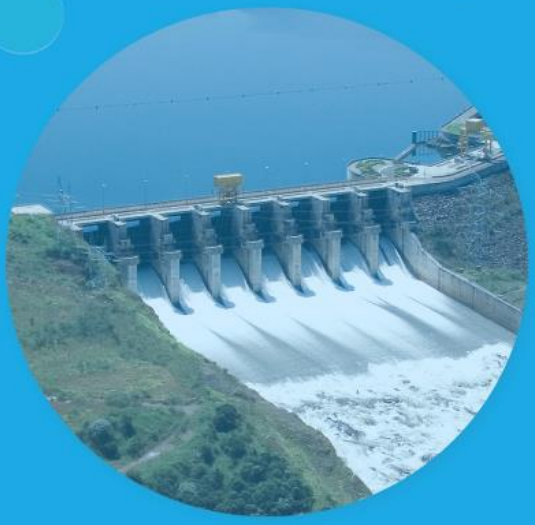






ENGIE
Tractebel Energia

Management Report and Financial Statements for Fiscal Years **2015** and **2014**

CNPJ Nº 02.474.103/0001-19 / NIRE Nº 42 3 0002438-4
Address: Rua Paschoal Apóstolo Pítsica, 5064
Agronômica – Florianópolis – SC – CEP 88025-255

TBLE3 NOVO MERCADO BM&FBOVESPA
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Índice de Sustentabilidade Empresarial ISE 2016
Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG
2015
Quanto mais transparente, mais valiosa

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MANAGEMENT REPORT

Dear Shareholders,

The Management of Tractebel Energia S.A. ("Tractebel Energia" or "Company") is pleased to submit the Management Report and the corresponding Financial Statements for fiscal years 2015 and 2014 for your examination in accordance with international and Brazilian accounting practices. The Management Report is accompanied by the reports of the independent auditors and the Fiscal Council for the year ending December 31, 2015. The data shown is stated in millions of reais and is on a consolidated basis, unless otherwise stated.

This Management Report complies with the requirements of Law 6.404/76 and its amendments, and adheres to the recommendations of CVM Guidance Opinion 15 of December 28, 1987 of the Brazilian Securities and Exchange Commission (CVM) and the Accounting Manual of the Brazilian Electricity Regulatory Agency (Aneel). While the Report is aimed primarily at the Company's shareholders, it can be accessed by the public at large from Tractebel Energia's website and is also published in the press of the city and the state in which the Company's head offices are located (Florianópolis and Santa Catarina) pursuant to the requirements of the Brazilian legislation.

Tractebel Energia also publishes the Sustainability Report according to the Global Reporting Initiative (GRI) framework, which as it involves a larger amount of information, is usually published after the Management Report, at the end of April. It is our policy to incorporate the content of the Management Report in the Sustainability Report to ensure that communication with our different stakeholders is consistent, thus being in alignment with the recommendations of the International Integrated Reporting Council (IIRC). IIRC Integrated Report guidelines related to the creation of short, medium and long-term value and to the management of financial, manufactured, intellectual, human, natural, social capital and relationship management are adopted by the Company both in the Management Report as well as the Sustainability Report, such that both have the same basic structure.

MESSAGE FROM THE MANAGEMENT

In 2015, Tractebel Energia reported a net income of R$ 1.5 billion, an 8.5% or R$ 118.2 million increase over 2014. For the fourth consecutive year, the Company generated a higher market capitalization: R$ 21.9 billion as of December 31, 2015. To have achieved these results against the background of a recessionary economy is unequivocal evidence of the resilience of the Company and the confidence endowed in it by the market.

The Company's net earnings were driven by well developed strategies for reducing exposure to high prices in the short-term market early in 2015, the monthly allocation of contracted energy and for maintenance work on the generator complex.

The electricity sector as a whole suffered from a nationwide reduction in industrial activity as well as an ongoing debate surrounding regulatory issues, among these the Generation Scaling Factor - the assured energy adjustment factor used by the hydro plants -, a reflection of the hydrological crisis, which began in late 2012. The GSF question was resolved with the publication of Law 13.203/2015 of December 9 and subsequently regulated by the National Electric Energy Agency - Aneel. With the latter´s approval, Tractebel Energia, together with other companies, signed up to the renegotiation of hydrological risk for those plants selling energy through the regulated contracting environment as opposed to the free market and not parties to the renegotiation agreement.

The Company was also successful in 2015 in maintaining its credit risk ratings on national scale, despite the downgrade of Brazilian sovereign risk by the leading risk classification agencies. In this respect, on December 31, 2015, net corporate debt stood at R$ 1.2 billion, less than the net income for the fiscal year and 45.7% less than at the end of 2014, a reflection of Tractebel Energia´s continuing financial soundness.

For the 11th consecutive year in 2016, the Company was selected as a component of BM&FBovespa´s (ISE) Corporate Sustainability Index. The ISE serves as a tool for evaluating the performance of companies listed on the BM&FBovespa in terms of economic efficiency, environmental equilibrium, social justice and corporate governance. Until 2015, this stock index represented an equities portfolio of up to 40 companies although reduced to 35 in 2016. Only Tractebel Energia and nine other companies have made up the ISE for consecutive years since its inception in 2005.

Tractebel Energia´s parent company is a world leader in independent energy production and is consequently part of the global transition towards energy decentralization, decarbonization and digitalization. It is in this context that GDF SUEZ has undergone a worldwide restructuring, in the process, changing its corporate denomination to ENGIE. For this reason, since December 17, Tractebel Energia has adopted a new logo. With its potential for renewable energy sources and markets, Brazil has been made one of ENGIE´s 24 business units in the world, separate from the bloc of other Latin American countries - ratification of the confidence the parent company has in the capacity of the country to meet its challenges and grow.

As part of this long-term view, Tractebel Energia has proceeded apace with its expansion plan, selling 9.2 average MW for delivery over 20 years beginning November 1, 2018 on the occasion of Aneel's second reserve energy auction in November 2015. This energy is to be generated by the Assú V Photovoltaic Plant, part of a larger project comprising 5 power plants – the Assú Complex in the municipality of the same name in the state of Rio Grande do Norte. Assú V will have an installed capacity of 36.7 MW, work on the plant being scheduled to begin in 2016.

In May, work was concluded on expanding the capacity at the biomass-fired Ferrari Thermoelectric Power Plant in Pirassununga (SP) to 80.0 MW. This adds a further 15.0 MW to the original capacity and therefore to the Company´s generator complex as a whole. Work continued apace on the Santa Mônica Wind Complex in Trairi in the state of Ceará, commercial operations expected to begin during the course of 2016. The complex will be made up of four wind farms with a total capacity of 97.2 MW. The Company has already sold 46.0 average MW from this operation at the A-3 Auction held in August 2015 for a 20-year term commencing January 1, 2018.

Meanwhile, a start on the implementation of the first phase of the Campo Largo Wind Complex in the state of Bahia with an installed capacity of 326.7 MW was initiated in 2015. This involves the detailed study phase of evaluation of the project's socio-environmental insertion in the region, of equipment circulation logistics and possible synergies for linking its 121 wind turbines - each with an output of 2.7 MW - to the National Interconnected System (SIN). A part of the energy to be produced, totaling 82.6 average MW, was sold for a term of 20 years, deliveries beginning January 1, 2019, while the remainder is to be transacted on the free market. The Company's wind projects portfolio also includes the second phase of operations at the Campo Largo site with an installed capacity of 300 MW, and Santo Agostinho in the state of Rio Grande do Norte, with a further installed capacity of 600 MW.

Again, worthy of mention was the licensing and initial work on the Pampa Sul Thermoelectric Power Plant in the municipality of Candiota, state of Rio Grande do Sul. With an installed capacity of 340.0 MW, the project has been approved as a priority by the Ministry of Mines and Energy and will be connected up to the SIN, thus contributing to the stability of the grid's supply.

The Jirau Hydroelectric Power Plant, with a capacity of 3,750 MW comprising 50 units each with an output of 75 MW, reached its assured energy of 2,184 average MW in July with 33 generator units in operation. By December, this total had been increased to 40, with a further unit at the test phase. ENGIE has a 40% stake in the project, which is scheduled to be transferred to Tractebel Energia conditional on the approval of the Special Independent Committee for Transactions with Related Parties, the majority of members of which are representatives of minority shareholders with seats on the Company's Board of Directors.

The Company also invests in the operational and maintenance excellence of the generator complex. If programmed stoppages in 2015 are discounted, plant uptime was 97.4%, surpassing the 96.5% reported for 2014. Tractebel Energia undertakes investments in modernization, which in addition to improving the performance of the plants and lengthening their useful life, also ensures incremental gains in output. For instance, improvements at the Salto Santiago, Ponte de Pedra and São Salvador plants have ramped up commercialization capacity of the Company's proprietary energy output already by 15.5 average MW in 2015. Once work is complete, a further 13.2 average MW will have been added to assured energy.

The Company's occupational health and safety record was also a highlight of the year with no accidents on the part of direct employees requiring time off work. In the case of the employers of outsourced suppliers, there were three accidents involving 22 lost days.

The Company's aim is also to contribute to improvements in the community's quality of life. The principal project on this front is the installation of Culture Centers in the regions where power plants are located. Emphasis is given more particularly to those municipalities remote from state capitals where artistic, cultural, skills training and leisure options are limited. Four of these centers have already been opened in Entre Rios do Sul (RS), Quedas do Iguaçu (PR), Alto Bela Vista and Capivari de Baixo (SC). Equipped with auditoriums and exhibition halls, the centers offer courses in digital inclusion and professional skills upgrading, all being managed by local associations which receive prior training in the management of cultural spaces and projects. By the end of 2017, the Company is to inaugurate a further four new centers based on the same concepts in Minaçu (GO), Trairi (CE), Saudade do Iguaçu (PR) and Itá (SC).

A vital industry such as the electrical sector requires both planning as well as a long-term regulatory framework within which to operate. Imbalances between energy supply and demand and/or commercialization prices in relation to investments – more especially when these involve importation during a period of currency devaluation – are factors which can occur over a short-term horizon, making even greater the need for responsibility of sector entities and for dialog and understanding. At the same time, investments in renewable energy sources will continue to concentrate the minds of entrepreneurs and Government. Similarly, we believe that natural gas may also have a key role to play in providing greater security of energy supply in addition to lowering emissions compared with the burning of coal and oil.

In this context, ENGIE´s plans for operations in Brazil are not limited to investments in expansion to serve the basic needs of the country. With its new structure, the parent company´s objectives include gaining a share of new markets and a closer proximity to clients and consumers through enhanced synergies between products and services. Such products and services range from solutions for distributed generation and greater sustainability for cities to energy efficiency services and other services with an industrial application.

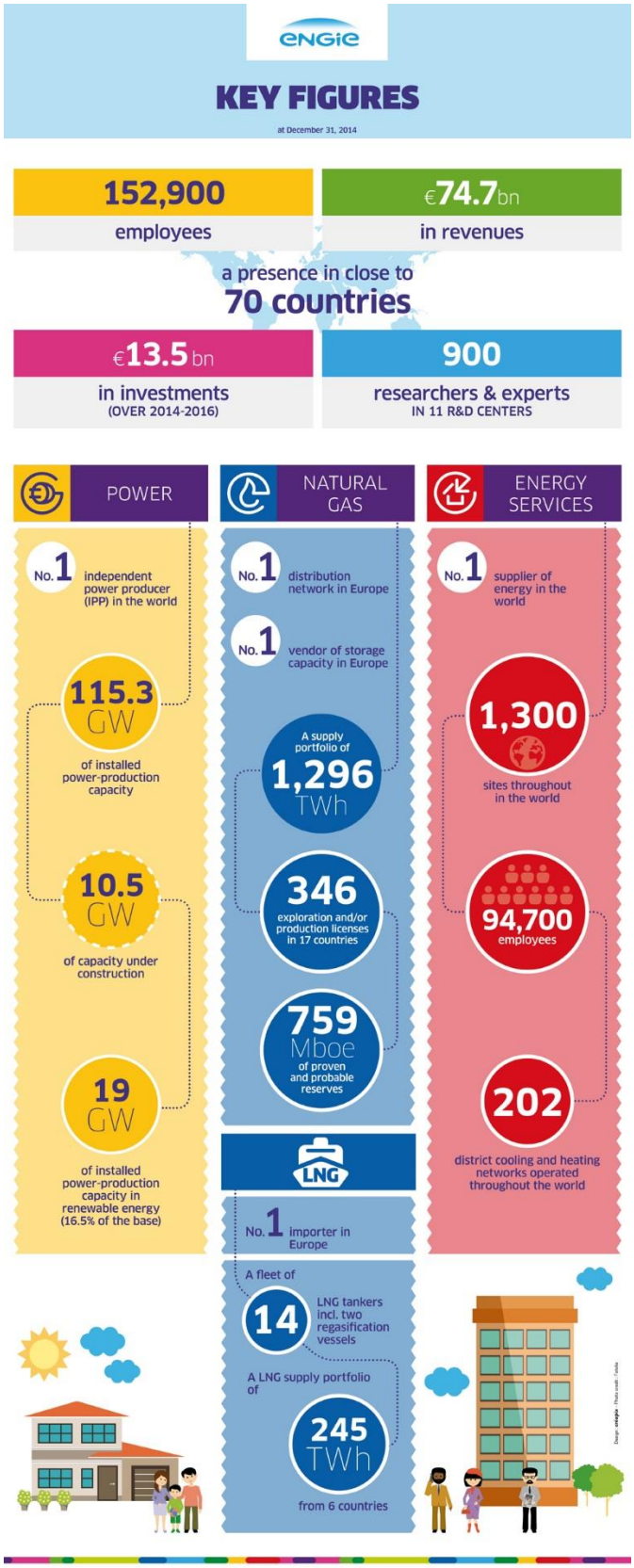
Finally, we wish to extend our thanks to the employees, clients, shareholders, service providers, suppliers and partners of both Tractebel Energia and ENGIE, together with governmental and non-governmental organizations in the roll call of corporate relationships in addition to all others who share our efforts and successes.

Maurício Stolle Bähr	Manoel Arlindo Zaroni Torres
Chairman of the Board of Directors	Chief Executive Officer

1. PRINCIPAL AWARDS AND RECOGNITION REPORTED IN 2015

- 'Institutional Investor' magazine ranking – Electric & Other Utilities – best company, best program and best investor relations professional (buy side and sell side), best CFO (sell side) and best CEO (buy side);
- Anefac Transparency Trophy 2015 - Net Revenue up to R$ 5 billion Category;
- Outstanding company for the "Most ethical companies in Brazil 2015", initiative run by the Ethics in Business Institute;
- Distinction Label Best of Brazil promoted by Sextante Brasil;
- Environmental Brazil Award (Amcham Rio) - Socio-environmental Responsibility Award - the Jorge Lacerda Thermoelectric Complex Environmental Education Program;
- Fritz Muller Award presented by the Santa Catarina Environmental Protection Agency (Fatma):
  - Recovery of Degraded Areas Category - Tractebel Environmental Park;
  - Conservation of Production/Energy Inputs Category - Research project and developments in photovoltaic solar energy;
  - Research Institute Category - Center of Reference in Sustainable Development - Machadinho Consortium;
- Von Martius Sustainability Award – Nature Category – 3rd place for the Headwaters Protection Program.

2. ENGIE



As mentioned in the Message from the Management, Tractebel Energia's parent company is ENGIE, the new corporate denomination for GDF SUEZ. A world leader in independent power production, operating in the areas of electricity, natural gas and power related services, ENGIE holds 68.71% of the Company's capital stock[1].

The decision to change the corporate denomination was made in unison with alterations to the corporate structure and business strategy. The goal is to position ENGIE in the forefront of the global energy transition movement based on the trinomial of energy decarbonization, decentralization and digitalization.

ENGIE's structure is designed to create a new dimension from the international point of view of greater proximity with the clients and greater autonomy of the business units.

The following infographic shows 11 business units, among them Brazil. In addition to these units, there are a further five global BUs and eight BUs in France.

[1] Through ENGIE Latin America.

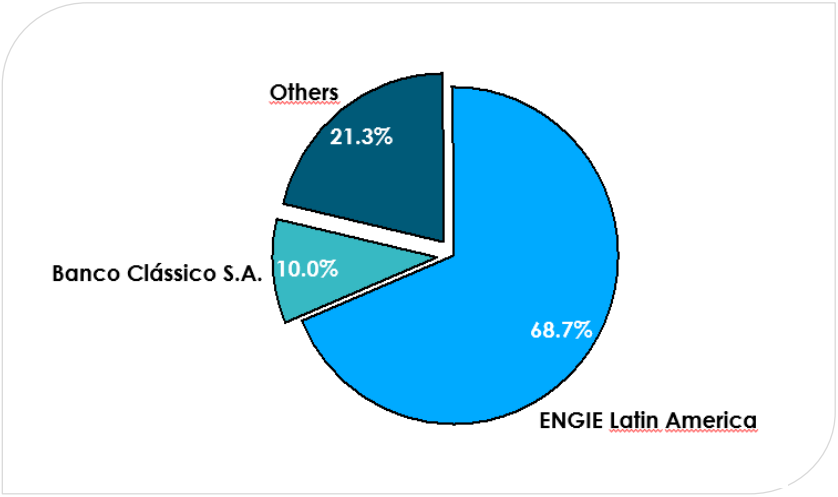


3. TRACTEBEL ENERGIA

Tractebel Energia is the largest private sector electricity generating company in Brazil. Beginning its Brazilian operations in 1998, following the acquisition of a controlling stake in Gerasul, the Company has focused on the installation and operation of generation plants. This includes bidding for hydroelectric concessions at Federal Government sponsored auctions and via authorizations for the operation of thermoelectric power plants, small hydroelectric power units and wind and photovoltaic plants.

The Company has a capital stock of R$ 2,445.8 million. A total of 652,742,192 common shares is regularly traded on the BM&FBovespa. Tractebel Energia also trades Level I American Depositary Receipts (ADRs) in the United States over-the-counter market under the TBLEY symbol at a ratio of one ADR for every common share.

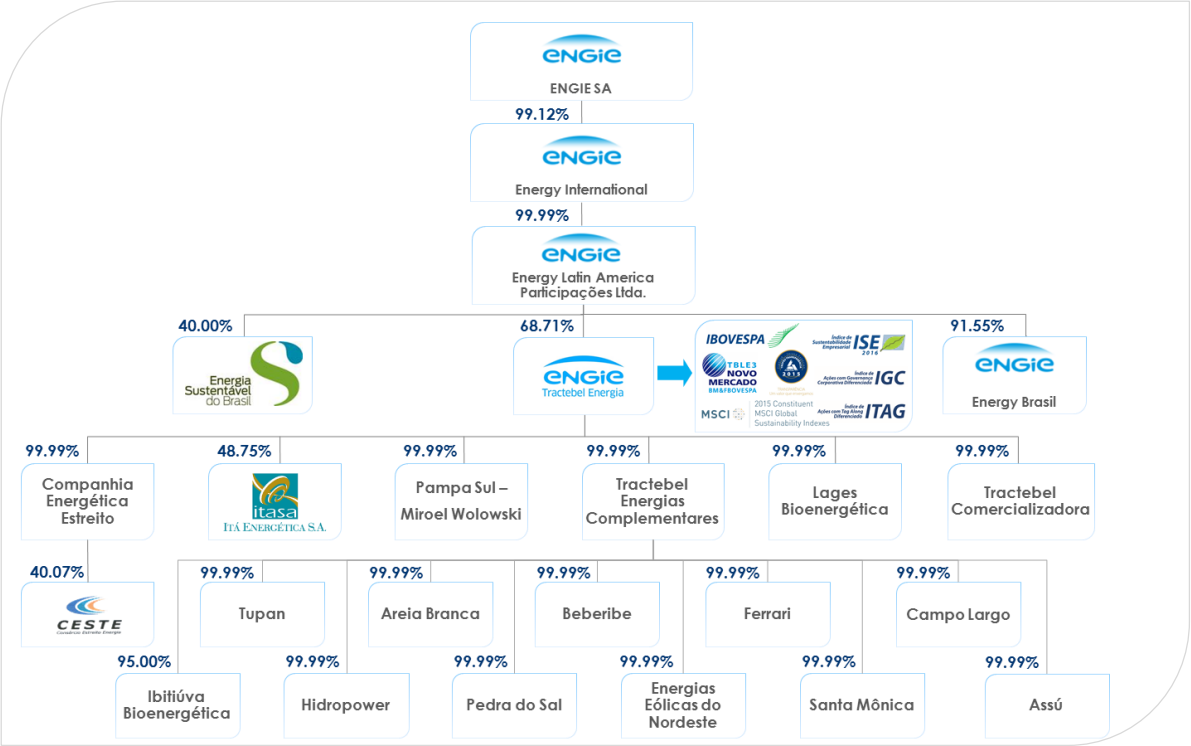
Shareholding structure
(as at December 31, 2015)



Corporate structure and generator complex

Tractebel Energia controls the following companies: Companhia Energética Estreito, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda., Usina Termelétrica Pampa Sul S.A. and Tractebel Energia Comercializadora Ltda. – the latter responsible for the intermediation and operation of electric energy purchases, sales, imports and exports in the deregulated market.

Corporate structure[2]
(as at December 31, 2015)



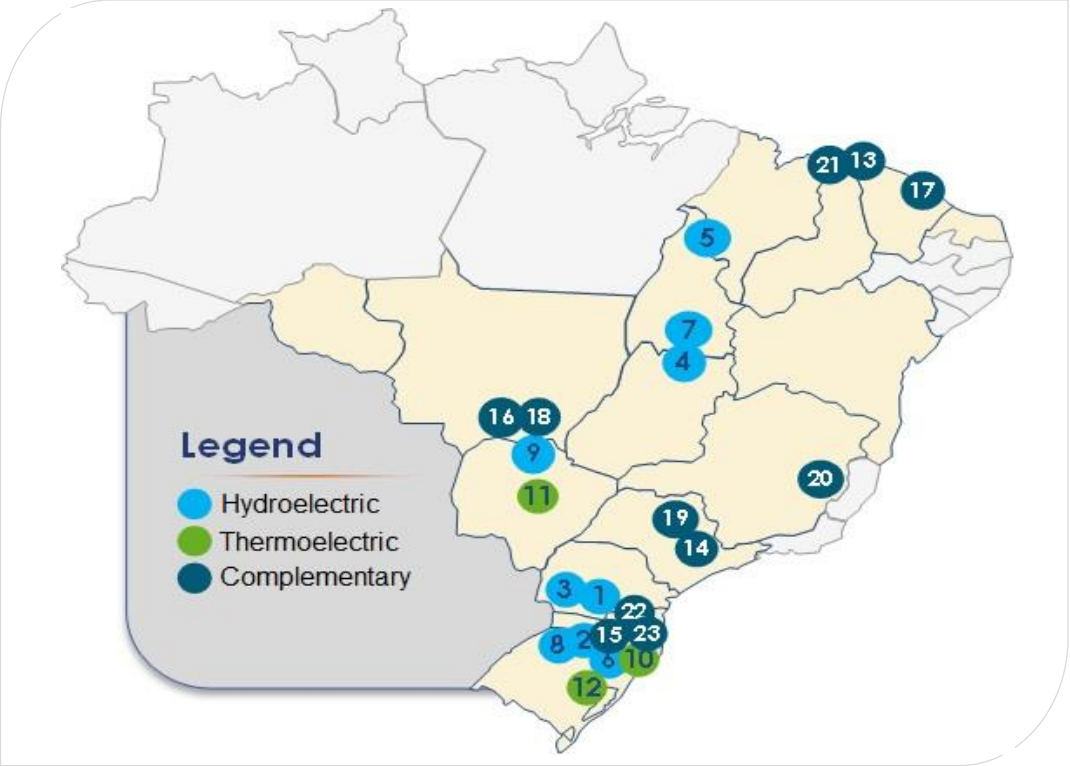
The Company also holds the following stakes in concessionary consortia of plants in its generator complex: (i) 19.28% in the Machadinho Consortium, which is responsible for operating the Machadinho Hydroelectric Power Plant; (ii) 40.07% in the Estreito Energia Consortium (Ceste), which is responsible for the Estreito Hydroelectric Power Plant concession through Companhia Energética Estreito; and (iii) 72.90% in the Andrade Consortium, which is responsible for operating the Ibitiúva Bioenergética Thermal Power Plant through the indirect subsidiary, Ibitiúva Bioenergética S.A., where Tractebel Energias Complementares Participações Ltda holds 95.00% of the capital.

Tractebel Energia also holds a 48.75% stake in the shared control of Itá Energética S.A. (Itasa). Itasa, in turn, holds a 60.50% stake in the Itá Consortium, which operates the concession for the Itá Hydroelectric Power Plant and in which Tractebel Energia has a direct stake of 39.50%. Adding together its stakes in Itasa and in the Consortium, Tractebel Energia owns 68.99% of the Itá Hydroelectric Power Plant. Shared control of Itasa is governed by a shareholders' agreement, and decisions of mutual interest of the Itá Consortium are adopted by a management committee, comprising four members, two of which are representatives of Tractebel Energia.

[2] Simplified Structure.

At the end of 2015, the Company reported a total installed capacity of 7,044.3 MW, equivalent to 5.4% of Brazilian capacity and operated a generator complex of 8,765.0 MW. Consequently, in 2015, Tractebel Energia continued to rank as the largest private sector generator in the country. The Company's generator complex is made up of 28 plants, nine of which are large or medium size, five conventional thermoelectric plants and 14 complementary plants (three small hydroelectric plants (SHPs), seven wind and three biomass plants and one solar photovoltaic plant). Tractebel Energia operates all these plants, fully controlling 24 of them.

Geographic distribution of the generator complex



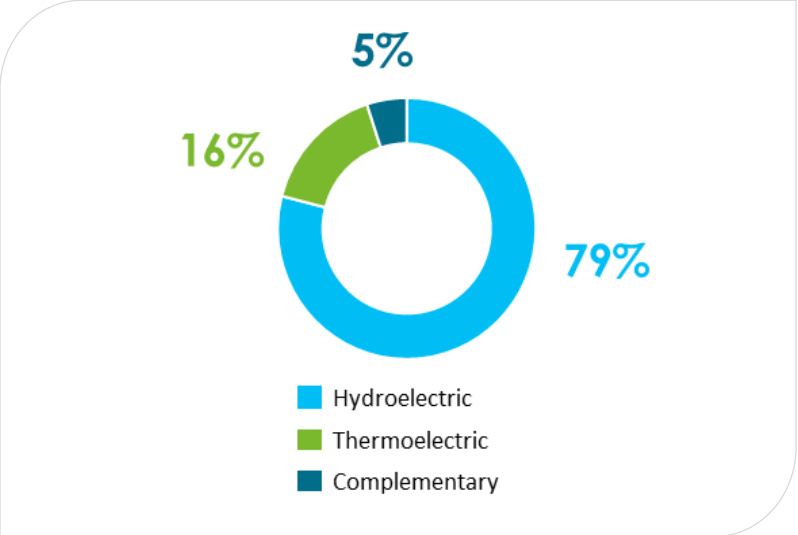
Composition of the generator complex
(as at December 31, 2015)

	Hydroelectric power plants	Total installed capacity (MW)	Total physical guarantee (MWm)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (MWm)	Expiration of concession/ authorization
1	Salto Santiago	1,420.0	735.2	100%	1,420.0	735.2	09.27.2028
2	Itá	1,450.0	720.0	69.0%	1,126.9	544.2	10.16.2030
3	Salto Osório	1,078.0	522.0	100%	1,078.0	522.0	09.27.2028
4	Cana Brava	450.0	273.5	100%	450.0	273.5	08.26.2033
5	Estreito	1,087.0	584.9	40.1%	435.6	256.9	11.26.2037
6	Machadinho	1,140.0	529.0	19.3%	403.9	147.2	07.14.2032
7	São Salvador	243.2	151.1	100%	243.2	151.1	04.22.2037
8	Passo Fundo	226.0	119.0	100%	226.0	119.0	09.27.2028
9	Ponte de Pedra	176.1	132.3	100%	176.1	132.3	09.30.2034
	Total	7,270.3	3,767.0		5,559.7	2,881.4	
	Thermoelectric power plants	Total installed capacity (MW)	Total physical guarantee (MWm)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (MWm)	Expiration of concession/ authorization
10*	Jorge Lacerda Complex	857	649.9	100%	857	649.9	09.27.2028
11	William Arjona	190	136.1	100%	190	136.1	04.28.2029
12	Charqueadas	72	45.7	100%	72	45.7	09.27.2028
	Total	1119.0	831.7		1,119.0	831.7	
	Complementary power plants	Total installed capacity (MW)	Total physical guarantee (MWm)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (MWm)	Expiration of concession/ authorization
13**	Trairi Complex (Wind)	115.4	63.9	100%	115.4	63.9	Various
14	Ferrari (Biomass)	80.5	35.6	100%	80.5	35.6	07.26.2042
15	Lages (Biomass)	28.0	25.0	100%	28.0	25.0	10.29.2032
16	Rondonópolis (SHP)	26.6	10.1	100%	26.6	10.1	12.18.2032
17	Beberibe (Wind)	25.6	7.8	100%	25.6	7.8	08.03.2033
18	José G. da Rocha (SHP)	23.7	9.2	100%	23.7	9.2	12.18.2032
19	Ibitiúva (Biomass)	33.0	20.0	69.3%	22.9	13.9	04.05.2030
20	Areia Branca (SHP)	19.8	10.4	100%	19.8	10.4	05.02.2030
21	Pedra do Sal (Wind)	18.0	5.7	100%	18.0	5.7	10.01.2032
22	Cidade Azul R&D (Solar)	3.0	not applicable	100%	3.0	not applicable	not applicable
23	Tubarão R&D (Wind)	2.1	not applicable	100%	2.1	not applicable	not applicable
	Total	375.7	187.7		365.6	181.6	
	General total	8,765.0	4,786.4		7,044.3	3,894.7	

*Complex is made up of three plants.

**Complex is made up of four plants: Trairi, Guajiru, Fleixeiras I and Mundau wind farms.

Tractebel Energia's energy matrix
(as at December 31, 2015)



4. CORPORATE GOVERNANCE

The governance of Tractebel Energia and its subsidiaries is based on the principles of ethics and transparency. All companies endeavor to follow best market practices, creating value and excellence in management as well as adhering to the requirements of the Sarbanes-Oxley Act.

The Company is listed on the *Novo Mercado*, members of which adopt the BM&FBovespa's highest level of corporate governance, adopting practices, which in some cases, exceed the requirements of both *Novo Mercado* listing regulations as well as the standard legislation. This posture has been instrumental in Tractebel Energia's inclusion as one of the 10 companies, components of BM&FBovespa's Corporate Sustainability Index (ISE) since the stock index's inception in 2005. The current ISE portfolio, valid from January 4 through December 29, 2016, was announced in November 2015 and includes the shares of 35 companies. On November 24, 2015, the announcement date of the new portfolio, the stock index's shares had a total market capitalization of R$ 960.5 billion – 44.8% of the total capitalization of companies trading shares on the BM&FBovespa.

The Company adopts additional efforts to protect the interests of all its shareholders, to which the following rights are guaranteed to:

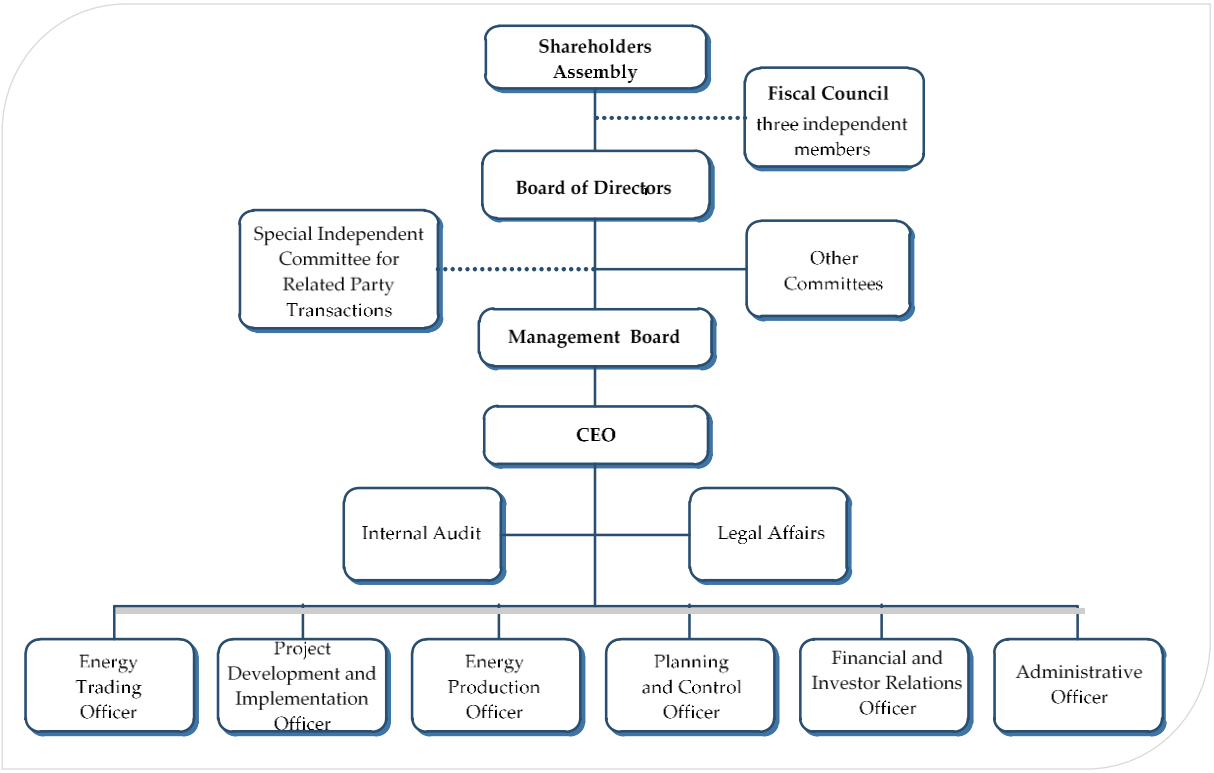
- vote in the General Shareholders Meetings, both annual and extraordinary;
- submit shareholders' recommendations to the Board of Directors through the specific channel in the Investors' Portal of the website;
- receive dividends and to participate in the payout of profits and other distributions;
- supervise Management and withdraw from the Company in circumstances pursuant to the Corporate Law; and
- receive at least 100% of the price paid for a common share pertaining to the controlling bloc in accordance with the *Novo Mercado* listing regulations in the event of a public offering of shares as a result of the sale of a controlling stake (100% tag along right).

Tractebel Energia's Corporate Bylaws prescribe that any dispute between its shareholders, principally in relation to the capital markets and corporate law, should be settled through the Market Arbitration Panel – an independent and confidential body for resolving disputes under the auspices of BM&FBovespa.

4.1 Management Structure

The highest level in the Company's management hierarchy is the Shareholders' Assembly, and bellow this, the Board of Directors and the Management Board.

Management Organization Chart
(as at December 31, 2015)



4.1.1 Board of Directors

The Corporate Bylaws and the Board of Directors' Internal Charter - available from the website - establish the functions of the directors and executive officers as well as the rules for the delegation of authority. Among the principal functions of the Board of Directors, are to:

- Establish the Company's mission, vision, values, policies and goals;
- Decide the strategic business objectives and ensure the setting up of organizational structures and procedures in order to achieve them;
- Ensure that clarifications are provided to shareholders; and
- Elect and remove the officers and establish their duties as well as supervise the management of these officers.

The Company's Bylaws establish that the Board of Directors must consist of no less than five and no more than nine effective members and an equal number of alternates, all elected at a shareholders' meeting (AGA) for two-year terms of office. Members are eligible for reelection. One of the members and his alternate represent the employees, being elected by the direct vote of the employees and approved at a General Shareholders' Meeting. At least 20% of the board members must be independent, as required by *Novo Mercado* Listing Regulations. The Chairman of the Board does not hold an executive position in the Company. Self-evaluation by board members is undertaken annually and the result registered in minutes and widely disclosed.

Board of Directors
(as at December 31, 2015)

Members	Alternates
Maurício Stolle Bähr *Chairman*	Patrick Charles Clement Obyn
Philip Julien De Cnudde *Vice Chairman*	Pierre Victor Marie Nicolas Devillers
Antonio Alberto Gouvêa Vieira *Minority Shareholders' Representative*	Luiz Leonardo Cantidiano Varnieri Ribeiro *Minority Shareholders' Representative*
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Luiz Eduardo Simões Viana	*
José Pais Rangel *Minority Shareholders' Representative*	José João Abdalla Filho *Minority Shareholders' Representative*
Manoel Arlindo Zaroni Torres	André de Aquino Fontenelle Canguçu
Roberto Henrique Tejada Vencato *Employees' Representative*	Luiz Antônio Barbosa *Employees' Representative*
Willem Frans Alfons Van Twembeke	José Carlos Cauduro Minuzzo

* Position temporarily vacant due to the resignation of one of the members - temporarily substituted by the then alternate, no new appointment having since been made.

4.1.2 Fiscal Council

Tractebel Energia's Fiscal Council has been permanently installed since 2013. It has the duties of analyzing the Company's Financial Statements, supervising the activities of the Management Board and the evaluation of risk management systems and internal controls. In the event that additional services are agreed with the independent audit company which audits the Financial Statements, it is also incumbent on the Fiscal Council to evaluate the proposals to be submitted to the Board of Directors.

The Fiscal Council comprises from three to five members and an equal number of alternates, elected by the General Shareholders Meeting for a term of office of one year, members being eligible for reelection.

Composition of the Fiscal Council
(as at December 31, 2015)

Members	Alternates
Manoel Eduardo Lima Lopes	Ailton Pinto Siqueira
Carlos Guerreiro Pinto	Manuel Eduardo Bouzan de Almeida
Paulo de Resende Salgado	Flávio Marques Lisboa Campos

4.1.3 Comittes

Tractebel Energia has nine committees to assist Management in taking decisions on specific matters. The committees have a consultative function and are as follows:

- **Strategic Committee**: handles such matters as the selection and monitoring of expansion projects for the generator complex and tracking trends in the electricity industry. It is normal for Tractebel Energia's officers as well as outside guests to be invited to speak on pre-selected matters on the Committee's agenda.
- **Human Performance Committee:** the aim of this body is to ensure the implementation of the fundamentals of human performance in order to minimize lapses or human error at the plants operated by Tractebel Energia and its subsidiaries.
- **Financial Committee:** submits policies to the Management Board for investments, prepayments and anticipation or postponement of receivables. It is also incumbent on this committee to select the financial institutions with which the Company has an interest in working and to identify asset-liability mismatches, proposing hedging operations where necessary.
- **Energy Committee:** proposes Tractebel Energia's commercialization guidelines – including participation in auctions –, purchase and sale prices, quantitative limits for energy contracts eligible to comprise the Company portfolio, this in turn involving the monitoring of the electric power market.
- **Risk Management Committee:** identifies and classifies events that result in risks to the businesses, according to their probability and significance, and defines the respective control procedures. The Committee is responsible for raising awareness in the handling of corporate risk and defining goals and guidelines for its management.
- **Innovation Committee:** stimulates the development of ideas that add value to the Company. Receives and evaluates proposals, recommending to the Management Board allocation of funds for selected initiatives as well as actions for recognizing the proponents of such proposals. In addition, the Committee collaborates so that the Company participates in contests focused on innovation and promoted by the ENGIE Group.
- **Tax Planning Committee:** in the light of the tax legislation, decides which cases and under what circumstances Tractebel Energia should challenge administrative and judicial rulings. Also presents suggestions, which can generate tax credits including those arising from new projects taking into account opportunities for tax breaks.

- **Sustainability Committee:** contributes to consolidating sustainability as part of the Company's corporate culture, proposing goals and actions in sustainable development to the Management Board, adopting the necessary coordination with the organizational units in order to execute the same. Stimulates initiatives and evaluates requests for support of actions benefiting communities in regions surrounding the head office and plants - whether already in operation or under construction. In addition, the Committee promotes education in sustainability for internal and external stakeholder audiences. The employee representative with a seat on the Board of Directors is one of the committee members.
- **Special Independent Committee for Transactions with Related Parties:** installed by the Board of Directors whenever the Company intends to negotiate any transaction with related parties. The Committee consists largely of representatives of the minority shareholders with seats on the Board of Directors and has the responsibility of analyzing, negotiating and recommend (or otherwise) execution of these transactions.

4.1.4 Management Board

As enshrined in the Corporate Bylaws, the chief executive officer's responsibilities are to chair the meetings of the Management Board, coordinate and guide the activities of the other executive officers, to allocate special activities and tasks for executing the resolutions of the Board of Directors and the Management Board.

The Chief Executive Officer and the remaining executive officers are nominated by the Board of Directors and elected by the General Shareholders Meeting. The Management Board works on a collegiate basis, the approach to matters on the agenda being a matricial one albeit respecting the specific functions of each of its members.

Management Board
(as at December 31, 2015)

Name	Position
Manoel Arlindo Zaroni Torres	Chief Executive Officer
José Carlos Cauduro Minuzzo	Energy Production Officer
Marco Antônio Amaral Sureck	Energy Commercialization Officer
José Luiz Jansson Laydner	Projects Development and Implementation Officer
Eduardo Antonio Gori Sattamini	Finance and Investor Relations Officer
Edson Luiz da Silva	Planning and Control Officer
Júlio César Lunardi	Administrative Officer

4.1.5 Codes and policies

Tractebel Energia conducts its activities and stakeholder relations based on codes and policies which express its corporate values and organizational culture. This is the way the Company is able to share the principles and procedures in these publications with its stakeholders. The resulting interaction fosters social capital and fosters relationships.

The documents to be found in the website are described below.

- **Ethics Code:** a compendium of principles to be followed by all those with corporate responsibilities.
- **Environmental Code:** sets out the Company's commitments to the environment and sustainable development.
- **Sustainable Management Policy:** expresses the Company's commitment to quality, the environment, occupational health and safety, social responsibility and energy management.
- **Climate Change Policy:** establishes commitments and actions contributing to the mitigation of climate change as well as for the adaptation to its consequences.
- **Human Rights Policy:** launched in 2015, the policy establishes the commitments and the guidelines involving respect for human rights in relation to company projects, operations and the value chain. Tractebel Energia and its subsidiaries aim to be proactive agents in defending human rights within its sphere of influence. This policy formalizes the commitment to the theme concomitantly with the Company's Code of Ethics, ENGIE's guidelines and the principles of the United Nations Global Compact.
- **Stakeholder Engagement Policy:** ratifies the commitment to comply fully with the pertinent legal requirements and details the procedures that must be adopted by the Company and its subsidiaries in the relationship with its stakeholders in the development, installation and operational stages of the power generation plants under their responsibility.
- **Trading and Disclosure Policy:** lays down practices for disclosure and the use of corporate information as well as for the trading of securities issued by Tractebel Energia such as shares and debentures.
- **Investments and Derivative Policy:** establishes criteria for investing available resources in the financial market and limits for the use of derivatives.
- **Online Privacy Policy:** to regulate the obtaining, use and release of personal information on the users of corporate websites and services.

5. BUSINESS MODEL AND CREATION OF VALUE

Tractebel Energia's business model is based on the development of long-term ethical and transparent relationships in order to create value for shareholders and other interested parties over the short, medium and long terms.

5.1 Strategy

Tractebel Energia's businesses are based on two principal strategies. The first is related to the commercialization of energy and the second to the responsible expansion of the generator complex.

5.1.1 Commercialization of energy

Tractebel Energia sells energy in the regulated market through the intermediary of auctions. The assumption is that the price ceiling proposed by Aneel will be sufficient for the feasibility of the projects being developed by the Company.

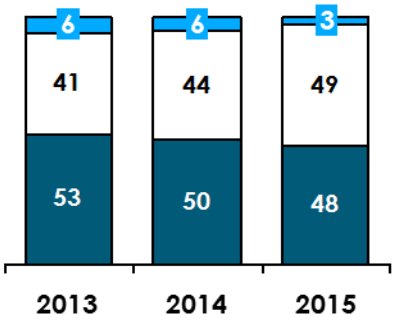
Besides seeking to enhance client loyalty and the diversification of the portfolio in free market operations, Tractebel Energia endeavors to sell available energy gradually through its trading company in order to optimize prices and minimize the risks of exposure to prices in the short-term market (spot or Price for Settlement of Differences — PLD) prices.

Client portfolio diversification takes place across industrial sectors and companies in the same sector. As a result, it is possible to offset the effects of eventual negative events in given sectors or in the case of unfavorable situations with specific customers, so reducing the risks of revenue shortfall.

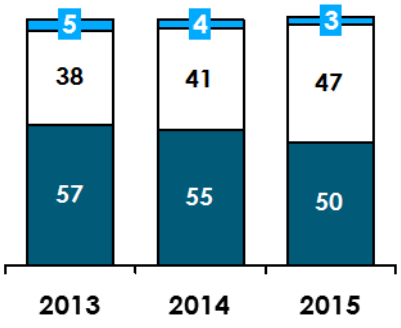
Sales are executed as and when the opportunity arises, principally when the market indicates a propensity to purchase. However, in the light of the increase in spot prices and their greater volatility - driven in large part by the hydrological crisis, Tractebel Energia has the freedom to leave a greater volume of its commercial capacity uncontracted in the short-term market. Operations involving the acquisition of energy for resale are also undertaken when necessary or opportune.

In 2015, free consumers were responsible for 48.8% of physical sales and 47.3% of net revenues, year-on-year increases of 4.8 p.p. and 6.6 p.p., respectively.

Breakdown of clients for physical sales (%)

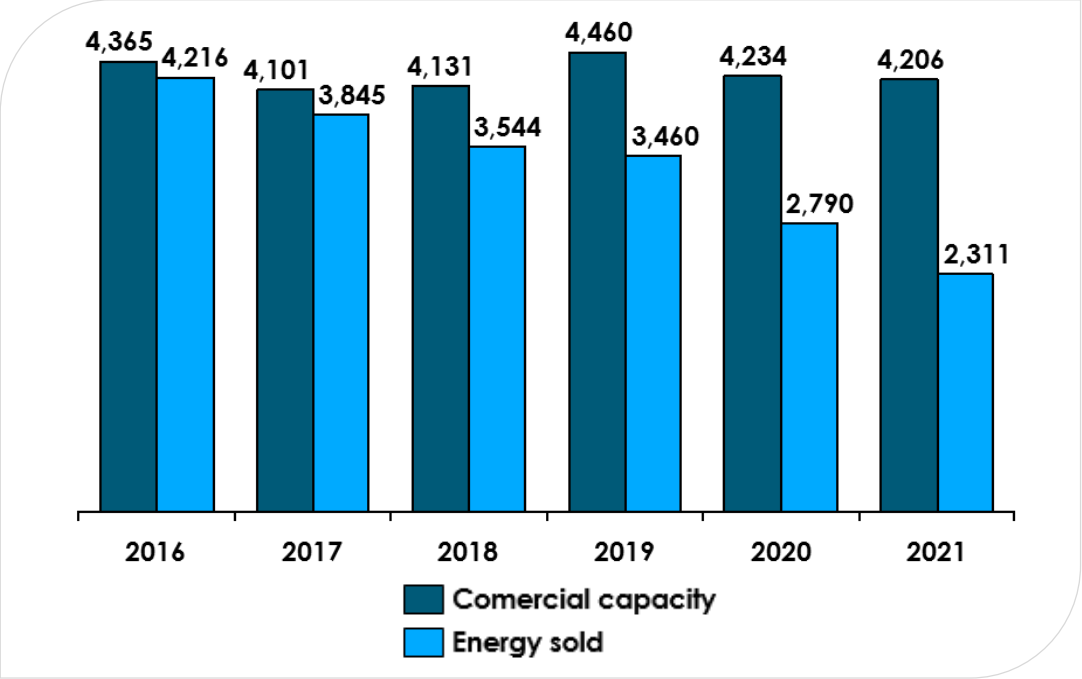


Breakdown of clients for contracted sales comprising Net Revenue from Sales (%)

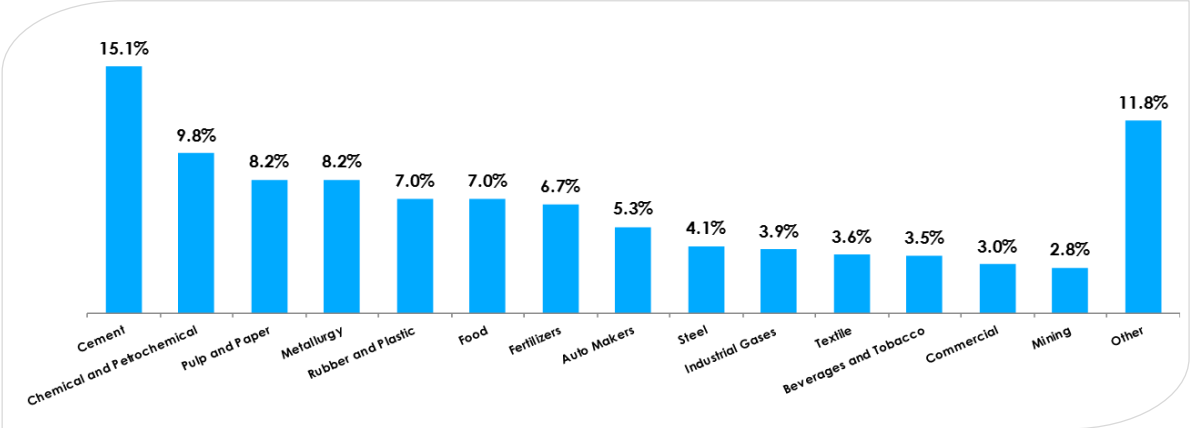




Energy Balance (average MW)



Client portfolio diversification
(as at December 31, 2015)



5.1.2 Responsible Expansion of the generator complex

The installed capacity of Tractebel Energia's generator complex has increased 89% from 3,719 MW to 7,044 MW since the Company began operations as a private sector operation in 1998.

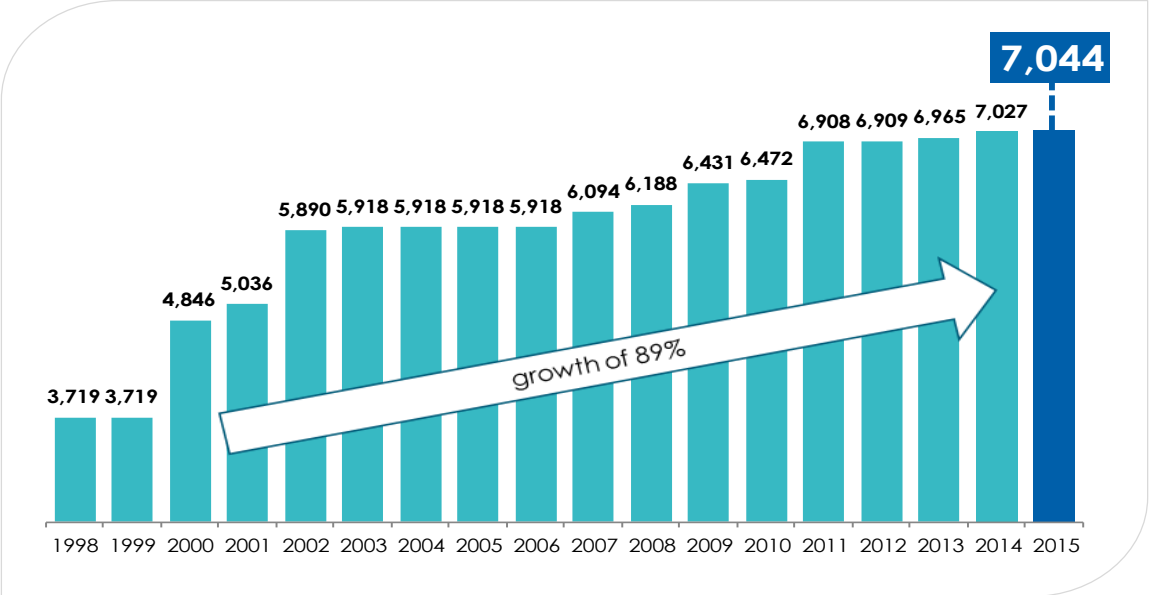
Directly or through ENGIE, the Company remains alert to expansion opportunities in different regions of Brazil conditional on the requisites of economic feasibility and adherence to the concept of sustainability. The Company has thus been diversifying its energy matrix and its chosen regional markets, prioritizing renewable energy sources.

From the economic and financial point of view, growth in the generator complex contributes to the longevity of the business and increased revenue due to the incremental contribution to the portfolio of energy available for commercialization.

Another aspect for consideration in terms of the expansion strategy is the creation of value for Brazilian society as a whole through the increased offer of available energy, security of the national grid system and the creation of direct and indirect employment, among other positive factors.

In 2015, growth in Tractebel Energia's generator complex occurred following completion of expansion at the Ferrari Thermoelectric Power Plant, work on which started in 2014. Again, plant expansion has added a further 15 MW to the Company's generator complex. Additionally, inclusion of the Tubarão Research and Development Project in the state of Santa Catarina also contributed 2.1 MW. Total installed capacity as at the end of 2015 was 7,044 MW, an increase of 17MW or 0.2% in relation to the 7,027 MW at the end of 2014.

Evolution in own installed capacity in operation (in MW)



Additional installed capacity should continue to come on stream in the next few years as construction work at new plants is concluded. The following table shows projects where work is in progress.

Projects with work in progress
(as at December 31, 2015)

	Plants under construction	Total installed capacity (MW)	Total physical guarantee(MWm)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (MWm)	Expiration of concession/ authorization
1	Jirau (Hydro)	3,750.00	2,184.60	40%	1,500.00	882.00	08.13.2043
2	Pampa Sul (Thermal)	340.00	323.50	100%	340.00	323.50	03.30.2050
3	Campo Largo Complex - phase I (Wind)	326.70	157.80	100%	326.70	157.80	Various
4*	Santa Monica Complex (Wind)	97.20	48.70	100%	97.20	48.70	Various
5	Assú V (Solar)	36.70	9.20	100%	36.70	9.20	-
	Total	4,550.60	2,723.80		2,300.60	1,421.20	

* Complex made up of four plants: Estrela, Cacimbas, Santa Mônica and Ouro Verde wind farms.

- **Jirau Hydroelectric Power Plant:** located on the Madeira River, the project's local head office is in Porto Velho (RO). At the end of 2015, 40 of the 50 generator units were in operation. While a further unit was at the assembly and commissioning stage. ENGIE Latin America, the direct controlling company of Tractebel Energia, holds a 40% stake in the project. This holding is expected to be transferred to Tractebel Energia when the principal development risks have been mitigated, the transfer process to involve the agreement of the Special Independent Committee for Transactions with Related Parties.
- **Pampa Sul Thermoelectric Power Plant:** located in the municipality of Candiota (RS), the plant will be fired from mineral coal obtained from a seam in the region. At the end of 2015, earth moving activity and work on the excavation of the bases of some structures (boiler, powerhouse and chimney stack) was in progress. Construction activity on the foundations, preliminary structural work and concreting of the boiler structures are also in progress.
- **Campo Largo Complex – Phase I:** made up of a complex of wind generation projects, situated in the state of Bahia with the potential for developing approximately 630 MW. Work on the first phase of the project involving installed capacity of 326.7 MW was in progress in 2015.
- **Santa Mônica Wind Complex:** located in the municipality of Trairi (CE), the project sits adjacent to the Trairi Wind Complex, the latter already in commercial operation. Santa Mônica will share existing structures with Trairi, such as substation and transmission lines. Operations are scheduled to begin in the second quarter of 2016.
- **Assú V Photovoltaic Plant:** at Aneel's second reserve energy auction (Aneel Auction 009/2015) in November 2015, the Company sold (through a subsidiary) 9.2 average MW of solar energy at R$ 302.99/MWh, deliveries to be made over 20 years as from November 1, 2018. The energy will be generated by the Assú V Photovoltaic Plant with an installed capacity of 36.7 MW, a component part of the overall Assú Photovoltaic Complex, to be installed in the municipality of Assú (RN).

In addition to these projects, Tractebel Energia has other projects at an advanced stage of development as shown in the table below.

Projects with work in progress
(as at December 31, 15)

Projects under development	Total capacity (MW)	Type	Owner-ship	Location
Santo Agostinho	600.0	wind	100%	Lajes and Pedro Av elino (RN)
Norte Catarinense	600.0	thermoelectric	100%	Garuv a (SC)
Complexo Campo Largo - phase II	326.7	wind	100%	Umburanas and Sento Sé (BA)
Alvorada	120.0	solar	100%	Bom Jesus da Lapa (BA)
Assú Complex - I and II Plants	73.4	solar	100%	Assú (RN)
Total	**1720.1**			

- **Santo Agostinho Wind Complex:** located in the municipalities of Lajes and Pedro Avelino, state of Rio Grande do Norte. The process of obtaining the environmental license began in 2015 with conclusion of this stage scheduled for the second half of 2016.
- **Norte Catarinense Thermoelectric Power Plant:** located in the municipality of Garuva (SC), the plant is to be natural gas-fired. The environmental impact study (EIA) together with the respective environmental impact report (RIMA) were finalized in 2015 and the respective public hearing held. The Preliminary License is expected to be issued by the end of the first quarter 2016, the plant then being eligible to participate in future new energy auctions.
- **Campo Largo Wind Complex – Bahia (Phase II):** this project will add a total of about 330 MW to the project's installed capacity.
- **Alvorada Photovoltaic Complex:** located in the state of Bahia, the complex will comprise four projects with a total installed capacity estimated at up to 120 MWp. At the end of 2015, the projects were at the environmental licensing and solar radiation evaluation stages.
- **Assú Photovoltaic Complex:** comprises three Photovoltaic Plants with a total installed capacity of approximately 110 MWp. As already mentioned, the energy to be generated by the Assú V Photovoltaic Plant was sold at the 2015 Second Reserve Energy Auction. The Solar I and II Plants are currently at the environmental licensing and solar radiation evaluation stages.

5.2 Competitive advantages

- **Management and operational capacity:** ENGIE's worldwide experience in the management and operation of energy systems together with Tractebel Energia's expertise in Brazil through its team of experienced professionals working side by side with young talents, is complemented by a continuous program for improvement, skills upgrading and development of the Company's professionals.
- **Stable financial performance:** Tractebel Energia is a stable and resilient Company thanks to the combination of strong cash generation, high EBITDA margin, consistent net income, absence of currency exposure and its disciplined financial management.

- **Diversification of the generator complex:** a diverse range of primary energy sources attenuates the impact of variations due to climatic, market and demand factors, among others. This reflects the complementary nature of the energy sources and their respective cycles (of hydrology, wind, solar radiation, the seasonality of biomass supplies and the supply of fuel for conventional thermal powered plants).
- **Geographical distribution of the generator complex:** Tractebel Energia has a footprint in all five geographical regions of Brazil. Of the nine hydroelectric plants in the portfolio, five are situated in the South, two in the North and two in the Central-Western region where the natural gas-fired William Arjona Thermoelectric Power Plant is also located. The biomass-fired plants are located in either the Southeast or South together with both the Cidade Azul Solar Plant and also the manufacturing hub for the locally made wind turbine, fruit of an R&D project. Both of the latter activities lie adjacent to the Jorge Lacerda Thermoelectric Plant (mineral coal-fired). The wind farms are sited in the Northeast, the same region as the Assú Solar Complex. Such a geographic spread associated with the diversification of primary energy sources, contributes towards reducing the impact of drought in any one particular region, unfavorable wind patterns in another and low or nonexistent solar radiation for photovoltaic energy capture in yet another. Such diversification also helps to offset shortages of biomass fuel during the interharvest period and lack of, or insufficiency of necessary fuels in general.
- **Parent company with a major investment capacity and alert to macro-tendencies:** ENGIE's revenue generation capacity is in excess of 50 billion euros annually. Investment priority has been granted to countries with major growth potential, Brazil being made one of the Group's 24 business units and autonomous in relation to the Latin American unit. In accordance with the guidelines of its parent company, Tractebel Energia is preparing for the opportunities that will arise from energy transition.

5.3 Intangible assets

In addition to those assets incorporated in the Financial Statements, Tractebel Energia's intangible assets also include human and intellectual capital, research, development and innovation activities and corporate image.

5.3.1 Human and intellectual capital

The Company is conscious of the importance of people for the sustainability of the business, promoting several programs focused on the development and retention of its professionals. In 2015, Tractebel Energia offered its employees an average of 79.5 thousand hours of training.

Average hours of training and skills upgrading – 2015

Managers, coordinators and specialists	Analysts, engineers and team leaders	Technical and operational career	TOTAL (average hours)
5,766.85	25,920.05	47,807.50	**79,494.40**

The Company also runs the following programs to ensure its human capital is suitably qualified:

• New Leaders Program;

• Formation of Leaders Program;

• Middle Management Program;

• Management Development Program;

• Corporate Education Program: Personal Development, Leadership Development, Technical Development and Development in Business Related Matters;

• School Formation Program;

• Languages Program;

• Performance Management Program; and

• Individual Development Program (coaching).

Additionally, in 2015, the Company created the Viva Retirement Program with the aim of monitoring and guiding professionals who are nearing retirement age. With participation optional, this Program is designed to promote information and reflection on the new routine for employees post retirement. Legal, emotional and health related aspects are also covered.

5.3.2 Research, Development and Innovation

Research, Development and Innovation (RD&I) projects are part of the process of enhancing the Company´s intellectual capital. The area is becoming increasingly more strategic to Tractebel Energia´s business model. Research projects are directly related to improvements in operations and the search for cleaner and more efficient sources for generating energy. Consequently, the knowledge developed from these initiatives is incorporated into the Company's strategies.

An example of this is the 3MWp Cidade Azul Photovoltaic Plant with its 19,424 solar panels and fruit of Aneel's 013/2011 Strategic Research and Development Project. Inaugurated in 2014, the objective of the plant is to study the characteristics of this power source in the overall energy matrix, the costs involved and the performance of the installed equipment. Three different solar photovoltaic panel technologies and five inverter models at the plant are currently being tested.

The Assú and Alvorada projects - at the development stage - are a direct result of the value which research brings to the Company's human, intellectual and manufacturing capital. Both projects, also photovoltaic, are currently being installed and aim to use knowledge gained from the pilot project although now on a larger scale.

In 2015, Tractebel Energia invested R$ 52.7 million in its R&D program, allocated as follows:

- R$ 15.1 million to the National Scientific and Technological Development Fund (FNDCT);
- R$ 7.6 million to the Ministry of Mines and Energy (MME), as the Company's contribution to the funding of the Energy Research Company (EPE); and
- R$ 30.0 million for projects with work in progress involving aspects listed in the following table.

Areas of R&D projects 2015

Theme	Value (in R$)
Electric energy generation	4,072.45
Safety	36,219.57
Operation of electric energy systems	54,658.52
Planning of electric energy systems	63,204.46
Strategic research	163,405.56
Thermoelectric generation	729,128.13
Environment	1,006,313.54
R&D management program	1,209,524.47
Energy efficiency	2,018,701.23
Supervision, control and protection of electric energy systems	2,487,499.71
Alternative sources of electric energy generation	22,249.644.48
Total	**30,022,372.12**

Approximately R$ 19 million was invested during the year in an R&D project for developing and certifying a 3.3MW capacity wind turbine. The aim of the project is to reduce the country's technological dependence in the area and to meet the growing demand for electrical energy from renewable sources.

The Company has also introduced the Inove program for further encouraging innovation. The program rewards innovative ideas and projects in five categories: Operation and Maintenance, Research and Development (R&D), Commercial and Business, Socio-environmental and Management. All employees are able to participate with the exception of managers of the organizational units and members with seats on the Innovation Committee.

5.3.3 Image

Tractebel Energia's corporate image is built and consolidated thanks to its practices and dialog with its various stakeholders. A survey conducted in 2015 by Reputation Dividend in partnership with the Attitude Group, classified the Company among the top twenty with the best reputational values in the Brazilian market. The survey shows Tractebel Energia placed 16th in the overall ranking and first among the companies in the Brazilian electricity industry.

The Company's logo - yet another important asset related to its image - was also reformulated in 2015 following the change in the parent company's corporate denomination to ENGIE. Various initiatives in the communication field are to be taken during the course of 2016 to improve this new identity's market penetration.

6. RISK MANAGEMENT AND OPPORTUNITIES

The analysis of corporate risks and opportunities is conducted through a systemic process, which permeates all corporate activities and involves the employees and senior management. The outcome to this process is reflected in the Risks and Opportunities Matrix, an internal document that establishes parameters for running the businesses.

The analysis of corporate risks covers their identification and classification as well as probability of occurrence, significance in terms of financial impact and image and degree of control required. The risks and opportunities are characterized by the possible deviations from Tractebel Energia's Medium Term Financial Plan (PMT). Negative deviations in relation to the PMT are indicative of risks while positive deviations indicate opportunities.

The principal risks evaluated are:

- **Market Risk:** the supply and demand of electricity can deviate from forecast so affecting energy prices and volume.
- **Regulatory Risk:** adverse movements in electricity sector regulations. Historically, the Federal Government exercises a high degree of influence on the Company's businesses, including the overall structure of the industry, the terms and conditions of the power purchasing agreements, which Tractebel Energia is authorized to sign, as well as production levels.
- **Taxation Risk:** adverse evolution in the tax legislation and the actions of the tax authorities.
- **Risk arising from economic factors:** alteration in the economic variables such as interest, foreign exchange, commodity prices, economic growth and inflation, thus affecting the Company's businesses.
- **Contractual Default Risk:** non-compliance with the provisions in the Company's power purchasing agreements and with the rules of the Electric Energy Trade Board (CCEE). Another key aspect in this context is the possibility of a concession contract signed with the Federal Government being rescinded unilaterally under unforeseen conditions.
- **Socio-environmental Risk of the operating plants:** unfavorable changes in the environmental regulations and the activities of organized social movements in relation to the operating plants.
- **Risk in the development and installation of new projects:** occurrence of events in the development and installation of projects, resulting in delays to the construction schedule or additional costs for installation or involving plant operations.
- **Risk of energy shortages:** shortfall in the physical guarantee of the Company's proprietary plants and in purchased energy. Among the factors influencing the availability of energy are reduced rainfall and fuel shortages at the conventional thermoelectric and biomass plants. A shortage of primary energy in conjunction with the obligation to deliver assured energy may result in exposure to the short-term market where prices tend to be high.
- **Risk of human resources:** labor shortages (own or third party employees) due to the failure to hire and train within a suitable time for meeting the Company's expansion needs and to replace vacancies on the payroll; increase in costs due to competition for human resources resulting from economic growth; strikes and stoppages; and work-related accidents.
- **Technological Risk of information:** downtime or lack of security for IT resources can negatively affect the Company's operations and image.

- **Major loss or damage risk:** major accidents and disasters due to natural or manmade causes, involving the implementation of projects, the operation of plants and the management of the Company. Payment of substantial costs of restoring the environment and for environmental indemnification may oblige the Company to delay or reallocate investments to other areas, having a negative effect on the businesses.

On the issue of climate change, opportunities arising for Tractebel Energia's activities are identified in the development of new projects. To this end, the Company invests in conventional, renewable as well as non-renewable sources. These also serve as a strategic reserve to cover situations involving unexpectedly low rainfall regimes.

7. ECONOMIC AND FINANCIAL MANAGEMENT

7.1 The macroeconomic scenario

The year saw a worsening of the economic crisis in Brazil. The Central Bank's 'Focus Bulletin' published on December 31, 2015 indicated an estimated decline in GDP of 3.7%. If confirmed by the Federal Government Statistics Office (IBGE), responsible for calculating the official figure, then the rate will represent the worst recession in 25 years since 1990 when the country reported a fall in GDP of 4.35%.

According to the Amplified Consumer Price Index (IPCA), accumulated inflation during the year was 10.7%, 4.16 percentage points higher than the upper end of the Central Bank's tolerance band for inflation of 6.5%. The 2015 inflation rate is the highest since 2002 when the figure was 12.53%.

This gloomy panorama has already been borne out for industrial production, the IBGE reporting an accumulated decline of 8.3%, the largest contraction since the inception of the historical series in 2003. There has also been an impact on employment: according to the IBGE, the average jobless rate was 6.8% in the six leading metropolitan regions of the country in 2015 compared with 4.8% in 2014.

During the year, the Real suffered a major devaluation in relation to the US Dollar, the exchange rate closing the year at R$ 3.92, a depreciation of 47.5% compared with the final rate for 2014.

The same 'Focus Bulletin' is forecasting a further drop in GDP in 2016 of about 3.0% and in industrial production of about 3.5%. The IPCA for 2016 is forecasted at about 7.0%. As a result, the leading rating agencies have downgraded Brazilian credit risk from investment grade to speculative, reflecting both the current scenario and also the overall outlook for the country.

7.2 Electricity consumption

Energy Research Company (EPE) data reported a decline in electricity consumption of 2.5% in 2015 compared to 2014. In the industrial sector, there was a 5.3% contraction – reflecting the reduction in economic activity during the course of the year. Industry registered monthly decreases in consumption, this trend intensifying during the second half with consumption falling by 7.7% from October through December – the largest drop for the year and a record for the period since the inception of the series in 2004. EPE statistics also show residential consumption declining by 0.7%, the impact of tariff hikes. Commercial services reported a small increase of 0.6% compared to 2014, significantly down on the average annual 6% rate of expansion recorded over the past five years.

7.3 Sustainability of the electric sector

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. Rather it is becoming important to include in this base thermal energy powered driven, for example, by natural gas - a source that involves both efficient technology on the one hand and reduced pollution on the other. Such changes are important to avoid the collapse in domestic energy supply, a situation that only failed to materialize thanks to low levels of economic activity with a corresponding decline in consumption.

By encouraging projects using other primary sources, the federal government has demonstrated its awareness of the situation. The principal area on this front has been wind generation, which in 2015 reported an annual growth of 56.9%. According to the Brazilian Wind Energy Association (ABEEólica), more than 100 wind driven plants came on stream in 2015 alone, representing an investment of approximately R$ 19.2 billion. Growth in the generation of photovoltaic energy from the sun's rays is also worthy of mention in this context. For example, 33 projects based on this technology were negotiated at the Number 2 Reserve Auction held in November – one of them, Tractebel Energia's Assú V project.

According to the Acende Brasil Institute, if the sustainability and safety of the system are to be upgraded, then the principal challenges for domestic generation must be to:

- Reconsider the building of hydroelectric power plants with impoundment facilities in the form of reservoirs;
- Maintain Greenhouse Gas Emissions (GHGs) at low levels;
- Discuss authorization for private sector participation in nuclear power generation;
- Evaluate the use of thermal sources for ensuring security of supply.

At the global level, the highlight of the year was the 21st Conference of the Parties (COP 21), which took place in France in December. Representatives from 195 countries, ENGIE included, were present at the Climate Change Conference. In the Acende Brasil Institute's view, generation and use of energy are intrinsic to the agreement on measures to reduce climate change resulting from GHG emissions.

Among the commitments at COP 21, Brazil presented an absolute goal of a 43% reduction in emissions by 2030 in relation to those registered in 2005. To achieve this, three sectors: energy, forestry and agriculture are to be prioritized. The Brazilian goal is to reach a share of 45% of renewable energy - the current share is 39.4% - in the overall energy matrix (electricity, oil and other components). This goal will be met by greater use of biofuels and participation of hydraulic, wind, biomass and solar energy sources to produce electricity. Complementary to this is an expected growth in distributed generation, an important factor in reducing emissions.

Expansion in the levels of energy efficiency is another challenge that Brazil must overcome. The government has set a target of achieving a 10% gain in electricity sector efficiency by 2030. Technological advances and management on the demand side are promising tendencies in this direction, albeit implying complex proposals, contingent not only on investments but also changes in consumption patterns.

7.4 Performance of Tractebel Energy in 2015

The management of financial capital is based on financial discipline with rigorous respect for terms of receivables and disbursements and a predictable cash position.

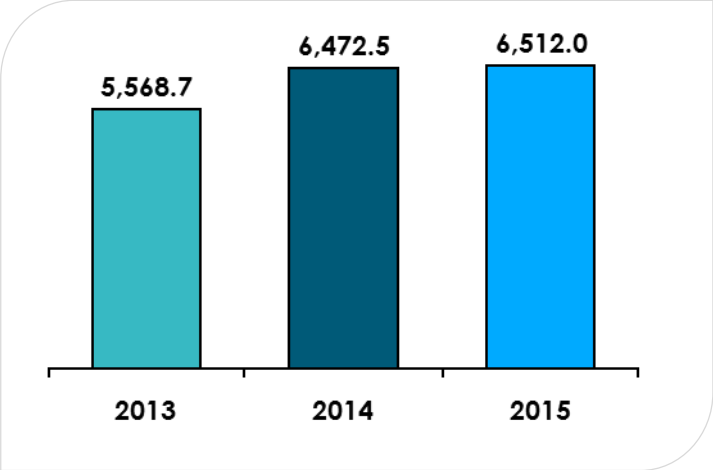
	2013	2014	2015	Variation 2015/2014
Financial Information (R$ million)				
Total assets	12.463,0	13.609,6	15.300,7	12,4%
Shareholders' equity	5.364,6	5.654,9	6.642,1	17,5%
Net revenue from sales	5.568,7	6.472,5	6.512,0	0,6%
Gross income	2.657,0	2.497,7	2.708,9	8,5%
Income before financial result/taxes (EBIT)[1]	2.387,2	2.302,9	2.503,8	8,7%
Income before taxes	2.001,7	1.956,6	2.033,2	3,9%
Net income	1.436,7	1.383,1	1.501,3	8,5%
EBITDA [2]	3.042,6	2.895,1	3.114,6	7,6%
Financial Indicators (R$ million)				
Total debt (loans, financing and debentures)	3.495,4	3.988,5	3.758,4	-5,8%
Cash and cash equivalents and restricted deposits	1.346,1	1.750,7	2.543,6	45,3%
Net debt	2.149,3	2.237,8	1.214,8	-45,7%
ROCE[3] (%)	23,1	22,3	23,1	0,8 p.p.
Gross Debt/EBITDA	1,1	1,4	1,2	-0,2 p.p.
Net debt/EBITDA	0,7	0,8	0,4	-0,4 p.p.
Participation of third party capital in relation to total assets (%)	57,0	58,4	56,6	-1,8 p.p.
Operating margin (%)	35,9	30,2	31,2	1,0 p.p.
Net margin (%)	25,8	21,4	23,1	1,7 p.p.
Shares				
Net earnings per share (R$)	2,2011	2,1189	2,3000	8,5%
Average price per share[4] – ON (R$)	33,11	32,97	33,39	1,3%
Dividends per share(R$)	2,2584	1,1876	1,2789	7,7%
Employee salaries and benefits	243,3	263,7	292,3	10,8%
Payments to government	1.618,3	1.681,3	1.858,7	10,6%

(1) EBIT = operating income + financial result;
(2) EBITDA = net income + income tax and social contribution + net financial expenses + depreciation and amortization + provision for impairments;
(3) ROCE (return on employed capital) = results from the service/non-current assets; and
(4) Simple average of closing prices adjusted for dividends.

7.4.1 Net revenue from sales

Net revenue from sales increased from R$ 6,472.5 million in 2014 to R$ 6,512.0 million in 2015, representing growth of R$ 39.5 million, or 0.6%. This increase is largely due to the following combination of factors: (i) R$ 822.5 million — an increase in the net average selling price; (ii) R$ R$ 600.5 million — a reduction in revenue from transactions in the short-term market, including those conducted within the scope of the CCEE; and (iii) R$ 182.3 million — reduced energy sales.

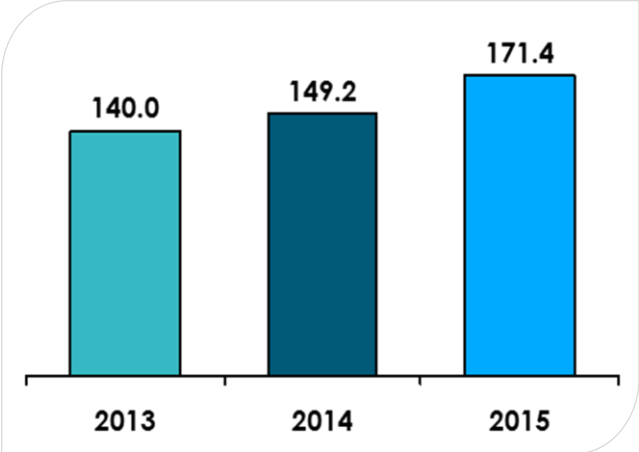
Net Revenue from Sales (R$ million)



7.4.2 Net revenue from sales

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.

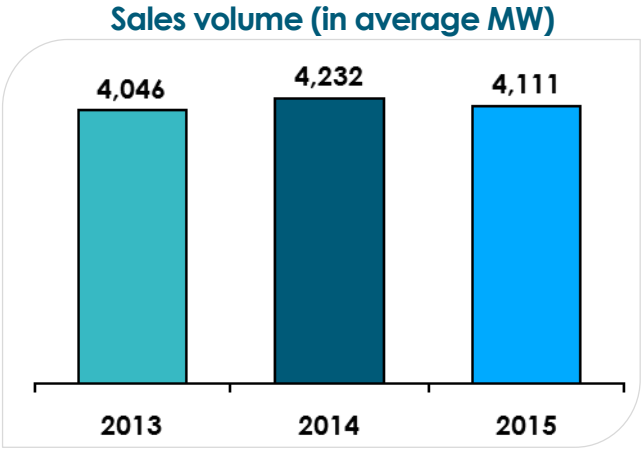
Net average selling price* (in R$/MWh)



*Net of exports and sales taxes

7.4.3 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) the 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.



7.4.4 Comments on variations in net revenue from sales, by client class

Distributors

The annual net sales revenue was R$ 3,046.6 million, a slight increase of 0.1% in relation to fiscal year 2014, when net revenue was R$ 3,044.0 million. This growth is a reflection of the association of the following variations: (i) R$ 246.1 million – growth of 8.4% in net average selling price; and (ii) R$ 243.5 million – reduction of 7.7%, or 1,434 GWh (163 average MW) in energy sales volume.

Trading Companies

Net sales revenue from trading companies in 2015 amounted to R$ 209.0 million, 12.6% down from the R$ 239.2 million reported in 2014. The reduction represents the results of the following factors: (i) R$ 129.4 million — a fall of 42.8% or 881 GWh (101 average MW) in energy volume sold; and (ii) R$ 99.2 million — growth of 52.7% in the net average selling price.

Free consumers

In 2015, the Company reported revenue from this segment of R$ 2,915.7 million, 29.7% greater than the R$ 2,247.9 million posted in 2014. This expansion reflects: (i) R$ 477.2 million — growth of 20.4% in net average selling prices; and (ii) R$ 190.6 million — again a growth of 1,255 GWh (143 average MW) or 7.7% in energy sales volume.

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

For the 12 months of 2015, there was a year-on-year decline of R$ 600.5 million in short-term transaction revenue from R$ 903.1 million in 2014 to R$ 302.6 million. The results recorded for this item include an increase in revenue of R$ 78.6 million, booked in the fourth quarter of 2015 and reflecting the renegotiation of hydrological risk for some of the Company's plants where energy was commercialized under the Regulated Contracting Environment pursuant to Law 13.203/2015. A more detailed explanation of these variations is to be found in the item below "Details of short-term operations conducted through the CCEE".

7.4.5 Selling costs of energy and services

The selling costs of energy and services were R$ 3,803.1 million, 4.3% or R$ 171.7 million less than in 2014. These variations are essentially due to the following factors:

- **Electric energy purchased for resale:** the year-on-year increase of R$ 506.5 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$ 972.4 million in costs. Such a variation reflects a reduction in costs of R$ 120.2 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$ 45.8 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$ 30.5 million between successive fiscal years was largely due to the annual readjustment in transmission tariffs.
- **Materials and third party services:** costs rose by R$ 33.0 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 compensation for use of water resources (royalties):** there was a year-on-year increase in costs of R$ 7.5 million, in large part due to the annual price readjustment.
- **Personnel:** an increase of R$ 22.3 million, principally due to the annual adjustments in employee compensation and benefits.
- **Depreciation and amortization:** an increase of R$ 7.4 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$ 77.2 million on results in relation to 2014. The main factors driving increased provisioning costs were: (i) a R$ 92.3 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$ 15.7 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$ 17.7 million in the provision for a civil action arising from the judicial dispute with a supplier (mentioned above); and (iv) R$ 12.2 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$ 70.6 million, essentially reflecting: (i) reversal of prescribed liabilities in 2014 for R$ 54.8 million relating to energy purchases and transmission overheads; (ii) payment of R$ 6.1 million in indemnifications for expropriations which took place in 2015; and (iii) an increase of R$ 10.0 million in the premium on the Company's renewed insurance policies.

7.4.6 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 on the CCEE, given the volatile, seasonal and therefore short-term nature of the results originating from 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 billing profile in the past few years. Such fluctuations complicate 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 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$ 223.2 million, booked to the asset "Renegotiation of hydrological risk to appropriate". This amount will be offset against payment of future risk premiums to be incurred by the Company. The following table shows the results to be reimbursed following renegotiation for 2015 and the extension of the term for amortization of unit premiums under the ACR mechanism by product class.

Criterion for renegotiation of the hydrological risk

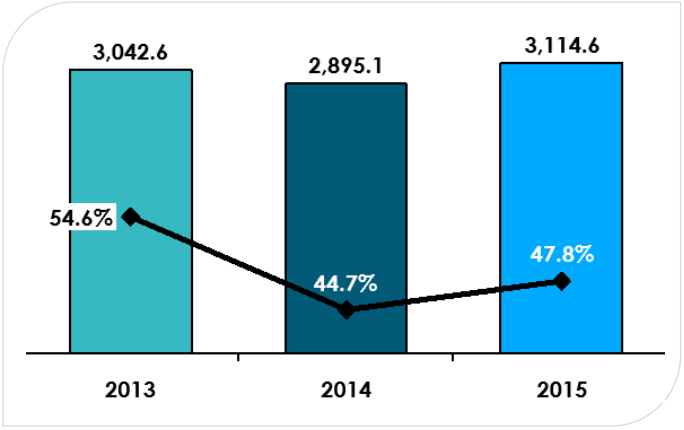
Plant	Product	Amount Renegotiated average MW	Amount Renegotiated MWh	Net unit reimbursement (R$)	Total reimbursement (R$ million)	Term* (years)
Cana Brava HPP	SP92	261.66	2,292,177	18.26	41.9	13.25
Itá HPP	SP92	336.00	2,943,360	18.26	53.7	13.25
Machadinho HPP	SP92	84.04	736,190	18.26	13.4	13.25
Ponte 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**	

* Extension term as from January 1, 2016 for payment of the premium for reimbursement to 2015 results.

7.4.7 EBITDA and EBITDA margin

In 2015, EBITDA increased by 7.6% or R$ 219.5 million from R$ 2,895.1 million in 2014 to R$ 3,114.6 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$ 640.2 million in net revenue from sales of contracted energy; (ii) growth of R$ 506.5 million in energy purchases for resale; (iii) the positive impact of R$ 426.4 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$ 54.5 million covering the impacts of CNPE Resolution 03, published in 2013; (v) a R$ 45.8 million increase in fuel consumption; (vi) an increase of R$ 30.5 million in charges for the use of the electricity network and connection; (vii) a reduction of R$ 17.7 million in 2015 in relation to the preceding year of a provision for a civil action arising from a legal dispute with a fuel supplier; (viii) 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$ 92.3 million; (ix) reversal of prescribed liabilities in 2014 amounting to R$ 54.8 million; and (x) an increase of R$ 80.4 million in other costs and operational expenses. If the non-recurring events in 2014 mentioned in items (iv), (viii) and (ix) are factored out, the increase in EBITDA would have been R$ 421.1 million, or 15.6% greater in 2015 in relation to the preceding year.

EBITDA(1) (in R$ million) and EBITDA margin



(1) EBITDA represents: net income + income tax and social contribution + net financial expenses + depreciation and amortization

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

Reconciliation of net income with EBITDA

(amounts in R$ million)	2013	2014	2015	Chg % 2015 / 2014
Net Income	1436.7	1,383.1	1,501.3	8.5
(+) Income tax and social contribution	565.0	573.5	531.9	-7.3
(+) Financial expenses, net	385.5	346.3	470.6	35.9
(+) Depreciation and amortization	582.6	592.1	600.4	1.4
(+) Impairment	72.8	0.0	10.3	-
EBITDA	**3,042.6**	**2,895.1**	**3,114.6**	**7.6**

7.4.8 Financial Result

- **Financial Income:** on a comparative year-on-year basis, financial income increased R$ 74.4 million, or 36.0% from R$ 206.4 million in 2014 to R$ 280.8 million in 2015. This variation is largely the result of the following factors: (i) an increase of R$ 138.8 million in revenue from financial investments; (ii) a reversal of R$ 61.4 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$ 11.0 million in gains as a result of legal rulings in favor of the Company; and (iv) an increase of R$ 4.0 million in the monetary restatement of court escrow deposit accounts.
- **Financial expenses:** On a comparative year-on-year basis, expenses rose from R$ 552.7 million to R$ 751.4 million, a R$ 198.7 million or 36.0% increase, resulting largely from the combination of the following variations: (i) growth of R$ 75.6 million in interest and monetary restatement of debt. ;(ii) an increase of R$ 138.3 million in interest and monetary restatement on concession fees payable; (iii) a decrease of R$ 17.9 million in interest and monetary restatement of provisions and contingencies; and (iv) an increase of R$ 4.5 million in currency translation expenses on corporate debt.

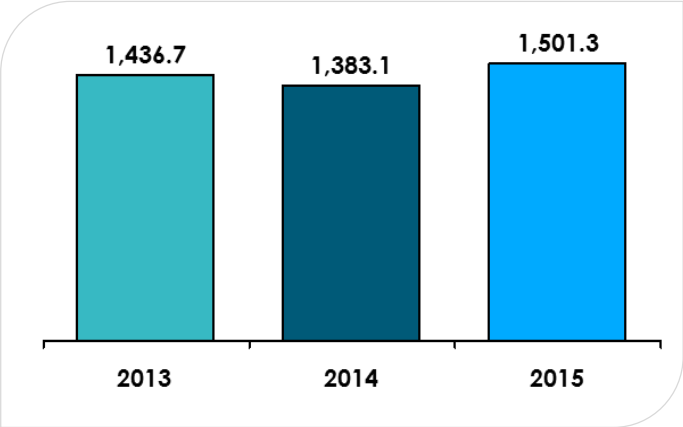
7.4.9 Income Tax and Social Contribution

For the full 12-month period of 2015, income tax and social contribution expenses declined from R$ 573.5 million in 2014 to R$ 531.9 million in 2015: a difference of R$ 41.6 million. This variation also reflects 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.

7.4.10 Net Income

Net income increased from R$ 1,383.1 million in 2014 to R$ 1,501.3 million in 2015, an R$ 118.2 million, or 8.5% increase. This variation was principally due to: (i) a R$ 219.5 million improvement in EBITDA; (ii) an increase of R$ 124.3 million in net financial expenses; (iii) an increase of R$ 8.3 million in depreciation and amortization expenses; (iv) recognition of asset impairment of R$ 10.3 million in fiscal year 2015; and (v) a R$ 41.6 million reduction in income tax and social contribution expenses.

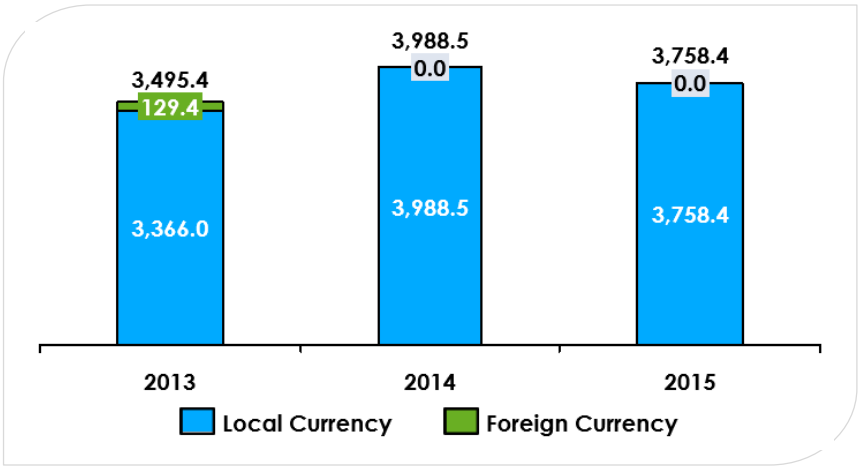
Net income (R$ million)



7.5 Debt

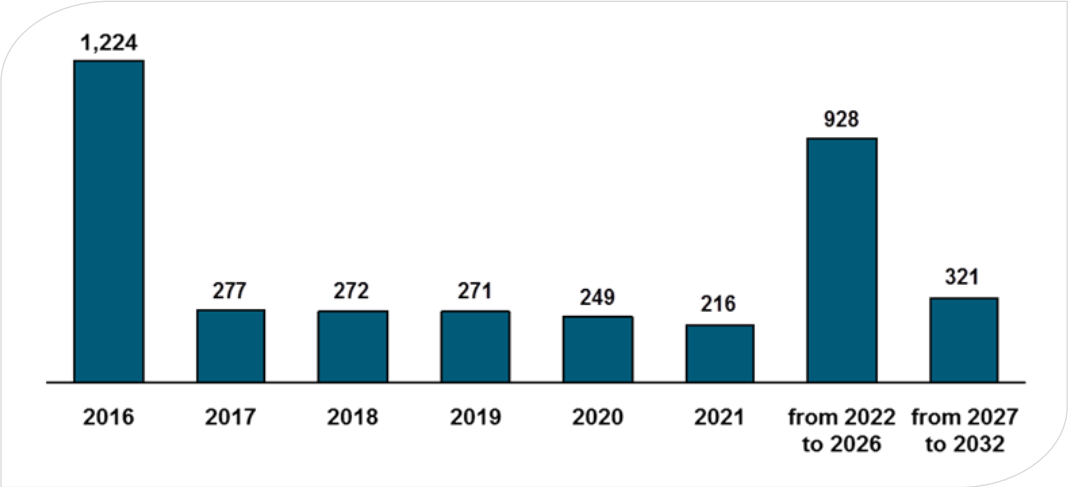
Company's gross consolidated debt as at December 31, 2015, represented mainly by loans, financing and debentures, net of hedge operations, totaled R$ 3,758.4 million, a decrease of 5.8% or R$ 230.1 million, compared to the position as at December 31, 2014. Of total corporate debt at the end of the period, 34.2% was currency denominated (29.9% at the end of 2014). However, if the contracted swap operations are taken into account, currency exposure was zero at the end of the period under analysis.

Gross debt (in R$ million)



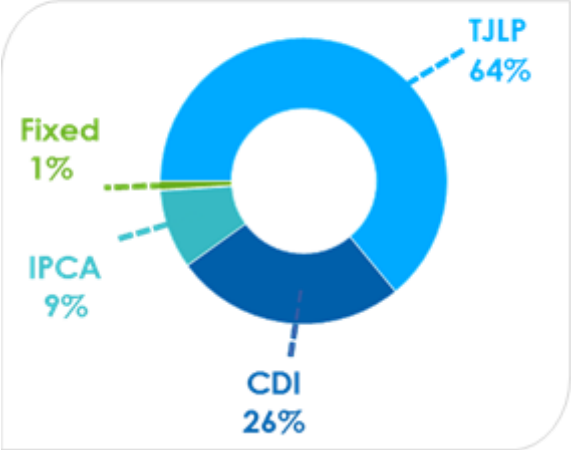
The variation in Company debt is largely related to a combination of the following factors: (i) drawdowns from the National Development Bank - BNDES and its financial agents in the aggregate amount of R$ 104.6 million for investments in the modernization of the Salto Santiago and Passo Fundo HPPs and the Jorge Lacerda Thermoelectric Complex and for the expansion work at the Ferrari Thermoelectric Power Plant; (ii) loan agreements in US dollars equivalent to R$ 27.0 million, subject to swap operations for protecting the total cash flow from currency appreciation; (iii) R$ 394.4 million in charges payable together with monetary restatement and currency translation effects; and (iv) R$ 760.7 million in amortization of loans, financing and debentures.

Maturing debt schedule (in R$ million)



The average weighted nominal cost of debt at the end of 2015 was 11.1%.

Breakdown of Debt
(as at December 31, 2015)



On December 31, 2015, the Company's net debt (total debt less derivative operations, deposits earmarked in guarantee of debt servicing and cash and cash equivalents) was R$ 1,214.8 million, a reduction of 45.7% compared with the end of 2014.

Net Debt (in R$ million)

	12/31/2013	12/31/2014	12/31/2015	Var. % 2015 / 2014
Gross debt	3,496.6	4,052.7	4,247.2	4.8
Result of derivatives operations	(1,115.0)	(64.2)	(488.8)	660.9
Deposits earmarked for the payment of debt	(121.9)	(146.0)	(146.8)	0.5
Cash and cash equivalents	(1,224.3)	(1,604.7)	(2,396.9)	49.4
Total net debt	**1,035.4**	**2,237.8**	**1,214.8**	**-45.7**

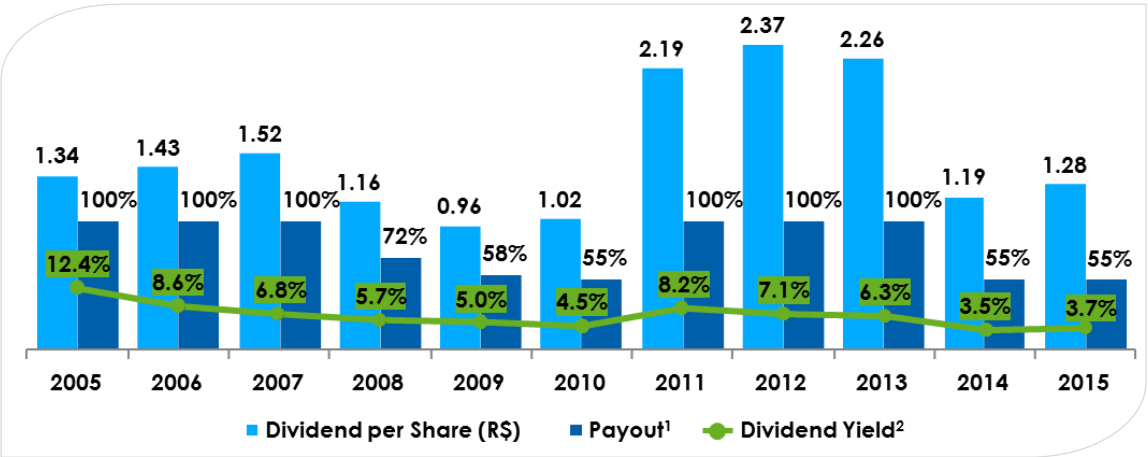
7.6 Investments

In 2015, the Company invested a total of R$ 917.3 million in the construction, maintenance and revitalization of its generator complex and in the acquisition of projects. Construction work at the Santa Mônica and Campo Largo wind parks, the Pampa Sul TPP, the Assú Photovoltaic Complex and the Ferrari Thermoelectric Power Plant involved further investments of R$ 493.6 million and will translate into an increase of about 11% in the Company´s installed capacity over the next four years. A further R$ 222.9 million was dedicated to investments in maintenance with a view to the continuation of a high plant uptime factor, this being 97.4% in 2015 as mentioned in the "Uptime" item. A total of R$ 134.5 million was invested in the modernization of the Salto Santiago and Passo Fundo plants - permitting a 12.2 average MW increase in the Company's total physical guarantee in 2015. In 2015, the Company also acquired projects amounting to a total of R$ 66.3 million.

7.7 Proposed dividends

The total payout of profits for the 2015 fiscal year as proposed by Tractebel Energia Board of Directors, including interest on shareholders' equity, to be ratified by the Annual General Meeting, amounted to R$ 834.8 million, equivalent to R$ 1.2788764646 per share or 55% of net adjusted distributable income.

Track record of dividend distribution (payout)
(2005-2015)



[1] Considering the adjusted net income for the fiscal year
[2] Based on the closing price weighted by share volume in the period

7.8 Capital markets

Since its listing on BM&FBovespa's Novo Mercado, Tractebel has become a component of the Special Corporate Governance Stock Index (IGC) and the Special Tag Along Stock Index (ITAG), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (ISE), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (IEE), which is a sector index made up of the more significant listed companies in the industry.

On January 6, 2014, the Company's shares became a component of BM&FBovespa's Ibovespa Stock Index. In June 2015, the Company was made a component of the Euronext-Vigeo EM 70 - a stock index composed of companies in developing countries ranked highest by performance in corporate responsibility. Vigeo is the leading rating agency for corporate social responsibility and analyzes approximately 330 indicators.

Tractebel Energia's common shares are traded on the São Paulo Stock Exchange (BM&FBovespa) under the TBLE3 symbol. In addition, the Company's Level I American Depositary Receipts (ADRs) trade on the US Over-The-Counter OTC market under the TBLEY symbol at a ratio of one ADR for each common share.

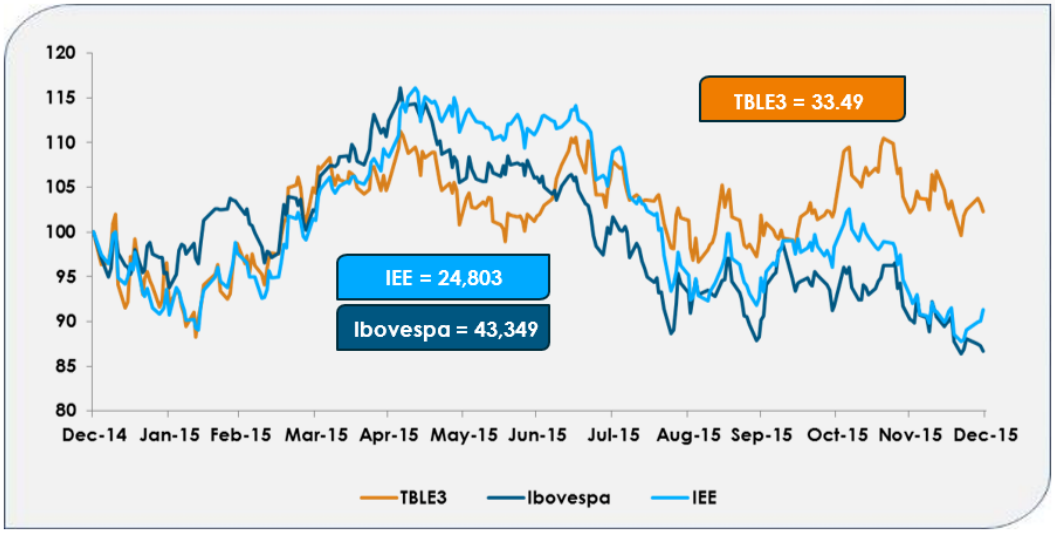
Share performance

The benchmark Ibovespa stock index for the Brazilian equities market reported a depreciation of 13.3% in 2015, the third consecutive year in which the index has declined. This is a reflection of the economic and political uncertainty surrounding the country, which was recently downgraded by two risk classification agencies to a sub-investment grade rating.

Set against this scenario, Tractebel Energia's shares appreciated 2.3% while the IEE and Ibovespa both reported a depreciation of 8.7% and 13.3%, respectively. The Company's shares recorded a closing price for the year of R$ 33.49/share, equivalent to a market capitalization of R$ 21.9 billion.

The average daily trading volume for TBLE3 was R$ 27.9 million, an increase of 2.3% in relation to 2014.

TBLE vs. Ibovespa vs. IEEX (Base 100 – December 31, 2014)



8. MANAGEMENT OF QUALITY

Management of the Company's manufactured capital is based on an Integrated Management System (SIG) in conjunction with the Sustainable Management Policy. This covers five dimensions (quality, environment, occupational health and safety, social responsibility and energy management) and is subject to a process of continuous upgrading. Contemplating ethical and socio-environmental aspects, administrative rules provide the necessary parameters for the acquisition of equipment and materials and the contracting of services.

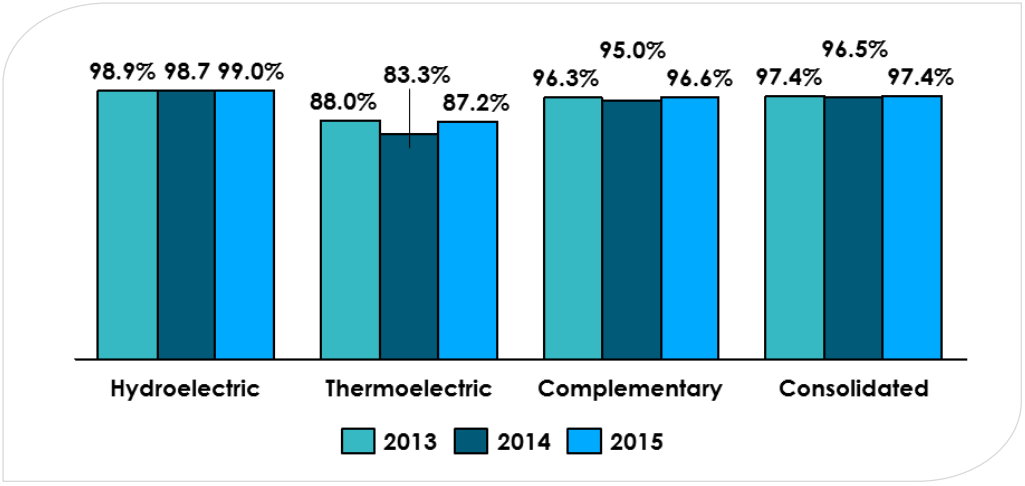
Half of the 28 plants controlled by Tractebel Energia – or 83.6% of the operated capacity – is certified in accordance with NBR ISO 9001 (for quality), NBR ISO 14001 (for the environment) and NBR OHSAS 18001 (for Occupational Health and Safety) standards. In the area of social responsibility, the Company endeavors to adhere to the directives in the NBR ISO 26000 guide (which is not susceptible to certification); the three plants in the Jorge Lacerda Thermoelectric Complex are among the 14 which are certified according to the NBR ISO 50001 standard for Energy Efficiency.

8.1 Operating performance

Tractebel Energia believes the reliability, uptime and safety of its generator complex are fundamental aspects in quality management. The Company measures these aspects through the internal plant uptime indicator, the calculation of which takes into account the energy supply capacity of the installations and the period of unscheduled and urgent downtime at the generator units.

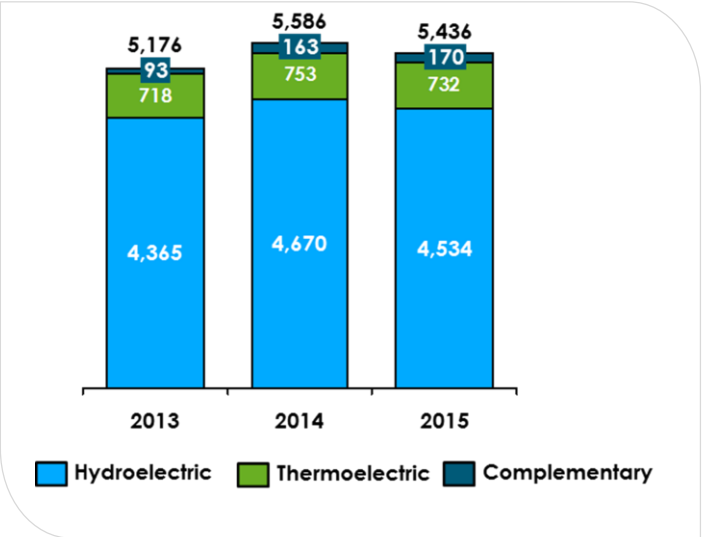
For the full 12-month period of 2015, excluding scheduled stoppages, the plants reported uptime of 97.4%: 99.0% in the case of the hydroelectric plants, 87.2% for the thermal powered units and 96.6% for the units driven by complementary sources. The overall uptime for the year was 86.9%: 89.1% for the hydroelectric plants, 72.5% for the thermoelectric plants and 87.2% for the plants powered by complementary energy sources. Modernization work in progress simultaneously at the Salto Santiago and Passo Fundo power plant and programed modernization at Ponte de Pedra power plants depressed the uptime performance of the hydroelectric plants and is reflected in the overall ratio.

Plant uptime, excluding scheduled stoppages



In 2015, the Company's total electricity energy output reached 47,622 GWh (5,436 average MW): a reduction of 2.7% in relation to 2014. This is due above all to low flow hydrology in the North Region, the location of the Estreito and Cana Brava hydro plants, and to the programmed stoppages for modernization of the generator units at the Salto Santiago, Passo Fundo and Ponte de Pedra operations. Out of total generated energy, the hydroelectric plants were responsible for 39,723 GWh (4,534 average MW), a 2.9% reduction; the thermal plants, for 6,410 GWh (732 average MW), a decline of 2.8%; and the complementary plants for 1,489 GWh (170 average MW), an increase of 4.0%.

Generation (in Average MW)



In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not imply categorically a deterioration in economic-financial performance due to the adoption of the Energy Reallocation Mechanism (MRE), which defrays the risks of hydro generation among its participants.

As to the Company's thermal generation, its increase reduces exposure to the Price for the Settlement of Differences (PLD), the opposite being the case when there is a decrease, all other variables being equal.

9. SOCIO-ENVIRONMENTAL MANAGEMENT

Socio-environmental management encompasses natural, human, intellectual and social capital in addition to relationships. Tractebel Energia surpasses the requisites for generating short, medium and long-term value in its corporate policies. The Company transforms the sustainability concept from a theoretical issue to reflect in the day-to-day running of the businesses, in employee engagement and in shared practices, with the various stakeholders that interact with the Company. As a result, the future of the corporation is constructed on a collective basis.

9.1 Environmental licensing

For Tractebel Energia, legal compliance is a fundamental requirement, the Company monitoring permanently laws, rules and resolutions regulating its activities. Preventive procedures are adopted to ensure that all the plants in the generator complex have the environmental authorizations and licenses required by the appropriate agencies issued on a timely basis and with the appropriate validity. Tractebel Energy evaluates and adjusts operations and procedures when necessary in order to comply with legal requirements and the additional voluntary commitments adopted by the Company.

In 2015, the operating licenses of four units were renewed: Pedra do Sal Wind Farm, Ferrari Thermoelectric Power Plant, José Gelazio da Rocha SHP and the Ponte de Pedra Hydroelectric Power Plant. The preliminary operating license for the Tubarão Wind Farm was also issued.

9.2 Environmental programs

Among the several initiatives and environmental programs that the Company encourages and executes, the following are of particular note:

- **Planting and donation of seedlings:** a program for planting trees and donation of seedlings for conservation of the biodiversity and for absorbing carbon emissions is fully implemented and operational at the Company. In 2015, a total of 262,218 seedlings were planted and donated across all areas of the Company's activities.
- **Protection of headwaters:** Tractebel Energia is also conducting a program for conserving headwaters in partnership with governmental and third sector organizations. The program contributes to improving the quality of drinking water so helping to reduce disease due to pathogenic organisms. Actions include buffer zones in the vicinity of watersheds, the building of brick/stone structures to protect headwaters from contamination and reforestation of river and reservoir banks with indigenous species. By the end of 2015 the Company had protected a total of 831 headwater streams under the program, directly benefiting 903 families. In 2013, the program had already received recognition in the form of the Brazil Environment Award and in 2015, Tractebel Energia was ranked third in the Von Martius Sustainability Award - Nature category.
- **Environmental parks:** Tractebel Energia supports the implementation and maintenance of Conservation Units in the regions where it operates. Examples are the Fritz Plaumann State Park, located in Concórdia (SC), and the Parque Natural Municipal Mata do Rio Uruguai Teixeira Soares in Marcelino Ramos (RS), both in the area of influence of the Itá Hydroelectric Power Plant operation. The Tractebel Environmental Park in Capivari de Baixo (SC) is yet another example.

9.3 Employees

Tractebel Energia's Human Resource Policies are designed to reinforce management by results, the objective being an ethical, fair and responsible working environment providing quality of life and satisfaction to employees and guaranteeing conditions for performance, development and recognition.

At the end of 2015, the Company had a direct payroll of 1,135 employees, 1,124 with permanent employment contracts, two with fixed term contracts and nine apprentice contracts (Young Apprentice program), distributed as follows:

- **Middle management:** 117 employees (10.3%)
- **Analysts, engineers and specialists:** 406 employees (35.8%)
- **Operators, maintenance technicians and administrative personnel**: 612 employees (53.9%)

More detailed payroll data can be found in the Social Balance. Human Resource Programs for developing and retaining talent are described in the "Intangible Assets" item.

In 2015, the Company ran two major internal campaigns, on sustainability and occupational health and safety. The idea behind the "Less Consumption, More Sustainability" program is to raise awareness levels and promote conscious attitudes on the consumption of natural resources both in and outside the Company. On the other hand "The Ten Rules that Save Lives" campaign involved a detailed presentation to direct and outsourced employees on the correct attitudes and actions to be adopted (or avoided) should situations of risk arise – whether work- or non-work-related.

In 2015, no accidents were reported among direct employees requiring time off work, a reflection of the various initiatives taken to preserve occupational health and safety.

Occupational Heath and Safety (OH&S) indicators	2013	2014	2015
Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[1]	0.980	1.450	0.000
Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[2]	0.000	0.062	0.000
Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[1]	0.950	2.870	0.540
Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[2]	0.006	0.023	0.000

1) TF = number of occupational accidents for every million hours of exposure to hazards
2) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards

9.4 Communities

One of the key relationship initiatives with the communities in which the Company operates is the Cultural and Sustainability Centers. Since 2011, these have been implemented with the support of Tractebel Energia, contributing significantly to the sustainable development of small municipalities.

The main objectives of these centers are to:

• encourage the appreciation and dissemination of local customs and traditions in the communities in which Tractebel Energia operates;

• stimulate young people to seek knowledge through social and digital inclusion, contributing to the creation of jobs, income and the reduction in rural depopulation;

• provide spaces for enhancing intra-community relationships for all and any type of cultural manifestation, such as the performing arts, plastic arts, dance presentations, musical shows and cinematographic exhibitions; and

• make the Culture and Sustainability Center operations economically viable with a structured program which both generates income and controls costs.

At the end of 2015, three cultural centers were in operation in Entre Rios do Sul (SC), Alto Bela Vista (SC), and Quedas do Iguaçu (PR). There was also a cultural and sustainability center in Capivari de Baixo (SC). In 2016, the cultural center in Concórdia (SC) will open in partnership with the municipal government. Further centers in Minaçu (GO), Trairi (CE), Itá (SC) and Saudade do Iguaçu (PR) are planned for 2017.

The plant visiting program is another important initiative for engaging local communities. In partnership with other entities, the Company operates structured programs for visits by students, researchers and tourists to the plants in the generator complex. During these visits, presentations are made on plant operations and the implementation of socio-environmental programs. Complementary to this program are the presentations made in schools and other community facilities with the focus on the same themes and an emphasis on environmental education. In 2015, a total of 100,464 took part in the program.

During the year, the Company invested a total of R$ 15 million in social responsibility initiatives of which 22.6% was in the form of own resources and 77.4 %, incentivized funds as shown in the following table.

Social Responsibility indicators (in R$ millions)	2013	2014	2015	Var. 2015/ 2014
Non-incentive investments	2,807.32	4,534.95	3,408.23	-24.85%
Investments via Children and Teenagers Fund	2,054.00	1,887.43	1,557.34	-17.49%
Investments via Cultural Incentives Act	9,742.24	7,687.73	7,478.44	-2.72%
Investments via Sport Incentives Act	360.00	1,319.04	1,320.00	0.07%
Other investments via Incentive Acts (health and others)	0.00	1,220.60	1,329.81	8.95%
Total	14,963.56	16,649.76	15,093.82	-9.35%

10.SOCIAL BALANCE

1 – Calculation basis	2015 (R$ thousand)				2014 (R$ thousand)			
Net Revenues (NR)	6.512.037				6.472.496			
Operating Income (OI)	2.033.232				1.956.649			
Gross Payroll (GPR)	170.130				154.972			
Total Value Added (TVA)	4.121.326				3.685.023			
2 – Internal social indicators	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**
Meals	17.021	10,00	0,26	0,41	13.472	8,69	0,21	0,37
Compulsory social charges	58.031	34,11	0,89	1,41	53.694	34,65	0,83	1,46
Private pension	39.304	23,10	0,60	0,95	36.355	23,46	0,56	0,99
Health	17.758	10,44	0,27	0,43	15.595	10,06	0,24	0,42
Occupational health and safety	5.741	3,37	0,09	0,14	4.302	2,78	0,07	0,12
Education	729	0,43	0,01	0,02	747	0,48	0,01	0,02
Culture	29	0,02	0,00	0,00	32	0,02	0,00	0,00
Professional training and development	3.591	2,11	0,06	0,09	3.576	2,31	0,06	0,10
Daycare or daycare assistance	153	0,09	0,00	0,00	145	0,09	0,00	0,00
Sport	508	0,30	0,01	0,01	352	0,23	0,01	0,01
Profit-sharing	43.121	25,35	0,66	1,05	45.409	29,30	0,70	1,23
Transportation	4.258	2,50	0,07	0,10	4.207	2,71	0,06	0,11
Others	1.207	0,71	0,02	0,03	1.556	1,00	0,02	0,04
Total – internal social indicators	**191.451**	**112,53**	**2,94**	**4,65**	**179.442**	**115,79**	**2,77**	**4,87**
3 – External social indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
Education	1.781	0,09	0,03	0,04	1.887	0,10	0,03	0,05
Culture	11.288	0,56	0,17	0,27	12.629	0,65	0,20	0,34
Health and sanitation	1.130	0,06	0,02	0,03	722	0,04	0,01	0,02
Sports	1.320	0,06	0,02	0,03	1.319	0,07	0,02	0,04
Others	24	0,00	0,00	0,00	3	0,00	0,00	0,00
Total contributions to society	**14.413**	**0,71**	**0,22**	**0,35**	**15.838**	**0,81**	**0,24**	**0,43**
Taxes (excluding social charges)	1.218.473	59,93	18,71	29,57	1.196.191	61,13	18,48	32,46
Total – external social indicators	**1.232.886**	**60,64**	**18,93**	**29,91**	**1.212.029**	**61,94**	**18,73**	**32,89**
4 – Environmental indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
4.1 – Investments related to the production/operation of the company								
Liabilities and environmental contingencies	11.448	0,56	0,18	0,28	10.964	0,56	0,17	0,30
Technological and industrial development program	24.151	1,19	0,37	0,59	37.915	1,94	0,59	1,03
Others	7.878	0,39	0,12	0,19	6.076	0,31	0,09	0,16
Total investment related to the operation/production of the company	**43.477**	**2,14**	**0,67**	**1,05**	**54.955**	**2,81**	**0,85**	**1,49**
4.2 – Investment in external programs and/or projects								
Environmental education projects in communities	1.106	0,05	0,02	0,03	1.004	0,05	0,02	0,03
Preservation and/or revitalization of degraded environments	4.848	0,24	0,07	0,12	5.682	0,29	0,09	0,15
Others	1.377	0,07	0,02	0,03	2.531	0,13	0,04	0,07
Total investments in external programs and/or projects	**7.331**	**0,36**	**0,11**	**0,18**	**9.217**	**0,47**	**0,14**	**0,25**
Total environmental investment (4.1 + 4.2)	**50.808**	**2,50**	**0,78**	**1,23**	**64.172**	**3,28**	**0,99**	**1,74**
Distribution of environmental investment	**R$ thousand**		**% over total**		**R$ thousand**		**% over total**	
Total investment in environmental prevention activities	23.315		45,89		37.124		57,85	
Total investment in environmental maintenance activities	24.638		48,49		22.769		35,48	
Total investment in environmental compensation activities	2.855		5,62		4.279		6,67	
Number of environmental, administrative and legal claims filed against the company:	24				24			
Total fines and indemnifications judicially or administratively determined for environmental matters:	-				-			
With regard to the establishment of annual goals for the minimizing of residues, the general consumption in production/operations to increase efficiency in the use of natural resources, the company:	( ) Does not have goals				( ) Does not have goals			
	( ) Fulfilled 51% to 75%				( ) Fulfilled 51% to 75%			
	(X) Fulfilled 0% to 50%				(X) Fulfilled 0% to 50%			
	( ) Fulfilled 76% to 100%				( ) Fulfilled 76% to 100%			

5 – Workforce indicators	2015 (in units)	2014 (in units)
Number of employees at the end of the period	1135	1134
Number of new hires in the period	48	47
Number of dismissals in the period	45	44
Number of outsourced employees	1023	830
Number of interns	67	28
Number of employees over 45	439	439
Number of employees by age group:		
Under 18	2	8
From 18 to 35	468	474
From 36 to 45	226	213
From 46 to 60	419	422
Over 60	20	17
Number of employees by education level:		
Illiterate	0	0
Elementary education	5	7
High school education	640	637
Higher education	336	340
Postgraduate	154	150
Number and percentage of women working at the Company	179 (15,8%)	171 (15,1%)
Percentage of management positions held by women	9,5%	9,3%
Number and percentage of men working at the Company	956 (84,2%)	963 (84,9%)
Percentage of management positions held by men	10,7%	11,1%
Number of blacks working at the company	n/d	n/d
Percentage of management positions held by blacks	n/d	n/d
Number of handicapped or special-needs employees	35	29
Difference between the lowest salary paid in the company and the minimum wage (national or regional)	1	1
Difference between the lowest salary paid in the company and the minimum wage	1	1
6 – Relevant corporate citizenship information	**2015**	**2014**
Ratio of highest to lowest salary at the company	20,4	20,3
Total on-the-job accidents	Tractebel: 0 Service provider: 3	Tractebel: 3 Service provider: 13
The social and environmental projects implemented by the company were decided upon by:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
The risk and security standards in the workplace were decided upon by:	( ) Directors and management	( ) Directors and management
	( ) All staff	( ) All staff
	(X) All staff + CIPA	(X) All staff + CIPA
With regard to labor unions, right for collective bargaining and internal representation of workers, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Follows ILO rules	(X) Follows ILO rules
	( ) Encourages and follows ILO	( ) Encourages and follows ILO
Private pension arrangements contemplate:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Profit-sharing contemplates:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Regarding the selection of suppliers, the same ethical and social and environmental responsibility standards adopted by the company:	( ) Are not considered	( ) Are not considered
	( ) Are suggested	( ) Are suggested
	(X) Are required	(X) Are required
Regarding the participation of employees in volunteer activities, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Supports	(X) Supports
	( ) Organizes and encourages	( ) Organizes and encourages
Total number of consumer complaints and criticism:	To the company: 0	To the company: 0
	To Procon: N.A.	To Procon: N.A.
	To the Courts: 0	To the Courts: 0
Number of labor suits filed:		
Brought against the Company	58	37
Found to have grounds	15	11
Found to be without grounds	37	25
Total amount of indemnifications and fines paid by court order:	2.165.638,93	373.146,09

Distribution of Value Added:	R$ thousand	% over total	R$ thousand	% over total
Government	1.858.723	45,1	1.681.291	45,61
Employees	292.274	7,1	263.671	7,16
Shareholders	835.687	20,3	775.932	21,06
Third Parties	469.026	11,4	356.956	9,69
Retained	665.616	16,2	607.173	16,48
7 – Other information	**2015**		**2014**	
Water consumption	7.260.548,46 m^3		6.163.417,0 m^3	
Electric energy consumption	183,4 GWh		171,3 GWh	
Annual amount of waste produced	1.927.805,53 ton		1.862.767,33 ton	
Annual amount of waste recycled	1.926.079,86 ton		1.822.753,82 ton	

11. ADDITIONAL INFORMATION

11.1 Sustainability Report

Complementary information on the Company's socio-environmental activities as well as issues relating to the creation of value for stakeholders will be included in Tractebel Energia's Sustainability Report, to be published at the end of April 2016.

11.2 Exploitation of children, forced and compulsory labor, and anti-discrimination policy

Tractebel Energia does not permit, under any circumstances, the exploitation of children, or forced or compulsory labor, and reserves the right not to contract the services of, or have a commercial relationship with, entities that adopt such practices. The Company is committed to informing the responsible authorities of any such cases of which it may become cognizant.

Respect is one of Tractebel Energia's main ethical principles. On the issue of human rights, the Company is alert to sensitive situations that may compromise the performance of its activities, such as its relationship with resettled members of the community.

Also in this context, every one of Tractebel Energia's employees must ensure that he or she does not practice any discrimination, in words or deeds, particularly with respect to age, gender, ethnic, social or cultural origins, political or labor union-related opinions, personal lifestyle choices, particularities or physical disabilities.

All these principles and the conduct expected from the Company's employees, suppliers and partners are available in Tractebel Energia's Code of Ethics, made widely available to all stakeholders on its website.

11.3 Volunteer practices

The Company sponsors Junior Achievement and the Volunteers in Action Institute.

11.4 Identification of persons with managerial charge for information on the Company's socially responsible activities and form of contact

The secretary of the Sustainability Committee has managerial charge of information on the Company's socially responsible activities, and can be contacted by email: comite_de_sustentabilidade@tractebelenergia.com.br

11.5 Independent Auditors

Pursuant to Article 2 of CVM Instruction 381/03, in the fiscal year 2015, Tractebel Energias engaged the independent auditors of the Company and its subsidiaries, KPMG Auditores Independentes (KPMG) for the rendering of diagnostic services for tax, labor, social security and accounting procedures in order to identify the risks associated to investments proposed by the Company.

The fee related to these services was R$ 334,000, representing therefore 98.2% of the total amount disbursed for the independent auditing services provided.

In addition to its own judgment, the Company consulted the independent auditor KPMG to ensure that the provision of these other services did not affect the independence and objectivity necessary to perform the independent auditing function. Appropriate approval was also obtained from the Company's Fiscal Council and Board of Directors.

11.6 Management Statement

Management states that in compliance with Article 25, Paragraph 1, items V and VI of CVM Instruction 480/2009, it has reviewed, discussed and agreed with the Financial Statements contained in this Report, and the opinions expressed in the Independent Auditor's report.

The Management

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

ASSETS

	Note	Parent Company		Consolidated	
		12.31.2015	12.31.2014	12.31.2015	12.31.2014
CURRENT ASSETS					
Cash and cash equivalents	4	1,739,008	1,287,464	2,396,854	1,604,731
Trade accounts receivable	5	441,588	443,504	773,602	713,154
Dividends receivable from subsidiaries	33	208,777	239,115	-	-
Inventories	6	86,100	67,096	88,888	70,259
Tax credits recoverable	7	6,095	1,904	46,385	50,751
Fuel reimbursable	8	144,249	343,221	144,249	343,221
Insurance premium receivable	34	7,618	216,426	7,618	216,426
Restricted deposits	9	6,187	55,133	19,713	104,260
Unrealized gains from hedge operations	32	488,802	27,538	778,227	30,144
Hydrological risk renegotiation to be recognized	10	23,991	-	26,064	-
Other current assets		45,875	39,118	74,619	54,165
		3,198,290	**2,720,519**	**4,356,219**	**3,187,111**
Non-current assets held for sale	11	86,886	86,886	86,886	86,886
		3,285,176	**2,807,405**	**4,443,105**	**3,273,997**
NON-CURRENT ASSETS					
Long Term Assets					
Tax credits recoverable	7	34,457	42,710	46,763	84,056
Restricted deposits	9	10,160	40,330	158,139	156,013
Judicial deposits	12	130,020	115,380	132,480	117,144
Unrealized gains from hedge operations	32	-	38,430	130,240	63,595
Hydrological risk renegotiation to appropriate	10	163,388	-	197,079	-
Other non-current assets		12,175	28,008	51,994	60,188
		350,200	**264,858**	**716,695**	**480,996**
Investments	13	**3,719,135**	**2,599,777**	**-**	**-**
Property, plant and equipment	14	**5,464,264**	**5,539,327**	**9,897,550**	**9,658,078**
Intangible assets	15	**17,262**	**10,993**	**243,323**	**196,516**
		9,550,861	**8,414,955**	**10,857,568**	**10,335,590**
TOTAL		**12,836,037**	**11,222,360**	**15,300,673**	**13,609,587**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AT DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Parent Company		Consolidated	
		12.31.2015	12.31.2014	12.31.2015	12.31.2014
CURRENT LIABILITIES					
Suppliers	16	372,502	507,086	573,573	641,702
Dividends and interest on equity	27	269,470	199,713	271,021	200,142
Loans and financing	17	1,553,004	297,730	1,712,490	454,321
Concessions payable	19	55,388	50,458	60,572	55,115
Income and social contribution taxes payable	20	1,570	199,735	17,799	228,464
Other tax and regulatory liabilities	21	67,996	42,069	97,665	66,985
Provision for remuneration and charges	22	102,343	71,579	102,992	71,909
Civil, tax and labor provisions	23	24,761	13,957	25,727	15,046
Retirement benefits obligations	24	22,189	48,799	22,189	48,799
Other current liabilities		39,563	48,754	104,636	160,639
		2,508,786	**1,479,880**	**2,988,664**	**1,943,122**
NON-CURRENT LIABILITIES					
Loans and financing	17	664,522	1,644,768	2,353,268	3,435,085
Debentures	18	180,947	162,884	180,947	162,884
Concessions payable	19	1,965,193	1,669,647	2,009,980	1,710,657
Civil, tax and labor provisions	23	243,414	184,683	246,873	187,426
Retirement benefits obligations	24	255,552	234,119	255,552	234,119
Deferred income and social contribution taxes	25	369,210	177,512	558,826	212,507
Other non-current liabilities		8,541	17,822	64,427	68,838
		3,687,379	**4,091,435**	**5,669,873**	**6,011,516**
SHAREHOLDERS' EQUITY	26				
Capital		2,445,766	2,445,766	2,445,766	2,445,766
Capital reserves		91,695	91,695	91,695	91,695
Profit reserves		2,833,116	2,417,713	2,833,116	2,417,713
Capital increase and proposed additional dividends		499,986	172,081	499,986	172,081
Valuation adjustments		769,309	523,790	769,309	523,790
		6,639,872	**5,651,045**	**6,639,872**	**5,651,045**
Non-controlling interest		-	-	2,264	3,904
		6,639,872	**5,651,045**	**6,642,136**	**5,654,949**
TOTAL		**12,836,037**	**11,222,360**	**15,300,673**	**13,609,587**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

INCOME STATEMENT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais, except when stated otherwise)

	Note	Parent Company		Consolidated	
		12.31.2015	12.31.2014	12.31.2015	12.31.2014
NET SALES REVENUE	28	**4,049,469**	**4,429,368**	**6,512,037**	**6,472,496**
Cost of energy sold and services rendered					
Electricity purchased for resale		(428,242)	(303,015)	(1,782,558)	(1,276,026)
Transactions in the short-term energy market		(16,450)	(888,482)	(66,885)	(1,039,326)
Charges for the use of and connection to the power grid		(298,641)	(273,054)	(363,127)	(332,662)
Cost of electricity production	29	(1,239,503)	(993,515)	(1,562,116)	(1,301,417)
Cost of services rendered	29	(28,396)	(25,357)	(28,409)	(25,357)
		(2,011,232)	**(2,483,423)**	**(3,803,095)**	**(3,974,788)**
GROSS PROFIT		**2,038,237**	**1,945,945**	**2,708,942**	**2,497,708**
Other operating income (expenses)					
Selling expenses	29	(9,962)	(10,361)	(17,461)	(17,212)
General and administrative expenses	29	(177,724)	(166,025)	(182,757)	(180,340)
Other operating income (expenses), net		(5,155)	2,745	(4,894)	2,792
		(192,841)	**(173,641)**	**(205,112)**	**(194,760)**
Equity income (loss)					
Equity	13	416,049	297,982	-	-
Amortization of goodwill	13	(3,341)	(3,341)	-	-
		412,708	**294,641**		**-**
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES		**2,258,104**	**2,066,945**	**2,503,830**	**2,302,948**
Financial result					
Financial income	30	211,719	162,145	280,830	206,410
Financial expenses	30	(609,771)	(393,764)	(751,428)	(552,709)
		(398,052)	**(231,619)**	**(470,598)**	**(346,299)**
INCOME BEFORE INCOME TAXES		**1,860,052**	**1,835,326**	**2,033,232**	**1,956,649**
Income and social contribution taxes					
Current	31	(175,107)	(392,727)	(324,986)	(508,686)
Deferred	31	(184,553)	(60,231)	(206,943)	(64,858)
NET INCOME FOR THE YEAR		**1,500,392**	**1,382,368**	**1,501,303**	**1,383,105**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,500,392**	**1,382,368**	**1,500,392**	**1,382,368**
Non-controlling shareholder		**-**	**-**	**911**	**737**
		1,500,392	**1,382,368**	**1,501,303**	**1,383,105**
BASIC AND DILUTED EARNINGS PER SHARE – IN BRAZILIAN REAL		**2.2986**	**2.1178**	**2.3000**	**2.1189**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

COMPREHENSIVE INCOME STATEMENT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

		Parent Company		Consolidated	
	Note	12.31.2015	12.31.2014	12.31.2015	12.31.2014
NET INCOME FOR THE YEAR		**1,500,392**	**1,382,368**	**1,501,303**	**1,383,105**
Other comprehensive income that in the future:					
- Will not be reclassified as profit or loss					
Remeasurement of Retirement benefits obligations	24	21,013	(69,884)	21,013	(69,884)
Deferred income and social contribution taxes		(7,145)	23,761	(7,145)	23,761
		13,868	**(46,123)**	**13,868**	**(46,123)**
- Will be reclassified as profit or loss					
Cash flow hedge					
Unrealized gains generated in the fiscal year		-	-	391,332	27,771
Deferred income and social contribution taxes		-	-	(133,054)	(9,442)
Unrealized gains in the year		-	-	13,647	-
Equity income (loss) of the effects above		271,925	18,329	-	-
	32	**271,925**	**18,329**	**271,925**	**18,329**
COMPREHENSIVE INCOME FOR THE YEAR		**1,786,185**	**1,354,574**	**1,787,096**	**1,355,311**
INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,786,185**	**1,354,574**	**1,786,185**	**1,354,574**
Non-controlling shareholder		**-**	**-**	**911**	**737**
		1,786,185	**1,354,574**	**1,787,096**	**1,355,311**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

CHANGES IN SHAREHOLDERS' EQUITY STATEMENT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

				Profit reserves					Valuation adjustments				
	Note	Capital	Capital reserves	Legal Reserve	Tax incentive reserve	Retained Earnings Reserve	Capital increase and proposed additional dividends	Retained earnings	Attributed cost	Other comprehensive income	Parent Company Shareholders' Equity	Non-controlling interest	Consolidated Shareholders ' Equity
Balances at 1.1.2014		**2,445,766**	**91,695**	**489,153**	**62,294**	**1,220,337**	**461,788**	**-**	**527,416**	**62,924**	**5,361,373**	**3,238**	**5,364,611**
Additional dividends paid from 2013		-	-	-	-	-	(461,788)	-	-	-	**(461,788)**	-	**(461,788)**
Net income for the year		-	-	-	-	-	-	1,382,368	-	-	**1,382,368**	737	**1,383,105**
Measurement of retirement benefits obligations	24	-	-	-	-	-	-	-	-	(46,123)	**(46,123)**	-	**(46,123)**
Cash flow hedge from subsidiaries	32	-	-	-	-	-	-	-	-	18,329	**18,329**	-	**18,329**
Realization of attributed cost		-	-	-	-	-	-	38,756	(38,756)	-	**-**	-	**-**
Allocations proposed to the General Meeting													
- Tax incentive reserve	26	-	-	-	11,679	-	-	(11,679)	-	-	**-**	-	**-**
- Interim dividends paid	27	-	-	-	-	-	-	(380,114)	-	-	**(380,114)**	(71)	**(380,185)**
- Interest on equity	27	-	-	-	-	-	-	(223,000)	-	-	**(223,000)**	-	**(223,000)**
- Additional dividends proposed	27	-	-	-	-	-	172,081	(172,081)	-	-	**-**	-	**-**
- Retained earnings reserve	27	-	-	-	-	634,250	-	(634,250)	-	-	**-**	-	**-**
Balances at 12.31.2014		**2,445,766**	**91,695**	**489,153**	**73,973**	**1,854,587**	**172,081**	**-**	**488,660**	**35,130**	**5,651,045**	**3,904**	**5,654,949**
Additional dividends paid from 2014		-	-	-	-	-	(172,081)	-	-	-	**(172,081)**	-	**(172,081)**
Net income for the year		-	-	-	-	-	-	1,500,392	-	-	**1,500,392**	911	**1,501,303**
Measurement of retirement benefits obligations	24	-	-	-	-	-	-	-	-	13,868	**13,868**	-	**13,868**
Cash flow hedge at subsidiaries	32	-	-	-	-	-	-	-	-	271,925	**271,925**	-	**271,925**
Realization of attributed cost		-	-	-	-	-	-	40,274	(40,274)	-	**-**	-	**-**
Allocations proposed to ASM:													
- Tax incentive reserve	26	-	-	-	22,891	-	-	(22,891)	-	-	**-**	-	**-**
- Interim dividends paid	27	-	-	-	-	-	-	(311,277)	-	-	**(311,277)**	(2,551)	**(313,828)**
- Interest on equity paid	27	-	-	-	-	-	-	(314,000)	-	-	**(314,000)**	-	**(314,000)**
- Capital increase proposed	26	-	-	-	-	-	290,487	(290,487)	-	-	**-**	-	**-**
- Additional dividends proposed	27	-	-	-	-	-	209,499	(209,499)	-	-	**-**	-	**-**
- Retained earnings reserve	27	-	-	-	-	392,512	-	(392,512)	-	-	**-**	-	**-**
Balances at 12.31.2015		**2,445,766**	**91,695**	**489,153**	**96,864**	**2,247,099**	**499,986**	**-**	**448,386**	**320,923**	**6,639,872**	**2,264**	**6,642,136**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Cash flow from operating activities				
Income before income taxes	1,860,052	1,835,326	2,033,232	1,956,649
Adjustments to reconcile income before income taxes to cash generated by operations:				
Equity income (loss)	(412,708)	(294,641)	-	-
Depreciation and amortization	393,360	383,517	600,425	592,125
Monetary and foreign exchange variance	202,091	69,107	215,845	74,012
Interest	370,151	221,492	470,385	363,450
Accrual (reversal) of provisions	54,677	(1,220)	54,193	(938)
Other	24,061	2,227	24,209	2,408
Adjusted net income	**2,491,684**	**2,215,808**	**3,398,289**	**2,987,706**
Decrease (increase) in assets				
Trade accounts receivable	29,467	(50,395)	(54,660)	36,059
Inventories	(19,004)	(6,232)	(18,629)	(5,474)
Tax credits recoverable	(61,439)	(55,155)	(33,782)	(25,310)
Fuel reimbursable	198,972	(203,620)	198,972	(203,620)
Insurance premium receivable	208,808	(216,426)	208,808	(216,426)
Restricted and judicial deposits	51,547	(52,888)	45,203	(49,588)
Renegotiation of hydrological risk to appropriate	(187,379)	-	(223,143)	-
Other assets	(4,414)	(31,602)	(14,736)	(23,936)
Increase (decrease) in liabilities				
Suppliers	(167,181)	238,233	(133,462)	164,810
Income and social contribution taxes payable	-	156	(1,323)	(4,358)
Other tax and regulatory liabilities	35,507	(4,802)	39,431	(1,011)
Retirement benefits obligations	(11,980)	(33,439)	(11,980)	(33,439)
Other liabilities	2,441	(39,190)	3,669	(27,045)
Cash generated from operations	**2,567,029**	**1,760,448**	**3,402,657**	**2,598,368**
Payment of income and social contribution taxes	(338,674)	(590,886)	(477,035)	(666,441)
Payment of interest on debt, net of hedge	(197,216)	(110,145)	(347,010)	(255,024)
Net cash generated from operating activities	**2,031,139**	**1,059,417**	**2,578,612**	**1,676,903**

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Continued

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Investment activities				
Dividends received from subsidiaries	71,937	277,811	-	-
Capital increase at subsidiary	(476,325)	(246,125)	-	-
Investment acquisition, net of cash and cash equivalents from acquired companies	-	-	(26,200)	(235,294)
Investment in property, plant and equipment	(270,255)	(204,862)	(723,222)	(340,862)
Investment in intangible assets	(11,698)	(2,795)	(29,509)	(12,064)
Net cash from investment activities	**(686,341)**	**(175,971)**	**(778,931)**	**(588,220)**
Financing activities				
Loans, financing and debentures	93,113	1,218,966	137,995	1,220,376
Interest on loans, financing, debentures paid	(263,017)	(633,060)	(413,681)	(781,914)
Concession installments paid	(53,852)	(50,130)	(59,006)	(54,894)
Deposits used to service debt	33,408	97	16,425	(11,795)
Payment of dividends and interest on equity	(702,906)	(1,081,325)	(704,335)	(1,081,325)
Others	-	-	15,044	1,324
Net cash from financing activities	**(893,254)**	**(545,452)**	**(1,007,558)**	**(708,228)**
Increase in cash and cash equivalents	**451,544**	**337,994**	**792,123**	**380,455**
Reconciliation of cash and cash equivalents				
Opening balance	1,287,464	949,470	1,604,731	1,224,276
Closing balance	1,739,008	1,287,464	2,396,854	1,604,731
Increase in cash and cash equivalents	**451,544**	**337,994**	**792,123**	**380,455**

Additional information on transactions not affecting cash and cash equivalents is presented in Note 36 - Additional information to the cash flow

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

ADDED-VALUE STATEMENT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian reais)

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
GENERATION OF ADDED VALUE				
Gross sales revenue	4,518,289	4,881,550	7,229,293	7,122,723
Revenue from construction of plants	-	-	509,577	75,838
Other	39,220	19,463	39,481	19,493
	4,557,509	**4,901,013**	**7,778,351**	**7,218,054**
(-) Inputs				
Electricity purchased for resale	(428,242)	(303,015)	(1,782,558)	(1,276,026)
Transactions in the short-term energy market	(16,450)	(888,482)	(66,885)	(1,039,326)
Charges for the use of and connection to the power grid	(298,641)	(273,054)	(363,127)	(332,662)
Fuels used in energy production	(230,716)	(185,485)	(249,984)	(204,186)
Outsourced services	(161,260)	(151,048)	(214,819)	(192,342)
Materials	(36,423)	(30,564)	(41,124)	(34,979)
Insurance	(20,951)	(12,182)	(26,520)	(15,916)
(Accrual) Reversal of provisions and liabilities, net	(54,677)	76,092	(54,193)	76,091
Expenses with construction of plants	-	-	(475,846)	(74,806)
Other	(58,464)	(41,938)	(62,374)	(53,164)
	(1,305,824)	**(1,809,676)**	**(3,337,430)**	**(3,147,316)**
GROSS ADDED VALUE	**3,251,685**	**3,091,337**	**4,440,921**	**4,070,738**
Depreciation and amortization	(393,360)	(383,517)	(600,425)	(592,125)
NET ADDED VALUE GENERATED	**2,858,325**	**2,707,820**	**3,840,496**	**3,478,613**
ADDED VALUE RECEIVED IN TRANSFER				
Financial income	211,719	162,145	280,830	206,410
Equity income (loss)	412,708	294,641	-	-
ADDED VALUE TO DISTRIBUTE	**3,482,752**	**3,164,606**	**4,121,326**	**3,685,023**

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Continued

DISTRIBUTION OF ADDED VALUE

	Parent Company				Consolidated			
	12.31.2015	%	12.31.2014	%	12.31.2015	%	12.31.2014	%
Remuneration:								
Labor								
Remuneration and charges	183,915	5.3	165,086	5.2	187,929	4.6	170,093	4.6
Benefits	61,012	1.8	53,723	1.7	61,766	1.5	54,577	1.5
Profit sharing	29,337	0.8	26,989	0.9	29,555	0.7	26,989	0.7
FGTS	12,433	0.4	11,622	0.4	13,024	0.3	12,012	0.3
	286,697	**8.3**	**257,420**	**8.2**	**292,274**	**7.1**	**263,671**	**7.1**
Government								
Federal taxes	815,367	23.3	896,338	28.4	1,233,268	29.9	1,213,609	33.0
State taxes	27,555	0.8	22,342	0.7	27,751	0.7	22,551	0.6
Municipal taxes	2,322	0.1	2,083	0.1	2,510	0.1	2,265	0.1
Sectorial charges	198,396	5.7	185,879	5.9	231,408	5.6	217,369	5.9
Charges on concessions payable	354,328	10.1	218,407	6.9	363,786	8.8	225,497	6.1
	1,397,968	**40.0**	**1,325,049**	**42.0**	**1,858,723**	**45.1**	**1,681,291**	**45.7**
Third-party capital								
Interest and monetary variation	246,063	7.1	152,819	4.8	369,663	9.0	297,279	8.1
Capitalized financial interest and monetary variation	34,077	1.0	16,744	0.5	67,808	1.6	17,776	0.5
Rentals	9,218	0.3	10,022	0.3	14,643	0.4	14,656	0.4
Other financial expenses	8,337	0.2	20,184	0.6	16,912	0.4	27,245	0.7
	297,695	**8.6**	**199,769**	**6.2**	**469,026**	**11.4**	**356,956**	**9.7**
Own capital								
Tax incentive reserve	22,891	0.7	11,679	0.4	22,891	0.6	11,679	0.3
Proposed capital increase	290,487	8.3	-	-	290,487	7.0	-	-
Retained earnings reserve	392,512	11.3	634,250	20.0	392,512	9.5	634,250	17.2
Realization of attributed cost	(40,274)	(1.2)	(38,756)	(1.2)	(40,274)	(1.0)	(38,756)	(1.1)
Interest on equity	314,000	9.0	223,000	7.0	314,000	7.6	223,000	6.1
Dividends	520,776	15.0	552,195	17.4	520,776	12.6	552,195	15.0
Non-controlling shareholder	-	-	-	-	911	-	737	-
	1,500,392	**43.1**	**1,382,368**	**43.6**	**1,501,303**	**36.4**	**1,383,105**	**37.5**
	3,482,752	**100.0**	**3,164,606**	**100.0**	**4,121,326**	**100.0**	**3,685,023**	**100.0**

The notes are an integral part of the financial statements.

1 - OPERATIONS

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

The shares of the Company are listed in the New Market segment of BM&FBOVESPA under the ticker TBLE3. TBLE also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker TBLEY, in the proportion of one ADR for each common share.

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

TBLE is the largest private company in electrical energy generation in Brazil, responsible for approximately 5.4%[3] of the country's installed capacity. At 12.31.2015, its installed capacity, including its stakes in energy generation consortiums, is 7,044.3 MW. Out of this total, 78.9% arises from hydroelectric power plants, 15.9% from thermoelectric power plants and 5.2% from complementary energy (Small Hydroelectric Power Plants – SHPP, wind farms, biomass and solar power plants). At 12.31.2015, assured energy for sale averaged 3,894.7 MW.

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

The main corporate and operational events occurred in 2015 are summarized as follows:

a) Authorization to operate the Santa Mônica Wind Power Complex plants

In January 2015, Aneel issued resolutions authorizing the commissioning and operation of the wind power plants Central Eólica Estrela S.A., Central Eólica Cacimbas S.A., Usina Geradora Eólica Santa Mônica SPE S.A. and Central Eólica Ouro Verde SPE S.A., all of which comprise the Santa Mônica Wind Power Complex. The authorizations are valid for 30 years as of their issue date.

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

b) Payment of interest on equity for fiscal year 2014

Interest on equity for fiscal year 2014 was paid on 3.17.2015. The gross amount credited was R$ 223,000, corresponding to R$ 0.3416356453 per share.

c) Name change of GDF SUEZ Group

In 2015, GDF SUEZ, the Company's indirect parent company, in alignment with the global transition towards the decentralization, decarbonization and digitalization of energy, underwent worldwide restructuring and announced the change of the Group name to ENGIE.

d) Startup of commercial operations of turbine 5 at UTE Ferrari

In May 2015, Aneel authorized the commercial startup of turbine 5 at the Ferrari Thermal Power Plant (UTE Ferrari), adding 15 MW to the Company's installed capacity. UTE Ferrari now has an average installed capacity of 80.5 MW and commercial capacity of 35.6 average MW.

e) Eólica Tubarão P&D starts commercial operations

Also in May 2015, Eólica Tubarão P&D, located in the municipality of Tubarão in the state of Santa Catarina started commercial operations. The project is composed of one (1) wind turbine and has installed and commercial capacities of 2.1 MW and 0.7 average MW, respectively.

f) Payment of additional dividends

On 5.29.2015, the Company paid additional dividends for fiscal year 2014 in the amount of R$172,081, corresponding to R$ 0.2636276932 per share.

g) Issue of Installation License for UTE Pampa Sul

In June 2015, Ibama issued the Installation License for the Pampa Sul Thermal Power Plant ("UTE Pampa Sul"), located in the municipality of Candiota in Rio Grande do Sul. The UTE Pampa Sul project was approved as a priority energy generation project by the MME and will supply electricity to the market through the National Interconnected System (SIN), contributing to the stability of the energy system.

h) Acquisition of development rights for the Santo Agostinho Wind Power Complex

In June and October 2015, the Company acquired, through its direct subsidiary Tractebel Energias Complementares Participações Ltda. (TBLP), the rights to develop phases II and III-A, respectively, of the Santo Agostinho Wind Power Complex, which consist of eleven (11) specific-purpose entities (SPE). The wind farms are located in the municipalities of Lajes and Pedro Avelino in Rio Grande do Norte. For more information, see Note 13 – Investments.

i) Sale of wind power in Aneel auction

In August 2015, the Company sold 46.0 average MW through the Santa Mônica Wind Power Complex in the Generation Auction held by Aneel, at an average Benefit-Cost Ratio (BCR) of R$ 181.49/MWh and average Short-term Economic Cost of R$ 6.96/MWh, resulting in an average selling price of R$ 188.45/MWh for a term of twenty (20) years. Supply of the energy sold in the auction will begin on 1.1.2018.

In November 2015, the Company sold, through the Assú Photovoltaic Solar Power Complex, 9.2 average MW in the 2nd Reserve Energy Auction conducted by Aneel, for R$302.99/MWh, for a period of 20 years. Supply will start on 11.1.2018.

j) Payment of interim dividends

On 9.25.2015, the Company paid interim dividends based on the financial statements for 6.30.2015, in the amount of R$ 311,277, corresponding to R$ 0.4768763081 per share. Said dividends represent a payout of 55% of the distributable net income for the first half of 2015.

k) Renegotiation of hydrological risk

In accordance with the guidelines established by Law 13,203/2015 and Normative Resolution 684/2015, in December 2015, Aneel approved the renegotiation of hydrological risk relating to the Company's plants whose energy was being sold in the Regulated Contracting Environment (ACR). For more information, see Note 10 – Renegotiation of hydrological risk to appropriate.

2 - PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The financial statements were elaborated considering the historical costs based on value, adjusted to reflect the fair value of certain financial instruments, when applicable.

The Company is presenting one package, containing the following financial statements:

a.1) Consolidated financial statements

The consolidated financial statements, identified as "Consolidated," are presented, simultaneously, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which are in accordance with Brazilian accounting practices. These Brazilian standards include the rules of Brazilian Corporation Law, in addition to the pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and also, when applicable, the regulations of the Brazilian electrical sector regulator, Aneel.

a.2) Individual financial statements

The individual financial statements of Tractebel Energia, identified as "Parent company", were prepared in accordance with the accounting practices adopted in Brazil, which are fully consistent with IFRS.

b) Functional currency and presentation currency

The financial statements, individual and consolidated, are presented in Brazilian Reais, the functional currency used by the Company. The transactions in foreign currency were translated into Brazilian Reais at the exchange rate of the date on which the financial statements were closed.

c) Business segment

The Company manages its business as one operating segment, composed of the generation and commercialization of electrical energy generated by its assets or acquired through near and long-term agreements. This segment concentrated 99.4% of net revenue from consolidated sales in 2015 and 2014.

d) Income statement of discontinued operations

In the presented years, the Company did not have any discontinue in its normal business that would require the disclosure of discontinued operations.

e) Net earnings per share – basic and diluted

There is no difference between the net earnings per share – basic and diluted – as there was no issue of shares with diluting effects in the presented years.

f) Added-value statement

This statement is not part of the consolidated financial statements, according to international financial reporting standards (IFRS), being presented to comply with the CPC requirements according to the standard.

g) Use of estimates

In the financial statements elaboration is necessary that the Company´s management rely on estimates when recording certain transactions that affect its assets and liabilities, revenues and expenses, as well the disclosure of financial statements information. To calculate these estimates, the Management uses the best information available on the date on which the financial statements were prepared, and also the experience of past and/or current events, also taking into account the assumptions regarding future events.

The financial statements include estimates relating mainly to the following items: (i) the useful life of fixed assets, which reference is established by Aneel; (ii) provisions to cover civil, tax and labor risks; (iii) definition of the discount rates used for the calculation of the present values of assets and liabilities; (iv) assumptions used for the definition of discount rates and the mortality table for the calculation of the obligations with retirement benefits; (v) calculation of the fair value of the financial instruments; and (vi) calculation of asset impairment.

h) Approval of financial statements

The financial statements as here presented have been approved at the Board of Directors meeting held on 2.23.2016.

i) Consolidation basis

The consolidated financial statements include information of Tractebel Energia and its subsidiaries and joint operations, all of which headquartered in Brazil, with their accounting practices being consistent with those adopted by Tractebel Energia. The companies consolidated with Tractebel Energia are the following:

	Investor	Equity interest (%) 12.31.2015	12.31.2014
Direct subsidiaries			
Tractebel Energia Comercializadora Ltda. ("TBLC")	TBLE	99.99	99.99
Companhia Energética Estreito ("CEE")	TBLE	99.99	99.99
Lages Bioenergética Ltda. ("Lages")	TBLE	99.99	99.99
Tractebel Energias Complementares Participações Ltda. ("TBLP!)[4]	TBLE	99.99	99.99
Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")	TBLE	99.99	99.99
Usina Termelétrica Norte Catarinense Ltda. ("Norte Catarinense")[5]	TBLE	99.99	99.99
Joint operations			
Itá Energética S.A. ("Itasa")	TBLE	48.75	48.75
Indirect subsidiaries			
Tupan Energia Elétrica Ltda. ("Tupan")	TBLP	99.99	99.99
Hidropower Energia S.A. ("Hidropower")	TBLP	99.99	99.99
Hidrelétrica Areia Branca S.A. ("Areia Branca")	TBLP	99.99	99.99
Ibitiúva Bioenergética S.A. ("Ibitiúva")	TBLP	95.00	95.00
Ferrari Termoelétrica S.A. ("Ferrari")	TBLP	99.99	99.99
Eólica Beberibe S.A. ("Beberibe")	TBLP	99.99	99.99
Eólica Pedra do Sal S.A. ("Pedra do Sal")	TBLP	99.99	99.99
Energias Eólicas do Nordeste S.A. ("EEN")[4]	TBLP	99.99	99.99
Central Eólica Trairí S.A. ("Trairí")	EEN	99.99	99.99
Central Eólica Guajiru S.A. ("Guajiru")	EEN	99.99	99.99
Central Eólica Fleixeiras I S.A. ("Fleixeiras I")	EEN	99.99	99.99
Central Eólica Mundaú S.A. ("Mundaú")	EEN	99.99	99.99
Energias Eólicas do Ceará S.A. ("EEC")[4]	TBLP	99.99	99.99
Central Eólica Estrela S.A. ("Estrela")[6]	EEC	99.99	99.99
Central Eólica Cacimbas S.A. ("Cacimbas")	EEC	99.99	99.99
Usina Geradora Eólica Santa Mônica SPE S.A. ("Santa Mônica")	EEC	99.99	99.99
Central Eólica Ouro Verde SPE S.A. ("Ouro Verde")[7]	EEC	99.99	99.99
CLWP Brasil I Ltda. ("CLWP")[4] e controladas	TBLP	99.99	99.99
CLWP Brasil II Ltda. ("CLWP II")[4] e controladas	TBLP	99.99	99.99
CLWP Brasil III Ltda. ("CLWP III") e controladas[8]	TBLP	100.00	99.99
Santo Agostinho Participações Ltda. e parques eólicos Santo Agostinho	TBLP	99.99	99.99
Alvorada Participações Ltda. ("Alvorada")[4] e controladas	TBLP	99.99	-
Central Fotovoltaica Assú I, II, III, IV e V ("Assú")	TBLP	99.99	-
Investment funds			
Fundo de Investimento Energy Renda Fixa[9]	-	100	100

The Company concentrates its financial investments in the Energy Fixed Income Investment Fund, which is an exclusive investment fund of the Company and which is fully consolidated in its financial statements.

[4] *Holding.*
[5] Formerly Épsilon Participações Ltda.
[6] Formerly Central Eólica Trairí II Ltda.
[7] Formerly Usina Geradora Eólica Santa Mônica SPE II Ltda.
[8] The Holding company, CLWP III, was merged into TBLP on 1031.2015. The wind farms formerly controlled by CLWP III became controlled by TBLP.
[9] Fixed income investment fund in which Tractebel Energia and its subsidiaries participated, managed by Votorantim Asset Management D.T.V.N. Ltda.

Assets, liabilities, revenues and expenses of the joint operation Itasa are recognized in the consolidated financial statements in proportion to the Company's interest.

The consolidation of the balance sheet accounts and income statement occurs with the sum of assets, liabilities, and consolidated income statement, according to their respective accounting natures, adjusted through the elimination of transactions made between the consolidated companies.

The subsidiary Ibitiúva is fully consolidated. The 5% non-controlling interest held in that company is presented separately in the balance sheet and in the consolidated income and comprehensive income statements as "Interest of non-controlling shareholder", "Net income attributable to non-controlling shareholder" and "Income attributable to non-controlling shareholder", respectively.

3 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The main accounting practices adopted in the Parent company and consolidated financial statements have been applied by the Company consistently between the years presented.

a) Financial instruments

a.1) Cash and cash equivalents

Are maintained with the purpose of meeting short term cash commitments, and consists of cash, bank deposits, and short-term marketable securities with immediate liquidity, without any significant risk of change of market value.

Marketable securities are classified as cash and cash equivalents, due to the intention of withdrawing in the short term, being registered at acquisition cost and measured at the fair value on the financial statements date. The fair value variation is recorded in the profit or loss when obtained.

a.2) Accounts receivable

These are initially recorded at sale or collection value and then at the amortized cost, deducted from the Allowance for doubtful accounts. The allowance is accrued when there is an expectation of impairment and in amounts deemed sufficient to cover probable risks of loss.

a.3) Restricted deposits

These are maintained to meet legal and contractual requirements. They are initially accounted for at the value deposited, and later measured at the fair value on the date of the financial statements. The fair value variation is recognized in the profit or loss when they are obtained.

a.4) Loans, financing and debentures

These are initially accounted for at fair value, net of any transaction costs incurred, and subsequently measured at the amortized cost using the effective interest rate method.

a.5) Concessions payable

These are initially recorded at the present value of concession installments payable over the term of the concession, and subsequently at the amortized cost based on the interest rate used for calculating the present value of contractual liabilities.

In order to accurately reflect in shareholders' equity the granted onerous concession and the related obligation, amounts corresponding to concessions are recorded in property, plant and equipment with a corresponding entry in liabilities. During the construction of plants, interest and monetary variations are capitalized in the property, plant and equipment and, as of the commercial start-up date, recognized directly as profit or loss.

b) Derivative financial instruments

These are initially and subsequently measured at fair value. Gains or losses resulting from changes in their fair value are recognized as financial income (loss), except when the derivative qualifies for and is designated for hedge accounting, as cash flow hedge.

Derivative financial instruments held by the Company correspond to hedging operations against exposure to risks related to exchange variation and variation in the interest rates of debts and future commitments, which are recognized in accordance with the standards applicable to hedge accounting.

b.1) Hedge accounting

At the start of the hedge operation, the Company prepares a formal documentation describing the objectives and strategies of the risk hedging and the relationship between the underlying hedge transaction and the hedge instrument used to provide the expected protection.

The following hedge operations of the Company qualify for hedge accounting:

b.1.1) Fair value hedge

Hedge operations to cover any exchange variation affecting the Company's foreign-denominated loans are designated as "Fair value hedge". In these transactions, gains or losses arising from fair value measurement of loans and hedge operations are recognized as financial income (loss).

b.1.2) Cash flow hedge

Hedge against exposure to foreign currencies of highly probable financial commitments for acquisition of goods and services for property, plant and equipment is designated as "Cash flow hedge". In these transactions, for the highly effective portion of the hedge, gains and losses arising from changes in the instrument's fair value are recognized as shareholders' equity, under "Other comprehensive income (loss)", and transferred to property, plant and equipment when the hedged financial commitment is finally realized. The ineffective portion of the hedge instrument is recorded as profit or loss for the period.

c) Inventories

These are assessed at the lower value between the average weighted cost of acquisition and the realization value.

d) Judicial deposits

Are initially registered at the total amount deposited, plus any interest obtained until the date of the financial statements, which are recognized in the financial result.

e) Non-current assets held for sale

Assets are classified as held-for-sale when their carrying amount is recoverable particularly through their sale and not through their continuous use. This condition is met only when an asset is available for immediate sale in its present condition and the sale is deemed as highly probable. These assets are measured by the lowest between their carrying value and their fair value net of sales expenses, and are presented separately in the balance sheet.

f) Investments

The Company has investments in controlled entities and one joint operation in Itasa, an entity with its own company identification.

f.1) Investments in directly or indirect subsidiaries

Permanent investments in subsidiaries are those in which the Company is exposed to or has rights to the variable returns resulting from its involvement with the entity and is capable of interfering in these returns through its power over such entity.

These investments are evaluated using the equity method in the Parent company financial statements, and fully consolidated for purposes of presentation of the consolidated financial statements.

f.2) Investments in joint arrangements

Joint arrangements are those in which the Company and one or more investors hold shared control over operating and financial activities of the entity. These may be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

Assets, liabilities, revenues and expenses from consortia (entities without their own legal personality, in which the Company participates, are recognized directly in the financial statements of the consortium member, based on the respective interest held in the consortium. The investment in the joint operation Itasa (an entity with its own legal personality) is recognized through the equity method in the parent company. In the consolidated statements, assets, liabilities, revenues and expenses of said joint operation are recognized in proportion to the interest in the business.

f.3) Business combination and "Goodwill" (Concession right)

Business combination is a method used for recognizing acquisitions of control in the consolidated statements. This method requires identifiable assets acquired and liabilities assumed to be measured at their fair values.

In the parent company, the difference between the amount paid and the acquired company's book value of shareholders' equity is recognized in the investment as "goodwill", whose economic ground is based on the acquired company's right to use public assets.

g) Property, plant and equipment

g.1) Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges arising from loans, financing and debentures related to the constructions in progress, are calculated as the cost of the respective fixed asset. The assets, or set of assets, that had accounting values significantly different from their fair values on the date of adoption of new accounting practices in Brazil, on 1.1.2009, started to have their fair value taken as deemed cost in assets.

The costs of property, plant and equipment are deducted from accumulated depreciations and provisions for asset impairment, when applicable.

The components of certain assets that are regularly replaced during the economic useful life of the asset are recognized as separate assets and then depreciated for the expected period for the substitution. The costs incurred in small regular maintenance activities and also routine activities are recognized in the profit or loss, when incurred.

In the consolidated statements, the Company elected to recognize the fair values of intangible assets arising from the concession of or authorization to use public assets, acquired in a business combination, as a single asset in the group of property, plant and equipment. This option was adopted in view of the impossibility of these fixed and intangible assets to be sold or transferred separately and to the equivalence between the periods of said rights and the useful lives of the assets.

g.2) Depreciation

Depreciation of fully operating assets is calculated by the linear method, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful life of the assets. Initial investments in generation assets are depreciated based on the useful lives defined by Aneel, limited to the period of concession or authorization of the power plants. The average annual depreciation rates of the assets held by the Company, taking into consideration said useful life limitation are presented in Note 14 – Property, Plant and Equipment.

h) Intangible assets

Intangible assets are registered at acquisition cost or at the fair value of the intangible assets acquired in a business combination, deducted from the accumulated amortization calculated by the linear method. Intangible assets have useful lives that are well defined based on commercial contracts or contracts of concession and authorization.

i) Assessment of the recovery value of property, plant and equipment and intangible assets – Impairment

The Company regularly appraises the assets that compound the property, plant and equipment and also the intangible assets, in order to identify evidences that could lead to impairment losses from the respective units generating cash or intangibles, or also when events or significant change indicate that their book values may not be recoverable. If identified that the book value of the asset exceeds its recoverable value, then this provision for impairment loss is recognized in the profit or loss of the year.

The recoverable value of an asset is the larger value between its current value in use and the sale fair value, net of necessary costs to sell the asset. The value in use corresponds to the discounted cash flows – before tax – generated by the use of the asset during its useful life.

j) Provisions

Are recognized when there is a present obligation resulting from a past event, in which there shall probably be an outflow of resources for the settlement and that this obligation can be reasonable estimated. The updating of the provision through time is recognized in the item of financial expenses.

The significant contingent liabilities which have been assessed as possible and remote risk of loss are not recorded, but disclosed in the explanatory note, when necessary.

k) Retirement benefits obligations

Are recognized at present value of the obligations estimated, arising from the pension plans with retirement defined benefits, net of the total value of the assets that guarantee the plan.

The present value of the commitments is calculated based on an actuarial appraisal elaborated annually by independent actuarial, based on the Projected Unit Credit Method. The method considers each period of employment as a generator of an additional benefit unit, and the units are accumulated to build up the final estimated obligation.

The effects of remeasurements of retirement benefit obligations, net of the assets of the plans, are recognized under "Other comprehensive income".

l) Current and deferred income tax and social contribution

Current income Tax and Social Contribution are individually calculated by each entity according to the rates in force in the financial statement period.

The tax benefit of reduction of income tax for projects built in a tax-incentive region, is recognized as an offsetting account of income tax and transferred from the "Retained earnings" account to the "Tax incentive reserve", in shareholders' equity.

The deferred income tax and social contribution are calculated with the application of the effective rates forecasted for the years in which there is an expectation of realizing or demanding temporary differences - differences between the book value of liabilities and assets and their tax base – or offsetting tax losses, and social contribution tax loss carryforwards, when applicable. These deferred taxes are fully presented in the non-current group, regardless of the expectations of realization and enforceability of the amounts that give rise to them.

The taxes and social contributions, current and deferred, are presented offset under assets or liabilities, when these same taxes correspond to the same tax authorities and when there is the intention to settle them at the net value.

m) Other assets and liabilities current and non-current

Other assets are recorded at acquisition cost, deducted from the impairment provision, when applicable. Other obligations are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and monetary readjustments incurred.

n) Equity instruments

Equity instruments issued by the Company are recognized in the equity when the funds are received, net of any direct costs incurred in its issue, as applicable.

o) Distribution of dividends and interest on equity

The dividends and interest on equity are recognized as liabilities in the following cases: (i) interim dividends – when approved by the Board of Directors; (ii) interest on equity – on the date when credit is paid to the shareholders; and (iii) additional dividends as proposed at the end of the year – on approval at a General Meeting (AGO).

The credits of interest on equity are initially recorded as financial expenses for tax purposes and, at the same time, transferred from this same category against shareholders' equity. The reduction in taxes generated thereby is recognized as profit or loss for the year, when the credit occurs.

The Company has adopted the accounting practice of disclosing the dividends received from controlled companies in the investment activity for the "Cash Flow Statement".

p) Adjustment to present value

The assets and liabilities arising from long-term operations are adjusted at present value based on interest rates practiced on the market on the date of the transaction.

q) Related party transactions

Transactions for the purchase and sale of energy, services and intercompany loans are carried out under conditions and durations agreed between the parties and registered according to contractual terms and conditions. These will be restated at their contractual charges.

r) Service and energy revenue recognition

Revenue is measured at the fair value against received or trade receivable, deducted from taxes and possible discounts contributions. Revenue from energy and services sales is recognized when: (i) it is probable that the economic benefits associated with the transactions flow to the Company; (ii) the revenue amount can be reliable measured; (iii) the risks and benefits related to the sale have been transferred to the buyer; (iv) the costs incurred, or still to be incurred, related to the transaction can be reliable measured; and (v) the Company has no longer the control and the responsibility over the energy sold.

s) Leasing contracts

The Company's leasing contracts are considered operational, where the contractual amounts are registered as profit or loss, while the contract remains valid.

t) Application of judgments and critical accounting practices

Critical accounting practices are those important to present the financial conditions and also the results, and require more difficult, subjective or complex judgments made by Management, often as a result of the need of making estimates that have an impact on questions that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of such uncertainties increases, these judgments become even more subjective and more complex.

In the preparation of financial statements, the Company adopted certain assumptions arising from the historical experience and other factors which are considered reasonable and relevant. Even though these estimates and assumptions are reviewed by the Company in the normal course of business, the statement of its financial conditions and the results of the operations often require the use of judgments in relation to the book value of its assets and liabilities.

Effective results can be different from those estimated due to variables, assumptions or different conditions. In order to provide understanding of how the Company prepares its judgments about future events, including variables and assumptions used in the estimates, comments are included about each critical accounting practice as described below:

t.1) Derivative financial instruments

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

t.2) Useful life of property, plant and equipment

The Company hereby recognizes the depreciation of its property, plant and equipment, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful lives of the different assets – limited to the time frame for concession or authorization of the power plants, when applicable. However, the real useful lives may vary based on the technological updates made to the assets of each generation unit. The useful lives of fixed assets also affect the impairment tests of property, plant and equipment, when these are necessary.

t.3) Long-term assets impairment test

There are specific rules for test the long-term assets impairment, particularly property, plant and equipment. At the end of the year, the Company conducts an analysis to determine if there is any evidence that the total value of the long-lived assets may not be recovered. If this evidence is identified, then the Company proceeds to the impairment test.

The process of reviewing recovery of the assets is subjective and requires significant judgments through the execution of analyses. At 12.31.2015, the Company, based on the assessments, identified the need to accrue an additional provision for impairment of certain long-lived assets, in the amount of R$10,298.

t.4) Retirement benefits obligations

The Company recognizes its obligations in relation to benefits plans for employees and related costs, net of plan assets, adopting the following practices: (i) the future obligations arising from the pension benefit plans are discounted to present value, based on the interest rates on Federal Government bonds with average duration similar to those expected for the payment of the future forecasted commitments; and (ii) the assets of the pension plans are assessed at market value on the date of the financial statements.

In actuarial calculations, the actuarial consultants also use subjective factors, such as mortality tables, inflation estimates and forecasts of salary growth, resignation, and staff turnover.

The actuarial assumptions used by the Company may be materially different from the real results, due to changes in the economic or market conditions, regulatory events, court decisions, or shorter or longer life periods of the participants. However, the Company and its actuaries use assumptions consistent with the internal and external analysis carried out for the definition of the estimates.

t.5) Civil, tax and labor provisions

These are defined based on an appraisal and a qualification of the risks for which the probability of a loss is considered as probable. This appraisal is supported by the judgment made by Management, together with its legal advisors, considering cases of jurisprudence, decisions taken at lower and higher levels, the experience of the Management and legal advisors, and other applicable aspects.

u) Revised standards and interpretations in force as of January 1st, 2015

IAS 19/CPC 33 (R1) – Employee benefits: clarifies the requirements that relate to contributions from employees or third parties to defined-benefit plans, depending on the periods of service. The Company does not expect significant impacts arising from the adoption of this standard. The revision did not produce significant impacts on the financial statements for the fiscal year ended 12.31.2015.

v) Standards, amendments and interpretations not yet in force

The Company did not adopt the following standards, amendments and interpretations while preparing these financial statements and does not intend to early adopt them.

v.1) In force as from January 1st, 2016

The Company does not expect significant impacts on its financial statements from the adoption of the following standards:

IAS 1/CPC 26 (R1) – Presentation of financial statements: provides clarifications on the concept of materiality, which must be evaluated both for the purposes of selecting the information to be disclosed, whether required or not, and for the ordering of notes to the financial statements and use of aggregation criteria.

IAS 16/CPC 27 and IAS 38/CPC 04 (R1) – Acceptable depreciation and amortization methods: provides clarification on the accepted methods of depreciation and amortization, providing restrictions to revenue-based methods.

IFRS 10/CPC 36 (R3), IFRS 12/CPC 45 and IAS 28/CPC 18 (R2) – Consolidated statements and Investments in associates, subsidiaries and joint ventures: (i) deals with specific matters in the scope of applicable exceptions of consolidation for investment entities; and (ii) clarifies the treatment of sale or contribution of assets between an investor and its associate or joint venture, the requirements of which are applicable regardless of the legal condition of the operation.

IFRS 11/CPC 19 (R2) – Joint arrangement: requires the acquirer of an interest in a joint operation that constitutes a business, as defined in IFRS 3 – Business Combination, to apply the principles of IFRS 3, and other pronouncements, except those that are in conflict with IFRS 11 – Joint arrangements.

v.2) In force as from January 1st, 2018

The Company is evaluating the effects of the following pronouncements on its financial statements.

IFRS 9 – Financial instruments: introduces new requirements for the classification, measurement, impairment, hedge accounting and recognition of financial assets and liabilities.

IFRS 15 – Revenues from contracts with customers: establishes the principles for revenue recognition and reporting in contracts with customers. It will replace the pronouncements currently in force regarding revenue recognition.

v.3) In force as from January 1st, 2019

The Company is evaluating the impacts of the following standards on its financial statements.

IFRS 16 – Leases: introduces requirements for recognizing, measuring, presenting and disclosing leases. The standard defines a single lease accounting model, requiring lessees to recognize assets and liabilities for all leasing agreements unless the lease term is lower than 12 months or the value of the underlying asset is insignificant. For lessors, no significant changes were introduced and they must continue to classify leasing agreements as operating or finance, as defined in IAS 17.

w) EmpresasNet (ENET) System

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

In addition, according to Circular SEP 02/2015, the EmpresasNet – ENET tables do not include information for the year before last, so that this information coincides with that presented in the Company's financial statements.

4 - CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Cash and bank deposits	**3,664**	**1,682**	**11,691**	**14,010**
Marketable securities:				
Exclusive investment fund – Citibank				
Repurchase transactions backed by federal bonds	1,735,137	1,285,782	2,365,959	1,574,268
Repurchase agreements with debentures	-	-	17,855	15,316
CDB and Investment Funds	207	-	1,349	1,137
	207	**-**	**19,204**	**16,453**
Total of marketable securities	**1,735,344**	**1,285,782**	**2,385,163**	**1,590,721**
	1,739,008	**1,287,464**	**2,396,854**	**1,604,731**

The Company's marketable securities are held for payment of short-term cash commitments and are substantially structured to concentrate funds in an Exclusive Investment Fund in Fixed Income (FIE), the units of which can be redeemed at any time without losses.

The committed operations carried out within the scope of the FIE are transactions involving the sale of papers with a commitment to repurchase, taken on by the seller, together with a commitment to resale taken on by the buyer, which have immediate liquidity and remuneration based on the Selic rate, in addition to being backed by federal government bonds.

The average profitability of the Fund in 2015 and 2014 was 100.0% and 100.4% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

5 - TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Current				
Wholesale supply of electrical energy				
Distributors	297,273	284,272	385,568	399,257
Traders	121,815	129,380	34,483	17,883
Retail supply of electrical energy				
Free Consumers	22,500	22,522	330,222	280,097
Transactions within the CCEE[10]	6,180	13,510	29,798	22,386
Allowance for doubtful accounts	(6,180)	(6,180)	(6,469)	(6,469)
	441,588	**443,504**	**773,602**	**713,154**

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

[10] Electric Energy Commercialization Chamber

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

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Overdue up to 30 days	1,429	700	3,009	700
Overdue more than 30 days	7,411	6,936	8,886	8,366
	8,840	**7,636**	**11,895**	**9,066**

The Company accrued allowance for doubtful accounts on overdue accounts receivable, for which the risk of recovery is deemed as probable.

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

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

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

6 - INVENTORIES

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Supplies	50,234	37,982	52,416	39,614
Inputs for energy production	34,394	25,218	34,937	26,555
Advances to suppliers	52	2,329	52	2,329
Other	1,420	1,567	1,483	1,761
	86,100	**67,096**	**88,888**	**70,259**

7 - TAX CREDITS RECOVERABLE

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Current				
PIS[11] and Cofins[12]	-	-	40,289	48,841
ICMS[13]	6,095	1,610	6,096	1,615
INSS [14]	-	294	-	295
	6,095	**1,904**	**46,385**	**50,751**
Non-current				
PIS and Cofins	-	17,951	12,096	59,076
ICMS	28,169	18,471	28,379	18,691
INSS	6,288	6,288	6,288	6,289
	34,457	**42,710**	**46,763**	**84,056**

PIS and Cofins tax credits to offset arise from the acquisition of machinery and equipment, and expenses with the construction of facilities for the installation of power generation projects.

8 - FUEL REIMBURSABLE

	Parent company and Consolidated	
Periods	12.31.2015	12.31.2014
December 2015	69,662	-
November 2015	74,587	-
December 2014	-	61,081
November 2014	-	64,100
October 2014	-	66,365
September 2014	-	72,693
August 2014	-	78,982
	144,249	343,221

This item records amounts receivable from Eletrobras, related to the reimbursement of fuel purchased for consumption by the Company's thermal power plants. These purchases are paid by Eletrobras using funds from the Energy Development Account (CDE), whose aim, among other things, is to ensure competitiveness of the energy produced from domestic charcoal. Reimbursement usually takes place after the presentation of the proof of payments to fuel suppliers.

The amounts for December 2015 and 2014 were paid to charcoal companies in January of the subsequent year and reimbursed by Eletrobras after the payments.

[11]Social Integration Program
[12]Contribution for Social Security Funding
[13]Value-Added Tax on Sales and Communication and Transport Services
[14]National Social Security Institute

9 - RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Financing guarantees	3,546	34,471	146,766	145,965
Guarantees for energy sale contracts	3,894	-	11,287	-
Contractual commitments guarantees	-	-	6,056	48,475
Reinvestment deposits	2,083	1,661	2,083	1,661
Guarantees for debtor position at CCEE	210	53,472	287	54,124
Other	6,614	5,859	11,373	10,048
	16,347	**95,463**	**177,852**	**260,273**
Classification in the balance sheet				
Current assets	6,187	55,133	19,713	104,260
Non-current assets	10,160	40,330	158,139	156,013
	16,347	**95,463**	**177,852**	**260,273**

10 - RENEGOTIATION OF HYDROLOGICAL RISK TO APPROPRIATE

a) Breakdown

	12.31.2015	
	Parent Company	Consolidated
UHE Cana Brava	41,855	41,855
UHE Itá	53,745	53,745
UHE Machadinho	13,443	13,443
UHE Ponte de Pedra	25,759	25,759
UHE Salto Santiago	32,009	32,009
UHE São Salvador	20,568	20,568
UHE Estreito	-	35,764
	187,379	**223,143**
Classification in the balance sheet		
Current assets	23,991	26,064
Non-current assets	163,388	197,079
	187,379	**223,143**

In accordance with the guidelines established in Law 13,203/2015 and Normative Resolution 684/2015, in December 2015, Aneel approved the renegotiation of hydrological risk relating to the Company's plants whose energy were being sold in the Regulated Contracting Environment (ACR). As a condition for adhering to said Agreement, the Company formally withdrew from any legal dispute with Aneel that hampers the direct application of GSF mechanism.

The renegotiation rules establish options to choose the hydrological risk level to be assumed by generators who, in turn, assume the commitment to pay a risk premium defined by Aneel during the term of the energy sale agreement within ACR. Based on the new risk level defined in the renegotiation, GSF for 2015 was recalculated, which resulted in an overpayment that will be offset by risk premiums calculated at the present value due by the Company.

	Parent Company	Consolidated
Recognition of the hydrological risk renegotiation	211,370	249,207
Amortization of the risk premium	(23,991)	(26,064)
Balances at 12.31.2015	**187,379**	**223,143**

b) Expected realization o non-current assets

	Parent Company	Consolidated
2017	23,991	26,064
2018	23,076	25,149
2019	13,016	15,090
2020	13,016	15,090
2021	13,016	15,090
2022 to 2026	51,304	61,670
2027 to 2031	24,479	34,845
After 2032	1,490	4,081
	163,388	**197,079**

11 - NON-CURRENT ASSETS HELD FOR SALE

This item records assets from the thermal power project Jacuí received as a result of the favorable decision for the Company, in 2014, on a claim for enforcement filed against Elétrica Jacuí Ltda. ("Eleja") to collect the amounts receivable from the sale of Jacuí, which had been granted as collateral.

After taking possession of the assets, the Company's Management started identifying potential buyers for the assets. Given the current stage of the asset divestment process, the Company records these assets under "Non-current assets held for sale" at their book value of R$ 86,886. The valuation submitted by the court-appointed valuation expert on assets to which the Company is entitled amounted to R$ 114,981. Given that the debt, including fines and charges, exceeds the value calculated by the expert, the Company requested seizure enforcement, which is currently awaiting the court decision.

Said non-current asset held for sale corresponds only to property, plant and equipment received by the Company, and no other significant assets, liabilities and results are related to said transaction.

In May 2015, the Company signed an exclusive-rights contract valid for eight (8) months with a potential buyer of the assets, so that the latter may carry out engineering and environmental studies, and obtain legal permits to assess the feasibility of the project and decide on the acquisition of the assets. This contract expired in January 2016, but negotiations were been successful. Thus, the Company will continue the process of identifying potential buyers for the assets.

12 - JUDICIAL DEPOSITS

a) Breakdown

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Tax and social security	110,740	99,207	111,393	99,785
Civil	13,819	11,094	15,485	12,161
Labor	5,461	5,079	5,602	5,198
	130,020	**115,380**	**132,480**	**117,144**

Of the total amount of tax deposits at 12.31.2015, R$ 56,779 (R$ 50,220 at 12.31.2014) in the parent company and consolidated correspond to deposits restricted to the lawsuit whose final and unappealable decision in favor of the Company given in June 2012, in a suit that required the maintenance of the non-cumulative system for calculating PIS and Cofins taxes on revenues arising from "fixed price" contracts. The Company is awaiting the ruling of an appeal presented by the Federal Government to calculate said deposits.

The other amounts deposited are linked to lawsuits being conducted in administrative and in court levels, of which R$ 18,234 at 12.31.2015 (R$ 12,652 at 12.31.2014) are directly related to probable risk provisions recognized as provision in the Company's liabilities.

b) Changes

	Parent Company	Consolidated
Balance at 1.12014	**105,211**	**106,854**
Additions	5,794	6,280
Restatements	11,134	11,276
Write-offs and redemptions	(6,759)	(7,266)
Balance at 12.31.2014	**115,380**	**117,144**
Additions	4,784	5,217
Restatements	14,951	15,237
Write-offs and redemptions	(5,095)	(5,118)
Balance at 12.31.2015	**130,020**	**132,480**

13 - INVESTMENTS

a) Breakdown

	Parent company	
	12.31.2015	12.31.2014
Interest on subsidiaries:		
Measured at the equity method		
Equity in earnings of subsidiaries	3,645,624	2,522,925
"Goodwill" (Concession right)	73,511	76,852
	3,719,135	**2,599,777**

b) Changes in investments evaluated through the equity method

	Itasa	CEE	Lages	TBLC	TBLP	Pampa	Total
Balance at 1.1.2014	**323,129**	**1,002,589**	**59,198**	**130,662**	**819,344**	**1,151**	**2,336,073**
Capital increase	-	-	-	-	245,755	370	**246,125**
Equity in earnings of subsidiaries	2,024	5,366	7,163	201,772	81,668	(11)	**297,982**
Dividends	(23,511)	(1,274)	(22,565)	(328,234)	-	-	**(375,584)**
Other comprehensive income	-	-	-	-	5,355	12,974	**18,329**
Balance at 12.31.2014	**301,642**	**1,006,681**	**43,796**	**4,200**	**1,152,122**	**14,484**	**2,522,925**
Capital increase	-	-	-	-	328,736	147,589	**476,325**
Equity in earnings of subsidiaries	6,898	45,055	7,844	229,644	120,309	6,299	**416,049**
Dividends	(23,055)	(10,701)	(7,844)	-	-	-	**(41,600)**
Other comprehensive income	-	-	-	-	77,907	194,018	**271,925**
Balance at 12.31.2015	**285,485**	**1,041,035**	**43,796**	**233,844**	**1,679,074**	**362,390**	**3,645,624**

b.1) Information on direct subsidiaries related to the fiscal year ended 12.31.2015

	Itasa	CEE	Lages	TBLC	TBLP	Pampa
Interest (%)	**48.75**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**
Capital	510,135	920,380	30,530	4,200	1,353,270	148,805
Assets	621,233	2,526,871	65,180	702,088	2,421,417	457,661
Liabilities	35,623	1,485,836	21,384	468,244	755,128	101,834
Shareholders' Equity	585,610	1,041,035	43,796	233,844	1,666,289	355,827
Net revenue	157,469	430,903	48,341	3,352,018	266,943	-
Net income (loss) for the year	14,150	45,055	7,844	229,644	106,171	(264)
Capitalized interest on loan capital	-	-	-	-	15,049	6,563
Other comprehensive income	-	-	-	-	83,262	206,992

The non-controlling interest of Ibitiúva in the shareholders' equity and the net income of TBLP presented above is R$ 2,264 and R$ 911, respectively.

Tractebel Energia took out loans to finance the construction of UTE Pampa Sul and the Campo Largo and Santa Mônica Wind Power Complexes. Interest on loans taken for investment in the construction of the subsidiaries' plants was capitalized in the consolidated financial statements and recognized in the equity income of the subsidiaries TBLP and Pampa Sul, in the amounts of R$15,049 and R$6,563, respectively, on 12.31.2015.

c) "Goodwill" (Concession right) – Parent company

This items records "goodwill" (concession rights) paid in the acquisition of subsidiaries, whose economic grounds are the rights over the concession granted by Aneel for the use of public assets in the generation of electrical energy. These were defined with a basis on the present value of the cash flow projections obtained through economic and financial evaluations.

On 12.31.2015, "goodwill" (concession right) paid in the acquisition of the subsidiary CEE, in the amount of R$73,511 (R$76,852 on 12.31.2014) was recognized in this item. The asset is being amortized through the straight-line method over the period of the concession contract of the subsidiary, as the economic benefits arising from the acquisitions of these investments will occur over the course of the this period. In 2015 and 2014, the amortized amount was R$ 3,341.

d) Information on direct subsidiaries

d.1) Itá Energética S.A. ("Itasa") – joint operation

Tractebel Energia and Companhia Siderúrgica Nacional (CSN) have joint control over Itasa, both with a 48.75% share in the voting and paid-up capital of the company.

Itasa and Tractebel Energia are the companies which have the exploration rights over the Itá Hydroelectric Power Plant, situated on the Uruguay River, on the border of the Brazilian States of Rio Grande do Sul and Santa Catarina, by means of a consortium in which Itasa has a 60.5% share and Tractebel has 39.5%. The Plant has guaranteed energy of 720 average MW, of which, under the terms of the Consortium Contract, Itasa is entitled to 404.1 average MW and Tractebel to 315.9 average MW. Tractebel, directly and indirectly, through Itasa, is entitled to 544.2 average MW of energy guaranteed by the project.

The main groups, of assets, liabilities and income statement of Itasa, as shown below, are consolidated in Tractebel Energia's consolidated financial statements proportionally to its equity interest in the capital of this Company, since that Company has its legal personality.

BALANCE SHEET	12.31.2015	12.31.2014
ASSETS		
Current assets	56,004	52,449
Non-current assets		
Long-term assets	30,659	32,335
Property, plant and equipment	534,562	568,876
Intangible assets	8	6
TOTAL ASSETS	**621,233**	**653,666**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	33,453	32,761
Non-current liabilities	2,170	2,152
Shareholders' equity	585,610	618,753
TOTAL LIABILITIES	**621,233**	**653,666**

STATEMENT OF INCOME FOR THE YEAR	12.31.2015	12.31.2014
NET SALES	**157,469**	**136,605**
COSTS OF ENERGY SOLD	**(135,479)**	**(129,259)**
GROSS INCOME	**21,990**	**7,346**
OPERATING INCOME (EXPENSES)		
Administrative and general expenses	(3,378)	(3,988)
Other operating income (expenses), net	(142)	45
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**18,470**	**3,403**
Financial result	**2,794**	**2,956**
INCOME BEFORE INCOME TAXES	**21,264**	**6,359**
Income and social contribution taxes	(7,114)	(2,207)
NET INCOME FOR THE YEAR	**14,150**	**4,152**

d.2) Companhia Energética Estreito ("CEE")

CEE has a 40.07% share in the Estreito Energia Consortium (Ceste), which was created for the implementation and exploitation of the Estreito Power Plant, situated on the Tocantins River, between the Brazilian states of Tocantins and Maranhão. The other consortium members are Vale (*Companhia Vale do Rio Doce*), Estreito Energia SA (Alcoa Group) and Intercement Brasil S.A. (Camargo Corrêa Group), with respective shares of 30.00%, 25.49% and 4.44%. The leadership of the consortium is in the hands of CEE. The plant has assured energy of 641.1 average MW, of which 256.9 average MW belonging to CEE.

d.3) Lages Bioenergética Ltda. ("Lages")

Lages is a thermoelectric power plant located in the municipality of Lages, state of Santa Catarina, which makes use of a 28 MW steam turbogenerator powered by wood residue. The plant has the registration at the Executive Committee of the Clean Development Mechanism (CDM) of the United Nations Organization (UNO), to negotiate carbon credits, to use wood residue in the joint generation of electricity.

d.4) Tractebel Energia Comercializadora Ltda. ("TBLC")

TBLC has the main objective of commercialization of electrical energy in free and regulated markets, including purchase, sale, import and export of electrical energy, as also the intermediation of any of these operations, and practice and celebration of commercial acts arising from such activities. The Company's sales to free consumers are normally made through TBLC.

d.5) Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")

Pampa Sul holds the Pampa Sul Thermoelectric Plant, which will be installed in the municipality of Candiota, state of Rio Grande do Sul and will have installed capacity of 340 MW. In November 2014, Pampa Sul sold, through an auction held by Aneel, 294.5 average MW for a period of 25 years, to be delivered as from January 1st, 2019. Construction of the Plant started in 2015 and commercial operation is scheduled to start in January 2019. The plant's construction cost is estimated at R$ 1,800,000.

d.6) Tractebel Energias Complementares Participações Ltda. ("TBLP")

TBLP is a holding company with the objective of participating in the capital of other companies and also concentrating the investments in projects related to complementary energy of the Company. The following table presents financial information for the most significant subsidiaries of TBLP for the year ended 12.31.2015.

	Capital	Assets	Liabilities	Net Assets	Net Revenue	Net Income (loss)	Other comprehensive income	Equity interest in the capital (%)
Tupan	80,379	109,993	29,614	80,379	20,161	15,625	-	99.99
Hidropower	33,393	78,216	27,447	50,769	16,115	10,715	-	99.99
Areia Branca	84,160	129,096	45,293	83,803	14,807	3,342	-	99.99
Ibitiúva	36,576	115,915	70,629	45,286	28,024	18,208	-	95.00
Ferrari	87,640	225,222	86,394	138,828	44,309	27,596	-	99.99
Beberibe	60,230	140,919	75,019	65,900	28,015	11,806	-	99.99
Pedra do Sal	33,133	88,321	50,506	37,815	20,862	8,590	-	99.99
EEN	185,043	566,802	335,329	231,473	94,650	30,630	-	99.99
EEC	214,445	235,602	21,941	213,661	-	(669)	-	99.99
CECL[15]	98,393	224,668	43,230	181,438	-	421	83,633	99.99
Other	170	10	371	(361)	-	(140)	(371)	99.99

The effects on TBLP's consolidated assets deriving from the allocation of the fair value of the rights linked to authorizations and other rights acquired in the business combination total R$ 425,991 (R$ 414,372 at 12.31.2014).

- Energias Eólicas do Nordeste S.A. ("EEN")

EEN is a holding company incorporated to concentrate the investments in SPEs that hold wind power projects in the municipality of Trairi, state of Ceará. The following table presents selected financial information for the subsidiaries of EEN for the fiscal year ended 12.31.2015:

	Capital	Assets	Liabilities	Net Assets	Net Revenue	Net Income	Equity interest in the capital (%)
Trairí	36,554	115,712	71,898	43,814	20,954	6,030	99.99
Guajiru	40,068	136,444	85,192	51,252	27,438	10,255	99.99
Fleixeiras I	43,391	138,161	87,782	50,379	24,169	7,287	99.99
Mundaú	52,128	136,967	79,125	57,842	22,089	6,075	99.99

The effects on EEN's consolidated assets deriving from the allocation of the fair value of the rights to authorizations and other rights acquired in the business combination total R$ 11,524 (R$ 12,108 at 12.31.2014).

- Energias Eólicas do Ceará S.A. ("EEC")

EEC is a holding company incorporated to concentrate investments in the SPEs comprising the wind farms in the Santa Mônica Wind Power Complex, in the state of Ceará. The following table provides financial information for the fiscal year ended 12.31.2015 of the subsidiaries of EEC.

[15] Campo Largo Wind Power Complex.

	Capital	Assets	Liabilities	Net Assets	Net Income (Loss)	Equity interest in the capital (%)
Estrela	71,794	71,550	253	71,297	(157)	99.99
Cacimbas	46,280	45,915	138	45,777	(152)	99.99
Santa Mônica	47,007	46,898	109	46,789	(110)	99.99
Ouro Verde	43,158	64,339	21,393	42,946	(215)	99.99

The effects on EEC's consolidated assets resulting from the fair value of the authorization and other rights acquired in the business combination are R$6,564 on 12.31.2015 and 12.31.2014 .

The four wind farms have combined commercial capacity of 48.7 average MW. Construction of the wind farms started in 2014 and conclusion is scheduled for 2016. Construction costs are estimated at R$ 460,000. Energy from the plant was sold through an auction held by Aneel in August 2015, for an average price of R$188.45/MWh, for a period of 20 years. Supply will start on 1.1.2018.

- Campo Largo Wind Power Complex ("CECL")

CECL is formed by a set of wind power projects totaling an approximate development potential of 630 MW, all of which located in the cities of Umburanas and Sento Sé, state of Bahia, which will be developed in stages.

The Complex is composed of twenty-two (22) SPEs acquired during 2013 and 2014. The total acquisition amount, including any adjustments to the final price, was R$ 87,801, of which R$ 81,392 correspond basically to the fair value of the basic environmental projects, the power generation certification, winds measurements, preliminary environmental licenses and leasing agreements.

In an Aneel Auction held in November 2014, CECL sold 82.6 average MW for the period of 20 years starting January 1st, 2019, to be generated by six wind farms, with installed capacity of 178.2 MW. Another five wind farms of the Complex, with total installed capacity of 148.5 MW (approximately 70 average MW) will be developed in this stage of the project. The 11 wind farms will require total investments of around R$ 1,813,000.

- Santo Agostinho Wind Power Complex ("CESA")

In August 2014, TBLP acquired the rights to develop CESA, located in the cities of Lajes and Pedro Avelino, state of Rio Grande do Norte, which is composed of 24 SPEs, each responsible for developing one wind power project, totaling 600 MW of potential installed capacity.

The maximum price of the acquisition is R$ 54,000, which consists of a fixed amount of R$ 39,000 and a performance-based amount of up to R$ 15,000, which will be paid if certain contractual conditions are met.

At 12.31.2015, the Company had concluded the acquisition of 1 holding company and 19 SPEs, which were transferred to its control. The surplus in the acquired business, in the amount of R$ 45,872, substantially corresponds to the fair value of the basic environmental projects, the certification of power generation, measurements of winds, environmental licenses and leasing agreements, and was fully allocated to intangible assets.

- Assú Project

In November 2015, TBLP signed an agreement to acquire projects for the installation of three photovoltaic power plants and the option to acquire two photovoltaic power plants on or before June 11, 2016, in the municipality of Assú, state of Rio Grande do Norte. Also in November 2015, TBLP, through its subsidiary Assú V, which will develop one of the projects acquired, sold 9.2 average MW at the Reserve Energy Auction (LER) carried out by Aneel, for R$ 302.99/MWh, for a period of 20 years. Supply will start on November 1, 2018. The project will require total investments of approximately R$220,000.

14 - PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company			
		12.31.2015			12.31.2014
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.8%	5,076,288	(2,744,324)	2,331,964	2,466,257
Buildings and improvements	3.0%	1,465,967	(859,137)	606,830	642,132
Machinery and equipment	3.9%	6,246,069	(3,958,838)	2,287,231	2,110,667
Furniture and fixtures	6.3%	9,590	(4,899)	4,691	4,686
Vehicles	14.3%	2,978	(1,921)	1,057	1,237
Special obligations		(12,420)	-	(12,420)	(12,902)
		12,788,472	**(7,569,119)**	**5,219,353**	**5,212,077**
In progress					
Reservoirs, dams and ducts		1,347	-	1,347	871
Buildings and improvements		2,811	-	2,811	11,683
Machinery and equipment		184,333	-	184,333	234,788
Advances to suppliers		27,890	-	27,890	51,286
Acquisitions to be apportioned		28,530	-	28,530	28,622
		244,911	**-**	**244,911**	**327,250**
		13,033,383	**(7,569,119)**	**5,464,264**	**5,539,327**

	Average rate of depreciation	Consolidated 12.31.2015 Adjusted cost	Accumulated depreciation	Net amount	12.31.2014 Net amount
In service					
Reservoirs, dams and ducts	3.1%	7,113,804	(3,129,863)	3,983,941	4,197,039
Buildings and improvements	3.2%	1,780,798	(948,278)	832,520	869,242
Machinery and equipment	4.0%	8,860,214	(4,516,198)	4,344,016	4,195,582
Furniture and fixtures	6.3%	10,329	(5,196)	5,133	5,108
Vehicles	14.3%	4,314	(2,607)	1,707	2,015
Special obligations		(12,545)	-	(12,545)	(13,026)
		17,756,914	**(8,602,142)**	**9,154,772**	**9,255,960**
In progress					
Reservoirs, dams and ducts		15,800	-	15,800	1,604
Buildings and improvements		22,277	-	22,277	19,644
Machinery and equipment		198,094	-	198,094	254,592
Advances to suppliers		399,818	-	399,818	88,285
Acquisitions to be apportioned		106,789	-	106,789	37,993
		742,778	**-**	**742,778**	**402,118**
		18,499,692	**(8,602,142)**	**9,897,550**	**9,658,078**

b) Changes in property, plant and equipment

	Parent company Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 1.1.2014	**2,611,608**	**682,232**	**2,241,689**	**5,361**	**186,162**	**(13,087)**	**5,713,965**
Additions	-	-	-	-	191,454	185	191,639
Capitalized interest	-	-	-	-	16,744	-	16,744
Transfers	(7,991)	797	72,992	1,312	(67,110)	-	-
Write-offs	-	(78)	(2,084)	(65)	-	-	(2,227)
Depreciation	(137,360)	(40,819)	(201,930)	(685)	-	-	(380,794)
Balance at 12.31.2014	**2,466,257**	**642,132**	**2,110,667**	**5,923**	**327,250**	**(12,902)**	**5,539,327**
Additions	-	-	-	-	302,370	482	302,852
Capitalized interest and monetary variation	-	-	-	-	34,077	-	34,077
Impairment	-	-	(10,298)	-	-	-	(10,298)
Transfers	2,579	5,643	410,032	532	(418,786)	-	-
Write-offs	-	-	(13,758)	(5)	-	-	(13,763)
Depreciation	(136,872)	(40,945)	(209,412)	(702)	-	-	(387,931)
Balance at 12.31.2015	**2,331,964**	**606,830**	**2,287,231**	**5,748**	**244,911**	**(12,420)**	**5,464,264**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 1.1.2014	**4,413,281**	**891,687**	**4,095,603**	**6,443**	**314,425**	**(13,212)**	**9,708,227**
Additions	-	-	-	-	292,737	186	292,923
Ferrari acquisition	-	7,463	60,422	137	13,251	-	81,273
Surplus of acquired assets	-	15,198	120,326	-	-	-	135,524
Capitalized interest	-	-	-	-	17,776	-	17,776
Transfers	(1,067)	8,350	228,948	1,483	(236,071)	-	1,643
Write-offs	-	(78)	(2,264)	(66)	-	-	(2,408)
Depreciation	(215,175)	(53,378)	(307,453)	(874)	-	-	(576,880)
Balance at 12.31.2014	**4,197,039**	**869,242**	**4,195,582**	**7,123**	**402,118**	**(13,026)**	**9,658,078**
Additions	-	-	-	-	783,958	481	784,439
Capitalized interest and monetary variation	-	-	-	-	67,808	-	67,808
Impairment	-	-	(10,298)	-	-	-	(10,298)
Transfers	2,675	16,239	491,270	619	(511,106)	-	(303)
Write-offs	-	-	(13,906)	(5)	-	-	(13,911)
Depreciation	(215,773)	(52,961)	(318,632)	(897)	-	-	(588,263)
Balance at 12.31.2015	**3,983,941**	**832,520**	**4,344,016**	**6,840**	**742,778**	**(12,545)**	**9,897,550**

c) Breakdown of property, plant and equipment in consolidated services, by group of power plants

	Parent Company				
	12.31.2015				12.31.2014
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric power plants	2.9%	10,001,131	(5,270,756)	4,730,375	4,752,175
Thermoelectric power plants	5.4%	2,787,341	(2,298,363)	488,978	459,902
		12,788,472	**(7,569,119)**	**5,219,353**	**5,212,077**

	Consolidated				
	12.31.2015				12.31.2014
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric power plants	3.1%	13,554,480	(5,974,989)	7,579,491	7,731,864
Thermoelectric power plants	5.4%	2,787,341	(2,298,363)	488,978	459,902
SHPP	4.3%	301,256	(91,312)	209,944	222,707
Biomass power plants	4.3%	375,747	(112,348)	263,399	192,583
Wind power plants	4.5%	738,090	(125,130)	612,960	648,904
		17,756,914	**(8,602,142)**	**9,154,772**	**9,255,960**

d) Depreciation

The useful lives set by Aneel, which correspond to the estimated useful life of assets, for the main groups of assets which make up the generator parks of the Company, are the following:

	Depreciation (% p.a.)	Average useful life (years)
Reservoirs and dams	2.0	50
Buildings and improvements	3.3	30
Generators	3.3	30
Boilers	4.0	25
Hydraulic Turbines	2.5	40
Engine Rooms	2.0	50
Wind Turbines (aerogeneration)	5.0	20
General Equipment	6.3	16

The following items are fully depreciated at 12.31.2015 and 12.31.2014:

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Reservoirs, dams and pipelines	231,535	132,507	231,535	132,507
Buildings and improvements	105,858	105,249	105,858	105,249
Machinery and equipment	812,968	759,175	813,771	759,316
Furniture and fixtures	1,170	1,000	1,314	1,000
Vehicles	680	690	1,098	939
	1,152,211	**998,621**	**1,153,576**	**999,011**

- Depreciation of assets comprising the Power Plants' Original Project

The Company, solely based on the interpretation of Law 8,987/95 and Decree 2,003/96, considers that there is not a guarantee of restitution by the Granting Power of the residual value of the Original Project of the hydroelectric projects at the end of the concession and authorization terms.

Therefore, the Company has been depreciating said assets based on the rates determined by Aneel, limited to the concession or amortization term, even though the agreements and the law provide the possibility of renewing said concessions and authorizations.

Also, according to the interpretation of said law, additional investments made to ensure the continuity of the service provided and that they remain up-to-date, will be indemnified by the Government at the end of the period of concessions and authorizations. Thus, these assets are depreciated according to the useful lives established by Aneel.

e) Fair value adjustment of property, plant and equipment

In compliance with the guidelines of accounting pronouncements, on 1.1.2009, date of the first-time adoption of the international financial reporting standards (IFRS) and the standards provided by CPC, the Company adopted the fair value as the deemed cost of property, plant and equipment of its plants whose book values differed substantially from their fair value.

The adjustment to the fair value of property, plant and equipment, net of deferred income tax and social contribution was offset by the 'Asset Valuation Adjustments' account under Shareholders' Equity. Depreciation and write-off of said adjustment to assets will not produce any effects on the income tax and social contribution calculation base or on the dividend distribution base.

Balances of consolidated property, plant and equipment at 12.31.2015 and 12.31.2014 include the fair value adjustment, net of depreciation and write-offs, in the amounts of R$ 679,372 and R$ 740,393, respectively. The depreciation and write-offs over the amounts of fair value adjustment in the fiscal year ended at 12.31.2015 was R$ 61,021 (R$ 58,721 at 12.31.2014).

f) Record of the onerous concessions contracted or acquired in a business combination

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Government for the use of public assets to generate electrical energy, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value for the concession and the property, plant and equipment as the single asset in the financial statements, when these assets can no longer be sold or transferred separately.

In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This procedure has already been adopted by the Company before the adoption of IFRS and CPC became compulsory, in 1.1.2009, and was maintained for transactions after that date in order to maintain the consistency of procedures.

The balance of these concessions and authorizations to use public assets for power generation, in Property, Plant and Equipment, on 12.31.2015 was R$ 693,944 (R$ 728,293 at 12.31.2014) at the parent company, and R$ 1,108,046 (R$ 1,165,027 at 12.31.2014) in the consolidated.

g) Appropriation of financial charges

Financial charges linked to financings and concession payables are capitalized in property, plant and equipment assets in progress during the construction of the power plants.

h) Impairment of assets

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

In 2015, the Company recognized a provision for impairment of assets totaling R$10,298, in the parent company and consolidated results, due to recovery at value in use or sale being deemed as uncertain.

i) Regulatory agency concessions and authorizations

i.1) Concessions of hydroelectric power plants

Concessions	Concession holder	Installed capacity (MW)	Date of minutes	Expiration
UHE Salto Santiago	Tractebel Energia	1,420	9.28.1998	9.27.2028
UHE Salto Osório	Tractebel Energia	1,078	9.28.1998	9.27.2028
UHE Passo Fundo	Tractebel Energia	226	9.28.1998	9.27.2028
UHE Itá	Tractebel Energia/Itasa	1,450	12.28.1995	10.16.2030
UHE Machadinho	Tractebel Energia	1,140	7.15.1997	7.14.2032
UHE Cana Brava	Tractebel Energia	450	8.27.1998	8.26.2033
UHE Ponte de Pedra	Tractebel Energia	176	10.1.1999	9.30.2034
UHE São Salvador	Tractebel Energia	243	4.23.2002	4.22.2037
UHE Estreito	CEE	1,087	11.26.2002	11.26.2037

The Company has, directly and indirectly, in power plants Itá, Machadinho and Estreito, the equivalent to 1,126.9 MW, 403.9 MW and 435.6 MW, respectively, of the plants' installed capacity, which correspond to their interest as shareholders or consortium members.

i.2) Authorizations for thermal, small hydroelectric and wind power plants

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Thermal power plants (UTE)				
Thermal power complex Jorge Lacerda	Tractebel Energia	857	9.25.1998	9.27.2028
UTE Charqueadas	Tractebel Energia	72	9.25.1998	9.27.2028
UTE Alegrete[16]	Tractebel Energia	66	9.25.1998	9.27.2028
UTE William Arjona	Tractebel Energia	190	6.1.2000	4.28.2029
UTE Ibitiúva Bioenergética	Consórcio Andrade[17]	33	4.5.2000	4.5.2030
Co-generation Unit Lages	Lages	28	10.29.2002	10.28.2032
UTE Pampa Sul	Pampa Sul	340	3.31.2015	3.30.2050
UTE Ferrari	Ferrari Termoelétrica	80	27.7.2007	7.26.2042
Small Hydro Power Plants (PCH)				
PCH Areia Branca	Areia Branca	20	5.2.2000	5.2.2030
PCH Rondonópolis	Tupan	27	12.18.2002	12.18.2032
PCH Engenheiro José Gelazio da Rocha	Hidropower	24	12.18.2002	12.18.2032

[16] Alegrete Thermal Power Plant (UTAL) is an fuel oil-fired power plant constructed about 45 years ago. Due to its high operating cost, the plant is not dispatched if the electricity system is operating under normal conditions. Since it not economically feasible, the Company requested Aneel to definitively revoke the authorization for the operation, which was granted in February 2014, and the Company is in the process of returning the plant to the Federal Government.

[17] Consortium members are the indirect subsidiary Ibitiúva Bioenergética S.A. (72.9%) and Andrade Açúcar e Álcool S.A. (27.1%).

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Wind Power Plants (EOL)				
EOL Pedra do Sal	Pedra do Sal	18	10.1.2002	10.1.2032
EOL Beberibe	Beberibe	26	7.31.2003	8.3.2033
EOL Trairí	Trairí	25	9.20.2011	9.28.2041
EOL Guajiru	Guajiru	30	9.20.2011	9.28.2041
EOL Fleixeiras I	Fleixeiras I	30	9.20.2011	9.28.2041
EOL Mundaú	Mundaú	30	9.20.2011	9.26.2041
Wind Power Plants (EOL) Project				
EOL Santa Mônica	Santa Mônica SPE	19	1.20.2015	1.25.2045
EOL Ouro Verde	Santa Mônica SPE II	30	1.20.2015	1.22.2045
EOL Estrela	Trairí II	30	1.27.2015	2.4.2045
EOL Cacimbas I	Cacimbas	19	1.27.2015	2.4.2045
EOL Campo Largo III, IV, VI e VII	CLWP Eólicas	116	7.2.2015	7.2.2050
EOL Campo Largo V e XXI	CLWP Eólicas	59	8.3.2015	8.3.2050
EOL Tubarão P&D	Tractebel Energia	2	5.21.2015	N.A.[18]
Photovoltaic solar power plant				
Cidade Azul	Tractebel Energia	3	4.10.2014	N.A,[18]

The Company has 22.9 MW of the installed capacity of Ibitiúva Bioenergética Power Plant, which corresponds to its interest as shareholders or consortium member.

i.3) Unavailability of assets

Pursuant to article 63 and 64 of Decree N° 41,019, of 2.26.1957, the assets and facilities used in the production, transmission, distribution and sale of electrical energy are linked to those services and cannot be removed, sold, assigned or pledged in mortgage guarantee without the previous and express authorization of the Regulatory Agency. Aneel Resolution n° 20/99, regulates the release of assets from the concessions of the Public Electrical Energy Service, granting prior authorization to release the property and other fixed assets not usable by the concession when they are destined for sale, and also determining that the sales proceeds less respective charges be deposited in a restricted bank account to be invested in the concession.

[18] For generating plants with capacity equal to or lesser than 5 MW, the record is the applicable legal instrument.

15 - INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		12.31.2015			12.31.2014
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2034	49,974	(32,712)	**17,262**	**10,993**

		Consolidated			
		12.31.2015			12.31.2014
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Energy purchase right	Until 2023	64,561	(18,075)	46,486	52,530
Right to use assets	Until 2037	85,985	(34,501)	51,484	27,205
Rights over Trairí Project	Until 2041	12,668	(1,144)	11,524	12,109
Rights over Campo Largo Project	-	81,392	-	81,392	77,182
Rights over Santo Agostinho Project	-	45,872	-	45,872	20,925
Rights over Santa Mônica Project	-	6,565	-	6,565	6,565
		297,043	**(53,720)**	**243,323**	**196,516**

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

b) Changes

	Parent company	Consolidated
Balance at 1.1.2014	**10,920**	**126,352**
Addition	2,796	10,615
Fair value of acquired rights	-	76,437
Transfer to property, plant and equipment	-	(1,643)
Amortization	(2,723)	(15,245)
Balance at 12.31.2014	**10,993**	**196,516**
Addition	11,698	29,509
Fair value of acquired rights	-	29,157
Transfer to property, plant and equipment	-	303
Amortization	(5,429)	(12,162)
Balance at 12.31.2015	**17,262**	**243,323**

c) Assets impairment

The Company periodically evaluates the existence of events that may lead to intangible assets impairment losses, and no indications of impairment were identified at 12.31.2015.

16 - SUPPLIERS

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Electrical energy purchased	43,297	38,479	178,827	131,138
Transactions in the short-term market	120,918	238,006	121,189	251,658
Fossil fuels and biomass	101,478	140,644	102,834	141,648
Charges for the use of the power grid	30,940	33,843	37,692	40,958
Suppliers of materials and services	39,474	52,316	52,049	64,562
Suppliers of property, plant and equipment	36,395	3,798	80,982	11,738
	372,502	**507,086**	**573,573**	**641,702**

17 - LOANS AND FINANCING

a) Breakdown

	Parent Company					
	12.31.2015			12.31.2014		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
BNDES	35,712	277,763	313,475	16,003	251,153	267,156
Banks (BNDES onlending)	34,671	239,996	274,667	33,693	268,665	302,358
Nordic Investment Bank (NIB)	24,458	146,763	171,221	5,426	154,147	159,573
Financial charges	5,987	-	5,987	3,578	-	3,578
	100,828	**664,522**	**765,350**	**58,700**	**673,965**	**732,665**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	920,668	-	920,668	237,196	605,362	842,558
Mizuho Bank	341,182	-	341,182	-	235,055	235,055
Bank of Tokyo	188,199	-	188,199	-	130,386	130,386
Financial charges	2,127	-	2,127	1,834	-	1,834
	1,452,176	**-**	**1,452,176**	**239,030**	**970,803**	**1,209,833**
Loans and financing	**1,553,004**	**664,522**	**2,217,526**	**297,730**	**1,644,768**	**1,942,498**

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

	Parent Company					
	12.31.2015			12.31.2014		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,553,004**	**664,522**	**2,217,526**	**297,730**	**1,644,768**	**1,942,498**
Effects of Hedge (swap) in the balance sheet						
Long position [19]	(488,802)	-	(488,802)	(27,538)	(38,430)	(65,968)
Short position [20]	-	-	-	-	1,732	1,732
	(488,802)	**-**	**(488,802)**	**(27,538)**	**(36,698)**	**(64,236)**
Loans and financing, including hedge effects	**1,064,202**	**664,522**	**1,728,724**	**270,192**	**1,608,070**	**1,878,262**

	Consolidated					
	12.31.2015			12.31.2014		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
BNDES	145,533	1,450,429	1,595,962	124,571	1,528,040	1,652,611
Banks (BNDES onlending)	73,918	752,771	826,689	71,608	774,824	846,432
Nordic Investment Bank	24,458	146,763	171,221	5,426	154,147	159,573
Banco do Brasil	3,966	3,305	7,271	3,966	7,271	11,237
Financial charges	12,439	-	12,439	9,720	-	9,720
	260,314	**2,353,268**	**2,613,582**	**215,291**	**2,464,282**	**2,679,573**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	920,668	-	920,668	237,196	605,362	842,558
Mizuho Bank	341,182	-	341,182	-	235,055	235,055
Bank of Tokyo	188,199	-	188,199	-	130,386	130,386
Financial charges	2,127	-	2,127	1,834	-	1,834
	1,452,176	**-**	**1,452,176**	**239,030**	**970,803**	**1,209,833**
Loans and financing	**1,712,490**	**2,353,268**	**4,065,758**	**454,321**	**3,435,085**	**3,889,406**

[19] The long position of the hedge is presented as part of the item "Unrealized gain from hedge operations"
[20] The short position of the hedge is presented as part of the item "Other non-current liabilities"

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

	Consolidated					
	12.31.2015			12.31.2014		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,712,490**	**2,353,268**	**4,065,758**	**454,321**	**3,435,085**	**3,889,406**
Effects of Hedge (swap) in the balance sheet						
Long position	(488,802)	-	(488,802)	(27,538)	(38,430)	(65,968)
Short position	-	-	-	-	1,732	1,732
	(488,802)	**-**	**(488,802)**	**(27,538)**	**(36,698)**	**(64,236)**
Loans and financing, including hedge effects	**1,223,688**	**2,353,268**	**3,576,956**	**426,783**	**3,398,387**	**3,825,170**

b) Changes in loans and financings

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 1.1.2014	**343,339**	**929,553**	**1,272,892**	**492,843**	**2,829,645**	**3,322,488**
Additions	-	1,056,522	1,056,522	16	1,057,916	1,057,932
Ferrari acquisition	-	-	-	6,152	38,354	44,506
Interest income (expense)	44,910	-	44,910	189,007	-	189,007
Capitalized interest	16,744	-	16,744	17,776	-	17,776
Monetary variation	141	9,422	9,563	141	9,422	9,563
Exchange variation	29	80,222	80,251	29	80,222	80,251
Adjustment to fair value	(15)	(13,101)	(13,116)	(15)	(13,101)	(13,116)
Transfers	417,850	(417,850)	-	567,373	(567,373)	-
Principal amortization	(460,542)	-	(460,542)	(609,396)	-	(609,396)
Interest payment	(64,726)	-	(64,726)	(209,605)	-	(209,605)
Balance at 12.31.2014	**297,730**	**1,644,768**	**1,942,498**	**454,321**	**3,435,085**	**3,889,406**
Additions	96	93,017	93,113	1,290	136,705	137,995
Interest income (expense)	68,217	-	68,217	184,867	-	184,867
Monetary variation	2,131	17,518	19,649	2,670	23,498	26,168
Capitalized interest and monetary variation	9,365	-	9,365	43,096	-	43,096
Exchange variation	201,649	352,957	554,606	201,649	352,957	554,606
Adjustment to fair value	(40,408)	14,435	(25,973)	(40,408)	14,435	(25,973)
Transfers	1,458,173	(1,458,173)	-	1,609,412	(1,609,412)	-
Principal amortization	(368,551)	-	(368,551)	(519,215)	-	(519,215)
Interest payment	(75,398)	-	(75,398)	(225,192)	-	(225,192)
Balance at 12.31.2015	**1,553,004**	**664,522**	**2,217,526**	**1,712,490**	**2,353,268**	**4,065,758**

c) Main transactions in 2015

c.1) Loans in foreign currency with hedge

In January 2015, the Company took a loan in U.S. dollars for US$ 10,000, equivalent to R$ 26,558. The proceeds were used mainly to refinance maturing debt and deliver the Company's business plan.

The main conditions of the loan were:

- Interest: 1.8471% p.a., fixed;
- Maturity of principal: single installment at the end of the agreement on 12.16.2016; and

Amortization of interest: quarterly, starting in March 2015 and ending in December 2016.

In order to hedge all its future payment flows against fluctuation in the U.S. dollar exchange rate, the Company contracted swap operations with the Brazilian subsidiary of the same lending financial institutions, in the amount of R$ 26,558, through which it will maintain a long position corresponding to the U.S. dollar variation plus interest of 1.8471% p.a. and a short position equivalent to 97% of the Interbank Rate (CDI). The maturity of the principal and amortization of interest on the loan and the swap will occur exactly on the same dates.

c.2) BNDES loan

During 2015, the Brazilian Development Bank (BNDES) released R$61,000 related to the portion of financing contracted in 2014, for modernizing Salto Santiago and Passo Fundo Power Plants. A sum of R$ 85,414 is still pending release.

In December 2015, Ferrari contracted financing from the BNDES in the amount of R$80,706, for expansion of UTE Ferrari, of which R$44,036 were released, with R$36,670 pending future release.

d) Breakdown of debt by index and currency

	Parent Company				Consolidated			
	12.31.2015	**%**	**12.31.2014**	**%**	**12.31.2015**	**%**	**12.31.2014**	**%**
Local currency								
TJLP	572,251	25.8	554,989	28.5	2,395,953	58.9	2,469,100	63.5
IPCA	172,415	7.8	160,710	8.3	172,415	4.2	160,710	4.1
Not indexed	20,684	0.9	16,966	0.9	45,214	1.1	49,763	1.3
	765,350	**34.5**	**732,665**	**37.7**	**2,613,582**	**64.3**	**2,679,573**	**68.9**
Foreign currency								
U.S. dollar – with hedge for CDI	1,452,176	65.5	1,209,833	62.3	1,452,176	35.7	1,209,833	31.1
	1,452,176	**65.5**	**1,209,833**	**62.3**	**1,452,176**	**35.7**	**1,209,833**	**31.1**
Loans and financing	**2,217,526**	**100.0**	**1,942,498**	**100.0**	**4,065,758**	**100.0**	**3,889,406**	**100.0**

Loans in U.S. dollars are fully hedged against exchange variation through swap-to-CDI operations.

e) Interest rates and foreign currency variation

	2015	2014
TJLP	6.3%	5.0%
CDI	13.3%	10.8%
IPCA	10.7%	6.4%
U.S. dollar	47.5%	13.4%
Euro	33.1%	0.02%

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

	Parent Company	Consolidated
2017	122,431	277,305
2018	122,647	272,635
2019	122,647	271,092
2020	103,086	249,000
2021	75,700	216,364
2022 to 2026	118,011	745,851
2027 to 2029	-	321,021
Loans and financing	**664,522**	**2,353,268**

g) Main contracted loan conditions

		Payment Conditions		
Company/Bank	**Interest**	**Maturity**	**Principal and interest**	**Balance at 12.31.2015**
Parent Company:				
Local currency				
BNDES – Modernization	TJLP + 2.26% p.a. [a]	7.2020	Principal: Monthly, after 8.2016 Interest: Quarterly through 8.2016 and then monthly	190,897
Nordic Investment Bank	IPCA + 3.55% p.a.	10.2022	Principal: Monthly Interest: Quarterly	172,415
BNDES – Usina São Salvador	TJLP + 2.7% p.a. [a]	10.2023	Monthly	126,283
BNDES Onlending (Banks) [b]	TJLP + 3.25% p.a. [a]	10.2023	Monthly	255,071
Finame Onlending (Banks)	2.91% p.a.	1.2023	Monthly	20,684
Foreign currency (U.S. dollar)				
HSBC USA II	1.4294% p.a. with swap for 97% of CDI	8.2015	Principal: 3.2016 Interest: Quarterly	386,576
HSBC USA III	1.7871% p.a. with swap for 99% of CDI	3.2016	Principal: 10.2016 Interest: Quarterly	307,017
HSBC USA IV	1.8104% p.a. with swap for 98.6% of CDI	10.2016	Principal: 12.2016 Interest: Quarterly	190,564
HSBC USA V	1.8471% p.a. with swap for 97% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	38,233
Mizuho Bank	1.7260% p.a. with swap for 96.02% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	341,470
Bank of Tokyo	114.2857% Libor + 0.5486% p.a. with swap for 98% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	188,316
Subsidiaries:				
Hidropower - Banco do Brasil	8.08% p.a.	10.2017	Monthly	7,271
Companhia Energética Estreito				
BNDES – Social Credit	TJLP	6.2018	Monthly	13,798
BNDES	TJLP + 1.89% p.a. [a]	9.2029	Monthly	735,579
BNDES Onlending (Banks) [b]	TJLP + 2.95% p.a. [a]	9.2029	Monthly	499,452
Ibitiúva				
BNDES (Subcredit B)	4.5% p.a.	1.2020	Monthly	17,259
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. [a]	1.2021	Monthly	18,269
Ferrari				
BNDES	TJLP + 1.91% p.a. [a]	6.2021	Monthly	23,356
BNDES Expansion	TJLP + 1.76% p.a. [a]	7.2032	Principal: Monthly through 8.2016 Interest: Quarterly through 7.2016 and then monthly	43,652
Banks (BNDES Onlending) [b]	TJLP + 3.40% p.a. [a]	6.2021	Monthly	10,193
Beberibe – BNDES	TJLP + 3.5% p.a. [a]	12.2023	Monthly	74,223
Pedra do Sal – BNDES	TJLP + 1.92% p.a. [a]	12.2023	Monthly	49,762
Areia Branca – BNDES	TJLP + 2.5% p.a. [a]	6.2024	Monthly	40,536
Trairí Project [c] – BNDES	TJLP + 2.51% [a]	7.2029	Monthly	314,882

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

h) Guarantees

h.1) BNDES and Banks (BNDES onlending)

- Financing of hydroelectric projects: (a) pledge of rights deriving from concession; (b) pledge of credit rights deriving from electrical energy purchase and sale contracts; (c) reserve account at amount equivalent to three months of debt service; (d) reserve account at amount equivalent to three months of operating and maintenance contract expenses applicable to plants that contract third parties' services to execute these activities; and (e) security deposit for total shares.

In addition to these guarantees, in the contract with CEE, there is the guarantee for the pledge of dividends to be paid by Tractebel Energia to its parent company, ENGIE.

- Modernization: fiduciary assignment of revenues arising from Agreements for Energy Sale in the Regulated Environment - CCEAR

- Financing of Usina São Salvador: bank guarantee for the BNDES portion and bank account concentrating receivables for Banks (BNDES Onlending).

- Financing of Small Hydroelectric (SHPP), Biomass and Wind Farm Projects: (a) pledge of assets and equipment, (b) total shares representing subsidiaries' capital; (c) receivables and reserve account; and (d) Tractebel Energia corporate collateral signature.

h.2) Banco do Brasil

- Financing of SHPP projects: (a) total shares representing capital; (b) receivables and reserve account; and (c) Tractebel Energia corporate collateral signature.

i) Contract commitments (covenants)

Debt	Covenants
Parent company	
Nordic Investment Bank	Parent company: Total debt / EBITDA ≤ 3.5 Consolidated: Total debt / EBITDA ≤ 4.5 Parent company and Consolidated: EBITDA / financial expenses ≥ 2.0
BNDES – Modernization	Net Debt/EBITDA ≤ 3.5
BNDES and Banks (BNDES onlending) – Usina São Salvador	Consolidated gross debt/EBITDA ≤ 4.5
HSBC USA, Mizuho Bank and Bank of Tokyo	EBITDA/consolidated financial expenses≥ 2.0 Consolidated gross debt/EBITDA ≤ 4.5
Subsidiaries	
BNDES and Banks (BNDES onlending)	Debt service coverage ratio[21] ≥ 1.2 or 1.3, depending on the subsidiary
BNDES Expansion	Net Debt/EBITDA ≤ 3.5
BNDES - Ibitiúva	Total debt ratio ≤ 0.80 Debt service coverage ratio ≥ 1.3

The financial commitments established in the loan and financing agreements are being fulfilled by the Company.

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

18 - DEBENTURES

a) Changes in debentures

	Parent company and Consolidated		
	Current	Non-current	Total
Balance at 1.1.2014	**174,072**	**-**	**174,072**
Additions	-	162,444	162,444
Interest income (expense)	4,863	-	4,863
Monetary variation gain (loss)	6,101	440	6,541
Principal amortization	(172,518)	-	(172,518)
Payment of interests	(12,076)	-	(12,076)
Balance at 12.31.2014	**442**	**162,884**	**163,326**
Interest income (expense)	1,972	-	1,972
Monetary variation gain (loss)	488	2,328	2,816
Capitalized interest and monetary variation	9,233	15,479	24,712
Transfers	(256)	256	-
Payment of interests	(11,390)	-	(11,390)
Balance at 12.31.2015	**489**	**180,947**	**181,436**

The balances of debentures maturing in the short term, totaling R$442 (R$489 on 12.31.2014) are recorded in the balance sheet as "Other current liabilities."

b) Main conditions contracted

			Payment Conditions		
	Quantity	Remuneration	Charges	Principal	Guarantee
5th Issuance - single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 annual installments as of 12.2022	Without guarantee

c) Contractual covenants

Debt	Covenants
5th Issuance - single series	EBITDA/consolidated financial expenses ≥ 2.0 Consolidated gross debt/EBITDA ≤ 4.5

The covenants are being fully complied with by the Company.

19 - CONCESSIONS PAYABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Cana Brava hydroelectric power plant	810,919	668,763	810,919	668,763
Ponte de Pedra hydroelectric power plant	704,492	588,631	704,492	588,631
São Salvador hydroelectric power plant	505,170	462,711	505,170	462,711
Estreito hydroelectric power plant	-	-	49,971	45,667
	2,020,581	**1,720,105**	**2,070,552**	**1,765,772**
Classification in the balance sheet				
Current liabilities	55,388	50,458	60,572	55,115
Non-current liabilities	1,965,193	1,669,647	2,009,980	1,710,657
	2,020,581	**1,720,105**	**2,070,552**	**1,765,772**

The Company has onerous concession agreements with the Federal Government to Use the Public Asset (UBP) to generate electrical energy in the Cana Brava, Ponte de Pedra, São Salvador and Estreito power plants. The features of the businesses and the agreements show the condition and the intention of the parties to execute them in full.

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, namely: Cana Brava plant, São Salvador and Estreito of 10% p.a. and 8.3% p.a. to Ponte de Pedra.

b) Original contracted amounts

Original amount, adjusted at annual IGP-M (Cana Brava and Ponte de Pedra) and IPCA (Estreito and São Salvador) variation are paid in monthly installments equivalent to 1/12 of respective annual amount, as follows:

	Original value		Restated amount	
Plants and payment years	Annual Payment	Total payment	Annual Payment	Total payment
Cana Brava hydroelectric plant				
Until 7.31.2023	680	5,270	2,725	21,826
From 8.1.2023 to 7.31.2033	61,280	612,800	255,343	2,553,435
		618,070		**2,575,261**
Ponte de Pedra hydroelectric plant				
Until 9.30.2019	200	750	709	2,733
From 10.1.2019 to 9.30.2020	16,200	16,200	59,604	59,604
From 10.1.2020 to 9.30.2034	31,109	435,531	114,459	1,602,430
		452,481		**1,664,767**
São Salvador hydroelectric plant				
Until 4.30.2037	20,000	**428,333**	54,413	**1,191,924**
Estreito hydroelectric plant				
Until 12.31.2037	1,960	**43,288**	5,439	**119,908**

c) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 1.1.2014	**47,397**	**1,504,431**	**1,551,828**	**51,763**	**1,543,406**	**1,595,169**
Interest	-	147,944	147,944	-	152,229	152,229
Monetary variations	-	70,463	70,463	-	73,268	73,268
Transfers	53,191	(53,191)	-	58,246	(58,246)	-
Amortizations	(50,130)	-	(50,130)	(54,894)	-	(54,894)
Balance at 12.31.2014	**50,458**	**1,669,647**	**1,720,105**	**55,115**	**1,710,657**	**1,765,772**
Interest	-	167,963	167,963	-	172,576	172,576
Monetary variations	-	186,365	186,365	-	191,210	191,210
Transfers	58,782	(58,782)	-	64,463	(64,463)	-
Amortizations	(53,852)	-	(53,852)	(59,006)	-	(59,006)
Balance at 12.31.2015	**55,388**	**1,965,193**	**2,020,581**	**60,572**	**2,009,980**	**2,070,552**

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

	Parent company	Consolidated
2017	51,215	55,918
2018	46,569	50,845
2019	53,119	57,007
2020	88,783	92,316
2021	108,181	111,393
2022 to 2026	778,571	790,747
2027 to 2031	627,618	635,174
2032 to 2037	211,137	216,580
	1,965,193	**2,009,980**

20 - INCOME AND SOCIAL CONTRIBUTION TAXES PAYABLE

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Income tax	46,465	159,595	57,600	183,791
Social Contribution	1,617	40,807	7,385	45,717
	48,082	**200,402**	**64,985**	**229,508**
(-) Taxes recoverable	(46,512)	(667)	(47,186)	(1,044)
	1,570	**199,735**	**17,799**	**228,464**

As of the third quarter of 2015, the Company started to opt for paying its income and social contribution taxes based on the monthly balance sheet to determine the suspension or reduction of tax payments, which resulted in lower payment than the calculation based on estimates, through gross revenue.

21 - OTHER TAX AND REGULATORY OBLIGATIONS

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
PIS and Cofins	36,934	9,140	42,830	12,805
INSS	5,455	4,404	6,236	4,966
ICMS	3,815	3,800	22,348	19,736
ISSQN[22]	1,021	950	1,479	1,381
Royalties [23]	32,829	27,912	37,117	32,321
Inspection fee	1,065	866	1,307	1,159
Other	2,710	1,897	2,821	1,910
	83,829	**48,969**	**114,138**	**74,278**
(-) Federal and state taxes recoverable	(15,833)	(6,900)	(16,473)	(7,293)
	67,996	**42,069**	**97,665**	**66,985**

22 - PROVISION FOR REMUNERATIONS AND CHARGES

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Provision for profit sharing and bonuses	54,701	47,063	54,701	47,063
Provision for vacation	24,607	21,570	25,255	21,900
Provision for voluntary termination expenses	21,734	2,426	21,734	2,426
Others	1,301	520	1,302	520
	102,343	**71,579**	**102,992**	**71,909**

To supplement fixed salary payment, the Company maintains a variable remuneration system, of annual periodicity, comprised of two programs: (i) Profit Sharing Program – applicable to all employees of the Company and linked to results obtained; and (ii) Manager Bonus Program – applicable to all employees classified as managers and linked to the results in their areas and individual performance.

The Company also maintains provision for voluntary layoff expenses, concerning employees, including members of the management, who joined the Voluntary Layoff Program (PDV), reopened in 2013, and will quit in 2016.

23 - CIVIL, TAX AND LABOR PROVISIONS

Suits and claims filed against the Company that, according to the legal counsels and Management, have probable risks of future disbursement, are provisioned in amounts considered sufficient to settle the respective liabilities.

[22] Taxes on services of any nature.

[23] Financial compensation for the use of water resources.

a) Breakdown

	Parent Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Civil				
Fuel purchase	184,956	89,338	184,956	89,338
Expropriations and administrative servitude	27,794	30,147	27,794	30,147
Contract with supplier	2,334	28,317	2,334	28,317
Retirement benefits	15,573	13,427	15,573	13,427
Environmental	11,448	10,964	11,448	10,964
Sundry lawsuits	11,834	11,220	15,345	13,689
	253,939	**183,413**	**257,450**	**185,882**
Tax	**4,847**	**4,347**	**5,142**	**5,061**
Labor	**9,389**	**10,880**	**10,008**	**11,529**
	268,175	**198,640**	**272,600**	**202,472**
Classification in the balance sheet				
Current liabilities	24,761	13,957	25,727	15,046
Non-current liabilities	243,414	184,683	246,873	187,426
	268,175	**198,640**	**272,600**	**202,472**

a.1) Fuel purchase

Provision related to a legal dispute with a fuel supplier resulting from the controversy regarding the application of the laws in force to define the price of fuel. The Company adopted a conservative stance and classified the lawsuit as having a probable risk of loss, considering that: (i) the claim is still in its initial stages of discussion, (ii) the award of the claim has not yet been judged in lower courts, and (iii) there is no previous jurisprudence for similar claims. The provisioned amount corresponds to the expected net disbursement of funds by the Company in the event of an adverse outcome in said legal dispute.

a.2) Expropriations and administrative servitudes

The Company is defendant in lawsuits filed by individuals and legal persons regarding expropriation processes of areas that were impacted by the reservoirs of some plants and establishment of administrative services of properties where connection lines and wind farms will be constructed.

a.3) Contract with supplier

Claim for indemnity filed by a former energy supplier seeking to obtain the right to receive the difference related to the application of a foreign exchange adjustment foreseen in the agreement, and its termination due to a supposed breach of a contractual clause.

In favor of the Company, a court ruled against the suit filed by the plaintiff, which opposed this decision through a motion for resettlement, which was not admitted, and filed an appeal with the Court of Appeals of Santa Catarina (TJSC), where it currently awaits the appointment of the judge-rapporteur.

In the fourth quarter of 2015, the Management reversed the provision that was until then recorded due to the expectations of favorable outcome, corroborated by the evaluation of its legal counsel, which deemed the probability of loss as possible.

a.4) Retirement benefit

The provision refers, substantially, to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (ELOS) and Eletrosul Centrais Elétricas S.A. (Eletrosul) by members of the foundation, requiring that the option they exercised be declared as null or, alternatively, as ineffective, in order to limit contributions to the foundation to contribution salaries, which reduced their retirement benefits.

Lower court decision, confirmed by TJSC, is against Eletrosul and ELOS interest. In 2011, the Company signed agreements with most plaintiffs.

a.5) Environmental

The Company is currently the defendant in sixteen environmental public-interest civil actions. These lawsuits are divided as follows: (i) three lawsuits requiring the installation of a lock, fish ladder and "lair out"; (ii) eight lawsuits requiring reforesting and the establishment of a Permanent Conservation Area (APP) of one hundred meters around the reservoirs of two hydroelectric power plants; and (iii) other lawsuits related to alleged damage caused by the filling of a plant's reservoir, disposal of ashes by in allegedly inadequate areas, influence of the plant's operation in a river, construction of a wind farm and the process of environmental licensing of two Small Hydroelectric Power Plants (SHPP).

a.6) Labor lawsuits

Refer to lawsuits in progress filed by former employees, unions or outsourced workers and related mainly to employment relationship, FGTS, overtime, pension plans supplement and sundry indemnities.

b) Change in provisions

	Parent company			
	Civil	**Tax**	**Labor**	**Total**
Balance at 1.1.2014	**161,508**	**20,805**	**9,646**	**191,959**
Additions	100,945	557	1,920	103,422
Restatements	19,537	1,113	802	21,452
Payments	(4,805)	(10,814)	(208)	(15,827)
Reversals from revision	(93,772)	(7,314)	(1,280)	(102,366)
Balance at 12.31.2014	**183,413**	**4,347**	**10,880**	**198,640**
Additions	65,950	1,841	225	68,016
Restatements	11,978	202	960	13,140
Payments	(6,220)	(1,418)	(1,314)	(8,952)
Reversal from revision	(1,182)	(125)	(1,362)	(2,669)
Balance at 12.31.2015	**253,939**	**4,847**	**9,389**	**268,175**

	Consolidated			
	Tax	Civil	Labor	Total
Balance at 1.1.2014	**163,663**	**21,395**	**9,914**	**194,972**
Additions	101,409	560	3,209	105,178
Restatements	19,771	1,237	807	21,815
Payments	(4,934)	(10,817)	(241)	(15,992)
Reversals from revision	(94,027)	(7,314)	(2,160)	(103,501)
Balance at 12.31.2014	**185,882**	**5,061**	**11,529**	**202,472**
Additions	67,107	1,841	377	69,325
Restatements	12,296	314	961	13,571
Payments	(6,260)	(1,419)	(1,415)	(9,094)
Reversal from revision	(1,575)	(655)	(1,444)	(3,674)
Balance at 12.31.2015	**257,450**	**5,142**	**10,008**	**272,600**

c) Possible and remote risks

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

	12.31.2015			12.31.2014		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Parent Company						
Tax	239,648	111,891	351,539	230,001	100,803	330,804
Civil	40,322	113,764	154,086	18,355	94,160	112,515
Labor	3,789	63,780	67,569	5,690	28,857	34,547
	283,759	**289,435**	**573,194**	**254,046**	**223,820**	**477,866**
Consolidated						
Tax	313,784	130,461	444,245	297,505	111,838	409,343
Civil	94,236	115,122	209,358	41,827	95,326	137,153
Labor	9,364	64,795	74,159	6,787	28,857	35,644
	417,384	**310,378**	**727,762**	**346,119**	**236,021**	**582,140**

c.1) Tax risks

The main tax-related risks evaluated by the Company and its legal counsel as having a possible risk are the following:

- Voluntary confession

The Brazilian National Tax Code (CTN) contains a mechanism that allows the payment of overdue taxes without the application of a late payment penalty, through "voluntary confession", since it is made before any administrative procedure or inspection measure. It so happens that the Internal Revenue Service of Brazil (RFB) has not been accepting payments after the deadline without the corresponding late payment penalty.

To guarantee its legal right, the Company submits administrative, and when necessary, legal challenges.

On 5.18.2012, RFB notified administratively TBLE of a Final Court Decision rendered by the Administrative Council of Tax Appeals (CARF), conferring a favorable decision for the Company, by unanimous vote, and it also obtained judicially a favorable decision in a process amounting to R$ 140.

However, in 2015 three administrative procedures totaling R$13,187 resulted in unfavorable decisions for the Company. Since all appeals in the administrative sphere have been exhausted, the Company filed lawsuits in December 2015, which are pending judgment.

The restated amount of the processes whose risk of loss is deemed as possible at 12.31.2015 is R$ 58,481 (R$ 61,153 at 12.31.2014), for the parent company and consolidated.

- Value-Added Tax on Operations of Sale, Interstate and Intermunicipal Transport Services and Communication Services (ICMS)

The Company and its subsidiary TBLC were notified by the São Paulo State Revenue Office, claiming that the invoices of electrical energy sold to free consumers are issued in the month following the taxable event. The tax authority understands that this practice postpones for one month the collection of the tax due to the state.

The measurement of the electrical energy used by the client is carried out by the distribution company to which the client is connected. After, the distribution company then sends this information to the CCEE, an entity responsible for adjusting said measurements, allowing for the recording of the electrical energy sold by the agent

The measurement is completed by the eighth day of the month following the supply, so only after the consumption measured by the distributor is made available, the consumed energy can be billed to the client.

As a result, the procedure adopted by the Company and by TBLC would be deemed compliant with the usual practices of the Brazilian Power Sector, against the interpretation of the tax authorities of the state of São Paulo.

Regarding administrative proceedings, TBLC did not obtain a favorable decision in the lower court judgment, and after an appeal was filed with the Court of Taxes and Fees, the amount and fine were reduced in one of the notices, and the amounts originally attributed to the other were maintained. After this decision, TBLC filed a request for rectification and acceptance of Special Appeal for the two proceedings. The permission was denied for both proceedings and the Appeal rejected.

TBLC then filed a lawsuit, which even provided court guarantees through bank suretyship, and injunctions were granted. The lower court ruling decided on reducing the fine from 150% to 80%, against which an appeal was filed by the Company and the São Paulo Finance Department (FESP), which were submitted to the Chamber of Public Law of the São Paulo Court of Justice (TJSP), and a unanimous decision was made on 5.20.2015 to accept the appeal of TBLC, deny the necessary reexamination and deny the appeal of FESP, thereby reversing the judgment, and determining the full cancelation of the tax debit under one of the Deficiency and Fine Notices (AIIM). FESP may still appeal against the decision, although it has not done so until now.

There are two lawsuits against TBLE, and in one of them the amount and fine were reduced, but the State of São Paulo Finance Department appealed against the reduction. In view of this situation, the Company filed a request to rectify the court decision and a special appeal to obtain a fully favorable decision on the canceling of enrollments described in the notice, which was denied on 9.4.2014, thereby ending the claim at the administrative sphere. The partial favorable decision of administrative defenses led to the reduction of infraction notices by R$ 11,016. The administrative proceeding was returned to the original court, and TBLE was notified to pay, under penalty of registering the debt as an Overdue Tax Liability, and an Action for Annulment was filed in December 2014.

Despite the partial success of the Company's defenses, the Company's Management and legal counsels understand that the total amounts of debits claimed by tax authorities are subject to calculation mistakes and legal grounds, where the chance of success for these disputes is higher than the risk of losses.

The aforementioned assessment notices are being challenged in court by the Company and its lawyers. The restated amount of the proceedings, assessed as having possible risk of loss, at 12.31.2015 is R$ 14,801 (R$ 14,143 at 12.31.2014), in the parent company, and R$ 89,727 (R$ 47,110 at 12.31.2014) in the consolidated.

Even if the tax deficiency notices are partially upheld, the Company's management and legal counsel understand that the contingent amount would be less than 10% of the abovementioned value that charged by the tax authorities, who adopted calculation criteria not supported by law, and therefore the aforementioned amount would be substantially reduced.

- Compensation of tax loss carryforwards in the succession and waiver of fines in voluntary confession

The Company used social contribution tax loss carryforwards arising from the merger of a company on 4.29.1998, or after the amendment to the tax legislation introduced in 2001, prohibiting the use of tax loss carryforwards from mergers, consolidations or spin-offs of companies.

As the merger took place before said Provisional Measure (MP) prohibited the use of taxes, when it was still possible to use the social contribution tax loss carryforwards from the former company, the Company understands that the new rule does not apply to the merger brought in effect. The amounts were added to its equity, as successor company, ensuring the right to use said amounts. Such arguments were accepted by the Florianópolis Judgment Office.

Furthermore, tax authorities demanded the payment of taxes settled in arrears by the Company, with no fine levied, by compensating existing tax credit payment as provided for in the charter of voluntary confession set forth in Article 138 of the National Tax Code (CTN). Regarding this claim, before any administrative procedure or enforcement measure, the Company understands that said situation complies with the charter of voluntary confession set forth in Article 138 of CTN. However, said understanding was not accepted by the Judgment Office of Florianópolis.

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, regarding the portion of the tax deficiency notice regarding the use of the social contribution tax loss carryforwards in the calendar year 2003, originated from a merger.

The lawsuit is pending decision of the Administrative Council of Tax Appeals (CARF), issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of interest in arrears. The restated amount of this notice, whose risk of loss was deemed as possible, at 12.31.2015 is R$ 33,812 (R$ 32,130 at 12.31.2014) for the parent company and consolidated.

- Recovery of PIS and Cofins taxes

In 1998, Law 9,718/98 was published, extending the PIS and Cofins calculation basis that, so far, only levied on the companies' gross revenues.

The Company challenged in court the constitutionality of said Law, obtaining a favorable decision on 9.1.2006, which enabled its settling the contributions, calculated on several revenues resulting from the gross revenues for the period assessed from February of 1999 to November of 2002, for PIS, and February of 1999 to January of 2004, for Cofins.

The main amount included in the calculation base of PIS and Cofins, which is the subject of the dispute, regards the accounting caption named Fuel Consumption Account (CCC), which aims to register the consumption of fossil fuel acquired with funds from the Fuel Consumption Account (CCC).

Fossil fuels used for thermal energy generation are acquired with funds from the CCC, managed by Eletrobras, and therefore do not represent any burden for the generation companies.

The system of accounting set forth in the Electricity Sector Accounting Manual (MSCE) established that the consumption of said fuels should be recognized as operating cost with offset in Revenue from the CCC Subsidy.

After determining that the accounting method was inadequate, since the fuel did not represent burden for the generation companies and therefore should not be recognized as cost, and, concomitantly, as revenue, Aneel amended the MSCE so that, as from fiscal year 2006, it would reflect the offset in a rectifying account of operating costs and no longer as revenue. This change is strongly grounded on the Technical Notes issued by Aneel.

As a result of the recognition, by Aneel, that the accounting procedure adopted until then was inadequate and, thus, the calculation base of PIS and Cofins taxes contained amounts that did not have the characteristics of revenue, the Company also offset the amounts overpaid during 2004 and 2005.

In 2009, the Brazilian Federal Revenue Service (RFB) notified the Company to collect the amount of R$ 135,982 referred to the period from February of 1999 to January of 2004, interest and fines already included, pleading that the CCC Subsidy represents a billing and, thus must be included in the calculation basis of PIS and Cofins for the mentioned period, and therefore the offset was inappropriate. The Company submitted its Appeal on 3.31.2009. The contingency was being assessed as having remote risk of loss until its final and unappealable judgment, as described next.

On 6.23.2014, RFB informed the parties of the appellate decision published on 4.30.2014 by the Office of the Federal Revenue Service of Brazil in Florianópolis, which upheld the Appeal filed by the Company, recognizing the receivables discussed in the records and fully ratifying the compensations, which resulted in the complete extinction of the debts and dismissal of the claim. In view of the decision, the records that had been stated as having remote risk of loss, whose amount restated through 6.23.2014 was R$ 160,330 in the parent company and consolidated, are no longer presented in the notes to the financial statements.

In relation to the period from February 2004 to December 2005, the RFB issued 44 tax deficiency notices, which correspond to a portion of the offset amount, alleging that, regardless of the change to the MSCE by Aneel, the consumption of fossil fuel under the CCC is revenue by nature.

The Company submitted a statement of discontentment with all proceedings, which was deemed invalid by the respective authorities. Consequently, the Company filed voluntary appeal against the decisions.

Of the 44 proceedings sent to CARF, only one was favorable for the Company, by unanimous vote, which annulled the Decision Order amounting to R$117. Of the 43 proceedings remaining at CARF and with the Upper Chamber of Tax Appeals (CSRF), 11 were decided, totaling R$7,570, with an unfavorable ruling against the Company. After this decision, the Management of TBLE filed a request for analysis of Special Appeal at CSRF, which was also denied.

In light of the decisions, the Company reclassified the risk on the proceedings from remote to possible.

Due to the final and unappealable denial of the Special Appeals in the administrative sphere, on 11.18.2015 the Company filed a suit for the declaration of non-existence of tax–legal relationship against the National Treasury, relating to the 11 tax liabilities constituted by the Federal Revenue Service (RFB), as a result of the non-ratification of offset of PIS and Cofins taxes paid in excess. On 12.31.2015, the amount relating to the proceedings totaled R$7,562 and is awaiting the judge's decision.

The proceedings pending judgment in the administrative and legal spheres totaled R$117,901 on 12.31.2015 (R$110,757 on 12.31.2014).

With regard to the second period, in which the merit is associated with the non-characterization of the accounting entry as revenue, given the adverse ruling to the Company, maintained the proceedings classified as having possible risk of loss and reclassified 14 proceedings previously assessed as remote risk to possible risk of loss, totaling R$ 73,928.

24 - RETIREMENT BENEFITS OBLIGATIONS

The Company offers complementary pension plans for its employees through PREVIG - Sociedade de Previdência Complementar. PREVIG is a nonprofit closed pension entity, sponsored by the Company, as its Founder, and by other ENGIE companies in Brazil. The benefit plans managed by PREVIG are: Defined Contribution (CD) and Defined Benefit (BD), the latter closed for new adhesions.

The Company also sponsors the BD plan of ELOS, also closed for new adhesions. The participants in this plan are mainly retirees that were entitled to benefits until 12.23.1997, the date of spin-off of Eletrosul, as well as participants that opted for the proportional benefit deferred until that date, who did not migrate to PREVIG. The plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

BD plan uses the financial system for capitalization of retirements, pension plans and aid benefits. Benefit plan costs are covered by contributions made by members and sponsor, and the Company's contribution is twice the contribution of its employees. Benefits provided for in the plan are as follows: (i) retirement per length of work, disability and age supplement; (ii) special retirement and former combatant retirement supplement; (iii) pension supplement; (iv) inmate pension supplement; (v) annual bonus; and (vi) funeral allowance.

Currently, at PREVIG, this plan has 62 active members at 12.31.2015 (68 at 12.31.2014), of whom 19 are in the BD plan and 43 in the BSPS plan (as described below). At ELOS, this plan has 3 members at 12.31.2015 (4 at 12.31.2014).

At 12.31.2015, PREVIG had 475 (470 at 12.31.2014) retired employees and pension holders enjoying benefits, while ELOS had 2,121 (2,186 at 12.31.2014).

The administrative expenses of the foundations that are the Company's responsibility in 2015 and, at PREVIG and ELOS, they amounted to R$ 1,786 (R$ 1,526 in 2014) and R$ 2,620 (R$ 2,346 in 2014), respectively.

b) Settled Proportional Supplementary Benefit Plan (BSPS)

The Company also maintains a defined contribution plan (CD) at PREVIG, denominated "Prevflex", created in 2005. Tractebel Energia employees, on the date of creation, could choose to remain in the defined benefit (BD) plan or to transfer to Prevflex (CD).

However, members that comply with some pre-conditions established upon Prevflex creation had the option of maintaining existing reserves in the BD plan up to that date and, from then on, making direct contributions to the CD plan. This plan was called "BSPS", and is closed for new membership. However, in case they chose to transfer their reserves directly to the CD plan, they were entitled to a special contribution, which was accepted by 94% of members.

c) Breakdown of obligations with retirement benefits

	Parent Company and Consolidated					
	12.31.2015			12.31.2014		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	7,423	85,491	92,914	6,357	83,344	89,701
Current contributions and service costs	220	130	350	175	257	432
Uncontracted deficit	14,546	169,931	184,477	42,267	150,518	192,785
Recorded actuarial liability	**22,189**	**255,552**	**277,741**	**48,799**	**234,119**	**282,918**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

Contracted debts are adjusted at the National Consumer Price Index (INPC), and also interest of 6% p.a. is levied on them. Contracted amounts presented in non-current liabilities are expected to be settled as follows:

	ELOS	PREVIG	Total
2017	4,877	2,536	7,413
2018	5,170	2,688	7,858
2019	5,480	2,849	8,329
2020	5,809	3,020	8,829
2021	6,157	3,201	9,358
2022 to 2026	25,098	3,502	28,600
2027 to 2032	15,104	-	15,104
	67,695	**17,796**	**85,491**

d) Statement of retirement benefit obligations, net

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
12.31.2014					
Present value of obligations	1,172,384	280,076	49,278	2,555	1,504,293
Fair value of assets	(911,897)	(271,675)	(56,286)	-	(1,239,858)
Actuarial Evaluation	**260,487**	**8,401**	**(7,008)**	**2,555**	**264,435**
Complement with contracted obligations	-	9,947	8,536	-	18,483
Liability recorded at 12.31.2014	**260,487**	**18,348**	**1,528**	**2,555**	**282,918**
12.31.2015					
Present value of obligations	1,087,803	264,082	46,762	2,704	1,401,351
Fair value of assets	(832,802)	(264,176)	(56,450)	-	(1,153,428)
Actuarial Evaluation	**255,001**	**(94)**	**(9,688)**	**2,704**	**247,923**
Complement with contracted obligations	-	18,610	11,208	-	29,818
Liability recorded at 12.31.2015	**255,001**	**18,516**	**1,520**	**2,704**	**277,741**

e) Breakdown of plan assets per investment nature, as of 12.31.2015

	Plans		
	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	85.7%	97.6%	100%
Equity income	7.6%	0.6%	-
Loans	3.2%	1.8%	-
Real estate	2.8%	-	-
Other	0.7%	-	-
	100.0%	**100.0%**	**100.0%**
Change in assets' market value	2.0%	5.1%	4.2%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

f) Changes in actuarial liabilities

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities at 1.1.2014	**210,026**	**5,847**	**-**	**2,646**	**218,519**
Current contribution and cost of service	(2,891)	(1,350)	(8)	(171)	(4,420)
Payment of contracted obligations	(25,605)	(3,113)	(300)	-	(29,018)
Interest on actuarial liabilities/assets, net	26,778	957	(31)	249	27,953
Losses (Gains) from remeasuring liabilities, net					
Adjustment by experience	13,211	2,935	(950)	(234)	14,962
Changes in financial assumptions	75,556	21,596	3,417	65	100,634
Return on asset lower than the rate of discount	(36,588)	(18,471)	(5,729)	-	(60,788)
Changes to the limits of surplus and deficit	-	9,947	5,129	-	15,076
	52,179	**16,007**	**1,867**	**(169)**	**69,884**
Liabilities recorded on 12.31.2014	**260,487**	**18,348**	**1,528**	**2,555**	**282,918**
Current contribution and cost of service	(478)	(1,316)	(8)	(235)	(2,037)
Payment of contracted obligations	(8,299)	(3,085)	(279)	-	(11,663)
Interest on actuarial liabilities/assets, net	27,468	1,690	145	233	29,536
Losses (Gains) from remeasuring liabilities, net					
Adjustment by experience	44,911	4,065	(763)	276	48,489
Changes in financial assumptions	(135,499)	(28,297)	(4,859)	(125)	(168,780)
Return on asset higher than the rate of discount	66,411	19,587	4,063	-	90,061
Changes to the limits of surplus and deficit	-	7,524	1,693	-	9,217
	(24,177)	**2,879**	**134**	**151**	**(21,013)**
Liabilities recorded on 12.31.2015	**255,001**	**18,516**	**1,520**	**2,704**	**277,741**

g) Net expenses to be recognized as profit or loss over the course of 2016

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Interest on liabilities, net of assets	34,034	1,968	166	263	36,431
Current cost of service and others	-	(17)	-	8	(9)
Net expenses	**34,034**	**1,951**	**166**	**271**	**36,422**

h) Actuarial assumptions adopted

Assumptions	12.31.2015	12.31.2014
Rate of discount and of implicit return (p.a.)		
Benefit plans BD (ELOS)	12.7%	11.4%
Benefit plans BD (PREVIG)	12.2%	11.4%
Benefit plans BSPS	12.2%	11.5%
Inflation	5.0%	5.4%
Future salary growth (p.a.)	5.0%	5.4%
Benefit growth (p.a.)	5.0%	5.4%
Capacity factor (Wages and Benefits)	100.0%	100.0%

Hypothesis	12.31.2015 and 12.31.2014
Mortality Table (assets)	
BD Elos Plan	AT 2000 Basic (by gender)
BD and BSPS Previg Plan and Confidentiality	AT-2000 Men (at 10%)
Mortality Table of Disabled	AT-1983 Men
Table of Start of Disability	Light Average
Turnover Table	Null
% of married assets at the time of retirement	90
Age of Retirement	First date to comply with all requirements
Age difference between participant and spouse	Wives are 4 years younger than husbands
Conversion factor for special retirement in time of service (SB-40)	140%
Participants electing SB-40	100%

i) Sensitivity analysis prepared by actuaries

	Plans			
	ELOS BD	PREVIG BD	PREVIG BSPS	GC
Effect in the present value of obligations				
Increase of 0.1 p.p. in the discount rate	(8,533)	(2,236)	(428)	(8)
Reduction of 0.1 p.p. in the discount rate	8,533	2,270	434	9

j) Confidentiality bonus benefit

Refers to the payment of remuneration to manager-level employees upon the termination of their employment.

k) Defined Contribution Plan (CD)

In addition to the defined benefit plan, PREVIG manages the defined contribution plan whose benefits are supported by contributions of participants and the sponsoring entity. The Company's contribution corresponds to the same amount of its employees' basic contribution. Administrative expenses that are the Company's responsibility in fiscal year 2015 amounted to R$ 2,729 (R$ 2,733 in 2014).

25 - DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

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

a) Breakdown

Description of credits	Parent company				
	12.31.2015				12.31.2014
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	720,524	180,131	64,847	244,978	266,990
Unrealized hedge gains	528,395	132,099	47,556	179,655	26,471
Accelerated depreciation	493,092	123,273	44,378	167,651	95,666
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Capitalized financial charges	50,643	12,661	4,558	17,219	5,693
Adjustment to fair value in business combination	41,335	10,334	3,720	14,054	14,806
Other	2,311	578	208	786	333
		485,940	**174,938**	**660,878**	**446,494**
Assets:					
Tax, social security, labor and civil provisions	260,273	65,068	23,425	88,493	64,844
Retirement benefits obligations	184,794	46,199	16,631	62,830	65,686
Allowance for doubtful accounts	129,192	32,298	11,627	43,925	43,925
Fair value adjustment in business combinations	102,609	25,652	9,235	34,887	31,790
Interest on property, plant and equipment in progress (RIC)	91,541	22,885	-	22,885	26,524
Provision for impairment losses	60,074	15,019	5,407	20,426	20,978
Provision for PDV and management bonus	34,594	8,649	3,113	11,762	8,608
Other	19,000	4,750	1,710	6,460	6,627
Subtotal		**220,520**	**71,148**	**291,668**	**268,982**
Net total		**265,420**	**103,790**	**369,210**	**177,512**

Description of credits	Consolidated				
	12.31.2015				12.31.2014
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	720,524	180,131	64,847	244,978	266,990
Unrealized hedge gains	948,070	237,018	85,326	322,344	35,914
Accelerated depreciation	616,008	154,002	55,441	209,443	125,622
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Capitalized financial charges	83,388	20,847	7,505	28,352	5,693
Adjustment to fair value in business combination	41,335	10,334	3,720	14,054	14,806
Other	2,311	578	206	784	333
		629,774	**226,716**	**856,490**	**485,893**
Assets:					
Civil, tax and labor provisions	262,876	65,719	23,659	89,378	65,727
Retirement benefits obligations	184,794	46,199	16,631	62,830	65,686
Allowance for doubtful accounts	131,327	32,832	11,819	44,651	44,651
Fair value adjustment in business combinations	102,609	25,652	9,235	34,887	31,790
Interest on property, plant and equipment in progress (RIC)	91,541	22,885	-	22,885	26,524
Provision for impairment losses	60,074	15,019	5,407	20,426	20,978
Fair value adjustment of property, plant and equipment	38,581	9,645	3,472	13,117	14,036
Provision for PDV and management bonus	34,594	8,649	3,113	11,762	8,608
Other	37,436	9,359	3,427	12,786	11,266
		235,959	**76,763**	**312,722**	**289,266**
Net amount		**393,815**	**149,953**	**543,768**	**196,627**
Classification in the balance sheet					
Liabilities		404,888	153,938	558,826	212,507
Assets [24]		(11,073)	(3,985)	(15,058)	(15,880)
Total		**393,815**	**149,953**	**543,768**	**196,627**

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

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

	Parent company	Consolidated
Balance at 1.1.2014	**141,042**	**146,088**
Taxes deferred in profit or loss	60,231	64,858
Taxes deferred in other comprehensive income	(23,761)	(14,319)
Balance at 12.31.2014	**177,512**	**196,627**
Taxes deferred in profit or loss	184,553	206,943
Taxes deferred in other comprehensive income	7,145	140,198
Balance at 12.31.2015	**369,210**	**543,768**

c) Expected realization and required payments

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
2016	36,801	199,632	39,121	298,171
2017	80,290	19,965	83,100	57,410
2018	61,223	55,201	62,370	62,571
2019	15,082	22,452	16,066	23,009
2020	11,293	22,922	13,313	23,479
2021	11,326	25,636	12,293	26,193
2022 to 2026	36,897	138,279	44,863	154,122
2027 to 2031	14,335	88,743	17,175	104,586
After 2032	24,421	88,048	24,421	106,949
	291,668	**660,878**	**312,722**	**856,490**

26 - SHAREHOLDERS' EQUITY

a) Authorized capital stock

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

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in 2015 and 2014.

b) Subscribed and paid-in capital

As of 12.31.2015 and 12.31.2014, the Company's fully subscribed and paid-in capital is R$ 2,445,766, represented by 652,742,192 registered common shares without par value. The book value of the share in Reais, at 12.31.2015, is R$ 10.18 (R$ 8.66 for each share at 12.31.2014).

b.1) Company's ownership structure at 12.31.2015 and 12.31.2014:

Shareholders	% of capital
GDF SUEZ Energy Latin America Participações Ltda. (ENGIE LA)	68.71%
Banco Clássico S.A.	10.00%
Other shareholders	21.29%
	100.00%

As of 12.31.2015 and 12.31.2014, the number of Company shares held by its managers was 381,132 shares.

c) Capital reserves

Refers, substantially, to remuneration on capital applied to construction in progress, calculated at the rate of 10% p.a. from 1986 to 1998, according to an electrical sector specific law. This reserve may be used to absorb losses that exceed the profits reserve, and for incorporation to capital.

d) Profit reserves

d.1) Legal reserve

Of net income for the year, 5% are allocated, before any other destination, to establish the legal reserve, which will not exceed 20% of the Company's capital. Said reserve is intended to ensure capital integrity and may only be used to offset losses or increase capital.

d.2) Tax incentive reserves

This reserve is established by allocating the portion of net income that is equivalent to tax benefit granted by Amazon Region Development Authority (Sudam). This benefit corresponds to a 75% reduction in income tax calculated on earnings from exploration of activities developed by Ponte de Pedra and São Salvador hydroelectric plants.

d.3) Retained earnings reserve

This reserve was established based on capital budget and was intended to finance the implementation of new plants, maintenance of production plants and possible acquisition of interest in other companies.

At 12.31.2015, the Management of the Company is proposing the allocation of R$ 682,999 from retained earnings from 2015 to the retained earnings reserve. These funds will be allocated to investments in the Pampa Sul Thermoelectric Plan, the Santa Mônica wind farm, the Campo Largo wind power complex and the maintenance of the Company's production facilities.

e) Asset valuation adjustments

e.1) Deemed cost

As provided for in accounting practices, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 1.1.2009. Contra entry to said adjustment, net of deferred income tax and social contribution, was recognized under caption "Equity evaluation adjustments", in shareholders' equity. Realization of this reserve is recorded as a contra entry to account "Accumulated earnings" to the extent that depreciation or write-off of property, plant and equipment fair value adjustment is recognized in the Company's profit or loss.

e.2) Other comprehensive income

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

f) Non-controlling interest

Refers to 5% shareholding held by third parties in the capital of indirect subsidiary Ibitiúva.

27 - DIVIDENDS AND INTEREST ON EQUITY

a) Calculation

	12.31.2015	12.31.2014
Adjusted dividend calculation basis		
Net income for the year	1,500,392	1,382,368
Tax incentive reserve	(22,891)	(11,679)
Realization of deemed cost of property, plant and equipment in retained earnings	40,274	38,756
Net income for the year adjusted for dividends purposes	**1,517,775**	**1,409,445**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	311,277	380,114
Interest on equity, net of withholding income tax	267,876	190,357
Additional dividends proposed	209,499	172,081
Subtotal	**788,652**	**742,552**
Withholding income tax on interest on equity	46,124	32,643
Total annual dividends and interest on equity	**834,776**	**775,195**
Percentage of adjusted net income	**55%**	**55%**
Dividends and interest on equity per common share (in Brazilian reais):	**1.2788764646**	**1.1875973571**

b) Dividend policy

The dividends policy established in TBLE's Bylaws provides for a minimum mandatory dividend of 30% of net income for the year, adjusted pursuant to the terms of Law 6,404/76, and establishes the intention of paying, at every calendar year, dividends and/or Interest on equity at an amount not lower than 55% of adjusted net income, in half-annual installments.

c) Distribution and proposed distributions of net income for fiscal year 2015

c.1) Interim dividends related to the first six months of the year

The Board of Directors, in a meeting held on 7.25.2015, approved the distribution on interim dividends, based on the financial statements drafted on 6.30.2015, in the amount of R$ 311,277 corresponding to R$ 0.4768763081 per share. Said dividends started to be paid on 9.25.2015.

c.2) Interest on equity

In a meeting held on 11.6.2015, the Company's Board of Directors approved interest on equity from 1.1.2015 to 12.31.2015 in the gross amount of R$ 314,000, corresponding to R$ 0.4810475006 per share.

Credits of the Company's interest on equity were recognized as of 12.31.2015 based on shareholding position on 11.23.2015. The Company's shares were negotiated ex-Interest on equity beginning as of 11.24.2015.

Interest net of withheld income tax was charged to mandatory dividends and will be paid on 2.24.2016.

c.3) Proposed additional dividends

The Company submitted to the Board of Directors, for approval in the meeting to be held on 2.23.2016, the proposal for payment of additional dividends on net income for fiscal year 2015, in the amount of R$ 209,499 (R$ 0.3209526559 per share).

The amount of dividends that is higher than minimum mandatory value established by the law or other legal instrument, and that is not approved by shareholders' meeting or the competent body, is presented and segregated in shareholders' equity. These dividends exceed minimum mandatory value and, therefore, will be presented in the shareholders' equity account denominated "Proposed additional dividends" until approval by the Annual Shareholders' Meeting (AGO).

28 - RECONCILIATION OF NET REVENUE

In compliance with the requirements of CPC 30 - Revenues, the table below presents the reconciliation between gross operating income and net sales:

	Parent company		Consolidated	
	2015	2014	2015	2014
GROSS OPERATING INCOME				
Electrical energy distributors	2,306,145	2,290,543	3,363,487	3,347,103
Electrical energy traders	1,631,061	1,518,323	239,918	266,273
Free consumers	266,768	244,921	3,238,782	2,499,984
Transactions in the short-term market	244,812	765,078	337,937	961,643
Other revenues	69,503	62,685	49,169	47,720
	4,518,289	**4,881,550**	**7,229,293**	**7,122,723**
DEDUCTIONS FROM OPERATING INCOME				
PIS and Cofins	(409,807)	(398,530)	(654,004)	(593,352)
ICMS	(23,786)	(21,388)	(23,847)	(21,388)
ISS	(1,532)	(1,390)	(1,532)	(1,390)
Research and development	(33,695)	(30,874)	(37,873)	(34,097)
	(468,820)	**(452,182)**	**(717,256)**	**(650,227)**
NET REVENUE	**4,049,469**	**4,429,368**	**6,512,037**	**6,472,496**

As of 12.31.2015, the customers that held interest higher than 5% of the Company's consolidated net revenue were the following: Celesc, CPFL Energia and Cemig Distribuidora.

29 - DETAIL OF OPERATING EXPENSES BY NATURE

a) Costs of electrical energy production and services rendered:

	Parent Company				Consolidated			
	Energy Sold		Services Rendered		Energy Sold		Services Rendered	
	2015	2014	2015	2014	2015	2014	2015	2014
Depreciation and amortization	384,534	375,573	-	-	591,569	584,157	-	-
Fuel	230,716	185,485	-	-	249,984	204,186	-	-
Personnel	197,574	178,997	22,424	19,150	202,229	183,241	22,437	19,150
Royalties	151,917	144,591	-	-	177,958	170,504	-	-
Third party services	120,913	107,360	3,866	3,899	169,434	142,282	3,866	3,899
Material	33,771	28,056	1,018	1,127	38,462	32,460	1,018	1,127
Accrual (Reversal) of provisions, net	63,216	(68,975)	-	-	63,217	(68,808)	-	-
Other	56,862	42,428	1,088	1,181	69,263	53,395	1,088	1,181
	1,239,503	**993,515**	**28,396**	**25,357**	**1,562,116**	**1,301,417**	**28,409**	**25,357**

Personnel costs include, in addition to salaries and payroll charges, benefits such as health recovery aid, group life insurance, day care aid to female employees, meal voucher and transportation voucher, and pension plans, courses and training, and other.

Share-based payment

Tractebel Energia has no specific program of share-based payments. However, its indirect parent company ENGIE, headquartered in France, maintains the following stock plans for some executives and employees: (i) Paris Stock Exchange (France) stock option plan, established based on main responsibilities developed by beneficiaries; and (ii) share-based performance award or bonus. It also offers the program for free granting of shares to all employees.

Stock option plans and the share-based performance award are valid for four or five years and their values are related to the achievement of certain financial indicators of ENGIE. Due to global economic background, throughout the years, a reduction occurred in market value of these stock options and performance shares, which will possibly influence the exercise of options and the possibility of obtaining the benefit of performance shares on maturities.

These programs' costs are irrelevant and fully paid by ENGIE, and TBLE is not responsible for any disbursement related to them.

b) Selling, general and administrative expenses

	Parent Company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2015	2014	2015	2014	2015	2014	2015	2014
Personnel	5,714	6,352	74,894	73,556	5,714	6,352	75,520	74,940
Management	-	-	30,113	20,677	-	-	31,430	22,218
Third party services	220	291	36,261	39,498	4,323	4,504	37,196	41,657
Material	21	16	1,613	1,365	21	16	1,623	1,376
Depreciation and amortization	-	-	8,826	7,944	-	-	8,856	7,968
Rentals	108	191	5,839	5,945	108	191	7,310	6,889
Pension funds	-	-	5,186	4,557	-	-	5,186	4,557
Contributions and donations	3,468	3,202	7,510	5,580	5,874	5,210	8,273	12,121
Reversal of operating provisions	-	-	(8,539)	(7,091)	-	-	(9,024)	(7,240)
Other	431	309	16,021	13,994	1,421	939	16,387	15,854
	9,962	**10,361**	**177,724**	**166,025**	**17,461**	**17,212**	**182,757**	**180,340**

30 - FINANCIAL RESULT

	Parent company		Consolidated	
	2015	2014	2015	2014
Financial income				
Income from marketable securities	168,814	61,524	224,848	95,286
Income from restricted deposits	6,635	3,505	22,833	13,631
Interest on receivables	15,530	8,475	11,795	8,493
Monetary variation on judicial deposits	14,951	11,134	15,237	11,276
Reversal of charges on prescribed liabilities[25]	-	61,408	-	61,408
Other financial income	5,789	16,099	6,117	16,316
	211,719	**162,145**	**280,830**	**206,410**
Financial expenses				
Interest and monetary variation				
Concessions payable	354,328	218,407	363,786	225,497
Loans and financing	87,866	54,473	211,035	198,570
Fair value hedge on loans	110,733	41,012	110,733	41,012
Debentures	4,788	11,404	4,788	11,404
Provisions	13,140	21,452	13,571	21,815
Retirement benefit obligations	29,536	27,953	29,536	27,953
Exchange variation				
Loans	554,606	80,251	554,606	80,251
Fair value hedge on loans	(554,606	(83,726)	(554,606	(83,726)
Other financial expenses	9,380	22,538	17,979	29,933
	609,771	**393,764**	**751,428**	**552,709**
Financial expenses, net	**398,052**	**231,619**	**470,598**	**346,299**

[25] Reversal of charges on prescribed liabilities related to the purchase of energy and transmission charges

31 - INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent company			
	2015		2014	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**1,860,052**	**1,860,052**	**1,835,326**	**1,835,326**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(465,013)**	**(167,405)**	**(458,832)**	**(165,179)**
Permanent differences:				
Equity in net income of subsidiaries	104,012	37,444	74,496	26,818
Tax incentives	25,390	-	13,641	-
Interest on equity	78,500	28,260	45,038	16,526
Other	(163)	(685)	(4,513)	(953)
	(257,274)	**(102,386)**	**(330,170)**	**(122,788)**
Breakdown of taxes in the income statement				
Current	(120,610)	(54,497)	(284,717)	(108,010)
Deferred	(136,664)	(47,889)	(45,453)	(14,778)
	(257,274)	**(102,386)**	**(330,170)**	**(122,788)**
Effective rate	**13.8%**	**5.5%**	**18.0%**	**6.7%**

	Consolidated			
	2015		2014	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**2,033,232**	**2,033,232**	**1,956,649**	**1,956,649**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(508,308)**	**(182,991)**	**(489,162)**	**(176,098)**
Permanent differences:				
Difference between the calculation base of taxable and presumptive profit tax regimes	15,429	4,924	12,540	3,689
Tax incentives	25,390	-	13,641	-
Interest on equity	78,500	28,260	45,230	16,603
Other	5,655	1,212	(672)	685
	(383,334)	**(148,595)**	**(418,423)**	**(155,121)**
Breakdown of taxes in the income statement				
Current	(230,196)	(94,790)	(369,541)	(139,145)
Deferred	(153,138)	(53,805)	(48,882)	(15,976)
	(383,334)	**(148,595)**	**(418,423)**	**(155,121)**
Effective rate	**18.9%**	**7.3%**	**21.4%**	**7.9%**

32 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

a) Market risk

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

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

In 2015, there were no changes in the Company's exposure to market risks or in the management and measurement of these risks.

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

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

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

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

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

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

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

At 12.31.2015, the Company held no debt denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains in hedge operations are as follows:

	Parent Company		Consolidated	
	2015	2014	2015	2014
Long position				
Fair value hedge on loans	488,802	65,968	488,802	65,968
Cash flow hedge on obligations	-	-	419,665	27,771
	488,802	**65,968**	**908,467**	**93,739**
Short position				
Fair value hedge on loans	-	(1,732)	-	(1,732)
Cash flow hedge on obligations	-	-	(562)	-
	-	**(1,732)**	**(562)**	**(1,732)**
Net position	**488,802**	**64,236**	**907,905**	**92,007**
Classification in the balance sheet				
Current assets	488,802	27,538	778,227	30,144
Non-current assets	-	38,430	130,240	63,595
Current liabilities[26]	-	(1,732)	(562)	(1,732)
	488,802	**64,236**	**907,905**	**92,007**

a.2.1) Fair value hedge operations on loans

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

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

At 12.31.2015, the values of the loans and their swaps assessed at their amortized costs ("at the curve") and fair values were as follows:

[26] Presented under "Other current liabilities"

Financial instrument	Notional value	Maturity	Interest payment	Interest[27]	Amortized cost	Adjustment to fair value	Book balance
HSBC USA II	US$ 100,000	3.2016	Quarterly	1.4294% p.a.	392,187	(5,611)	386,576
Swap	R$ 230,940	3.2016	Quarterly	97.0% of CDI	(232,592)	402	(232,190)
HSBC USA III	US$ 80,266	10.2016	Quarterly	1.7871% p.a.	315,750	(8,733)	307,017
Swap	R$ 200,000	10.2016	Quarterly	99.0% of CDI	(205,690)	366	(205,324)
HSBC USA IV	US$ 50,000	12.2016	Quarterly	1.8104 % p.a.	196,078	(5,514)	190,564
Swap	R$ 128,320	12.2016	Quarterly	98.6% of CDI	(133,479)	248	(133,231)
HSBC USA V	US$ 10,000	12.2016	Quarterly	1.8471 % p.a.	39,216	(983)	38,233
Swap	R$ 26,558	12.2016	Quarterly	97% of CDI	(27,161)	62	(27,099)
Mizuho Bank	US$ 90,000	12.2016	Quarterly	1.7260% p.a.	352,961	(11,491)	341,470
Swap	R$ 233,910	12.2016	Quarterly	96.02% of CDI	(235,329)	1,104	(234,225)
Bank of Tokyo	US$ 50,000	12.2016	Quarterly	114.2857% Libor + 0.5486% p.a.	196,046	(7,730)	188,316
Swap	R$ 130,500	12.2016	Quarterly	98.0% of CDI	(131,578)	273	(131,305)
Swap result					**526,409**	**(37,607)**	**488,802**

Changes in fair value hedge operations on loans

	Parent Company and Consolidated		
	Current	Non-Current	Total
Assets at 1.1.2014	**-**	**1,115**	**1,115**
Interest expense	(41,012)	-	(41,012)
Exchange variation	-	83,726	83,726
Fair value adjustment	-	(12,936)	(12,936)
Transfer	35,207	(35,207)	-
Interest amortization	33,343	-	33,343
Assets at 12.31.2014	**27,538**	**36,698**	**64,236**
Interest expense	(110,733)	-	(110,733)
Exchange variation	201,649	352,957	554,606
Fair value adjustment	(38,438)	14,237	(24,201)
Transfer	403,892	(403,892)	-
Principal amortization	(105,534)	-	(105,534)
Interest amortization	110,428	-	110,428
Assets/ (Liabilities) at 12.31.2015	**488,802**	**-**	**488,802**

[27] Interest rates include 15% income tax on overseas fund transfers

a.2.2) Cash flow hedge operations

At 12.31.2015, the Company has Non-Deliverable Forward (NDF) operations contracted to hedge all of its future foreign-denominated payments arising from contractual commitments related to the construction of the coal-fired thermal power plant Pampa Sul, the wind farms of the Campo Largo Wind Power Complex and of the Assú Photovoltaic Power Plant. The NDFs used to hedge the commitments assumed by Campo Largo Wind Power Complex and Assú V Photovoltaic Solar Power Plant were contracted by Tractebel Energia – the indirect parent company – and fully transferred to the subsidiaries.

The NDF operations were contracted 84.5% from HSBC and 15.5% from Santander, and mature through July 2018.

At 12.31.2015, unrealized gains with NDFs totaled an asset of R$ 419,665 and a liability of R$ 562. The corresponding entry is recognized directly to shareholders' equity under "Other comprehensive income (loss)", net of deferred income and social contribution taxes, in the amount of R$ 276,608.

In addition, an amount of R$13,647 was recognized under "Other comprehensive income", relating to the gains realized from NDF contracted again due to the revision of the supplier payment flow.

Unrealized gains, net of impacts form deferred income and social contribution taxes, incurred in 2015, were R$ 258,278, and are recorded in the "Statement of comprehensive income".

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

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

The probable basic scenario for 2016 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout).

	Change 2015	Probable Scenario 2016	Sensitivity		
			Probable	Δ + 25% (*)	Δ + 50% (*)
Variation of interest rates and indices:					
- TJLP	6.3%	8.0%	+1.7 p.p.	2.0 p.p.	4.0 p.p.
- CDI	13.2%	15.3%	+2.1 p.p.	4.2 p.p.	8.5 p.p.
- IPCA	10.7%	6.9%	-3.8 p.p.	1.7 p.p.	3.5 p.p.
- IGP-M	10.5%	6.5%	-4.0 p.p.	1.6 p.p.	3.3 p.p.

(*) Variations on probable scenario for 2016.

The probable sensitivity was calculated based on the variation of indices in the last 12 months through 12.31.2015 and those expected in the probable scenario for the next 12 months ended 12.31.2016. The other sensitivities shown were calculated based on the variation of 25% and 50% on the probable scenario for the 12 months ended 12.31.2016. Variations that could be caused on the consolidated financial result of the Company in the next 12 months compared to the past 12 months if the scenarios materialize are the following:

	Balance at 12.31.2015	Effects 2016 - Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Loans and financing				
- TJLP	2,395,953	(40,505)	(47,042)	(94,892)
- CDI (Loans with swap to CDI rate)	1,452,176	(11,988)	(24,306)	(48,808)
- IPCA	172,415	5,993	(2,789)	(5,576)
		(46,500)	**(74,137)**	**(149,276)**
Debentures				
- IPCA	181,436	**7,262**	**(3,378)**	**(6,756)**
Concessions payable				
- IGP-M	1,515,411	63,694	(25,605)	(51,210)
- IPCA	555,141	19,901	(9,386)	(18,773)
		83,595	**(34,991)**	**(69,983)**
Total		**44,357**	**(112,506)**	**(226,015)**

b) Capital management risk

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

The Company's capital structure is formed by net indebtedness (loans, financing and debentures less cash, cash equivalents and escrow deposits linked to debt) and shareholders' equity, which includes capital reserves and accumulated earnings incorporated to earnings reserve.

Tractebel Energia and its subsidiaries have debts that stipulate a gross indebtedness maximum limit, calculated based on EBITDA. The most restrictive limit is the one that limits debts to 3.5 times EBITDA.

c) Credit risk

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

c.1) Risks related to energy sale

In long-term agreements entered into with distributors, including CCEAR, the Company minimizes its credit risk through a mechanism for the establishment of guarantees involving customers' receivables.

In order to minimize credit risk in the agreements to sell electrical energy to free consumers, sellers and generating companies, the Company requires bank guarantee and secured CDB. For counterparties that wish to present another type of guarantee, the Company, through its credit area, analyzes and establishes, in accordance with its Credit Policy, guarantees that should be required from these counterparties.

Credits of all customers are annually revised and its exposure to several economy factors is periodically assessed, so as to maintain the diversification of its portfolio and reduce its exposure to the specific sector risk.

c.2) Risks related to marketable securities

The Company and its subsidiaries' financial investments follow the rule of allocating a minimum of 90% of funds to Federal Public Securities – as final purchase and/or repurchase and resale commitments – and a maximum of 10% of funds to Private Securities – acquisition of CDB's from eligible banks and repurchase and resale commitments backed by debentures issued by lease companies controlled by eligible banks.

The Company uses Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) ratings to identify banks eligible to receive funds. They should comply with the following parameters: (i) shareholders' equity of at least R$ 1 billion; and (ii) minimum rating equivalent to AA- (S&P and Fitch) or Aa3 (Moody's) in the domestic ambit.

The Company's available resources are allocated to a Fixed Income Exclusive Investment Fund whose policy is to allocate its equity to very low-risk assets. As of 12.31.2015, this fund had 100% of its portfolio in Brazilian government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

Following the Company's financial planning, this fund will be used in the short-term, substantially reducing the risk of any significant effects on earnings as a result of possible reduction in Brazilian economy's basic interest rate.

c.3) Risks related to hedge operations

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

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

d) Liquidity risk

The management of the Company's liquidity risk is under the responsibility of the Financial Committee, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring forecasted and actual cash flows. The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Committee meetings. The management of marketable securities focuses on short-term instruments, especially with daily maturities, in order to provide maximum liquidity and to cover disbursements.

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

The following statement presents the estimated settlement profile for the Company's main financial liabilities recorded at 12.31.2015. Amounts were determined based on the estimated undiscounted cash flows, considering estimates of principal amortization and future interest payment, when applicable. For debts with floating interest rates, the amount was obtained based on interest curve at year end.

	Parent company				
	Up to 1 year	**From 2 to 3 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
Suppliers	372,502	-	-	-	372,502
Post-fixed interest rates:					
Loans and financing[28]	1,201,012	299,841	246,778	185,391	1,933,022
Debentures	11,497	22,947	22,995	217,771	275,210
Fixed interest rates:					
Loans and financing	2,993	6,649	6,260	7,833	23,735
Concessions payable	58,295	118,569	205,868	5,049,220	5,431,952
	1,646,299	**448,006**	**481,901**	**5,460,215**	**8,036,421**

	Consolidated				
	Up to 1 year	**From 2 to 3 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
Suppliers	573,573	-	-	-	573,573
Post-fixed interest rates:					
Loans and financing[28]	1,489,635	845,027	740,092	1,654,072	4,728,826
Debentures	11,497	22,947	22,995	217,771	275,210
Fixed interest rates:					
Loans and financing	12,354	19,327	10,948	7,833	50,462
Concessions payable	63,735	129,428	216,727	5,141,970	5,551,860
	2,150,794	**1,016,729**	**990,762**	**7,021,646**	**11,179,931**

[28]Including hedge effects

e) Category and fair value of financial instruments

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Financial assets				
Measured at fair value through profit or loss				
Marketable securities	1,735,344	1,285,782	2,385,163	1,590,721
Restricted deposits	16,347	95,463	177,852	260,273
Receivables and loans				
Cash and bank deposits	3,664	1,682	11,691	14,010
Trade accounts receivable	443,401	462,538	775,682	716,463
Dividends receivable from subsidiaries	208,777	239,115	-	-
Fuel reimbursable	144,249	343,221	144,249	343,221
Insurance premium receivable	7,618	216,426	7,618	216,426
Hedge operations				
Fair value hedge on loans	488,802	65,968	488,802	65,968
Cash flow hedge on obligations	-	-	419,665	27,771
	3,048,202	**2,710,195**	**4,410,722**	**3,234,853**
Financial liabilities				
Financial liabilities assessed at amortized cost:				
Suppliers	372,502	507,086	573,573	641,702
Loans and financing	765,350	732,665	2,613,582	2,679,573
Debentures	181,436	163,326	181,436	163,326
Concessions payable	2,020,581	1,720,105	2,070,552	1,765,772
Liabilities linked to investment acquisition [29]	-	-	47,516	84,543
Measured at fair value				
Loans and financing	1,452,176	1,209,833	1,452,176	1,209,833
Hedge operations				
Fair value hedge on loans	-	1,732	-	1,732
Cash flow hedge on obligations	-	-	562	-
	4,792,045	**4,334,747**	**6,939,397**	**6,546,481**

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

f) Market value of financial instruments

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

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

	Parent Company			
	12.31.2015		12.31.2014	
	Book	Market	Book	Market
Loans and financing in local currency	765,350	773,945	732,665	733,092
Debentures	181,436	176,729	163,326	165,882
Concessions payable	2,020,581	2,240,528	1,720,105	2,174,312
	2,967,367	**3,191,202**	**2,616,096**	**3,073,286**

	Consolidated			
	12.31.2015		12.31.2014	
	Book	Market	Book	Market
Loans and financing in local currency	2,613,582	2,802,011	2,679,573	2,680,001
Debentures	181,436	176,729	163,326	165,882
Concessions payable	2,070,552	2,296,789	1,765,772	2,231,006
	4,865,570	**5,275,529**	**4,608,671**	**5,076,889**

33 - TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts:

	ASSETS			LIABILITIES	
	Accounts receivable			Energy	IOE [30]
	Energy	Services	Dividends	Supplier	dividends
12.31.2015					
TBLC	121,815	-	151,772	-	-
CEE	40,325	-	37,543	-	-
Lages	858	169	17,844	-	-
Itasa	-	1,229	1,618	10,156	-
Ceste	-	1,454	-	-	-
TBLP subsidiaries	-	428	-	-	-
Geramamore	-	-	-	31,209	-
Engie LA	-	244	-	-	183,393
	162,998	**3,524**	**208,777**	**41,365**	**183,393**
12.31.2014	**159,926**	**3,998**	**239,115**	**7,480**	**130,244**

[30]Interest on equity

b) Amounts recognized in the income statement:

	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third party services	Financial income
12.31.2015						
TBLC	1,631,060	-	326	-	-	-
CEE	-	6,867	326	-	-	8,003
Lages	7,900	1,671	190	-	-	-
Itasa	-	16,519	-	68,022	-	-
TBLP Subsidiaries	-	-	1,352	-	-	-
Ceste	-	18,885	-	-	-	-
Geramamore	-	-	-	270,010	-	-
Degremont	-	-	-	-	2,502	-
Leme	-	-	-	-	1,226	-
Other	-	-	326	-	-	-
	1,638,960	**37,075**	**2,520**	**338,032**	**3,728**	**8,003**
12.31.2014	**1,304,603**	**35,573**	**1,740**	**83,810**	**3,245**	**4,644**

The transactions with related parties carried out by the Company include basically: (i) energy purchase and sale; (ii) operation and maintenance services of power plants; (iii) rendering of administrative services; and (iv) guarantees granted to third parties.

c) Future commitments

Main commitments contracted with related parties and whose recognition in the income statement will occur in future accrual periods over contract periods are as follows:

c.1) Purchase and sale of electrical energy

Contracts	Average MW	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 12.31.2015
Purchase TBLE – Itasa	167	2030	IGP-M	January	932,208
Purchase TBLE – Itasa	61	2030	Dollar variation + U.S. Inflation	October	882,923
Sale TBLE – TBLC	322	2016	IPCA	March	148,726
Sale TBLE – Lages	16	2017	IGP-M	April	25,129
Sale TBLC – CEE	9	2041	IPCA	October	380,975
Sale Trairí Project - TBLC	64	2032	IPCA	December	1,743,175

In accordance with the Company's commercial policy, sales to free consumers are carried out preferably through subsidiary TBLC, which purchases energy mainly from Tractebel Energia in order to meet its contractual commitments.

Electrical energy generated by Trairí wind projects is currently traded in the Free Trade Market through subsidiary TBLC.

c.2) Operation and maintenance

Related party	Maturity	Annual adjustment index	Future commitment Base 12.31.2015
Itasa	10.16.2030	IGP-M	229,653
Ceste	5.1.2025	INPC (80%) and IPCA (20%)	211,048
Lages	3.31.2016	Salary adjustment	570

The Company has the strategy of concentrating in Tractebel Energia the operation and maintenance of its subsidiaries' plants whenever they do not outsource these services. The negotiated prices are based on Tractebel Energia costs with personnel directly involved in the execution of these activities.

c.3) Administrative services

Tractebel Energia provides those services necessary to the administrative activities of the direct and indirect subsidiaries. Contract duration is 4 years and contracted values are defined based on the last billing of subsidiaries and annually adjusted at INPC. The amount annually contracted from its subsidiaries is R$ 2,543.

d) Guarantees

The Company intermediates financial contracts entered into by its direct and indirect subsidiaries with BNDES, Banks (BNDES onlending) and other financial agents. The main guarantees are shown as follow:

Bank	Type of guarantee	Amount of debt at 12.31.2015
BNDES BNDES onlending)Banks)	Pledge of all the shares issued by the following companies: CEE, Beberibe, Pedra do Sal, Areia Branca, Ibitiúva, Trairí, Guajiru, Fleixeiras I, Mundaú and Ferrari.	1,840,961
Banco do Brasil	Pledge of all the shares issued by the indirect subsidiary Hidropower.	7,271

e) Sureties and guarantees

The Company is the guarantor of and jointly liable for energy purchase transactions of certain subsidiaries, in the amount of R$ 267,637 at 12.31.2015. The guarantees' maturities are scheduled as follows: R$ 126,937 in 2016, R$ 9,141 in 2017, R$ 13,687 in 2018, R$ 48,992 in 2020, R$ 17,084 in 2022 and R$ 51,796 on 2023.

In addition, the Company is guarantor to the construction of three projects that won energy auctions promoted by Aneel in November 2014: thermal power plant Pampa Sul (294.5 average MW), Santa Mônica Wind Power Project (97.2 average MW), Campo Largo Wind Power Project (82.6 average MW) and thermal power plant Ferrari (9.8 average MW); for the total amount of R$ 166,912 at 12.31.2015, maturing R$ 29,552 in 2016 and R$ 137,360 in 2019.

f) Loan between Ibitiúva and Andrade Açúcar e Álcool (Andrade)

The indirect subsidiary Ibitiúva has a loan agreement with Andrade – its related party in the Andrade Consortium. The loan is restated by the variation of the IPCA and the loan matures in 2025. The balance payable on 12.31.2015 is R$ 16,251 (R$ 15,972 at 12.31.2014).

g) Remuneration of key management personnel

The remuneration of key Management personnel was R$ 23,566 at 12.31.2015 (R$ 20,667 at 12.31.2014) in the parent company and R$ 24,883 (R$ 22,218 at 12.31.2014) in the consolidated. The Management does not receive share-based compensation from Tractebel Energia.

34 - INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the insurance program of its parent company ENGIE. The insurance is valid until 5.31.2016 and the coverage amount is R$ 14,515,616 in the parent company and R$ 18,234,456 in the consolidated statements, as shown below.

	Parent company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	9,167,431	566,177	11,220,152	566,175
Thermoelectric power plants	3,251,606	1,530,402	3,251,606	1,530,403
Complementary plants (wind, biomass and PCH)	-	-	1,320,807	345,313
	12,419,037	**2,096,579**	**15,792,565**	**2,441,891**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 2,064,270 per event.

b) Engineering risks

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

The project for construction of UTE Pampa Sul has insurance coverage for engineering risk and civil liability, of R$113,050 and R$5,000, respectively, until February 2016. As of this date, the insurance coverage will be effective throughout the construction period

c) Other coverages

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

d) Accidents occurred in 2014

In June 2014, the Company registered accidents in two generating units of the Jorge Lacerda Thermal Power Plant (CTJL) leading to a reduction in generation and, consequently, to negative impacts on CCEE for the period from July 2014 to February 2015, whose effects were covered by insurance policies. In the fourth quarter, one of the claims was settled and R$ 86,912 were received. At 12.31.2015 the Company has R$ 7,618 yet to be received, which is expected to be paid in 2016.

35 - LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

a) Contract for connection

The Company has contract for connection with Eletrosul and Furnas Centrais Elétricas S.A. ("Furnas"), and the subsidiaries CEE and Trairí with Centrais Elétricas do Norte do Brasil S.A. ("Eletronorte") and Transmissora Delmiro Gouveia ("TDG"), respectively. The contracts are valid up to termination of the concessions and authorization of the Company's power plants linked to these contracts.

At 12.31.2015, value of future commitments deriving from connection contracts is R$ 178,251 (R$ 160,733 at 12.31.2014).

b) Agreement for the Use of the Transmission System (CUST).

For the use of the transmission system and basic network, the Company and its subsidiaries, CEE, Itasa, Trairí, Guajiru, Fleixeiras I and Mundaú maintain contracts with The National Operator of the Power Grid (ONS). Contracts are valid up to the termination of Company's power plants concessions or authorizations.

At 12.31.2015, the value of future commitments deriving from these contracts amounts to R$ 6,354,854 (R$ 6,094,824 at 12.31.2014).

c) Contract for the Usage of Distribution System (CUSD)

For plants that are not directly connected to the basic network, contracts for the use of the distribution system are maintained with electrical energy distributors of the regions where these plants are installed. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

At 12.31.2015, the value of future commitments deriving from these contracts totals R$ 257,914 (R$ 209,496 at 12.31.2014).

d) Bilateral contracts for purchase and sale of electrical energy

According to data on guaranteed electrical energy and prevailing purchase and sale contracts, the Company's energy balance shows that current capacity has the following contracting levels for the next six years:

	Average MW					
	2016	2017	2018	2019	2020	2021
Own funds	3,549	3,542	3,584	4,005	3,997	4,006
Purchase for resale	816	559	547	455	237	200
Total availability	4,365	4,101	4,131	4,460	4,234	4,206
Contracted availability	4,216	3,845	3,544	3,460	2,790	2,311
Contracted %	96.59%	93.76%	85.79%	77.58%	65.90%	54.95%

e) Purchase of natural gas

The Company entered into an agreement for supply of natural gas in 2001, which expired in May 2006. After the end of term of the agreement, TBLE expressed its interest in renewing it under the terms established by the law that created the Thermoelectric Priority Program (PPT). Given the renewal proposal made by the supplier for a price that differs from that envisaged in law for the PPT, the Company filed a suit, which was held valid and guaranteed the supply of gas until September 2014 by court decision.

After the end of this term, Tractebel Energia, considering that the PPT decree guaranteed for it gas supply for 20 years and that the initial agreement was valid for 5 years, which was renewed for the same period, requested the signing of a new agreement for the remaining term of 10 years.

Given the disagreement on the application of the law concerning the definition of fuel price, the parties are discussing the issue in court and through arbitration, with gas supply guaranteed by an injunction.

f) Lease contracts

Lease contracts mentioned below were classified as operating leases as the ownership of assets may not be transferred to the lessee at the end of contract period and there is no asset purchase option; in addition, contracts do not satisfy the other conditions necessary to classify them as financial leases.

The Company's wind projects have lease contracts for pieces of land used to install and build wind electrical energy generator towers and associated substation and transmission facilities. Contracts have fixed and/or variable installments and are adjusted at inflation rates or percentages on the companies' gross operating revenue. Contract periods are normally equivalent to periods of authorizations granted by Aneel for electrical energy generation. Estimated future minimum payments with these commitments, at 12.31.2015, amount to R$ 271,629 (R$ 162,607 at 12.31.2014).

g) Modernization of the Salto Santiago Hydroelectric Power Plant

The Company maintains a contract for the modernization of the Salto Santiago hydroelectric power plant. Future obligations at 12.31.2015 were R$ 114,467 (R$ 225,817 at 12.31.2014), which are scheduled to become effective by 2017.

h) Contracts for ongoing construction

h.1) Santa Mônica Wind Power Project

In June 2014, the Company signed contracts with suppliers to execute the engineering and construction of foundations and the supply, transportation, assembly, installation and commissioning of wind turbines in the following companies: (i) Estrela; (ii) Cacimbas; (iii) Santa Mônica; and (iv) Ouro Verde.

The future commitment assumed by the companies of the Project as consideration for the services rendered, at 12.31.2015, is R$ 181,926 (R$ 384,714 at 12.31.2014). The project is expected to be delivered in the third quarter of 2016.

h.2) Pampa Sul Thermoelectric Plant

Pampa Sul signed contracts for the construction of its coal-fired plant in the state of Rio Grande do Sul, after selling 294.5 average MW through an Aneel auction held in November 2014, to be delivered as from January 1, 2019. Future commitments under these contracts amounted to R$ 1,603,486 at 12.31.2015 (R$ 1,603,939 at 12.31.2014).

h.3) Campo Largo Wind Power Complex

The Campo Largo Wind Power Complex signed contracts for the installation of eleven wind farms in the state of Bahia, five of which participated in the abovementioned auction, successfully selling 69.2 average MW to be delivered as from January 1, 2019. Future commitments under the construction contracts amounted to R$ 1,326,691 at 12.31.2015 (R$ 1,318,391 at 12.31.2014).

h.4) Assú Photovoltaic Solar Power Complex

The Assú Photovoltaic Solar Power Complex entered into an agreement for the acquisition of photovoltaic modules for the construction of Assú V solar farm, after the sale of 9.2 average MW, through an auction conducted by Aneel in November 2015, to be delivered as of November 1, 2018. Future commitments under these contracts amounted to R$ 73,112 on 12.31.2015.

i) Lease agreement of registered office

The Company has a lease agreement for the registered office located in the municipality of Florianópolis, state of Santa Catarina. Future commitments on 12.31.2015 amounted to R$58,859 (R$60,462 on 12.31.2014), which expire in 2023.

36 - ADDITIONAL CASH FLOW INFORMATION

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

	Parent company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Compensation of income and social contribution taxes	59,358	37,081	78,461	50,823
Suppliers of property, plant and equipment and intangible assets	32,597	(12,858)	39,244	(34,147)
Capitalized interest and monetary variation on financing	34,077	16,744	67,808	17,776
Forecasted future disbursements with investments in property, plant and equipment	-	-	35,634	21,625
Amounts payable from investment acquisition	-	-	29,157	36,068
Dividends receivable from subsidiaries	41,600	97,773	-	-
Interest on equity paid	314,000	223,000	314,000	223,000

37 - SUBSEQUENT EVENTS

a) Allocation of profit from the year

The Board of Directors of the Company, at the meeting held on 2.23.2015, approved the proposal for the allocation of profit from the fiscal year ended December 31, 2015, as follows: (i) allocation of R$ 290,487 to capital increase; (ii) distribution of proposed additional dividends on adjusted from the fiscal year ended 12.31.2015, in the amount of R$209,499, or R$0.3209526559 per share; and (iii) earnings retention based on capital budget, totaling R$392,512. The proposal is still subject to ratification by the Annual Shareholders Meeting, which will also set the dividend payment conditions.

b) Payment of interest on equity for fiscal year 2015

The Board of Executive Officers of the Company announced on 1.27.2016 that the interest on equity relating to the fiscal year ended 12.31.2015 will be credited starting from 2.24.2016. The gross amount credited was R$314,000, corresponding to R$ 0.4810475006 per share.

c) National rating downgrade – Standard & Poor's

On 2.17.2016, Standard & Poor's Ratings Services ("Standard & Poor's") announced that it downgraded the Company's National Scale long-term corporate credit ratings from 'brAAA' to 'brAA'. At the same time, Standard & Poor's reaffirmed the Company's National Scale short-term rating of 'brA1'. Later, upon a request from the Company, the agency withdrew these ratings.

DECLARATION OF THE COMPANY'S MANAGEMENT

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

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Júlio César Lunardi
Administrative Officer

Florianópolis, February 23, 2016.

BOARD OF DIRECTORS

Maurício Stolle Bähr
President

Philip Julien De Cnudde
Vice-President

Manoel Arlindo Zaroni Torres
Board Member

Luiz Eduardo Simões Viana
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Willem Frans Alfons Van Twembeke
Board Member

Roberto Henrique Tejada Vencato
Board Member

José Pais Rangel
Board Member

Antonio Alberto Gouvêa Vieira
Board Member

BOARD OF EXECUTIVE OFFICERS

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Júlio César Lunardi
Administrative Officer

ACCOUNTING DEPARTMENT

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

INDEPENDENT AUDITORS REPORT

To the Directors and Officers of
Tractebel Energia S.A.
Florianópolis – SC

We have audited the individual and consolidated financial statements of Tractebel Energia S.A. ("Company"), which are identified as Parent and Consolidated, respectively, and include the balance sheet on December 31, 2015 and the statements of income, comprehensive income, statements of changes in shareholders' equity and Cash Flow Statement for the year then ended, as well as a summary of the significant accounting policies and other notes to the financial statements.

Management's responsibility regarding the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for internal accounting controls deemed as necessary to permit the preparation of these financial statements free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, which was conducted in conformity with Brazilian and international auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the adequacy of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated equity and financial positions of Tractebel Energia S.A. as of December 31, 2015, the individual and consolidated performance of its operations and respective cash flows for the year then ended, in conformity with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2015, prepared under the responsibility of the Company's Management, required by the Brazilian Corporation Law for publicly-held companies, and as supplementary information to the International Financial Reporting Standards (IFRS) that do not require the presentation of the statements of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, they are fairly presented in all their material respects, in relation to the financial statements taken as a whole.

Florianópolis, February 23, 2016

KPMG Auditores Independentes
CRC SC-000071/F-8

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

FISCAL COUNCIL'S OPINION

The undersigned members of the Fiscal Council of the Company Tractebel Energia S.A., Paulo de Resende Salgado, Carlos Guerreiro Pinto and Manoel Eduardo Lima Lopes, having examined the Management's Annual Report, the Financial Statements and Management's proposal for Allocation of Dividends for the fiscal year ended December 31, 2015, based on the report by the independent auditors – KPMG issued on February 23, 2016 on such financial statements, hereby state that they adequately represent in all material aspects the equity and financial position of Tractebel Energia S.A. on December 31, 2015, and are appropriate for being submitted to the Company's Annual Shareholders' Meeting.

Rio de Janeiro, February 23, 2016

Paulo Resende Salgado
Chairman of the Fiscal Council

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member