SUMMARY

1. Economic Recovery and Fiscal Consolidation

2. Structural and Regulatory and Infrastructure Reforms

3. Concessions in Infrastructure
1. Economic Recovery and Fiscal Consolidation
ECONOMIC RECOVERY

Structural Reforms

Improvement of the business environment

Public-Private Partnership

Resuming Paralyzed Infrastructure Works

ECONOMIC GROWTH
<table>
<thead>
<tr>
<th>Category</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Growth</strong></td>
<td>• Reduction of logistic costs</td>
</tr>
<tr>
<td></td>
<td>• Reduction of service gap</td>
</tr>
<tr>
<td></td>
<td>• Productivity increase</td>
</tr>
<tr>
<td><strong>Poverty Alleviation</strong></td>
<td>• Demand expansion</td>
</tr>
<tr>
<td></td>
<td>• Reduction of unemployment rate</td>
</tr>
<tr>
<td><strong>Regional Development</strong></td>
<td>• Value added to local economy</td>
</tr>
<tr>
<td></td>
<td>• Spatial and economic integration</td>
</tr>
<tr>
<td></td>
<td>• Promote manufacture and services integration</td>
</tr>
</tbody>
</table>
BRAZIL HAS SUCEEDED TO SET INFLATION PATH TOWARDS ITS TARGET

Mar/2017 – 12-months IPCA: +4.57%

2017-2020* Projection of Market Expectation: BCB/Focus, April 28, 2017

Source: IBGE (Brazilian Institute of Geography and Statistics) e BCB (Central Bank of Brazil).
FOREIGN CONFIDENCE ABOUT BRAZILIAN FUNDAMENTALS HAS Risen

Investment Grade S&P and Fitch Period

Source: Bloomberg, JPMorgan. *Position 04/28/2017
VALUE OF BRAZILIAN COMPANIES PRECEDES THE ECONOMIC RETAKEN

<table>
<thead>
<tr>
<th>Company</th>
<th>04/28/2017</th>
<th>01/26/2016</th>
<th>Chg. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ibovespa (IBOV)</td>
<td>65.071</td>
<td>37.497</td>
<td>73.5%</td>
</tr>
<tr>
<td>Petrobras (PETR3)</td>
<td>14.54</td>
<td>5.96</td>
<td>144.0%</td>
</tr>
<tr>
<td>Vale do Rio Doce (VALE3)</td>
<td>27.52</td>
<td>8.61</td>
<td>219.6%</td>
</tr>
<tr>
<td>Banco do Brasil (BBAS3)</td>
<td>32.61</td>
<td>12.28</td>
<td>165.5%</td>
</tr>
<tr>
<td>Eletrobras (ELET3)</td>
<td>17.39</td>
<td>4.88</td>
<td>256.4%</td>
</tr>
</tbody>
</table>

2017 FIRST QUARTER FORSEES THE END OF 8 QUARTERS RECESSION

Q / Q-1 (chg.%) - seasonally adjusted data

Source: IBGE and BCB. Note: *Data until February. 1st quarter = Jan-Feb average.
HOUSEHOLD INDEBTEDNESS IS FALLING

*Indebtedness = ratio between the current value of the debts of families with the National Financial System and the household income accumulated in the last twelve months.

Source: Brazilian Central Bank - BCB
Percentage of the credit portfolio of the National Financial System with less than one installment with arrears greater than 90 days.

Source: Brazilian Central Bank - BCB
2. Structural, Regulatory and Infrastructure Legal Framework Reforms
STRUCTURAL REFORMS

- New Fiscal regime: Constitutional Amendment 95/2016 of the Public Expenditure Cap.
- Extension through 2023 of the Delinked Federal Revenues (DRU).
- Social Security Reform towards a balanced, sustainable and demographic updated system.
- Labor Reform, with legal framework modernization, strengthening Labor Collective Agreements.
TAMING PUBLIC EXPENDITURE IS THE MAIN GOAL OF NEW FISCAL REGIME

AND SOCIAL SECURITY REFORM IS NECESSARY

Source: Brazilian Treasury.
SOCIAL SECURITY EXPENDITURE SCENARIO WITHOUT REFORM

Social Security System Expenditure (as % of GDP)

- 2015: 7.39%
- 2059: 17.20%
REGULATORY AND INFRASTRUCTURE LEGAL FRAMEWORK

- Regulation improvements in the Natural Gas Industry, reducing Petrobras Market Share.
- Law for Investments in Existing Concessions in infrastructure, authorizing for renewing concessions before expiration. (R$ 20 bi in railway)
- Law on Land Regularization, legalizing land appropriation.
- Unitization of Oil Fields, ruling oil fields that are found beyond auctioned boundaries.
- Revision of Local Content for Oil Fields Policy, rationalizing requirements for the next auctions.
Creation of a new Long Term Interest Rate (TLP), fostering long term credit concessions, increasing the monetary policy effectiveness and reducing public expenditure with interest equalization policies.

Gradual Reduction of the Additional Fine of FGTS (10%), reducing the employment cost for business.

Distribution of the FGTS’s Net Income, making this Fund more profitable and incentivizing domestic saving.

Withdrawal from FGTS’s Inactive Accounts until Dec 2015, unfreezing important economic funding.

Use of FGTS for real estate debts on delay up to 12 months and to Purchase Real Estate up to R$ 1.5 million, fostering the real estate market.
THE GOVERNMENT IS DISCUSSING NEW INITIATIVES

- Regulatory Framework of Expropriation/Eminent Domain, reducing the timeline.
- New regulatory framework for telecommunications, updating regulatory framework, focused in a competitive market and more investments in broadband.
- Improvements in Regulatory Framework for Mining, with the creation of a new regulation agency.
- Fewer constraints for foreign investments in rural properties.
- Environmental Licensing, differentiating processes considering complexity of projects.
- Simplification and agility of concessions and PPPs, especially small ones.
3. Concessions in Infrastructure
Expansion of the Investment Partnership Program (PPI)

Investments of **R$ 45 billion in 55 projects** in the areas of transportation, energy and 15 new state / municipal sanitation projects

Will be auctions, concessions and other operations to encourage private initiative to create and improve the infrastructure in the Country

More predictability with clear and defined calendar and rules

Potential to generate **200 thousand jobs**
## HIGHLIGHTS – PROJETO CRESCER

<table>
<thead>
<tr>
<th>AIRPORTS</th>
<th>HIGHWAYS</th>
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<tr>
<th>OIL AND GAS</th>
<th>PORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th round of marginal oil fields scheduled for May 2017. 14th round of exploratory oil and gas blocks.</td>
<td>Auction of 3 port leases scheduled for March and April 2017 (two fuel terminals in Santarém and one grain terminal in Rio de Janeiro).</td>
</tr>
</tbody>
</table>
# DISTRIBUTION OF INVESTMENTS - R$ 45 BILLION IN 55 PROJECTS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Investment</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENERGY</td>
<td>12.7 BILLION</td>
<td>35 of electric power transmission lines</td>
</tr>
<tr>
<td>RAILROADS</td>
<td>25.0 BILLION</td>
<td>5 railroads already granted enter the process of early renewal of the contract in exchange for investments: MRS grid (which passes through Minas Gerais, Rio de Janeiro and São Paulo), Carajás Railroad (Pará and Maranhão), Vitória-Minas Railroad and FCA (Midwest and Southeast), as well as ALL - Malha Paulista.</td>
</tr>
<tr>
<td>HIGHWAYS</td>
<td>6.0 BILLION</td>
<td>Concession of BR-101, in Santa Catarina, and studies with a view to conducting new bids for three highways: Nova Dutra, CRT and Concer.</td>
</tr>
<tr>
<td>PORTS</td>
<td>1.3 BILLION</td>
<td>Public port terminals - extensions of existing contracts and concessions of new areas in Santana (PA), Itaqui (MA) and Paranaguá (PR) ports. In addition to the extensions of contracts in the ports of Santos (SP), Vila do Conde (PA) and Niterói (RJ).</td>
</tr>
</tbody>
</table>
SANITATION INVESTMENTS

3 projects for the concession of water distribution, sewage collection and treatment services were approved by the PPI for qualification;

BNDES has launched 6 procedures for the contracting of specialized technical services for the structuring of partnership contracts.
• Petrobras’ participation as operator is no long an obligation - Law 13.365/2016

National Council for Energy Policy (CNPE):
• Definition about the conditions of local content.

Upcoming auctions in 2017:
• 4th bidding round, in granting land ripe fields (marginal deposits) in the mode of Common Concession;
• 2nd round of sharing regime, with the pre-salt polygon unitizable areas;
• 14th round of Bidding in the mode of Common Concession.
• 3rd round of sharing regime. Will be offered the prospects of Pau Brazil and Peroba in the Santos basin and Alto de Cabo Frio-Cabo Frio and Upper West-Central, within the limits of the Santos and Campos basins;

Upcoming auctions in 2018:
• 4th round of sharing regime planned for may 2018.
  • Should be assessed the prospects of Saturn, Três Marias and Uirapuru, in the Santos basin, and the exploration blocks C-M-537, C-M-C-M, 655-657, and C-M-709, located in the Campos Basin;
  • 15th round of bidding for blocks, in the mode of Concession
  • Should be selected blocks of the maritime basins of Amazonas River(SFZA sectors-AP1, AP2, T and AR2), Ceará (SCE-AP2 AP3 and sectors) and Brazil (sections SPOT-AP1, AP2 and AR2), of ultra-deep waters outside of the polygon of the pre-salt layer field basins (SC-AP4) and Santos (sector SS-AUP1), and terrestrial basins of Paraná (SPAR-N sectors and CN) and Parnaíba (SPN and N sectors) In addition to blocks of land sectors of Sergipe-Alagoas basin, Recôncavo, Brazil and Espírito Santo;
• 5th rounds of bidding for onshore fields mature, yet to be defined, scheduled for may 2018.
Upcoming auctions in 2019:

• 5th round of sharing regime, scheduled for the second half of 2019.
  • Should be assessed the prospects of Aram, Southeast of Lula, South and southwest of Jupiter and Boomerang, all in the Santos basin;

• 16th round of bidding for blocks, in the mode of Common Concession, scheduled for the second half of 2019.
  • Should be selected blocks Camamu-Almada basins (AP1 and AP2-SCAL sectors) and Jacuípe (JSA-AP) and ultra-deep waters outside of the polygon of the pre-salt layer field basins (SC-Pa5) and Santos (SS-AUP5), and the Solimões basins (SSOL-C) and Parecis (SPRC-L and sectors), and blocks of land sectors of Sergipe-Alagoas basin, Recôncavo, Brazil and the Espírito Santo;

• 6th rounds of bidding for onshore fields mature, yet to be defined, scheduled for the second half of 2019.
Power Plants – Brownfield projects

Concession Auction – September, 2017

<table>
<thead>
<tr>
<th>Power Plants (UHE)</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volta Grande</td>
<td>1,207</td>
</tr>
<tr>
<td>São Simão</td>
<td>1,710</td>
</tr>
<tr>
<td>Miranda</td>
<td>408</td>
</tr>
<tr>
<td>Jaguara</td>
<td>424</td>
</tr>
</tbody>
</table>

Total amount estimated: R$ 12 Billions
FEDERAL GOVERNMENT SUPPORT TO MUNICIPALITIES CONCESSIONS

1. FUND
2. TECHNICAL ADVICE
3. STANDARDIZATION OF DOCUMENTS
4. FINANCING
5. GUARANTEES
6. TECHNICAL TRAINING
7. SIMPLIFICATION OF LEGISLATION
8. CONTRACTS REGULATION

FEDERAL GOVERNMENT SUPPORT

MINISTRY OF PLANNING, DEVELOPMENT AND MANAGEMENT
THANK YOU!

DYOGO HENRIQUE DE OLIVEIRA
Minister of Planning, Development and Management