



PETROBRAS



Total and Petrobras seal their Strategic Alliance through the signature of definitive contracts

Rio de Janeiro, Paris, March 1st, 2017 – Petrobras and Total inform that they have signed yesterday definitive contracts in relation to the package of assets contemplated in the Strategic Alliance, as defined in the 21st of December, 2016 Agreement.

The contracts signed yesterday seal the Strategic Alliance between the two companies creating new partnerships in the Upstream and Downstream sectors, together with a reinforced technical cooperation covering operations, research and technology. This alliance should allow both companies to combine their internationally recognized expertise on all segments of the oil and gas value chain in Brazil and internationally.

Through these contracts:

- Petrobras will transfer 22.5% of rights to Total in the concession area named Iara (comprising the Sururu, Berbigão and Oeste de Atapu fields which are under unitization with the Entorno de Iara, a transfer of rights area in which Petrobras holds 100% interest) in the Block BM-S-11. Petrobras will continue to be operator with a majority interest of 42.5%. The partnership with Total will allow Petrobras to reduce its investment and benefit from technological solutions that will be jointly studied between Petrobras and Total, maximizing profitability and the volume of oil to be recovered. BG E&P Brasil, a Royal Dutch Shell subsidiary, with 25% and Petrogal Brasil, with 10%, also take part in the consortium.
- Petrobras will transfer 35% of rights to Total, in the Lapa field concession area, in Block BM-S-9 and will also transfer the operatorship to Total whereas Petrobras will remain in the license with 10%. The Lapa field has been put in production in December 2016. Total, as new operator of this field, will bring to the Consortium its valuable experience in deep-offshore projects to manage the next phases of the challenging development of the Lapa field as it presents distinct characteristics from other pre-salt fields. The other partners are BG E&P Brasil, a Royal Dutch Shell subsidiary, with 30% and Repsol-Sinopec Brasil with 25%.
- Petrobras will transfer 50% interest to Total in Termobahia composed of 2 cogeneration plants, Rômulo de Almeida and Celso Furtado, located in Bahia area. The two plants are connected to the regasification terminal located in São Francisco do Conde, also in Bahia where Total will take regasification capacity to supply gas to the power plants. This integrated G&P joint venture will represent an innovative partnership in the Brazilian G&P market.

The above contracts add up to the ones already executed on the 21st of December, such as: (i) option for Petrobras to purchase 20% interest in block 2 of the Perdido Foldbelt area, in the Mexican sector of the Gulf of Mexico, (ii) joint exploration studies in the exploratory areas of Equatorial Margin and in Santos Basin; and (iii) Technological partnership agreement in the areas of digital petrophysics, geological processing and subsea production systems

Following yesterday's signature, Pedro Parente, CEO of Petrobras and Patrick Pouyanné, Chairman and CEO of Total, have declared: "We are delighted today to see our Strategic Alliance becoming reality. These new partnerships together with a reinforced technological cooperation should create significant synergies and values, mutualizing our operational excellence and further reducing costs on our joint projects for the benefit of both companies".

Through this transaction, Total will pay to Petrobras a global amount of US\$ 2,225 billion made of US\$ 1,675 billion cash for assets and services, US\$ 400 million that can be triggered to carry a part of Petrobras's investment share in the lara development fields and US\$ 150 million as contingent payments.

The conclusion of the operation is subject to approvals by the relevant regulatory entities, potential exercise of preemptive rights by current lara partners in addition to other preceding conditions.

For Petrobras, the execution of the Strategic Alliance is an important part of the Petrobras' 2017-2021 Business and Management Plan, to enhance the sharing of information, experiences, and technologies, to advance corporate governance strengthening, and to improve the company's financiability through mitigation of risks, cash inflow, and release of investments.

For Total, these new partnerships with Petrobras reinforce Total's position in Brazil through access to new fields in the Santos Basin while entering the promising gas value chain.

Total and Petrobras:

Currently, Petrobras and Total jointly participate in 19 consortiums worldwide in Exploration and Production. In Brazil, the companies are partners in the development of the giant Libra field which is the first Production Sharing Contract in the Brazilian pre-salt Santos basin. Outside Brazil, Petrobras and Total are partners on the Chinook field in the US Gulf of Mexico, on the deep-water Akpo field in Nigeria and on the gas fields of San Alberto and San Antonio/Itau in Bolivia, as well as in the Bolivia-Brazil gas pipeline.

About Petrobras:

Petrobras is an integrated energy company focused on oil and gas, acknowledged as a leader in deep and ultra-deep water exploration and production, operating mainly in Brazil. We currently produce 2.86 million barrels of oil equivalent per day. Our values are driven by respect for life; people and the environment; ethics and transparency; market driven; overcoming and confidence; and results. www.petrobras.com.br

About Total:

Total is a global integrated energy producer and provider, a leading international oil and gas company, and the world's second-ranked solar energy operator with SunPower. Our 96,000 employees are committed to better energy that is safer, cleaner, more efficient, more innovative and accessible to as many people as possible. As a responsible corporate citizen, we focus on ensuring that our operations in more than 130 countries worldwide consistently deliver economic, social and environmental benefits. www.total.com