

BRAZILIAN PETROLEUM CORP

Form 6-K

May 10, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of May, 2006

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

Avenida República do Chile, 65

20031-912 - Rio de Janeiro, RJ

Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

Petrobras conclude Macae Power Plant Transfer

(Rio de Janeiro, May 9, 2006). PETRÓLEO BRASILEIRO S/A - PETROBRAS, [Bovespa: PETR3/PETR4, NYSE: PBR/PBRA, Latibex: XPBR/XPBRA, BCBA: APBR/APBRA], a Brazilian international energy company, announces that the acquisition of the 928 MW gas-fired Macae power plant from El Paso Rio Claro Ltda. has been concluded for US\$ 357.5 million, fully resolving all matters of dispute concerning that facility.

As part of the acquisition, Petrobras was indemnified by El Paso against certain customary liabilities, including any liability associated with federal taxes of approximately US\$ 78 million for which El Paso believes it has valid defenses and for which it has challenged the Brazilian tax authorities. In this respect, El Paso and Petrobras shall also share in other refunds or tax benefits, receivables or recoveries of financial income related to the transacted assets.

It is noteworthy that, through a participation agreement, Petrobras and El Paso had previously formed a consortium where Petrobras supplied the natural gas and El Paso owned the Macae power plant. Due to several changes in the energy market, Petrobras, following specific contractual clauses, sought rescission of the participation agreement and reimbursement of prior contingency payments that it had made by filing for international arbitration as well as filing a lawsuit in Brazilian courts.

Although an provisory arbitration award was issued in the proceeding, Petrobras and El Paso entered into an agreement in March 2006 that provides for the settlement of this matter and the sale of the entities that own interest in the Macae power plant. Pursuant to that agreement, the participation agreement has been terminated and El Paso completed the sale of its interest in the facility to Petrobras in May 2006 for US\$ 357.5 million, thereby fully resolving the matters in dispute.

<http://www.petrobras.com.br/ri/english>

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This document may contain forecasts that 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 terms 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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 9, 2006

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: /s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
