

CONTABILIDADE 0017/2011

Rio de Janeiro, June 16, 2011

Sir David Tweedie, Chairman
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Subject: Lease accounting

Reference: Exposure Draft - Leases

Dear Sir,

Petróleo Brasileiro S.A. - Petrobras is a publicly traded company, controlled by the federal government of Brazil. We are among the top three integrated energy companies in the world and our operations include: exploration and production, refining, oil and natural gas sales and transportation, petrochemicals, electric power generation, biofuels and other renewable sources of energy. We have presence in 28 countries and our 2010-2014 business plan foresees investments in the order of US\$224 billion, the majority of which will be allocated to exploration and production.

Among the many projects conducted by the Board, one in particular may significantly affect our business: the accounting for leases. If lease arrangements are not properly defined, the entire production chain of the exploration and production industry may be adversely impacted.

Consequently, we have been following the progress of that project through many ways: by sending comment letters and responses to surveys; by observing Board meetings; by participating in outreach meetings and; by exchanging ideas and thoughts with other companies. Ultimately, we developed some views regarding the definition of lease arrangements, that have not been incorporated in the latest conclusions reached by the Board's Staff.

Petrobras fully supports the Board's efforts to develop a single set of high quality, understandable, enforceable and globally accepted international financial reporting standards. In this sense, we strongly believe that any tentative decision reached by the IASB regarding the lease's project should be re-exposed before the issuance of a final standard. By then, if our recommendations on the definition of leases are not be adopted, we would appreciate if they could be presented as alternative views in the Basis for Conclusions included in the re-exposure document.

Marcos Menezes

With copy to: