ANNEXES

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ANNEX 1

SPECIFICATIONS BOOK

ANNEX 2

PERFORMANCE BOND PRESENTED BY SUB-CONCESSIONAIRE

[TO BE INSERTED UPON THE SIGNATURE OF THE SUB-CONCESSION CONTRACT]

ANNEX 3

INCREMENTAL CASH FLOW

1. Incremental Cash Flow

1.1 The process of economic and financial rebalancing will be carried out in such a way that the net present value of the projected **Incremental Cash Flow** due to the event leading to the rebalancing is null, considering (i) the flows of incremental expenses resulting from the event that led to the rebalancing; and (ii) the flows of incremental revenues resulting from the event that led to the rebalancing.

1.2 The incremental revenues and expenses flows referred to in item 1.1 above will be discounted by the **Incremental Cash Flow**'s Discount Rate to be determined by **ANTT**, calculated by the WACC – Weighted Average Cost of Capital methodology.

1.3 For the purpose of determining the flows of incremental expenses, the following criteria will be used to estimate the value of the investments, costs and expenses resulting from the event that led to the rebalancing.

1.3.1 The amount of investments, costs and expenses must be proposed by the **Sub-Concessionaire**, upon presentation of a valuation, formulated for each item listed, using the constant value of the Railway Cost System - SICFER, under the management of **ANTT**.

1.3.2 In the event that the proposed service does not exist in SICFER, the **Sub-Concessionaire** must use values of at least 03 (three) budgets obtained from the market.

1.4 For the purposes of determining the incremental revenue flows where a demand forecast is required, the following procedure will be used in two steps:

1.4.1 At the time of the economic-financial rebalancing, the initial calculation for the rebalancing dimension will consider the actual demand verified in the previous years and will adopt the best practices to project the demand until the **Sub-Concession Contract's** term .

1.4.2 Periodically, the mentioned initial calculation will be revised to replace the projected demand by the respective actual demand values, in accordance with the provisions of the following items.

1.5 The demand forecasting mentioned in item 1.4 above must be prepared by the **Sub-Concessionaire** and submitted to **ANTT's** approval, which may choose to use its own projection, subjected to the criteria set forth in this **Annex**.

2. Review of the Incremental Cash Flow resulting from each Rebalancing

2.1 For each economic-financial rebalancing process in which a demand forecast has been adopted, **ANTT** will review the respective incremental revenue flows referred to in the previous items to adjust the demand forecast data to the current demand data calculated during the effective term of the **Sub-Concession**, being that:

(i) the review to be fulfilled must consider other information observed during the effective term of the **Sub-Concession** to replace estimated variables used in the **Incremental**

Cash Flow, with no change in the estimated values for the investments, costs and expenses considered in the incremental expenses flows;

(ii) reviews will be made at intervals of 5 (five) years, counted from the **Date of Assumption**, and in the **Sub-Concession** term; and

(iii) in the review to be carried out by **ANTT,** the Discount Rate originally used in the projected **Incremental Cash Flow** due to the rebalancing must be maintained.

2.2 In case of extinction of the **Sub-Concession**, if the last review of the **Incremental Cash Flow** reveals favorable results to the **Sub-Concessionaire, ANTT** may:

(i) deduct the result of the **Incremental Cash Flow** from any indemnification due by the **Granting Authority** to the **Sub-Concessionaire**; or

(ii) assign additional charges to the **Sub-Concessionaire** so that the respective expenses cancel the net present value of the **Incremental Cash Flow**; or

(iii) retain amounts paid by the **Sub-Concessionaire**, as in the **Performance Bond**, until such amounts cancel the net present value of the **Incremental Cash Flow**.

2.3 Upon extinction of the **Sub-Concession**, if the **Incremental Cash Flow**'s last revision reveals an unfavorable result to the **Sub-Concessionaire**, **ANTT** must recompose the economic-financial balance of the **Contract**, adopting one or more means for the rebalancing, under sub-clause 22.7, to provide additional revenues to the **Sub-Concessionaire**, in order to cancel the net present value of the **Incremental Cash Flow**.

ANNEX 4

TARIFF DISPERSION LIMIT

1. Tariff Dispersion Limit

1.1. Subject to the other obligations set forth in this **Contract**, the **Sub-Concessionaire** must practice the **Transport Tariffs** of its commercial interest, assuring that the values required of the **Users** preserve upper and lower limits, obtained from the following formula:

$$(\mu_{i,t} - 2{,}6 * \sigma_{i,t}) \leq x_{i,t} \leq (\mu_{i,t} + 2{,}6\ \sigma_{i,t}) \qquad (1)$$

Where:

i: corresponds to the merchandise transported;

t: corresponds to the period between the base adjustment dates;

μ i,t: corresponds to the simple arithmetic average of the quotients (i) of the **Transport Tariffs** of the merchandise "i", required by the **Users** in year "t", and (ii) the **Reference Tariff** of merchandise "i", required by **Users** in year "t", measured in BRL/1,000 TKU;

σ i,t: corresponds to the population standard deviation of the quotients (i) of the **Transport Tariff** of the merchandise "i", demanded by the **Users** in year "t", and (ii) the **Reference Tariff** of merchandise "i", required by **Users** in year "t", measured in BRL/1,000 TKU; and

x i, t: corresponds to each one of the quotients (i) of the **Transport Tariff** of the merchandise "i", required of the **Users** in year "t", and (ii) of the **Reference Tariff** of the merchandise "i", required by **Users** in year "t", measured in BRL/1,000 TKU.

1.2. The Monitoring of the **Tariff Dispersion Limit** implementation will be based on data contained in the System of Monitoring and Supervision of the Railway Transportation ("SAFF"), and **ANTT** may, in its sole discretion, replace it by another system or detailed report.

ANNEX 5

PROCEDURE FOR CLAIMING DEFECTS FOUND DURING THE INTERIM RECEIPT TERM

1. Introduction

1.1 The **Sub-Concessionaire**, starting from the signature of the **Interim Receipt Term**, will have the period of 365 (three hundred and sixty-five) days to file a complaint to **ANTT**, due to possible latent defects of the **Railway** assets whose possession was transferred to it by the **Subcontracting Intervenient**, due to the **Sub-Concession Contract**.

i. The **Sub-Concessionaire** cannot claim defects to which it has given cause;

ii. The defects resulting from an **Unforeseeable Incident** or **Force Majeure** occurring after the **Assumption Date** will not lead to the economic and financial rebalancing of the **Contract**;

iii. It is allowed to claim assets that were eventually delivered in disagreement with the report of the project "as built" delivered along with the **Interim Receipt Term**.

2. Procedure

2.1 The **Sub-Concessionaire**, by means of the **Interim Receipt Term**, will receive from the **Subcontracting Intervenient** the permission to use the assets for the provision of the railway transport service of freight sub-granted to it.

2.2 If, in the course of providing the sub-granted service, the **Sub-Concessionaire** finds technical or quality defects in assets, so as to compromise the safety and efficiency of the rail freight service, it must submit a complaint to **ANTT**.

2.3 **ANTT** must, within a period of up to 10 (ten) days counted from the receipt of the claim, institute a specific administrative proceeding for its appraisal.

2.4 Within 5 (five) days after the administrative proceeding mentioned in sub-clause 2.3, **ANTT** must request the **Subcontracting Intervenient** to express its opinion about the claim.

2.5 **Subcontracting Intervenient** will have up to 30 (thirty) days, counted from the receipt of the notification, to express itself about the terms of the claim.

2.6 **ANTT** will have a period of 60 (sixty) days, counted from the receipt of the manifestation of the **Subcontracting Intervenient**, to issue a final decision on the **Sub-Concessionaire**'s claim.

3 Final Provisions

3.1 The complaint must be accompanied by technical report detailing thoroughly the found defects.

i. The report must be signed by a professional duly proven to have been accredited to the class entities related to the identified defect(s).

3.2 **ANTT** may, prior to the issuance of its decision, request additional information from the **Subcontracting Intervenient** and from the **Sub-Concessionaire**, as well as carry out technical inspections at the **Railway** to assist in the judgment of the claim.

3.3 If the defects are confirmed after a final decision by **ANTT**, the **Sub-Concessionaire** will be entitled to the economic and financial rebalancing of the **Contract**.

3.4 **ANTT**, in an exceptional manner and considering the complexity of the case, may extend the time limits established in this **Annex 5**, except for that established in item 1.1.

3.5 The period established in item 1.1 is non-extendable, and the claim filed after the deadline must be rejected immediately.

3.6 The decision made by ANTT as a result of the claim is not subject to administrative appeal.

3.7 The **Sub-Concessionaire** will not be entitled to file a claim for any defects found after the expiration of the term established in item 1.1

ANNEX 6

GRANT FEE ADDITION

1. The **Grant Addition** will be calculated annually by **ANTT**, based on the information presented in the Annual Monitoring Report (RAA) of the **Specifications Book.**

2. **ANTT** may request changes to the Annual Monitoring Report (RAA) or make the necessary adjustments to ensure prompt calculation of the **Grant Fee Addition.**

3. The **Grant Fee Addition** will be calculated through the following formula:

$$A_{t+2} = AI_{t+2} + AR_{t+2} \tag{6}$$

Where:

t**:** corresponds to the year in which should have been fulfilled the investment obligation of the **Investment Plan**, or used the **Technological Development Resource**, the **Resource for Preserving the Railway Memory** or the **Grade Crossing Resources.**

At+2**:** corresponds to the total **Grant Fee Addition**, to be demanded of the **Sub-Concessionaire** from the year "t + 2", for the remaining term of the **Sub-Concession Contract**;

AIt+2**:** corresponds to the **Grant Fee Addition** to be required of the **Sub-Concessionaire** from the year "t + 2", for the remaining effective term of the **Sub-Concession Contract**, for the investments foreseen in the **Investment Plan** and not yet concluded in year "t"; and

ARt+2**:** corresponds to the **Grant Fee Addition** to be required of the **Sub-Concessionaire** from the year "t + 2", for the remaining effective term of the **Sub-Concession Contract**, for not using the **Technological Development Resource**, the **Resource for Preserving the Railway Memory** and **Grade Crossing Resources**, planned for year "t"**.**

4. AI_{t+2} will be calculated through the following formula:

$$AI_{t+2} = \sum_{i=1}^{n}\left[\left(\frac{V_{i,t}}{1{,}1104^{t}} - \frac{V_{i,t}}{1{,}1104^{x}}\right) * 1{,}1104^{t+1}\right] * \left[\frac{(1{,}1104^{z-t+1}) * 0{,}1104}{1{,}1104^{z-t+1} - 1}\right] \tag{7}$$

Where:

i**:** corresponds to each of the investments foreseen in the **Investment Plan**;

t**:** corresponds to the year in which each "i" investment should have been completed;

x**:** corresponds to the new year in which the investment "i", as defined by **ANTT**, should be completed;

z: corresponds to the effective term of the **Sub-Concession**;

AI_{t+2}: corresponds to the **Grant Fee Addition** to be required of the **Sub-Concessionaire** from the year "t+2", for the **Sub-Concession Contract's** remaining effective term, for the investments foreseen in the **Investment Plan** and not completed in year "t";

Vi,t: corresponds to the value of the investment "i" contained in the **Specifications Book**, which should have been completed in year "t" under the **Investment Plan**'s conditions;

5. AR_{t+2} will be calculated by applying the following formula:

$$AR_{t+2} = \frac{R_t}{1{,}1104^t} * 1{,}1104^{t+1} * \left[\frac{(1{,}1104^{z-t+1}) * 0{,}1104}{1{,}1104^{z-t+1} - 1}\right] \tag{8}$$

Where:

t: corresponds to the year in which the **Technological Development Resource** the **Resource for Preserving the Railway Memory**, and **Grade Crossings Resources** should have been used;

z: corresponds to the term of the **Sub-Concession**, including occasional changes resulting from the reconfiguration of the economic-financial balance;

Rt: corresponds to the sum of the unused value of the **Technological Development Resource,** the **Resource for Preserving the Railway Memory**, and the **Grade Crossings Resource**, foreseen for year "t";

AR_{t+2}: corresponds to the **Grant Fee Addition** to be required to the **Sub-Concessionaire** from the year "t+2", for the remaining effective term of the **Sub-Concession Contract**, for not using the **Technological Development Resource,** the **Resource for Preserving the Railway Memory**, and **Grade Crossings Resource**, planned for year "t";

ANNEX 7

TARIFF TABLE

(Base Date: December/2017)

Subject to the terms of the **Contract**, the **Tariff Table** will be adjusted annually by **ANTT**, by calculating its Fixed Portion and Variable Portion, observing the following formula:

$$PF_{n,k} = PF_n * IRT_k \tag{9}$$

Where:

$PF_{n,k}$ = **Fixed Portion** of merchandise *"n"*, in year *"k"*;

PF_n = **Fixed Portion** of merchandise *"n"*, included in the **Tariff Table** of **Annex 7**; and

IRT_k = Tariff readjustment index for year *"k"*.

$$PV_{n,k} = PV_n * IRT_k \tag{10}$$

Where:

$PV_{n,k}$ = **Variable Portion** of merchandise *"n"*, in year *"k"*;

PV_n = **Variable Portion** of the merchandise *"n"*, included in the **Tariff Table** of **Annex 7**; and

IRT_k = Tariff readjustment index for year *"k"*.

The **Sub-Concessionaire** must make available on its website, in a clear and accessible manner, the current **Tariff Table**.

Table 1: Transport Tariff's Reference Table

Merchandise	Fixed Portion (BRL/unit)		Variable Portion (BRL/unit.km)	
	Value	Unit	Value	Unit
Fertilizers	45,41	BRL/t	0,1121	BRL/t.km
Cement, Lime and Clinker	28,31	BRL/t	0,1104	BRL/t.km
Sugar	22,59	BRL/t	0,1682	BRL/t.km
Vegetable Oil	41,50	BRL/t	0,0938	BRL/t.km
Grains and Bran	24,17	BRL/t	0,0758	BRL/t.km
Fuels	36,64	BRL/m^3	0,3570	BRL/m^3.km
Cotton	34,13	BRL/t	0,1333	BRL/t.km
Empty Container of 20 Feet	202,31	BRL/TEU	1,4988	BRL/TEU.km
Empty Container of 40 Feet	364,16	BRL/TEU	2,6977	BRL/TEU.km
Full Container of 20 Feet	282,59	BRL/TEU	2,0928	BRL/TEU.km
Full Container of 40 Feet	508,66	BRL/TEU	3,7672	BRL/TEU.km
Other Products	22,43	BRL/t	0,1074	BRL/t.km

Table 2: Reference Table for Trackage Right Tariff

Merchandise	Fixed Portion (BRL/unit)		Variable Portion (BRL/unit.km)	
	Value	Unit	Value	Unit
All merchandise	-	-	0,0278	BRL/unit.km

Calculation Formula for both Reference Tables:

$$T_{Ref} = PF + Dist * PV \tag{11}$$

Where:

TRef = maximum value to be charged for 01 (one) loading unit from the origin station to the destination station;

PF = fixed portion, in BRL per unit of load;

PV = variable portion, in BRL per unit of load; and

Dist = distance from the origin station to the destination station.

ANNEX 8

NOTICE OF AUCTION

[TO BE INSERTED UPON THE SIGNATURE OF THE SUB-CONCESSION COTRACT]