## International Conference Call
## Petrobras
## Extraordinary Call
## December 5th, 2018

**Operator:** Good afternoon, ladies and gentlemen. Welcome to Petrobras webcast and conference call for the presentation of the 2040 and the 2019 to 2023 Business Management Plan.

We would like to inform you that participants will be in listen-only mode during the company's presentation, which will be conducted in Portuguese with simultaneous translation into English. Following the presentation, a Q&A session will begin when further instructions will be provided. Should you need assistance during the call, please press star 0 for the operator.

Today with us we have:

- Mr. Rafael Salvador Grisolia, Petrobras chief finance and investor relations officer;
- Mr. Nelson Luiz Costa e Silva, chief strategy, organization and management system officer;
- Mrs. Solange da Silva Guedes, chief exploration and production officer;
- Mr. Hugo Repsold Junior, chief production and technology development officer;
- Mr. Rafael Mendez Gomes, chief governance and compliance officer; as well as other company officers.

We would like to remind you that this meeting is being recorded, and please notice slide number 2, which contains a disclaimer to shareholders and investors. The words believe, expect and similar ones related to projections and targets of the company are mere forecasts based on the company's expectations regarding the future of the company.

To begin, we will hear Mr. Rafael Salvador Grisolia, CFO and investor relations officer. Afterwards, we will be answering questions from participants.

Mr. Grisolia, you may begin.

**Mr. Rafael Grisolia:** Good afternoon. It’s a great pleasure to be with you. Nelson will be making the presentation and afterwards we will have the Q&A session.

Nelson, you have the floor.

**Mr. Nelson Silva:** Thank you very much Rafael. Good afternoon everybody. I would like to start by thanking everybody who worked on this plan, we have been doing this for 8 months of meetings, workshops and etc., and we believe that ultimately, we have this plan that represents a plan that has a maturity that is consequence of the 17-21, 18-22 plan that we will be referring to.

As a brief moment of security, I would like to mention that today we have 1.03 of TRI, slightly higher than the top metrics, which is 1. In recent weeks it has been slightly higher than 1.03, so we are very pleased anyway, because we are on the right track to reach our target in TRI. Therefore, 1.03 is the total recordable injury per million man-hour.

I would like to start at page number 3 of the presentation, which you already have on your screens. Here we have the 4 parts of our presentation, which is a new movement: first, we will be talking about the change in the world scenario of energy; our journey so far; a brief mention to what has been done so far; our ambitions, where we want to get to with this strategy plan for 2040 and the 2019-23 business management plan; and what is the plan for us to follow in order to reach the metrics of the strategic plan for 2040 and also the BMP 2019-23.

World motion, page number 4, in this part we will be presenting our scenarios and we have something new here because we will be explaining externally a book of our scenario and with a detailed explanation of each one, and I would like to invite you to check our website to see our book of scenarios as we have published.

Slide number 5, we have placed the vectors of energy market dynamics that affect our business, we see that we are living a linear world where it was enough to look at the conventional supply of hydrocarbons and compare it with the energy demand, both in the energy sector, which is generally affected by the increase in the world LPG, and also in the transportation sector, and this was based on supply and demand linear, and today we are quickly going to a world called “nonlinear world”, where we have impact of sustainability, for instance, as you can see in this slide, access and safety.

So, the impact of emissions and the control of emissions, climate changes impacting our businesses, renewables – where Brazil has a huge potential, and I believe all of you are aware of that, mainly in wind energy, this is already a reality in Brazil as well as solar –, technological revolution impacting mainly the world fleet, the world vehicle fleet, mobility, and also technology affecting the behavior of our client in the markets where we operate, so it has a major impact on behavior, electric vehicles, shared use, smart grids and the behavior of people changing very fast.

Energy inclusion, because more and more people at least 1 billion people will be included in the consumer market, so we see this alignment of energy production and consumption and geopolitics as well, our market very much affected, mainly on the supply side, where we will have over 40% of the world production in areas that have constant political conflict, so we have an impact here on the supply as well.

Now let's go to slide number 6, where we have the 3 different visions for the future in Petrobras scenario as we published today for the first time ever. As you can see, we have 3 scenarios, 3 possibilities here: stream, shoal and coral, and the main difference between these options in the future is the speed by which we will see energy transition. So, energy transition is a given, but it might be either slower or faster depending on the adoption of certain parameters and regulations, and that will be contributing for us to have either the stream or shoal or the coral scenario. The shoal is the average one that we have been adopting, which is a moderate energy transition as the base scenario for our studies.

Now let's go to slide number 7, where we see that although these scenarios are rather different between one and the other, as we can see on the left, between the stream and the coral, we have a primary supply of energy that varies a lot, as well as demand on the right side of this slide, and on any of them oil continues to be the main source of energy, and this is an important information because oil will continue to be the protagonist in any of these scenarios as a look at 2040 and plan horizons.

Slide number 8, we have the trends in all scenarios, so we have growth in demand, then energy, environmental restrictions, mainly because of the Paris agreement, and all the countries that have signed becoming more and more important factor, technological revolution that affects mobility, but also affects the behavior of people as we said, demand for renewables increasing gradually in major potential in Brazil, Brazil dispatches 6 to 7 GW every day in wind energy for instance, and this is a source today that is fundamental for the Northeast of Brazil, for instance, just to mention one example, and the outlook is for double capacity in the next 10 years.

Among fossil energies, natural gas presents the highest growth rate, and this explains why natural gas is the transition fuel, so the great changes, adjustments in coal-fired plants will occur through the replacement of coal for natural gas, and petrochemical sector showing a very major resilience in all these scenarios that and I mentioned, be it in terms of using oil products and integration with refining, or as an aggregation of value and less dependence in the case of Brent oil. So, the petrochemical sector also showing an area big resilience in all scenarios mentioned.

Slide number 9, transition, shows us to think about what we will be doing in the future, and it is important to tell you how we got so far, how we got where we are today. So, let's go to slide number 10, where we have the highlights of what was done since 2015 in the company until 3Q18, the figures that have already been published.

Starting by the reduction in the TRI by half, from 2.15 to 1.06, and I said at the beginning of the presentation, today we have 1.03, which is slightly higher than 1 that is the target, and also lower than what we had in the third quarter of 2018, and we will continue to make our best endeavors in order to be lower than 1 and going towards 0 TRI in the company. We reduced the debt, the net debt Ebitda ratio by half, also the figures of the third quarter of 2018 from 5.1 times net Ebitda ratio to 2.7, and the reduction and extension of our debt from US$106 billion going down to US$73 billion, a significant reduction in US$33 billion in a short span of time, and we also installed 8 new production systems, this is fundamental for us to increase production with 3 additional ones scheduled for the fourth quarter of 2018 – and Hugo is telling me that we are going to deliver these new systems – and fundamentally, delivering our production targets as well in the last 4 years, and this is very important, it's our backbone.

And the pricing policy aligned to the international market, this will continue. It is important to stress that we have never waived our 4 value drivers, and later on partnerships and divestments, capital discipline, optimization of Opex and our commercial policy aligned with international prices. So, none of these drivers will disappear, we will continue to work on them.

Slide number 11 we have the enhanced governance model, it was further enhanced: 81% independent members when the minimum is 40 in our Board of Directors, prohibition of political appointments totally aligned with state-owned enterprises act, independent members from the federal government selected from a 3-name list, individual assessment, committees for the board that support the board decision, accession to B3's Level 2 and Corporate Governance Program for State-Owned Companies, related parties transactions and elimination of all of the weak points, we have over 60,000 employees that have been trained since 2015 and over 15,000 suppliers assessed the since 2015, so the governance model is enhanced and much more robust than we ever had in the past.

Now, slide number 12, where we show a very brief history of the last plans of the most recent plants, so the idea here is to show you the evolution, and I think you must remember our Evolution Project, you see an evolution between the 3 recently published plans of the company, 2017-2021,2018-2022 and 2019-2023, you can see a consistency among the 3.

The Evolution Project, which has now been renamed management and evolution system, was a project that had a finite period estimated to be carried out within the company, and we have today transformed it into a perennial evolution and management system and it is being maintained in the long run. So the 4 value drivers will remain intact as we continue our journey towards the future, so the use of the revenues and competitive prices aligned with the international market, efficiency in the processes and costs by means of applications of ZBB, simplification of processes, optimization of our fund will continue to be with us, capital discipline and Capex more and more, as we now have to make choices, and active portfolio management.

So, partnerships and divestments allow us to have an ongoing management in this regard and is part of the daily routine of Petrobras as of now.

So, 2017-2021 we had competitive prices, Opex and Capex efficiency, debt reduction, partnerships and divestments, we see this being repeated in 18-22 and it will continue to be such from 19 to 23 with some news as the profitability target that we will be getting into and the active portfolio management that now is part of our daily routine in Petrobras.

Slide 13 is a transition slide. So, based on the information from the external business environment and analysis of internal environment, strategies are developed focused on the sustainability of the company in the long run considering disruptions resulting from a low-carbon economy, we will be talking about that, digital transformation, competitive environment and business complexity, that becomes increasingly bigger.

Slide number 14 we talk about our vision. Basically, you will see that it is basically the vision that we had in the past, nevertheless, its focus was on oil and gas, and now we are “an integrated energy company that evolves with society, generates high value and has unique technical capacity”. We have therefore promoted this adjustment in our vision translating our intention to be an integrated energy company generating value in the future, without referring specifically to the focus of oil and gas, even if oil and gas will remain, for many and many years, the company's biggest source of revenue and business without a doubt, and we'll see this a little further when we discuss and present our capital plan for these five-year plan.

Slide number 15, our purpose is to continue providing the energy that drives society to realize its potential. So, we will continue to provide energy that brings movement to life.

Our values, slide 16. I would like to draw your attention about that because they continue to be the same as the 17-21 plan, nevertheless, I would like to remind you once again which are these values: respect to life, people and environment – we make this clear when we say that people safety and integrity of assets, ethics and reliability are absolute priorities for the company - ethics and transparency are our second value, overcoming and trusting the third, market orientation the fourth, and a results-oriented company as the 5th value without any change whatsoever here in terms of our values.

Slide number 17, here we will start to talk about our strategies. I think you remember that we had 21 the strategies in the first year and then we reduced to 20, and the company will be even more focused on 10 strategies: 3 in E&P, 3 in refining, transportation, commercialization and petrochemical, 4 corporate strategies.

Okay, very well. Now we are on slide number 17, the 3 exploration strategies are: to maximize the value of Petrobras by means of the active management of the E&P portfolio, and we mentioned this before, basically we will be continuing portfolio management but with the target of increasing profitability for the company from the portfolio, and this is valid as well for refining and transportation, gas and energy, and we will promote initiatives that ensure the future sustainability of the business. Therefore, profitability is the key word here and risk reduction as well. This will be done by means of prioritizing our assets in deep waters, increasing process efficiency, we mentioned that, exploring the potential of new technologies, acting in partnerships are very important, and also the reserve replacement at sustainable levels, and we will see that more capital will be earmarked to exploration.

Now, let's talk about natural gas. We will be optimizing Petrobras' participation in the integrated chain of natural gas in Brazil and also partnerships in the international market. This is extremely important because it will be bringing an additional contribution to the reduction of our geographic concentration and also concentration in oil. We are company that has oil and gas and have 80% oil and 20% gas, and also participating in the global LNG market, and we understand this is of utmost importance in order to integrate our markets, the domestic market, that will always be the most important market for Petrobras, the Brazilian market, but also acting in the global market and tapping into opportunities and opening new avenues that will be useful for us in our trajectory.

Number 18, here we have the 3 strategies of refining, and I wanted to draw attention to these three ... in fact, two in refining and one of renewables, being refining to maximize the value of Petrobras through active portfolio management, similar to the one already mentioned in exploration and production, and petrochemical integrated to the oil and gas production activities.

So, this integration of the oil production with petrochemical is the name of the game here. So, we are committed with our repositioning in refining by means of partnerships, this is also of utmost importance, the reiterated decision to leave fertilizer business, distribution of LPG and stakes in the production of biodiesel and ethanol. We will continue to reposition the company in refining by means of partnerships, and we will be showing you later on in a few slides our stake in the sector as we go on with this strategy.

Regarding renewable energies, the focus is on wind and solar power, and we have recently signed partnerships with Total and Equinor, and wind with Equinor with focus mainly on offshore wind. We are developing a pilot plan for that and we have partnerships with companies that have a very long-standing experience in these sectors, and because of that we will be able to have a very fast ramp-up in these modalities of energy and energy generation where Brazil has a very big potential, onshore and offshore as well.

We will be exploring opportunities for bioaviation fuel and renewable diesel, integrated with refining assets, development of new technologies and meeting the requirements of a low-carbon economy, that becomes even more important for the company.

Now to slide number 19, and here we have the 4 last ones. So, all in all, they are 10. Starting by the first one on the top of the slide, which is to develop critical skills and a high-performance culture to meet the company's new challenges for this new Petrobras and where we will be making new choices regarding our business and the way we operate, so this workforce will have to have a better performance and even because of competition because other companies are doing the same developing leadership – and a full plan for cultural transformation, and we will be talking about that later on –, in order to adapt our workforce in order to meet the challenges that we will be facing in the future, in fact we are already facing some challenges, and they will continue in the future.

Reinforcing the competitiveness of the company, very important, disruptive technologies innovation, they will be studied and adopted as necessary preparing Petrobras for a more competitive environment based on cost efficiency, scale and the digital transformation, and I think you remember that this was a strategy that was launched in the 18-22 plan.

Very important to continue to reinforce compliance of the company and the with the same attention that we give to all safety aspects, and we can only talk about the past and nothing guarantees the future, but we have the reinforce management of safety and implementing technologies for digital transformation as well as I mentioned.

Partnerships is a very important point of our plan, our strategic plan. We have to develop partnerships that are evaluated on an ongoing basis in order to guarantee integrity of value creation and strengthen Petrobras' communication with transparency and our relations with all stakeholders. That would be the fourth and last strategy of this plan.

Slide number 20 opens the path towards our evolution. In order to support our strategic plan, we will be going into greater details on how the next 5 years will be in our journey.

Now let's turn to slide number 21, our top metrics. Two of them are very much familiar to all of you who have the 17-21 and now our plan for 19-23, which is our TRI meeting a maximum of 1 for 2019, so this means an additional hurdle for all employees of Petrobras, so that we may look after our colleagues and letting our colleagues look after us, because everybody has to work hand-in-hand towards 0 TRI for the company. So, this is our first top metrics; TRI.

Debt reduction, net debt Ebitda ratio, slide number 21, here below 1.5 as of 2020. We have a small margin here in order for us to reach the level of the other companies in our group sector, integrated energy companies, so we are establishing 1.5 as of 2020 as a target for debt reduction. This is the top metric that we have, and you know that this year is 2.5.

And here we have added for the first-time profitability, return on capital employed, ROCE, higher than 11% as of 2020. So, this is one of the highlights of our business and management plan, the inclusion of this new top metric, and as of 2020 our target is above 11%. So, the 4 value drivers will continue to be used in order for us to deliver on these metrics during the 19-23 plan.

Slide number 22, these are the assumptions of our plan. So, in order to ground our investment decisions and profitability, we are working with a set of assumptions for oil prices, and such as we did in the previous plans, exchange rate and the growth of the Brazilian market in line with the other forecasts, and here we can see the predictors ranges and where our assumptions are in the years of the plan until 2023.

Please go to slide 23, this is another novelty of the plan; when we launched the concept of drivers or value generation engines or drivers. There are 3 engines that we call a driving force, these are our core value generation assets for the company, both in refining and in E&P, and naturally, this driving force is a central element generating cash for the company, so it gets most of the Capex, we have a Capex of US$ 84.1 billion, practically 10 billion more than in the prior plan, and US$ 78.4 billion will go to this driving force, the first engine, the large engine, which is the core of the company, where are our assets that generate the most cash, both in E&P and RTC.

We also have a second value generation engine; strength to evolve. And this is the expansion leveraging core competences and skills. Here we have projects related to natural gas and petrochemical projects, this will get a Capex amounted to US$ 5.3 billion of the total of US$ 84.1 billion. And looking at the future, movement toward the future, construction of another engine to perpetuate the growth equation paying attention to everything that is happening around us, particularly in renewable energies, this movement toward the future initiative will get about US$ 400 million, or US$ 0.4 billion, out of the total of US$ 84.1 billion.

So, we have 3 central value generation engines for the company that were described in this way that I have just presented. It is another novelty in this 2019- 2023 business management plan.

Now, we would like to highlight the strategic areas where we are investing capital. Again, here capital discipline will be the background of everything that we have been doing. So please go to slide number 25. Here we have exploration and production investments, we will again resume investing in exploratory activities in addition to E&P getting more capital investment than in prior plants, I would like to draw your attention particularly to exploratory activities because in 2017-21, 18-22 it was getting about US$7 billion, but now it will increase again, in this BMP it will get almost 11 billion, US$10.8 billion, that will be detailed momentarily, and it used to be flooded around in 2014 until the 2018-22 BMP, we have seen strong reduction in the capital employed in exploratory activities, and now for the 2019-23 BMP increasing again, showing that the company is in a recovery phase.

We see this curve inverting, and again, we have a number similar to what we had in the 2015-19 BMP, 10.8 billion, around US$11 billion for exploratory activities.

Please go to slide 26. This is perhaps one of the most important slides in this presentation, it shows the expected 5% annual average growth along the 5-year life of this BMP with 4 production systems already operating, they started operating this year, and totaling 9 production systems operating. There were 3 new production systems, with these 4 we are going to have 13 new production systems entering into operation from 2019 to 23, and with the last production system at Mero field, and we are going to have also systems in the Lula field, and we have the first field entering into operation in 2021 at Mero field, and we have a very rigorous plan with an expected 5% annual average growth CAGR, and like I said, we have 4 production systems already producing, and from now until 2023 including these 4 in 2018, we will have a total of 17 production units.

Please go to slide 27, this talks about E&P value, 13 new production systems, as mentioned, revitalization of the Campos basin, which is very, very important for us to be able to work on the decline of the Campos basin. Here we have an important partnership with Equinor, this will contribute towards that effort, active portfolio management that I mentioned before and cost efficiency, which, as I said before, remains a very important day-to-day activity for action front at the company with the lifting cost in the pre-salt under US$7 per BOE and lifting cost under US$10 per barrel of oil equivalent from 2020, and an ROCE higher than 11% from 2020 onward.

On slide 28 we have a solid exploratory portfolio, as I mentioned before, with a significant increase in the exploration effort, we see an increase from 6.8 to US$10.8 billion, almost 60% increase, 21 blocks acquired, 136 exploratory blocks. As we can see, a huge exploratory effort supported by an investment plan, which is just as high, inverting that declining trend in investments in this area.

On slide 29 we have the main exploration and production projects listed. I would like to highlight Búzios, 9 billion Capex, Lula 4.6%, we can see Mero 3.5 billion, Atapu 2.7 billion, Berbigão-Sururu 1.7 billion. In the Campos basin we have a total Capex of US$20.5 billion, and that strategic partnership with Equinor as mentioned before, but here showing a robust investment plan in the main E&P projects.

Please go to slide 30, and, actually, to slide 31. Here we have investments in refining and natural gas, US$13.9 billion and an important point about this plan is the repositioning of Petrobras in the refining sector, as have been mentioned before. We had disclosed this broadly, and that effort will continue in terms of the repositioning of the company in refining, transportation and commercialization, as well as its vision of the future action in natural gas and renewables. So, these are great novelties in terms of refining and natural gas investments, and this will have an impact on capital allocated for investments in this area of the company.

So, the expected Capex is US$13.9 billion, most of it going to refining, transportation and commercialization aiming at increasing operating efficiency of our assets.

On slide 32 we talk about our repositioning in refining, and here we can see… well, it is important to say that the Brazilian market is a premium market for the refining segment in the world, we are the 7th largest consumer market for oil products, and we expect growth in the coming years, something that is not seen in many markets in the planet. So, we will continue to operate strongly in this market.

On the right-hand corner of this slide we can see our market share before and after we implement this change that we have planned with partnerships and divestments in the refining sector from 99% today, almost of the totality of the market, down to around 60% in the proposed model, Petrobras with a 60% market share attracting partners and creating a much more dynamic and competitive market, which will benefit the company in the long run.

On slide 33 we have over main refining projects specified here, and I think that of the projects mentioned here, the most relevant of all is the completion of the second refining train, our new refining unit at Rnest with another 160,000 barrels a day, not neglecting the fact that we will be also investing in projects to increase treatment capacity, projects to meet the diesel S10 market and new regulations given climate change and control of emissions.

The main projects of natural gas on slide 34 please. I'd like to draw your attention to route 3, which is already operating, route 1 we had to adapt the unit to treat gas at Caraguatatuba, so adapt UTGCA to process pre-salt gas, and in the Sergipe and Alagoas area we had to facilitate offloading and processing of the gas produced in deep-water fields of the Sergipe and Alagoas, and these are the main projects for natural gas, the gas pipeline of route 3 being the largest.

On slide 35 we have the topic of developing a position on the global natural gas market for Petrobras. We understand that this is fundamental to connect the Brazilian market with global markets and that when Petrobras starts playing an important role. We will move from the current situation, as being domestic producers, domestic sellers of natural gas, and with LNG receiving terminals, and with the participation in trading spot in short term, and we want to move to the future, to develop the global market to be a global player, to pursue long-term competitive supply an increasing the optimization and trading activity of the product.

We understand that in the future gas will be a transition fuel; this is already happening, a transition vehicle to low-carbon economy. LNG is the way to establish a global position for Petrobras in this segment.

On slide 36 we have the main renewable energy projects. Participation in solar energy auctions, here I'd like to highlight our partnership with Total and Equinor that is ongoing, I'd like to remind you that Brazil has a great potential to supply renewable energy and Petrobras will intensify its journey in the diversification of projects capable of adding value to its portfolio. It is important to remember that these investments in renewables will respect this in governance of projects approval, just like any other projects in the company, it has to have an economic rationality, logic, it has to have a capital employed so that we can approve the projects in the company by the bodies of approval.

We are now on slide 37, and we can see Petrobras' targets and ambitions for emissions. This is also very important because here we want to make it very clear our targets and how we are committing to achieve these targets to reduce our carbon emissions intensity per barrel produced in both E&P and in refining, this is not only during the life of this BMP, but until 2040. Petrobras this year joined GSI, which is the organization of oil and gas companies, that currently represent about 30% of the global production, and working around the climate initiatives, we are members participating now in this organization.

Slide 38 shows sources and uses. In this table we see that we expect an operational cash generation in the period that is very robust as you can see, the cash of 26 active portfolio management 26.9%, use of cash too, cash flow generation of 114.2%, and again we highlight a significant reduction of our debt, we will continue on that effort, we haven't achieved an optimal point of 1.5 net debt over Ebitda ratio expected for 2020. In terms of uses, in addition to this reduction of the debt, we want to have lower amortization of interests as a result of a smaller debt.

We have our investment plan, US$84.1 billion, as mentioned, and we will not need any new net funding in the period, and that is very important.

The slide 39, please. Partnerships and divestments. Here we list several partnerships that are ongoing at the company on hold, awaiting either legal decisions or regulatory decisions, we have some projects in the teaser nonbinding and biding phases, and we see the assets included in each one of these phases. We will continue the projects underway in the teaser and non-binding phase and in the binding phase, of course, this effort continues.

On slide 40 we have a summary of the risks to our business. Since the 2017-21 BMP, we made this very clear; risks become a fundamental aspect along all the phases of analysis of our investments in large projects regarding our commercial policy, partnerships and divestments, the litigation of the company, which remains quite high, and operational continuity. So, these are the risks that are continuously considered by the company and that are being considered in all of the phases of our investment decision-making process.

On slide 41 we have the cultural transformation, which I alluded to in the beginning of the presentation. We understand that people management is driven by cultural transformation, we have to adapt the skills of our workforce, this is fundamental, and also to cope with the new challenges that are presenting to the company, we have to increase our focus on efficacy and value to the business, employee skill building to meet new business challenges, meritocracy, stimulate autonomy, flexibility and quality in the work environment, transparency that we talk about so much, strengthen the process of attracting retention, development, retention and succession at the company and to incorporate the vision of digital transformation in the routine of our employees. I guess this will change the way in which we do things and how people behave.

We find our core competences mapped on slide 42, in the 2019-2023 BMP. I'm not going to get into details, but all of them confirming the concept of that our work force has to be adapted to this new moment to the new challenges that are presenting now and in the future.

On slide 43 we have the expected contribution to investors through capital discipline. Therefore, we have a profitability target now that shows the company's commitment to a return on capital employed, ROCE, efficient allocation of investments, approval of projects with worst-case scenarios, I talked a lot about this when we talked about investments in renewables, we want to achieve an optimal leverage of 25% and to maintain shareholders' remuneration policy, that is very, very important, possible change in the distribution considering the reduction of debt indicators and new investment opportunities. So, this is being constantly evaluated so that we can maintain our shareholders' remuneration policy.

And now, 44, contribution to society. We expect 600 million BRL paid in federal, state and municipal taxes along the five-year life of the BMP, 13 billion BRL in our R&D, half of this amount in Brazilian universities, more than 100 universities, 6 million BRL invested in social and environmental projects throughout the country, the creation of approximately 450,000 jobs in the country given the activities generated by the company.

And the last slide we want to summarize with just one sentence how we see this moment of the company. Basically, we believe that the big challenge is to this cover today what will matter to Petrobras tomorrow. And we need to prepare the company for the future that is developing now before our very eyes without us having a clear vision of what the future we will be alike. But we will prepare for it.

Thank you very much.

## Question-and-Answer Session

**Operator:** Now we will start the Q&A session. Each participant will be limited to 2 questions at most. Please, ask your questions and slowly and clearly, and please ask them consecutively.

Please, do not use your speakerphone to ask your questions.

Questions in English will be heard in the original language by all participants and answered by the officers in Portuguese with simultaneous translation into English.

In order to ask a question, please, press star 1. In order to remove your question from the queue, please press star 2.

Our first question comes from Bruno Montanari, Morgan Stanley.

**Mr. Montanari:** Good afternoon, thank you for the presentation and for the question. I would like to draw a comparison looking at the operating cash generation going from 141 billion to 114 billion this year, so the exchange curve is similar with a higher oil price in this curve, and I would like to know if you are considering a higher dividend payout in order to make this calculation or are you including some assets to be divested from or is there any other reason?

And the second question has to do with refining. There seems to be an uncertainty in the pricing environment and regarding subsidies this year, so do you believe that it would be possible to divest from these assets under these markets' circumstances? And in the talk that you had in the past with prospect, which were the points that were discussed in order to break this monopoly, emblematic monopoly that could happen? Thank you.

**Mr. Grisolia:** This is Grisolia, thank you very much for participating. We are very happy with our plan, I'd like to reiterate that. Regarding your question, the comparison between the most recent plan and this one, in terms of cash generation, this is a cash generation after dividend payout and contingencies, and as Nelson has said before, we have a new moment in Petrobras today, we have been repeating this to investors and to the market, and this plan addresses this in fact. We have 18 new systems coming in and producing, and of course, this impacts the production curve, and depending on Brent and oil, this will generate a substantial amount that will impact our Ebitda and also it will be an indicator of cash generation, and we use this cash generation using these divestments that will guarantee perennity to Petrobras, and we have a very disciplined allocation with a long-term strategy and guaranteeing profitability to our investors, and what will happen is that this cash generation that is already net of a possible additional dividend payout that we could imagine during the whole life of the plan.

Well, we have all the indicators that we are working with, and after that we will have an important variable in this cash generation that I mentioned already factors in dividend payout as I said, and also our active portfolio management regarding divestments mainly the impact in terms of refining, and we have the smaller position, so to say, or smaller market share, and it is already public information our intention regarding the North and South clusters.

And regarding pricing, we tried to address, although there is a change in the name, and this was also reinforced, that we would like to make it very clear that, as far as we are concerned, Petrobras this is part of the value creation for our shareholders, that is to say, maintaining a pricing policy having to do with the international market variables, the cost of opportunity, and the way we look at that as a basis for our investment policy.

So, we look at our natural competitors in refining, who were basically importers, and we will continue to maintain this policy that continues to have this focus on parity plus the margin, and we would like to make it very clear, it is important to reinforce this, it is one of the fundamentals in our plan. And lastly, the positioning regarding the refining clusters in the North and Northeast and South that have already been announced, it is important to mention that we are following a system that is based on many market factors, and this is very significant, we have our financial advisors showing us how our asset… Well, this will be some of the biggest assets in the plan, and the potential that each one of them has and how much of this is aligned to our strategy, and this is when we will have a decision regarding which is the market that we will be working on in competitive conditions and whether we will continue with the partnership or whether we are doing to divested this will depend on that, so we identified prospects of course, and over time we will continue to work on this proposal or on this bid.

**Mr. Montanari:** A quick follow-up in terms of refining. In your view, do you believe this would be concluding during years 1, 2, 3 or 3, 4, 5 of the plan? What is your estimate?

**Mr. Grisolia:** Well, I'm not going to mention something very final because otherwise you are going to question me afterwards. But the processes that are suspended over all, we will see a better solution of what Nelson mentioned that were suspended for regulatory and juridical issues, we will have a strategy to address them in the shorter run than in the medium run. So, it would be in the initial years.

**Mr. Silva:** I would like to add something, Bruno, I mentioned 3 production systems, in fact, they are 18; 4 already installed, 5 in 2018, 13 plus 3. So, I would like to make a small correction regarding the number, okay?

**Operator:** Next question comes from Christian Audi, with Santander.

**Mr. Audi:** Thank you. I'd like to touch on 2 topics. One has to do with the sale of assets. Could you, please, elaborate on the distribution of this sale of asset? It seems that in exploration and production in the binding phase you have the highest number of potential assets. If you can comment on this, on if fuel distribution would be part of the portfolio or not or if you continue that this is strategic and not to be considered for sale.

And in the chemical segment, how relevant do you think this segment is? This is important from the standpoint of integration to the company, if you look at the Capex there is not a lot of focus on the chemical sector. So, I would like to understand more your divestment plan, and that would be very much appreciated.

My second question has to do with the return on capital employed. Congratulations on announcing a target, which is not easy for integrated companies to achieve. What I would like to understand this is: This 11% that you mentioned, is it a consolidated number or limited to E&P? And if so, is it just exploration and production that is showing an improvement in ROCE or all other segments as well, refining, chemical and others? Do you expect a ROCE in these other segments as well? Thank you.

**Mr. Grisolia:** Christian, this is Rafa Grisolia, thank you for your questions and for your participation. I will try to answer your question and then I will turn the floor to Solange to talk about E&P and divestments.

So, regarding the divestment program, basically what we are presenting here are the assets on that slide in terms of what we have at the different phases, and basically what we have announced already, and this has been informed to the market, and some of them are on hold, but we understand that more in the short term we are going to have a resolution of these legal decisions.

Now, regarding other types of assets, as you mentioned, for example, distribution, they are not in the current plan. Again, our discipline is focused on creating perpetuity to the company and shareholders' value creation. So, we will be recycling some information, but in this business and management plan we are not considering any other asset that was not included on that slide.

It is important to say that on this slide we say that, regarding your question regarding chemicals, we have a strategic plan for chemicals, we understand the petrochemical has a different positioning for oil companies. So, we would use in the past downstream as a hedge for upstream, so Petrobras has also to consider petrochemical when the oil demand tends to be reversed. Just like any other oil company, a petrochemical asset makes more sense when it is integrated with the company's refining capacity. This is what we are seeking. We have that number of divestments that we announced, and regarding what we mentioned, we have our Petrobras stake in Braskem. We are waiting to know the terms and conditions of the final discussion with Odebrecht and then we will make a decision regarding the specific process.

And thank you for your compliment regarding our ROCE. We talked about this before, it is one way of adding discipline, one way of interacting substantially with the market our target and targets for profitability. We need to speak about our stakeholders, and also have to discuss internally to work on capital discipline. The number that we are presenting is a consolidated number. No doubt about it. And, yes, in all of our lines of business we envision an improvement, we want to improve the profitability.

Of course, 2019 is a transition year in terms of what can be achieved, particularly in our ROCE target, it is not just improving return, but a better capital allocation in all segments, yes, we are looking for a transformation, so you are going to see the profitability that we will improve with cost discipline. We have a lot of manageable costs that can be improved, so we are trying to improve the profitability of the company.

And our portfolio asset management will also help adjust our capital employed. These drivers will bring some improvement regarding or towards the goals that we are setting out to achieve.

Solange will make some comments regarding E&P assets and that are part of our active asset portfolio management.

**Ms. Solange Guedes:** Thank you. Hello Christian. The comment I have to make here is kind of connecting with everything that Grisolia has just mentioned. The moment that we have business and management plan that is explicit, as you said it yourself, and on a timely basis when we are starting a transition period, when we include our ROCE as a top metric, this is a big step.

In the case of E&P, we have perhaps a flagship in our portfolio management, through this a flagship initiative what will achieve these ROCE targets, and as we announced here, one consequence makes us very proud, in other words, it will give us a real visibility that we can have in E&P operation below US$12 per barrel.

That is extremely positive. We have to create a robust portfolio, and this tool that I referred to, active portfolio management objectively and using internal references, allows us to allocate investments in the mid to long-term, it allows us to define investments to improve our portfolio, and then we go back to what you yourself said; when we look at all of this, there are a number of E&P assets in a binding phase, many others in the non-binding phase, you could see recently some divestments we made in our onshore and shallow water investments, and it shows clearly the benefit that will derive when we divest from this kind of asset.

And at the end of the day, an active portfolio management will have an impact on these assumptions and targets that we are announcing here, return on capital employed, and a will allow us to operate a portfolio with an equilibrium of

Brent price, and with the lifting costs that will allow us to be strong players if we face any type of market challenge.

**Mr. Montanari:** Thank you, Rafa and Solange. A quick follow-up. When you mention that in your oil curve you used this plan for future years, 2021 and 2022, why do you consider this increase? And please elaborate on your Capex, because you have shown very good discipline in Capex, but now the Capex has increased a little. So, I'd like to understand how flexible the Capex is in case we continue to see a reduction in the price of oil, and if you feel more pressure, would you reduce Capex relatively quickly or is this Capex already contracted?

**Mr. Grisolia:** Christian, this is Grisolia again. Yes, I think that we are about to do some additional work in that area in terms of how we are working with the scenarios and the outlooks. That's very important because we don't work necessarily with one number, we work with a range and we get prepared in our governance and investment decisions according, and we will make decisions according to these key variables; Brent, oil price and exchange rate.

So, to answer your question very directly, yes. In our scenarios we consider Brent oil price variations, and definitely the Capex that we are announcing here will be adjusted to values according to our planning values.

So, we are totally aware of these variables and we will make the necessary adjustments. In other words, we have flexibility to reduce our Capex in case the Brent oil price gets out of our planning range.

**Operator:** Next question comes from Régis Cardoso, with Credit Suisse.

**Mr. Cardoso:** Thank you, Rafa and Nelson for the presentation. It is a very good to see that you continue to have a focus on returns and on reducing leverage. But I would like you to elaborate on some points that have been kind of discussed in prior questions. So, 2 follow-up questions and one third original question.

In the previous question, you explained that part of the reduction in operating cash generation compared to the previous plan was due to higher dividend payout, and I'd like to understand: Do you confirm that this plan includes cash generation post-dividend that is lower because you are going to be paying more dividend? Because it seems that the delta you used 141 down to 114, despite the Brent oil price, which is higher in the plan, a 27 billion variation, that would give us a dividend yield, which is a lot higher than the average of your peers and a payout of almost the total earnings that we would expect at the Brent range that you proposed.

So, I would like to know if there is another explanation for that, for example, do you expect higher contingencies? So, I'm asking that for the following reason: The difference between operational cash flow minus Capex and minus interest payment in the horizon of the plan, in the five-year period, it would give us

US$10 billion. It seems to me to be very little for a company that has a market cap of more than 19 billion. So, could you please elaborate on your cash generation, how much of that is dividends, how much of that is contingencies and what is your expectation to remunerate your shareholders?

Second question, also based on the prior question, is: You commented that you have an integrated petrochemical vision. What do you consider an integrated petrochemical vision? Do you have to have it in the same site or in the same clusters? Because in the plan, you mentioned that petrochemical is a resilient business, and I would like to understand what kind of path should Petrobras have given that past experience with greenfield projects in petrochemical Suape, for example, was not successful? So, you have an asset, Braskem, which is operational and is potentially for sale, and could or could not, depending on what you consider to be integrated, could be integrated to your refining clusters?

And finally, an original question on Capex: In your investments, are you considering some signature bonus of transfer of rights? Anything related to the second refining train at Rnest? Do you consider an own platform or BOT when you use a chartered platform and a higher Capex? Thank you very much.

**Mr. Grisolia:** Régis, this is Rafael Grisolia. Regarding the transfer of rights, you asked about transfer of rights, right? I'm going to transfer the floor to Solange and then I will come back to answer your first 2 questions, okay, Régis?

**Ms. Guedes:** This is Solange. Hello Régis, I am going to answer your third question that you said was an original one. Objectively, our plan does not include any budget or bids over all if there is a bidding for the transfer of rights, and you asked… well, there are some assumptions that some units could be our own operation, yes, we always have to compare in our business and management plan to what extent a certain market might be depleted, more difficult or extremely demanding, which is the case of chartered units compared to our policy as controlling the production center of the company. So, yes, we do this kind of exercise in the projects in which we have not defined what would be the contracting model.

So, yes, we expect that to happen, but this will be analyzed on a case-by-case basis and at the moment we go to market, and that's when we will define to what extent that strategy is applicable, looking at the market and looking at the company.

**Mr. Grisolia:** Régis, to go back to your first 2 questions, this is Grisolia again, so regarding cash generation, indeed, if in your models you are working with the numbers that we are proposing here as assumptions, you will get to the same conclusion. As of 2021, you need to use this cash… you will end up using this cash to support the capital structure at around 1 and 1.5 times net debt over Ebitda ratio over time. To support that you are going to increase the dividend payout, yes, but what we are disclosing here needs to be confirmed and after

2020. In 2019 we will probably have a payout ratio of about 25%, but as of 2021, we will very likely increase the payout to maintain our capital and our cash at that optimal level of 1.5 times.

And this is important, and behind that, I go back to my prior point, Petrobras is at the same position of additional cash generation, we have 9 new production systems, we have an increase in production curve, this growth rate of our production curve is important, and comparable to other global competitors and players, that reinforces our cash generation. The first mandate of our cash generation will be to bring the capital structure to this level of 1 or 1.5 time, again, mentioning that 2019 will be a transition year, and after that we will guarantee optimization of our investments, but at this Brent oil price we understand we are going to have an additional cash generation and that will end up increasing payout, in that rationale we are sparing no effort to reduce our costs, like I said, our manageable costs. We are trying to reduce this.

Regarding your question about the petrochemical business, well, we understand in terms of optimization, we and the industry as a whole understand that we should use the petrochemical segment with the oil industry, but at the refining site. So, in our current refineries we could identify possible optimizations of assets, and this has a value over time given these principles, given this principle which is in a recurring moment, in our current refineries we can develop specific assets more geared to the petrochemical business.

**Mr. Audi:** Thank you very much, but your answer about petrochemical you understand that it was interrupted, I think you were talking about opportunities in the existing refining hub, and about the other question, if we were to isolate effect of dividend payout for capital structure purposes, how would you compare the cash generation of this plan vis-à-vis the previous one? Because of Brent it should be lower, but on the other hand, the difference is very big. So, could you please say a few words?

And if you allow me, I have a question to Nelson about LNG, he's talking about the long-term competitive supply and reducing concentration in Brazil and participating in the global market for LNG. What does that mean? Are you going to have projects for liquefying gas abroad? What do you mean in terms of increasing capital expenditure in this area?

**Mr. Grisolia:** Regarding petrochemical, the second question that was a little bit interrupted, you had asked the question about our decision investment regarding petrochemicals and whether they were linked to clusters or to the enhancement of our refining hub, and what we are putting in the plan is that enhancement of assets that we may connect to our current refineries, so this is what we mean by enhancement. So, optimizing what we have in our refineries and investments made in our own refineries, not greenfield, optimizing this. So, this is what we are putting in the plan because of the size of the Capex.

And Nelson the is going to answer your question about LNG.

**Mr. Silva:** Régis, thank you for the question. Well, just for you to imagine Brazil in about 10 or 15 or 20 years' time in terms of oil production, we have a big chance in pre-salt in other regions of Brazil as well, and with gas associated in order to guarantee production in these areas, you have to have a solution for gas developing local market, this is the top priority for us in terms of gas, and also for operational security we cannot rely only in the outflow of the gas pipeline to the continent, this will continue to be our priority/ to solve this question of gas and maximizing the value of gas in the local market and also the outflow by means of a gas pipeline, but we must have a connection to the global market by means of liquefying the gas. And I repeated, this is not only Petrobras, this means everybody included the producers of gas from the pre-salt, and we will try to have a steak or study the possibility of having a stake in liquefying gas in a partnership with our traditional partners and also abroad, in other places.

This is going to be analyzed regarding Brazil and other countries as well, and the idea is not to have to rely on one single market geography, as I said during my own presentation.

**Mr. Grisolia:** About cash generation, Régis, maybe we could make another analysis afterwards if you wish, but once again dividend payout is one important factor and we also have cash generation during the investment, and in this plan we are addressing the decision about reviewing our stake in refining and a partnership that we have in the Northeast and with operating generation even net of dividend payout you have the impact of the investment itself. On the other hand, you are going to have the source, that is to say, what we intend to receive in terms of this divestment.

And I would be available to you if you want to talk about that later on.

**Operator:** Pedro Medeiros, Citibank.

**Mr. Medeiros:** Good afternoon, thank you for the question. First of all, I would like to congratulate you for the plan and all the strategic decisions and the success in the execution of the plan so far. I have 3 questions, a follow-up to previous questions first.

I would like to talk about the new production systems schedule. I was surprised with the delay of some projects for 21-22, so could you tell us which were the drivers for these delays and what is the average delay that you expect, and why didn't we see the inclusion of new production systems up to 2023?

And my second question indirect with this one and also with the total investment that you have announced, within the previous plan you published something very useful for us, which was a scale about how investments behave over the 5 years, and I would like to understand the evolution of this stair or the steps because in the previous plan you had a drop between 2019, 2020 and also the evolution and the increase in these investments in 21, 22 and 23. So, could you draw a comparison between this cover and the previous one, mainly in the light of the delays of the 21-22 project?

And one last question, I would like to better understand the evolution of the increase in your investments. Apparently, the E&P was one of the main factors for this evolution. If you compare this plan and the previous plan it went up about US$6 billion in spite of the conclusion of almost US$10 million in investment in 2018, which was a very intensive year in terms of development, and when we look ahead, there was no inclusion of new production systems and that gas on Campos basin seems to be more or less stable. So, what is driving this relevant increase in this account? So, these are my questions, thank you.

**Mr. Grisolia:** This is Rafa Grisolia. There was an interruption in your first question, so could you repeat it, please?

**Mr. Medeiros:** The first question was the following: I would like to understand the drivers and what you can tell us or give us some colors about the average delay of so many systems that were scheduled for 21-22 and that they were delayed for 21, 22, 23, and why didn't we see the inclusion of new production systems because you have so much visibility regarding the potential of new projects in the next 5 years, so could you tell us the drivers?

**Mr. Grisolia:** I will answer about the investment curve.

**Mr. Hugo Repsold:** Pedro, thank you for the question. This is very relevant because we had a process in the last 2, 3 years which was the following: The first one was to correct some deviations that existed in these plants in the past, and this led to a very wide-ranging series of perceptions, and these projects did not contemplate uncertainties that did exist at the project, and some of them were moved from one side to another and the planning for that was very difficult because we needed the new people who were going to execute go to all the units, evaluating them, and over this planning time in the project that you are looking ahead, we started to be maturity with these projects and we started to identify, based on the maturity degree, the better adaptation.

And many of these units that we are looking ahead they are chartered, and we had processes that had to do with contracts, and some contracts are still under way, and the plan reflect the degree of maturity that we have and the effective realization of the processes and the contracting of the project. So, this is more adequate to the level of maturity that we have today for each one of these projects.

**Mr. Grisolia:** Pedro, regarding your Capex curve, well, first of all we are increasing investment in the period of the plan, so we are reinforcing our focus based on our strategy, and the visibility that Nelson mentioned is important in E&P, mainly in exploration, so we have this increase in investment, and in the past we had the disclosure for 2020, and as you mentioned, and the best indication that we can give you is that we have a smoother curve for the period of this plan now, and not necessarily has to do with what we had for the 2020-year, we have a more flatter curve, but it is small as the average of the total that we are giving you as an indication.

**Operator:** Luiz Carvalho, UBS.

**Mr. Carvalho:** Thank you for the question…

**Operator:** Mr. Carvalho's line was disconnected. Lilyanna Yang, HSBC.
The previous one was disconnected; the line was disconnected.

Ms. Lilyanna Yang, HSBC.

**Ms. Yang:** Thank you for the opportunity. I would like to understand this curve; when you say 10% this year 2019, are you considering the assets that will be divested from?

**Mr. Grisolia:** This is Rafa Grisolia. Thank you for the question. This curve already considered the divestments that we are presenting in our portfolio management plan.

**Ms. Yang:** You mean in the binding phase? How much percent or have many barrels per day would that represent?

**Mr. Grisolia:** Solange will answer your question about the curve.

**Ms. Guedes:** Good afternoon. As somebody said before, during this plan we have a very big sequence of projects, so we have projects that were closed in 2018, impacting the curve for 2018, and you, who follow us, you know that and we have the ones that are scheduled to close in 2019 with impact on the 2019 curve because of the divestments that are programmed for this year, and so one and so forth for the following years, some will be closed in 2020, and so one and so forth.

We do not have a breakdown by project, but the biggest annual impact that we will have over the years is about 10% of our production curve for that specific year from the viewpoint of an accumulated impact. Roncador, for instance, is something that happened in 2018, and if you look to the past you had this protection over the years.

So, if you look at the Petrobras curve in general, I would say that a simplified figure would be 10%.

**Ms. Yang:** Thank you very much. And the ones in the binding phase, how many are they more or less?

**Ms. Guedes:** Well, it's not as simple as that. It is not as simple as that. Many things are in a binding phase and they are onshore, the impact is small. When you have bigger project that are in shallow waters, in the Southeast for instance, you have a relevant impact on our project. So, it depends on the project. When you talk about impact from onshore, it is much lower than offshore, slower than 2%.

**Ms. Yang:** Thank you very much.

**Operator:** Next question from Luiz Carvalho, with UBS.

**Mr. Carvalho:** Hello, thank you. My line was disconnected. Thank you for sharing the 5-year BMP. I think this exercise that you do is very interesting with a longer-term vision.

My first question is: It seems to me that in this BMP the sense of urgency and there is a focus on deleveraging, but it's not that it is a smaller focus, but it is accompanied by other objectives, and I would like to understand, as a long-term five-year BMP, to what extent was it shared with the new CEO of Petrobras that will take over on January 1, 2019, given that in public speeches it seems that there is some disconnection regarding some strategic points, for example, the petrochemical business.

So, I'd like to understand, has this been discussed with the new CEO? And BR Distribuidora, would it be an asset to be divested from?

And a second question more for you, Rafa, I think it became clear in the prior answers, but it wasn't too clear for us about this reduction of original cash generation by 27 billion, even using a higher oil price curve and the other macro assumptions that were a little bit more aggressive than in the prior plan.

Could you give us more details on this? That would be interesting, we would like to have more visibility in terms of where we can have more risks impacting cash generation in the deleveraging process along the next 5 years. Thank you.

**Mr. Grisolia:** Luiz, thank you for your interest and for your question. Let me make a comment, I will talk about cash generation and then I will get to the BR Distribuição and then I'll turn the floor to Nelson in terms of the review of the plan.

If you allow me, I disagree. The financial management assumptions of the plan have been more than stressed and reinforced. Again, we are… the company is generating a lot more cash, we are achieving, or we are setting out to achieve a better capital structure than we currently have, we understand that we will end the year at around 2.5 and in 2019 about 2 or below 2, and we will stabilize the company with a capital structure at around 1.5 times.

Now, in order to make that happen, as of 2021, we have to have a dividend payout policy that will be a lot more aggressive. If you put this in your model you will see that in order to support a capital structure of 1.5 times net debt over Ebitda ratio we will be significantly increasing payout according to the investment plan that we have today. Of course, if we have more investments to make, the payout adjustment will be made. But, yes, it is a significant variable, and again, when we talk about operational cash operation, we have an impact coming from divestments, particularly along a plan when we talk about divesting from our refining hub, of course there is a counterpart and that's why in terms of sources and uses you can see that.

So, if I understood the question, we do have an important variable. I'll try to rephrase it; if we include in the last term of the plan a payout of dividends of 25%, you are going to see a lot more cash generation than what we are including here. What we showed is a payout increasing. It can be increased as of 2021 based on the cash generation we are setting out to create because we are going to keep the capital structure at around 1.5 times.

In terms of the financial planning in this BMP, we are not thinking about having a total deleveraging of the company, and the cash generation is a lot more robust.

**Mr. Carvalho:** I agree, Rafa, but the point here is we are seeing the oil price at 62 and declining, and you are considering the long run oil prices at 72 and 75, but the oil price was down to 58, that makes a big difference in the operational cash flow that you are considering.

My concern is to think about petrochemical as a strategic business, I think that's very important, but I still think that the deleveraging process I think we are going to get very close to 2.5 times, but I think that it is more in jeopardy in this plan than in the prior plan. That is my point.

**Mr. Grisolia:** Yes, but here we have to consider the risk of variables that we include in the plan. I have answered about this; we work with a range where we think there is some resilience, and these are the planning ranges for the plan, so we have more resilience. We believe that deleveraging will continue with the risks that we are considering and the Brent oil price at around 40 to 50… actually, 40 and 60.

So, in this range, although we are monitoring, this is a risky variable. Of course, we are going to be making the adjustments that are necessary via reducing Capex if necessary, in extreme cases and continuing with our hedge policy as an insurance for these more risky scenarios, and we are going to be monitoring during the plan.

But I agree, you have a point. Today, if we consider today, Brent is more volatile than we could identify 30 days ago. So, you are correct about that. Even with the best planning tools and the hedging instruments that we have, and we have greater visibility, but we are continuing to be very confident that we will pursue a deleveraging target that will put the company with the capital structure of 1.5 time.

If everything goes wrong, again, I go back the dividend payout. As of 2021, we will have an ‘x’ amount of dividend payout, if necessary, it will be lower, but it tends to be higher than the current 25%.

And again, talking about BR Distribuidora, we do an exercise of value assessment, and that's not included in the plan. We believe that we have other priorities at this point, other identified assets that we are working on, and we are always considering value creation.

I'll turn the floor to Nelson to speak about the review of the plan.

**Mr. Silva:** Luiz, thank you for the question. Let me stress what Rafa has just said. This cannot be interpreted as lack of the sense of urgency or lack of focus on deleveraging; we continue with that effort. I think I made it very clear during the presentation. We are not in a financial stress situation as we were 2 years ago, and that is good.

When we started working on the 2017-21 plan, we had more than 4 times net debt over Ebitda ratio, and by year-end we will deliver 2.5 times, and as a top metric, we want to reduce continuously until 2021 to 1.5 times. So, our commitment remains exactly the same, we concentrate on capital discipline because that's where we have the greatest the return of 82%, a little bit higher than the prior plan.

So, there was no loosening in our effort discipline and focus in that regard. What we see, thought, is that now the company reducing our financial stress, which again, is undesirable, we want to be able to make forecasters and make decisions as any other integrated energy company. So, from now on, we have to think about other alternatives if they are profitable. I think I made this very clear during the presentation, in no way we are doing this because this is a trend and we are going to do what the other players arguing. No. This has to go through our process to approve projects.

And by the way, I would like to say that this is a Petrobras’ business and management plan, it isn't a plan by one person, by the [unintelligible] or the Board of Directors, it involved more than 100 people. It has been drafted for 8 months, we had 7 workshops, dozens and dozens of departmental meetings involving all of the areas of the company, all of the departments with no exception contributed to the plan, and now in December we have the result of 8 months of work when everyone contributed, and only the people who contributed on a day-to-day basis know the potential of this plan and how robust it is.

So, it is a plan that makes us very proud and that went through all of the approval steps that we have in our plan approval process, including committees, the management of the company being constantly updated, the Board of Directors having access, and frequent access to the development of the plan, and we finally got to the plan, as we announced, the approval of the plan in the beginning of December.

So, it is an institutional plan of the company, it's not a plan that was created by 1 or 2 people; the whole company contributed, all of the areas contributed to this plan that you yourself complimented us on as being a robust plan.

So that's the story of the approval of this plan, Luiz.

**Mr. Carvalho:** Fair enough, thank you. My only comment, Nelson – and this is my own perception maybe –, is that this is a very long-term plan, as you yourself said, and perhaps a leverage process is more linked to external variables, such as the exchange rate, Brent oil price and things that the company cannot control, at least not in full. Perhaps this process has a strategic focus on refining and so on and so forth, perhaps it would be safer if the leverage levels were a little bit lower, but this is controversial.

Thank you very much for the answer. It was very clear.

**Mr. Silva:** Luiz, just building on your last comment, you will remember the evolution project, it is an area under my leadership, under my responsibility, and I think I said this during the presentation; we are not going to relax in our effort to control costs, simply processes, to use zero-base budget whenever possible, and we will always continue to do things in the best way possible, exactly because we know we don't control the price of the commodity, nor the exchange rate.

We take prices from the market, we’re a company that produces and sells commodities. So, we have to be a competitive company in all of the scenarios and we do stress tests, we always conducted stress tests in our prior plans. Of course, when the commodity price drops, we have to adapt. We have to tighten the belt, no doubt about it. But you just have to look at our cost reduction effort in recent years. This effort will continue, and the idea is that Petrobras will be a financially viable company in any Brent oil price scenario.

Again, we have no control for that, we use the prices from the market. Thank you very much.

**Operator:** Gabriel Francisco, XP investments.

**Mr. Francisco:** Well, thank you very much. Most of my questions have already been answered. Rafael, at the beginning you talked about leverage of 1.5 in 2020, are you talking about the beginning or the end of 2020? That's all.

**Mr. Grisolia:** Thank you for your question. It's more towards the end of 2020, when we talk about 2.5 by the end of 2018, a number slightly lower than 2 by the end of 2019, the target of 1.5 at the close of 2025. So, this is the curve that we are drafting and then trying to maintain our capital structure around 1.5 net debt Ebitda ratio over time. So, this is what we put in our plan.

**Operator:** Leonardo Marcondes, Itaú BBA.

**Mr. Marcondes:** Good afternoon. My question has to do with the sale of assets. You said that you are going to continue your divestment project and the program has the potential of US$26.9 billion inflow. 26.9 has to do with the sale of the assets that have already been announced, or does it include asset sales that have not been announced yet?

**Mr. Grisolia:** Leonardo, this is Rafa Grisolia, thank you for participating and for the question. 26.9, which is the amount that you mentioned, has to do with the asset that we have in the presentation, so all the assets that are in different phases, they have also all been announced, and they are in different phases in our system. So, the total amount, 26.9, refers to the whole array of assets that we show in this specific presentation, including repositioning of refining regarding the Northeast and South clusters.

**Operator:** Osmar Camilo, Bradesco.

**Mr. Camilo:** Good afternoon, thank you for the question. I have 2 questions, 1 just to confirm, based on the model that you proposed for the sale of refineries, you would be selling 100% of the North and Northeast and South clusters, or would you have a partnership there?

Second question, which would be the next steps to sell TAG?

**Mr. Grisolia:** This is Rafa Grisolia, thank you for the question. As we are trying to show, the clusters Northeast and South, well, our proposal is that we would continue having a 40% stake in these clusters, so we would be trying to sell 60% stake, so we would continue with a 40% interest, and the processes that are suspended and that you have there that includes TAG, as Nelson said during the presentation, it depends on legal strategies. So, we have an injunction that we have to position ourselves regarding that, and this is the phase where we are in.

In the short run, we will probably have a strategy regarding the juridical side about these projects that have been suspended, including TAG.

**Mr. Camilo:** Thank you.

**Operator:** João Lorenzi, Bank of America.

**Mr. Lorenzi:** Good afternoon, thank you for the question. And in fact, something is not very clear for me, maybe I have misunderstood it about your repositioning in refining in Brazil.

Looking at the presentation that you made on April 19 about this theme, on slide number 20 I think you said that you would be maintaining 60%, you would have 75% of refining share in Brazil, and looking at this 19-to-23-plan on slide 32, we have 60% share that you would be maintaining. Maybe I have misunderstood, but has anything changed from one presentation to the other?

And the second one has to do with lifting cost. In the 18-22 plan, we had 9.9 average in the period contemplated in the previous plan, and now what we have is 10 in 2020.10 is your target for the end of the year or do you consider this as an average for the year after the startup of the FPSO in 2019?

**Mr. Grisolia:** I'm going to ask Solange to answer your question and then I'll come back to your previous question.

**Ms. Guedes:** Hello João, good afternoon. About lifting costs, which was your question, we are going to undergo the effect in 2019, which is the full cost of many units without having reached the full potential. So first – and this is very common when you have the startup of many units – we are going to have a higher cost and immediately after it reaches the potential that would be reached around the end of 2019 then it would be dropping significantly.

What we are announcing here, and we are very proud of that, is that as of 2020, which is what was shown in the slide, we would be operating or will be operating with cost management and also active portfolio management, and then we will be able to operate production assets that will be operating lower than US$10 as of 2020. So, this is the information that you have there.

**Mr. Grisolia:** Regarding your first question, João, when you refer to the first presentation, basically it is the same. The only thing is that we are communicating this in a different fashion; we are telling you now about the percentage that would stay with us in refining, okay? And in April we had another approach, it was different approach via dividends and equity or shareholders' equity, we would have that.

So, there is nothing new there, there's nothing different. It is the same project, it is the same objective, and I think it becomes more clear, so to say, in the way that we are presenting now, so we are showing you the direct capacity, and not the indirect capacity.

**Operator:** I now turn the floor to Mr. Rafael Grisolia for his final comments. Please, go ahead, Mr. Grisolia.

**Mr. Grisolia:** On behalf of the officers present here, I would like to reinforce that we are very happy with this plan, we are very happy with the progress that

Petrobras has had over the recent years, we are more and more confident about our future. I think that this has been an important moment for our stakeholders, investors, our workforce and the way we are contributing to society.

I'd like to thank all of you for your participation and our investor relations team will be available, Isabela will be available, for further questions and we will get in touch very soon. Thank you very much.

**Operator:** Thank you. The audio of this conference call for replay and the presentation of the slides will be available at Petrobras' investors website: www.petrobras.com.br/ir.

This concludes today's conference call. Thank you very much for your participation. Please, disconnect your lines and have a good day.