

Management proposal
for the Extraordinary General Meeting of 10.14.2019

ENGIE Brasil Energia S.A.
CNPJ: 02.474.103/0001-19
NIRE: 42 3 0002438-4
R. Paschoal Apóstolo Pitsica, 5064
Agronômica - Florianópolis - SC - CEP 88025-255

EGIE3 NOVO MERCADO BM&FBOVESPA
[B]3 BRASIL BOLSA BALCÃO
ISEB3 2019
Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG
2018

CONTENTS

CONTENTS 2
MANAGEMENT PROPOSAL FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON OCTOBER 14, 2019, PURSUANT TO BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM) INSTRUCTION No. 481, OF DECEMBER 17, 2009 (ICVM 481/09) AS AMENDED 3
ATTACHMENT I – ACQUISITION OF A CONTROLLING STAKE (ATTACHMENT 19 TO IN/CVM 481) 5
ATTACHMENT II – VALUATOR INFORMATION (ATTACHMENT 21 OF IN/CVM 481) 13
ATTACHMENT III – ECONOMIC AND FINANCIAL APPRAISAL REPORT OF TRANSPORTADORA ASSOCIADA DE GÁS S.A. 14
ATTACHMENT IV – PROPOSAL FOR PROFESSIONAL SERVICES 15

MANAGEMENT PROPOSAL FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON OCTOBER 14, 2019, PURSUANT TO BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM) INSTRUCTION No. 481, OF DECEMBER 17, 2009 (ICVM 481/09) AS AMENDED

Proposed ratification of the acquisition of a shared controlling stake in Transportadora Associada de Gás S.A ("TAG"), according to the material fact announcements published on 04.05.2019, 04.25.2019 and 06.13.2019, pursuant to the contents of Article 256 of Law No. 6,404/76 ("Corporations Law")

This Proposal, as provided in the Material Fact announcements published on 04.05.2019, 04.25.2019 and 06.13.2019, aims for General Meeting ratification, pursuant to Article 256, item I, of the Corporations Law, of the acquisition of a shared controlling stake in TAG.

As the article referenced above provides, a publicly listed company's acquisition of a controlling interest in any business entity requires the approval or ratification of the buyer's general shareholders' meeting, such meeting to convene specifically for this purpose, where any of the following applies: (i) the buying price amounts to a material investment for the acquiring company, as defined in Article 247, sole paragraph, of the Corporations Law; or (ii) the average price of each equity share or quota of the acquired entity paid by the acquiring company exceeds one-and-a-half times any of the following: (a) average trading price of the acquired company on the stock exchange or organized over-the-counter market in the 90 days prior to the acquisition; (b) the net equity value of the acquired entity's share or quote at market prices; or (c) the net earnings per share or quota of the acquired entity, which shall not exceed 15 times the inflation-restated net earnings per share or quota of the acquired society in the last two fiscal years.

The operation amounts to a material investment as concerns the Company, pursuant to foregoing item (i).

On 04.05.2019, the Company published a Material Fact announcement informing that, together with GDF International (a wholly-owned subsidiary of ENGIE S.A., its ultimate controlling shareholder) ("GDF"), and Caisse de Dépôt et Placement du Québec ("CDPQ" and, together with the Company and GDF, the "Members of the Acquiring Group") gained knowledge, through a material fact announcement published by Petróleo Brasileiro S.A. – Petrobras ("Petrobras") on the same date, that the Members of the Acquiring Group were the winners of the competitive bidding process held by Petrobras for the acquisition of 90% of Petrobras's equity stake in TAG. The offer was approved at a meeting of the Company's Board of Directors held on 03.26.2019, which also took account of the favorable opinion of the Special Independent Committee for Transactions with Related Parties, as convened at the 173rd Meeting of the Company's Board of Directors, held on 05.11.2018.

On 04.25.2019, the Company published a Material Fact announcement to inform entry into the Purchase Agreement ("Agreement") between Aliança Transportadora de Gás Participações S.A. (an entity fully held by the Members of the Acquiring Group) ("Aliança"), as buyer, and, the Company, GDF and CDPQ, as members of the acquiring group, Petrobras, as seller, TAG, as consenting party, and ENGIE Brasil Participações Ltda. (the Company's directly controlling entity), as consenting surety. The Agreement governs the acquisition by the Members of the Acquiring Group, through Aliança, of an equity stake in TAG equivalent to 90% of its equity capital held by Petrobras. The transaction was approved by Petrobras's Board of Directors on 04.24.2019.

On 06.13.2019, the Company published a Material Fact announcement informing the market that all conditions precedent had been fulfilled for the conclusion of the acquisition by the Members of the Acquiring Group, through Aliança, of an equity stake in TAG representing 90% of its equity capital, held by Petrobras, as per the Agreement.

Therefore, on 06.13.2019, Alliance, the Members of the Acquiring Group, TAG and Petrobras carried out the closing acts, as per the agreement, including transfer of TAG's equity shares held by Petrobras and representing 90% of TAG's equity capital, to Aliança, and payment to Petrobras by the Members of the Acquiring Group, directly and through Aliança, of an approximate BRL 31.5 billion in exchange for the shares. Also, on 06.13.2019, Aliança, the Members of the Acquiring Group and Petrobras entered into a shareholders' agreement to govern their relationship as direct and indirect shareholders of TAG, including exercise of the respective voting rights and limits on share transfers.

With the completion of the transaction, the Members of the Acquiring Group, through Aliança became the holders of an equity stake equivalent to 90% of TAG's total and voting equity capital, and Petrobras became a minority shareholder with a stake equivalent to 10% of the total shares issued by TAG.

The Company has a 32.5% direct stake in the equity capital of Aliança and, after the completion of the operation, became the holder of a 29.25% indirect stake in TAG's equity capital.

On 09.02.2019, the Company published a Material Fact announcement informing the market that the extraordinary general meetings of Aliança and TAG had unanimously approved the incorporation of Alliance into TAG (respectively, the "Incorporation EGMs" and the "Incorporation"). The Incorporation was also unanimously approved at the meeting of the Board of Directors and received a favorable opinion from the Fiscal Council of TAG on the same date. With the execution of the Incorporation, Aliança was terminated and TAG became its universal successor for all rights and obligations, pursuant to the contents of Article 227 of the Corporations Law, whereas the Members of the Acquiring Group became direct holders of TAG's equity shares.

The Company retained KPMG Corporate Finance Ltda. to prepare an Economic and Financial Valuation Report for TAG ("Report 256"), pursuant to the contents of Article 256, ¶1, of the Corporations Law. This Report is available: (i) on Attachment III hereto; and (ii) on the Webpages of the Company (www.engie.com.br), B3 and the Brazilian Securities and Exchange Commission – CVM.

Report 256, dated 09.06.2019, finds that the operation does not grant dissenting shareholders of the Company the withdrawal rights as provided in Article 256, ¶2, of the Corporations Law because: (i) TAG's net earnings per share exceed its equity value at market prices (comparison between the foregoing numbers and the average trading price of TAG's shares on the stock exchange or organized over-the-counter markets does not apply because TAG's shares are not listed on stock exchanges or on the organized over-the-counter market); and (ii) the price paid per share of TAG is just 0.98 times TAG's net earnings per share and does not therefore exceed said amount by more than 1.5 times, as provided in Article 256, ¶2, of the Corporations Law. For the same reason, the Company is not providing Attachment 20 to ICVM 481, since it is not applicable.

ATTACHMENT I – ACQUISITION OF A CONTROLLING STAKE (ATTACHMENT 19 TO IN/CVM 481)

1. Describe the transaction

The transaction is an acquisition conducted by the Company, together with GDF International (a wholly-owned subsidiary of ENGIE SA, the company's ultimate controlling entity) ("GDF"), and Caisse de Dépôt et Placement du Québec ("CDPQ"; together with the Company and GDF, the "Members of the Acquiring Group"), by means of Aliança Transportadora de Gás Participações S.A. (an entity entirely owned by the Members of the Acquiring Group) ("Aliança"), of shares equivalent to 90% of the equity capital of Transportadora Associada de Gás S.A. – TAG ("TAG") held by Petróleo Brasileiro S.A. – Petrobras (respectively, "Petrobras" and the "Transaction").

On 09.02.2019, Aliança was incorporated by TAG and the Members of the Acquiring Group received shares of TAG as a result of said Incorporation and the transfer of additional shares of TAG from Petrobras, as described over the course of herein item 1, resulting in the Target Equity Capital Breakdown (as defined ahead).

As a result of the Transaction, (i) the Members of the Acquiring Group became jointly controlling shareholders of TAG, by means of a shareholders' agreement entered into by and between them and Petrobras, and (ii) TAG's equity capital became the property of the Members of the Acquiring Group and of Petrobras as follows ("Target Equity Capital Breakdown"):

Shareholder	Stake in TAG
CDPQ	31.50%
Company	29.25%
GDF	29.25%
Petrobras	10.00%
	100.00%

Main events associated with the Transaction[1]:

- On 04.05.2019, the Company gained knowledge, through a material fact announcement published on the same date by Petrobras, that the Members of the Acquiring Group were the winners of the competitive bidding process for the acquisition of 90% of Petrobras's equity stake in TAG;
- On 04.25.2019, the Purchase Agreement governing the terms and conditions of the Transaction was entered into by and between Aliança as buyer, the Company, GDF and CDPQ as members of the acquiring group, Petrobras as seller, TAG as consenting party, and ENGIE Brasil Participações Ltda. (the Company's directly controlling entity) ("Engie Participações") as consenting surety

[1] The events described were the subject of material fact announcements published by the Company on the respective dates of occurrence, and are available on the Webpages of the Company (https://www.engie.com.br/investidores/comunicados), of B3 – Brasil, Bolsa, Balcão and of the CVM.

("Agreement");

• On 06.13.2019 the conditions precedent under the Agreement for completion of the Transaction were fully met. On the same date, the Transaction was Completed ("Closing Date"). On that date, the Members of the Acquiring Group acquired, through Aliança, common shares with no nominal value representing 90% of TAG's total and voting equity stock, upon payment of approximately BRL 31.5 billion to Petrobras; and

• On 09.02.2019, TAG incorporated Aliança ("Incorporation"), as provided in the Agreement, and the Members of the Acquiring Group became direct shareholders of TAG. However, because the incorporation of the assets and liabilities of Aliança resulted in negative net equity, TAG's equity capital was reduced and the Members of the Acquiring Group received, in exchange for shares in Aliança, a number of shares of TAG lower than the Target Equity Capital Breakdown. As a result, after the Incorporation, Petrobras transferred to the Members of the Acquiring Group shares of TAG of its own in a number sufficient to achieve the Target Equity Capital Breakdown, as detailed earlier in the present item. The amount of the transaction, at approximately BRL 31.5 billion, includes the amount associated with the transfer of a number of Petrobras-held shares of TAG to the Members of the Acquiring Group.

TAG is the largest natural gas transportation company in Brazil, with approximately 4,500 kilometers in gas pipeline infrastructure along the entire coastline of Southeastern and Northeastern Brazil. An additional stretch of pipelines connects Urucu (an oil province in the middle of the Amazon) and Manaus (AM). The network also has 12 gas compression facilities (six TAG's own and six under contract) and 91 outlets. The Company's management understands that acquisition of joint stock control of TAG will be yet another step forwards in diversifying the Company's businesses, materializing its strategy of becoming a key player in Brazilian infrastructure.

2. Inform the statutory or legal reason why the transaction has been submitted to the General Meeting's approval

The Transaction involves the acquisition by a publicly listed company of shared controlling stake in a business entity, and is covered by Article 256, item I, of Law No. 6,404/76 ("Corporations Law"), given that, according to the valuation report prepared by KPMG Corporate Finance Ltda. ("KPMG"), the purchase price under the Transaction amounts to a material investment for the Company.

Therefore, pursuant to Article 256 of the Corporations Law, the Transaction is being submitted to ratification by the Company's General Shareholders' Meeting.

3. Concerning the entity where a controlling stake has been or will be acquired:

a. Inform name and description

Transportadora Associada de Gás S.A. – TAG, a closely-held corporation with registered offices in the city and state of Rio de Janeiro, at Praia do Flamengo, 200, 20th floor, CEP 22210-901, enrolled before tax authorities under Corporate Taxpayer ID ("CNPJ") No, 06.248.349/0001-23.

b. Number of share or quotas of each class or species issued

On the Transaction's Closing Date, TAG's equity capital was fully subscribed and paid-in and amounted to BRL 5,906,620,313.09 (five billion, nine hundred and six million, six hundred and twenty thousand, three hundred and thirteen Brazilian *Reais* and nine *Centavos*), divided into 1,000,000 (one million) common, single-class, nominative shares with no face value.

Currently, because of the Incorporation, TAG's equity is fully subscribed and paid in, and amounts to BRL 1,294,196,956.76 (one billion, two hundred and ninety-four million, one hundred and ninety-six thousand, nine hundred and fifty-six Brazilian *Reais* and seventy-six *Centavos*), divided into 359.833 (three hundred and fifty-nine thousand, eight hundred and thirty-three) common, single-class, nominative shares with no face value.

c. List all directly or indirectly controlling shareholders or members of the controlling bloc, as well as their equity stakes, if they are related parties as defined in the accounting standards governing this matter

Not applicable because, before completion of the Transaction, TAG was fully under the control of Petrobras. Therefore, no members of the controlling bloc of TAG exist that were previously the Company's related parties.

d. For every class or type of share or quota of the company where a controlling stake will be acquired, inform:

i. **Minimum, average and maximum trading price every year, in the markets where such securities are traded, for the past 3 (three) years**

Not applicable because TAG is not a publicly listed corporation and its shares are not traded on stock exchanges or other markets.

ii. **Minimum, average and maximum trading price every quarter, in the markets where such securities are traded, for the past 2 (two) years**

Not applicable because TAG is not a publicly listed corporation and its shares are not traded on stock exchanges or other markets.

iii. **Minimum, average and maximum trading price every month, in the markets where such securities are traded, for the past 6 (six) months**

Not applicable because TAG is not a publicly listed corporation and its shares are not traded on stock exchanges or other markets.

iv. **Average trading price in the markets where such securities are traded, for the past 90 days**

Not applicable because TAG is not a publicly listed corporation and its shares are not traded on stock exchanges or other markets.

v. **Market-value equity capital, if this information is available;**

According to the valuation reports prepared by KPMG, on the as-of date of 06.12.2019, the market value of TAG's equity was BRL 30,185,441,103.85 (thirty billion, one hundred and eighty-five million, four hundred and forty-one thousand, one hundred and three Brazilian *Reais* and eighty-five *Centavos*).

vi. **Inflation-restated annual net earnings of the last 2 (two) fiscal years**

Considering the Transaction's Closing Date (06.13.2019), the basis for calculation of the annual net earnings per share was the audited financial statements for the fiscal years ending 12.31.2017 and 12.31.2018, inflation-restated at the National Consumer Prices Index – Comprehensive (IPCA) as disclosed by the Applied Economics Research Institute (IPEA), for 06.12.2019.

The results of the calculations made based on the foregoing criteria are as follows:

Net earnings per share – historic and inflation restated (in Brazilian *Reais*)

Description	2017	2018
Annual net earnings	BRL 2,342,360,388.41	BRL 2,478,752,621.80
IPCA-restated annual net earnings	BRL 2,488,209,202.09	BRL 2,535,863,843.47

4. Main terms and conditions of the transaction, including:

a. Description of the sellers

The seller in the Transaction is Petróleo Brasileiro S.A. – Petrobras, a mixed-capital entity with registered offices in the city and state of Rio de Janeiro, at Avenida República do Chile, 65, CEP 20031-912, enrolled before the tax authorities under Corporate Taxpayer ID No. 33.000.167/0001-01.

b. Total number of shares or quotas acquired or to be acquired

On the Transaction's Closing Date, the Members of the Acquiring Group acquired, through Aliança, 900,000 (nine hundred thousand) common, nominative shares with no face value, equivalent to 90% of TAG's total and voting stock. As the Company' held 32.50% of Aliança's equity capital on the Closing Date, 292,500 (two hundred and ninety-two thousand, and five hundred) shares of TAG were thereafter indirectly attributed to the Company.

Subsequently, after the Incorporation, Petrobras transferred to the Members of the Acquiring Group a total of 64,016 (sixty-four thousand and sixteen) common, nominative shares of TAG with no face value, to achieve the Target Equity Capital Breakdown. Of the latter shares, 20,805 (twenty thousand, eight hundred and five) were transferred to the Company.

c. Total price

The Members of the Acquiring Group, directly and through Aliança, paid a total of BRL 31,536,089,126.91 (thirty-one billion, five hundred and thirty-six million, eighty-nine thousand, one hundred and twenty-six Brazilian *Reais* and ninety-one *Centavos*) to Petrobras in exchange for shares equivalent to 90% of TAG's equity capital.

Out of this, the total price associated with the stake acquired by the Company was BRL 10,249,228,823.23 (ten billion, two hundred and forty-nine million, two hundred and twenty-eight thousand eight hundred and twenty-three Brazilian *Reais* and twenty-three *Centavos*).

The total amount is subject to adjustment mechanics arising from one-time revenues or expenses associated with TAG.

d. Price per share or quota of each type or class

The price per share paid was approximately BRL 32,713.26 (thirty-two thousand, seven hundred and thirteen Brazilian *Reais* and twenty-six *Centavos*).

e. Payment

The full amount described in foregoing item 4(c) was paid as instant funds transfers to Petrobras's accounts in domestic currency.

f. Conditions precedent and cancellation conditions to the transaction

Although the Transaction requires ratification on the part of the Company's Extraordinary General Meeting, pursuant to Article 256 of the Corporations Law, all conditions precedent to completing the transaction have been met, such as (i) approval by anti-trust authority Administrative Economic Defense Council ("CADE") and by the European Union competition defense authority; (ii) certification of certain agreements with the National Oil Agency ("ANP"); and (iii) absence of breach of anti-corruption laws. The Agreement does not provide for conditions leading to cancellation of the Transaction.

g. Abstract of the sellers' declarations and guarantees

The declarations made and guarantees provided by Petrobras are typical of similar transactions and concern, as applicable and as the case may be, TAG and/or Petrobras. Briefly described, they address: (i) establishment, organization and operations; (ii) capacity, legitimacy and consent; (iii) enforceability and binding nature of the Agreement; (iv) no breach of law or contract and absence of required consent carrying out the Transaction; (v) valid and legitimate ownership of the shares that are the subject of the Transaction and absence of lien or pledge over the shares that are the subject of the Transaction; (vi) financial statements; (vii) *Gas Transportation Agreements* ("GTAs"), their enforceability and absence of default thereunder; (viii) agreements with affiliates; (ix) disputes of any kind involving material amounts (x) assets and their ownership, condition and documentation; (xi) pipeline ranges and their conditions; (xii) real-estate property; (xiii) intellectual property; (xiv) information technology; (xv) insurance policies; (xvi) tax and social-security matters; (xvii) labor-related matters; (xviii) environmental matters; (xix) operation permits granted by ANP, their enforceability and absence of default thereunder; (xx) ancillary licenses and authorizations and regularity thereof; (xxi) no stake equity held by TAG in other entities; (xxii) tariffs; (xxiii) compliance with the law and internal rules as concerns anti-corruption laws, economic sanctions and human rights; (xxiv) absence of restrictions arising from the Non-Prosecution Agreement by and between Petrobras and the US Department of Justice; (xxv) bankruptcy; (xxvi) investment brokers and banks; (xxvii) bank accounts; (xxviii) powers of attorney; (xxix) terms of access and transportation service agreements; (xxx) permit for the Lagoa Parda-Vitória Transportation System; (xxxi) absence of undisclosed contingencies; (xxxii) absence of relevant adverse effects; and (xxxiii) data rooms used in the context of the legal and financial audit used by the Members of the Acquiring Group at TAG.

h. Rules governing buyer indemnity

Subject to the financial and time constraints under the Agreement, Petrobras endeavors to indemnify and hold harmless Aliança and its affiliates, including TAG and the Members of the Acquiring Group, from and against losses, liabilities, fines, penalties and expenses arising from (i) any breach of or omission from any declaration made or guarantee provided by Petrobras under the Agreement; (ii) eviction or any other defect that may affect the existence, enforceability and/or effectiveness of any rights inherent to Aliança's or any Member of the Acquiring Group's ownership or possession of the shares that are the subject of the Transaction; (iii) breach or partial or full noncompliance with any obligation, duty or agreement accepted by Petrobras under the Agreement; (iv) breach of or noncompliance with anti-corruption laws as concerns TAG's activities (a) by Petrobras, TAG, the respective managers or affiliates, or (b) service providers, agents, middlemen, representatives or third parties acting on TAG's behalf if such actions are known to TAG; (v) final and unappealable decisions associated with certain cases as specified under the Agreement, such as government decisions contrary to the Company's interests whose subject matter is a request for indemnity and payment, or disputes

associated with the reclassification of gas pipelines, or the transfer of transportation facilities; (vi) ICMS and ISS tax disputes arising from unused capacity charge obligations under the GTAs; (vii) operations, assets or activities of Nova Transportadora do Sudeste S.A. – NTS and/or of a certain corporate reorganization conducted in 2016; and (viii) Petrobras's noncompliance with the terms and conditions of the *Non-Prosecution Agreement.*

Furthermore, the Agreement sets forth several hypotheses for indemnity between Petrobras and TAG arising from the GTAs entered into by and between Petrobras and TAG, contingent upon events under such agreements leading, in general terms, to revenue gains or losses.

i. Required government approvals

As discussed in foregoing item 4(g), the transaction required approval from CADE and the European Union's antitrust authority. CADE approved the operation and its approval gained force on 05.24.2019, after the waiting period set forth in Article 65 of the Competition Defense Law and Articles 162 and 172 of CADE's bylaws ran without incident. Completion of the Operation was also approved on April 16, 2019, by the European Union's antitrust authority.

j. Guarantees provided

Petrobras did not establish specific guarantees against indemnity obligations provided under the Agreement.

ENGIE Participações, the consenting surety under the Agreement, was bound before Petrobras as surety and main payor, guaranteeing the obligations of GDF in connection with the latter's indemnity obligations before Petrobras and its affiliates in connection with any effective losses directly suffered or incurred thereby as a result of full or partial breach of or noncompliance with any obligation, duty or agreement accepted by the Members of the Acquiring Group under the Agreement.

5. Describe the purpose of the transaction

Acquisition of a shared controlling interest in TAG by the Company and other Members of the Acquiring Group was an excellent opportunity for expansion and diversification other ENGIE Group's business in Brazil. The ENGIE Group has been active in the Brazilian electric energy industry for around 20 years, but also has vast international experience operating gas infrastructures. In sum, the operation will enable applying this international experience to enable the Company's entry into this segment of the Brazilian market.

6. Provide a review of the transaction's benefits, costs and risks

Acquisition of a shared controlling interest in TAG offers benefits associated with diversifying the Company's exposure to the electric energy sector by means of an operational asset free from construction risk and with steady revenues, high margins and a lengthy authorization. The main risks concern the segment's traditional technical risks, integration, legal (litigation/reputation), taxes and regulation updates.

7. Inform the costs to be incurred by the Company if the transaction is not approved

If the Company's general meeting fails to ratify the Transaction, the costs that the Company will incur will be those associated with the transfer of the shares of TAG that the Company holds to ENGIE Participações, as provided under the Agreement.

8. Describe the sources of funding for the transaction

Three distinct sources of funding were used to pay for the shares of TAG that the Members of the Acquiring Group acquired through Aliança, as follows: (i) issue of simple, non-convertible, unsecured debentures with additional collateral, in three (3) series, by means of the "Indenture of the 1st (First) Issue of Simple, Non-Convertible Debentures with Additional Collateral in 3 (Three) Series, for Public Dealing, under Restricted Dealing Efforts, of Aliança Transportadora de Gás Participações S.A.", executed on 05.10.2019 by Aliança and Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda., as amended from time to time, in a total amount of up to BRL 14,000,000,000.00 (fourteen billion Brazilian *Reais*) on the respective date of issuance, for restricted efforts public dealing, pursuant to Brazilian Securities and Exchange Commission (CVM) Instruction No. 476, of 01.16.2009, as amended; (ii) entry into a Facility Agreement, on 05.23.2019, by and between Aliança and several foreign creditors, governing the financing terms and conditions as agreed by the obligor before foreign creditors, in a total amount of up to USD 2,450,000,000.00 (two billion, four hundred and fifty million US Dollars); and (iii) Aliança capital increase, paid in by its shareholders proportionally to the respective stakes in said company, in the amounts needed to, together with items (i) and (ii), make up TAG's acquisition price.

Aliança offered guarantees to its creditors, under the financial agreements described in foregoing items (i) and (ii), in line with market practices for operations of this kind.

9. Describe management's plans for the company where a controlling stake has been or will be acquired

The business plan includes operation of the asset, making the investments estimated in TAG's investment plans to ensure integrity of the asset and its associated revenues, in addition to integration of TAG into the Engie Group's governance, health, safety and other internal standards. Also included are legal, commercial, regulatory, environmental and financial management, as well as operational improvements in areas such as personal and business.

10. Provide a justified statement from management recommending approval of the business

The Company's management recommends ratifying the operation, as acquisition of a shared controlling stake in TAG will be one more step forward in the diversification of the Company's business, materializing the strategy of becoming a key player in Brazilian infrastructure. Furthermore, the operation will reinforce the Company's commitment to generating value for its shareholders and other stakeholders.

11. Describe any existing stock ownership ties, even if indirect, between:

a. Any of the sellers or the society where a controlling stake has been or will be transferred; and b. the company's related parties as defined in the accounting rules concerning the matter

None of the sellers or the society where a controlling stake has been transferred has any stock ownership ties, whether direct or indirect, with the Company's related parties.

12. Inform details on any business conducted in the past 2 (two) years by the Company's related parties, as defined in the accounting rules concerning the matter, with stock or other securities or debt instruments of the society where a controlling stake has been or will be acquired

No such transactions have been conducted in the past two years.

13. Provide copies of all valuation studies and reports prepared by the company or by third parties that served as inputs for negotiating the acquisition price

The valuation report used in the acquisition of a shared controlling stake in TAG, prepared by KPMG for the purposes of Article 256, ¶1, of the Corporations Law and for determination of the cases provided under article 256, items I and II, of the Corporations Law, is available for viewing (i) in Attachment III hereto; and (ii) on the Webpages of the Company (https://www.engie.com.br/investidores/), of B3 – Brasil, Bolsa, Balcão, and of the CVM.

14. Concerning any third parties that prepared valuation studies or reports

a. Inform name

KPMG Corporate Finance Ltda.

b. Describe their credentials

KPMG is a global network of independent firms providing professional auditing, tax consultancy and business advice services, with a presence in 154 countries. The member firms of the KPMG network are mutually independent and affiliated with KPMG International Cooperative.

KPMG Corporate Finance Ltda. is a Brazilian limited liability entity and a member firm of the KPMG network. The Corporate Finance area of member-firms of KPMG International Cooperative provides corporate finance services from 105 offices in 60 countries.

In Brazil, KPMG Corporate Finance Ltda. has recently provided services to relevant publicly listed companies in the Utilities Industry, such as: Enel (2018 and 2014), Eneva (2015), Equatorial Energia (2013) and Cosan (2013).

The professionals involved in the retainer include: (i) Paulo Guilherme Coimbra, a partner of KPMG, an expert in Corporate Finance – Mergers & Acquisitions and Valuation, a production engineer with an MBA from IBMEC Escola de Negócios and 15 years' experience in financial advice services to various customers in the mergers and acquisitions area; (ii) Adriane Farias, a partner of KPMG, specializing in Corporate Finance – Valuation, a business administrator with an MBA in Finance (UFF – LATEC – RJ), with experience in economic and financial valuation and paid price allocation – PPA, having been active in Corporate Finance since 2008 and with prior engagements with multinationals in Utilities (AES Brasil and Ampla), Oil&Gas (Repsol and Shell) and Mining (BHPB); and (iii) Lucas Ventura, a manager of KPMG, an economist with an MBA in Finance from IBMEC, having been active since 2014 in economic and financial valuation and PPA engagements.

c. Describe the process leading to their selection

The selection of KPMG Corporate Finance Ltda. was based on their quality and experience with engagements similar to those needed for the transaction at hand.

d. Inform whether they are the Company's related parties as defined in the accounting standards concerning this matter

KPMG Corporate Finance Ltda. is not a related party of the Company.

ATTACHMENT II – VALUATOR INFORMATION (ATTACHMENT 21 OF IN/CVM 481)

1. List the valuators recommended by Management

Pursuant to the contents of article 21 of CVM Instruction 481/09, the Company's management recommends that this Extraordinary General Meeting ratify the appointment and retainer of KPMG Corporate Finance Ltda., a limited liability society with registered offices in the city and state of Rio de Janeiro, at Rua do Passeio, 38, Sector 2, 17th floor, CEP 20021-290, enrolled before the tax authorities under Corporate Taxpayer ID (CNPJ) No. 29.414.117/0005-27, to prepare the valuation report as in the applicable procedures provided in Article 256 of the Corporations Law.

2. Describe the recommended valuators' credentials

KPMG is a global network of independent firms providing professional auditing, tax consultancy and business advice services, with a presence in 154 countries. The member firms of the KPMG network are mutually independent and affiliated with KPMG International Cooperative.

KPMG Corporate Finance Ltda. is a Brazilian limited liability entity, and a member firm of the KPMG network. The Corporate Finance area of member-firms of KPMG International Cooperative provides corporate finance services from 105 offices in 60 countries.

In Brazil, KPMG Corporate Finance Ltda. has recently provided services to relevant publicly listed companies in the Utilities Industry, such as: Enel (2018 and 2014), Eneva (2015), Equatorial Energia (2013) and Cosan (2013).

The professionals involved in the retainer include: (i) Paulo Guilherme Coimbra, a partner of KPMG, an expert in Corporate Finance – Mergers & Acquisitions and Valuation, a production engineer with an MBA from IBMEC Escola de Negócios and 15 years' experience in financial advice services to various customers in the mergers and acquisitions area; (ii) Adriane Farias, a partner of KPMG, specializing in Corporate Finance – Valuation, a business administrator with an MBA in Finance (UFF – LATEC – RJ), with experience in economic and financial valuation and paid price allocation – PPA, having been active in Corporate Finance since 2008 and with prior engagements with multinationals in Utilities (AES Brasil and Ampla), Oil&Gas (Repsol and Shell) and Mining (BHPB); and (iii) Lucas Ventura, a manager of KPMG, an economist with an MBA in Finance from IBMEC, having been active since 2014 in economic and financial valuation and PPA engagements.

3. Provide copies of the recommended valuators' working and compensation proposals

The working proposal is available in Attachment IV. The amount charged as compensation for the services provided was BRL 157,434.40 (one hundred and fifty-seven thousand, four hundred and thirty-four Brazilian *Reais* and forty Centavos), including taxes.

4. Describe any relevant information from the past 3 (three) years involving the recommended valuators and the Company's related parties, as defined by the accounting standards concerned with this matter

KPMG Corporate Finance Ltda. has rendered services associated with the paid price allocation report in the acquisition of a shared controlling stake in TAG by Aliança Transportadora de Gás Participações S.A. in 2019. In addition, KPMG Auditores Independentes, an independent member form of the KPMG global network, has rendered independent audit services concerning the accounting statements of controlled entities of the Company for fiscal year 2016.

KPMG

ENGIE Brasil Energia S.A.

Economic and Financial Appraisal Report of Transportadora Associada de Gás S.A.

September, 2019



KPMG Corporate Finance Ltda.
Rua do Passeio, 38 – Setor 2, 17° andar
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brazil

Central Tel 55 (21) 2207-9400
Fax 55 (21) 2207-9000
Internet www.kpmg.com.br

Private & confidential
To the Directors of

ENGIE Brasil Energia S.A.

September, 6th, 2019

Attention : Mr. Paulo Negreiros and Ms. Sabrina Maccarini,

Dear Sirs:

In accordance with the terms of reference set out in the engagement letter signed on June 5th, 2019 between KPMG Corporate Finance Ltda ("KPMG") and ENGIE Brasil Energia S.A. ("ENGIE" or "CLIENT") ("Proposal"), we enclose our Report regarding specific proceedings related to the economic and financial valuation in the context of Article 256 of Law 6404 / 76 / CVM Instruction 481 (Law of S.A.) of the acquisition of 90% of Transportadora Associada de Gás S.A. ("TAG" or "Company") by Aliança Transportadora de Gás Participações S.A. ("Aliança") ("Transaction").

Please do not hesitate to contact us should you require any further clarification. We would like to thank you for this opportunity.

Yours faithfully,

Paulo Guilherme Coimbra
Partner

Lucas Ventura
Manager

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Disclaimer

- The work described in this Report was performed in accordance with the objectives, assumptions and other terms and conditions included in this Report as well as in our Proposal, prepared to provide information for the internal and exclusive use of the CLIENT.
- KPMG is not responsible for the use of this Report by third parties for any purposes. If the CLIENT discloses any information included in this Report, KPMG will assume no responsibility directly or indirectly as a result of such disclosure.*
- The purpose of the work described in this report, in accordance with the Proposal, was the economic and financial assessment in the context of Article 256 of Company Law 6404 / 76 / CVM Instruction 481 (Brazilian Corporation Law) based on the Discounted Cash Flow methodology performed by KPMG, as of June 12, 2019, pursuant to the transaction closing on June 13, 2019.
- The CLIENT, through its designated professionals, provided information related to data, projections, assumptions and estimates related to the Company, used in this Report.
- The services rendered by KPMG were based on information provided by the CLIENT as well as on discussions with the CLIENT's professionals or advisors, and KPMG did not verify independently any public information or any information provided to it, in the course of the work. KPMG does not express its opinion as to the accuracy of the information mentioned previously, and notes that any mistake, change or modification of such information could impact significantly its analysis. According to the Proposal, the compilation of data and information does not mean acceptance or attestation of their truthfulness by KPMG.
- During the course of our work, we carried out analysis procedures whenever necessary. However, we emphasize that our work did not constitute an audit of the financial statements or of any other information provided by the CLIENT and should not be interpreted as such. Our work took into consideration the relevance of each item, therefore, less relevant assets and liabilities were not analyzed in detail. KPMG has not verified independently the information provided by the CLIENT, so, it cannot confirm the precision, accuracy and sufficiency of such information and, therefore, the CLIENT assumes all responsibility for the information provided to KPMG.
- The preparation of this Report was based on our reliance, with the express approval of the CLIENT, on the accuracy, content, veracity, completeness, sufficiency and integrity of the data provided to or discussed with KPMG. Thus, KPMG has not inspected any asset*, or prepared or obtained an independent valuation of the CLIENT's assets, liabilities, or its solvency. Therefore, the CLIENT, including its Management, takes responsibility for all information provided to or discussed with KPMG.
- Except when otherwise stated, in footnotes or specific references, all data, historic or market information, estimates, projections and assumptions, included, considered, used or presented in this Report were provided by the CLIENT to KPMG.
- Any changes in the information provided by the CLIENT to KPMG may impact the results of this Report. KPMG assumes no responsibility for updating, reviewing or amending this Report, as a result of the disclosure of any information subsequent to the date of the issuance of this Report.
- There is no guarantee that the assumptions, estimates, projections, preliminary or final results, or that the conclusions used or presented in this Report will be effectively achieved or verified, partially or completely. CLIENT's future results might be different from the projections, and these differences might be significant, as a result of a variety of factors, including, but not limited to, changes in the marketplace. KPMG takes no responsibility related to such changes.
- Neither KPMG nor its Representatives declare, guarantee or express their opinion, explicitly or implicitly, as to the precision, integrity, or feasibility of any projections or the assumptions they were based on. This Report was prepared based on economic, market and other conditions applicable on the date of its issuance. Therefore, the conclusions herein presented are subject to variations related to a variety of factors.

* Except for Extraordinary General Meeting purposes, as this Report will be part of the Management Proposal that will be made available to shareholders.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Disclaimer

- In accordance with the objective and scope of the Proposal, KPMG does not guarantee or express an opinion as to the probability that the assumptions included in the CLIENT's financial projections will take place and will not express an opinion on the probability that any projected value will be realized, considering that projected events often do not occur as projected due to external economic and operational factors causing significant changes. Furthermore, even though the assumptions and projections occur according to the CLIENT's expectations, KPMG cannot guarantee that the related debt will be paid in accordance with the terms initially established.
- This Report does not address personal or specific interests. Thus, the results of analysis that might be performed by third parties might differ from the results of our analysis, and this will not characterize a deficiency in the work performed.
- Although the work in which this Report was based on was performed by KPMG under technical orientation and independently, the analysis of the different factors that characterize this Report, is subjective in nature, such that an analysis performed by other professionals, may express points of view different from those presented by KPMG.
- This Report may not be released to third parties, copied, published, be used in anyway, nor be filed, included or referred to, partially or completely, in any document without the prior consent of KPMG.*
- This Report should be used only within the contemplation of with the terms of the Proposal signed between KPMG and CLIENT.
- The information used in the Company's valuation was provided by the CLIENT. KPMG has assumed that the information received is correct and that no essential information was withheld. The information was not verified due to the scope of this work; therefore, KPMG does not assume any responsibility for its accuracy, and perfection.

* Except for Extraordinary General Meeting purposes.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Contacts

Paulo Guilherme Coimbra
Partner
Corporate Finance
Phone: +55 (21) 2207-9219
pgcoimbra@kpmg.com.br

Lucas Ventura
Manager
Corporate Finance
Phone: +55 (21) 2207-9016
lventura@kpmg.com.br

Contents

1. **Executive Summary**
2. **Appraiser Information**
3. **Company Information**
4. **Valuation – Art. 256, Law 6.404/76 (Brazilian Corporate Law)**
5. **Economic Value of the Company**
6. **Conclusion**
7. **Appendix**
   - I. Glossary
   - II. Valuation methodology
   - III. Discount rate assumptions

1. Executive Summary

1. Executive Summary

Context, Objeticve and Scope of Work

Context

- On June 13, 2019, Aliança Transportadora de Gás Participações S.A. ("Aliança") concluded the purchase of 90% of Transportadora Associada de Gás ("TAG"). The partnership is formed by Engie Brasil Energia S.A. (32.5%), GDF International S.A. (32.5%) and Caisse de Dépôt et Placement du Québec - CDPQ (35%).
- Based on the Article 256 of Law 6404, of December 15, 1976, the purchase of any commercial firm control by a publicly held company will depend on the purchaser general meeting deliberation, which shall be specially convened, whenever:
  - The purchase price constitutes a relevant investment (article 247, sole paragraph) for the purchaser; or
  - The average price of each share or quota exceeds one and a half times the greatest of the following three values:
    - The average quotation of the shares on the stock exchange or on the organized over-the-counter market during the ninety days prior to the contracting date (article 254, sole paragraph); [not applicable]
    - The net equity value (article 248) of each share or quota, the assets and liabilities having been valued at market prices (article 183, paragraph 1);
    - The net income of each share or quota, which may not exceed fifteen times the annual net income per share (article 187, item VII) during the last two fiscal years, monetarily adjusted.

§ 1°. The purchase proposal or contract, together with an evaluation report, in accordance with the provisions of paragraphs 1 and 6 of article 8, shall be submitted in advance to the general meeting for its authorization or ratification, accompanied by all the information necessary to support the decision; the officers of the corporation shall be liable for any failure to submit the proposal or contract. (Text as determined by Law no. 9.457 of May 5, 1997).

§ 2°. Should the purchase price exceed one-and-a-half times the greatest of the three values indicated under item II, above, any shareholder dissenting from the resolution of the general meeting approving the purchase shall be entitled to withdraw from the corporation and to the refund of the value of his shares, as provided in article 137, subject to the provisions of its item II. (Text as determined by Law no. 9.457 of May 5, 1997).

- In order to comply with the requirements of Article 256 of Law 6404 / 76 (Brazilian Corporate Law), KPMG Corporate Finance was hired to evaluate the procedures applicable to that article as a result of the acquisition of TAG.
- The purpose of the services provided by KPMG was to evaluate the procedures applicable to Article 256 of Law 6404 / 76 (Brazilian Corporate Law) with respect to the acquisition of TAG by ENGIE, in order to comply with the provisions of that article.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

1. Executive Summary

Context, Objeticve and Scope of Work

Scope of Work

- The scope of work for the Company valuation includes the following points:

  – Analysis of the financial statements of the last three years of TAG and trial balance on the base date.

  – Interviews with the Management of TAG for information on the Company´s activities.

  – Performance indicators analysis and other operating information of TAG.

  – Business plan analysis, operational projections, studies carried out by the Client about TAG and/or internal valuations prepared by the Client.

  – Market data analysis held by the Client and comparing them with public data.

  – Development of economic and financial modeling of TAG operations.

  – Sensitivity analysis to assess the impact of key variables on the value of TAG.

  – Analysis of the assets and liabilities accounts recorded in the Company's financial statements as of the base date.

  – Analysis and identification of tangible and intangible assets and liabilities that may have divergence between fair value and book value.

  – Estimate of market values of these tangible assets and liabilities.

  – Calculation and analysis of the values determined according to Art. 256:

    a) Value of Shareholders' Equity per share; and

    b) Value of Net Income per share.

Valuation Criteria

- In order to meet the requirements of Article 256 of Law 6404 / 76 (Brazilian Corporate Law), the average share price was evaluated based on the following criteria:

  i. Net equity value at market prices:

  – Consists in estimating the fair market value of the Company's assets and liabilities, on a given base date, if there is a divergence between fair value and book value.

  – Also, in dividing the values obtained by the total number of shares issued by a given company.

  ii. Net income per share:

  – Amount of net income of the share or quota, which may not exceed fifteen (15) times the annual net income per share (in the last 2 (two) fiscal years, monetarily adjusted).

  – Based on the balance sheet information available at the date of the transaction, as a basis for calculating the annual net income per share, we considered the audited balance sheets for the last 2 fiscal years, monetarily adjusted by the Extended National Consumer Price Index (IPCA), released by the Brazilian Institute of Geography and Statistics (IBGE).

  – The present value of the projected net income is considered as the value of the share's net income, taking into consideration the amounts used in the company's future profitability projection, as described above. Discounting projected values at present value is based on the CAPM rate, which reflects the risk associated with the market, company and capital structure.

  – The net income per share is limited to 15 times the average annual net income per share over the last two (2) fiscal years, monetarily adjusted.

  – Thus, after calculating the two values, the lowest is considered to perform the comparison provided for in Article 256 of the Corporations Law.

- It should be noted, however, that the net income calculated in the income projections does not correspond exactly to the net income to be determined in the future in subsequent years. Among other reasons, this is due to the fact that the effective net income is affected by non-operating and non-recurring factors, which, because they are not known initially, they are not considered in the projections, such as occasional or non-operating income and expenses.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

1. Executive Summary

Results

Criteria	Considerations	Results (in thousand of reais)	Reference
Acquisition Value per Share	▪ We considered the amount paid by EBE for the acquisition of 29.25% of TAG's share capital. ▪ Acquisition Value: R$ 10,249 million (information provided by the Client, considering the Share Purchase Agreement – SPA). ▪ Number of acquired common shares: 313,305 (29,25% of TAG's capital).	**R$ 32.71**	Page 25
Net income per Share - historical	▪ We considered the net income for 2017 and 2018 according to the Financial Statements, adjusted for inflation. ▪ Adjusted net income for 2017: R$ 2,488 million. ▪ Adjusted net income for 2018: R$ 2,536 million. ▪ Number of common shares: 1,000,000. ▪ Given that the projected economic value does not exceed 15 times the value of monetarily adjusted historical net income, the projected economic value was considered in the analysis.	**R$ 37.68**	Page 26
Economic value per Share - projected	▪ We considered the amount obtained through the analysis of discounted future cash flows. ▪ Economic value: R$ 33,261 million. ▪ Number of common shares: 1,000,000.	**R$ 33.26**	Page 26
Equity per Share	▪ We considered TAG's equity as of June 12, 2019. ▪ Equity at fair value: R$ 30,185 million. ▪ Number of common shares: 1,000,000.	**R$ 30.19**	Page 27
Average stock price	▪ Not applicable, as TAG does not have its shares traded on stock exchanges or organized over-the-counter markets.	**n.a.**	Page 28

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

KPMG

2. Appraiser Information

2. Appraiser Information

KPMG

KPMG

- KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and territories and have 197,263 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

- In Brazil, approximately 4,000 professionals work in 22 cities located in 13 States and the Federal District. KPMG in Brazil has offices located in São Paulo (head office), Belém, Belo Horizonte, Brasília, Campinas, Cuiabá, Curitiba, Florianópolis, Fortaleza, Goiânia, Joinville, Londrina, Manaus, Osasco, Porto Alegre, Recife, Ribeirão Preto, Rio de Janeiro, Salvador, São Carlos, São José dos Campos and Uberlândia.

- Guided by its objective of empowering change, KPMG has become a benchmark company in the audit industry. We have shared value and inspired trust in capital markets and communities for more than 100 years, transforming people and companies and making positive impacts that contribute towards sustainable changes in our clients, in governments and in civil society.

- The KPMG trademark was created in 1987 as a result of the merger of Peat Marwick International (PMI) and Klynveld Main Goerdeler (KMG).

- In Brazil, the Deal Advisory area provides the following professional services:

  - Transaction Services (due diligence services for transactions);
  - Forensic Services (money laundering prevention services);
  - Reestructuring (business restructuring and credit counseling services for credit recovery);
  - PPP's advice (services related to Public-Private Partnerships);
  - Financing advice for private companies;;
  - Advisory services related to mergers and acquisitions;;
  - Economic and financial evaluations.

- KPMG International's member firms of Corporate Finance area has more than 2,300 professionals, providing corporate finance services in 105 offices in 60 countries.

Report's Internal Approval Process

- TAG's economic and financial assessment was carried out by a team of consultants and constantly monitored and reviewed by a Coordinating Manager and the Partner. The team was also composed of a Reviewing Partner.

- The approval of the Report occurred only after the revisions of the Manager, Partner and the Reviewing Partner.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Credentials

Year	Company	Sector	Capital
2018	Brennand Energia	Renewable Energy	Private
2018	Engie Brasil Energia	Renewable Energy	Public
2018	Aliança Transportadora de Gás	Gas	Private
2018	Evoltz	Energy	Private
2018	Enel	Energy	Public
2018	Sterlite Power	Energy	Private
2018	Hexing Brasil Holding Ltda	Engineering	Private
2017	Angra Partners	Financial	Private
2017	Gas Natural Fenosa	Gas	Private
2017	Enel Green Power	Energy	Private
2015	Enel Green Power	Energy	Private
2015	Grupo CBO	Shipbuilding	Private
2015	Transhipp	Navigation	Private
2015	SoEnergy	Energy	Private

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Credentials

Year	Company	Sector	Capital
2015	Eneva	Energy	Public
2015	CS Bioenergia	Renewable Energy	Private
2015	Statkraft	Energy	Private
2014	Mitsui	Retail	Public
2014	Brookfield	Financial	Public
2014	Queiroz Galvão	Oil and Gas	Private
2014	Dresser-Rand	Oil and Gas	Private
2014	Raízen	Oil and Gas	Private
2014	Enel	Energy	Public
2013	Brasympe	Energy	Private
2013	Vicel	Energy	Private
2013	SN Power	Renewable Energy	Public
2013	Equatorial Energia	Energy	Public
2013	Cosan	Energy	Public

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Professionals involved in the assessment

Paulo Guilherme Coimbra – Responsible Partner

Partner
Corporate Finance - Infrastructure and Energy
KPMG Rio de Janeiro

Function and Specialization

Corporate Finance – Mergers & Acquisitions, Valuation

Education, Licenses & Certifications

MBA – IBMEC Business School, Rio de Janeiro

BS – Production Engineering – Universidade Federal do Rio de Janeiro – RJ

Background

Paulo has a strong experience in advising clients throughout M&A transactions, and throughout valuation services. During his 15 years of Corporate Finance experience, he has participated in a wide range of activities, including: financial advisory to clients in mergers and acquisitions, privatizations and offerings. Paulo has provided deal management and valuation services on numerous cross-border transactions for both domestic/international and financial/strategic buyers in large and complex deals.

Before joining KPMG in Brazil he worked at Açúcar Guarani (prominent sugar and ethanol Company in Brazil) and was CFO at Cimentos Liz (major cement group in Brazil).

Professional and Industry Experience

Paulo has experience in several sectors, including Insurance, Energy and Natural Resources, Mining, Agriculture, Financial Services and Consumer Goods. His projects in KPMG are mainly focused on deal management process, advising investors or buyers, and valuation services.

- Elaboration of the economic and financial valuation of Rede D'Or in 2019;
- Elaboration of economic and financial valuation of Farmoquímica in 2019;
- Elaboration of economic and financial valuation for Brookfield in 2018;
- Elaboration of economic and financial valuation of CEG and CEG RIO for Gas Natural Fenosa;
- Elaboration of economic and financial valuation of Biosev, a company in the sugar and alcohol sector, in 2016, 2017 and 2018;
- Elaboration of economic and financial valuation of Ancar Ivanhoe, a Shopping Center Administrator in 2014, 2015, 2016 and 2017;
- Elaboration of economic and financial valuation of Jirau for Mitsui in 2017;
- Elaboration of economic and financial valuation of Burger King Brasil for three consecutive years (2014, 2015 e 2016);
- Elaboration of economic and financial valuation of Shopping Rio Design Leblon and Shopping Rio Design Barra for Servenco in 2016;
- Elaboration of economic and financial valuation of TWS, a real estate developer in the Northeast region in 2015;
- Elaboration of economic and financial valuation of Wittel, a technology company, in 2015.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Professionals involved in the assessment

Adriane Farias – Reviewing Partner

Partner
Corporate Finance - Infrastructure and Energy
KPMG Rio de Janeiro

Function and Specialization

Corporate Finance – Valuation

Education, Licenses & Certifications

MBA – Finanças (UFF – LATEC – RJ, Brasil)

Administração – (UFRRJ) – RJ, Brasil

Background

Adriane has a strong experience in valuation and PPA ("Purchase Price Allocation") services. She joined KPMG Corporate Finance in 2008, where she participated and led Valuation projects for compliance or deal purposes and PPA. She also has provided services as Specialist in the Audit Team reviewing impairment tests, biological valuations, deferred tax amortization and PPAs. Adriane has advised clients in a variety of industries such as Energy, Oil & Gas, Infrastructure, Mining, Sugar and Ethanol and general industry. Prior to joining KPMG in Brazil, Adriane worked in other multinational corporations in the Oil & Gas industry (Repsol and Shell), Energy (AES Brasil and Ampla) and Mining (BHPB), with financial and strategic planning and investment analysis.

Professional and Industry Experience

Adriane has experience in several sectors, including Energy, Oil & Gas, Mining, Sugar and Ethanol and Consumer Goods. Her KPMG projects are focused mainly in the management of Compliance works (Valuation and PPA) and deal advising.

- Elaboration of the economic and financial valuation of TecVerde for E2E, of the civil construction sector in 2019;
- Elaboration of the economic and financial valuation of Terminal de Exportação de Açúcar do Guarujá for Dreyfus;
- Elaboration of economic and financial valuation of CEG and CEG RIO for Gas Natural Fenosa;
- Elaboration of economic and financial valuation of Angra Partners of the holdings of its subsidiary, Mantiq Investimentos, in two companies;
- Elaboration of economic and financial valuation of Biosev, a company in the sugar and alcohol sector, in 2016, 2017 and 2018;
- Elaboration of economic and financial valuation of Lafarge and Holcim, of the cement sector in 2017;
- Elaboration of economic and financial valuation of Burger King Brasil for three consecutive years (2014, 2015 e 2016);
- Elaboration of economic and financial valuation of Hospital São Camilo for Unimed in 2016.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Professionals involved in the assessment

Lucas Ventura

Manager
Corporate Finance - Infrastructure and Energy
KPMG Rio de Janeiro

Function and Specialization

Infrastructure and Energy Manager, Deal Advisory, KPMG in Brazil

Education, Licenses & Certifications

Masters of Business Administration by IBMEC - RJ, Brazil

Graduation exchange at Universidade de Lisboa - Lisbon, Portugal

Graduation in Economics by UFF - RJ, Brazil

Background

Lucas joined KPMG in 2014, working on economic and financial evaluation, Purchase Price Allocation (PPA) and mergers and acquisitions in the Real Estate, Healthcare, Energy, Retail and Food, Oil and Gas and Industry sectors. Lucas's main projects at KPMG are mainly focused on compliance work management (Valuation and PPA) and negotiation advice.

Professional and Industry Experience

Lucas has experience in a variety of industries including Real State, Oil & Gas, Mining, Healthcare, and Retail. His projects at KPMG are mainly focused on compliance work management (Valuation and PPA).

- Elaboration of economic and financial valuation of Farmoquímica in 2019;
- Elaboration of economic and financial valuation of Angra Partners of the holdings of its subsidiary, Mantiq Investimentos, in two companies;
- Elaboration of economic and financial valuation of Biosev, a company in the sugar and alcohol sector, in 2016, 2017 and 2018;
- Elaboration of economic and financial valuation of Lafarge and Holcim, of the cement sector in 2017;
- Elaboration of economic and financial valuation of Ancar Ivanhoe, a Shopping Center Administrator in 2014, 2015, 2016 and 2017;
- Elaboration of economic and financial valuation of Burger King Brasil for three consecutive years (2014, 2015 e 2016);
- Elaboration of economic and financial valuation of Shopping Rio Design Leblon and Shopping Rio Design Barra for Servenco in 2016;
- Elaboration of economic and financial valuation of Hospital São Camilo for Unimed in 2016.
- Elaboration of economic and financial valuation of TWS, a real estate developer in the Northeast region in 2015;
- Elaboration of economic and financial valuation of Wittel, a technology company, in 2015.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

2. Appraiser Information

Statement

Appraiser Statements

- KPMG Corporate Finance Ltda. declares on the date of this Report that:
  - i. It does not hold shares of Engie or its subsidiaries, nor its Partners, Directors, Managers, Counselors, Controllers or persons related to them.
  - ii. There are no commercial and credit relationships that may impact the Report.
  - iii. It has no conflict of interest that undermines the independence necessary for the performance of its duties in this work.
  - iv. The amount charged as compensation for the services rendered, related to the preparation of this Report, is of R$ 135,000.00 (one hundred and thirty five thousand reais), net of taxes.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

3. Company Information

The gas transportation sector

The gas market in Brazil

- Petrobras had control of gas production, transportation, trading and distribution in Brazil.
- In 2009, the Law No. 11,909 was promulgated, known as the Gas Law, which enacted third party access to transportation pipelines.
- Aiming on opening the gas market, in 2019 the government launched the New Gas Market program, implemented by the Monitoring Committee for the Opening of the Natural Gas Market. The Committee was created by Decree No. 9,934 / 2019, and will be composed of representatives of the Civil House, the Ministry of Economy, the Administrative Council for Economic Defense (CADE), the National Petroleum Agency (ANP), and the Energy Research Company (EPE).
- The main instrument for opening the sector is through Petrobras divestments at all stages of the chain.

The gas transportation sector in Brazil

- Natural gas transportation constitutes a natural monopoly and, therefore, its organization in the form of monopoly is the most efficient market structure for the development of the activity. In practice this means that the agent providing the transport service will be a monopolist which must be regulated.
- In Brazil, the National Petroleum Agency (ANP) is responsible for regulating the natural gas transportation activity.
- In 2018, Brazil had 110 pipelines for the movement of natural gas, totaling 11,700 km. Of these, 62 pipelines (2,200 km) were destined for transfer and 48 (9,500 km) for transport.
- The gas transportation activity in Brazil is carried out by four companies:
  - Transportadora Associada de Gás S.A. – TAG
  - Transportadora Brasileira Gasoduto Bolívia-Brasil S.A. – TBG
  - Transportadora Sulbrasileira de Gás S.A. – TSB
  - GasOcidente do Mato Grosso Ltda. – GOM

Sources: Agência Nacional de Petróleo, Ministério de Minas e Energia and Empresa de Pesquisa Energética

- The table below shows the net income of the main companies in the sector in 2018:

Net profit - 2018	
R$ MM	
TAG	2,479
Margin %	*50.2%*
TBG	586
Margin %	*37.7%*
TSB	2,143
Margin %	*20.2%*

Source: Capital IQ

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

Transportadora Associada de Gás

Transportadora Associada de Gás S.A.

- The Transportadora Associada de Gás S.A. (TAG) has the mission to operate in the segment of transportation and storage of natural gas through pipelines, terminals or vessels. Currently the main activity is focused on gas pipeline transportation.
- TAG owns and manages a significant portion of Brazil's natural gas transportation, with a pipeline infrastructure of approximately 4,500 km, extending throughout the coastline of the Southeast and Northeast regions of Brazil, and also having a part of it connecting Urucu (petroleum fields in the Amazon) and the City of Manaus (AM).
- The pipeline network has 12 gas compression installations (6 fully owned and 6 subcontracted) and 91 delivery stations.
- The Company operates with 6 transportation agreements in place and a contracted capacity of 76.2 MM m³ / day. TAG's gas transportation business is responsible for approximately 25% of the total gas transportation capacity in Brazil.

Source: Petrobras

- The following table shows TAG's historical net income, where it is possible to observe historical profitability in line with market comparables:

Transportadora Associada de Gás			
R$ MM	**2016**	**2017**	**2018**
Net Income	7,170	2,342	2,479
Net Equity	8,857	12,458	12,916
Profitability (Net Income / Net Equity)	**81%**	**19%**	**19%**

Source: TAG's Financial Statements of 2017 and 2018

- The following table shows TAG's EBITDA margin compared to other gas transportation companies in Brazil:

EBITDA margin						
%	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
TAG	97.3%	92.6%	81.9%	110.7%	92.6%	90.8%
TBG	72.2%	78.3%	77.9%	85.4%	83.6%	79.2%
TSB	46.2%	63.2%	60.5%	67.2%	59.7%	56.7%

Source: Capital IQ

- The following table presents transactions that occurred in the gas sector.

Gas sector transactions			
Acquired	**Acquirer**	**Closing date**	**EV/EBITDA**
Transportadora Associada de Gás S.A.	Aliança Transportadora de Gás Participações	6/13/2019	7.39
Questar Pipeline	Dominion Midstream Partners	12/1/2016	10.65
Southern Natural Gas Company	The Southern Company	9/1/2016	10.34
Atlas Pipeline Partners	Targa Resources Partners	2/27/2015	15.06

Source: Capital IQ

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

Transportadora Associada de Gás

Profitability

- The tables below show TAG's profitability comparison with gas companies:

EBITDA margin			
Company	**2016**	**2017**	**2018**
AltaGas Ltd.	30.1%	26.8%	22.0%
Andeavor Logistics LP	41.0%	27.9%	49.1%
Buckeye Partners, L.P.	30.2%	26.1%	21.4%
Cheniere Energy, Inc.	16.9%	31.3%	30.8%
DCP Midstream, LP	7.7%	7.4%	7.8%
Enable Midstream Partners, LP	32.2%	32.0%	30.7%
Enagás, S.A.	72.5%	73.1%	73.6%
Energy Transfer LP	16.1%	15.6%	16.0%
Enterprise Products Partners L.P.	20.9%	17.7%	18.5%
EQM Midstream Partners, LP	80.6%	81.9%	82.1%
Inter Pipeline Ltd.	56.1%	50.8%	48.2%
Kinder Morgan, Inc.	47.2%	42.6%	44.4%
Kunlun Energy Company Limited	22.2%	18.7%	17.6%
MPLX LP	47.6%	47.7%	49.0%
ONEOK, Inc.	18.7%	14.8%	17.9%
Pembina Pipeline Corporation	26.0%	28.0%	27.7%
Petronet LNG Limited	5.8%	11.0%	11.0%
Phillips 66 Partners LP	58.6%	54.8%	56.7%
Plains All American Pipeline, L.P.	7.4%	6.9%	7.9%
Snam S.p.A.	77.6%	79.2%	80.7%
Targa Resources Corp.	15.4%	12.3%	12.1%
TC Energy Corporation	47.8%	49.0%	58.9%
The Williams Companies, Inc.	45.2%	42.4%	42.1%
Western Midstream Partners, LP	50.4%	41.3%	52.5%
Average	**36.4%**	**35.0%**	**36.6%**
Median	**31.2%**	**29.7%**	**30.7%**
Transportadora Associada de Gás	**110.7%**	**92.6%**	**90.8%**

Profitability (Net Income / Book Equity)			
Company	**2016**	**2017**	**2018**
AltaGas Ltd.	4%	2%	-6%
Andeavor Logistics LP	8%	5%	13%
Buckeye Partners, L.P.	11%	10%	-1%
Cheniere Energy, Inc.	-73%	-32%	24%
DCP Midstream, LP	3%	1%	2%
Enable Midstream Partners, LP	4%	6%	7%
Enagás, S.A.	17%	17%	15%
Energy Transfer LP	4%	3%	5%
Enterprise Products Partners L.P.	11%	12%	17%
EQM Midstream Partners, LP	21%	7%	5%
Inter Pipeline Ltd.	14%	15%	15%
Kinder Morgan, Inc.	2%	1%	5%
Kunlun Energy Company Limited	1%	8%	7%
MPLX LP	2%	5%	23%
ONEOK, Inc.	10%	7%	18%
Pembina Pipeline Corporation	6%	6%	9%
Petronet LNG Limited	14%	21%	22%
Phillips 66 Partners LP	13%	14%	22%
Plains All American Pipeline, L.P.	4%	8%	18%
Snam S.p.A.	13%	14%	16%
Targa Resources Corp.	-3%	1%	0%
TC Energy Corporation	1%	12%	12%
The Williams Companies, Inc.	-3%	13%	-1%
Western Midstream Partners, LP	8%	10%	11%
Average	**3.9%**	**6.9%**	**10.7%**
Median	**5.0%**	**7.3%**	**11.2%**
Transportadora Associada de Gás	**81.0%**	**18.8%**	**19.2%**

EV / EBITDA	
Empresa	**12/06/2019**
AltaGas Ltd.	12.27
Andeavor Logistics LP	11.67
Buckeye Partners, L.P.	8.98
Cheniere Energy, Inc.	31.96
DCP Midstream, LP	14.03
Enable Midstream Partners, LP	13.79
Enagás, S.A.	8.36
Energy Transfer LP	9.53
Enterprise Products Partners L.P.	9.55
EQM Midstream Partners, LP	11.62
Inter Pipeline Ltd.	11.77
Kinder Morgan, Inc.	11.92
Kunlun Energy Company Limited	4.82
MPLX LP	14.11
ONEOK, Inc.	8.35
Pembina Pipeline Corporation	14.98
Petronet LNG Limited	15.60
Phillips 66 Partners LP	12.53
Plains All American Pipeline, L.P.	20.20
Snam S.p.A.	10.18
Targa Resources Corp.	9.75
TC Energy Corporation	18.12
The Williams Companies, Inc.	10.13
Western Midstream Partners, LP	12.68
Média	**12.79**
Mediana	**11.85**
Transportadora Associada de Gás*	**7.18**

* Calculated based on the economic valuation, described on section 5.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

Transportadora Associada de Gás

Important events:



2002 – Start of operation. The company was called "Tranportadora de Gás Campinas – Cubatão" (TCC).

2003 – Constitution of the Consortium (Consórcio Malhas), composed by TNS, NTS, NTN, and Transpetro (O&M services) to build and operate the pipelines under Malha SE and Malha NE GTAs.

2004/2005 – The name was changed to "Transportadora Associada de Gás" (TAG).

2006 – Start of operations of pipelines under Malha SE and Malha NE GTAs (Consórcio Malhas).

2008 – TAG acquired "Transportadora Nordeste e Sudeste S.A." (TNS) and "Transportadora Capixaba de Gás S.A." (TCG).

2010 – TAG acquired "Transportadora Urucu Manaus S.A." (TUM).

2012 – Incorporation of "Transportadora Gasene S.A.".

2014 – TAG acquired NTN and NTS, through the exercise of a call option.

2016 – TAG concluded a restructuring process in order to segregate its gas transportation agreements ("GTAs") into two independent, regionally-focused companies: TAG (North and Northeast regions) and NTS (Southeast region).

2017 – Petrobras concluded the sale of a 90% equity stake in NTS to a consortium of financial investors led by Brookfield.

2019 – On June 13th Aliança acquired 90% of TAG shares.

Source: Petrobras.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

The Transaction

- On September 5, 2017, Petrobras announced the Teaser (disclosure of opportunity) regarding the sale of 90% of TAG's equity, as part of its divestment program.
- Aliança was the winner of the first stage of the auction process, named the binding phase, offering approximately US$ 8 billion for TAG, and was granted exclusivity to negotiate the terms of the sale agreement with Petrobras.
- Prior to the closing of the deal, competitors had a new chance to try to cover Engie's proposal. For the second round, besides Aliança, a consortium led by Itaúsa and the Mubadala fund participated in the dispute.
- In April 2019, Aliança won the competitive process to acquire 90% of TAG shares.
- The Share Purchase Agreement was signed on April 25th, 2019. On this date, TAG's fully subscribed and paid-in capital stock was of R$ 5,907 million, divided into 1,000,000 common shares of single class, registered shares, without par value.
- The Transaction was closed on June 13, 2019. On the closing date, Aliança acquired the common shares, without par value, representing 90% of TAG's total voting capital upon payment of the Acquisition Price (R$ 29,442 million). As a result, EBE acquired a 32.5% direct interest in Aliança's share capital and an indirect 29.25% interest in TAG's share capital, having acquired 292,500 TAG shares for the amount of R$ 9,569 million, valued at acquisition price per share set at R$ 32.7 thousand ("1st tranche").
- Financial lenders have required that all Aliança debts and liabilities be unified with TAG's assets and liabilities ("Reverse Merger"). The Reverse Merger occurred on September 2, 2019. Due to the incorporation of Aliança's liabilities, in particular the financial debt contracted to pay the acquisition price of TAG shares by Aliança, the shareholders of Aliança received, instead of the Aliança's canceled shares, the amount of TAG shares less than the number of TAG shares held by Aliança on the date of the merger. The 900,000 TAG shares held by Aliança were canceled and replaced by 259,833 new nominative common shares with no par value issued by TAG in favor of the shareholders of Aliança.
- After the reverse merger, TAG's capital stock is divided into 359,833 registered common shares with no par value, which Petrobras now holds 27.79% of TAG shares, and Aliança's shareholders, 72.21%. For the shareholding of TAG, pursuant to the purchase and sale agreement signed between the parties, Petrobras sold 17.79% of its new interest in TAG to other shareholders, and 64,016 shares were sold for R$ 2,094 million. As a result, EBE acquired 20,805 TAG shares for the amount of R$ 681 million, with an acquisition price per share of R$ 32.7 thousand ("2nd tranche").
- The following table presents TAG's shareholding composition after the Reverse Merger, the shares sold by Petrobras to other shareholders and TAG's final shareholding:

TAG's share distribution evolution

	Immediately After Reverse Merger		2nd tranche	Final Shareholding	
	#	%		#	%
Petrobras	100,000	*27.79%*	(64,016)	35,984	*10.00%*
GDF International	84,446	*23.47%*	20,805	105,251	*29.25%*
Engie Brasil Energia S.A.	84,446	*23.47%*	20,805	105,251	*29.25%*
Caisse de Dépôt et Placement du Québec	90,941	*25.27%*	22,406	113,347	*31.50%*
Total	**359,833**	***100%***		**359,833**	***100%***

- In the share purchase agreement signed between the parties, the purchase price per share stipulated for the 1st tranche and for the 2nd tranche correspond to R$ 32.7 thousand per share, as shown below:

Acquisition Value

R$'000	1st tranche	2nd tranche	Total
Acquisition value (90% TAG) [a]	29,441,897	2,094,192	31,536,089
Number of shares acquired (90% TAG) [b]	900,000	64,016	964,015
Engie Brasil Energia S.A.'s participation [c]	*32.5%*	*32.5%*	*32.5%*
Engie Brasil Energia S.A.			
Acquisition value [d] = [a] * [c]	9,568,617	680,612	10,249,229
Number of shares acquired [e]	292,500	20,805	313,305
Acquisition value per Share [f] = [d] / [e]	32.71	32.71	32.71

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

3. Company Information

The Transaction

- The five gas transportation agreements that TAG holds have been identified as intangible assets of the Transaction.
- At the time of allocation of the transaction price paid, fair value adjustments related to the authorization agreements and fixed assets held by TAG were identified.

Main transaction motivations

- The TAG acquisition is part of the strategy initiated in 2016 by the Engie Group to become the leader of the “zero carbon” transition, which aims to transform carbon dioxide (“CO2”) emitting economies into non-emitting “green” economies.
- This transition needs to be supported by large-scale sophisticated energy infrastructure such as TAG's natural gas pipelines. Considering that natural gas will increasingly contribute to the diversification and “decarbonization” of the Brazilian energy grid, significantly replacing CO2-emitting energy sources and complementing renewable energies.
- In addition to the strategic alignment, the Engie Group sees in the TAG acquisition a great potential for expansion in the Brazilian natural gas market through the acquisition of new long term contracts as well as the increase of its client portfolio in Brazil.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

4. Valuation – Art. 256, Law 6.404/76 (Brazilian Corporate Law)

4. Valuation - Art. 256, Law 6.404/76 (Brazilian Corporate Law)

Acquisition Value per Share

Acquisition Value per Share

- We present below the Acquisition Value per Share calculation for 29.25% of TAG, considering the amount paid by Engie Brasil Energia of R$ 10,249 million.

Acquisition Value per Share	
R$'000	
Engie Brasil Energia	
Acquisition Value [a]	10,249,229
Number of shares acquired [b]	313,305
Acquisition Value per Share [c] = [a] / [b]	**32.71**

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

4. Valuation - Art. 256, Law 6.404/76 (Brazilian Corporate Law)

Net income per Share

Net income per Share

- According to Item c. Item II of the Article 256 of Law 6,404 / 76 (Brazilian Corporate Law), the amount of the net income of the share may not exceed 15 (fifteen) times the annual net income per share in the last two fiscal years, monetarily adjusted.
- Considering that the Transaction occurred on June 13, 2019, we considered as the basis for calculating the annual net income per share, the audited balance sheets for the years ended December 31, 2017 and December 31, 2018, monetarily adjusted by the Extended National Consumer Price Index (IPCA), released by the Institute of Applied Economic Research (IPEA), for June 12, 2019.
- The results of the calculations made based on the criteria presented above are shown below:

Net Income per Share - historical		
R$'000	**2017**	**2018**
Net Income	2,342,000	2,479,000
Inflation factor	1.062	1.023
Adjusted net profit	2,488,209	2,535,864
Number of shares	1,000,000	1,000,000
Net income per share	2.49	2.54
Multiplier	15x	15x
Adjusted income	37.32	38.04
Historical average profit per share		**37.68**

Source: Financial Statements as of December 31, 2018 and Ipeadata

Economic Value per Share - projected	
R$'000	
Projected economic value	33,260,556
Number of shares	1,000,000
Projected net profit per share	**33.26**

- The projected economic value was calculated according to the assumptions described in the next session. In order to discount the projected values to present value, a CAPM rate was considered, reflecting the risk associated with the market, company and capital structure.
- Considering that the projected economic value does not exceed 15 times the value of the monetarily restated historical net income, for the analysis of article 256 the projected economic value of the share was considered.
- Based on the procedures described above, the amount of net income per share considered is R$ 33.26, which is the lowest amount between the two, to perform the comparison foreseen in Article 256 of the Brazilian Corporate Law.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

4. Valuation - Art. 256, Law 6.404/76 (Brazilian Corporate Law)

Equity per Share

Fair value of Shareholders' Equity per Share

- Indicated from Shareholders' Equity as of June 12, 2019.

Equity per Share	
R$'000	
Equity at fair value	30,185,441
Number of shares	1,000,000
Equity per share	**30.19**

Source: Financial Statements as of December 31, 2018, Engie and KPMG

- The balance sheet at fair value is presented in the table aside.

- It is important to mention that the work did not include an audit of the balance sheet presented.

Balance sheet at fair value			
R$ MM	**06/12/2019**	**Fair value adjustments**	**Balance sheet at fair value**
Assets			
Current			
Cash and cash equivalents	0		0
Short-term investments	667		667
Accounts Receivables	898		898
Recoverable taxes	119		119
Sub-Total current assets	**1,683**	**-**	**1,683**
Non current			
Judicial Deposits	104		104
Recoverable taxes	30		30
Other Accounts Receivable	131		131
Indemnification assets	-	33	33
Right-of-use	55	1	55
Fixed assets	12,448	18,916	31,363
PP&E	12,448	46	12,493
Authorization agreements	-	18,870	18,870
Intangibles	7		7
Sub-Total non current assets	**12,775**	**18,949**	**31,724**
Total Assets	**14,458**	**18,949**	**33,407**
Liabilities			
Current			
Suppliers	93		93
Loans and financing	1,991		1,991
Lease liability	26		26
Tax obligations	117		117
Other accounts payable	33		33
Sub-Total current liabilities	**2,260**	**-**	**2,260**
Non current			
Lease liability	30	1	31
Deferred taxes	820		820
Provisions for legal proceedings	21	41	63
Other accounts payable	48		48
Sub-Total non current liabilities	**919**	**42**	**962**
Equity			
Paid in Capital	5,907		5,907
Capital Transactions	1,339		1,339
Legal Reserves	529		529
Fiscal Benefit Reserves	1,142		1,142
Retained Earnings	2,361	18,907	21,268
Total Equity	**11,278**	**18,907**	**30,185**
Total liabilities and Equity	**14,458**	**18,949**	**33,407**

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

4. Valuation - Art. 256, Law 6.404/76 (Brazilian Corporate Law)

Average stock price

Context

- This methodology is not applicable as TAG does not have its shares traded on stock exchanges or organized over-the-counter markets.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

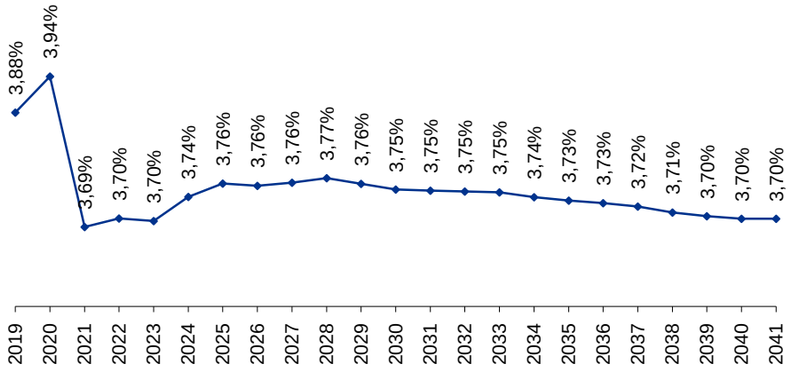
5. Company's Economic Value

5. Company's Economic Value

Macroeconomic Assumptions

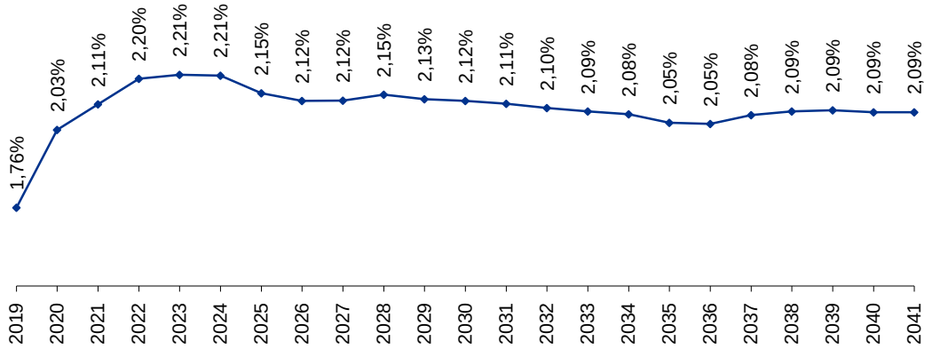
IPCA – Brazilian Inflation

- The Brazilian inflation rate (IPCA) estimated for the projective period from 2019 to 2041 is shown in the chart below. The projection was made by the Client's Management.



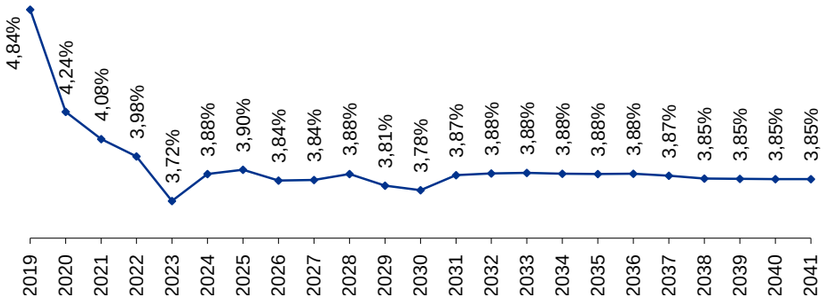
CPI – American Inflation

- The American inflation rate (CPI) estimated for the projective period from 2019 to 2041 is shown in the chart below. The projection was made by the Client's Management.



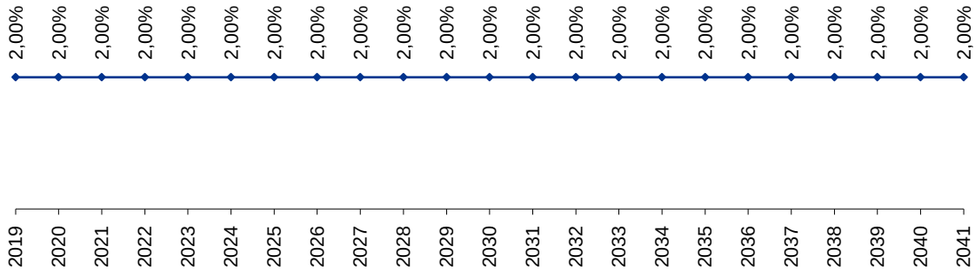
IGP-M – Brazilian Inflation

- The Brazilian inflation rate (IGP-M) estimated for the projective period from 2019 to 2041 is shown in the chart below. The projection was made by the Client's Management.



PPI – American Inflation

- The American inflation rate (PPI) estimated for the projective period from 2019 to 2041 is shown in the chart below. The projection was made by the Client's Management.



© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

General Assumptions

Reference date of the economic-financial study:

- June 12th, 2019, according to closing held on June 13th, 2019.

Projection period:

- From June 13th, 2019 to December 31st, 2041, totaling 22 years and 6 months of explicit projection.

Standard of value:

- Fair Value.

Currency of the Projections:

- Cash flows were projected in million of Reais (R$ MM) in nominal terms (considering the inflationary effect). The projection presented represents the Free Cash Flow to Equity.

Discount Rate:

- The discount rate was projected in accordance with the Capital Asset Pricing Model (CAPM) methodology, in Reais and in nominal terms, considering macroeconomic and sectoral parameters and the level of leverage.
- As the Company presents different levels of leverage during the projective period, we calculated a rolling CAPM, thus reflecting the leverage level of each year. The projected CAPM ranged from 14.9% in 2019 to 11.9% in 2041, in nominal terms.
- It is important to highlight that cash flows were discounted using mid-period discounting factor.

Adjustments:

- Non-operating assets and liabilities were not considered in the free cash flow projections for the Company. The balances, when observed, were treated separately.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (1/6)

Net Revenues

- The Company's net revenues are based on the GTAs (Gas Transportation Agreements) with Petrobras. The Company has five agreements signed, and one in signing process (Lagoa Parda Vitoria), pending the tariff approval by ANP.

Capacity

- The contracted capacity of each GTA is presented in the table below.

Highlights of the GTAs				
GTA	Gas Pipeline Extension (km)	GTA Maturity	Authorization Expiration Date	Contracted Capacity (MM m³/day)
Urucu-Manaus	802	Nov-30	Nov-40	6.70
Malha NE	2,002	Dec-25	Mar-39	21.58
Pilar-Ipojuca	189	Nov-31	Jan-41	15.00
Lagoa Parda-Vitória	81	Mar-39	Mar-39	0.70
Gasene Norte	701	Nov-33	Mar-40	10.30
Gasene Sul	701	Nov-33	Mar-39	20.00
Total	**4,503**			**74.28**

Tariff

- The current transportation tariffs have been defined by TAG and Petrobras, and they are adjusted annually, according to indices presented in the table below. The ANP will set transportation charges after the current GTAs expire.

Tariff				
GTA	Base Date	Readj. Indices	Total (R$)	Total (US$)
Urucu-Manaus	Jan-18	IGPM/IPCA	18.13	-
Malha NE	Jan-18	IGPM	3.97	-
Pilar-Ipojuca	Jan-18	IGPM	1.53	-
Lagoa Parda-Vitória	Jun-18	IGPM	3.89	-
Gasene Norte	Dec-17	IGPM/CPI/FX	2.65	2.74
Gasene Sul	Dec-17	IGPM/CPI/FX	1.87	1.80

- All GTAs have ship-or-pay clauses for 100% of the contracted capacity.
- The projection considers the renewal of each GTA for the same contracted capacity after the current GTA maturity until the end of its authorization period.
- Although it is not yet signed, Lagoa Parda Vitoria GTA draft contains its agreed capacity, which was considered in the projections.
- According to the Client's Management, the Malha NE pipeline has been transporting a higher gas volume than its contracted capacity (21,58 MM m^3), therefore an additional amount of 7% was considered.

Tariff revision

- At the GTA's renewal, their tariff will be revised. The tariff will be calculated by ANP, their current calculation methodology takes into account:

  I. Estimation of required costs, expenses, taxes and capex;

  II. Investment Rate of Return (IRR), which is the regulatory WACC calculated by ANP;

  III. Asset's Regulatory Asset Base (RAB) on the renewal date.

- The tariff reduction after revision is shown in the table below:

Tariff renewal		
GTA	Renewal Month	Tariff Reduction
Urucu-Manaus	Dec-30	57.6%
Malha NE	Jan-26	21.7%
Pilar-Ipojuca	Dec-31	69.3%
Gasene Norte	Dec-33	39.1%
Gasene Sul	Dec-33	68.5%

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (2/6)

Net Revenues (cont.)

- The table below presents the projected revenues related to each GTA:

Revenue per contract																							
R$ MM	**2019 P**	**2020 P**	**2021 P**	**2022 P**	**2023 P**	**2024 P**	**2025 P**	**2026 P**	**2027 P**	**2028 P**	**2029 P**	**2030 P**	**2031 P**	**2032 P**	**2033 P**	**2034 P**	**2035 P**	**2036 P**	**2037 P**	**2038 P**	**2039 P**	**2040 P**	**2041 P**
Urucu-Manaus	903	1,820	1,890	1,964	2,040	2,121	2,196	2,280	2,367	2,463	2,551	2,518	1,165	1,212	1,255	1,303	1,353	1,408	1,458	1,513	1,570	1,496	-
Malha NE	771	1,411	1,467	1,527	1,587	1,651	1,710	1,391	1,445	1,504	1,558	1,618	1,679	1,749	1,811	1,882	1,955	2,036	2,109	2,191	561	-	-
Pilar-Ipojuca	185	353	367	382	397	413	428	444	461	480	498	517	505	172	178	185	192	200	207	215	223	232	20
Lagoa Parda-Vitória	-	40	42	44	46	47	49	51	53	55	57	59	62	64	66	69	72	75	77	80	20	-	-
Gasene Norte	493	928	965	993	1,021	1,053	1,081	1,120	1,162	1,210	1,254	1,303	1,353	1,411	1,412	926	963	1,004	1,040	1,081	1,124	290	-
Gasene Sul	645	1,224	1,273	1,310	1,348	1,391	1,428	1,479	1,535	1,598	1,656	1,721	1,787	1,863	1,816	632	658	686	711	739	188	-	-
Total	**2,998**	**5,776**	**6,003**	**6,219**	**6,439**	**6,677**	**6,892**	**6,766**	**7,023**	**7,312**	**7,573**	**7,734**	**6,550**	**6,470**	**6,539**	**4,997**	**5,191**	**5,408**	**5,602**	**5,819**	**3,686**	**2,018**	**20**

- The highlighted years are when the tariff renewal of the GTAs occurs.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (3/6)

Costs

O&M Transpetro

- The most relevant cost projected is related to O&M services, which are currently contracted with Transpetro. The contract was signed on the closing date and it foresees an annual amount of R$ 575 million on the base date of 31/12/2017, being yearly adjusted for inflation (average between IGPM and IPCA indices).

- In the end of the third year of the contract (May 2022), it is adopted the assumption that it will be not be renewed. The projection considers that the O&M services will be executed by Engie, resulting in a cost reduction of 26%. This reduction was defined by the Client's Management, considering its experience operating similar assets internationally. It is important to mention that in the model this O&M reduction is being treated separately, as mentioned in the next pages.

- There are cost reductions projected in 2039 onwards due to the ending of the GTA's authorizations, being their cost prorated to the months they are still operating.

SCOMP

- SCOMP are costs related to compressor services contracts with Exterran, the services include equipment rental, O&M and decommissioning. The projection was made considering the current contracts cost adjusted for inflation (average between IGPM and IPCA indices).

- Those contracts are related to the Malha NE pipeline, thus this cost is considered only until the end of its authorization (March 2039).

Other Costs

- The projection considers other smaller costs, projected considering contracts agreed on the SPA and/or the Client's Management assumptions.

Expenses

- The projection considers SG&A expenses. According to the Client's Management, for 2019, the following assumptions were considered:
  - Staff and Third Party Services: Based on information provided by Petrobras during the negotiation process and the contracts amended do the SPA (Employees Cession Agreement, Support Agreements, IMC-Saste contract);
  - Insurance: Based on quotation for a insurance package related to TAG's operation;
  - Others: Based on information provided by Petrobras during the negotiation process.

- The Client's Management projects reductions in the first 3 years, since after this period Engie will start operating the assets.

- All the expenses are adjusted for inflation (IPCA index).

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (4/6)

- The tables below present the projected costs and expenses:

Costs

R$ MM	2019 P	2020 P	2021 P	2022 P	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P	2029 P	2030 P	2031 P	2032 P	2033 P	2034 P	2035 P	2036 P	2037 P	2038 P	2039 P	2040 P	2041 P
Transpetro O&M	(347)	(648)	(674)	(701)	(728)	(755)	(784)	(814)	(845)	(877)	(910)	(945)	(980)	(1,018)	(1,057)	(1,097)	(1,139)	(1,182)	(1,227)	(1,274)	(767)	(428)	(2)
SCOMP	(28)	(50)	(49)	(51)	(52)	(54)	(57)	(35)	(36)	(38)	(39)	(41)	(42)	(44)	(45)	(47)	(49)	(51)	(53)	(55)	(23)	-	-
Other Costs	(67)	(158)	(148)	(149)	(119)	(122)	(136)	(142)	(146)	(134)	(138)	(163)	(163)	(171)	(159)	(167)	(190)	(202)	(204)	(195)	(121)	(88)	(2)
ECOMP Opex	*(8)*	*(14)*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other O&M Services (e.g. RoW usage)	*(17)*	*(32)*	*(33)*	*(29)*	*(26)*	*(27)*	*(28)*	*(29)*	*(30)*	*(31)*	*(32)*	*(33)*	*(34)*	*(36)*	*(37)*	*(39)*	*(40)*	*(42)*	*(43)*	*(45)*	*(27)*	*(15)*	*(0)*
Right of Way Rental and Intersections	*(15)*	*(29)*	*(31)*	*(30)*	*(31)*	*(32)*	*(34)*	*(35)*	*(36)*	*(38)*	*(39)*	*(40)*	*(42)*	*(44)*	*(45)*	*(47)*	*(49)*	*(51)*	*(53)*	*(54)*	*(30)*	*(29)*	-
Extraordinary Gas Losses	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(1)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	*(2)*	-
SCC inspection	*(8)*	*(28)*	*(29)*	*(34)*	*(9)*	*(9)*	*(22)*	*(23)*	*(24)*	*(11)*	*(11)*	*(26)*	*(27)*	*(28)*	*(13)*	*(13)*	*(32)*	*(33)*	*(34)*	*(16)*	*(16)*	*(17)*	*(2)*
Environmental measures	*(8)*	*(33)*	*(35)*	*(36)*	*(35)*	*(36)*	*(38)*	*(39)*	*(39)*	*(37)*	*(37)*	*(44)*	*(39)*	*(42)*	*(43)*	*(46)*	*(47)*	*(53)*	*(49)*	*(54)*	*(31)*	*(18)*	*(0)*
Take-Over	*(4)*	*(5)*	*(3)*	*(3)*	*(3)*	*(3)*	*(4)*	*(4)*	*(4)*	*(4)*	*(4)*	*(4)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(5)*	*(6)*	*(6)*	*(4)*	*(2)*	*(0)*
Services	*(1)*	*(3)*	*(3)*	*(4)*	*(4)*	*(3)*	-	-	-	*(1)*	*(1)*	-	-	*(1)*	-	-	-	-	-	-	-	-	-
Contingencies	(7)	(13)	(13)	(11)	(10)	(11)	(11)	(11)	(12)	(12)	(13)	(13)	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)	(11)	(6)	(0)
Total Costs	**(443)**	**(855)**	**(872)**	**(900)**	**(899)**	**(932)**	**(977)**	**(990)**	**(1,027)**	**(1,048)**	**(1,088)**	**(1,148)**	**(1,186)**	**(1,232)**	**(1,261)**	**(1,311)**	**(1,378)**	**(1,435)**	**(1,484)**	**(1,523)**	**(911)**	**(515)**	**(4)**

Expenses

R$ MM	2019 P	2020 P	2021 P	2022 P	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P	2029 P	2030 P	2031 P	2032 P	2033 P	2034 P	2035 P	2036 P	2037 P	2038 P	2039 P	2040 P	2041 P
Staff	(21)	(31)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(36)	(37)	(38)	(40)	(41)	(43)	(45)	(27)	(15)	(0)
Third Party Services	(10)	(17)	(16)	(16)	(17)	(17)	(18)	(19)	(19)	(20)	(21)	(22)	(23)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(18)	(10)	(0)
Insurance	(31)	(49)	(51)	(48)	(49)	(51)	(53)	(51)	(53)	(55)	(58)	(60)	(62)	(64)	(67)	(69)	(72)	(74)	(77)	(80)	(83)	(43)	(1)
Other Expenses	(16)	(30)	(31)	(33)	(34)	(35)	(36)	(38)	(39)	(41)	(42)	(44)	(45)	(47)	(49)	(51)	(53)	(55)	(57)	(59)	(35)	(20)	(0)
Total Expenses	**(78)**	**(127)**	**(122)**	**(121)**	**(126)**	**(130)**	**(135)**	**(137)**	**(142)**	**(147)**	**(153)**	**(158)**	**(164)**	**(171)**	**(177)**	**(184)**	**(190)**	**(197)**	**(205)**	**(212)**	**(163)**	**(87)**	**(1)**

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (5/6)

Depreciation

- Includes the depreciation of PP&E and Capital Transactions as well as the amortization of the capitalized bank fees.
- The economic value projection considers the tax depreciation rates.
- The depreciation period is shown in the table below:

Depreciation period (years)		
Asset	Tax depreciation	Accounting depreciation
PP&E		
Urucu-Manaus	6	23
Malha NE	6	22
Pilar-Ipojuca	6	23
GAL	6	23
Lagoa Parda-Vitória	6	23
Gasene Norte	6	23
Gasene Sul	6	23
Capital Transaction	6	23
Capitalized Bank Fees	7	7

Financial Results

- The financial expenses are the interest on TAG financing, as well as exchange rate variation and IOF expenses.
- The Client raised debts of R$ 14 billion and US$ 2.4 billion in order to complete the transaction. The projection considers releveraging debt issuance in the year of 2026. The information regarding the financing is shown below:

Debt				
R$ MM	Amount	Date	Margin	Tenor (years)
BRL Acquisition Finance	R$ 14,000.00	June/2019	CDI + 1.8%	7
USD Acquisition Finance	US$ 2,444.44	June/2019	3.09% (average)	7
BRL Releveraging	R$ 8,000.00	May/2026	CDI + 2.0%	7
USD Releveraging	US$ 1,200.00	May/2026	7.5%	7

- It is important to mention that the LIBOR rate regarding the USD Acquisition Financing was swapped at the rate of 2.65%.

Income Tax and Social Contribution

- The projection considered the applicable rates according to Brazilian tax law (25% and 9% of income tax and social contribution). It is important to mention that the Company has SUDAM / SUDENE tax benefit up to 2026, which reduces 75% of the Income Tax. However, not all ventures are in regions covered by the benefit, reducing the potential benefit.
- The company also has accumulated tax loss in the amount of R$ 2.46 billion, which is amortized until 2022.

Working Capital

- The Working Capital projection considers:
  - Accounts receivables: 60 days equivalent of net revenues;
  - Accounts payables: 30 days equivalent of total operating costs;
  - Recoverable taxes: 8 days equivalent of net revenues;
  - Tax obligations: 7 days equivalent of net revenue.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Operational Assumptions (6/6)

Capex:

- The capex projection considers the maintenance of the current asset base. According to the Client's Management, the capex was defined based on the following criteria:
  - Petrobras information;
  - Breakout sessions during the Due Diligence phase;
  - Technical due diligence performed with the support of GRT Gás.

Debt Amortization

- The projection considers the amortization of the debts mentioned in the financial result topic.

Debt Issuance

- The projection considers the issuance of the releveraging debt in the year of 2026, as described in the financial results topic.

Foreign Exchange Facility

- The projection considers the impact of the Company's foreign exchange (FX) facility in its cash flow. This facility is related to the Company's financing in US dollars, given that its revenues in dollars are calculated using a fixed rate and the exchange rate adjustment is made only once a year, the Company's capability to repay its debt could be impacted by large variations on the exchange rate. In this sense, it was developed this mechanism that works as a reverse account in dollars, providing the necessary funding to balance the difference in exchange rates.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Non-Operating Assets and Liabilities

- The equity adjustments regarding the non-operational assets and liabilities are presented on the table below, according to the balance sheet on the base date June 12th, 2019.

- These figures weren't projected in the cash flow. However, these accounts were added or subtracted from the Company's Equity Value.

Balance sheet items that were not considered during the projection	
R$ MM	
Assets	
Recoverable taxes - LT	30
Indemnification assets	33
Judicial Deposits	104
Other accounts receivable	131
Liabilities	
Other accounts payable	(33)
Provisions for legal proceedings	(63)
Other accounts payable - LT	(48)
Adjustments	**155**

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Discount rate

- The table below shows the calculation of annual discount rates:

Discount Rate Calculation	2019 P	2020 P	2021 P	2022 P	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P	2029 P	2030 P	2031 P	2032 P	2033 P	2034 P	2035 P	2036 P	2037 P	2038 P	2039 P	2040 P	2041 P
Risk Free Rate																							
RF - T-Bond 30 anos - 5 years (nominal)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
American Inflation rate (CPI)	1.8%	2.0%	2.1%	2.2%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%
RF - T-Bond 30 anos - 5 years (real)	1.1%	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Brazilian inflation rate (IPCA)	3.9%	3.9%	3.7%	3.7%	3.7%	3.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Nominal risk free rate - R$	5.0%	4.8%	4.5%	4.4%	4.4%	4.4%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%	4.5%
Market Risk																							
Market Risk Premium (Damodaran)	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Beta																							
Unlevered Beta - 5 years	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
D/E	80.3%	67.3%	59.9%	50.8%	40.5%	29.3%	19.1%	13.6%	26.0%	20.5%	14.7%	9.4%	5.1%	1.9%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Effective Tax Rate	10.6%	8.3%	8.8%	10.9%	30.3%	32.8%	33.1%	33.1%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.9%	33.4%
Relevered Beta	1.25	1.17	1.12	1.05	0.93	0.87	0.82	0.79	0.85	0.82	0.80	0.77	0.75	0.73	0.73	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
County Risk																							
Country Risk - EMBI + (CRP) - 5 years	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Size Premium																							
Size Premium - Duff & Phelps	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
CAPM (Ke)																							
CAPM in Nominal Terms	**14.9%**	**14.3%**	**13.8%**	**13.4%**	**12.8%**	**12.5%**	**12.4%**	**12.3%**	**12.6%**	**12.4%**	**12.3%**	**12.2%**	**12.1%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**11.9%**	**11.9%**	**11.9%**
Cost of Debt (Kd)																							
% Interest Rate	9.7%	9.7%	8.8%	8.4%	8.4%	8.6%	8.7%	9.7%	10.6%	10.9%	11.2%	11.7%	12.2%	14.1%	15.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Net Interest Rate	8.6%	8.9%	8.0%	7.5%	5.8%	5.8%	5.8%	6.5%	7.0%	7.2%	7.4%	7.7%	8.0%	9.3%	10.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WACC																							
WACC in Nominal Terms	**12.1%**	**12.1%**	**11.6%**	**11.4%**	**10.8%**	**11.0%**	**11.3%**	**11.6%**	**11.4%**	**11.5%**	**11.7%**	**11.8%**	**11.9%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**12.0%**	**11.9%**	**11.9%**	**11.9%**
Weighted CAPM in nominal terms	**12.3%**																						
Weighted WACC in nominal terms	**11.8%**																						

* The discount rate assumptions is in Appendix III.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Income Statement and Free Cash Flow

- The tables below present the projected income statement and free cash flow:

Projected income statement

R$ MM	2018 H	2019 H	2019 P	2020 P	2021 P	2022 P	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P	2029 P	2030 P	2031 P	2032 P	2033 P	2034 P	2035 P	2036 P	2037 P	2038 P	2039 P	2040 P	2041 P
Net revenue	4,943	2,303	2,998	5,776	6,003	6,219	6,439	6,677	6,892	6,766	7,023	7,312	7,573	7,734	6,550	6,470	6,539	4,997	5,191	5,408	5,602	5,819	3,686	2,018	20
Costs	(502)	(226)	(443)	(855)	(872)	(900)	(899)	(932)	(977)	(990)	(1,027)	(1,048)	(1,088)	(1,148)	(1,186)	(1,232)	(1,261)	(1,311)	(1,378)	(1,435)	(1,484)	(1,523)	(911)	(515)	(4)
Gross profit	4,441	2,077	2,555	4,920	5,132	5,319	5,540	5,745	5,915	5,775	5,996	6,263	6,486	6,586	5,365	5,238	5,278	3,686	3,813	3,973	4,119	4,296	2,776	1,502	16
Expenses	(80)	(31)	(78)	(127)	(122)	(121)	(126)	(130)	(135)	(137)	(142)	(147)	(153)	(158)	(164)	(171)	(177)	(184)	(190)	(197)	(205)	(212)	(163)	(87)	(1)
EBITDA	4,361	2,046	2,476	4,793	5,010	5,198	5,415	5,615	5,780	5,639	5,855	6,116	6,333	6,428	5,200	5,067	5,101	3,503	3,623	3,775	3,914	4,083	2,613	1,415	15
EBITDA margin	*88.2%*	*88.9%*	*82.6%*	*83.0%*	*83.4%*	*83.6%*	*84.1%*	*84.1%*	*83.9%*	*83.3%*	*83.4%*	*83.6%*	*83.6%*	*83.1%*	*79.4%*	*78.3%*	*78.0%*	*70.1%*	*69.8%*	*69.8%*	*69.9%*	*70.2%*	*70.9%*	*70.1%*	*72.9%*
Depreciation	(596)	(279)	(688)	(1,292)	(1,317)	(1,340)	(1,354)	(1,361)	(162)	(152)	(144)	(145)	(146)	(137)	(117)	(105)	(74)	(55)	(58)	(61)	(68)	(75)	(77)	(78)	(7)
EBIT	3,765	1,767	1,788	3,502	3,692	3,857	4,061	4,254	5,618	5,487	5,711	5,971	6,187	6,291	5,083	4,963	5,027	3,447	3,565	3,714	3,846	4,009	2,536	1,337	8
Non operational revenues/expenses	128	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial results	(242)	(70)	(612)	(1,757)	(1,715)	(1,550)	(1,321)	(1,068)	(782)	(948)	(1,105)	(926)	(724)	(524)	(326)	(188)	(56)	(14)	(14)	(15)	(15)	(16)	(15)	(8)	(3)
EBT	3,651	1,697	1,177	1,745	1,978	2,308	2,740	3,186	4,836	4,539	4,605	5,045	5,463	5,767	4,758	4,775	4,970	3,433	3,551	3,700	3,830	3,993	2,521	1,329	6
Income tax and social contribution	(1,172)	(531)	(124)	(145)	(174)	(250)	(831)	(1,044)	(1,600)	(1,502)	(1,566)	(1,715)	(1,857)	(1,961)	(1,618)	(1,623)	(1,690)	(1,167)	(1,207)	(1,258)	(1,302)	(1,358)	(857)	(464)	(2)
% EBT	*-32.1%*	*-31.3%*	*-10.6%*	*-8.3%*	*-8.8%*	*-10.9%*	*-30.3%*	*-32.8%*	*-33.1%*	*-33.1%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.0%*	*-34.9%*	*-33.4%*
Net profit	**2,479**	**1,166**	**1,052**	**1,600**	**1,804**	**2,057**	**1,909**	**2,142**	**3,236**	**3,037**	**3,040**	**3,330**	**3,605**	**3,806**	**3,140**	**3,151**	**3,280**	**2,266**	**2,343**	**2,442**	**2,528**	**2,635**	**1,664**	**865**	**4**

Discounted cash flow

R$ MM	2019 P	2020 P	2021 P	2022 P	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P	2029 P	2030 P	2031 P	2032 P	2033 P	2034 P	2035 P	2036 P	2037 P	2038 P	2039 P	2040 P	2041 P
Operations																							
Adjusted net profit	1,052	1,600	1,804	2,057	1,909	2,142	3,236	3,037	3,040	3,330	3,605	3,806	3,140	3,151	3,280	2,266	2,343	2,442	2,528	2,635	1,664	865	4
Depreciation (-)	688	1,292	1,317	1,340	1,354	1,361	162	152	144	145	146	137	117	105	74	55	58	61	68	75	77	78	7
Changes in working capital necessity	(69)	(54)	(26)	(20)	(37)	(35)	(36)	9	(44)	(46)	(46)	88	119	(8)	130	142	(27)	(30)	(31)	(33)	442	293	124
Capex	(17)	(216)	(296)	(168)	(94)	(53)	(49)	(46)	(15)	(28)	(28)	(33)	(91)	(122)	(70)	(92)	(56)	(107)	(98)	(71)	(43)	(24)	(0)
Financial results (-)	612	1,757	1,715	1,550	1,321	1,068	782	948	1,105	926	724	524	326	188	56	14	14	15	15	16	15	8	3
Cash flow from operations	2,266	4,378	4,514	4,760	4,453	4,482	4,094	4,101	4,230	4,327	4,401	4,523	3,611	3,313	3,471	2,385	2,333	2,381	2,482	2,622	2,156	1,220	137
Financing activities																							
Interest paid & bank fees	(839)	(1,761)	(1,721)	(1,566)	(1,341)	(1,090)	(808)	(1,229)	(1,121)	(943)	(743)	(542)	(341)	(200)	(63)	(14)	(14)	(15)	(15)	(16)	(15)	(8)	(3)
Changes in foreign exchange facility	76	(10)	(29)	(31)	(0)	2	1	28	8	4	4	(33)	6	37	(39)	7	1	2	0	1	(10)	(22)	(2)
Debt Issuance	-	-	-	-	-	-	-	13,079	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt amortization	(641)	(1,612)	(2,055)	(2,581)	(3,066)	(3,383)	(3,723)	(8,126)	(1,922)	(2,169)	(2,236)	(2,320)	(1,614)	(1,497)	(808)	-	-	-	-	-	-	-	-
Cash flow from financing activities	(1,405)	(3,383)	(3,804)	(4,179)	(4,407)	(4,471)	(4,530)	3,752	(3,035)	(3,108)	(2,975)	(2,895)	(1,949)	(1,660)	(910)	(7)	(13)	(13)	(15)	(15)	(25)	(30)	(4)
Free cash flow to equity	861	995	710	581	46	11	(435)	7,853	1,195	1,219	1,426	1,627	1,662	1,653	2,561	2,378	2,319	2,368	2,467	2,606	2,130	1,190	133
Discount factor																							
Discount rate	14.9%	14.3%	13.8%	13.4%	12.8%	12.5%	12.4%	12.3%	12.6%	12.4%	12.3%	12.2%	12.1%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	11.9%	11.9%	11.9%
Discount factor - mid period	0.96	0.87	0.76	0.67	0.59	0.53	0.47	0.42	0.37	0.33	0.29	0.26	0.23	0.21	0.19	0.17	0.15	0.13	0.12	0.11	0.09	0.08	0.07
Discounted cash flow	**829**	**863**	**540**	**389**	**27**	**6**	**(203)**	**3,267**	**442**	**401**	**418**	**425**	**387**	**343**	**475**	**394**	**343**	**312**	**291**	**274**	**200**	**100**	**10**

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

5. Company's Economic Value

Income Statement and Free Cash Flow

- The tables below present the projected income statement and free cash flow:

Present Value of FCFE	10,530
Closing date transactions	
Debt Issuance	23,709
BNDES Debt Repayment	(1,991)
Enterprise Value	32,249
Adjustments	
Assets	
Recoverable taxes - LT	30
Indemnification assets	33
Judicial Deposits	104
Other Accounts Receivable	131
Liabilities	
Other accounts payable	(33)
Provisions for legal proceedings	(63)
Other accounts payable - LT	(48)
Adjustments	155
Equity Value before O&M savings	32,404
O&M savings	
O&M savings	857
Equity Value	**33,261**
% Stake on Company	*90.0%*
Stake on Company	**29,935**

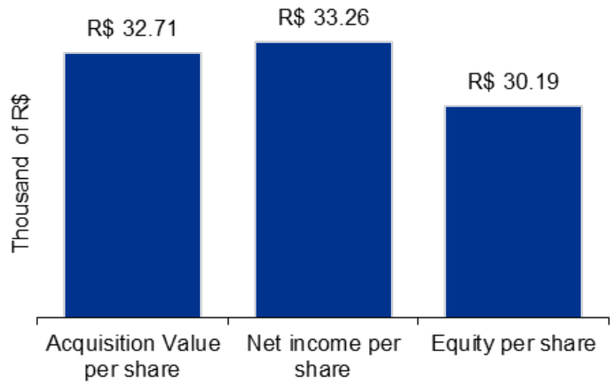
© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

6. Conclusion

6. Conclusion

Analysis conclusions

- Based on the purpose and scope of this Report, in accordance with the criteria set forth in the Article 256 of Law 6,404 / 76 (Brazilian Corporation Law), we conclude that (i) the amount of net income per share represents the highest amount calculated when comparing such value with the net equity value at market prices, while comparing such values with the average quoted share price on the stock exchange or organized over-the-counter market is not applicable, since TAG has no shares traded on the stock exchange market and (ii) the amount paid for TAG's shares represents only 0.98 times the amount of net income per share, thus not exceeding one and a half times that amount.



- We emphasize that this assessment is substantially based on information provided by Client's Management, adjusted according to our analysis as to its reasonableness.

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

7. Appendix

Appendix I

Glossary

TAG	**Transportadora Associada de Gás S.A.**
Aliança	**Aliança Transportadora Gás Participações S.A.**

Acronyms	**Significance**
ANP	Agência Nacional de Petróleo (National Petroleum Agency)
BEV	Business Enterprise Valuation
BNDES	Banco Nacional do Desenvolvimento (National Development Bank)
CAC	Contributory Asset Charge
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CDI	Interbank Deposit Certificate
CPI	American Consumer Price Index
COFINS	Social Security Financing Contribution
CSLL	Social Contribution on Net Profit
D/E	Debt/Equity
EBIT	Earning Before Interest and Taxes
EBITDA	Earning Before Interest, Taxes, Depreciation and Amortization
EBT	Earning Before Taxes
EV	Enterprise Value
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
FGTS	Fund for Guaranteed Time of Service
H	Historical period
GTA	Gas Transportation Agreement
ICMS	Value added Tax on Sales and Services
IGP-M	Brazilian Industrial Price Index
INSS	Social Security National Institute
IOF	Financial Transaction Tax
IPCA	Extended National Consumer Price Index
IPI	Tax over Industrialized Products
IR	Income Tax
IRPJ	Income Tax Juridical Person
IRRF	Income Tax Retained at Source
MPEEM	Multi-Period Excess Earnings Method
NPV	Net Present Value
O&M	Operations and maintenance
PIS	Social Integration Program
PMSO	Personnel, Material, Services and Other
PPI	American Producer Price Index
SPA	Share Purchase Agreement
WARA	Weighted Average Return on Assets
WACC	Weighted Average Cost of Capital
WFIP	Workforce in Place
CSRP	Company Specific Risk Premium
CRP	Country Risk Premium
TAB	Tax Amortization Benefit

KPMG

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Appendix II
Valuation methodology

Valuation methodology

- The methodology used by KPMG for the economic and financial valuation of the equity of TAG was the discounted cash flow. We present a brief description of this methodology.

Discounted Cash Flows

- This methodology determines the economic value (or the market value) of the net worth of a company by calculating the present value of projected cash flows, i.e. the income and expenses (including investments needed for maintaining and expanding the company's activities) that are predictable from the perspective of perpetuity of the entity. These projections should take into consideration the business plan established by the company's management, the prospects for the sector of operation and macroeconomic aspects.
- The discounted cash flow methodology can be used to value any type of company provided that has a business plan and it is consistent and feasible. This methodology is particularly recommended for companies that have reasonable prospects for significant expansion of their activities and whose business plan may be considered appropriate for obtaining this growth, since the methodology most adequately reflects the market value (or the economic value) arising from the projected future results.
- This methodology also reflects the value of all the intangible assets, such as brand name, client portfolio, product portfolio and market share, in the measure that all these assets have an effect on the company's capacity to generate results.

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Appendix II
Valuation methodology

Free cash flow to equity

- The free cash flow to equity aims to evaluate the resources available to the shareholders of the business. The investors have right to the cash flows after all the financial obligations, including the payment of the debt and after the reinvestment requirements of the company. The free cash flow to equity is represented by the following formula:

Free cash flow to the equity
=
Net profit
+
Depreciation and amortization
+/-
Working capital
-
Investments (capital expenditures)
-
Net debt
+
Other assets (net of liabilities) non-operational

Free cash flow to firm

- The Free Cash Flow to the Firm aims to valuate the company as a whole, that includes, beyond the stockholding, the participation of others holders of rights in the company (holders of bonds, shareholders, etc). The free cash flow to firm can be represented by the following formula:

Free cash flow to the firm
=
Net profit
+
Depreciation and amortization
+/-
Working capital
-
Investments (capital expenditures)

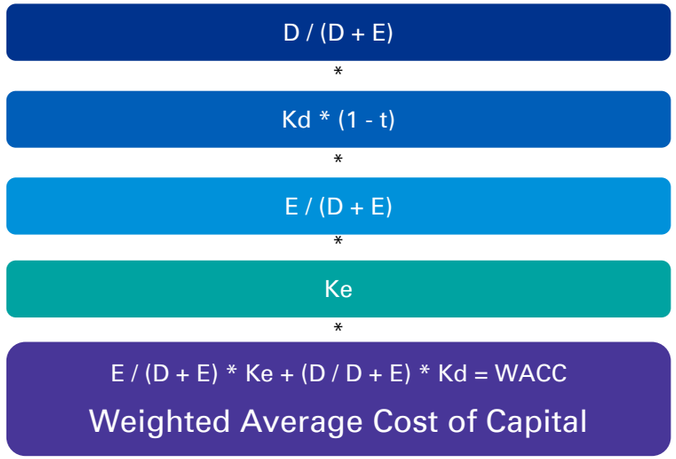
© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Appendix II
Valuation methodology

- Establishing the discount rate is a fundamental stage of the economic valuation. This single factor reflects aspects of a subjective nature, varying from one investor to another, such as opportunity cost and individual perception of investment risk.

WACC (Weighted Average Cost of Capital)

- The cost of capital for the Company was calculated using the WACC methodology. WACC takes into consideration various financing components, including debt, cost of equity and hybrid bonds used by companies to finance its cash needs. It is calculated according to the following formula:

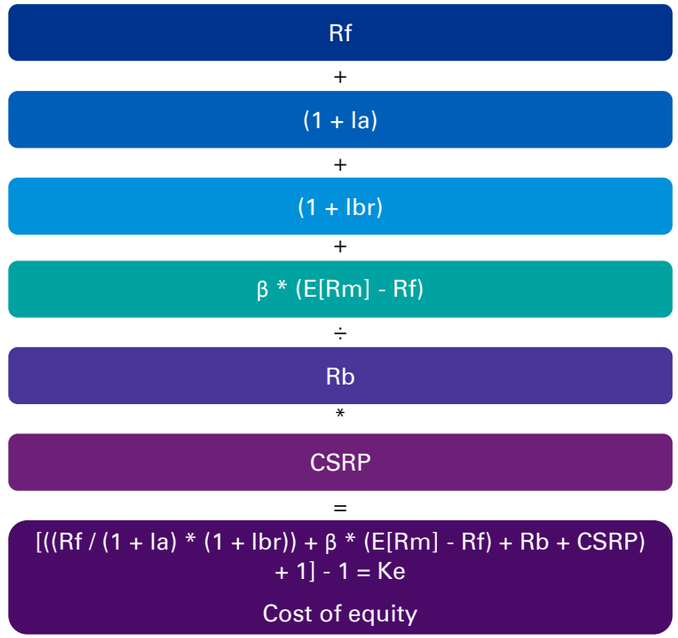


Being:

D = Total debt
E = Total equity
t = Tax rate
Kd = Cost of debt
Ke = Cost of equity

CAPM (Capital Asset Pricing Model)

- The cost of equity for the Company was calculated using the CAPM methodology. Using the CAPM methodology, the cost of equity is calculated according to the following formula:



Being:

Rf= Average risk-free return
β= Beta (specific risk coefficient of the evaluated Company)
E[Rm]= Average long-term return obtained on the stock market of USA
E[Rm] - Rf = Market premium risk
CRP= Country risk of Brazil
CSRP = Company specific risk premium
Ia= American inflation
Ibr= Brazilian inflation

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Appendix III

Discount rate assumptions

Risk free rate

- In order to quantify the average risk free return (Rf), the average return of the American 30-year Treasury Bond (T-Bond) for 60 months before June 12th, 2019, which was 2.9% p.y., was considered. (source: Capital IQ).

Market Risk Premium

- For the long term stock market risk premium (E[Rm] – Rf), the average return above the Treasury Bond rate provided by investing in the American stock market from 1928 to 2018 was considered, which was 4.7% p.y. (source: Aswath Damodaran website).

Country Risk Premium

- To estimate the risk associated with Brazil (Rb), the average difference between the yield of the Global-Bond 37 in relation to the T-Bond, for 60 months before the base date of June 12th, 2019 was considered, which was 3.1% p.y. (source: Capital IQ).

Size Premium

- For the Company size premium, the rate of approximately 1.0% p.y. was considered, which is applied to mid-cap sized enterprises. (Source: Duff & Phelps, 2018).

American Inflation

- Client's Management projection. It was considered the rate projected for each year. In the long term, US inflation rate of 2.1% was considered.

Brazilian Inflation

- Client's Management projection . It was considered the rate projected for each year. In the long term, Brazilian inflation rate (IPCA) of 3.7% was considered.

Cost of Debt (Kd)

- The cost of debt indicates the cost of borrowed money to finance projects. In general terms, it is determined by the following variables:
  - The current level of interest rates;
  - The default risk of companies; and
  - Tax shield related to financing (debt).
- The tax rates have direct influence on the cost of debt, since these payments are deductible.
- Thus, the cost of debt is calculated based on the following formula:

$$Kd = Dr*(1 – T)$$

- Where:
  - Kd = Debt cost;
  - Dr = Debt rate; and
  - T = Tax rate

© 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

Appendix III

Discount rate assumptions

Beta Calculation

- Beta is a statistical measure of how closely the value of a stock correlates with the overall stock market. Beta is a measure of non diversifiable risk and is reflective of the variability of a particular share relative to the market. The beta of a company is therefore calculated as the correlation of the monthly return of the stock relative to the market in the 60 months before the base date.
- The following procedure is used for beta calculation:
  - Identification and selection of comparable companies (when it is not possible to obtain a significant beta for the valuated company);
  - Determine their correlations with relevant stock markets; and
  - Calculation of weighted betas, which will be used in determining the risk of the companies.
- It is important to have in mind that the betas observed in capital markets for comparable companies include different degrees of leverage of these companies. Thus, it is necessary to extract the leverage factor to calculate the risk factor determined by the market for risks related to the business.
- For this purpose, the following formula is used:

$$\beta d = \beta/[1 + (1 - T)*(D/E)]$$

- Where:
  - βd = Unlevered Beta – risk of comparable companies stocks, without considering its leverage;
  - β = Levered Beta – the risk of comparable companies stocks, adjusted for leverage;
  - T = Tax rates; and
  - D/E = Debt / Equity of each comparable.
- Given the capital structure of the Company, the new relevered beta should be calculated based on the following formula:

$$\beta r = \beta d*[1 + (1 - T)*(D/E)]$$

- Where:
  - βr = Relevered Beta to be used as basis for the calculation of the financing cost;
  - βd = Unlevered Beta – the risk of comparable company stocks;
  - T = Effective rates of income tax and social contribution; and
  - D/E = Debt / Equity of the company under analysis.
- Beta calculation: were considered companies that operates mainly in the gas transportation sector:

Beta				
Company	**Beta**	**D/E**	**Effective tax rate**	**Unlevered Beta**
Cheniere Energy, Inc.	1,121	155,8%	1,4%	0,442
Snam S.p.A.	0,385	85,2%	29,6%	0,240
Enagás, S.A.	0,367	76,7%	29,6%	0,239
Petronet LNG Limited	0,590	6,4%	25,6%	0,563
Andeavor Logistics LP	1,290	54,9%	0,4%	0,834
Buckeye Partners, L.P.	0,711	56,8%	0,2%	0,454
DCP Midstream, LP	2,234	83,7%	4,0%	1,238
Enable Midstream Partners, LP	1,269	52,4%	0,3%	0,834
Enterprise Products Partners L.P.	0,871	39,8%	1,0%	0,625
EQM Midstream Partners, LP	0,993	25,3%	8,9%	0,807
Energy Transfer LP	1,628	193,6%	12,7%	0,605
Kinder Morgan, Inc.	0,829	87,4%	52,6%	0,587
MPLX LP	1,163	36,5%	0,3%	0,853
ONEOK, Inc.	1,151	73,1%	26,7%	0,750
Plains All American Pipeline, L.P.	0,958	66,6%	7,5%	0,593
Phillips 66 Partners LP	1,039	33,1%	0,7%	0,782
Targa Resources Corp.	1,811	87,8%	11,1%	1,017
Western Midstream Partners, LP	1,416	36,8%	3,0%	1,044
The Williams Companies, Inc.	1,599	88,3%	38,3%	1,035
Kunlun Energy Company Limited	1,076	26,8%	36,6%	0,920
AltaGas Ltd.	1,015	91,2%	23,4%	0,598
Inter Pipeline Ltd.	1,063	55,2%	26,1%	0,755
Pembina Pipeline Corporation	1,111	27,1%	26,5%	0,927
TC Energy Corporation	1,069	87,6%	27,5%	0,654
Average				**0,725**

KPMG © 2019 KPMG Consultoria Ltda., a Brazilian limited liability company, and a member firm of the KPMG network of independente member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. All rights reserved.

kpmg.com/socialmedia

kpmg.com/app

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2019 KPMG Corporate Finance Ltda., a Brazilian a simple society and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

KPMG

ENGIE Brasil Energia S.A.

Proposal for professional services

Corporate Finance

June 5th, 2019



KPMG Corporate Finance Ltda.
Rua do Passeio, 38, setor 2 – 17º andar
20021-290 - Rio de Janeiro, RJ - Brasil
Caixa Postal 2888
20001-970 - Rio de Janeiro, RJ - Brasil

Central Tel 55 (21) 2207-9400
Fax 55 (21) 2207-9000
Internet www.kpmg.com.br

Private & Confidential

To the Directors of
ENGIE Brasil Energia S.A.

June 5th, 2019

Attention: Mr. Paulo Negreiros

Dear sirs,

In accordance with your request, we present our proposal for professional services ("Proposal") to ENGIE Brasil Energia S.A.("ENGIE or "CLIENT" or "Contracting Firm") related to the valuation analysis in the context of Article 256 of Law 6404 / 76 / CVM Instruction 481 of Transportadora Associada de Gas S.A.("TAG" or "Company").

We consider ourselves qualified to fulfill your request and we are looking forward to working with you.

Yours faithfully,

The Portuguese version of this proposal was signed

Paulo Guilherme Coimbra
Partner

Lucas Ventura
Manager

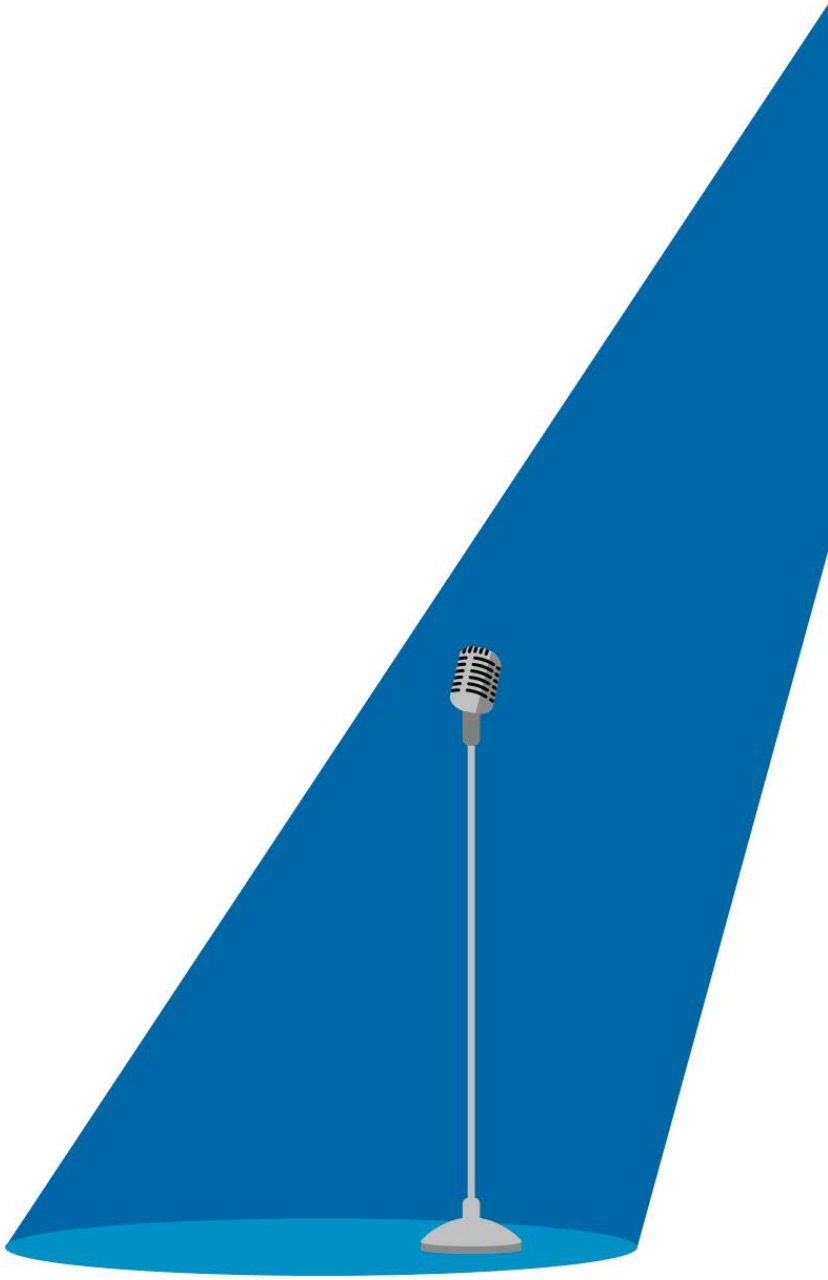
* KPMG Corporate Finance Ltda and ENGIE Brasil Energia S.A. signed a Amendment to this Proposal on September 19th, 2019, which adds the scope of translation of the Portuguese report and proposal to English

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Confidentiality

This document is directed to ENGIE and has been prepared in accordance with the preliminary understandings between ENGIE and KPMG Corporate Finance Ltda. ("KPMG"). The disclosure of this document to third parties, without our prior approval, is not authorized.



© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Contents

1. Introduction and Objective

2. Assignment team

3. Scope of services

4. Reporting

5. Time table

6. Fees

7. Acceptance

Appendixes

Appendix I – Terms and Conditions of Employment of Our Services
Appendix II – Thomson Financial Securities Data Survey and Credentials
Appendix III – Curriculum Vitae
Appendix IV – Valuation Methodology
Appendix V – Example of a Representation Letter
Appendix VI – Report Disclaimers
Appendix VII – Agreement to Release Information
Appendix VIII – Example of Agreement to Release Information

Contacts

Paulo Guilherme Coimbra
Partner
Corporate Finance
Tel: +55 (21) 2207-9219
Fax: +55 (21) 2207-9000
pgcoimbra@kpmg.com.br

Lucas Ventura
Manager
Corporate Finance
Tel: +55 (21) 2207-9016
Fax: +55 (21) 2207-9000
lventura@kpmg.com.br

1. Introduction and Objective

Our organization and context

Context

ENGIE Brasil Energia

- ENGIE is a Brazil's private-sector electricity producer, operating 10 GW in installed capacity from 32 plants nationwide, equivalent to 6% of the country's capacity.
- The Group offers innovative solutions for people, cities and companies through diversified sources of gas supply, flexible and low-emission electricity generation, and technical expertise in four key sectors: renewable energy, energy efficiency, liquefied natural gas and digital technologies.

Transportadora Associada de Gás

- The Transportadora Associada de Gas S.A. (TAG) has the mission to operate in the segment of transport and storage of natural gas through pipelines, terminals or vessels, own or third parties. Currently the main activity is focused on gas pipeline transportation.
- TAG owns and manages a significant portion of the country's natural gas transportation assets, distributed among the North, Northeast and Southeast regions, with a contracted natural gas handling capacity of 74.670.000 m³ / day.
- The Management of ENGIE invited KPMG to present this proposal of TAG's valuation in accordance with article 256 of the Brazilian Corporate Law.

KPMG

- KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and territories and have 197,263 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.
- In Brazil, approximately 4,000 professionals work in 22 cities located in 13 States and the Federal District. KPMG in Brazil has offices located in São Paulo (head office), Belém, Belo Horizonte, Brasília, Campinas, Cuiabá, Curitiba, Florianópolis, Fortaleza, Goiânia, Joinville, Londrina, Manaus, Osasco, Porto Alegre, Recife, Ribeirão Preto, Rio de Janeiro, Salvador, São Carlos, São José dos Campos and Uberlândia.
- Guided by its objective of empowering change, KPMG has become a benchmark company in the audit industry. We have shared value and inspired trust in capital markets and communities for more than 100 years, transforming people and companies and making positive impacts that contribute towards sustainable changes in our clients, in governments and in civil society.

Source: TAG and Engies's websites

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

1. Introduction and Objective

Objective

Article 256 of Law 6404 / 76 / CVM Instruction 481 (Brazilian Corporate Law), item II:

- Article 256 of the Brazilian Corporate Law says that: *The purchase by a publicly held corporation of the control of any commercial firm shall be subject to the approval of a general meeting of the purchaser, which shall be specially convened, whenever:*

I - the purchase price constitutes a relevant investment (article 247, sole paragraph) for the purchaser; or [applicable to this transaction]

II - the average price of each share or quota exceeds one and a half times the greatest of the following three values:

(a) the average quotation of the shares on the stock exchange or on the organized over-the-counter market during the ninety days prior to the contracting date (article 254, sole paragraph); [not applicable as TAG is a private equity and is not listed]

(b) the net equity value (article 248) of each share or quota, the assets and liabilities having been valued at market prices (article 183, paragraph 1); [applicable to TAG]

(c) the net profit of each share or quota, which may not exceed fifteen times the annual net profit per share (article 187, item VII) during the last two fiscal years, monetarily adjusted. [applicable to TAG]

§ 1º. The purchase proposal or contract, together with an evaluation report, in accordance with the provisions of paragraphs 1 and 6 of article 8, shall be submitted in advance to the general meeting for its authorization or ratification, accompanied by all the information necessary to support the decision; the officers of the corporation shall be liable for any failure to submit the proposal or contract. (Text as determined by Law no. 9.457 of May 5, 1997).

§ 2º. Should the purchase price exceed one-and-a-half times the greatest of the three values indicated under item II, above, any shareholder dissenting from the resolution of the general meeting approving the purchase shall be entitled to withdraw from the corporation and to the refund of the value of his shares, as provided in article 137, subject to the provisions of its item II. (Text as determined by Law no. 9.457 of May 5, 1997).). [It is necessary to analyze if it will be applicable. If applicable it is necessary to emphasize that the valuation of Engie was not considered in our scope]

- The economic and financial valuation will be performed using the methodologies of income, discounted cash flow and fair value of assets and liabilities.

Economic and financial valuation

- Considering the context, the objective of KPMG's work is to provide professional services related to the valuation of TAG on the base date to be defined by the Client in order to comply with the Article 256 of Law 6404 / 76 / CVM Instruction 481 as described above. The result of our work can not be used for accounting purposes or any other than the one defined in the objective of this Proposal.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

1. Introduction and Objective

Objective (Cont.)

- It is noteworthy that our report is confidential and may not be copied or disclosed to third parties, if necessary, the report may be released by signing an agreement to release information. An example of this agreement is on Appendix VII for your review.
- We emphasize that this proposal has been prepared based on CLIENT's request and the goal described above reflects the aforementioned request. We do not guarantee that our reports and services will meet other goals than those described above. In addition, we emphasize that we will not have an obligation to make additional work and/or adapt our reports to meet other goals.
- It is forbidden the use of our report in any litigation context.



© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

2. Assignment team

Overview of the assigned team

The professionals related below will be supported by experienced advisors and qualified professionals from other areas of KPMG Corporate Finance Ltda.

The resume of these professionals are included on the Appendix III.

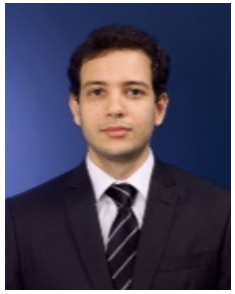
Paulo Guilherme Coimbra



Partner
Corporate Finance
KPMG Brasil

Paulo is Partner at KPMG Corporate Finance and will be the person in charge of the project leadership. Paulo has broad experience in valuation, Purchase Price Allocation and negotiating advisory.

Lucas Ventura



Manager
Infraestructure
KPMG Brasil

Lucas is Manager at KPMG and has experience in several sectors, including Energy, Logistics, Mining and Oil & Gas. The projects developed by Lucas at KPMG are mainly focused in Compliance (Valuation and PPA) and assistance on negotiations.

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

3. Scope of services

Scope of the financial economic valuation

Base date of the work

The base date of the work will be defined, as reported by the CLIENT.

I. Economic and financial valuation

The scope of work for the Company valuation will include the following points:

- Analysis of the financial statements of the last three years of TAG and trial balance on the base date.
- Interviews with the Management of TAG for information on the Company´s activities.
- Performance indicators analysis and other operating information of TAG.
- Business plan analysis, operational projections, studies carried out by the Client about TAG and/or internal valuations prepared by the Client.
- Market data analysis held by the Client and comparing them with public data.
- Development of economic and financial modeling of TAG operations.
- Sensitivity analysis to assess the impact of key variables on the value of the TAG.
- Analysis of the assets and liabilities accounts recorded in the Company's financial statements as of the base date.
- Analysis and identification of tangible and intangible assets and liabilities that may have divergence between fair value and book value.
- Estimate of market values of these tangible assets and liabilities.
- Calculation and analysis of the values determined according to Art. 256:

  a) Value of Shareholders' Equity per share; and

  b) Value of Net Income per share.

The criteria to be used in this work will be income, discounted cash flow and fair value of assets and liabilities. The description of the valuation methodology is in Appendix IV.

As and when required, we will analyze the available information provided by the Company's Management, however, we emphasize that our work does not constitute an audit of the financial statements or any other information, and should not be interpreted as such.



© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

3. Scope of services

Relevant notes

Relevant notes

Without prejudice to the other provisions contained in this proposal, KPMG clarifies to the CLIENT the following:

- KPMG emphasizes that the determination of the economic value of any contingencies and other adjustments to the financial statements (if applicable) are not part of the scope of this proposal. Thus, with respect to such items, KPMG's work will be based on the information and analyses to be made available by the CLIENT and/ or their respective auditors, lawyer and/ or other advisors.

- KPMG emphasizes that it will need the financial statements of the Company on the reference date to support KPMG's work. If these financial statements are not delivered to KPMG, KPMG will use the information available. This will be noted in KPMG's report and will constitute a limitation in the scope of work.

- During the work, we will perform the analysis procedures deemed appropriate in accordance with the scope set forth in this document. However, KPMG is not responsible for the information provided to it and will not be liable or pay, in any event, damages or losses arising or resulting from the omission of data and information by the Management of the Client. We also emphasize that the work does not constitute an audit according to generally accepted auditing standards or otherwise and, therefore should not be interpreted as such.

- Likewise, in the performance of its work, KPMG will not express any formal opinion or any form of assurance on the financial statements.

- The processing of data by KPMG does not imply any attestation of truthfulness, and should not be interpreted as proof of authenticity of the collected information and therefore does not correspond to an opinion or any form of assurance on their integrity. Therefore KPMG will not verify the information gathered and, accordingly, will express no opinion or any form of assurance on the completeness, integrity and accuracy of such data or information.

- The scope of the work provided herein does not include any obligation on the part of KPMG to detect fraud in the Company´s operations, processes, records or business documents of the Company, the Client or any other entity or individual involved in this project.

- Despite KPMG´s commitment to apply its best efforts in achieving the objective of this proposal, considering the nature of the services to be rendered, KPMG does not assure or will it assure the success of the implementation of any intended operation by the Client, or ensure that such will occur within any timeframe.

- KPMG understands that it will have adequate access to the information necessary for the performance of KPMG's work, and that it will be able to count on the cooperation of the Management of the Client and/or the Company. If KPMG's access to information is restricted, it will not be able to perform the work according to the scope and the timetable planned. Any difficulties in obtaining the information will be communicated and discussed with the Client, and that may result in impacts and changes in the terms of this proposal.

- The work comprised in the scope of this proposal will be performed by KPMG under its own technical guidance and independently. However, the analysis of data which will be considered for valuation purposes, by their nature, is subjective in nature such that an analysis carried out by other professionals, may express different points of view from those presented by KPMG.

- KPMG will not issue an opinion on the probability of the realization of the assumptions to be used in their services, and does not issue opinions on the probability that any projected value will be effectively realized. Any advice, opinion or recommendation provided by KPMG as part of the engagement shall not amount to any form of guarantee that KPMG has determined or predicted future events or circumstances.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

3. Scope of services

Relevant notes

Relevant notes (cont.)

- It is noteworthy that it is the very nature of financial valuation models that any changes in assumptions will change the value obtained for the company or business that is being valued. This does not constitute an assessment and is recognized by the market as part of the nature of the valuation process of a company. Hence, KPMG is not responsible and cannot be held responsible for any differences between the valuation results and the results observed a posteriori.

- Valuations in general present significant degrees of subjectivity, furthermore, the projections and assumptions used in valuations are based on future expectations, which could be confirmed or not. Thus, there are no guarantees that any assumptions, estimates, projections, results or conclusions presented in the valuation report will be effectively observed and/ or verified, entirely or partially. The figures observed in the future may be different and the differences may be significant.

- Thus, any future investors that may directly or indirectly invest in the Company must conduct their own analysis of the convenience and opportunity of effecting such an investment and should consult their own legal, tax and financial advisors to form their own opinions about the opportunity independently.

- KPMG's services are informed and/ or based on laws and regulations and will be provided based on the laws and regulations effective at the time of the services. The scope of this proposal does not include updates due to subsequent legal or regulatory changes or any other subsequent events.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

4. Reporting

Content and information of the report

Reporting

- Our findings will be delivered to the Client in report format and will be issued in Portuguese. Our report will describe the procedures applied, the methodology and assumptions used in the work and its results.

- Our report will include an statement explaining that the information presented are based on discussions and information provided by the CLIENT's Management. It is not part of our scope to verify the information received and, therefore, we will not state any opinion or any other type of guarantee under the integrity of information to the date of the release of this report.

- Given the objective and the context described above, our reports will be confidential and will not be appropriate for any other purpose than as described in Topic "Objective" of this Proposal and, as such, should be restricted to this purpose.

- We emphasize that we will not be forced to update our reports or revise the information contained therein due to events or transactions occurring after the date of issue of our reports.

- At the end of our job, KPMG will provide a draft of its report containing the result of the service, allowing the CLIENT to manifest within ten (10) days: (i) about the veracity of information and data contained in the report, provided by the CLIENT; and (ii) if there are any differences, at any degree, between the content on the report and the information provided by the CLIENT.

- Reports or any document to be prepared by KPMG on your pages may contain the paragraphs presented on the Appendix VI, without prejudice to other devices at KPMG's discretion that should be included because of the services provided.

Representation Letter

- Notwithstanding the above prescribed, KPMG will require the Client a 'Letter of Representation' to be developed by KPMG from the draft base presented on the Appendix V of this Proposal, containing written confirmations on the representations made to us, without which KPMG reports can not be issued.

Agreement to Release Information

- Our report is confidential and may not be copied or disclosed to third parties, if necessary, the report may be released by signing an agreement 'to release information." An example of this agreement is included on the Appendix VII and on the Appendix VIII for review.

- The release of our report in any litigation context is forbidden.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

5. Timetable

Proposed time table for our work

Timetable

- We expect to issue the draft of our Report in about 4 (four) weeks from the effective start of field work, which will take place when the information necessary for our work becomes available.
- The estimated time are based on normal work conditions and the availability of information in time. We will not be responsible for delays, due to circumstances out of our control.
- Once accepted this proposal, we will send a list of information request which will be needed to fulfill the tasks.
- We emphasize that this kind of work is fundamental to the ready availability of information to the analyzes, without which we can not meet the deadline mentioned. We also stress the need to count on the help of CLIENT's team and Companies in the preparation of information, analysis, reconciliations and statements that will be asked to them in advance.
- Failing to materialize these expectations, we will contact immediately the CLIENT so we can adjust those estimated deadlines, hours and fees to the reality of the situation and the realization conditions of the proposed work.
- Our work can start immediately after the acceptance of the Proposal and the necessary information for our work to be received.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

6. Fees

Proposed fees for the valuations

- Our fees are calculated based on the working hours estimated by the different professional categories involved in the work and their respective hourly fees.
- We propose our total fees for performing the economic and financial valuation of the Company in R$ 157.434,40 (including taxes), being paid in 2 equal installments as follows: the first installment in the acceptance of this Proposal and the second installment on the delivery of our Draft report, which will be paid by ENGIE Brasil Energia S.A.. In our fees we are considering synergy of work in connection with PPA.
- Our fees will be added applicable taxes and were determined considering the applicable law in the city of Rio de Janeiro. Thus, changes in tax law involving increase in the tax burden directly applicable to the services offered, that could be in the form of increases in existing taxes or in the creation or replacement of taxes will be passed on automatically to the price of services, to adjust the economic and financial equilibrium requirements of this contract. Similarly, the burden on any taxes required by the municipality where the CLIENT is established or the place where services are rendered, in whole or in parts, under any denomination or form, will be borne directly by the CLIENT or the increased value of fees payable, as appropriate.
- Expenses incurred during the project (for example: transportation, travels, accommodation, translations, print copies, telecommunications etc.) will be charged separately, at the effective cost.
- This cost estimates may vary according to the execution timetable of the procedures, available information and the potential need of change on the scope of our work. We will monitor the hours spending and inform you immediately if there is any indication of significant changes.
- In the case that KPMG is requested to provide information to auditors or stakeholders about the Report, we will answer to any requests as part of CLIENT's expense the time incurred by KPMG. For this, the respective fees will be calculated based on the hours incurred by KPMG professionals (included, but not limited to, the hours incurred in meetings, preparation for meetings, internal discussions and file organization) and the hourly fee of R$ 700.00 (seven hundred reais). Before commit to any hours related to the demands mentioned above, we will discuss the estimates to be incurred in order to obtain your acceptance.
- In case of additional services to those mentioned in this Proposal, we will elaborate an amendment or an additional Proposal to cover the additional scope required.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

7. Acceptance

Acceptance terms of this proposal

- The offer contained in this Proposal is valid for the period of 30 (thirty) days as of the date of its issuance.
- If there is interest by the CLIENT to engage the services of KPMG, you should manifest your acceptance of this Proposal by the return of this document signed by the duly authorized representative of the Company, having such representatives initial in all pages.
- If the CLIENT does not express its acceptance in the aforementioned manner, but authorizes the rendering of the services that are the subject of this Proposal, verbally or in writing and without expressly registering any restriction to the terms and conditions of this Proposal, this act shall represent the tacit acceptance by CLIENT of all the terms and conditions herein established and, in this manner, the contractual relationship that will be established between the parties will be governed, in any case, by this document.
- The ENGIE Brasil Energia S.A., registered in CNPJ under nº 02.474.103/0001-19, with address of Rua Paschoal Apostolo Pitsica, 5064, Florianópolis, Santa Catarina, Brazil, hereby agree to the "Terms and Conditions of Employment of Our Services" (Appendix I) of this Proposal and other attachments and hired KPMG Corporate Finance Ltda. to perform the services described therein, in accordance with the conditions presented here.
- The document entitled "Terms and Conditions of Employment of Our Services" is part of Proposal in the form of Appendix I. In case of conflict between the provisions of this Proposal and Appendix I, the terms and conditions of Appendix I will predominate, unless the proposal makes explicit reference to the prevalence of a given device on a Proposal from the provisions of Appendix I.
- If you are in accordance with this Proposal, please fill out and sign the attached copy and send it in care of Paulo Guilherme Coimbra in KPMG Corporate Finance Ltda..

Rio de Janeiro, _____ _____ 2019

_____

KPMG Corporate Finance Ltda.

Paulo Guilherme Coimbra

Acceptance of ENGIE Brasil Energia S.A.

_____ _____

Signatura: Signature:

Name: Name:

Title: Title:

Social Security Number (CPF): Social Security Number (CPF):

Witness:

_____ _____

Name: Name:

Social Security Number (CPF): Social Security Number (CPF):

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendixes

Appendix I
Terms and Conditions

This document is incorporated by reference to the Proposal to which it is attached. In the event of any discrepancy between the content of this document and the content of the Proposal, the terms and conditions of this document shall prevail over the Proposal, except if the Proposal expressly makes reference to a specific provision of the Proposal which will prevail over a provision of this document.

1 - Definitions

The meanings of the following words and phrases shall apply wherever used in these Terms and Conditions:

- **CLIENT:** The addressee (or addressees) of the Proposal, which might also be identified by the shortened form of the respective addressee's (or addressees') name.
- **Data:** Data, documents, materials or other kind of tangible or intangible information related to the Services.
- **KPMG:** The KPMG member firm contracting party as identified by the letterhead in the Proposal. A Brazilian member firm of the KPMG global network of independent member firms affiliated with KPMG International, a Swiss cooperative that provides no services to clients.
- **Proposal:** The engagement letter for the rendering of professional services by KPMG to which these Terms and Conditions must be attached.
- **Representatives:** KPMG's partners, employees, consultants, subcontractors and agents.
- **Result(s) of the Service(s) and/or Work Product(s):** Any material developed by KPMG to CLIENT in connection with or as a result of the performance of the Services.
- **Services:** The services to be executed by KPMG as described in the Proposal.

2 - Services and Responsibilities of the Parties

2.1 - Services

The events and circumstances listed below are inherent to the Services and may not, under any circumstances, be considered as an insufficiency or deficiency of any nature in the performance of the Services:

The Services do not constitute an audit of financial statements. Therefore, the Services and the Result(s) of the Services shall not be interpreted as or used for the same purpose as that of an audit.

a. The scope of the Services does not include specific obligation of KPMG of detecting fraud in the operations, processes, records and documents to which KPMG has access in connection with or as a result of the execution of the Services.

b. The Services may be based on legal and regulatory norms. In this regard, KPMG notes that the Brazilian legislation is complex and very often the same provision can be interpreted in more than one way. KPMG seeks always to be up-to-date in relation to the various interpretative tendencies, in order to permit an ample evaluation of the alternatives. Nevertheless, there may be some interpretations that differ from KPMG's. Under these circumstances, KPMG cannot assure CLIENT that CLIENT will not be questioned by third parties, including authorities.

c. Subsequent to the completion of the Services, KPMG will not update the Work Product(s) in light of subsequent events including, without limitation, changes or modifications to the norms, or to the judicial or administrative interpretations thereof.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

e. The scope of the Services does not include the obligation of performing any independent investigation or verification of the Data provided to KPMG by CLIENT or by any third party(ies) indicated by CLIENT, as well as of Data which is obtained by KPMG from public sources. In this regard, KPMG will rely upon the accuracy, integrity and completeness of such Data, and such reliance will not by any means, be considered as a deficiency in the performance of the Services.

2.2 - CLIENT's Responsibilities

a. The participation of CLIENT, through its professionals, will be essential for adequate and timely Result(s) of the Services. Thus, CLIENT will be responsible for contributing to the performance of the Services, permitting access to Data and personnel, either its own or that of third parties, and providing, on a non-exclusive basis, all Data which may be requested by KPMG in accordance with the Services, and, when necessary, the compilation and the preparation of analysis, schedules, reconciliations and statements.

a. In performing the activities under its responsibility, CLIENT must observe that: (i) the Data to be made available should express, exhaustively, the transactions, procedures or operations to which they refer and they should be presented on a timely basis; (ii) the responsibility for the preparation of Data to be provided to KPMG is the exclusive responsibility of CLIENT's management; and (iii) as part of the Services, KPMG will have the right to ask CLIENT for confirmation in writing of the declarations and verbal information that is given to KPMG by CLIENT's management. Within this context, CLIENT (or third party(ies) that should provide Data to KPMG) will be solely responsible for the performance of its employees and agents and for the accuracy and integrity of all Data provided to KPMG for the purposes of rendering the Services.

KPMG will not be held responsible, under any circumstances, or endure damages or losses resulting or arising from the untimely presentation of Data on the part of CLIENT or third party(ies) that should present such Data according to the nature of the Services, which may adversely affect the normal course of the Services or the Results of the Services, nor for the quality or sufficiency of the Data, which is provided to KPMG.

c. The Result(s) of the Services may include advice and recommendations, but all decisions in connection with the implementation of the Result(s) of the Services shall be the exclusive responsibility of, and made by, CLIENT. KPMG will not perform management functions or make management decisions for CLIENT. Thus, as a service provider, KPMG will not be answerable for any act of management that CLIENT may adopt or practice based on the Work Product(s), nor for any inadequate or unauthorized use that CLIENT or third parties may make of it/them directly or indirectly.

2.3 - KPMG's Responsibilities

a. The labor and social security obligations related to the professionals that may represent KPMG before the CLIENT, by means of the performance of the Services, are the exclusive responsibility of KPMG, which undertakes to hold CLIENT always harmless against all claims and litigation resulting from the relationship between CLIENT and KPMG's Representatives. KPMG commits to assume, at its own expense, the defense of CLIENT in lawsuits that may result from such claims and litigation, notwithstanding its duty to indemnify the CLIENT if such defense, under these terms, is impossible, ineffective or insufficient.

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix I
Terms and Conditions

b. KPMG's obligation to meet deadlines established in the Proposal, under any circumstances, is subject to CLIENT's compliance with KPMG's requests in a timely and adequate manner. In the event of any facts which may have an impact on KPMG's ability to meet deadlines, KPMG shall inform the management of CLIENT for the adoption of necessary measures.

c. Notwithstanding KPMG's commitment to applying its best efforts in complying with its contractual obligations, due to the very nature of the Services, KPMG does not assure CLIENT the success of the implementation of the Result(s) of the Services or the closing of any deal, nor does KPMG assure that such implementation can be completed within any deadline. KPMG will not be responsible for any opportunities not identified, presented or explored, regardless of the motives or reasons for such.

3 - Engagement Team

KPMG may, at its sole discretion and at anytime, replace the professionals indicated in the Proposal for others with similar experience.

4 - Fee Arrangements

4.1 - The fees described in the Proposal do not include:

a. inflation expectations, since fees are determined without taking inflation into consideration. The fees will be adjusted annually, based on the General Market Price Index of the Getúlio Vargas Foundation (IGP-M/FGV) and, if this index is discontinued, it will be replaced with an inflation adjustment index established by law, with similar composition and scope, in order to preserve the economic value in question and avoid its deterioration as the result of inflation. However, KPMG reserves the right to automatically apply any subsequent legal provision that authorizes the adjustment of contracts within a period of less than one year.

b. any unusual situations that arise during the contractual relationship, such as, but not limited to, the unavailability of Data necessary to perform the Services, the need to redo the work caused by CLIENT or its employees, or other situations that create the need for additional or extra-ordinary effort by KPMG. If this type of situation occurs, KPMG will inform CLIENT and the parties will agree to an adjustment, such that KPMG will not need to suffer the consequences of such unforeseen circumstances unilaterally.

c. additional services requested by CLIENT, such as consultations that involve research or specific matters not included in the Proposal, which will be charged separately, based on the time effectively spent, as mutually agreed in an amendment to the Proposal signed by the parties.

4.2 - Any delays in payment of any installment due will automatically result in an increase in CLIENT's outstanding balance by: (i) a fine of 2% (two percent) on the full amount of the invoice; (ii) late payment interest equal to the interest rate in force for the late payment of taxes due to the National Treasury (Selic – Special Custody and Clearance System); and (iii) if the interest rate in force for the late payment of taxes due to the National Treasury does not include an inflation adjustment, such an adjustment shall be added to the interest rate in force for the late payment of taxes due to the National Treasury, in accordance with the General Market Price Index of Getúlio Vargas Foundation (IGP-M/FGV). If this index is discontinued, it will be replaced with an inflation adjustment index established by law, with similar composition and scope, in order to preserve the economic value in question and avoid its deterioration as the result of inflation.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

4.3 - In the event of a relevant impact on the economic equilibrium established among the parties under the Proposal, the parties shall agree upon the adjustment necessary to reestablish said equilibrium. A deadlock shall constitute just cause for rescission of the contract established under the Proposal and its appendices, without prejudice to any penalty applicable.

4.4 - In light of the nature of the Services, amounts payable to KPMG (except for any success fee agreed upon among the parties to the Proposal) are not contingent upon proof of specific consideration. The allegation of the existence of the contractual relationship established under the Proposal is sufficient to support any claim for fees, without prejudice to the right of CLIENT to demand, through proper means, the complete fulfillment of specific obligations of KPMG, through specific performance, upon the occurrence of any default.

5 - Result(s) of the Services

5. 1 – Acceptance of the Result(s) of the Services

When the Result(s) of the Services, as set forth in the Proposal, are to be delivered as a report, the content(s) of the report(s) will be discussed with the management of CLIENT before the final report is issued. In the absence of any response from CLIENT within ten (10) days as of the date of delivery of the report(s), or other period expressly stated in the Proposal, the lapse of the mentioned term, without an express response from CLIENT, will be deemed as the acceptance of the Result(s) of the Services and the non-acceptance without just cause will be considered as the automatic assumption by CLIENT of total and unrestricted responsibility for the consequences arising from the non-receipt of the report(s) that may be prejudicial to CLIENT, to KPMG or to third parties.

5.2 - Use of the Result(s) of the Services

a. CLIENT agrees that any part of the Work Product(s) is confidential and for the sole use of CLIENT.

b. Except in cases where disclosure is required by law, the CLIENT shall not disclose or allow access to any part of the Result(s) of the Services by third parties. CLIENT will also not reveal or refer to the Work Product(s), in full or in part, or the content of documents that form the basis for hiring KPMG including the Proposal and its appendices, unless upon prior express consent from KPMG.

c. CLIENT agrees to previously consult KPMG in writing about CLIENT's intention of revealing/disclosing any part of the Result(s) of the Services, as well as provide KPMG with all pertinent information together with the information requested in order to enable KPMG to evaluate and opine, exclusively, according to the legal and ethical principles to which KPMG is subject in light of internal policies and legal or regulatory requirements.

d. Notwithstanding KPMG's eventual approval of any disclosure of the Result(s) of the Services, CLIENT agrees that the use or disclosure by CLIENT of any part of the Work Product(s), in any case and for any purpose, will be based on the evaluation of the convenience and opportunity of such use or release to be performed by CLIENT through its executives, consultants or advisors and therefore under CLIENT's exclusive risk and responsibility.

e. Consequently, it is agreed between KPMG and CLIENT that should CLIENT use or reveal any part of the Result(s) of the Services, CLIENT will automatically be responsible for any consequence, damage or loss resulting or arising from such use or revelation, which may be experienced by CLIENT, KPMG, including KPMG's Representatives or third parties.

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

5.3 - KPMG Property

a. In order to be able to provide better services, KPMG creates, acquires or uses various concepts, methodologies and techniques, models, standards, software, operator interfaces or screen designs, as well as general advisory and software tools and systems operation methods, coherence and logic (collectively "KPMG Property"). KPMG retains all the rights to ownership of the KPMG Property.

b. In this regard, CLIENT shall not acquire any interest in or right to the KPMG Property, even when included in the Result(s) of the Services. KPMG Property will not include any part of CLIENT's confidential information nor CLIENT's tangible or intangible property and KPMG shall have no right to such property.

6 - Work Papers

a. According to applicable legal and regulatory norms and/or KPMG policy, during the performance of the Services and after their conclusion, for the purposes of documenting significant aspects, if necessary, KPMG may retain and keep copies and notes of all Data that is provided to KPMG as a result of or arising from the performance of the Services.

b. Nevertheless, the CLIENT shall be responsible for keeping, for the period legally required, all documents or information useful or necessary to support its operations and resulting obligations, or for other purposes of interest of CLIENT.

7 - Confidentiality

a. KPMG, on its own behalf as well as on behalf of the professionals involved in the performance of the Services, agrees to keep confidential information and documents of the CLIENT to which it may have access ("Confidential Information"), and shall not use or reproduce the Confidential Information without prior and express authorization of the CLIENT, except (i) in the cases expressly foreseen herein; (ii) for the purpose of execution of the Services and (iii) for the purpose of compliance with legislation, professional rules or judicial or administrative order.

b. The obligation of confidentiality does not apply to information that:

   i. is or becomes available to the public in general without breach of this document;

   ii. is already known by KPMG without an obligation of confidentiality at the time of disclosure by CLIENT;

   iii. is independently developed by KPMG without using the Confidential Information;

   iv. is required to be disclosed in accordance with the law, or needs to be disclosed in order for KPMG to defend itself in administrative, arbitration or judicial proceedings;

   v. is disclosed by CLIENT to third parties without similar restrictions;

   vi. is received from a third party without a restriction on disclosure;

   vii. the parties agree to disclose from time to time.

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

c. KPMG may share Confidential Information with other KPMG International Cooperative member firms, provided that the confidentiality obligation foreseen in this clause is preserved.

d. The confidentiality obligation will continue in force after termination of the contractual relationship based on the Proposal and its appendices, regardless of the motive for rescission or termination, for the period of 1 (one) year and, exceptionally, for the period foreseen in the law that expressly regulates the information to which KPMG may have access as a result of or arising from the performance of the Services.

e. If one of the parties receives a court order or other administrative or judicial order, requiring the disclosure of Confidential Information or of the Result(s) of the Services, that party shall notify the other party in writing of such order, provided that such notification does not infringe any applicable laws. As soon as the party receiving the order to reveal Confidential Information sends the notice, as provided in the preceding sentence, the party receiving the order will be entitled to comply with such order to the extent permitted by law or determined in such order, and will be subject to any protective or similar valid and effective court order that the party interested in the maintenance of the confidentiality of the information may happen to obtain. The mere refusal to authorize the release of the Confidential Information or of the Result(s) of the Services, unaccompanied by judicial order, will not be sufficient to impede compliance with the authority's order.

f. KPMG may, without requesting the CLIENT's consent, disclose Confidential Information to relevant authorities if KPMG identifies possible evidence of money laundering, as foreseen in applicable law.

8 - Limitation of Liability

a. In any case, the indemnification due by KPMG and its Representatives to CLIENT or to third parties related to CLIENT, as a result of or arising from the rendering of the Services, will be limited to the maximum, sole and total amount that corresponds to the amount of the fees actually paid by the CLIENT to KPMG. This liability limit will apply to all claims against KPMG or its Representative(s), including those brought by third parties, such that once the limit is reached by one or several actions against KPMG or its Representative(s) brought either by CLIENT or third parties, CLIENT and its related third parties may not claim any further indemnity against KPMG or its Representative(s).

b. The limitation above shall not apply in the event of bad faith of KPMG or its Representatives, nor in relation to the labor or tax obligations of exclusive responsibility of KPMG, under the terms of this document.

c. With respect to the action of third parties, the CLIENT agrees to indemnify KPMG for any damages, losses and expenses that KPMG may happen to incur as a result of actions, claims, litigation or questionings by third parties, related directly or indirectly to the Services, except when these actions, claims, litigation or questionings arise from bad faith of KPMG or its Representatives.

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix I
Terms and Conditions

9 - Use of Electronic Means

KPMG Information Security Policy is consistent with the market (except cryptography); however, KPMG will not be responsible for any damages resulting from electronic communication. During the contractual relationship based on the Proposal and its appendices, KPMG may communicate with CLIENT by electronic mail or transmit documents electronically. CLIENT accepts the risks inherent to these forms of communication (including the risk of interception or unauthorized access, the risk of corruption of communications, viruses and other prejudicial artifacts, which may occur irrespective of KPMG's Information Security Policy) and agrees that only final versions of documents and information transmitted by KPMG will be considered by CLIENT. KPMG shall be responsible only for the original content of its records. The unauthorized use of such information by third parties shall not be the responsibility of KPMG.

10 - Corporate Logotype

a. CLIENT hereby authorizes KPMG to use CLIENT's name and logotype as well as similar trademarks in the reports and presentations relating to projects developed for CLIENT.

b. For the purpose of marketing, publication or the negotiation of services (and/or for the purpose of presentation to a client or internal use) KPMG and the member firms of the KPMG global network may reveal the fact that they have rendered or are rendering services to CLIENT, identifying CLIENT by its name (and/or logo) and indicating only the general nature or category of these services and any details that legally enter the public domain.

11 - Rescission

a. In addition to the circumstances established by law, the following shall be considered just cause for rescission of the contractual relationship established herein:

   i. without any penalty, the filing of a bankruptcy, receivership, "recuperação judicial" or "extra-judicial" petition or dissolution of the parties;

   ii. without any penalty, amendment to the Articles of Association or Bylaws or a change in the purpose or corporate structure of any of the parties that impairs the performance of the Services;

   iii. without prejudice to applicable penalties, the transfer or assignment of the rights and/or obligations pertaining to the Proposal and its appendices, without prior express authorization by the other party;

   iv. without prejudice to the applicable penalties, the breach of any obligation established in the Proposal or its appendices, by any of the parties, if the breach is not cured by the infringing party within a period of ten (10) days from its receipt of notice of breach from the innocent party;

   v. without any penalty, in the interest of the parties, upon 15 (fifteen) days prior notice in writing;

   vi. without any penalty, should the work or contractual relationship become barred by Brazilian or international rules; or

   vii. without penalty, in the event of force majeure in accordance with Article 393 of the Brazilian Civil Code, which impedes the performance of the Services for more than 30 (thirty) days.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

b. Irrespective of the reason and origin of the rescission, without prejudice to the applicable penalties, the CLIENT is obliged to reimburse all reimbursable expenses as provided in the Proposal and which were incurred by KPMG until the effective date of rescission, as well as to pay for the Services performed until rescission date.

12 - Other Terms, Duration and Venue

12. 1 - Notices

a. Notices concerning the contractual relationship established among the parties will be deemed delivered when addressed as follows:

   i. in the case of the CLIENT, to the address identified in the Proposal and to the individual to which the Proposal is addressed;

   ii. in the case of KPMG to the address in the letterhead of the Proposal and to the individual that signed the Proposal.

b. Notices will be valid upon proof of delivery to the correct address, even though they may not be received for any reason.

If any of the parties changes address for the purpose of notice, it must send a prior notice in writing to the other party concerning the new address, informing the date of effectiveness of the change. Until this is done, notices sent to the last address informed by a party will be deemed valid and effective for all purposes.

12.2 - Joint and Several Liability

Where there is more than one addressee of the Proposal, all of the addressees shall each be fully liable separately for the fulfillment of all terms and conditions of the Proposal and this document, as well as being so liable together as a group, in accordance with Article 264 of the Brazilian Civil Code, for the complete fulfillment of the contractual obligations established in the Proposal and in this document.

12.3- Independent Parties

None of the terms or conditions of the Proposal or this document - nor their acceptance - shall be interpreted by the parties or third parties, as establishing a partnership, joint venture, alliance or any kind of agency between the parties, nor an employment relationship between the Representatives of KPMG and CLIENT.

12.4 - No Exclusivity

Regardless of the acceptance of the Proposal and its appendices by CLIENT, KPMG shall be free to offer the same services as well as other services of any type to any other party, as KPMG considers appropriate, and it may use the KPMG Property for such.

12.5 - Force Majeure

A party shall not be in breach of its contractual obligations nor shall it incur any liability if it is unable to comply with the obligations pertaining to the Proposal and its appendices as a result of any cause beyond its control according to article 393 of the Brazilian Civil Code. In the event of any such occurrence affecting one of the parties, that party shall be obliged as soon as reasonably practicable to notify the other party(ies).

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

12.6 - Severability

Each clause or term of this document constitutes a separate and independent provision. If any of the provisions of this document is judged by any court or authority of competent jurisdiction to be void or unenforceable, the remaining provisions shall continue in full force and effect. In this case, the parties are no longer required to comply with the obligations resulting from the provision that is void, however, they must engage their best efforts to replace the void or unenforceable provision with another which, not having the vices of the original provision, enables, as close as possible, the results originally intended by the parties.

12.7 - Duration

a. The contractual relationship established under the Proposal and its appendices shall be in force as of the date of express or tacit acceptance of the Proposal by CLIENT and shall remain in force for the period necessary for the completion of the Services and the fulfillment of all obligations assumed by the parties, except for the circumstances which authorize the rescission of the contract, under the terms of this document.

b. If the Proposal is tacitly accepted, the contractual relationship among the parties will be deemed to begin on the date the performance of the Services commences even though the CLIENT may sign the Proposal indicating a later date.

12.8 - Governing Law and Venue

The contract established by the tacit or express acceptance of the Proposal and its appendices shall be governed and interpreted in accordance with the laws of the Federative Republic of Brazil and any questions that may arise in the interpretation and execution of this document or any other matters arising between KPMG and CLIENT, shall be decided by the courts of the city of São Paulo, in the State of São Paulo, Brazil.

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix II

Thomson Financial Securities Data Survey

Ranking by # of transactions

2013

		Deals
1	***	412
2	**KPMG**	**365**
3	***	257
4	***	247
5	***	228

2014

		Deals
1	***	479
2	**KPMG**	**408**
3	***	325
4	***	266
5	***	240

2015

		Deals
1	***	421
2	**KPMG**	**363**
3	***	297
4	***	251
5	***	242

2019

		Deals
1	**KPMG**	**432**
2	***	383
3	***	313
4	***	260
5	***	237

2017

		Deals
1	**KPMG**	**402**
2	***	380
3	***	343
4	***	322
5	***	302

Note: Full to Each Advisor – Any Involvement. Based on deal value <USD1.0bn as at 4 January 2019

Source: Thomson Reuters SDC

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix II

Credencials

Economic and Financial Valuation for an Investment Fund on the fair value of Vale S.A..

2019

Economic and Financial Valuation of Agrícola Famosa Ltda..

2019

Economic and Financial Valuation of biological assets of Brookfield Brazil Timber Fundo de Investimento em Participações ("BBTF I"), Pinus Participações S/A. and Parkia Participações S.A..

2019

Economic and Financial Valuation of Marbela Distribuidora de Bebidas Ltda..

2019

Economic and Financial Valuation for potential sale.

2019

Economic and Financial Valuation and Price Purchase Allocation (PPA) in the acquisition of 1,1641 wireless telecommunication sites of Oi S.A. to SBA Communications Corporation.

2019

Economic and Financial Valuation for Itaú related to investment in bonds PORT11, Porto Sudeste Brazil S.A..

2019-2015

Economic and Financial Valuation of Galvani Ind. e Com. S.A. for Yara Agrofértil S.A. Indústria e Comércio de Fertilizantes.

2015

Economic and Financial Valuation of convertible bonds of variable compensation based on royalties ("PORT11") of Porto Sudeste Brazil S.A..

Data base: 2015

Economic and Financial Valuation of Tranship Transportes Marítimos Ltda..

2015

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix II

Credencials

Economic and Financial Valuation of Densevix for future profitability purposes.

2015-2014

Economic and Financial Valuation of Eneva Participações S.A. and BPMB Paraíba S.A..

2015

Economic and Financial Valuation of Oceana Offshore S.A. for investment fund.

2015

Economic and Financial Valuation of Biosev S.A.and Biosev Bioenergia S.A. biological assets.

2015-2013

Economic and Financial Valuation of lemon and orange biological assets of Louis Dreyfus Commodities Agroindustrial S.A..

2015

Economic and Financial Valuation of TWS Brasil Imobiliária Investimentos e Participações Societárias Ltda..

2015

Economic and Financial Valuation of Rio Design Barra and Rio Design Leblon for Continental Assets, holding of Servenco Participações Ltda..

Data base: 2015-2014

Economic and Financial Valuation of Austral Participações S.A..

2015-2014

Economic and Financial Valuation of Burger King do Brasil Assessoria a Restaurantes Ltda..

2015-2014

Economic and Financial Valuation of Biscuit S.A.

2015-2014

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix II

Credencials

Economic and Financial Valuation for Vinci Partners on the Fair Values of its investee companies.

2015-2014

Economic and Financial Valuation of Cecrisa Revestimentos Cerâmicos S.A..

2015-2014

Economic and Financial Valuation of Oceana Offshore S.A..

2015-2014

Economic and Financial Valuation of Unidas S.A.

2015-2014

Economic and Financial Valuation of Wittel Comunicações Ltda.

Data base: 2015-2013

Economic and Financial Valuation of Pedreira Sapucaia Indústria e Comercia Ltda., in the context of its acquisition by G3X Engenharia S/A..

2014

Economic and Financial Valuation of Paraíba Gás Natural S.A.

2014

Economic and Financial Valuation related to the acquisition of 20% stake in Jirau HPP (3,750 MM).

2014

Economic and Financial Valuation consulting as the acquisition of several wind power projects for SoWiTec.

2014

Economic and Financial Valuation with the delivery of Queiroz Galvão Energia model for investment decisions.

2014

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix II

Credencials

DRESSER-RAND	Brookfield Energia Renovável	STATE GRID CORPORATION OF CHINA	[redacted]	inbrands
Economic and Financial Valuation related to the acquisition of Grupo Guascor.	Economic and Financial Valuation of the fair value of the assets of Santa Ana and Brasil Central Energia Ltda..	Economic and Financial Valuation related to the acquisition of 5 power transmission companies.	Economic and Financial Valuation of Império Sociedade Comercial de Bebidas Ltda..	Economic and Financial Valuation of Inbrands S.A.
2014	**2014**	**2014**	**2014**	**2014**

sawluz	VICEL	BRASYMPE ENERGIA S.A.	IBERDROLA	taesa
Economic and Financial Valuation of an I.T. Company for potential sale.	Assistance in the Economic and Financial Valuation for asset sale.	Economic and Financial Valuation of Brasympe for corporate restructuring purposes.	Economic and Financial Valuation related to the acquisition of Elektro.	Economic and Financial Valuation related to the acquisition of TBE Group (transmission) and UNISA.
2014	**2013**	**2013**	**2013**	**2013**

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix III

Curricula Vitae

Paulo Guilherme Coimbra

Partner
Corporate Finance
KPMG Rio de Janeiro

Function and Specialization

Corporate Finance – Mergers & Acquisitions, Valuation

Education, Licenses & Certifications

MBA – IBMEC Business School, Rio de Janeiro

BS – Production Engineering – Universidade Federal do Rio de Janeiro – RJ

Background

Paulo has a strong experience in advising clients throughout M&A transactions, and throughout valuation services. During his 18 years of Corporate Finance experience, he has participated in a wide range of activities, including: financial advisory to clients in mergers and acquisitions, privatizations and offerings. Paulo has provided deal management and valuation services on numerous cross-border transactions for both domestic/international and financial/strategic buyers in large and complex deals.

Before joining KPMG in Brazil he worked at Açúcar Guarani (prominent sugar and ethanol Company in Brazil) and was CFO at Cimentos Liz (major cement group in Brazil).

Professional and Industry Experience

Paulo has experience in several sectors, including Insurance, Energy and Natural Resources, Mining, Agriculture, Financial Services and Consumer Goods. His projects in KPMG are mainly focused on deal management process, advising investors or buyers, and valuation services.

- Advised Mitsui in the purchase price allocation related to the acquisition of Valepar's stake;
- Supported Vale in the Valuation of mining rights at aluminum chain assets;
- Assisted one of the largest Spanish Oil & Gas company on the divesture of its retail distribution gas in Brazil, by helping the client identify investors, negotiate and close the deal;
- Advised a major Oil & Gas company in several deals related to the acquisition of targets in Energy and Natural Resources sector, including the full valuation of several targets, analysis of strategic options, analysis of the largest players in the sector and advisory in the negotiations with targets;
- Valuation for the buy-side of one of the largest car distributors in Brazil. The client is one of the largest Japanese groups.

Representative Clients

LDC (BIOSEV), Petrobras, Petrobras Biocombustível, Bunge, São Martinho Group, Vale Energia Limpa, Mitsui, CRS Sugar, Açúcar Guarani, Coopersucar, Açucareira Corona.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix III

Curriculum Vitae

Lucas Ventura

Manager
Corporate Finance
KPMG Rio de Janeiro

Function and Specialization

Manager, Corporate Finance – Valuation

Education, Licenses & Certifications

Masters of Business Administration by IBMEC - RJ, Brazil

Graduation exchange at Universidade de Lisboa - Lisbon, Portugal

Graduation in Economics by UFF - RJ, Brazil

Background

Lucas joined KPMG in 2014, working on economic and financial evaluation, Purchase Price Allocation (PPA) and mergers and acquisitions in the Real Estate, Healthcare, Energy, Retail and Food, Oil and Gas and Industry sectors.

Professional and Industry Experience

- Real estate (review and elaboration of economic and financial valuations of different companies in the sector, such as shopping malls, warehouse and incorporators);
- Healthcare (helped a major player in the Brazilian healthcare sector in acquiring a hospital);
- Retail and food (elaboration of the expansion business plan of a major fast food company in Brazil for 3 consecutive years)
- Energy (generation - hydro, solar and wind and transmission);
- Oil & Gas (upstream, downstream and services - review of economic and financial valuations of different companies in the sector);
- Lucas' main projects at KPMG are mainly focused in the management of Compliance works (Valuation and PPA) and deal advising.

Main clients

- Member of Petrobras Audit's specialist team.
- Elaboration of the economic and financial valuation of a Oil and Gas related ship maintenance and services Company.
- Elaboration of the economic and financial valuation of Burguer King Brasil for three consecutive years.
- Elaboration of the purchase price allocation and economic and financial valuation of Natural da Terra, owned by Hortifruti.
- Elaboration of the economic and financial valuation of Ancar Ivanhoe Shopping Center Management company.
- Elaboration of the economic and financial valuation of Shopping Rio Design Leblon and Shopping Rio Design Barra.
- Elaboration of the economic and financial valuation of a real estate developer in the Northeast region.
- Elaboration of the purchase price allocation and economic and financial valuation of Aeroporto Internacional Tom Jobim (Galeão).

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV
Valuation methodology

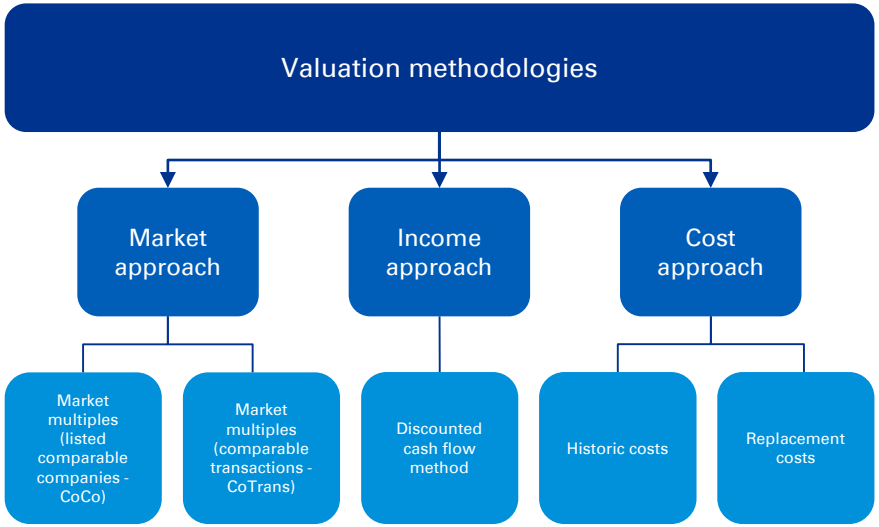
Valuation methodology

- The recent national and international Macroeconomic environment in the financial markets, together with a high liquidity and confidence crisis in all economic agents, has directly affected the activity of companies in the different economic sectors, as well as the number of transactions recorded in the market, making it more difficult to value a business using the valuation methods generally applicable.

- The valuation methodology used by KPMG intends to incorporate the current domestic and international economic conditions, which should not be set aside from the assumptions underlying the evolution of TAG's business. Additionally, our methodology aims to include the risks associated with the ability to generate cash flows, usually implicit in the discount rate or in multiple transactions and checked the most recent reviews.

- There is no single methodology for the assessment of a business. Overall, the market value of a business can be determined as the greater between a reasonable estimate of its future ability to generate profits and dividends and the amount that would be obtained if the business was liquidated.

- The potential market value of a business can be obtained through its ability to generate profits and dividends to adequately remunerate the assets in a going concern perspective. If, however, the level of profits and dividends generated against the company's assets is less than the compensation required by a market investor, the investor may benefit more from the liquidation of business.



Market approach

- The market approach estimates the fair value by comparing recent sales of similar assets. The information is adjusted based on factors like age, condition or type of sale, to reflect the specific characteristics of the asset. In the market approach, a variety of factors is considered by the market. However, the market does not necessarily value the contribution of the specific asset to the value of an ongoing enterprise. The market approach reflects current market perceptions, conditions and transactions.

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV

Valuation methodology

Income approach

- The income approach estimates the fair value from the future cash flows which the asset will generate over its useful life. The application of this approach involves projecting the cash flows which the asset is generating, based on current expectations and assumptions about future states. It should be noted though, that synergistic or strategic benefits in excess of those to be realized by market participants have to be removed from the projected cash flows. Then, these cash flows generated by the asset have to be converted to a present value by discounting them with the appropriate discount rate. The discount rate reflects the time value of money and the relevant risk associated with the cash flows and the intangible asset. The income approach can be further distinguished according to the way the cash flows generated by the asset are calculated.

Cost Approach

- The cost approach estimates the value of an asset based on the current cost to purchase or replace that asset. The cost approach reflects the idea that the fair value of an asset should not exceed the cost to obtain a substitute asset of comparable features and functionality. However, there may be little correlation between the cost incurred and the fair value created by an asset.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV

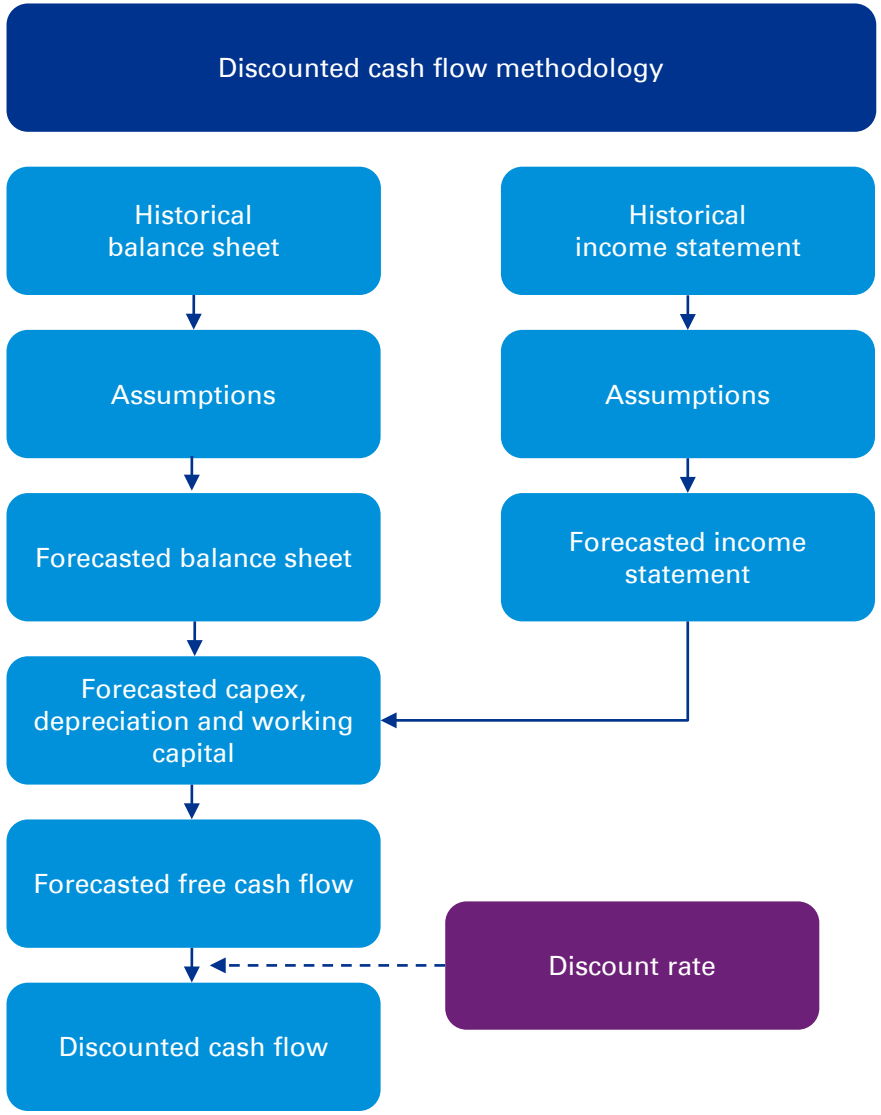
Valuation methodology

Discounted cash flow

- This methodology determines the economic value (or the market value) of the net worth of a company by calculating the present value of projected cash flows, i.e. the income and expenses (including investments needed for maintaining and expanding the company's activities) that are predictable from the perspective of perpetuity of the entity. These projections should take into consideration the business plan established by the company's management, the prospects for the sector of operation and macroeconomic aspects.

- The discounted cash flow methodology can be used to value any type of company provided it has a business plan that is consistent and feasible. This methodology is particularly recommended for companies that have reasonable prospects for significant expansion of their activities and whose business plan may be considered appropriate for obtaining this growth, since the methodology most adequately reflects the market value (or the economic value) arising from the projected future results.

- This methodology also reflects the value of all the intangible assets, such as brand name, client portfolio, product portfolio and market share, in the measure that all these assets have an effect on the company's capacity to generate results.



© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV
Valuation methodology

Free cash flow to equity

- The free cash flow to equity aims to evaluate the resources available to the shareholders of the business. The investors have right to the cash flows after all the financial obligations, including the payment of the debt and after the reinvestment requirements of the company. The free cash flow to equity is represented by the following formula:

Free cash flow to the equity
=
Net profit
+
Depreciation and amortization
+/-
Working capital
-
Investments (capital expenditures)
-
Net debt
+
Other assets (net of liabilities) non-operational

Free cash flow to firm

- The Free Cash Flow to the Firm aims to valuate the company as a whole, that includes, beyond the stockholding, the participation of others holders of rights in the company (holders of bonds, shareholders, etc). The free cash flow to firm can be represented by the following formula:

Free cash flow to the firm
=
Net profit
+
Depreciation and amortization
+/-
Working capital
-
Investments (capital expenditures)

KPMG
© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV

Valuation methodology

WACC

WACC takes into consideration various financing components, including debt, cost of equity and hybrid bonds used by companies to finance its cash needs. It is calculated according to the following formula:

D / (D + E)

*

Kd * (1 - t)

*

E / (D + E)

*

Ke

*

E / (D + E) * Ke + (D / D + E) * Kd = WACC

Weighted Average Cost of Capital

Being:

D = Total debt
E = Total equity
t = Tax rate
Kd = Cost of debt
Ke = Cost of equity

CAPM

The cost of equity for the company may be calculated using the CAPM (acronym for capital assets pricing model), considering that the company is evaluated in Brazil. It is calculated according to the following formula:

Rf

+

(1 + Ia)

+

(1 + Ibr)

+

β * (E[Rm] - Rf)

÷

Rb

*

Rs

=

[((Rf / (1 + Ia) * (1 + Ibr)) + β * (E[Rm] - Rf) + Rb + Rs) + 1] - 1 = Ke

Cost of equity

Being:

Rf= Average risk-free return
β= Beta (specific risk coefficient of the evaluated Company)
E[Rm]= Average long-term return obtained on the stock market of USA
E[Rm] - Rf = Market premium risk
CRP= Country risk of Brazil
Rs= Size premium of the Company
Ia= American inflation
Ibr= Brazilian inflation

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix IV

Valuation methodology

Multiples

- The comparative approach (i.e., price multiple criterion) is based on the market valuation of companies that are similar to the target company. It then creates an index of those valuations with respect to key profitability line items, or balance sheet groupings (e.g. net income, total assets, net worth, etc.). The resulting index-based valuation is assumed to reflect the future earnings power of the company. (e.g. EV/EBITDA, P/E, etc.).

- The valuation exercise is then centered on analyzing the financial performance of the target, and applying the comparative indexes to estimate the target's value. Because this analysis is based on exogenous investor perceptions of value, the comparative approach may be considered as an "external" valuation approach for the company.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix V

Example of a representation letter

Sample Representation Letter
To
KPMG (full name) ("KPMG")
(Address) ……..
Attn.:…….(KPMG Partner's Name):
(DATE)
Dear Mr. …….(KPMG Partner's Name):

This letter will confirm our understanding regarding certain elements of KPMG's engagement to assist …… (full name of CLIENT) ("……" or the "Company") in valuing certain assets of ……. (name of company(ies)) (the "Subject Assets") related to its acquisition of …….. ("……. "or the "Target"). The valuation was performed as of …… (the closing date of the acquisition) (the "Valuation Date").

We have reviewed KPMG's report and the related data that was used in this report. In connection with KPMG's valuation study, we have supplied KPMG with all significant and relevant information of which we are aware. The information supplied to KPMG includes:

- Historical financial statement data of …….. and its subsidiaries, which are audited / unaudited;
- Prospective financial data related to …… and its subsidiaries, for which we have no reason to dispute the underlying assumptions;
- All internal presentations that describe the history, nature of business, and outlook for ……..
- Other pertinent information.

We understand KPMG has relied on the aforementioned information and upon discussions with employees of the Company (and the Target) during KPMG's engagement and that KPMG has not undertaken any procedures to verify the reasonableness of this information. We understand that KPMG expresses no opinion as to the fairness of the presentation of the aforementioned information and that any alterations or modifications to this information could materially affect KPMG's findings.

We have no reason to dispute the underlying financial information upon which KPMG relied in their analysis. We understand that KPMG's findings are to be relied upon solely in connection with the circumstances set forth in the Proposal signed by KPMG and the Company.

Sincerely,
(Name of Professional authorized to sign on behalf of the Company) (CLIENT)
Title

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VI

Report disclaimers

The Report or any document to be prepared by KPMG will contain in its pages the paragraphs described below, without damage of other devices which at the discretion of KPMG should be included due to the services provided.

(1) The work described in this report was performed in accordance with the objectives, assumptions and other terms and conditions included in this report as well as in our proposal dated April 03, 2019 ("Proposal"), prepared to provide information for the internal and exclusive use of the Company. KPMG is not responsible for the use of this report by third parties for any purposes. If the Company discloses any information included in this report, KPMG will assume no responsibility directly or indirectly as a result of such disclosure.

(2) The objective of the work described in this Report, in accordance with the Proposal, was the valuation of the Company as of [BASE DATE] by KPMG.

(3) The Company, through its designated professionals, provided information related to data, projections, assumptions and estimates related to the Company (as described in the Proposal), used in this Report.

(4) The services rendered by KPMG were based on information provided by the Company as well as on discussions with the Company's professionals or advisors, and KPMG did not verify independently any public information or any information provided to it, in the course of this Report. KPMG does not express its opinion as to the accuracy of the information abovementioned, and notes that any mistake, change or modification of such information could impact significantly its analysis. According to the Proposal, the compilation of data and information does not mean acceptance or attestation of their truthfulness by KPMG.

(5) During the course of our work, we carried out analysis procedures whenever necessary. However, we emphasize that our work did not constitute an audit of the financial statements or of any other information provided by the Company and should not be interpreted as such. Our work took into consideration the relevance of each item, therefore, relevant assets and liabilities were not analyzed in detail. KPMG has not verified independently the information provided by the Company, so, it cannot confirm the precision, accuracy and sufficiency of such information and, therefore, the Company assumes all responsibility for the information provided to KPMG.

((6) The preparation of this Report was based on our reliance, with the express approval of the Company, on the accuracy, content, veracity, completeness, sufficiency and integrity of the data provided to or discussed with KPMG. Thus, KPMG has not inspected any asset, or prepared or obtained an independent valuation of the company's assets, liabilities, or its solvency. Therefore, the Company, including its Management, takes responsibility for all information provided to or discussed with KPMG.

(7) Except when otherwise stated, in footnotes or specific references, all data, historic or market information, estimates, projections and assumptions, included, considered, used or presented in this Report were provided by the Company to KPMG.

(8) Any changes in the information provided by the Company to KPMG may impact the results of this Report. KPMG assumes no responsibility for updating, reviewing or amending this Report, as a result of the disclosure of any information subsequent to the date of the issuance of this Report.

(9) There is no guarantee that the assumptions, estimates, projections, preliminary or final results, or that the conclusions used or presented in this Report will be effectively achieved or verified, partially or completely. Company's future results might be different from the projections, and these differences might be significant, as a result of a variety of factors, including, but not limited to, changes in the marketplace. KPMG takes no responsibility related to such changes.

(10) Neither KPMG nor its Representatives declare, guarantee or express their opinion, explicitly or implicitly, as to the precision, integrity, or feasibility of any projections or the assumptions they were based on.

(11) This Report was prepared based on economic, market and other conditions applicable on the date of its issuance. Therefore, the conclusions herein presented are subject to variations related to a variety of factors.

.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VI

Report disclaimers

(12) In accordance with the objective and scope of the Proposal, KPMG does not guarantee or express an opinion as to the probability that the assumptions included in the Company's financial projections will take place and will not express an opinion on the probability that any projected value will be realized, considering that projected events often do not occur as projected due to external economic and operational factors causing significant changes. Furthermore, even though the assumptions and projections occur according to the Company's expectations, KPMG cannot guarantee that the related debt will be paid in accordance with the terms initially established.

(13) This Report does not address personal or specific interests. Thus, the results of analysis that might be performed by third parties might differ from the results of our analysis, and this will not characterize a deficiency in the work performed.

(14) Although the work in which this Report was based on was performed by KPMG under technical orientation and independently, the analysis of the different factors that characterize this report, is subjective in nature, such that an analysis performed by other professionals, may express points of view different from those presented by KPMG.

(15) This Report may not be released to third parties, copied, published, be used in anyway, nor be filed, included or referred to, partially or completely, in any document without the prior consent of KPMG.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VII

Agreement to release information

PRIVATE AND CONFIDENTIAL

[CLIENT'S NAME]

[CLIENT'S ADRESS]

[NAME OF CLIENT DIRECTORS]

[DATE]

Dear sirs,

Report on [DESCRIPTION]

You have asked us to provide a copy of this Firm's confidential report dated [data] (the "Report") to [razão social completa do Terceiro] (definir termo com parte da razão social do Terceiro). This request has been made in the context of [informe o contexto – por exemplo: the proposed acquisition of [razão social completa do Target] ("Target") by [razão social completa da entidade] (the "Activity").

As you are aware, significant events may well have occurred since the date of the Report. It is not this Firm's function or responsibility to provide to [Nome do Terceiro] any information that may have come to this Firm's attention, whether or not disclosed to or discussed with or reported to you, at any point after that date.

This Firm's general policy is not to agree to provide to third parties confidential reports issued by this Firm. However, this Firm agrees to provide the Report to [Nome do Terceiro], but only on the basis of this letter and the enclosed letter. Therefore, the purpose of this letter is to confirm your agreement to the terms set out herein and to secure your authorization to provide the Report to [Nome do Terceiro].

As a condition of providing the Report to [Nome do Terceiro], as well as responding to any requests for information and explanations in relation to the Report in the course of or in connection with [Nome do Terceiro]'s review of the Report, this Firm requires that [Nome do Terceiro] agrees to the terms of the letter enclosed (Hold Harmless Letter).

This Firm does not accept or assume responsibility to anyone other than you as the addressee of the Report, for the Report or for any judgments, findings, conclusions, recommendations or opinions that this Firm has formed or made. As you will appreciate, our work was undertaken and the Report was issued, on agreed terms of engagement, in order that this Firm might state to those matters on which this Firm agreed to report and for no other purpose. This Firm's work and the Report were not planned or prepared in contemplation, or for the purpose, of [Nome do Terceiro]'s interests or needs. Therefore, items of possible interest to [Nome do Terceiro] may not have been specifically addressed for the purposes of the Report. Consequently, the Report was not prepared for, and should not be treated as suitable for, any purpose other than that set out in the Report itself and/or in the terms of engagement

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VII

Agreement to release information

Accordingly, this Firm requires that you and [Nome do Terceiro] agree to the following conditions:

(a) You accept the risk, and do not and will not hold this Firm responsible, if [Nome do Terceiro]'s review of the Report or any information or explanations (if any) that this Firm gives to them in relation to the Report or in connection with their review of the Report:

(i) results in or contributes to the termination or reduction of the interest of [Nome do Terceiro] in, or to the alteration to the proposed terms of, the Activity, or otherwise affects the Activity or the prospects of its maturing into a binding transaction; or

(ii) causes an action or proceeding to be brought at any time against you or your professionals; or

(iii) results in [Nome do Terceiro] or any other person or entity using or misusing any confidential information obtained from a review of the Report or from any information or explanations given by this Firm.

(b) You accept that, this Firm owes you no duty of care or other obligation and has no liability to [Nome do Terceiro], in relation to or in connection with the Activity as a result of providing the Report to [Nome do Terceiro] or any information or explanations (if any) that this Firm gives in relation to the Report or in connection with the review by [Nome do Terceiro] of the Report.

(c) You confirm that you have all necessary permissions from relevant parties, to authorize provision of the Report, and that there are no duties of confidentiality owed to any party which would prevent the Report being provided to [Nome do Terceiro].

If you are in agreement, please have the legal representative of ENGIE sign in the space provided below and return one counterpart to the signatory.

Yours faithfully,

Paulo Guilherme Coimbra
Partner
[NOME DA FIRMA MEMBRO KPMG]

ACKNOWLEDGEMENT
Acknowledged, confirmed and agreed, for and on behalf of ENGIE Brasil Energia S.A. Ltda.

Signature:
Name:
Title:
Date:

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VIII

Example of agreement to release information

PRIVATE AND CONFIDENTIAL

To the Directors

[COMPANY NAME]

[CLIENT'S ADRESS]

Rio de Janeiro, [DATE].

Dear sirs,

1. In connection with [Identify context – example: your interest in the proposed acquisition of [RSOCIAL DA EMPRESA ALVO] (the "Target") by [RSOCIAL DO COMPRADOR] ("the Activity"), at your request our client ENGIE Brasil Energia S.A. ("the Company") has requested this Firm to provide you with a copy of our confidential report dated [data] (the "Report"). The Company has also authorized this Firm at this Firm's discretion to give information or explanations in relation to the Report or in connection with your reading of the Report where we consider it appropriate to do so.

2. You should note that significant events may well have occurred since the date of the Report. It is not this firm's function or responsibility to provide to you any information that may have come to this firm's attention, whether or not disclosed to or discussed with or reported to the Company, at any point after that date.

3. This Firm does not accept or assume responsibility to anyone other than the Company, for its work, for the Report or for any judgments, findings, conclusions, recommendations or opinions that this Firm has formed or made. The work was undertaken and the Report was issued, on agreed terms of engagement, in order that this Firm might state to the Company those matters on which it agreed to report and for no other purpose.

4. This Firm's work and the Report were not planned or prepared in contemplation, or for the purpose, of your interests or needs.

5. Therefore, items of possible interest to you may not have been specifically addressed for the purposes of the Report. The use of professional judgment, and the assessment of issues or their relevance (as appropriate) for the purpose of this Firm's work and the Report, mean that matters may have existed that would have been assessed differently by you for your purposes. This Firm does not warrant or represent that the information in the Report, or that information or explanations (if any) that may be given by this Firm in relation to the Report, are appropriate for your purposes. The Report was not created for, and should not be treated as suitable for, any purpose other than that set out in the Report itself and/or in the terms of engagement.

6. For the foregoing reasons, neither the Report nor information or explanations (if any) that may be given by this Firm in relation to the Report or in connection with your reading of the Report can in any way serve as a substitute for other enquiries and procedures that you would (or should) otherwise undertake and judgments you must make for the purpose of satisfying yourself regarding any matters of interest to you regarding the Report or for any other purpose in connection with the Activity. Apart from the Company, no-one else should rely for any purpose whatsoever upon the Report or any information or explanations (if any) that this firm may give in relation to the Report or in connection with your reading of the Report.

7. This Firm is prepared to provide the Report to you and at this Firm's discretion to give information and explanations in relation to the Report or in connection with your reading of the Report, on condition that you acknowledge and accept the foregoing paragraphs (including that the position in respect of this Firm's work and the Report will remain as stated at paragraph 3 above following the provision to you of the Report and the giving of information and explanations (if any) in relation to the Report) and agree to the following conditions upon which the Report is provided to you and the explanations and information referred to are given:

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VIII

Example of agreement to release information

(1) You accept, agree and acknowledge that:

(a) for the purposes of this letter, the expression "the Information" shall mean the Report and any information and explanations that may be given by this Firm in relation to the Report or in connection with your reading of the Report;

(b) in respect of the Information (and any part of it) the onus shall be upon you to obtain verification direct with the Company and/or the Target rather than seek to rely on this Firm;

(c) this Firm owes no duty to you, in contract or under statute or otherwise with respect to or in connection with the Information or its provision or in relation to the Report;

(d) if, notwithstanding the terms of this letter, you do rely upon any of the Information or the Report for any purpose, you will do so entirely at your own risk;

(e) you will not bring any actions, proceedings or claims against this Firm where the action, proceeding or claim in any way relates to or concerns or is connected with the use of or reliance on the Information or the Report;

(f) to the fullest extent permitted by law, this Firm has no liability to you for any loss or damage suffered or costs incurred by you, arising out of or in connection with the Information or its use or the Report, however such loss or damage is caused;

(g) you will not refer to the Information nor allow access to it or any report derived therefrom to any person or entity without this Firm's prior written consent. However, you will not need to obtain such consent in order to disclose and discuss the same (i) with the Company for the purpose of discussions concerning the Activity; (ii) with your financial advisers but then only on the basis that this Firm will have no duty or liability to them; or (iii) otherwise as required by a Court or by statute or by a competent regulator.

Where this Firm is willing to give written consent, this Firm will require as a condition of such consent that the other person or entity agrees in writing to be bound by and to observe the terms set out in this letter

(2) You agree to compensate and reimburse this Firm for and protect this Firm against all actions, proceedings and claims brought or threatened against this Firm, and all loss, damage and expense (including legal expenses) relating thereto where such action, proceeding or claim has arisen out of or results from or is connected with the use of, or reliance upon, the Information or any part thereof by any person or entity receiving it where such actions, proceedings or claims would not have arisen, but for the failure by you. If any payment is made by you under this paragraph, you will not seek recovery of that payment from this Firm at any time.

(3) Without limiting the obligation in paragraph 7(1)(g) above, you agree to ensure that the notice attached as Attachment 1 to this letter is attached to any document identifying us or the Information which is obtained as a result of your access to the Report and is included in any note or report or other document in which you make reference to the Information

8. The work resulting in the Report was undertaken by, and the Report was issued by and is the sole responsibility of, this Firm, that is KPMG [full name]. In paragraph 7(1)(c) to (g) and 7(2) of this letter all references to "this Firm" (except for the first and the last two references in the paragraph 7(1)(g)) shall have an extended meaning so that they include, in addition to KPMG, the partners, directors, employees and agents of this Firm and any person or organization associated with this Firm through membership of the Swiss co-operative of professional service firms to which this Firm belongs and their partners, directors, employees and agents. This letter is for the benefit of all of those third parties referred to in the previous sentence and each of them may enforce in their own right all of the terms of this letter.

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Appendix VIII

Example of agreement to release information

9. This letter sets out the entire agreement as between you and this Firm in relation to the conditions upon which the Report is provided to you by this Firm and upon which information or explanations (if any) in relation to the Report or in connection with your review of the Report are given by this Firm to you. This letter replaces all prior agreements or understandings (if any) between or amongst you and this Firm in that regard.

10. The terms of the agreement shall be governed solely by Brazilian law, and the Courts of São Paulo, Brazil, shall have exclusive jurisdiction in respect of any dispute arising out of it or in connection with it. You and this Firm irrevocably waive any right to bring proceedings in any other jurisdiction, to object to proceedings being brought in those Courts, to claim that the proceedings have been brought in an inappropriate forum, or to claim that those Courts do not have jurisdiction.

11. Please confirm your agreement to and acceptance of the provisions of this letter by signing, dating and returning to us a copy of this letter. We will then provide the Report to you.

Yours faithfully,

Paulo Guilherme Coimbra
Partner
KPMG Corporate Finance Ltda.

ACKNOWLEDGEMENT

[RSOCIAL DO TERCEIRO] hereby acknowledges that it agrees to and accepts the provisions of this letter.

Signature:
Name:
Title:
Date:

KPMG

© 2019 KPMG Corporate Finance Ltda., a Brazilian [legal structure] and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

Contacts

Paulo Guilherme Coimbra
Partner
Corporate Finance
Tel: +55 (21) 2207-9219
Fax: +55 (21) 2207-9000
pgcoimbra@kpmg.com.br

Lucas Ventura
Manager
Corporate Finance
Tel: +55 (21) 2207-9016
Fax: +55 (21) 2207-9000
lventura@kpmg.com.br

kpmg.com/BR

/kpmgbrasil

© 2019 KPMG Corporate Finance Ltda., a Brazilian simple society and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Brazil.

This proposal has been made by KPMG Corporate Finance Ltda. a Brazilian simply society and a member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG International provides no client services. This proposal is strictly confidential and has been prepared exclusively for the internal use of CLIENT in order to provide sufficient information to engage the KPMG Corporate Finance Ltda. services. This proposal does not carry any right of publication or disclosure to any other party. Neither this proposal nor its content may be used for any other purpose without prior written consent of KPMG Corporate Finance Ltda.. KPMG owns the rights to this document, including copyright and intellectual property rights.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Chairman's Office

Legal Affairs Area

Rua Paschoal Apóstolo Pítsica, 5064, Bairro Agronômica
CEP 88025-255 – Florianópolis – SC
Fone # +55 (048) 3221-7287
www.engie.com.br