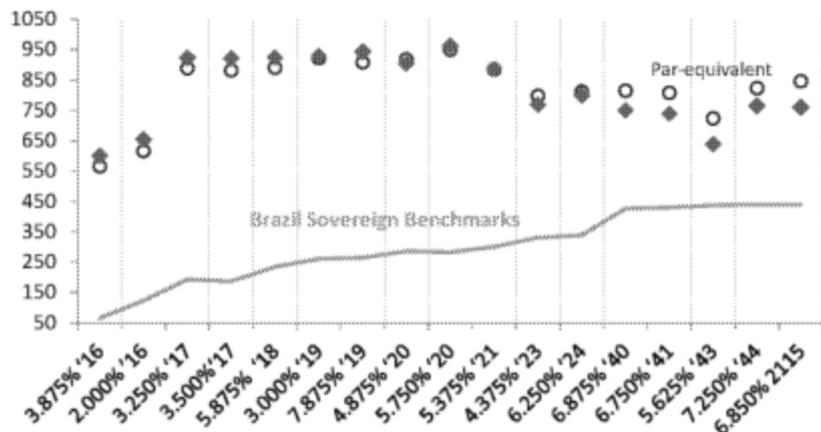




The average yield of the bonds due beyond 2019 is currently around 10%, compared to an average yield of the bonds due between 2018 and 2019 of around 10.3%. The spread curve is actually inverted beyond 2020.

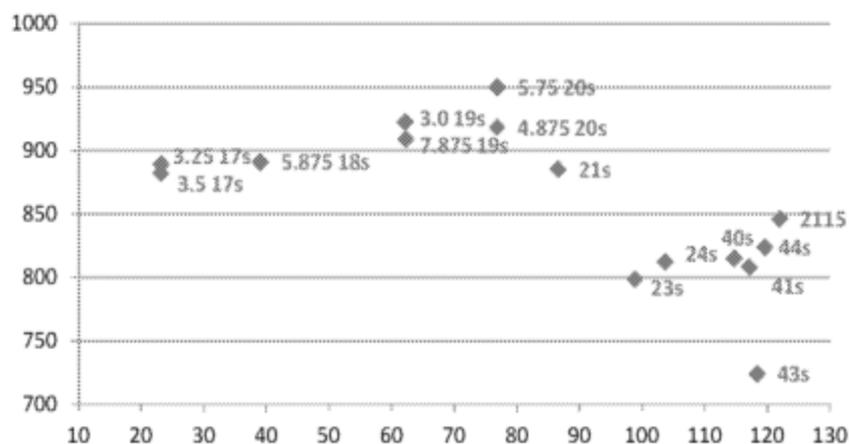
Figure 3: Petrobras' spread curve is inverted beyond 2020



Source: Deutsche Bank. Pricing is indicative (mid side), as of October 6, 2015.

Because of Petrobras' high leverage (5.2x estimated for 2016 with Brent of USD50/bbl and USDBRL of 4.2), significant challenges to reduce its cash burn, large debt maturities (USD60bn due by 2019 and USD104bn due by 2024), and the company's ability and motivation to issue secured debt in a way to significantly subordinate its bonds, we don't think that yields under 11% and bond prices above 67 for bonds due beyond 2017 compensate for the risks in absence of timely and material show of support from the Brazilian government.

Figure 4: Par-equivalent Spread vs. Cumulative Debt Maturities (USDbn)



Source: Deutsche Bank