

January 24, 2003

D E P O S I T A R Y R E C E I P T S**ATTENTION: LATIN AMERICAN RESEARCH, SALES,
TRADING AND OPERATIONS STAFF****OFFER TO EXCHANGE SHARES*****PETROBRAS S.A.***

Petroleo Brasileiro S.A. - Petrobras ("Petrobras") offered to buy all the outstanding shares of Petrobras Distribuidora S.A. ("BR") in exchange for Petrobras shares. This offering was made in the U.S. pursuant to Rule 802 under the Securities and Exchange Act of 1933.

In order to facilitate participation by BR ADSs Owners in the Share Offer, Petrobras has made arrangements under which The Bank of New York, as agent (the "US. Tender Agent"), will receive tenders of BR ADSs and, if the Share Offer is to be consummated, subject to the terms and conditions set forth in the Offer to Exchange and the accompanying form of the Letter of Transmittal, will cause the BR ADS Depositary to accept the share offer and to receive Petrobras ADSs with respect to the tendered BR ADSs.

The tender and withdrawal rights will expire at 1:30 PM New York time, "Expiration Time", on a date that will be announced and that will be no earlier than 28 January 2003 and no later than 12 February 2003 on the first Sao Paulo business day on which the "Efficacy Condition" is satisfied.

Although holders may tender their BR ADSs at any time prior to Expiration Time, the final exchange ratio that will apply to the Tender Offer is not determined as of the date of this notice. That ratio will be not less than 0.35 and not more than 0.5 PB ADSs per BR ADSs and will be established, if at all, based on a formula that is set forth in the Bid Announcement, if the Efficacy Condition, as set forth in the Bid Announcement is satisfied.

Each BR ADS represents 500 preferred Shares of BR.
Each PB ADS represents one preferred share of Petrobras.

The Exchange Ratio will be announced, if at all, at the same time the Expiration Time is announced. Petrobras expects that the announcement will not be made until the morning of the day on which the Expiration Time will occur. **Therefore, holders of ADSs of BR will have only a few hours after the exchange ratio is announced to instruct the BR ADS Depositary to tender the Subject Shares represented by their BR ADSs**, if holders have not done so before that time, or to exercise their withdrawal rights if they have already instructed the BR ADS Depositary to accept the Share Offer but wish to withdraw such instruction, before the Expiration Time.

For information on how to participate in the Tender Offer, holders may contact the Information Agent,

Morrow & Co., Inc
445 Park Avenue, 5th Floor - New York, NY 10022
E-mail: tender.info@morrowco.com
US security holders call toll free: (800) 607 0088
Security holders outside the US may call collect on +212 754 8000

If the Tender Offer is consummated, Petrobras intends to cause Petrobras Distribuidora to terminate its ADR facility pursuant to Section 6.2 of the Deposit Agreement between Petrobras Distribuidora, The Bank of New York as "Depositary Bank", and the Owners and Beneficial Owners, signed on September 29, 1995.

If you require any additional information please visit our website at **www.adrbny.com** or feel free to contact:

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