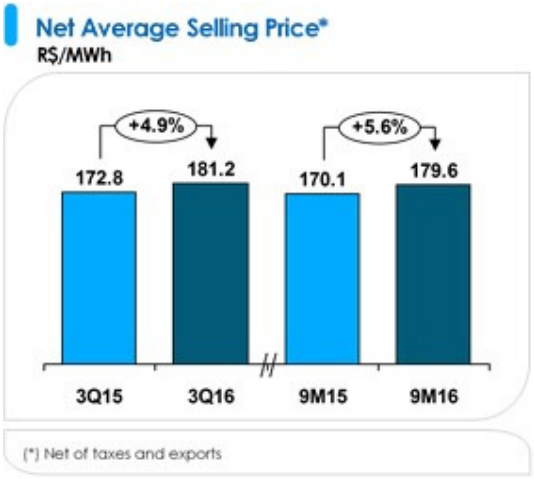
Net revenue from sales

In 3Q16, net revenue from sales reported a reduction of 2.3% (R$ 37.2 million) when compared with 3Q15, decreasing from R$ 1,640.0 million to R$ 1,602.8 million. The variation largely reflects: (i) R$ 79.2 million — a decrease due to transactions conducted in the short-term market including those executed within the scope of the Electric Energy Trade Board (CCEE); (ii) R$ 76.1 million — an increase in net average selling price; and (iii) R$ 34.7 million — a reduction in energy volumes sold.



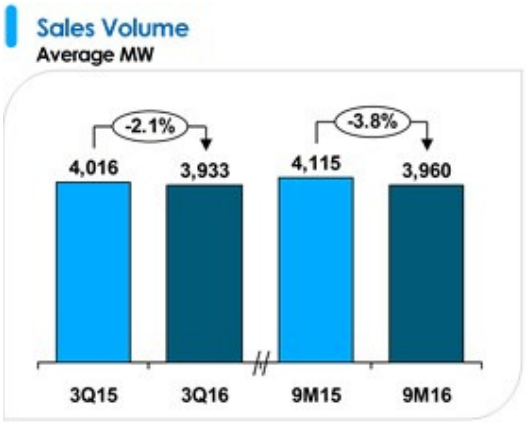
- **Net average selling price**

The net average selling price of energy, net of income tax was R$ 181.23/MWh in 3Q16, 4.9% higher than reported in 3Q15, when average prices were R$ 172.82/MWh. Higher prices were essentially due to monetary restatement of existing agreements, partially offset by the lower prices on new sales, more especially to trading companies, compared with the average price of the agreements maturing between the two quarters under comparison.



- **Sales volume**

Energy sales volume declined from 8,867 GWh (4,016 aMW) in 3Q15 to 8,685 GWh (3,933 aMW) in 3Q16, a reduction of 182 GWh (83 aMW) between compared periods. This variation was largely due to the expiry of bilateral agreements, renegotiation of existing agreements and reduction in consumption under flexible supply agreements.



Comments on variation in net revenue from sales by client class

Distributors

Revenue from sales to distributors amounted to R$ 770.5 million in 3Q16, 3.0% higher than the R$ 748.0 million posted in 3Q15, this variation reflecting the following factors: (i) R$ 82.8 million — an increase of 11.5% in the net average selling price; and (ii) R$ 60.3 million — a reduction of 317 GWh (144 aMW) in sales volume from 4,168 GWh (1,888 aMW) in 3Q15 to 3,851 GWh (1,744 aMW) in 3Q16 due principally to the expiry at the end of 2015 of the agreement of an Existing Energy Auction.

Trading Companies

In the quarter under analysis, net revenue from sales to trading companies was R$ 81.8 million, 55.2% higher than revenue of R$ 52.7 million reported in 3Q15. This improvement reflects a combination of the following factors: (i) R$ 45.6 million — an increase of 285 GWh (129 aMW) in energy sales volume, increasing from 295 GWh (134 aMW) in 3Q15 to 580 GWh (263 aMW) in 3Q16; and (ii) R$ 16.5 million — a reduction of 21.1% in net average selling prices. The variation in the quarterly volume is due to sales of conventional energy *pari passu* with purchases of incentivized energy from trading companies, in turn for resale to free consumers.

Free Consumers

Net revenue from sales to free consumers fell by 3.9% from R$ 731.7 million in 3Q15 to R$ 703.4 million in 3Q16. The following events contributed to this variation: (i) R$ 38.1 million — a reduction of 228 GWh (103 aMW) in energy sales volume, from 4,404 GWh (1,994 aMW) in 3Q15 to 4,176 GWh (1,891 aMW) in 3Q16, due to a decline in consumption and the renegotiation of existing agreements, partially offset by a larger volume of incentivized energy sales; and (ii) R$ 9.8 million — a 1.4% increase in the net average selling price of energy.

Electric Energy Exports

During the quarter under analysis, the Company exported 78 GWh (35 aMW) of electric energy to Argentina at an average price of R$ 232.28, generating net revenue of R$ 18.1 million.

Transactions in the short term market including those conducted through the CCEE

In 3Q16, revenue from short-term market business, including transactions through the CCEE, was R$ 20.6 million, compared to R$ 99.8 million in 3Q15, representing a reduction of R$ 79.2 million, between the quarters under comparison. A more detailed explanation of these variations is to be found in the item below "Details of short-term operations conducted through the CCEE".

Costs of electric energy and services

The costs of the sale of energy and services fell by R$ 60.1 million (6.2%), between the compared quarters from R$ 970.2 million in 3Q15 to R$ 910.1 million in 3Q16. These variations largely reflect tendencies in the following components:

a) Electric energy purchased for resale: a reduction of R$ 71.3 million (14.7%) in 3Q16, compared to 3Q15, above all, reflecting the reduction of 591 GWh (268 aMW) in medium and long-term purchases in 3Q16, partially offset by the higher prices prevailing for new agreements. The reduction in volumes purchased is largely the effect of a combination of the following: (i) acquisition in 3Q15 of surplus energy from Jirau Hydroelectric Power Plant; and (ii) greater volumes of incentivized energy purchases for resale to free consumers in the quarter under review.

b) Transactions in the short-term market including those conducted through the CCEE: in 3Q16, transaction costs were R$ 20.7 million higher. A more detailed explanation of these variations is to be found in the specific item below.

c) Charges for the use of and connection to the electricity grid: a year-on-year increase of R$ 8.9 million (9.4%), due principally to the annual readjustment in transmission tariffs.

d) Fuels for production of electric energy: a reduction of R$ 29.5 million, equivalent to 44.7% in relation to 3Q15, due to: (i) a reduction in the consumption of natural gas at the William Arjona Thermoelectric Power Plant (UTWA) due to zero dispatch from this plant by the National Electric System Operator (ONS) in 3Q16; (ii) as from 2016, recognition of the cost of domestic mineral coal following a reduction in reimbursement of subsidies under the Energy Development Account (CDE) for coal consumed by the Jorge Lacerda and Charqueadas thermoelectric power plants, this reduction reflecting changes in the legislation establishing parameters for greater energy efficiency at the plants; and (iii) proprietary mineral coal consumption in 3Q16 due to electricity exports to Argentina.

e) Financial compensation for the use of water resources (royalties): an increase of R$ 1.0 million (2.1%) compared with the same period in 2015 due to the annual readjustment in prices partially offset by lower output from the Company's hydro plants.

f) Personnel: an increase of R$ 7.2 million (13.5%) in relation to 3Q15 largely due to the annual readjustment in compensation and additional employees adhering to the Voluntary Severance Plan (PDV), subsequent to its resumption in 3Q16.

g) **Materials and third party services:** a decrease of R$ 2.3 million (4.2%) between the quarters under analysis. These costs essentially reflect maintenance and conservation services provided to the Company's generating units.

h) **Depreciation and amortization:** a year-on-year increase of R$ 5.3 million (3.5%), resulting above all from the conclusion in 3Q15 of major maintenance work at the Jorge Lacerda Thermoelectric Complex.

i) **Net operational provisions:** a year-on-year positive effect of R$ 2.7 million. The variation is a reflection largely of the result of a review in 3Q15 of the outlook for future disbursements in relation to a legal dispute.

Details of short term operations, including transactions on the Electric Energy Trade Board (CCEE)

Short-term operations are classified as energy purchase or sale operations, the principal objective being the management of exposure on the CCEE. Consequently, the price of these operations is characterized by the linkage with the Price for Settlement of Differences (PLD). This item also includes the transactions conducted through the CCEE, given their volatile and seasonal nature - and, therefore, short-term - of the results originating from accounting movement in the CCEE. Additionally, the long and short positions are settled at the PLD, thus, similar to the short-term operations described above.

In relation to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of a Board agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. The strategy allows us to analyze the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

Generically, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor, triggered when generation of plants, part of the MRE, is greater or smaller (Secondary Energy) than the allocated energy; (iii) from the so-called "sub-market risk"; (iv) from dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

In 3Q16, the net result (the difference between revenues and costs — less tax thereon) from short-term transactions, including those conducted within the scope of the CCEE, was a negative R$ 1.0 million while in 3Q15, the result was positive at R$ 98.9 million, that is a negative variation of R$ 99.9 million between comparative quarters.

This variation is essentially a consequence of a combination of the following factors: (i) a reduced long position in 3Q16 compared with 3Q15, due to lower volume of resources from electric energy purchases in the quarter under analysis, as mentioned in item "Electric energy purchased for resale"; (ii) a reduced negative effect arising from the assured energy adjustment in relation to the application of the GSF, in large part due to the renegotiation of the hydrological risk for some of the Company's plants at the end of 2015 and the lower average PLD in 3Q16; and (iii) higher thermoelectric exposure in 3Q16 due to the reduction in dispatch of this energy source by the ONS. The negative effect of items (i) and (iii) were partially offset by the positive result for item (ii).

The significant reduction in average PLD between quarters made a significant contribution towards mitigating the negative effects on results from the application of the GSF as well as the Company's thermoelectric exposure and conversely, to a reduction in the positive effects of energy surpluses settled across the CCEE.

In the light of the agreement mitigating the hydrological risk, the Company has recognized a risk premium of R$ 5.9 million in its 3Q16 costs, thus avoiding the cost of a generation deficit of R$ 34.7 million.

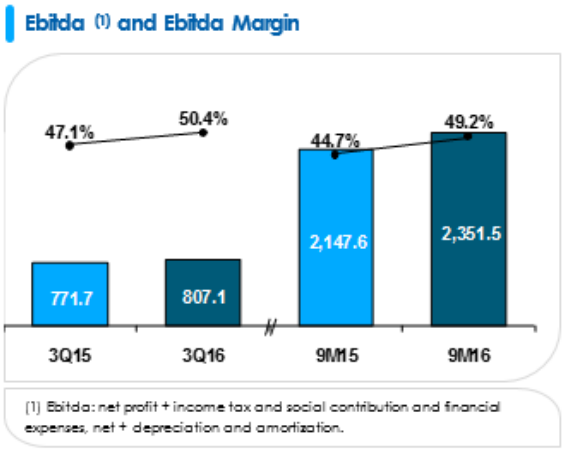
On a year-on-year comparative basis, the average PLD for the South and Southeast/Center-West submarkets - the Company's leading areas of operation - fell 42.8% from R$ 198.39/MWh in 3Q15 to R$ 113.48/MWh in 3Q16.

General and Administrative Expenses

General and administrative expenses fell R$ 4.6 million (10.3%) from R$ 44.4 million in 3Q15 to R$ 39.8 million in 3Q16. This variation is largely the result of reduced engagement of third party services.

Ebitda and Ebitda Margin

Reflecting the aforementioned effects, Ebitda in 3Q16 amounted to R$ 807.1 million, that is R$ 35.4 million (4.6%) above the R$ 771.7 million posted in 3Q15. The Ebitda margin was 50.4% in 3Q16, growth of 3.3 p.p. in relation to 3Q15. The increases are largely a reflection of the combination of the following factors: (i) the negative effect of R$ 99.9 million in short-term market transactions, including those conducted within the scope of the CCEE; (ii) a reduction of R$ 71.3 million energy purchases for resale; (iii) an increaase of R$ 41.4 million in net revenue from contracted energy sales; (iv) a decrease of R$ 29.5 million in fuel costs; and (v) a growth of R$ 6.9 million of other operating costs and expenses.



To allow the reconciliation of the net income with Ebitda, we show the following table:

(In millions of R$)	3Q16	3Q15	Chg. %	9M16	9M15	Chg. %
Net income	396.9	347.6	14.2	1,072.7	901.6	19.0
(+) Income tax and social contribution	186.3	164.8	13.0	497.9	424.0	17.4
(+) Financial expenses, net	65.5	106.2	-38.4	310.5	373.1	-16.8
(+) Depreciation and amortization	158.1	153.1	3.3	469.9	448.8	4.7
Ebitda	806.8	771.7	4.5	2,351.0	2,147.6	9.5
(+) Equity loss	0.3	0.0	0.0	0.5	0.0	0.0
Adjusted Ebitda	807.1	771.7	4.6	2,351.5	2,147.6	9.5

Financial result

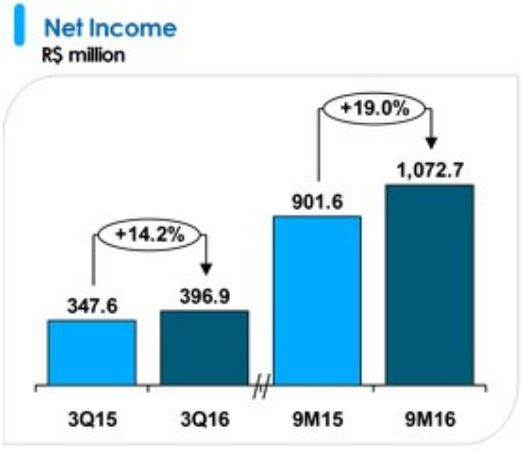
- **Financial income:** in 3Q16, financial income amounted to R$ 103.3 million or R$ 27.5 million (36.3%) higher than the R$ 75.8 million recorded in 3Q15, in large part due to: (i) the increase of R$ 25.0 million in income on financial investments; and (ii) from the increase of R$ 1.7 million in interest and monetary restatement on accounts receivable from the CCEE.
- **Financial expenses:** financial expenses in 3Q16 were R$ 168.8 million, that is R$ 13.2 million (7.3%) lower than reported in 3Q15, which was R$ 182.0 million. The principal variations were: (i) a reduction of R$ 22.0 million in interest and monetary restatement on debt due mainly to the capitalization in 3Q16 of financial expenses from projects under development by the Company; (ii) a growth of R$ 7.3 million in interest and monetary restatement on provisions and actuarial liabilities; and (iii) the increase of R$ 0.6 million in interest and monetary restatement on concession fees payable.

Income tax and social contribution on Net Income

Income Tax and Social Contribution overheads in 3Q16 were R$ 186.4 million, R$ 21.6 million up (13.1%) on the R$ 164.8 million for the same quarter in 2015, principally due to the increase in pre-tax profits.

Net Income

Net income for 3Q16 was R$ 396.9 million, R$ 49.3 million (14.2%), greater than the R$ 347.6 million reported in 3Q15. This increase is largely due to the following factors: (i) growth of R$ 35.4 million in Ebitda; (ii) the positive effect of R$ 40.7 million from the financial result; (iii) an increase of R$ 5.0 million in depreciation and amortization; and (iv) an increase of R$ 21.5 million in income tax and social contribution.



ENGIE BRASIL ENERGIA S.A.

CNPJ Nº 02.474.103/0001-19 | NIRE Nº 42 3 0002438-4

NOTES TO THE QUARTERLY FINANCIAL STATEMENT AS OF 9.30.2016

(In thousands of Reais or other currencies, unless otherwise indicated)

1 - OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia"), current name of Tractebel Energia S.A., is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, Santa Catarina State, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electrical energy, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME).

The shares of the Company are listed in the New Market segment of BM&FBOVESPA under the ticker EGIE3. ENGIE Brasil Energia also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker EGIEY, in the proportion of one ADR for each common share.

The Company is controlled by ENGIE Brasil Participações Ltda. ("ENGIE Participações"), current name of GDF SUEZ Energy Latin America Ltda., a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power is a subsidiary of International Power Ltd., a company headquartered in the United Kingdom, which is part of the economic group ENGIE group, headquartered in France.

At 9.30.2016, its installed capacity, including its stakes in energy generation consortiums, is 7,008.3[1] MW. Out of this total, 79.3% arises from hydroelectric power plants, 15.5% from thermoelectric power plants and 5.2% from complementary energy (Small Hydroelectric Power Plants – SHPP, wind farms, biomass and solar power plants). At 9.30.2016, assured energy for sale averaged 3,873.1 MW.

The Company's generation facilities in operation consist of twenty-eight plants, of which nine hydroelectric power plants, eight thermoelectric power plants (four coal, three biomass and one natural gas), three SHPP, seven wind farms and one photovoltaic solar power plant.

The main corporate and operational events occurred in the third quarter of 2016 are summarized as follows:

a) Issue of debentures

On 7.15.2016, the Company issued R$ 600,000 in non-convertible infrastructure debentures, in two series, at an average cost of IPCA + 6.26%. The proceeds will be used to build the Pampa Sul Thermal Power Plant (UTE Pampa Sul). For more information see Note 13 – Debentures.

[1] The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.

b) Interim dividends

At the meeting held on 7.28.2016, the Board of Directors approved the distribution of interim dividends based on the financial statements as of 6.30.2016, in the amount of R$ 645,197, corresponding to R$ 0.9884403986 per share, equivalent to 100% of the adjusted net income for the first half of 2016. The payment of dividends started on 10.6.2016.

c) Trial operations of Santa Mônica Wind Power Complex

On 9.28.2016, the Company started trial operations in the first wind farm of the Santa Mônica Wind Power Complex with installed capacity of 18.9 MW.

2 - PRESENTATION OF QUARTERLY FINANCIAL INFORMATION

The Parent Company's quarterly information was prepared in accordance with the Accounting Pronouncement Committee (CPC) Pronouncement 21 – Interim Statements, and the consolidated quarterly information was simultaneously prepared in accordance with the International Accounting Standards (IAS) 34 – Interim Financial Reporting and CPC 21.

The quarterly information was also prepared in accordance with the rules established by the Securities and Exchange Commission of Brazil (CVM) applicable to the preparation of Quarterly Information (ITR), using amortized historical cost as base value, excluding fair value assessment of certain financial instruments, when required by the rules.

The preparation of the quarterly information requires the Company´s management to rely on estimates when recording certain transactions that affect its assets and liabilities, revenues and expenses.

The content and values of certain explanatory notes presented in the financial statements for the year ended on 12.31.2015, which did not require significant updates, have not been repeated in the notes selected for the quarterly information of 9.30.2016. Therefore, these financial statements should be read together.

The accounting practices and calculation methods adopted in the preparation of quarterly information of 9.30.2016, as well as the main judgments and uncertainties in the estimates used in applying accounting practices are the same as those used in the preparation of the financial statements for the year ended on 12.31.2015.

a) EmpresasNet System

It is worth noting that the table "Statement of Changes in Shareholders' Equity" of CVM's "EmpresasNet" System, the Adjustment to fair value of property, plant and equipment mentioned in "Other Comprehensive Income", is presented in the column as such, since there is no more appropriate option in the standard CVM statement for the presentation of said transactions.

b) Approval of quarterly information

The quarterly information previously mentioned was approved by the Board of Directors in a meeting held on 10.27.2016.

3 - CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Cash and bank deposits	**31**	**3,664**	**14,559**	**11,691**
Marketable securities				
Exclusive investment fund – Citibank				
Repurchase transactions backed by federal bonds	2,421,708	1,735,137	3,065,444	2,365,959
Other marketable securities	138	207	5,345	19,204
	2,421,846	**1,735,344**	**3,070,789**	**2,385,163**
	2,421,877	**1,739,008**	**3,085,348**	**2,396,854**

4 - TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Distributors	285,403	297,273	397,268	385,568
Traders	151,857	121,815	28,845	34,483
Free Consumers	25,457	22,500	324,013	330,222
Transactions within the CCEE[2]	30,839	6,180	56,046	29,798
Estimated credit losses from doubtful accounts	(6,180)	(6,180)	(6,469)	(6,469)
	487,376	**441,588**	**799,703**	**773,602**

The average term for receiving amounts relative to electrical energy sale invoices is approximately 30 days, as from the first day of month subsequent to the sale.

[2] Electric Energy Commercialization Chamber

The breakdown of overdue accounts receivable recorded under current assets is as follows:

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Overdue up to 30 days	7,144	1,429	10,145	3,009
Overdue more than 30 days	11,426	7,411	15,117	8,886
	18,570	**8,840**	**25,262**	**11,895**

The Company accrued allowance for doubtful accounts on overdue accounts receivable, for which the risk of recovery is deemed as probable. The amounts shown in the chart above are mostly related to agreements signed in the regulated environment for which the Company, in order to mitigate its credit risk, has the policy of requesting guarantees.

In addition to the provisions mentioned above, the Company has amounts receivable from transactions conducted in the Wholesale Electricity Market (MAE), currently CCEE, between 2000 and 2002, for which it maintains full allowance for doubtful accounts. The nature and amounts of these transactions are:

(i) R$ 110,598 – corresponds to credits from transactions made within the MAE between September 2000 and September 2002, which were not received due to certain debtor agents having taken Court action, disagreeing with the interpretation given by that organization, in relation to the provisions of the General Agreement of the Electrical Segment. The provision was established due to doubts in relation to the receipt of the values regarding the aforementioned transactions; and

(ii) R$ 12,388 – refers, substantially, to debts by defaulting agents in the first financial settlement made by MAE, on 12.30.2002, regarding the transactions made within the scope of that market. Such amounts are being the objects of bilateral negotiations for a long time. However, due to uncertainties regarding payment, the Company has set some cash aside as allowance for doubtful accounts, regardless of any legal action applicable to the case.

5 - RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Financing guarantees	8,209	3,546	183,477	146,766
Contractual commitments guarantees	-	-	6,086	6,056
Reinvestment deposits	2,420	2,083	2,420	2,083
Other	107	6,824	5,260	11,660
	10,736	**12,453**	**197,243**	**166,565**
Classification in the balance sheet				
Current assets	2,484	2,293	8,581	8,426
Non-current assets	8,252	10,160	188,662	158,139
	10,736	**12,453**	**197,243**	**166,565**

6 - JUDICIAL DEPOSITS

	Parent Company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Tax and social security	120,037	110,740	120,759	111,393
Civil	17,386	13,819	19,598	15,485
Labor	5,163	5,461	5,302	5,602
	142,586	**130,020**	**145,659**	**132,480**

7 - INVESTMENTS

a) Breakdown

	Parent company	
	9.30.2016	12.31.2015
Interest on subsidiaries:		
Measured at the equity method		
Equity in earnings of subsidiaries	3,900,606	3,645,624
"Goodwill" (Concession right)	71,005	73,511
Other	2,385	-
	3,973,996	**3,719,135**

b) Changes in investments evaluated through the equity method

	Balance at 12.31.2015	Capital increase	Equity in earnings of subsidiaries	Dividends	Other comprehensive income (loss)	Balance at 9.30.2016
Itasa[3]	**285,485**	-	7,344	(37,382)	-	**255,447**
CEE[4]	**1,041,035**	-	48,277	-	-	**1,089,312**
Lages[5]	**43,796**	-	8,449	-	-	**52,245**
EBC[6]	**233,844**	-	91,580	(229,644)	-	**95,780**
ECP[7]	**1,679,074**	145,188	107,468	-	(97,452)	**1,834,278**
Pampa[8]	**362,389**	361,504	19,736	-	(175,541)	**568,088**
Norte Catarinense[9]	**1**	3,588	-	-	-	**3,589**
ENGIE Solar[10]	**-**	2,385	(518)	-	-	**1,867**
	3,645,624	**512,665**	**282,336**	**(267,026)**	**(272,993)**	**3,900,606**

[3] Itá Energética S.A., joint operation.
[4] Companhia Energética Estreito.
[5] Lages Bioenergética Ltda.
[6] ENGIE Brasil Energia Comercializadora Ltda., current name of Tractebel Energia Comercializadora Ltda.
[7] ENGIE Brasil Energias Complementares Participações Ltda., current name of Tractebel Energias Complementares Participações Ltda.
[8] Usina Termelétrica Pampa Sul S.A.
[9] Usina Termelétrica Norte Catarinense Ltda.
[10] ENGIE Geração Solar Distribuída S.A.

b.1) Information on significant direct subsidiaries

	Itasa	CEE	Lages	EBC	ECP	Pampa
Interest (%)	**48,75**	**99,99**	**99,99**	**99,99**	**99,99**	**99,99**
12.31.2015						
Assets	621,233	2,526,871	65,180	702,088	2,421,417	457,660
Shareholders' equity	585,610	1,041,035	43,796	233,844	1,666,289	355,826
9.30.2016						
Assets	582,402	2,484,236	74,952	580,053	2,475,761	557,138
Shareholders' equity	523,994	1,089,312	52,245	95,780	1,796,896	541,540
Capitalized interest	-	-	-	-	40,385	26,548
Third quarter of 2016						
Net revenue	45,073	118,543	13,571	794,155	76,365	-
Net income (loss)	5,549	29,897	3,995	30,655	30,581	(103)
Capitalized interest	-	-	-	-	9,714	9,111
Other comprehensive income (loss)	-	-	-	-	(5,678)	(8,290)
First nine months of 2016						
Net revenue	130,831	323,433	38,503	2,396,925	215,378	-
Net income (loss)	15,065	48,277	8,449	91,580	82,871	(249)
Capitalized interest	-	-	-	-	25,336	19,985
Other comprehensive income (loss)	-	-	-	-	(97,452)	(175,541)

Non-controlling shareholder

The non-controlling interest of Ibitiúva in the shareholders' equity and the net income of ECP presented above is R$ 3,003 and R$ 739, respectively.

Capitalized interest

ENGIE Brasil Energia took out loans to finance the construction of Thermal Power Plant Pampa Sul and the Campo Largo and Santa Mônica Wind Power Complexes. Interest on loans taken for investment in the construction of these subsidiaries' plants was capitalized as construction assets in the consolidated financial statements and recognized using the equity method in the parent company's financial statements. In the nine months ended 9.30.2016, R$ 25,336 was capitalized in subsidiary ECP and R$ 19,985 in subsidiary Pampa Sul. Capitalized amounts up to 9.30.2016 totaled R$ 40,385 and R$ 26,548 in the subsidiaries ECP and Pampa Sul, respectively.

8 - PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company			
		9.30.2016			12.31.2015
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.8%	5,076,288	(2,848,250)	2,228,038	2,331,964
Buildings and improvements	3.0%	1,466,512	(891,606)	574,906	606,830
Machinery and equipment	3.9%	6,416,017	(4,134,004)	2,282,013	2,287,231
Furniture and fixtures	6.3%	9,756	(5,296)	4,460	4,691
Vehicles	14.3%	2,984	(2,038)	946	1,057
Special obligations		(12,283)	-	(12,283)	(12,420)
		12,959,274	**(7,881,194)**	**5,078,080**	**5,219,353**
In progress					
Reservoirs, dams and ducts		1,237	-	1,237	1,347
Buildings and improvements		6,529	-	6,529	2,811
Machinery and equipment		210,544	-	210,544	184,333
Advances to suppliers		37,910	-	37,910	27,890
Acquisitions to be apportioned		26,187	-	26,187	28,530
		282,407	**-**	**282,407**	**244,911**
		13,241,681	**(7,881,194)**	**5,360,487**	**5,464,264**

		Consolidated			
		9.30.2016			12.31.2015
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	3.1%	7,114,808	(3,292,268)	3,822,540	3,983,941
Buildings and improvements	3.1%	1,784,424	(990,825)	793,599	832,520
Machinery and equipment	3.9%	9,069,751	(4,774,942)	4,294,809	4,344,016
Furniture and fixtures	6.3%	10,558	(5,626)	4,932	5,133
Vehicles	14.3%	4,486	(2,845)	1,641	1,707
Special obligations		(12,408)	-	(12,408)	(12,545)
		17,971,619	**(9,066,506)**	**8,905,113**	**9,154,772**
In progress					
Reservoirs, dams and ducts		60,925	-	60,925	15,800
Buildings and improvements		62,105	-	62,105	22,277
Machinery and equipment		424,754	-	424,754	198,094
Advances to suppliers		528,355	-	528,355	399,818
Acquisitions to be apportioned		232,789	-	232,789	106,789
		1,308,928	**-**	**1,308,928**	**742,778**
		19,280,547	**(9,066,506)**	**10,214,04**	**9,897,550**

b) Changes in property, plant and equipment

	Parent company						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2015	**2,331,964**	**606,830**	**2,287,231**	**5,748**	**244,911**	**(12,420)**	**5,464,264**
Additions	-	-	-	-	190,962	-	190,962
Capitalized interest and monetary variation	-	-	-	-	14,888	-	14,888
Transfers	(2,187)	(703)	170,904	203	(168,354)	137	-
Write-offs	-	-	(274)	(39)	-	-	(313)
Depreciation	(101,739)	(31,221)	(175,848)	(506)	-	-	(309,314)
Balance at 9.30.2016	**2,228,038**	**574,906**	**2,282,013**	**5,406**	**282,407**	**(12,283)**	**5,360,487**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2015	**3,983,941**	**832,520**	**4,344,016**	**6,840**	**742,778**	**(12,545)**	**9,897,550**
Additions	-	-	-	-	694,552	-	694,552
Capitalized interest and monetary variation	-	-	-	-	83,557	-	83,557
Transfers	(527)	1,595	210,319	435	(211,959)	137	-
Write-offs	-	-	(276)	(40)	-	-	(316)
Depreciation	(160,874)	(40,516)	(259,250)	(662)	-	-	(461,302)
Balance at 9.30.2016	**3,822,540**	**793,599**	**4,294,809**	**6,573**	**1,308,928**	**(12,408)**	**10,214,041**

c) Impairment of assets

The Company periodically evaluates the property, plant and equipment aiming to identify evidence of impairment, or when events or significant changes can indicate eventual impairment of their book value. If the book value exceeds the recoverable value, this loss is recognized in the income statement.

9 - INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		9.30.2016			12.31.2015
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2034	56,564	(36,255)	**20,309**	**17,262**

		Consolidated			
		9.30.2016			12.31.2015
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Energy purchase right	Until 2023	64,561	(22,586)	41,975	46,486
Right to use assets	Until 2037	75,875	(37,993)	37,882	34,962
Rights over Trairí Project	Until 2041	12,668	(1,583)	11,085	11,524
Rights over Campo Largo Project	-	81,392	-	81,392	81,392
Rights over Santo Agostinho Project	-	58,899	-	58,899	45,872
Rights over Assú Project	-	15,194	-	15,194	16,522
Rights over Santa Mônica Project	-	6,565	-	6,565	6,565
		315,154	**(62,162)**	**252,992**	**243,323**

Rights over the abovementioned projects arise from the fair value of the basic environmental projects, the certification of power generation, wind measurements, preliminary environmental licenses and leasing agreements acquired jointly with the companies. The amortization of these rights will start after the wind farms start to operate commercially and will be recognized through the straight-line method over the term of the authorization for use of the assets.

b) Changes

	Parent company	Consolidated
Balance at 12.31.2015	**17,262**	**243,323**
Addition	6,582	6,692
Fair value of acquired rights	-	11,699
Transfer to property, plant and equipment	-	(143)
Amortization	(3,535)	(8,579)
Balance at 9.30.2016	**20,309**	**252,992**

10 - SUPPLIERS

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Electrical energy purchased	44,125	43,297	150,252	178,827
Transactions in the short-term market	10,536	120,918	10,808	121,189
Fossil fuels and biomass	59,566	101,478	60,408	102,834
Charges for the use of the power grid	34,684	30,940	42,383	37,692
Suppliers of materials and services	43,328	39,474	56,184	52,049
Suppliers of property, plant and equipment	25,175	36,395	47,483	80,982
	217,414	**372,502**	**367,518**	**573,573**

11 - TAX LIABILITIES

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Income tax	117,987	46,465	131,767	57,600
Social contribution	37,563	1,617	43,174	7,385
	155,550	**48,082**	**174,941**	**64,985**
(-) Taxes recoverable	(66,232)	(46,512)	(67,894)	(47,186)
	89,318	**1,570**	**107,047**	**17,799**

12 - LOANS AND FINANCING

a) Breakdown

	Parent Company					
	9.30.2016			12.31.2015		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
BNDES	72,930	258,566	331,496	35,712	277,763	313,475
BNDES onlending (Banks)	35,492	215,784	251,276	34,671	239,996	274,667
Nordic Investment Bank (NIB)	25,890	135,941	161,831	24,458	146,763	171,221
Financial charges	3,200	-	3,200	5,987	-	5,987
	137,512	**610,291**	**747,803**	**100,828**	**664,522**	**765,350**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	454,994	-	454,994	920,668	-	920,668
Mizuho Bank	291,892	-	291,892	341,182	-	341,182
Bank of Tokyo	161,711	-	161,711	188,199	-	188,199
Financial charges	1,530	-	1,530	2,127	-	2,127
	910,127	**-**	**910,127**	**1,452,176**	**-**	**1,452,176**
Loans and financing	**1,047,639**	**610,291**	**1,657,930**	**1,553,004**	**664,522**	**2,217,526**

The balances of loans and financing in the parent company, net of hedge effects, are as follows:

	Parent Company					
	9.30.2016			12.31.2015		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,047,639**	**610,291**	**1,657,930**	**1,553,004**	**664,522**	**2,217,526**
Effects of Hedge (swap) in the balance sheet						
Long position [11]	(176,720)	-	(176,720)	(488,802)	-	(488,802)
Loans and financing, net of hedge effects	**870,919**	**610,291**	**1,481,210**	**1,064,202**	**664,522**	**1,728,724**

	Consolidated					
	9.30.2016			12.31.2015		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
BNDES	184,641	1,359,853	1,544,494	145,533	1,450,429	1,595,962
BNDES onlending (Banks)	76,727	703,191	779,918	73,918	752,771	826,689
Nordic Investment Bank	25,890	135,941	161,831	24,458	146,763	171,221
Banco do Brasil	3,966	330	4,296	3,966	3,305	7,271
Financial charges	9,062	-	9,062	12,439	-	12,439
	300,286	**2,199,315**	**2,499,601**	**260,314**	**2,353,268**	**2,613,582**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	454,994	-	454,994	920,668	-	920,668
Mizuho Bank	291,892	-	291,892	341,182	-	341,182
Bank of Tokyo	161,711	-	161,711	188,199	-	188,199
Financial charges	1,530	-	1,530	2,127	-	2,127
	910,127	**-**	**910,127**	**1,452,176**	**-**	**1,452,176**
Loans and financing	**1,210,413**	**2,199,315**	**3,409,728**	**1,712,490**	**2,353,268**	**4,065,758**

The balances of loans and financing in the consolidated, net of hedge effects, are as follows:

	Consolidated					
	9.30.2016			12.31.2015		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,210,413**	**2,199,315**	**3,409,728**	**1,712,490**	**2,353,268**	**4,065,758**
Effects of Hedge (swap) in the balance sheet						
Long position	(176,720)	-	(176,720)	(488,802)	-	(488,802)
Loans and financing, net of hedge effects	**1,033,693**	**2,199,315**	**3,233,008**	**1,223,688**	**2,353,268**	**3,576,956**

[11] The long position of the hedge is presented as part of the item "Unrealized gain from hedge operations"

b) Changes in loans and financings

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2015	**1,553,004**	**664,522**	**2,217,526**	**1,712,490**	**2,353,268**	**4,065,758**
Additions	-	35,994	35,994	-	35,994	35,994
Interest income (expenses)	50,802	-	50,802	101,611	-	101,611
Monetary variation in profit or loss	2,367	13,066	15,433	4,005	30,473	34,478
Capitalized interest and monetary variation	5,062	-	5,062	64,138	-	64,138
Exchange variation	(202,664)	-	(202,664)	(202,664)	-	(202,664)
Adjustment to fair value	38,507	-	38,507	38,507	-	38,507
Transfers	103,291	(103,291)	-	220,420	(220,420)	-
Amortization of principal	(444,573)	-	(444,573)	(559,635)		(559,635)
Interest payment	(58,157)	-	(58,157)	(168,459)		(168,459)
Balance at 9.30.2016	**1,047,639**	**610,291**	**1,657,930**	**1,210,413**	**2,199,315**	**3,409,728**

c) Maturity of loans and financing under non-current liabilities

	Parent Company	Consolidated
October to December 2017	33,319	72,056
2018	134,141	285,699
2019	134,141	284,138
2020	110,608	258,091
2021	77,661	219,840
2022 to 2026	120,421	757,106
2027 to 2032	-	322,385
Loans and financing	**610,291**	**2,199,315**

d) Financial contractual commitments (covenants)

Debt	Covenants
Parent company	
Nordic Investment Bank	Parent company: Total debt / EBITDA ≤ 3.5 Consolidated: Total debt / EBITDA ≤ 4.5 Parent company and Consolidated: EBITDA / financial expenses ≥ 2.0
BNDES – Modernization	Net Debt/EBITDA ≤ 3.5
BNDES and Banks (BNDES onlending) – Usina São Salvador	Consolidated total debt/EBITDA ≤ 4.5
HSBC USA, Mizuho Bank and Bank of Tokyo	EBITDA/consolidated financial expenses≥ 2.0 Consolidated total debt/EBITDA ≤ 4.5
Subsidiaries	
BNDES and Banks (BNDES onlending)	Debt service coverage ratio[12] ≥ 1.2 or 1.3, depending on the subsidiary
BNDES – Expansion	Net Debt/EBITDA ≤ 3.5
BNDES - Ibitiúva	Total debt ratio ≤ 0.80 Debt service coverage ratio ≥ 1.3

13 - DEBENTURES

a) Changes in debentures

	Parent Company			Consolidated		
	Current	Non-Current	Total	Current	Non-Current	Total
Balance at 12.31.2015	**489**	**180,947**	**181,436**	**489**	**180,947**	**181,436**
Inflows	-	585,785	585,785	-	585,785	585,785
Accrued interest	11,801	-	11,801	6,612	-	6,612
Monetary variation in profit or loss	273	11,672	11,945	273	7,268	7,541
Capitalized interest and monetary variation	4,318	5,508	9,826	9,507	9,912	19,419
Transfers	(470)	470	-	(470)	470	-
Balance at 9.30.2016	**16,411**	**784,382**	**800,793**	**16,411**	**784,382**	**800,793**

On 7.15.2016, the Company issued 600,000 simple, unsecured, non-convertible debentures in two series, at the nominal unit value of R$ 1, totaling R$ 600,000, or R$585,785 net of funding costs. The proceeds will be used to build UTE Pampa Sul.

The main conditions of the issue were:

[12]Debt service coverage rate: Activity cash generation/ Debt service

			Payment Conditions		
	Number	Remuneration	Charges	Principal	Guarantee
6th Issue – 1st Series	246,600	IPCA + 6.2621% p.a.	Annually in July	3 annual installments starting July 2021	No guarantee
6th Issue – 2nd Series	353,400	IPCA + 6.2515% p.a.	Annually in July	3 annual installments starting July 2024	No guarantee

b) Contractual covenants

Debt	Covenants
6th Issuance - single series	EBITDA/consolidated financial expenses ≥ 2.0 Consolidated gross debt/EBITDA ≤ 4.5

14 - CONCESSIONS PAYABLE

a) Breakdown

	Parent Company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Cana Brava hydroelectric power plant	924,587	810,919	924,587	810,919
Ponte de Pedra hydroelectric power plant	795,165	704,492	795,165	704,492
São Salvador hydroelectric power plant	528,802	505,170	528,802	505,170
Estreito hydroelectric power plant	-	-	52,260	49,971
	2,248,554	**2,020,581**	**2,300,814**	**2,070,552**
Classification in the balance sheet				
Current liabilities	59,624	55,388	65,107	60,572
Non-current liabilities	2,188,930	1,965,193	2,235,707	2,009,980
	2,248,554	**2,020,581**	**2,300,814**	**2,070,552**

b) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2015	**55,388**	**1,965,193**	**2,020,581**	**60,572**	**2,009,980**	**2,070,552**
Accrued interest	-	145,105	145,105	-	148,810	148,810
Monetary variations	-	126,127	126,127	-	128,948	128,948
Transfers	47,495	(47,495)	-	52,031	(52,031)	-
Amortizations	(43,259)	-	(43,259)	(47,496)	-	(47,496)
Balance at 9.30.2016	**59,624**	**2,188,930**	**2,248,554**	**65,107**	**2,235,707**	**2,300,814**

c) Maturities of concessions payable disclosed in non-current liabilities

	Parent Company	Consolidated
October to December 2017	14,018	15,306
2018	52,865	57,718
2019	60,241	64,652
2020	100,503	104,513
2021	122,393	126,038
2022 to 2026	884,963	898,779
2027 to 2031	714,096	722,673
2032 to 2037	239,851	246,028
	2,188,930	**2,235,707**

15 - CIVIL, TAX, SOCIAL SECURITY AND LABOR PROVISIONS

Suits and claims filed against the Company, assessed by legal counsels and management as probable risks of future disbursement, are provisioned in amounts considered sufficient to settle the respective liabilities.

a) Breakdown

	Parent Company		Consolidated	
	9.30.2016	**12.31.2015**	**9.30.2016**	**12.31.2015**
Civil				
Fuel purchase	206,464	184,956	206,464	184,956
Expropriations and administrative services	31,264	27,794	31,264	27,794
Retirement benefits	17,195	15,573	17,195	15,573
Environmental	10,033	11,448	10,033	11,448
Sundry lawsuits	15,280	14,168	20,200	17,679
	280,236	**253,939**	**285,156**	**257,450**
Tax	**5,438**	**4,847**	**5,777**	**5,142**
Labor	10,578	9,389	10,888	**10,008**
	296,252	**268,175**	**301,821**	**272,600**
Classification in the balance sheet				
Current liabilities	29,118	24,761	30,098	25,727
Non-current liabilities	267,134	243,414	271,723	246,873
	296,252	**268,175**	**301,821**	**272,600**

b) Possible and remote risks

The Company is also a party to lawsuits that, in the opinion of the legal advisors and its Management, do not represent a probable risk of future disbursement, for which reason the amounts related to those lawsuits, are not provisioned for.

	9.30.2016			12.31.2015		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Parent Company						
Tax	242,799	147,839	390,638	239,648	111,891	351,539
Civil	97,356	126,032	223,388	70,060	113,764	183,824
Labor	4,165	95,412	99,577	3,789	63,780	67,569
	344,320	**369,283**	**713,603**	**313,497**	**289,435**	**602,932**
Consolidated						
Tax	314,307	167,778	482,085	310,195	130,461	440,656
Civil	118,697	127,545	246,242	92,047	115,122	207,169
Labor	7,277	97,600	104,877	6,023	64,795	70,818
	440,281	**392,923**	**833,204**	**408,265**	**310,378**	**718,643**

Updated information on the provisions assessed as possible risk of loss

In 1Q16, the Company Management and its legal counsels reassessed the amount and the risk of loss from probable to possible for eleven environmental public-interest civil actions. These lawsuits are divided as follows: (i) three lawsuits requiring the installation of a lock, fish ladder and "lair out"; and (ii) eight lawsuits requiring reforesting and the establishment of a Permanent Conservation Area (APP) of one hundred meters around the reservoirs of two hydroelectric power plants.

The change in tax contingencies, assessed as remote risk, largely refers to litigations due to the non-ratification of the Statement of Compensation of Corporate Income Tax occurred in 2Q16.

16 - RETIREMENT BENEFITS OBLIGATIONS

a) Breakdown

	Parent Company and Consolidated					
	9.30.2016			12.31.2015		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	8,171	85,510	93,681	7,423	85,491	92,914
Current contributions and service costs	183	111	294	220	130	350
Uncontracted deficit	13,835	187,090	200,925	14,546	169,931	184,477
Recorded actuarial liability	**22,189**	**272,711**	**294,900**	**22,189**	**255,552**	**277,741**

b) Changes

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities recorded on 12.31.2015	**255,001**	**18,516**	**1,520**	**2,704**	**277,741**
Current service costs	-	-	-	68	68
Contributions/payments	-	(228)	-	(292)	(520)
Interest on actuarial liabilities/assets, net	25,525	1,476	125	197	27,323
Payment of obligations contracted	(6,902)	(2,582)	(228)	-	(9,712)
Liabilities recorded on 9.30.2016	**273,624**	**17,182**	**1,417**	**2,677**	**294,900**

c) Expected settlement of contracted amounts presented in non-current liabilities:

	ELOS	PREVIG	Total
October to December 2017	1,274	656	1,930
2018	5,534	2,877	8,411
2019	5,867	3,050	8,917
2020	6,218	3,233	9,451
2021	6,591	3,427	10,018
2022 to 2026	26,867	3,749	30,616
2027 to 2032	16,167	-	16,167
	68,518	**16,992**	**85,510**

17 - DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Deferred income and social contribution tax assets and liabilities, are presented net, as follows:

a) Breakdown

	Parent Company				
	9.30.2016				12.31.2015
Description of credits	**Calculation basis**	**IR**	**CS**	**Total**	**Total**
Liabilities:					
Property, plant and equipment deemed cost (fair value)	678,782	169,696	61,090	230,786	244,978
Accelerated depreciation	618,989	154,747	55,709	210,456	167,651
Unrealized hedge gains	177,806	44,452	16,003	60,455	179,655
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Capitalized financial charges	64,805	16,201	5,832	22,033	17,219
Adjustment to fair value in business combination	39,680	9,920	3,571	13,491	14,054
Other	3,155	789	284	1,073	786
		422,669	**152,160**	**574,829**	**660,878**
Assets:					
Civil, tax and labor provisions	288,351	72,088	25,952	98,040	88,493
Retirement benefits obligations	201,172	50,293	18,105	68,398	62,830
Allowance for doubtful accounts	129,192	32,298	11,627	43,925	43,925
Fair value adjustment in business combinations	107,814	26,954	9,703	36,657	34,887
Interest on property, plant and equipment in progress (RIC)	80,626	20,157	-	20,157	22,885
Provision for impairment losses	52,692	13,173	4,742	17,915	20,426
Other	46,543	11,636	4,188	15,824	18,222
		226,599	**74,317**	**300,916**	**291,668**
Net amount		**196,070**	**77,843**	**273,913**	**369,210**

Description of credits	Consolidated				
	9.30.2016				12.31.2015
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	678,782	169,696	61,090	230,786	244,978
Accelerated depreciation	768,099	192,025	69,129	261,154	209,443
Unrealized hedge gains	211,244	52,811	19,012	71,823	322,344
Capitalized financial charges	166,219	41,555	14,960	56,515	28,352
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Adjustment to fair value in business combination	39,680	9,920	3,571	13,491	14,054
Other	3,155	789	284	1,073	784
		493,660	**177,717**	**671,377**	**856,490**
Assets:					
Civil, tax and labor provisions	291,907	72,977	26,272	99,249	89,378
Retirement benefits obligations	201,172	50,293	18,105	68,398	62,830
Allowance for doubtful accounts	131,330	32,833	11,820	44,653	44,651
Fair value adjustment in business combinations	107,814	26,954	9,703	36,657	34,887
Interest on property, plant and equipment in progress (RIC)	80,626	20,157	-	20,157	22,885
Provision for impairment losses	52,692	13,173	4,742	17,915	20,426
Fair value adjustment of property, plant and equipment	36,535	9,134	3,288	12,422	13,117
Other	99,188	24,796	8,927	33,723	24,548
		250,317	**82,857**	**333,174**	**312,722**
Net amount		**243,343**	**94,860**	**338,203**	**543,768**
Classification in the balance sheet					
Liabilities		259,370	100,614	359,984	558,826
Assets[13]		(16,027)	(5,754)	(21,781)	(15,058)
Total		**243,343**	**94,860**	**338,203**	**543,768**

b) Change in deferred income and social contribution taxes, net

	Parent company	Consolidated
Balance at 12.31.2015	**369,210**	**543,768**
Taxes deferred in profit or loss	(95,297)	(67,129)
Taxes deferred in other comprehensive income	-	(138,436)
Balance at 9.30.2016	**273,913**	**338,203**

[13] Amount presented under "Other non-current liabilities"

c) Expected realization and required payments

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
October to December 2016	20,271	65,600	21,832	69,631
2017	95,377	19,965	103,898	27,232
2018	61,637	55,288	62,782	57,123
2019	18,384	22,539	20,176	24,263
2020	14,129	23,009	15,514	24,733
2021	12,622	26,618	13,977	28,342
2022 to 2026	37,970	150,813	44,580	175,278
2027 to 2031	14,450	101,781	18,833	126,245
2032 onwards	26,076	109,216	31,582	138,530
	300,916	**574,829**	**333,174**	**671,377**

18 - SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the BM&FBOVESPA's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance as at 9.30.2016 and 12.31.2015.

b) Subscribed and paid-in capital

In the meeting held on 2.23.2016, the Board of Directors approved the allocation of a portion of the net income for the year ended 2015 to the capital increase in a total amount of R$ 290,487, corresponding to R$ 0.4450258658 per share, without issue of new shares. Furthermore, on 5.5.2016, the Board of Directors approved the capital increase of R$1,108, corresponding to R$ 0.0016968731 per share, relating to capitalization of a part of the tax incentive reserve, related to the deposit for reinvestment in the Ponte de Pedra Hydroelectric Plant. Thus, as at 9.30.2016, the Company's fully subscribed and paid-in capital is R$2,737,361 (R$ 2,445,766 at 12.31.2015), represented by 652,742,192 registered common shares without par value.

The book value of the share in Reais, at 9.30.2016, is R$ 10.09 (R$ 10.18 for each share at 12.31.2015).

At 9.30.2016 and 12.31.2015 the Company's ownership structure was as follows:

Shareholders	% of capital
ENGIE Brasil Participações Ltda. ("ENGIE Participações")	68.71%
Banco Clássico S.A.	10.00%
Other shareholders	21.29%
	100.00%

At 9.30.2016 and 12.31.2015, the management of the Company held 374,328 and 381,132 shares, respectively.

c) Other comprehensive income

The account records the following variations of the fair value, net of deferred income tax and social contribution: (i) obligations with the retirement benefits of defined benefit plans sponsored by the Company; and (ii) cash flow hedges of future commitments in foreign currency signed by the Company.

19 - RECONCILIATION OF NET REVENUE

	Parent Company			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
GROSS OPERATING INCOME				
Electrical energy distributors	706,702	566,190	1,832,202	1,698,720
Electrical energy traders	342,506	349,657	1,387,555	1,300,670
Free consumers	64,129	65,331	204,377	204,290
Transactions in the short-term market	4,182	82,487	48,679	170,232
Other revenues	34,743	15,615	68,781	49,627
	1,152,262	**1,079,280**	**3,541,594**	**3,423,539**
DEDUCTIONS FROM OPERATING INCOME				
PIS and Cofins	(92,884)	(97,025)	(317,125)	(308,814)
ICMS	(2,490)	(5,330)	(7,257)	(19,996)
ISS	(438)	(399)	(1,269)	(1,147)
Research and development	(7,480)	(10,719)	(23,532)	(27,874)
	(103,292)	**(113,473)**	**(349,183)**	**(357,831)**
NET REVENUE	**1,048,970**	**965,807**	**3,192,411**	**3,065,708**

	Consolidated			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
GROSS OPERATING INCOME				
Electrical energy distributors	849,718	825,485	2,524,097	2,475,280
Electrical energy traders	91,834	60,095	277,276	176,940
Free consumers	776,379	811,931	2,349,620	2,433,142
Transactions in the short-term market	22,781	113,463	81,149	214,811
Other revenues	28,935	10,459	51,552	34,428
	1,769,647	**1,821,433**	**5,283,694**	**5,334,601**
DEDUCTIONS FROM OPERATING INCOME				
PIS and Cofins	(155,426)	(163,513)	(472,978)	(479,803)
ICMS	(2,490)	(5,330)	(7,257)	(20,049)
ISS	(438)	(399)	(1,269)	(1,147)
Research and development	(8,473)	(12,177)	(26,028)	(30,762)
	(166,827)	**(181,419)**	**(507,532)**	**(531,761)**
NET REVENUE	**1,602,820**	**1,640,014**	**4,776,162**	**4,802,840**

20 - DETAIL OF OPERATING EXPENSES BY NATURE

a) Costs of electrical energy production and services rendered:

	Parent Company			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Depreciation and amortization	103,516	98,342	306,728	287,558
Personnel	59,352	51,943	172,343	155,446
Royalties	43,572	42,110	126,592	105,714
Fuel	34,158	62,501	119,105	166,916
Material and third party services	36,031	40,899	90,055	109,700
Recognition (Reversal) of operating provisions	-	2,424	(832)	66,313
Other	14,405	12,119	44,224	43,472
	291,034	**310,338**	**858,215**	**935,119**
Classification in the income statement				
Power production cost	283,474	303,150	836,051	914,853
Cost of services rendered	7,560	7,188	22,164	20,266
	291,034	**310,338**	**858,215**	**935,119**

	Consolidated			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Depreciation and amortization	156,062	150,754	463,738	442,367
Personnel	60,121	52,967	175,702	159,053
Royalties	48,977	47,984	145,973	125,178
Material and third party services	52,188	54,494	131,395	149,016
Fuel	36,525	66,028	126,117	181,266
(Reversal) Recognition of operating provisions	(106)	2,552	(49)	66,065
Other	17,944	15,338	53,693	52,294
	371,711	**390,117**	**1,096,569**	**1,175,239**
Classification in the income statement				
Power production cost	364,136	382,923	1,074,379	1,154,963
Cost of services rendered	7,575	7,194	22,190	20,276
	371,711	**390,117**	**1,096,569**	**1,175,239**

b) Selling, general and administrative expenses

	Parent Company			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Personnel	19,268	19,981	61,099	60,066
Material and third party services	7,663	11,135	29,954	28,232
Management	4,534	5,340	17,138	18,112
Contributions and donations	1,135	2,492	7,037	6,663
Depreciation and amortization	1,999	2,299	6,121	6,438
Rentals	1,630	1,579	4,794	4,492
(Reversal) Recognition of operating provisions	(24)	(2,552)	180	(4,476)
Other	4,882	5,545	12,316	16,021
	41,087	**45,819**	**138,639**	**135,548**
Classification in the income statement				
Selling expenses	2,294	2,440	7,652	7,625
General and administrative expenses	38,793	43,379	130,987	127,923
	41,087	**45,819**	**138,639**	**135,548**

	Consolidated			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Personnel	19,420	20,131	61,615	60,539
Material and third party services	8,955	12,265	33,708	32,400
Management	4,553	5,561	17,228	18,893
Contributions and donations	1,870	3,203	9,286	8,899
Depreciation and amortization	2,006	2,307	6,143	6,461
Rentals	2,158	1,940	5,846	5,352
(Reversal) Recognition of operating provisions	(24)	(2,553)	179	(4,509)
Other	5,033	5,790	13,358	17,047
	43,971	**48,644**	**147,363**	**145,082**
Classification in the income statement				
Selling expenses	4,128	4,229	13,410	13,614
General and administrative expenses	39,843	44,415	133,953	131,468
	43,971	**48,644**	**147,363**	**145,082**

21 - FINANCIAL RESULT

	Parent Company			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Financial income				
Income from marketable securities	67,387	48,988	161,327	118,950
Income from restricted deposits	173	1,298	1,010	6,521
Monetary variation on judicial deposit	4,679	3,928	13,526	10,807
Interest on receivables	2,543	2,323	21,619	6,943
Interest and monetary variation on receivables from energy sales – gain in lawsuit	1,418	-	38,590	-
Other financial income	236	1,630	4,379	3,344
	76,436	**58,167**	**240,451**	**146,565**
Financial expenses				
Interest and monetary variation				
Concessions payable	75,162	74,351	271,232	233,201
Operations – Electric Energy Trade Board (CCEE)	-	-	67,577	-
Loans and financing	19,885	17,201	66,235	43,783
Fair value hedge on loans	20,604	29,706	63,152	85,290
Provisions	7,920	2,309	28,565	28,113
Retirement benefit obligations	9,107	7,383	27,323	22,152
Debentures	16,234	5,495	23,746	21,313
Other	64	81	366	2,573
Exchange variation				
Loans	10,260	365,336	(202,664)	575,316
Fair value hedge on loans	(10,260)	(365,336)	202,664	(575,316)
Fair value adjustment	116	(150)	1,934	(398)
Other financial expenses	2,215	2,090	5,014	4,990
	151,307	**138,466**	**555,144**	**441,017**
Financial expenses, net	**74,871**	**80,299**	**314,693**	**294,452**

	Consolidated			
	3rd Quarter		First nine months	
	2016	2015	2016	2015
Financial income				
Income from marketable securities	87,999	63,024	226,567	157,533
Income from restricted deposits	5,755	5,720	16,155	18,456
Interest on receivables	3,136	1,384	22,734	4,766
Monetary variation on judicial deposits	4,766	3,995	13,806	11,011
Interest and monetary variation on receivables from energy sales – gain in lawsuit	1,418	-	38,590	-
Other financial income	243	1,636	4,428	3,490
	103,317	**75,759**	**322,280**	**195,256**
Financial expenses				
Interest and monetary variation				
Concessions payable	76,986	76,372	277,758	240,115
Loans and financing	43,432	57,459	136,089	157,994
Fair value hedge on loans	20,604	29,706	63,152	85,290
Provisions	8,011	2,398	28,925	28,447
Retirement benefit obligations	9,107	7,383	27,323	22,152
Debentures	6,641	5,495	14,153	21,313
Operations – Electric Energy Trade Board	99	-	72,680	
Other	374	423	2,306	4,114
Exchange variation				
Loans	10,260	365,336	(202,664)	575,316
Fair value hedge on loans	(10,260)	(365,336)	202,664	(575,316)
Fair value adjustment	116	(150)	1,934	(398)
Other financial expenses	3,407	2,921	8,428	9,355
	168,777	**182,007**	**632,748**	**568,382**
Financial expenses, net	**65,460**	**106,248**	**310,468**	**373,126**

22 - INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent Company							
	3rd Quarter				First nine months			
	2016		2015		2016		2015	
	Income Tax	Social Contribution	Income Tax	Social Contribution	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**533,980**	**533,980**	**461,775**	**461,775**	**1,452,799**	**1,452,799**	**1,223,471**	**1,223,471**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(133,495)**	**(48,058)**	**(115,444)**	**(41,560)**	**(363,200)**	**(130,752)**	**(305,868)**	**(110,112)**
Permanent differences:								
Equity in net income of subsidiaries	29,003	10,441	30,350	10,926	70,584	25,410	64,654	23,275
Tax incentives	5,875	-	2,290	-	20,674	-	9,306	-
Other	(939)	(193)	(843)	(126)	(2,979)	(532)	(3,369)	(366)
	(99,556)	**(37,810)**	**(83,647)**	**(30,760)**	**(274,921)**	**(105,874)**	**(235,277)**	**(87,203)**
Breakdown of taxes in the income statement								
Current	(93,861)	(36,087)	(11,088)	(4,966)	(344,270)	(131,822)	(107,312)	(42,118)
Deferred	(5,695)	(1,723)	(72,559)	(25,794)	69,349	25,948	(127,965)	(45,085)
	(99,556)	**(37,810)**	**(83,647)**	**(30,760)**	**(274,921)**	**(105,874)**	**(235,277)**	**(87,203)**
Effective rate	**18.6%**	**7.1%**	**18.1%**	**6.7%**	**18.9%**	**7.3%**	**19.2%**	**7.1%**

	Consolidated							
	3rd Quarter				First nine months			
	2016		2015		2016		2015	
	Income Tax	Social Contribution	Income Tax	Social Contribution	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**583,260**	**583,260**	**512,425**	**512,425**	**1,570,629**	**1,570,629**	**1,325,609**	**1,325,609**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(145,815)**	**(52,494)**	**(128,106)**	**(46,118)**	**(392,657)**	**(141,357)**	**(331,402)**	**(119,305)**
Permanent differences:								
Differences between tax calculation base and presumed profit	8,605	2,828	4,570	1,476	15,096	4,629	12,108	3,881
Tax incentives	5,875	-	2,290	-	20,674	-	9,306	-
Other	(4,114)	(1,262)	694	391	(3,568)	(703)	517	916
	(135,449)	**(50,928)**	**(120,552)**	**(44,251)**	**(360,455)**	**(137,431)**	**(309,471)**	**(114,508)**
Breakdown of taxes in the income statement								
Current	(120,545)	(45,893)	(40,669)	(15,830)	(409,118)	(155,897)	(183,570)	(70,188)
Deferred	(14,904)	(5,035)	(79,883)	(28,421)	48,663	18,466	(125,901)	(44,320)
	(135,449)	**(50,928)**	**(120,552)**	**(44,251)**	**(360,455)**	**(137,431)**	**(309,471)**	**(114,508)**
Effective rate	**23.2%**	**8.7%**	**23.5%**	**8.6%**	**22.9%**	**8.8%**	**23.3%**	**8.6%**

23 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In order to conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Committee, which is responsible for: (i) internally promote the awareness on risk treatment; (ii) define goals and guidelines for its management; (iii) promote and suggest improvements in its evaluation processes; and (iv) classify and define control procedures.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the risk factors described below.

a) Market risk

The Company and its subsidiaries use financial instruments with the objective of hedging assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indexes and currency fluctuations.

These risks are monitored by the Financial Committee that periodically evaluates the Company's exposure and propose operating strategies, control system and position and credit limits with other market partners. The Company does not perform financial operations in derivatives or any other instruments on a speculative basis.

In the nine-month period ended 9.30.2016, there were no changes in the Company's exposure to market risks or in the management and measurement of these risks.

The main market risks to which the Company is exposed are as follows:

a.1) Risk related to debts with floating interest rates

This risk is related to the possibility of the Company incurring losses as a result of fluctuations in interest rates applied to its liabilities, affecting its financial expenses. The Company and its subsidiaries are exposed to floating interest rates linked to TJLP, DI rate, Euribor, IGP-M and IPCA variations.

With respect to the risk of inflation acceleration, all prevailing electrical energy sale contracts have an inflation adjustment clause for the application of IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed at inflation rates and/or linked to inflation acceleration, which is the case of debts linked to CDI.

Regarding the risk of floating interest rates, the majority of the Company's debt is linked to the Brazilian long-term interest rate (TJLP), which is expected to increase in the short and medium terms. Since the increase usually follows raises in the basic interest rate and inflationary trends, it tends to be protected by the aforementioned adjustments to energy contracts. Note that any amount corresponding to the portion of TJLP that exceeds 6% p.a. is added to the principal of the debt.

a.2) Risk related to liabilities denominated in foreign currency

The exchange rate risk is associated with the possibility of variation in foreign exchange rates, which affects the financial result and the balance of liabilities denominated in foreign currencies. The Company's policy to hedge against exchange rate variation risks seeks to achieve a low level of exposure for its liabilities and obligations denominated in foreign currency, which are permanently monitored by the Company's Financial Committee.

At 9.30.2016, the Company held no debt denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains in hedge operations are as follows:

	Parent Company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Long position				
Fair value hedge operations on loans	176,720	488,802	176,720	488,802
Cash flow hedge operations on obligations	-	-	45,176	419,665
	176,720	**488,802**	**221,896**	**908,467**
Short position				
Cash flow hedge operations on obligations	**-**	**-**	**(33,238)**	**(562)**
Net position	**176,720**	**488,802**	**188,658**	**907,905**
Classification in the balance sheet				
Current assets	176,720	488,802	218,478	778,227
Non-current assets	-	-	3,418	130,240
Current liabilities[14]	-	-	(33,238)	-
Non-current liabilities[15]	-	-	-	(562)
	176,720	**488,802**	**188,658**	**907,905**

a.2.1) Fair value hedge operations on loans

The Company contracted swap operations with the Brazilian subsidiaries of the same lending financial institutions, in order to hedge future payment flows of principal and interest, including any income tax levied thereon, against foreign exchange fluctuation.

Due to the characteristics of said financial instruments, the Company applied the rules of fair value hedge accounting to record them. As a result, both the underlying loan object of the hedge operation and the hedge instrument itself (swap) are measured at fair value through profit or loss, thus fully protecting the Company from the financial effects, as well as impacts from exchange variation in its results.

[14] Presented partially under "Other current liabilities."

[15] Presented partially under "Other non-current liabilities."

At 9.30.2016, the values of the loans and their swaps assessed at their amortized costs ("at the curve") and fair values were as follows:

Financial instrument	Notional value	Maturity	Interest payment	Interest	Amortized cost	Adjustment to fair value	Book balance
HSBC USA III	US$ 80,266	10.2016	Quarterly	1.7871% p.a.	261,570	(384)	261,186
Swap	R$ 200,000	10.2016	Quarterly	99.0% of CDI	(205,794)	2	(205,792)
HSBC USA IV	US$ 50,000	12.2016	Quarterly	1.8104 % p.a.	162,424	3	162,427
Swap	R$ 128,320	12.2016	Quarterly	98.6% of CDI	(133,478)	7	(133,471)
HSBC USA V	US$ 10,000	12.2016	Quarterly	1.8471 % p.a.	32,485	42	32,527
Swap	R$ 26,558	12.2016	Quarterly	97% of CDI	(27,161)	(1)	(27,162)
Mizuho Bank	US$ 90,000	12.2016	Quarterly	1.7260% p.a.	292,412	(385)	292,027
Swap	R$ 233,910	12.2016	Quarterly	96.02% of CDI	(235,565)	153	(235,412)
Bank of Tokyo	US$ 50,000	12.2016	Quarterly	114.2857% Libor + 0.5486% p.a.	162,439	(479)	161,960
Swap	R$ 130,500	12.2016	Quarterly	98.0% of CDI	(131,578)	8	(131,570)
Swap result					**177,754**	**(1,034)**	**176,720**

Changes in fair value hedge operations on loans

	Parent Company and Consolidated
	Current
Assets at 12.31.2015	**488,802**
Interest expense	(63,152)
Exchange variation	(202,664)
Fair value adjustment	36,573
Principal amortization	(147,190)
Interest amortization	64,351
Assets at 9.30.2016	**176,720**

a.2.2) Cash flow hedge operations

As at 9.30.2016, the Company maintains a Non-Deliverable Forward (NDF) operation to hedge all of its future foreign-denominated payments arising from contractual commitments related to the construction of the coal-fired thermal power plant UTE Pampa Sul and of the wind farms comprising the Campo Largo Complex and of the Assú Photovoltaic Power Plant. The NDFs used to hedge the commitments assumed by Campo Largo Wind Power Complex and Assú V Photovoltaic Solar Power Plant were contracted by ENGIE Brasil Energia – the indirect parent company – and fully transferred to the subsidiaries.

These NDF operations were contracted 84.5% from HSBC and 15.5% from Santander, and mature up to July 2018.

At 9.30.2016, unrealized gains with NDF totaled an asset of R$ 45,176 (R$ 419,665 at 12.31.2015) and a liability of R$ 33,238 (R$ 562 at 12.31.2015). The corresponding entry is recognized directly to shareholders' equity under "Other comprehensive income (loss)", net of deferred income and social contribution taxes, in the amount of R$ 7.879. In addition, an amount of R$ 9,383 was

recognized under "Other comprehensive income," relating to the gains realized from NDF contracted again due to the revision of the supplier payment flow. Unrealized losses, net of impacts from deferred income and social contribution taxes, in the three-month and nine-month periods ended 9.30.2016, were R$ 15,834 and R$ 268,729, respectively, and are recorded in the "Statement of comprehensive income."

a.3) Sensitivity analysis of the exposure to risks related to interest rates, floating rates and foreign currency quotation variation

In compliance with CVM Instruction no. 475/08 and for reference purposes, the Company prepared a sensitivity analysis on its loans, financing, debentures and concessions payable exposed to interest rate variation risks and floating rate risks, and foreign currency variation risks.

The probable basic scenario for 9.30.2016 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout).

Variation of interest rates and indices:	Change 9.30.2016	Probable Scenario 9.30.2017	Sensitivity		
			Probable	Δ + 25% (*)	Δ + 50% (*)
TJLP	7.4%	7.5%	+ 0.1 p.p.	1.9 p.p.	3.8 p.p.
CDI	14.1%	11.0%	- 3.1 p.p.	2.8 p.p.	5.9 p.p.
IPCA	8.5%	5.2%	- 3.3 p.p.	1.3 p.p.	2.6 p.p.
IGP-M	10.7%	5.4%	- 5.3 p.p.	1.4 p.p.	2.7 p.p.

(*) Variations on probable scenario for 2017.

The probable sensitivity was calculated based on the variation of indices for the last 12 months ended 9.30.2016 and those expected in the probable scenario for the 12 months ending 9.30.2017. The other sensitivities shown were calculated based on the variation of 25% and 50% on the probable scenario for the 12 months ending 9.30.2017. The variations that could be caused on the consolidated financial result of the Company in the next 12 months compared to the last 12 months if the scenarios materialize are the following:

	Balance at 9.30.2016	Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Loans and financing				
TJLP	2,299,071	(2,745)	(41,429)	(83,534)
CDI (Loans with swap to CDI rate)	910,127	2,623	(2,457)	(4,927)
IPCA	162,982	4,980	(1,928)	(3,856)
		4,858	**(45,814)**	**(92,317)**
Debentures				
IPCA	800,793	**28,181**	**(10,910)**	**(21,818)**
Concessions payable				
IGP-M	1,719,752	88,954	(24,071)	(48,142)
IPCA	581,062	15,118	(6,088)	(12,175)
		104,072	**(30,159)**	**(60,317)**
Total		**137,111**	**(86,883)**	**(174,452)**

b) Capital management risk

The Company manages its capital so as to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that provide the return to investors.

c) Credit risk

The transactions that are relevant to the Company's business in which there exists credit risk are energy sales, financial investments and hedge operations. The Company's history of losses resulting from difficulties of banks and customers to honor their commitments is practically zero. The Company is the guarantor of certain financing agreements for its subsidiaries to guarantee compliance with the commitments assumed.

The "Investment and Derivatives Policy" imposes strong restrictions to the realization of derivative transactions and determines that exposures be continuously monitored in case this type of transaction is contracted.

As mentioned earlier, the only hedge operations contracted by the Company were (i) swaps to hedge payments of principal and interest related to loans denominated in U.S. dollars; and (ii) NDF to hedge future payment flows in foreign currencies related to contracts for purchase of equipment and services for the construction of plants.

d) Liquidity risk

The management of the Company's liquidity risk is under the responsibility of the Financial Committee, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring forecasted and actual cash flows.

The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Committee meetings. The management of marketable securities focuses on short-term instruments, especially with daily maturities, in order to provide maximum liquidity and to cover disbursements.

The Company's cash generating feature and the low volatility in receipts and payment obligations throughout the months guarantee to the company the stability of its flows, reducing its liquidity risk.

e) Category and fair value of financial instruments

	Parent company		Consolidated	
	9.30.2016	12.31.2015	9.30.2016	12.31.2015
Financial assets				
Measured at fair value through profit or loss				
Marketable securities	2,421,846	1,735,344	3,070,789	2,385,163
Restricted deposits	10,736	12,453	197,243	166,565
Receivables and loans				
Cash and bank deposits	31	3,664	14,559	11,691
Trade accounts receivable	487,376	441,588	799,703	773,602
Fuel reimbursable	59,697	144,249	59,697	144,249
Hedge operations				
Fair value hedge on loans	176,720	488,802	176,720	488,802
Cash flow hedge on obligations	-	-	45,176	419,665
	3,156,406	**2,826,100**	**4,363,887**	**4,389,737**
Financial liabilities				
Financial liabilities assessed at amortized cost:				
Suppliers	217,414	372,502	367,518	573,573
Loans and financing	747,803	765,350	2,499,601	2,613,582
Debentures	800,793	181,436	800,793	181,436
Concessions payable	2,248,554	2,020,581	2,300,814	2,070,552
Liabilities linked to investment acquisition [16]	-	-	47,113	47,516
Measured at fair value				
Loans and financing	910,127	1,452,176	910,127	1,452,176
Hedge operations				
Cash flow hedge operations on obligations	-	-	33,238	562
	4,924,691	**4,792,045**	**6,959,204**	**6,939,397**

Financial assets and liabilities measured at fair value through profit or loss are assessed based on the market prices in active markets (Level 1), excluding Loans and Financing and hedge operations, which are assessed based on observable data (Level 2).

f) Market value of financial instruments

In operations involving financial instruments, differences were identified only between amounts presented in the balance sheet and their market values, in loans and financing, debentures and concessions payable. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts. The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics. Loans in foreign currency, net of hedge impacts, have the same market value and book value, as there are recognized at fair value.

[16] Presented under "Other current liabilities" and "Other non-current liabilities"

	Parent Company			
	9.30.2016		12.31.2015	
	Book	Market	Book	Market
Loans and financing in local currency	747,803	748,343	765,350	773,945
Debentures	800,793	825,709	181,436	176,729
Concessions payable	2,248,554	2,831,623	2,020,581	2,240,528
	3,797,150	**4,405,675**	**2,967,367**	**3,191,202**

	Consolidated			
	9.30.2016		12.31.2015	
	Book	Market	Book	Market
Loans and financing in local currency	2,499,601	2,503,002	2,613,582	2,802,011
Debentures	800,793	825,709	181,436	176,729
Concessions payable	2,300,814	2,897,486	2,070,552	2,296,789
	5,601,208	**6,226,197**	**4,865,570**	**5,275,529**

24 - TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts

	ASSETS			LIABILITIES	
	Accounts receivable			Energy	IOE [17]
	Energy	Services	Dividends	Supplier	dividends
9.30.2016					
EBC	151,857	-	181,417	2,498	-
CEE	-	-	37,542	-	-
Lages	2,357	187	17,844	-	-
Itasa	-	1,371	12,187	10,079	-
Ceste	-	1,577	-	-	-
ECP subsidiaries	-	170	-	-	-
ENGIE Participações	-	71	-	-	443,328
Other	-	8	-	-	-
	154,214	**3,384**	**248,990**	**12,577**	**443,328**
12.31.2015	**162,998**	**3,524**	**208,777**	**41,365**	**183,393**

[17] Interest on equity

b) Amounts recognized in the income statement:

	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third party services	Financial income
3rd Quarter of 2016						
EBC	434,960	-	90	3,114	-	-
CEE	-	-	90	-	-	849
Lages	4,824	629	53	-	-	-
Itasa	-	4,623	-	28,185	-	-
ECP subsidiaries	-	-	603	-	-	-
Ceste	-	5,316	-	-	-	-
Other	-	-	90	-	1,247	-
	439,784	**10,568**	**926**	**31,299**	**1,247**	**849**
3rd Quarter of 2015	**351,845**	**9,558**	**631**	**22,915**	**906**	**1,701**

	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third party services	Financial income
First nine months of 2016						
EBC	1,387,555	-	272	8,272	-	-
CEE	-	-	272	-	-	5,315
Lages	15,457	1,828	159	-	-	-
Itasa	-	13,550	-	83,917	-	-
ECP subsidiaries	-	-	1,802	-	-	-
Ceste	-	15,320	-	-	-	-
Other	-	-	272	-	3,212	-
	1,403,012	**30,698**	**2,777**	**92,189**	**3,212**	**5,315**
First nine months of 2015	**1,306,557**	**28,086**	**1,891**	**68,014**	**3,144**	**5,138**

c) Other transactions with related parties

The Company has other related-party transactions that are described in more details in the financial statements as at 12.31.2015.

The main transactions are the following:

- Guarantees;

- Sureties and guarantees;

- Loan between Ibitiúva and Andrade Açúcar e Álcool (Andrade); and

- Remuneration of key management personnel.

There were no significant changes in other related-party transactions in the nine-month period ended 9.30.2016.

25 - INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the insurance program of its parent company ENGIE. The insurance is valid until 5.31.2017 and the insured risk amount is R$ 11,857,523 in the parent company and R$ 15,217,728 in the consolidated statements, as shown below.

	Parent company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	8,099,302	489,026	9,779,785	489,025
Thermoelectric power plants	2,521,297	706,445	2,521,297	706,446
Complementary plants (wind, biomass and SHPP)	40,977	476	1,412,702	308,473
	10,661,576	**1,195,947**	**13,713,784**	**1,503,944**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 1,789,020 per event.

b) Engineering risks

The project for construction of the Santa Mônica Wind Power Complex has an engineering risk and civil liability with coverage of R$ 450,430 and R$ 20,000, respectively for the entire duration of construction works.

The project for construction of UTE Pampa Sul has insurance coverage for engineering risks and civil liability of R$ 1,830,000 and R$ 190,000, respectively.

c) Other coverages

The Company also has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, extended to its subsidiaries, as well as group life insurance for its officers and employees.

26 - LONG-TERM COMMITMENTS

The Company has long-term agreements, and further information can be obtained in the financial statements of 12.31.2015.

The Company's main long-term commitments are as follows:

- Power grid connection agreements;
- Transmission and Distribution Network Usage Agreements (CUST and CUSD);
- Bilateral contracts for purchase and sale of electrical energy;
- Purchase of natural gas;
- Lease agreements;
- Contracts for modernization and expansion of power plants;
- Construction agreements; and
- Lease agreement of registered office.

There were no major changes in long-term commitments in the nine months ended 9.30.2016.

27 - ADDITIONAL CASH FLOW INFORMATION

The following main transactions that did not involve cash and cash equivalents were carried out:

	Parent company		Consolidated	
	9.30.2016	9.30.2015	9.30.2016	9.30.2015
Compensation of income and social contribution taxes	31,966	20,822	53,731	26,744
Suppliers of property, plant and equipment and intangible assets	(11,220)	31,445	(33,499)	38,041
Capitalized interest and monetary variation for property, plant and equipment	14,888	26,527	83,557	27,513
Amounts payable from investment acquisition	-	-	13,027	14,093
Dividends receivable from subsidiaries	267,025	21,437	-	-

28 - SUBSEQUENT EVENTS

At a meeting held on 10.27.2016, the Board of Directors of the Company approved the credit of interest on equity for the period from January 1 to December 31, 2016, in the gross amount of R$ 432,500, corresponding to R$ 0.66258931214 per share.

The credit of interest on equity will be recorded in the Company's books on 12.31.2016, for shareholders of record on 11.10.2016, and the Company's shares will be traded ex-dividends as of 11.11.2016.

The interest, net of withholding income tax, will be calculated towards the minimum mandatory dividends and will be paid based on the shareholder registration information available with Itaú Unibanco Banco Múltiplo S.A. on a date to be defined later by the Board of Executive Officers and announced through a Notice to Shareholders.

Furthermore, at the same meeting, the Board of Directors approved the proposal to increase capital stock by R$ 91,695, corresponding to R$ 0.1404756565 per share, without issuing new shares, through capitalization of the capital reserve. As a result, the Company's capital stock was R$ 2,829,056, fully subscribed and paid up.

BOARD OF DIRECTORS

Maurício Stolle Bähr
Chairman

Manoel Arlindo Zaroni Torres
Vice-Chairman

Pierre Jean Bernard Guiollot
Board Member

Paulo Jorge Tavares Almirante
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Willem Frans Alfons Van Twembeke
Board Member

Roberto Henrique Tejada Vencato
Board Member

José Pais Rangel
Board Member

Luiz Leonardo Cantidiano Varnieri Ribeiro
Board Member

BOARD OF EXECUTIVE OFFICERS

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

Marco Antônio Amaral Sureck
Chief Commercialization Officer

Gustavo Henrique Labanca Novo
Chief Business Development Officer

Luiz Jansson Laydner
Chief Generation Officer

Edson Luiz da Silva
Chief Strategy and Regulation Officer

Júlio César Lunardi
Chief Administrative Officer

ACCOUNTING DEPARTMENT

Marcelo Cardoso Malta
Accounting Department Manager
Accountant - CRC RJ 072259/O-5 T-SC

Comments on Business Projections

Identification of projections

a. Purpose of projection

Investments in the maintenance, revitalization and expansion of the generation facilities.

The Company's investment statements segregate values in two groups:

• Investments financed with own capital, including acquisitions, and

• Investments financed with debts, including debts assumed in the acquisitions.

Both projection models are included in item "d" below.

The projections made are mere reasonable estimates that usually depend on future events, thus cannot be regarded as a promise to perform by the Company and its managers.

b. Period projected and projection term

ENGIE quarterly discloses to the market its investment projections for the current year and the two subsequent years, valid until its realization or replacement by another projection.

c. Prospect assumptions, indicating which ones can be influenced by the Company's management

The Company's projections for investment are mainly based on the following assumptions:

• Schedule for maintenance of the generating units;

• Diagnosis of equipment;

• Regulatory obligations; and

• Strategic initiatives.

The amounts informed, projected and actual, do not consider interest on construction (interest on equity capital and loan capital).

The Management can influence all assumptions, except for the regulatory obligations that are beyond its control.

In case of a significant change in the foregoing assumptions, the projections can be reviewed.

d. Value of the indicators that are the subject matter of the projection

The estimated and actual amounts for the quarter ended 9.30.2016 are shown in the tables below. These amounts are expressed in millions of Brazilian real and do not include interest on financing that were capitalized during the construction of the plants.

Estimate for the years 2016, 2017 and 2018 disclosed in the fourth quarter of 2015:

Description / projection period	2016	2017	2018
Financed with debt	1,882	567	1,034
Financed with own capital	(42)	1,033	879
Retained earnings from 2010 used in the Jirau acquisition	511	-	-
Total	**2,351**	**1,600**	**1,913**

Estimate for the years 2016, 2017 and 2018 disclosed in the first quarter of 2016:

Description / projection period	2016	2017	2018
Financed with debt	1,040	1,452	924
Financed with own capital	578	211	1,112
Retained earnings from 2010 used in the Jirau acquisition	511	-	-
Total	**2,129**	**1,663**	**2,036**

Estimate for the years 2016, 2017 and 2018 disclosed in the second quarter of 2016:

Description / projection period	2016	2017	2018
Financed with debt	1,040	1,452	924
Financed with own capital	662	463	1,175
Retained earnings from 2010 used in the Jirau acquisition	511	-	-
Total	**2,213**	**1,915**	**2,099**

Estimate for the years 2016, 2017 and 2018 valid for the third quarter of 2016:

Description / projection period	2016	2017	2018
Financed with debt	996	1,731	1,550
Financed with own capital	681	29	417
Retained earnings from 2010 used in the Jirau acquisition	-	511	-
Total	**1,677**	**2,271**	**1,967**

Changes between the estimate for the years 2016, 2017 and 2018 disclosed in the second quarter of 2016 and the current position in the third quarter of 2016:

Description / projection period	2016	2017	2018
Financed with debt	(44)	279	626
Financed with own capital	19	(434)	(758)
Retained earnings from 2010 used in the Jirau acquisition	(511)	511	-
Total	**(536)**	**356**	**(132)**

Analysis of material variations in the third quarter of 2016:

The change in relation to the initial estimates for 2016 (announced at the end of the second quarter of 2016) mainly refer to the postponement to 2017 of the acquisition in of interest in UHE Jirau (R$511 million) and small changes to the construction value of the Santa Mônica Wind Power Complex, UTE Pampa Sul and Assú Project.

The amounts related to the second quarter of 2016 included estimates of interest on loans that will be capitalized under constructions in progress at UTE Pampa Sul. This quarter, the amounts are presented net of interests to be capitalized. Moreover, the amounts included an error in the determination of inflation adjustment on the cost of wind power projects. Compared to the projections initially disclosed for 2017 (informed at the end of the second quarter of 2016), the changes arise mainly from the abovementioned factors, and from the postponement to 2017 of the acquisition of interest in UHE Jirau (R$ 511 million).

The change in the estimates for 2018 (announced at the end of the second quarter of 2016) basically refers to the activities in the beginning of the previous paragraph.

Investments made through the Third Quarter of 2016:

Description / projection period	Projected 2016	Actual 9M16	Estimated 3M16
Financed with debt	996	636	360
Financed with own capital	681	100	581
Total	**1,677**	**736**	**941**

In the third quarter of 2016, the Company invested R$ 336 million, of which R$ 64 million in the maintenance and modernization of its Power Plants, R$ 38 million in the modernization of the Salto Santiago and Passo Fundo plants and R$ 234 million in the plants UTE Pampa Sul (R$ 182 million), Santa Mônica Wind Power Project (R$ 38 million) and other plants (R$ 14 million).

In the first nine months of 2016, the Company's investments totaled R$ 736 million, as follows: (i) R$ 132 million – allocated to maintenance and renovation projects of the generation facilities; (ii) R$ 86 million – allocated to modernization of Salto Santiago and Passo Fundo; and (iii) R$ 518 million – used in plants: UTE Pampa Sul (R$ 357 million), Santa Mônica Wind Power Project (R$ 132 million) and other plants (R$ 29 million).

Other Relevant Information

There is no other information considered relevant by the Company.

Opinions and Statements / Special Review Report - Unqualified

To the Board Members, Directors and Shareholders of
ENGIE Brasil Energia S.A. (current name of Tractebel Energia S.A.)
Florianópolis - SC

Introduction

We have reviewed the interim, parent company and consolidated accounting information of ENGIE Brasil Energia S.A. (current name of Tractebel Energia S.A.) ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended September 30, 2016, which comprise the balance sheet as at September 30, 2016 and the related statements of income, of comprehensive income for the three-month and nine-month periods then ended, and of changes in shareholders' equity and of cash flows for the nine-month period then ended, including the summary of the main accounting policies and other explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with CPC 21 (R1) - Technical Pronouncement and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, we are not aware of any facts that would lead us to believe that the parent company interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Conclusion on the consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other matters

Value added statement

We also reviewed the parent company and consolidated value added statements (SVA) for the nine-month period ended on September 30, 2016, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, October 27, 2016

KPMG Auditores Independentes
CRC SC-000071/F-8

Claudio Henrique Damasceno Reis
Accountant CRC SC-024494/O-1

Opinions and Statements/Statement of the Executive Officers on the Financial Statements

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (parent company and consolidated) and also, agrees with the opinion of the independent auditors of the Company, KPMG Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

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

Marco Antônio Amaral Sureck
Chief Commercialization Officer

Gustavo Henrique Labanca Novo
Chief Business Development Officer

José Luiz Jansson Laydner
Chief Generation Officer

Edson Luiz da Silva
Chief Strategy and Regulation Officer

Júlio César Lunardi
Chief Administrative Officer

Florianópolis, October 27, 2016

Opinions and Statements / Statement of the Executive Officers on the Independent Auditors' Report

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

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Eduardo Antonio Gori Sattamini
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Florianópolis, October 27, 2016