ENGIE Tractebel Energia



Tractebel Energia announces net income of R$ 347.1 million 1Q16 driven by an improved hydrological scenario

Florianópolis, Brazil, May 5, 2016. Tractebel Energia S.A. ("Tractebel Energia", "Tractebel", or "the Company") – BM&FBOVESPA: TBLE3, ADR: TBLEY, the largest private sector electricity generating company in Brazil, announces earnings for the first quarter and three month period ending March 31, 2016 (1Q16). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

Highlights

- ✓ Tractebel Energia reported a net income of R$ 347.1 million in 1Q16 (R$ 0.5318/share), 0.7% or R$ 2.3 million more than 1Q15.
- ✓ Ebitda[1] reached R$ 792.7 million in the period, an increase of 0.4% (R$ 2.9 million) compared with the first quarter of 2015 (1Q15). The Ebitda margin was 49.5% in 1Q16, an increase of 0.7 p.p. in relation to 1Q15.
- ✓ Net revenue from sales in 1Q16 amounted to R$ 1,602.7 million, representing a reduction of 0.9% (R$ 15.3 million) compared with the amount for this item in 1Q15.
- ✓ The average contracted energy sales price, net of exports and income taxes was R$ 177.29/MWh in 1Q16, 5.9% better than recorded in 1Q15.
- ✓ In 1Q16, the amount of energy sold was 8,867 GWh (4,060 aMW), 4.4% less than commercialized in the same period in 2015.
- ✓ In February 2016, the Photovoltaic Solar Energy Research and Development Project received the 23rd Expression in Ecology Award, Technological Innovation category.
- ✓ In the context of projects under construction, the Pampa Sul TPP hired the suppliers of the coal conveyor and transmission line, whose DUP was issued by Aneel, additionally the first batch of metal structures of the boiler have arrived in the Country.
- ✓ At the Santa Mônica Wind Complex, the assembly of the first wind turbine tower was concluded using the unique Eolift mechanism.

Subsequent events

- ✓ On April 14, Fitch Ratings reiterated its Long Term National Rating at 'AAA(bra)' with a stable outlook. Ratings on the international scale were reiterated at 'BBB' for local currency issues with a stable outlook and 'BBB-' with a negative outlook for foreign currency issues, the latter reflecting the recent downgrading in sovereign debt to 'BB+'.
- ✓ On April 19, the Company concluded the acquisition of a 50% stake in the capital stock of GD Brasil Energia Solar S.A., which will be denominated ENGIE Solar, a company which is part of the Araxá Group, one of the leaders in the Brazilian market for the generation of distributed solar energy.

For Immediate Release

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Conference call and webcast:
On 05/06/2016 at 10:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 17.

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Summary of Economic and Operational Indicators

Tractebel - Consolidated			
(In millions of R$)	**1Q16**	**1Q15**	**Chg.**
Net Revenue from Sales (NRS)	1,602.7	1,618.0	-0.9%
Results from Operations (EBIT)	638.6	643.1	-0.7%
Ebitda [(1)]	792.7	789.8	0.4%
Ebitda / NRS - (%)[(1)]	49.5	48.8	0.7 p.p.
Net Income	347.1	344.8	0.7%
Net Debt [(2)]	1,074.9	2,229.1	-51.8%
Gross Power Production (avg MW) [(3)]	5,493	5,974	-8.1%
Energy Sold (avg MW)	4,060	4,245	-4.4%
Average Net Sales Price (R$/MWh) [(4)]	177.29	167.35	5.9%
Number of Employees	1,167	1,180	-1.1%

(1) Ebitda: net income + income tax and social contribution + financial results + depreciation and amortization.
(2) Adjusted amount, net of gains from hedge operations.
(3) Total electricity output from the plants operated by Tractebel Energia.
(4) Net of taxes and exports.

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OPERATING PERFORMANCE

Generating Complex

The largest private sector electricity generator in Brazil, Tractebel Energia has an **installed capacity of 7,008.3 MW and operates a generating complex of 8,729.0 MW.** This complex comprises 28 plants (nine hydro, five thermal and 14 complementary energy source plants - biomass, small hydro (SHP), wind-powered and solar), 24 of which are wholly owned by the Company and four (the Itá, Machadinho and Estreito hydro power plants and the biomass Ibitiúva Bioenergética) jointly-owned through consortia with other companies.

Tractebel Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Tractebel's Share	
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	Oct/30
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	Sep/28
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	Jul/32
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	Nov/37
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	Sep/28
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	Aug/33
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	Sep/28
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	Apr/37
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	Sep/34
Total - Hydro			**7,270.3**	**5,559.7**	
Jorge Lacerda Complex*	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0	Apr/29
Charqueadas**	Thermal	Charqueadas (RS)	36.0	36.0	Sep/28
Total - Thermal			**1,083.0**	**1,083.0**	
Ferrari	Biomass	Pirassununga (SP)	80.5	80.5	Jun/42
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	22.9	Apr/30
Trairi Complex***	Wind Farm	Trairi (CE)	115.4	115.4	Sep/41
Lages	Biomass	Lages (SC)	28.0	28.0	Oct/32
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	Dec/32
Beberibe	Wind Farm	Beberibe (CE)	25.6	25.6	Aug/33
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7	Dec/32
Areia Branca	SHP	Rio Manhuaçu (MG)	19.8	19.8	May/30
Pedra do Sal	Wind Farm	Parnaíba (PI)	18.0	18.0	Oct/32
Cidade Azul	Solar	Tubarão (SC)	3.0	3.0	not applicable****
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable****
Total - Complementary			**375.7**	**365.6**	
Total			**8,729.0**	**7,008.3**	

(*) Complex comprised of 3 power plants.
(**) As from 2016, Charqueadas TPP´s nominal generation capacity was reduced by half in order to minimize the impacts of Aneel Resolution 500.
(***) Complex comprised of 4 power plants.
(****) For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

Expansion

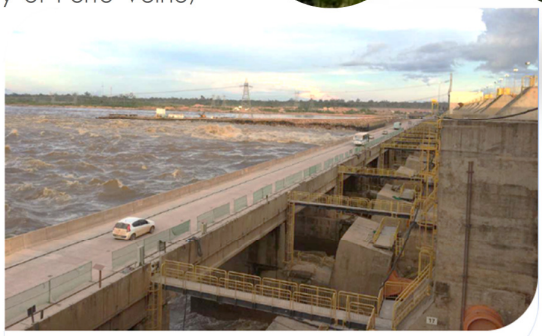
Projects under Construction

Power plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Tractebel's/Group's Share	
Jirau *	Hydro	Madeira River (RO)	3,750.0	1,500.0	Aug/43
Pampa Sul	Thermal	Candiota (RS)	340.0	340.0	Mar/50
Campo Largo Complex - Phase I	Wind Farm	Umburanas and Sento Sé (BA)	326.7	326.7	Jul/50
Santa Mônica Complex	Wind Farm	Trairi (CE)	97.2	97.2	Jan/45
Assú V	Solar	Assú (RN)	36.7	36.7	N/D
Total			**4,550.6**	**2,300.6**	

(*) It is envisaged that ENGIE's stake in the project will be transferred to Tractebel Energia.



Jirau. Energia Sustentável do Brasil (ESBR), is a Special Purpose Company responsible for the construction, maintenance, operation and sale of energy to be generated by the Jirau Hydroelectric Power Plant, under construction in the city of Porto Velho, state of Rondônia. ENGIE, the Company's parent company, holds a 40% stake in the project, while Chesf, Eletrosul (subsidiaries of Eletrobras) and Mitsui & Co. Ltd. retain a further 20% each.



Spillway general view (Apr/16)

ESBR submitted the winning bid at the 35-year concession auction organized by Aneel (A-5/2008 Auction) on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the Plant, at the time, based on a total of 44 generating units (3,300 MW installed capacity and 1,975.3 average MW of commercial capacity), for captive customers supplied by electric energy distributors. At the energy auction held on August 17, 2011 (A-3/2011 Auction), ESBR sold a further 209.3 average MW for delivery in 2014 over a 30-year period, the result of increased expansion of the initial project to 50 generating units and 3,750 MW of installed capacity. The Ministry of Mines and Energy (MME) confirmed Jirau HPP´s new commercial capacity in Ordinance 337 of November 10, 2015 with an increase from 2,184.3 average MW to 2,205.1 average MW as from publication date. The 20.5 average MW increase represents the result of a review of the plant's hydraulic losses and as a consequence, ESBR was able to sell an additional 18 average MW at the A-1 Energy Auction held on December 13, 2015.

The Jirau Hydroelectric Power Plant **reached its total assured energy in July 2015 with the startup in operations of the 33rd unit.** Consequently, the Plant is now complying with its commercial obligations in the regulated market irrespective of a final resolution to the force majeure question involving incidents of vandalism during the construction phase in 2011 and 2012.

On December 26, 2012, the Plant became eligible for the sale of carbon credits following United Nations Organization (UNO) registration. Jirau now enjoys the right to trade approximately 6 million tons of CO_2/year as soon as it is operating at full capacity — a volume equivalent to more than 50% of civil aviation emissions in Brazil in 2013 according to the National Civil Aviation Agency (Anac).

In January 2016, Aneel approved ESBR's request to adhere to the Generator Scaling Factor (GSF) agreement under which the Power Purchase Agreements in the Regulated Environment (CCEARs) A-5/2008 Auction and A-3/2011 Auction contracts would receive protection from hydro generation deficits higher than 8% and 10%, respectively.

The CCEARs will bear the cost of the premium for covering hydrological risk in the amounts of R$ 2.5/MWh and R$ 1.25/MWh for the A-5/2008 and A-3/2011 auctions, respectively. The credits arising from the renegotiation agreement will amortize the risk premium up to July 2025 (for the A-5/2008 Auction) and March 2027 (for the A-3/2011 Auction).

On March 29, 2016, Aneel agreed to ESBR's request to pay its GSF debt for the period from May to December 2015 in up to six installments (monetarily restated at IGPM+1%) to be discounted from its CCEE monthly settlements, beginning April 18, 2016.

On March 31, 2016, the project had 42 generator units in commercial operation and a further two units at the assembling phase. The Plant generated 1,687.9 aMW in 1Q16, reflecting an uptime rate of 99.4% for the period.

In line with the current business model, ENGIE's stake in the project is expected to be transferred to Tractebel Energia when the principal development risks have been mitigated.



Pampa Sul TPP: chimney foundation

Pampa Sul Thermoelectric Power Plant – Rio Grande do Sul. The Pampa Sul TPP is to be sited in the Municipality of Candiota, state of Rio Grande do Sul with an installed capacity of 340 MW. The plant will use thermal coal as fuel from a seam also located in Candiota and will be linked to the SIN through a 525 kv transmission line to the Candiota II substation, to be built by the Company.

The plant's 294.5 average MW of commercial capacity was sold for R$ 201.98/MWh, for a term of 25 years, starting January 1, 2019, at the A-5 Auction held on November 28, 2014. The investment approved for the construction of the Plant was approximately R$ 1.8 billion. Also in November 2014, the Company protected the investment portion in foreign currencies against the exchange rate variation effects through hedging operations.



Under the Ministry of Mines and Energy's Ordinance 187 of May 8, 2015, Pampa Sul was approved as a priority project for the generation of energy. On June 19, 2015, the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) issued the Installation License for the plant.

In the first quarter of 2016, contracts were signed with suppliers for the delivery of a coal conveyor belt system and the transmission line and a company selected for assembling the metallic structures. The first shipment of metallic structures for the boiler has already been unloaded in Brazil and the second and third shipments have already left China.

Aneel granted a Declaration of Public Utility (DUP) for the transmission line.

Campo Largo Wind Complex – Bahia (Phase I). The Campo Largo Wind Farm Complex (CECL) is made up of a complex of wind generation projects with a total potential development capacity of 506.1 MW, all located in the municipalities of Umburanas and Sento Sé, about 420 km from the city of Salvador in the state of Bahia. The Complex will be developed in stages. At the A-5 Auction on November 28, 2014, **Tractebel Energia sold 82.6 average MW for an average total value of R$ 139.29/MWh, for a 20 year term,** starting January 1, 2019, to be generated from six wind farms with an installed capacity of 178.2 MW. A further five wind farms in the Complex with a total installed capacity of 148.5 MW (75.2 average MW) will be developed at this stage of the project. In this case, the energy might be sold to the Free Contracting Environment (ACL). The investment approved for the 11 wind farms was of approximately R$ 1.7 billion. The investment portion denominated in foreign currencies was protected against the exchange rate variation effects through hedging operations. The Company is preparing to begin work before the end of 2016 and the Complex is expected to go into commercial operation in November 2018.

Santa Mônica Wind Complex – Ceará. Under construction in the Municipality of Trairi, state of Ceará, the Santa Mônica Wind Complex will be made up of the following projects with the respective installed capacities: Estrela Wind Farm, 29.7 MW (formerly named Trairi II Wind Farm); Cacimbas Wind Farm, 18.9 MW; Santa Mônica Wind Farm, 18.9 MW; and Ouro Verde Wind Farm, 29.7 MW (formerly named Santa Mônica SPE II). The project is located close to the Trairi Wind Complex with (115.4 MW installed capacity) - already in commercial operation - and will benefit from the synergies to be derived from existing structures such as a substation and transmission line which both projects have in common. The Company is investing of approximately R$ 460 million in the Complex, which will increase the capacity of Tractebel Energia generator park by a 97.2 MW of unconventional renewable energy once all the generator units are in commercial operations. At the A-3 Auction of August 21, 2015, **Tractebel Energia sold 46.0 average MW** for a term of 20 years from January 1, 2018, at an average Cost Benefit Ratio (ICB) of R$ 181.49/MWh and an average Short Term Economic Cost (CEC) of R$ 6.96/MWh, resulting in an **average selling price of R$ 188.45/MWh,** representing R$ 75.9 million of fixed annual revenue.



Santa Mônica Wind Complex: Eolift installation.

In March 2016, the assembly of the first wind turbine tower was concluded at the Santa Mônica Wind Complex using the unique Eolift mechanism. Operations are scheduled to begin in 2Q16.

Assú V Photovoltaic Plant. At Aneel's (Aneel 009/2015 Auction) Second Reserve Energy Auction 2015 in November 2015, a company subsidiary sold 9.2 average MW for R$ 302.99/MWh of solar energy for a term of 20 years, delivery to begin on November 1, 2018. The energy is to be generated by the Assú V Photovoltaic Plant, which will have an installed capacity of 36.7 MW and a component of the Assú Photovoltaic Complex to be built in the Municipality of Assú state of Rio Grande do Norte.

At an investment of about R$ 220.0 million, the project is currently at the environmental licensing and solar radiation measurement stage. Work is programmed to begin in 2017, the plant becoming operational in 2018.



Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Tractebel's Share
Santo Agostinho Complex	Wind Farm	Lajes and Pedro Avelino (RN)	600.0	600.0
Norte Catarinense	Thermal	Garuva (SC)	600.0	600.0
Campo Largo Complex - Phase II	Wind Farm	Umburanas and Sento Sé (BA)	330.0	330.0
Alvorada	Solar	Bom Jesus da Lapa (BA)	90.0	90.0
Assú - Plants I and II	Solar	Assú (RN)	73.4	73.4
Total			**1,693.4**	**1,693.4**

Santo Agostinho Wind Complex – Rio Grande do Norte. The Complex is made up of 24 specific purpose companies (SPEs), each one responsible for the development of a wind generation project, representing a **total development capacity of 600 MW.** All the projects will be located in the municipalities of Lajes and Pedro Avelino, about 120 km from the city of Natal, the capital of the state of Rio Grande do Norte. Between December 2014 and December 2015, Tractebel Energias Complementares Participações Ltda., a subsidiary of the Company finalized the acquisition of the capital stock of the 24 SPEs. Environmental studies are in preparation and the issue of a Preliminary License (LP) is expected for the second half 2016.



3D images from the Norte Catarinense TPP project.

Norte Catarinense Thermoelectric Power Plant – Santa Catarina. The Company is developing a project for the construction of a natural gas-fired combined cycle thermoelectric power plant in the city of Garuva, in the north of the state of Santa Catarina. **The Norte Catarinense TPP will have an installed capacity of approximately 600 MW**. In March 2016, the Preliminary Environmental License was issued, allowing the Plant to take part in future new energy auctions.

Campo Largo Wind Complex – Bahia (Phase II). The Company intends to add about 330 MW of installed capacity to the Complex with the implementation of its second phase, for sale of energy to the free and regulated markets.

Alvorada Photovoltaic Complex. Tractebel Energia has acquired a site in the state of Bahia, - a region with potential for generating solar energy - for the development of four projects comprising the **Alvorada Photovoltaic Complex**. The projects, which **will have a total installed capacity of 90 MW**, are at the stage of environmental licensing and measurement of solar radiation.

The Company is also examining the potential for photovoltaic solar energy generation in areas where it is installing its wind farms. In addition, it is also analyzing partnerships which could accelerate the development of this energy source in line with the process of energy transition which is taking place at world level.

Assú Photovoltaic Complex. This Complex is being developed in the Municipality of Assú in state of Rio Grande do Norte, consisting of 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 Plants I and II plants are currently at the environmental licensing and solar radiation measurement stages.



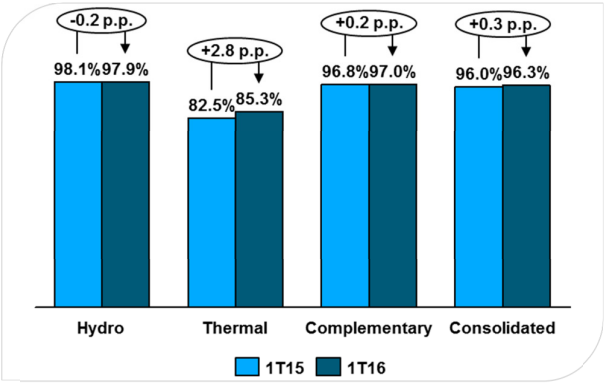
ENGIE Solar. The Company is expanding its operations into the distributed generation market through the acquisition of a 50% stake in the capital of GD Brasil Energia Solar S.A., which will be denominated ENGIE Solar, a component of the Araxá Group, one of the leaders in the Brazilian market for distributed solar generation. This investment will be instrumental in allowing Tractebel Energia to enter a market with major growth potential. This market is currently extremely dispersed among a large number of small companies with no dominant player able to respond to the challenges of a dynamic energy matrix, close to the end consumer. The investment may reach as much as R$ 24.3 million and will be used to strengthen the execution and management capacity of the company and provide the necessary working capital for its development.

Uptime Operating

In 1Q16, the plants operated by Tractebel Energia reported uptime working of 96.3% ignoring scheduled stoppages: 97.9% for the hydroelectric plants, 85.3% for the thermoelectric plants and 97.0%, the plants fired from complementary energy sources – SHPs, biomass, wind and photovoltaic.

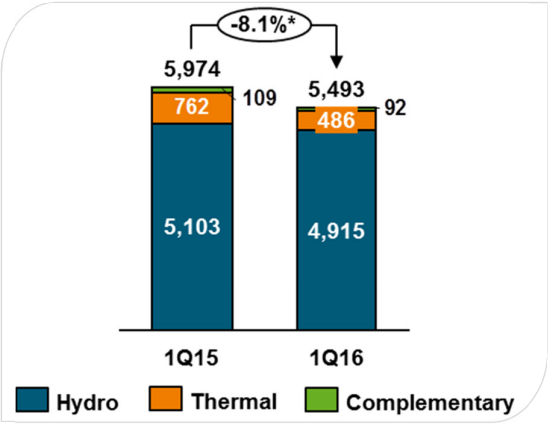
If all scheduled shutdowns are taken into account, the overall uptime in the first quarter 2016 was 86.2%: 89.7% for the hydroelectric plants, 68.8% for the thermoelectric plants and 71.0% for plants operating with complementary energy sources. Uptime performance at the hydroelectric plants has been affected by the modernization work going on simultaneously at the Salto Santiago and Ponte de Pedra HPP, this has reflected in the overall ratio. A similar situation applied at the thermoelectric plants due to programmed maintenance at the number 2 and 5 units at the Jorge Lacerda Thermoelectric Complex. Uptime at the complementary plants was also affected due to programmed maintenance on the Ibitiúva Bioenergética Thermelectric Plant as well as maintenance work on the Ferrari Thermoelectric Plant's units, the latter taking advantage of the off-season hiatus between consecutive sugarcane harvests.

Uptime Operating
Not considering scheduled shutdowns



Production

Generation
Average MW



(*)The variation between the percentage calculated in GWh and average MW occurs due to 2016 is a leap year.

In 1Q16, **electricity output from plants operated by Tractebel Energia** was 11,996 GWh (5,493 average MW). This result is **7.0% lower** than production for 1Q15. Total production breaks down as follows: hydroelectric plants, 10,735 GWh (4,915 average MW), thermoelectric plants 1,061 GWh (486 average MW) and the complementary sourced units 200 GWh (92 average MW). Results point to a decrease of 2.6% in relation to the hydro plants and a reduction of 35.5% and 15.2% at the thermoelectric and complementary operations, respectively.

Year-on-year, generation from the hydroelectric plants was largely unchanged (a reduction of less than 3%). Conversely, there was a reduction of more than 35% in generation from the thermoelectric plants by virtue of the fact that the plants were no longer being dispatched by order of merit - , unlike the last two years during severe drought conditions in some regions of Brazil. With this changing scenario, there was a significant reduction in generation from units 1 and 2 of the Jorge Lacerda Thermoelectric Power Plant A.



The units at the William Arjona Thermoelectric Plant were also disconnected for operational convenience. Likewise, the Ibitiúva Bioenergética Thermoelectric Plant also made a significant contribution to the decline in thermoelectric output due to the programmed shutdown of Generator Unit 5 for general overhaul as from the beginning of October 2015. In the same context, also worthy of note was the reduction by a half in nominal capacity of the Charqueadas Thermoelectric Plant from February 10, 2016 for minimizing the impacts of Aneel Resolution 500, which establishes procedures for reimbursing the cost of fuel at plants fired from nationally produced mineral coal.

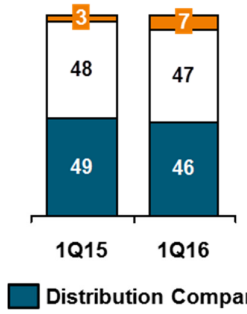
In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not inevitably imply a deterioration in economic-financial performance 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.

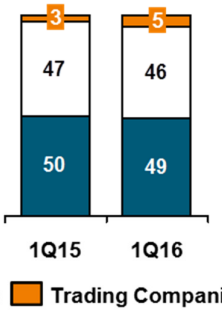
Clients

In 1Q16, **the participation of free consumers** in the Company's portfolio was 46.9% of physical sales and 45.7% of net revenue from sales, representing **increases of 1.1 p.p**. and **1.5 p.p**., respectively in relation to the same period in 2015.

Breakdown of Customers by Physical Sales
(%)



Breakdown of Customers in Contracted Sales Comprising Net Revenues from Sales
(%)



Distribution Companies | Free Customers | Trading Companies

Commercial Strategy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of offsetting the risk of exposure to spot prices (Price for Settlement of Differences - PLD) for that particular year. Electric energy sales are made during windows of opportunity that open when the market shows a greater buying propensity.



Tractebel Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as at **March 31, 2016** is as follows:

Energy Balance
(Average MW)

	2016	2017	2018	2019	2020	2021	Auction	Reference	**Gross** Price Adjusted
Own Resources	3,534	3,542	3,585	4,014	4,007	4,015	**Gross** Price	Date	as of 12/31/2015
+ Purchases for Resale	859	691	668	569	347	295	(R$/MWh)		(R$/MWh)
= Total Resources (A)	**4,393**	**4,233**	**4,253**	**4,583**	**4,354**	**4,310**			
Government Auction Sales[1]	1,673	1,323	1,371	1,765	1,612	1,612			
2005-EE-2009-08	345	-	-	-	-	-	94.0	Oct-05	160.8
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	194.8
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	213.8
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	223.8
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	201.1
2014-EE-2014-06	150	150	150	150	-	-	270.7	May-14	292.8
Proinfa	44	44	44	44	44	44	147.8	Jun-04	279.4
1st Reserve Energy Auction	14	14	14	14	14	14	158.1	Aug-08	254.3
Auction Mix (New Energy / Reserve / DG)	18	18	18	17	14	14	-	-	230.3
2014-NE-2019-25	-	-	-	295	295	295	183.5	Mar-14	217.1
2014-NE-2019-25	-	-	-	10	10	10	206.2	Nov-14	244.5
2014-NE-2019-20	-	-	-	83	83	83	139.3	Nov-14	158.8
2015-EE-2016-01	5	-	-	-	-	-	169.4	Dec-15	169.4
2015-NE-2018-20	-	-	46	46	46	46	188.5	Aug-15	197.4
8th Reserve Energy Auction	-	-	2	9	9	9	303.0	Dec-15	314.3
+ Bilateral Sales	2,502	2,690	2,398	1,882	1,214	721			
= Total Sales (B)	**4,175**	**4,013**	**3,769**	**3,647**	**2,826**	**2,333**			
Balance (A - B)	**218**	**220**	**484**	**936**	**1,528**	**1,977**			
Sales average **net** price (R$/MWh) [2]:	177.9	175.3	176.0						
Purchases average **net** price (R$/MWh) [3]:	206.5	181.1	181.7						

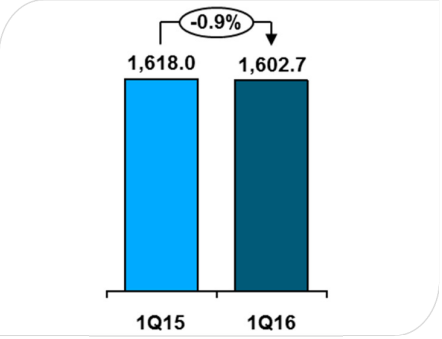
[1] XXXX-YY-WWW-ZZ, where:
XXXX ➔ year of auction
YY ➔ EE = existing energy or NE = new energy
WWWW ➔ year of delivery start
ZZ ➔ supply contract duration (in years)
[2] Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), as of 03/31/16, i.e. future inflation is not considered.
[3] Purchase net price, considering benefits from PIS/Cofins credits, as of 03/31/16, i.e. future inflation is not considered.
Notes:
- The balance refers to the settlement point.
- The average prices are considered simply estimates and are based on financial planning revisions, not capturing volume changes, which are updated quarterly.
- Aneel agreed to the renegotiation of the hydrological risk with respect to the Company`s agreements negotiated through the Regulated Contracting Environment (ACR). Additional information can be found in the financial statements of 2015.

ECONOMIC-FINANCIAL PERFORMANCE

Net Revenue from Sales

In 1Q16, **net revenue from sales reported a reduction of 0.9%**, (R$ 15.3 million), when compared with 1Q15, a decrease of R$ 1,618.0 million to R$ 1,602.7 million. The principal factors contributing to this variation were: (i) R$ 95.7 million - an increase in the net average selling price; (ii) R$ 58.1 million - a reduction in volumes of energy sold and (iii) R$ 53.5 million - a decline in revenue from transactions in the short-term market including those within the scope of the Electric Energy Trade Board (CCEE).

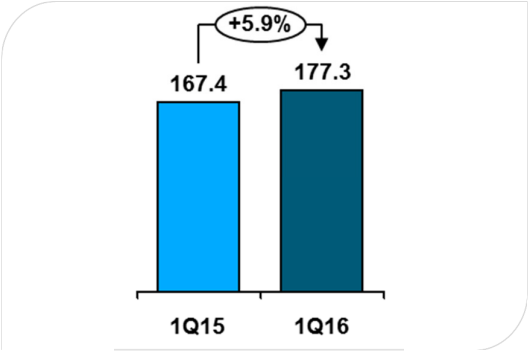
Net Revenue from Sales
R$ milhões





Net Average Selling Price*

R$/MWh



(*) Net of taxes and exports

✓ **Net Average Selling Price**

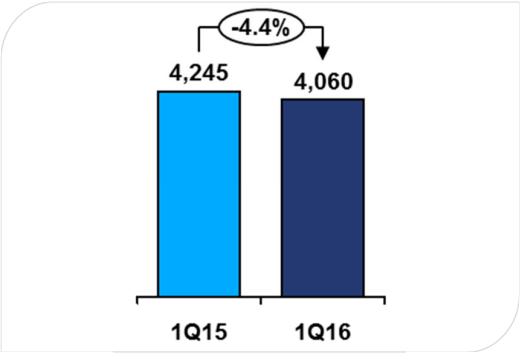
The net average selling price of energy, net of tax, reached R$ 177.29/MWh in 1Q16, **5.9% more** than in 1Q15, when average prices were R$ 167.35/MWh. Higher prices were largely due to monetary restatement of existing agreements, partially offset by lower prices practiced for new agreements.

✓ **Sales Volume**

Energy sales volume declined from 9,169 GWh (4,245 aMW) in 1Q15 to 8,867 GWh (4,060 aMW) in 1Q16, **a reduction of 302 GWh** (185 aMW) between compared periods. These variations were due to the expiry of bilateral agreements, the energy of which was settled in the short-term market.

Sales Volume

Average MW



Comments on Variation in Net Revenue from Sales by Client Class

✓ **Distributors**

Net sales revenue from distributors reached R$ 770.9 million in 1Q16, an amount **1.3% higher** than the R$ 760.7 million recorded in 1Q15 due to a combination of the following effects: (i) R$ 75.7 million — an increase of 10.4% in net average price; and (ii) R$ 65.5 million — a reduction of 367 GWh (190 aMW) in sales volume from 4,485 GWh (2.076 aMW) in 1Q15 to 4,118 GWh (1,886 aMW) in 1Q16.

✓ **Trading Companies**

Net sales revenue from trading companies in the quarter was R$ 83.1 million, **67.9% higher** than sales revenue registered in 1Q15 of R$ 49.5 million. This increase reflected the following aspects: (i) R$ 48.0 million — an increase of 306 GWh (139 aMW) in energy volumes sold, rising from 285 GWh (132 aMW) in 1Q15 to 591 GWh (271 aMW) in 1Q16; and (ii) R$ 14.4 million — a decrease of 19.0% in net average selling price.

✓ **Free Consumers**

Net sales revenue from free consumers decreased 0.9% between comparative quarters, declining from R$ 724.2 million in 1Q15 to R$ 718.0 million in 1Q16. The following events contributed to this variation: (i) R$ 40.6 million — a reduction of 241 GWh (134 aMW) in the energy sales volume from 4,399 GWh (2,037 aMW) in 1Q15 to 4,158 GWh (1,903 aMW) in 1Q16; and (ii) R$ 34.4 million — an increase of 4.9% in the net average selling price of energy.

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

In 1Q16, **revenue from short-term market business**, including transactions through the CCEE, was R$ 21.8 million, against R$ 75.3 million in 1Q15, representing a **reduction of R$ 53.5 million** (71.0%) when the two quarters under review are compared. A more detailed explanation of these variations is to be found in the item below "Details of short-term operations conducted through the CCEE".



Costs of Electric Energy and Services

The costs of the sale of energy and services decreased by R$ 14.3 million, **(1.5%)**, year-on-year from R$ 930.6 million in 1Q15 to R$ 916.3 million in 1Q16. These variations are essentially due to the following principal factors:

✓ **Electric energy purchased for resale:** reduction of R$ 5.2 million in 1Q16 compared with 1Q15, principally reflecting lower prices for new medium and long-term agreements.

✓ **Transactions in the short-term market including those conducted through the CCEE:** year-on-year, costs with these transactions were R$ 59.6 million higher. A more detailed explanation of these variations is to be found in the specific item below.

✓ **Charges for the use of and connection to the electricity grid:** year-on-year increase of R$ 7.6 million (8.8%) due largely to the annual readjustment in transmission tariffs.

✓ **Personnel:** an increase of R$ 3.9 million (7.4%) in 1Q16 in relation to 1Q15 mainly due to the annual increase in employee compensation and benefits.

✓ **Materials and third party services:** year-on-year decrease of R$ 17.3 million mainly due to the extraordinary recognition in 1Q16 of R$ 15.3 million with respect to recovery of a credit for PIS and Cofins taxes levied on materials and services contracted from third parties.

✓ **Depreciation and amortization:** expansion of R$ 7.2 million between the compared quarters above all, due to the conclusion of major maintenance work on the Jorge Lacerda Thermoelectric Complex in 2Q15 and the startup in commercial operations in May 2015 of the number 5 turbo-generator at the Ferrari Thermoelectric Power Plant.

✓ **Net operational provisions:** the positive effect on the result of R$ 70.3 million in 1Q16 compared to 1Q15. The variation is largely a reflection of the following events in 1Q15: (i) R$ 76.6 million — constitution of a civil provision for a legal dispute with a supplier involving the application of the current legislation for defining the price of an input; and (ii) R$ 6.1 million — reversal against payment of a civil provision relative to an indemnity for expropriations at the Cana Brava Hydroelectric Plant.

✓ **Others:** a positive variation of R$ 3.3 million in 1Q16 in relation to 1Q15, essentially due to: (i) payment in 1Q15 of R$ 6.1 million in indemnification for the above mentioned expropriations; and (ii) the increase of R$ 3.8 million in premiums for insurance policies renewed by the Company.

Details of Short Term Operations, Including Transactions on the Electric Energy Trade Board (CCEE)

Short-term operations are classified as energy purchase or sale operations not exceeding six months and having the optimization of Tractebel's exposure to the CCEE as their prime objective. Consequently, the price of these operations is characterized by the linkage with Price for Settlement of Differences (PLD) or spot price. This item also includes the transactions conducted through the CCEE, given the volatile and seasonal nature - and, therefore, short-term transactions - of the results originated from accounting in CCEE. Additionally, the long and short positions are settled at the spot price, thus, 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 expenses account. In this context, it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic - allowing us to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

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

In 1Q16, **the net result** (difference between revenues and costs — less taxes on revenue and costs), **of short-term transactions, including those conducted across the CCEE, was a negative R$ 50.1 million**. Conversely, this same item was positive in 1Q15 at R$ 62.9 million, thus a negative variation of R$ 113.1 million between quarters.



This variation is largely due to a combination of the following factors: (i) a significant reduction in 1Q16 of the negative effect of the adjustment in physical guarantee in relation to the GSF (Generation Scaling Factor) by virtue of the decrease in the reduction factor and PLD; (ii) a decrease in the long position on the CCEE, a reflection of the Company's monthly power allocation strategy (when comparing the two quarters) and a marked reduction in PLD; (iii) a decrease in the amount of thermoelectric exposure due to a significant reduction in average PLD in the current quarter in spite of the reduction in thermoelectric dispatch and the consequent increase in the amount of this exposure; (iv) negative impact in 1Q16 due to the difference of average PLD between the South/Southeast/Center-West and the Northeast submarkets; (v) reimbursement of costs in 1Q16 due to dispatch outside the order of merit of the William Arjona Thermoelectric Plant (UTWA); and (vi) recognition in 1Q15 of the amounts relative to the recovery from the negative impacts on the CCEE due to accidents at the generator units. The positive effects of items (i), (iii) and (v) attenuated the negative impact of the other items.

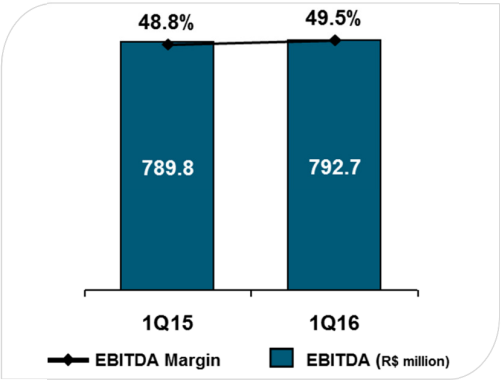
It is worth mentioning that the significant reductions of average PLD between quarters and the years under analysis (as shown below) made a notable contribution to mitigating the negative effects on results due to the GSF and to thermoelectric exposure while, on the other hand, also contributing to a reduction in the positive impact of surplus of energy settled across the CCEE.

In December 2015, Aneel set maximum and minimum PLD limits for the year 2016 at R$ 422.56/MWh and R$ 30.25/MWh, respectively. When comparing quarters, **the average PLD** for the South and Southeast/Center-West submarkets **fell 91.1%** from R$ 388.48/MWh in 1Q15 to R$ 34.60/MWh in 1Q16.

Ebitda and Ebitda Margin

Reflecting the aforementioned effects, **Ebitda** for 1Q16 was R$ 792.7 million, R$ 2.9 million **(0.4%) above** the R$ 789.8 million posted in 1Q15. **The Ebitda margin** was 49.5% in 1Q16, representing **an increase of 0.7 p.p.** compared with 1Q15. The above increases are largely the reflection of the following combination of factors: (i) the negative effect of R$ 113.1 million in transactions in the short-term market including those conducted across the CCEE; (ii) the positive effect of R$ 68.9 million in operational provisions, net; (iii) an increase of R$ 37.6 million net revenues from the sale of contracted energy; (iv) a decrease of R$ 15.6 million in materials and services from third parties; and (v) an increase of R$ 6.1 million for other costs and operational expenses.

Ebitda [1] and Ebitda Margin



(1) Ebitda: net profit + income tax and social contribution and financial expenses, net + depreciation and amortization.

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

(In millions of R$)	1Q16	1Q15	Chg. %
Net income	347.1	344.8	0.7
(+) Income tax and social contribution	163.3	163.5	-0.1
(+) Financial expenses, net	128.2	134.8	-4.9
(+) Depreciation and amortization	154.1	146.7	5.0
Ebitda	**792.7**	**789.8**	**0.4**

Financial Result

Financial income: in 1Q16, income totaled R$ 124.9 million, or **R$ 67.6 million (118.0%) greater** than the R$ 57.3 million reported in 1Q15, due substantially to: (i) the increase in the amount of R$ 27.2 million in revenue from financial investments; and (ii) recognition in the current quarter of R$ 37.2 million in interest and monetary restatement on accounts receivable from the sale of electricity as a result of a decision in favor of the Company with respect to a legal dispute with a Brazilian electricity sector agent.

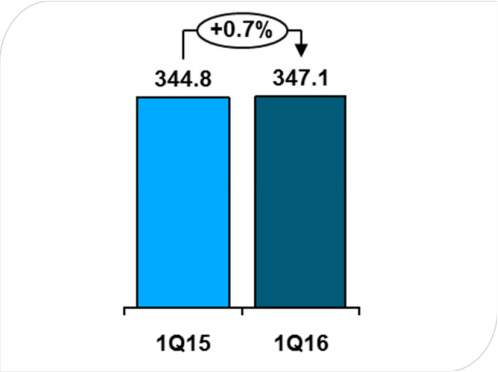


Financial expenses: expenses in 1Q16 were R$ 253.1 million, or **R$ 61.0 million (31.8%) higher** than the R$ 192.1 million reported in 1Q15. The principal variations were: (i) recognition in 1Q16 of R$ 46.3 million in monetary restatement on amounts to be paid in the CCEE and pending payment in the light of court injunctions suspending the application of the GSF by the CCEE; (ii) increase of R$ 22.8 million in the interest and monetary restatement on concession fees payable; and (iii) a reduction of R$ 8.3 million in interest and monetary restatement on debt.

Net Income

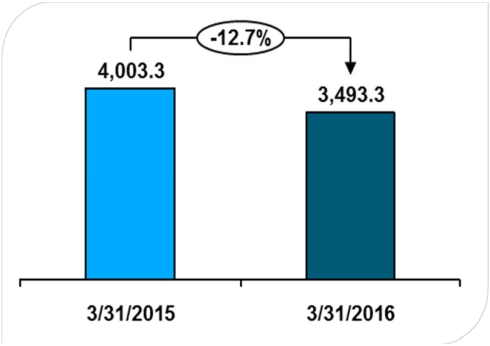
Net Income for 1Q16 was R$ 347.1 million, R$ 2.3 million **(0.7%) greater** than the R$ 344.8 million reported for 1Q15. This increase is largely the effect of the following: (i) growth of R$ 2.9 million in Ebitda; (ii) reduction of R$ 6.6 million in net financial expenses; (iii) increase of R$ 7.4 million in depreciation and amortization; and (iv) a reduction of R$ 0.2 million in income tax and social contribution.

Net Income
R$ million



Debt

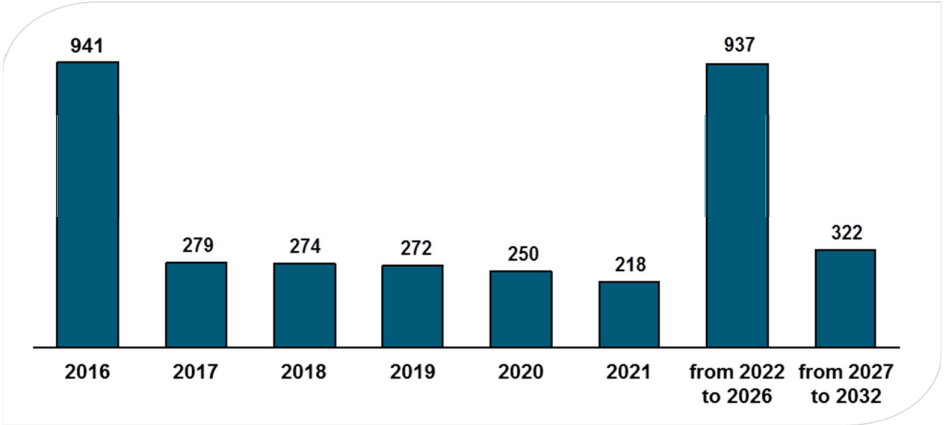
Total Debt
R$ million



The Company's **total gross consolidated debt** as at March 31, 2016, represented mainly by loans, financing and debentures, **net of hedge operations, totaled R$ 3,493,3 million, a decrease of 12,7%** (R$ 510.0 million) compared to the position as at March 31, 2015. Of total corporate debt at the end of the period, 26.6% was currency denominated (34.5% at the end of the 1Q15). However, if the contracted swap operations are taken into account, **currency exposure was zero at the end of the period under analysis.**

The variation in Company debt is largely related to a combination of the following factors occurring between 1Q15 and 1Q16: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 90.6 million for investments in the modernization of the Salto Santiago and the Jorge Lacerda Thermoelectric Complex and for the expansion of Ferrari TPP; (ii) R$ 400.0 million in charges payable together with monetary restatement and currency translation effects; and (iii) R$ 1,000.4 million in amortization of loans, financing and debentures.

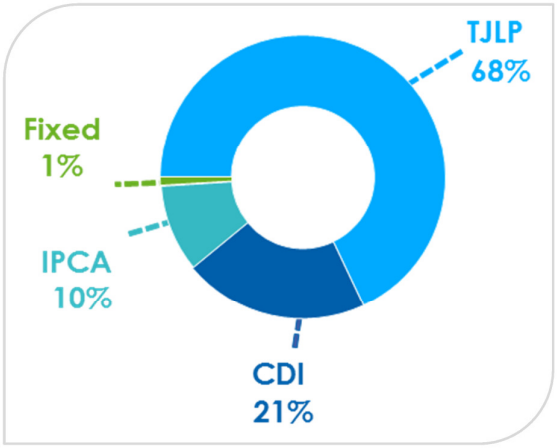
Maturity Term Loans
R$ million





The **average weighted nominal cost of debt** in the end of 1Q16 was **11.2%.**

Composition of Debt



On March 31, 2016, the Company's **net debt** (total debt less derivative operations, deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was **R$ 1,074.9 million**, **a reduction of 51.8%** compared with the end of the 1Q16.

Net Debt

R$ million

	03/31/2016	03/31/2015	Chg. %
Gross debt	3,762.1	4,322.3	-13.0
Result of derivatives operations	(268.8)	(319.0)	-15.7
Deposits earmarked for the payment of debt	(155.0)	(156.1)	-0.7
Cash and cash equivalents	(2,263.5)	(1,618.1)	39.9
Total net debt	**1,074.9**	**2,229.1**	**-51.8**

Capital Expenditures

In 1Q16, Tractebel Energia's **total investments were R$ 173.4 million**, of which R$ 16.2 million were allocated to generator complex maintenance and revitalization; R$ 34.0 million, to modernization of the hydroelectric plants Salto Santiago and Passo Fundo; and R$ 123.2 million, to the construction of new plants: Pampa Sul TPP (R$ 66.9 million), Santa Mônica Wind Complex (R$ 45.4 million) and other plants (R$ 10.9 million).

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Sustainable Management

All plants under the Company's responsibility adhere to Tractebel Energia Sustainable Management Policy, which covers the areas of Quality, Environment, Occupational Health and Safety, Social Responsibility and Energy Management. Out of the 28 plants installed in 12 states of Brazil's five regions, 14 (with an aggregate capacity of 83.6% of the total operated by the Company) are 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); and the Jorge Lacerda Thermoelectric Complex, the three plants of which, are among the 14 which are certified according to the NBR ISO 50001 standard for Energy Efficiency.

In addition to the Sustainable Management Policy, other standards related to the Company's commitment to sustainable development are included in the corporate website on such themes as Human Rights, Stakeholder Engagement and Climate Change as well as the Sustainability Committee's Internal Charter, the code for the Environment and Ethics and the Sustainability Reports published annually based on Global Reporting Initiative (GRI) recommendations and since 2014 also making use of the International Integrated Reporting Council (IIRC) framework.



Sustainability Committee

Tractebel´s Sustainability Committee was set up in 2007 and is currently made up of 12 members drawn from different areas, more especially those related most closely to stakeholders, such as shareholders, clients, suppliers, employees, the media and communities. Coordination is the responsibility of the Administrative Director's Office while one of the Committee members is the Board employee representative. Among others, the Committee has as its objectives to:

- ✓ contribute towards maintaining the balance of interests of the different stakeholders in relation to the Company;
- ✓ develop awareness programs to propagate concepts and practices of sustainability among both internal and external audiences;
- ✓ contribute to the use of best corporate governance practices; and
- ✓ propose, obtain approval from the Management Board and work on a coordinated basis with the organizational units to achieve the annual corporate sustainability goals ("Tractebel Energia Sustainability Goals"). These goals are based on four Programs — Cultural Development, Environmental Improvement, Social Inclusion and Education for Sustainability —, with initiatives linked to indicators and weightings so permitting an evaluation at the end of each year.

Highlights of the Quarter

- ✓ On January 19, a representative from ENGIE Brasil gave a presentation on COP 21 (the Paris Climate Summit) at Tractebel Energia´s head office auditorium. During the same month, members of the Sustainability Committee met with a student from the Universidade Federal de Santa Catarina who took part in the event (held in December 2015) representing young university undergraduates;
- ✓ On January 25, a conference call was held with ENGIE Brasil on the methodologies for analyzing and assessing environmental damage;
- ✓ On February 29 and March 1, a Highlights in Sustainable Development for 2015 presentation was held as part of the presentation on 2015 fourth quarter and annual results to the Association of Capital Markets Analysts and Professionals (Apimec) in São Paulo and Rio de Janeiro.

Sustainability Indices

Since 2012, it has been standard practice of the Company to include the principal sustainability indicators for each quarter in its quarterly results presentations. The following table shows the indicators for 1Q16, associating each indicator with GRI recommendations.



Sustainability Indices[1]

Item	Dimension[2]	Index[3]	GRI disclosure[4]	1Q16	1Q15	Change
1	Quality	Operating plants	EU1, G4-9	28	27	1
2		Installed capacity	EU1, G4-9	8,729	8,748	-0.2%
3		Number of certified plants	EU6, G4-15	14	14	-
4		Certified installed capacity (MW)	EU6, G4-15	7,294	7,330	-0.5%
5		Certified installed capacity in relation to the total	EU6, G4-15	83.6%	83.8%	-0.3%
6		Installed capacity from renewable sources	EU1, G4-9	7,646	7,629	0.2%
7		Installed capacity from renewable sources in relation to the total	EU1, G4-9	87.6%	87.2%	0.4%
8		Energy generation (GWh)	EU2	11,996	12,904	-7.0%
9		Certified energy generation	EU6, G4-15	10,357	11,230	-7.8%
10		Certified energy generation in relation to the total	EU6, G4-15	86.3%	87.0%	-0.8%
11		Energy generation from renewable sources (GWh)	EU2	10,935	11,259	-2.9%
12		Energy generation from renewable sources in relation to the total	EU2	91.2%	87.2%	4.5%
13		Uptime ratio, excluding scheduled stoppages	EU30	96.3%	96.1%	0.3%
14		Uptime ratio, including scheduled stoppages	EU30	86.3%	87.0%	-0.9%
15	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[5]	G4-EN27	97,517	50,935	91.5%
16		Number of visitors at the plants[5]	G4-26	11,388	11,233	1.4%
17		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	1.001	0.985	1.6%
18		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)	G4-EN15	0.118	0.126	-6.1%
19	Occupational Heath and Safety (OH&S)	Average number of employees[6]	G4-10, G4-LA1	1,133	1,142	-0.8%
20		Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[7]	G4-LA6	0.000	0.000	-
21		Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[8]	G4-LA6	0.000	0.000	-
22		Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[7]	G4-LA6	1.680	0.000	↑
23		Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[8]	G4-LA6	0.000	0.000	-
24	Social Responsibility[9]	Non-incentive investments	G4-EC8, G4-SO1	1,175.0	766.1	53.4%
25		Investments via Children and Teenagers Fund	G4-EC8, G4-SO1	671.3	53.8	1147.8%
26		Investments via Cultural Incentives Act	G4-EC8, G4-SO1	5,443.5	4,714.7	15.5%
27		Investments via Sport Incentives Act	G4-EC8, G4-SO1	150.00	350.00	-57.1%
28		Other Investments via Incentive Acts (health and others)	G4-EC8, G4-SO1	0.0	300.0	↓

Notes:

1) Additional indices available from ITR (Tractebel website / Investors / Financial Information/ Financial Statements).

2) Reference: Tractebel Energia's Sustainable Management Policy.

3) Indices don't consider Alegrete Thermoelectric Plant (in process of returning to the Union since 2013), except for OH&S, as there are activities in course at the plant, by means of proper and outsourced employees.

4) GRI: Global Reporting Initiative.

5) Ceste (Consórcio Estreito Energia) not included.

6) Average number in the period of own employees working at power plants in operation, at the headquarters and at the São Paulo's office.

7) TF = number of occupational accidents for every million hours of exposure to hazards, considered the same employees of item 19.

8) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards, considered the same employees of item 19 and the outsourced working in the same places.

9) In millions of R$.

CORPORATE GOVERNANCE

Tractebel Energia's Corporate Bylaws are being permanently adjusted to the new rules and procedures of the BM&FBovespa Novo Mercado Listing Regulations, the highest corporate governance level of that stock exchange. In addition, as already mentioned, the Company is a component of the BM&FBovespa's Corporate Sustainability Stock Index (ISE). Tractebel Energia's Board of Directors' meetings are monitored in relation to the time dedicated to strategic and short term issues, relative to corporate sustainability. The Board is made up of nine effective members, one of whom represents the employees. A further two directors are independent. With the exception of the employee representative, all are elected by the shareholders at a General Shareholders Meeting. Permanently installed, the Fiscal Council is totally independent of management and the outside auditor, and is accountable for the supervision of management acts and for examining and opining on the financial statements, for evaluating risk management systems and internal controls as well as proposals to be submitted to the Board of Directors when engaging additional services from the external auditor of the financial statements.

Ethical behavior is one of the Company's corporate values. In this context it has adopted a Code of Ethics – a public document which can be accessed from the corporate website -, as well as having an Ethics Committee responsible for updating the Code and analyzing ethical issues. **In 2013, Tractebel Energia ratified its adherence to the Business Pact for Integrity and against Corruption,** an Instituto Ethos initiative in parallel with the United Nations Global Compact to which ENGIE has been a signatory since launch.

In addition to Novo Mercado regulations, Tractebel Energia complies with the precepts of the Sarbanes-Oxley act, the purpose of which is to combat unethical conduct and make the financial statements more reliable.



Tractebel Energia's dividend policy establishes a minimum mandatory dividend of 30% of net income for the fiscal year, adjusted pursuant to Law 6,404/76. In addition, the Company policy determines the intention of paying in each calendar year dividends and/or interest on shareholders' equity for a value of not less than 55% of adjusted net income in the form of semi-annual payouts.

With respect to the asset transfer model and other transactions with related parties, Tractebel Energia and its controlling shareholder understand that its existing corporate governance standards should be raised even further. Among the initiatives implemented stands out the creation, by means of adaptation to the Company's Bylaw, of the Special Independent **Committee for Valuation of Transactions with Related Parties**, a non-permanent body, which, when called, will be composed in its majority by independent directors of the Tractebel Energia's Board.

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 ranked their highest by performance in corporate responsibility in developing countries. 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.

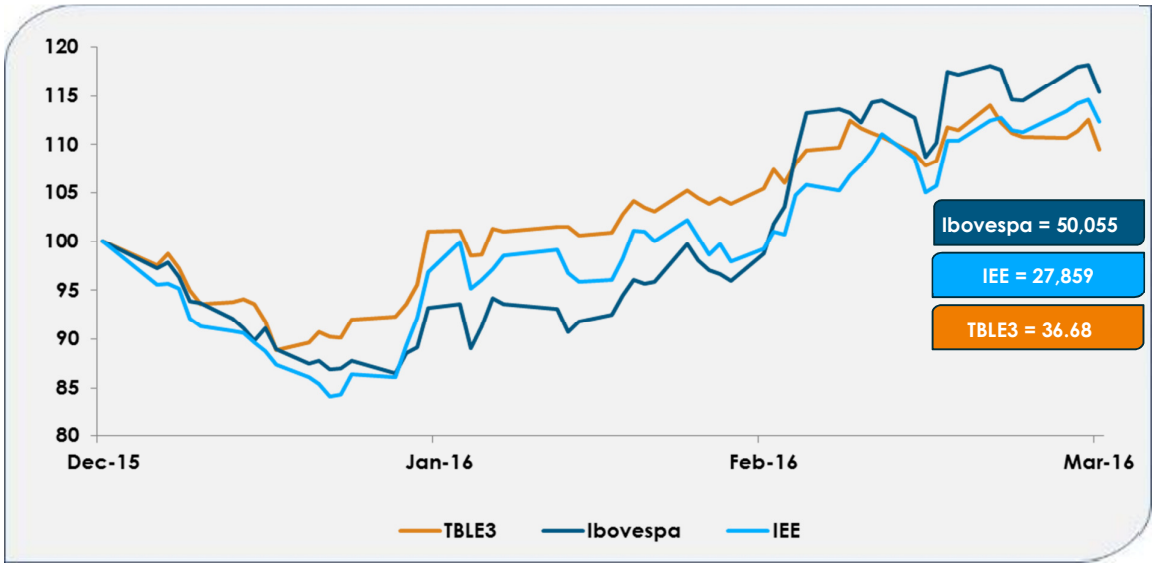
Share Performance — TBLE3

In the first quarter of 2016, the benchmark stock index, Ibovespa, reported an appreciation of 15.5%, compared to an increase in the same period in 2015 of just 2.3%. The improvement reflected mainly political factors and a correspondingly more favorable perception of country risk.

Tractebel Energia´s shares ended **1Q16 reporting an appreciation of 9.5%** compared to 12.3% and 15.5% in the Electric Energy Stock Index (IEE) and Ibovespa, respectively. TBLE3 closed the quarter priced at R$ 36.68, equivalent to a market capitalization of R$ 23.9 billion.

In 1Q16, TBLE3's average daily trading volume was R$ 38.6 million, a growth of 66.0% on volumes posted for 1Q15, when trading turnover was R$ 23.3 million.

TBLE vs. Ibovespa vs. IEEX
(Base 100 – 12/31/2015)





Upcoming Event

Tractebel Energia will be holding the following events to discuss the earnings results:

Conference call with Webcast (In Portuguese — simultaneous translation into English)

Date: May 06, 2016
Time: 10:00 a.m. (EDT) / 11:00 a.m. (Brasília time)

Connection numbers:
Participants in Brazil: +55 (11) 3193-1001/ (11) 2820-4001
Participants in the USA: +1 (786) 924-6977
Participants from other countries: +1 (888) 700-0802
Access code: Tractebel

Webcast

The access links will be found at the company's website (www.tractebelenergia.com.br), at the Investors section.

A replay will be available from May 6th to 12, 2016. Access by dialing: +55 (11) 3193-1012 / +55 (11) 2820-4012, code: 6709648#

Important

This release contains information and opinions on future events subject to risks and uncertainties, which are based on current forecasts, projections and tendencies in relation to the Company´s businesses. Innumerous factors can affect the estimates and assumptions on which these opinions are based. For this reason, the estimates and forward looking statements in this release may not become a reality. In the light of these restrictions, shareholders and investors should not adopt any decisions based on estimates, projections and forward looking statements contained in this release.



ATTACHMENT I
TRACTEBEL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – ASSETS

(In thousands of R$)		
Assets	**3/31/2016**	**12/31/2015**
Current Assets	**4,068,797**	**4,431,818**
Cash and cash equiv alents	2,263,473	2,396,854
Accounts receiv ables from clients	780,355	773,602
Inv entory	99,104	88,888
Fiscal credits recov erable	41,218	46,385
Refund of fuel purchases	118,026	144,249
Restricted deposits	59,409	8,426
Unrealized gains on hedging transactions	468,888	778,227
Hedge of debt	268,775	488,802
Cash flow hedge on purchases commitments	200,113	289,425
Renegotiation of hydrological risk to appropriate	26,064	26,064
Other current assets	125,374	82,237
Non current asset held for sale	86,886	86,886
Non Current Assets	**10,824,961**	**10,857,568**
Long Term Assets	**634,857**	**716,695**
Fiscal credits recov erable	48,665	46,763
Restricted deposits	166,675	158,139
Deposits earmarked for the payment of debt	154,975	146,766
Other restricted deposits	11,700	11,373
Deposits in court	136,877	132,480
Unrealized gains on hedging transactions	36,812	130,240
Cash flow hedge on purchases commitments	36,812	130,240
Renegotiation of hydrological risk to appropriate	190,563	197,079
Other non current assets	55,265	51,994
Property, Plant and Equipment	**9,935,010**	**9,897,550**
Intangible	**255,094**	**243,323**
Total	**14,893,758**	**15,289,386**



ATTACHMENT II
TRACTEBEL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – LIABILITIES

(In thousands of R$)		
Liabilities	**3/31/2016**	**12/31/2015**
Current Liabilities	**2,428,695**	**2,977,377**
Suppliers	649,465	573,573
Dividends and interest on shareholder´s equity	4,523	271,021
Loans and financing	1,276,394	1,712,490
Debentures	3,326	489
Concessions payable	62,047	60,572
Tax and social contribution obligations	90,722	17,799
Other fiscal and regulatory obligations	84,775	97,665
Provision for labor obligations	112,662	102,992
Provision for tax, civil and labor risks	26,727	25,727
Obligations related to retirement benefits	22,189	22,189
Other current liabilities	95,865	92,860
Non Current Liabilities	**5,598,505**	**5,669,873**
Loans and financing	2,295,712	2,353,268
Debentures	186,657	180,947
Concessions payable	2,097,711	2,009,980
Provision for tax, civil and labor risks	256,546	246,873
Obligations related to retirement benefits	260,797	255,552
Deferred income taxes and social contribution	424,339	558,826
Other non current liabilities	76,743	64,427
Shareholders' Equity	**6,866,558**	**6,642,136**
Share capital	2,736,253	2,445,766
Capital reserve	91,695	91,695
Profit reserves	3,047,734	3,333,102
Adjustment on fixed asset	638,018	769,309
Retained earnings	350,379	-
Non controlling interests	2,479	2,264
Total	**14,893,758**	**15,289,386**



ATTACHMENT III
TRACTEBEL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(In thousands of R$)	1Q16	1Q15	Chg. %
Net Revenue from Sales	**1,602,655**	**1,617,969**	**-0.9**
Costs of Energy Sold and Services Provided	**(916,282)**	**(930,594)**	**-1.5**
Electric power purchased for resale	(389,323)	(394,571)	-1.3
Transactions in the short term market, including those conducted through the CCEE	(71,968)	(12,385)	481.1
Charges for the use of and connection to the electricity grid	(94,344)	(86,698)	8.8
Fuel expenses	(52,724)	(52,129)	1.1
Financial compensation for use of water resources	(51,306)	(48,387)	6.0
Personnel	(55,886)	(52,026)	7.4
Materials and third party services	(31,800)	(49,067)	-35.2
Depreciation and amortization	(151,980)	(144,739)	5.0
(Reversals) Constitution of operating provisions	488	(69,858)	-100.7
Others	(17,439)	(20,734)	-15.9
Gross Income	**686,373**	**687,375**	**-0.1**
Operating Income (Expenses)	**(47,773)**	**(44,320)**	**7.8**
Selling expenses	(4,647)	(5,014)	-7.3
General and administrative expenses	(43,875)	(41,632)	5.4
Other operating income (expenses), net	749	2,326	-67.8
Income Before Financial Result and Taxes	**638,600**	**643,055**	**-0.7**
Net Financial Result	**(128,153)**	**(134,767)**	**-4.9**
Financial income	124,966	57,298	118.1
Financial expenses	(253,119)	(192,065)	31.8
Income Before Taxes	**510,447**	**508,288**	**0.4**
Income tax	(118,520)	(119,257)	-0.6
Social contribution	(44,820)	(44,281)	1.2
Net Income for the Period	**347,107**	**344,750**	**0.7**
Number of Ordinary Shares	**652,742,192**	**652,742,192**	
Net Income per Share	**0.5318**	**0.5282**	



ATTACHMENT IV
TRACTEBEL ENERGIA S.A.
CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of R$)	1Q16	1Q15
Cash Flow from Operating Activities		
Income before taxes on income	510,447	508,288
Adjustments to reconcile net income before taxes generated from operating cash flow:		
Depreciation and amortization	154,118	146,747
Monetary variation	49,088	61,310
Interests	150,128	113,565
Fair value adjustment	1,756	(158)
Constitution of operating provisions	(840)	68,060
Others	23	611
Adjusted Profit	**864,720**	**898,423**
Reduction (increase) in assets		
Accounts receivables from clients	(4,882)	(28,016)
Refund of fuel purchases	26,223	(47,716)
Fiscal credits recoverable	(3,407)	(6,836)
Inventory	(10,216)	(8,064)
Deposits in court and restricted deposits	(50,834)	(16,608)
Insurance claim receivable	-	121,561
Renegotiation of hydrological risk to appropriate	6,516	-
Other assets	(26,604)	(13,590)
Increase (reduction) in liabilities		
Suppliers	56,542	(149,659)
Taxes and social contribution obligations	(118)	(1,068)
Other fiscal and regulatory obligations	(21,120)	21,674
Research and development obligations	2,444	(4,134)
Obligations related to retirement benefits	(3,692)	(3,064)
Other liabilities	5,560	4,200
Cash Generated from Operating Activities	**841,132**	**767,103**
Payment of income tax and social contribution	(77,605)	(238,146)
Payment of interests on debt, net of hedge	(80,871)	(79,015)
Net Cash from Operating Activities	**682,656**	**449,942**
Investments Activities	**(200,523)**	**(192,207)**
Acquisitions of investments, net of cash and cash equivalents received	(7,866)	-
Used in fixed assets	(190,829)	(190,717)
Used in intangibles	(1,828)	(1,490)
Financing Activities	**(615,514)**	**(244,364)**
Loans and financing contracted	58	47,471
Payment of loans and financing	(287,759)	(49,869)
Payments of concessions payable	(15,659)	(14,277)
Payments of dividends and interest on shareholders' equity	(312,622)	(222,021)
Deposits for funding	(3,974)	(6,029)
Others	4,442	361
Increase (Decrease) in Cash and Cash Equivalents	**(133,381)**	**13,371**
Reconciliation of Cash and Cash Equivalents		
Opening balance	2,396,854	1,604,731
Closing balance	2,263,473	1,618,102
Increase (Decrease) in Cash and Cash Equivalents	**(133,381)**	**13,371**
Transactions that do Not Affect Cash and Cash Equivalents		
Capitalized interest and monetary on loans	25,661	11,992
Supplier's of fixed assets and intangibles	(26,822)	(1,103)
Offsetting of income tax and social contribution	7,936	6,012
Future disbursements estimate	(1,027)	(1,249)
Balance of remaining installments related to purchase of investments	13,027	37,081