Petrobras made history. Now it’s building the future

APQC 15th Annual Knowledge Management Conference
Driving Business Performance: The New Face of Collaboration
Houston, Texas, USA - April 30, 2010

Petrobras 2020
KM Challenge: Support Business Sustainable Growth
The presentation may contain forecasts about future events. Such forecasts merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein. The Company is not obliged to update the presentation/such forecasts in light of new information or future developments. Figures for 2009 on are estimates or targets.

CAUTIONARY STATEMENT FOR US INVESTORS

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as oil and gas resources, that the SEC’s guidelines strictly prohibit us from including in filings with the SEC.
Agenda

Petrobras 2020

KM Strategy: Support Sustainable Growth

KM 2020 Challenges

Reflection: Expanding KM Boundaries

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Petrobras 2020 Global Strategy

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Integrated Growth  Profitability  Social and Environmental Responsibility

Expand operations in target markets for oil, oil products, petrochemicals, gas and energy, biofuels and distribution and to be recognized as a model integrated energy company

Grow oil and gas production in a sustainable manner, and become one of the five largest oil producers in the world

Capture value added through expansion of integrated operations in refining, commercialization, logistics & distribution with a focus on the Atlantic Basin and Far East

Consolidate leadership in the Brazilian natural gas market while establishing an international presence and increase domestic electricity generation business

Expand integrated petrochemicals operations while capturing synergies within Petrobras

To have a global presence in the biofuels business with participation in the biodiesel and ethanol businesses

Operational, management, energy efficiency, human resources and technological excellence

E&P  Downstream (RTC)  Distribution  Gas & Energy  Petrochemicals  Biofuels

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A world class, public, integrated energy company

2008 Oil & Gas Production

- **Gas**: 3.9, 3.8, 3.2, 2.5, 2.4, 2.4, 2.3, 1.8, 0.6
- **Oil**: 3.2, 2.4, 2.4, 2.3

Source: Evaluate Energy & Company Reports

Note: Peer Companies selected above have a majority of capital traded in public markets

2008 Refining Capacity

- **mb/d**: 5,675, 3,905, 3,119, 2,917, 2,600, 2,223, 2,083, 828, 299

Source: PFC Energy WRMS (b/cal day considering company % share & including JVs)

Market Value @ Jan 4th, 2010

- **b US$$**: 328, 205, 188, 185, 159, 155, 105, 83, 78

Source: Bloomberg
Petrobras Pre-salt Oil Production

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Pursuing new projects while maximizing production from existing assets
Carefully crafted investments program
(55% above 2008 business plan)

Business Plan 2009 – 2013
174.4 b US$

- E&P *
- RTC
- G&E
- Petrochemical
- Distribution
- Biofuels
- Corporate

* Includes 17.0 b allocated to Exploration

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Petrobras 2020: KM Challenges

**Growth**
- New Operational Units (creation)
- Mergers & Acquisitions (Brazil and abroad)
- Activity Expansion (new projects)

**Complexity**
- Pioneering / Complex Projects
- New Business Areas
- Technological Challenges

**Diversity of Stakeholders**
- Social and Environmental Impact
- Companies, Universities and Government Relationship
- National and International Entities Articulation

**KM Challenges**
- Operation (Cost and Risk)
- Collaboration and Cooperation (Networks)
- Complex Projects Performance
- Technical / Organizational Innovation
- Diversity of Stakeholders
- Sustainable Growth

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A Sustainable Model for KM

(Based on Model of Sustainable Value Structure - Capitalism at the Crossroads - Stuart L. Hart 2005)

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Knowledge along the Value Chain

Developing local providers of goods and services

- Incentives for international companies to establish operations in Brazil
- Incentives for partnerships between local and international companies
- Incentives for new local entrants
- Develop competences among medium local sectors
- Increase competences of competitive local sectors
Knowledge in Innovation (R&D): CENPES

- Improved Recovery
- Exploration frontiers
- Ultra deep water
- Refinery conversion
- Offshore LNG

- Energy efficiency
- CO2 Management
- Water Management

- Investments in Technology 2009-2013: US$ 4.0 b

- Innovation
- Sustainability
- Operations
- Partnerships

- Biomass refining
- 2nd generation biofuels

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Sustainable Knowledge: Networking

Partnerships with over 120 universities and research centers in Brazil and 70 abroad

- **BR-Grid**
  - 14 universities and research centers in partnership developing state of the art scientific computing capabilities
  - Largest grid computing cluster in southern hemisphere

- **7 Regional Competence Centers:**
  - Addressing technological developments in oil, gas and energy in those regions with O&G activities. Led by a local university.

- **50 Theme Networks (2009):**
  - To address technological developments with strategic focus. Contracts worth over 400 M$ (2004-2008).
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Reflection: Expanding KM Boundaries
KM challenge: Accelerating human capital development

Number of Employees

PhD: 232  
Master: 1,098
Post-grad: 845  
University: 23,084

2002: 48,723  
2003: 48,798  
2004: 52,037  
2005: 53,904  
2006: 62,266  
2007: 68,331  
2008: 74,240

27,000 new employees since 2002

Participants in Training Programs

Employees with an undergraduate degree, but lacking previous experience, attend Petrobras University for up to 1 year before starting work

2002: 774  
2003: 989  
2004: 1,043  
2005: 1,213  
2006: 2,468  
2007: 2,101  
2008: 2,822

Forecasted demand for workers in the Petrobras supply chain: 112,625 employees

The Brazilian government, with Petrobras support, has a specific program to meet this demand

ENGINEERING 5,967
CIVIL CONSTRUCTION 15,020
CONSTRUCTION & ACQUISITION 84,576
MAINTENANCE 7,062

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KM challenge: Accelerating learning curve in Projects

- Discovery of Garoupa in Campos Basin (1974)
- Discovery of giant fields in Campos Basin (80s – 90s)
- Discovery of Pre-Salt since Parati (2006)
- Production since incorporation of Petrobras (1953)
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KM Challenge: Managing Complex Projects

PROJECT

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Partnerships
- Regulatory Agency (ANP)
- Health, Security & Environment (HSE)
- Social and Environmental Responsibility
KM Challenge: Learning from the Past
(Understand, Contextualize, Think Over)

Understanding the context
Constructing the reference

Trajectory


Lessons Learned

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KM Challenge: Learning with the Future
(Observe, Plan, Innovate)
KM Challenge: Enhancing the Decision and Action Capacity

Accumulated Knowledge

Knowledge Gap

Organizational Knowledge

Relationship Network

Professional Experience

Trainings

Fundamental Oil Industry Course

Previous experience

Experts

Novices

Adapted from Bill Curtis, Enturity, Inc. – APQC AWG
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Porter five forces analysis adapted, 2010.
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Porter five forces analysis adapted, 2010.
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Porter five forces analysis adapted, 2010.
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Questions?