

Petrobras

Update

October, 2015

DISCLAIMER



FORWARD-LOOKING STATEMENTS:

DISCLAIMER

The presentation may contain forward-looking statements about future events within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason. Figures for 2015 on are estimates or targets.

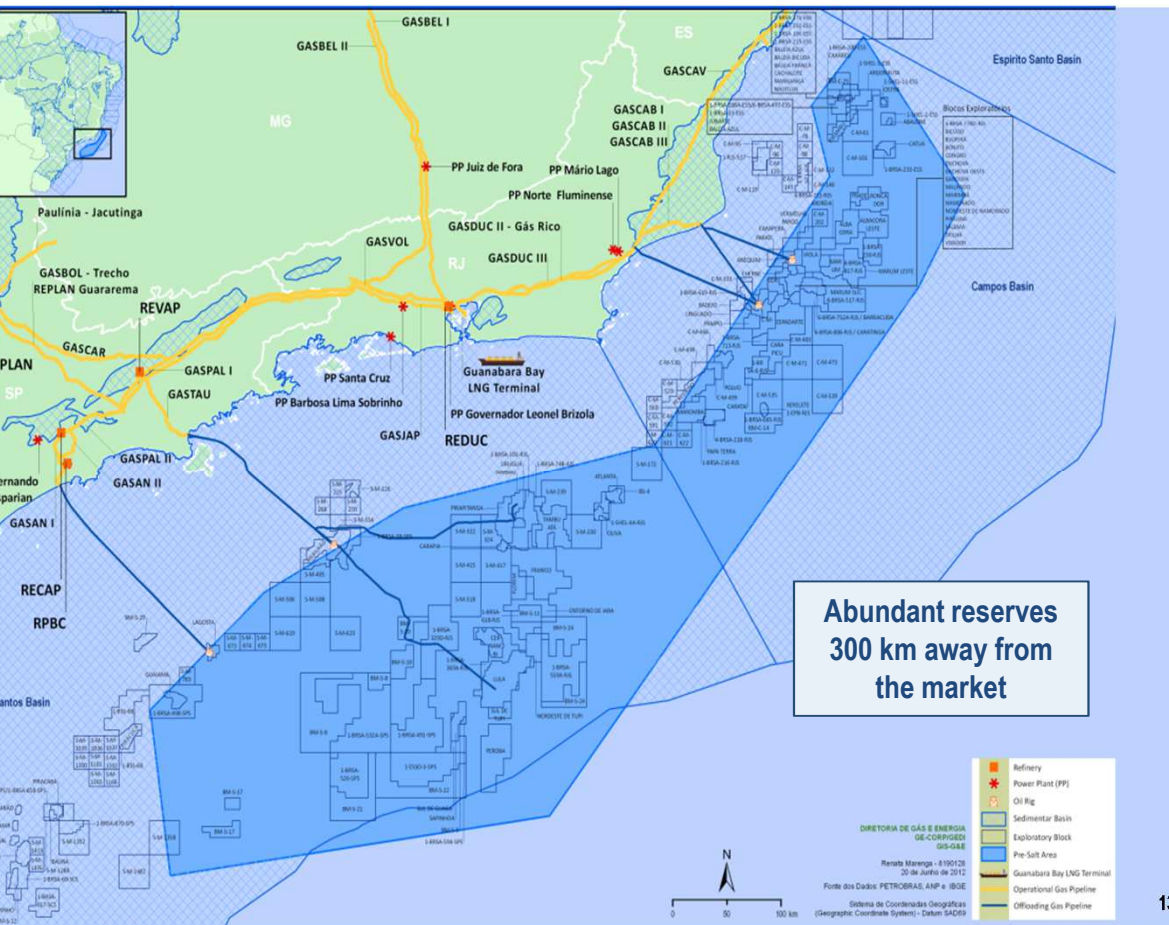
All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this presentation.

NON-SEC COMPLIANT OIL AND GAS RESERVES:

CAUTIONARY STATEMENT FOR US INVESTORS

We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X.

Uniquely positioned to integrate upstream and downstream operations



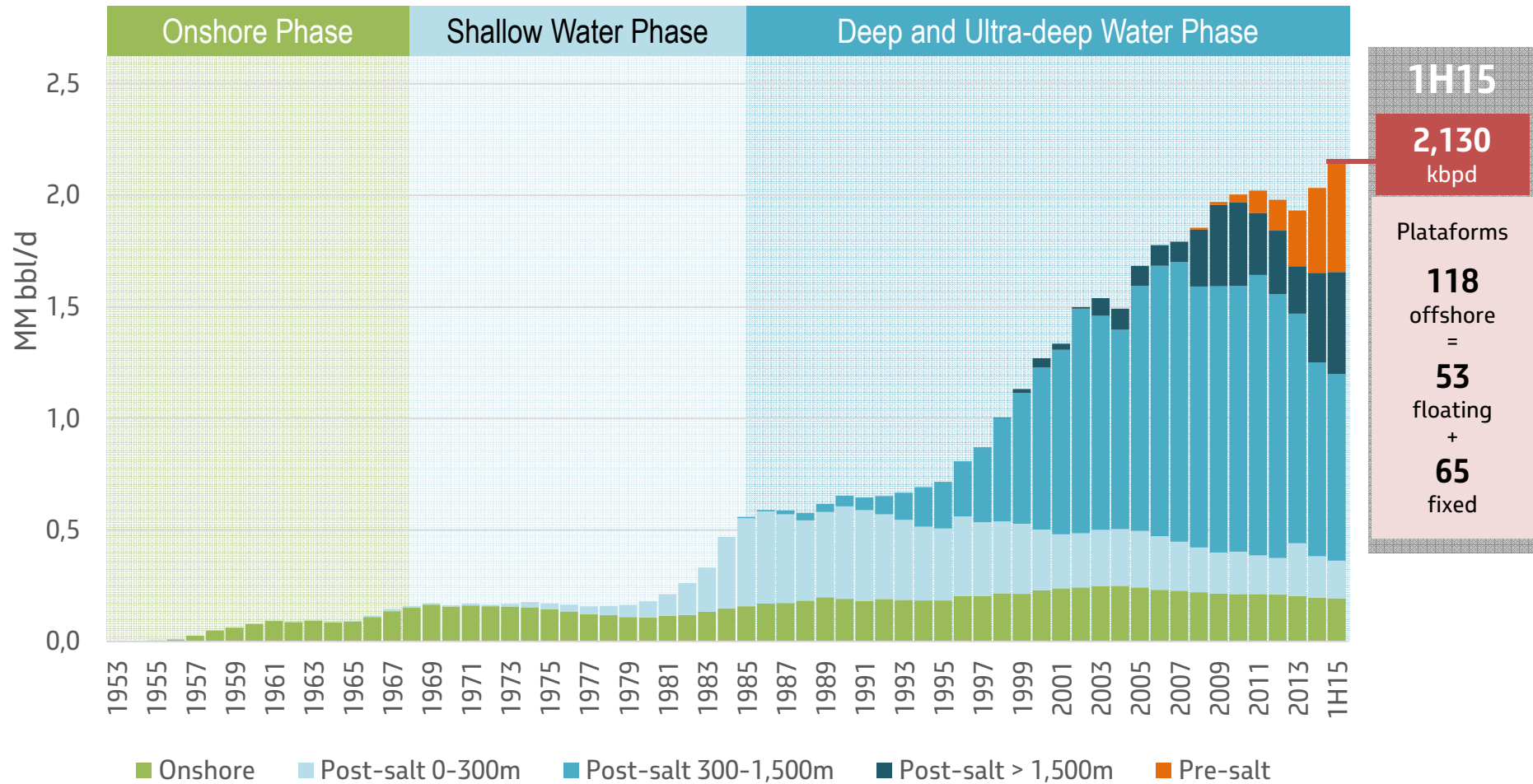
- Leader in deep-water production, with access to abundant oil reserves
- New exploratory frontier, adjacent to existing operations

- Dominant position in growing market, far from other refining centers
- Balance and integration between production, refining and demand

- Fully developed infrastructure for processing and transporting gas
- Integration accross full energy and hydrocarbon chain in Brazil

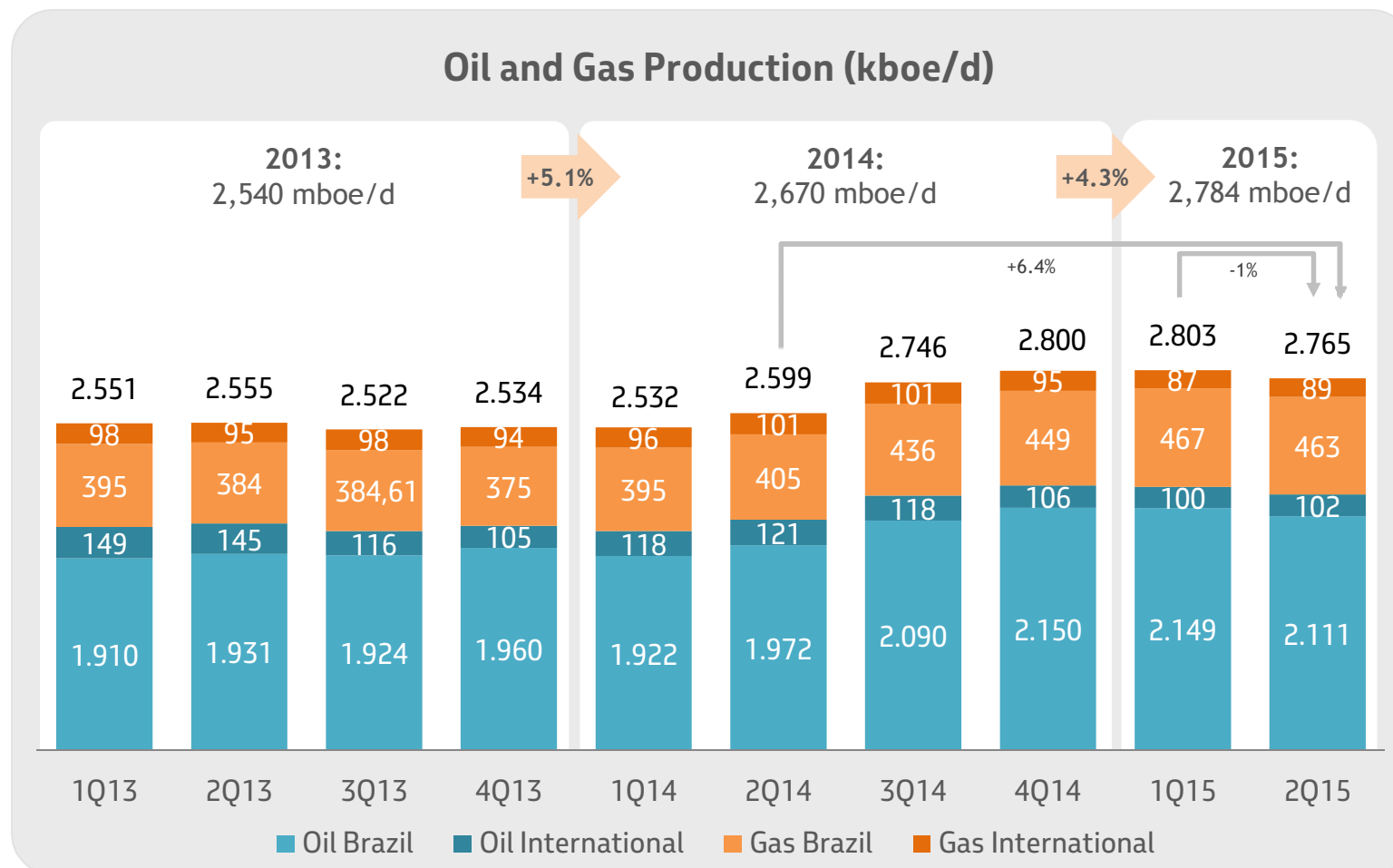
Evolution of Domestic Oil Production

A long history of implementation of offshore projects in Brazil



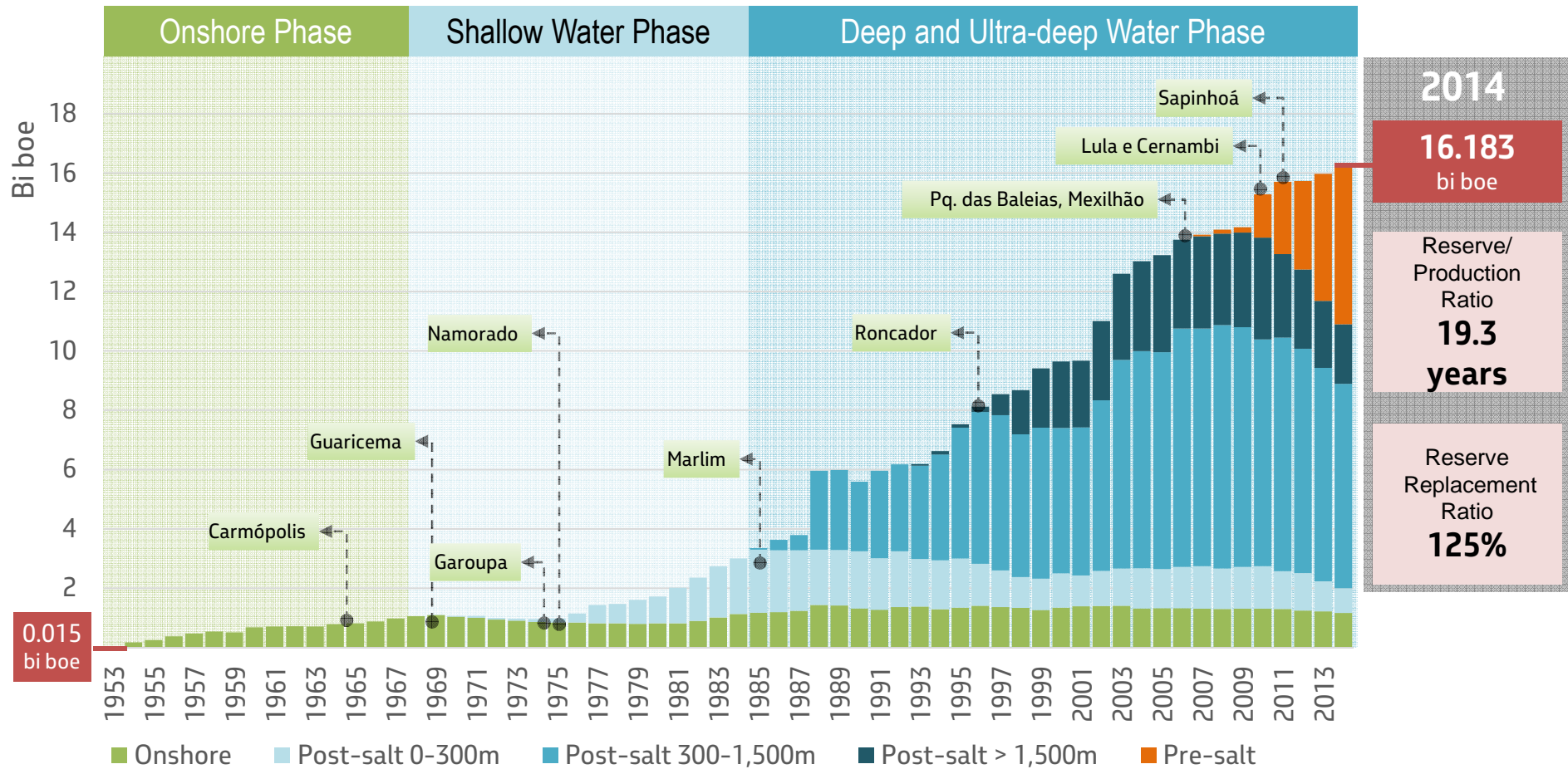
A Company of 2.8 million boe/d

Quarterly product to remain stable during remainder of the year



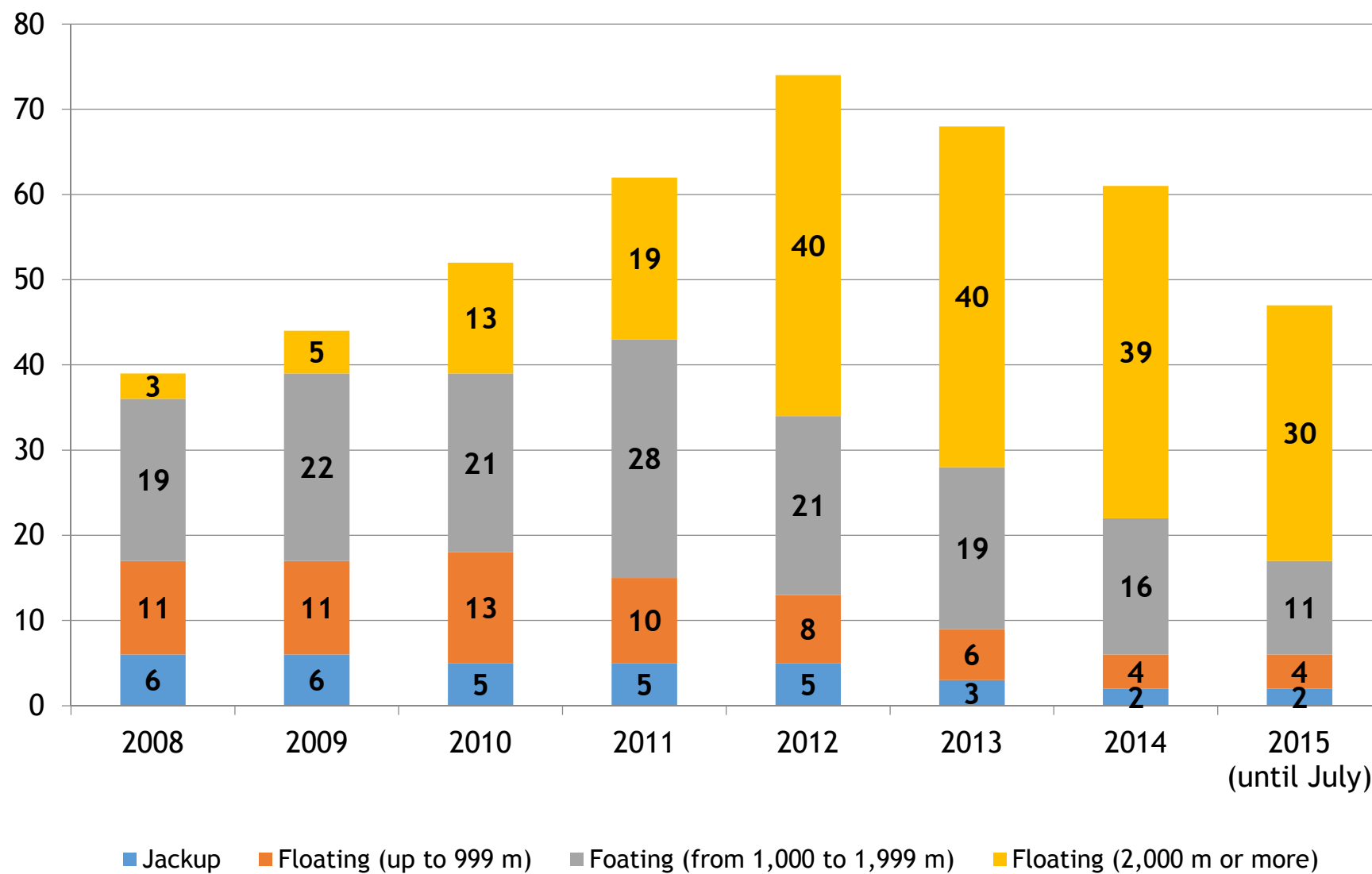
Evolution of Proven Reserves in Brazil

ANP/SPE Criteria



Petrobras Offshore Rig Fleet (domestic)

As of July 2015



Pre-salt Update

Production Systems on the Pre-Salt Layer

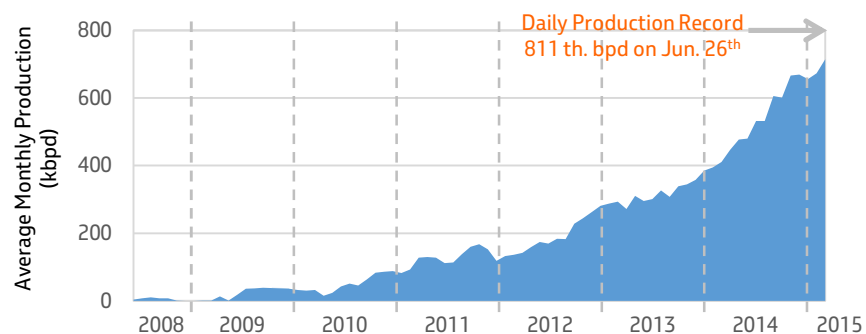
Production peak of 811 kbbl on June 26, 2015, with 40 wells. Petrobras share= 586 kbbl



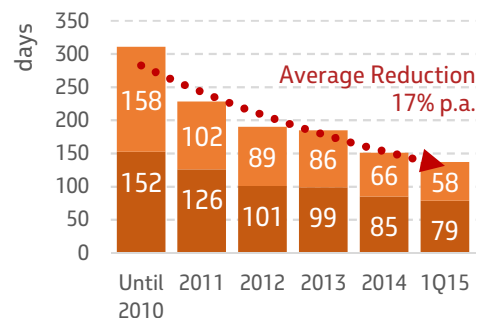
Pre-Salt Performance

Fast production growth, low lifting cost and continuous reduction of well-construction time

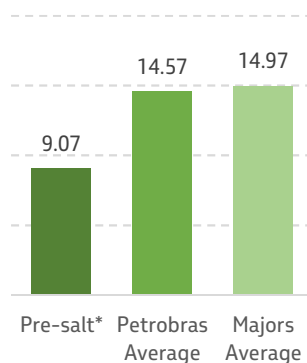
Oil Operated Production on the Pre-salt



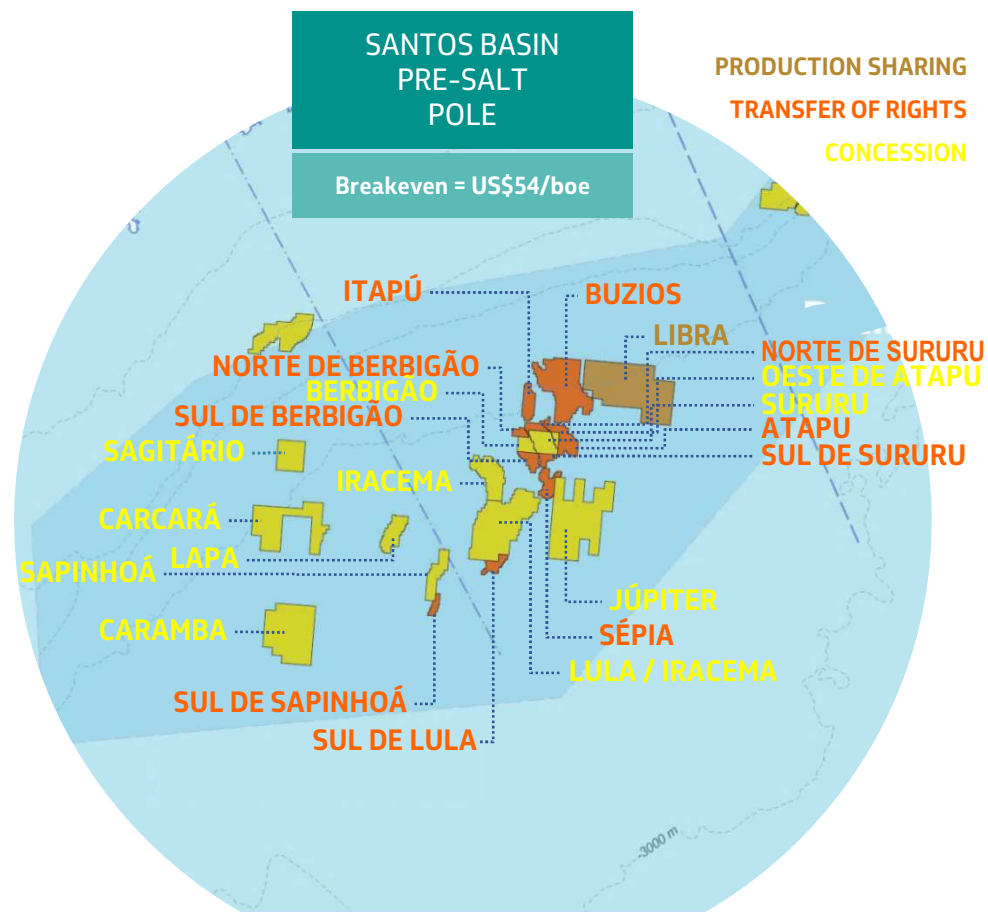
Reduction of Well-Construction Time
(55% of capex)



2014 Lifting Cost
(US\$/boe)

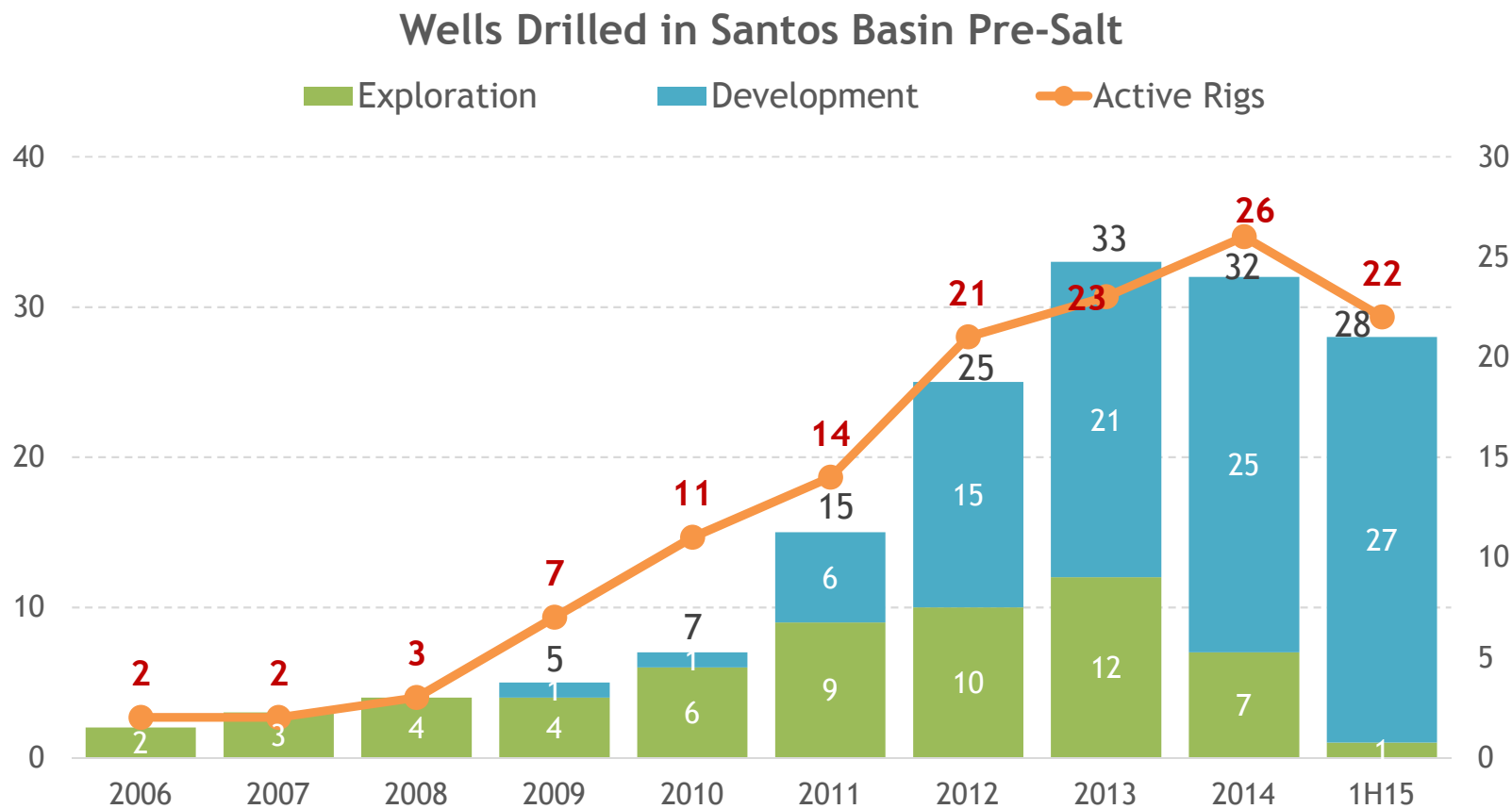


*Lula/Iracema field



Pre-Salt Drilling Activity: 154 Wells Drilled in Santos Basin Pre-Salt

Improvement in well construction reduced total drilling time from 310 to 142 days (55%)



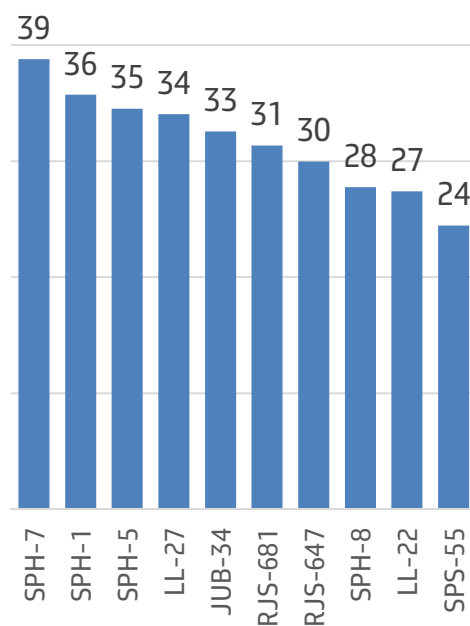
* PD/RDA Wells • Lula & Sapinhoá Fields / ** Incl WCT

Pre-salt Productivity

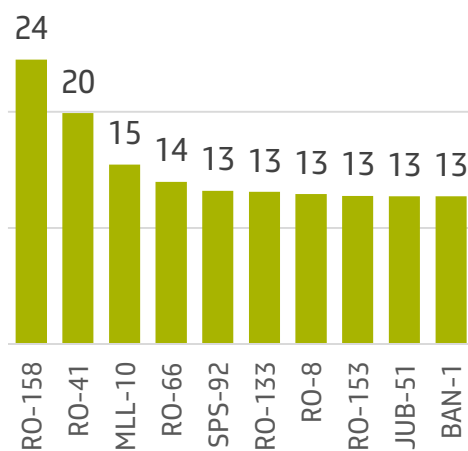
Average productivity above 30 kbpd



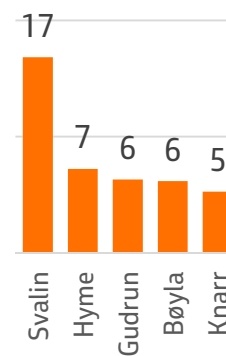
May/15
Top 10 PBR Pre-salt Wells



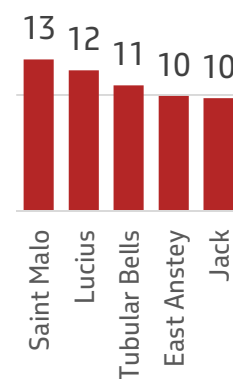
May/15
Top 10 PBR Post-salt Wells



Apr/15, Source: NPD
North Sea*



Apr/15, Source: BOEM
US GoM*



* Top 5 fields in average productivity per well. Sources: Norwegian Petroleum Directorate and Bureau of Ocean Energy Management



Business and Management Plan 2015-2019

2015-2019 Business and Management Plan Targets

DELEVERAGE

Capital discipline

Strengthening of performance management

By 2018

- Net Leverage below 40%
- Net Debt / EBITDA below 3.0x

By 2020

- Net Leverage below 35%
- Net Debt / EBITDA below 2.5x

GENERATE VALUE FOR SHAREHOLDERS

Focus on profitability

E&P

Prioritization of oil production projects in Brazil, focusing on the pre-salt

Downstream,
G&P and
Other Areas

Maintenance of Operations

Financial Planning Assumptions

Oil Product Prices in Brazil	Import parity			
Brent Prices (Average)	US\$ 60/bbl in 2015 US\$ 70/bbl in the 2016-2019 period			
Nominal Exchange Rate (Average) R\$/US\$	2015 3.10	2016 3.26	2017-2019 3.29	2020 3.56
No equity issuance				

Divestments and Restructurings

Deleverage Projection including productivity gains and divestments/restructurings in 2017 and 2018



2015-2016

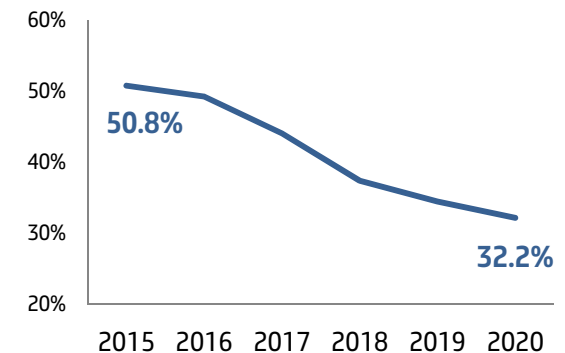
Divestments revised to US\$ 15.1 billion from US\$ 13.7 billion

2017-2018

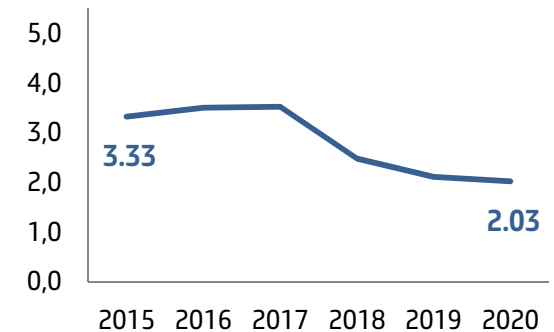
US\$ 42.6 billion as follows:

- Businesses restructurings
- Demobilization of assets
- Additional divestments

Net Leverage



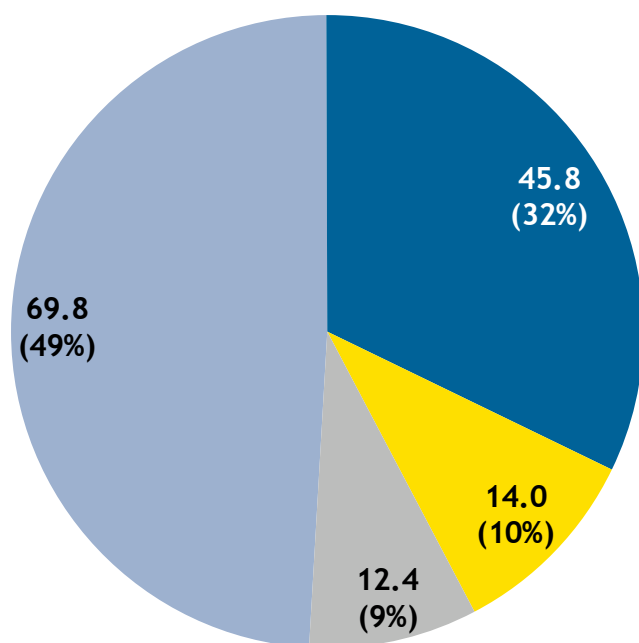
Net Debt / EBITDA



Manageable Operating Costs

Total costs and expenses, excluding costs related to basic materials

2015-2019 BMP US\$ 142 Billion



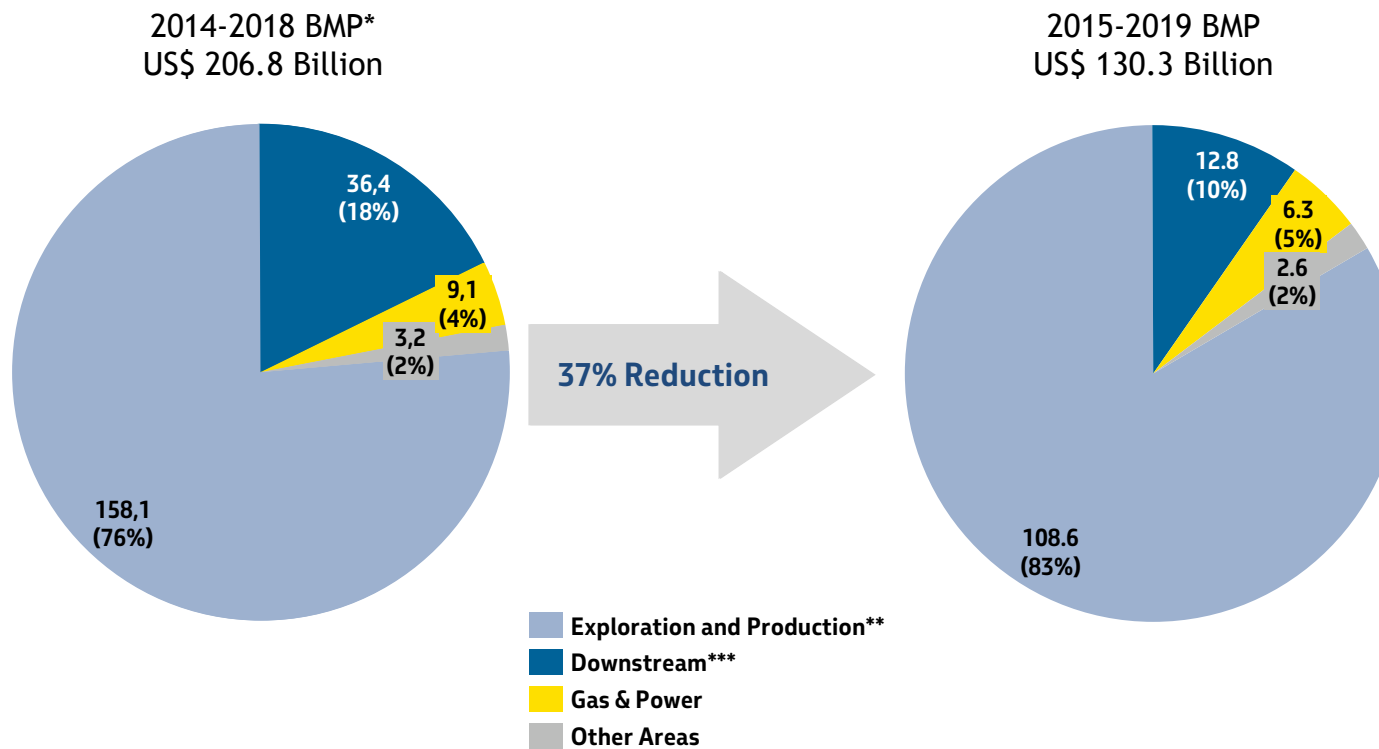
■ E&P ■ G&P
■ Downstream ■ Other Areas

Measures for productivity gains

- Efficiency in the management of contracted services
- Rationalization of structures and reorganization of businesses
- Optimization of personnel costs
- Reduction in the costs of inputs acquisition
- Reduction in the transportation costs

Investments

Reduction of 37% relative to 2014-2018 BMP

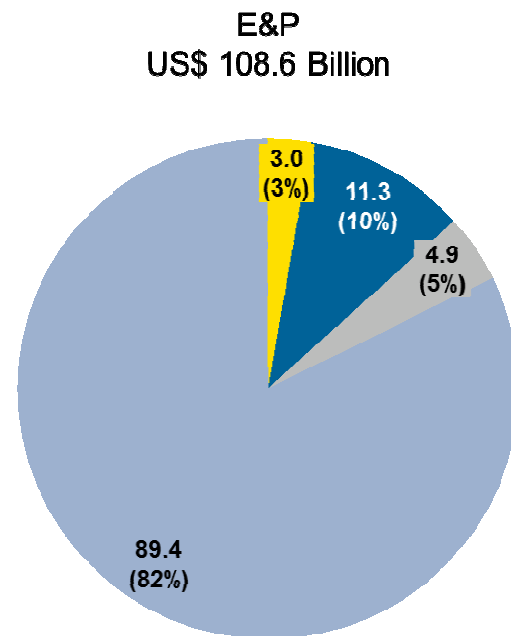


* Considers only financiability portfolio (implementation + under bidding process)

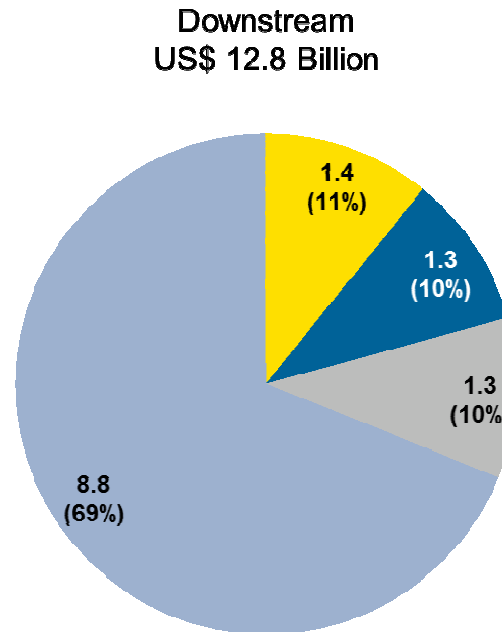
** Includes Petrobras investments abroad

*** Includes Distribution

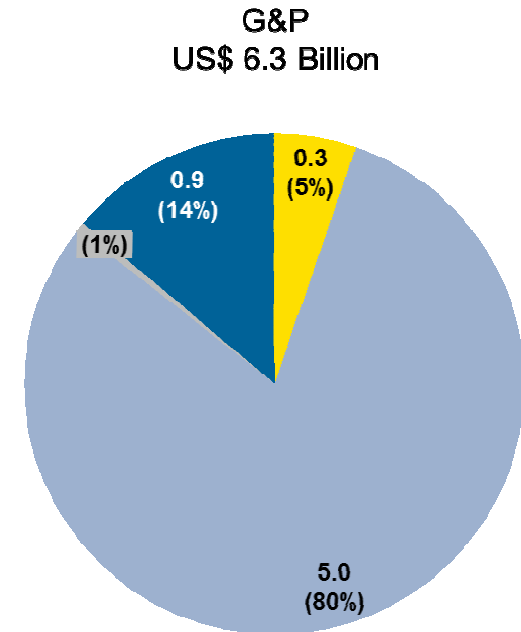
Investments By Segment



Production Development
Operational Support
Exploration
Investments Abroad



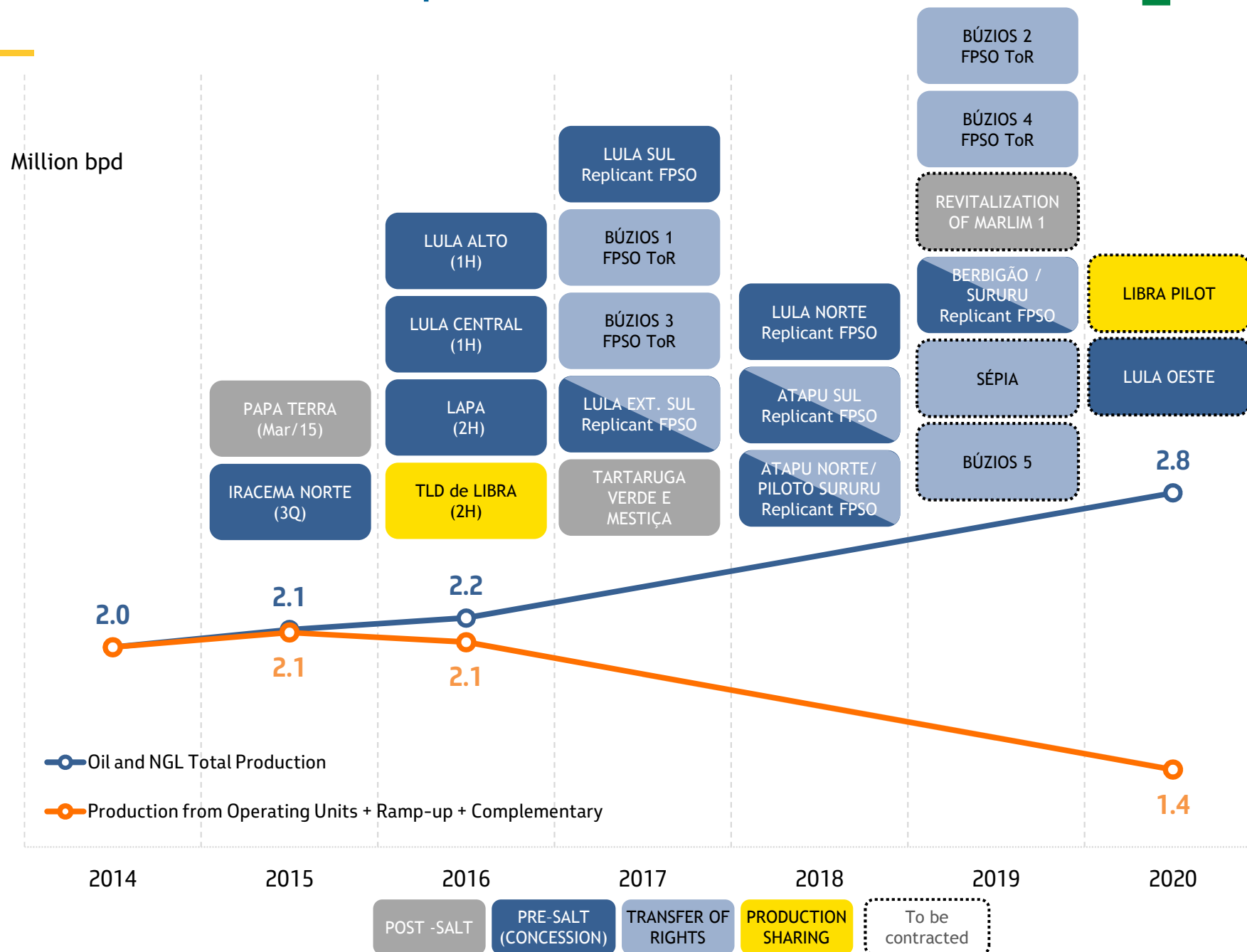
Maintenance and Infrastructure
Abreu e Lima Refinery
Others
Distribution (BR Distribuidora)



Electricity
Gas Chemical Units
Pipelines
LNG

Note: Downstream total amount includes investments in Comperj to receive and treat natural gas, maintenance of equipment, among others.

Production Units Start-up Schedule



Adjustments on Offshore Projects Schedule = 2015-2019 BMP



Variations on production systems first-oil years in comparison with 2014-18 BMP

No alteration

Iracema Norte
Lapa
Lula Alto
Lula Central
Tartaruga Verde e
Mestiça
Lula Ext. Sul / Sul de
Lula
Búzios 3
Iara NE / Atapu Norte
Búzios 5
Libra

1 year delay

Rev. of Marlim
Lula Sul
Atapu Sul
Berbigão
Sépia
Búzios 1

2 years delay

Lula Norte
Búzios 4

3 years delay

Lula Oeste
Búzios 2

After 2020

ES Águas Profundas
SE Águas Profundas 1
Parque das Baleias Sul
Maromba 1
Carcará
Júpiter
Espadarte 3
SE Águas Profundas 2
Rev. of Marlim 2
Itapu

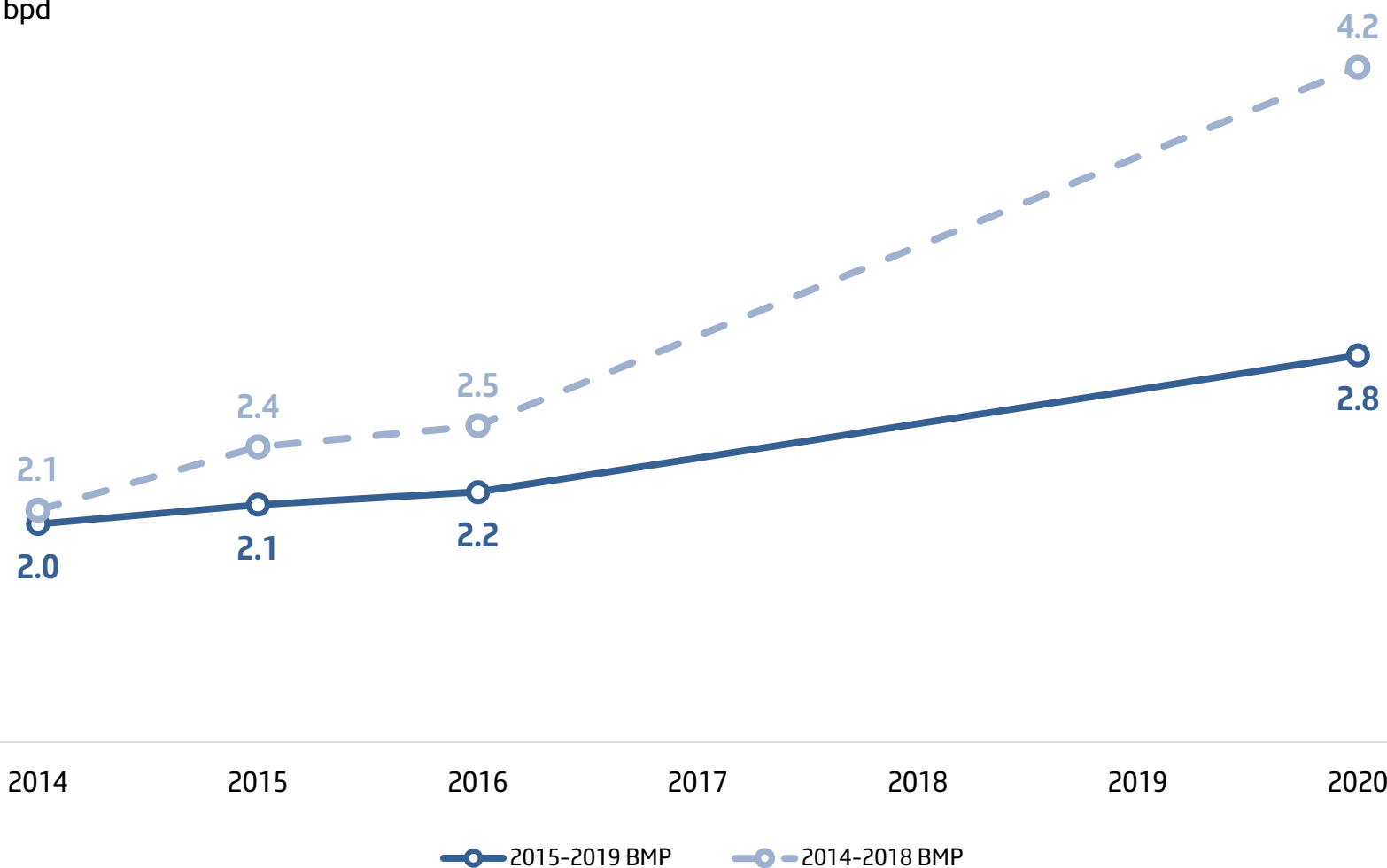
Post-salt
Pre-salt

Oil and NGL Production in Brazil

Comparison with 2014-2018 BMP



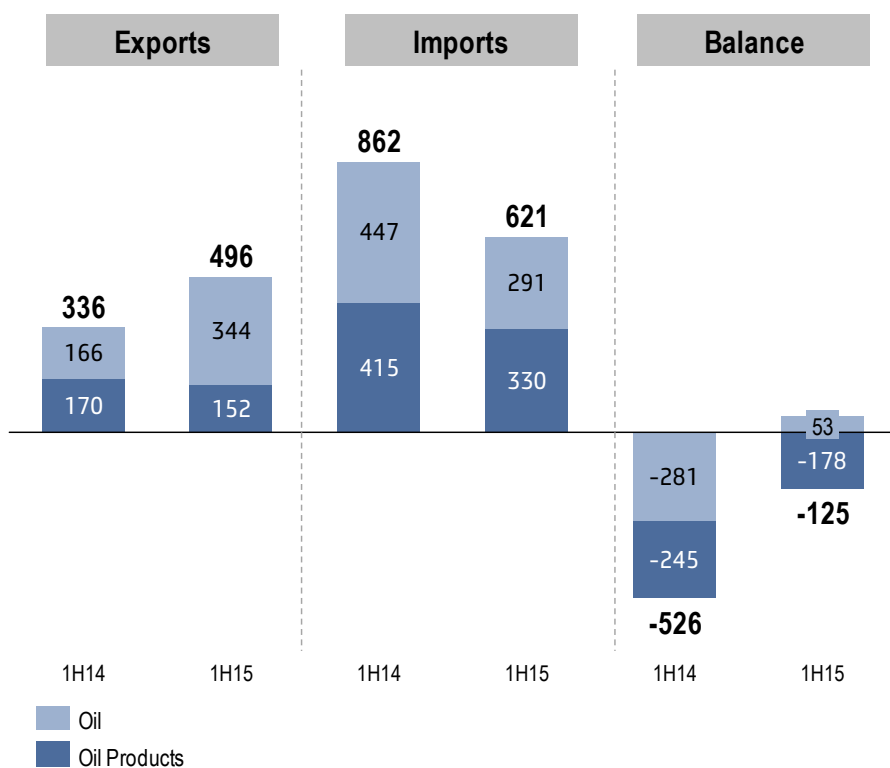
Million bpd



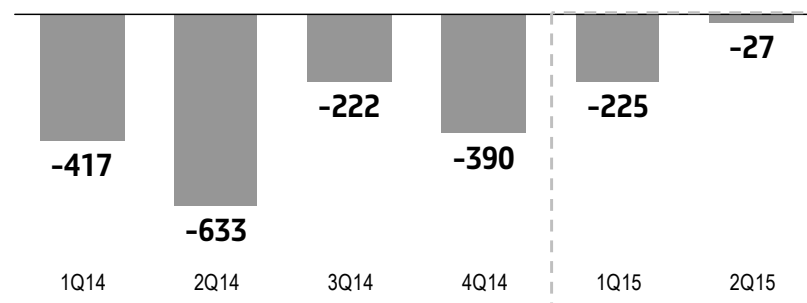
Finance

Downstream

Balance: Oil and Oil Products
(kbpd)



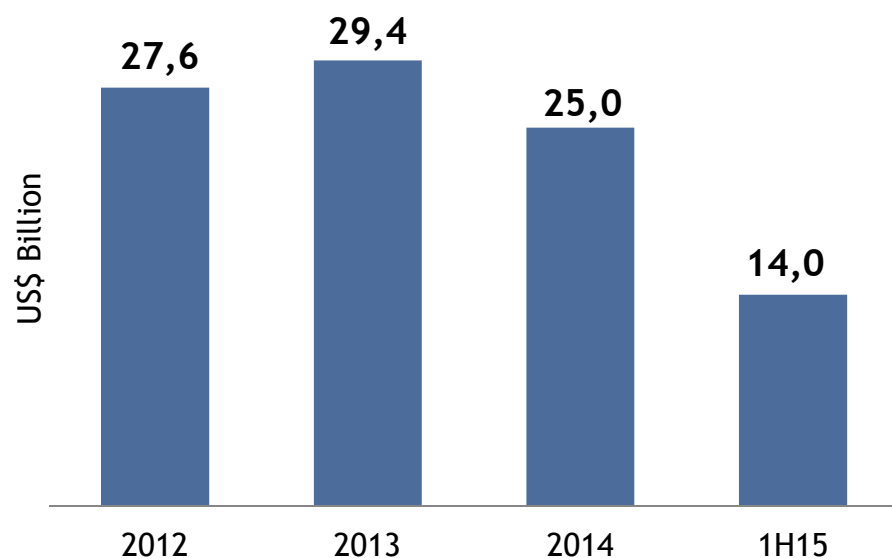
Balance Evolution
(kbpd)



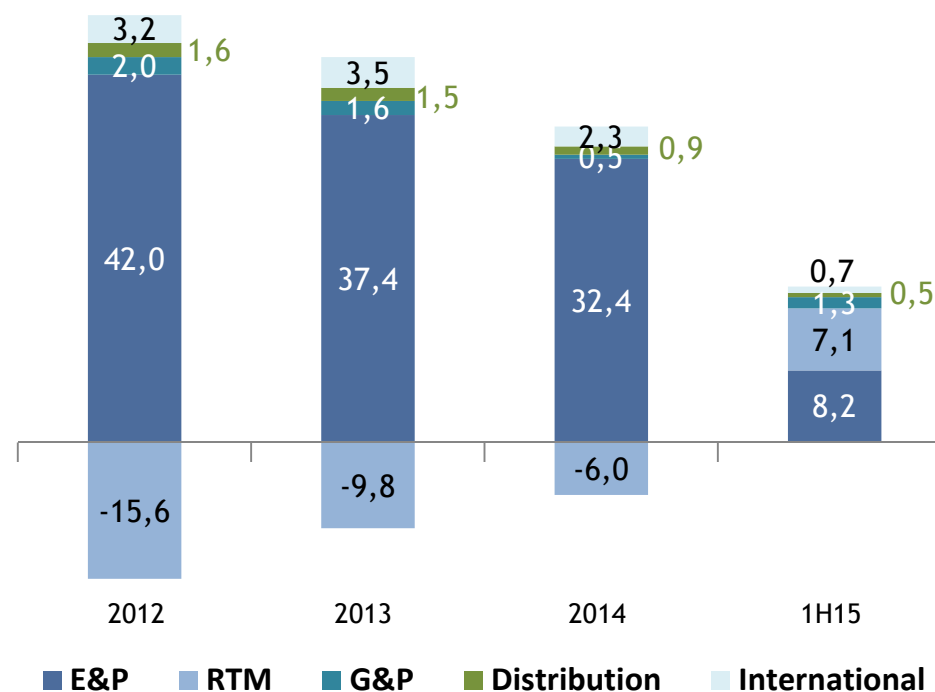
EBITDA

Price increases contributed to higher cash flow, but additional adjustments still needed

Adjusted EBITDA



Adjusted EBITDA Breakdown per Segment *



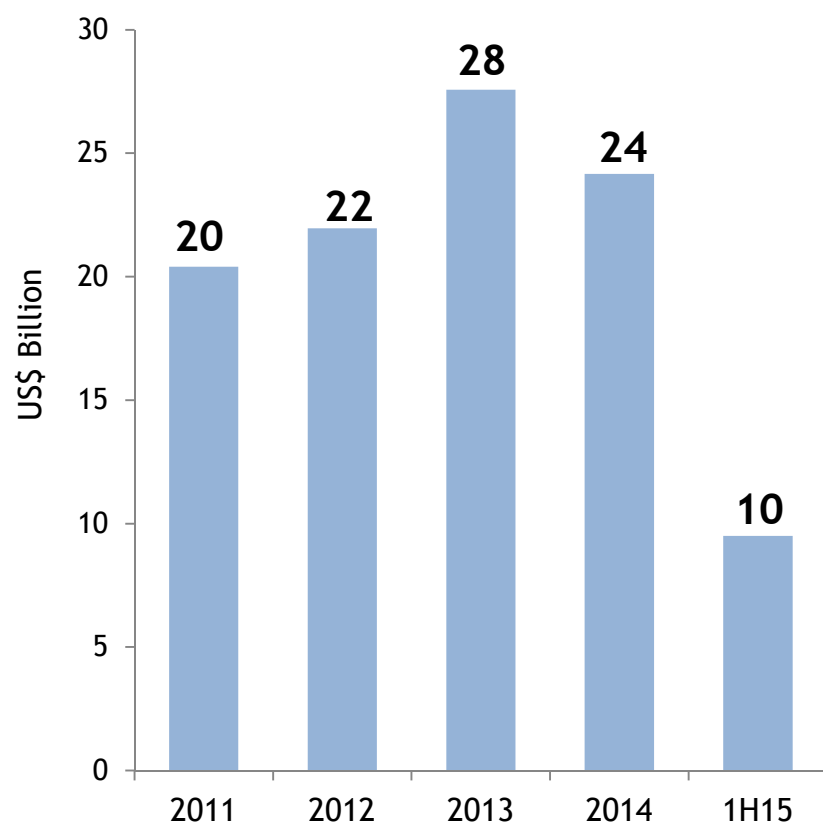
(*) Excludes Biofuel, Corporate and Elimination.

CAPEX

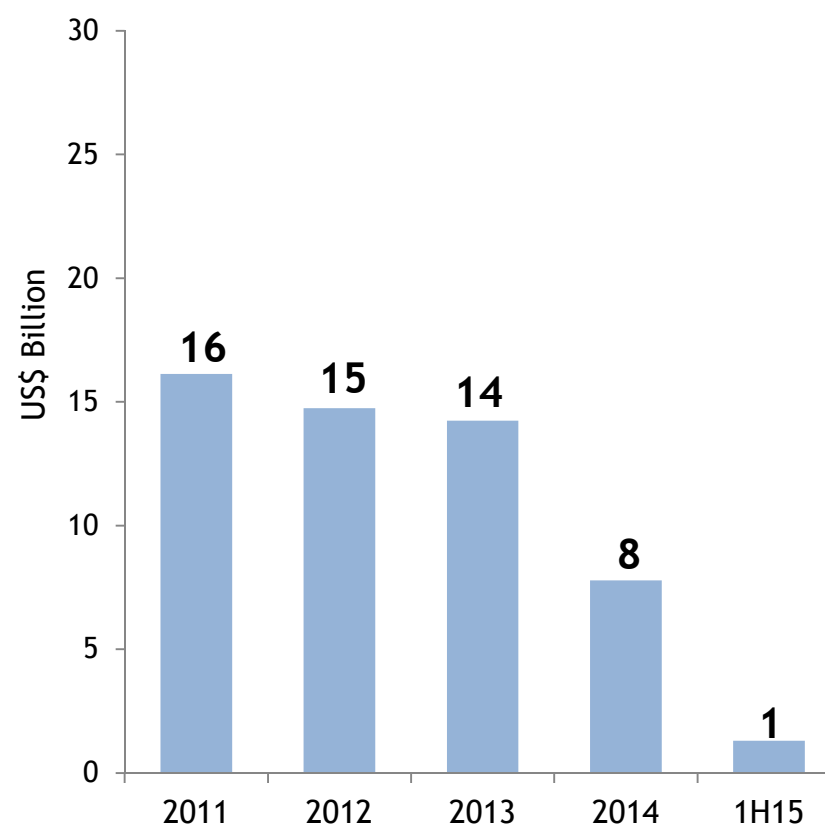
Exploration & Production and Downstream



Exploration & Production



Downstream



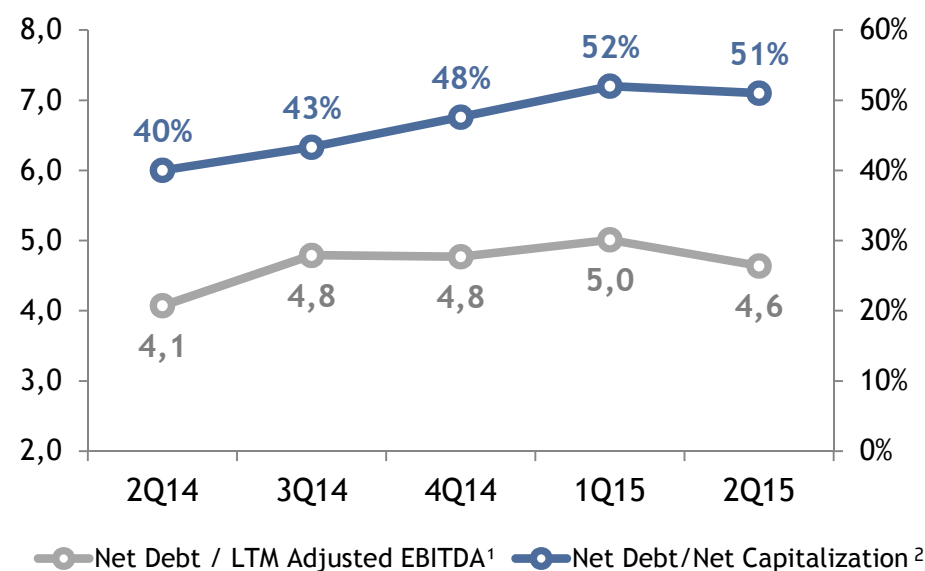
Financial Ratios - Indebtedness

Indebtedness		
Indebtedness (R\$ Billion)	06/30/2015	12/31/2014
Short-term Debt	44,7	31.6
Long-term Debt	370.9	319.5
Total Indebtedness	415.5	351.0
(-) Cash and Cash Equivalents ¹	91.6	68.9
= Net Debt	324.0	282.1

Indebtedness (US\$ Billion)		
Net Debt	104.4	106.2

1) Includes government securities and time deposits (maturity longer than 90 days)

Note: Short-term debt include current portion of long term debt

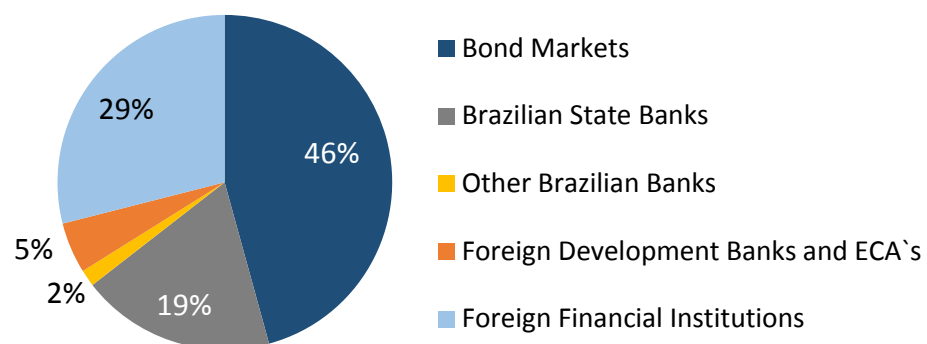


1) As of the 2Q15, the adjusted EBITDA used to calculate the ratio is the sum of the last 12 months

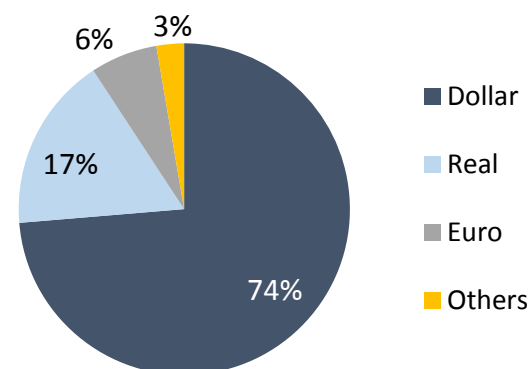
2) Net Debt / (Net Debt + Shareholders Equity)

Debt Profile

By Category

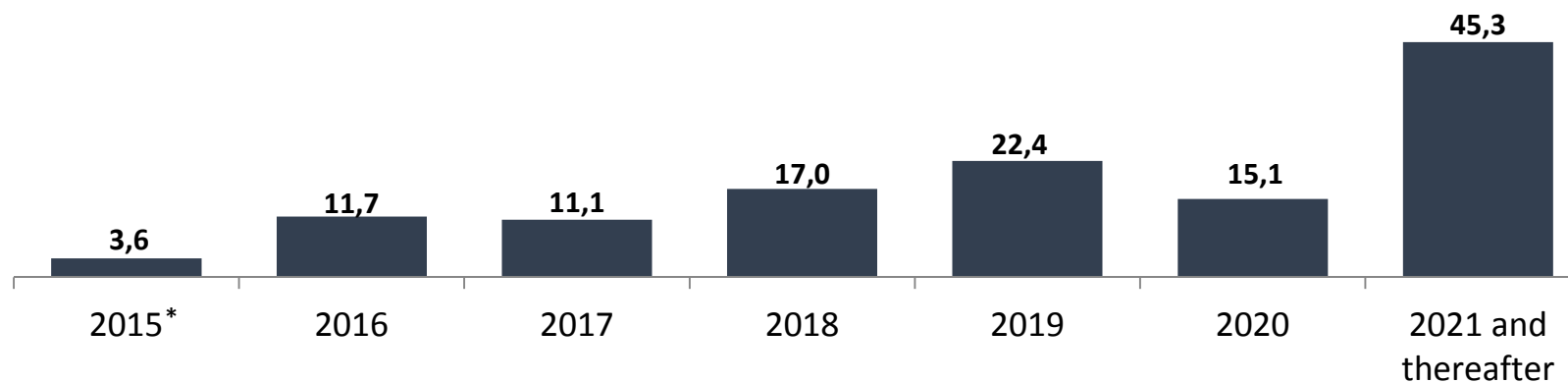


By Currency



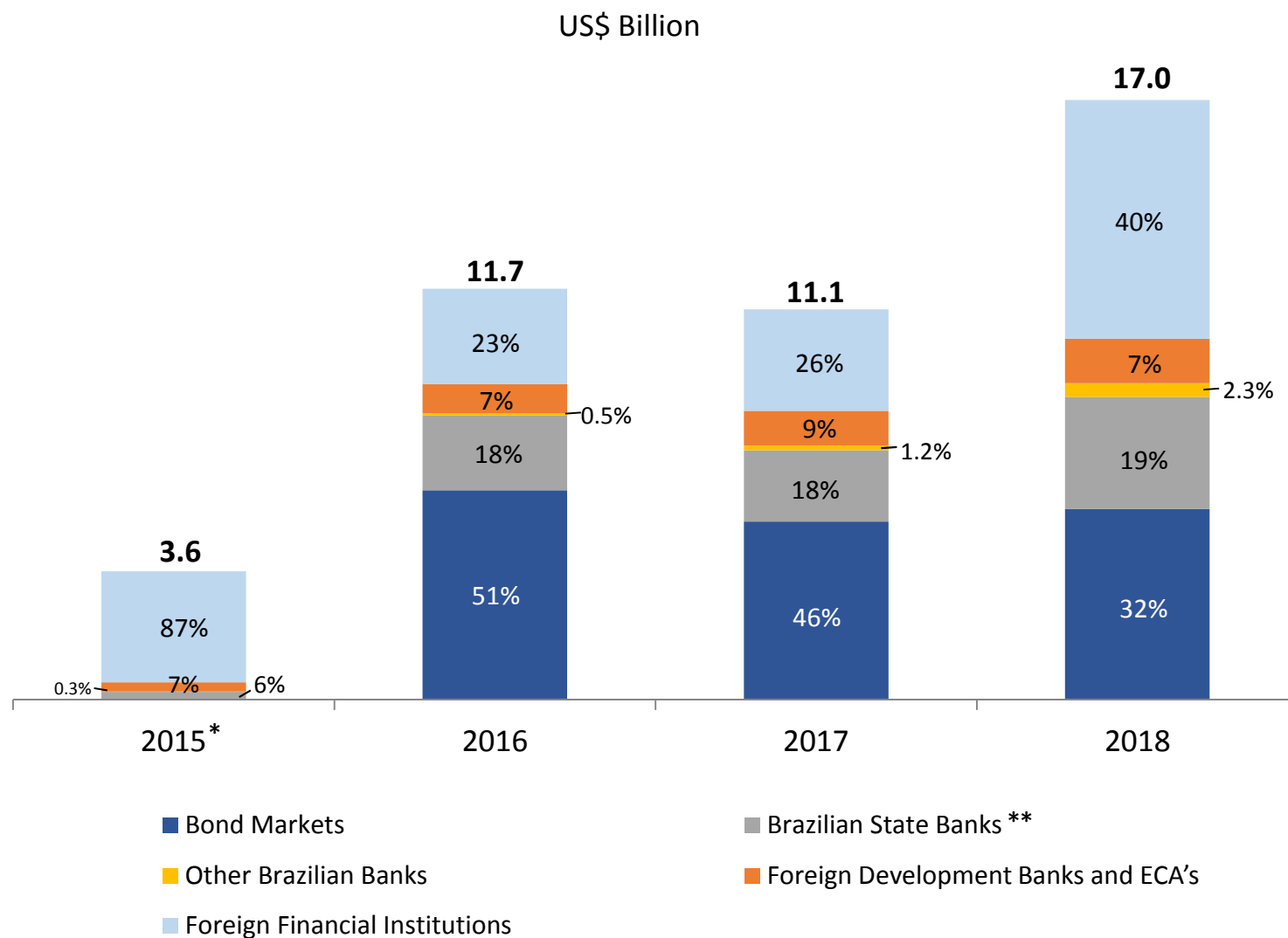
Principal Repayment schedule

US\$ Billion



* Amount still to be paid in the 4Q15

Maturities 2015-2018



* Amount still to be paid in the 4Q15

**BNDES, Banco do Brasil and Caixa Economica Federal

Financing Strategy for 2015-2016

2015

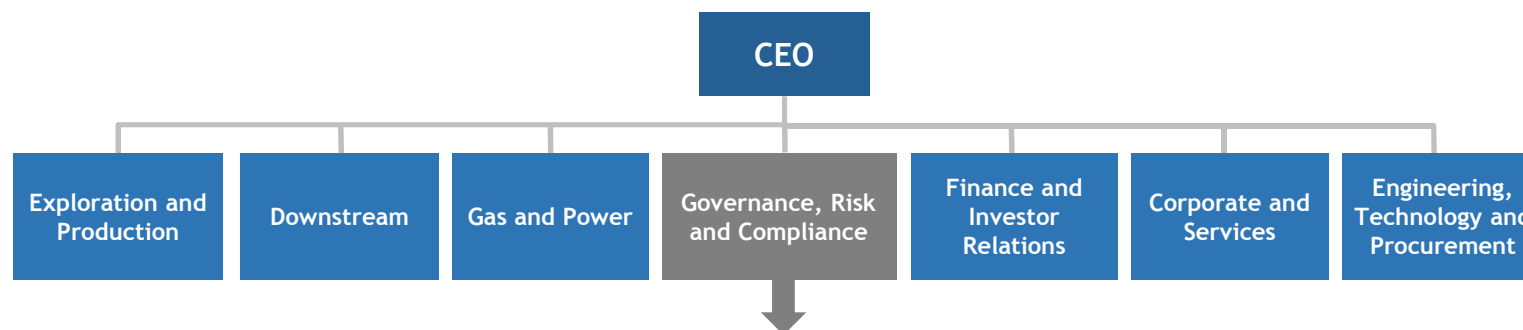
- Maintain cash balance by contracting new debt to exceed scheduled amortizations: Expected total financing of ~US\$15 billion versus amortizations of US\$10.4 billion
 - 100-year Global Notes - Proceeds: US\$ 2.0 billion
 - China Development Bank: US\$ 5 billion
 - Banco do Brasil: R\$ 4.5 billion
 - Brazilian Private Banks: R\$ 4 billion
 - Potential Remaining Funding for 2015:
 - Sale and Leaseback of Platforms: US\$ 2 billion
 - Caixa Economica Federal: R\$ 3 billion
 - Petrobras Debentures: R\$ 3 billion
 - ECAs: ~ US\$1 billion

2016

- Continue to maintain existing levels of liquidity principally through “self-help” efforts:
 - Balance capex to operating cash flow
 - Complete divestiture program for 2015-2016 of US\$15.1 billion
 - Maintain import parity
- Supplement self help efforts with additional financing:
 - Contract new facilities at least equal to scheduled debt maturities of Development Banks, ECA's, and Brazilian Banks (26% of total maturities in 2016)
 - Re-establish confidence with bond investors and monitor opportunities in various markets
 - Explore opportunities with financial institutions for select structured transactions:
 - Sale Lease-back
 - Future flow securitizations

Governance Structure

Construction of a new management model



- Created in the end of 2014 / Election in January 2015
- Independent Executive Officer hired from the market
- 3-year mandate, renewable for an additional 3-year period
- Chief GRC Officer must approve any matter submitted to the Executive Board
- Veto power in the decision-making process
- Integration with business and support areas, although independent
- Assist the areas in designing and implementing controls and evaluating their effectiveness

Committees

- **Special Committee**
 - Reporting line of the independent internal investigations carried out by specialized firms
 - Composed by: the GRC Executive Officer; Ellen Gracie Northfleet, former Ministry of the Federal Supreme Court; and Andreas Pohlmann, former Chief Compliance Officer of Siemens AG
- **Board of Directors and Independent Committees**
 - Strategic Committee; Financial Committee; Audit Committee; Safety, Environment and Health Committee; Remuneration and Succession Committee
- **Multidisciplinary Investment and Divestment Committee**

Implemented

- Internal Investigation Commissions
- Independent Investigation by two specialized law firms
- Corruption Prevention Program Manual (launched in December 2014)
- Administrative Sanctions to Suppliers
- Risks Management Policy (Approved in June 2015)
- Relations with contractors/suppliers: Integrity Due Diligence; Anti-corruption contractual clauses

Under Implementation

- Communication and Training, to prevent fraud and corruption
- Alignment with Petrobras subsidiaries
- Multidisciplinary Committee to approve Investment Projects
- Corporate Governance: Organization Structure Adequacy
- Restructuring of the General Ombudsman Office and the Reporting Channel
- “Background Check” for Designation of Remunerated Position
- Review of Approval Limits

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