

PETROBRAS INTERNATIONAL FINANCE CO

Form F-4

November 01, 2006

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Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM F-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Petróleo Brasileiro S.A. Petrobras	Petrobras International Finance Company
(Exact name of each registrant as specified in its charter)	

Brazilian Petroleum Corporation Petrobras	Not Applicable
(Translation of registrant's name into English)	

The Federative Republic of Brazil	Cayman Islands
(Jurisdiction of incorporation or organization)	

1311	1311
(Primary Standard Industrial Classification Code Number)	

Not Applicable	Not Applicable
(I.R.S. employer identification number)	

Avenida República do Chile, 65 20031-912 Rio de Janeiro RJ, Brazil (55-21) 3224-4477	4th Floor, Harbour Place 103 South Church Street George Town, Grand Cayman, Cayman Islands (55-21) 3224-1410
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(Address and telephone number of registrant's principal executive offices)

Petróleo Brasileiro S.A. Petrobras
570 Lexington Avenue, 43rd Floor
New York, NY 10022-6837
(212) 829-1517

(Name, address and telephone number of agent for service)

With a copy to:

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If this Form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and the satisfaction or waiver of all other conditions to the exchange offers described in the accompanying prospectus.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit⁽¹⁾	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee⁽¹⁾
6.125% Global Notes due 2016	U.S.\$500,000,000	100%	U.S.\$500,000,000	U.S.\$[53,500]

(1) The securities being registered are offered in exchange for 12.375% Notes due 2008, 9.875% Notes due 2008, 9.75% Notes due 2011, 9.125% Notes due 2013 and 7.750% Notes due 2014 of Petrobras International Finance Company (PIFCo or the Company). Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(f) of the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Prospectus dated [], 2006 (Subject to Completion)
Petrobras International Finance Company
 Payments supported by a Standby Purchase Agreement provided by
Petróleo Brasileiro S.A. Petrobras
 (Brazilian Petroleum Corporation Petrobras)

Offers to Exchange New 6.125% Global Notes Due 2016 for Outstanding Notes Listed in the Table Below:

PIFCo Notes	CUSIP/ISIN No.	Outstanding Principal Amount	Maturity Date	Bloomberg Page	Reference Treasury Security	Fixed
12.375% Global Step-Up Notes due 2008 (Step-Up Notes)	71645WAF8 / US71645WAF86	U.S.\$ []	April 1, 2008	[]	[]	
9.875% Senior Notes due 2008 (2008 Notes)	EC3844981 / USG7028BAA91*; 71646FAA5 / US71646FAA57; 71646FAB3 / US71646FAB31*	U.S.\$ []	May 9, 2008	[]	[]	
9.75% Senior Notes due 2011 (2011 Notes)	71645WAB7 / US71645WAB72*; EC4142831 / USG7028BAB74*; 71645WAA9 / US71645WAA99	U.S.\$ []	July 6, 2011	[]	[]	
9.125% Global Notes due 2013 (2013 Notes)	71645WAG6 / US71645WAG69	U.S.\$ []	July 2, 2013	[]	[]	
7.750% Global Notes due 2014 (2014 Notes)	71645WAJ0 / US71645WAJ09	U.S.\$ []	September 15, 2014	[]	[]	

Following table should be used in connection with the calculation of the Reopen Issue Price of the Reopening Notes and the yield to maturity of the 2016 Notes for the Qualified Reopening Condition, as set forth in this prospectus:

6.125% Global Notes due 2016 (Original 2016 Notes)	71645WAL5/US71645WAL54	U.S.\$ 500,000,000	October 6, 2016	[]	[]	
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* These Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The Offers will expire at 5:00 p.m., New York City time, on [], 2006, unless extended by us (such date and time, as they may be extended, the Expiration Time). In order to be eligible to receive the early tender payment (the Early Tender Payment), holders of the Old Notes must tender their Old Notes on or prior to 5:00 p.m.,

New York City time, on [], 2006, unless extended by us with respect to an Offer (such date and time, as they may be extended with respect to any of the Offers, the Early Tender Date).

We are offering to holders of Petrobras International Finance Company s (PIFCo or the Company) outstanding notes listed in the table above (together, the Old Notes) an opportunity to exchange, for each U.S.\$1,000 principal amount validly tendered and not withdrawn of Old Notes prior to the Early Tender Date, subject to prorationing, a combination of U.S.\$1,000 principal amount of our new 6.125% Global Notes due 2016 (the Reopening Notes, and together with the Old Notes, the Notes) and a U.S. Dollar amount in cash calculated as set forth in this prospectus (with respect to a series, an Offer, and together, the Offers) that, together with the Reopen Issue Price of the Reopening Notes (the Reopen Issue Price), equals the Total Exchange Price (with respect to a series, the Total Exchange Price) for the series of Old Notes tendered. The Reopening Notes constitute a further issuance of, and form a single fungible series with, PIFCo s Original 2016 Notes that were issued on October 6, 2006. The Total Exchange Price includes an Early Tender Payment of U.S.\$[], which will be paid only to holders who validly tender their Old Notes on or prior to the applicable Early Tender Date and do not validly withdraw their tenders.

The amount of the cash payment will be determined on the first business day after the Early Tender Date of each Offer, using the fixed-spread pricing formula to determine the value of the Old Notes and the Reopening Notes, as described under The Exchange Offers, which will depend on the yields of the applicable reference U.S. Treasury security (the Reference Treasury Security) indicated in the chart above at 2:00 p.m., New York City time, on that day. The amount of the cash payment for each U.S.\$1,000 principal amount of Old Notes pursuant to the Offers will equal (i) the applicable Total Exchange Price, minus (ii) the Reopen Issue Price of the Reopening Notes, plus (iii) the accrued and unpaid interest with respect to the relevant series of Old Notes to, but not including, the Settlement Date, minus (iv) the accrued and unpaid interest with respect to the Reopening Notes to, but not including, the Settlement Date. Our obligation to accept Old Notes tendered in the Offers is conditioned on the satisfaction of certain conditions described under The Exchange Offers Conditions to the Offers, including the condition that we will issue a maximum principal amount of U.S.\$500,000,000 of Reopening Notes issuable under all of the Offers (the Maximum Issuance Condition). In the event that the Maximum Issuance Condition is not satisfied, we will accept the series of Old Notes in the priority order set forth in the chart above and we will prorate the lowest priority series in order to cause the condition to be satisfied. Old Notes with an acceptance priority level following the prorated series of Old Notes will not be accepted for exchange. In addition, there is a qualified reopening condition, as set forth in The Exchange Offers Conditions to the Offers. Old Notes tendered before the applicable Early Tender Date may be withdrawn at any time on or prior to 5:00 p.m., New York City time, on the applicable Early Tender Date but not thereafter, and Old Notes tendered after the applicable Early Tender Date may not be withdrawn, except as described in The Exchange Offers Withdrawal of Tenders.

The Total Exchange Price for each series of the Old Notes will equal (a) the discounted value, determined in accordance with the formula set forth in Schedule A to this prospectus, of the remaining payments of principal and interest per U.S.\$1,000 principal amount of such series of Old Notes through their maturity date, using a discount rate equal to the sum of (i) the bid-side yield to maturity on the applicable Reference Treasury Security indicated in the chart above determined as of the Price Determination Time (the Old Notes Treasury Yield), plus (ii) the applicable fixed spread listed in the chart above, minus (b) the accrued and unpaid interest with respect to such series to, but not including, the applicable Settlement Date. The Total Exchange Price includes an Early Tender Payment of U.S.\$[] per U.S.\$1,000 principal amount of the applicable series of Old Notes that are tendered prior to and not validly withdrawn before the applicable Early Tender Date. The Total Exchange Price minus the Early Tender Payment is the exchange price (the Exchange Price). The Total Exchange Price for each series of Old Notes will be rounded to the nearest U.S.\$0.01.

The Reopen Issue Price of the Reopening Notes will equal (a) the discounted value, determined in accordance with the formula set forth in Schedule A to this prospectus, of the remaining payments of principal and interest on U.S.\$1,000 principal amount of the Reopening Notes through their maturity date using a discount rate equal to the sum of (i) the bid-side yield to maturity on the applicable Reference Treasury Security indicated in the chart above determined as of the applicable Price Determination Time (the Reopening Notes Treasury Yield), plus (ii) []% ([] basis points), minus (b) accrued and unpaid interest per U.S.\$1,000 principal amount of Reopening Notes to, but not including, the

applicable Settlement Date. The Reopen Issue Price of the Reopening Notes will be rounded to the nearest U.S.\$0.01. We may apply for a listing of the Reopening Notes on the New York Stock Exchange at some time after the settlement date, on [], 2006 (the Settlement Date), but there is no certainty that an application will be made or that the listing will be approved by the New York Stock Exchange.

You should carefully consider the section Risk Factors beginning on page 17 of this prospectus for a discussion of risks that should be considered in evaluating the Offers.

Neither the U.S. Securities and Exchange Commission (the SEC) nor any U.S. state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense. The Notes may not be offered or sold, directly or indirectly, in Brazil or to any resident of Brazil, except as permitted by applicable Brazilian law.

The Dealer Managers for the Offers are:

MORGAN STANLEY

UBS Investment Bank

October [], 2006

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ABOUT THIS PROSPECTUS

We are furnishing this prospectus solely for the purpose of enabling you to consider the acquisition of the Reopening Notes. You should rely only on the information incorporated by reference or provided in this prospectus. The information contained in this prospectus has been provided by us. No person is authorized in connection with the offering to give information other than that contained in this prospectus or in the documents referred to in this prospectus that we make available. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

In deciding whether to tender Old Notes in the Offers you must rely on your own review of our business and related matters and the terms of the Offers, including the merits and risks involved. You should not construe the contents of this prospectus as legal, business or tax advice. You should consult your attorney, business advisor or tax advisor as to legal, business or tax advice. Neither PIFCo nor Petrobras is making an offer to exchange notes in any state or country where an Offer is not permitted.

In this prospectus, unless the context otherwise requires, references to Petrobras mean Petróleo Brasileiro S.A. Petrobras and its consolidated subsidiaries taken as a whole, and references to PIFCo mean Petrobras International Finance Company, a wholly-owned subsidiary of Petrobras, and its consolidated subsidiaries taken as a whole. Terms such as we, us and our generally refer to PIFCo, unless the context requires otherwise.

This prospectus incorporates important business and financial information about PIFCo and Petrobras that is not included in or delivered with the prospectus. We will provide without charge to each person to whom this prospectus is delivered, upon written or oral request, copies of any or all documents incorporated by reference into this prospectus (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference). Requests for such copies should be directed to the Information Agent at the address and telephone numbers set forth on the back cover of this prospectus. For further information see Where You Can Find More Information.

The distribution of this prospectus and the transactions contemplated herein may be restricted by law in certain jurisdictions. If the exchange offering materials come into your possession, we require you to inform yourself of and to observe all of these restrictions. The exchange offering materials do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the exchange be made by a licensed broker or dealer and the Dealer Managers or any of their affiliates is a licensed broker or dealer in that jurisdiction, the Offers shall be deemed to be made by the Dealer Managers or such affiliate on our behalf in that jurisdiction.

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FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this prospectus are forward-looking statements that are not based on historical facts and are not assurances of future results. Many of the forward-looking statements contained in this prospectus may be identified by the use of forward-looking words, such as believe, expect, anticipate, should, planned, estimate and potential, among others. PIFCo and Petrobras have made forward-looking statements that address, among other things, PIFCo and Petrobras :

regional marketing and expansion strategy;

drilling and other exploration activities;

import and export activities;

projected and targeted capital expenditures and other costs, commitments and revenues;

liquidity; and

development of additional revenue sources.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. These factors include:

our ability to obtain financing;

general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates;

our ability to find, acquire or gain access to additional reserves and to successfully develop our current ones;

uncertainties inherent in making estimates of our reserves;

competition;

technical difficulties in the operation of our equipment and the provision of our services;

changes in, or failure to comply with, governmental regulations;

receipt of governmental approvals and licenses;

international and Brazilian political, economic and social developments;

military operations, terrorist attacks, wars or embargoes; and

the costs and availability of adequate insurance coverage.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, PIFCo and Petrobras' actual results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of factors, including those in

Risk Factors set forth in this prospectus and in documents incorporated by reference in this prospectus. You should carefully consider the section Risk Factors beginning on page 17 of this prospectus for a discussion of risks that should be considered in evaluating the Offers.

All forward-looking statements attributed to PIFCo, Petrobras or a person acting on PIFCo or Petrobras behalf are expressly qualified in their entirety by this cautionary statement. PIFCo and Petrobras undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this prospectus, references to Real, Reais or R\$ are to Brazilian Reais and references to U.S. Dollars or U are to United States Dollars.

We have incorporated by reference in this prospectus the following financial statements of PIFCo, which we refer to as the PIFCo financial statements : (a) the audited consolidated financial statements of PIFCo as of December 31, 2005 and 2004 and for each of the years in the three-year period ended December 31, 2005, which are included in PIFCo s Annual Report on Form 20-F filed with the SEC on June 28, 2006 and (b) the unaudited consolidated financial statements of PIFCo as of and for the six-month period ended June 30, 2006, which are included in PIFCo s Report on Form 6-K furnished to the SEC on September 7, 2006. The PIFCo financial statements have been presented in U.S. Dollars and prepared in accordance with accounting principles generally accepted in the United States of America (which we refer to as U.S. GAAP).

We have also incorporated for reference in the prospectus the following financial statements of Petrobras, which we refer to as the Petrobras financial statements : (a) the audited consolidated financial statements of Petrobras as of December 31, 2005 and 2004 and for each of the years in the three-year period ended December 31, 2005, which are included in Petrobras Annual Report on Form 20-F filed with the SEC on June 28, 2006 and (b) the unaudited consolidated financial statements of Petrobras as of and for the six-month period ended June 30, 2006, which are included in Petrobras Report on Form 6-K furnished to the SEC on September 6, 2006. The Petrobras financial statements have been presented in U.S. Dollars and prepared in accordance with U.S. GAAP. Petrobras also publishes financial statements in Brazil in Reais in accordance with the accounting principles required by Brazilian corporate law and the regulations promulgated by the Comissão de Valores Mobiliários (Brazilian Securities Commission, or the CVM) (which we refer to as Brazilian GAAP). Brazilian GAAP differs in significant respects from U.S. GAAP.

Ernst & Young Auditores Independentes S/S audited Petrobras and PIFCo s audited consolidated financial statements as of December 31, 2005 and 2004 and for each of the years in the three-year period ended December 31, 2005. As of April 7, 2006, KPMG Auditores Independentes became Petrobras and PIFCo s independent auditors. KPMG Auditores Independentes reviewed Petrobras and PIFCo s unaudited consolidated financial statements as of and for the six-month period ended June 30, 2006. See Experts.

As described more fully in Note 2(a) to the audited consolidated financial statements of Petrobras, the U.S. Dollar amounts as of the dates and for the periods presented in the Petrobras financial statements have been remeasured or translated from the Real amounts in accordance with the criteria set forth in Statement of Financial Accounting Standard No. 52 of the U.S. Financial Accounting Standards Board, or SFAS 52. Accordingly, U.S. Dollar amounts presented in this prospectus that were derived from the financial statements have been translated from Reais at the period-end exchange rate (for balance sheet items) or the average exchange rate prevailing during the period (for income statement and cash flow items).

Unless the context otherwise indicates:
historical data contained in this prospectus that were not derived from the financial statements have been translated from Reais on a similar basis;

forward-looking amounts, including estimated future capital expenditures, have all been based on Petrobras 2005-2015 Strategic Plan and 2006-2010 Business Plan and have been projected on a constant basis and have been translated from Reais in 2006 at an estimated average exchange rate of R\$3.01 to U.S.\$1.00; and

estimated future capital expenditures are based on the most recently budgeted amounts, which may not have been adjusted to reflect all factors that could affect such amounts.

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The Central Bank of Brazil (the Central Bank) allows the Real/U.S. Dollar exchange rate to float freely, and has intervened occasionally to control unstable fluctuations in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to let the Real float freely or will intervene in the exchange rate market through a currency band system or otherwise. The Real may depreciate or appreciate against the U.S. Dollar substantially in the future. For more information on these risks, see the information appearing under the heading Risk Factors in this prospectus.

The following table provides information on the selling exchange rate, expressed in Reais per U.S. Dollar (R\$/US\$), for the periods indicated. Prior to March 14, 2005, under Brazilian regulations, foreign exchange transactions were carried out on either the commercial rate exchange market or the floating rate exchange market. Rates in the two markets were generally the same. On March 14, 2005, the Brazilian National Monetary Council unified the two markets.

The tables below set forth the exchange selling rates expressed in Reais per U.S. Dollar for the periods indicated. For periods prior to March 14, 2005, the table below shows the commercial selling rate.

	For the Year Ended December 31, (R\$/U.S.\$)			Period End
	High	Low	Average(1)	
2005	2.762	2.163	2.435	2.341
2004	3.205	2.654	2.926	2.654
2003	3.662	2.822	3.075	2.889
2002	3.955	2.271	2.924	3.533
2001	2.835	1.935	2.352	2.320
2006				
January	2.346	2.212	2.273	2.216
February	2.222	2.118	2.159	2.136
March	2.224	2.107	2.148	2.172
April	2.172	2.089	2.131	2.089
May	2.371	2.059	2.170	2.301
June	2.302	2.164	2.251	2.164
July	2.213	2.164	2.188	2.176
August	2.191	2.133	2.157	2.139
September	2.219	2.128	2.168	2.174
October (through October 30, 2006)	2.174	2.133	2.149	2.146

Source: Central
Bank of Brazil

(1) Figures for
each year
represent the
average of the
month-end
exchange rates
during the year.

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SUMMARY

*This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus. You should read carefully the entire prospectus and the documents incorporated by reference, which are described under *Incorporation of Certain Documents by Reference* and *Where You Can Find More Information*. For a description of various factors which you should consider before deciding whether to tender Old Notes, see *Risk Factors*.*

PIFCo

PIFCo is a wholly-owned subsidiary of Petrobras, incorporated under the laws of the Cayman Islands. PIFCo was formed to facilitate and finance the import of crude oil and oil products by Petrobras into Brazil. Accordingly, its primary purpose is to act as an intermediary between third-party oil suppliers and Petrobras by engaging in crude oil and oil product purchases from international suppliers and reselling crude oil and oil products in U.S. Dollars to Petrobras on a deferred payment basis, at a price which includes a premium to compensate PIFCo for its financing costs. PIFCo is generally able to obtain credit to finance purchases on the same terms granted to Petrobras, and it buys crude oil and oil products at the same price that suppliers would charge Petrobras directly.

As part of Petrobras' strategy to expand its international operations and facilitate its access to international capital markets, PIFCo engages in borrowings in international capital markets supported by Petrobras, primarily through Standby Purchase Agreements.

In addition, PIFCo engages in a number of activities that are conducted by four wholly-owned subsidiaries: Petrobras Europe Limited, or PEL, a United Kingdom company that acts as an agent and advisor in connection with Petrobras' activities in Europe, the Middle East, the Far East and North Africa;

Petrobras Finance Limited, or PFL, a Cayman Islands company that facilitates an exports prepayment program linked to the resale of fuel oil and bunker fuel bought from Petrobras;

Bear Insurance Company Limited, or BEAR, a Bermuda company that contracts insurance for Petrobras and its subsidiaries; and

Petrobras Singapore Private Limited, or PSPL, a company incorporated in Singapore to trade crude oil and oil products in connection with our trading activities in Asia. This company initiated its operations in July 2006.

Since 2004, as part of Petrobras' restructuring of its offshore subsidiaries in order to centralize trading operations, PIFCo has engaged in limited exports of oil and oil products and has begun to store oil and oil products in Asia.

PIFCo's principal executive office is located at 4th Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman, Cayman Islands, and its telephone number is (55-21) 3224-1410.

Petrobras

Petrobras is one of the world's largest integrated oil and gas companies, engaging in a broad range of oil and gas activities. For the year ended December 31, 2005 and the six-month period ended June 30, 2006, Petrobras had sales of products and services of U.S.\$74.1 billion and U.S.\$43.8 billion, net operating revenues of U.S.\$56.3 billion and U.S.\$33.5 billion and net income of U.S.\$10.3 billion and U.S.\$6.5 billion, respectively. Petrobras engages in a broad range of activities, which cover the following segments of its operations:

Exploration and Production This segment encompasses exploration, development and production activities in Brazil.

Supply This segment encompasses refining, logistics, transportation and the purchase of crude oil, as well as the purchase and sale of oil products and fuel alcohol. Additionally, this segment includes Petrobras' petrochemical and fertilizers division, which includes investments in domestic petrochemical companies and Petrobras' two domestic fertilizer plants.

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Distribution This segment encompasses oil product and fuel alcohol distribution activities conducted by Petrobras majority owned subsidiary, Petrobras Distribuidora S.A.-BR in Brazil.

Natural Gas and Power This segment encompasses the purchase, sale and transportation of natural gas produced in or imported into Brazil. This segment includes Petrobras domestic electric energy commercialization activities as well as investments in domestic natural gas transportation companies, state owned natural gas distributors and thermal electric companies.

International This segment encompasses international activities conducted in 15 countries, which include Exploration and Production, Supply, Distribution and Gas and Energy.

Corporate This segment includes those activities not attributable to other segments, including corporate financial management, overhead related with central administration and other expenses, including pension and health care expenses.

Petrobras principal executive office is located at Avenida República do Chile, 65 20031-912 Rio de Janeiro RJ, Brazil, and its telephone number is (55-21) 3224-4477.

Table of Contents**Summary Financial Information for PIFCo**

The following table sets forth PIFCo's summary financial information, presented in U.S. Dollars and prepared in accordance with U.S. GAAP. The data as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 have been derived from the audited consolidated financial statements of PIFCo, which are included in PIFCo's Annual Report on Form 20-F filed with the SEC on June 28, 2006. The data as of June 30, 2006 and for the six-months periods ended June 30, 2006 and 2005 have been derived from the unaudited consolidated financial statements of PIFCo, which are included in PIFCo's Report on Form 6-K furnished to the SEC on September 7, 2006. The information below should be read in conjunction with, and is qualified in its entirety by reference to, the PIFCo financial statements.

	For the Six-Month Period Ended June 30,		For the Year Ended December 31,		
	2006	2005	2005	2004	2003
	(in millions of U.S. Dollars)				
Income Statement Data:					
Sales of crude oil, oil products and services	U.S.\$ 9,850.7	U.S.\$ 7,386.8	U.S.\$ 17,136.1	U.S.\$ 12,355.6	U.S.\$ 6,975.5
Lease income					
Cost of sales	(9,736.5)	(7,305.6)	(16,983.3)	(12,236.0)	(6,920.1)
Lease expense					
Selling, general and administrative expenses	(95.5)	(59.5)	(165.7)	(99.8)	(18.6)
Operating income (loss)	18.7	21.7	(12.9)	19.8	36.8
Financial income (1)	570.4	477.4	984.0	678.8	442.9
Financial expense (1)	(598.5)	(473.2)	(998.9)	(761.2)	(482.7)
Other income, net	0.3	(0.1)		3.5	
Net income (loss)	U.S.\$ (9.1)	U.S.\$ 25.8	U.S.\$ (27.8)	U.S.\$ (59.1)	U.S.\$ (3.0)

	As of June 30,		As of December 31,		
	2006	2005	2004	2003	
	(in millions of U.S. Dollars)				
Balance Sheet Data:					
Cash and cash equivalents	U.S.\$ 417.9	U.S.\$ 230.7	U.S.\$ 1,107.3	U.S.\$ 664.2	
Total assets	18,882.4	16,748.9	14,670.6	10,196.6	
Short-term loans payable to related parties	6,371.3	4,346.1	2,881.5	2,442.8	
Short-term debt and current portion of long-term debt	1,036.1	891.1	680.9	1,076.4	
Capital lease					
Long-term debt	5,314.3	5,908.4	6,151.8	5,825.3	
Capital lease long-term					
Total stockholder's equity	(1.1)	8.0	35.7	94.8	

(1)

Financial
income
represents
primarily the
imputed interest
realized from
PIFCo's sales of
crude oil and oil
products to
Petrobras.
Financial
expense consists
primarily of
costs incurred
by PIFCo in
financing its
activities in
connection with
the importation
by Petrobras of
oil and oil
products.

Table of Contents**Summary Financial Information for Petrobras**

The following table sets forth Petrobras' summary financial information, presented in U.S. Dollars and prepared in accordance with U.S. GAAP. The data as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 have been derived from the audited consolidated financial statements of Petrobras, which are included in Petrobras' Annual Report on Form 20-F filed with the SEC on June 28, 2006. The data as of June 30, 2006 and for the six-months periods ended June 30, 2006 and 2005 have been derived from the unaudited consolidated financial statements of Petrobras, which are included in Petrobras' Report on Form 6-K furnished to the SEC on September 6, 2006. The information below should be read in conjunction with, and is qualified in its entirety by reference to, the Petrobras financial statements.

	For the Six-Month Period		For the Year Ended		
	Ended June 30,	Ended June 30,	2005	December 31,	2003
	2006	2005	2005	2004	2003
	(in millions of U.S. Dollars)				
Income Statement Data:					
Sales of products and services	U.S.\$ 43,775	U.S.\$ 32,292	U.S.\$ 74,065	U.S.\$ 51,954	U.S.\$ 42,690
Net operating revenues	33,521	24,428	56,324	38,428	30,914
Cost of sales	(17,169)	(12,614)	(29,828)	(21,279)	(15,533)
Depreciation, depletion and amortization	(1,633)	(1,401)	(2,926)	(2,481)	(1,785)
Exploration, including exploratory dry holes	(301)	(276)	(1,009)	(613)	(512)
Impairment of oil and gas properties			(156)	(65)	(70)
Selling, general and administrative expenses	(2,361)	(1,887)	(4,474)	(2,901)	(2,091)
Research and development expenses	(339)	(166)	(399)	(248)	(201)
Other operating expenses	(278)	(657)	(582)	(259)	(326)
Total costs and expenses	(22,081)	(17,001)	(39,374)	(27,846)	(20,518)
Equity in results of non-consolidated companies	57	74	139	172	141
Financial income	401	113	710	956	634
Financial expenses	(896)	(744)	(1,189)	(1,733)	(1,247)
Monetary and exchange variation on monetary assets and liabilities, net	159	453	248	450	509
Employee benefit expense for non-active participants	(508)	(458)	(994)	(650)	(595)
Other taxes	(287)	(167)	(373)	(440)	(333)
Other expenses, net	(32)	(84)	(899)	(402)	(732)
	(1,106)	(813)	(2,358)	(1,647)	(1,623)
Income before income taxes and minority interest and	10,334	6,614	14,592	8,935	8,773

accounting change
Extraordinary gain, net of tax