

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
February 06, 2013

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 February, 2013

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

Edgar Filing: PETROBRAS - PETROLEO BRASILEIRO SA - Form 6-K

This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

FOURTH QUARTER OF 2012**RESULTS****(A free translation from the original in Portuguese)**

Rio de Janeiro – February 4, 2013 Petrobras today announces its consolidated results stated in millions of Reais, prepared in accordance with International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board – IASB.

Consolidated net income attributable to the shareholders of Petrobras reached R\$ 7,747 million in the 4Q-2012 and R\$21,182 million in the year ended December 31, 2012. The Adjusted EBITDA reached R\$ 11,944 million in the 4Q-2012 and R\$53,439 million in the year ended December 31, 2012, respectively.

Highlights

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|--|----------------------------|---------|--------------------------|
| | | | | | 2012 | 2011 | |
| 7,747 | 5,567 | 39 | 5,049 | Consolidated net income/(loss) attributable to the shareholders of Petrobras | 21,182 | 33,313 | (36) |
| 2,614 | 2,523 | 4 | 2,670 | Total domestic and international crude oil and natural gas production (mbl/d) | 2,598 | 2,622 | (1) |
| 11,944 | 14,375 | (17) | 14,054 | Adjusted EBITDA | 53,439 | 62,246 | (14) |
| 254,852 | 273,754 | (7) | 291,564 | Market capitalization (Parent Company) | 254,852 | 291,564 | (13) |

The Company reported 4Q-2012 net income of R\$ 7,747 million and the following highlights:

- Total proved reserves reached 16.44 billion barrels of oil equivalent (BOE) according to SPE/ANP criteria. In Brazil, the Reserves-to-Production ratio (R/P) was 19.3 years and the reserve replacement ratio was higher than 100% for the twenty-first consecutive year (103%).
 - Crude oil production increased, mainly reflecting the production startup of the Baleia Azul pre-salt field, in the Campos Basin, in September 2012 and the improved operational efficiency of this basin.
 - Higher gasoline and natural gas domestic sales volumes, mainly met by a higher share of imports.
 - Gains on disposal of National Treasury Notes – B Series (NTN-B) helped to increase the finance income.
 - The amount of R\$ 8,876 million relating to dividends proposed comprise interest on capital in the amount of R\$0.47 per common share and R\$0.96 per preferred share, of which R\$2,609 million were paid in advance during 2012. Interest on capital is a form of dividend distribution which is deductible for tax purposes in Brazil. An amount of R\$2,131 million was recognized in the fourth quarter relating to tax benefits from interest on capital.
 - The cost reduction targets for the Operating Costs Optimization Program (PROCOP) were announced in December 2012, with potential savings of R\$32 billion in the 2013-2016 period.
-
-

Comments from the CEO

Mrs. Maria das Graças Silva Foster

Dear Shareholders and Investors,

Net income for 2012 was R\$ 21 billion. This result, 36% below 2011 net income, was the result of growing oil product imports at higher prices, the depreciation of the Real, which impacts both our financial result and operating costs, and the increase in non-recurring expenses such the write-off of dry wells. Contributing to the lower income was the daily production of oil in Brazil, which although within our target range according to PNG 2012-2016, was 1,980 kbpd, 2% lower than 2011.

Our Brazilian refineries produced 1,997 kbpd of refined products, an increase of 5% over 2011. Improved operating efficiency (96% utilization factor) was responsible for the higher output, leading to record processing and reduced import needs. Natural gas consumption increased to 74.9 million m³/d, up 22% from the prior year, due to increased demand from thermoelectric power plants. Demand reached 89.4 million m³/d in the fourth quarter, as a result of record daily energy generation (5,883 MW on November 26), with domestic gas deliveries (49.6 million m³/d on October 11), reducing the need to import LNG and Bolivian gas.

Despite the adversities faced by Petrobras in 2012, I would like to reiterate my strong belief in the Company's medium and long-term prospects. This Administration fully recognizes the difficulties we face and is working ceaselessly to overcome them. Following an extensive and detailed diagnosis of our operating problems, we defined priorities and implemented short and medium-term structuring initiatives to improve our financial and economic results. The Operating Cost Optimization Program (Procop), the Program to Increase the Operating Efficiency of the Campos Basin (Proef), the Divestment Program (Prodesin) and the Logistics Infrastructure Optimization Program (Infralog) are examples of these initiatives, which have built-in goals and indicators established by various working teams and approved by the Executive Board, and are currently being intensely monitored by top Management.

The positive results are already measurable. The Proef has already begun to reverse the sharp drop in the efficiency of the Campos Basin Operational Unit, which fell to as low as 67% in

April of 2012 when the program was implemented, but improved to 78% in December; the Procop established 515 cost reduction initiatives that will generate savings of R\$32 billion between 2013 and 2016; and Infralog will rationalize the port, airport, pipeline and terminal project portfolios in order to meet expected oil and oil product output and market demand by 2020.

These new processes are now part of our daily routine and dialogue. I would like to highlight the Executive Board meetings, which are now held twice weekly to focus on the physical and financial monitoring of the principal projects in our investment plan. We have also implemented a number of important structural and organizational changes throughout the Company during 2012, enhancing efficiency, while at the same time promoting needed administrative changes. We are fully aware that only the constant pursuit of efficiency will allow us to achieve permanent gains that will improve the Company's long term profitability, which is this Administration's primary objective.

In 2013, we can only expect to maintain the current level of oil production. This is because of the concentration of scheduled maintenance stoppages of platforms that is needed in the first half of the year. Eventually offsetting the impact of the maintenance will be six new platforms to begin operations in the Sapinhoá, Baúna and Piracaba, Lula Nordeste, Papa-Terra and Roncador fields. These will contribute to growing production in the second half of the year, with the surge of output expected to continue into 2014. We will maintain the pace of our investments, which are estimated at R\$97.6 billion in 2013, mostly allocated to oil and gas exploration and production in Brazil.

I am determined, together with the Executive Board and its leadership, to consolidate a process of improving management. Guided by transparency and pragmatism, we will continue to devote all our knowledge and efforts to achieving the goals of our Business and Management Plan, thereby generating more value for our shareholders and investors.

Maria das Graças Silva Foster

CEO

FINANCIAL HIGHLIGHTS

Main Items and Consolidated Economic Indicators

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|--|----------------------------|----------|--------------------------|
| | | | | | 2012 | 2011 | |
| 73,405 | 73,793 | (1) | 65,257 | Sales revenues | 281,379 | 244,176 | 15 |
| 16,562 | 18,086 | (8) | 17,306 | Gross profit | 70,907 | 77,237 | (8) |
| | | | | Net income before financial results, profit-sharing and income taxes | | | |
| 6,120 | 8,864 | (31) | 7,752 | | 32,397 | 45,403 | (29) |
| 2,788 | (569) | - | 400 | Net finance income (expense) | (3,723) | 122 | - |
| | | | | Consolidated net income/(loss) attributable to the shareholders of Petrobras | | | |
| 7,747 | 5,567 | 39 | 5,049 | | 21,182 | 33,313 | (36) |
| | | | | Basic and diluted earnings per share ¹ | | | |
| 0.59 | 0.43 | 37 | 0.39 | | 1.62 | 2.55 | (36) |
| | | | | Market capitalization (Parent Company) | | | |
| 254,852 | 273,754 | (7) | 291,564 | | 254,852 | 291,564 | (13) |
| | | | | Gross margin (%) | 25 | 32 | (7) |
| 23 | 25 | (2) | 27 | | | | |
| 8 | 12 | (4) | 12 | Operating margin (%) ² | 12 | 19 | (7) |
| 11 | 8 | 3 | 8 | Net margin (%) | 8 | 14 | (6) |
| 11,944 | 14,375 | (17) | 14,054 | Adjusted EBITDA – R\$ million³ | 53,439 | 62,246 | (14) |
| | | | | Net income before financial results, profit-sharing and income taxes by business segment (in millions of Reais) | | | |
| 17,653 | 16,453 | 7 | 15,606 | . Exploration & Production | 69,214 | 61,852 | 12 |
| | | | | . Refining, Transportation and Marketing | | | |
| (8,614) | (8,582) | - | (6,502) | | (34,168) | (14,508) | (136) |
| 592 | 460 | 29 | 658 | . Gas & Power | 2,091 | 4,212 | (50) |
| (47) | (60) | 22 | (86) | . Biofuel | (250) | (275) | 9 |
| 824 | 652 | 26 | 433 | . Distribution | 2,796 | 1,885 | 48 |
| 6 | 1,341 | - | 1,626 | . International | 3,740 | 3,526 | 6 |
| (2,691) | (2,308) | (17) | (2,331) | . Corporate | (9,641) | (8,008) | (20) |
| | | | | Capital expenditures and investments (in millions of Reais) | | | |
| 24,329 | 21,135 | 15 | 21,715 | | 84,137 | 72,546 | 16 |

| | | | | | | | |
|--------|--------|------|--------|--|--------|--------|-----|
| 110.02 | 109.61 | - | 109.31 | Brent crude (US\$/bbl) | 111.58 | 111.27 | - |
| 2.06 | 2.03 | 1 | 1.80 | Average commercial selling rate for U.S. dollar (R\$/U.S.\$) | 1.96 | 1.67 | 17 |
| 2.04 | 2.03 | - | 1.88 | Period-end commercial selling rate for U.S. dollar (R\$/U.S.\$) | 2.04 | 1.88 | 9 |
| 7.18 | 7.79 | (1) | 11.32 | Selic interest rate - average (%) | 8.54 | 11.67 | (3) |
| | | | | Average price indicators | | | |
| | | | | Domestic basic oil products price (R\$/bbl) | | | |
| 196.33 | 190.96 | 3 | 173.13 | Sales price - Brazil | 186.55 | 167.87 | 11 |
| 100.56 | 101.80 | (1) | 103.10 | . Crude oil (U.S. dollars/bbl) ⁴ | 104.60 | 102.24 | 2 |
| 46.50 | 47.73 | (3) | 53.51 | . Natural gas (U.S. dollars/bbl) | 48.45 | 52.96 | (9) |
| | | | | Sales price - International | | | |
| 93.43 | 90.42 | 3 | 97.11 | . Crude oil (U.S. dollars/bbl) | 94.37 | 91.37 | 3 |
| 13.80 | 17.45 | (21) | 21.31 | . Natural gas (U.S. dollars/bbl) | 17.99 | 17.28 | 4 |

¹ Basic and diluted earnings per share calculated based on the weighted average number of shares.

² Calculated based on net income before financial results, profit-sharing and income taxes.

³ EBITDA + share of profit of equity-accounted investments and impairment.

⁴ Average between exports and the internal transfer prices from Exploration & Production to Refining, Transportation and Marketing.

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

4Q-2012 x 3Q-2012 Results:

Gross Profit

Gross profit was 8% lower (R\$ 1,524 million) compared to the 3Q-2012, mainly due to:

Ø Sales revenues of R\$ 73,405 million were virtually flat compared to the 3Q-2012. The increased domestic demand, mainly of gasoline (7%), natural gas (20%) and fuel oil (38%) and the higher electricity sales prices were offset by lower crude oil exports and trading operations.

Ø Costs of sales of R\$ 56,843 million was 2% higher compared to the 3Q-2012 due to the increase of the domestic sales volume (4%), mainly met by a higher share of gasoline and LNG imports, partially offset by lower trading volumes.

Net income before financial results, profit-sharing and income taxes

Net income before financial results, profit-sharing and income taxes decreased by 31% (R\$ 2,744 million) compared to the 3Q-2012, mainly due to the lower gross profit, to higher write-offs of dry or sub-commercial wells in Brazil (R\$ 524 million) and to the decrease in the operating profit of the international segment (R\$1,335 million), mainly as a result of impairment charges, inventory write-downs to market value and higher crude oil exploration costs.

Net finance income (expense)

Net finance income was R\$2,788 million, R\$ 3,357 million higher compared to the 3Q-2012 due to the higher finance income, primarily as a result of gains on disposal of National Treasury Notes – B Series (NTN-B) and monetary updating of judicial deposits (R\$ 2,635 million).

Net income attributable to the shareholders of Petrobras

Net income attributable to the shareholders of Petrobras reached R\$ 7,747 million, 39% higher compared to the 3Q-2012, reflecting tax benefits from deduction of interest on capital (R\$ 2,131 million) and the higher net finance income, partially offset by lower net income before financial results, profit-sharing and income taxes.

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

2012 x 2011 Results:

Gross Profit

Gross profit was 8% lower (R\$ 6,330 million) compared to 2011, mainly due to:

Ø 15% increase in sales revenues (R\$ 37,203 million), reflecting:

- Rising export prices and higher oil product prices in the domestic market due to increased gasoline and diesel prices and to the impact of the depreciation of the Real (17% impact) on oil products that are adjusted to reflect international prices;
- An 8% increase in domestic sales volumes, mainly of gasoline (17% increase), diesel (6%), jet fuel (5%) and natural gas (17%), partially offset by lower crude oil exports volumes due to higher feedstock processed and to the lower crude oil production.

Ø 26% increase in the cost of sales (R\$ 43,533 million), due to:

- An 8% increase in domestic sales volumes of oil products, mainly met by imports;
- Higher crude oil and oil products imports costs, as well as higher production taxes driven by the depreciation of the Real relative to the U.S. dollar;
- Higher depreciation, depletion and amortization costs due to the operational start-up of new facilities.

Net income before financial results, profit-sharing and income taxes

Net income before financial results, profit-sharing and income taxes reached R\$ 32,397 million, a 29% decrease compared to 2011, due to the lower gross profit and to a 21% increase in operating expenses, mainly as a result of:

- An increase in selling expenses (R\$ 654 million), higher freight costs driven by the increase of sales volumes and higher employee compensation expenses arising from the 2011 and 2012 Collective Bargaining Agreements;
- An increase in general and administrative expenses (R\$ 1,195 million), reflecting higher employee compensation expenses arising from the 2011 and 2012 Collective Bargaining Agreements, larger workforce and increased third-party technical services;
- Higher exploration costs (R\$ 3,443 million), reflecting higher write-offs of dry or sub-commercial wells;
- Higher other operating expenses (R\$ 1,607 million), mainly due to increased losses on legal and administrative proceedings.

Net finance income (expense)

Net finance expense of R\$3,723 million (compared with a net finance income of R\$122 million in 2011), driven by the effect of the depreciation of the Real relative to the U.S. dollar on a higher net debt.

Net income attributable to the shareholders of Petrobras

Net income attributable to the shareholders of Petrobras reached R\$ 21,182 million in 2012, a 36% decrease compared with R\$ 33,313 million in 2011, mainly reflecting the effect of the depreciation of the Real relative to the U.S. dollar on a higher net debt and lower net income before financial results, profit-sharing and income taxes.

FINANCIAL HIGHLIGHTS**NET INCOME BY BUSINESS SEGMENT**

Petrobras is an integrated energy company, with the greater part of its oil and gas production in the Exploration & Production segment being transferred to other business segments of the Company.

The measurement of segment results includes transactions carried out with third parties and transactions between business areas which are charged at internal transfer prices defined between the areas using methods based on market parameters.

EXPLORATION & PRODUCTION

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | (R\$ million) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|---------------|----------------------------|--------|-----------------------|
| | | | | Net Income | 2012 | 2011 | |
| 11,521 | 10,808 | 7 | 10,328 | | 45,446 | 40,594 | 12 |

(4Q-2012 x 3Q-2012): Net income increased due to a 4% increase of crude oil and NGL production, partially offset by higher write-offs of dry or sub-commercial wells.

The spread between the average domestic oil price (sale/transfer) and the average Brent price increased from U.S.\$7.81/bbl in the 3Q-2012 to U.S.\$9.46/bbl in the 4Q-2012.

(2012 X 2011): Net income was higher due to increased domestic crude oil prices (sales/transfer), reflecting the depreciation of the Real and to lower impairment charges. These effects were partially offset by higher maintenance and repair costs related to wells, freight costs for oil platforms, depreciation of equipments and production taxes due to the start-up of new systems/wells, along with higher write-offs of dry or sub-commercial wells mainly drilled between 2009 and 2012 (at higher costs), especially in areas of new exploratory frontiers.

The spread between the average domestic oil price (sale/transfer) and the average Brent price diminished from US\$9.03/bbl in 2011 to US\$6.98/bbl in 2012.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Exploration & Production - Brazil (mmbbl/d) (*) | Year ended December 31, | | 2012 X 2011 (%) |
|--------------|--------------|--------------------------|--------------|--|----------------------------|--------------|--------------------------|
| | | | | | 2012 | 2011 | |
| 1,980 | 1,904 | 4 | 2,049 | Crude oil and NGLs | 1,980 | 2,022 | (2) |
| 398 | 377 | 6 | 367 | Natural gas ⁵ | 375 | 355 | 6 |
| 2,378 | 2,281 | 4 | 2,416 | Total | 2,355 | 2,377 | (1) |

(4Q-2012 x 3Q-2012): Crude oil and NGL production increased due to the operational start-up of FPSO Cidade de Anchieta, in Baleia Azul field in September (+57 mbd), to the increase in operational efficiency levels in Campos Basin driven by the Operational Efficiency Increase Program (*Programa de Aumento da Eficiência Operacional* – PROEF), to the interconnection of new wells in platforms P-53 (Marlim Leste field), P-51 and P-56 (Marlim Sul field) (+31 mbd), partially offset by the termination of the Iracema extended well test (EWT) and by the natural decline of production.

(2012 X 2011): Crude oil and NGL production decreased due to higher operational losses and to a stoppage in the Frade field, partially offset by the startup of new wells and by an increase in the operational efficiency levels in the Campos Basin.

Natural gas production increased due to the Uruguá, Mexilhão, Lula and Tambaú fields and to the higher efficiency in platforms in the Campos Basin.

(*) Not revised.

⁵ Does not include LNG. Includes gas reinjection.

FINANCIAL HIGHLIGHTS

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Lifting Cost - Brazil (*) | Year ended December 31, | | |
|-----------------------|---------|--------------------------|---------|----------------------------|----------------------------|-------|--------------------------|
| | | | | | 2012 | 2011 | 2012 X 2011 (%) |
| U.S.\$/barrel: | | | | | | | |
| 13.94 | 15.42 | (10) | 12.49 | Excluding production taxes | 13.92 | 12.59 | 11 |
| 33.25 | 34.18 | (3) | 33.31 | Including production taxes | 33.83 | 32.52 | 4 |
| R\$/barrel: | | | | | | | |
| 28.60 | 31.15 | (8) | 22.47 | Excluding production taxes | 27.22 | 21.19 | 28 |
| 68.14 | 69.83 | (2) | 60.04 | Including production taxes | 66.16 | 55.04 | 20 |

Lifting Cost - Excluding production taxes - U.S.\$/barrel

(4Q-2012 x 3Q-2012): Lifting cost excluding production taxes in U.S.\$/barrel decreased by 10%. Excluding the impact of the depreciation of the Real it decreased by 9% due to the higher production and lower employee compensation costs, which included the payment of a non-recurring bonus in the 3Q-2012, related to the signing of the 2012 Collective Bargaining Agreement.

(2012 X 2011): Lifting cost excluding production taxes in U.S.\$/barrel increased by 11%. Excluding the impact of the depreciation of the Real it increased by 22% due to higher maintenance and repair costs related to wells in the Marlim and Albacora fields, in connection with the Operational Efficiency Increase Program (*Programa de Aumento da Eficiência Operacional* – PROEF), as well as higher employee compensation costs arising from the 2011 and 2012 Collective Bargaining Agreements and higher workforce.

Lifting Cost - Including production taxes - U.S.\$/barrel

(4Q-2012 x 3Q-2012): Lifting cost, including production taxes, in U.S.\$/barrel, decreased by 3%. Excluding the impact of the depreciation of the Real it decreased by 2% due to the lower lifting cost excluding production taxes, partially offset by the higher special participation charges on Marlim Leste.

(2012 X 2011): Lifting cost including production taxes, in U.S.\$/barrel, increased by 4%. Excluding the impact of the depreciation of the Real dollar it increased by 9% due to the effects described above for the lifting cost excluding production taxes and also due to the higher special participation charges on Jubarte, Marlim Sul and Lula fields. These effects were partially offset by a 2% decrease on the average reference price of domestic oil in U.S. dollars, used to compute the production taxes.

(*) Not revised.

FINANCIAL HIGHLIGHTS

REFINING, TRANSPORTATION AND MARKETING

| | | | | (R\$ million) Year ended December | | | |
|---------|---------|--------------------------|---------|-----------------------------------|----------|---------|-----------------------|
| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Net Income | 2012 | 2011 | 2012 X 2011 (%) |
| (5,650) | (5,652) | - | (4,412) | | (22,931) | (9,955) | (130) |

(4Q-2012 x 3Q-2012): The net loss was flat due to the higher costs with imports of oil products, mainly gasoline, offset by lower selling expenses due to the decrease in the exports volumes and by a reversal of impairment charges on petrochemical assets.

(2012 X 2011): Net losses were higher due to the impact of the depreciation of the Real on crude oil costs (acquisition/transfer) and oil product costs (imports), and also due to a higher share of oil product imports over sales volumes. These effects were partially offset by higher oil product sales prices (both domestic and exports) and by a 5% increase in oil product outputs.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Imports and Exports of Crude Oil and Oil Products (mbl/d) ^(*) | Year De 201 |
|---------|---------|--------------------------|---------|---|-------------------|
| 301 | 385 | (22) | 380 | Crude oil imports | 34 |
| 505 | 437 | 16 | 394 | Oil product imports | 43 |

| | | | | |
|--------------|--------------|------|--|--------------|
| 806 | 822 | (2) | 774 Imports of crude oil and oil products | 774 |
| 236 | 375 | (37) | 361 Crude oil exports ⁶ | 361 |
| 141 | 176 | (20) | 187 Oil product exports | 187 |
| 377 | 551 | (32) | 548 Exports of crude oil and oil products⁷ | 548 |
| (429) | (271) | (58) | (226) Exports (imports) net of crude oil and oil products | (226) |
| 1 | 12 | (92) | 1 Other exports | 1 |

(4Q-2012 x 3Q-2012): Higher gasoline import volumes to meet the increased demand in the period.

Crude oil imports and exports decreased due to the higher share of domestic crude oil on the feedstock processed.

Crude oil exports were lower also due to part of the export volumes that remained in transit at the end of the period.

(2012 X 2011): Higher oil product import volumes, mainly gasoline and diesel, to meet the higher domestic demand.

Lower crude oil export volumes due to lower production and increased feedstock processed.

Oil product export volumes decreased due to the higher domestic demand.

(*) Not revised.

6 Include crude oil exports volumes of Refining, Transportation and Marketing and Exploration & Production segments.

7 Starting from the second quarter of 2012, this number only includes volumes delivered to third parties. We have adjusted the 2011 numbers for comparison purposes.

FINANCIAL HIGHLIGHTS

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Refining Operations (mmbbl/d) (*) | Year ended December 31, 2012 |
|---------|---------|--------------------------|---------|--|--|
| 2,010 | 2,026 | (1) | 1,949 | Output of oil products | 1,997 |
| 2,018 | 2,013 | - | 2,013 | Installed capacity ⁸ | 2,018 |
| 98 | 98 | - | 94 | Utilization of nominal capacity (%) | 96 |
| 1,970 | 1,974 | - | 1,894 | Feedstock processed - Brazil | 1,944 |
| 83 | 82 | 1 | 82 | Domestic crude oil as % of total feedstock processed | 82 |

(4Q-2012 x 3Q-2012): The daily feedstock processed was virtually flat due to the operational stability of the processing units.

(2012 X 2011): Daily feedstock processed increased by 4% due to the lower scheduled maintenance stoppages and to the improved operating performance of the units.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Refining Cost - Brazil (*) | Year ended December 31, 2012 | 2011 | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|--|------------------------------------|------|--------------------------|
| 3.81 | 4.62 | (18) | 4.76 | Refining cost (U.S.\$/barrel) | 4.14 | 4.98 | (17) |
| 7.90 | 9.31 | (15) | 8.57 | Refining cost (R\$/barrel) | 8.10 | 8.37 | (3) |

(4Q-2012 x 3Q-2012): Refining cost in U.S.\$/barrel decreased by 18%. In R\$/barrel it decreased by 15%, mainly as a result of lower employee compensation costs, which included the payment of a non-recurring bonus in the 3Q-2012, related to the signing of the 2012 Collective Bargaining Agreement, and due to a decrease in scheduled stoppages.

(2012 X 2011): Refining cost in U.S.\$/barrel decreased by 17%. In R\$/barrel it decreased by 3%, due to lower scheduled stoppages expenses and higher feedstock processed, partially offset by higher employee compensation costs arising from the 2011 and 2012 Collective Bargaining Agreements.

(*) Not revised.

8 As registered by the National Petroleum, Gas and Biofuel Agency (ANP).

GAS & POWER

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | (R\$ million) Net Income | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|---------------------------------|----------------------------|-------|--------------------------|
| | | | | | 2012 | 2011 | |
| 500 | 345 | 45 | 483 | | 1,638 | 3,109 | (47) |

(4Q-2012 x 3Q-2012): Net income increased due to higher electricity generation volumes and higher average prices of electricity, as a result of the lower hydroelectric availability, driven by lower rainfall levels in all Brazilian regions.

These effects were partially offset by higher natural gas import costs to meet the higher thermoelectric demand.

(2012 X 2011): Net income decreased due to lower margins on natural gas sales, driven by the impact of the appreciation of the U.S. dollar on LNG import costs and higher share of LNG imports over sales volumes, to meet the higher domestic thermoelectric demand, and also due to the positive impact of tax credits in 2011 (R\$ 928 million).

These effects were partially offset by higher average electricity prices and sales volumes, due to the lower hydroelectric availability, driven by lower rainfall levels in all Brazilian regions.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Physical and Financial Indicators (*) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|---|-------------------------------|-------|--------------------------|
| | | | | | 2012 | 2011 | |
| 2,363 | 2,496 | (5) | 2,214 | Sales of electricity (contracts) - average MW | 2,318 | 2,000 | |
| 5,279 | 1,977 | 167 | 524 | Generation of electricity - average MW | 2,699 | 653 | 3 |
| 308 | 131 | 135 | 42 | Differences settlement price - R\$/MWh ⁹ | 161 | 29 | 4 |
| 107 | 54 | 98 | 19 | Imports of LNG (mbl/d) | 63 | 15 | 3 |

199

155

28

164 Imports of Gas (mmbbl/d)

173

169

2

(4Q-2012 x 3Q-2012): Electricity sales (contracts) were lower due to the lower proved capacity available in the 4Q-2012, as sales volumes were advanced on previous quarters.

LNG and in Bolivian gas imports were higher to meet the increase in the thermoelectric demand for electricity generation. The higher availability of domestic gas partially offset the need for imports.

(2012 X 2011): Electricity sales volumes increased due to the higher proved capacity available.

The electricity generation and the differences settlement price were higher, driven by the lower rainfall levels in the period.

LNG import volumes increased to meet the domestic thermoelectric demand.

(*) Not revised.

9 Weekly weighed prices per output level (light, medium and heavy), number of hours and submarket capacity.

FINANCIAL HIGHLIGHTS

BIOFUEL

| | | | | (R\$ million) | Year ended December 31, | | |
|---------|---------|--------------------------|---------|---------------|----------------------------|-------|-----------------------|
| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Net Income | 2012 | 2011 | 2012 X 2011 (%) |
| (17) | (44) | 61 | (40) | | (218) | (157) | (39) |

(4Q-2012 x 3Q-2012): Net loss decreased due to the higher results on biodiesel operations driven by the improved performance at the 27th ANP auction, diversification of raw materials, higher operational efficiency and higher tax benefits. These effects were partially offset by the effect of the depreciation of the Real on the debt of associates from the ethanol sector and by the lower sales volume.

(2012 X 2011): Losses on biodiesel operations in 2012 were partially offset by changes in auction rules in the fourth quarter 2011. This effect was more than offset by a decrease in the share of profit of investments due to lower results from associates from the ethanol sector and by an increase in research and development expenses.

DISTRIBUTION

| | | | | (R\$ million) | Year ended December 31, | | |
|---------|---------|--------------------------|---------|---------------|----------------------------|-------|-----------------------|
| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Net Income | 2012 | 2011 | 2012 X 2011 (%) |
| 544 | 413 | 32 | 270 | | 1,793 | 1,175 | 53 |

(4Q-2012 x 3Q-2012): Net income was higher due to a 14% increase in gross margins, driven by higher fuel oil and diesel sales for thermoelectric power plants of complement generation along with a 5% increase of sales volume in the period.

(2012 X 2011): Net income was higher due to a 16% increase in sales margins, driven by the impact of ethanol prices volatility in 2011, leading to inventory losses. Net income was higher also due to a 4% increase in sales volumes, as well as improved operational efficiency.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Market Share (*) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|------------------|----------------------------|-------|-----------------------|
| | | | | | 2012 | 2011 | |
| 38.6% | 37.6% | 1 | 39.8% | | 38.1% | 39.2% | (1) |

(*) Not revised.

FINANCIAL HIGHLIGHTS

INTERNATIONAL

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | (R\$ million) Net Income | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|-----------------------------|----------------------------|-------|-----------------------|
| | | | | | 2012 | 2011 | |
| (629) | 902 | (170) | 291 | | 1,305 | 1,949 | (33) |

(4Q-2012 x 3Q-2012): Net income was lower in the 4Q-2012 due to: i) lower sales volumes in the U.S. Pasadena refinery and in the Akpo field in Nigeria, driven by maintenance stoppages; ii) impairment losses in the Pasadena Refinery (R\$464 million); iii) higher exploration costs (R\$56 million) and write-offs of wells (R\$133 million); iv) provision for impairment of trade receivables in Angola (R\$110 million), and inventory write-downs (R\$154 million).

(2012 X 2011): Net income was lower mainly due to impairment losses in the Pasadena refinery in the United States (R\$ 464 million).

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Exploration & Production - International (mmb/d) ^{10 (*)} | Year ended December 31, | |
|------------|------------|--------------------------|------------|---|-------------------------------|------------|
| | | | | | 2012 | 2011 |
| | | | | Consolidated international production | | |
| 133 | 142 | (6) | 146 | Crude oil and NGLs | 139 | 140 |
| 97 | 94 | 3 | 100 | Natural gas | 97 | 97 |
| 230 | 236 | (3) | 246 | Total | 236 | 237 |
| 6 | 6 | - | 8 | Non-consolidated international production | 7 | 8 |
| 236 | 242 | (2) | 254 | Total international production | 243 | 245 |

(4Q-2012 x 3Q-2012): Crude oil and NGL production decreased due to the maintenance scheduled stoppage in the Akpo field in Nigeria (-13 mbd), partially offset by the production startup in the Chinook field, in United States (+3 mbd).

Higher natural gas production due to the increased production in Bolivia (+6mboe) driven by the higher demand from Brazil, partially offset by the production stoppage in Austral Basin in Argentina (-2mboed).

(2012 X 2011): Crude oil and NGL production was virtually flat in the period. The agreements related to Upia, Caguan and Hobo in Colombia were terminated and there was a scheduled stoppage in the Akpo field (in November 2012) along with a production decrease related to the production-sharing agreement, both in Nigeria. These effects were offset by the production startup of the Cascade and Chinook fields and by Coulomb field in the United States, which resumed to normal operation.

Natural gas production remained flat in the period.

(*) Not revised.

¹⁰ Some of the countries that comprise the international production, such as Nigeria and Angola, are operating under the production-sharing model, with the production taxes charged in crude oil barrels.

FINANCIAL HIGHLIGHTS

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Lifting Cost - International (U.S.\$/barrel) (*) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|--|----------------------------|------|--------------------------|
| | | | | | 2012 | 2011 | |
| 10.34 | 9.07 | 14 | 7.02 | | 8.93 | 6.78 | 32 |

(4Q-2012 x 3Q-2012): Lifting cost increased due to the initial costs related to the production start-up in the Chinook field (United States); higher repair and maintenance costs due to repairs in storage tanks in Argentina; and due to lower production in Nigeria, driven by a scheduled stoppage.

(2012 X 2011): Lifting cost was higher due to initial production costs related to third-party services and well intervention in the Cascade field in February 2012 and in the Chinook field in September 2012, both in the United States, as well as higher maintenance and repair costs in mature fields in Argentina.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Refining Operations - International (mmbbl/d) (*) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|--|-------------------------------|------|--------------------------|
| | | | | | 2012 | 2011 | |
| 159 | 170 | (6) | 145 | Feedstock processed | 177 | 174 | 2 |
| 177 | 183 | (3) | 161 | Output of oil products | 192 | 188 | 2 |
| 231 | 231 | - | 231 | Installed capacity | 231 | 231 | - |
| 65 | 69 | (4) | 62 | Utilization of nominal capacity (%) | 70 | 67 | 3 |

(4Q-2012 x 3Q-2012): Lower feedstock processed, output of oil products and nominal capacity utilization due to the maintenance stoppage of the atmospheric distillation unit in the U.S. Pasadena Refinery.

(2012 X 2011): Feedstock processed, output of oil products and utilization of nominal capacity were higher, due to higher operational efficiency in the Pasadena Refinery in the United States and due to higher feedstock processed in our Japanese refinery to meet the higher domestic demand. These effects were partially offset by the disposal of the San Lorenzo Refinery in Argentina in May 2011.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | Refining Cost - International (U.S.\$/barrel) (*) | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|---------|---|----------------------------|------|--------------------------|
| | | | | | 2012 | 2011 | |
| 4.87 | 4.28 | 14 | 4.54 | | 4.03 | 4.87 | (17) |

(4Q-2012 x 3Q-2012): Refining cost decreased due to the lower feedstock processed in the United States, along with the higher maintenance expenses in our Japanese refinery.

(2012 X 2011): Refining cost was lower due to higher operational efficiency in the Pasadena Refinery in the United States.

(*)

(*) Not revised.

FINANCIAL HIGHLIGHTS

Sales Volumes (mmb/d) (*)

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | | |
|--------------|--------------|--------------------------|--------------|--|----------|
| 986 | 984 | - | 905 | Diesel | |
| 610 | 569 | 7 | 547 | Gasoline | |
| 108 | 78 | 38 | 82 | Fuel oil | |
| 156 | 169 | (8) | 184 | Naphtha | |
| 223 | 232 | (4) | 224 | LPG | |
| 106 | 106 | - | 105 | Jet fuel | |
| 202 | 212 | (5) | 182 | Others | |
| 2,391 | 2,350 | 2 | 2,229 | Total oil products | 2 |
| 91 | 85 | 7 | 85 | Ethanol, nitrogen fertilizers, renewables and other products | |
| 408 | 341 | 20 | 316 | Natural gas | |
| 2,890 | 2,776 | 4 | 2,630 | Total domestic market | 2 |
| 378 | 563 | (33) | 549 | Exports | |
| 484 | 548 | (12) | 625 | International sales | |
| 862 | 1,111 | (22) | 1,174 | Total international market | 1 |
| 3,752 | 3,887 | (3) | 3,804 | Total | 3 |

Our domestic sales volumes were 8% higher compared to 2011, primarily due to the oil products set out below:

- Gasoline (a 17% increase) – due to the increase in the flex-fuel automotive fleet, higher competitive advantage relative to ethanol in most Brazilian federal states and the reduction of the anhydrous ethanol content on Type C gasoline as from October 2011 (from 25% to 20%);
- Diesel (a 6% increase) – due to the increase in the retail sector, along with higher thermoelectric consumption in the northern region of Brazil;
- Natural gas (a 17% increase) – due to higher thermoelectric demand, driven by lower water reservoir levels at hydroelectric power plants.

- Jet fuel (a 5% increase) – due to higher demand in the aviation sector.

(*) Not revised.

FINANCIAL HIGHLIGHTS

LIQUIDITY AND CAPITAL RESOURCES

**Consolidated Statement of Cash Flows Data –
Summary ¹¹**

| 4Q-2012 | 3Q-2012 | 4Q-2011 | | Year ended | |
|----------------|---------------|----------------|--|----------------------|----------------|
| | | | | December 31, 2012 | 2011 |
| 30,187 | 26,318 | 32,708 | Cash and cash equivalents at the beginning of period | 35,747 | 29,416 |
| 11,677 | 16,367 | 14,287 | (+) Net cash provided by operating activities | 54,145 | 56,322 |
| (21,121) | (16,324) | (16,440) | (-) Net cash used in investing activities | (74,939) | (57,838) |
| 923,386) | (19,778) | (21,523) | Investments in operating segments | (79,263) | (69,445) |
| 2,265 | 3,454 | 5,083 | Investments in marketable securities | 4,324 | 11,607 |
| (9,444) | 43 | (2,153) | (=) Net cash flow | (20,794) | (1,516) |
| 6,448 | 3,787 | 7,655 | (+) Net financings | 17,316 | 18,277 |
| 13,069 | 13,721 | 12,366 | (+) Proceeds from long-term financing | 48,931 | 40,433 |
| (6,621) | (9,934) | (4,711) | (-) Repayments | (31,615) | (22,156) |
| (1) | (14) | (2,394) | (-) Dividends paid | (6,187) | (10,659) |
| 427 | 11 | 14 | (+) Acquisition of non-controlling interest | 520 | 46 |
| 11 | 42 | (83) | (+) Effect of exchange rate changes on cash and cash equivalents | 1,026 | 183 |
| 27,628 | 30,187 | 35,747 | Cash and cash equivalents at the end of period | 27,628 | 35,747 |

At December 31, 2012, we had cash and cash equivalents of R\$ 27,628 million compared with R\$ 35,747 million at December 31, 2011.

Net cash provided by operating activities in 2012 (R\$ 54,145 million) decreased by 4% compared to 2011 (R\$ 56,322 million), mainly driven by lower gross margins due to the impact of the depreciation of the Real on imports of crude oil and oil products and production taxes, as well as higher import volumes in 2012 (excluding depreciation, depletion and amortization from cost of sales).

Net cash used in investing activities increased from R\$57,838 million in 2011 to R\$74,939 million in 2012, mainly invested in Exploration & Production (R\$41,933 million) and Refining, Transportation and Marketing (R\$26,932 million) activities.

Cash provided by long-term financing (R\$48,931 million) along with cash provided by operating activities (R\$ 54,145 million) sourced part of our capital expenditures needs, repayment of debts and payment of dividends, hence R\$8,119 million from our cash and cash equivalents were used in 2012.

Our adjusted cash and cash equivalents¹² reached R\$ 48,497 million at December 31, 2012 (which includes government securities with maturity of more than 90 days of R\$ 20,869 million), 8% lower compared with R\$ 52,532 million at December 31, 2011.

| | 12.31.2012 | 12.31.2011 |
|------------------------------------|-------------------|-------------------|
| Cash and cash equivalents | 27,628 | 35,747 |
| Government securities | 20,869 | 16,785 |
| Adjusted cash and cash equivalents | 48,497 | 52,532 |

¹¹ For more details, see the Consolidated Statement of Cash Flows Data on page 20.

¹² Our adjusted cash and cash equivalents are not computed in accordance with International Standards -IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents calculated in accordance with IFRS. Our calculation of adjusted cash and cash equivalents may not be comparable to adjusted cash and cash equivalents of other companies. Management believes that adjusted cash and cash equivalents is an appropriate supplemental measure that helps investors assess our liquidity and assists management in targeting leverage improvements.

FINANCIAL HIGHLIGHTS**Capital expenditures and investments**

| | R\$ million | | | | |
|---|--------------------------------|------------|---------------|------------|-----------|
| | Year ended December 31, | | | | |
| | 2012 | % | 2011 | % | % |
| Exploration & Production | 42,970 | 51 | 34,251 | 47 | 25 |
| Refining, Transportation and Marketing | 28,860 | 34 | 27,117 | 37 | 6 |
| Gas & Power | 4,166 | 5 | 3,848 | 5 | 8 |
| International | 5,098 | 6 | 4,440 | 6 | 15 |
| Exploration & Production | 4,649 | 91 | 3,951 | 90 | 18 |
| Refining, Transportation and Marketing | 259 | 5 | 315 | 7 | (18) |
| Gas & Power | 11 | - | 52 | 1 | (79) |
| Distribution | 145 | 3 | 100 | 2 | 45 |
| Other | 34 | 1 | 22 | - | 55 |
| Distribution | 1,307 | 2 | 1,157 | 2 | 13 |
| Biofuel | 299 | - | 503 | 1 | (41) |
| Corporate | 1,437 | 2 | 1,230 | 2 | 17 |
| Total capital expenditures and investments | 84,137 | 100 | 72,546 | 100 | 16 |

Pursuant to its strategic objectives, the Company operates through joint ventures in Brazil and abroad, as a concessionaire of oil and gas exploration, development and production rights.

In 2012 we invested an amount of R\$ 84,137 million, primarily aiming at increasing production, modernizing and expanding our refineries, as well as integrating and expanding our transportation network through pipelines and distribution systems.

FINANCIAL HIGHLIGHTS**Consolidated debt**

| | 12.31.2012 | 12.31.2011 | % |
|--|-------------------|-------------------|----------|
| Current debt ¹³ | 15,320 | 18,966 | (19) |
| Non-current debt ¹⁴ | 180,994 | 136,588 | 33 |
| Total | 196,314 | 155,554 | 26 |
| Cash and cash equivalents | 27,628 | 35,747 | (23) |
| Government securities (maturity of more than 90 days) | 20,869 | 16,785 | 24 |
| Adjusted cash and cash equivalents | 48,497 | 52,532 | (8) |
| Net debt ¹⁵ | 147,817 | 103,022 | 43 |
| Net debt/(net debt+shareholders' equity) | 30% | 24% | 6 |
| Total net liabilities ¹⁶ | 629,219 | 547,565 | 15 |
| Capital structure | | | |
| (Net third parties capital / total net liabilities) | 45% | 39% | 6 |
| Net debt/Adjusted EBITDA ratio | 2.77 | 1.66 | 67 |

| | 12.31.2012 | 12.31.2011 | % |
|-------------------------|-------------------|-------------------|----------|
| Current debt | 7,497 | 10,111 | (26) |
| Non-current debt | 88,570 | 72,816 | 22 |
| Total | 96,067 | 82,927 | 16 |
| Net debt | 72,335 | 54,922 | 32 |

The net debt of the Consolidated Petrobras Group in Reais increased by 43 % over December 31, 2011, due to the long-term funding and to an impact of a 8.9% depreciation of the Real relative to the U.S. dollar.

.....
¹³ Includes Capital lease obligations (R\$37 million on December 31, 2012 and R\$82 million on December 31, 2011).

¹⁴ Includes Capital lease obligations (R\$176 million on December 31, 2012 and R\$183 million on December 31, 2011).

¹⁵ Our net debt is not computed in accordance with International Standards -IFRS and should not be considered in isolation or as a substitute for total long-term debt calculated in accordance with IFRS. Our calculation of net debt may not be comparable to the calculation of net debt by other companies. Management believes that net debt is an appropriate supplemental measure that helps investors assess our liquidity and assists management in targeting leverage improvements.

¹⁶ Total liabilities net of adjusted cash and cash equivalents.

FINANCIAL HIGHLIGHTS

FINANCIAL STATEMENTS

Income Statement – Consolidated

| 4Q-2012 | 3Q-2012 | 4Q-2011 | Year ended | |
|---|--------------|--------------|----------------------|---------------|
| | | | December 31, 2012 | 2011 |
| 73,405 | 73,793 | 65,257 | 281,379 | 244,176 |
| (56,843) | (55,707) | (47,951) | (210,472) | (166,939) |
| 16,562 | 18,086 | 17,306 | 70,907 | 77,237 |
| (2,370) | (2,532) | (2,399) | (9,604) | (8,950) |
| (2,605) | (2,541) | (2,406) | (9,842) | (8,647) |
| (2,152) | (1,292) | (1,502) | (7,871) | (4,428) |
| (703) | (586) | (754) | (2,238) | (2,444) |
| (271) | (171) | (259) | (760) | (777) |
| (2,341) | (2,100) | (2,234) | (8,195) | (6,588) |
| (10,442) | (9,222) | (9,554) | (38,510) | (31,834) |
| Net income before financial results, | | | | |
| 6,120 | 8,864 | 7,752 | 32,397 | 45,403 |
| 3,426 | 981 | 1,147 | 7,241 | 6,543 |
| (1,118) | (1,095) | (953) | (3,950) | (2,422) |
| 480 | (455) | 206 | (7,014) | (3,999) |
| 2,788 | (569) | 400 | (3,723) | 122 |
| 182 | 192 | 95 | 84 | 386 |
| (381) | (264) | (262) | (1,005) | (1,560) |
| 8,709 | 8,223 | 7,985 | 27,753 | 44,351 |
| (942) | (2,588) | (2,757) | (6,794) | (11,241) |
| 7,767 | 5,635 | 5,228 | 20,959 | 33,110 |
| Net income (loss) attributable to: | | | | |
| 7,747 | 5,567 | 5,049 | 21,182 | 33,313 |
| 20 | 68 | 179 | (223) | (203) |
| 7,767 | 5,635 | 5,228 | 20,959 | 33,110 |

FINANCIAL HIGHLIGHTS**Statement of Financial Position – Consolidated⁷**

| | 12.31.2012 | 12.31.2011 |
|--|-------------------|-------------------|
| Current assets | 118,102 | 121,164 |
| Cash and cash equivalents | 27,628 | 35,747 |
| Marketable securities | 21,316 | 16,808 |
| Trade and other receivables, net | 22,681 | 22,053 |
| Inventories | 29,736 | 28,447 |
| Recoverable taxes | 11,387 | 12,846 |
| Other current assets | 5,354 | 5,263 |
| Non-current assets | 559,614 | 478,933 |
| Long-term receivables | 47,214 | 42,134 |
| Trade and other receivables, net | 9,075 | 6,103 |
| Marketable securities | 359 | 5,747 |
| Judicial deposits | 5,510 | 3,902 |
| Deferred taxes | 11,293 | 8,042 |
| Other tax assets | 10,673 | 9,214 |
| Advances to suppliers | 6,449 | 5,892 |
| Other non-current assets | 3,855 | 3,234 |
| Investments | 12,477 | 12,248 |
| Property, plant and equipment | 418,716 | 343,117 |
| Intangible assets | 81,207 | 81,434 |
| Total assets | 677,716 | 600,097 |
| | 12.31.2012 | 12.31.2011 |
| Current liabilities | 69,620 | 68,212 |
| Current debt | 15,320 | 18,966 |
| Trade payables | 24,775 | 22,252 |
| Taxes payable | 12,522 | 10,969 |
| Dividends payable | 6,154 | 3,878 |
| Employee compensation (payroll, profit-sharing and related charges) | 4,420 | 4,742 |
| Pension and medical benefits | 1,610 | 1,427 |
| Other current liabilities | 4,819 | 5,978 |
| Non-current liabilities | 262,663 | 199,661 |
| Non-current debt | 180,994 | 136,588 |

| | | |
|---|----------------|----------------|
| Deferred taxes | 39,262 | 33,230 |
| Pension and medical benefits | 18,953 | 16,653 |
| Provision for decommissioning costs | 19,292 | 8,839 |
| Provisions for legal proceedings | 2,585 | 2,041 |
| Other non-current liabilities | 1,577 | 2,310 |
| Shareholders' equity | 345,433 | 332,224 |
| Share capital | 205,392 | 205,380 |
| Profit reserves and others | 137,687 | 124,459 |
| Non-controlling interests | 2,354 | 2,385 |
| Total liabilities and shareholders' equity | 677,716 | 600,097 |

¹⁷ Some amounts of 2011 were reclassified to provide better comparison with the current period, without generating effects on Income Statement and Shareholders' Equity.

FINANCIAL HIGHLIGHTS

Statement of Cash Flows Data – Consolidated

| 4Q-2012 | 3Q-2012 | 4Q-2011 | Year ended | |
|-----------------|-----------------|-----------------|----------------------|-----------------|
| | | | December 31, 2012 | 2011 |
| 7,747 | 5,567 | 5,049 | 21,182 | 33,313 |
| | | | | |
| 3,930 | 10,800 | 9,238 | 32,963 | 23,009 |
| 5,925 | 5,775 | 5,904 | 21,766 | 17,739 |
| 612 | 1,329 | 23 | 8,584 | 6,238 |
| 20 | 68 | 179 | (223) | (203) |
| (182) | (192) | (95) | (84) | (386) |
| (50) | (37) | 314 | 80 | 885 |
| 676 | 1,786 | 2,947 | 4,256 | 6,157 |
| 1,502 | 844 | 989 | 5,628 | 2,504 |
| 665 | 170 | 1,070 | 1,747 | 1,824 |
| 1,056 | 1,007 | 726 | 4,074 | 2,893 |
| 100 | (1,315) | (794) | (3,560) | (8,335) |
| (1,798) | (425) | (484) | (3,068) | (3,848) |
| (1,621) | 3,026 | 571 | 2,115 | 4,112 |
| (520) | (183) | (490) | (1,443) | (1,410) |
| 289 | (1,422) | (1,651) | (2,341) | (3,405) |
| (2,744) | 369 | 290 | (4,568) | (1,756) |
| 11,677 | 16,367 | 14,287 | 54,145 | 56,322 |
| (21,121) | (16,324) | (16,440) | (74,939) | (57,838) |
| (23,386) | (19,778) | (21,523) | (79,263) | (69,445) |
| 2,265 | 3,454 | 5,083 | 4,324 | 11,607 |
| (9,444) | 43 | (2,153) | (20,794) | (1,516) |
| 6,874 | 3,784 | 5,275 | 11,649 | 7,664 |
| 13,069 | 13,721 | 12,366 | 48,931 | 40,433 |
| (4,635) | (6,889) | (3,050) | (22,317) | (14,523) |

| | | | | | |
|----------------|--------------|--------------|---|----------------|--------------|
| (1,986) | (3,045) | (1,661) | Repayment of interest | (9,298) | (7,633) |
| (1) | (14) | (2,394) | Dividends paid | (6,187) | (10,659) |
| 427 | 11 | 14 | Acquisition of non-controlling interest | 520 | 46 |
| 11 | 42 | (83) | (+) Effect of exchange rate changes on cash and cash equivalents | 1,026 | 183 |
| | | | (=) Net increase (decrease) in cash and cash equivalents in the period | (8,119) | 6,331 |
| (2,559) | 3,869 | 3,039 | | | |
| 30,187 | 26,318 | 32,708 | Cash and cash equivalents at the beginning of period | 35,747 | 29,416 |
| 27,628 | 30,187 | 35,747 | Cash and cash equivalents at the end of period | 27,628 | 35,747 |

.....

¹⁸ Includes income of marketable securities, mainly derived from the sale of NTN's-B in 2012, and from judicial deposits.

SEGMENT INFORMATION**Consolidated Income Statement by Segment**

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL | DISTRIB. |
|--|-----------------|--|-------------------|--------------|----------------|
| Sales revenues | 145,573 | 227,643 | 23,209 | 895 | 79,601 |
| Intersegments | 143,873 | 74,166 | 2,503 | 719 | 1,724 |
| Third parties | 1,700 | 153,477 | 20,706 | 176 | 77,877 |
| Cost of sales | (65,651) | (253,895) | (19,010) | (945) | (72,316) |
| Gross profit (loss) | 79,922 | (26,252) | 4,199 | (50) | 7,285 |
| Expenses | (10,708) | (7,916) | (2,108) | (200) | (4,489) |
| Selling, general and administrative expenses | (963) | (5,935) | (1,896) | (125) | (4,373) |
| Exploration costs | (7,114) | - | - | - | - |
| Research and development expenses | (1,057) | (444) | (74) | (67) | (5) |
| Other taxes | (103) | (128) | (116) | (2) | (24) |
| Other operating income and expenses, net | (1,471) | (1,409) | (22) | (6) | (87) |
| Net income (loss) before financial results, profit-sharing and income taxes | 69,214 | (34,168) | 2,091 | (250) | 2,796 |
| Net finance income (expense) | - | - | - | - | - |
| Share of profit of equity-accounted investments | (3) | (205) | 378 | (52) | 2 |
| Profit-sharing | (342) | (267) | (38) | (2) | (83) |
| Net income (loss) before income taxes | 68,869 | (34,640) | 2,431 | (304) | 2,715 |
| Income taxes | (23,417) | 11,709 | (698) | 86 | (922) |
| Net income | 45,452 | (22,931) | 1,733 | (218) | 1,793 |
| Net income (loss) attributable to: | | | | | |
| Shareholders of Petrobras | 45,446 | (22,931) | 1,638 | (218) | 1,793 |
| Non-controlling interests | 6 | - | 95 | - | - |
| | 45,452 | (22,931) | 1,733 | (218) | 1,793 |

E&P

GAS

BIOFUEL DISTRIB.

| | | REFINING, TRANSPORT AND MARKETING | & POWER | | |
|--|----------------|--|----------------|--------------|----------------|
| Sales revenues | 124,028 | 198,516 | 16,295 | 535 | 73,633 |
| Intersegments | 123,165 | 63,833 | 2,182 | 482 | 1,223 |
| Third parties | 863 | 134,683 | 14,113 | 53 | 72,410 |
| Cost of sales | (55,118) | (205,998) | (9,550) | (588) | (67,630) |
| Gross profit (loss) | 68,910 | (7,482) | 6,745 | (53) | 6,003 |
| Expenses | (7,058) | (7,026) | (2,533) | (222) | (4,118) |
| Selling, general and administrative expenses | (819) | (5,536) | (1,739) | (111) | (4,024) |
| Exploration costs | (3,674) | - | - | - | - |
| Research and development expenses | (1,248) | (470) | (116) | (50) | (9) |
| Other taxes | (80) | (90) | (165) | (1) | (41) |
| Other operating income and expenses, net | (1,237) | (930) | (513) | (60) | (44) |
| Net income (loss) before financial results, profit-sharing and income taxes | 61,852 | (14,508) | 4,212 | (275) | 1,885 |
| Net finance income (expense) | - | - | - | - | - |
| Share of profit of equity-accounted investments | 74 | (165) | 398 | 26 | 9 |
| Profit-sharing | (488) | (348) | (61) | (2) | (118) |
| Net income (loss) before income taxes | 61,438 | (15,021) | 4,549 | (251) | 1,776 |
| Income taxes | (20,863) | 5,051 | (1,411) | 94 | (601) |
| Net income | 40,575 | (9,970) | 3,138 | (157) | 1,175 |
| Net income (loss) attributable to: | | | | | |
| Shareholders of Petrobras | 40,594 | (9,955) | 3,109 | (157) | 1,175 |
| Non-controlling interests | (19) | (15) | 29 | - | - |
| | 40,575 | (9,970) | 3,138 | (157) | 1,175 |

Other Operating Income (Expenses) by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL DIST | |
|---|----------------|--|-------------------|--------------|------------|
| Pension and medical benefits | - | - | - | - | |
| Unscheduled stoppages and pre-operating expenses | (1,253) | (171) | (169) | - | (1) |
| Institutional relations and cultural projects | (81) | (87) | (14) | - | (1) |
| Inventory write-down to net realizable value (market value) | (21) | (525) | - | (10) | |
| Losses/gains on legal and administrative proceedings | (120) | (431) | (61) | - | (1) |
| Expenses related to collective bargaining agreement | (341) | (204) | (28) | - | |
| Expenditures on health, safety and environment | (61) | (197) | (8) | - | |
| Impairment | (71) | 278 | (1) | - | |
| Government Grants | 47 | 64 | 22 | - | |
| Expenditures/reimbursements from operations in E&P partnerships | 473 | - | - | - | |
| Others | (43) | (136) | 237 | 4 | |
| | (1,471) | (1,409) | (22) | (6) | (1) |

Other Operating Income (Expenses) by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL DIST | |
|---|-------|--|-------------------|--------------|-----|
| Pension and medical benefits | - | - | - | - | |
| Unscheduled stoppages and pre-operating expenses | (863) | (73) | (166) | - | (1) |
| Institutional relations and cultural projects | (70) | (77) | (9) | - | (1) |
| Inventory write-down to net realizable value (market value) | 1 | (290) | - | (34) | |
| Losses/gains on legal and administrative proceedings | 237 | 65 | (19) | - | |

| | | | | |
|---|----------------|--------------|--------------|-------------|
| Expenses related to collective bargaining agreement | (279) | (122) | (22) | - |
| Expenditures on health, safety and environment | (76) | (151) | (8) | - |
| Impairment | (412) | (278) | (1) | - |
| Government Grants | 120 | 101 | 75 | - |
| Expenditures/reimbursements from operations in E&P partnerships | 16 | - | - | - |
| Others | 89 | (105) | (363) | (26) |
| | (1,237) | (930) | (513) | (60) |

Consolidated Assets by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL | DISTRIB. | INTERN. | CORP. |
|-------------------------------|----------------|--|-------------------|--------------|---------------|---------------|---------------|
| Total assets | 310,199 | 186,895 | 58,145 | 2,550 | 16,615 | 38,284 | 79,950 |
| Current assets | 13,415 | 41,610 | 7,377 | 239 | 6,490 | 7,186 | 55,956 |
| Non-current assets | 296,784 | 145,285 | 50,768 | 2,311 | 10,125 | 31,098 | 23,994 |
| Long-term receivables | 10,462 | 9,364 | 3,504 | 33 | 3,785 | 4,564 | 16,253 |
| Investments | 164 | 5,920 | 2,371 | 1,757 | 31 | 1,915 | 319 |
| Property, plant and equipment | 210,029 | 129,686 | 44,108 | 521 | 5,585 | 22,237 | 6,550 |
| Intangible assets | 76,129 | 315 | 785 | - | 724 | 2,382 | 872 |

Consolidated Assets by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL | DISTRIB. | INTERN. | CORP. |
|-------------------------------|----------------|--|-------------------|--------------|---------------|---------------|---------------|
| Total assets | 264,701 | 158,185 | 51,857 | 2,419 | 14,892 | 36,439 | 85,870 |
| Current assets | 10,537 | 41,203 | 4,707 | 239 | 7,956 | 8,272 | 61,886 |
| Non-current assets | 254,164 | 116,982 | 47,150 | 2,180 | 6,936 | 28,167 | 23,984 |
| Long-term receivables | 7,766 | 7,910 | 3,050 | 32 | 1,344 | 5,465 | 17,197 |
| Investments | 23 | 6,306 | 2,160 | 1,612 | 84 | 1,873 | 190 |
| Property, plant and equipment | 170,010 | 102,473 | 41,208 | 536 | 4,709 | 18,516 | 5,665 |
| Intangible assets | 76,365 | 293 | 732 | - | 799 | 2,313 | 932 |

FINANCIAL HIGHLIGHTS

Consolidated Adjusted EBITDA Statement by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL |
|---|---------------|--|-------------------|--------------|
| Net income | 45,452 | (22,931) | 1,733 | (218) |
| Net finance income (expense) | - | - | - | - |
| Income taxes | 23,417 | (11,709) | 698 | (86) |
| Depreciation, depletion and amortization | 12,763 | 4,109 | 1,783 | 41 |
| EBITDA | 81,632 | (30,531) | 4,214 | (263) |
| Share of profit of equity-accounted investments | 3 | 205 | (378) | 52 |
| Impairment | 71 | (278) | 1 | - |
| Adjusted EBITDA | 81,706 | (30,604) | 3,837 | (211) |

Consolidated Adjusted EBITDA Statement by Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | BIOFUEL |
|---|---------------|--|-------------------|--------------|
| Net income | 40,575 | (9,970) | 3,138 | (157) |
| Net finance income (expense) | - | - | - | - |
| Income taxes | 20,863 | (5,051) | 1,411 | (94) |
| Depreciation, depletion and amortization | 10,707 | 2,637 | 1,806 | 45 |
| EBITDA | 72,145 | (12,384) | 6,355 | (206) |
| Share of profit of equity-accounted investments | (74) | 165 | (398) | (26) |
| Impairment | 412 | 278 | 1 | - |
| Adjusted EBITDA | 72,483 | (11,941) | 5,958 | (232) |

FINANCIAL HIGHLIGHTS

Consolidated Income Statement for International Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | DISTRIB. C |
|--|---------------|--|-------------------|---------------|
| Income Statement - Year ended December 31, 2012 | | | | |
| Sales revenues | 10,468 | 17,533 | 1,175 | 10,133 |
| Intersegments | 7,472 | 4,290 | 73 | 31 |
| Third parties | 2,996 | 13,243 | 1,102 | 10,102 |
| Net income (loss) before financial results, profit-sharing and income taxes | 4,702 | (831) | 262 | 141 |
| Net income (loss) attributable to the shareholders of Petrobras | 2,509 | (816) | 243 | 132 |

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | DISTRIB. C |
|--|--------------|--|-------------------|--------------|
| Income Statement - Year ended December 31, 2011 | | | | |
| Sales revenues | 8,615 | 14,241 | 909 | 8,320 |
| Intersegments | 6,373 | 3,585 | 39 | 45 |
| Third parties | 2,242 | 10,656 | 870 | 8,275 |
| Net income (loss) before financial results, profit-sharing and income taxes | 3,969 | (226) | 190 | 120 |
| Net income (loss) attributable to the shareholders of Petrobras | 2,217 | (213) | 262 | 99 |

Consolidated Assets for International Segment

| | E&P | REFINING, TRANSPORT AND MARKETING | GAS & POWER | DISTRIB. C |
|--|---------------|--|-------------------|----------------|
| Total assets on December 31, 2012 | 30,817 | 4,913 | 1,551 | 2,217 3 |
| Total assets on December 31, 2011 | 27,358 | 6,365 | 1,742 | 1,889 3 |

APPENDIX**1. Effect of the average cost on the cost of sales (R\$ million)**

Products remain in inventory for an average of 60 days and, therefore, the changes on international crude oil and oil products prices and the effect of the exchange rate variation on imports and on production taxes do not fully impact the costs of sales for the period, fully impacting only the following period. The estimated effects on the cost of sales are set out in the table below:

| | 3Q-2012 | 4Q-2012 | (*) |
|--|---------|---------|-------|
| Effect of the average cost on the cost of sales (R\$ million) | | | |
| () increase on the cost of sales | 859 | 12 | (847) |

(*) The cost of sales for the 4Q-2012 was positively impacted by realization of inventories previously purchased at lower costs (slightly less than the 3Q-2012), considering the changes on international prices at the moment of the inventory formation.

2. Reconciliation of EBITDA

| | | | | Year ended December 31, | |
|---------------|---------------|--------------------------|---------------|----------------------------|---------------|
| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | 4Q-2011 | 2012 | 2011 |
| 7,767 | 5,635 | 38 | 5,228 | 20,959 | 33,110 |
| (2,788) | 569 | (590) | (400) | 3,723 | (122) |
| 942 | 2,588 | (64) | 2,757 | 6,794 | 11,241 |
| 5,925 | 5,775 | 3 | 5,904 | 21,766 | 17,739 |
| 11,846 | 14,567 | (19) | 13,489 | 53,242 | 61,968 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | | | | | | |
|---------------|---------------|-------------|---------------|---|---------------|---------------|
| (182) | (192) | 5 | (95) | Share of profit of equity-accounted investments | (84) | (386) |
| 280 | - | - | 660 | Impairment | 281 | 664 |
| 11,944 | 14,375 | (17) | 14,054 | Adjusted EBITDA | 53,439 | 62,246 |
| 16 | 19 | (3) | 22 | Adjusted EBITDA margin (%) ¹⁹ | 19 | 25 |

EBITDA is not an IFRS measure and represents net income (loss) before net finance income (expense), income taxes and depreciation, depletion and amortization. Our adjusted EBITDA (according to *CVM Instruction 527* of October 4, 2012) is computed by excluding share of profit of equity-accounted investments and impairment, in order to provide a better information about our ability to pay debt, carry out investments and cover our working capital needs. Both measures should not be considered as substitutes for net income before financial results, profit-sharing and income taxes or as better liquidity measures than the operational cash flow for the periods above. Adjusted EBITDA may not be comparable with the same measure as reported by other companies.

¹⁹ Adjusted EBITDA margin equals Adjusted EBITDA divided by sales revenues.

TAXES AND PRODUCTION TAXES**3. Consolidated Taxes and Contributions**

The economic contribution of Petrobras, measured by current taxes paid and payable, was R\$ 73,043 million.

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | | 4Q-2011 | | Year ended December 31, | | 2012 | 2011 | 2012 X 2011 (%) |
|---------------|---------------|--------------------------|------|---------------|--|----------------------------|---------------|------|------|--------------------------|
| | | 2012 | 2011 | | | | | | | |
| | | | | | Economic Contribution - Brazil | | | | | |
| 9,936 | 11,098 | (10) | | 9,885 | Domestic Value-Added Tax (ICMS) | 39,412 | 36,763 | | | |
| 18 | 13 | 38 | | 1,261 | CIDE ²⁰ | 2,023 | 7,488 | | | |
| 4,058 | 4,356 | (7) | | 3,725 | PIS/COFINS | 15,951 | 14,685 | | | |
| 432 | 2,190 | (80) | | 1,138 | Income Tax and Social Contribution | 4,850 | 9,822 | | | |
| 1,256 | 887 | 42 | | 1,280 | Others | 3,934 | 2,369 | | | |
| 15,700 | 18,544 | (15) | | 17,289 | Subtotal - Brazil | 66,170 | 71,127 | | | |
| 1,784 | 1,621 | 10 | | 2,484 | Economic Contribution - International | 6,873 | 5,650 | | | |
| 17,484 | 20,165 | (13) | | 19,773 | Total | 73,043 | 76,777 | | | |

4. Production Taxes

| 4Q-2012 | 3Q-2012 | 4Q12 X 3Q12 (%) | | 4Q-2011 | | Year ended December 31, | | 2012 X 2011 (%) |
|---------|---------|--------------------------|------|---------|---------------|----------------------------|--------|--------------------------|
| | | 2012 | 2011 | | | | | |
| | | | | | Brazil | | | |
| 3,814 | 3,519 | 8 | | 3,506 | Royalties | 14,459 | 12,533 | 15 |

| | | | | | | | |
|--------------|--------------|-----|--------------|-------------------------------|---------------|---------------|----|
| 3,986 | 3,762 | 6 | | Special participation charges | 15,783 | 13,837 | 14 |
| 39 | 40 | (3) | 4,016 | Rental of areas | 156 | 137 | 14 |
| 7,839 | 7,321 | 7 | 7,565 | Subtotal - Brazil | 30,398 | 26,507 | 15 |
| 235 | 226 | 4 | 205 | International | 903 | 699 | 29 |
| 8,074 | 7,547 | 7 | 7,770 | Total | 31,301 | 27,206 | 15 |

Production taxes in Brazil increased in the 4Q-2012 compared to the 3Q-2012, due to the higher production of larger fields that pay special participation charges and due to a 1% increase in the reference price for domestic oil (used to compute the production taxes), that reached an average of R\$197.09/bbl (U.S.\$95.77/bbl) in the 4Q-2012 compared to R\$194.34/bbl (U.S.\$95.82/bbl) in the 3Q-2012.

Production taxes in Brazil increased in 2012 compared to 2011, mainly due to a 15% increase in the reference price for domestic oil that reached an average of R\$192.73/bbl (U.S.\$98.63/bbl) in 2012 compared to R\$168.07/bbl (U.S.\$100.39/bbl) in 2011, driven by a 17% depreciation of the Real relative to the U.S. dollar.

²⁰ CIDE - Contribution for Intervention in the Economic Sector.

APPENDIX**5. Assets and Liabilities subject to Exchange Variation**

The Company is exposed to foreign exchange risk from recognized assets and liabilities, arising from the volatility of currency markets, mainly the Real relative to the U.S. dollar. The balances of assets and liabilities in foreign currency of subsidiaries outside of Brazil are not included on the exposure below when transacted in a currency equivalent to their respective functional currencies. On December 31, 2012, the Company had a net liability position regarding foreign exchange exposure hence the appreciation of the Real relative to the U.S. dollar generates an exchange variation income, while the depreciation of the Real generates an exchange variation expense.

The net foreign exchange exposure increased from R\$ 55,575 million on December 31, 2011 to R\$ 104,467 million on December 31, 2012, due to the exchange depreciation and to the financing and loans.

| | 12.31.2012 | 12.31.2011 |
|--|-------------------|-------------------|
| Current assets | 3,784 | 14,718 |
| Cash and cash equivalents | 1,425 | 6,284 |
| Amounts invested abroad through subsidiaries to be used in Brazil in commercial activities | 1,228 | 6,677 |
| Other current assets | 1,131 | 1,757 |
| Non-current assets | 13,609 | 12,153 |
| Amounts invested abroad through international subsidiaries, in E&P equipment to be used in Brazil and in commercial activities | 12,076 | 10,427 |
| Other non-current assets | 1,533 | 1,726 |
| Total assets | 17,393 | 26,871 |

| | 12.31.2012 | 12.31.2011 |
|---|-------------------|-------------------|
| Current liabilities | (20,647) | (19,853) |
| Current debt | (3,667) | (6,277) |
| Trade payables | (3,905) | (5,882) |
| Amounts derived from abroad through subsidiaries to be used in Brazil | (12,632) | (7,463) |
| Other current liabilities | (443) | (231) |
| Non-current liabilities | (67,780) | (36,885) |
| Non-current debt | (44,447) | (35,746) |
| Amounts derived from abroad through subsidiaries to be used in Brazil | (22,265) | (882) |
| Other non-current liabilities | (1,068) | (257) |
| Total liabilities | (88,427) | (56,738) |
| (-) FINAME Loans - in Reais indexed to U.S. dollar | - | (12) |
| (-) BNDES Loans - in Reais indexed to U.S. dollar | (28,775) | (26,621) |
| Net assets (liabilities) in Reais | (99,809) | (56,500) |
| Net Derivatives (notional value contracted) | (1,371) | 925 |
| Net Exposure | (101,180) | (55,575) |

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: February 5, 2013

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 within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that are not based on historical facts and are not assurances of future results. These forward-looking statements 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.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this press release. We 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.
