





ENGIE
Tractebel Energia

Management Proposal for the Annual General Meeting of 04.14.2016

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2015

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PROPOSAL FROM THE BOARD OF DIRECTORS FOR THE ANNUAL GENERAL MEETING, TO BE HELD ON APRIL 14, 2016 PURSUANT TO INSTRUCTION 481 OF THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM) OF DECEMBER 17, 2009 (ICVM 481/09)

Pursuant to Article 9 of the ICVM 481/09, the Company must supply the following documents and information at least 1 (one) month prior to the date of the Annual General Meeting (AGM):

- **Management Report and Financial Statements (Sections I and II, Article 9 of CVM Instruction 481/09)**

The Complete Annual Financial Statements including the Management Report, were filed with the CVM and BM&FBOVESPA on February 23, 2016 and were published in the newspapers *Diário Oficial do Estado de Santa Catarina* and *Diário Catarinense* on March 11, 2016. These documents are also available in the following websites: the Company (www.tractebelenergia.com.br), CVM (www.cvm.gov.br) and BM&FBOVESPA (www.bmfbovespa.com.br).

- **Management comments on the Company's financial position in accordance with item 10 of the Reference Form (Item III, Article 9 of CVM Instruction 481/09)**

Information concerning the comment of the directors on the Company's financial situation are available in Attachment I of this document.

- **Report (opinion) by the Independent Auditors (Section IV, Article 9 of CVM 481/09)**

The Report (opinion) by the Independent Auditors is contemplated in the Company's Annual Complete Accounting Statements.

- **Fiscal Council Report, including dissenting votes, if any (Section V, Article 9 of ICVM 481/09)**

The Fiscal Council Report is contemplated in the Company's Annual Financial Statements, noting that there were no dissenting votes.

- **Remote voting bulletin as it refers to Article 21-F (subsection VI, Article 9 of ICVM 481/09)**

The Company has not adopted the remote voting procedure for the AGM of April 14, 2016, given its non-obligatory nature for fiscal year 2016 pursuant to ICVM 561/15, and the text in ICM 570/15.

- **Financial Standardized Statements Form - DFP (sole paragraph to Article 9, Subsection I)**

The Standard Financial Statements form (DFP) was published by the Company on February 23, 2016 on the same date as the delivery of the Management Report and the Complete Annual Financial Statements. This document can be accessed from the websites of the Company (www.tractebelenergia.com.br), CVM (www.cvm.gov.br) and BM&FBOVESPA (www.bmfbovespa.com.br).

- **Proposed allocation of net profit for the year containing at least the information indicated in Attachment 9-1-II, ICVM 481/09 (sole paragraph of Article 9, Subsection II)**

Information relating to Attachment 9-1-II of ICVM 481/09 are available in Attachment II of this document.

- **Statement by the Audit Committee, if any (sole paragraph of Article 9, Subsection III)**

The Company has no Audit Committee.

- **Capital budget**

Information relating to the Capital Budget is presented in Attachment III of this document.

- **At least the information shown in items 12.5 and 12.10 of the Reference Form with respect to the candidates nominated or supported by the management or by the controlling shareholders (Article 10, Subsection I)**

The aforementioned data is shown in Attachment IV of this document.

- **Remote voting bulletin as it refers to Article 21-F (subsection VI, Article 9 of ICVM 481/09)**

The Company has not adopted the remote voting procedure for the AGM of April 14, 2016, given its non-obligatory nature for fiscal year 2016 pursuant to ICVM 561/15, and the text in ICM 570/15.

- **Information concerning the remuneration of directors based on item 13 of said Reference Form (Article 12 – Subsection I and II)**

This information is presented in Attachment V of this document.

- **Information on the increase in capital stock (Article 14)**

This information is shown in Attachment VI of this document.

- **Information concerning the proposed employee participation in fiscal year 2015 results**

The proposal is presented in Attachment VII of this document

ATTACHMENT I – DIRECTORS' COMMENTS

Article 9 of ICVM 480/09 – Section III – Management's comments on the Company's financial position, in accordance with item 10 of the reference form

10.1 Directors' comments on

a. General financial and equity conditions

The year was characterized by a further deterioration in the economic crisis in Brazil, the federal government statistics office (IBGE) reporting a decline in the Gross Domestic Product (GDP) of 3.8%. Inflation as measured by the Amplified Consumer Price Index (IPCA) recorded 10.7% for the year, 4.2 percentage points above upper level of the Central Bank's inflationary target of 6.5%. In addition, the Real saw a major devaluation against the US Dollar during the year closing the period at R$ 3.92, a depreciation of 47.5% in relation to the closing rate for 2014.

As in the past few years, in 2015 the national electricity sector was severely affected by deficient hydrological flows. The country's hydrological potential is undeniable: in 2015, hydroelectric plants represented 65% of total installed capacity. Associated with this potential is low generation costs as well as the reduced level of emissions into the atmosphere from hydro generation compared with conventional thermal generation. However, extreme climatic events - frequent in recent years - suggest a need for changes in the planning and operations of the Brazilian electrical sector. Modifications seen in rainfall patterns indicate that it is no longer possible to maintain hydraulic sources only as the core base of the system. In 2015, Energy Research Company (EPE) data reported a fall of 2.5% in electricity consumption, a reflection of declining economic activity in Brazil during the year. As a result, the negative impact of adverse climatic conditions was partially offset by reduced consumption.

Tractebel Energia reported 2015 net earnings of R$ 1,501 million, an 8.5% or R$ 118 million increase over the preceding fiscal year. The Company recorded an EBITDA of R$ 3,115 million, an increase of 7.6% or R$ 220 million compared with 2014. These results reflect largely a well-honed strategy of reducing exposure to prices on the short-term market at the beginning of the year, the monthly allocation of contracted energy and maintenance work in the generator complex. That these results were achieved when set against a background of economic downturn and adverse climatic events is testimony to the resilience of the Company and the confidence that the market bestows in it.

The factors below bear out the Company's positive equity and financial conditions:

- Growth in profits – In 2015, the Company reported consistent growth in its results despite the economic crisis. Consolidated net income for the year was R$ 1,501 million.
- Strong operating cash generation – Consolidated EBITDA representing net income plus income tax and social contribution, net financial expenses and depreciation and amortization in 2015 reached R$ 3,115 million. The EBTIDA margin was 47.8%.

- Continued low leverage – The Total Debt / EBITDA ratio on December 31, 2015 was 1.2 times and the Net Debt / EBITDA on the same date was 0.4 times. On December 31, 2015, currency denominated debt - 34% of the total, was fully protected against FX variation by swap operations.
- Risk classification (rating) – In December 2015, Fitch Ratings downgraded the Company's International Rating in currency from "BBB" to "BBB-" with a negative outlook, following on from the downgrading of Brazilian sovereign risk. There was no change in the Long-Term National Rating, which remained at "AAA (bra)", with a stable outlook. On February 17, 2016, Standard & Poor's downgraded the Company's long-term corporate credit rating on the Brazil National Scale from "brAAA" to "brAA", the former rating having been reaffirmed in December 2015, in the light of the downgrading of Brazilian sovereign risk to "brAA-". Worthy of mention is that despite the downgrading of the rating by S&P, the company maintained its rating at one notch above Brazilian sovereign rating in local currency. At the same time, the rating agency reiterated the Company's short-term rating of "brA1". Subsequently, the Company requested that Standard &Poor's cease publishing its ratings.
- Reduced delinquency levels – Reflects rigorous credit analysis and portfolio diversification of the Company's clients.
- Sustained growth – At the end of 2015, the Company reported an installed capacity of 7,044.3 MW and operated a generator park of 8,765.0 MW, and continuing to rank as the largest private sector generator in Brazil. Installed capacity at the end of 2015 represents an increase of 17.1 MW compared with the preceding year. This growth was due to the conclusion of expansion work at the Ferrari Thermoelectric Power Plant, begun in 2014, and the inclusion of the Tubarão Wind Research and Development Project, which added 15.0 MW and 2.1 MW, respectively, to the Company's generator complex. Either directly or through its parent company, ENGIE, Tractebel Energia remains alert to expansion opportunities throughout Brazil as long as these meet the requirements of economic feasibility and conformity with the concept of sustainability.

- Installation of new plants – In January 2015, the Brazilian Electricity Regulatory Agency (Aneel) authorized the installation and operation of the plants in the Santa Mônica Wind Complex. The concession period runs for 30 years as from date of authorization. The Santa Mônica Wind Complex will provide an additional installed capacity of 97.2 MW and its entry into operation is expected for early in the second half of 2016. In June and October 2015, the Company acquired the development rights of the phases II and III-A of the Santo Agostinho Wind Complex, made up of 11 Specific Purpose Corporations (SPEs) which will increase the Company's installed capacity by approximately a further 250 MW. Again, in June 2015, the Brazilian environmental protection agency - Ibama issued an installation license for the Pampa Sul Thermoelectric Power Plant with a total installed capacity of 340 MW. The Ministry of Mines and Energy approved this plant as a priority project to supply electricity through the national grid, National Interconnected System (SIN), thereby contributing to the stability of the national energy system.

- Commercialization of energy via Aneel auction – In August 2015, through the intermediary of the Santa Mônica Wind Complex, the Company sold 46.0 average MW at an Aneel Generation Auction at an average selling price of R$ 188.45/MWh over a 20-year period. Delivery of energy negotiated at the auction will begin on January 1, 2018.
- Remuneration of shareholders without financial decapitalization and aligned to the Company's strategies and investment plans – In 2015, the proposed dividends corresponded to 55% of the Company's net distributable profit.
- Permanence of the Company in BM&FBOVESPA's Corporate Sustainability Index (ISE) – The Company has been a component of this index since its first edition in 2005.
- Company share performance – In 2015, the Company's shares recorded an appreciation of 2.3%, as opposed to the electric energy stock index (IEE) and the Ibovespa, which fell in the same period by 8.7% and 13.3%, respectively, a reflection of the political and economic uncertainties prevailing in Brazil.

Consolidated information for the year ended on December 31, 2014

In 2014, a year marked by a severe drought, Tractebel Energia maintained its history of consistent results. Its EBITDA and net income were of R$ 2,895 million and R$ 1,383 million, respectively, slightly lower than those achieved in 2013, which amounted to R$ 3,043 and R$ 1,437, respectively, despite the considerable increase in the cost of transactions in the Electric Energy Trade Board (CCEE) to replace the electricity that could not be generated. The growth of these costs was mainly due to the Company's greater exposure in the CCEE mainly due to the effects of the increased physical guarantee adjustment factor, the GSF (Generation Scaling Factor), which occurs when the generation of the participating plants in the Energy Reallocation Mechanism (MRE) is lower than the assured energy of the plants. This exposure was aggravated by the substantial increase in the Price for the Settlement of Differences (PLD), which increased from the average value of R$ 258.19 in 2013 to R$ 675.81, in 2014.

The diversity of its sources, coupled with the coordinated management of the planning and control of the offer, the portfolio of contracts and maintenance of the plants, allowed the Company to meet more effectively the challenges arising from the lack of rain, confirming its resilience, a characteristic noted by the market as one of the Company's differentials. Also contributing to the result were successful results in tax, regulatory and legal areas that provided non-recurring gains, without which the EBITDA and net income would have been 13.0% and 17.7% lower than in 2013.

The following factors support the favorable equity and financial conditions of the Company:

- Generation of high profit margins - Net profit for the 2014 fiscal year was R$ 1,383 million. The effects of the above events negatively affected the annual profit.
- Consistent operating cash generation – Consolidated EBITDA reached R$ 2,895 million in 2014, 4.9% less than 2013. EBITDA margin was 44.7%.
- Low level of leverage – the Total Debt / EBITDA ratio in December 31, 2014 was 1.4 times and Net Debt / EBITDA as of the same date was 0.8 times. Of total debt at the end of fiscal year 2014, 29.9% was currency denominated, fully protected by swap operations against FX variation.
- Risk classification reiterated (rating) - Fitch Ratings: (i) International - "BBB", and (ii) Long-Term National and second debenture issue - "AAA (bra) '; Standard & Poor's: (i) corporate long-term loan on the national Brazil scale - "brAAA", and (ii) short-term corporate credit - "brA-1".
- Low level of default - This condition is the result of stringent credit analysis and diversification of the Company's customer portfolio.

- Sustained growth – the Company reported expansion in installed capacity of 128.5 MW following acquisition of the generator complex at the Ferrari Thermoelectric Power Plant, state of São Paulo, of 65.5 MW, and the entry into operation of the Fleixeiras I and Mundaú wind farms in the state of Ceará – both of 30.0 MW and pertaining to the Trairi Wind Complex – and the Cidade Azul Wind Solar peak load Plant of 3.0 MW in the state of Santa Catarina.
- The energy auction held by the National Electric Energy Agency (Aneel) - The Company was successful in the new energy auction for delivery from 2019, promoted by Aneel in November 2014, when 386.9 MW from three power plants was commercialized: the Campo Largo Wind Complex (82.6 MW), Pampa Sul Thermoelectric Power Plant (294.5 MW) and the Ferrari Biomass Thermoelectric Plant (9.8 MW).
- Plant Construction contracts - In 2014, the Company entered into contracts for building plants at the Santa Mônica Wind Complex, Pampa Sul Thermoelectric Plant and the Campo Largo Wind Complex.
- Remuneration to shareholders without financial decapitalization and aligned to the corporate strategies and investment plans. In the year 2014, dividends accounted for 55% of the distributable net income.
- Continued presence of the Company in the BM&FBOVSPA's Corporate Sustainability Index (ISE - This is the tenth consecutive year that the Company's shares participate in this index.
- Devaluation of the price of the Company's shares. The shares of Tractebel Energia depreciated 1.3% for the year compared to 2013, reflecting the uncertainties of the macroeconomic scenario and the electricity sector, while shares in Ibovespa retreated 2.9%.

Consolidated information concerning the fiscal year ended on 12.31.2013

In the year 2013, the Company - as well as other companies in the industry - was affected by the decisions of the Federal Government in the light of the severe drought that extended since the end of 2012. These include the redistribution of the burden of the additional thermal generation and the implementation of complementary measures in the course of 2013 and diametrically the opposite of the companies' annual plans. These measures have contributed negatively to the results of transactions in the short-term market in addition to the CCEE, where variation between the years 2013 and 2012 was an additional net expense of R$ 316 million. On the other hand, the Company recorded an increase of 8.3% in its net sales revenue to distributors, free consumers and traders. Given this scenario, the Company's EBITDA in 2013 was slightly lower than 2012.

The following factors support the favorable equity and financial conditions of the Company:

- Consistent profits from generation - Accumulated net profit in 2013 reached 1,437 million. The effects accruing from short-term transactions mentioned above as well as the impairment constituted for R$ 67 million negatively affected the profit for the year 2013.
- Solid operating cash generation - The Consolidated EBITDA, totaled R$ 3,043 million in 2013, 1.9% lower than 2012. The EBITDA margin was 54.6%.

- Low indebtedness - The "Total Debt / EBITDA" ratio on December 31, 2013 was 1.1 times and the "Net Debt / EBITDA", on the same date was 0.7 times. In 2013, the Company reduced its currency denominated debt with the debt prepayment to the National Treasury in the net amount of R$ 65 million, reducing its currency exposure and generating a financial gain of almost R$ 50 million.
- Reiteration of risk classification rating - Fitch Ratings: (i) International - "BBB", and (ii) Long-Term National and the second debenture issue - "AAA (bra) '; Standard & Poor's: (i) corporate long-term credit on the national Brazil scale - "brAAA", and (ii) Short-term corporate credit - "brA-1".
- Low level of default - This condition is the result of the strict process of credit analysis and the diversification of the Company's customer portfolio.
- Sustained growth - In the first quarter of 2013, the eighth and last generating unit of the Estreito Hydroelectric Power Plant began commercial operations and in the fourth quarter of that year, two of the four Trairí wind farms under construction began operations: the Guajiru Wind Farm and the Trairí Wind Farm. Again in 2013, the Company acquired wind projects in Bahia, which will allow the development of an installed capacity of approximately 206 MW.
- Generation Record - In 2013, the total production reached 45,344 GWh of energy, representing an increase of 25.3% over the previous year. This production represented a new annual generation record, a reflection of the improved hydrological situation compared to 2012 and to the higher dispatch of thermoelectric power. The entry into operation of the installed capacity of the Estreito hydropower plant (HPP) and the startup of the commercial operations of the Trairí and Guajiru Wind Farms also contributed to this result.

- Remuneration to shareholders without financial decapitalization and aligned to the strategies and the Company's investment plans - In the year 2013, the proposed dividends again corresponded to 100% of the distributable net profit of the Company, with a reduction in net debt.

- Continued presence in BM&FBOVESPA's Corporate Sustainability Index (ISE) - The Company has participated in this index since its first edition in 2005.

- Appreciation in the Company's share price. The shares of Tractebel Energia registered an appreciation of 15.5% compared to 2012, excluding the distribution of earnings, with yield higher than 6%, while shares that composing the Electric Energy Stock Index fell 8.8% and the Ibovespa by 15.5%.

b. Capital structure

The Management understands that the Company has a capital structure with low leverage, which will permit growth strategy to be implemented over the coming years.

The Company's business presents high operating cash generation, mainly due to its high margin, a result of the characteristic intensive use of capital in the power generation activity and management's rigid controls of costs and expenses.

The main components of the Company's capital structure are as follows:

Amounts in million R$	12.31.2015	12.31.2014	12.31.2013
Gross debt[1]	3,759	3,989	3,495
(-) Cash and cash equivalent and restricted deposits	2,544	1,751	1,346
Net debt	1,215	2,238	2,149
Long-term debt (% of total debt)	67.4%	89.3%	81.0%
Net worth	6,642	5,655	5,365
Leverage[2]	15.5%	28.4%	28.6%
Capital structure composition:			
- Own capital (Net worth/ Total liability)	43.4%	41.5%	42.5%
- Third parties' capital (current and non-current liabilities/total liabilities)	56.6%	58.5%	57.5%

The reduced level of indebtedness and the low leverage guarantee a comfortable liquidity situation for the Company.

c. Payment capacity in relation to the financial commitments

In the light of its leverage profile and liquidity, the Company's Management is of the view that under normal market conditions it is fully able to honor current short and medium-term liabilities and to continue expanding investments. Management also considers that under normal market conditions, solid cash generation gives the Company a comfort margin to honor all existing long-term liabilities.

The following table lists the principal indicators of payment capacity of Company debt.

Amounts in R$ million	December 31, 2015	December 31, 2014	December 31, 2013
EBITDA	3,115	2,895	3.043
Gross financial expense	752	553	568
Net financial expense	471	346	385
Gross debt	3,759	3,989	3,495
Net debt	1,215	2,238	2,149
Net debt / EBITDA	0.4	0.8	0.7
Total debt / EBITDA	1.2	1.4	1.1
EBITDA / Gross financial expense	4.1	5.2	5.4

Over the past three fiscal years, the Company has honored its obligations to third parties such as suppliers, dividends, and grants payable among others.

[1] Contemplates the loans, financing and debentures, considering the effects of hedges.
[2] Net debt / (Net Debt + Net worth)

Two rating agencies, Fitch Ratings and Standard & Poor's published the Company´s risk classification (rating) as of December 31, 2015.

In December 2015, Fitch Ratings downgraded the International Rating for several Brazilian companies, including the Company, which was downgraded from "BBB" to "BBB-", with a negative outlook. This should be seen against the background of the continual downgrading of Brazilian sovereign risk rating, a reflection of the economic recession, and the continual adverse developments on the fiscal front, which could potentially undermine still further the government's ability to stabilize the growing debt burden. The negative outlook is highlighted by the continual uncertainty and the negative risks surrounding developments on the economic, fiscal and political fronts. The agency's review of the overall situation cited the fact that the deteriorating domestic scenario has been increasing the challenges faced by the authorities in determining the appropriate corrective policies to sustain confidence and improve growth prospects, fiscal consolidation and stabilization of the country's public debt. The agency reiterated the Company's Long-Term National Rating of "AAA (bra)".

In February 2016, Standard & Poor's downgraded the long-term credit risk rating on the Brazil National Scale from "brAAA" to "brAA", the former rating having been reaffirmed in December 2015. Downgrading reflected the reduction in Brazilian sovereign risk rating to "brAA-". Additionally, the short-term rating of "brA1" was reaffirmed in the review of December 2015 and February 2016. Worthy of note is the agency's report in December 2015 highlighting the Company's good operating performance and healthy financial results, despite a third year of unfavorable hydrology. Standard & Poor's ceased to publish the Company's ratings in February 2016, at Tractebel Energia´s request.

d. Sources of financing for working capital and for investments in non-current assets

The Company uses lines of credit from top ranked financial institutions including foreign institutions for covering eventual short and medium-term cash requirements.

In addition to using its own cash generation for investment projects, the Company also taps the Brazilian development bank - BNDES as its principal source of funding, either directly or through Banks which on-lend BNDES lines. These institutions normally offer interest rates and terms of payment compatible with the return on energy generation projects.

If the investment project is not eligible for BNDES financing, the Company may use other sources of incentivized funding such as the Constitutional Fund for Financing the Northeast (FNE), the Constitutional Fund for Financing the Center-West (FCO), the capital markets through the issuance of promissory notes and/or debentures or other sources of funding, in order to maintain a capital structure and adequate liquidity. The Company constantly evaluates financing alternatives.

In the last three (3) fiscal years, the Company used the BNDES and On-lending Banks as the main source of funding for its projects. Generally in these agreements, there is a standard parameter to obtain these credit lines which requires roughly 30% equity to 70% third party funding

e. Sources of financing for working capital and for investments in non-current assets to be used to cover liquidity shortfalls

Notwithstanding the fact that Management does not foresee any liquidity deficiency, the Company holds standby credit lines (working capital, long-term financing and bank guarantees) from first class financial institutions amounting to approximately R$ 5.8 billion.
In the event that it should need to draw on financing for working capital, the Company intends to use credit lines available in the market from first class credit institutions. In the case of financing of non-current assets, the Company intends as a priority to use long-term financing directly from the BNDES or through On-lending Banks.

In addition, because of the high ratings assigned by the rating agencies, the Company has ready access to the capital markets should it need to obtain additional funding.

f. Levels of indebtedness and characteristics of such debts, further describing:

The principal information on debt taken from Financial Institutions is described as follows:

(i) Material loan and financing agreements

Principal conditions of loan agreements

		Payment conditions		Values in million R$		
Companies / Banks	**Interest**	**Maturity**	**Principal and interest**	**12.31.2015**	**12.31.2014**	**12.31.2013**
Controller:						
National currency						
Bank of America Merrill Lynch	98% of CDI	07.2014	Principal: from 07.2013 Quarterly	-	-	292
Nordic Investment Bank	IPCA + 3,55% p.a.	10.2022	Principal: Monthly Interest: Quarterly	172	161	151
BNDES – Modernization	TJLP + 2,26% p.a. (a)	07.2020	Principal: Monthly, after 8.2016 Interest: Quarterly through 8.2016 and then monthly	191	127	-
BNDES –São Salvador Plant	TJLP + 2,7% p.a. (a)	10.2023	Monthly	126	142	158
Banks (transfer to BNDES) (b)	TJLP + 3,25% p.a. (a)	10.2023	Monthly	255	286	319
Banks (transfer to Finame)	2,91% p.a.	01.2023	Monthly	21	17	13
Foreign currency (euro)						
BNP Paribas (*Floating Rate Notes*)	*Euribor* + 2,75% p.a.	11.2015	Annual	-	-	129
Foreign currency (dollar)						
HSBC USA I	1.3882% p.a. with swap for 99.9% of CDI	08.2015	Principal: 08.2015 Interest: Quarterly	-	238	211
HSBC USA II	1.4294% p.a. with swap for 97% of CDI	03.2016	Principal: 03.2016 Interest: Quarterly	387	263	-
HSBC USA III	1.7871% p.a. with swap for 99% of CDI	10.2016	Principal: 10.2016 Interest: Quarterly	307	211	-
HSBC USA IV	1.8104% p.a. with swap for 98.6% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	191	132	-
HSBC USA V	1.8471% p.a. with swap for 97% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	38	-	-
Mizuho Bank	1.7260% p.a. with swap for 96.02% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	341	235	-
Bank of Tokyo	114.2857% Libor + 0.5486% p.a. with swap for 98% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	188	131	-

To be continued on next page

		Payment conditions		Values in million R$		
Companies / Banks	**Interest**	**Maturity**	**Principal and interest**	**12.31.2015**	**12.31.2014**	**12.31.2013**
Controlled:						
Hidropower - Banco do Brasil	8.08% p.a.	10.2017	Monthly	7	11	15
Companhia Energética Estreito						
BNDES – Social credit	TJLP	06.2018	Monthly	14	18	22
BNDES	TJLP + 1.89% p.a. (a)	09.2029	Monthly	736	785	839
Banks (transfer to BNDES) (b)	TJLP + 2.95% p.a. (a)	09.2029	Monthly	499	534	570
Ibitiúva						
BNDES (Subcredit B)	4.5% p.a.	01.2020	Monthly	17	21	26
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. (a)	01.2021	Monthly	19	22	25
Ferrari						
BNDES	TJLP + 1.91% p.a. (a)	06.2021	Monthly	23	27	-
BNDES Expansion	TJLP + 1.76% p.a. (a)	07.2032	Principal: Monthly through 08.2016 Interest: Quarterly through 7.2016 and then monthly	44	-	-
Banks (BNDES On lending) (b)	TJLP + 3.40% p.a. (a)	06.2021	Monthly	10	12	-
Beberibe - BNDES	TJLP + 3.5% p.a. (a)	12.2023	Monthly	74	80	86
Pedra do Sal - BNDES	TJLP + 1.92% p.a. (a)	12.2023	Monthly	50	54	58
Areia Branca – BNDES	TJLP + 2.5% p.a. (a)	06.2024	Monthly	41	45	50
Projeto Trairí (c) – BNDES	TJLP + 2.51% p.a. (a)	07.2029	Monthly	315	337	359

(a)) The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal amount.
(b) The Banks are the following ones: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.
(c) Trairí Project financing composed of the following companies: Trairí, Mundaú, Guajiru and Fleixeiras I.

Additional information on the more relevant loan and financing agreements of the Company and its controlled companies

The balances as at December 31, 2015, December 31, 2014 and December 31, 2013 of the loan agreements listed below can be found in the table in item f(i) shown above.

Tractebel Energia

- Bank of America Merrill Lynch

In July 2014, the Company settled the loan contracted with Bank of America Merrill Lynch. The original loan amount was US$ 274 million, equivalent to R$ 430 million.

Part of the agreement with the Bank of America Merrill Lynch involved a swap transaction with its Brazilian subsidiary to protect the totality of the future cash flows against US dollar fluctuations for R$ 430 million. Under the swap agreement, the Company had an active position corresponding to US dollar variation plus interest of 2.6236% p.a. and a passive position equivalent to 98% of CDI. Consequently, the effect on the Company's financial results arising from the execution of these financial instruments was equivalent to 98% of CDI.

- Nordic Investment Bank

In January 2013, the Company signed a loan agreement with the Nordic Investment Bank (NIB), amounting to R$ 143 million or US$ 70 million. The amount of R$ 142 million was drawn on January 22, 2013, net of funding costs of R$ 1 million. The amortization period is 10 years, from October 2015, and financial charges on the loan are IPCA + 3.55% per annum.

- BNDES – Modernization

In September 2014, the Company signed an agreement with the BNDES for R$ 318 million for financing the modernization of the Salto Santiago, Passo Fundo and Jorge Lacerda A plants. As at December 31, 2015, R$ 231 million had been drawn. Of the total financing, R$ 273 million will bear interest equivalent to the TJLP + 2.26% with monthly payments from August 2016 to July 2020; R$ 43 million will pay fixed interest of 6% p.a. with monthly amortization between August 2016 and July 2024; and R$ 2 million will have interest at the TJLP with monthly amortization from August 2016 to July 2020.

- BNDES – São Salvador Plant and BNDES On-lending (Banks)

In March 2007, Companhia Energética São Salvador ("CESS") agreed a line of finance from the BNDES and On-lending Banks of the BNDES – Itaú Unibanco, Bradesco, Santander and Votorantim – in the initial amount of R$ 570 million for the construction of the São Salvador Hydroelectric Plant.

- BNP Paribas (*Floating Rate Notes*)

In November 1999, the Company issued 40 million Euros of Floating Rate Notes in the international market, on a private placement basis due in November 2007 with Citibank N.A. London acting as issuing and paying agent. This debt was rolled over on due date for eight years, due in November 2015, remuneration at the Euribor rate plus a spread of 2.75% p.a. on the outstanding principal, to be paid annually. In November 2014, the Company prepaid all outstanding debt of R$ 130 million, representing its market value.

- Loans drawn in currency

During 2013, 2014 and 2015, the Company signed currency-denominated loan agreements with the following banks: HSBC USA, Mizuho Bank and Bank of Tokyo.

Consequently, in order to protect in full the totality of future cash flows against oscillations in the US dollar/Real rate, the Company has concluded swap operations for all its currency denominated loans with the Brazilian subsidiary of the same financial institution. The swaps have an active position corresponding to US dollar variation plus interest and a passive position equivalent to CDI variation for the life of the loans. Maturity of principal and amortization of interest on loans and the swaps will take place on precisely the same dates. It should be pointed out that the Company's Investment and Derivatives Policy rules that the use of financial derivative instruments is restricted to protecting risks (hedge) and that close correlation should be maintained with debt profile, volumes and terms.

The principal conditions of the loans and swap operations are as follows:

		Value		Loans and active position of swap	Passive position of swap	
Banks	Mth/Year	US$ millions	R$ millions	US$ + Interest (p.a.) Δ	CDI Δ	Due
HSBC USA I	08.2013	90	207	1.3882 %	99.9% of CDI	08.2015
HSBC USA II	03.2014	100	231	1.4294 %	97.0% of CDI	03.2016
HSBC USA III	10.2014	80	200	1.7871 %	99,0% of CDI	10.2016
HSBC USA IV	12.2014	50	128	1.8104%.	98.6% of CDI	12.2016
HSBC USA V	01.2016	10	27	1.8471%.	97.0% of CDI	12.2016
Mizuho Bank	12.2014	90	234	1.7260 %	96.02% of CDI	12.2016
Bank of Tokyo	12.2014	50	131	114.2857% of Libor + 0.5486%	98.0% of CDI	12.2016
		470	**1,158**			

Due to the characteristics of these financial instruments, the Company applied the fair value hedge accounting rules for booking purposes. Thus, both the hedging instrument (swap) and the hedged loan are measured at the fair value compensating the result and fully protecting the Company from fluctuations in the US dollar and the interest rates.

Controlled Companies consolidated in Tractebel Energia

The following financing with the BNDES and BNDES On-lending Banks was taken based on the Project Finance model. Special Purpose Corporations were constituted to this end for implementing the respective projects.

- Companhia Energética Estreito (CEE)

In March 2008, the CEE signed a financing agreement with the BNDES and with the BNDES On-lending Banks – Itaú Unibanco, Bradesco and Votorantim – in the original amount of R$ 1,358 million, for the building of the Estreito Hydroelectric Power Plant.

- Trairí Project

In May 2012, the indirectly controlled companies Mundaú, Guajiru, Fleixeiras I and Trairí signed a financing agreement with the BNDES for the installation of their Trairí Complex wind farms in the state of Ceará. The total amount financed was R$ 358 million.

Loans and financing

The Company maintains a guarantee for loans and financing described below. For the other loans, no guarantees are offered by the Company.

- Bank of America Merrill Lynch

The loan guarantee was a Promissory Note for US$ 274 million in favor of Bank of America N.A. As already mentioned, the Company settled the loan in July 2014.

- BNDES – Modernization

Guarantees offered against the agreement signed with the BNDES for modernization of the Salto Santiago, Passo Fundo and Jorge Lacerda A plants are the pledge of revenues from the Power Purchase Agreements in the Regulated Environment (CCEAR).

- BNDES and BNDES On-Lending

(Banks) – financing originally granted to São Salvador Hydroelectric Power Plant incorporated by Tractebel Energia

Following incorporation, the guarantees for the respective financing were substituted by a bank guarantee for the BNDES installment. The Receivables Centralizing Account only will be maintained in the case of the on-lending banks.

- BNDES and BNDES On-lending (Banks) – hydroelectric projects

The financing of hydroelectric projects carry the following guarantees: (a) lien on emerging concession rights; (b) lien on credit rights originating from electric energy sales agreements; (c) reserve account in an amount equivalent to three months of debt servicing or a bank guarantee; (d) reserve account in an amount corresponding to three months of maintenance and operational contractual expenses, applicable to those plants which engage third party services for executing these activities; and (e) pledge of all shares.

In the case of the CEE agreement, additional to these guarantees there is also a lien on dividends to be paid by Tractebel Energia to its parent company, ENGIE.

- BNDES – Small Hydroelectric (SHP), Biomass and Wind power plants

The guarantees for wind projects are as follows: (a) fiduciary pledge of goods and equipment; (b) total shares representing the capital stock of the controlling companies; (c) receivables and the reserve account; and (d) corporate guarantee of Tractebel Energia.

(ii) other long-term relations with financial institutions

Represented by the debentures issued by the Company. In December 31, 2015, December 31, 2014 and December 31, 2013, the Company had the following outstanding issues:

			Payment Conditions				
	Quantity	Remuneration	Interest/ monetary restatement	Principal	Dec/15	Dec/14	Dec/13
2nd issue single series	35,000	IPCA + 7% p.a.	Annually in May	3 installments in 05.2012/13/14	-	-	174
5th issue – single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 installments in 12.2022/23/24	181	163	-

Additional information on debentures

- Payment of the third installment of the second debenture issue

In May 2014, the payment of the third and final installment of the second issue of debentures for R$ 185 million, was made.

- Fifth debenture issue

In December 2014, the Company issued 165,000 simple debentures, non-convertible, single series of the unsecured type, with a nominal value of R$ 1.00 making the total amount of R$ 165 million on the date of issue. These debentures are adjusted by the IPCA and yield interest corresponding to 6.3% p.a., calculated on the restated Unit Face Value. Payment of this remuneration is annual, the first disbursement taking place on December 15, 2015. The principal one will be repaid in three annual installments on 12.15.2022, 12.15.2023 and 12.15.2024.

The settlement of the public offering of debentures occurred on 12.23.2014 and the proceeds are intended to modernize the Salto Santiago HPP and Passo Fundo HPP.

Transaction costs incurred in raising funds through this issue were R$ 3 million, booked as a reduction in the fair value initially recognized. Thus, the effective interest rate of debentures, for appropriation of interest expenses for book purposes will be 6.4% p.a..

(iii) Degree of debt subordination

The company does not adopt any subordination policy for the obligations recorded as liabilities payable in the balance sheets in the financial statements. Accordingly, in the event of a possible judicial reorganization, the Company will adopt the provisions of Law 11.101 / 05 to establish the order of preference in the event of a dispute among universal creditors.

(iv) Eventual restrictions imposed on the Company, especially in relation to debt limits and the engagement of new debt, distribution of dividends, sale of assets, issue of new securities and the sale of corporate control, as well as if the Company has been complying with these restrictions

Loans and financing

The Company is subject to the following contractual commitments (covenants) - financial ratios and limits - established in its loan and financing contracts:

Debt	**Covenants**
Controller:	
Bank of America Merrill Lynch	EBITDA/consolidated financing expenses ≥ 2.0 Consolidated Gross Debt/EBITDA ≤ 3.5
Nordic Investment Bank	Controller: Total Debt/EBITDA ≤ 3.5 Consolidated: Total Debt/EBITDA ≤ 4.5 Controller e Consolidated: EBITDA/financing expenses ≥ 2.0
BNDES - Modernization	Net debt/EBITDA ≤ 3.5
BNDES and Banks (BNDES On-Lending) – São Salvador Plant	Consolidated Gross Debt/EBITDA ≤ 4.5
HSBC USA, Mizuho Bank and Bank of Tokyo	EBITDA/consolidated financing expenses ≥ 2.0 Consolidated Gross Debt/EBITDA ≤ 4.5
Controlled Companies:	
BNDES and Banks (BNDES Transfer)	Coverage ratio of debt service[3] ≥ 1.2 or 1.3, depending on the controlled company
BNDES Expansion - Ferrari	Net Debt/EBITDA ≤ 3.5
BNDES - Ibitiúva	Total debt ratio ≤ 0.80 Debt service coverage ratio ≥ 1.3

As the Controller and guarantor of the CEE financing with BNDES, Tractebel Energia must comply with the following financial covenant: Consolidated Debt /EBITDA ≤ 3.5.

The loans contracted with BNDES are formalized through the signing of financing agreements through the opening of a line of credit, subject to the provisions applicable to BNDES agreements.

Under these provisions, in addition to the financial covenants described in the table presented above, takers may not, without the prior authorization of BNDES: (i) give preference to other credits; (ii) amortize shares; (iii) issue debentures; (iv) issue beneficiary parties; (v) take on new debts, with the exceptions expressly provided in the BNDES agreements; (vi) sell or encumber fixed assets; and (vii) distribute dividends higher than the minimum required in certain controlled companies.

[3] Debt service coverage rate: Cash generation from the business/ Debt service

The Company is in compliance with the financial commitments set out in the loan and financing agreements.

b) Debentures

Debt	*Covenants*
2nd issue – single series	EBITDA/consolidated financing expenses ≥ 2.0 Consolidated Gross Debt/EBITDA ≤ 3.5
5th issue– single series	EBITDA/consolidated financing expenses ≥ 2.0 Consolidated Gross Debt/EBITDA ≤ 4.5

In addition to the financial commitments described in the table, in terms of the debentures indenture, the Company shall comply with the restrictions described below, subject to early maturity of the debts represented by debentures: (i) default for longer than two working days payments, as defined in the debentures indenture; (ii) non-compliance for a period exceeding five working days after receipt of notification sent by the Fiduciary Agent of any non-pecuniary obligation defined in the indenture; (iii) non-payment of any obligations which, individually or together, are equal to or greater than R$ 100 million; (iv) early maturity of any debt amount of which, individually or jointly, is greater than R$ 100 million; (v) protest of the Company's bonds or those of any of its Controlled Companies; (vi liquidation, dissolution, termination or any form of corporate reorganization of the Company's Controlled Companies and the Company itself, unless the succession company(ies) is/are also Controlled Companies, directly or indirectly, controlled by a company of the economic group in which the Company operates; (vii) request for judicial, extrajudicial recovery, self-bankruptcy or any analogous procedure that characterizes a state of insolvency of the Company or its Controlled Companies; (viii) requirement or declaration of bankruptcy of the Company or its Controlled Companies, unless such requirement is contested and there is evidence of an escrow deposit, within the legal period, if applicable; (ix) spin off, merger or any type of corporate reorganization of the company, unless: (ix.i) the change is approved by the General Meeting of Debenture Holders; (ix.ii) the right of redemption to debenture holders who do not agree with the reorganization is guaranteed; or (ix.iii) the successor company is controlled, directly or indirectly, by a company belonging to the same company's economic group; (x) change in the direct or indirect share control of the Company; (xi) sale, inoperativeness or prolonged stoppage or any other disposition by the Company of fixed assets that represent, individually or in the aggregate, 25% of the capacity of power generation by the Company, and that are proven to affect the economic-financing capacity of the Company; (xii) intervention or loss of concession/authorization representing more than 25% of its installed capacity, and that are proven to affect the financial and economic capacity of the Company; (xiii) transformation of the corporate type of the Company; (xiv) reduction of the Company's capital stock, unless approved by the General Meeting of Debenture Holders; (xv) payment of dividends, interest on shareholders' equity or any other profit sharing provided in the Bylaws, except for the payment of mandatory minimum dividends pursuant to the Corporate Law, if the Company is in default with respect to the payment of any obligation relating to the debentures; (xvi) assignment or promise of assignment or any form

of transfer or promise of transfer of rights and obligations assumed with the issuance of debentures to third parties, without the prior authorization of the debenture holders; (xvii) non-renewal, cancellation, revoking or suspension of authorization, concessions, grants, permits or licenses required for the performance of the Company's activities involving the interruption or suspension of 25% of the Company's generation capacity and causing a significant effect on the Company's ability to comply with the obligations arising from the debentures indenture; (xviii) failure to comply with any judicial, administrative or court sentence for which there is no right of appeal and for which there is no right of recourse or arbitration sentence not subject to appeal for an individual or aggregate amount equal to or greater than R$ 100 million; (xix) failure to maintain a corporate risk rating lower than AA, on the local scale by Standard & Poor's, Fitch or equivalent rating by Moody's; and (xx) use of resources from the issuance of debentures, as described in the indenture thereof.

The Company is in full compliance with financial covenants and restrictions.

g. Limits of contracted financing and percentages already utilized

The Company has BNDES financing for the modernization of the Salto Santiago and Passo Fundo hydroelectric power plants for R$ 275 million. The modernization project for the said plants is currently being executed with a total of R$ 188 million (68.3%) having been drawn down. The remaining balance is R$ 87 million and the Company expects these resources to be drawn by October 2017.

The controlled company CEE signed an agreement with the BNDES for a line of supplementary finance for the construction of the Estreito HPP worth R$ 309 million, of which only R$ 1 million remains pending drawdown, 99.7% of the line have therefore already been utilized. The Company expects these resources to be released by June 2016.

Additionally, in December 2015, the controlled company, Ferrari Termoelétrica S.A. contracted financing from the BNDES for R$ 81 million for plant expansion, of which R$ 44 million (54.3%) was released, a further R$ 37 million remaining to be drawn. Drawdown of the latter is expected by September 2016.

h. Significant changes in each item of the financial statements

h.1) Comparative analysis between the results for the fiscal years ending December 31, 2015 and 2014 prepared pursuant to the IFRS and the CPC

	December 31				
Values in R$ millions	**2015**	**% of revenue**	**2014**	**% of revenue**	**2015 *versus* 2014 (%)**
NET SALES REVENUE	**6,512**	**100.0**	**6,473**	**100.0**	**0.6**
Costs of energy sold and services provided					
Electricity purchased for resale	(1,783)	27.4	(1,276)	19.7	39.7
Transactions in the short-term energy market	(67)	1.0	(1,040)	16.1	(93.6)
Charges for the use of the electric network and connection	(363)	5.6	(333)	5.1	9.0
Electricity production cost	(1,562)	24.0	(1,301)	20.1	20.1
Cost of services provided	(28)	0.4	(25)	0.4	12.0
	(3,803)	**58.4**	**(3,975)**	**61.4**	**(4.3)**
GROSS PROFIT	**2,709**	**41.6**	**2,498**	**38.6**	**8.4**
Operating Revenues (expenses)					
Expenses with sales	(17)	0.3	(17)	0.3	0.0
General and administrative Expenses	(183)	2.7	(181)	2.7	1.1
Other net operating revenues	(5)	0.1	3	-	(266.7)
	(205)	**3.1**	**(195)**	**3.0**	**5.1**
PROFIT BEFORE FINANCIAL RESULTS AND TAX	**2,504**	**38.5**	**2,303**	**35.6**	**8.7**
Financial Result					
Financial revenue	281	(4.3)	207	(3.2)	36.0
Financial expenses	(752)	11.5	(553)	8.5	36.0
	(471)	**7.2**	**(346)**	**5.3**	**36.0**
PRE-TAX PROFIT	**2,033**	**31.3**	**1,957**	**30.3**	**3.9**
Income tax and social contribution	(532)	8.2	(574)	8.9	(7.3)
ANNUAL NET PROFIT	**1,501**	**23.1**	**1,383**	**21.4**	**8.5**
EARNINGS PER SHARE - BASIC AND DILUTED - IN REAIS	**2.30**		**2.12**		
EBITDA	**3,115**	**47.8**	**2,895**	**44.7**	**7.6**

Net revenue from sales

Net revenue from sales increased from R$ 6,473 million in 2014 to R$ 6,512 million in 2015, representing growth of R$ 39 million, or 0.6%. This increase is largely due to the following combination of factors: (i) R$ 822 million — an increase in the net average selling price; (ii) R$ R$ 600 million — a reduction in revenue from transactions in the short-term market, including those conducted within the scope of the CCEE; and (iii) R$ 182 million — reduced energy sales.

- Net average selling price

The net average selling price was R$ 171.37/MWh, 14.9% higher than the R$ 149.20 reported for 2014. The price increase was largely due to monetary restatement of existing agreements as well as higher prices negotiated for new contracts.

- Sales volume

In 2015, energy sales volume was 36,012 GWh (4,111 average MW) against 37,072 GWh (4,232 average MW) recorded in 2014, a reduction of 1,060 GWh (121 average MW) or 2.9%. These variations were due to a combination of the following key factors: (i) expiry of agreements with distributors and trading companies, where the related energy was sold to free consumers or settled on the short-term market, attenuating the negative impacts arising from the systemic deficit in hydroelectric generation; and (ii) an increase in purchase volumes.

Costs of energy sold and of services rendered

The costs of energy sold and services rendered were R$ 3,803 million, 4.3% or R$ 172 million less than the R$ 3,975 million in 2014. These variations are essentially due to the following factors:

- Electric energy purchased for resale: the year-on-year increase of R$ 507 million largely reflects: (i) price readjustments for existing agreements; and (ii) an increase in medium and long-term purchases of 552 GWh (63 average MW), particularly the acquisition of surplus energy from Jirau.

- Transactions in the short-term market including those conducted through the CCEE: on a year-on-year comparative basis, there was a reduction of R$ 973 million in costs. Such a variation reflects a reduction in costs of R$ 120 million in the fourth quarter 2015 relative to the effects arising from the completion of renegotiation of the hydrological risk. Greater details are given in the specific item below.

- Fuels for the production of electric energy: the growth of R$ 46 million over the preceding fiscal year was principally due to rising unit prices and the distribution costs of natural gas consumed at the William Arjona Thermoelectric Power Plant due to the depreciation of the Real against the US dollar.

- Charges for the use of and connection to the electricity grid: the increase of R$ 30 million between successive fiscal years was largely due to the annual readjustment in transmission tariffs.

- Materials and third party services: costs rose by R$ 33 million in relation to 2014 mainly due to the greater demand for operational and maintenance services, notably at the Jorge Lacerda Thermoelectric Complex, the Charqueadas Thermoelectric Power Plant and the Salto Santiago and Estreito hydroelectric plants.

- Financial remuneration for use of water resources (royalties): there was a year-on-year increase in costs of R$ 8 million, in large part due to the annual price readjustment.

- Personnel: an increase of R$ 22 million, principally due to the annual adjustments in employee remuneration and benefits.

- Depreciation and amortization: an increase of R$ 7 million over 2014 above all due to the incorporation of new assets in the Company's generator complex.

- Net operational provisions: there was a negative effect of R$ 77 million on results in relation to 2014. The main factors driving increased provisioning costs were: (i) a R$ 92 million reversal of a provision for a civil action involving the collection of a surcharge on the Tariff for Use of the Transmission System (TUST) by Ponte de Pedra Hydroelectric Power Plant (UHPP), following a decision found in favor of the Company, thus reducing the risk of loss from a judicial process; (ii) a R$ 15 million reversal of a provision for a Brazilian Social Security Department (INSS) collection as a result of the Company's agreement to the "REFIS da Copa" tax amnesty; (iii) a reduction of R$ 18 million in the provision for the civil action arising from the judicial dispute with a supplier (mentioned above); and (iv) R$ 12 million with respect to the constitution and reversal for payment in fourth quarter 2014 and first quarter 2015, respectively, of a provision for a civil action involving indemnification for expropriations at Cana Brava Hydroelectric Power Plant.

- Others: in 2015, there was a negative variation in relation to 2014 of R$ 71 million, essentially reflecting: (i) reversal of prescribed liabilities in 2014 for R$ 55 million relating to energy purchases and transmission overheads; (ii) payment of R$ 6 million in indemnifications for expropriations which took place in 2015; and (iii) an increase of R$ 10 million in the premium on the Company's renewed insurance policies.

Details of Short-Term Operations including transaction on the CCEE

Short-term operations are classified as energy purchase or sale operations not exceeding six months and having the optimization of Tractebel's exposure on the CCEE as their prime objective. Consequently, the price for these operations is dictated by the Price for Settlement of Differences (PLD) or spot price. This item also includes transactions conducted through the CCEE, given their volatile and seasonal nature - and, therefore, of short-term nature - of the results originating those booked at CCEE. Additionally, long and short positions are settled at the spot price, and therefore similar to the short-term operations described above.

As to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of an 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 account. In this context, it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic - allowing us to analyze the oscillations of the principal elements involved in spite of allocation being to either income or expenses according to the credit or debit nature of the billing to which they relate.

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the Assured Energy Adjustment Factor which occurs when generation in relation to allocated energy from the plants which are part of the MRE is greater (Secondary Energy) or less (Generation Scaling Factor - GSF); (iii) the so-called "sub-market risk"; (iv) dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch diverging from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) which will be settled at the PLD price.

For 2015 as a whole, the net result (the difference between revenues and costs - less taxes on revenues and costs) from short-term transactions, including those executed through the CCEE, was positive at R$ 235.7 million against a negative result of R$ 136.2 million in 2014, that is, an improvement of R$ 371.9 million between comparative years.

This variation is largely due to a combination of the following factors: (i) a major reduction in the negative effect of the adjustment in physical guarantee in relation to the GSF; (ii) a decline in the long position on the CCEE, a reflection of the Company's monthly power allocation strategy; (iii) a decrease in thermoelectric exposure due to the significant reduction in average PLD in 2015 in spite of the overall increase in exposed volume; (iv) recognition in fourth quarter 2015 of the effects of signing up to the hydrological risk renegotiation at some of the Company's plants where energy is sold in the Regulated Contracting Environment (ACR) pursuant to Law 13.203/2015; (v) reduced impact of results from transactions on the CCEE in the fourth quarter 2015 compared with the same quarter in 2014 with the recognition of amounts due to the recovery from the negative impacts of operations through the CCEE in 2014 following forced stoppages at company generator units; (vi) increase in revenue with ancillary services; (vii) the increase in MRE revenue linked to the Energy Optimization Tariff (TEO); (viii) the positive effects of short-term transactions in 2015; and (ix) the reversal in the second quarter of 2014 of the provisions for supposed costs relative to the participation of generators in the prorating of System Service Charges (ESS) as per CNPE Resolution 03, given the reduced risk of loss from a judicial action contesting the collection of these amounts. The effects mentioned in items (ii) and (v) attenuated the positive impact of the remaining factors.

Worthy of note also was the significant reduction in year-on-year average PLD, thus contributing significantly to mitigating negative impacts stemming from the application of the GSF and thermoelectric exposure, and on the other hand, to the reduction in the positive effects arising from surplus energy settled through the CCEE.

On a year-on-year comparative basis, the average PLD for the South and Southeast/Central-Western submarkets declined by 57.8% from R$ 675.81/MWh in 2014 to R$ 285.41/MWh in 2015.

With the enactment of Law 13.203/2015 and pursuant to Aneel guidelines, in December 2015 the Company formally signed up to the renegotiation of the hydrological risk for plants where energy is sold through the Regulated Contracting Environment. The decision also reflected the need to mitigate the negative effects of the GSF on generator plants subject to the Energy Reallocation Mechanism - MRE. As a condition to signature, the Company agreed to remove all preliminary injunctions impeding the payment of the GSF at its plants.

This renegotiation was made retroactive to January 2015 and resulted in the reimbursed amount (net of the risk premium) of R$ 223 million, booked to the asset "Renegotiation of hydrological risk to appropriate", to be offset against future risk premiums incurred by the Company. The following table shows the results to be reimbursed following renegotiation for fiscal year 2015 and the extension of the term for amortization of unit premiums under the ACR mechanism by product class.

Criteria for renegotiation of hydrological risk

Plant	Product	Amount Renegotiated average MW	Amount Renegotiated MWh	Net unit reimbursement (R$)	Total reimbursement (R$ million)	Term* (years)
Cana Brava HPP	SP92	261.66	2,292,177	18.26	41.9	13.25
Itá HPP	SP92	336.00	2,943,360	18.26	53.7	13.25
Machadinho HPP	SP92	84.04	736,190	18.26	13.4	13.25
Ponte de Pedra HPP	SP95	123.55	1,082,315	23.80	25.8	7.17
Salto Santiago HPP	P97	150.00	1,314,000	24.36	32.0	2.92
São Salvador HPP	SP91	142.13	1,245,048	16.52	20.6	17.25
Estreito HPP	SP91	247.13	2,164,859	16.52	35.8	17.25
TOTAL		**1,344.51**	**11,777,950**		**223.1**	

Extended term as from January 2016 for payment of reimbursement of the result for 2015.

Gross profit

The Company's gross profit in 2015 was R$ 2,709 million, R$ 211 million or 8.4% higher than reported in 2014, when this item recorded R$ 2,498 million. This result reflected the variations already explained in the sub-items "Net revenue from sales" and "Costs of energy sold and services rendered".

Operating revenue (expenses)

In 2015, the Company recognized a provision for a reduction in the amount for asset recovery (impairment) for R$ 10 million, due to modification in recovery value when in use or where sale value is uncertain.

Profit before financial result and taxes (EBIT)

The Company reported a result of R$ 2,504 million for 2015, R$ 201 million or 8.7% greater in relation to the same item in the preceding year which was R$ 2,303 million, result of the variations described above in the sub items "Gross profit" and "Operating revenue (expenses)".

Financial Result

- Financial Income: on a comparative year-on-year basis, financial income increased R$ 74 million, or 36.0% from R$ 207 million in 2014 to R$ 281 million in 2015. This variation is largely the result of the following factors: (i) an increase of R$ 139 million in revenue from financial investments; (ii) a reversal of R$ 61 million in 2014, corresponding to interest and monetary restatement of prescribed liabilities already mentioned in the item "Costs of Energy Sales and Services - Others"; (iii) recognition in 2014 of R$ 11 million in gains as a result of legal rulings in favor of the Company; and (iv) an increase of R$ 4 million in monetary restatement of court escrow deposit accounts.

- Financial expenses: On a comparative year-on-year basis, expenses rose from R$ 553 million to R$ 752 million, a R$ 199 million or 36.0% increase, resulting largely from the combination of the following variations: (i) growth of R$ 75 million in interest and monetary restatement of debt; (ii) an increase of R$ 138 million in interest and monetary restatement on concession fees payable; (iii) a decrease of R$ 18 million in interest and monetary restatement of provisions and contingencies; and (iv) an increase of R$ 4 million in currency translation expenses on corporate debt.

- Income Tax and Social Contribution

For the full 12-month period of 2015, income tax and social contribution expenses declined from R$ 574 million in 2014 to R$ 532 million in 2015: a difference of R$ 42 million. This variation also reflects above all, interest on shareholders' equity credited to shareholders during the year. Tax rates on profits in 2015 and 2014 were 26.2% and 29.3%, respectively.

Net income for fiscal year

Net income increased from R$ 1,383 million in 2014 to R$ 1,501 million in 2015, or an R$ 118 million, or 8.5% increase. This variation was principally due to: (i) a R$ 220 million improvement in EBITDA; (ii) an increase of R$ 125 million in net financial expenses; (iii) an increase of R$ 9 million in depreciation and amortization expenses; (iv) recognition of asset impairment of R$ 10 million in fiscal year 2015; and (v) a R$ 42 million reduction in income tax and social contribution expenses.

EBITDA and EBITDA margin

In 2015, EBITDA increased by 7.6% or R$ 220 million from R$ 2,895 million in 2014 to R$ 3,115 million. The Company reported an EBITDA margin of 47.8%, an increase of 3.1 p.p. in relation to 2014. This performance largely reflects a combination of the following factors: (i) an increase of R$ 640 million in net revenue from sales of contracted energy; (ii) growth of R$ 507 million in energy purchases for resale; (iii) the positive impact of R$ 426 million in transactions conducted in the short-term market including those executed within the scope of the CCEE; (iv) reversal in 2014 of a provision of R$ 54 million covering the impacts of CNPE Resolution 03, published in 2013; (v) a R$ 46 million increase in fuel consumption; (vi) an increase of R$ 30 million in charges for the use of the electricity network and connection; (vii) reversal in 2014 of provisions for the collection of a surcharge on Ponte de Pedra Hydroelectric Power Plant's Tariff for Use of the Transmission System in the amount of R$ 92 million; (viii) reversal of prescribed liabilities in 2014 amounting to R$ 55 million; and (ix) an increase of R$ 62 million in other costs and operational expenses. If the non-recurring events in 2014 mentioned in items (iv), (vii) and (viii) were factored out, the increase in EBITDA would have been R$ 421 million or 15.6% greater in 2015 in relation to the preceding year.

The following table shows the reconciliation of net income with EBITDA.

Reconciliation between net profit and EBITDA

Amounts in R$ million	12.31.2015	12.31.2014
Annual Net Profit	1,501	1,383
(+) Income tax and Social Contribution	532	574
(+) Net financial expenses	471	346
(+) Depreciation and amortization	601	592
EBITDA	**3,105**	**2,895**
(+) Provision for impairment	10	-
Adjusted EBITDA	**3,115**	**2,895**
EBITDA margin (%)	**47.8%**	**44.7%**

The Company's EBITDA is shown based on the guidance in CVM Instruction 527/2012, which now governs the disclosure of this non-accounting parameter. EBITDA should not be considered a measure of financial performance according to the "International Accounting Practices and Practices Adopted in Brazil". Neither should it be considered in isolation or as an alternative to net income as a measure of operating performance or an alternative to operating cash flows or as a measure of liquidity.

Since financial expenses and revenues, income tax and social contribution and depreciation, amortization and impairment are not considered in its calculation, EBITDA functions as an indicator of general economic performance. Consequently, it serves as an important tool for periodically comparing operating performance as well as a basis for certain decisions of an administrative nature. EBITDA provides a better understanding not only of financial performance but also of the capacity to fulfill liabilities and to raise resources for capital expenditures and working capital. However, EBITDA has certain limitations, which undermine its use as a measure of profitability: it

does not consider certain business -related costs which could significantly affect profits such as financial expenses, taxes, depreciation, capital expenses and other related charges.

Comparative analysis of results for the fiscal years ending December 31, 2014 and 2013 pursuant to IFRS and CPC accounting principles:

Values in R$ million	December 31st				
	2014	% of revenue	2013	% of revenue	2014 *versus* 2013 (%)
NET SALES REVENUE	**6,473**	**100.0**	**5,569**	**100.0**	**16.2**
Costs of sold energy and services provided					
Electricity purchased for resale	(1,276)	19.7	(776)	13.9	64.4
Transactions in the short-term energy market	(1,040)	16.1	(638)	11.5	63.0
Charges for the use of the electric network and connection	(333)	5.1	(308)	5.5	8.1
Electricity production cost	(1,301)	20.1	(1,165)	20.9	11.7
Cost of services provided	(25)	0.4	(25)	0.4	-
	(3,975)	**61.4**	**(2,912)**	**52.3**	**36.5**
GROSS PROFIT	**2,498**	**38.6**	**2,657**	**47.7**	**(6.0)**
Operating Revenues (expenses)					
Expenses with sales	(17)	0.3	(19)	0.3	(10.5)
General and administrative Expenses	(181)	2.8	(178)	3.2	1.7
Provision for reduction of recoverable value	-	-	(73)	1.3	(100.0)
Other net operating revenues	3	(0.0)	-	-	-
	(195)	**3.0**	**(270)**	**4.8**	**(27.8)**
PROFIT BEFORE THE FINANCING RESULT AND ATTRIBUTES	**2,303**	**35.6**	**2,387**	**42.9**	**(3.5)**
Financing Result					
Financing revenues	207	(3.2)	183	(3.3)	13.1
Financing expenses	(553)	8.5	(568)	10.2	(2.6)
	(346)	**5.3**	**(385)**	**6.9**	**(10.1)**
PROFIT BEFORE TRIBUTES OVER PROFIT	**1,957**	**30.2**	**2,002**	**35.9**	**(2.2)**
Income tax and Social Contribution	(574)	8.9	(565)	10.1	1.6
YEAR NET PROFIT	**1,383**	**21.4**	**1,437**	**25.8**	**(3.8)**
PROFIT PER SHARE - BASIC AND DILUTED - IN REAIS	**2,12**		**2.20**		
EBITDA	**2,895**	**44,7**	**3,043**	**54.6**	**(4.9)**

Net sales revenue

In the comparison of 2014 and 2013, there was growth in net sales revenue of R$ 904 million or 16.2%, from R$ 5,569 million in 2013 to R$ 6,473 million in 2014. This increase reflects the following combination of factors: (i) R$ 352 million - increase in the average net selling price; (ii) R$ 218 million - increase in the amount of energy sold; (iii) R$ 177 million - revenue increase in transactions in the short-term market, including those conducted through the CCEE; (iv) R$ 160 million - representing unrecovered revenue from the CCEE, due to the temporary stoppage of generation and consequent losses incurred in generating units of the Jorge Lacerda Complex; and (v) R$ 6 million - reduction of carbon credit sales revenue.

- Average net selling price

In 2014, the average price of energy sales, net of taxes on income was R$ 149.20 / MWh, 6.6% higher than in 2013, from R$ 139.97 / MWh. The increase occurred mainly due to the restatement of existing contracts.

- **Sales volume**

The amount of energy sold in 2014 was 37,072 GWh (4,232 average MW), an increase of 1,627 GWh (186 average MW), or 4.6%, compared to 2013 when the volume was 35,445 GWh (4,046 average MW). Such variations are mainly due to the combination of the following: (i) increase of the volume of purchases; (ii) startup of full operations at the Trairí Wind Complex; and (iii) acquisition of Ferrari Termoelétrica S.A., events partially offset by the reduction in customer demand and a higher volume of uncontracted energy in 2014.

Costs of energy sold and services rendered

In 2014, the costs of energy sales and services totaled R$ 3,975 million, 36.5%, or R$ 1,063 million higher than the R$ 2,912 million of 2013. This variation derived mainly from the following factors:

- Electricity purchased for resale: increase of R$ 500 million in 2014 compared to 2013, primarily reflecting: (i) price readjustments of existing contracts; and (ii) the increase in the medium and long-term contracts in the amount of 2,897 GWh (331 average MW) in 2014.

- Transactions in the short-term market, including the CCEE: between 2014 and 2013, there was an increase in costs of R$ 402 million. Such variation includes the amount of R$ 83 million, recognized as cost recovery, given the increase in the exposure to the CCEE due to the temporary interruption of generation from the Jorge Lacerda Complex. Further details are described below, under a specific item.

- Fuels for electricity production: increase of R$ 134 million between 2014 and 2013, mainly reflecting the increase in natural gas consumption by the William Arjona Thermoelectric Power Plant due to the higher dispatch of the Plant.

- Charges for use of the electric network and connection charges: increase of R$ 25 million between 2014 and 2013, a reflection in large part due to the annual readjustment of transmission tariffs, in addition to the entry into commercial operations of the Trairí Wind Complex and the acquisition of Ferrari Termoelétrica S.A..

- Third party materials and services: increase of R$ 21 million between 2014 and 2013, primarily due to the higher demand for operational and maintenance services, especially at the Jorge Lacerda Thermoelectric Complex, the São Salvador HPP and the Ferrari Thermoelectric Power Plant.

- Financial remuneration for the use of water resources (royalties): increase of R$ 22 million between 2014 and 2013, largely explained by the increased utilization of the Company's hydroelectric generation units.

- Personnel: increase of R$ 16 million between 2014 and 2013, substantially due to the annual readjustment in employee remuneration and benefits.

- Depreciation and amortization: increase of R$ 10 million between 2014 and 2013, mainly due to the start-up of the Trairí Wind Complex operation and the acquisition of Ferrari Termoelétrica S.A.

- Reversal of net operating provisions: positive effect on the result of R$ 14 million between 2014 and 2013, mainly due to: (i) R$ 92 million - reversal of a civil provision on the collection of an additional TUST value from the Ponte de Pedra Hydroelectric Power Plant, motivated by a favorable decision to the company that reduced the risk of loss from the lawsuit; (ii) R$ 89 million - constitution of a civil provision arising from a legal dispute with a supplier by reason of divergence on the application of the current legislation with regard to the price of an input; and (iii) R$ 16 million - reversal of a provision regarding the collection of INSS due to the Company's adherence to an amnesty on tax liabilities under the "REFIS da Copa" program.

- Others: positive effect of R$ 55 million between 2014 and 2013, primarily reflecting the reversal in the second quarter of 2014, of prescribed liabilities related to the purchase of energy and transmission charges.

Details of Short-Term Operations including transaction on the CCEE

Short-term operations are classified as energy purchase or sale operations not exceeding six months and having the optimization of Tractebel's exposure on the CCEE as their prime objective. Consequently, the price for these operations is dictated by the Price for Settlement of Differences (PLD) or spot price. This item also includes transactions conducted through the CCEE, given their volatile and seasonal nature - and, therefore, of short-term nature - of the results originating those booked at CCEE. Additionally, long and short positions are settled at the spot price, and therefore similar to the short-term operations described above.

As to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of an 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 account. In this context, it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic - allowing us to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the Assured Energy Adjustment Factor which occurs when generation in relation to allocated energy from the plants which are part of the MRE is greater (Secondary Energy) or less (Generation Scaling Factor - GSF); (iii) the so-called "sub-market risk"; (iv) dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch diverging from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) which will be settled at the PLD price.

In the full fiscal year 2014, net income from short-term transactions, including those conducted through the CCEE, was negative at R$ 136 million against an also negative R$ 71 million recorded in 2013, that is, a deterioration of R$ 65 million between the years under comparison. Excluding the constitution of the CNPE provision in 2013 and its reversal in 2014, the negative result of the transactions in the short-term market year-on-year, including the CCEE, would be higher at R$ 174 million.

This deterioration was due, in particular, to a combination of the following: (i) growth of net negative effect in the application of the GSF; (ii) increase in creditor position at CCEE, as a result of the Company's energy allocation strategy; (iii) increase of the thermal exposure of the Company, related mainly to the suspension of generation caused by accidents and maintenances of thermal power generating units; (iv) reduction in short-term energy purchases; (v) increase of the positive result in the MRE; (vi) reversal of the provision for eventual costs relating to the effects of the participation of generators in the prorating of the System Service Charges (ESS), pursuant to Resolution CNPE 03, in view of the reduction in probable risk of loss from the lawsuit contesting the collection of these charges; and (vii) recovery from the negative effects at CCEE, due to generation stoppages as a result of accidents at generating units, previously mentioned. Thus, the negative effects reported in items (i) and (iii) were attenuated by the remainder.

The significant increases in average PLD in the South and Southeast/Central-West submarkets, between 2013 and 2014, significantly contributed to the positive effects from the expansion in the long position at CCEE, and negatively to costs relating to the implementation of GSF and thermal exposure. When comparing the years, PLD in the same submarkets advanced 161.7% from R$ 258.19 / MWh in 2013 to R$ 675.81 / MWh in 2014.

Gross profit

In the year 2014, the Company's gross profit was R$ 2,498 million, 6.0% lower than presented in 2013, which was R$ 2,657 million, reflecting the variations explained in sub-items "Net sales revenue" and "Costs of energy sold and services provided".

Operating Revenues (expenses)

- Provision for reduction of recoverable value

In 2013, the Company recognized a provision for impaired assets, notably those of the Charqueadas Thermal Power Plant in the amount of R$ 73 million due to the rules enacted by Aneel reducing reimbursement for coal from January 2016. According to internal assessments, this will not permit recovery of assets and the additional investments necessary to meet the new plant efficiency factors required by the Regulator.

Profit before financial result and taxes (EBIT)

For 2014, this result was R$ 2,303 million, R$ 84 million or 3.5% lower compared with the previous year, when the result was R$ 2,387 million due to the changes described above in items "Gross profit" and "Operating Revenues (expenses)".

Financial Result

- Financial revenues

When comparing 2014 and 2013, financial revenues increased R$ 24 million from R$ 183 million to R$ 207 million. This variation is explained mainly by the following factors: (i) reversal of R$ 61 million in 2014, corresponding to interest and monetary restatement of prescribed liabilities; (ii) increase of R$ 25 million in the revenue from financial investments; (iii) an R$ 18 million reduction in gains from successful lawsuits; (iv) recognition of a gain of R$ 49 million in 2013, arising from the early settlement at market value of the outstanding debt with the National Treasury Department (STN); and (v) R$ 2 million increment in monetary restatement on court escrow deposits.

- Financing expenses

The expenses decreased from R$ 568 million in 2013 to R$ 553 million in 2014, or R$ 15 million, resulting from the combination of the following variations: (i) a reduction of R$ 42 million in exchange translation expenses on debt; (ii) increase of R$ 8 million in interest and monetary restatement on grants payable; (iii) increase of R$ 7 million in net interest on actuarial liabilities; (iv) increase of R$ 7 million in interest and monetary restatement on debt; and (v) increment of R$ 5 million in the charges on other company debt.

Income tax (IR) and social contribution (CSLL)

IR and CSLL overheads increased from R$ 565 million in 2013 to R$ 574 million in 2014, an increase of R$ 9 million. This variation is mainly a result of the reduction of profit before taxes and a lower credit entry from interest on shareholders equity. The effective tax rates on profits in the years 2014 and 2013 were 29.3% and 28.2%, respectively.

Annual net profit

In the year, net income increased from R$ 1,437 million in 2013 to R$ 1,383 million in 2014, that is, a reduction of R$ 54 million, or 3.8%. This variation was mainly due to the following factors previously explained, namely net income tax and social contribution: (i) a reduction of R$ 97 million in EBITDA; (ii) a decrease of R$ 37 million of recurring net financial expenses and reduction of non-recurring financial gains between the years 2013 and 2014 at R$ 11 million resulting in a R$ 26 million variation in the Financial Result; (iii) increase of R$ 7 million in depreciation and amortization; (iv) recognition of the impairment of R$ 48 million in 2013; and (v) a reduction of R$ 24 million of permanent deductions from the calculation base for income tax and social contribution, especially interest on shareholders' equity.

Excluding the non-recurring annual net tax effects, which positively impacted the 2014 EBITDA, in R$ 133 million, and negatively in 2013 for R$ 36 million, the impairment in 2013 of R$ 48 million and the nonrecurring positive effects on Financial Result, namely: (i) financial expenses of R$ 41 million on prescribed liabilities reversed in 2014; (ii) a gain in 2013 of R$ 33 million as a result of the early settlement of debt; and (iii) a gain in 2013 of R$ 19 million from a lawsuit for which there is no right of further appeal - the net income in the years 2014 and 2013 would have been R$ 1,209 million and R$ 1,469 million, respectively, a decrease of R$ 259 million, or 17.7% between the years analyzed.

EBITDA and EBITDA Margin

In the year, EBITDA decreased R$ 148 million, or 4.9%, from R$ 3,043 million in 2013 to R$ 2,895 million in 2014. The EBITDA margin reached 44.7% in 2014, representing a decrease of 9.9 p.p. compared to the previous year. Reductions of these indicators are primarily due to a combination of the following factors: (i) increase of R$ 570 million in net revenue of contracted energy sales; (ii) the negative impact of R$ 417 million in transactions in the short-term market, including those on the CCEE; (iii) recognition in 2014 of the recovery of negative effects at CCEE, resulting from accidents at the Company's generating units, as mentioned above, in the amount of R$ 243 million; (iv) reversal in 2014 of the provision due to the impacts of Resolution CNPE 03, constituted in 2013, in the amount of R$ 54 million, resulting in an increase of R$ 108 million; (v) increase of R$ 500 million in energy purchases for resale; (vi) increase of R$ 134 million in fuel consumption; (vii) establishment, in 2014, of civil provision arising from litigation with supplier, due to a divergence over fuel prices in the amount of R$ 89 million; (viii) reversal in 2014 of provisions relating to: (viii.i) claims of a surcharge on the Tariff for the Use of the Transmission System in the amount of R$ 92 million; and (viii.ii) prescribed liabilities in the amount of R$ 55 million; and (ix) an increase of R$ 76 million in other costs and expenses. Excluding the non-recurring effects mentioned in (iv), (viii.i) and (viii.ii), EBITDA would have reached R$ 2,694 million and R$ 3,097 million in the years 2014 and 2013, respectively, a reduction of R$ 403 million, or 13.0%, between the years under comparison.

Reconciliation between net profit and EBITDA

Amounts in R$ million	December 31, 2014	December 31, 2013
Annual Net income	1,383	1,437
(+) Income tax and social contribution	574	565
(+) Net financial expenses	346	385
(+) Depreciation and amortization	592	583
EBITDA	**2,895**	**2,970**
(+) Provision for impairment	-	73
Adjusted EBITDA	**2,895**	**3,043**
EBITDA margin (%)	**44.70%**	**54.60%**

The Company's EBITDA is shown as per guidance in CVM Instruction 527/2012, which now governs the disclosure of this non-accounting parameter. EBITDA is neither a measure of financial performance according to the "International Accounting Practices and Practices Adopted in Brazil", nor should it be considered in isolation or as an alternative to net income as a measure of operating performance or an alternative to operating cash flows or as a measure of liquidity.

Since financial expenses and revenues, income tax and social contribution and depreciation, amortization and impairment are not considered in its calculation, EBITDA functions as an indicator of general economic performance. Consequently, it serves as an important tool for periodically comparing operating performance as well as a basis for certain decisions of an administrative nature. EBITDA provides a better understanding not only of financial performance but also of the capacity to fulfill liabilities and to raise resources for capital expenditures and working capital. However, EBITDA, has certain limitations which undermine its use as a measure of profitability: it does not consider certain business -related costs which could significantly affect profits as for example financial expenses, taxes, depreciation, capital expenses and other related charges.

Comparative analysis of results for the fiscal years ending December 31, 2015 and 2014 pursuant to IFRS and CPC accounting principles:

	ASSETS							
Values in R$ million	**12.31.2015**	**%**	**12.31.2014**	**%**	**12.31.2013**	**%**	**12.31.2015 *versus* 12.31.2014 (%)**	**12.31.2014 *versus* 12.31.2013 (%)**
CURRENT ASSETS								
Cash and cash equivalents	2,397	15.7	1,605	11.8	1,224	9.7	49.3	31.1
Trade accounts receivable	774	5.1	713	5.2	740	5.9	8.6	(3.6)
Inventories	89	0.6	70	0.5	65	0.5	27.1	7.7
Tax credits recoverable	46	0.3	51	0.4	60	0.5	(9.8)	(15.0)
Fuel reimbursable	144	0.9	343	2.5	140	1.1	(58.0)	145.0
Insurance premium receivable	8	0.1	217	1.6	-	-	(96.3)	-
Restricted deposits	20	0.1	104	0.8	4	-	(80.8)	2,500.0
Unrealized gains from hedge operations	778	5.1	30	0.2	-	-	2,493.3	-
Hydrological risk renegotiation to be recognized	26	0.2	-	-	-	-	-	-
Other current assets	74	0.5	54	0.5	72	0.7	37.0	(25.0)
	4,356	**28.6**	**3,187**	**23.5**	**2,305**	**18.4**	**36.7**	**38.3**
Non-current assets held for sale	87	0.6	87	0.6	-	-	-	-
	4,443	**29.2**	**3,274**	**24.1**	**2,305**	**18.4**	**36.7**	**38.3**
NON-CURRENT ASSETS								
Long Term Assets								
Tax credits recoverable	47	0.3	84	0.6	100	0.8	(44.0)	(16.0)
Restricted deposits	158	1.0	156	1.1	131	1.0	1.3	19.1
Judicial deposits	133	0.9	117	0.9	107	0.8	13.7	9.3
Values receivable for disposal of assets	-	-	-	-	87	0.7	-	(100.0)
Unrealized gains from hedge operations	130	0.8	64	0.5	1	-	103.1	6,300.0
Hydrological risk renegotiation to appropriate	197	1.3	-	-	-	-	-	-
Other non-current assets	52	0.2	60	0.4	56	0.4	(13.3)	7.1
	717	**4.5**	**481**	**3.5**	**482**	**3.7**	**49.1**	**(0.2)**
Property, plant and equipment	**9,898**	**64.7**	**9,658**	**71.0**	**9,708**	**76.9**	**2.5**	**(0.5)**
Intangible assets	**243**	**1.6**	**197**	**1.4**	**126**	**1.0**	**23.4**	**56.3**
	10,858	**70.8**	**10,336**	**75.9**	**10,316**	**81.6**	**5.1**	**0.2**
TOTAL	**15,301**	**100.0**	**13,610**	**100.0**	**12,621**	**100.0**	**12.4**	**7.8**

	LIABILITIES AND SHAREHOLDERS' EQUITY							
Values in R$ million	12.31.2015	%	12.31.2014	%	12.31.2013	%	12.31.2015 *versus* 12.31.2014 (%)	12.31.2014 *versus* 12.31.2013 (%)
CURRENT LIABILITIES								
Suppliers	574	3.8	642	4.7	510	4.0	(10.6)	25.9
Dividends and interest on equity	271	1.8	200	1.5	221	1.8	35.5	(9.5)
Loans, financing and debentures	1,713	11.2	455	3.3	667	5.3	276.5	(31.8)
Concessions payable	61	0.4	55	0.4	52	0.4	10.9	5.8
Income and social contribution taxes payable	18	0.1	228	1.7	434	3.4	(92.1)	(47.5)
Other tax and regulatory liabilities	97	0.6	67	0.5	63	0.5	44.8	6.3
Provision for remuneration and charges	103	0.7	72	0.5	64	0.5	43.1	12.5
Civil, tax and labor provisions	26	0.2	15	0.1	15	0.2	73.3	-
Retirement benefits obligations	22	0.1	49	0.4	29	0.2	(55.1)	69.0
Other current liabilities	104	0.7	160	1.2	95	0.8	(35.0)	68.4
	2,989	**19.6**	**1,943**	**14.3**	**2,150**	**17.1**	**53.8**	**(9.6)**
NON-CURRENT LIABILITIES								
Loans, financing and debentures	2,534	16.6	3,598	26.4	2,830	22.4	(29.6)	27.1
Concessions payable	2,010	13.1	1,711	12.6	1,543	12.2	17.5	10.9
Civil, tax and labor provisions	247	1.6	187	1.4	180	1.4	32.1	3.9
Retirement benefits obligations	256	1.7	234	1.7	190	1.5	9.4	23.2
Deferred income and social contribution taxes	559	3.7	213	1.6	164	1.3	162.4	29.9
Other non-current liabilities	64	0.3	69	0.4	199	1.6	(7.2)	(65.3)
	5,670	**37.0**	**6,012**	**44.1**	**5,106**	**40.4**	**(5.7)**	**17.7**
SHAREHOLDERS' EQUITY								
Capital	2,446	16.0	2,446	18.0	2,446	19.4	-	-
Capital reserves	92	0.6	92	0.7	92	0.7	-	-
Profit reserves	2,833	18.5	1,783	13.1	1,772	14.0	58.9	0.6
Capital increase and proposed additional dividends	500	3.3	806	5.9	462	3.7	(38.0)	74.5
Valuation adjustments	769	5.0	524	3.9	590	4.7	46.8	(11.2)
	6,640		**5,651**		**5,362**			
Non-controlling interest	2	-	4	-	3	-	(50.0)	33.3
	6,642	**43.4**	**5,655**	**41.6**	**5,365**	**42.5**	**17.5**	**97.2**
TOTAL	**15,301**	**100.0**	**13,610**	**100.0**	**12,621**	**100.0**	**12.4**	**7.8**

Comments on significant variations between the balance sheets for December 31, 2015 and December 31, 2014

Current assets

Cash and cash equivalents

The growth of R$ 792 million is the result largely of the following combination of factors: (i) resources generated from operating activities of R$ 2,579 million; (ii) investments of R$ 753 million in fixed and intangible assets; (iii) payment of dividends and interest on shareholders´ equity of R$ 704 million; (iv) amortization of R$ 414 million in loans, financing and debentures; (v) funding of resources through loans and financing amounting to R$ 138 million, allocated principally to the modernization of Salto Santiago, Passo Fundo and Jorge Lacerda power plants, expansion work at Ferrari Termoelétrica S.A. and the construction of projects under development; and (vi) payment of concession installments in the amount of R$ 59 million.

Client accounts receivable

Growth of R$ 61 million is largely due to the increase in average selling price of energy to trading companies and free consumers and the increase in transactions in the short-term energy market, in part reduced by the decrease in the quantity of energy sold to distributors.

Inventory

The increase of R$ 19 million is due principally to an increase in coal inventory, increase in inventory volumes and the purchase price of items held in stock.

Fuel costs to be reimbursed

The reduction of R$ 199 million is due largely to the regularization of reimbursement of fuel purchased for consumption in the Company's thermoelectric power plants. Under normal circumstances, reimbursements are executed once proof of payment is submitted to the suppliers. On December 31, 2015, amounts with respect to the months of November and December of the same year were pending reimbursement from Eletrobras while on December 31, 2014 the amounts from August through December 2014 had not been reimbursed. Regularization was completed in the first half of 2015.

Insurance indemnification receivable

The decline of R$ 212 million is due principally as follows: (i) R$ 39 million – recognition of a complement of the insurance indemnification for loss of profits due to the negative impacts on CCEE operations following the temporary stoppage of the generator units at the Jorge Lacerda Thermoelectric Complex as a result of system failure in 2014; and (ii) R$ 248 million – receipt of indemnity for the above mentioned system failure for previous periods and still pending payment.

Linked deposits

The decrease of R$ 84 million reflects the following factors: (i) R$ 53 million – reduction in the financial guarantees related to operations executed on the CCEE; (ii) R$ 42 million – drawdown of an installment of the deposits in a linked account subsequent to compliance with certain conditions precedent in the agreement to acquire the total capital stock of Ferrari Termoelétrica S.A.; and (iii) R$ 11 million – guarantees established in the energy sales agreements deposited by clients of the Company, to be released as these agreements are executed.

Unrealized earnings in hedge operations

This item covers unrealized gains for fair value and cash flow hedge operations, recording an outstanding balance in 2015 of R$ 489 million and R$ 289 million, respectively. The fair value hedge operations were contracted concomitantly with currency-denominated loans in order to protect the totality of future payments of principal and interest from oscillations in the US dollar/Real rate. Cash flow hedge operations are designed to protect the payments of future currency commitments relative to plant construction agreements. The increase of R$ 748 million was strongly impacted by the increase of the US dollar/ Real exchange rate during 2015.

Renegotiation of hydrological risk to appropriate

Pursuant to the guidelines established in Law 13.203/2015 and in Normative Resolution 684/2015, in December 2015, Aneel agreed to the renegotiation of the hydrological risk for the Company's plants where energy is sold through the Regulated Contracting Environment (ACR). As a quid pro quo for signing up to the agreement, the Company cancelled all preliminary injunctions against Aneel impeding the application of the GSF. The renegotiation rules establish options for the level of hydrological risk to be taken on by the generators and in return, the latter undertake to pay a risk premium defined by Aneel for the life of the energy sales contract transacted through the ACR. Based on the new level of risk set out in the renegotiation agreement, the corresponding GSF for 2015 was recalculated, resulting in a higher amount payable, to be offset against payment of risk premiums at present value by the Company. The Company expects that R$ 26 million will be offset in fiscal year 2016. Consequently, this balance will be shown in the current assets of the balance sheet.

Other current assets

The R$ 20 million increase is due to the combination of the following items: (i) R$ 9 million – an increase of expenses to appropriate given the increase in the international insurance premium for property damage and business interruptions; (ii) R$ 6 million – an increase in expenditures and claims to be reimbursed; (iii) R$ 3 million – increase in advances to suppliers; and (iv) R$ 2 million – growth in the compensating balance of income tax and social contribution.

Non-current assets

Long-term assets

Tax credits recoverable

The reduction of R$ 37 million is largely the result of a combination of the following items: (i) greater use of PIS and Cofins tax credits during fiscal year 2015; and (ii) an increase in ICMS sales tax recoverable on the acquisitions of plant, property and equipment.

Legal deposits

The increase in R$ 16 million is principally the result of monetary restatement of court deposits.

Non-realized earnings in hedge operations

This item covers non-realized earnings in cash flow hedge operations. The nature of the operation and the reason for the increase of R$ 66 million shown are described in the item "Non-realized earnings in hedge operations", under "Current assets".

Renegotiation of hydrological risk to appropriate

The amount of R$ 197 million corresponds to the amounts to be compensated against the risk premium in the period between 2017 and 2033, pursuant to Normative Resolution 684/2015. The nature of this item is described under "Renegotiation of hydrological risk to appropriate", under "Current assets".

Fixed assets

The increase in R$ 240 million is due to the following factors: (i) acquisition of plant property and equipment amounting to R$ 784 million; (ii) depreciation of R$ 588 million; (iii) capitalization of R$ 68 million in interest and monetary restatement on loans, financing and debentures; (iv) writing down of unserviceable goods amounting to R$ 14 million; and (v) recognition of a provision for a reduction in impairment charges of R$ 10 million.

Intangible

The growth of R$ 46 million is due largely to the recognition of rights on the Campo Largo, Santo Agostinho and Assú projects.

Current liabilities

Suppliers

The decrease of R$ 68 million is a result of the increase in the balances of purchased electric energy and suppliers of plant property and equipment, partially offset by the reduction in CCEE transactions, fossil fuel and biomass suppliers as well as suppliers of materials and services.

Dividends and interest on shareholders' equity

The increase of R$ 71 million is due to higher interest on shareholders' equity for the year 2015 compared to 2014.

Loans, financing and debentures

The increase of R$ 1,258 million was due to the following factors: (i) transfer of R$ 1,609 million from the long-term liabilities principally due to the maturing of loans with HSBC USA, Mizuho Bank and Bank of Tokyo in 2016; (ii) payments of principal and interest of R$ 756 million; and (iii) financial charges of R$ 405 million.

Income tax and social contribution payable

A reduction of R$ 210 million due to the Company's adoption from the third quarter of 2015 of payment of income tax and social contribution whereby taxpayers can suspend or reduce their payments on the basis of the monthly balance sheet compared previously when monthly calculations were estimated based on gross revenue.

Other tax and regulatory liabilities

The increase of R$ 30 million is due in large part to the increase in PIS and Cofins taxes payable due to: (i) reduced credit taken in December 2015 compared with December 2014; (ii) an increase in sales revenue; and (iii) an increase in financial income.

Provision for remuneration and charges

In 2015, there was an increase in the provision for expenditures with voluntary termination for those employees, including members of the management who signed up to the Voluntary Severance Package – PDV, effective again from 2013, and for those who will resign in 2016. A provision for participation in the results and managerial bonus was also established. The overall increase for this item was R$ 31 million

Retirement benefits liabilities

The decrease of R$ 27 million is essentially due to the reduction in the estimate for payments of benefits and contributions to be effected in 2016.

Other current liabilities

The reduction of R$ 56 million is due largely to the release of a deposit in escrow in guarantee of the settlement of an installment for the acquisition of the entire capital stock of Ferrari Termoelétrica S.A. and investments in R&D program projects.

Non-current liabilities

Loans, financing and debentures

The decrease of R$ 1,064 million is explained by the following factors: (i) transfer to current liabilities of R$ 1,609 million in debt maturing in 2016; (ii) financial charges of R$ 407 million; and (iii) raising of funding from the BNDES and HSBC USA in the aggregate amount of R$ 138 million, principally for the modernization of the Salto Santiago and Passo Fundo hydroelectric power plants and the Jorge Lacerda Thermoelectric Complex, expansion at Ferrari Termoelétrica S.A. and the construction of projects under development.

Grants payable

The increase of R$ 299 million is due to the following: (i) interest and monetary restatement of R$ 364 million; and (ii) transfer to current liabilities of R$ 65 million.

Tax, civil and labor provisions

The increase of R$ 60 million is largely the result of the setting aside of provisions based on the estimated risk of loss made by the Company and legal counsel.

Retirement benefits liabilities

The increase of R$ 22 million is essentially the result of an actuarial review following the actuarial reevaluation at the end of fiscal year 2015.

Deferred income tax and social contribution

The increase of R$ 346 million is due principally to the following impacts on the deferred taxes: (i) increase in remuneration from cash flow swap and hedge operations; and (ii) accelerated depreciation on eligible assets. The effect of these items was partially offset by an increase in civil, tax and labor provisions.

Net Shareholders´ Equity

The increase of R$ 987 million is due to a combination of the following factors: (i) net income for fiscal year 2015 of R$ 1.501 million; (ii) interim dividends paid and interest on shareholders' equity credited relative to fiscal year 2015 of R$ 628 million; (iii) recognition of remuneration not realized from cash flow hedge operations amounting to R$ 272 million; (iv) approval of the distribution of dividends proposed relative to fiscal year 2014 of R$ 172 million; and (v) gain as a result of the review of liabilities for retirement benefits amounting to R$ 14 million.

Comments on significant variations between the balance sheets of December 31, 2014 and December 31, 2013

Current assets

Cash and cash equivalents

The R$ 381 million increase in results is mainly due to the following combination of factors: (i) cash generated from operating activities of R$ 1,677 million; (ii) loans, financing and debentures, amounting to R$ 1,220 million, intended mainly for the modernization of Salto Santiago and Passo Fundo hydro plants, the expansion of Ferrari Termoelétrica S.A., the construction of wind projects in development and refinancing of debts; (iii) payment of dividends and interest on shareholders' equity of R$ 1,081 million; (vi) amortization of R$ 782 million of loans, financing and debentures; (v) investment of R$ 353 million in fixed and intangible assets; (vi) the acquisition of companies Ferrari Termoelétrica S.A., CLWP Brasil II Participações Ltda., CLWP Brasil III Participações Ltda. and development rights of the Santo Agostinho Wind Complex for R$ 235 million; and (vii) payment of grants in the amount of R$ 55 million.

Client accounts receivable

The R$ 27 million reduction is due mainly to the decrease in receivables arising from transactions in the short-term energy market, partially compensated by the increase in accounts receivable resulting from higher sales prices of energy and new sales agreements concluded.

Fuel to be reimbursed

The R$ 203 million was due mainly to the five-month accumulation of fuel purchases payables as of December 31, 2015 to be reimbursed by Eletrobras against only two months on December 31, 2013. One of the installments due was received in January 2015.

Insurance indemnification receivable

The balance of R$ 217 million corresponds to the insurance indemnity receivable due to the negative impacts on the CCEE following a temporary shutdown in generating units at the Jorge Lacerda Complex as a result of accidents in these units. The Company received R$ 101 million in the first quarter of 2015.

Linked deposits

The R$ 100 million increment derives mainly from the following factors: (i) R$ 48 million - deposits made to a linked account to comply with certain conditions precedent set forth in the agreement for the acquisition of all the capital stock of Ferrari Termoelétrica S.A. namely: (i.i) implementation of improvements in the efficiency of the cogeneration process, the issue of the environmental license, as well as a review of the physical guarantee of the plant; and (i.ii) technical review of the turbo generator, completion of work on the substations, among others; and (ii) R$ 54 million - constitution of financial guarantees for transactions effected on the CCEE.

Non-realized earnings in hedging operations

This item covers unrealized earnings on fair value and cash flow hedge operations, recording a balance of R$ 27 million and R$ 3 million in 2014, respectively. The fair hedge values were contracted concurrently with currency denominated loans in order to protect all the future payments of principal and interest from eventual US dollar/Real exchange rate fluctuations. The cash flow hedges are intended to protect the future currency denominated payments against plant construction agreements.

Other current assets

The reduction of R$ 18 million is mainly due to the reduction in the balance in income tax and social contribution to compensate.

Non-current assets kept for sale

This item includes goods received by the Company following a favorable ruling on a lawsuit against Elétrica Jacuí Ltda. (Eleja) for the collection of receivables from the sale of the Jacuí thermoelectric project. In 2013, the Eleja receivables, amounting to R$ 87 million, were included in "Receivables from asset disposal" in non-current assets. From September 30, 2014, following the ruling and receipt of goods granted in guarantee, the Company began to record the assets as "Non-current assets kept for sale", maintaining the asset's carrying amount, which is lower than the assessment of R$ 115 million estimated by a legal expert.

Non-current assets

Non-current receivables

Tax credits recoverable

The R$ 16 million reduction is related mainly to the remuneration of PIS and Cofins charges for the year 2014.

Linked deposits

The increase in R$ 25 million is due mainly to the addition of the deposit in guarantee of the financing of the Trairi Wind Complex.

Legal deposits

The increase in R$ 10 million refers basically to monetary restatement of the deposits.

Non-realized earnings in hedge operations

This item covers non-realized earnings in fair value and cash flow hedge operations with outstanding balances in 2014 of R$ 39 million and R$ 25 million, respectively. The nature of the operations is described under "Non-realized earnings in hedge operations", in the "Current assets" item.

Fixed assets

The reduction of R$ 50 million is due to the following items: (i) acquisition of assets in the amount of R$ 294 million; (ii) acquisition of Ferrari Termoelétrica S.A., with fixed assets of R$ 217 million, including fair value of acquisition allocated to these assets; (iii) interest on loans and financing capitalized in the amount of R$ 18 million; (iv) depreciation of R$ 577 million; and (iv) asset impairment of R$ 2 million.

Intangible assets

The R$ 71 million increase resulted substantially from the recognition of rights on the CLWP Brasil II Participações Ltda., CLWP Brasil III Participações Ltda. and Santo Agostinho projects.

Current liabilities

Suppliers

The R$ 132 million increase is largely the result of a combination of the following: (i) increase in the transaction balance with the CCEE; (ii) increase of suppliers of fossil fuels and biomass; (iii) reduction of purchased electricity; and (iv) a decrease in fixed and intangible assets from suppliers.

Dividends and interest on shareholders' equity

The decrease of R$ 21 million in results from a lower credit in interest on shareholders' equity for the year 2014 compared to 2013.

Loans, financing and debentures

The R$ 212 million decrease was due to: (i) payments of principal and interest of R$ 1,004 million; (ii) transfer of R$ 567 million in non-current liabilities, mainly due to anticipated payment of loan installments from BNP Paribas in 2014, and the early payment of a loan, net of hedging, with HSBC due in 2015; (iii) associated financial charges of R$ 219 million; and (iv) drawdown of the financing agreement with BNDES and On-lending banks following the acquisition of Ferrari Termoelétrica S.A. amounting to R$ 6 million.

Income tax and social contribution payable

The R$ 206 million reduction is mainly due to the combination of reduced real profit (basis for calculation of the income tax and social contribution) and a lower credit from interest on shareholders' equity.

Provision for remunerations and charges

The R$ 8 million increase is mainly due to higher provisions for participation in results and management bonus.

Retirement benefits liabilities

The R$ 20 million increase is due essentially to the increase in the estimate for payment of benefits and contributions in 2015.

Other current liabilities

The increase of R$ 65 million is due, primarily, to the installments falling due for the acquisition of all the capital stock of Ferrari Termoelétrica S.A., CLWP Brasil II Participações Ltda., CLWP Brasil III Participações Ltda. and the Santo Agostinho Complex.

Non-current liabilities

Loans, financing and debentures

The increase of R$ 768 million is explained by the following factors: (i) receipt of BNDES financing and resources from a debenture issue, mainly for the modernization of the Salto Santiago and Passo Fundo hydro plants and loans from HSBC , Mizuho and Tokyo financial institutions totaling R$ 1,220 million; (ii) transfer to the current liabilities of R$ 567 million in debt maturing in 2015; (iii) drawdown of the financing agreement with BNDES and On-lending banks for the acquisition of Ferrari Termoelétrica S.A. in the amount of R$ 38 million; and (iv) finance charges of R$ 77 million.

Grants payable

The R$ 168 million stems from the following: (i) interest and monetary restatement of R$ 226 million; and (ii) transfer to current liabilities of R$ 58 million.

Tax, civil and labor provisions

The increase of R$ 7 million relates mainly to the following: (i) update of the existing provisions in the amount of R$ 22 million; and (ii) reversal of a provision related to recovery of INSS following the Company's adherence to the "Copa de REFIS" tax amnesty plan in the amount of R$ 16 million.

Retirement benefits liabilities

The increase of R$ 44 million is essentially a combination of the following: (i) net interest on actuarial liabilities/assets of R$ 28 million; (ii) sponsor's contribution of R$ 34 million; (iii) loss on actuarial revision of R$ 70 million; and (iv) a transfer of R$ 20 million to current liabilities.

Deferred income tax and social contribution

The R$ 49 million is basically due to the combination of the following impact on deferred taxes: (i) higher tax on accelerated depreciation of eligible assets; (ii) lower remuneration from swap transactions and the deemed cost of fixed assets (fair value); (iii) recognition of deferred taxes on the cash flow hedge operations and on capitalized interest; and (iv) provision in the light of review of retirement benefit liabilities.

Other non-current liabilities

The R$ 130 million reduction results primarily from the following: (i) reversal of prescribed liabilities related to the purchase of energy and transmission charges for R$ 116 million; and (ii) transfer of R$ 26 million to the current liabilities of the expected realizable value of research and development liabilities in the next twelve months.

Net shareholders' Equity

The increase of R$ 290 million resulted from a combination of the following factors: (i) annual net profit in 2014 of R$ 1,383 million; (ii) approval of the proposed distribution of dividends for 2013 of R$ 462 million; (iii) interim dividends and interest on shareholders' equity for 2014 of R$ 603 million; (iv) retirement benefit liabilities following review in the amount of R$ 46 million; and (v) recognition of non-realized remuneration from cash flow hedge operations amounting to R$ 18 million.

10.2 Directors' comments on:

a. Results of Company operations, especially:

(i) description of any important components of the revenue

The composition of the Company's net revenue is as follows:

Values in R$ million	12.31.2015	%	12.31.2014	%	12.31.2013	%	12.31.2015 *versus* 12.31.2014 (%)	12.31.2014 *versus* 12.31.2013 (%)
NET REVENUE								
Electricity distributors	3,046	46.7	3,044	47.0	2,824	50.7	0.1	7.8
Electricity traders	209	3.2	239	3.7	250	4.4	(12.6)	(4.4)
Free consumers	2,916	44.8	2,248	34.7	1,887	33.9	29.7	19.1
Transactions in the short-term market	303	4.7	903	14.0	566	10.2	(66.4)	59.5
Other revenues	38	0.6	39	0.6	42	0.8	(2.6)	(7.1)
	6,512	**100.0**	**6,473**	**100.0**	**5,569**	**100.0**	**0.6**	**16.2**

Comparative analysis of significant variations in components of the net sales revenue between the fiscal years ending December 31, 2015 and December 31, 2014

Electric energy distributors

The annual net sales revenue was R$ 3,047 million, a slight increase of 0.1% in relation to fiscal year 2014, when net revenue was R$ 3,044 million. This growth is a reflection of the association of the following variations: (i) R$ 246 million – growth of 8.4% in net average selling price; and (ii) R$ 244 million – reduction of 7.7%, or 1,434 GWh (163 average MW) in energy sales volume.

Electric energy trading companies

Net sales revenue from trading companies in 2015 amounted to R$ 209 million, 12.6% down from the R$ 239 million reported in 2014. The reduction represents the results of the following factors: (i) R$ 129 million — a fall of 42.8% or 881 GWh (101 average MW) in energy volume sold; and (ii) R$ 99 million — growth of 52.7% in the net average selling price.

Free consumers

In 2015, the Company reported revenue from this segment of R$ 2,916 million, 29.7% greater than the R$ 2,248 million posted in 2014. This expansion reflects: (i) R$ 477 million — growth of 20.4% in net average selling prices; and (ii) R$ 191 million — again a growth of 1,255 GWh (143 average MW) or 7.7% in energy sales volume.

Transactions in the short-term market

For the 12 months of 2015, there was a year-on-year decline of R$ 600 million in short-term transaction revenue from R$ 903 million in 2014 to R$ 303 million. Greater explanations on these operations and variations can be found in item 10.1.h.1.

Comparative analysis of significant variations in the net sales revenue between the years ended on December 31, 2014 and December 31, 2013

Electric energy distributors

In 2014, this revenue totaled 3,044 million, an increase of 7.8%, or R$ 220 million, compared to 2013, which reported R$ 2,824 million of revenue on sales to distributors. This increase is explained by the combination of the following variations: (i) R$ 216 million - 7.6% growth in average net sales price; and (ii) R$ 4 million - a slight increase of 0.1% in volume of energy sold.

Electric energy trading companies

In 2014, the sales revenue from trading companies was R$ 239 million, R$ 11 million lower, or 4.4%, compared with the R$ 250 million in 2013. The reduction shown is the result of: (i) R$ 8 million - a decrease of 3.1%, or 65 GWh (7 average MW), in the amount of energy sold; and (ii) R$ 3 million - a decrease of 1.3% in average net sales price.

Free consumers

In 2014, these revenues totaled R$ 2,248 million, 19.1%, or R$ 361 million, in addition to the R$ 1,887 million earned in 2013. This increase is related to the following: (i) R$ 222 million - an increase of 1,669 GWh (191 MW), or 11.4%, in the amount of energy sales; and (ii) R$ 139 million - 6.9% growth in the average net price of energy sold.

Transactions in the short-term market

In the twelve months of 2014 compared to the previous year, there was an increase of R$ 337 million in revenue from short-term transactions from R$ 566 million in 2013 to R$ 903 million in 2014. Further explanations on these operations and changes can be found in item 10.1.h.1.

(ii) factors that materially affected the operating results

The factors that materially affect the Company's operating results for the years 2015, 2014 and 2013 are listed below. Additional information on the group are detailed in items 10.1.h and 10.2.a. (i) described earlier.

Year of 2015 - (i) increase in average net selling price; (ii) reduction in energy sold to distributors, trading companies and free consumers; (iii) positive result in transactions conducted within the scope of the CCEE against a negative result for the preceding fiscal year, and including the effects of adherence to the renegotiation of the hydrological risk at some of the Company's plants, the energy from which was sold in the Regulated Contracting Environment pursuant to Law 13.203/2015; (iv) increase in the costs of energy purchases for resale; (v) negative effect due to the constitution of operational provisions; (vi) increase in other costs of energy sold and of services rendered; and (vii) growth of net financial expenses due to principally higher interest, monetary restatement and currency translation of debt.

Year of 2014 - (i) increase in average net sales price and in the amount of energy sales; (ii) negative effect on net result for transactions in the short-term market and CCEE, including recognition of the negative effects in the CCEE due to losses at the Company's generating units; (iii) increase in costs for the purchase of electricity for resale; (iv) increase in fuel consumption due to higher dispatch from the William Arjona Thermoelectric Power Plant; (v) reversal of prescribed liabilities with respect to the acquisition of energy and transmission charges; and (vi) fall in net financing expenses.

Year of 2013 - (i) increase in average net sales price and amount of energy sold; (ii) negative change in net result of transactions in the short-term market, including CCEE; (iii) increase in profit related to other company operations; (iv) asset impairment recorded for thermoelectric generation; and (v) recognition of non-recurring gains from early settlement of debts and lawsuit favorable to the Company with respect to interest and monetary restatement on energy sales.

b. Changes in revenues due to modifications in prices, exchange rates, inflation, changes in volumes and introduction of new products and services

The Company's sales revenues are supported by agreements with price adjustment clauses indexed to the IPCA and IGP-M. The Company's revenue is not exposed to exchange rates and was not affected by the introduction of new products and services.

Variations in the Company's revenues due to price modification and volume change are explained in item 10.2.a (i).

c. Impact of inflation, changes in prices of main inputs and products, foreign exchange and interest rates on the operating result and financial result, when relevant.

c.1) Inflation and price variation in cost of electricity sales

Electricity purchased for resale - These transactions are normally executed through medium and long-term agreements, prices being readjusted, for the most part, by IGP-M and IPCA. The average impact relating to the price adjustment for inflation in the year 2015 was about R$ 37 million, and in the years 2014 and 2013, approximately R$ 27 million and R$ 18 million, respectively.

Fuel for producing electricity - The price of gas consumed in the William Arjona HPP is denominated in US dollars, equivalent in Reais, and readjusted annually by the variation in the Producer Price Index (PPI), a US government indicator for industrially used commodities. Coal prices not reimbursable from the Energy Development Account - CDE are negotiated upon contracting the purchase or renewal of the agreement using parametric formulas comprising the INPC and specific sector indices, mostly those published by the Getulio Vargas Foundation (FGV). The adjustments did not result in significant effects on the Company's cost. The devaluation of the Real against the US dollar raised the unit cost of gas substantially in the fiscal years 2015 and 2014.

Electric network and connection usage charges - These are calculated by multiplying the amount of network usage in kW by the rate established annually by Aneel, based on the prorating of the total costs of connection and transmission observed and expected for the entire system, and on inflation indices for readjusting transmission and existing connection agreements - mostly IGP-M and IPCA. The effect of the variation of these inflation indicators on the Company's cost was approximately R$ 35 million, R$ 20 million and R$ 18 million in 2015, 2014 and 2013, respectively.

Financial remuneration for the use of water resources - The amount corresponds to 6.75% of the amount of electricity produced, adjusted by an Annual Reference Tariff (TAR) defined by Aneel, based on the acquisition cost of energy by the distributor and subject to review every four years. The readjustment of the TAR in 2015 was 6.7% and the impact on the Company's costs was about R$ 11 million. In 2014 and 2013, the impact of readjustments of 5.9% and 3.5% was R$ 9 million and R$ 5 million, respectively.

c.2) Impact of exchange, inflation and interest rates on the Company's financial result

Currency exposure

As of December 31, 2015 and 2014, the Company had no currency loans exposed to FX variations thanks to the linked hedge (swap) instrument agreements. As at December 31, 2013, the amount of R$ 129 million exposed to this variation corresponded to 3.7% of the consolidated sum of all Company loans, financing and debentures.

In November 2014, a loan from BNP Paribas was prepaid for R$ 130 million, thus eliminating the Company's exposure to the Euro.

In September 2013, the Company prepaid all debt in US dollars contracted with the National Treasury Secretariat (STN) amounting to R$ 64 million eliminating the Company's exposure to the dollar.

The Company has US denominated currency loans fully covered by a swap for CDI, thus affecting the result for debt linked to variation in the CDI and not the US dollar. These loans mature in 2016.

In 2015, the financial result was not affected in any way by currency variation. In 2014, financial results were impacted positively by R$ 3 million (a negative R$ 39 million in 2013). These effects represented approximately 0.2% of the Company's operating result in 2014 (2.0% in 2013).

Since the Company has no uncovered currency denominated loan balances and financing, the risk of significant impacts on its Financial Result and cash from currency variation against the Real is zero.

Exposure to Interest rates and fluctuating indexes

The company is exposed to fluctuating interest rates and indices related to variations in TJLP, CDI, IPCA and IGP-M. The impacts of interest and monetary restatement on the Company's financial result in the years 2015, 2014 and 2013 were as follows:

(Values in R$ million)	Loans, financing and debentures	Concessions payable	Total
Fiscal Year ending 12.31.2015			
- Interest	282	173	455
- Monetary restatement	45	191	236
Fiscal Year ending 12.31.2014			
- Interest	235	152	387
- Monetary restatement	16	73	89
Fiscal Year ending 12.31.2013			
- Interest	223	136	359
- Monetary restatement	21	81	102

10.3 Directors' comments on the material effects the events below have caused or are expected to cause to the Company's financial statements and its results

a. Introduction or disposal of an operational segment

The Company manages its businesses as a single operational segment composed of generation and commercialization of electric energy from its assets or bought through medium- and long-term power purchasing agreements. This segment represented 99.4% of the net revenue from consolidated sales reported for 2015. Growth of the Company's generator complex in 2015 was the result of completed expansion work at Ferrari Termelétrica, begun in 2014, which added a further 15.0 MW to the generator complex. Complementary to this, the Tubarão Research and Development Wind Project (SC) added a further 2.1 MW. As a result, the 7,044.3 MW generator capacity reported for the end of 2015 represented an increase of 17.1 MW or 0.2% compared with the 7,027.2 MW at the end of 2014.

b. Constitution, acquisition or disposal of a corporate stake

The main information related to the acquisition, development and disposal of investments of the Company are as follows:

- Santa Mônica Wind Complex

The installation of the Santa Mônica Wind Complex proceeded apace in 2015, entry into commercial operations being scheduled for 2016. The Complex will comprise four wind power plants with an installed capacity of 97.2 MW. At the A-3 Auction in August 2015, Tractebel Energia sold 46.0 average MW output from the Complex for a term of 20 years with deliveries to begin in January 1, 2018. The wind farms have a total commercial capacity of 48.7 average MW. The cost of construction is estimated at R$ 460 million.

- Santo Agostinho Wind Complex

In August 2014, Tractebel Energia's wholly owned TBLP subsidiary acquired the development rights to the Santo Agostinho Wind Complex, consisting of twenty-four Special Purpose Companies (SPCs), each one responsible for developing a wind generation project with an overall development capacity of 600 MW. Each company will participate with 25 MW, all located in the municipalities of Lajes and Pedro Avelino in the state of Rio Grande do Norte.

In December 2014, the Company concluded the acquisition of the first phase of the project with the transfer to its control of nine SPCs and a holding company. The restated acquisition value for this first phase was R$ 21 million.

In June and October 2015, the Company's wholly owned TBLP subsidiary acquired the development rights to phases II and III-A, respectively of the Santo Agostinho Wind Complex, consisting of a further 11 (eleven) SPCs. The wind farms are all located in the municipalities of Lajes and Pedro Avelino in the state of Rio Grande do Norte.

- Santo Assú Project

In November 2015, the wholly owned TBLP subsidiary signed an agreement to acquire the projects for installing three photovoltaic plants with an option to purchase a further two plants to be exercised by June 11, 2016. The project is located in the municipality of Assú, state of Rio Grande do Norte. In November 2015, through its controlled company Assú V (which is to develop one of the acquired projects), TBLP sold 9.2 average MW at a Reserve Energy Auction – LER organized by Aneel, at R$ 302.99/MWh for a term of 20 years, deliveries beginning November 1, 2018. Assú V will have an installed capacity of 36.7 MW and civil construction work is to begin in 2016. Estimated investments in the project will be R$ 220 million.

Eventual divestment – Beberibe and Pedra do Sal wind farms and the Areia Branca Hydroelectric Power Plant

On July 06, 2015, the Company published an Announcement to the Market giving notice of the engagement of an advisory company to coordinate an eventual divestment of the special purpose companies: (i) Eólica Beberibe S.A., which holds the authorization ratified by the National Electric Energy Regulator ("Aneel") to operate the Beberibe Wind Farm with an installed capacity of 25.6 MW; (ii) Eólica Pedra do Sal S.A., which holds the authorization ratified by Aneel to operate the Pedra do Sal Wind Farm with an installed capacity of 18.0 MW; and (iii) Hidroelétrica Areia Branca S.A, which holds Aneel´s concession grant to operate the Areia Branca Small Hydroelectric Plant with an installed capacity of 19.8 MW.

The operation is part of a strategy for optimizing the Company's generator complex by expanding assets which offer the greatest synergies. The conclusion of the operation will be conditional, among others, to achieving the Company's required parameters as well as obtaining the appropriate approvals from the authorities.

c. Unusual events or operations

- Renegotiation of hydrological risk

With the enactment of Law 13.203/2015 and pursuant to Aneel guidelines, in December 2015, the Company formally signed up to the renegotiation of the hydrological risk for plants where energy is sold through the Regulated Contracting Environment. The decision also reflected the need to mitigate the negative effects of the GSF on generator plants subject to the Energy Reallocation Mechanism - MRE. As a condition to signature, the Company agreed to remove all preliminary injunctions impeding the payment of the GSF at its plants.

This renegotiation was made retroactive to January 2015 and resulted in the reimbursed amount (net of the risk premium) for R$ 223 million, booked to the asset "Renegotiation of hydrological risk to appropriate", to be offset against future risk premiums payable by the Company.

The renegotiation rules establish options for the level of hydrological risk to be taken on by the generators. In return, the latter undertake to pay a risk premium defined by Aneel for the life of the energy sales contract transacted through the ACR. On the basis of the new risk parameters set out in the renegotiation agreement, the corresponding GSF for 2015 was recalculated, resulting in a higher amount payable, to be offset against risk premiums at present value due from the Company.

Classification of the amount to be reimbursed in the Company's balance sheet has the following composition: (i) R$ 26 million recognized in the current assets; and (ii) R$ 197 million recognized in the non-current assets. The following table shows the outlook for realization of the balance and recognized in the non-current assets:

2017	26
2018	25
2019	15
2020	15
2021	15
2022 to 2026	62
2027 to 2031	35
2032 and later	4
	197

10.4 Directors' comments on

a. Significant changes in accounting practices

CPC 33 (R1) and Revised IAS 19 – Employees benefits

Fiscal year ending December 31, 2013

The accounting practices for recognition and measurement of employee benefits were changed and their adoption has become mandatory since January 1, 2013.

The new practices eliminate the "corridor" method that allow recognition of actuarial gains or losses in earnings to be deferred. Thus, actuarial gains and losses annually evaluated by actuaries will now be recognized directly under "Valuation adjustment - Other comprehensive results", in Net Shareholders Equity.

In addition, the calculation of the profitability of plan assets is now realized based on the discount rate used for evaluating the present value of retirement benefit liabilities.

b. Significant effects of the changes in accounting practices

Fiscal year ending December 31, 2013

As a consequence of changes in CPC 33 and IAS 19 standards for the registration of employee benefits, as previously mentioned, the Company retroactively adjusted the assets, liabilities and results with the retirement benefits to January 1, 2012, as well as the respective effects on deferred income tax and social contribution. As a result, the 2013 fiscal year already incorporated the new practices for recognizing and measuring employee benefits.

c. Qualifications and emphasis in the auditor's opinion

Fiscal years ending December 31, 2015 and December 31, 2014

There was no qualification to the financial statements in the Opinion of the Company's Independent Auditors for the fiscal years ending December 31, 2015 and December 31, 2014.

Fiscal year ending December 31, 2013

There was no qualification to the financial statements in the Opinion of the Company's Independent Auditors for fiscal year ending December 31, 2013.

We transcribe the standard emphasis in the following paragraph in the independent auditors' reports issued on the financial statements for fiscal year ending December 31, 2013, applicable to all companies which have investments in controlled companies, affiliates and jointly controlled companies evaluated by the equity income method, pursuant to IBRACON Technical Announcement 04/2010. In the light of the requirement envisaged by IBRACON, the Company's management believes the following emphasis to be appropriate as transcribed below.

"As described in explanatory note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Tractebel Energia S.A., these practices differ from IFRS, applicable to separate financial statements, only in regard to the valuation of investment, in Controlled Companies and jointly Controlled Companies by the equity method, whereas for IFRS purposes it would be at cost or fair value."

The aforementioned standard emphasis was excluded from the reports of the independent auditors issued on the financial statements for the year ended on December 31, 2014, because in August 2014, the IASB issued a review of IAS 27 allowing entities also to adopt the equity method in the evaluation of their investments. The early adoption of this procedure eliminated the only existing inconsistency between Brazilian and international accounting practices, obviating any need for retrospective adjustment in the financial statements.

10.5 Critical accounting policies adopted by the Company, in particular highlighting accounting estimates made by management on uncertain and material issues for describing the financial position and results that require subjective or complex judgments, such as: provisions, contingencies, revenue recognition, tax credits, long-duration assets, useful life of non-current assets, pension plans, conversion adjustments in currency, environmental recovery costs, criteria for testing the recovery of assets and financial instruments

The critical accounting policies are those which are important to present the financial condition and results and require the most difficult, subjective or complex judgments by management, often as a result of the need to make estimates that impact matters that are inherently uncertain. As the number of variables and assumptions increases, affecting the possible future resolution of the uncertainties, these judgments become even more subjective and complex.

In preparing the accounting statements, the Company adopted certain assumptions arising from historical experience and other factors it deems reasonable and relevant. Although these estimates and assumptions are reviewed by the Company in the ordinary course of business, the statement of its financial condition and results of operations often requires judgments as to the effects of inherently uncertain matters on the book value of its assets and liabilities.

The actual results can differ from estimates due to variables, assumptions and conditions. In order to provide an understanding of how the Company forms its judgments on future events, including the variables and assumptions in the estimates, and certain impacts related to the changes in these estimates, we have included comments related to each critical accounting practice described below:

a. Financial derivative instruments

Financial derivative instruments are recognized at fair value in the financial statements. The definition of fair value for the Company's derivatives requires the use of valuation methodologies that can be complex and involve the use of estimates for future exchange rates and long-term interest rates.

b. Useful life of fixed assets

The Company recognizes the depreciation of its fixed assets based on annual rates established by Aneel, practiced by companies in the Brazilian electric sector as a whole and represent the estimated useful lives of the assets - limited to the term of the concession or plant authorization, when applicable. However, actual useful lives can vary based on the technological modernization of the assets of each generating unit. The useful lives of the fixed assets also affect impairment tests of these long-duration assets when such tests become necessary.

c. Reduction test of impairment value of long-duration assets

There are specific rules to assess the impairment value of long-duration assets, especially fixed assets. At year-end, the Company performs an analysis to determine whether there is evidence that long-duration assets are recoverable or not. Should the latter be the case, the Company undertakes an impairment test.

d. Obligations with retirement benefits

The Company recognizes its obligations under benefits plans to employees and related costs, net of plan assets, adopting the following practices: (i) future commitments arising from pension benefit plans are discounted at present value based on the interest rates of Federal Government securities with an average duration equivalent to the expected payment for the projected future commitments; and (ii) marking to market of pension plan assets on the date of the balance sheet.

In the actuarial calculations, actuarial consultants also use subjective factors such as mortality tables, estimated inflation, forecasted wage growth, terminations, and staff turnover. The actuarial assumptions used by the Company may differ materially from actual results due to changes in economic and market conditions, regulatory events, judicial decisions or shorter/longer life spans of participants. However, the Company and its actuaries have used assumptions consistent with internal and external analyzes to define the estimates.

The review process of asset recovery is subjective and requires significant judgments based on analyzes. As at December 31, 2015, the Company recognized a provision for the reduction of recoverable amounts of R$ 10 million. On December 31, 2014, no indications were identified where there was a need for a reduction in the recoverable value of the Company's assets. As at December 31, 2013 and based on its analyzes, the Company identified the need to constitute a provision for a reduction in recoverable value of R$ 73 million on some of its assets.

e. Tax, civil and labor provisions

Provisions are defined based on the evaluation and qualification of risks where the possibility of loss is considered probable. This assessment will be supported by the judgment of management in conjunction with legal counsel, considering jurisprudence, rulings handed down by courts of first instance as well as higher courts, record of eventual agreements and decisions, the experience of management and legal counsel, and other applicable aspects.

10.6 Description by the directors of significant items not shown in the Company's financial statements

a. Assets and liabilities held by the Company, either directly or indirectly, not appearing in its balance sheet (off-balance sheet items)

b. Other items not shown in the financial statements

The directors of the Company state that there are no significant assets and liabilities that are not reflected in the Company's financial statements for the years ending December 31, 2015, 2014 and 2013.

10.7 Directors' comments in relation to each one of the items not recorded in the financial statements indicated in item 10.6

a. How these items change or may change revenues, expenses, operating income, financial expenses or other items in the Company's financial statements;

b. Nature and purpose of the operation;

c. Nature and amount of the obligations assumed and rights generated in favor of the Company as a result of the operation.

The directors of the Company state that there are no significant assets and liabilities not reflected in the Company's financial statements for the years ending December 31, 2015, 2014 and 2013.

10.8 Key elements of the Company's business plan:

a. Investments:

i. Quantitative and qualitative description of investments in progress and expected investments

At the end of 2015, the Company reported work in progress at the Santa Mônica and Campo Largo wind farms and the Pampa Sul Thermoelectric Power Plant. Investments in 2015 were R$ 917 million, R$ 779 million from own resources and R$ 138 million in the form of debt.

The investments made in 2015 and scheduled for the period from 2016 to 2018 as at December 31, 2015, are as follows:

Amounts in R$ million	Realized 2015	Forecast 2016	Forecast 2017	Forecast 2018
Financing with:				
- Third party capital	138	1.882	567	1.034
- Own capital	779	469	1.033	879
	917	2,351	1,600	1,913

In 2015, Company invested R$ 494 million in the construction of new plants of which R$ 275 million was dedicated to wind farms where construction is in progress in the Northeast Region, R$ 160 million in the Miroel Wolowski Thermoelectric Power Plant (Pampa Sul), R$ 42 million in expansion work at the Ferrari Thermoelectric Power Plant and R$ 17 million in the Assú Photovoltaic Solar Plant. The Company also made investments in acquisitions amounting to R$ 66 million.

Again in the same year, the Company invested R$ 223 million in maintenance projects and upgrading of its generator complex in order to maintain a high degree of plant uptime. Investments channeled mainly to the modernization of the Salto Santiago and Passo Fundo plants and amounting to R$ 134 million.

The above-mentioned amounts do not consider capitalization of interest on financing during the construction phase of the projects.

Leading projects and investments forecast for 2016 are: (i) continued work on the modernization of Salto Santiago Hydroelectric Plant; (ii) construction of the Santa Mônica and Campo Largo wind complexes and the Pampa Sul Thermoelectric Power Plant; and (iii) continued revitalization and maintenance program of the Company's generator complex.

Furthermore, in 2016, the investments also take into account a forecasted financial reserve of R$ 511 million for acquisition of a stake in Energia Sustentável do Brasil, a company that has a 40% holding in the Jirau project.

ii. Investment funding sources

Generally, from 50% to 70% of the total investment is funded from third party debt and the remainder from own resources. The Brazilian Development Bank - BNDES funds the lion's share of our projects.

iii. Relevant divestments in progress and expected divestments

There are no relevant divestments in progress and none envisaged.

b. Acquisition of plants, equipment, patents or other assets already disclosed, which may materially affect the Company's production capacity

In line with ENGIE Economic Group's business model in Brazil, the controlling parent company, ENGIELA participates in the auctions and develops hydropower projects, mitigates the main risks and then transfers the project to Tractebel Energia. The timing of the transfer is determined by the stage of the risk profile for each project.

In this context, through its Energia Sustentável do Brasil subsidiary, which holds a 40% stake in the project, ENGIE is currently constructing the Jirau HPP in Porto Velho, state of Rondônia (RO) with a nominal capacity of 3,750 MW - already incorporating a plant expansion plan of up to 50 generating units.

In line with the business model, Tractebel Energia's Related Parties Committee will negotiate the purchase of Jirau with ENGIELA. The project is expected to be transferred to Tractebel Energia when the main development risks have been mitigated.

c. New products and services

i. description of ongoing research already disclosed

Not applicable.

ii. total amounts spent by the issuer in research to develop new products or services

Not applicable.

iii. projects under development already disclosed

Not applicable.

iv. total amounts spent by the issuer in the development of new products or services

Not applicable.

It is worth mentioning that Tractebel Energia, as an electric energy generating company, authorized to operate as an independent producer, is obliged to invest at least 1% of its adjusted net operating revenues annually in research and development of the electricity sector.

These resources are allocated as follows: (i) 40% to the National Fund for Scientific and Technological Development (FNDCT); (ii) 40% to the Company's proprietary research and development projects (R&D) pursuant to Aneel regulations; and (iii) 20% to the Ministry of Mines and Energy (MME) mainly to cover studies and planning of research for expansion of the Brazilian energy system.

At the end of 2015, the Company and its controlled companies recorded a balance of R$ 112 million for investments in proprietary projects, of which R$ 52 million relates to R&D projects already being executed.

A substantial part of the amount already committed relates to research and development projects for (i) photovoltaic (PV) generation of 3MWp, in which the Company is the proponent, together with 11 other electric sector companies - known as cooperative members - and the Universidade Federal de Santa Catarina (UFSC), acting as the executing entity, and (ii) the development and certification of a domestically manufactured wind turbine using Brazilian technology with a nominal power output of 3.3 MW, in partnership with the company, WEG S.A. We estimate an investment of about R$ 56 million and R$ 160 million, respectively for each of the aforementioned projects, of which approximately R$ 35 million and 70 million, respectively will be financed out of R&D funds from Tractebel Energia.

The Tractebel Energia Research and Development Program´s objective is technological innovation in the energy sector and the technical-scientific training of Brazilian researchers covering investment in such areas as alternative electricity generation sources, river basin and reservoir management, environment, maintenance and energy efficiency, among others.

10.9 Comment on other factors that have significantly affected operating performance and which have not been identified or commented in other items in this section

There are no other factors that have materially affected the Company's operating performance, which have not already been identified or commented on in the other items.

ATTACHMENT II – PROPOSAL FOR ALLOCATION OF PROFIT

Article 9 of ICVM 481/09 – § 1 Section II – Proposed allocation of annual net profit containing at least the information indicated in Attachment 9-1-II of ICVM 481/09:

Allocation of annual net profit

1) Inform annual net profit	R$ 1,500 million (Controller)
2.a) Inform the total amount of dividends, including interim dividends and interest on shareholders' equity already declared	R$ 835 million
2.b) Inform the dividends per share, including interim dividends and interest on shareholders' equity already declared	R$ 1.2788764646 per common share
3) Inform the percentage of annual net profit to be distributed	55% of distributable adjusted net profit [4]
4) Inform the total amount and the amount per share of dividends distributed based on profits from previous years	Not applicable
5) Deducting interim dividends and interest on shareholders' equity already declared, inform:	
a) the gross amount of dividends and interest on shareholders' equity, separately, per share of each type and class	R$ 209 million, corresponding to R$ 0.3209526559 per common share.

[4] Distributable Net Profit consists of annual net profit, deducted from legal reserves (not applicable in the year 2015, legal reserves being in excess of the ceiling of 20% of capital stock) and tax credits, and adjusted for the realization of the adjustment in equity valuation (cost attributed from fixed assets as per CPC 27 and ICPC 10), recognized in the "Retained Earnings" account".

b) the form and term of payment of dividends and interest on shareholders' equity	To be submitted for approval of the Annual General Meeting (AGM) on April 14, 2016.
c) any restatement of dividends and interest on shareholders' equity	Not applicable
d) date of declaration for payment of dividends and interest on shareholders' equity used to identify shareholders entitled to receive payouts	The date of payout declaration will be decided by the AGM.

6) Should there have been a declaration of dividends or interest on shareholders' equity based on net profit recorded in the semi-annual balance sheets or in shorter periods

a) inform the amount of dividends and interest on shareholders' equity already declared	R$ 311 million interim dividends and R$ 314 million in credit of interest on shareholders' equity
b) inform the date of the respective payments	Payout of interim dividends began on September 25, 2015 and the interest on shareholders' equity on February 24, 2016.

7) Provide a comparative table indicating the following amounts per share of each type and class:

a) annual net profit and for the 3 previous years	2015 = R$ 2.2985989077 2014 = R$ 2.1177862004 2013 = R$ 2.2001213000

b) dividends and interest on shareholders equity distributed over the last 3 fiscal years	2015 = R$ 1.2788764646 2014 = R$ 1.1875973571 2013 = R$ 2.2584046518

8) If profits are allocated to the legal reserve

a) identify the amount allocated to the legal reserve	Not applicable because the amount transferred has already reached the ceiling of 20% of subscribed capital.
b) detail the calculation of the legal reserve	Not applicable for 2015. When applicable, this corresponds to 5% of the annual net profit.

9) If the company has preferred shares entitled to minimum fixed dividends	Not applicable

10) In relation to the mandatory dividend

a) describe the method of calculation prescribed by the bylaws	The company's bylaws provide that each year the distribution of a dividend of at least 30% (thirty percent) of the legally adjusted net profit is mandatory, and the allocation of the full result for the fiscal year must be submitted for resolution of the Annual General Meeting. - The Company shall raise the semi-annual balance sheet, at its discretion, the Board of Directors being able to declare interim dividends based thereon. - The Company may prepare balance sheets and distribute interim dividends in shorter periods provided that the total dividends paid in each half of the fiscal year does not exceed the amount of capital reserves mentioned in Paragraph 1, Article 182 of Law 6404 of December 15, 1976. - The Board of Directors may declare interim dividends for

	account of retained earnings or profit reserves registered in the last annual or semiannual balance sheet. - By resolution of the Board of Directors, the Company may credit or pay interest on shareholders equity in accordance with the applicable legislation. The amounts paid or credited by the Company as interest on shareholders' equity may be incorporated in the amount for mandatory dividends in accordance with the legislation. - The Bylaws prescribe requirements for claiming up to 3 (three) years dividends, which, if unclaimed, shall revert to the Company.

b) inform whether it is being paid in full	Yes
c) inform any retained amounts	Not applicable

11) In case of retention of mandatory dividends due to the company's financial situation	
a) inform retained amounts	Not applicable
b) describe in detail the financial situation of the company, including aspects related to liquidity analysis, working capital and positive cash flows	Not applicable
c) justify the retention of dividends	Not applicable

12) In event of allocation of the result to the contingency reserve	
a) identify the amount intended for the reserve	Not applicable
b) identify the loss considered probable	Not applicable
c) explain why the loss was considered probable	Not applicable
d) justify the constitution of the reserve	Not applicable

13) In the event of allocation of the result to profit reserves to be realized	
a) inform the amount allocated to the reserve for unrealized profits	Not applicable
b) inform the nature of unrealized profits that originated the reserve	Not applicable

14) In the event of allocation of the result to statutory reserves	
a) describe the statutory clauses that established the reserve	Not applicable
b) identify the amount allocated to the reserve	Not applicable
c) describe how the amount was calculated	Not applicable

15) In event of a forecast of retained earnings in the capital budget	
a) identify the retained amount	R$ 393 million
b) provide a copy of the capital budget	Filed with the CVM and BM&FBovespa via Empresas.Net system

16) If a result is allocated to the tax incentive reserve

a) inform the amount intended for the reserve	R$ 23 million
b) explain the nature of the allocation	The reserve comprises the allocation of part of the proceeds for the year equivalent to the tax benefit granted by the Amazon Development Agency (Sudam). This benefit corresponds to a 75% reduction in income tax based on the profits from operating the Ponte de Pedra and São Salvador hydroelectric power plants.

17) In the event of allocation of results to an increase in the capital stock	
a) inform the amount of the increase	R$ 290 million
b) inform the amount of the new capital stock	R$ 2,736 million
c) inform if new shares have been issued	No new shares were issued

c) Explain in detail the reasons for the increase in capital stock	The purpose of the increase in capital stock is to meet the requirements of Article 199 of Law 6.404/76, given that the profit reserves have surpassed the amount of the capital stock. The increase is also to bolster the Company's capital in the light of forecasted investments for the next few years. In this respect, please note that such investments in new generator units mature over a long period, justifying the use of own long-term capital to partially finance the investment. The accounting effects of the increase in capital stock will be recognized in fiscal year 2016.

ATTACHMENT III – CAPITAL BUDGET

Capital Budget

In millions of Reais

		To be realized	
Sources	**2016**	**2017**	**Total**
Retention of profits for the fiscal year 2015 (Article 196 of the Corporate Law)	392	-	392
Retention of profits for the fiscal year 2010 (Article 196 of the Corporate Law)	511	-	511
Third party capital and internal cash generation	1,882	1,166	3,048
Total Sources	**2,785**	**1,166**	**3,951**
Investments	**2016**	**2017**	**Total**
Pampa Sul Thermoelectric Power Plant	936	879	1,815
Santa Mônica I and II Wind Farm	280	-	280
Campo Largo Wind Farm	189	411	600
Acquisition of a stake in Jirau HPP	511	-	511
Productive complex maintenance	435	310	745
Total Investments	**2,351**	**1,600**	**3,951**

ATTACHMENT IV – COMPOSITION OF THE MANAGEMENT

12.5 / 6 / 8 - Composition and professional experience of management and the fiscal council

BOARD OF DIRECTORS

Name	Date of birth	Management body	Election date	Independent member
CPF or passport	Profession	Elected position held	Tenure date	Nominated by the parent company
Other positions or functions in the issuer		Number of consecutive terms of office	Term of office	Participation in 2015 meetings
Maurício Stolle Bähr	09.17.1957	Member of the Board of Directors only	04.14.2016	No
748.528.847-49	Engineer	20 - Chairman of the Board of Directors	04.14.2016	Yes
Member of the strategic committee		12 (twelve)	AGM 2018	100%
Dirk Achiel Marc Beeuwsaert	01.14.1948	Member of the Board of Directors only	04.14.2016	No
EK083845	Engineer	22 - Board of Directors (Effective)	04.14.2016	Yes
Member of the strategic committee		9 (nine)	AGM 2018	38%
Willem Frans Alfons Van Twembeke	08.22.1965	Member of the Board of Directors only	04.14.2016	No
EK108667	Engineer	22 - Board of Directors (Effective)	04.14.2016	Yes
Member of the strategic committee		2 (two)	AGM 2018	38%
Manoel Arlindo Zaroni Torres	12.18.1949	Member of the Executive Board and the Board of Directors	04.14.2016	No
115.116.056-34	Engineer	33 – Director (Effective) and Chief Executive Officer	04.14.2016	Yes
Chief Executive Officer		11 (eleven)	AGM 2018	100%
Pierre Jean Bernard Guiollot	04.21.1968	Member of the Board of Directors only	04.14.2016	No
12CE76848	Administrator	23 - Board of Directors (Effective)	04.14.2016	Yes
-		n.a.	AGM 2018	n.a.
Shankar Krishnamoorthy	11.19.1960	Member of the Board of Directors only	04.14.2016	No
Z2509808	Engineer	23 - Board of Directors (Effective)	04.14.2016	Yes
-		n.a.	AGM 2018	n.a.

Name	Date of birth	Management body	Election date	Independent member
CPF or passport	Profession	Elected position held	Tenure date	Nominated by the parent company
Other positions or functions in the issuer		Number of consecutive terms of office	Term of office	Participation in 2015 meetings
Natacha Marly Herero Et Guichard	08.02.1971	Member of the Board of Directors only	04.14.2016	No
10CV67807	Lawyer	23 - Board of Directors (alternate)	04.14.2016	Yes
-		n.a.	AGM 2018	n.a.
Gil de Methodio Maranhão Neto	01.18.1963	Member of the Board of Directors only	04.14.2016	No
734.574.937-15	Administrator	23 - Board of Directors (alternate)	04.14.2016	Yes
-		5 (five)	AGM 2018	63%
José Carlos Cauduro Minuzzo	10.29.1951	Member of the Board of Directors and the Executive Board	04.14.2016	No
199.412.420-20	Engineer	39 – Other Directors / Officers	04.14.2016	Yes
Energy Production Officer and member of the Human Performance Committee		5 (five)	AGM 2018	50%
José Luiz Jansson Laydner	02.10.1961	Member of the Board of Directors and the Executive Board	04.14.2016	No
481.767.029-00	Engineer	39 – Other Directors / Officers	04.14.2016	Yes
Projects Development and Implementation Officer		n.a.	AGM 2018	n.a.
Marcelo Fernandes Soares	09.21.1976	Member of the Board of Directors only	04.14.2016	No
051.684.707-42	Engineer	23 - Board of Directors (alternate)	04.14.2016	Yes
-		n.a.	AGM 2018	n.a.
Gustavo Henrique Labanca Novo	03.05.1968	Member of the Board of Directors only	04.14.2016	No
000.674.107-07	Engineer	23 - Board of Directors (alternate)	04.14.2016	Yes
-		n.a.	AGM 2018	n.a.

FISCAL COUNCIL

Name	Date of birth	Management body	Election date	Independent member
CPF or passport	Profession	Elected position held	Tenure date	Nominated by the parent company
Other positions or functions in the issuer		Number of consecutive terms of office	Term of office	Participation in 2015 meetings
Paulo de Resende Salgado	07.02.1945	Fiscal Council	04.14.2016	No
161.008.917-00	Economist	40 - President of the F.C – Nominated by the parent company	04.14.2016	Yes
-		9 (nine)	AGM 2017	100%
Carlos Guerreiro Pinto	06.17.1942	Fiscal Council	04.14.2016	No
047.615.457-04	Administrator	43 - F.C.(Effective) - Nominated by the parent company	04.14.2016	Yes
-		7 (seven)	AGM 2017	100%
Flávio Marques Lisboa Campos	11.17.1950	Fiscal Council	04.14.2016	No
118.388.096-00	Engineer	46 - F.C.(Alternate) - Nominated by the parent company	04.14.2016	Yes
-		12 (twelve)	AGM 2017	n.a.
Manoel Eduardo Bouzan de Almeida	04.03.1952	Fiscal Council	04.14.2016	No
269.006.377-87	Accountant	46 - F.C.(Alternate) - Nominated by the parent company	04.14.2016	Yes
-		11 (eleven)	AGM 2017	n.a.

Maurício Stolle Bähr - 748.528.847-49

Born September 17, 1957, he graduated in Mechanical Engineering from *Universidade Gama Filho* (RJ) and in Systems Analysis from the *Pontifícia Universidade Católica* Rio de Janeiro. He concluded his MBA at COPPEAD - *Universidade Federal do Rio de Janeiro* (UFRJ), and also has a master´s degree from Berkeley in the USA. He was Finance Director of Serra da Mesa Energia S.A. as well as Nacional Energética S.A. He is currently Chief Executive Officer of GDF SUEZ Energy Brasil Ltda., Director of GDF SUEZ Energy Latin America Participações Ltda., General Representative for GDF SUEZ in Brazil, Chairman of the Board of Directors of the National Electric System Operator - ONS and Chairman of the Board of Directors of Energia Sustentável do Brasil S.A.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM; or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Dirk Achiel Marc Beeuwsaert – EK083845

Born January 14, 1948 is an Electromechanical Engineer, graduating from the University of Ghent (Belgium). He completed the Center for Executive Development - CEDEP Business Management Program in Fontainebleau, France. He has held the positions of CEO of GDF SUEZ Energy International, President of GDF SUEZ Energy North America Inc., Director of Glow Energy, a public held company headquartered in Thailand, Director and Chairman of the Board of Directors of International Power S.A. (current denomination of SUEZ Tractebel S.A.), Director of Electrabel, Director of Tractebel Engineering, Director of Gaselys (France) and Director of Célizan (France). Currently, he is (i) Executive Vice President of Engie S.A. (new denomination of GDF SUEZ S.A.), heading up the Group's Energy Europe Business Line; (ii) Chairman of the Board of Directors of International Power Ltd.; (iii) member of the Executive Committee and the Administrative Committee of Engie; and (v) CEO of Electrabel and International Power S.A., as well as sitting on the Strategic Committee and the Board of Directors of Tractebel Energia S.A..

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM; or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Willem Frans Alfons Van Twembeke – EK108667

Born August 22, 1965, he has a Master's degree in electromechanical engineering from the Catholic University of Louvain (Belgium) and in engineering with specialization in nuclear science from Rensselaer Polytechnic Institute (NY, USA). He also has an MBA from the Catholic University of Louvain (Belgium). He joined the Group in 1991 at Tractebel Energy Engineering. In 1997, he was transferred to South America where he held different executive positions in Chile and Peru. From 2001 to 2004 he was executive chairman for Electroandina, Chile, and from 2004 to 2006, he held the position of executive chairman of EnerSur, Gás Natural de Lima y Callao S.A. and Suez Energy, Peru. In 2006, he returned to Brussels as vice general manager for portfolio negotiation and management for Electrabel until January 2010. During this period, he also held the positions of chairman of the board of directors of the companies European Energy Portfolio Management (the Netherlands), Electrabel Energeia Hellas (Greece) and GDFSUEZ Energy Trading Romania (Romania). He was also a member of the board of directors of ACEA Electrabel Trading (Italy). On his return to Latin America, he was made Operations Director for GDF SUEZ Energy Latin America (Chile) from February 2010 to April 2011, also holding the positions of chairman of the board of directors of Gas Natural Licuado de Mejillones (Chile) and member of the board of directors of ECL (Chile). From May 2011 to April 2013, he held the post of executive chairman of GDFSUEZ Energy Asia (Thailand) and the posts of chairman of the board of directors of the companies Glow Energy (Thailand) and Uch Power Limited (Pakistan) and as a member of the board of directors of the companies Paiton Energy (Indonesia), PTT-NGD (Thailand) and Senoko Energy (Singapore). Currently he is Executive Chairman of GDFSUEZ Energy International and a Member of the Board of Directors of International Power Ltd.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Manoel Arlindo Zaroni Torres - 115.116.056-34

Born December 18,1949, he graduated in Electrical Engineering from the *Escola Federal de Engenharia de Itajubá* (MG), completing the INSEAD associated Center for Executive Development - CEDEP Specialist Business Management program in Fontainebleau, France. In 2015, he took part in the "Leading from the Chair" program – INSEAD – France. From 1973 to 1998, he worked at Furnas Centrais Elétricas S.A. (Furnas), and in 1998, joined the Executive Board of Tractebel Brasil as Operations Officer for Tractebel Energia. In 1999, he became CEO of the Company as well as Chief Executive Officer of Special Purpose Companies (SPCs) controlled by Tractebel Energia. He is a member of the Board of Directors of Tractebel Energia and Controlled Companies, member of the Board of Directors of Itá Energética and Energia Sustentável do Brasil, chairman of the Plenary Board of the Managing Committee of the Machadinho Consortium and a member of the Senior Strategic Formulation Council of the State of Santa Catarina Federation of Industries – FIESC.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Pierre Jean Bernard Guiollot - 12CE76848

Born April 21, 1968, graduated in Public Services from the Sciences Po Paris School of International Affairs. From 2008 to 2012, he held the position of accounting manager for Engie S.A. (current denomination of GDF SUEZ S.A.). In 2013, he became financial director for the international energy division of Engie S.A. and since 2014, he has been a member of the Board of Directors of Glow Energy PCL.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Shankar Krishnamoorthy – Z2509808

Born November 19, 1960, he graduated in engineering from the University of Deli. He has more than 30 years' experience in the electricity, gas and water sectors, of which nearly two decades in positions of leadership such as head of business development and chairman or director of various companies in the Engie Group (current denomination of GDF SUEZ Group) located in Asia, the Middle East and Europe. From 2009 to 2013, he held the position of chairman of GDF SUEZ Energy Asia, Turkey & Southern Africa Ltd. In 2014, he was appointed Executive Vice President for Business Development at Engie S.A. and in 2015, in the light of the restructuring of the Engie Group, he was appointed Director-General for the group's decentralized generation area.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Natacha Marly Herero Et Guichard - 10CV67807

Born August 02, 1971, she is a lawyer, having graduated from the University of Madrid; she has a Master's degree in financial law from ESCP (Ecole Supérieure de Commerce de Paris) and in European, corporate and tax law from the University of Pau. She also completed a course in international law at the University of Stockholm. She joined the Engie Group (current denomination of GDF SUEZ Group) in 2002. For the past 5 years, she has been Vice Director General of Engie, responsible for all Group legal questions in Morocco and sits on the Engie Group's judicial board for the Middle East. From 2012 to 2015, she was a member of the board of directors of SAFI Energy Company, a specific purpose company for the construction of an electric energy power plant in the south of Morocco, in the same period holding the position of secretary of International Power Al Magrib, a company responsible for all of Engie's activities in North Africa and of Tarec, a corporation responsible for the operation of a wind farm in the Tarfaya region. Currently she holds the position as Director General and Officer for Ethics at Engie Brasil. In 2015, she was also a member of the Trustees of CAS (Casablanca American School), a non-profit organization working in the educational area in North Africa,

The nominated person is qualified to sign a statement to the effect that she has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Gil de Methodio Maranhão Neto - 734.574.937-15

Born January 18, 1963, he graduated in Civil Engineering from *Universidade Veiga de Almeida* and has an MBA in finance from IBMEC. He worked in various areas of the Capital Markets (equity funds management and underwriting) and in the commercial area (Pension Funds) at Banco Nacional S.A. From 1994-96, he held a position in Nacional Energética S.A. on the construction of the Serra da Mesa Hydroelectric Power Plant. In 1996, he joined the ENGIE Group (new corporate denomination of the GDF SUEZ Group) where he worked as Delegate Manager, Construction Officer for Tractebel Energia S.A. (Itá and Machadinho hydro plants, the William Arjona Thermoelectric Power Plant), and Business Development Officer. Currently, he is Director of Strategy, Communication and Corporate Social Responsibility, member of the Executive Committee for the Group in Brazil and an alternate director on the Board of Directors of Energia Sustentável do Brasil S.A..

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

José Luiz Jansson Laydner - 481.767.029-00

Born February 10, 1961, he graduated in Mechanical Engineering from the *Universidade Federal de Santa Catarina* (UFSC) and has an MBA in Business Management from the *Fundação Dom Cabral* (MG), a Post-MBA from the Kellogg School of Management in conjunction with the *Fundação Dom Cabral*. He completed the General Management Program of the European Center for Continued Education (CEDEP/INSEAD) in Fontainebleau, France. He began his professional activities at Eletrosul in 1984 as head of the mechanical maintenance sector of the Alegrete Thermoelectric Power Plant and since then has occupied various functions in this same company. In 1999, he became Manager of the William Arjona and the Jorge Lacerda A thermoelectric power plants. In June 2003, he was made Thermoelectric Generation Manager for all the Company's thermoelectric power plants. In November 2008, he was elected to the position of Commercialization and Business Officer for the Company and subsequently Energy Commercialization Officer, a position he held until October 2011. Since November 2011, he has held the position of Projects Implementation and Development Officer at Tractebel Energia S.A.. He is also a Director of certain Special Purpose Companies controlled by the Company.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

José Carlos Cauduro Minuzzo - 199.412.420-20

Born October 29, 1951, he graduated in Mechanical Engineering from the *Pontifícia Universidade Católica* of Rio Grande do Sul. He began his professional career at Eletrosul in 1976, his activities with the company being in the thermoelectric generation area of the Jorge Lacerda Thermoelectric Power Plant until 1992. In 1992, he became manager for the Thermoelectric Maintenance and Engineering Division until 1997 and subsequently, the Thermoelectric Generation Department until June 1999. Currently, he sits on the Management Committee of the Itá Consortium and is a Director of the Machadinho Consortium. He is also an alternative director on the Board of Directors of Itá Energética S.A., Energia Sustentável do Brasil and Tractebel Energia S.A. He is a member of the Board of Directors of CEPEL – Centro de Pesquisas de Energia Elétríca and ABCM – Brazilian Mineral Coal Association. Since 1999, he has held the position of Energy Production Officer at Tractebel Energia, an operation involving 8,765MW of installed capacity. He is also a Director of certain Special Purpose Companies controlled by the Company.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Marcelo Fernandes Soares – 051.684.707-42

Born September 21, 1976, he graduated in production engineering from the *Universidade Federal do Rio de Janeiro*. He has an executive MBA from the University of Pittsburgh and a Master's degree in Finance and Economics from the *Fundação Getúlio Vargas*. He joined the ENGIE Group (new denomination of the GDF SUEZ Group) in November 2006, currently holding the position of Acquisitions, Investments and Financial Advisory Director at ENGIE Brasil.

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Gustavo Henrique Labanca Novo - 000.674.107-07

Born March 5, 1968, he graduated in electronic engineering from *Universidade Gama Filho*. He has worked for the ENGIE Group (new denomination of the GDF SUEZ Group) for more than 15 years, from 1998 to 2000 as projects and business development manager. From 2000 to 2010, he worked as a financial analyst, senior finance and AIFA (Acquisitions, Investment & Financial Advisory) manager. From 2010 to 2015, he was VP for Development and Businesses. Currently, he holds the position of Business Development Director. He is also a full member of the Deliberative Council of PREVIG Sociedade de Previdência Complementar, an entity constituted by Tractebel Energia S.A.; an alternate member of the Board of Directors of Energia Sustentável do Brasil S.A; and a full member of the Board of Directors of Usina Termelétrica Pampa Sul S.A..

The nominated person is qualified to sign a statement to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Paulo de Resende Salgado - 161.008.917-00

Born July 02, 1945, graduated in Economic Sciences from the *Universidade Candido Mendes* of Rio de Janeiro. He has a postgraduate degree from *Fundação Getúlio Vargas* (FGV) in Financial Executive Management Development and Capital Markets FGV-AID-EUA MBA Program. He was Vice President of Citibank, Senior Investment Manager for Banco Econômico de Investimentos S.A., Director of Underwriting and Privatization at Banco Nacional S.A., where he participated in the privatization project of Light and Companhia Siderúrgica Nacional (CSN). He was also a Director of Nacional Energética S.A. and IVEN S.A., and Chief Financial Officer of Nacional Energética S.A., and Economic Consultant for Agenda Corretora de Câmbio e Valores Mobiliários Ltda..

The councilor has signed a declaration to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Carlos Guerreiro Pinto - 047.615.457-04

Born June 17, 1942, graduated in Business Administration from *Sociedade Unificada de Ensino Superior Augusto Motta* (SUAM). He has a postgraduate degree in Business Administration from the *Instituto de Pós-Graduação e Pesquisa em Administração* of *Universidade Federal de Rio de Janeiro* (COPPEAD), having also concluded his Financial Management course at the Citibank N.A. Training Center. He was certified as a Business Development Partner by *Fundação Dom Cabral*. He was responsible for structuring the Open Market area of Banco Nacional, also holding the position of Director - Business Risk Area. Additionally, he was President of Sinal Corretora de Valores. He also worked as an Audit Director for the National Supplementary Health Agency (ANS), the private health insurance regulator, from March 2010 to November 2011 responsible for operators placed under the special audit regime. He is currently a Visiting Consultant at the Fundação Getulio Vargas and provides management advisory services to the State Environmental Agency - INEA and Rio de Janeiro State Secretariat for the Environment - SEA.

The councilor has signed a declaration to the effect that he has not been convicted in any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Flávio Marques Lisboa Campos - 118.388.096-00

Born November 17, 1950, he graduated in civil engineering in 1973 from the *Escola de Engenharia of the Universidade de Minas Gerais* (UFMG). He is currently the Latin American CEO for Tractebel Engineering Latin America (Tractebel Engineering - ENGIE Group). He was Managing Director and CEO of Leme Engenharia Ltda. from 2002 to 2010. He held the following positions in this company: 1994 -2002 - General and Executive Officer; 1992-1994 - Director of Business Development, working in the coordination of commercialization strategies, prospection and business feasibility, contract negotiations with customers and administration of development expenses. From 1988 to 1992, he was Technical Director for the areas of Electrical Generation and Dams, Electric Systems and Industrial Projects, notably technical supervision and preparation of contracts for several projects. From 1976 to 1988, he worked in the technical area as Head of the Hydraulic Engineering Sector, and Manager of several large projects. He worked as a Civil Engineer from 1972 to 1976 at Elektrowatt Ingenieros Consultores, Guatemala City, Guatemala; Elektrowatt Engineering Services, Zurich, Switzerland and Eletroprojetos S.A. - Estudos de Engenharia Studies. Currently, he is member of the Executive Board of the Brazilian Association of Infrastructure and Basic Industries (ABDIB) and a member of the following boards: Minas Gerais Society of Engineers and the Brazilian Association of Engineering Consultants (ABCE).

The councilor has signed a declaration to the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

Manoel Eduardo Bouzan de Almeida - 269.006.377-87

Born April 03, 1952, he holds a Bachelor's degree in Accounting Sciences, having graduated in 1978 from the *Faculdades Integradas Simonsen*, Rio de Janeiro. He worked in the industrial sector from 1969 to June 1995 in various administrative functions, reaching the position of administration and accounting manager. In the second half of 1995, he was hired as accountant for the Serra da Mesa project by Serra Mesa S.A., occupying this position until June 1998, when he was transferred to the Tractebel Group (currently ENGIE), as the holding company's accountant, remaining in this position until his retirement at the end of June 2011.

The councilor has signed a declaration the effect that he has not been convicted of any: i) criminal sentence; ii) sentence in an administrative action of the Brazilian Securities and Exchange Commission - CVM. or iii) sentence for which there is no right of appeal in the judicial or administrative sphere which has resulted in his suspension or disqualified him from practicing any professional or commercial activity.

12.7 Composition of the statutory committees and the audit, financial and remuneration committees:

Name	Date of birth	Management body	Election date	Independent member
CPF or passport	Profession	Elected position held	Tenure date	Nominated by the parent company
Other positions or functions in the issuer		Number of consecutive terms of office	Term of office	Participation in 2015 meetings
Maurício Stolle Bähr	09.17.1957	Strategic Committee	06.25.1999	No
748.528.847-49	Engineer	Member of the Committee (Effective)	06.25.1999	Yes
Chairman of the Board of Directors		n.a.	Indeterminate	100%
Dirk Achiel Marc Beeuwsaert	01.14.1948	Strategic Committee	03.15.2001	No
EK083845	Engineer	Member of the Committee (Effective)	03.15.2001	Yes
Effective member of the Board of Directors		n.a.	Indeterminate	100%
Willem Frans Alfons Van Twembeke	01.14.1948	Strategic Committee	04.29.2013	No
EK108667	Engineer	Member of the Committee (Effective)	04.29.2013	Yes
Effective member of the Board of Directors		n.a.	Indeterminate	100%

12.9 Existence of a marital, common law or family relationship (up to twice removed) with the members of the management of the issuer, subsidiaries and controlling entities:

Justification for not completing the section:

There are no relations as described above between members of the management and the Fiscal Council, nominated by the Controlling Shareholder; between management of the Company and management of the controlled companies of the Company, whether directly or indirectly controlled; between the management of the Company or its controlled companies, whether directly or indirectly controlled, and the controlling shareholders, whether directly or indirectly, of the Company; and between the management of the Company and the management of the controlling corporations of the Company, whether directly or indirectly.

12.10 Relations of subordination, as a service provider or control between the members of management (nominated by the Controlling Shareholder) and controlled companies, controlling companies and others

a. corporation controlled directly or indirectly by the issuer

Identification	CPF/CNPJ	Type of relation of the administrator with the related person	Type of related person
Position/function			
Issuer's Administrator			
Manoel Arlindo Zaroni Torres	**115.116.056-34**		
Chief Executive Officer			
Related person – Chairman of the Board of Directors in the last three fiscal years			
Related person – Chief Executive Officer in the last three fiscal years			
Tractebel Energia Comercializadora Ltda. (TBLC)	04.100.556/0001-00	Control	Directly Controlled
Note			
Tractebel is the directly controlling company of TBLC with a 99.99% stake in the capital of this company.			
Ibitiúva Bioenergética S.A. (Ibitiúva)	09.541.336/0001-36	Control	Indirectly Controlled
Note			
Tractebel is the indirectly controlling company of Ibitiúva with a 95% stake in the capital of this company.			
Related person – Member of the Board of Directors in the last three fiscal years			
Itá Energética S.A. (Itasa)	01.355.994/0001-21	Control	Directly Controlled
Observação			
Tractebel jointly controls Itasa with a 48.75% stake in the capital of this company.			

Identification	CPF/CNPJ	Type of relation of the administrator with the related person	Type of related person
Position/function			
Issuer's Administrator			
José Carlos Cauduro Minuzzo	**199.412.420-20**		
Energy Production Officer			
Related person – Chief Executive Officer in the last three fiscal years			
Ibitiúva Bioenergética S.A. (Ibitiúva)	09.541.336/0001-36	Control	Indirectly Controlled
Related person – Chief Executive Officer in the fiscal years ending December 31, 2015 and December 31, 2014			
Faísa-Trairi Consortium (Faísa-Trairi)	14.837.050/0001-32	Control	Indirectly Controlled
Tractebel is the controlling company jointly with Faísa-Trairi with a 50.00% stake in the capital of this company.			
Related person – Member of the Board of Directors in the last three fiscal years			

Ibitiúva Bioenergética S.A. (Ibitiúva)	09.541.336/0001-36	Control	Indirectly Controlled

Related person – Alternate member of the Board of Directors in the last three fiscal years

Itá Energética S.A. (Itasa)	01.355.994/0001-21	Control	Directly Controlled

Related person – Member of the Deliberative Board in the last three fiscal years

Consórcio Estreito Energia (Ceste)	05.387.829/0001-02	Control	Directly Controlled

Tractebel is the jointly controlling company of Ceste with a 40.07% stake in the capital of this company.

Related person – Alternate member of the Plenary Board and Officer in the last three fiscal years

Machadinho Consortium	03.064.917/0001-48	Control	Directly Controlled

Tractebel is the controlling company jointly with the Machadinho Consortium with a 19.28% stake in the consortium.

Related person – Member of the Managing Committee in the last three fiscal years

Itá Consortium	01.246.598/0001-66	Control	Directly Controlled

Identification	**CPF/CNPJ**	**Type of relation of the administrator with the related person**	**Type of related person**
Position/function			

Issuer's Administrator

José Luiz Jansson Laydner	**481.767.029-00**		
Projects Implementation and Development Officer			

Related person – Alternate member of the Board of Directors in the fiscal year ending December 31, 2013

Ibitiúva	09.541.336/0001-36	Control	Indirectly Controlled

Related person – Chief Executive Officer in the fiscal year ending December 31, 2013

Indirectly Controlled

Tractebel is the controlling company jointly with Faísa-Trairi with a 50.00% stake in the capital of this company.

Issuer's Administrator

Maurício Stolle Bähr	**748.528.847-49**		
Chairman of the Board of Directors			

Related person – Chairman of the Board of Directors in the fiscal years ending December 31, 2014 and December 31, 2013

Itasa	01.355.994/0001-21	Control	Directly Controlled

Related person – Vice Chairman of the Board of Directors in the fiscal year ending December 31, 2015

Itasa	01.355.994/0001-21	Control	Directly Controlled

Issuer's Administrator

Gil de Methodio Maranhão Neto	**734.574.937-15**		

Member of the Board of Directors

Related person – Alternate member of the Board of Directors in the last three fiscal years

Itasa	01.355.994/0001-21	Control	Directly Controlled

b. direct or indirect controller of the issuer

Identification	CPF/CNPJ	Type of relation of the administrator with the related person	Type of related person
Position/function			
Issuer's Administrator			
Maurício Stolle Bähr	**748.528.847-49**		
Chairman of the Board of Directors			
Related person – Director in the last three fiscal years			
GDF Suez Energy Latin America Participações Ltda. (GSELA)	01.370.013/0001-15	Control	Direct Controller
Issuer's Administrator			
Dirk Achiel Marc Beeuwsaert	**000.000.000-00**		
Member of the Board of Directors			
Related person – Executive Vice President and Member of the Executive Committee in the last three fiscal years			
ENGIE (current denomination of GDF SUEZ)		Control	Indirect Controller
Related person – Chief Executive Officer in the last three fiscal years			
Electrabel		Control	Indirect Controller
International Power S.A.		Control	Indirect Controller
Issuer's Administrator			
Willem Frans Alfons Van Twembeke	**000.000.000-00**		
Member of the Board of Directors			
Related person – Member of the Board of Directors in the last three fiscal years			
International Power Ltd.		Control	Indirect Controller
Related person – Executive Vice President in the last three fiscal years			
GDF SUEZ Energy International		Control	Indirect Controller
Issuer's Administrator			
Shankar Krishnamoorthy	**000.000.000-00**		
Member of the Board of Directors			
Related person – Executive Vice President for Business Development in the fiscal years ending December 31, 2015 December 31, 2014			
ENGIE		Control	Indirect Controller
Related person – Director General for the Decentralized Generation Area in the fiscal year ending December 31, 2015			
ENGIE		Control	Indirect Controller

Issuer's Administrator

Pierre Jean Bernard Guiollot	**000.000.000-00**
Member of the Board of Directors	

Related person – Finance Director for the International Energy Division in the last three fiscal years

Engie	Control	Indirect Controller

12.13 Supply other information which the issuer deems material

The Company wishes to clarify that in addition to the election of the 6 (six) full members of the Board of Directors and their alternates, nominated by the Controlling Shareholder, the Annual General Meeting will also elect 2 (two) full members of the Board of Directors together with their alternates, to be nominated by the minority shareholders and 1 (one) full member and his alternate to be nominated by the employees, the electoral process for which is still in progress.

Furthermore 1 (one) full councilor and his alternate will be nominated for election to the Fiscal Council by the non-controlling shareholders.

ATTACHMENT V – REMUNERATION OF THE MEMBERS OF MANAGEMENT

Information relating the management's remuneration based on item 13 of the Reference Form

13.1 Description of the policy or practice of remuneration of the Board of Directors, Statutory and Non-Statutory board, Fiscal Council, Statutory and Audit, Risk, Financial and Remuneration Committees, addressing the following aspects:

a. Objectives of the remuneration policy or practice

The remuneration policy for the Board of Directors, Statutory Board and Fiscal Council is based on market practices, and aims to attract and retain professionals compatible with the Company's needs. It considers the required knowledge for the position, the complexity of activities and the expected results of each position.

b. Composition of the remuneration

(i) Description of the elements of the remuneration and objectives of each one

The annual aggregate remuneration of management (members of the Board of Directors, Statutory Board and Fiscal Council) is set annually for the fiscal year by the General Shareholders' Meeting.

The objective of the fixed remuneration is to reflect the experience, responsibility of the post occupied by each member of management, competency and professional reputation as well as the length of time dedicated to his functions.

The aim of the variable segment is to provide levels of competitive remuneration in relation to what is practiced in the market, to reward effort in achieving results and values generated by the Company through a bonus linked to performance. Variable remuneration is also designed to motivate the meeting of business and strategic objectives, reflecting the culture and the values of the Company and its controlling company.

The composition of remuneration for each management profile is established by the Board of Directors as shown below:

- Board of Directors

The set annual amount is made up of a fixed and a variable portion, where applicable, the aggregate amount being approved by the General Shareholders' Meeting, payable in 13 monthly installments.

The Chairman of the Board receives as remuneration a variable portion based on the results of the Company, this taking into account financial indicators, goals and its operational results. The board member elected by the employees may also receive a bonus calculated on the number of monthly salaries paid to employees as Participation in Profits or Results.

- Statutory or Executive Board

The Remuneration of the Board members is divided into fixed and variable portions and the total annual amount is approved by the General Shareholders' Meeting.

The benefits offered by the Company comprise the indirect remuneration such as healthcare plan, life insurance and complementary pension.

The bonus value may vary between 35% and 88% of the fixed annual remuneration, according to the position of the executive, his/her challenges and established goals. Payment occurs in the first half of the following year, after the closure of the base year, according to the extent to which established goals have been met.

• Non-statutory Board

No Non-statutory Board is installed.

• Fiscal Council

The *pro labore* of the Fiscal Council members is set by the General Shareholders' Meeting that elects them and may not be less than 10% (per member) of the average monthly remuneration of the Directors - excluding benefits and variable remuneration.

• Committees

The Company has committees that participate directly or indirectly in the Company's decision-making process. There is no additional remuneration for committee members except for the Chairman of the Strategic Committee, who receives an additional monthly stipend equal to that of the members of the Board of Directors, where he/she also participates as a Director.

• Special Independent Committee for the Evaluation of Transactions with Related Parties

For the Special Independent Committee for the Evaluation of Transactions with Related Parties, the Board of Directors may establish additional remuneration for members in lieu of other advantages and protection in order to preserve the Committee's independence and autonomy.

This Committee was installed on April 05, 2012 to analyze a specific transaction and disbanded on the same date following approval by the Board of Directors. In the last three years, no remuneration has been paid to the participants of the Committee.

(ii) Proportion of each component in the total remuneration

The remuneration of the Board of Directors is fixed for all its members except for the Chairman of the Board and the member elected by the Company's employees who also receives variable remuneration. The variable remuneration of the Chairman of the Board can be as high as 88% of the fixed remuneration and the member elected by employees, as much as 40% of his/her fixed remuneration. Members of the Fiscal Council enjoy only fixed remuneration.

The fixed remuneration of the Statutory Board is based on market conditions and its value is paid in 13 monthly installments. The variable portion can vary from 35% to 88% of the fixed annual remuneration.

The participation of the fixed remuneration, variable remuneration and benefits recognized as a percentage of total remuneration, are represented by the following percentages:

	2015	2014	2013
Board of Directors			
Fixed Remuneration	79%	81%	87%
Variable Remuneration	20%	19%	10%
Benefits	1%	-	3%
Fiscal Council			
Fixed Remuneration	100%	100%	100%
Variable Remuneration	-	-	-
Benefits	-	-	-
Statutory Board			
Fixed Remuneration	58%	53%	56%
Variable Remuneration	40%	45%	39%
Benefits	2%	2%	5%

(iii) Calculation and adjustment methodology of each element of remuneration

The remuneration of the Company's management is monitored periodically based on market surveys conducted by top-rated specialized consultants for the purpose of comparisons between the amount paid to the executives by companies of a similar size and turnover elsewhere, with an emphasis on the Brazilian electricity sector, as well as maintaining internal consistency with conditions prevailing in the ENGIE Group as a whole.

The definition of the fixed amount payable to the Statutory Board is established considering the market median in the aforementioned surveys in line with the nature and responsibilities of each position.

Similarly, the variable portion is established considering market practices for each position. Payment is contingent on the financial and operating results obtained by the Company, such as net income, EBITDA, and the achievement of specific goals previously negotiated as well as managerial and behavioral aspects.

Directors' remuneration is adjusted annually in January and incorporates not only market parameters mentioned above - which may recommend the need for salary adjustments - but also the inflation rate since the last adjustment.

(iv) Reasons that justify the composition of remuneration

The remuneration policy for the Board of Directors, Statutory Board and Fiscal Council is based on market practices and is designed to attract and retain professionals compatible with the Company's needs.

The remuneration of the Board of Directors accompanies market parameters for similar companies.

The remuneration for the Statutory Board is monitored periodically based on market conditions. The annual variable remuneration depends on the meeting of individual and collective goals, the company's results and a contribution of up to 10% to the overall result of the controlling economic group.

The remuneration of the Fiscal Council may be no less than the 10% of the average remuneration of the Executive Board. The Council is not entitled to any variable remuneration.

(v) Existence of unremunerated members of management and the reason for this

The Company has no unremunerated members of management on the Board of Directors, Statutory and Non-statutory Board, Fiscal Council, the Statutory Committees and the Audit, Risk, Financial and Remuneration committees.

c. The principal performance indicators which are taken into consideration for determining each element of the remuneration

Quantitative and qualitative indicators, contribution to results, overall performance and experience are taken into account when establishing Directors' remuneration in relation to the market.

Variable remuneration (bonus) is directly related to the results of corporate and individual performance and takes into consideration:

- financial indicators for the year: evolution in EBTIDA, free cash generation, net result, solidarity with the results of the controlling economic group, etc.;

- individual and operational indicators: meeting of goals, industrial and/or financial results;

- behavioral and managerial issues.

d. How the remuneration is structured to reflect the evolution of performance indicators

The *pro labore* (fixed remuneration) and benefits are set according to market surveys and is not adjusted during the year. Adjustments are made for each year within the limits approved by the General Shareholders Meeting for the Fiscal Year (January-December).

The variable remuneration (bonus) is directly related to the results for corporate and individual performance and considers:

- Financial indicators for the year representing an average of 40% of the annual bonus;

- Individual and operational indicators representing an average of 40% of the annual bonus;

- Behavioral and managerial issues representing an average of 20% of the annual bonus.

e. How the remuneration policy or practice is aligned with the Company's short, medium and long-term interests

The amount of annual variable remuneration of executives is contingent on meeting the Company's short-term objectives.

The Company has not yet established any direct incentives for meeting medium- and long-term goals. However, the economic group, of which the Company is a part, operates a stock option policy out of Paris with pre-established values as well as a performance shares program linked to the Group's future results.

In general, these free shares and stock options are not material in relation to the aggregate annual remuneration of the Company's executives, as detailed in item 13.16 of this Management Proposal.

f. Existence of remuneration supported by subsidiaries, controlled companies or controlling companies either directly or indirectly

There are no payments made by subsidiaries and, in the case of controlled companies held jointly with partners who do not pertain to the economic group, where there is participation by Tractebel Energia on the boards of such companies, board directors' fees are returned to the Company. The Controlling Group does not make any type of payment to the Executive Board of Tractebel Energia, except those cited in letter "e" of a corporate nature with the aim of fostering cohesion with the worldwide group.

g. Existence of remuneration or benefits linked to the occurrence of a given corporate event, such as the sale of the Company's corporate control

Not applicable.

13.1 Total remuneration of the Board of Directors, the Statutory Board and the Fiscal Council recognized in the results for the last 3 fiscal years and the estimate for the current fiscal year:

Total forecasted remuneration for the current fiscal year ending December 31, 2016 - Annual Amounts in Reais				
	Board of Directors	Statutory Board	Fiscal Council	Total
Total number of members ("b")	18.0	7.0	3.0	28
Numbers of remunerated members ("c")	17.67	7.0	3.0	27.67
Annual fixed remuneration	5,701,521.57	8,790,542.56	497,979.78	14,990,043.91
Salary or *pro-labore*	4,193,050.55	6,314,508.76	414,983.15	10,922,542.46
Direct and indirect benefits	-	707,971.34	-	707,971.34
Participation in committees	261,263.18	-	-	261,263.18
Others	1,247,207.84	1,768,062.46	82,996.63	3,098,266.93
Description of other fixed remuneration	Social charges	Social charges	Social charges	
Variable remuneration	1,279,326.31	7,278,935.98	-	8,558,262.29
Bonus	999,473.68	5,686,668.73	-	6,686,142.41
Participation of results	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	279,852.63	1,592,267.25	-	1,872,119.88
Description of other variable remuneration	Social charges	Social charges	-	-
Post-employment	44,124.24	477,208.92	-	521,333.16
Termination of the position	-	-	-	-
Share based	-	-	-	-
Observation	17 members for the entire year and 1 member for 8 months	7 members for the entire year	3 members for the entire year	-
Total remuneration	7,024,972.12	16,546,687.46	497,979.78	24,069,639.36

In 2016, an aggregate annual remuneration for Management was set at up to R$ 31 million (thirty-one million Reais for fiscal year 2016) for submission to the Annual General Meeting – AGM for approval. This amount enables terminations under the Executive Board's Voluntary Severance Package - approved at the end of 2013 - to be included.

Total remuneration for the fiscal year ending December 31, 2015 - Annual Amounts in Reais				
	Board of Directors	Statutory Board	Fiscal Council	Total
Total number of members ("b")	18.0	7.0	3.0	28.0
Number of remunerated members ("c")	17.5	7.0	3.0	27.5
Annual fixed remuneration	4,773,823.47	9,834,780.63	441,432.03	15,050,036.13
Salary or *pro-labore*	3,668,646.47	5,674,432.75	367,860.00	9,710,939.22
Direct and indirect benefits	-	2,458,615.02	-	2,458,615.02
Participation in committees	211,420.00	-	-	211,420.00
Others	893,757.00	1,701,732.86	73,572.03	2,669,061.89
Description of other fixed remuneration	Social charges	Social charges	Social charges	
Variable remuneration	1,195,632.06	6,877,902.75	-	8,073,534.81
Bonus	934,087.55	5,376,946.02	-	6,311,033.57
Participation of results	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	261,544.51	1,500,956.73		1,762,501.24
Description of other variable remuneration	Social charges	Social charges	-	-
Post-employment	31,258.70	410,863.52		442,122.22
Termination of the position	-	-	-	-
Share based	-	-	-	-
Observation	17 members for the entire year and 1 member for 6 months	7 members for the entire year	3 members for the entire year	-
Total remuneration	6,000,714.23	17,123,546.90	441,432.03	23,565,693.16

In addition to the above amounts, the Company provisioned R$ 6,546,842.93 as an estimated payment in 2016 for indemnifying officers on the Executive Board who sign up to the Voluntary Severance Package.

Total remuneration for the fiscal year ending December 31, 2014 - Annual Amounts in Reais				
	Board of Directors	Statutory Board	Fiscal Council	Total
Total number of members ("b")	18.0	7.0	3,.0	28
Number of remunerated members ("c")	18.0	7.0	3.0	28
Annual fixed remuneration	4,636,326.54	7,608,527.64	415,800.00	12,660,654.18
Salary or *pro-labore*	3,564,857.97	5,405,290.53	346,500.00	9,316,648.50
Direct and indirect benefits	-	596,433.05	-	596,433.05
Participation in committees	201,000.00	-	-	201,000.00
Others	870,468.57	1,606,804.06	69,300.00	2,546,572.63
Description of other fixed remuneration	Social charges	Social charges	Social charges	
Variable remuneration	1,133,300.57	6,448,098.55	-	7,581,399.12
Bonus	885,391.04	5,037,577.00	-	5,922,968.04
Participation of results	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	247,909.53	1,410,521.55	-	1,658,431.08
Description of other variable remuneration	Social charges	Social charges	-	-
Post-employment	36,997.90	397,923.27	-	434,921.17
Termination of the position	-	-	-	-
Share based	-	-	-	-
Observation	18 members for the entire year	7 members for the entire year	3 members for the entire year	-
Total remuneration	5,806,625.01	14,454,549.46	415,800.00	20,676,974.47

In 2014, the Annual General Meeting - AGM approved the amount of aggregate annual remuneration fixed at R$ 24 million for the fiscal year 2014.

This amount was set to include a forecasted maximum bonus for the management, in the event not fully paid out, as well as providing for the executives succession program with an associated voluntary severance package. However, the terminations under the package forecasted for 2014 did not occur.

Total remuneration for the fiscal year ending December 31, 2013 - Annual Amounts in Reais				
	Board of Directors	Statutory Board	Fiscal Council	Total
Total number of members ("b")	18.0	7.0	3.0	28.0
Number of remunerated members ("c")	17.9	7.0	3.0	27.9
Annual fixed remuneration	4,305,595.65	7,031,288.56	388,444.80	11,725,329.01
Salary or *pro-labore*	3,342,378.62	5,019,923.94	323,679.00	8,685,981.56
Direct and indirect benefits	-	508,197.27	-	508,197.27
Participation in committees	188,658.00	-	-	188,658.00
Others	774,559.03	1,503,167.35	64,765.80	2,342,492.18
Description of other fixed remuneration	Social charges	Social charges	Social charges	
Variable remuneration	499,756.33	4,879,385.99		5,379,142.32
Bonus	383,761.05	3,818,693.79	-	4,202,454.84
Participation of results	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	115,995.28	1,060,692.20	-	1,176,687.48
Description of other variable remuneration	Social charges	Social charges	-	-
Post-employment	131,694.48	689,044.54	-	820,739.02
Termination of the position	-	-	-	-
Share based	-	-	-	-
Observation	17 members during the entire year and 1 member for 11 months	7 members during the entire year	3 members during the entire year	-
Total remuneration	4,937,046.46	12,599,719.09	388,444.80	17,925,210.35

13.3 In relation to variable remuneration for the last 3 fiscal years and the forecast for the current fiscal year:

Any variable remuneration due to the Board of Directors should be considered in the overall amount approved by the General Shareholders' Meeting. Members of the Fiscal Council are not entitled to variable remuneration. The information is shown in the table below:

Planned for Fiscal Year of 2016

(Amounts in Reais)	Board of Directors	Executive Board
Total number of members	18	7.0
Number of remunerated members	2.0	7.0
Bonus		
Minimum amount estimated in the remuneration plan	-	-
Maximum amount estimated in the remuneration plan	1,178,233.26	7,706,462.64
Amount estimated in the remuneration plan should the goals be reached	912,786.38	5,254,403.34
Participation in the result		
Minimum amount estimated in the remuneration plan	-	-
Maximum amount estimated in the remuneration plan	-	-
Amount estimated in the remuneration plan should the goals be reached	-	-
Amount effectively recognized in the result	-	-

The above amounts include social tax charges remuneration

Recognized in the last 3 (three) fiscal years:

Executive Board (Amounts in Reais)	2015	2014	2013
Total number of members	7.0	7.0	7.0
Number of remunerated members	7.0	7.0	7.0
Bonus			
Minimum amount estimated in the remuneration plan	-	-	-
Maximum amount estimated in the remuneration plan	7,025,364.49	6,695,504.32	5,379,142.36
Estimated amount in the remuneration plan, were the goals to be reached.	4,790,021.24	4,565,116.58	4,218,773.14
Amount effectively recognized in the result	6,877,902.75	6,448,098.55	4,879,385.99
Participation in the result			
Minimum amount estimated in the remuneration plan	-	-	-
Maximum amount estimated in the remuneration plan	-	-	-
Estimated amount in the remuneration plan, were the goals to be reached.	-	-	-
Amount effectively recognized in the result	-	-	-

The above amounts include social charges on remuneration

Board of Directors (Amounts in Reais)	2015	2014	2013
Total number of members	17.5	18	17.9
Number of remunerated members	2.0	2.0	2.0
Bonus			
Minimum amount estimated in the remuneration plan	-	-	-
Maximum amount estimated in the remuneration plan	1,195,632.06	1,133,300.57	966,104.81
Estimated amount in the remuneration plan were the goals to be reached	868,954.93	730,225.02	707,098.97
Amount effectively recognized in the result	1,195,632.06	1,133,300.57	499,756.33
Participation in the result			
Minimum amount estimated in the remuneration plan	-	-	-
Maximum amount estimated in the remuneration plan	-	-	-
Estimated amount in the remuneration plan were the goals to be reached	-	-	-
Amount effectively recognized in the result	-	-	-

The above amounts include social charges on remuneration

13.4 In relation to the share-based remuneration plan of the Board of Directors and the Statutory Board in force in the last fiscal year and the estimate for the current fiscal year:

As of the date of this management proposal, Tractebel Energia had no share-based remuneration plan.

13.5 In relation to the share-based remuneration of the Board of Directors and the Statutory Board recognized in the result for the last 3 fiscal years and the estimate for the current fiscal year: As of the date of this management proposal, Tractebel Energia had no share-based remuneration plan.

13.6 In relation to outstanding options of the Board of Directors and the Statutory Board at the end of the last fiscal year:

As of the date of this management proposal, Tractebel Energia had no share-based remuneration plan.

13.7 In relation to exercised options and shares delivered relative to share-based remuneration of the Board of Directors and the Statutory Board in the last three fiscal years:

As of the date of this management proposal, Tractebel Energia had no share-based remuneration plan.

13.8 Brief description of the necessary information for understanding data disclosed in items "13.5" to "13.7", such as the explanation of the pricing method of shares and options:

As of the date of this management proposal, Tractebel Energia had no share-based remuneration plan.

13.9 Number of shares or quotas directly or indirectly held in Brazil or abroad, and other securities convertible into shares or quotas issued by the Company, its direct or indirect subsidiaries or under common control, by members of the Board of Directors, of the Statutory Board or of the Fiscal Council, grouped by body, on the closing date of the last fiscal year

The Company has no incentive program based on Tractebel Energia's quotas or shares. However, the Company's management, as well as employees may participate in the program operated by the controlling group without charge and linkage to results. Amounts related to this program do not present a significant percentage in relation to the annual remuneration.

As of December 2015, the members of the Board of Directors, including Officers who are also members of the Board, held 381,132 shares issued by Tractebel Energia and equivalent to 0.058389% of the total shares issued.

Pursuant to CVM guidance, when an Officer also sits on the Board of Directors, their securities are disclosed only in the amount held by the members of the Board of Directors.

The Company's share price on December 31, 2015 was R$ 33.49 per share. (See additional information with respect to item 13.9 in Table 13.15).

13.10 Pension plans in effect, granted to the members of the Board of Directors and executive officers

(Amounts in Reais)	Board of Directors	Executive Board
Number of members	3.0	8.0
Number of remunerated members		
Name of Plan	Plano CD	Plano CD
Number of members of management qualified for retirement	2.0	7.0
Qualifying for early retirement	1.0	1.0
Restated amount of the accumulated contributions to the pension plan at the close of the last fiscal year, discounting the portion relating to contributions made directly by members of management	1,747,342.60	8,123,981.33
Total accumulated amount of the contributions made during the last fiscal year, discounting the portion relating to contributions made directly by members of management	138,718.73	432,250.93
In the event that early redemption is possible, what are the conditions	Not Applicable	Not Applicable

13.11 Average Remuneration of Administrators

	Board of Directors			Statutory Board			Fiscal Council		
(Amounts in Reais)	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2015	December 31, 2014	31.12,2013
Nr of members	18	18	18	7	7	7	3	3	3
Nr of remunerated members	17.5	18	17.9	7	7	7	3	3	3
Amount of the highest remuneration	1,497,508.31	1,599,840.30	1,163,329.63	3,406,503.08	3,385,348.93	2,455,228.97	147,144.01	138,600.00	129,481.60
Amount of the lowest remuneration	138,960.00	130,800.00	122,794.80	1,117,163.88	1,382,199.78	866,467.04	147,144.01	138,600.00	129,481.60
Average amount of remuneration	342,897.96	322,590.28	275,812.65	2,181,733.57	2,064,935.54	1,799,959.87	147,144.01	138,600.00	129,48160

The above figures incorporate the fixed and variable remuneration and include social charges on remuneration.

The members of the Executive Board, Board of Directors and Fiscal Council identified with the highest and lowest remuneration occupied their posts throughout the twelve (12) months of the year.

13.12 Contractual arrangements, insurance policies or other instruments that structure mechanisms of remuneration or indemnification of members of management directors in case of dismissal or retirement and what the financial consequences would be for the Company

The Company has no contractual arrangements, insurance policies or other instruments that structure mechanisms of remuneration or indemnification for the members of management in the event of dismissal or retirement.

13.13 In the relation to the last 3 fiscal years, indicate the percentage of total remuneration of each body recognized in the Company's results relating to members of the Board of Directors, the Statutory Board or the Fiscal Council who are parties related to the direct or indirect controller, as defined by the accounting rules that address this matter

The remuneration of the members of the Board of Directors who have labor contracts linked either directly or indirectly to the controllers of the Company corresponded to 83%, 72% and 77% of total remuneration of the Board of Directors in 2015, 2014 and 2013, respectively. In the case of the Executive Board, the labor contract of the Chief Executive Officer is held with the controlling company although Tractebel Energia pays the officer's remuneration in full representing 22%, 26% and 26% of the Executive Board's total remuneration in 2015, 2014 and 2013, respectively. None of the members of the Fiscal Council is classified as a party related to the controllers of the Company.

13.14 In relation to the last 3 fiscal years, indicate the amounts recognized in the result of the Company as remuneration of members of the Board of Directors, the Statutory Board or Fiscal Council, grouped by body, for any reason other than the position they hold, such as for example, commissions and consulting or advisory services rendered

There was no payment of remuneration to members of the Board of Directors, the Statutory Board or Fiscal Council, for any reason other than the function they hold.

13.15 In relation to the last 3 fiscal years, indicate the amounts recognized in the result of the controllers, either direct or indirect, of corporations under common control and of Company's subsidiaries, as remuneration of members of the Board of Directors, of the Statutory Board or the Fiscal Council of the Company, grouped by collegiate body, specifying why these amounts were assigned to these individuals

Tractebel Energia has members of its Board of Directors and Executive Board who sit on the Board of Directors and the Executive Board of the jointly controlled Itá Energética S.A. (Itasa). From April 2014, Board of Directors remuneration was reviewed and altered as per the AGM of May 30, 2014. The amounts recognized in the result from this subsidiary with respect to director remuneration under these circumstances is now deducted from the annual bonus and shown in the table below.

(Amounts in Reais)	2015	2014	2013
Board of Directors of Tractebel Energia			
Number of remunerated members	3.0	4.0	4.0
Amount	22,616.00	195,076.80	655,200.00
Statutory Board of Tractebel Energia			
Number of remunerated members	2.5	3.0	3.0
Amount	27,408.00	117,057.60	374,400.00
Total	50,024.00	312,134.40	1,029,600.00

The amounts received by the Directors of Tractebel Energia as members of the Board of Directors of Itasa are deducted from their annual bonus.

13.16 Other information that the Company deems relevant

The Controlling Group operates a stock option program for purchase of ENGIE's shares on the Paris Stock Exchange on behalf of its top executives worldwide in accordance with their main responsibilities, and a share premium program by way of performance shares or in the form of a bonus, which may be granted against pre- established conditions to all employees.

In the following chart, we show the average allocation of shares of the Controlling Group to the members of the Company's Executive Board:

	2015 Plan	**2014 Plan**	**2013 Plan**
Performance shares			
Quantity	2,583	3,214	2,600
Amounts in Reais December 31, 2015	179,260.20	223,051.60	180,440.00

Notes:

- The share price of ENGIE on the Paris Stock Exchange posted the following year-end quotations:

	Euros	**Reais**
December 31, 2015	16.33	69.40
December 31, 2014	19.43	62.70
December 31, 2013	17.04	54.98

The number of performance shares is reduced to the extent that EGIE fails to meet certain financial ratios. The shares are transferred to the directors only after five years from date of issue and the final amount depends on the financial results of the controlling group in this period.

Capital Increase (Attachment 14 ICVM 481/09)

a. Amount of the increase and the new capital stock

The increase in the Company's capital stock was R$ 290,487,159.11 (two hundred and ninety million, four hundred and eighty-seven thousand, one hundred and fifty-nine Reais and eleven centavos), the capital stock rising from R$ 2,445,766,091.90 (two billion, four hundred and forty-five million, seven hundred and sixty-six thousand and ninety-one Reais and ninety centavos) to R$ 2,736,253,251.01 (two billion, seven hundred and thirty-six million, two hundred and fifty-three thousand, two hundred and fifty-one Reais and one centavo).

b. Method of increase of the new capital stock

The capital increase was executed through the allocation of the result for the fiscal year 2015 and without the issue of new shares.

c. Reasons for the increase in the capital stock

The increase in capital stock comply with the provision in Article 199 of Law 6.404/76, given that the profit reserves exceeded the amount of the capital stock. The increase had the additional purpose of strengthening the Company's capital in the light of expected investments over the next few years.

d. In the event of an increase in capital through the capitalization of profits

The increase in capital stock as well as its subscription shall not imply any alteration in the nominal value of existing shares or in the distribution of new shares to shareholders.

ATTACHMENT VII – REMUNERATION POLICY AND PARTICIPATION IN PROFITS

Information on the proposal for employee participation in the results for fiscal year 2015

14.3 Description of the remuneration policy for the Company's employees

a. Salary policy and variable remuneration

Remuneration policy:

The Company's remuneration policy is to maintain compensation in line with market practices, meeting the Company's interests and those of its employees considering that:

- The amount paid to each employee for his work in the Company shall be consistent with the value of this work in the market;
- The remuneration should reflect the responsibilities of each employee, the level of performance and results achieved both individually and as a member of a team.

Participation in Profits or Results (PLR):

In addition to the payment of a fixed salary, the Company maintains a variable remuneration system as part of the Participation Program in Profits or Results (PLR). This remuneration is granted to all employees of the Company and conditional on the results from the business as measured by EBITDA and Net Income for the period, meeting corporate goals, and evaluation of behavior in line with the organizational culture. These criteria are negotiated with the labor unions and established in the Collective Bargaining Agreement (ACT). The payment of PLR fosters the practice of competitive remuneration matching what is on offer in the Brazilian labor market as a whole.

Management's proposal includes the amount of up to R$ 28 million for the employee PLR for fiscal year 2015, to be distributed according to criteria set forth in the Company's Remuneration System and Collective Bargaining Agreements.