Company Participants

- Raul Campos, IR Exec. Manager

Other Participants

- Christian Audi, Analyst
- Frank Mcgann, Analyst
- Gustavo Gatass, Analyst
- Marc Mccarthy, Analyst
- Teresa Miller, Analyst
- Unidentified Speaker

Presentation

Operator

Ladies and gentlemen. thank you for standing by and welcome to the Petrobras conference call to discuss the First Quarter 2005 results. (Operator Instructions) Today we have with us Mr. Jose Sergio Gabrielli, CFO and IR Director and his staff. At this time, I would like to turn the conference over to Mr. Raul Campos, Investor Relations Executive Manager of Petrobras, who has some additional comments. Please go ahead Mr. Raul.

Raul Campos {BIO 17251399 <GO>}

Good morning, ladies and gentlemen. Welcome to our conference call to discuss the First Quarter 2005 results.

We have a simultaneous webcast on the Internet that could be accessed at the site www.petrobras.com.br/ir/english. Additionally, on the webcast registration screen, you may download and print the presentation and download the financial market report. Also you can send your questions to us by Internet, clicking on the icon question to host at any time during this event.

Before proceeding, let me mention that forward-looking statements are made under the safe harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Petrobras management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Petrobras and could cause results to differ materially from those expressed in such forward-looking statements.

Finally, let me mention that this conference call will discuss Petrobras' results, prepared in accordance with Brazilian GAAP. At this moment we are unable to discuss any issues relating to U.S. GAAP results.

The conference will be conducted by our CFO and Investor Relations Director, Mr. Jose Sergio Gabrielli de Azevedo. He will comment on the Company's operating and financial highlights and the main events that occurred during this quarter. Afterwards, he will be available to answer any questions you may have.

Mr. Gabrielli, please begin.

Jose Sergio Gabrielli de Azevedo: Good morning, everybody. I apologize because I have a sore throat at this moment. But I have (inaudible) my voice.

If we move to page three on the presentation, we here present a reconciliation of the results under the Brazilian GAAP because since January 1 in Brazilian GAAP we have to comply with the instructions 408 of CVM, which is our SEC. This 408 is the instruction. It's equivalent to the (C36) in U.S. GAAP, which means that we must consolidate the SPC companies in our numbers.

In order to have comparable numbers in 2004 and 2005, we have those proforma reconciliations, showing that in the First Quarter of '04 in our Brazilian GAAP numbers, we have BRL3.972 billion of net income. And after consolidation of the 408 instruction, this number goes to BRL3.793b. The Fourth Quarter of 2004, BRL4.566 billion is translated into BRL4.445b. And the whole year BRL17.861 billion of net income is translated into BRL16.814b.

None of those numbers are going to change any of our official accounting results of 2004. They are made only on the purpose of comparison with the First Quarter of '05 numbers.

The next slide is four. We show that if we didn't have the 408 instruction, the net income of the First Quarter of '05 would be BRL4.940b, in comparison to BRL5.021b.

On page five, we try to show particularly that that's important for our results. Since the First Quarter of '04, we can see very clearly a widening of the spread between heavy and light oil.

The blue -- the red line shows the Brent average price. The green line shows the OPEC basket, which is an area basket of oil. And the blue line shows the average price of our own oil, combining our (purchaser) price from our supply pipe -- from our exploration and production to our supply side, combining these with the international price of our oil. This very clearly shows that we are facing a widening of the spread between heavy and light oil that affects our results.

On slide six, we show the same thing, comparing the WTI and the MAYA oil, where we can see very clear the change in the pattern of the differentials. And show that in the last six months we had a very volatile movement of the differential between heavy and light oil.

On page seven, we have our production. As -- as you know, last year we had some reduction in our production as a result of the delays of the beginning of the production of P-43, P-48. They start producing in the end of last year P-43. And P-48 started production by February of 2005. And we can see that already we have the beginning of the increase in production.

On March 30, we reached new daily production record at that time of 1.650 million barrels a day. And now we are pleased to announce that on May 12 we reached a production of 1.82 million barrels a day.

On slide eight, we tried to show the comparison between the average realization price of our products that we sell in the Brazilian market, with the Brent price and with a composed number related to the U.S. market.

The green line shows the behavior of the Brent price. As I mentioned before, we use Brent as the reference for (big) stock enquiries are not really that indicated, as you can have now because we have a reasonable widening of the spread between heavy and light oil. However, we continue to use the Brent price as an indicator.

As you can see, we have in the First Quarter of '05, we have our average realization price above the Brent price. The average realization price in Brazil is represented by the blue line in this (curve).

Then the red line represents the composed index, weighted at average over the price of the goods that -- price of the products that we sell in Brazil, weighted by the prices in the U.S. GAAP -- U.S. market -- U.S. goods. These as if we had an open market in Brazil. And as such we can see the beginning of this -- the quarter that we had -- our price was pretty much in line with the U.S. price. And at the end of the quarter, mainly in March, as a result of a very big hike in U.S. price, we are below.

However, we can see that those numbers can have a differential if you move away from March to the next April and May because the change in the (standard) of the price in the U.S. market.

On slide number nine, we tried to show our trade back. And you can see on this slide we had a net export in the first -- the First Quarter '05, we exported BRL1.4 billion -- $1.4b. And we imported $1.3 billion of oil and oil products, which means that we could get a part of this trade balance in liquid in oil and other products equivalent to 28,000 barrels per day. We export 396,000 barrels a day and we import 368,000 barrels a day.

We have a very, very keen and very dramatic reduction on import of oil products. We reduced our imports from 109,000 a day in 2004 to 46,000 barrels a day in the First Quarter of '05. We increased our export of oil products and reduced our export of oil -- crude oil.

In the next slide, slide 10, we can show that this was possible also because we increase the use of oil -- of domestic crude oil as a proportion of our feedstock. We moved from 73% in the Second Quarter of '04 to 79% in the First Quarter of '05. This increase in the use of Brazilian oil was followed by a small reduction on our primary processed installed capacity. The use of our capacity went down from 89 to 87%, mainly as a result of some programming stoppages that we had in our refinery.

Also we have a small decline in our oil product sales, as a normal behavior of the First Quarter -- seasonal behavior of the First Quarter this year. We reduced our sales from (1.691m) barrels a day to 1.589 (thousand) barrels a day. And we have a pretty much stable market -- production.

On slide number 11, we tried to show the comparison between quarter on quarter of our net income. The First Quarter of '04, we had BRL4.445 billion of net income. This increase in price are almost BRL700 million to BRL5.021 billion in 2005.

The main reason for that, the main -- the most important fact is that we can -- in this comparison is the increase in tax. We have a BRL1.38 billion increase in our tax. But this is much more a result of some benefits that we had in the last quarter -- last year due to the interest on all own capital that in Brazil allows some fiscal benefit that we had in the last quarter and we don't have -- or we didn't have in the First Quarter of '05.

We have also a reduction on the cost of the goods sold by BRL893m, mainly as the result of the reduction on the use of imported oil and an increase of our own oil that could reduce our cost of goods sold.

We have also some operating expenses that increased by BRL531b. And, as we had the last quarter of last year allocated all the profit and share programs. And we don't have this extent in the First Quarter of '05, then we have -- this also gives a change in the cost -- increase in the net income quarter on quarter.

The (conversion) year on year, on page 12 -- page 12, shows that we have a very big impact on our revenues, not only as a result of increasing in sales; we have a 4% increase in sales. But also because we have increasing price that follows pretty much the same trend line of the Brent price.

The increased revenues was very important, I think, one of the most important parts of our increase in net income. We have also increased our profit of goods sold. We saved some increase in our process we are yet to mention later on. But the most important reason why we had this increase in our net income was the increase in our revenues.

On page 13, we have a segmental result of our exploration and production oil upstream business. As you can see, we have -- the most important thing to -- we had a small reduction in our operating profit from the supply side of the business.

Most important thing was the effect of prices on the cost of goods sold. These are the result of the increasing costs that we have in the market. So service providers and material providers for exploration production.

We had also a positive impact as a result of volumes and price on our net revenues. And we have a small increase in our operating expenses. But the next most important thing that we have in our operating profit is the change in the impact of price on our cost of goods sold.

If you look at our supply side, page 14, you can see we had an increase in our net operating profits on the supply side of the business. The most important variable is also the effect of prices on the cost of goods sold. As we reduced the imports of oil, this had a very positive impact on our cost of goods sold and we had this positive impact.

Also we have a reduction on the volumes that we sold. These also reduced -- increased actually. We have a -- the volumes, we have a negative impact of volumes on the cost of goods sold that we had in the First Quarter compared with the First Quarter.

If you look at distribution, page 15, we had almost -- the main impact was the effect of volumes in the net revenue and the cost of goods sold that were pretty much compensated offsetting each other. (Such) (inaudible) we have in our operating profit moving from BRL254 million to BRL294m.

On page 16, we have international results. You can see we are -- our operating profit increased from BRL321m to BRL734m. The main reason for that is volumes -- increasing volumes on the net revenue and the effect of price in (relate) net revenues.

In order to have -- it's important to have in the announcement at the beginning of this quarter a change in the pension fund assumptions for actuarial purpose. And we announced that we would see some impact on the results of 2005, even though we didn't have an impact on 2004. This is slide -- slide to highlight and try to show the side, this impact on the different type of other expenses that we have.

The total impact and change is on the Fourth Quarter '04 under the previous assumptions of BRL523m, this expense is related to healthcare and pension funds, increased from BRL523 million to BRL798m. This was spread in the cost of goods sold, SG&A and OpEx, as you know.

We have also increased our lifting costs and refining costs. There are several reasons why. And we are going to talk a little bit later on that. But several reasons why we had this increase in cost.

One important thing to highlight is slide number 18 is the change in the accounting procedures. We -- we start to use now in 2005 the accounting procedures recommended by the U.S. GAAP, recognizing the cost with programmed stoppages on a cash basis.

And before that, we had accounts on an accrual basis by building up provisions, which means that now, when we have the stoppage then we charge the complete cost on the cash basis for the stoppage, which means that we have in the First Quarter of '04 -- '05 various (inaudible) use in cash of this change in accounting procedures.

Our lifting costs increased, as you can see, with and without the government participation. The lifting costs in (current taxation) are pretty much reflecting the change in the international price of oil. And the lifting costs without the government participation reflect some variables that we are going to mention on page 20.

We had an increase of 38% of lifting costs, $1.55 per barrel. 70% -- $70 per barrel was a result of the fact that we had, compared with the First Quarter of '04 with the First Quarter of '05, we had FPSO Marlim Sul, P-43 and P-48 producing below capacity. We had the full costs -- full fixed costs of those facilities without the full production, which means that the unit costs went up very much. And we hope that as we are now renting out our production and reaching the capacity -- full capacity, then the (lifting) costs will go down as a result of use of full capacity of those platforms.

The second main area that was important was the increase in material costs. We had a higher consumption of chemical products. And we have a higher cost with the special launched technical services that is a result of some problems that we had in certain areas of our production, together with a clear and increasing cost overall in the industry as a whole. That is part of the (inaudible) first providers for all the industry in the world right now.

We had an increase of 45 cents per barrel. That was a result of the currency appreciation. The depreciation of the dollar has increased our dollar denominated unit costs because we have Second Quarter of our lifting costs reais denominated.

Those are the main important things -- impacts on our lifting costs.

On the domestic -- the refining costs, on page 21, we have also some impact, as I mentioned before, of the accounting procedure because we have programmed stoppages in four of our important refineries. We have as a result of new (inaudible) units and new (inaudible), we have a higher refined complex -- this has increased the cost in general.

We have in the same way P-43 and P-48. In some of those units we have the full costs but not the full production. And we have also comparing the First Quarter of '05 with the First Quarter of '04, in September we had a change in our label agreement that increased our -- some of our personnel costs. And we have also, as I mentioned before, healthcare and pension provisions that has a different impact on our unit costs.

On page 22 you have some breakdown of our -- page 22, you have some breakdown of our other operating revenues. We have a clear increase in our -- we have an increase in our health and pension plan, as mentioned. We have an increase in our thermoplant operating expenses that we have increased in our operating expense of the thermoelectric plant, we don't have any more provisions for (inaudible) that we have an increase in our operating expense for (inaudible).

On page 23, we have our consolidated cash flow statement. We have a net cash from operating activities of BRL8.3b. We used for CapEx to increase our investment BRL4.84b. Given we had a free cash flow of BRL3.4b, we used BRL0.9 billion for financing. And BRL3 billion for paying the dividend, giving us a net cash generated -- negative net cash generation of BRL500m, which was much less than what we had in the First Quarter of '04.

An important difference in the structure of the expenditures that we had on our cash balance because what we -- in the First Quarter, we had a much larger reduction on debt, paying back financing use at BRL5.2b, comparing to what we had this year of less than BRL1 billion for financing expenditures.

On the other hand, we -- last year we had only BRL155 million for expansion of our (inaudible) of our investment. And while in 2005 we had BRL4.8b; almost BRL5 billion on expenses for investment.

Our cash balance at the end of this period was BRL17.578b, compared to BRL18.158 billion in the end of 2004.

Next slide I would like to show, on page 24, tries to show some change of the composition of our cash balance. In Brazil we had -- we had reduced the proportion of our cash balance that we held in Brazil with foreign exchange corrections. Now we have more exposure to interest rate in Brazil. However, we (keep) (inaudible) a very important amount of our cash balance due to the foreign exchange to U.S. dollars.

On page 25 shows some financial numbers. Our leverage ratio went down to 35%. We had an increase in the short-term debt from 16% to 19%. The link in short-term debt is basically due to adjustment in the maturity terms from long term to short term, while some of our debts that were scheduled to mature more than one year. And in the First Quarter of this year it became a debt of our maturing within the year 2005. And with that you have to classify them as short-term debt.

However, if you look at our net debt as a whole, you can see that we have almost no change in our net debt. We are around BRL39 billion of net debt. Our cash balance went down. However, we did increase our gross debt -- we did reduce our gross debt from BRL57 billion to BRL56b.

If you look at our investment, we had a 36% increase in investment, comparing 2004 with 2005. We have 64% increase in our investment exploration and production, 19% -- well, not 19%, 35% increase in exploration and production. We had a very large increase in our investment in gas and energy business due to acquisitions of thermoelectric that we have in the (cost conversion). And now we are trying the (approval for restructuring).

And that's the (introduction). We are over now to Q&A section and we hope that we can answer your questions. Thank you, very much.

Questions And Answers

Operator

(Operator Instructions) Our first question is coming from Christian Audi of Morgan Stanley.

Q - Christian Audi {BIO 1825501 <GO>}

Thank you, Gabrielli, I have a couple of questions. The first one related to lifting costs. You show -- you broke down for us the main factors on slide 20. A question I had for you is as we look out into the Second Quarter, is it fair for me to assume that the materials and the personnel portion are likely to continue to be on an upward trend, while obviously the production will likely reverse and be a positive (turn) through lifting costs?

And the second question. On slide 22 you show a breakdown of the operating revenues. Again, in terms of what you believe is recurring here, pension costs and the thermoelectric operating expenses, you think those -- the levels that we saw in this quarter are likely to be recurring into the coming quarters?

Jose Sergio Gabrielli de Azevedo: I would say that pension costs probably are going to continue in the same level. The material costs, I don't know. Material costs depends very much on the type of contract that we are going to renew in the Second Quarter. And I can assure to you it's going to be up or down right now. I can say that for sure the production impact will be to reduce the lifting costs.

And on the slide 22 in terms of the other operating revenues and expenses?

Jose Sergio Gabrielli de Azevedo: Let me see the 22 here. 22 -- I would say that the health plan and the pension plans are going to be recurrent. However, the losses continue to relate to legal procedures no. They cannot have the same type of same leverage every quarter.

The thermoelectric plants operating expenses, probably we are going to stay in the same level next -- next quarter. The institutional relation cost per project is also at the same level. And I think that what we had here, non-recurrent is still up and continues to relate to legal procedures. (inaudible) of that.

Great. And the last question. In terms of import costs, given your inventory situation now after the First Quarter, as you look out in the Second Quarter, do you think there could be another quarter of those costs coming down and helping your COGS side of things?

Jose Sergio Gabrielli de Azevedo: Yes, our expectation that is our production is going up. We are going to use more of our own oil in our refineries, which means that we are going to import less in the next quarter.

Okay. Thank you.

Operator

Thank you. Our next question is coming from Frank McGann of Merrill Lynch.

Q - Frank Mcgann {BIO 1499014 <GO>}

Yes, hi. Good day. Just two questions. One, maybe you could go into a little bit more detail on the status of the Marlim field, particularly with the work that you were doing in the quarter to remove some obstructions and to eliminate some toxic gases. Perhaps you could say if that work has been completed or if it's likely to be an ongoing issue in the field. And perhaps what is the level of production that you have in the field right now?

And then secondly, related to some of your international operations, your works in Venezuela, Bolivia and Ecuador, all three countries are seeing some pretty important developments that will effect -- or likely to effect, at least to some extent, the operations of companies there -- oil companies in the country. Could you just maybe go country by country and say what your expectations are and in terms of the risk that this could pose to Petrobras' operations in each of the three?

Jose Sergio Gabrielli de Azevedo: Okay. For the P-32 Marlim south is operating -- Marlim is operating without problem right now. We solved all problems that we had there.

The three countries, we have Venezuela, Bolivia and Argentina. I don't know -- today I don't know -- having used it, the president of the (national well) of Bolivia signed the deal or not. I have no information right now because I'm having conference calls all day long and I couldn't check this. However, which means that it is -- that it's not clear, completely clear the idea of what is going to be the change in the measurement of regulatory framework of Bolivia.

In Venezuela also. We don't have a clear idea of what is going to happen. We don't have the details of the change in the legislation. We don't have the details of the proposal of the government, which is very useful for us to have an assessment of the impact of those changes in our numbers.

We are worried about that. We are (following), trying to get most of the information that we can. But we are going to announce our position after we have a clear idea of what is going to happen.

Okay. Thank you, very much.

Operator

Thank you. Our next question is coming from Marc McCarthy of Bear Stearns.

Q - Marc Mccarthy {BIO 1542384 <GO>}

Hi, guys. This is Marc McCarthy. First of all I wanted to take an opportunity, I've been critical in the past, of complementing you Sergio and Raul on slides 18 and 20. Very, very complete, very helpful and I can't thank you enough.

I have three questions. First of all if you can give us some update on the discussions that are going around the (S400). And if you can give us some sense as to what possible stake of equity you might be considering to share with whomever it is, if it's Repsol, Shell or whomever. It's not really material. What percentage of the equity of the gas are you contemplating sharing? That's the first question.

The second question was if you can give us an update on the auction plans for (RJS409).

And then the third is in light of the step-up in drilling costs, are there any -- are there any or do you have the flexibility to push off any development spending in '05 and is it a consideration?

Jose Sergio Gabrielli de Azevedo: Thanks for your compliment. On the -- on the (BS400), we have -- we have a confidential agreement right now, that's probably signed with Repsol. We are in the very early stages of the negotiation. We cannot announce much more than that.

But it's -- in relation to step-up dealing costs, we are trying to minimize the impact, trying to arrange some long-term contracts with the supplier and try to minimize the impact of the use increasing cost. We know that we are facing increasing problems in this area. But we are trying to minimize the impact.

On the RGS409, I am going to go to ask (Marcos) to give you the answer.

Q - Unidentified Speaker

We had just chosen the operator. And we are about to sign the contract -- the contract by the end of this month, beginning of June.

Q - Marc Mccarthy {BIO 1542384 <GO>}

So should we work on the assumption of about 14 to 16 months from now or is that --?

Jose Sergio Gabrielli de Azevedo: Yes, yes. Perfect.

Thank you, Jose.

Jose Sergio Gabrielli de Azevedo: Thank you, Marc. You're welcome.

Operator

Thank you. (Operator Instructions) Our next question is coming from Gustavo Gatass of UBS.

Q - Gustavo Gatass

Thank you, (Gabrielli). Just actually trying to touch base on something that was mentioned on the first call. Two points really. First one on the planned maintenance stops. Basically could you give us an idea of whether we have had a lot more planned maintenance stops in the (NP) side this quarter than what we have had in fourth Q, or if the magnitude of the stoppages and cost of stoppages was basically flat from one quarter to the other?

Jose Sergio Gabrielli de Azevedo: Okay, I am going to ask the people from the earlier (results conference) on the stoppage -- the programmed stoppage.

Q - Unidentified Speaker

Gustavo, in the First Quarter we have stoppage in P-19 -- P-19 apart from Marlim Sud. And we started doing 17 days, 66,000 barrels of (oil) per day. As well we did north and north east post, where we had (inaudible) the equivalent to (93,000) barrels per day during 15 days. So this caused an impact in the lifting costs in the First Quarter of about $0.12 per BOE.

In the Second Quarter we don't have significant stoppages. So we are now increasing production. We produced last month 1.704 and we are increasing again. I want to give you an idea, P-43 and P-48 together are producing today 207,000. So the expectation is to decline the lifting costs during the next quarters.

Q - Gustavo Gatass

Let me just ask you a follow-up on that. When you mentioned your $0.12 impact, is that just a volume impact or does that consider also the cost of the maintenance stop itself?

Q - Unidentified Speaker

Both. But basically (double) impact.

Q - Gustavo Gatass

Okay.

Q - Unidentified Speaker

(Mainly) (inaudible).

Jose Sergio Gabrielli de Azevedo: Then we have (Carlitos) -- then we have Carlitos about stoppage on refineries.

Gustavo. Good morning.

Q - Gustavo Gatass

Good morning.

Q - Unidentified Speaker

Regarding the first -- the First Quarter, we had full stoppages in (ICAP), which is a refinery in Sao Paulo, which runs about 7,500 (units) per day before we stopped. And we had (inaudible) unit stoppage in (Hepla) in (inaudible).

And for the Second Quarter we are going to have distillation unitary stoppage in Hepla which is both about 28,000 meter -- 20,000 cubic meters per day, Hepla, which means it's a very important stoppage in the Second Quarter.

But you have to consider that in order to stop these units, we start preparing the stoppage in Fourth Quarter. This means that some costs were already, I would say, appropriated in Fourth Quarter because we had to prepare for the big stoppages that we are -- we had in Second Quarter in Hepla.

Q - Gustavo Gatass

Perfect. My second question has to do with (Golfino). (inaudible) in the morning call actually mentioned the oil in Golfino that was planned to be lifted from (inaudible) was slightly heavier mix than initially planned. I just wanted some clarification. Does this mean that the Golfino field has actually heavier oil? Or is this just the pilot program is oriented to an area with heavy oil?

Q - Unidentified Speaker

Okay. Gustavo, see we have two areas. It's (field some) to 123 is Golfino 1, the definitive system to produce Golfino 1 coming by June of next year. And this is -- the specific gravity is 40 degrees (ATI). And we had as well (inaudible) 132 Golfino 2. The quality of the oil is about 28 degrees ATI.

This year, we are starting by August a pilot project to test its (inaudible) of 132. (Its field centre 133) 28 degrees this year. So this is the -- what you have (forget) in producing Golfino 1. Basically 42 degrees ATI, a small part of 28. And the Golfino 2 is still at 132, 28 degrees ATI.

Q - Gustavo Gatass

Perfect. Thank you.

Operator

Thank you. Our next question is coming from (Teresa Miller) of Citigroup.

Q - Teresa Miller {BIO 18830120 <GO>}

Hi. Good afternoon. Just two very quick questions. Firstly on the government taking lifting costs; one thing that I didn't understand this quarter. I thought that your main reference price was Brent. But the government take decline in the cost even though Brent price went up. If you could clarify what happened there. If it's some specific field that has a different oil reference price.

And second, could you just give an update on the start-up -- the start-up date for P-50 and P-34?

Jose Sergio Gabrielli de Azevedo: Okay. P-50 and P-34 I plan to start September of this year and December of this year.

Okay.

Jose Sergio Gabrielli de Azevedo: The participation rate in Brazil is calculated on the references base of different -- different oils. And also you have to remind this that we have a changed rate of appreciation on average of 4% during the average -- average of the quarter -- First Quarter in relation to the First Quarter, in relation to the Fourth Quarter last year.

Yes. But even with the exchange rate appreciation, it's still higher. For Brent at least. There are higher Brent prices in reais.

Jose Sergio Gabrielli de Azevedo: That is not only Brent prices.

Okay.

Jose Sergio Gabrielli de Azevedo: And that I can get you. Teresa, because the spread between the heavy oil in Brazil and the Brent, it's very wide today. That's why the lifting, the government take -- the unit government take didn't increase comparing to the Fourth Quarter. This is the main reason.

Okay. Thank you.

Jose Sergio Gabrielli de Azevedo: Okay.

Operator

Thank you. (Operator Instructions) Thank you, ladies and gentlemen. there are no further questions at this time. Mr. Gabrielli, please proceed with your closing remarks.

Jose Sergio Gabrielli de Azevedo: Thank you, everybody for listening to this presentation. We hope that you are convinced that Petrobras had a very good result this quarter. And we have a much better price prospective for the Second Quarter of this year.

Thank you, very much.

Ladies and gentlemen. you host is making today's conference available for replay starting one hour from now. You may access at IR website or this replay by dialing 1 973 341 3080, lasting through March 8. That number again is 1 973 341 3080. At the voice prompt, enter the access code 6015304. This concludes Petrobras' conference call for today. Thank you, very much for your participation. You may now disconnect your lines.