

ENGIE Brasil Energia announces an Ebitda of R$ 751.7 million in 2Q16 and approves distribution of dividends of 100% of adjusted net income

Florianópolis, Brazil, July 28, 2016. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia" or "Company"), current denomination of Tractebel Energia S.A. – BM&FBOVESPA: EGIE3, the largest private sector electricity generating company in Brazil, announces earnings for the second quarter and six-month period ending June 30, 2016 (2Q16 and 6M16). 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

- ENGIE Brasil Energia reported a second quarter 2016 (2Q16) net income of R$ 328.8 million (R$ 0.5036/share), 57.1% (R$ 119.5 million) higher than reported in second quarter 2015 (2Q15).
- For the period in review, Ebitda[1] recorded R$ 751.7 million, an increase of 28.3% (R$ 165.7 million) compared with 2Q15. Ebitda margin was 47.9% in 2Q16, an increase of 10.0 p.p. relative to 2Q15.
- Net revenue from sales registered an increase of 1.7% (R$ 25.8 million) compared with this same account for 2Q15 and totaling R$ 1,570.7 million in 2Q16.
- The average contracted energy sales price, net of exports and income tax, was R$ 180.4/MWh in 2Q16, a 6.1% improvement on 2Q15.
- Energy sold in 2Q16 was 8,490 GWh (3,887 aMW), 4.9% down on volumes commercialized in the 2Q15.
- The concreting of the pedestal to the 340 MW turbo-generator at Pampa Sul TPP was concluded on May 8, 2016, this requiring the mobilization of labor around the clock for 42 hours.
- On June 1st, 2016, the Company received the Top of Mind award, sponsored by the newspaper *A Notícia*, as the most recalled brand name in the "Top Executive - Company, institution or foundation based in the state of Santa Catarina for sustainability and environmental responsibility" category.
- The Company issued R$ 600.0 million in non-convertible infrastructure debentures in two series at an average cost of IPCA + 6.26%. Settlement of the operation took place on July 27, 2016, the relative funds to be allocated for the installation of the Pampa Sul TPP.
- The board of the the Brazilian Development Bank (BNDES) approved financing for four wind farms at the Santa Mônica Wind Complex worth R$ 353.5 million.

Subsequent Events

- An Extraordinary General Meeting was held on July 14, approving the alteration in the Company's corporate denomination from Tractebel Energia S.A. to ENGIE Brasil Energia S.A. From July 21, the Company's shares have been negotiated on the stock exchange under the "EGIE3" ticker symbol and the trading name of "ENGIE BRASIL". In the United States over-the-counter market, the Company's American Depositary Receipts (ADR) will trade under the "EGIEY" symbol.
- The Company's Board of Directors approved the distribution of R$ 645.2 million in the form of interim dividends, corresponding to R$ 0.9884403986 per share representing 100% of distributable net income reported for the first half of 2016. The shares will be traded ex-interim dividends as from August 9, 2016 and the payment will be effected as from October 6, 2016.
- In the 20th version of the Transparency Trophy presented by Anefac – Fipecafi - Serasa Experian, the Company was recognized for the quality and standard of information in its account statements and explanatory notes, the transparency of the information and the quality of the management report for fiscal year 2015. This was the seventh time that ENGIE Brasil Energia has received this award, six of these being in the last seven years.

For Immediate Release

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Conference call and webcast:
On 07/29/2016 at 10:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 18.

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Summary of Economic and Operational Indicators

ENGIE Brasil Energia - Consolidated						
(In millions of R$)	**2Q16**	**2Q15**	**Chg.**	**6M16**	**6M15**	**Chg.**
Net Revenue from Sales (NRS)	1,570.7	1,544.9	1.7%	3,173.3	3,162.8	0.3%
Results from Operations (EBIT)	594.0	437.0	35.9%	1,232.6	1,080.1	14.1%
Ebitda [(1)]	751.7	586.0	28.3%	1,544.4	1,375.9	12.2%
Ebitda / NRS - (%)[(1)]	47.9	37.9	10.0 p.p.	48.7	43.5	5.2 p.p.
Net Income	328.8	209.3	57.1%	675.9	554.0	22.0%
Net Debt [(2)]	1,202.7	2,079.1	-42.2%	1,202.7	2,079.1	-42.2%
Gross Power Production (avg MW) [(3)]	4,919	4,279	15.0%	5,206	5,122	1.6%
Energy Sold (avg MW)	3,887	4,086	-4.9%	3,974	4,165	-4.6%
Average Net Sales Price (R$/MWh) [(4)]	180.44	170.10	6.1%	178.83	168.71	6.0%
Number of Employees	1,148	1,174	-2.2%	1,148	1,174	-2.2%

(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 ENGIE Brasil Energia.
(4) Net of taxes and exports.

EGIE3 NOVO MERCADO BM&FBOVESPA
IBOVESPA
Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG
Índice de Sustentabilidade Empresarial ISE 2016
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OPERATING PERFORMANCE

Generating Complex

The largest private sector electricity generator in Brazil, ENGIE Brasil Energia, current denomination of 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.

ENGIE Brasil Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Company's/Group'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 three 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 four 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	Company'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	Jun/51
Total			**4,550.6**	**2,300.6**	

(*) It is envisaged that ENGIE Brasil Participações Ltda.'s stake in the project will be transferred to ENGIE Brasil 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 Brasil Participações Ltda., 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.


Power house left bank (Jun/16)

ESBR submitted the winning bid at the 35-year concession auction organized by Brazilian Electricity Regulatory Agency (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.

42 units are operating commercially at the project with a further unit already synchronized and generating on a trial basis and two units at the final assembling phase. Volume of energy generated by the Plant in 2Q16 was 1,489.2 aMW, the National Electrical System Operator's Uptime Ratio(FID) reaching 99.6%.

In line with the current business model, ENGIE Brasil Participações Ltda.'s stake in the project is expected to be transferred to the Company 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 (as of November 2014). 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 second quarter of 2016, the manufacture of the metallic boiler structures was completed, delivery of the initial shipments to Brazil having already taken place. The concreting of the Turbo Generator pedestal has also been concluded.

Ibama has conducted a thorough inspection of the plant site's health, safety and environmental conditions.

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, **ENGIE Brasil 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 (as of June 2014). The investment portion denominated in foreign currencies was protected against the exchange rate variation effects through hedging operations. The beginning of civil works is planned for October 2016 and commercial operation is scheduled to begin in the fourth quarter 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 (as of March 2014) in the Complex, which will increase the capacity of ENGIE Brasil 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, **ENGIE Brasil 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: blades installation.

In April, the Company concluded the expansion of the Trairi Substation for the hookup of the wind farms in the Santa Mônica Complex. The transmission lines linking the wind farms to the Trairi Substation and the underground network interconnecting the Santa Mônica, Cacimbas and Estrela Wind Farms were completed in May. The assembly of the towers at the Santa Mônica Wind Farm was also finalized using the Eolift system and cranes. During the period, the Company successfully completed the foundations of the Cacimbas and Estrela Wind Farms using the continuous concreting process, subsequently starting work on the assembly of the wind turbine towers.



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 (as of June 2015), 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	Company'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. In June 2016, the state of Rio Grande do Norte's environmental protection agency, the Environmental and Sustainable Development Institute (IDEMA), declared the project to be environmentally viable.



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. ENGIE Brasil 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.



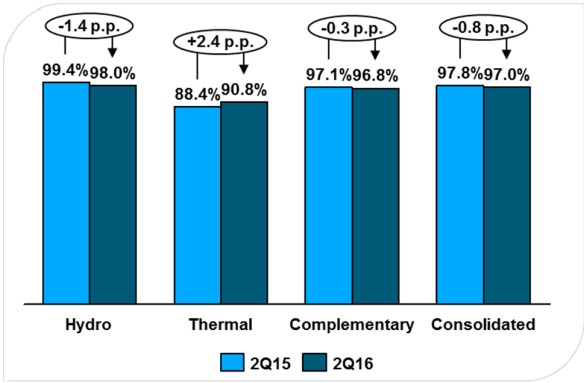
ENGIE Solar. The Company has begun operations in the distributed energy market through the acquisition of a 50% stake in the capital of GD Brasil Energia Solar S.A. (a company with its origins in the Araxá Solar Group, one of the leaders in the Brazilian market for distributed solar energy), to be redenominated ENGIE Geração Solar Distribuída S.A. This investment will be instrumental in ENGIE Brasil Energia penetrating a market with major growth potential in Brazil, currently extremely dispersed with no dominate participant, as an answer to the challenges of an energy matrix which is both dynamic and close to the end consumer. The investment could amount to as high as R$ 24.3 million (as of April 2016) and will be channeled towards upgrading execution capacity and corporate management as well as providing necessary working capital for growth in operations.

Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **97.0% in 2Q16, ignoring scheduled stoppages**: 98.0% for the hydroelectric plants, 90.8% for the thermoelectric plants and 96.8%, the plants fired from complementary energy sources – SHPs, biomass, wind and photovoltaic.

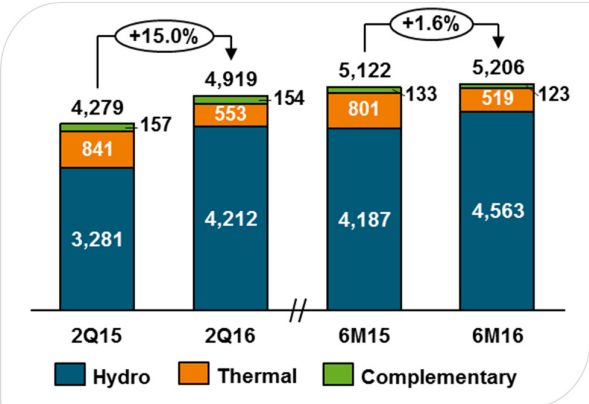
If all scheduled shutdowns are taken into account, the overall uptime in the second quarter 2016 was 85.7%: 86.4% for the hydroelectric plants, 77.8% for the thermoelectric plants and 94.9% for plants operating with complementary energy sources. Uptime at the hydroelectric power plants has been affected by modernization work simultaneously at both the Salto Santiago and Ponte de Pedra hydro power plants as well the forced stoppage (since mid-December 2015) of the Number 2 Generator Unit of the São Salvador Hydroelectric Power Plant, the result of a short circuit. In the case of the thermoelectric plants, downtime was most affected by programmed maintenance on the numbers 2 and 5 generator units at the Jorge Lacerda Thermoelectric Plants. In the case of the plants fired from complementary energy sources, uptime working was most affected by programmed maintenance at the Ibitiúva Bioenergética Thermoelectric Plant as well as forced stoppages.

Uptime Operating
Not considering scheduled shutdowns



Production

Generation
Average MW



Electricity output from plants operated by ENGIE Brasil Energia was 10,742 GWh (4,919 average MW) in 2Q16. This result is **15.0% higher** than production of 2Q15. Total production breaks down as follows: hydroelectric plants, 9,198 GWh (4,212 average MW), thermoelectric plants 1,208 GWh (553 average MW) and the complementary sourced units 336 GWh (154 average MW). Results point to an increase of 28.3% in relation to the hydro plants and a reduction of 34.2% and 2.03% at the thermoelectric and complementary operations, respectively, in relation of the 2Q15.

While generation from the hydroelectric plants reported a significant year-on-year increase in 2Q16, the reduction of 34.2% in thermal generation was due to the respective plants no longer being dispatched by order of merit, unlike the preceding two years as a result of severe drought in some regions of Brazil. Under these new circumstances, there was a significant reduction in output from the Jorge Lacerda Thermoelectric Complex while this year the units of the William Arjona Thermoelectric Plant have been shut down for operational convenience.



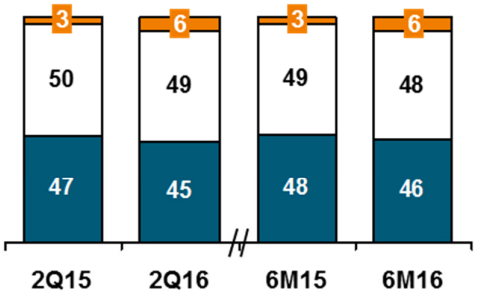
In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not inevitably imply a deterioration in economic-financial performance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

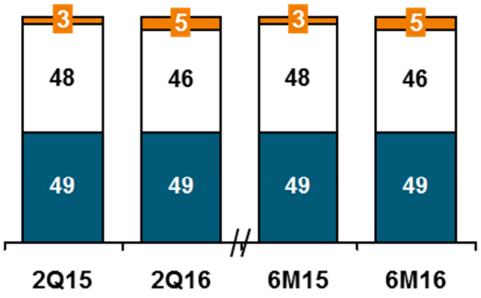
Clients

In 2Q16, **the participation of free consumers** in the Company's portfolio was 48.6% of physical sales and 45.9% of net revenue from sales, representing **decreases of 0.8 p.p.** and **2.3 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
(%)





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.



ENGIE Brasil Energia's energy balance based on proprietary commercial capacity and power purchasing agreements outstanding as at **June 30, 2016** is as follows:

Energy Balance
(Average MW)

	2016	2017	2018	2019	2020	2021	Auction	Reference	**Gross** Price
Own Resources	3,534	3,520	3,562	3,990	3,983	3,991	Auction	Reference	**Gross** Price
+ Purchases for Resale	866	870	799	615	366	300	**Gross** Price	Date	Adjusted
= Total Resources (A)	**4,400**	**4,390**	**4,361**	**4,605**	**4,349**	**4,291**	(R$/MWh)		(R$/MWh)
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	165.8
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	202.2
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	222.8
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	230.8
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	208.8
2014-EE-2014-06	150	150	150	150	-	-	270.7	May-14	320.0
Proinfa	44	44	44	44	44	44	147.8	Jun-04	304.7
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	-	-	237.1
2014-NE-2019-25	-	-	-	295	295	295	183.5	Mar-14	222.8
2014-NE-2019-25	-	-	-	10	10	10	206.2	Nov-14	241.3
2014-NE-2019-20	-	-	-	83	83	83	139.3	Nov-14	163.0
2015-EE-2016-01	5	-	-	-	-	-	169.4	Dec-15	169.4
2015-NE-2018-20	-	-	46	46	46	46	188.5	Aug-15	203.9
8th Reserve Energy Auction	-	-	2	9	9	9	303.0	Nov-15	319.4
+ Bilateral Sales	2,463	2,940	2,699	2,099	1,350	777			
= Total Sales (B)	**4,136**	**4,263**	**4,070**	**3,864**	**2,962**	**2,389**			
Balance (A - B)	**264**	**127**	**291**	**741**	**1,387**	**1,902**			
Sales average **net** price (R$/MWh) [2]:	182.9	180.3	181.1						
Purchases average **net** price (R$/MWh) [3]:	212.4	186.3	186.9						

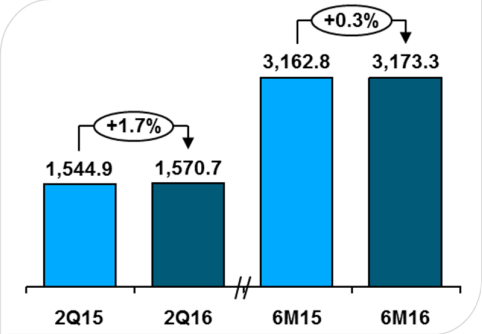
[1] XXXX-YY-WWW-ZZ, where:
XXXX ➔ year of auction
YY ➔ EE = existing energy or NE = new energy
WWWW ➔ year of delivery start
ZZ ➔ supply contract duration (in years)
[2] Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.
[3] Purchase net price, considering benefits from PIS/Cofins credits, 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 2Q16, **net revenue from sales reported an increase of 1.7%**, (R$ 25.8 million), when compared with 2Q15, rising from R$ 1,544.9 million to R$ 1,570.7 million. The principal factors contributing to this variation were: (i) R$ 94.4 million — an increase in the net average selling price; (ii) R$ 80.4 million — a reduction in volumes of energy sold; and (iii) R$ 14.3 million — an increase in revenue from transactions in the short-term market including those within the scope of the Electric Energy Trade Board (CCEE).

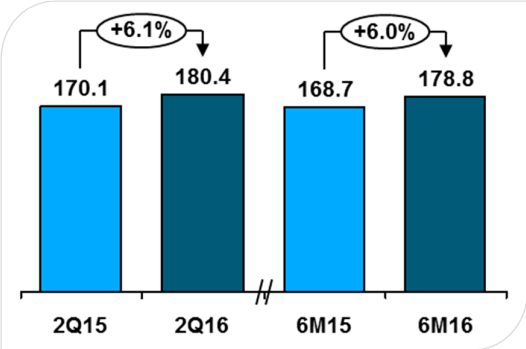
Net Revenue from Sales
R$ milhões





Net Average Selling Price*

R$/MWh



(*) Net of taxes and exports

✓ **Net Average Selling Price**

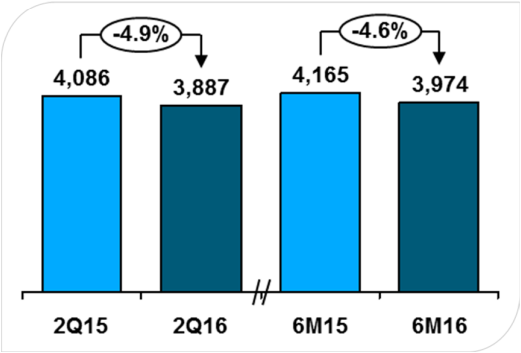
The average selling price of energy, net of income tax, reached R$ 180.4/MWh in 2Q16, **6.1% higher** than recorded in 2Q15, when average prices were R$ 170.1/MWh. Higher prices were largely due to monetary restatement of existing agreements, partially offset by lower prices practiced for new agreements with trading companies.

✓ **Sales Volume**

Energy sales volume declined from 8,925 GWh (4,086 aMW) in 2Q15 to 8,490 GWh (3,887 aMW) in 2Q16, **a reduction of 435 GWh** (199 aMW) between compared periods. These variations were largely due to the expiry of bilateral agreements, renegotiation of existing agreements and reduction in demand. The relative energy volumes in question were settled on 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$ 749.3 million in 2Q16, **2.0% higher** than the R$ 734.6 million reported in 2Q15. This variation was the result of a combination of the following factors: (i) R$ 86.1 million — an increase of 12.3% in net average selling price; and (ii) R$ 71.4 million — a reduction of 387 GWh (177 aMW) in sales volume from 4,223 GWh (1,933 aMW) in 2Q15 to 3,836 GWh (1,756 aMW) in 2Q16 due principally to the expiry at the end of 2015 of a purchase and sale agreement originating from an Existing Energy Auction.

✓ **Trading Companies**

Net sales revenue from trading companies in the quarter was R$ 79.3 million, **54.9% greater** than the revenue posted in 2Q15 of R$ 51.2 million. This increase was a reflection of the following factors: (i) R$ 38.3 million — an increase of 233 GWh (107 aMW) in energy volumes sold, increasing from 290 GWh (133 aMW) in 2Q15 to 523 GWh (240 aMW) in 2Q16; and (ii) R$ 10.2 million — a decrease of 14.3% in the net average selling price.

✓ **Free Consumers**

Net sales revenue from free consumers fell by 3.9% from R$ 732.3 million in 2Q15 to R$ 703.5 million in 2Q16. The following events contributed to this variation: (i) R$ 47.3 million — representing a reduction of 281 GWh (129 aMW) in energy sales volume from 4,412 GWh (2.020 aMW) in 2Q15 to 4,131 GWh (1,891 aMW) in 2Q16, due to a reduction in consumption and the renegotiation of existing agreements; and (ii) R$ 18.5 million — an increase of 2.6% in the net average selling price of energy.

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

In 2Q16, **revenue from short-term market business**, including transactions through the CCEE, was R$ 30.7 million, against R$ 16.4 million in 2Q15, representing an **increase of R$ 14.3 million**, between the quarters under comparison. A more detailed explanation of these variations is to be found in the item below "Details of Short-term Operations Conducted Through the CCEE".



Costs of Electric Energy and Services

The costs of the sale of energy and services fell by R$ 133.3 million (12.6%), from R$ 1,057.6 million in 2Q15 to R$ 924.3 million in 2Q16. These variations largely reflect tendencies in the following components:

✓ **Electric energy purchased for resale:** an increase of R$ 30.3 million (8.1%) in 2Q16 compared to 2Q15, reflecting, principally the increase in medium- and long-term purchases of 206 GWh (95 aMW) in 2Q16, attenuated by lower prices for these same new medium- and long-term agreements.

✓ **Transactions in the short-term market including those conducted through the CCEE:** the costs of these transactions declined 75.8% year-on-year by R$ 187.0 million. 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:** a year-on-year increase of R$ 7.4 million (8.4%), due principally to the annual readjustment in transmission tariffs.

✓ **Fuels for production of electric energy:** a reduction of R$ 26.2 million (41.6%) compared with 2Q15, due to a combination of the following: (i) a decline in the consumption of natural gas at the William Arjona Thermoelectric Power Plant (UTWA) in 2Q16 in the light of zero dispatch from this plant by the National Electrical System Operator (ONS); and (ii) recognition in 2Q16 of the cost of domestic mineral coal following changes to the legislation which saw reduced reimbursements from the Energy Development Account (CDE) for coal used by the thermal plants at Jorge Lacerda and Charqueadas.

✓ **Financial compensation for the use of water resources (royalties):** an increase of R$ 16.9 million (58.6%) compared with the same period in 2015 due to the annual readjustment in prices and higher output from the Company's hydro plants.

✓ **Personnel:** an increase of R$ 5.6 million (10.4%) in relation to 2Q15, mainly due to the annual adjustment to employee compensation.

✓ **Materials and third party services:** increase of R$ 2.0 million (4.3%) between the quarters under analysis. These costs essentially reflect services related to maintenance and conservation of the Company's generating units.

✓ **Depreciation and amortization:** a year-on-year increase of R$ 8.8 million (6.0%), resulting above all from the conclusion of major maintenance work at the Jorge Lacerda Thermoelectric Complex at the end of 2Q15.

✓ **Net operational provisions:** a year-on-year negative effect of R$ 6.9 million. The variation is a reflection largely of the result of a review in 2Q15 of the outlook for future disbursements in relation to a legal dispute with a supplier surrounding the price of raw materials used 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 ENGIE Brasil Energia'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, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor, triggered when generation of plants, part of the MRE, is greater or smaller (Secondary Energy) than the allocated energy; (iii) from the so-called "sub-market risk"; (iv) from dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

In 2Q16 and in 2Q15, **the net results** (difference between revenues and costs — net of revenue and costs taxes) **due to short-term transactions including those conducted through the CCEE**, were a **negative R$ 29.1 million and R$ 230.4 million**, respectively, a year-on-year positive variation of R$ 201.3 million.

This variation is largely a combination of the following factors: (i) a significant reduction in the negative effect arising from the adjustment of physical guarantees in relation to the application of the GSF, in turn a reflection of a smaller deficit in hydroelectric generation in 2Q16 compared with 2Q15; (ii) a notable decrease in the Company's long position on the CCEE in 2Q16, the result of the strategy adopted for the monthly allocation of energy; (iii) higher exposure of thermal electricity sources in 2Q16 with the reduction of dispatch from the thermoelectric plants; (iv) an increase in revenue in the MRE due to greater hydroelectric generation in the quarter under review; and (v) the negative impact in 2Q16 from residual exposure in the MRE and from exposure to the Northeast submarket where the prevailing average PLD exceeded prices in the South-Southeast/Center-West submarkets. The positive effects of items (i) and (iv) were partially offset by the negative impact of the remaining items.

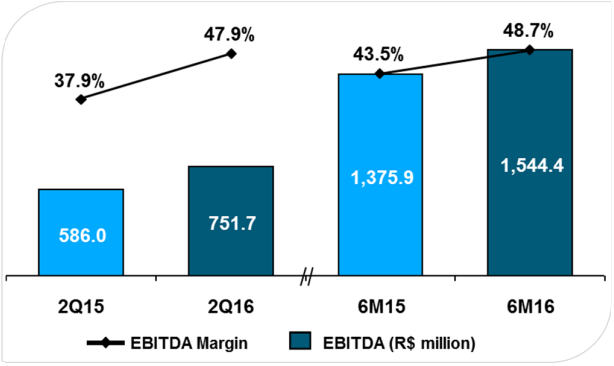
It is worth mentioning that the significant reduction in average PLD between quarters made a significant contribution to mitigating the negative effects on results from the application of the GSF and the Company's thermoelectric exposure although conversely, to a reduction in the positive effects of energy surpluses 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 - the Company's leading areas of operation - **fell 84.0%** from R$ 382.82/MWh in 2Q15 to R$ 61.19/MWh in 2Q16.

Ebitda and Ebitda Margin

Reflecting the aforementioned effects, **Ebitda** for 2Q16 was R$ 751.7 million, R$ 165.7 million **(28.3%) above** the R$ 586.0 million posted in 2Q15. **The Ebitda margin** was 47.9% in 2Q16, representing **an increase of 10.0 p.p.** compared with 2Q15. The above increases are largely the reflection of the following combination of factors: (i) the positive effect of R$ 201.3 million in transactions conducted through the short-term market, including those operated through the CCEE; (ii) an increase of R$ 16.9 million in financial compensation costs for use of water resources (royalties); (iii) an increase of R$ 13.8 million in net revenue from sale of contracted energy; (iv) a growth of R$ 7.7 million in operational payroll costs and expenses; (v) an increase of R$ 7.4 million in charges for the use of the electricity and conection network; and (vi) growth of R$ 17.4 million in 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$)	2Q16	2Q15	Chg. %	6M16	6M15	Chg. %
Net income	328.8	209.3	57.1	675.9	554.0	22.0
(+) Income tax and social contribution	148.2	95.6	55.0	311.5	259.2	20.2
(+) Financial expenses, net	116.8	132.1	-11.6	245.0	266.9	-8.2
(+) Depreciation and amortization	157.7	149.0	5.8	311.8	295.8	5.4
Ebitda	**751.5**	**586.0**	**28.2**	**1,544.2**	**1,375.9**	**12.2**
(+) Equity loss	0.2	0.0	0.0	0.2	0.0	0.0
Adjusted Ebitda	**751.7**	**586.0**	**28.3**	**1,544.4**	**1,375.9**	**12.2**



Financial Result

Financial income: in 2Q16, financial income amounted to R$ 94.0 million, or **R$ 31.8 million (51.1%) higher** than the R$ 62.2 million reported in 2Q15, largely due to: (i) the increase of R$ 15.2 million in interest and monetary restatement on accounts receivable from the CCEE; and (ii) an increase of R$ 14.5 million in revenue from financial investments.

Financial expenses: financial expenses in 2Q16 were R$ 210.8 million, or **R$ 16.5 million (8.5%) above** the R$ 194.3 million reported in 2Q15. The principal variations were due to: (i) recognition in 2Q16 of R$ 26.3 million in interest and monetary restatement on GSF related payables owed to the CCEE, payment of which had been pending due to a court injunction; (ii) reduction of R$ 20.9 million in interest and monetary restatement on debt; (iii) increase of R$ 14.2 million in interest and monetary restatement on concession fees payable; and (iv) slight decrease of R$ 3.4 million in interest and monetary restatement on provisions and interest due on actuarial liabilities.

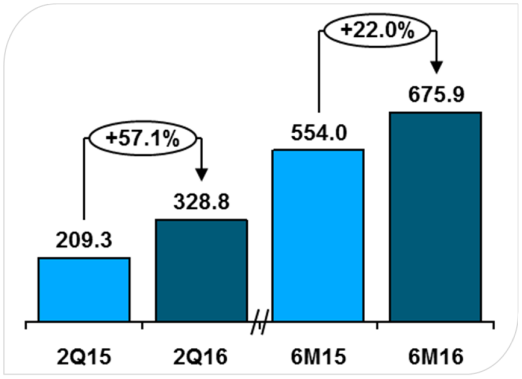
Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution overheads in 2Q16 were R$ 148.2 million, R$ 52.5 million up (54.9%) on the R$ 95.6 million for the same quarter in 2015, principally due to the increase in pre-tax profits.

Net Income

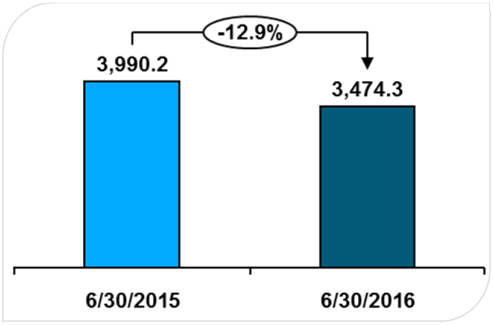
Net income for 2Q16 was R$ 328.8 million, **R$ 119.5 million (57.1%), higher** than the R$ 209.3 million reported in 2Q15. This increase is largely due to the following factors: (i) growth of R$ 165.7 million in Ebitda; (ii) a reduction of R$ 15.3 million in net financial expenses; (iii) an increase of R$ 8.7 million in depreciation and amortization; and (iv)an increase of R$ 52.5 million in income tax and social contribution.

Net Income
R$ million



Debt

Total Debt
R$ million

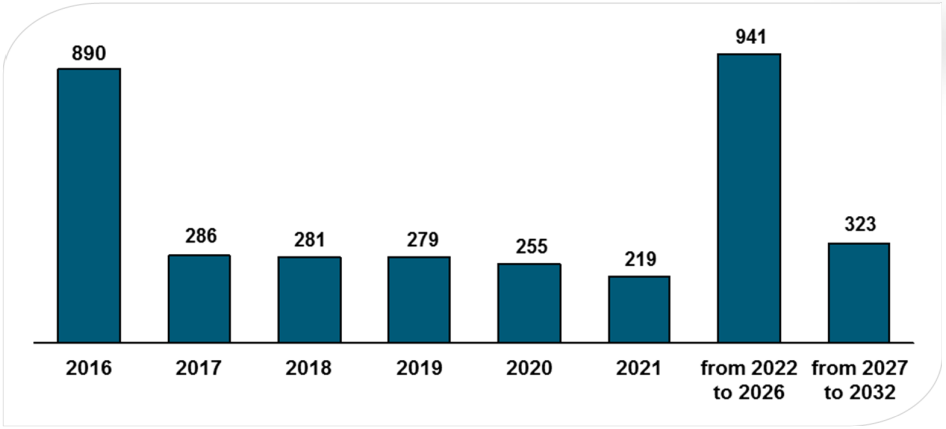


The Company's **total gross consolidated debt** as at June 30, 2016, represented mainly by loans, financing and debentures, **net of hedge operations, totaled R$ 3,474.3 million, a decrease of 12,9%** (R$ 515.9 million) compared to the position as at June 30, 2015. Of total corporate debt at the end of the period, 24.7% was currency denominated (34.2% at the end of the 2Q15). 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 2Q15 and 2Q16: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 86.7 million for investments in the modernization of the Salto Santiago and Passo Fundo HPPs, the Jorge Lacerda Thermoelectric Complex and for the expansion of Ferrari TPP; (ii) R$ 394.2 million in charges payable together with monetary restatement and currency translation effects; and (iii) R$ 997.1 million in amortization of loans, financing and debentures.

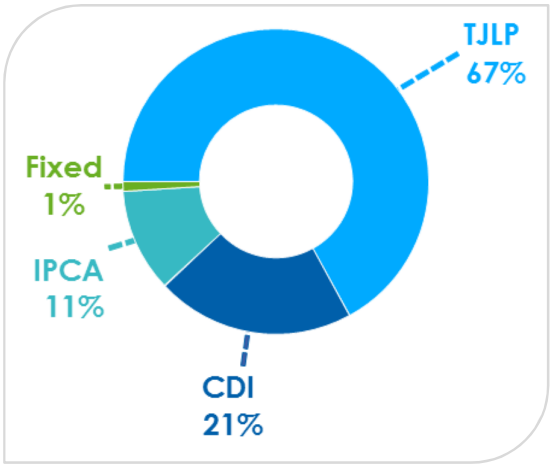


Maturity Term Loans
R$ million



The **average weighted nominal cost of debt** in the end of 2Q16 was **11.2%.**

Composition of Debt



On June 30, 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$ 1,202.7 million**, **a reduction of 42.2%** compared with the end of the 2Q15.

Net Debt
R$ million

	06/30/2016	06/30/2015	Chg. %
Gross debt	3,640.7	4,277.8	-14.9
Result of derivatives operations	(166.5)	(287.7)	-42.1
Deposits earmarked for the payment of debt	(166.9)	(166.6)	0.2
Cash and cash equivalents	(2,104.7)	(1,744.5)	20.7
Total net debt	**1,202.7**	**2,079.1**	**-42.2**



Capital Expenditures

ENGIE Brasil Energia's **total investments in 2Q16 were R$ 226.5 million**, of which (i) R$ 52.5 million were allocated to generator complex maintenance and revitalization; (ii) R$ 13.5 million, to modernization of Salto Santiago Hydroelectric Power Plant; (iii) and R$ 160.5 million, to the construction of new plants: Pampa Sul TPP (R$ 108.4 million), Santa Mônica Wind Complex (R$ 47.5 million) and other plants (R$ 4.6 million).

Credit of Dividends

At a meeting held on July 28, 2016, ENGIE Brasil Energia's Board of Directors approved the distribution of interim dividends worth **R$ 645.2 million** (R$ 0.9884403986 per share) as of the financial statements for June 30, 2016. The dividends represent a **100% payout** for the first half of 2016 based on distributable net income.

The Company's shares will be traded **ex-interim** dividends as from August 9, 2016. Payment will be effected as from October 6, 2016 based on existing registered information held by Itaú Unibanco Banco Múltiplo S.A. on August 8, 2016.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Sustainable Management

All plants under the Company's responsibility adhere to ENGIE Brasil 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

ENGIE Brasil Energia 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 ("ENGIE Brasil 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 2Q16

- ✓ On April 29, the Company published its Sustainability Report for 2015 in Portuguese and on June 19, the same report in English. Both can be accessed from the corporate website in online and PDF formats.
- ✓ On May 9, the Executive Board approved the 2016 sustainability goals, the degree of alignment of each goal now to be measured against the Sustainable Development Goals in the United Nations 2030 Sustainable Development Agenda (SDG).
- ✓ The 5th Ethics, Sustainability and Energy Seminar was held on June 1 and 2, 2016 at the Company's headquarters in Florianópolis. The seminar was open to both in-house and external audiences and transmitted by videoconference link to the plants and to ENGIE. As per the example of the 2016 sustainability goals, the seminar's focus was on SDG. The event's presentations can be found in the Company's website in Portuguese, including the presentation made by the Sustainability Committee, publicly announcing the goals to be reached in 2016. A film on the event was also exhibited at ENGIE's world headquarters in Paris.



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 2Q16, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index[3]	GRI disclosure[4]	2Q16	2Q15	Change	6M16	6M15	Change
1	Quality	Operating plants	EU1, G4-9	28	28	0	28	28	0
2		Installed capacity	EU1, G4-9	8,729	8,765	-0.4%	8,729	8,765	-0.4%
3		Number of certified plants	EU6, G4-15	14	14	0	14	14	0
4		Certified installed capacity (MW)	EU6, G4-15	7,294	7,330	-0.5%	7,294	7,330	-0.5%
5		Certified installed capacity in relation to the total	EU6, G4-15	83.56%	83.63%	-0.1 p.p.	83.56%	83.63%	-0.1 p.p.
6		Installed capacity from renewable sources	EU1, G4-9	7,646	7,646	0.0%	7,646	7,646	0.0%
7		Installed capacity from renewable sources in relation to the total	EU1, G4-9	87.59%	87.23%	0.36 p.p.	87.59%	87.23%	0.36 p.p.
8		Energy generation (GWh)	EU2	10,742	9,344	15.0%	22,738	22,248	2.2%
9		Certified energy generation	EU6, G4-15	9,700	7,628	27.2%	20,057	18,859	6.4%
10		Certified energy generation in relation to the total	EU6, G4-15	90.3%	81.6%	8.7 p.p.	88.2%	84.8%	3.4 p.p.
11		Energy generation from renewable sources (GWh)	EU2	9,534	7,508	27.0%	20,470	18,767	9.1%
12		Energy generation from renewable sources in relation to the total	EU2	88.8%	80.4%	8.4 p.p.	90.0%	84.4%	5.7 p.p.
13		Uptime ratio, excluding scheduled stoppages	EU30	97.0%	97.9%	-0.9 p.p.	96.6%	97.0%	-0.3 p.p.
14		Uptime ratio, including scheduled stoppages	EU30	85.7%	87.7%	-1.9 p.p.	86.0%	87.3%	-1.3 p.p.
15	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[5]	G4-EN27	68,878	61,467	12.1%	166,395	114,952	44.8%
16		Number of visitors at the plants[5]	G4-26	34,276	37,264	-8.0%	45,664	48,457	-5.8%
17		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	1.006	0.974	3.3%	1.003	0.976	2.8%
18		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)	G4-EN15	0.146	0.191	-23.9%	0.131	0.131	-0.2%
19	Occupational Heath and Safety (OH&S)	Average number of employees[6]	G4-10, G4-LA1	1,116	1,139	-2.0%	1,115	1,141	-2.3%
20		Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[7]	G4-LA6	0.00	0.00	-	0.00	0.000	-
21		Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[8]	G4-LA6	0.000	0.000	-	0.000	0.000	-
22		Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[7]	G4-LA6	0.00	0.75	▼	0.76	0.39	▲
23		Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[8]	G4-LA6	0.000	0.000	-	0.000	0.000	-
24	Social Responsibility[9]	Non-incentive investments	G4-EC8, G4-SO1	2,219.94	1,138.93	94.9%	3,394.97	1,905.03	78.2%
25		Investments via Children and Teenagers Fund	G4-EC8, G4-SO1	984.73	1,184.10	-16.8%	1,656.02	1,237.90	33.8%
26		Investments via Cultural Incentives Act	G4-EC8, G4-SO1	1,358.70	1,258.00	8.0%	6,802.20	5,972.74	13.9%
27		Investments via Sport Incentives Act	G4-EC8, G4-SO1	0.00	60.00	-60.0	150.00	410.00	-260.0
28		Other Investments via Incentive Acts (health and others)	G4-EC8, G4-SO1	0.00	0.00	-	0.00	300.00	-300.0

Notes:

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

2) Reference: ENGIE Brasil 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

ENGIE Brasil 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). ENGIE Brasil 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, ENGIE Brasil 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 S.A. has been a signatory since launch.

In addition to Novo Mercado regulations, ENGIE Brasil 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.

ENGIE Brasil 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, ENGIE Brasil 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 ENGIE Brasil Energia's Board.

CAPITAL MARKETS

Since its listing on BM&FBovespa's Novo Mercado, ENGIE Brasil Energia 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.

In the light of the change in corporate denomination from Tractebel Energia S.A. to ENGIE Brasil Energia S.A., as from July 21, 2016 there was also an alteration in the **stock ticker symbol** on the BM&FBovespa to **EGIE3** and in the trading name to ENGIE BRASIL. In the United States Over-The-Counter (OTC) market, the Company's Level 1 American Depositary Receipts (ADR) will use the **EGIEY symbol**, the ratio of one ADR for every common share remaining unchanged.

Share Performance — EGIE3

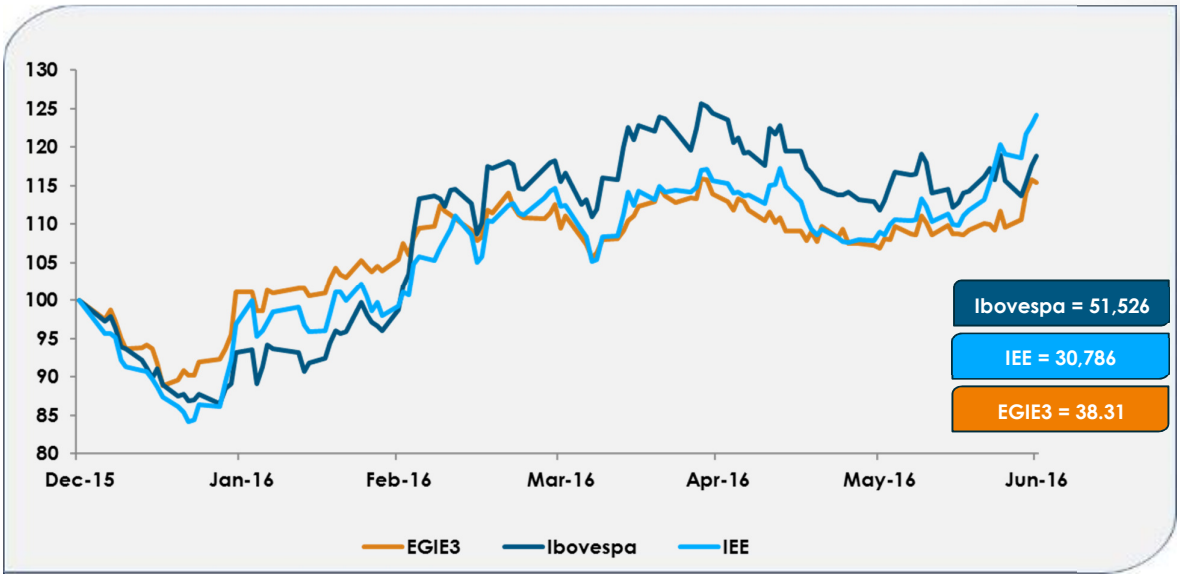
In 2Q16, Ibovespa, Brazil's benchmark stock index reported a gain of 2.9% and in the first half, 18.9%. The variation reflects principally the repercussion of political events and the perception of country risk following the suspension of the President from her duties pending the impeachment process.

ENGIE Brasil Energia's shares ended **2Q16 reporting an appreciation of 5.4%** in relation to 1Q16, partially tracking the increase of 10.5% in the Electric Energy Stock Index (IEE), and exceeding the appreciation of 2.9% recorded by Ibovespa. EGIE3 closed the quarter priced at R$ 38.31, equivalent to a market capitalization of R$ 25.0 billion.

In 2Q16, the average daily trading volume of EGIE3 was R$ 32.2 million, 26.0% higher than the R$ 25.6 million recorded for 2Q15.

EGIE vs. Ibovespa vs. IEEX

(Base 100 – 12/31/2015)





Upcoming Event

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

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

Date: July 29, 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: ENGIE

Webcast

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

A replay will be available from July 29th to August 4th, 2016. Access by dialing: +55 (11) 3193-1012 / +55 (11) 2820-4012, code: 6816643#

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
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – ASSETS

(In thousands of R$)		
Assets	**6/30/2016**	**12/31/2015**
Current Assets	**3,607,107**	**4,431,818**
Cash and cash equiv alents	2,104,723	2,396,854
Accounts receiv ables from clients	745,073	773,602
Inv entory	104,330	88,888
Fiscal credits recov erable	33,667	46,385
Refund of fuel purchases	122,763	144,249
Restricted deposits	18,289	8,426
Unrealized gains on hedging transactions	222,745	778,227
Hedge of debt	166,456	488,802
Cash flow hedge on purchases commitments	56,289	289,425
Renegotiation of hydrological risk to appropriate	26,064	26,064
Other current assets	142,567	82,237
Non current asset held for sale	86,886	86,886
Non Current Assets	**10,892,610**	**10,857,568**
Long Term Assets	**618,632**	**716,695**
Fiscal credits recov erable	48,516	46,763
Restricted deposits	178,787	158,139
Deposits earmarked for the payment of debt	166,852	146,766
Other restricted deposits	11,935	11,373
Deposits in court	140,083	132,480
Unrealized gains on hedging transactions	8,502	130,240
Cash flow hedge on purchases commitments	8,502	130,240
Renegotiation of hydrological risk to appropriate	184,047	197,079
Other non current assets	58,697	51,994
Investments	**4,526**	**-**
Property, Plant and Equipment	**10,014,844**	**9,897,550**
Intangible	**254,608**	**243,323**
Total	**14,499,717**	**15,289,386**



ATTACHMENT II
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – LIABILITIES

(In thousands of R$)		
Liabilities	**6/30/2016**	**12/31/2015**
Current Liabilities	**2,074,568**	**2,977,377**
Suppliers	366,098	573,573
Dividends and interest on shareholder´s equity	4,521	271,021
Loans and financing	1,193,065	1,712,490
Debentures	6,396	489
Concessions payable	63,932	60,572
Tax and social contribution obligations	66,018	17,799
Other fiscal and regulatory obligations	82,028	97,665
Provision for labor obligations	83,158	102,992
Provision for tax, civil and labor risks	26,625	25,727
Obligations related to retirement benefits	22,189	22,189
Other current liabilities	160,538	92,860
Non Current Liabilities	**5,575,676**	**5,669,873**
Loans and financing	2,251,215	2,353,268
Debentures	190,065	180,947
Concessions payable	2,176,024	2,009,980
Provision for tax, civil and labor risks	267,259	246,873
Obligations related to retirement benefits	267,022	255,552
Deferred income taxes and social contribution	347,251	558,826
Other non current liabilities	76,840	64,427
Shareholders' Equity	**6,849,473**	**6,642,136**
Share capital	2,737,361	2,445,766
Capital reserve	91,695	91,695
Profit reserves	2,845,637	3,333,102
Adjustment on fixed asset	493,080	769,309
Retained earnings	678,966	-
Non controlling interests	2,734	2,264
Total	**14,499,717**	**15,289,386**



ATTACHMENT III
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(In thousands of R$)	2Q16	2Q15	Chg. %	6M16	6M15	Chg. %
Net Revenue from Sales	**1,570,687**	**1,544,857**	**1.7**	**3,173,342**	**3,162,826**	**0.3**
Costs of Energy Sold and Services Provided	**(924,247)**	**(1,057,577)**	**-12.6**	**(1,840,529)**	**(1,988,171)**	**-7.4**
Electric power purchased for resale	(405,247)	(374,992)	8.1	(794,570)	(769,563)	3.2
Transactions in the short term market, including those conducted through the CCEE	(59,782)	(246,780)	-75.8	(131,750)	(259,165)	-49.2
Charges for the use of and connection to the electricity grid	(95,007)	(87,623)	8.4	(189,351)	(174,321)	8.6
Fuel expenses	(36,868)	(63,109)	-41.6	(89,592)	(115,238)	-22.3
Financial compensation for use of water resources	(45,690)	(28,807)	58.6	(96,996)	(77,194)	25.7
Personnel	(59,695)	(54,060)	10.4	(115,581)	(106,086)	9.0
Materials and third party services	(47,407)	(45,455)	4.3	(79,207)	(94,522)	-16.2
Depreciation and amortization	(155,696)	(146,874)	6.0	(307,676)	(291,613)	5.5
(Reversals) Constitution of operating provisions	(545)	6,345	-108.6	(57)	(63,513)	-99.9
Others	(18,310)	(16,222)	12.9	(35,749)	(36,956)	-3.3
Gross Income	**646,440**	**487,280**	**32.7**	**1,332,813**	**1,174,655**	**13.5**
Operating Income (Expenses)	**(52,419)**	**(50,273)**	**4.3**	**(100,192)**	**(94,593)**	**5.9**
Selling expenses	(4,635)	(4,371)	6.0	(9,282)	(9,385)	-1.1
General and administrative expenses	(50,235)	(45,421)	10.6	(94,110)	(87,053)	8.1
Other operating income (expenses), net	2,451	(481)	-609.6	3,200	1,845	73.4
Income Before Financial Result and Taxes	**594,021**	**437,007**	**35.9**	**1,232,621**	**1,080,062**	**14.1**
Net Financial Result	**(116,855)**	**(132,111)**	**-11.5**	**(245,008)**	**(266,878)**	**-8.2**
Financial income	93,997	62,199	51.1	218,963	119,497	83.2
Financial expenses	(210,852)	(194,310)	8.5	(463,971)	(386,375)	20.1
Result of corporate participations	**(244)**	**-**	**0.0**	**(244)**	**-**	**0.0**
Equity loss	(244)	-	0.0	(244)	-	0.0
Income Before Taxes	**476,922**	**304,896**	**56.4**	**987,369**	**813,184**	**21.4**
Income tax	(106,486)	(69,662)	52.9	(225,006)	(188,919)	19.1
Social contribution	(41,683)	(25,976)	60.5	(86,503)	(70,257)	23.1
Net Income for the Period	**328,753**	**209,258**	**57.1**	**675,860**	**554,008**	**22.0**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**0.5036**	**0.3206**		**1.0354**	**0.8487**	



ATTACHMENT IV
ENGIE BRASIL ENERGIA S.A.
CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of R$)	2Q16	2Q15	6M16	6M15
Cash Flow from Operating Activities				
Income before taxes on income	476,922	304,896	987,369	813,184
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Depreciation and amortization	157,695	149,020	311,813	295,767
Monetary v ariation	61,391	55,564	110,479	116,874
Interests	120,315	126,616	270,443	240,181
Constitution of operating prov isions	1,100	(6,503)	260	61,557
Others	329	495	2,108	948
Adjusted Profit	**817,752**	**630,088**	**1,682,472**	**1,528,511**
Reduction (increase) in assets				
Accounts receiv ables from clients	51,534	45,475	46,652	17,459
Refund of fuel purchases	(4,737)	(21,507)	21,486	(69,223)
Fiscal credits recov erable	(23,224)	8,385	(26,631)	1,549
Inv entory	(5,226)	(11,352)	(15,442)	(19,416)
Deposits in court and restricted deposits	42,974	15,620	(7,860)	(988)
Insurance claim receiv able	-	(146)	-	121,415
Renegotiation of hydrological risk to appropriate	6,516	-	13,032	-
Other assets	(9,175)	6,770	(35,779)	(6,820)
Increase (reduction) in liabilities				
Suppliers	(313,286)	50,517	(256,744)	(99,142)
Taxes and social contribution obligations	3,097	876	2,979	(192)
Other fiscal and regulatory obligations	(4,947)	(22,052)	(26,067)	(378)
Research and dev elopment obligations	6,121	(10,547)	8,565	(14,681)
Obligations related to retirement benefits	(2,941)	(2,731)	(6,633)	(5,795)
Other liabilities	10,727	(21,991)	16,287	(17,791)
Cash Generated from Operating Activities	**575,185**	**667,405**	**1,416,317**	**1,434,508**
Payment of income tax and social contribution	(166,911)	(76,641)	(244,516)	(314,787)
Payment of interests on debt, net of hedge	(74,074)	(84,687)	(154,945)	(163,702)
Net Cash from Operating Activities	**334,200**	**506,077**	**1,016,856**	**956,019**
Investments Activities	**(213,873)**	**(163,147)**	**(414,396)**	**(355,354)**
Acquisitions of inv estments, net of cash and cash equiv alents receiv ed	(4,770)	(16,646)	(12,636)	(16,646)
Used in fixed assets	(206,770)	(145,541)	(397,599)	(336,258)
Used in intangibles	(2,333)	(960)	(4,161)	(2,450)
Financing Activities	**(279,077)**	**(216,574)**	**(894,591)**	**(460,938)**
Loans and financing contracted	20,137	24,054	20,195	71,525
Payment of loans and financing	(57,220)	(49,984)	(344,979)	(99,853)
Payments of concessions payable	(15,709)	(14,319)	(31,368)	(28,596)
Payments of div idends and interest on shareholders' equity	(209,501)	(171,197)	(522,123)	(393,218)
Deposits for funding	(6,993)	(6,270)	(10,967)	(12,299)
Others	(9,791)	1,142	(5,349)	1,503
Increase (Decrease) in Cash and Cash Equivalents	**(158,750)**	**126,356**	**(292,131)**	**139,727**
Reconciliation of Cash and Cash Equivalents				
Opening balance	2,263,473	1,618,102	2,396,854	1,604,731
Closing balance	2,104,723	1,744,458	2,104,723	1,744,458
Increase (Decrease) in Cash and Cash Equivalents	**(158,750)**	**126,356**	**(292,131)**	**139,727**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary on loans	25,426	10,017	51,087	22,009
Supplier's of fixed assets and intangibles	3,761	105,113	(23,061)	104,010
Offsetting of income tax and social contribution	33,665	12,721	41,601	18,733
Balance of remaining installments related to purchase of inv estments	-	(22,988)	13,027	14,093