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23rd WORLD GAS CONFERENCE
AMSTERDAM

GAS TO POWER - BRAZIL

Rogerio Manso
Executive Manager
Marketing and Trading – Gas & Energy
manso@petrobras.com.br

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Disclaimer

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.

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Brazilian Power Grid
Continental Dimension

(2006 - Data)

Total Installed Generation Capacity: 94 GW

▪ Thermal	14.4 GW	15%
▪ Total NG	8.4 GW	9%
▪ Petrobras	3.9 GW	4%

→ 85% hydroelectric power plants

Average Power Consumption – 48.6 GW

- Growth Rate – 5% per year

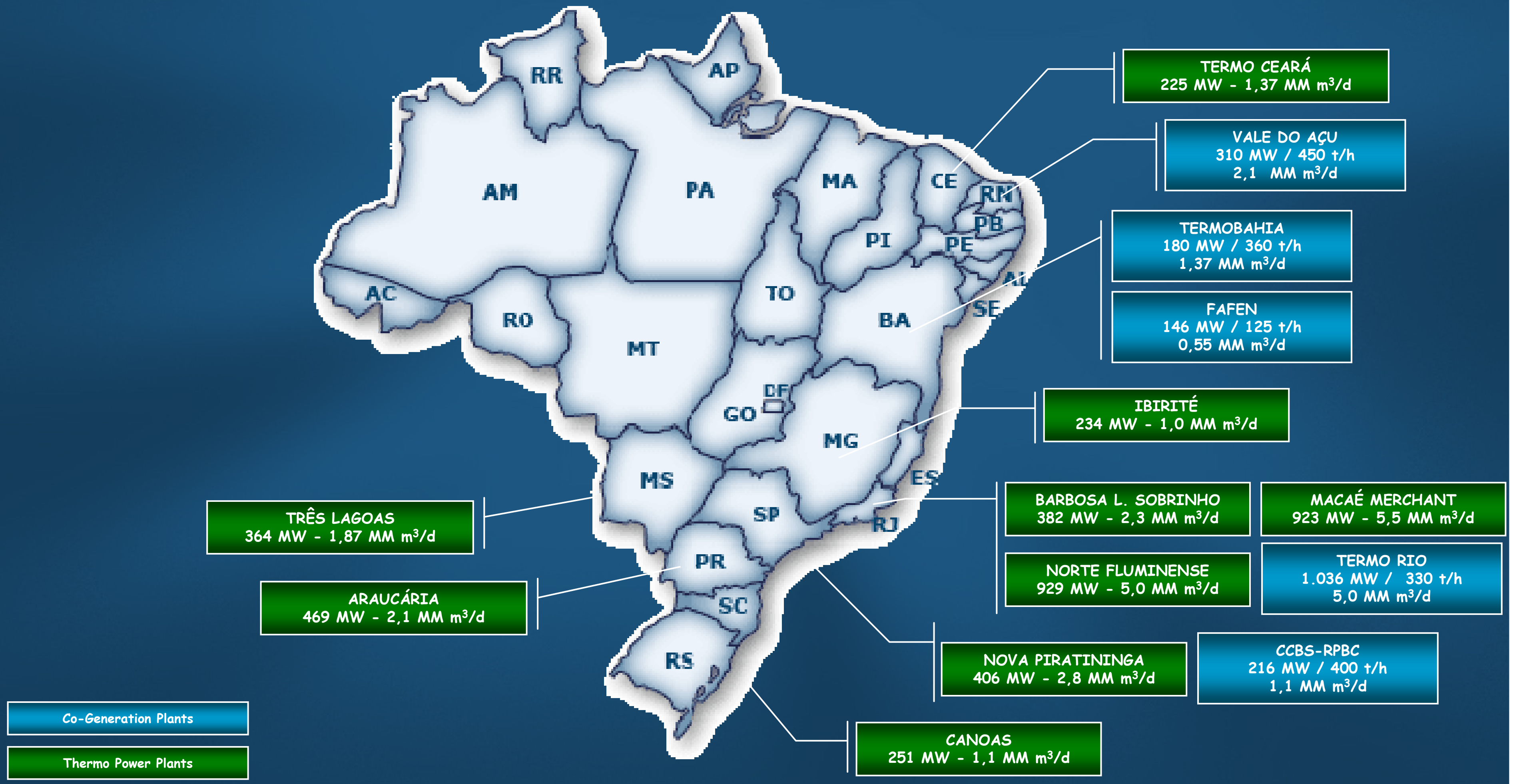
Transmission grid is well developed

- 80 thousand km of transmission lines;
- 40 thousand km of lines will be constructed until 2012

4,000 kms

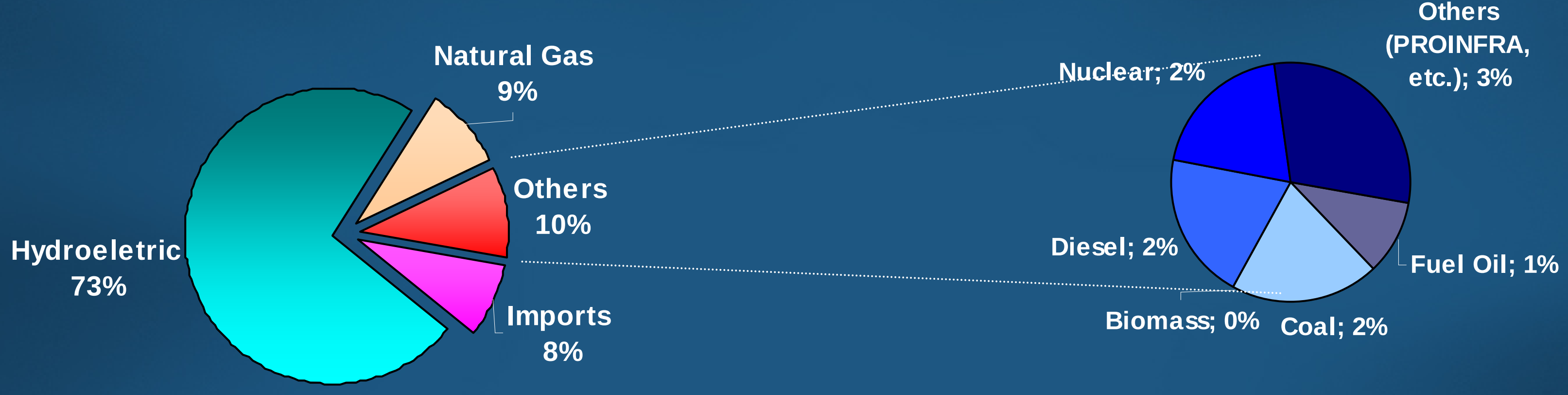
Petrobras' plants/ perceived role

- Reduce the risk of future energy deficits
- Stabilize tension levels (market position)



Projected Energy Generation Capacity

Jan/2006 – 94 GW



Jan/2015 – 135 GW

Source: EPE

Relevant Factors

Gas availability

Gas Cost

PPA Structure

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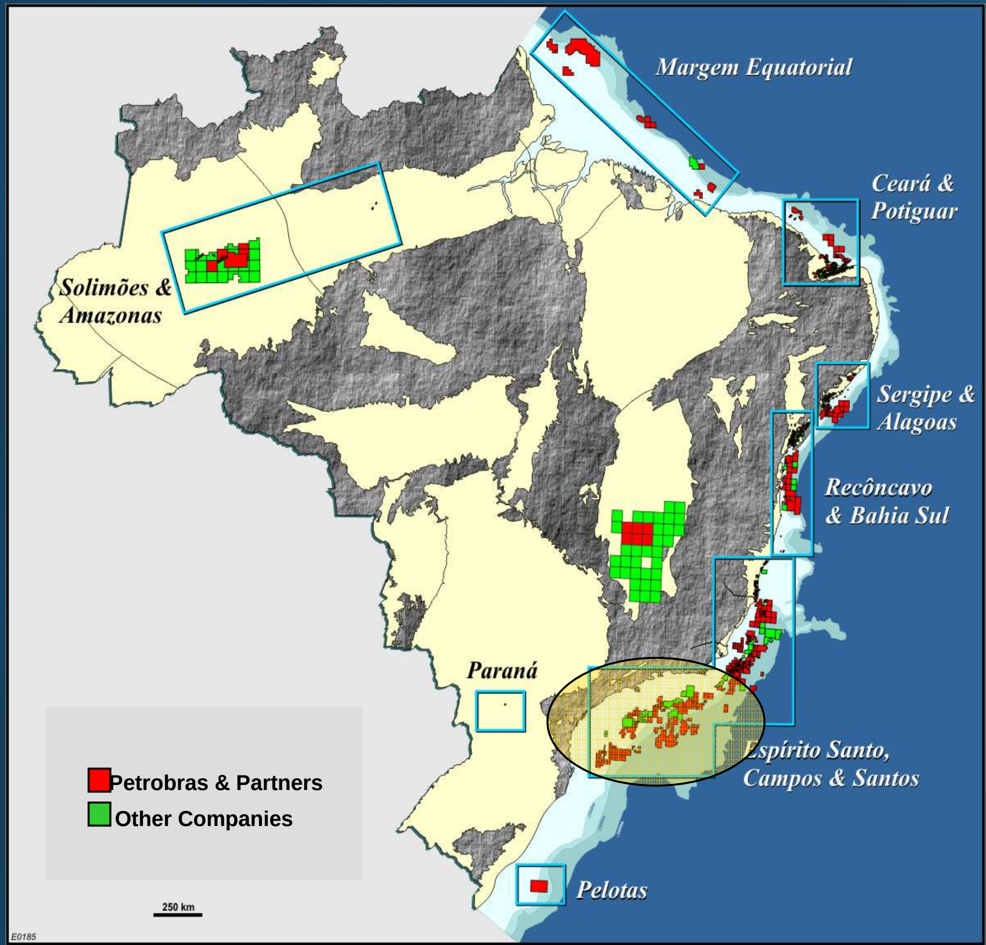
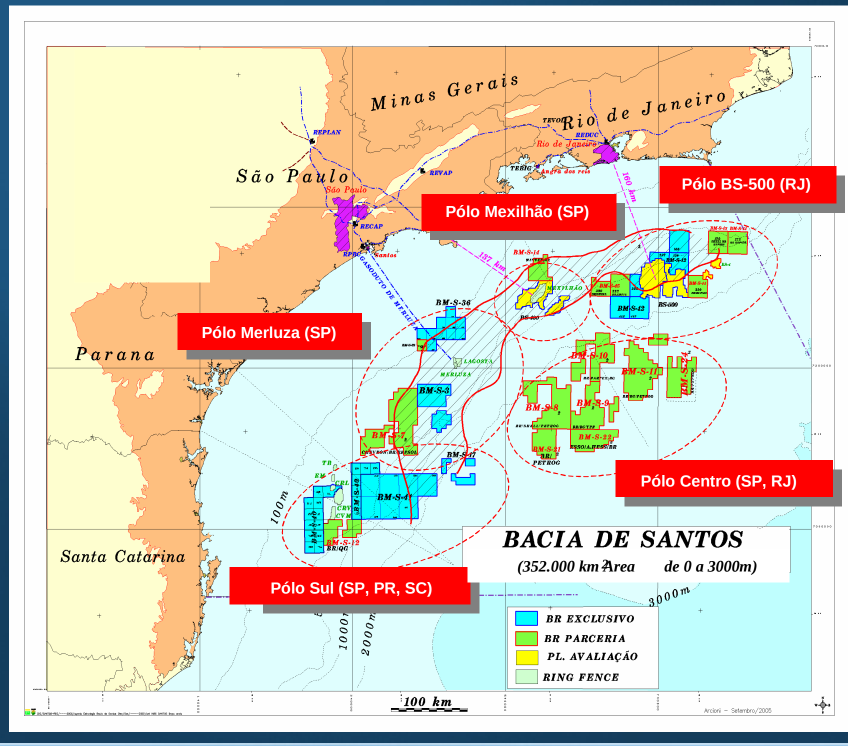
Gas availability





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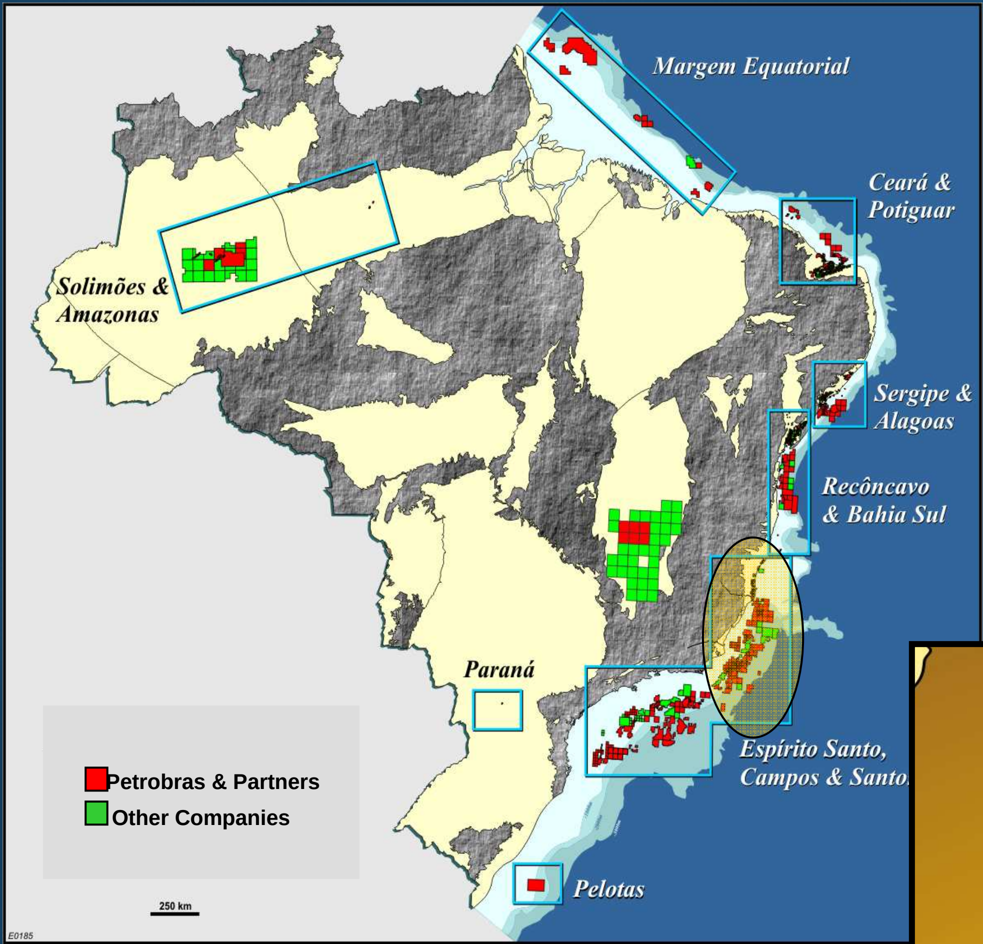
Gas availability



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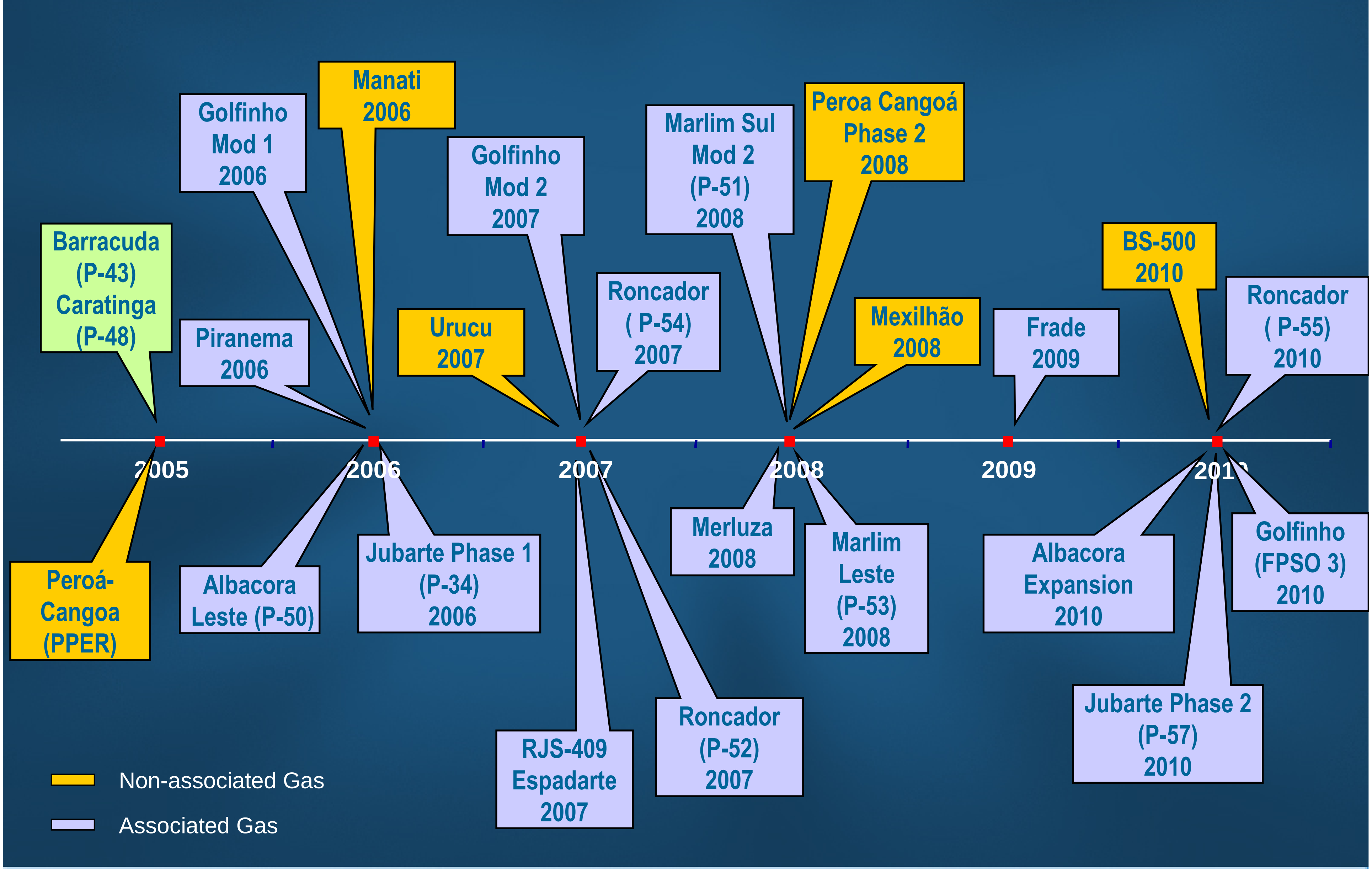
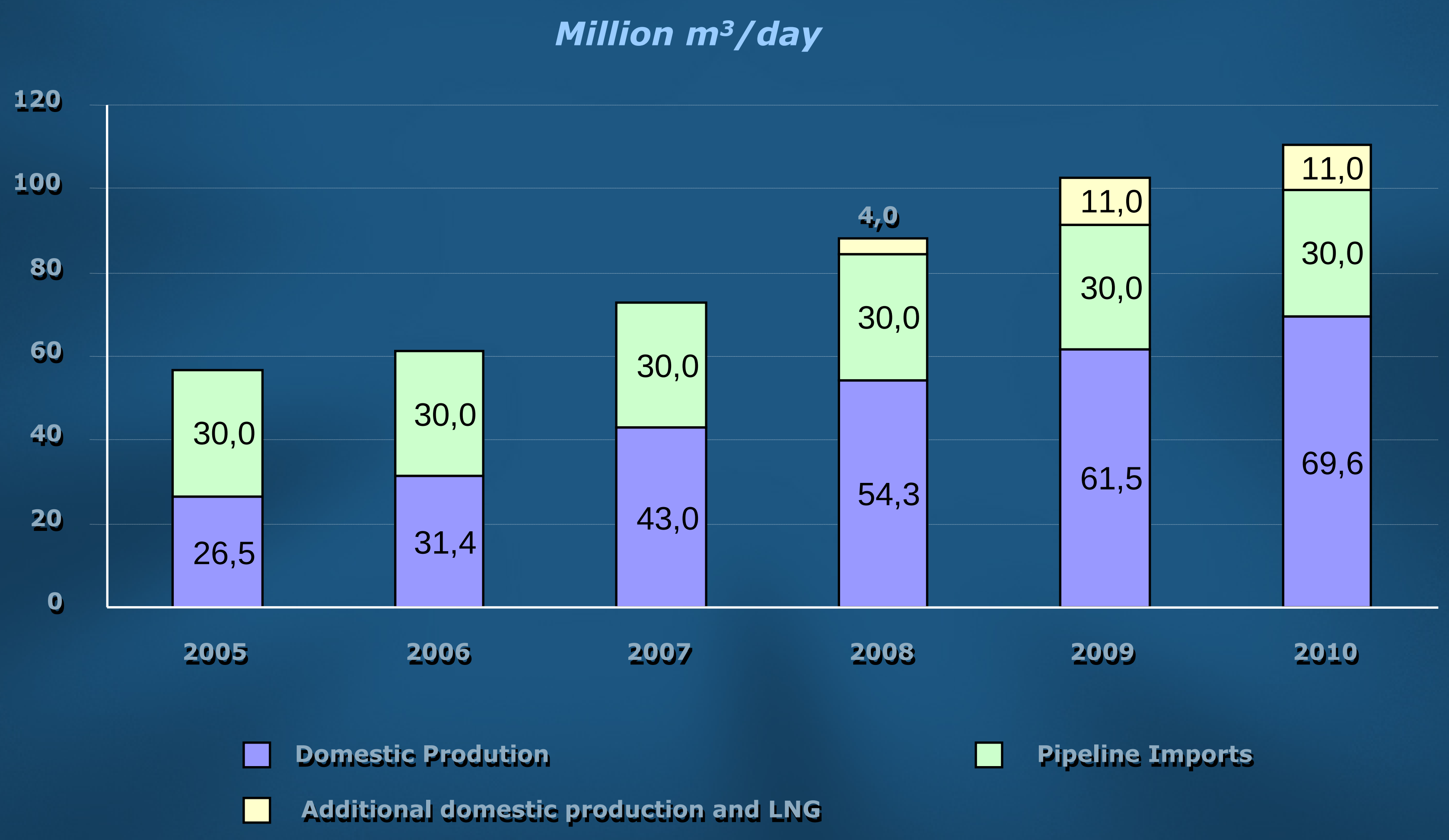
Main New Oil and Gas Projects



Natural Gas Supply



Investments in Gas & Energy

US$ billion

	Petrobras 2006-2010	Partners 2006-2010	Total	% Partnership
Total	10.6	5.7	16.3	35 %
E&P	4.2	4.6	8.8	52 %
Downstream	0.1	0.1	0.1	53 %
Gas & Energy	5.9	0.8	6.7	12 %
International	0.4	0.2	0.6	33 %

Total Investment: US$ 16.3 billion through 2010

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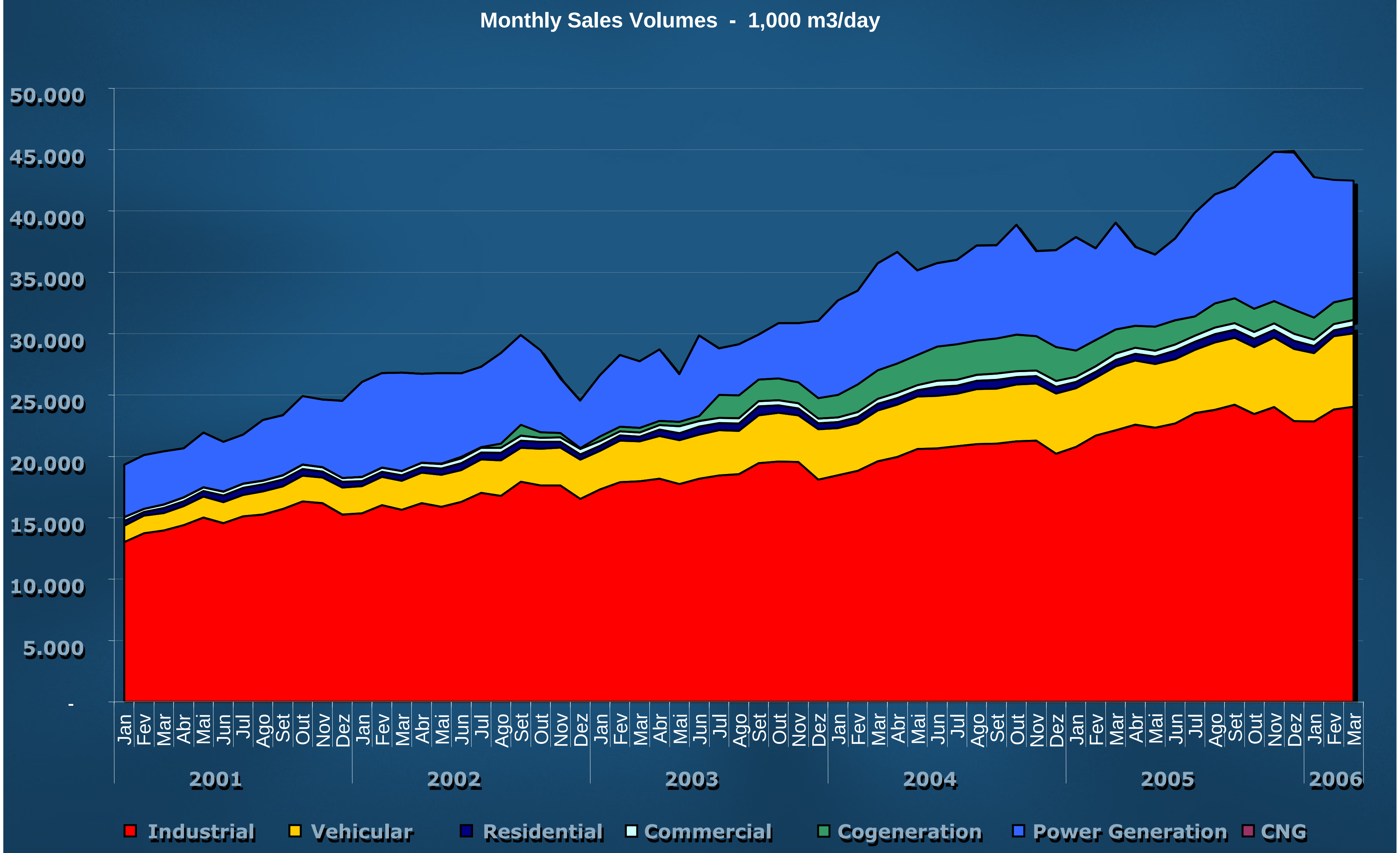
Natural Gas Demand



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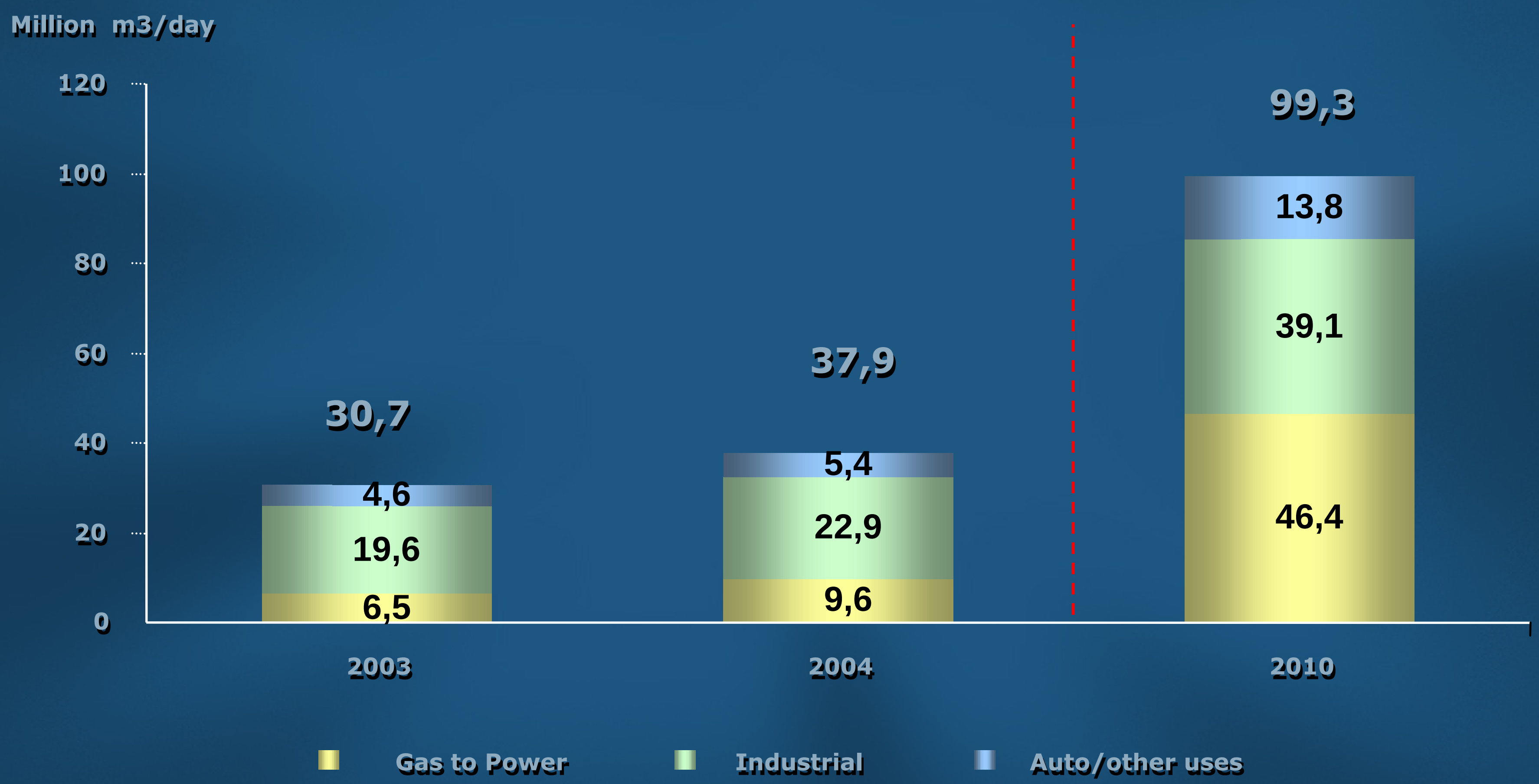
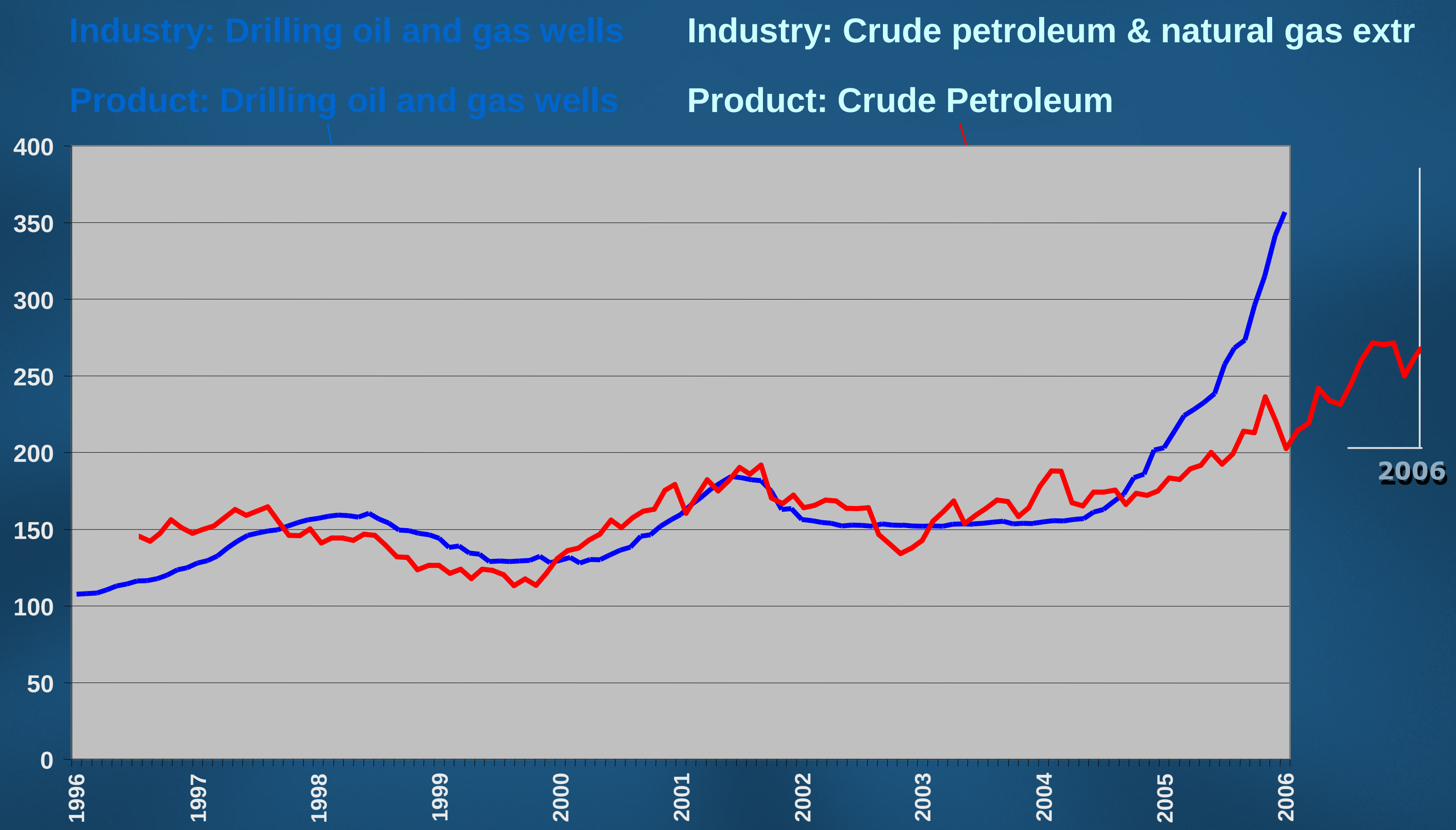
Natural Gas Growth 2004-2010



Producer Price Index Industry Data (jan/2006)



U.S. Department of Labor
Bureau of Labor Statistics
(Site: "www.bls.gov")

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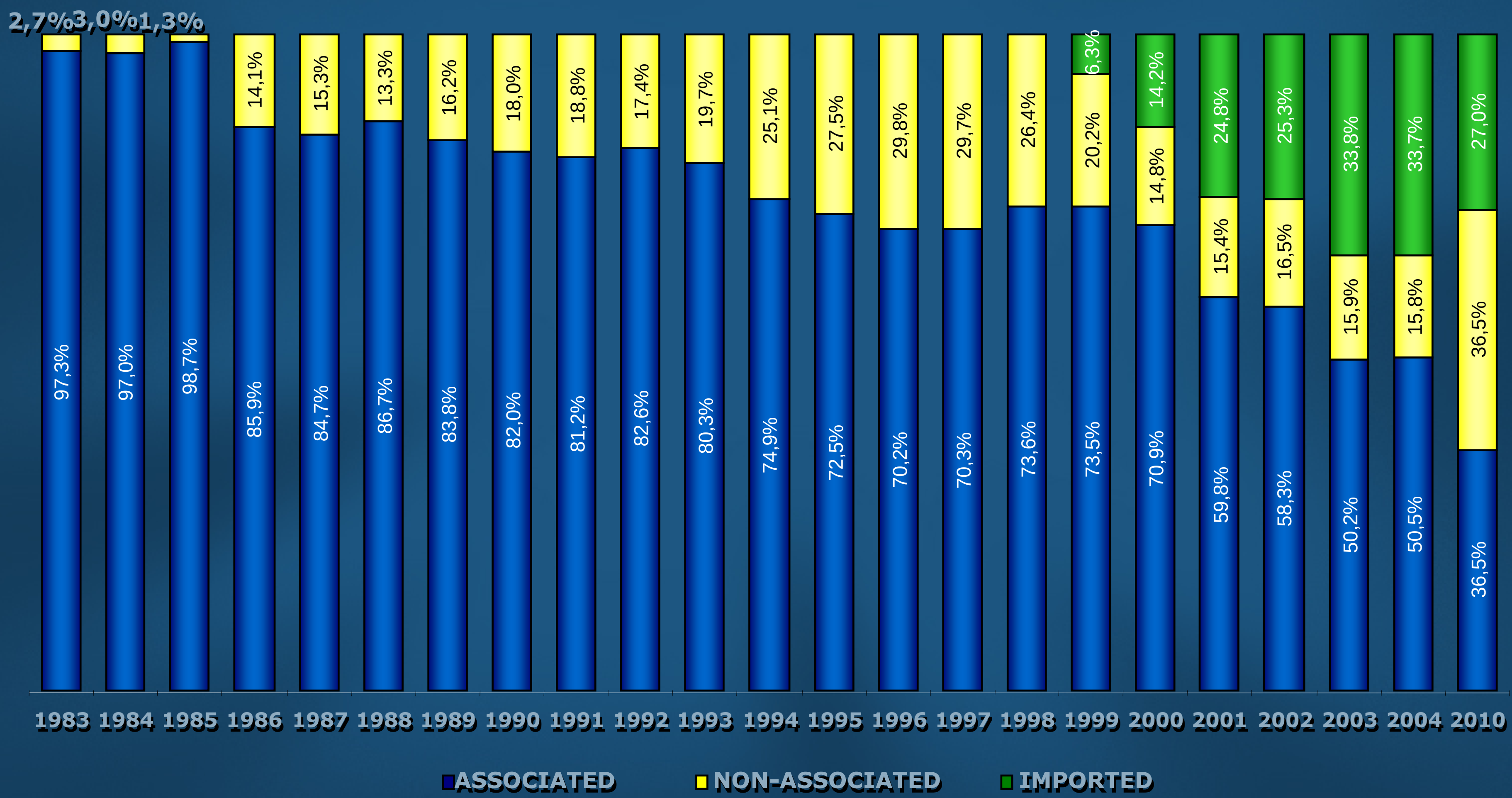
Non-Associated Gas Growth



By 2010 63.5 % of Natural Gas Consumption will be of Non-Associated Gas

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Points for Improvement

Duration of Contracts

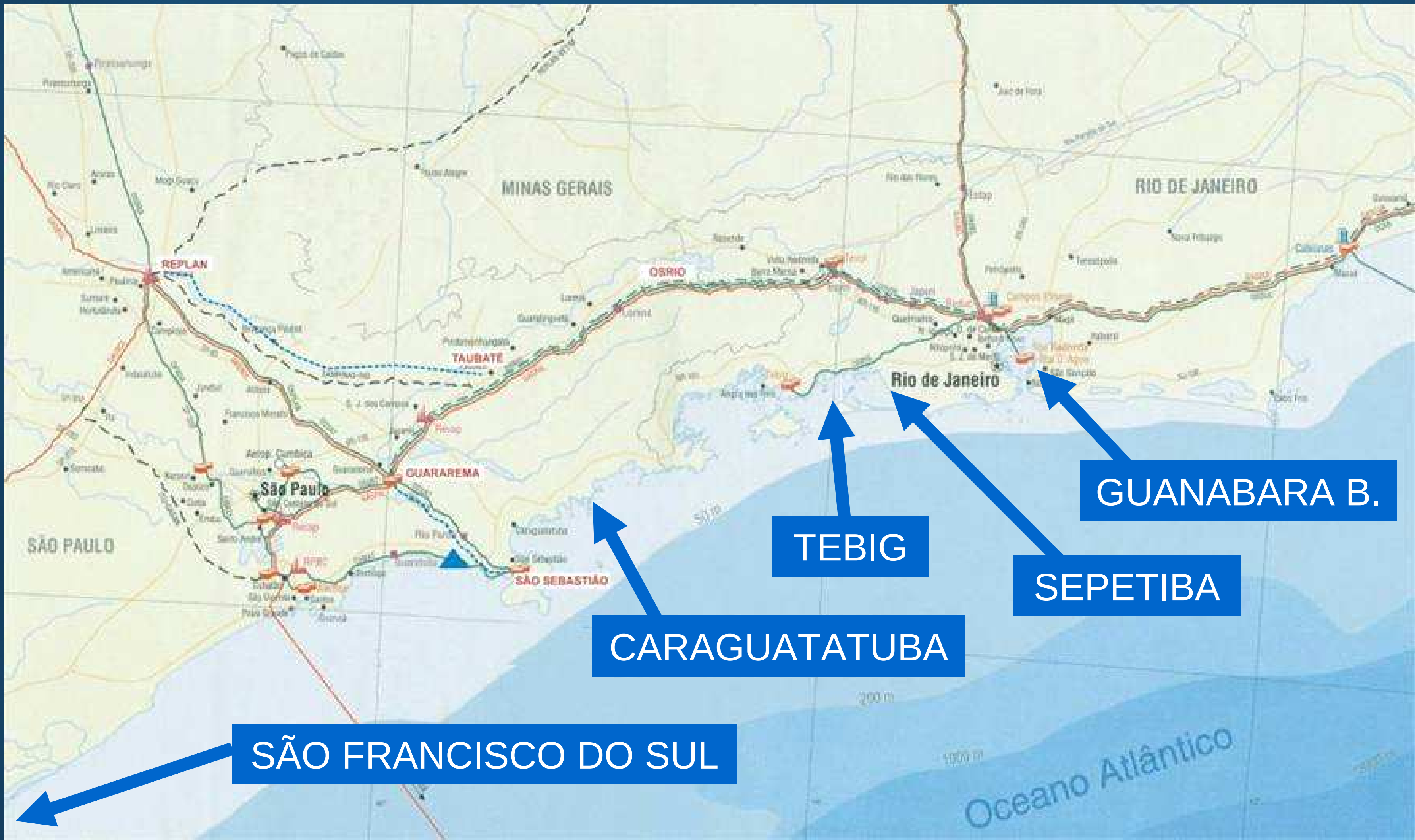
Indexation of Gas Supply Costs

Flexibility x Inflexibility

Tax Reductions

Compensation of Tax Credits

Site selection: South/Southeast



Guanabara Bay Regas Terminal

Site Selection: Northeast

Pecem LNG Regas Terminal

Final Remarks

- Hydro-dominated market progressively understands the heavy investments for the gas chain to supply power plants;
- PPAs progressively adapted to gas market costs, prices and investments;
- Gas-Energy convergence through continuous dialogue and acceptance of hydro-thermal differences, focused on complementarity;
- New gas-fired power generation growth in Brazil dependent on the ability of the new PPAs to stimulate gas production on a level that fulfills both power and non-power segments.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