



DISPOSAL PROGRAM FOR SHARES THAT EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. HOLDS IN GAS NATURAL DEL ORIENTE S.A. E.S.P.

FIRST STAGE OFFER NOTICE

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P., hereinafter EPM or the Seller, commercial and industrial company of the State of the municipal order, domiciled in Medellín, Colombia, invites the recipients of this offer to participate in the First Stage of the Disposal Program, approved by the Board of Directors of EPM in its session dated May 28, 2019, corresponding to Minutes No. 1666, whose purpose is the sale of twelve million two hundred sixty-three thousand six hundred (12,263,600) common shares that EPM holds in GAS NATURAL DEL ORIENTE S.A. E.S.P., hereinafter GASORIENTE, equivalent to ten point zero zero zero zero three percent (10.00003%) of subscribed and paid-in capital for such partnership.

The capitalized terms that are used in this First Stage Offer Notice and that have not been defined in this Notice shall have the meaning attributed to them in the Disposal Regulations.

1 SELLER: Empresas Públicas de Medellín E.S.P.

2 ISSUER: GAS NATURAL DEL ORIENTE S.A. E.S.P.

3 OFFER RECIPIENTS

This offer of sale is addressed to the recipients of special conditions referred to in Articles 3 of Act 226 of 1995 and 16 of Act 798 of 2002, which for this case are: (i) the active and retired employees of GASORIENTE and of the entities where GASORIENTE is the majority owned (which for the purposes of this process is Gas Natural del Cesar S.A. E.S.P.), (ii) GASORIENTE's former workers and the entities where it has a controlling interest (which for the purposes of this process is Gas Natural del Cesar S.A. E.S.P.) as long as they have not been dismissed with just cause by the company, (iii) GASORIENTE's employee and ex-employee associations, (iv) workers' unions duly established under law, (v) union federations and confederations duly incorporated under law, (vi) employee mutual funds duly incorporated under law, (vii) the mutual investment funds duly incorporated under the law, (viii) mutual funds duly incorporated under the law, (ix) severance funds and pension funds duly constituted under law, (x) cooperative entities defined by cooperative legislation duly constituted under law, (xi) the compensation funds duly constituted under law.

4 SPECIAL OFFER CONDITIONS

The special conditions to acquire GASORIENTE shares by the Special Terms Recipients are:

4.1 Price per Share for First Stage

GASORIENTE's shares are offered at a fixed price per Share of two thousand eight hundred ninety-three pesos (\$2,893), which must be paid in the form indicated in clause 10 of this notice.

4.2 Stock Purchase Credit

The Financial Entities of Bancolombia S.A., Banco de Occidente S.A. and Banco Bilbao Vizcaya Argentaria Colombia S.A. have established a special credit line to fund the purchase of the Shares by the Special Terms Recipients for a non-inferior aggregate amount, collectively, of ten percent (10%) of the total value of the Shares, which are detailed in the Disposal Regulations referred to in clause 12 of this notice.

4.3 Special Form of Payment

Where acquirers are individuals, they may use layoffs that have accrued for the purpose of purchasing the Shares offered, in accordance with the provisions of Decree 1171 of 1996, and the other rules that modify or supplement it.

5 STOCK PURCHASING RULES

5.1 Rules for submitting Acceptance by Special Terms Recipients who are individuals in accordance with the provisions of clause 6.5 of the Disposal Regulations

In order to promote effective democratization of stock, ensure that the acquisition of the Shares corresponds to the purchasing capacity of each of the Accepting Parties and prevent conduct that goes against the intended purpose in Articles 2, 4, and 5 of Law 226 and Article 60 of the Political Constitution, the Acceptance by each Special Terms Recipient who is an individual in the course of the First Stage shall be subject to the following rules and limits:

- a.** Concerning the maximum number of Shares to be purchased per person, the smallest amount arising from the following rules will be taken into account:
 - (i)** Acquirers may not purchase a number of Shares for an amount greater than one (1) time their Liquid Equity as of December 31 of the year corresponding to the income statement of the fiscal year two thousand seventeen (2017).
 - (ii)** Acquirers may not purchase a number of Shares more than five (5) times the sum of the annual gross income of the schedular revenues (working income, pension, capital, non-labor, and dividend and equity that correspond to the sum of boxes 32, 38, 43, 54 and 67 of Form 210 of the DIAN [Dirección de Impuestos y Aduanas



Nacionales (National Directorate of Taxes and Customs)] that appear on the taxable year's income statement for the year two thousand seventeen (2017), or the annual gross revenues reported on the revenues and withholding certificate for the tax year two thousand eighteen (2018).

- (iii)** It will not be possible to purchase more than one hundred twenty-two thousand six hundred thirty-six (122,636) shares.
 - (iv)** There is no minimum number of shares to purchase in the First Stage, i.e. the Accepting Parties can purchase from one share onwards.
 - (v)** For the specific case of persons holding senior management level positions at GASORIENTE, in addition to the limitations listed in paragraph *(i)*, *(ii)* y *(iii)* above, they may not purchase shares for an amount greater than five (5) times their GASORIENTE-derived annual remuneration, whose cutoff date is the date of publication of the First Stage Offer Notice. Individuals who attain senior management level positions at GASORIENTE following the date of posting the First Stage Offering Notice may acquire shares in the First Stage as long as they are linked to GASORIENTE on the business day prior to the expiration of the Public Sale Offering term in the First Stage.
- b.** The following will be taken for the purposes of applying to the rules set forth in paragraph 6.5.1 of the Disposal Regulations and determining the above limits:
- (i)** The liquid equity (box 31 of Form 210 of the DIAN) and the sum of the annual gross revenues of the schedular income (working income, pension, capital, non-labor and dividend and equity and for dividends and shares that correspond to the sum of boxes 32, 38, 43, 54 and 67 of Form 210 of the DIAN) that appear on the tax return for the tax year two thousand seventeen (2017).
 - (ii)** The revenues that appear in the certificate of revenues and withholdings for the year two thousand eighteen (2018) for those not obliged to file a tax return.
 - (iii)** The GASORIENTE-certified annual remuneration of each of the persons who hold senior management level positions.
- c.** “Liquid Equity” shall mean that set forth on the tax return and is determined by subtracting the gross assets held by the taxpayer on the last day of the year or the taxable period, the amount of the debts payable therein, in effect on that date (box 31 of Form 210 of the DIAN).
- d.** Any Stock purchase acceptance for an amount greater than the limits set forth in paragraph a above, if it complies with the other conditions set forth in the Disposal Regulations, shall be presented, for the amount permitted in accordance with the rules

and limitations stated in subparagraphs (i), (ii), (iii), (iv) y (v) of paragraph a of clause 6.5.1 of the Disposal Regulations.

- e. Declare that it acts at its own expense and benefit.

5.2 Rules for Submitting Acceptance by Special Terms Recipients other than Individuals, in accordance with the provisions of clause 6.5 of the Disposal Regulation

In order to promote the effective democratization of shareholdings, ensure that the acquisition of the Shares corresponds to the purchasing capacity of each of the Accepting Parties and prevent conduct from arising that may go against the intended purpose in Articles 2, 4 and 5 of Law 226 and Article 60 of the Political Constitution, the Acceptance of each of the Special Terms Recipients other than individuals may not exceed the maximum limit authorized for this class of investments set forth in applicable statutory rules, as well as those provided in statutory rules governing the activity of such entities, without the following rules:

- a) In relation to the maximum number of Shares to be purchased by each Special Terms Recipient other than individuals, the lesser amount to apply the following rules will be taken into account:
 - (i) They may not acquire shares for an amount that exceeds one (1) time the value of the equity in the duly audited financial statements that have been submitted with the acceptance or on the certification signed by the legal representative and the tax reviewer or certified public accountant in the event of less than one year of incorporation.
 - (ii) They will not be able to acquire shares for an amount that exceeds five (5) times their annual gross revenues that appear in the income or revenues and equity statement, as the case may be, corresponding to tax year two thousand eighteen (2018), or two thousand seventeen (2017) in case of not having been presented the declaration of the year 2018 because of the non-fulfillment of the term for this obligation, and in the duly audited financial statements that have been presented with the acceptance or in the certifications subscribed by the legal representative and the fiscal auditor or public accountant in case of having less than one year of incorporation. If there are differences between the amounts of annual revenues above, the greatest value for the purposes of the application of this paragraph will be taken.
 - (iii) It will not be possible to purchase more than one hundred twenty-two thousand six hundred thirty-six (122,636) shares.



(iv) There is no minimum number of shares to purchase in the First Stage, i.e. the accepting parties can purchase from one action up.

- b) Any Acceptance for an amount greater than the limits set forth above, if it complies with the other conditions set forth in the Disposal Regulations, shall be deemed to be submitted by the amount permitted in accordance with the above rules and limits.
- c) Declare that it acts at its own expense and benefit.

6 NEGOTIABILITY LIMITS

The Accepting Parties undertake not to negotiate, dispose of or limit their ownership of the Shares and to not conduct business that has as its purpose or effect that a third party becomes a beneficial owner of the Shares during the two (2) months immediately following the entry in the relevant Shares.

The shares recorded in the First Stage will be blocked in order to make it impossible for them to be sold through the mechanisms established in Deceval's Operations Regulations for this purpose.

7 ACCEPTANCES

The submission of Acceptances in the First Stage must be made by fully filling out the Acceptance Form through the First Stage Acceptance Receiving Entity (Valores Bancolombia S.A. Comisionista de Bolsa – <https://valores.grupobancolombia.com>), using any verifiable means of the latter. The Acceptance Form provided by the Bolsa de Valores de Colombia S.A. (**bvc**), which is part of the Disposal Regulations set forth in clause 12 of this notice constitutes the only valid format to file an Acceptance. The Acceptance shall only be deemed to be submitted once the First Stage Acceptance Receiving Entity includes it in the **bvc system**.

The commission generated by the processing and management of First Stage Acceptance shall be paid to the First Stage Acceptance Receiving Entity by EPM. All other direct and indirect costs and expenses, related to participation in the Disposal Program, shall be at each interested party's expense. EPM shall not be liable, in any case, for such costs and expenses, whichever the result of the First Stage Award. Likewise, interested parties shall have sole and exclusive responsibility to carry out the activities necessary to submit their Acceptance.

8 SALE OFFER TERM

The term of the exclusive and total offer in this stage for the Special Terms Recipients shall be two (2) months from the Business Day following the posting of this notice and per the **bvc** Operational Guidelines.

In the event that, within the mentioned term, and by determination of the Seller, it is decided to interrupt the First Stage, the Seller shall publish a Notice of Interruption. The Disposal Program shall be discontinued from the day the Interruption Notice is posted, until the Resume Date. During interruption, the Seller may resume the process in the First Stage by posting a First Stage Resume Notice, which will include the new conditions under which the Public Sale Offering will continue in the First Stage. In any case, the new term that is set, added to the initial term, may not be fewer than two (2) months.

If an interruption occurs, all submitted Acceptances shall be deemed withdrawn. Once the Notice of Resumption has been published, the First Stage Acceptance Receiving Entity must inform its clients, in order to establish whether they wish to present a ratification. The new conditions published in the Notice of Resumption of the First Stage shall be understood to have been ratified, through the subscription of a new Acceptance Form containing the new conditions of the Public Sale Offering for Sale, and also submitting the update of the annexes required for this purpose in accordance with section 6.4 of the Disposal Regulations.

In accordance with the foregoing, the First Stage Public Offering will be effective between June 17, 2019 and August 20, 2019, inclusive.

9 AWARD CRITERIA

The awards will be made through the **bvc** after the public offering term has lapsed, as set forth in the Disposal Regulations set forth in clause 12 of this Notice and in the **bvc** Operational Guidelines.

Only valid Acceptances that meet the conditions set out in the Disposal Program, Disposal Regulations, their addenda and the **bvc** Operational Guidelines will be considered.

10 PAYMENT OF SHARES

The sale price of the Shares awarded during the First Stage shall be paid in the manner and conditions provided in the Disposal Regulations and in the **bvc** Operational Guidelines, which allows payment to be made with its own resources, which are part of the Special Form of Payment of Clause 4.3, or by the Stock Purchase Credit listed in numeral 4.2, both clauses of this Notice.

In all cases, upon completion of the Award, the Funding Entity, the unemployment administrators or the Professional Investor shall pay for the Awarded Shares within five (5) Business Days from the date the First Stage Award is notified. If not, EPM will declare as solved the contract for sale of shares unilaterally without the need for a court.

If Shares are not paid by the Funding Entities, unemployment administrators or contract winners within a term set forth in the Disposal Regulation, the Acceptance shall be deemed



rejected, without there being, for stock exchange purposes, a breach of the transaction by the Acceptance Receiving Entity of the First Stage, whereby there will be no obligation by said entities to fulfill said transaction.

The Acceptance Receiving Entity of the First Stage shall inform **bvc** of the non-payment of the Shares by the Funding Entities, unemployment administrators or the contract winners on the next business day after the term for such payment by the Contract Winner to the Acceptance Receiving Entity of the First Stage, in accordance with the **bvc** Operational Guidelines.

Once the five (5)-Business-Day term is due, the First Stage Acceptance Receiving Entity shall have one (1) Business Day to pay the **bvc** the total amount received in the respective Accounts for Payment, per the instructions that the **bvc** determines in the Operating Guidelines for the First Stage.

11 CIRCULATION REGIME

The Shares, whose circulation law is made available, circulate in the secondary market of the **bvc** and are fully dematerialized and disposed of in Deceval for their administration and custody. The Shares may not be materialized again and the Accepting Parties expressly waive the authority to seek the materialization of the Shares. In the foregoing, any Contract Winner shall have a Direct Depositor empowered to act on behalf of a third party in the terms set forth in the Deceval Operations Regulation.

12 DISPOSAL PROGRAM

For a thorough understanding of the Public Offering in the First Stage, the Accepting Parties shall study the Disposal Program, Disposal Regulations and the Sales Workbook, together with all of their appendices, which will be available to them on pages www.epm.com.co, <https://valores.grupobancolombia.com> and in the network of Valores Bancolombia offices, at no cost and whose publication to the market will be reported in the relevant information icon on the Colombian Financial Superintendence page: www.superfinanciera.gov.co. GASORIENTE's end-of-year, quarterly and relevant information can be found on the website of Colombia's Financial Superintendence.

WARNINGS

THE SHARES OF GAS NATURAL DEL ORIENTE S.A. E.S.P WERE REGISTERED IN THE NATIONAL REGISTER OF SECURITIES AND ISSUERS BY MEANS OF RESOLUTION NUMBER 987 OF NOVEMBER 2, 1995 OF THE FINANCIAL SUPERINTENDENCE OF COLOMBIA.



IT IS CONSIDERED INDISPENSABLE TO READ THE DISPOSAL PROGRAM, DISPOSAL REGULATIONS AND THE SALES WORKBOOK SO THAT POTENTIAL INVESTORS CAN ADEQUATELY ASSESS THE APPROPRIATENESS OF THE INVESTMENT.

THE DECISION TO SUBMIT ACCEPTANCES IS A FREE AND INDEPENDENT DECISION OF SPECIAL TERMS RECIPIENTS BASED ON THEIR OWN ANALYSES, RESEARCH, EXAMINATIONS, INSPECTIONS, AND NOT IN ANY DOCUMENT, MATERIAL OR INFORMATION, OR IN ANY COMMENT OR SUGGESTION ARISING FROM EPM, THE ACCEPTANCE RECEIVING ENTITY OF THE FIRST STAGE, BVC, CONSULTANTS OR ANY OF ITS REPRESENTATIVES, DIRECTORS OR EMPLOYEES.

THE LISTING IN THE NATIONAL REGISTRY OF SECURITIES AND ISSUERS AND THE AUTHORIZATION OF THE PUBLIC OFFERING DO NOT IMPLY RATING NOR RESPONSIBILITY WHATSOEVER BY THE FINANCIAL SUPERINTENDENCE OF COLOMBIA IN CONNECTION TO THE NATURAL OR LEGAL PERSONS REGISTERED, TO THE PRICE, FITNESS OR NEGOTIABILITY OF THE SECURITIES, AS WELL AS IN CONNECTION TO THE CORRESPONDING ISSUE OR ABILITY TO PAY OF THE ISSUER.

REGISTRATION WITH THE BOLSA DE VALORES DE COLOMBIA S.A. OF THE SHARES, AS WELL AS THE ORGANIZATION AND THE EXECUTION OF THE SALES OFFER BY THE BOLSA DE VALORES DE COLOMBIA S.A. DOES NOT IMPLY CERTIFICATION ON THE SECURITIES' GOODNESS OR THE ISSUER'S SOLVENCY.

June 14, 2019