



PETROBRAS

A large, detailed image of an offshore oil rig, showing its complex structure of steel beams, pipes, and platforms, set against a blue sky and sea background.

PETROBRAS

Strategic & Business Plan

2009-2013

Opportunities for foreign suppliers

Houston, May 5th 2009

OTC 2009

*Paulo Sérgio Rodrigues Alonso D.Sc.
Materials Engineering Manager*



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.

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.



PETROBRAS

PRESENTATION OUTLINE

- ▶ **Main objectives;**
- ▶ **PETROBRAS Overview;**
- ▶ **Strategic and Business Plans Highlights:**
 - E&P;
 - Downstream;
 - Petrochemical;
 - Gas and Energy;
- ▶ **Critical Goods and Services and equipment quantities;**
- ▶ **PETROBRAS Strategies for purchasing goods and services;**
- ▶ **Register Requirements for Foreign Suppliers;**
- ▶ **PROMINP – Governmental Program and Local Content;**
- ▶ **Conclusions.**



To provide a broad overview of PETROBRAS main investment programs, included in the Strategic and Business Plan for the period 2008-2012, aiming to expand the basis of selected goods and services foreign suppliers interested to come to Brazil and register with the Company in order to participate in the projects' Vendor Lists.



PETROBRAS



Petrobras Overview





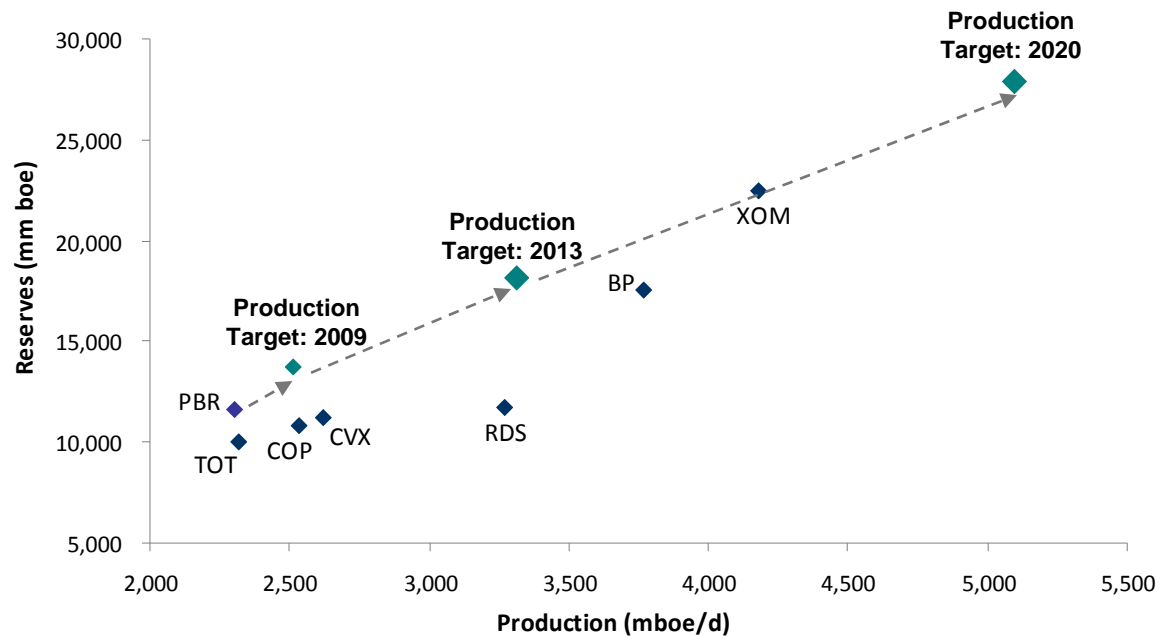
PETROBRAS

A WORLD-CLASS, PUBLIC, INTEGRATED ENERGY COMPANY

Among its peers, **Petrobras** has the:

- **4th** largest Proven Reserves;
- **5th** largest Oil & Gas Production;
- **6th** largest Refining Capacity;
- **6th** largest Market Value.

STRATEGIC VISION: TO BE ONE OF THE WORLD'S FIVE LARGEST PUBLICLY TRADED OIL PRODUCERS



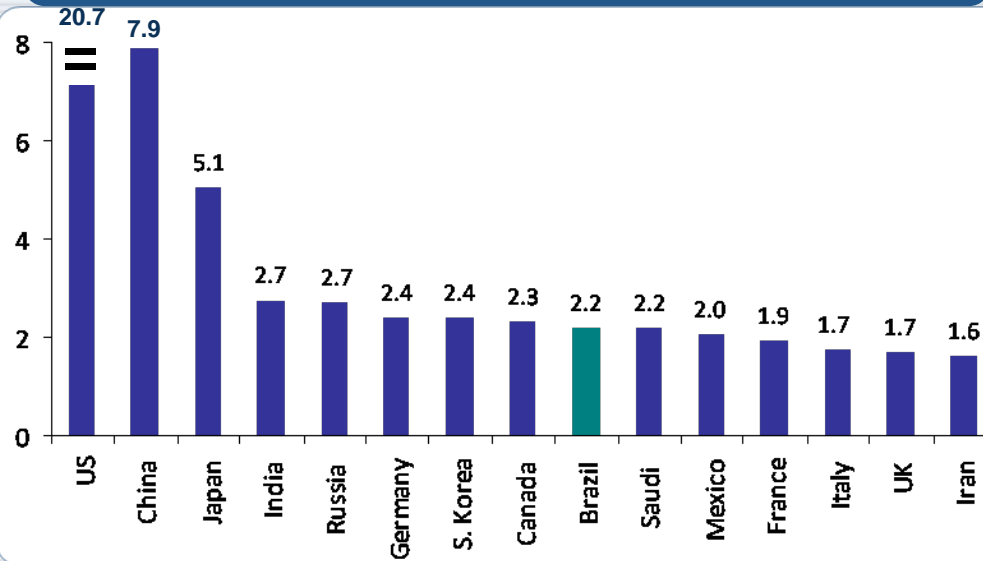
◆ 2007 (SEC) reserves and production



PETROBRAS

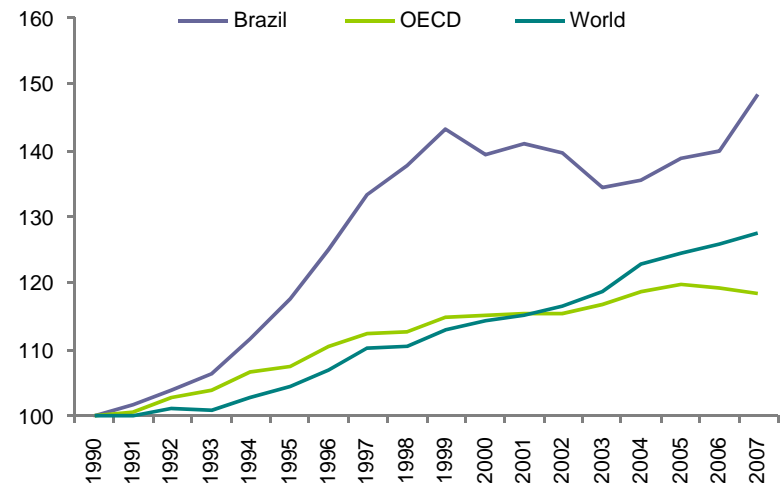
DOMINANT POSITION IN A LARGE AND GROWING EMERGING MARKET

2007 Total Oil Consumption by Country (mmb/d)



Brazil is world's eighth-largest oil consumer

Total Oil Consumption mb/d (index)



Brazil oil consumption growing at 2.4% p.a.


OECD oil consumption growing at 1% p.a.



HIGH-POTENTIAL PORTFOLIO IN ONE OF THE WORLD'S MOST EXCITING PROVINCES...

PETROBRAS



 Circle size indicates estimated reserves



PETROBRAS



Strategic and Business Plans highlights





PETROBRAS

VISION 2020 AND CHARACTERISTICS

Vision 2020

We will be one of the largest integrated energy companies in the world and the preferred choice among our stakeholders

Vision 2020 Characteristics

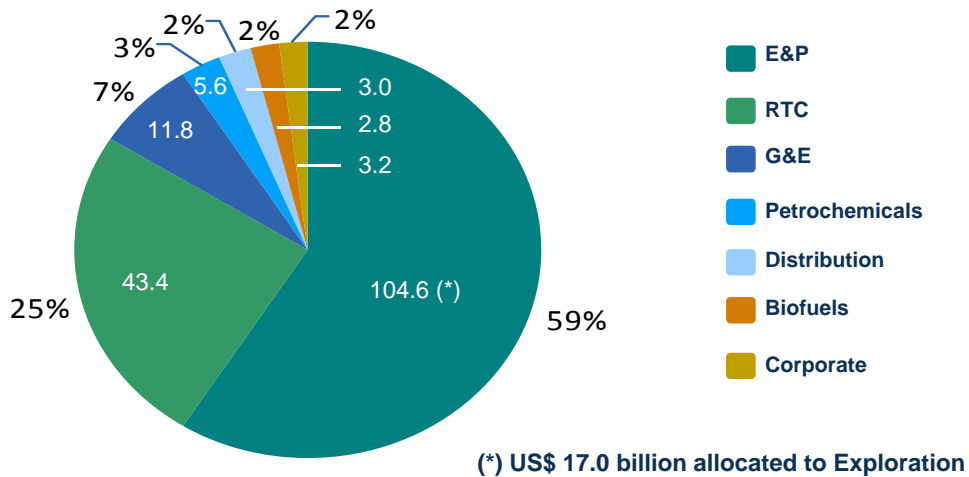
Our operations will be notable for:

- ▶ Strong international presence;
- ▶ World scale prominence in biofuels;
- ▶ Operational excellence in management, technology and human resources;
- ▶ Profitability;
- ▶ Benchmark in social and environmental responsibility;
- ▶ Commitment to sustainable development.

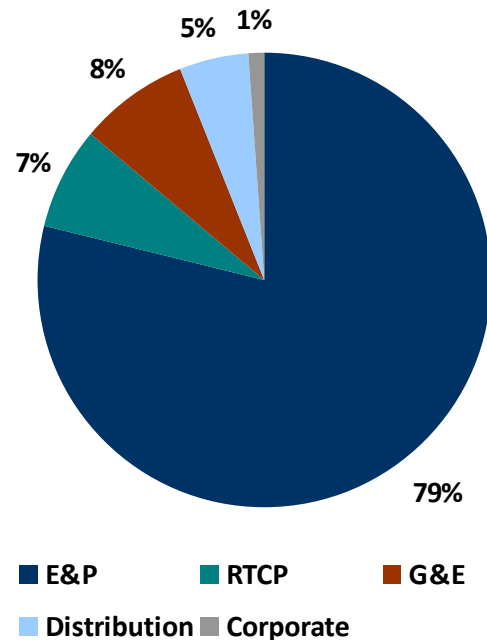
AND A CAREFULLY CRAFTED SPENDING PROGRAM TO SUPPORT THAT VISION



Business Plan 2009-2013 US\$ 174.4 billion



International Investments US\$ 15.9 billion



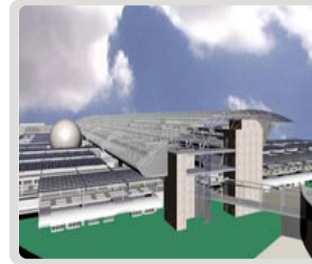


PETROBRAS

CENPES



Total Area: 114.000 m²
 Building: 75.000 m²
 137 Laboratories
 30 Pilot plants

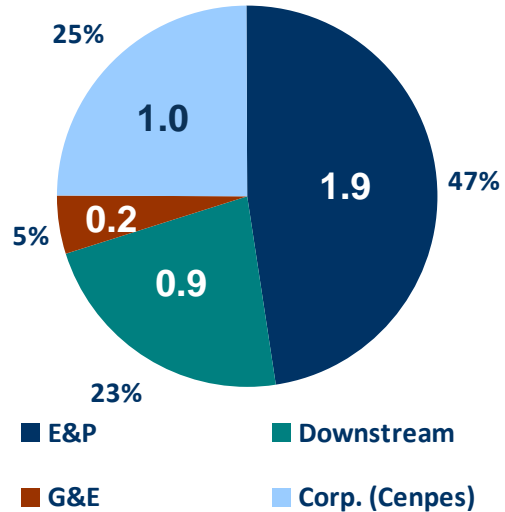


CENPES Expansion and Dataprocessing integrated Center:
 Total Area: 190.000 m²
 Building: 114.000 m²

Partnership with over 120 universities and research centers in Brazil, and 70 Institutions abroad

Investments in Technology 2009-2013

US\$ 4.0 billion



Technological programs

Frontier Areas	Basin Modeling	Deep and Ultra-deep Waters	Heavy Oil	Enhanced Oil Recovery	Pre-salt	Refining
Optimization & Reliability	Fuel Innovation	Transportation	Natural Gas	Renewable Energy and Bio Fuels	Environment	Climate Changes



PETROBRAS



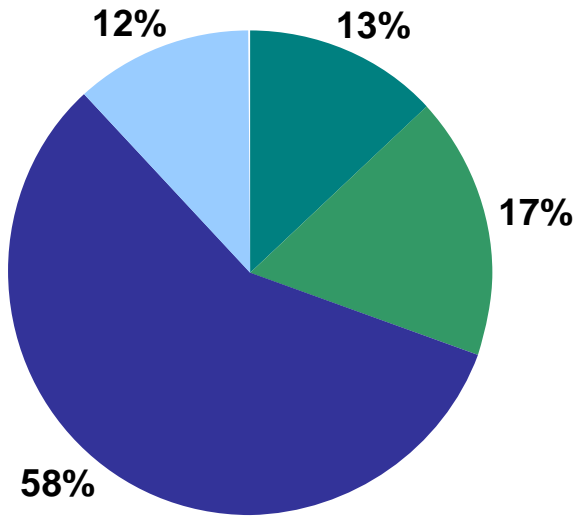
E&P Business Segment



PETROBRAS

E&P: FOCUSED & DISCIPLINED INVESTMENT

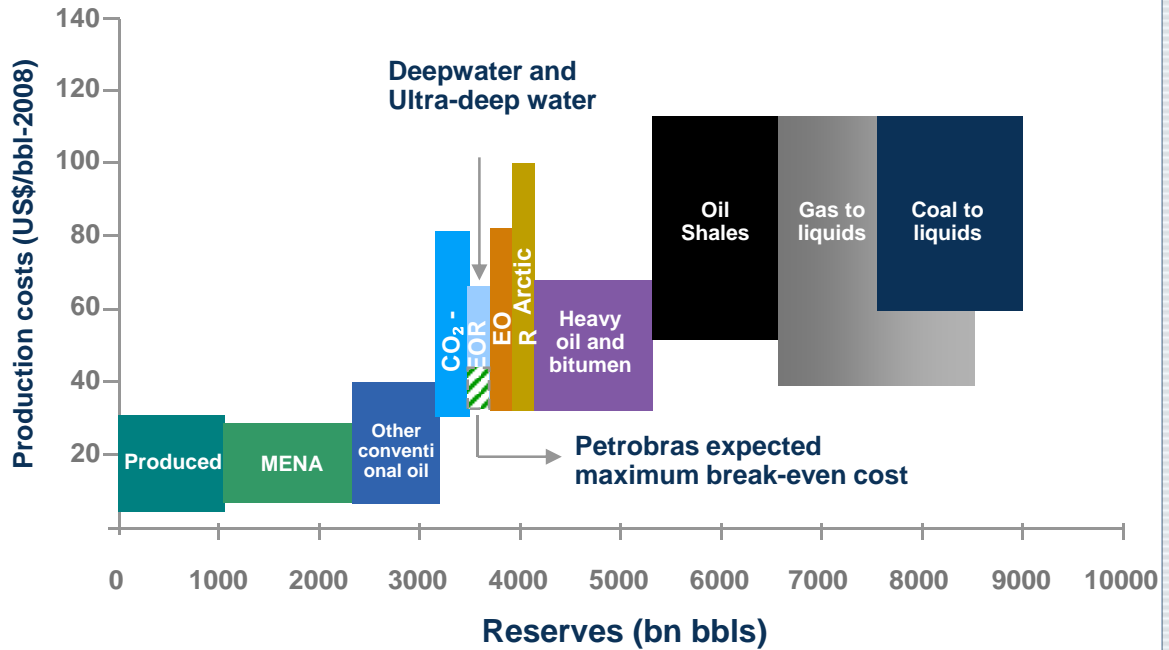
Total Investments



- Exploration
- Development
- Santos Pre-salt
- International

Total Investments of US\$ 104.6 billion in E&P through 2013, of which US\$ 92 billion will be spent in Brazil

Expected Costs of Production*



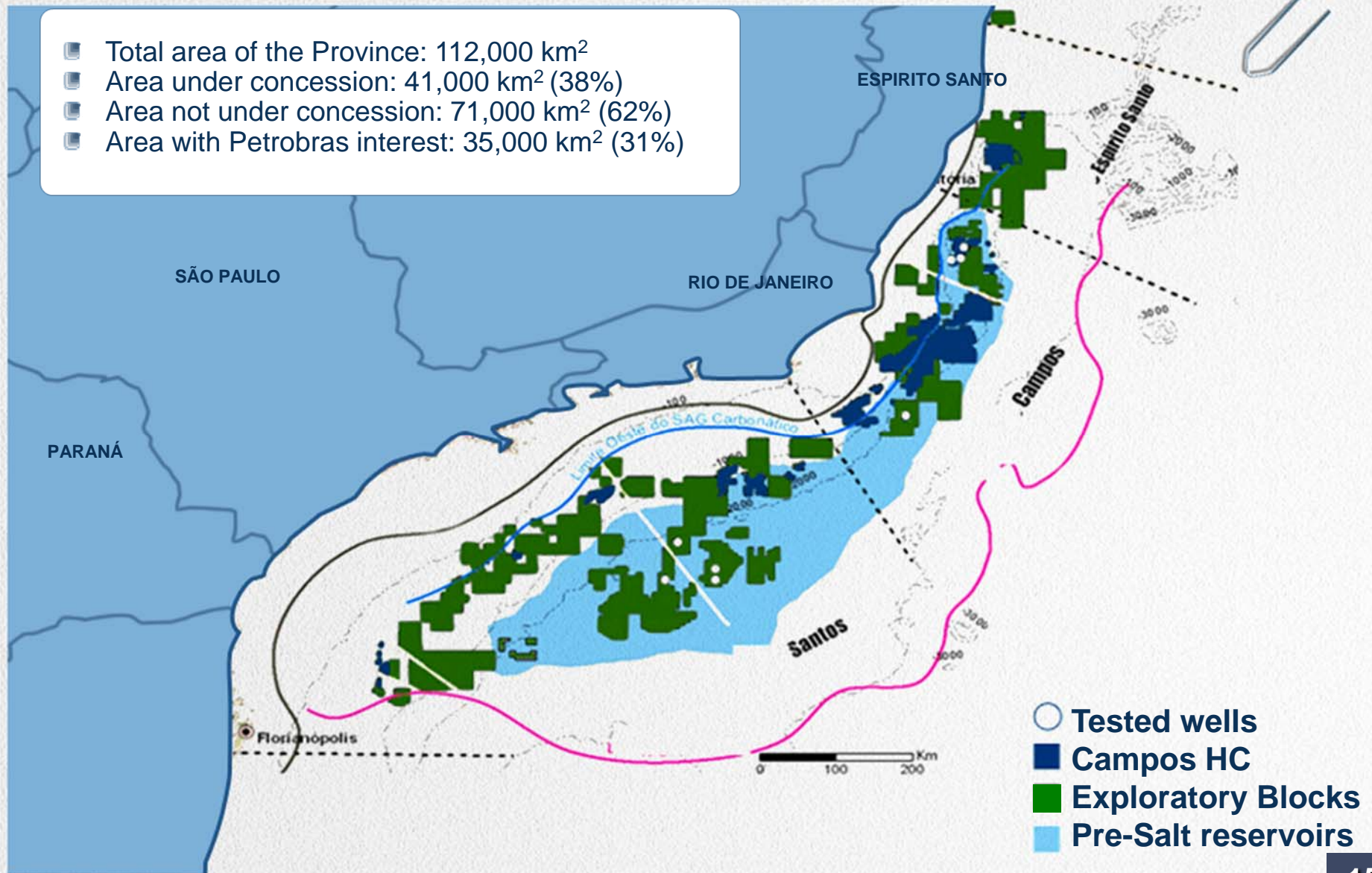
* Source: IEA – Outlook 2008



PETROBRAS

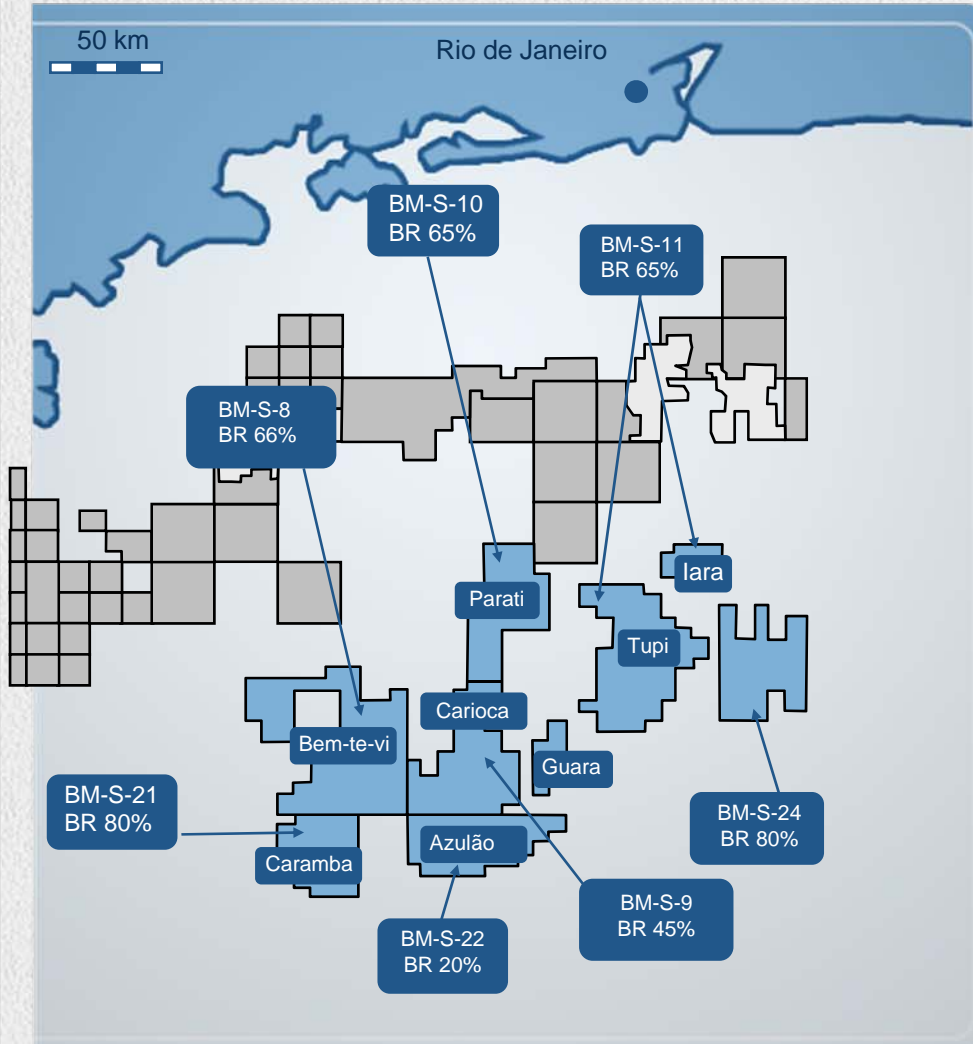
PRE-SALT PROVINCE

- Total area of the Province: 112,000 km²
- Area under concession: 41,000 km² (38%)
- Area not under concession: 71,000 km² (62%)
- Area with Petrobras interest: 35,000 km² (31%)





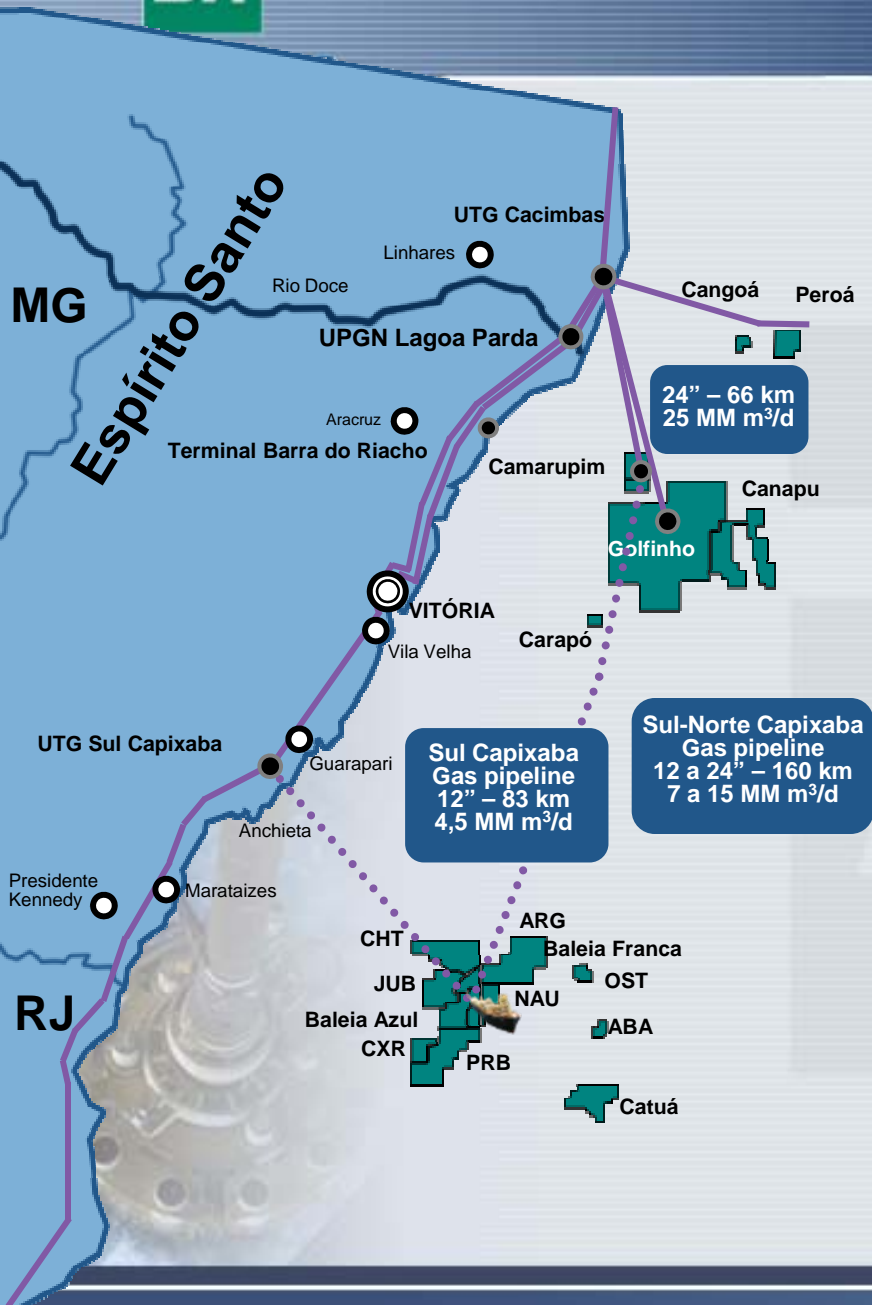
SANTOS BASIN PRE-SALT CLUSTER



- Major discoveries include: Tupi, lara, Carioca, Guara, Jupiter, Parati, Bem-te-vi and Caramba
- Multi-billion barrel reserves potential
- Good oil quality: medium-light
- Seismic activity and appraisal wells underway
- Recoverable resources announced: 5-8 bn boe in Tupi and 3-4 bn boe in lara
- Three production systems by 2014: Tupi, lara and Guara



ESPÍRITO SANTO PRE-SALT

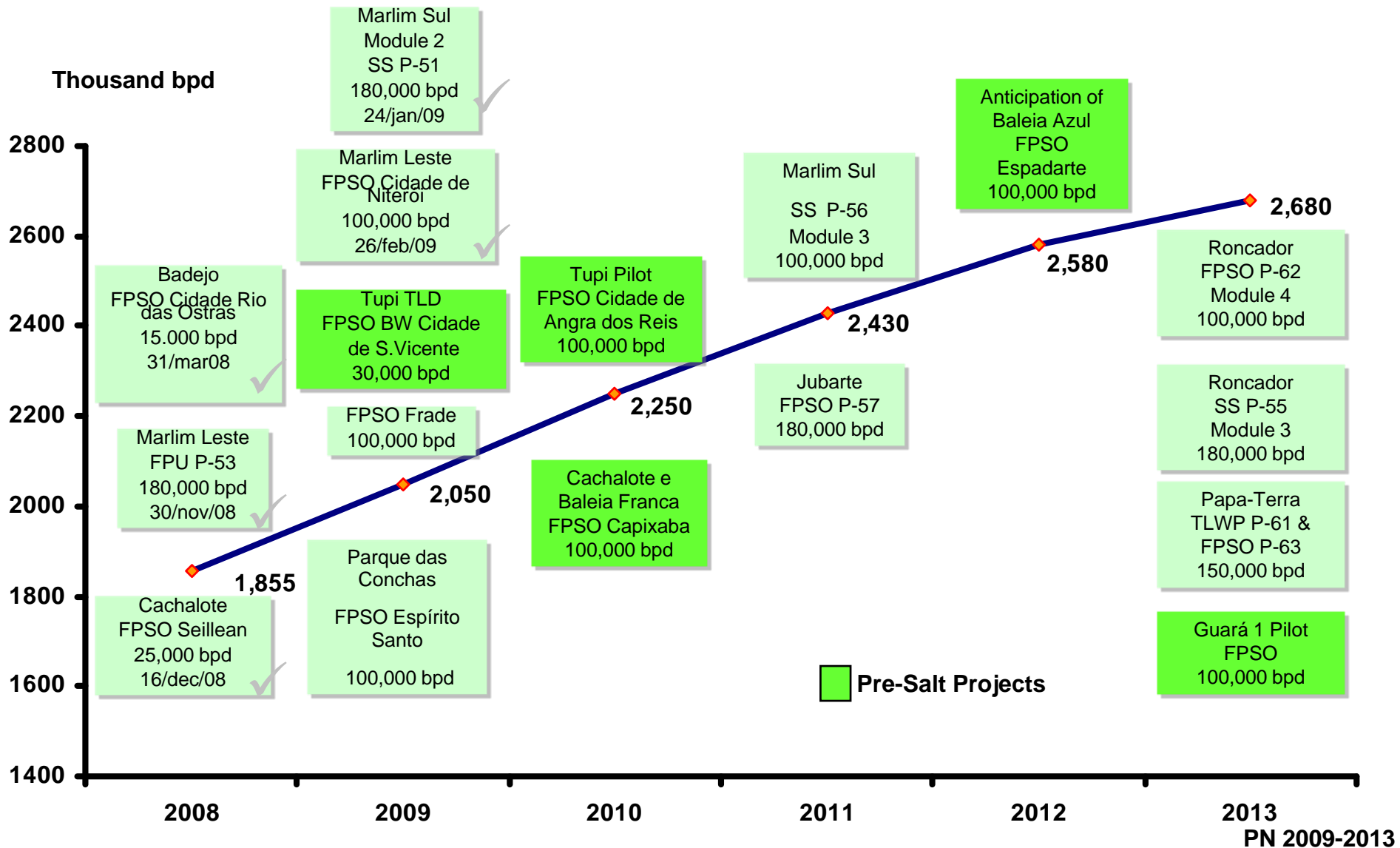


- Infrastructure in-place
- P-34 at Jubarte field, first pre-salt production: excellent results, prod. up to 18 k b/d
- FPSO Seillean started in dec/08 as pilot system of Cachalote (CHT) field
- FPSO Capixaba will move from Golfinho field to Cachalote/Baleia Franca (BFR) in 1H10
- FPSO Pipa II will start in 2H10 as Baleia Azul (BAZ) pilot system
- Baleia Azul first definitive production unit by 4Q12
- Natural gas production transported via pipeline



PETROBRAS

MAJOR OIL PROJECTS



*CIDADE DO RIO DE JANEIRO FPSO (CAPACITY 100.000 BPD),
PRODUCTION ON 06/01/07 AT ESPADARTE FIELD*

PETROBRAS





PETROBRAS

PIRANEMA FPSO (CAPACITY 30.000 BPD), PRODUCTION ON 10/10/07



P-52 DECK MATING





PETROBRAS

P-52 - BRASFELS SHIPYARD- ANGRA DOS REIS





PETROBRAS

P-54 - MAUÁ JURONG SHIPYARD- NITERÓI





PETROBRAS

P-54 LEAVING THE SHIPYARD ON 19-Out-2007





PETROBRAS

P-54 LEAVING THE SHIPYARD ON 19-Out-2007





PETROBRAS



Downstream Business Segment



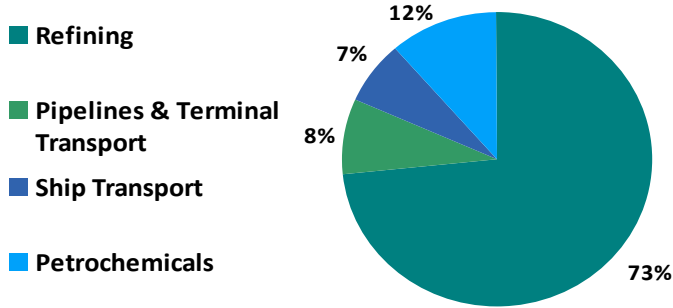


PETROBRAS

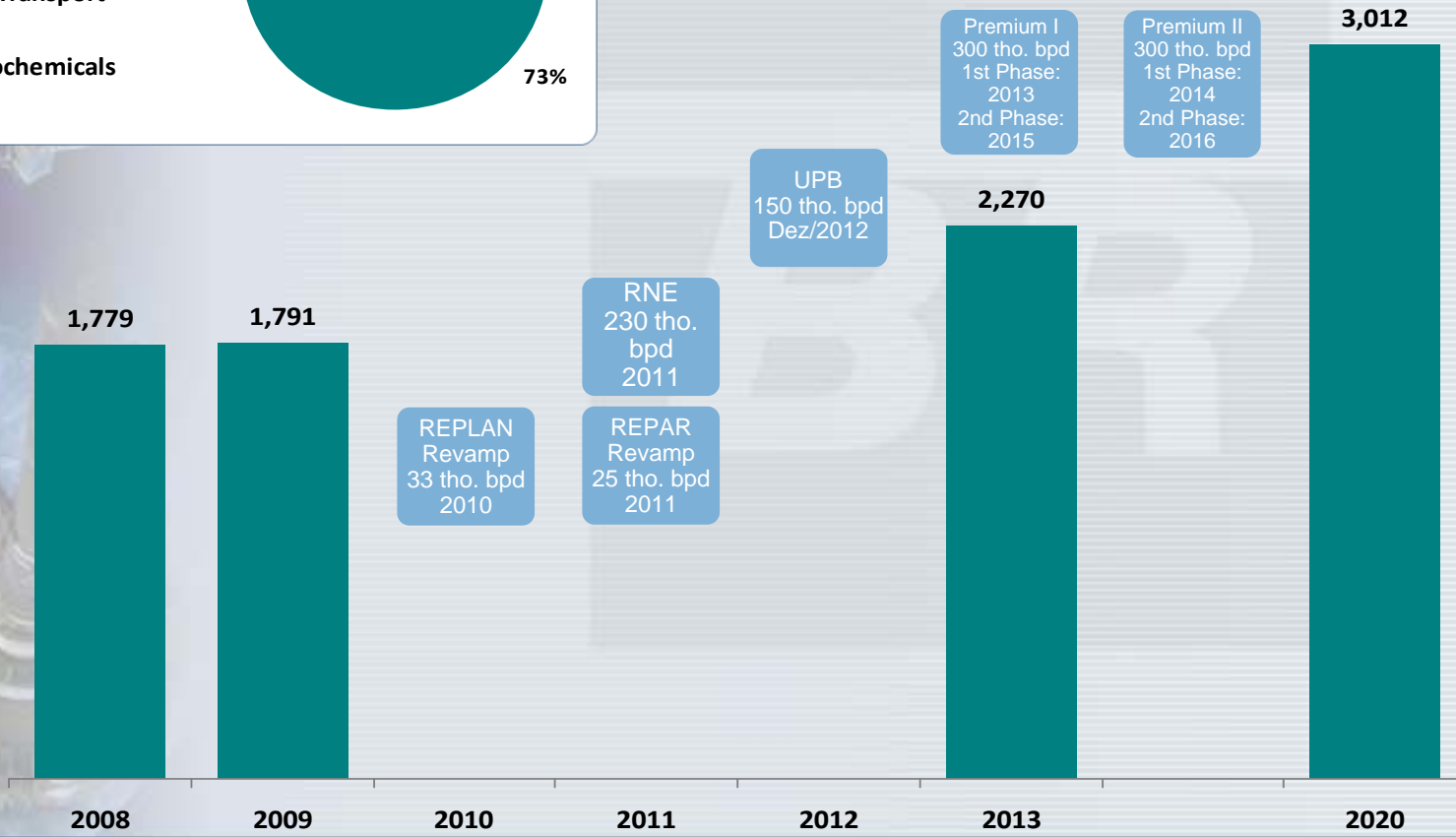
DOMESTIC CRUDE THROUGHPUT (THOUSAND BPD)

Downstream Investments

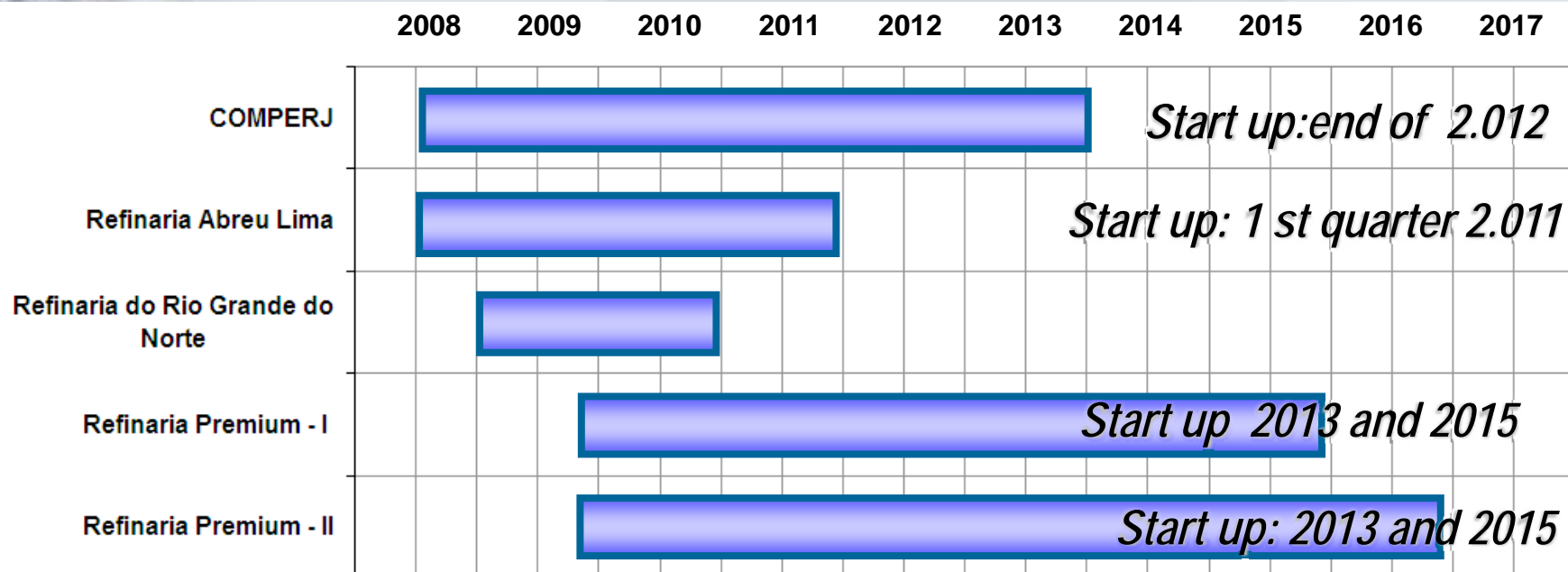
US\$ 47.8 billion



- Adding values to domestic crude and producing diesel and gasoline in-line with international standards
- Investment targets Fuel Quality, Conversion and Expansion



NEW REFINERIES

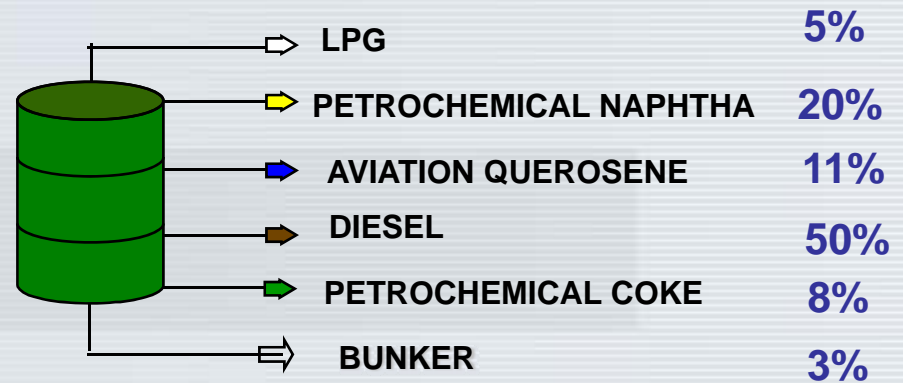




PETROBRAS

NEW INVESTMENTS - PREMIUM REFINERIES

Feedstock oil basis: Marlim 20

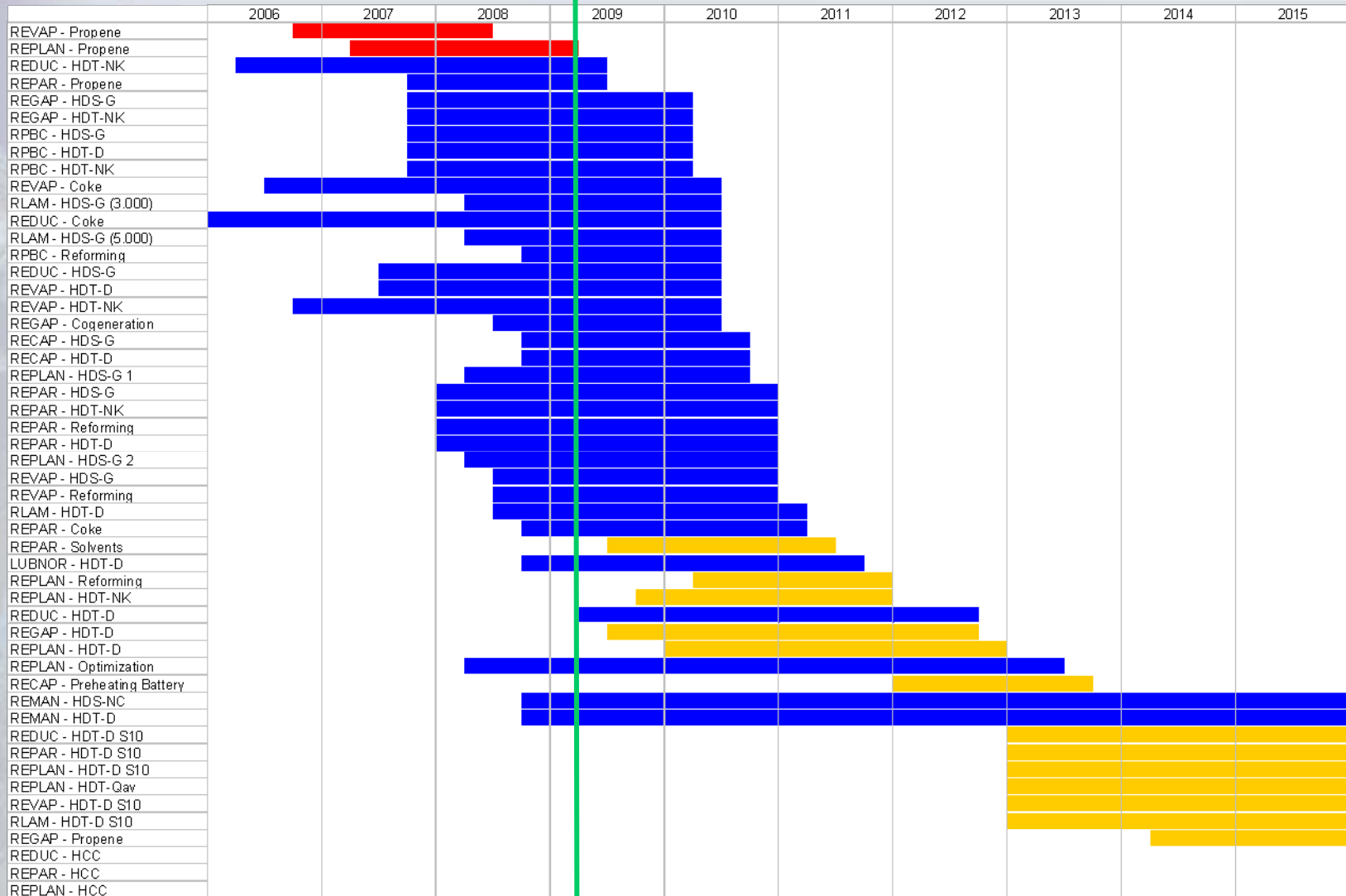


	Premium I – MA	Premium II - CE
Capacity	600 mil bpd	300 mil bpd
Operation	2013 e 2015 (2 phases)	2013 e 2015 (2 phases)
Market	GLP, Nafta e QAV (Brasil) e Diesel 10 ppm (Europa)	



PETROBRAS

REFINERIES INVESTMENTS



done

present

planned



PETROBRAS

TERMINALS



- 26 water terminals, operated by means of monobuoys or buoy arrays
- 20 onshore terminals.

INVESTMENTS IN LOGISTICS – PIPELINES AND TERMINALS

Total Investments: US\$ 3.7 billion between 2009-2013;

Main Projects:

- Storage extension in Santos and Paranaguá ports;
- Increase in effluents treatment in São Sebastião (TEBAR), São Francisco do Sul (TEFRAN), Cabiúnas, Ilha Grande (TEBIG) and TEDUT Terminals;
- Implantation of the Program “Adequação de Suprimento de Petróleo” (PASP) and the Plano Diretor de Dutos, in São Paulo State, through interventions in the OSVAT and OSCAN Systems, and new pier for the São Sebastião Terminal;
- Improvements in the oil product outflow system in Santos and Paranaguá ports and Madre de Deus Terminal(TEMADRE).



PETROBRAS




Petrochemical Business Segment



PETROBRAS

COMPERJ

- 
- ▶ **Site:** Itaboraí - RJ;
 - ▶ **Capacity:** 1300 kta ethylene; 700 kta P-Xylene; 881 kta Propylene; 608 kta Benzene; 157 kta Butadiene
 - ▶ **Total Investment:** US\$ 8.5 billion;
 - ▶ **Feedstocks:** Heavy crude oil from Campos basin;
 - ▶ **Start up:** 2012.

COMPERJ OUTPUTS

	Products UPB	Production (kta)
		1 st Generation
Fuels (UPB)	Diesel	535
	Naphtha	284
	Coke	700
Petrochemical Feedstocks (UPB)	Ethylene	1.300
	Propylene	881
	Benzene	608
	Butadiene	157
	p-Xylene	700
	Sulfur	45

Products UPA	Production (kta)
	2 nd Generation
Polypropylene (PP)	850
Poliethylene (PE)	800
Styrene	500
Ethylene glicol	600
PTA	500
PET	600



PETROBRAS

COMPERJ MAP LOCATION





PETROBRAS



Gas and Energy Business Segment

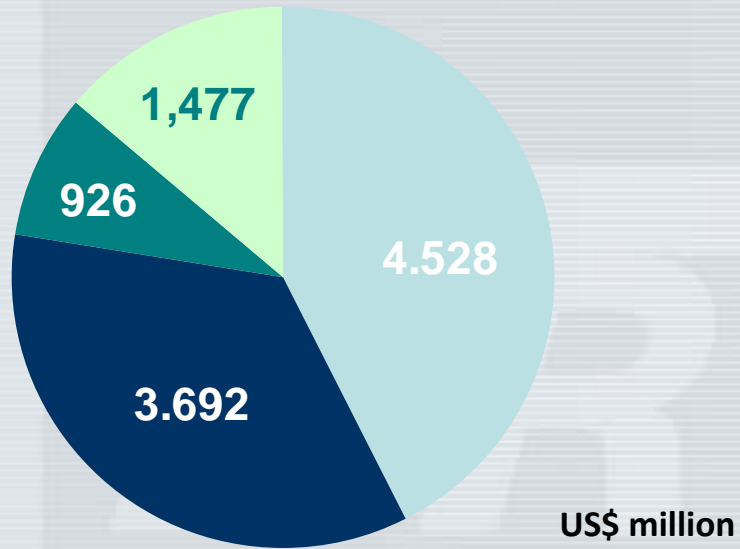




PETROBRAS

G&E INVESTMENTS

G&E Investments
US\$ 10.6 billion 2009-2013



Natural Gas
US\$ 8.2 billion

Energy
US\$ 2.4 billion

- Projects in Portfolio
 - New Investments Proposed
-
- Projects in Portfolio
 - New Investments Proposed



PETROBRAS

MAIN PROJECTS: GAS & ENERGY

US\$ million

Main Projects

- ▶ Gas Pipelines: Gasene, Northeast and Southeast Network, South Section of Gasbol, Urucu-Coari-Manaus and Gasduc III
- ▶ LNG – Liquefied Natural Gas
- ▶ Thermo-Electrics: Cubatão, Três Lagoas, Canoas and Termoçu
- ▶ Wind Power Generation
- ▶ G&E in Argentina and Other Countries

Total investments US\$ 10.6 billion



PETROBRAS




Critical goods and services and equipment quantities



PETROBRAS


E&P CRITICAL EQUIPMENT: OPPORTUNITIES FOR FOREIGN SUPPLIERS

- 
- ▶ Production pipelines alloy coatings (13 Cr, Super 13 Cr);
 - ▶ Turbo compressors (6-10 Mw);
 - ▶ Polyester Mooring cables;
 - ▶ Mooring systems;
 - ▶ Drilling pipelines;
 - ▶ Fiber glass pipelines;
 - ▶ Electrical cables for CSP;
 - ▶ Control Systems for well control, oil and gas metering systems, drilling activities;
 - ▶ Offshore drilling rigs;
 - ▶ Gravel packing;
 - ▶ Drilling bits;
 - ▶ Steam generators (25-50 x 10⁶ BTU/d);
 - ▶ Special submarine valves.



PETROBRAS

CRITICAL SERVICES FOR E&P ACTIVITIES: OPPORTUNITIES FOR FOREIGN SUPPLIERS

- 
- ▶ Drilling;
 - ▶ Workover services;
 - ▶ Flexible lines and umbilicals laying services;
 - ▶ Support to diving;
 - ▶ Support to ROV;
 - ▶ Support to mooring activities;
 - ▶ Special vessels;
 - ▶ Submarine interconnection services.

CRITICAL EQUIPMENT AND SERVICES FOR REFINING ACTIVITIES: OPPORTUNITIES FOR FOREIGN SUPPLIERS



PETROBRAS



► Equipment

- HCC Reactors (250-300 mm wall width, 200 Kgf/cm²);
- Boiler works with special alloys (reactors, towers, pressure vessels);
- Boilers (steam generators);
- Heat exchangers working with H₂S traces (ASTM A 387 degree 11);
- API pumps;
- Structural packing for refining process towers;

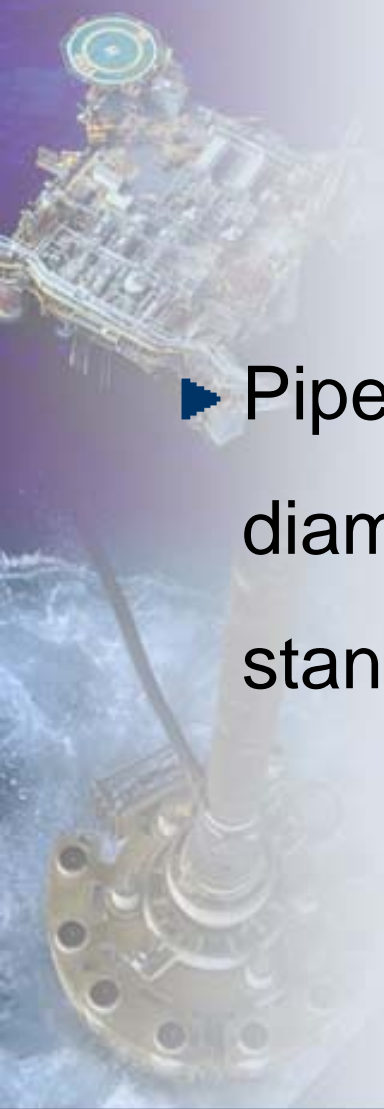
► Services

- Basic Design;
- Thermal Projects Design.



PETROBRAS

CRITICAL EQUIPMENT FOR G&E ACTIVITIES: OPPORTUNITIES FOR FOREIGN SUPPLIERS

- 
- A large offshore oil rig is visible in the background on the left side of the slide, partially obscured by a large, faint watermark of the word 'WARRANTY' in the center.
- ▶ Pipelines in the range of 14-42 inches diameter with longitudinal welding. Petrobras standards do not accept helicoidal welding.



PETROBRAS

NEW EQUIPMENTS TO BE CONTRACTED

Drilling ships and semi-submersible drilling platforms

29 RIGS CONTRACTED PLUS 28 TO BE LEASED UP TO 2017, MAKING A TOTAL OF 57 DRILLING RIGS

- 17 being delivered between 2009 and 2011

- 12 will be chartered via international bidding, being delivered in 2012 – Meeting Petrobras' short-term needs, while the national industry prepares itself for the remaining units

- 28 will be built in Brazil and operated by Brazilian companies, being delivered between 2013 and 2017

Items	Un.	TOTAL
Wet Christmas Tree	un	500
Well Head	un	500
Flexible Lines	km	4.000
Manifolds	un	30
Producing pipes	t	42.000
Umbilical	km	2.200
Dry Christmas Tree	un	1.700
Onshore well head	un	1.700

Items	Un.	TOTAL
Reactors	un	280
Oil and water splitter	un	50
Storage Tankers	un	1.800
Turrets	un	550

Items	Un.	TOTAL
Pumps	un	8.000
Compressors	un	700
Winch	un	450
Crane	un	200
Engines	un	1.000
Turbines	un	350
Structure Steel (Hull)	t	940.000

Items	Un.	TOTAL
Power Generators	un	500
Filters	un	300
Flares	un	30



PETROBRAS



Petrobras supply strategies for goods and services



PETROBRAS

SUPPLY STRATEGIES FOR GOODS AND SERVICES



US\$ 7.0 Bi

- Manufacturers
- Distributors
- Retailers

- Equipment
- Chemicals
- Spare parts
- Etc.

US\$ 25.8 Bi

- Service providers

- Seismic
- Drilling
- Transport
- Etc.

US\$12.4 Bi

- EPC
- Shipyards
- Constructors

- Platform
- Refinery
- Revamps
- Etc.

As per 2008



PETROBRAS



Up-dated Petrobras Vendor Register Requirements

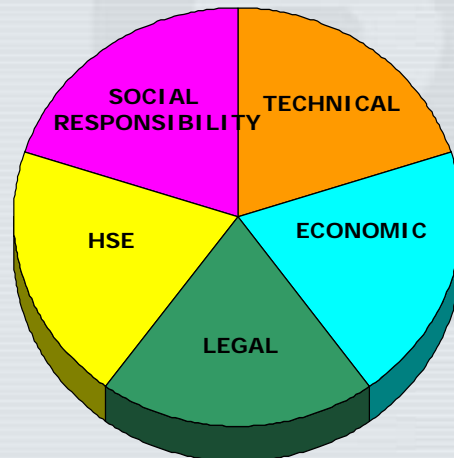


PETROBRAS

REGISTER OF GOODS AND SERVICES SUPPLIERS

Requirements, Concepts and Ranking

**MANDATORY
REQUIREMENTS and
RANKING REQUIREMENTS
5 CRITERIA**





PETROBRAS

REGISTRATION FOR MATERIAL SUPPLIERS

TECHNICAL REQUIREMENTS FOR MATERIALS

Depending on the material or equipment, the supplier must comply with the following requirements:

- ✓ Tradition (Main Sales, Reference Letters);
- ✓ Facilities for Technical Assistance (Automation Systems, Rotating Machinery, etc);
- ✓ Mandatory Product Certification (API, ASME, ...);
- ✓ Other Specific Requirements.



PETROBRAS

REGISTRATION FOR SERVICES SUPPLIERS

TECHNICAL REQUIREMENTS FOR SERVICES

Depending on services criticality, the supplier must comply with the following requirements:

- ✓ Tradition (List of Services Provided – continuity and Reference Letters);
- ✓ List of Equipment relating to services provided;
- ✓ Main personnel curricula vitae;
- ✓ Other specific requirements.



PETROBRAS

SUPPLIERS REGISTRATION

LEGAL REQUIREMENTS

MATERIALS & SERVICES

Brazilian companies:

- ▶ Proof of being legally constituted in Brazil;
- ▶ Proof of being regular with Brazilian taxes;
- ▶ See details on registration website.

Foreign companies:

- ▶ Proof of being legally constituted in its home country, issued by a Governmental Authority;
- ▶ Legal Representative in Brazil (mandatory);
- ▶ Commercial Representative (is not registered, but only indicated by and linked to the supplier):
 - Not mandatory (may be the own company);
 - May be the same or other than the Legal representative.



PETROBRAS

SUPPLIERS REGISTRATION

ECONOMICAL REQUIREMENTS

MATERIALS & SERVICES

- ▶ Annual Reports with Audited Financial Statements;
- ▶ Proof that the company is not bankrupt (bank statement or company declaration by its president).



PETROBRAS

SUPPLIERS REGISTRATION

MANAGEMENT and SOCIAL RESPONSIBILITY

MATERIALS

- ▶ ISO-9001 - certification mandatory for suppliers of material & equipment which require technical qualification.

SERVICES

- ▶ Compliance with some requirements of ISO-9001 for special services.

MATERIALS & SERVICES

Petrobras stimulates suppliers to improve Social Responsibility actions.



PETROBRAS

SUPPLIERS REGISTRATION

HEALTH, SAFETY and ENVIRONMENT

SERVICES

- ▶ ISO-14001 and OSHAS-18001:
 - **Certification is not mandatory;**
 - **Petrobras evaluates how does the suppliers implement these standards requirements (0 to 10).**

MATERIALS

PETROBRAS requires supplier formal declaration of compliance with legal requirements.

Petrobras evaluates how the suppliers implement some standards requirements of ISO 14001 and OSHAS 18001 (not mandatory) (0 to 10).



PETROBRAS

REGISTER OF SUPPLIERS OF GOODS AND SERVICES

- 
- ▶ General information is obtained at Petrobras website:
www.petrobras.com.br
 - Options (icons):
 - ✓ English;
 - ✓ Business, Material Channel, Registration Guide.

 - ▶ Corporate registration process must be carried out in Petrobras headquarters, in Rio de Janeiro.



PETROBRAS



PROMINP – Governmental Program and Local Content



PETROBRAS

BRAZILIAN OIL & GAS NATIONAL INDUSTRY MOBILIZATION PROGRAM

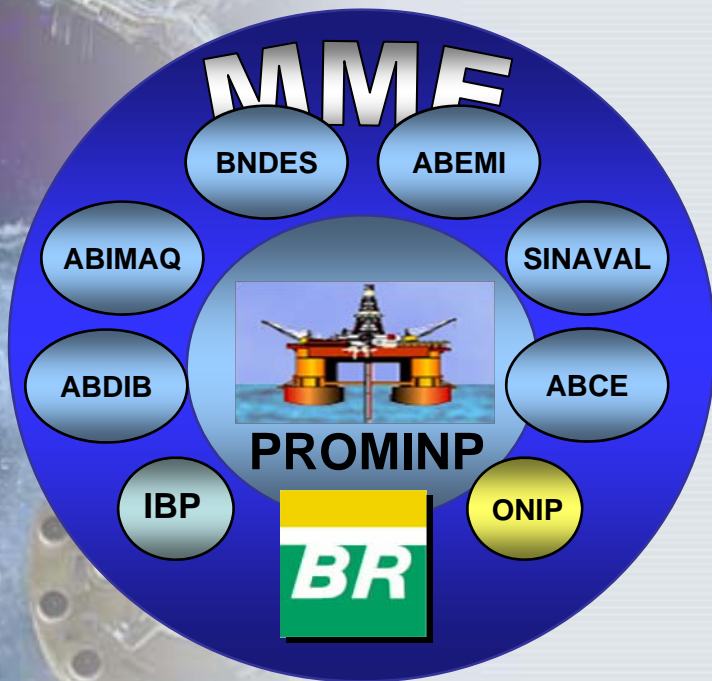


MINISTRY OF MINES AND ENERGY (MME) –
Program's promoter and manager

PETROBRAS – Leading operator in Brazil

BRAZILIAN PETROLEUM INSTITUTE (IBP) –
Coordinator for the participation of the other
operators

**NATIONAL ORGANIZATION OF THE OIL
INDUSTRY (ONIP)** – Coordinator for the
participation of class associations (suppliers)





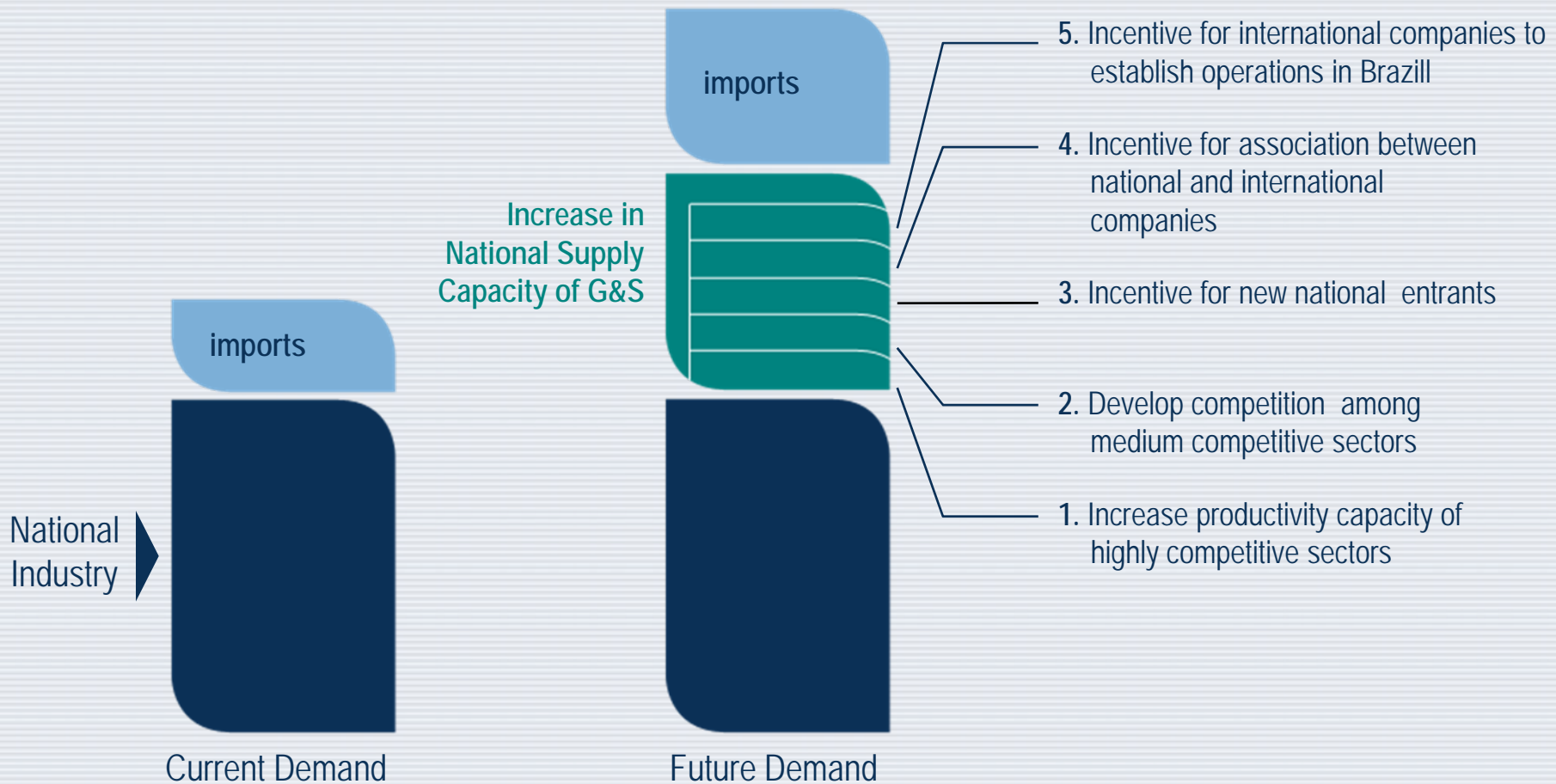
PETROBRAS

COMPETITIVE NATIONAL SUPPLY OF GOODS AND SERVICES

Adequacy of The National Supply Industrial Complex

GOOD AND SERVICES SUPPLY

PATH

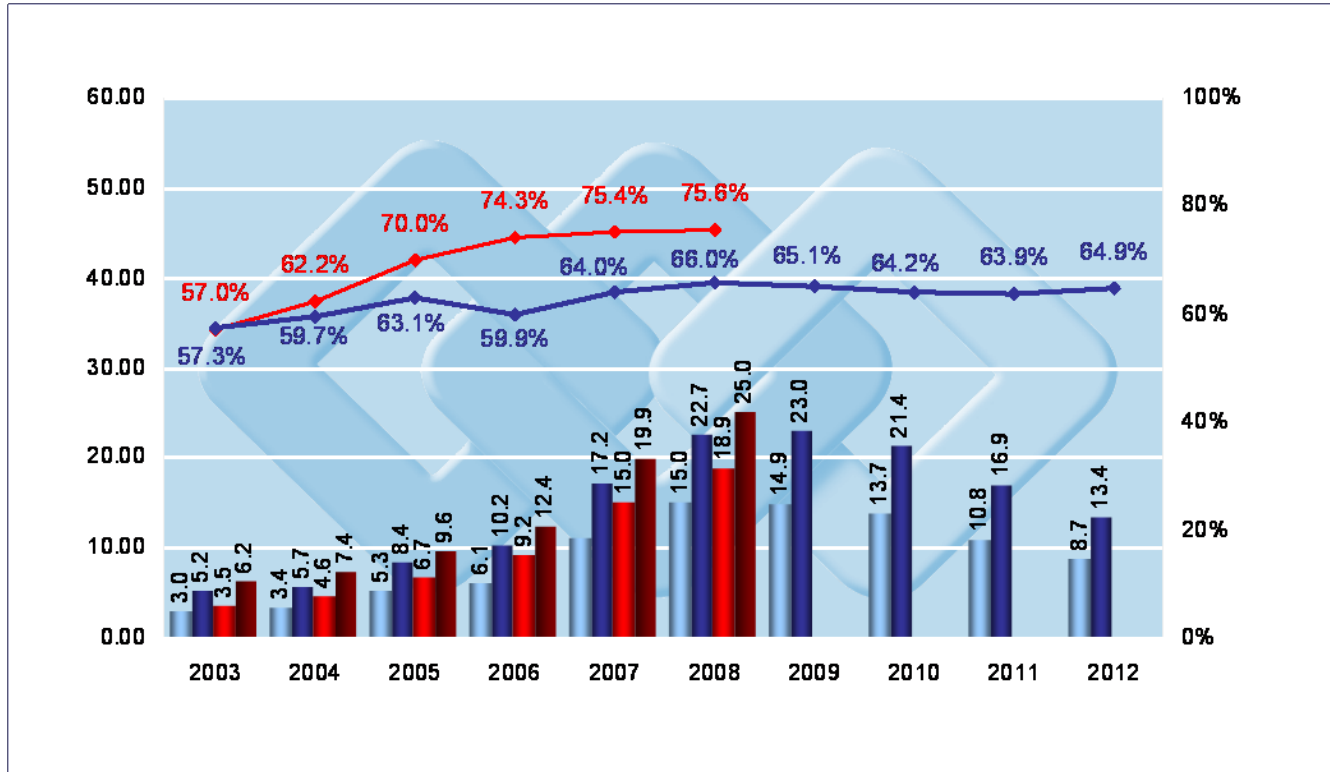




PETROBRAS

GLOBAL LOCAL CONTENT – 4TH QUARTER 2008

PROMINP



\$ Target National

\$ Target Total

Target LCI

\$ Accomplished Total

\$ Accomplished National

Accomplished LCI

(US\$bi)



PETROBRAS

CONCLUSIONS

- ▶ Huge Strategic Plan for the period 2009-2013;
- ▶ Plenty of opportunities for foreign suppliers planning to establish in Brazil and address the Latin America Market;
- ▶ Strong industrial basis in Brazil, for the Oil and Gas segment representing today 15% of GDP;
- ▶ Opportunities shall be focused on critical goods and services not available in a competitive basis in local market;
- ▶ Foreign suppliers must be aware of the specific laws framework and Local Content requirements; incentives should be assigned by Government Offices once the intention to manufacture in Brazil is assured;
- ▶ Partnership with a local supplier operating in the same business area should be considered. .



PETROBRAS



PETROLEO BRASILEIRO S.A. PETROBRAS

The Challenge is our Energy

Paulo Sergio Rodrigues Alonso D.Sc.

Materials Engineering Manager

alonso@petrobras.com.br