

Petrobras releases teasers for sale of wind power plants

Rio de Janeiro, January 31, 2020 - Petróleo Brasileiro S.A. - Petrobras reports that it has started the opportunity disclosure stage (teaser), regarding the sales of all of its equity stakes in the companies Eólica Mangue Seco 1 and Eólica Mangue Seco 2, owners of wind power generation plants.

The teasers, which contain key information about the assets, as well as the eligibility criteria for selection of potential participants, are available on the Petrobras website: <https://www.investidorpetrobras.com.br/en/results-and-notices/teasers>

The main subsequent stages of each project will be reported to the market in due course.

This disclosure complies with Petrobras' divestment guidelines and the special regime of asset divestment by federal mixed capital companies, provided for in Decree 9,188/2017.

These transactions are in line with the portfolio optimization and the improvement of Petrobras' capital allocation, aiming at maximizing value for its shareholders.

About Eólicas Mangue Seco 1 and 2

Eólicas Mangue Seco 1 and 2 are located in Guamaré, in the state of Rio Grande do Norte, and are part of a complex of four wind farms with total installed capacity of 104 MW. Each company owns and operates a wind farm with a capacity of 26 MW.

In Mangue Seco 1, Petrobras and Alubar Energia S.A. have, respectively, 49% and 51% interest.

In Mangue Seco 2, Petrobras and Eletrobras have, respectively, 51% and 49% interest.

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Investment Opportunity in the Brazilian Renewables Sector

Mangue Seco 2 Wind Farm

January 2020

Proposed Transaction

- Banco Crédit Agricole Brasil S.A. ("Crédit Agricole") has been retained by Petróleo Brasileiro S.A. – Petrobras ("Petrobras") as its exclusive financial advisor in connection with the sale of Petrobras' interest ("Potential Transaction") in Eólica Mangue Seco 2 - Geradora e Comercializadora de Energia Elétrica S.A. ("Mangue Seco 2" or "Company"), which will be conducted through a competitive process ("Process")
- The Company owns and operates a fully operational wind farm of 26 MW of installed capacity
- Mangue Seco 2 is part of a wind farm complex ("Mangue Seco Complex" or "Mangue Seco") which includes three additional wind farms of 26 MW installed capacity each, totaling 104 MW
- Mangue Seco 2 secures a 20-year Power Purchase Agreement ("PPA") with CCEE⁽¹⁾ at a current price of R\$259.18/MWh (as of Dec/2019) and a 35-year authorization for wind power generation up to 2045
- Petrobras and Centrais Elétricas Brasileiras S.A. - Eletrobrás ("Eletrobrás") own 51% and 49% stakes in the Company, respectively
- The transaction perimeter includes 100% of Petrobras' equity interest, which corresponds to a 51% stake in Mangue Seco 2
- Shareholding composition as follows:



Transaction perimeter

(1) Chamber of Electric Energy Commercialization

Asset Overview

Asset Type	Wind Farm
Total Installed Capacity	26 MW
Equipment	Number of Turbines
	13
PPA	Model
	Wobben E82 / 2,000 kW
	Auction
	LER ⁽¹⁾ – nº 003 / 2009
	Term
	Jul/2012 - Jun/2032
	Total Contracted Energy (Dec/2019)
	9.589 MW avg.
	Tariff Adjustment
	IPCA ⁽²⁾

(1) Leilão de Energia de Reserva - Reserve Energy Auction; (2) Extended Consumer National Price Index, reported by IBGE

Geographic Footprint



Mangue Seco 2 windfarm is located in the municipality of Guamaré in the State of Rio Grande do Norte

Key Highlights



Fully Operational Wind Power Asset

- Wind farm with a total installed capacity of 26 MW
- No execution risk since the asset is fully operational since 2011
- Opportunity to obtain immediate and stable cash flow generation
- The plant has its own substation connected to the grid by a 138 kV transmission line to Polo Guamaré substation, which is owned by Petrobras



Highly Predictable and Strong Cash Flow Generation

- Secured 20-year PPA with over 12 years remaining
- Revenues are inflation-protected (adjusted by IPCA)
- Low operational risk with turbines and O&M services provided by Wobben / Enercon, a reputable global supplier



Attractive Contractual and Financing Terms

- PPA establishes mechanism to adjust contracted energy based on historical generation performance (mitigates risk associated to wind power generation)
- Reduced credit risk as CCEE is the counterparty in the PPA
- Long-term financing contract with attractive cost and duration



Proven Operational and Financial Track Record

- Strong cash flow generation with the last 3 years average EBITDA margin above 65%
- High historical availability levels, guaranteed by the O&M contract
- Lean and efficient organizational structure with low overhead

Process Overview

- Should any recipient/participant who meets all the Eligibility Requirements, described on Page 4, ("Prospective Purchaser") be interested in participating in the Process, it will be required to formally notify Crédit Agricole of its interest no later than February 21st, 2020, through the Contact Information described on Page 6, in order to receive the required documents to participate in the Process: (i) Confidentiality Agreement ("CA") and Compliance Certificate ("CC")
- Distribution of the Confidential Information Memorandum ("CIM") will commence on February 14th, 2020, to Prospective Purchasers who have executed the CA and CC
- For the non-binding phase of the process, the deadline to execute the CA and the CC and obtain access to the CIM by the Prospective Purchasers will be February 21st, 2020
- It is recommended that Prospective Purchasers execute the CA and CC as soon as possible, since any delays may affect investors' timeframe to analyze this opportunity

Eligibility Requirements

1. In order to participate in the Process, a Prospective Purchaser must meet the criteria described below ("Eligibility Requirements"):
 - a) Financial Criteria: (i) shareholders' equity or (ii) assets under management in excess of R\$50 million
2. The Prospective Purchaser shall not be listed in the following restrictive lists:
 - a) "Cadastro de Empresas Inidôneas e Suspensas" (CEIS) (available at <http://www.portaltransparencia.gov.br/sancoes/ceis>)
 - b) "Cadastro Nacional de Empresas Punitas" (CNEP) (available at <http://www.portaltransparencia.gov.br/sancoes/cnep>)
 - c) "Empresas impedidas de transacionar com a Petrobras", available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>
3. In case the Prospective Purchaser is identified in the abovementioned hypothesis or fail to meet any of the above mentioned requirements, it will be excluded from the Process at any time, in compliance with the rules applicable to Petrobras
4. In case the Prospective Purchaser or any of its subsidiaries:
 - a) Is subject, owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that have been administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously (Sanctioned Person);
 - b) Is located, have been constituted, incorporated, organized or resident in a country subject to any (i) economic, financial or commercial sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that were administered, enacted, imposed or executed by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil and the respective governmental institutions and agencies of any mentioned previously (Sanctioned Country); or
 - c) Have the predominant part of its commercial affiliation or business with any Sanctioned Person or in a Sanctioned Country
- Petrobras will evaluate if the relations or situations described prevent the participation of the Prospective Purchaser in the Process due to non-compliance with Sanctions applicable to Petrobras, and will inform the exclusion of the Prospective Purchaser from the Process, if the case may be
5. Furthermore, by participating in this Process, the Prospective Purchaser shall undertake not to take any action or omission that violates any applicable law regarding business ethics, including, but not limited to, the US Foreign Corrupt Practices Act, the UK Bribery Act, Brazilian Anti-Corruption Laws (specially the Brazilian Federal Law n. 12.846/2013) (hereinafter "Anti-Corruption Laws")
6. In order to participate in the Process and comply with the requirements set forth above, Prospective Purchaser shall sign a Compliance Certificate and indicate, if applicable, whether it is subject to any kind of sanction, even if it considers that the sanction does not prevent its participation in the Process. If the Prospective Purchaser is subject to sanctions, it shall describe in the Compliance Certificate the relation, the nature and the details of the sanction, as well as indicate the restrictions arising from it
7. The accuracy of the declaration and the fulfillment of the requirements mentioned above will be verified by Petrobras after the acceptance, by the Prospective Purchaser, of the confidentiality obligations necessary to participate in the Process

Joint Offer Formation

1. A Prospective Purchaser will be allowed to form a consortium, association or present a joint offer ("Joint Offer") with an independent party, or parties, to participate in this Process
2. The Joint Offer must have a leader, which is the Prospective Purchaser that will lead negotiations with Petrobras and will be the main communication channel between Petrobras and the Joint Offer ("Joint Offer Leader")
3. In such case, the Prospective Purchaser will be required to immediately inform Petrobras of its intention to present a Joint Offer, including information such as who is the Joint Offer Leader and who are the parties involved in the Joint Offer ("Joint Offer Member(s)") according to the deadline previously set in the Instruction Letter delivered together with the CIM
4. The Joint Offer must contain (i) powers of attorney granting powers to the Joint Offer Leader assigned by the other participants of the Consortium; and (ii) a statement by the Joint Offer Leader confirming that he is not acting as an intermediary in the Potential Transaction
5. The Joint Offer must be approved at Petrobras convenience, in accordance with the legal criteria and the rules established herein and further detailed in the Instruction Letter. After approved by Petrobras and verified compliance with Eligibility Requirements and Joint Offer formation rules, the Prospective Purchaser will be allowed to participate in the Process
6. The formation of a Joint Offer is permitted only if all the members collectively meet the Financial Criteria described in item 1 and individually all the requirements described in items 2,3,4,5,6,7 of the Eligibility Requirements section
7. Such Joint Offer Member(s) or any Prospective Purchaser must execute its own CA and CC directly with Petrobras in order to access any non-public information related to the Potential Transaction or the Company
8. The rules applicable for the modification in the composition of the Joint Offer will be further detailed in the Instruction Letter of the non-binding phase

Further Considerations

1. During the Process, Petrobras may perform preventive risk analysis, in compliance with Anti-Corruption Law and the Petrobras Program for Preventing Corruption - PPPC, and may ask any Prospective Purchaser to fill out a detailed questionnaire to verify the compliance of its practices and conducts with the Anti-Corruption Law
2. A Declaration of independent Proposal shall be submitted until the submission of each offer (non-binding and binding)
3. In order to prevent a conflict of interest, it will not be allowed the participation in the Process of any Prospective Purchaser that is considered an affiliated company of the financial advisor of Petrobras in the Process (Crédit Agricole)
4. The Prospective Purchaser may, under its sole responsibility and bearing all related expenses, retain financial, technical and, or legal consultants to advise on the Process, provided that such advisors are institutions with an undoubted reputation, experience and are not subject to any conflict of interests related to Petrobras whatsoever, being the existence of conflict determined in accordance with criteria specified by Petrobras

Contact Information

- Queries from Prospective Purchasers which meet the abovementioned Eligibility Requirements should be addressed exclusively to Crédit Agricole's individuals at mangueseco2@ca-cib.com
- This e-mail should be used only for the purposes of the Potential Transaction
- Under no circumstances should any contact be made with the management or employees of Petrobras or any of its affiliates
- Any general questions or inquiries not specific and not directly related to the Potential Transaction should be addressed to the following website: <http://transparencia.petrobras.com.br/>

The Process

Disclaimer

This document ("Teaser") is being furnished to Prospective Purchasers and published in Petrobras site ("<http://www.investidorpetrobras.com.br/en>") with the purpose to present this opportunity

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