

9º Foro Latibex

Petrobras and the Biofuels

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CFO and Investor Relations Officer



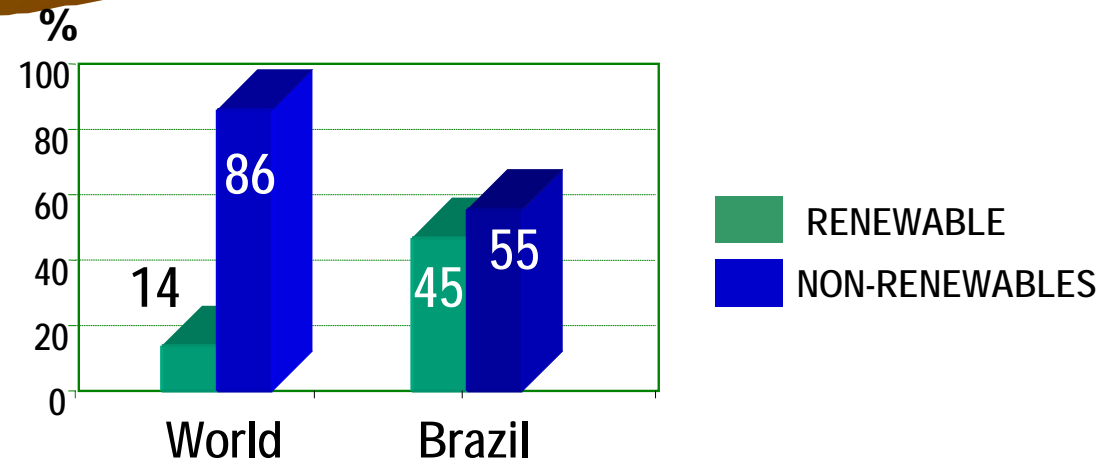
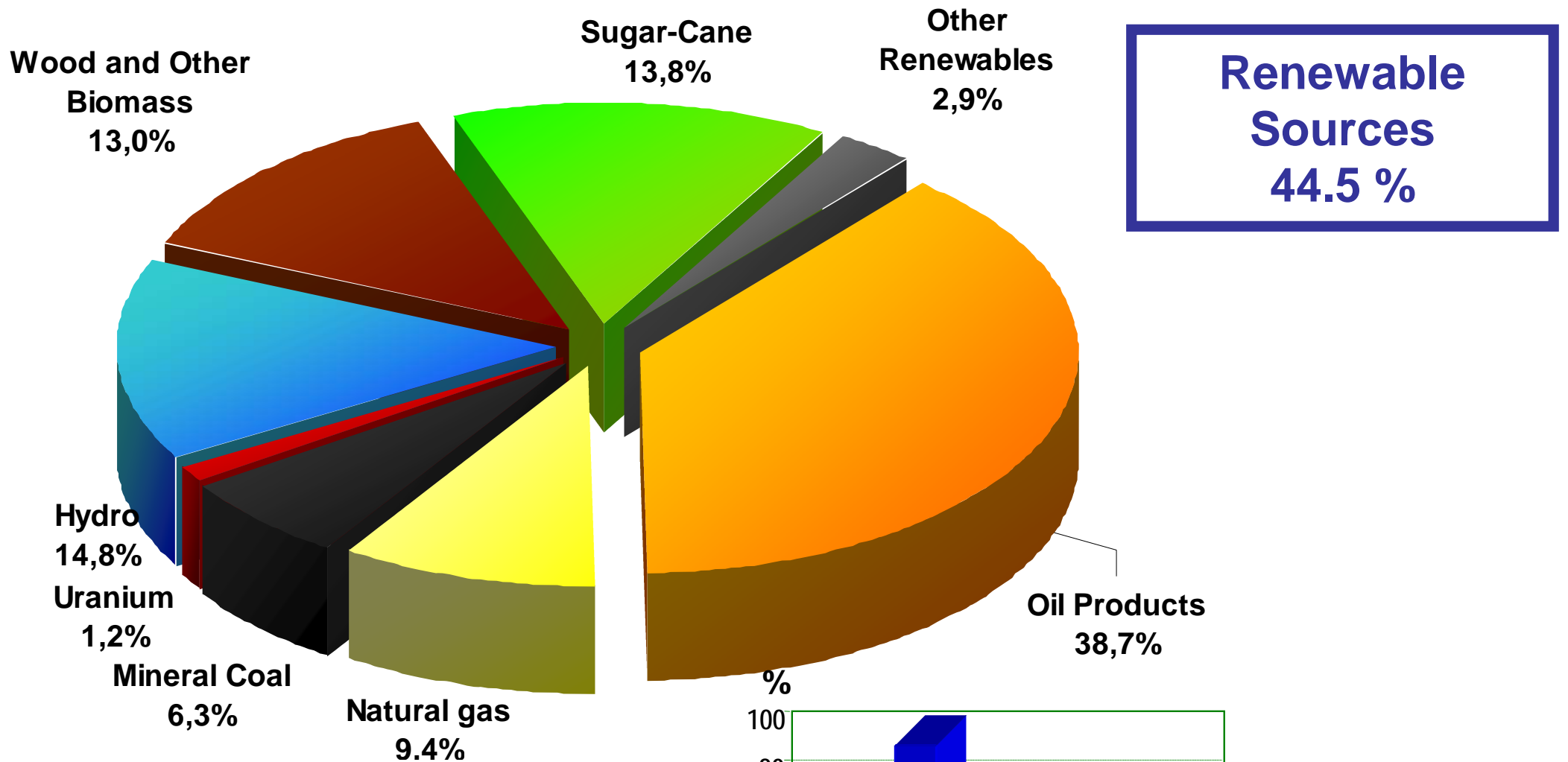
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Brazilian Energy Matrix (2006)



Brazil and the Biofuels

- **Brazil is still a diesel importer;**
- **Brazil is a prominent country in the biofuels market;**
- **Land availability and weather conditions are suitable for biomass production;**
- **Increasing world demand for renewable fuels;**
- **Consolidated ethanol production;**
- **Biodiesel production is considered strategic to Brazil.**

Petrobras Strategy

Corporate Strategy

Commitment to sustainable development

Integrated Growth

Profitability

Social and Environmental Responsibility

Expand operations in target markets for oil, oil products, petrochemicals, gas and energy, biofuels and distribution, being a world benchmark as an integrated energy company

Corporate Strategy

To grow production and oil and gas reserves sustainably, being recognized for excellence in E&P operations

To expand integrated operations in refining, commercialization, logistics and distribution with a focus on the Atlantic Basin

Develop and lead the Brazilian natural gas market and operate on an integrated basis in the gas and electric energy markets with a focus on South America

Expand operations in petrochemicals in Brazil and South America on an integrated basis with the PETROBRAS Group's other businesses

Operate on a global basis in biofuels commercialization and logistics, leading the domestic production of biodiesel and expanding participation in the ethanol segment

Operational, management, technological and human resources excellence

E&P

Downstream (RTC)

Distribution

Gas & Energy

Petrochemicals

Biofuels

Business Strategies

Renewable Energy

Investment 2008-2012	Target 2012
Biodiesel Plants	Availability of 938 Thousand cu.m/year
HBio (Bio-Refining)	Vegetable oil Processing 1,600 Thousand cu.m/year
Ethanol Pipelines	Export of 4.75 million cu.m/year of Ethanol
Ethanol Project Vessel	
Aeolic Energy	Installed Capacity of Generation of 365 MW Electric Power from Renewable Sources
Solar Energy	
Other Sources of Renewable Energy	

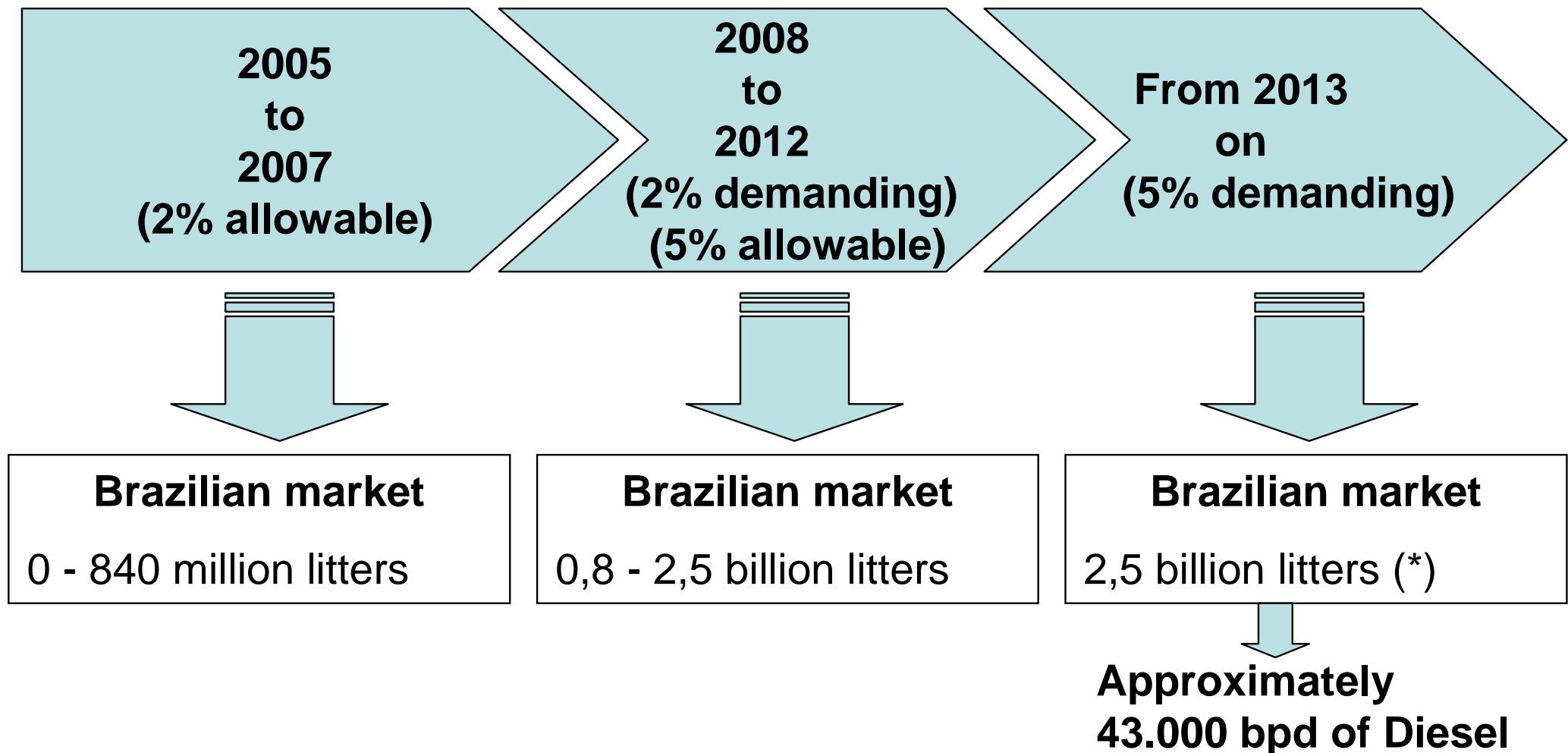
Total avoided GHG emissions: 3.93 MM tons CO₂ equivalent

Total investments in energetic development of renewable sources and biofuels of US\$ 1.5 billion

Biodiesel market

Future Markets for biodiesel

Law 11.097/2005 – established minimal percentage for biodiesel mix in diesel



Biodiesel production facilities

3 Projects Being Implemented

Capacity: 171 thou m³/year (~1 million bpy)

Investments (2008-12): US\$ 40 million (*)

Inputs

Family Agriculture: castor, cotton, and palm.
Complementary: soy.

Jobs Generation:

Construction: 1,200 direct and 400 indirect
Operation: 105 direct
Raw material production: 70,000 families

Start up: 4 Q/2007



All Petrobras Biodiesel has Social Fuel Seal

(*) Total Investment – US\$ 158 million

New opportunity for business

Ethanol global market – 46.5 Billions Liters

North and
Central America
37%

South America
38%



Europe
9.8%

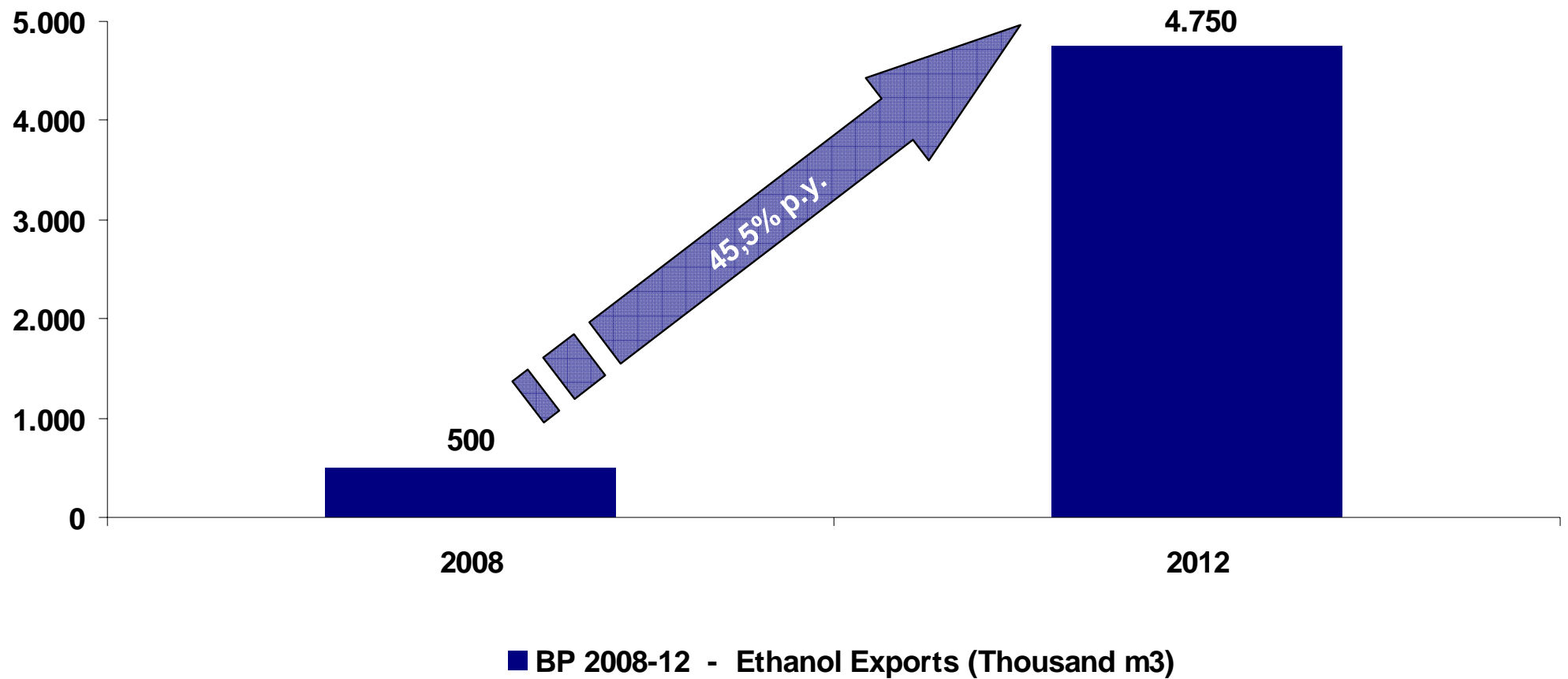
Asia
16.2%



Today the ethanol consumption is **2,6%** of gasoline MKT
Increasing ethanol to **10%** of gasoline will represent **118 Billions Lt**

Ethanol Exports

Ethanol Exports (Thousand m³)



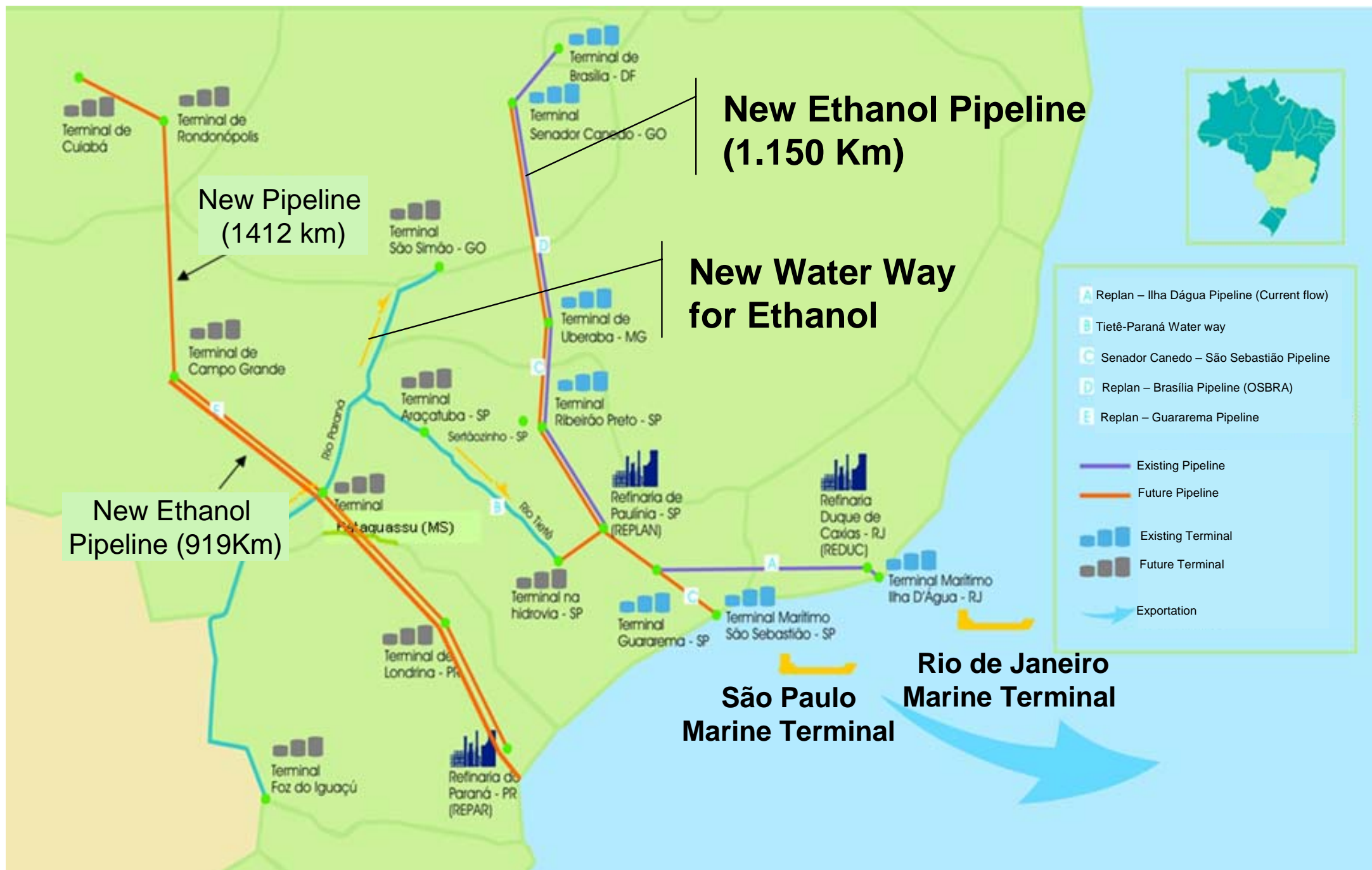
Raw Material Comparison

RAW MATERIAL	Production / ha (kg)	Quantity of Ethanol/ ha	Energy out/ Energy in
SUGAR CANE	85,000	7.080 liter	8,3
CORN	10,000	4.000 liter	1,3 - 1,8

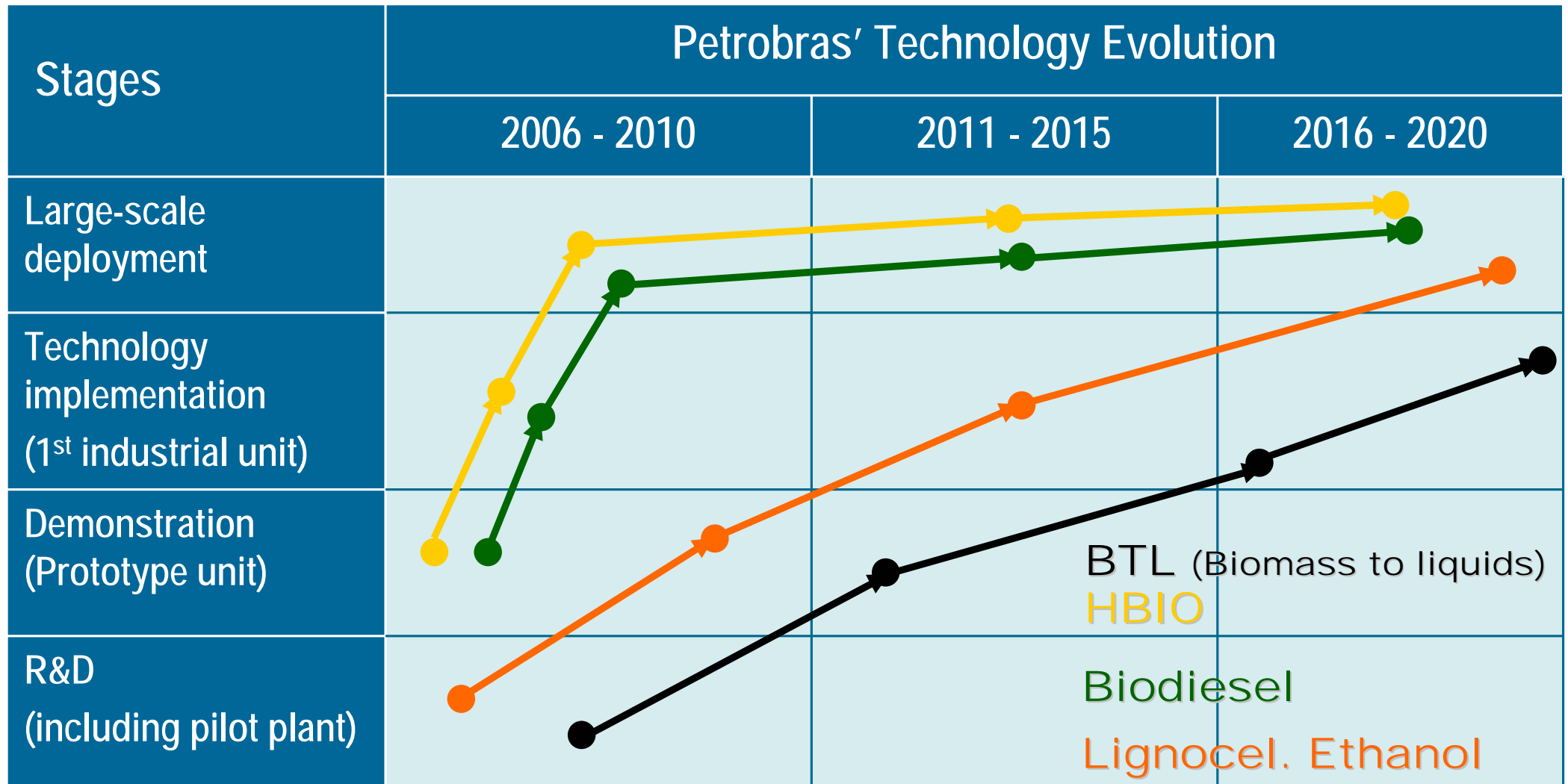
Type (Land use in Brazil)	Area (MMha)
• Total country	851
• Native Amazon Forest	370
• Secondary Amazon Forest and Others	180
• Native Forests	6
• Pasture	197
• Temporary Crops	59
• Permanent Crops	7,6
• Available land	263
• Available land with low impact (*)	90

Petrobras Investments to Export Ethanol

Target: Export 4.75 MM cu.m/year in 2012



Petrobras' Technological Roadmaps on Biofuels



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