PETROBRAS Strategic & Business Plan 2009-2013
Opportunities for foreign suppliers

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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 Overview
Among its peers, Petrobras has the:

- 4\textsuperscript{th} largest Proven Reserves;
- 5\textsuperscript{th} largest Oil & Gas Production;
- 6\textsuperscript{th} largest Refining Capacity;
- 6\textsuperscript{th} largest Market Value.

Source: Bloomberg and Company Reports (2007 SEC Proven Reserves Data, 9M08 Oil & Gas Production data, 2008 Refining Capacity data and 2008 Market Value data)
Brazil is world’s eighth-largest oil consumer

- Brazil oil consumption growing at 2.4% p.a.
- OECD oil consumption growing at 1% p.a.

2020 PETROBRAS STRATEGIC & BUSINESS PLAN

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

- Significant light oil and gas discoveries have been made in the Espírito Santo Basin.
- 82% of our total crude production currently comes from Campos Basin.
- Development of the Santos Basin sub-salt play will drive our long-term production growth.

Circle size indicates estimated reserves.
Strategic and Business Plans highlights
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.
2020 PETROBRAS STRATEGIC & BUSINESS PLAN

AND A CAREFULLY CRAFTED SPENDING PROGRAM
TO SUPPORT THAT VISION

Business Plan 2009-2013
US$ 174.4 billion

International Investments
US$ 15.9 billion

( *) US$ 17.0 billion allocated to Exploration
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
- E&P: 25%
- Downstream: 47%
- G&E: 5%
- Corp. (Cenpes): 23%

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
E&P Business Segment
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*

Petrobras expected maximum break-even cost

* Source: IEA – Outlook 2008
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%)
Major discoveries include: Tupi, Iara, 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 Iara
- Three production systems by 2014: Tupi, Iara and Guara
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
MAJOR OIL PROJECTS

Thousand bpd

- **Parque das Conchas**: FPSO Espírito Santo; 100,000 bpd; 16/dec/08
- **Cachalote**: FPSO Seillean; 25,000 bpd; 16/dec/08
- **Tupi TLD**: FPSO BW Cidade de S. Vicente; 30,000 bpd; 26/feb/09
- **Tupi Pilot**: FPSO Cidade de Angra dos Reis; 100,000 bpd; 26/jan/09
- **Cachalote e Baleia Franca**: FPSO Capixaba; 100,000 bpd; 30/nov/08
- **Jubarte**: FPSO P-57; 180,000 bpd; 26/jan/09
- **Marlim Sul Module 2**: SS P-51; 180,000 bpd; 26/jan/09
- **Marlim Leste FPSO Cidade de Niterói**: 100,000 bpd; 26/jan/09
- **Marlim Leste FPSO Cidade do Cabo**: 100,000 bpd; 26/jan/09
- **Roncador FPSO P-55**: Module 3; 180,000 bpd; 26/jan/09
- **Roncador FPSO P-56**: Module 3; 180,000 bpd; 26/jan/09
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- **Papa-Terra TLWP P-61 & FPSO P-63**: 150,000 bpd; 26/jan/09
- **Guará 1 Pilot FPSO**: 100,000 bpd; 26/jan/09
- **Anticipation of Baleia Azul FPSO Espadarte**: 100,000 bpd; 26/jan/09

Pre-Salt Projects

**2008**
- **Badejo FPSO Cidade Rio das Ostras**: 15,000 bpd; 31/mar/08
- **Marlim Leste FPSO P-53**: 180,000 bpd; 30/nov/08

**2009**
- **Parque das Conchas**
- **Cachalote FPSO Espírito Santo**: 100,000 bpd; 16/dec/08
- **Tupi TLD FPSO BW Cidade de S. Vicente**: 30,000 bpd; 26/feb/09
- **Tupi Pilot FPSO Cidade de Angra dos Reis**: 100,000 bpd; 26/jan/09
- **Cachalote e Baleia Franca FPSO Capixaba**: 100,000 bpd; 30/nov/08

**2010**
- **Anticipation of Baleia Azul FPSO Espadarte**: 100,000 bpd; 26/jan/09

**2011**
- **Jubarte FPSO P-57**: 180,000 bpd; 26/jan/09

**2012**
- **Roncador FPSO P-56**: Module 3; 180,000 bpd; 26/jan/09

**2013**
- **Roncador FPSO P-57**: Module 3; 180,000 bpd; 26/jan/09
- **Papa-Terra TLWP P-61 & FPSO P-63**: 150,000 bpd; 26/jan/09
- **Guará 1 Pilot FPSO**: 100,000 bpd; 26/jan/09
CIDADE DO RIO DE JANEIRO FPSO (CAPACITY 100,000 BPD), PRODUCTION ON 06/01/07 AT ESPADARTE FIELD
PIRANEMA FPSO (CAPACITY 30,000 BPD), PRODUCTION ON 10/10/07
• Adding values to domestic crude and producing diesel and gasoline in-line with international standards

• Investment targets Fuel Quality, Conversion and Expansion

Downstream Investments
US$ 47.8 billion

- Refining: 73%
- Pipelines & Terminal Transport: 12%
- Ship Transport: 7%
- Petrochemicals: 8%

- Premium I
  - 300 thou. bpd
  - 1st Phase: 2013
  - 2nd Phase: 2015

- Premium II
  - 300 thou. bpd
  - 1st Phase: 2014
  - 2nd Phase: 2016

- UPB
  - 150 thou. bpd
  - Dez/2012

- RNE
  - 230 thou. bpd
  - 2011

- REPLAN
  - Revamp
  - 33 thou. bpd
  - 2010

- REPAR
  - Revamp
  - 25 thou. bpd
  - 2011

2008: 1,779
2009: 1,791
2010: 1,791
2011: 2,270
2012: 2,270
2013: 2,270
2020: 3,012
NEW INVESTMENTS

NEW REFINERIES

- **COMPERJ**: Start up: end of 2012
- **Refinaria Abreu Lima**: Start up: 1st quarter 2011
- **Refinaria do Rio Grande do Norte**: Start up 2013 and 2015
- **Refinaria Premium - I**: Start up 2013 and 2015
- **Refinaria Premium - II**: Start up 2013 and 2015
2020 PETROBRAS STRATEGIC & BUSINESS PLAN

NEW INVESTMENTS - PREMIUM REFINERIES

Premium I – MA

Capacity: 600 mil bpd
Operation: 2013 e 2015 (2 phases)
Market: GLP, Nafta e QAV (Brasil) e Diesel 10 ppm (Europa)

Premium II - CE

Capacity: 300 mil bpd
Operation: 2013 e 2015 (2 phases)
Market: GLP, Nafta e QAV (Brasil) e Diesel 10 ppm (Europa)

Feedstock oil basis: Marlim 20

LPG 5%
PETROCHEMICAL NAPHTHA 20%
AVIATION QUEROSENE 11%
DIESEL 50%
PETROCHEMICAL COKE 8%
BUNKER 3%
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 Fransisco 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).
Petrochemical Business Segment
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.
### Products UPB

<table>
<thead>
<tr>
<th>Product</th>
<th>Production (kta)</th>
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<tr>
<td><strong>Fuels (UPB)</strong></td>
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<tr>
<td>Diesel</td>
<td>535</td>
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<tr>
<td>Naphtha</td>
<td>284</td>
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<tr>
<td>Coke</td>
<td>700</td>
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<td><strong>Petrochemical Feedstocks (UPB)</strong></td>
<td></td>
</tr>
<tr>
<td>Ethylene</td>
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</tr>
<tr>
<td>Propylene</td>
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<td>Benzene</td>
<td>608</td>
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<tr>
<td>Butadiene</td>
<td>157</td>
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<tr>
<td>p-Xylene</td>
<td>700</td>
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<tr>
<td>Sulfur</td>
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### Products UPA

<table>
<thead>
<tr>
<th>Product</th>
<th>Production (kta)</th>
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<tr>
<td><strong>Fuels (UPA)</strong></td>
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<tr>
<td>Polypropylene (PP)</td>
<td>850</td>
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<tr>
<td>Poliethylene (PE)</td>
<td>800</td>
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<tr>
<td>Styrene</td>
<td>500</td>
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<tr>
<td>Ethylene glicol</td>
<td>600</td>
</tr>
<tr>
<td>PTA</td>
<td>500</td>
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<tr>
<td>PET</td>
<td>600</td>
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Gas and Energy Business Segment
G&E Investments
US$ 10.6 billion 2009-2013

- Natural Gas: US$ 8.2 billion
- Energy: US$ 2.4 billion

[Pie chart showing investments in US$ million]

- Projects in Portfolio: 926
- New Investments Proposed: 4,528
- Proposed Projects in Portfolio: 3,692
- New Investments Proposed: 1,477
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 Termoаçu
- Wind Power Generation
- G&E in Argentina and Other Countries

Total investments US$ 10.6 billion
Critical goods and services and equipment quantities
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 10^6 BTU/d);
Special submarine valves.
Drilling;
Workover services;
Flexible lines and umbilicals laying services;
Support to diving;
Support to ROV;
Support to mooring activities;
Special vessels;
Submarine interconnection services.
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.
Pipelines in the range of 14-42 inches diameter with longitudinal welding. Petrobras standards do not accept helicoidal welding.
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

<table>
<thead>
<tr>
<th>Items</th>
<th>Un.</th>
<th>TOTAL</th>
</tr>
</thead>
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<tr>
<td>Wet Christmas Tree</td>
<td>un</td>
<td>500</td>
</tr>
<tr>
<td>Well Head</td>
<td>un</td>
<td>500</td>
</tr>
<tr>
<td>Flexible Lines</td>
<td>km</td>
<td>4.000</td>
</tr>
<tr>
<td>Manifolds</td>
<td>un</td>
<td>30</td>
</tr>
<tr>
<td>Producing pipes</td>
<td>t</td>
<td>42.000</td>
</tr>
<tr>
<td>Umbilical</td>
<td>km</td>
<td>2.200</td>
</tr>
<tr>
<td>Dry Christmas Tree</td>
<td>un</td>
<td>1.700</td>
</tr>
<tr>
<td>Onshore well head</td>
<td>un</td>
<td>1.700</td>
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<tr>
<td>Reactors</td>
<td>un</td>
<td>280</td>
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<tr>
<td>Oil and water splitter</td>
<td>un</td>
<td>50</td>
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<tr>
<td>Storage Tankers</td>
<td>un</td>
<td>1.800</td>
</tr>
<tr>
<td>Turrets</td>
<td>un</td>
<td>550</td>
</tr>
<tr>
<td>Pumps</td>
<td>un</td>
<td>8.000</td>
</tr>
<tr>
<td>Compressors</td>
<td>un</td>
<td>700</td>
</tr>
<tr>
<td>Winch</td>
<td>un</td>
<td>450</td>
</tr>
<tr>
<td>Crane</td>
<td>un</td>
<td>200</td>
</tr>
<tr>
<td>Engines</td>
<td>un</td>
<td>1.000</td>
</tr>
<tr>
<td>Turbines</td>
<td>un</td>
<td>350</td>
</tr>
<tr>
<td>Structure Steel (Hull)</td>
<td>t</td>
<td>940.000</td>
</tr>
<tr>
<td>Power Generators</td>
<td>un</td>
<td>500</td>
</tr>
<tr>
<td>Filters</td>
<td>un</td>
<td>300</td>
</tr>
<tr>
<td>Flares</td>
<td>un</td>
<td>30</td>
</tr>
</tbody>
</table>
Petrobras supply strategies for goods and services
SUPPLY STRATEGIES FOR GOODS AND SERVICES

As per 2008

US$ 7.0 Bi
- Manufacturers
- Distributors
  - Retailers

US$ 25.8 Bi
- Service providers
  - EPC
  - Shipyards
  - Constructors

US$ 12.4 Bi
- Equipment
  - Chemicals
  - Spare parts
    - Etc.

- Seismic
  - Drilling
  - Transport
    - Etc.

- Platform
  - Refinery
  - Revamps
    - Etc.
Up-dated Petrobras Vendor Register Requirements
Requirements, Concepts and Ranking

MANDATORY REQUIREMENTS and RANKING REQUIREMENTS
5 CRITERIA

- Technical
- Economic
- Social Responsibility
- HSE
- Legal
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.
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.
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.
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).
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.
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).
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.
PROMINP – Governmental Program and Local Content
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)
Adequacy of The National Supply Industrial Complex

GOOD AND SERVICES SUPPLY

Current Demand

Future Demand

PATH

1. Increase productivity capacity of highly competitive sectors

2. Develop competition among medium competitive sectors

3. Incentive for new national entrants

4. Incentive for association between national and international companies

5. Incentive for international companies to establish operations in Brazil

National Industry

Increase in National Supply Capacity of G&S

imports

Source: Promimp, 2008
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.
PETROLEO BRASILEIRO S.A. 
Petrobras

The Challenge is our Energy

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