

ENGIE Brasil Energia announces an Ebitda of R$ 807.1 million in 3Q16 and pays interest on shareholder's equity of R$ 432.5 million

Santa Mônica Wind Farm goes into operation adding a further 18.9 MW of renewable, non-conventional energy to the Company's generating complex

Florianópolis, Brazil, October 27, 2016. ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia" or "Company") – BM&FBOVESPA: EGIE3, ADR: EGIEY - announces earnings for the third quarter and nine-month period ending September 30, 2016 (3Q16 and 9M16). 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 third quarter 2016 (3Q16) net income of R$ 396.9 million (R$ 0.6080/share), 14.2% (R$ 49.3 million) higher than reported in third quarter 2015 (3Q15).
- ✓ For the period in review, Ebitda[1] recorded R$ 807.1 million, an increase of 4.6% (R$ 35.4 million) compared with 3Q15. Ebitda margin was 50.4% in 3Q16, an increase of 3.3 p.p. relative to 3Q15.
- ✓ Net revenue from sales registered a decrease of 2.3% (R$ 37.2 million) compared with this same account for 3Q15 and totaling R$ 1,602.8 million in 3Q16.
- ✓ The average contracted energy sales price, net of exports and income tax, was R$ 181.2/MWh in 3Q16, a 4.9% improvement on 3Q15.
- ✓ Energy sold in 3Q16 was 8,685 GWh (3,933 aMW), 2.1% down on volumes commercialized in the 3Q15.
- ✓ On September 28, 2016, the Company began test operations at the Santa Mônica Wind Complex's first wind farm with an installed capacity of 18.9 MW. Commercial operations began gradually in October 2016.
- ✓ On August 26, 2016, ENGIE Brasil Energia´s Photovoltaic Solar Energy R&D case study, was among the 27 projects to receive the Onda Verde Trophy - 23rd edition of the Expression of Ecology Award at the State of Santa Catarina Industries Federation's (Fiesc) Sustainable Management Forum. The Brazilian Environment Protection Agency IBAMA, rates this award as the most prestigious in the South of Brazil.

Subsequent Events

- ✓ Approval was given to the credit of R$ 432.5 million (R$ 0.6625893121 per share) as interest on shareholders' equity for the period from January 1 to December 31, 2016. Shares will become ex-interest on shareholders' equity as from November 11, 2016.
- ✓ The Board of Directors has appointed Mr. Carlos Freitas to the position of Chief Financial and Investor Relations Officer of the Company. Mr. Freitas will take up his position in January 2017.
- ✓ In October 2016, Ponte de Pedra Hydroelectric Plant (MT/MS) and the Rondonópolis and José Gelázio small hydroelectric plants (both in MT) began operating remotely from the **Generation Operations Center (COG)** at the Company's headquarters in Florianópolis (SC). In 2017, other three hydroelectric plants will be incorporated into the remote operations system: Cana Brava (GO), São Salvador (TO) and Passo Fundo (RS).

For Immediate Release

Additional information:

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Conference call and webcast:
On 10/28/2016 at 09:00 a.m. (EDT): in Portuguese (simultaneous translation into English).

Further details on Upcoming Events section, available on page 19.

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Summary of Economic and Operational Indicators

ENGIE Brasil Energia - Consolidated						
(In millions of R$)	**3Q16**	**3Q15**	**Chg.**	**9M16**	**9M15**	**Chg.**
Net Revenue from Sales (NRS)	1,602.8	1,640.0	-2.3%	4,776.2	4,802.8	-0.6%
Results from Operations (EBIT)	649.0	618.7	4.9%	1,881.6	1,698.7	10.8%
Ebitda [(1)]	807.1	771.7	4.6%	2,351.5	2,147.6	9.5%
Ebitda / NRS - (%)[(1)]	50.4	47.1	3.3 p.p.	49.2	44.7	4.5 p.p.
Net Income	396.9	347.6	14.2%	1,072.7	901.6	19.0%
Net Debt [(2)]	765.0	1,682.7	-54.5%	765.0	1,682.7	-54.5%
Gross Power Production (avg MW) [(3)]	5,104	5,590	-8.7%	5,172	5,279	-2.0%
Energy Sold (avg MW)	3,933	4,016	-2.1%	3,960	4,115	-3.8%
Average Net Sales Price (R$/MWh) [(4)]	181.23	172.82	4.9%	179.57	170.06	5.6%
Number of Employees	1,169	1,176	-0.6%	1,169	1,176	-0.6%

(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
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MESSAGE FROM THE MANAGEMENT

It is a pleasure to report for this third quarter 2016 – my first as the Company's Chief Executive Officer - was achieved posting increases in Ebitda and net earnings. We can also register the completion of the official transition to the new ENGIE Brasil Energia denomination in the capital markets. The Company's shares are already being traded under the ticker symbols "EGIE3" on the BM&FBovespa and "EGIEY" on the US Over-the Counter market.

Our expansion plan has proceeded as scheduled. Currently we have 781.7 MW of capacity under construction, all of which should be fully operational by the beginning of 2019. In addition, there is the expectation that ENGIE Brasil Participações Ltda's stake in the Jirau Hydroelectric Plant will be transferred to the Company, so increasing the generating complex's installed capacity by a further 1,500 MW, and our expectation is that this process begins soon. In the distributed solar energy generation segment, we have taken important steps to enable a substantial increase in the portfolio of commercial and residential customers for the coming quarters.

One of the principal highlights of the period was the entry into operations on a test basis of the first wind farm in the Santa Mônica Wind Complex. The Santa Mônica Wind Farm is adding a further 18.9 MW of installed capacity in non-conventional, renewable energy, the ENGIE Group's focus. In this context, it is worth remembering that this operation is located adjacent to the Trairi Wind Complex and will therefore enjoy the synergies of structures already in existence and in operation such as the substation and transmission line. The remaining three wind farms at the Complex should begin operations during the course of the fourth quarter of 2016 and the first quarter of 2017.

The 4.6% increase in Ebitda during the quarter is due largely to the reduction in costs of fuel and purchases of energy for resale and the increase in net revenue from sales of contracted energy, offset by the negative impact of transactions conducted in the short-term market including those executed within the scope of the CCEE, of approximately R$ 99.9 million. It is noteworthy also that the Company has initiated a performance improvement program, seeking to optimize processes and reduce costs, which will soon begin to show results.

The expansion in Ebitda, combined with an improved financial result in the period, were the principal factors contributing to the Company's year-on-year growth of 14.2% in net income in the period totaling R$ 396.9 million.

According to our Dividend Policy, the amount of R$ 432.5 million will be distributed as interest on shareholders' equity to all our shareholders registered as of November 10, 2016.

ENGIE Brasil Energia will continue to implement its strategy, proceeding apace with its expansion plan and maximizing those growth opportunities that match the Group's overall strategic positioning. Our ranking as the largest trader in the free energy market together with the quality of our assets and prudent funding strategy and financial management place us in a comfortable position, giving us confidence in our capacity to create value.

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



OPERATING PERFORMANCE

Generating Complex

With the gradual entry into commercial operations of Santa Mônica Wind Farm with an installed capacity of 18.9 MW and located in the municipal district of Trairi, state of Ceará, ENGIE Brasil Energia's total installed capacity has been increased to 7,027.2 MW. The Company's generating complex now totals 29 plants, of which nine are hydroelectric, five thermoelectric and 15 fired from complementary sources — biomass, small hydroelectric plants (SHPs), wind and solar -, of which 25 are wholly owned by the Company while four (the Itá, Machadinho and Estreito hydro plants and the Ibitiúva Bioenergética biomass plant) are run commercially on a partnership basis 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[1]	Thermal	Capivari de Baixo (SC)	857.0	857.0	Sep/28
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0	Apr/29
Charqueadas[2]	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[3]	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
Santa Mônica[4]	Wind Farm	Trairi (CE)	18.9	18.9	Jan/45
Pedra do Sal	Wind Farm	Parnaíba (PI)	18.0	18.0	Oct/32
Cidade Azul	Solar	Tubarão (SC)	3.0	3.0	not applicable[5]
Tubarão P&D	Wind Farm	Tubarão (SC)	2.1	2.1	not applicable[5]
Total - Complementary			**394.6**	**384.5**	
Total			**8,747.9**	**7,027.2**	

[1] Complex comprised of three power plants.
[2] As from 2016, Charqueadas TPP´s nominal generation capacity was reduced by half in order to minimize the impacts of Aneel Resolution 500.
[3] Complex comprised of four power plants.
[4] Santa Monica Wind Farm, part of the wind complex of the same name, went into commercial operations gradually in October 2016.
[5] 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)	78.3	78.3	Jan/45
Assú V	Solar	Assú (RN)	36.7	36.7	Jun/51
Total			**4,531.7**	**2,281.7**	

(*) 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.



Aerial view of Jirau HPP (Sep/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 September 2016, UNO released the first issue of carbon credits (1.7 million) generated by Jirau Hydroelectric Power Plant covering the commissioning period between July 2014 and February 2015. This preliminary issue concluded a cycle which began in 2008, when Jirau was conceived as a project supported under the Clean Development Mechanism (MDL).

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).

The project has 45 generation units in commercial operations and a further three units already synchronized and generating on a test basis. The last two are at the electro-mechanical commissioning stage. In 3Q16, the plant generated 415 aMW while the National Electrical System Operator Uptime Ratio (FID) reached 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 in the near term.



Pampa Sul TPP – panoramic site view

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.

During the third quarter 2016, progress on work at the site reached 40% of the total, the key event being the assembling of the boiler´s metallic structures. In the environmental context, the Company received the installation licenses for the Transmission Line and the Coal Conveyer Belt.

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.

In September 2016, the decree sanctioning the external access areas to the Campo Largo Wind Complex as an area of public utility for the purposes of expropriation was issued and services in the accommodation area begun. 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; Cacimbas Wind Farm, 18.9 MW; Santa Mônica Wind Farm, 18.9 MW; and Ouro Verde Wind Farm, 29.7 MW. 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 generating complex by a 97.2 MW of unconventional renewable energy once all the generating 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.



Ouro Verde Wind Central: Eolift assembly

In the third quarter of 2016, the transmission lines of the four wind farms comprising the Santa Mônica Wind Complex were energized. On July 21, the Operational Licenses for the Cacimbas and Santa Mônica Wind Farms were granted, the latter entering operations on a test basis. Work on the remaining wind farms proceeded, these scheduled to go into commercial operations gradually between November 2016 and March 2017.

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 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/Group'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, II, III e IV	Solar	Assú (RN)	146.8	146.8
Total			**1,766.8**	**1,766.8**

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. Documentary requirements are already complete to allow participation in energy auctions, the documentation, among others, also including energy generation studies, agreements on title to the area and environmental licensing.



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. In the same way as the Santo Agostinho Wind Complex, Phase II of the Campo Largo Wind Complex already has the necessary documentation, qualifying it take part in energy auctions.

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. ENGIE Brasil Energia has exercised an option to purchase a further two projects belonging to the Assú Photovoltaic Complex. This now consists of five projects, to be developed in the municipal district of Assú, state of Rio Grande do Norte, expanding its **total installed capacity to approximately 183 MWp**. As previously mentioned, the energy to be generated by the Assú V Photovoltaic Plant was sold at the 2015 Second Reserve Energy Auction. The other solar energy plants are at the phase of environmental licensing and measurement of solar radiation.



ENGIE Geração Solar Distribuída. 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. In the quarter under review, the Company made progress in negotiations for sales to the commercial segment and in the structuring of the marketing campaign in the light of similarly growth prospects in the residential segment.

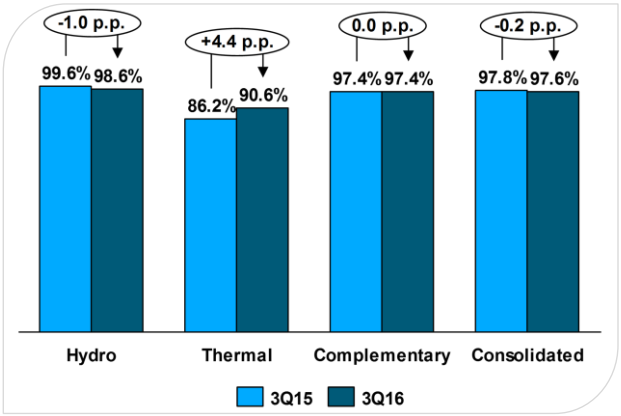


Uptime Operating

The plants operated by ENGIE Brasil Energia reported uptime working of **97.6% in 3Q16, ignoring scheduled stoppages**: 98.6% for the hydroelectric plants, 90.6% for the thermoelectric plants and 97.4% with respect to the plants fired from complementary energy sources, namely SHPs, biomass, wind and photovoltaic.

If all scheduled shutdowns are taken into account, the aggregate uptime in the third quarter 2016 was 88.5%: 89.3% for the hydroelectric plants, 80.9% for the thermoelectrics and 95.4% for plants operating with complementary energy sources.

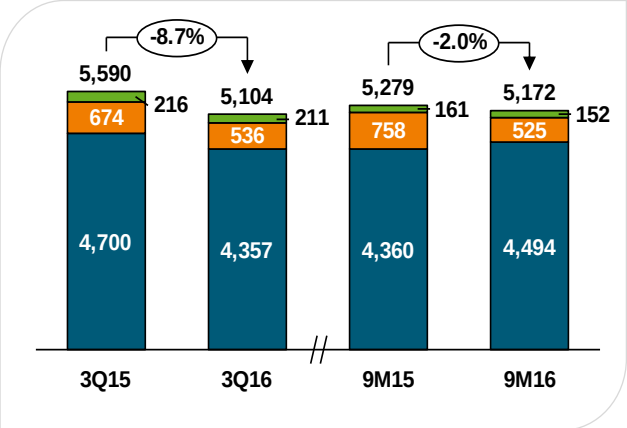
Uptime Operating
Not considering scheduled shutdowns



Uptime at the hydroelectric plants in the quarter was affected largely by modernization work on the number 4 Generator Unit at Salto Santiago Hydroelectric Plant and also an unscheduled stoppage between December 2015 and August 2016 at the number 2 Generator Unit at the São Salvador Hydroelectric Plant due to a short circuit. Also contributing to a reduction in hydroelectric uptime performance were the modernization of the number 1 Generator Unit's velocity and tension regulators at the Cana Brava Hydroelectric Plant and the quadrennial inspection of the Passo Fundo HPP plant's number 2 Generator Unit. As for the thermoelectric plants, uptime working was negatively affected by scheduled maintenance work on the numbers 2 and 4 generator units at the Jorge Lacerda Thermoelectric Complex. In the case of the complementary plants, uptime was impacted by the annual scheduled maintenance program for the Rondonópolis Small Hydroelectric Plant as well as by minor forced stoppages elsewhere.

Production

Generation
Average MW



Electricity output from plants operated by ENGIE Brasil Energia was 11,270 GWh (5,104 average MW) in 3Q16. This result is **8.7% lower** than production for 3Q15. Total output breaks down as follows: hydroelectric plants, 9,620 GWh (4,357 average MW), thermoelectric plants 1,184 GWh (536 average MW) and the complementary sourced units 466 GWh (211 average MW). Results point to reductions of 7.3%, 20.4% and 2.4%, respectively, on the hydro, thermoelectric and complementary energy sources, in relation to 3Q15.

On a year-on-year comparative basis, there was no major event which explains the year-on-year reduction, the result largely reflecting simply less favorable climatic conditions in the quarter under review. Worthy of interest in this period was



the initial commissioning tests and the first synchronization of the units at the Santa Mônica Wind Park, part of the wind complex of the same name.

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.

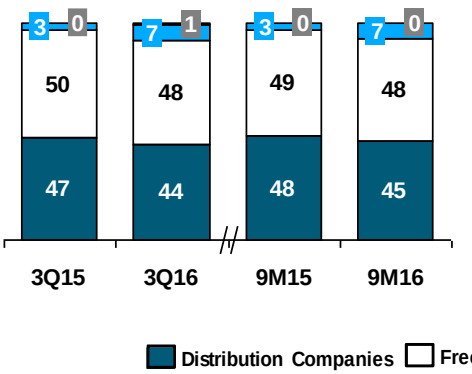
As to the Company's thermal generation, its increase reduces exposure to the Price for the Settlement of Differences (PLD), the opposite being the case when there is a decrease, all other variables being equal.

Clients

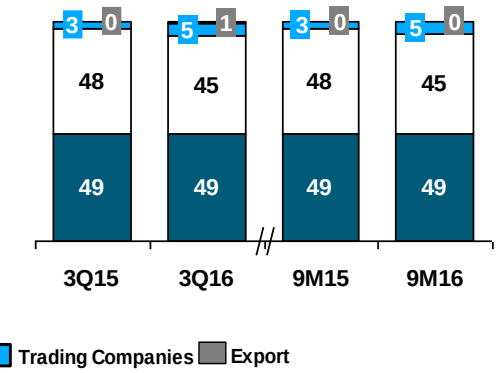
When compared with 3Q15, free consumers' share of the Company's total physical sales in 3Q16 fell by 1.6 p.p. to 48.1% of the total. Contribution of these clients to total net revenue from sales relative to contracted sales reported a decline of 3.6 p.p., from 47.7% in 3Q15 to 44.7% in 3Q16.

The year-on-year increases seen during 3Q16 in the share of the trading companies in physical sales and net revenue from sales is due to sales of conventional energy pari passu with purchases of incentivized energy from trading companies, in turn for resale to free consumers.

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 **September 30, 2016** is as follows:

Energy Balance
(Average MW)

	2016	2017	2018	2019	2020	2021	Auction **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted (R$/MWh)
Own Resources	3,520	3,516	3,536	3,962	3,989	3,998			
+ Purchases for Resale	888	1,026	898	701	413	314			
= Total Resources (A)	**4,408**	**4,542**	**4,434**	**4,663**	**4,402**	**4,312**			
Government Auction Sales[1]	1,663	1,312	1,360	1,754	1,612	1,612			
2005-EE-2009-08	343	-	-	-	-	-	94.0	Oct-05	173.6
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	209.3
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	230.0
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	239.5
2007-NE-2012-30	256	256	256	256	256	256	126.6	Oct-07	215.2
2014-EE-2014-06	142	139	139	139	-	-	270.7	May-14	320.0
Proinfa	44	44	44	44	44	44	147.8	Jun-04	311.0
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	-	-	241.0
2014-NE-2019-25	-	-	-	295	295	295	183.5	Mar-14	225.2
2014-NE-2019-25	-	-	-	10	10	10	206.2	Nov-14	243.9
2014-NE-2019-20	-	-	-	83	83	83	139.3	Nov-14	164.8
2015-EE-2016-01	5	-	-	-	-	-	169.4	Dec-15	169.4
2015-NE-2018-20	-	-	46	46	46	46	188.5	Aug-15	206.0
8th Reserve Energy Auction	-	-	2	9	9	9	303.0	Nov-15	322.7
+ Bilateral Sales	2,411	2,987	2,723	2,257	1,463	912			
= Total Sales (B)	**4,074**	**4,299**	**4,083**	**4,011**	**3,075**	**2,524**			
Balance (A - B)	**334**	**243**	**351**	**652**	**1,327**	**1,788**			
Sales average **net** price (R$/MWh) [2]:	179.8	173.5	172.0						
Purchases average **net** price (R$/MWh) [3]:	206.1	166.2	171.9						

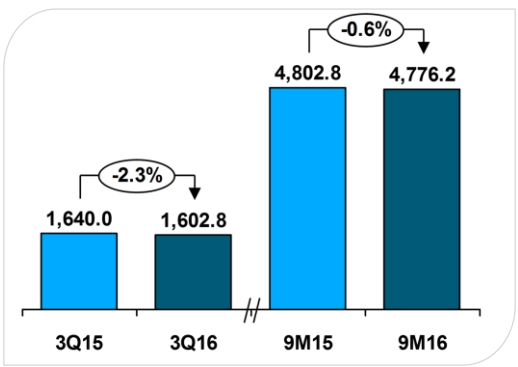
[1] XXXX-YY-WWW-ZZ, where:
XXXX ➔ year of auction
YY ➔ EE = existing energy or NE = new energy
WWWW ➔ year of delivery start
ZZ ➔ supply contract duration (in years)
[2] Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), i.e. future inflation is not considered.
[3] Purchase net price, 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 3Q16, **net revenue from sales reported a reduction of 2.3%** (R$ 37.2 million) when compared with 3Q15, decreasing from R$ 1,640.0 million to R$ 1,602.8 million. The variation largely reflects: (i) R$ 79.2 million — a decrease due to transactions conducted in the short-term market including those executed within the scope of the Electric Energy Trade Board (CCEE); (ii) R$ 76.1 million — an increase in net average selling price; and (iii) R$ 34.7 million — a reduction in energy volumes sold.

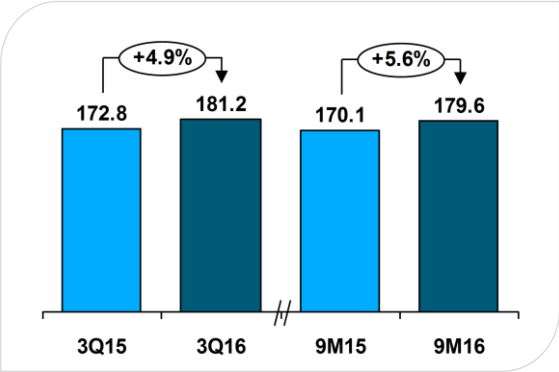
Net Revenue from Sales
R$ milhões





Net Average Selling Price*

R$/MWh



(*) Net of taxes and exports

✓ **Net Average Selling Price**

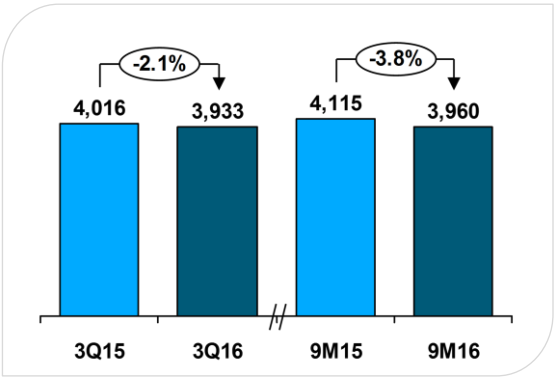
The net average selling price of energy, net of tax was R$ 181.23/MWh in 3Q16, **4.9% higher** than reported in 3Q15, when average prices were R$ 172.82/MWh. Higher prices were essentially due to monetary restatement of existing agreements, partially offset by the lower prices on new sales, more especially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

✓ **Sales Volume**

Energy sales volume declined from 8,867 GWh (4.016 aMW) in 3Q15 to 8,685 GWh (3.933 aMW) in 3Q16, **a reduction of 182 GWh** (83 aMW) between compared periods. This variation was largely due to the expiry of bilateral agreements, renegotiation of existing agreements and reduction in consumption under flexible supply agreements.

Sales Volume

Average MW



Comments on Variation in Net Revenue from Sales by Client Class

✓ **Distributors**

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

✓ **Trading Companies**

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

✓ **Free Consumers**

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



✓ **Electric Energy Exports**

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

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

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

Costs of Electric Energy and Services

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

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

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

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

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

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

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

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

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

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

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

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

In relation to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of a Board agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods being analyzed



- the reason for including this specific topic. The strategy allows us to analyze the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

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

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

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

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

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

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

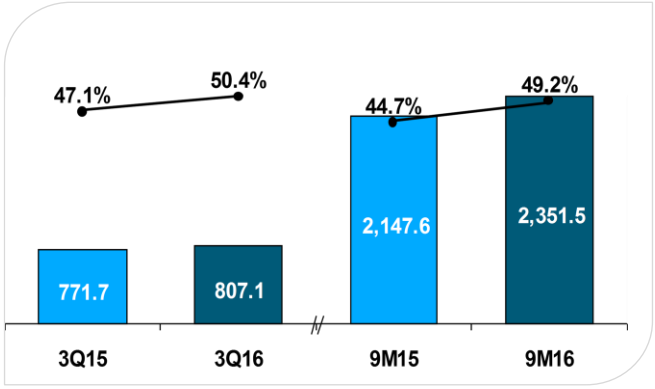
General and Administrative Expenses

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

Ebitda and Ebitda Margin

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

Ebitda (1) and Ebitda Margin



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



The following table reconciles net income with Ebitda:

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

Financial Result

Financial income: in 3Q16, financial income amounted to R$ 103.3 million or **R$ 27.5 million (36.3%) higher** than the R$ 75.8 million recorded in 3Q15, in large part due to: (i) the increase of R$ 25.0 million in income on financial investments; and (ii) from the increase of R$ 1.7 million in interest and monetary restatement on accounts receivable from the CCEE.

Financial expenses: financial expenses in 3Q16 were R$ 168.8 million, that is **R$ 13.2 million (7.3%) lower** than reported in 3Q15, which was R$ 182.0 million. The principal variations were: (i) a reduction of R$ 22.0 million in interest and monetary restatement on debt due mainly to the capitalization in 3Q16 of financial expenses from projects under development by the Company; (ii) a growth of R$ 7.3 million in interest and monetary restatement on provisions and actuarial liabilities; and (iii) the increase of R$ 0.6 million in interest and monetary restatement on concession fees payable.

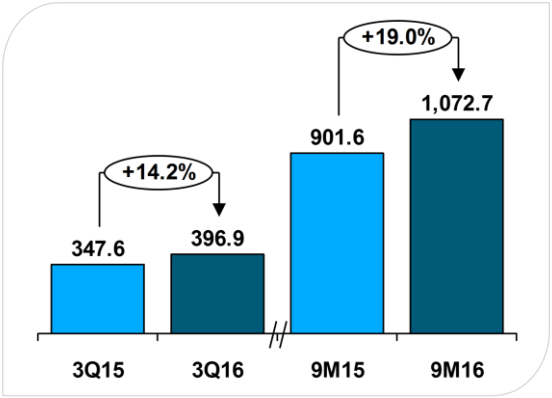
Income Tax and Social Contribution on Net Income

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

Net Income

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

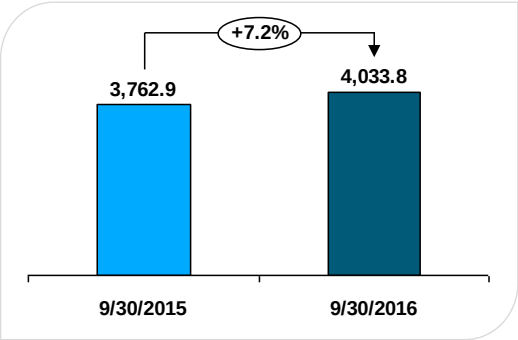
Net Income
R$ million





Debt

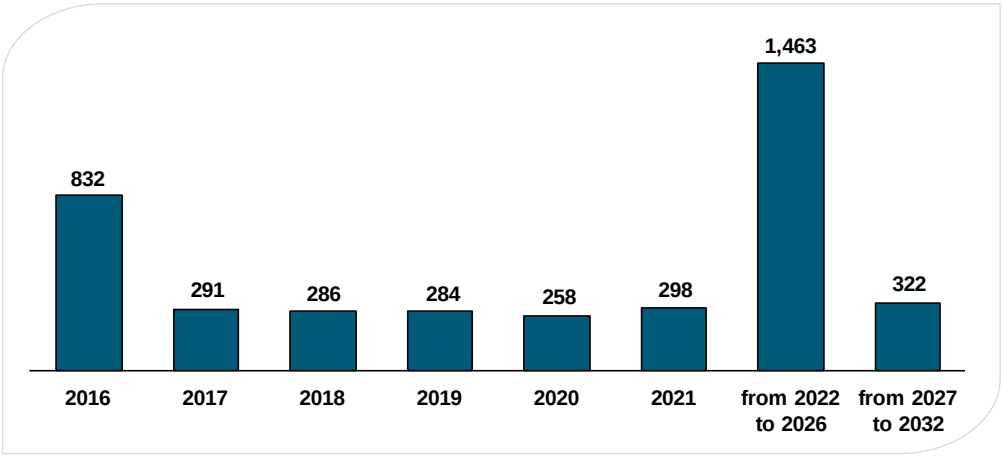
Total Debt
R$ million



The Company's **total gross consolidated debt** as at September 30, 2016, represented mainly by loans, financing and debentures, **net of hedge operations, totaled R$ 4,033.8 million, an increase of 7.2%** (R$ 270.9 million) compared to the position as at September 30, 2015. Of total corporate debt at the end of the period, 21.6% was currency denominated (34.2% at the end of the 3Q15). However, if the contracted swap operations are taken into account, **currency exposure was zero at the end of the period under analysis.**

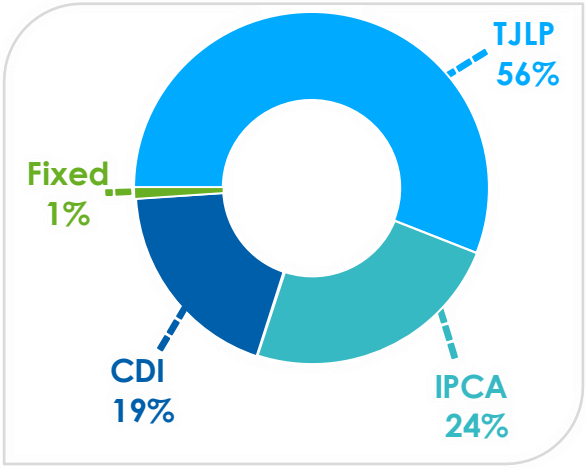
The variation in Company debt is largely related to a combination of the following factors occurring between 3Q15 and 3Q16: (i) drawdowns from the BNDES and its financial agents in the aggregate amount of R$ 80.5 million for investments in the modernization of the Salto Santiago and Passo Fundo HPPs, the Jorge Lacerda Thermoelectric Complex and for the expansion of Ferrari TPP; (ii) R$ 399.2 million in charges payable together with monetary restatement and currency translation effects; and (iii) 6th emission of non-convertible, simple debentures, in the aggregate net amount of R$ 585.8 million; and (iv) R$ 794.6 million in amortization of loans, financing and debentures.

Maturity Term Loans
R$ million



The **average weighted nominal cost of debt** in the end of 3Q16 was **11.7%.**

Composition of Debt





On September 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$ 765.0 million**, **a reduction of 54.5%** compared with the end of the 3Q15.

Net Debt
R$ million

	09/30/2016	09/30/2015	Chg. %
Gross debt	4,210.5	4,249.7	-0.9
Result of derivatives operations	(176.7)	(486.8)	-63.7
Deposits earmarked for the payment of debt	(183.5)	(138.5)	32.5
Cash and cash equivalents	(3,085.3)	(1,941.7)	58.9
Total net debt	**765.0**	**1,682.7**	**-54.5**

Capital Expenditures

ENGIE Brasil Energia's **total investments in 3Q16 were R$ 336.3 million**, of which (i) R$ 63.8 million were allocated to generating complex maintenance and revitalization; (ii) R$ 39.0 million, to modernization of Salto Santiago Hydroelectric Power Plant; (iii) and R$ 233.5 million, to the construction of new plants: Pampa Sul TPP (R$ 181.6 million), Santa Mônica Wind Complex (R$ 38.5 million) and other plants (R$ 13.4 million).

Credit of Dividends

At a meeting held on October 27, 2016, ENGIE Brasil Energia's Board of Directors approved the credit of interest on shareholders' equity for the period from January 1 to December 31, 2016 for the amount of R$ 432.5 million (R$ 0.6625893121 per share).

The Company's shares will be traded ex-interest as from November 11, 2016. These dividends will be paid out on a date to be decided by the Executive Board in due course and the announcement will be made through a Notice to the Shareholders.

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 29 plants installed in 12 states of Brazil's five regions, 14 (with an aggregate capacity of 83.4% 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.

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 3Q16, associating each indicator with GRI recommendations.

Sustainability Indices[1]

Item	Dimension[2]	Index[3]	GRI disclosure[4]	3Q16	3Q15	Change	9M16	9M15	Change
1	Quality	Operating plants	EU1, G4-9	29	28	1	29	28	1
2		Installed operated capacity	EU1, G4-9	8,748	8,765	-0.2%	8,748	8,765	-0.2%
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	83.38%	83.63%	-0.2 p.p.	83.38%	83.63%	-0.2 p.p.
6		Installed capacity from renewable sources	EU1, G4-9	7,665	7,646	0.2%	7,665	7,646	0.2%
7		Installed capacity from renewable sources in relation to the total	EU1, G4-9	87.62%	87.23%	0.39 p.p.	87.62%	87.23%	0.39 p.p.
8		Energy generation (GWh)	EU2	11,265	12,343	-8.7%	34,008	34,591	-1.7%
9		Certified energy generation	EU6, G4-15	10,262	11,206	-8.4%	30,320	30,065	0.9%
10		Certified energy generation in relation to the total	EU6, G4-15	91.1%	90.8%	0.3 p.p.	89.2%	86.9%	2.3 p.p.
11		Energy generation from renewable sources (GWh)	EU2	10,086	10,855	-7.1%	30,550	29,622	3.1%
12		Energy generation from renewable sources in relation to the total	EU2	89.5%	87.9%	1.6 p.p.	89.8%	85.6%	4.2 p.p.
13		Uptime ratio, excluding scheduled stoppages	EU30	97.6%	97.8%	-0.2 p.p.	97.0%	97.3%	-0.3 p.p.
14		Uptime ratio, including scheduled stoppages	EU30	88.5%	86.2%	2.3 p.p.	86.9%	87.0%	-0.04 p.p.
15	Environment	Saplings donated and planted (sum-total of planted and donated saplings)[5]	G4-EN27	77,960	66,088	18.0%	244,355	181,040	35.0%
16		Number of visitors at the plants[5]	G4-26	25,957	27,720	-6.4%	71,621	76,094	-5.9%
17		CO2 Emissions (fossil fuel plants) (t/MWh)	G4-EN15	0.9985	0.978	2.1%	1.0018	0.979	2.4%
18		CO2 Emissions from Tractebel Energia's generation complex(t/MWh)	G4-EN15	0.132	0.118	11.6%	0.131	0.141	-6.6%
19	Occupational Heath and Safety (OH&S)	Average number of employees[6]	G4-10, G4-LA1	1,128	1,138	-0.9%	1,126	1,140	-1.2%
20		Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[7]	G4-LA6	1.87	0.000	▲	0.65	0.000	▲
21		Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[8]	G4-LA6	0.009	0.000	▲	0.003	0.000	▲
22		Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[7]	G4-LA6	4.21	1.350	▲	1.97	0.750	▲
23		Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[8]	G4-LA6	0.004	0.000	▲	0.001	0.000	▲
24	Social Responsibility[9]	Non-incentive investments	G4-EC8, G4-SO1	705.10	606.68	16.2%	2,490.50	3,893.40	-36.0%
25		Investments via Children and Teenagers Fund	G4-EC8, G4-SO1	421.59	145.84	189.1%	2,178.48	1,124.70	93.7%
26		Investments via Cultural Incentives Act	G4-EC8, G4-SO1	2,940.95	500.00	488.2%	8,771.73	5,714.70	53.5%
27		Investments via Sport Incentives Act	G4-EC8, G4-SO1	100.00	0.00	-	310.00	50.00	520.0%
28		Other Investments via Incentive Acts (health and others)	G4-EC8, G4-SO1	0.00	0.00	-	164.21	300.00	-45.3%

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) use the **EGIEY symbol**, the ratio of one ADR for every common share remaining unchanged.

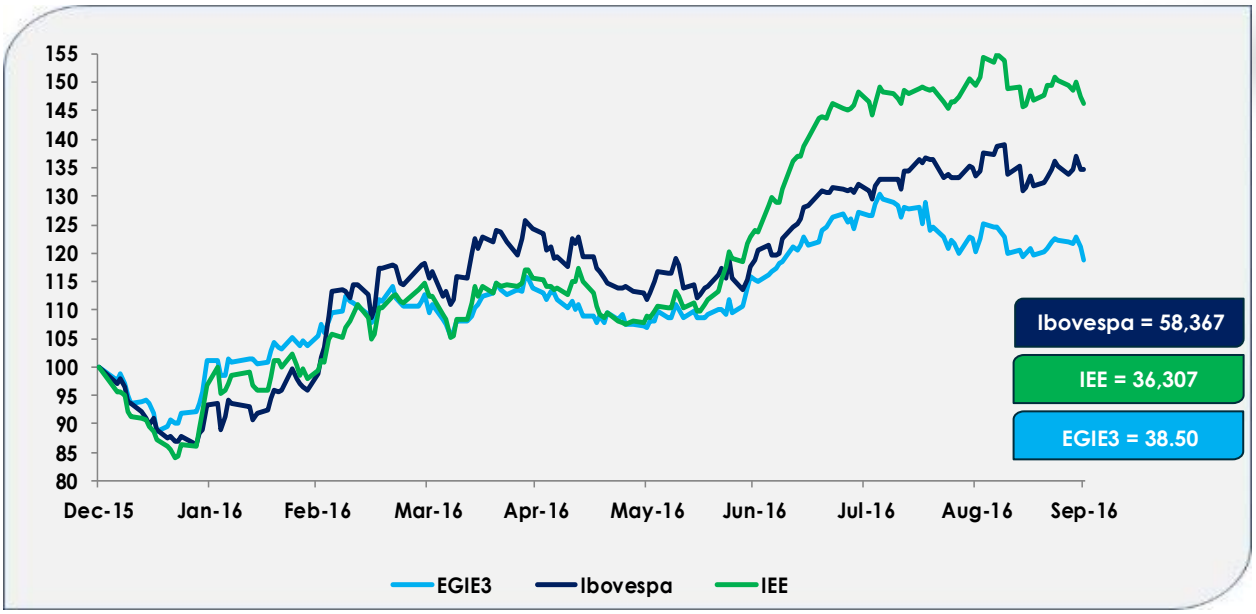
Share Performance — EGIE3

Bovespa's leading stock index recorded an appreciation of 13.3% in 3Q16 and 34.6% for the first nine months of the year. Market specialists believe this performance is largely a reflection of the conclusion of the impeachment the ex-president on August 31st and with this, the outlook for greater political stability and real advances in fiscal and budgetary reform.

ENGIE Brasil Energia's shares closed 3Q16 reporting an appreciation of 2.9% against 2Q16, less than the performance of the Ibovespa and the Electric Energy Stock Index (IEE) which rose 13.3% and 17.9%, respectively. Nevertheless, EGIE3 recorded an appreciation of 18.7% for the first nine months of 2016, with a closing price on September 30 of R$ 38.5 per share and equivalent to **a market value for the Company of R$ 25.1 billion**.

In 3Q16, EGIE3 reported an average daily volume of R$ 31.6 million, 3.0% greater than the R$ 30.7 million in the same period in 2015.

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: October 28, 2016
Time: 09:00 a.m. (EDT) / 11:00 a.m. (Brasília time)

Connection numbers:
Participants in Brazil: +55 (11) 3127-4971
Participants in the USA: +1 (516) 300-1066
Participants from other countries: +1 (855) 836-9256
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 October 28th to November 3th, 2016. Access by dialing: +55 (11) 3127-4999, code: 46378354 (Portuguese) and 86399958 (English)

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	**9/30/2016**	**12/31/2015**
Current Assets	**4,530,898**	**4,431,818**
Cash and cash equivalents	3,085,348	2,396,854
Accounts receivables from clients	799,703	773,602
Inventory	96,649	88,888
Fiscal credits recoverable	25,572	46,385
Refund of fuel purchases	59,697	144,249
Restricted deposits	8,581	8,426
Unrealized gains on hedging transactions	218,478	778,227
Hedge of debt	176,720	488,802
Cash flow hedge on purchases commitments	41,758	289,425
Renegotiation of hydrological risk to appropriate	26,064	26,064
Other current assets	123,920	82,237
Non current asset held for sale	86,886	86,886
Non Current Assets	**11,090,393**	**10,857,568**
Long Term Assets	**619,108**	**716,695**
Fiscal credits recoverable	45,543	46,763
Restricted deposits	188,662	158,139
Deposits earmarked for the payment of debt	183,477	146,766
Other restricted deposits	5,185	11,373
Deposits in court	145,659	132,480
Unrealized gains on hedging transactions	3,418	130,240
Cash flow hedge on purchases commitments	3,418	130,240
Renegotiation of hydrological risk to appropriate	177,531	197,079
Other non current assets	58,295	51,994
Investments	**4,252**	**-**
Property, Plant and Equipment	**10,214,041**	**9,897,550**
Intangible	**252,992**	**243,323**
Total	**15,621,291**	**15,289,386**



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

(In thousands of R$)		
Liabilities	**9/30/2016**	**12/31/2015**
Current Liabilities	**2,856,943**	**2,977,377**
Suppliers	367,518	573,573
Dividends and interest on shareholder´s equity	649,707	271,021
Loans and financing	1,210,413	1,712,490
Debentures	16,411	489
Concessions payable	65,107	60,572
Tax and social contribution obligations	107,047	17,799
Other fiscal and regulatory obligations	89,621	97,665
Provision for labor obligations	101,011	102,992
Provision for tax, civil and labor risks	30,098	25,727
Obligations related to retirement benefits	22,189	22,189
Other current liabilities	197,821	92,860
Non Current Liabilities	**6,177,157**	**5,669,873**
Loans and financing	2,199,315	2,353,268
Debentures	784,382	180,947
Concessions payable	2,235,707	2,009,980
Provision for tax, civil and labor risks	271,723	246,873
Obligations related to retirement benefits	272,711	255,552
Deferred income taxes and social contribution	359,984	558,826
Other non current liabilities	53,335	64,427
Shareholders' Equity	**6,587,191**	**6,642,136**
Share capital	2,737,361	2,445,766
Capital reserve	91,695	91,695
Profit reserves	2,850,960	3,333,102
Adjustment on fixed asset	470,514	769,309
Retained earnings	433,658	-
Non controlling interests	3,003	2,264
Total	**15,621,291**	**15,289,386**



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

(In thousands of R$)	3Q16	3Q15	Chg. %	9M16	9M15	Chg. %
Net Revenue from Sales	**1,602,820**	**1,640,014**	**-2.3**	**4,776,162**	**4,802,840**	**-0.6**
Costs of Energy Sold and Services Provided	**(910,044)**	**(970,157)**	**-6.2**	**(2,750,573)**	**(2,958,328)**	**-7.0**
Electric power purchased for resale	(413,617)	(484,932)	-14.7	(1,208,187)	(1,254,495)	-3.7
Transactions in the short term market, including those conducted through the CCEE	(21,627)	(882)	2,352.0	(153,377)	(260,047)	-41.0
Charges for the use of and connection to the electricity grid	(103,089)	(94,226)	9.4	(292,440)	(268,547)	8.9
Fuel expenses	(36,525)	(66,028)	-44.7	(126,117)	(181,266)	-30.4
Financial compensation for use of water resources	(48,977)	(47,984)	2.1	(145,973)	(125,178)	16.6
Personnel	(60,121)	(52,967)	13.5	(175,702)	(159,053)	10.5
Materials and third party services	(52,188)	(54,494)	-4.2	(131,395)	(149,016)	-11.8
Depreciation and amortization	(156,062)	(150,754)	3.5	(463,738)	(442,367)	4.8
(Reversals) Constitution of operating provisions	106	(2,552)	-104.2	49	(66,065)	-100.1
Others	(17,944)	(15,338)	17.0	(53,693)	(52,294)	2.7
Gross Income	**692,776**	**669,857**	**3.4**	**2,025,589**	**1,844,512**	**9.8**
Operating Income (Expenses)	**(43,782)**	**(51,184)**	**-14.5**	**(143,974)**	**(145,777)**	**-1.2**
Selling expenses	(4,128)	(4,229)	-2.4	(13,410)	(13,614)	-1.5
General and administrative expenses	(39,843)	(44,415)	-10.3	(133,953)	(131,468)	1.9
Other operating income (expenses), net	189	(2,540)	-107.4	3,389	(695)	-587.6
Income Before Financial Result and Taxes	**648,994**	**618,673**	**4.9**	**1,881,615**	**1,698,735**	**10.8**
Net Financial Result	**(65,460)**	**(106,248)**	**-38.4**	**(310,468)**	**(373,126)**	**-16.8**
Financial income	103,317	75,759	36.4	322,280	195,256	65.1
Financial expenses	(168,777)	(182,007)	-7.3	(632,748)	(568,382)	11.3
Result of corporate participations	**(274)**	**-**	**0.0**	**(518)**	**-**	**0.0**
Equity loss	(274)	-	0.0	(518)	-	0.0
Income Before Taxes	**583,260**	**512,425**	**13.8**	**1,570,629**	**1,325,609**	**18.5**
Income tax	(166,438)	(120,552)	38.1	(565,015)	(309,471)	82.6
Social contribution	(19,939)	(44,251)	-54.9	67,129	(114,508)	-158.6
Net Income for the Period	**396,883**	**347,622**	**14.2**	**1,072,743**	**901,630**	**19.0**
Number of Ordinary Shares	**652,742,192**	**652,742,192**		**652,742,192**	**652,742,192**	
Net Income per Share	**0.6080**	**0.5326**	**14.2**	**1.6434**	**1.3813**	**19.0**



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

(In thousands of R$)	3Q16	3Q15	9M16	9M15
Cash Flow from Operating Activities				
Income before taxes on income	583,260	512,425	1,570,629	1,325,609
Adjustments to reconcile net income before taxes generated from operating cash flow:				
Depreciation and amortization	158,068	153,061	469,881	448,828
Monetary v ariation	36,493	36,164	146,972	153,038
Interests	113,686	131,973	384,129	372,154
Constitution of operating prov isions	(130)	(1)	130	61,556
Others	581	8,039	2,689	8,987
Adjusted Profit	**891,958**	**841,661**	**2,574,430**	**2,370,172**
Reduction (increase) in assets				
Accounts receiv ables from clients	(51,811)	(111,282)	(5,159)	(93,823)
Refund of fuel purchases	63,066	264,701	84,552	195,478
Fiscal credits recov erable	(1,264)	(520)	(27,895)	1,029
Inv entory	7,681	3,777	(7,761)	(15,639)
Deposits in court and restricted deposits	15,337	58,146	7,477	57,158
Insurance claim receiv able	-	-	-	121,415
Renegotiation of hydrological risk to appropriate	6,516	-	19,548	-
Other assets	20,578	(6,428)	(15,201)	(13,248)
Increase (reduction) in liabilities				
Suppliers	11,891	42,532	(244,853)	(56,610)
Taxes and social contribution obligations	2,428	(3,763)	5,407	(3,955)
Other fiscal and regulatory obligations	7,414	24,242	(18,653)	23,864
Research and dev elopment obligations	5,249	5,156	13,814	(9,525)
Obligations related to retirement benefits	(3,363)	(3,012)	(9,996)	(8,807)
Other liabilities	32,540	30,329	48,827	12,538
Cash Generated from Operating Activities	**1,008,220**	**1,145,539**	**2,424,537**	**2,580,047**
Payment of income tax and social contribution	(115,654)	(83,316)	(360,170)	(398,103)
Payment of interests on debt, net of hedge	(77,865)	(89,749)	(232,810)	(253,451)
Net Cash from Operating Activities	**814,701**	**972,474**	**1,831,557**	**1,928,493**
Investments Activities	**(343,973)**	**(248,434)**	**(758,369)**	**(603,788)**
Acquisitions of inv estments, net of cash and cash equiv alents receiv ed	(7,419)	(1)	(20,055)	(16,647)
Used in fixed assets	(334,023)	(242,066)	(731,622)	(578,324)
Used in intangibles	(2,531)	(6,367)	(6,692)	(8,817)
Financing Activities	**509,897**	**(526,761)**	**(384,694)**	**(987,699)**
Loans and financing contracted	601,584	21,999	621,779	93,524
Payment of loans and financing	(67,466)	(257,487)	(412,445)	(357,340)
Payments of concessions payable	(16,128)	(14,762)	(47,496)	(43,358)
Payments of div idends and interest on shareholders' equity	(11)	(309,671)	(522,134)	(702,889)
Deposits for funding	(10,375)	33,654	(21,342)	21,355
Others	2,293	(494)	(3,056)	1,009
Increase (Decrease) in Cash and Cash Equivalents	**980,625**	**197,279**	**688,494**	**337,006**
Reconciliation of Cash and Cash Equivalents				
Opening balance	2,104,723	1,744,458	2,396,854	1,604,731
Closing balance	3,085,348	1,941,737	3,085,348	1,941,737
Increase (Decrease) in Cash and Cash Equivalents	**980,625**	**197,279**	**688,494**	**337,006**
Transactions that do Not Affect Cash and Cash Equivalents				
Capitalized interest and monetary on loans	32,470	5,504	83,557	27,513
Supplier's of fixed assets and intangibles	(10,438)	(65,969)	(33,499)	38,041
Offsetting of income tax and social contribution	12,130	8,011	53,731	26,744
Tax incentiv es	-	(1,789)	-	(7,638)
Future disbursements estimate to employ in fixed assets	-	(4,452)	-	(5,144)
Balance of remaining installments related to purchase of inv estments	-	-	13,027	14,093