

São Paulo,

your business platform
for Oil & Gas in Brazil



Brazil, a new worldwide power emerges

The Brazilian oil & natural gas (O&G) industry growing production makes its importance to be increasingly higher in the international economic scenario.

This success is a result of the increase in the oil & natural gas reserves and production that, year after year, continues to grow at a pace higher than that registered worldwide.

While other countries have increased their certified oil reserves a bit more than 59%, followed by a gain of 16% in the production, over this century, in Brazil, performance has been superior.

Oil reserves have almost doubled in size over the period, from 8.5 billion barrels in 2001 to more than 15 billion barrels in 2012. Natural gas reserves more than doubled in size, from 220 billion cubic meters

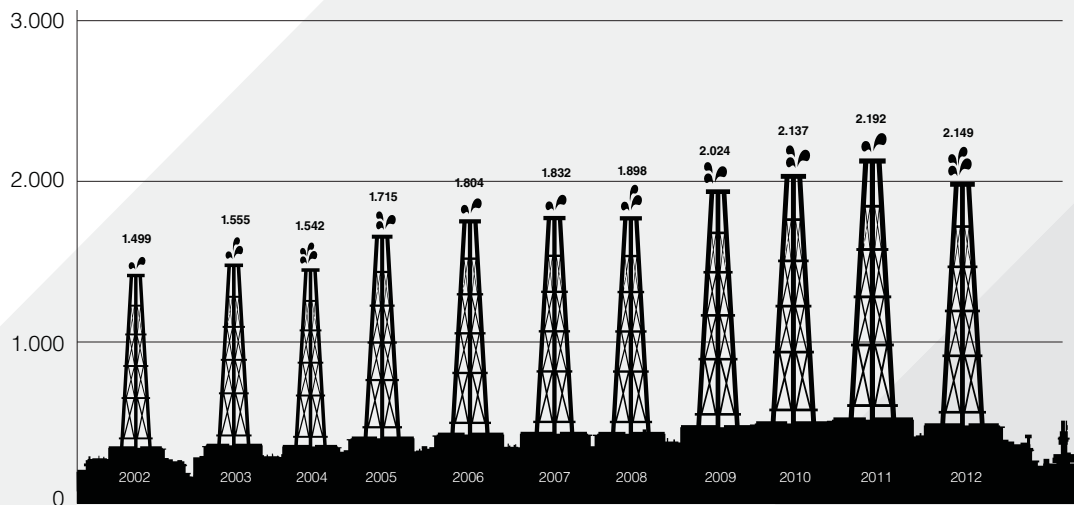
to nearly 460 billion cubic meters.

The increase in Brazilian production has also been intense. Oil production has advanced by 59%, from 473 million barrels to 754 million per year, and natural gas production increased by 84%, from 14 billion cubic meters to 26 billion cubic meters per year.

The great news for the sector was the discovery of oil in the pre-salt layer in 2007. It is an extensive area in the surface of the Brazilian coast, with huge reservoirs of light oil (considered of better quality and easier refining) and natural gas.

The exploration of pre-salt will position Brazil as the world's sixth largest O&G producer. Currently, Brazil ranks 14th.

Oil production in million barrels/day



The results already obtained by drilling wells demonstrate that pre-salt rocks stretch along 407 miles of the Brazilian coast, covering the country's Southeast and South regions.

The potential of these reserves is estimated in 80 billion barrels of oil. This volume is five times higher than that of the current Brazilian reserves. The already certified reserves are higher than 4 billion barrels, and those of natural gas reach 125 billion cubic meters.

The Brazilian oil and natural gas production is a reality already. Currently, more than 400 thousand barrels of pre-salt oil are produced daily, which is equivalent to 15% of the national oil production. More than one-half of pre-salt oil in the country has been extracted from wells at the Santos Basin.

Great figures, great business opportunities. Assessments indicate that Santos Basin, in the state of São Paulo, located in the country's Southeast region, represents the major part of pre-salt reserves and accounts for 60 billion barrels of oil. Only in the Libra Field, bid in 2013, reserves have been estimated between 8 and 12 billion barrels of oil.

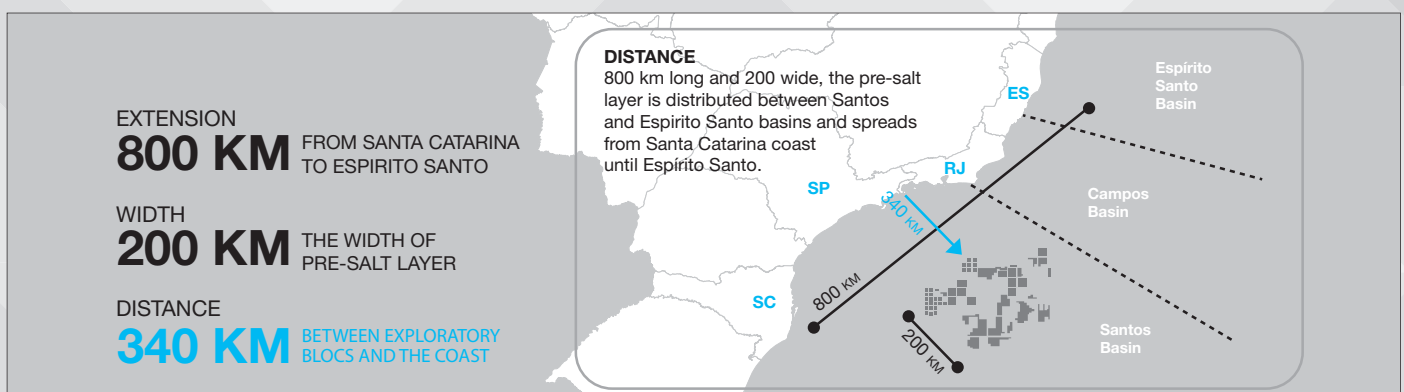
The exploration of this natural wealth generates business opportunities in the most diverse sectors of the Brazilian economy, from the supply

of personal protection equipment for employees to high-precision equipment for well drilling. This is a great moment for Brazilian companies, especially for foreign companies that already produce for this sector in other countries and that intend to settle in Brazil.

Oil production (thousand barrels/day)

Year	World	Brazil	São Paulo
2008	82,932.27	1,898.64	0.86
2009	81,260.70	2,029.04	0.95
2010	83,271.69	2,137.41	15.04
2011	84,209.82	2,192.91	39.90
2012	86,152.20	2,149.01	31.11

Source: ANP



Leadership in other fronts

In addition to emerging as a new worldwide power in the oil & gas industry, Brazil also stands out in the global scenario by the set of its geopolitical and economic characteristics.

The world's fifth largest country in territorial extension – more than 8.5 million square kilometers and a coast extension of 7.367 kilometers –, Brazil lives a democratic regime, with no conflicts with neighboring countries or countries from other continents,

Foreign investments

In 2013, the foreign direct investment participation to Brazil amounted to US\$ 63 billion, leading the country to continue as Latin America's main destination for investment, accounting for 47% of the total volume in the region.

After the discovery of pre-salt, the volume of foreign direct investment focused on the oil & natural gas industry has increased, and it is expected to be intensified in the next few years.

As in other countries, due to a legal requirement, equipment, goods and services destined for the Brazilian oil & natural gas industry

supports international laws, promotes peace and the progress among nations and, above all, has a pacific population.

Having the State of São Paulo as the country's most developed region, Brazil is the world's seventh largest economy, seventh largest automobile industry and eighth largest consumer market. The state also accounts for Latin America's most diversified market and leads global exports of several agricultural and manufactured products.

are expected to have a minimum percentage of local content of approximately 60%.

Considering that Petrobras will invest US\$ 220.6 billion between 2014 and 2018, US\$ 153.9 of which is being invested in exploring and producing oil and natural gas, and that international companies operating in the sector will allocate more than US\$ 33 billion to Brazil until 2016 for the same purpose, the goods, equipment and services suppliers/providers find a highly promising scenario in the Country.

São Paulo – Country's main industrial park

The State of São Paulo is Brazil's most industrialized state, accounting for 33% of the country's GDP. With a diversified economy, the State of São Paulo holds a privileged position to provide support for pre-salt exploration.

São Paulo concentrates nearly 60% of the industry of goods, parts, accessories and equipment for the O&G sector.

Out of the total of 80 billion barrels of oil, indicated by assessments as existent in the Brazilian pre-salt layer, the major portion – nearly 60 billion barrels – is concentrated in the Santos Basin, in Brazil's Southeast region. Therefore, Petrobras invests heavily in this region.

The state-owned company has been building a new head office in the city of Santos, south coast of the State of São Paulo. Six thousand employees are expected to work at the building.

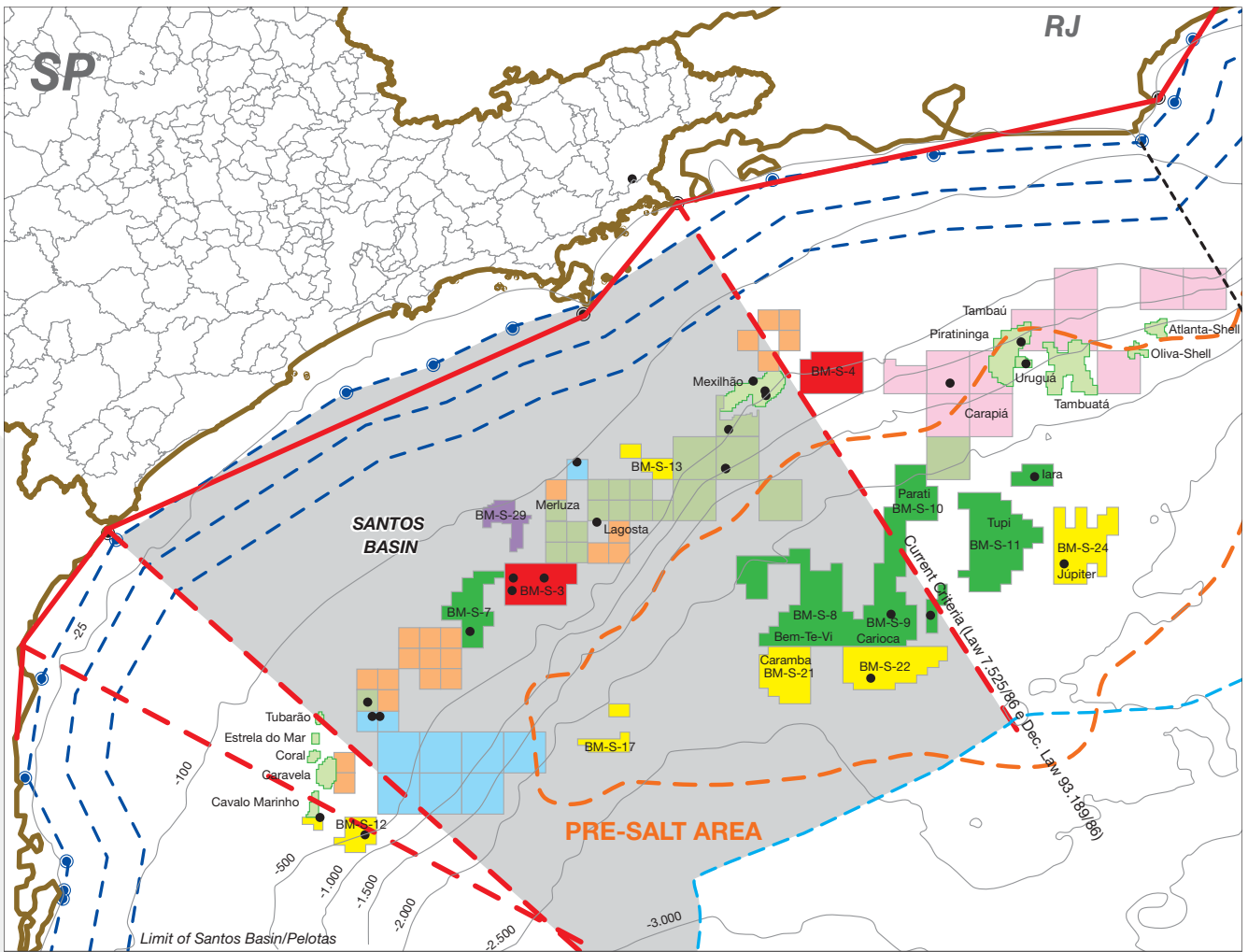
In addition to the building of its head office and the already operating wells at the Santos Basin, Petrobras installed a Gas Treatment Unit in Caraguatatuba, in the north coast of the state, together with a gas pipeline.

Total investments in the exploration of oil and natural gas in the coast of São Paulo is expected to reach nearly US\$ 90 billion.

There is still another reason why São Paulo have become the main industrial park for the attraction of investments: its strategic location.

The coast of the State of São Paulo is basically located in the middle of the pre-salt region, which significantly reduces the travel costs to any of its edges.





New business Opportunities

For every US\$1 billion invested in the exploration and production of oil and gas in the Santos Basin, the production chain of this industry moves more than US\$ 400 million in the State of São Paulo.

The amount corresponds to the businesses involving the most diverse goods, equipment and services suppliers/providers.

The increased development in the O&G industry in the State of São Paulo has drawn the attention of companies from different nationalities and sizes, seeking to establish in Brazil and take advantage of the rising number of business opportunities in the country.

US\$ 1 BILLION

US\$ 400 MILION

Financing Lines

International companies interested in investing in the State of São Paulo are also provided with long-term financing lines to establish their factories, from the construction to the acquisition of machinery and equipment.

The funds may be obtained from Desenvolve SP, a state government-owned financial institution operating with a focus on the productive development, or from the Brazilian Development Bank (BNDES), a federal government-owned bank.

Investe São Paulo

The gateway for foreign companies interested in establishing a productive base in the State of São Paulo, Investe São Paulo offers free of charge advisory services in tax, infrastructure and environmental areas, in addition to support in identifying the most adequate location for the venture.

In five years of operation, Investe São Paulo has supported the entry of more than 70 companies of the most varied sectors in the State of São Paulo.

Together, these foreign companies have contributed with more than US\$ 12 billion to São Paulo and generated more than 50 thousand direct jobs.

The services offered by Investe SP are the following:

- Support for potential investors in their contact with government institutions, in order to facilitate the decision-making process and new ventures implementation process.
- Support for the entrepreneur, so that he can identify the best locations in the State of São Paulo for investment, in accordance with needs of its activity: workforce, infrastructure, logistics, availability of suppliers/providers, consumer market, environment, among other factors.

- Specific and strategic information on the best conditions to invest in the State of São Paulo.
- Communication with relevant government and private entities for the investment attraction process:
 - governmental institutions at federal, state and municipal levels;
 - private institutions, such as public-utility companies, business associations, among others.
- Communication with municipal governments, aiming to:
 - identify opportunities to attract new investments;
 - support municipalities in attracting companies;
 - identify barriers to the competitiveness and propose measures to overcome them.

Expedient

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