

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
May 16, 2012

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**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, 2012**

**Commission File Number 1-15106**

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**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

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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).

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**FIRST QUARTER OF 2012****RESULTS**

**Rio de Janeiro – May 15, 2012** Petrobras today announced 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\$9,214 million in the first quarter of 2012. EBITDA in the first quarter of 2012 was R\$16,521 million, 4% higher compared to the first quarter of 2011.**

|         |                       | Highlights   |  |        |        |
|---------|-----------------------|--|--|--------|--------|
|         |                       | R\$ million  |  |        |        |
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) |  |  | 2012   | 2011   |
| 5,049   | 82                    | <b>Consolidated net income attributable to the shareholders of Petrobras</b>     |  | 9,214  | 10,985 |
| 2,670   |                       | <b>Total domestic and international oil and natural gas production (mmbbl/d)</b> |  | 2,676  | 2,629  |
| 14,054  | 18                    | <b>EBITDA</b>  |  | 16,521 | 15,855 |

- Our total domestic and international oil and natural gas production increased 2% in the first quarter of 2012 compared to the first quarter of 2011, due mainly to production in the Jubarte, Marlim Sul, Caratinga, Albacora, Mexilhão and Uruguá fields, as well as to the pre-salt contribution of the Lula field.

- Start-up of production of Cascade deep water field situated in the Gulf of Mexico.

- Discoveries in the pre-salt layer of the Santos Basin, specially in the Carioca Sela and Carcará and the one of Campos Basin called Pão de Açúcar. In addition, a new accumulation of oil and gas was discovered in the Solimões Basin situated in the Brazilian state of Amazonas.

- 3% increase in the production of oil products in the first quarter of 2012 compared to the first quarter of 2011.

- Capital expenditures and investments in the first quarter of 2012 amounted to R\$18,020 million, 14% higher compared to the first quarter of 2011, 52% of which was invested in Exploration & Production.
  - The raising of funds of U.S.\$7,2 billion of bonds in the international capital markets with maturities of three, five, ten and thirty years.
  - Payment of R\$2,609 million of interest on shareholders' equity in the first quarter of 2012, which corresponds to R\$0.20 per share. On March 19, 2012, our shareholders approved in the annual general shareholders' meeting the payment of dividends in the amount of R\$1,565 million. The first portion of interest on shareholders' equity was provisioned in the amount of R\$2,609 million on March 31, 2012, corresponding to R\$0.20 per share, estimated to be paid to our shareholders by June 30, 2012.
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Comments from the CEO  
Mrs. Maria das Graças Silva Foster

Dear Shareholders and Investors,

This is the first time that I am addressing you as the CEO of Petrobras. I am honored to assume such a responsibility and would like to make it clear that my style of management will be based on dialog with both the controlling and minority shareholders.

I assure you that I am fully aware of the expertise of this Company's workforce and its enormous capacity for overcoming challenges, which is unquestionably the main foundation for the execution of our growth project.

My main focus, and that of the entire executive team, will be on executing the business plan, while ensuring operational efficiency and exercising control over costs. Whenever necessary, we will not hesitate to make adjustments and corrections, using the best technical and financial analysis procedures, preserving the liquidity and solvency of the Company and ensuring that it retains its investment grade status.

Petrobras is highly capitalized and has an extraordinary portfolio of oil and gas assets, ensuring a highly promising future. In order to continue growing in a sustainable and profitable manner, we are closely monitoring all phases of the projects in our portfolio, which will allow us to retain the main guidelines of the previous management, albeit with a more precise degree of supervision and the correction of any eventual deviations.

Petrobras aims to generate business growth and returns and is fully aware of its role as a partner in the development of those countries where it operates, creating the necessary scale for the prosperity of the goods and services industry, particularly in our core market, Brazil. Our results must also reflect the utmost respect for safety and the environment, and consequently, this management will be tireless in its efforts to ensure zero accident and leakage ratios in our operations.

It is in this context that I present you with our results for the first quarter of 2012, re-emphasizing that we are fully committed to and capable of applying all the available resources in a disciplined manner in order to manage one of the world's best investment

portfolios, generating returns for our shareholders, investors and society as a whole.

## FINANCIAL HIGHLIGHTS

## Main Items and Consolidated Economic Indicators

R\$ million

| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) |   | For the first quarter of |         | 2012 X<br>2011<br>(%) |
|---------|-----------------------|---|--------------------------|---------|-----------------------|
|         |                       |   | 2012                     | 2011    |                       |
| 65,257  | 1                     | Sales revenues  | 66,134                   | 54,358  | 22                    |
| 17,306  | 17                    | Gross profit  | 20,244                   | 19,889  | 2                     |
| 7,490   | 57                    | Net income before financial results and income taxes                  | 11,771                   | 12,318  | (4)                   |
| 400     | 16                    | Financial income (expenses), net                                      | 465                      | 2,048   | (77)                  |
| 5,049   | 82                    | Consolidated net income attributable to the shareholders of Petrobras | 9,214                    | 10,985  | (16)                  |
| 0.39    | 82                    | Basic and diluted earnings per share <sup>1</sup>                     | 0.71                     | 0.84    | (15)                  |
| 291,564 | 7                     | Market capitalization (Parent Company)                                | 311,659                  | 402,487 | (23)                  |
| 27      | 4                     | Gross margin (%)  | 31                       | 37      | (6)                   |
| 11      | 7                     | Operating margin (%) <sup>2</sup>                                     | 18                       | 23      | (5)                   |
| 8       | 6                     | Net margin (%)  | 14                       | 20      | (6)                   |
| 14,054  | 18                    | EBITDA - R\$ million <sup>3</sup>                                     | 16,521                   | 15,855  | 4                     |
|         |                       | <b>Net income by business segment (in millions of Reais)</b>          |                          |         |                       |
| 10,328  | 20                    | . Exploration & Production  | 12,444                   | 9,326   | 33                    |
| (4,412) | 4                     | . Refining, Transportation and Marketing                              | (4,599)                  | (94)    |                       |
| 483     | 46                    | . Gas & Power   | 707                      | 518     | 36                    |
| (40)    | 10                    | . Biofuel   | (44)                     | (12)    | 267                   |
| 270     | 35                    | . Distribution  | 364                      | 372     | (2)                   |
| 291     | 240                   | . International   | 990                      | 836     | 18                    |
| (795)   | (57)                  | . Corporate   | (340)                    | 879     | (139)                 |

|        |      |  |        |        |     |
|--------|------|--|--------|--------|-----|
| 21,715 | (17) | <b>Capital expenditures and investments (in millions of Reais)</b>     | 18,020 | 15,871 | 14  |
| 109,31 | 8    | <b>Brent crude (US\$/bbl)</b>  | 118.49 | 104.97 | 13  |
| 1.80   | (2)  | <b>Average commercial selling rate for U.S. dollar (R\$/ U.S.\$)</b>   | 1.77   | 1.67   | 6   |
| 1.88   | (3)  | <b>Period-end commercial selling rate for U.S. dollar (R\$/U.S.\$)</b> | 1.82   | 1.63   | 12  |
| 11.32  | (1)  | <b>Selic interest rate average (%)</b>                                 | 10.30  | 11.22  | (1) |
|        |      | <b>Average price indicators</b>  |        |        |     |
| 173.13 | 2    | <b>Domestic basic oil product prices (R\$/bbl)</b>                     | 176.72 | 163.72 | 8   |
| 103.10 | 8    | <b>Sales price - Brazil</b>  |        |        |     |
|        |      | <b>. Crude oil (U.S. dollars/bbl) <sup>4</sup></b>                     | 111.56 | 94.04  | 19  |
| 53.51  | (3)  | <b>. Natural gas (U.S. dollars/bbl) <sup>5</sup></b>                   | 52.12  | 49.27  | 6   |
| 97.11  | 3    | <b>Sales price - International</b>                                     |        |        |     |
|        |      | <b>. Crude oil (U.S. dollars/bbl)</b>                                  | 99.99  | 87.39  | 14  |
| 21.31  | (5)  | <b>. Natural gas (U.S. dollars/bbl)</b>                                | 20.15  | 16.36  | 23  |

The information of the first quarter of 2011 were adjusted by the adoption of the accounting practice under CPC 19 (R1), which allows the use of the equity method for evaluating and reporting investments in jointly controlled entities, from the fourth quarter of 2011 on. Despite the CPC 19 (R1) adoption have generated changes in assets, liabilities, revenues and expenses accounts and also in financial indicators, there was no effect on net income and on shareholders' equity attributable to the shareholders of Petrobras.

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<sup>1</sup> Net income per share calculated based on the weighed average number of shares.

<sup>2</sup> Calculated based on net income before financial results and income taxes.

<sup>3</sup> Income before financial income (expenses), net, equity in earnings of investments and depreciation, depletion and amortization.

<sup>4</sup> Average exports and of the internal transfer prices from Exploration & Production to Refining, Transportation and Marketing.

<sup>5</sup> As of September 2011, we have factored in natural gas realization prices.





## FINANCIAL HIGHLIGHTS

### RESULTS OF OPERATIONS

#### 1Q-2012 x 4Q-2011 Results:

##### Gross Profit <sup>6</sup>

Gross profit reached R\$20,244 million in the first quarter of 2012, a 17% increase compared to the R\$17,306 million in the fourth quarter of 2011, mainly due to:

- Sales revenues, which increased by 1% to R\$66,134 million in the first quarter of 2012 compared to R\$65,257 million in the fourth quarter of 2011, primarily due to:
  - The 38% increase of crude oil export volumes, considering the realization of inventories produced at the end of 2011 and also the 1% decrease of domestic crude oil on the feedstock processed and the 1% increase on production, partially offset by the seasonal reduction on diesel sale;
  - Increase in crude oil export prices (8%), as well as in domestic gasoline and diesel prices from November 2011 on, in 10% and 2%, respectively.
- Cost of sales, which decreased by 4% to R\$45,890 million in the first quarter of 2012 compared to R\$47,951 million in the fourth quarter of 2011, due to the lower domestic oil products sale, mainly diesel, with reduction of imports on cost of sales mix. The higher oil products imports in the first quarter of 2012, mainly diesel in March 2012, remained in great part in inventory to meet the higher demand from the second quarter of 2012 on. Additionally, the reduction was due to the recognition in the fourth quarter of 2011 of depreciation, depletion and amortization of assets which were already in operation (R\$670 million).

### **Net income before financial results income taxes**

Net income before financial results and income taxes increased by 57% to R\$11,771 million in the first quarter of 2012 compared to R\$7,490 million in the fourth quarter of 2011, due to the R\$1,343 million decrease in operating expenses, mainly due to:

- Lower exploration costs for crude oil extraction (R\$491 million);
- Recognition of losses on the realization of assets - impairment in the fourth quarter of 2011 (R\$659 million).

### **Consolidated net income attributable to the shareholders of Petrobras**

Consolidated net income attributable to the shareholders of Petrobras reached R\$9,214 million in the first quarter of 2012, a 82% increase compared to the R\$5,049 million in the fourth quarter of 2011, reflecting the increase of net income before financial results income taxes.

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<sup>6</sup> For more details, see appendix 1.



## FINANCIAL HIGHLIGHTS

### RESULTS OF OPERATIONS

#### 1Q-2012 x 1Q-2011 Results:

##### Gross Profit<sup>7</sup>

Gross profit reached R\$20,244 million in the first quarter of 2012, a 2% increase compared to R\$19,889 million in the first quarter of 2011, mainly as a result of:

- Sales revenues, which increased by 22% to R\$66,134 million in the first quarter of 2012 compared to R\$54,358 million in the first quarter of 2011, due to:
  - Higher exports prices and domestic oil products sales prices generated by the increase in international Brent crude oil prices (13% increase) as well as by the exchange variation effects;
  - Increase in the prices of domestic gasoline (10% increase) and diesel (2% increase) from November 2011 on; and
  - Higher crude oil export volume (20% increase); 10% increase in domestic oil products sales due to higher demand, mainly of gasoline (24% increase), reflecting its higher competitive advantage compared to ethanol, naphtha (13% increase), diesel (9% increase) and jet fuel (7% increase).
- Cost of sales, which increased by 33% to R\$45,890 million in the first quarter of 2012 compared to the first quarter of 2011, due to:
  - Increase of 10% in domestic oil products sales, mainly for diesel and gasoline, which were met mainly by imports;

- The impact of higher international prices and the exchange variation effects on crude oil, oil products imports and government participation; and
- Higher depreciation, depletion and amortization costs due to the start-up of operation of new plants.

### **Net income before financial results income taxes**

Net income before financial results and income taxes decreased by 4% to R\$11,771 million in the first quarter of 2012 compared to R\$12,318 million in the first quarter of 2011, due to the 12% increase in operating expenses mainly as a result of:

- Higher selling expenses (R\$269 million increase), due to increased freight costs generated by the higher sales volume and also by the higher personnel expenses arising out of the Collective Bargaining Agreement for 2011;
- Increased administrative and general expenses (R\$252 million increase), generated by higher personnel expenses arising out of the Collective Bargaining Agreement for 2011, by increased workforce and by increased third-party technical services; and
- Higher other operating expenses (R\$383 million increase) <sup>8</sup>, due to increased losses from legal proceedings.

### **Financial Income (Expenses), Net**

Financial income (expenses), net reached R\$465 million in the first quarter of 2012, a 77% decrease compared to R\$2,048 million in the first quarter of 2011, mainly as a result of:

- The lower exchange variation gain on net debt; and
- Decreased financial income from financial investments due to the lower investment volume and to the decreased interest rates in Brazil.

**Consolidated net income attributable to the shareholders of Petrobras**

Consolidated net income attributable to the shareholders of Petrobras reached R\$9,214 million in the first quarter of 2012, a 16% decrease compared to R\$10,985 million in the first quarter of 2011, due to the decreased net income before financial results and income taxes and the lower financial income (expenses), net.

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<sup>7</sup> For more details, see appendix 2.

<sup>8</sup> See Other Operating Income (Expenses) by Segment on page 22.

## 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.

In the computation of the results by business segment, transactions carried out with third parties and the transfers between the business departments are considered and they are valued by internal transfer prices defined between the departments using calculation methodologies based on market parameters.

#### EXPLORATION & PRODUCTION

|         |                       | (R\$ million) | For the first quarter of |       |                       |
|---------|-----------------------|---------------|--------------------------|-------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Net Income    | 2012                     | 2011  | 2012 X<br>2011<br>(%) |
| 10,328  | 20                    |               | 12,444                   | 9,326 | 33                    |

**(1Q-2012 x 4Q-2011):** The increased net income was due to:

- increased domestic oil sale/transfer prices reflecting international oil prices;

- lower costs with write-off amounts of dry and economically unviable wells; and

**(1Q-2012 X 1Q-2011):** The increase in net income from Exploration & Production in the first quarter of 2012 compared to the first quarter of 2011 was primarily due to higher domestic oil sale/transfer prices and to the increase in oil and NGL production.

These effects were partially offset by increased expenses of government participation charges, reflecting international



oil prices.

•estimated losses on the realization of assets (impairment) recognized in the fourth quarter of 2011.

The spread between the average domestic oil sale/transfer price and the average Brent price increased from U.S.\$6.21/bbl in the fourth quarter of 2011 to U.S.\$6.93/bbl in the first quarter of 2012.

The spread between the average domestic oil sale/transfer price and the average Brent price decreased from U.S.\$10.93/bbl in the first quarter of 2011 to U.S.\$6.93/bbl in the first quarter of 2012.

| 4Q-2011      | 1Q12 X<br>4Q11<br>(%) | Exploration & Production -<br>Brazil (m bbl/d) (*) | For the first quarter of |              | 2012 X<br>2011<br>(%) |
|--------------|-----------------------|--|--------------------------|--------------|-----------------------|
|              |                       |  | 2012                     | 2011         |                       |
| 2,049        | 1                     | Crude oil and NGLs                                 | 2,066                    | 2,044        | 1                     |
| 367          | (1)                   | Natural gas <sup>9</sup>                           | 364                      | 341          | 7                     |
| <b>2,416</b> | <b>1</b>              | <b>Total</b>                                       | <b>2,430</b>             | <b>2,385</b> | <b>2</b>              |

**(1Q-2012 x 4Q-2011):** Increased production due to the start-up of production of new wells in Marlim Sul, Jubarte and Lula fields.

**(1Q-2012 X 1Q-2011):** The increased production was due to the ramp-up production in platforms P-56 (Marlim Sul field), P-57 (Jubarte field), FPSO-Santos (Uruguá field) and FPSO-Angra dos Reis (Lula field), to the gas production in Mexilhão field, to the start-up of production of the new wells in Caratinga and Albacora fields and also to the extended well tests (EWT) of SÍdon, Aruanã, Oliva, Iracema area and of the ESP-23 well, which were partially offset by the natural decline in crude oil and NGL production from mature fields and by the habitual campaign of scheduled stoppages on production systems started in March.

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(\*) Not revised.

<sup>9</sup> Does not include LNG. Includes reinjected gas.

**FINANCIAL HIGHLIGHTS****Lifting Costs – Brazil<sup>(\*)</sup>**

| 4Q-2011 | 1Q12 X | For the first quarter of |       |        |
|---------|--------|--------------------------|-------|--------|
|         | 4Q11   | 2012                     | 2011  | 2012 X |
|         | (%)    |                          |       | 2011   |
|         |        |                          |       | (%)    |
|         |        | <b>U.S.\$/barrel:</b>    |       |        |
| 12.49   | 4      | 12.98                    | 11.38 | 14     |
| 33.31   | 7      | 35.68                    | 30.48 | 17     |
|         |        | <b>R\$/barrel:</b>       |       |        |
| 22.47   | 1      | 22.70                    | 19.00 | 19     |
| 60.04   | 3      | 61.73                    | 50.66 | 22     |

**Lifting Costs - Excluding production taxes – U.S.\$/barrel**

**(1Q-2012 x 4Q-2011):** Our unit lifting costs in Brazil, excluding production taxes increased 3%, net of exchange variation effects, in the first quarter of 2012 compared to the fourth quarter of 2011, due to higher number of well maintenances and interventions in Marlim, Albacora, Cherne and Marimbá fields.

**(1Q-2012 X 1Q-2011):** Excluding the impact of the exchange variation effects, our unit lifting costs in Brazil, excluding production taxes increased by 19% in the first quarter of 2012 compared to the first quarter of 2011 due to higher operational costs generated by higher water production together with oil production, higher water injection, to the higher number of maintenances in production systems of Campos Basin and to the increased well interventions in Marlim, Albacora, Albacora Leste, Cherne and Marimbá fields, besides the salary increases arising out of the Collective Bargaining Agreement for 2011.

**Lifting Costs - Including production taxes – U.S.\$/barrel**

**(1Q-2012 x 4Q-2011):** Our unit lifting costs in Brazil, including production taxes, increased by 7% in the first quarter of 2012 compared to the fourth quarter of 2011, due to the variation of the average reference price for domestic oil, reflecting international oil prices, excluding the impact of the exchange variation effects.

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**(1Q-2012 X 1Q-2011):** Excluding the impact of the exchange variation effects, our unit lifting costs in Brazil, including production taxes, increased by 19% in the first quarter of 2012 compared to the first quarter of 2011, primarily attributable to the increase in the reference price for domestic oil, reflecting higher international oil prices.

(\*) Not revised.

**FINANCIAL HIGHLIGHTS**

**REFINING, TRANSPORTATION AND MARKETING**

|                |                                |                   |                          |             |                                |
|----------------|--------------------------------|-------------------|--------------------------|-------------|--------------------------------|
|                |                                | (R\$ million)     | For the first quarter of |             |                                |
| <b>4Q-2011</b> | <b>1Q12 X<br/>4Q11<br/>(%)</b> | <b>Net Income</b> | <b>2012</b>              | <b>2011</b> | <b>2012 X<br/>2011<br/>(%)</b> |
| (4,412)        | 4                              |                   | (4,599)                  | (94)        |                                |

**(1Q-2012 x 4Q-2011):** The higher oil acquisition/transfer costs, generated by higher international oil prices, were partially offset by:

- higher oil product sales prices, mainly for diesel (2% increase) and gasoline (10% increase) in the domestic market from November 2011 on;
- sale of inventories acquired at lower purchase costs in prior periods;
- higher results from investments in the petrochemical sector, reflecting the impact of the exchange variation effects on debt; and
- estimated loss on the realization of assets (impairment) recognized in the fourth quarter of 2011.

**(1Q-2012 X 1Q-2011):** The negative result for our RTM segment in the first quarter of 2012 compared to the first quarter of 2011 was due to higher oil acquisition/transfer costs and higher oil product imports, reflecting higher international prices, to the higher participation of oil product imports on sales mix and the impact of the depreciation of the Real. These effects were partially offset by higher oil products domestic and international sales prices.

|                |  |  |                                 |             |             |  |
|----------------|--|--|---------------------------------|-------------|-------------|--|
| <b>4Q-2011</b> |  | <b>Imports and Exports of Crude Oil and Oil Products (mbl/d)<sup>(*)</sup></b> | <b>For the first quarter of</b> | <b>2012</b> | <b>2011</b> |  |
|----------------|--|--|---------------------------------|-------------|-------------|--|

|              |             | 1Q12 X<br>4Q11<br>(%) |  |             | 201<br>20<br>(%) |
|--------------|-------------|-----------------------|--|-------------|------------------|
| 380          | (6)         |                       | Crude oil imports  | 358         | 405              |
| 394          | 3           |                       | Oil product imports  | 406         | 279              |
| <b>774</b>   | <b>(1)</b>  |                       | <b>Imports of crude oil and oil products</b>               | <b>764</b>  | <b>684</b>       |
| 361          | 38          |                       | Crude oil exports <sup>10</sup>                            | 497         | 413              |
| 187          | 16          |                       | Oil products exports                                       | 217         | 218              |
| <b>548</b>   | <b>30</b>   |                       | <b>Exports of crude oil and oil products<sup>11</sup></b>  | <b>714</b>  | <b>631</b>       |
| <b>(226)</b> | <b>(78)</b> |                       | <b>Exports (imports) net of crude oil and oil products</b> | <b>(50)</b> | <b>(53)</b>      |
| <b>1</b>     |             |                       | <b>Other exports</b>                                       | <b>6</b>    |                  |

**(1Q-2012 x 4Q-2011):** Higher crude oil exports due to the realization of produced inventories at the end of 2011, to increased production from Exploration & Production segment and to the lower feedstock processed.

Lower crude oil imports, higher on the previous quarter, when the inventories were increased to support the maintenance of the logistic structure in São Paulo region, that was initially planned for the beginning of the year, and then postponed for May 2012.

Higher oil products imports in the first quarter of 2012, mainly in March, as a preparation for the higher market estimated for the second quarter of 2012.

**(1Q-2012 X 1Q-2011):** Higher volumes of diesel and gasoline imports to meet higher demand.

Higher crude oil exports due to increased production.

Lower crude oil imports in the first quarter of 2012 compared to the first quarter of 2011 when the inventories were increased for maintenance of the logistic structure in São Paulo.

(\*) Not revised.

<sup>10</sup> Includes crude oil exports volumes of Refining, Transportation and Marketing and Exploration & Production segments.

<sup>11</sup> From the first quarter of 2012 on, retroactively to 2011 for comparison purposes, it has been considered only the delivered volumes to third parties.



## FINANCIAL HIGHLIGHTS

| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Refining Operations (mmbbl/d)                           | For the first quarter of |       |                       |
|---------|-----------------------|---|--------------------------|-------|-----------------------|
|         |                       |   | 2012                     | 2011  | 2012 X<br>2011<br>(%) |
| 1,949   |                       | Output of oil products                                  | 1,942                    | 1,877 | 3                     |
| 2,013   |                       | Installed capacity 12                                   | 2,013                    | 2,007 |                       |
| 94      |                       | Utilization (%)   | 94                       | 92    | 2                     |
| 1,894   | (1)                   | Feedstock processed - Brazil (mmbbl/d) (*)              | 1,884                    | 1,852 | 2                     |
| 82      | (1)                   | Domestic crude oil<br>as % of total feedstock processed | 81                       | 82    | (1)                   |

**(1T-2012 x 4T-2011):** The daily feedstock processed decreased 1% due to operational problems occurred in Landulpho Alves Refinery (RLAM) in the first quarter of 2012.

**(1T-2012 x 1T-2011):** The daily feedstock processed increased 2% in the first quarter of 2012 compared to the first quarter of 2011 due to the lower scheduled stoppages at distillation plants.

| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Refining Costs Brazil (*)        | For the first quarter of |      |                       |
|---------|-----------------------|----------------------------------|--------------------------|------|-----------------------|
|         |                       |                                  | 2012                     | 2011 | 2012 X<br>2011<br>(%) |
| 4.76    | (10)                  | Refining costs (U.S. \$/ barrel) | 4.27                     | 4.53 | (6)                   |
| 8.57    | (12)                  | Refining costs (R\$/ barrel)     | 7.54                     | 7.57 |                       |

**(1Q-2012 x 4Q-2011):** Excluding the impact of the exchange variation effects, our refining costs in Brazil decreased by 12% in the first

**(1Q-2012 x 1Q-2011):** Excluding the impact of the exchange variation effects, our refining costs in Brazil remained relatively constant in the first quarter of 2012 compared to the first



quarter of 2012 compared to the fourth quarter of 2011, due mainly to lower expenses with scheduled stoppages and lower material costs.

quarter of 2011, because the lower expenses with scheduled stoppages were offset by operational repairs and by increased personnel expenses arising out of the Collective Bargaining Agreement for 2011.

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(\*) Not revised.

<sup>12</sup> As registered by the National Petroleum, Gas and Biofuel Agency (ANP).

**FINANCIAL HIGHLIGHTS**

**GAS & POWER**

|         |                 | (R\$ million) | For the first quarter of |      |                 |
|---------|-----------------|---------------|--------------------------|------|-----------------|
| 4Q-2011 | 1Q12 X 4Q11 (%) | Net Income    | 2012                     | 2011 | 2012 X 2011 (%) |
| 483     | 46              |               | 707                      | 518  | 36              |

**(1Q-2012 x 4Q-2011):** The increased net income for our Gas & Power segment in the first quarter of 2012 compared to the fourth quarter of 2011 was due to the higher power generation volume due to the decision of the Operador Nacional do Sistema Eléctrico (National Electricity System Operator – ONS) to increase generation at the power plants situated at the Brazilian Southeast and South region as a result of lower water reservoir levels and also to the export output to Uruguay.

**(1Q-2012 x 1Q-2011):** The increase in net income for our Gas & Power segment in the first quarter of 2012 compared to the first quarter of 2011 was due to:

- higher average realization price of natural gas and increased sales volume;
- higher energy sales in the short-term market;
- power generation for export; and
- higher nitrogenous sales volume.

These effects were partially offset by increased natural gas import costs, generated by the higher international benchmark prices and by the impact of the depreciation of the Real.

|         |                 | Imports of gas and sales and generation of electricity (*) | For the first quarter of |      |                 |
|---------|-----------------|--|--------------------------|------|-----------------|
| 4Q-2011 | 1Q12 X 4Q11 (%) |  | 2012                     | 2011 | 2012 X 2011 (%) |
|         |                 |  |                          |      |                 |

|       |      |   |       |       |     |
|-------|------|---|-------|-------|-----|
| 2,214 | 5    | Sales of electricity (contracts) - MW average           | 2,315 | 2,037 | 14  |
| 524   | 65   | Generation of electricity - MW average                  | 862   | 773   | 12  |
| 42    | 40   | Settlement price of differences - R\$/MWh <sup>13</sup> | 59    | 33    | 79  |
| 19    | (26) | Imports of LNG (mbl/d)                                  | 14    | 7     | 100 |
| 164   | 2    | Imports of Gas (mbl/d)                                  | 167   | 168   | (1) |

**(1Q-2012 x 4Q-2011):** Decrease of 26% in imports, reflecting the higher LNG import volume in the fourth quarter of 2011 to meet thermoelectric demand at the Northeast of Brazil.

The 2% increase in gas imports from Bolivia was due to higher consumption of thermoelectric power plants situated at the Brazilian South and Southeast regions.

The 5% increase in sales of electricity was due to the higher reserve in the first quarter of 2012.

The 65% increase in electricity output was due to decisions of the Operador Nacional do Sistema Elétrico (National Electricity System Operator – ONS) and to the higher export volume in the first quarter of 2012, compared to the fourth quarter of 2011.

The 40% increase in the settlement price of differences (price of power in the spot market) was due to the lower water reservoir levels at the hydroelectric power plants, mainly in the Brazilian South Region.

**(1Q-2012 x 1Q-2011):** The 100% increase in imports of LNG was pursued to meet thermoelectric demand in Southern Brazil.

The 14% increase in sales of electricity was attributable to the increased additional sales due to the higher reserve available.

The 12% increase in electricity output was attributable to a decision taken by the Operador Nacional do Sistema Elétrico (National Electricity System Operator – ONS) due to the lower rainfall levels, and also to the exports occurred in the first quarter of 2012.

The 79% increase in the settlement price of differences (price of power in the spot market) was due to the dry weather in the Southern Brazil, generating lower water reservoir levels for this period.

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(\*) Not revised.

<sup>13</sup> Weekly weighed prices per output level (light, medium and heavy), number of hours and submarket capacity.

## FINANCIAL HIGHLIGHTS

## BIOFUEL

|         |                       | (R\$ million) | For the first quarter of |      |                       |
|---------|-----------------------|---------------|--------------------------|------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Net Income    | 2012                     | 2011 | 2012 X<br>2011<br>(%) |
| (40)    | 10                    |               | (44)                     | (12) | 267                   |

**(1Q-2012 x 4Q-2011):** The decreased biofuel sales margin, as a result of lower auction prices (4%), and the lower results from investments in the ethanol sector, generated by lower margins of the sector and to the effects of intercrop, were partially offset by the decreased research and development expenses.

**(1Q-2012 x 1Q-2011):** The changes occurred in auction rules in the fourth quarter of 2011 generated improved operating margins with biofuel, which were offset, however, by the lower results from investments in the ethanol sector, due to the unfavourable prices and higher agricultural costs generated by climate effects that caused lower productivity of sugar cane plantation.

## DISTRIBUTION

|         |                       | (R\$ million) | For the first quarter of |      |                       |
|---------|-----------------------|---------------|--------------------------|------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Net Income    | 2012                     | 2011 | 2012 X<br>2011<br>(%) |
| 270     | 35                    |               | 364                      | 372  | (2)                   |

**(1Q-2012 x 4Q-2011):** The increase in net income from the Distribution segment in the period was mainly due to the 3% increase on sales margin and to lower freight, third-party services, personnel, sales promotion and

**(1Q-2012 x 1Q-2011):** The decrease in net income from the Distribution segment in the first quarter of 2012 compared to the first quarter of 2011 was mainly due to increased selling expenses with freight, technical and

advertising expenses. These effects were partially offset by the 6% decrease in sales volume.

support services and also with personnel arising out of the Collective Bargaining Agreement for 2011.

These effects were partially offset by the 6% increase on sales volumes.




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(\*)Not revised.

## FINANCIAL HIGHLIGHTS

## INTERNATIONAL

|         |                       | (R\$ million) | For the first quarter of |      |                       |
|---------|-----------------------|---------------|--------------------------|------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Net Income    | 2012                     | 2011 | 2012 X<br>2011<br>(%) |
| 291     | 240                   |               | 990                      | 836  | 18                    |

**(1Q-2012 x 4Q-2011):** The increase in net income for our International segment in the first quarter of 2012 compared to the fourth quarter of 2011 was due to the decreased exploration costs (R\$261 million), to the lower allowance for marking inventory to market value (R\$217 million) and decreased expenses on security, environment and health (R\$117 million).

**(1Q-2012 x 1Q-2011):** The improved result in the International segment in the first quarter of 2012 compared to the first quarter of 2011 was due primarily to higher commodities prices in the international market.

| 4Q-2011    | 1Q12 X<br>4Q11<br>(%) | Exploration & Production<br>- International (mmbbl/d) <sup>14(*)</sup> | For the first quarter of |               | 2012 X<br>2011<br>(%) |
|------------|-----------------------|--|--------------------------|---------------|-----------------------|
|            |                       |  | 2012                     | 2011          |                       |
|            |                       | <b>Consolidated international production</b>                           |                          |               |                       |
| 146        | (3)                   | Crude oil and NGLs   | 141                      | 142 15        | (1)                   |
| 100        | (2)                   | Natural gas  | 98                       | 93            | 5                     |
| <b>246</b> | (3)                   | <b>Total</b>   | <b>239</b>               | <b>235 15</b> | <b>2</b>              |
|            |                       | <b>Non consolidated international production</b>                       |                          |               |                       |
| 8          | (13)                  |  | 7                        | 9             | (22)                  |
| <b>254</b> | (3)                   | <b>Total international production</b>                                  | <b>246</b>               | <b>244 15</b> | <b>1</b>              |

**(1Q-2012 x 4Q-2011):** Decreased crude oil and NGL production in Akpo Field, as a result of the end of the recovery of previous costs (cost oil) in February 2012, according to the production-sharing model agreement.

Decreased natural gas production due to the burst in a gas pipeline in Argentina.

**(1Q-2012 x 1Q-2011):** International consolidated crude oil and NGL production decreased due to the lower participation in the Akpo Field, partially offset by the restarting of operations at the Coulomb field (after outflow problems), by the start-up of production of a new production well in the Cottonwood field and production from the Cascade field, all of them in the United States.

Increased natural gas production in United States due to the reasons mentioned above and also in Argentina due to the start-up of new production wells in the Neuquén field and of the Estância Água Fresca plant in the Austral basin.

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(\*)Not revised.

<sup>14</sup> 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.

<sup>15</sup> Changes occurred due to revisions on Nigeria.



## FINANCIAL HIGHLIGHTS

|         |                       | For the first quarter of                              |      |      |                       |
|---------|-----------------------|---|------|------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Lifting Costs - International (U.S.\$/<br>barrel) (*) | 2012 | 2011 | 2012 X<br>2011<br>(%) |
| 7.02    | 9                     |   | 7.63 | 5.65 | 35                    |

**(1Q-2012 x 4Q-2011):** Increased costs in the United States due to the initial production costs of Cascade field in February 2012.

**(1Q-2012 x 1Q-2011):** The increase in our international lifting costs was primarily due to increased well interventions, maintenances and the higher costs of third-party services in Argentina, as well as the higher initial costs in Cascade field in United States.

|         |                       | For the first quarter of                           |      |      |                       |
|---------|-----------------------|--|------|------|-----------------------|
| 4Q-2011 | 1Q12 X<br>4Q11<br>(%) | Refining Operations -<br>International (mbb/d) (*) | 2012 | 2011 | 2012 X<br>2011<br>(%) |
| 145     | 32                    | Feedstock processed                                | 192  | 198  | (3)                   |
| 161     | 30                    | Output of oil products                             | 209  | 212  | (1)                   |
| 231     |                       | Installed capacity                                 | 231  | 281  | (18)                  |
| 62      | 13                    | Utilization (%)                                    | 75   | 66   | 9                     |

**(1Q-2012 x 4Q-2011):** Higher feedstock processed, output of oil products and utilization of nominal capacity, due to the return back of the U.S. Pasadena Refinery into operation from November 2011 on after its fire in September 2011.

**(1Q-2012 x 1Q-2011):** The decrease in the feedstock processed, in our international refinery output and in our installed capacity were generated by the sale of the San Lorenzo Refinery in Argentina, partially offset by the higher feedstock processed in Japan to meet the higher demand after the earthquake occurred in March 2011.

|         |                       | For the first quarter of                               |      |      |                       |
|---------|-----------------------|--|------|------|-----------------------|
| 4Q 2011 | 1Q12 X<br>4Q11<br>(%) | Refining Costs - International<br>(U.S. \$/barrel) (*) | 2012 | 2011 | 2012 X<br>2011<br>(%) |
| 4.54    | (28)                  |  | 3.27 | 4.81 | (32)                  |

**(1Q-2012 x 4Q-2011):** Reduction of the international refining costs in the period due to the return back of the U.S. Pasadena Refinery into operation, to the lower personnel expenses in Argentina and also to the lower third-party services in Japan.

**(1Q-2012 x 1Q-2011):** International refining costs decreased in the first quarter of 2012 compared to the first quarter of 2011 due to the lower maintenance and scheduled stoppages expenses in U.S. Pasadena Refinery.

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(\*) Not revised.

## FINANCIAL HIGHLIGHTS

|              |                       |                                   | Sales Volumes (mbbl/d) <sup>(*)</sup> |              |                       |
|--------------|-----------------------|-----------------------------------|---------------------------------------|--------------|-----------------------|
| 4Q 2011      | 1Q12 X<br>4Q11<br>(%) |                                   | For the first quarter of              |              | 2012 X<br>2011<br>(%) |
|              |                       |                                   | 2012                                  | 2011         |                       |
| 905          | (5)                   | Diesel                            | 864                                   | 796          | 9                     |
| 547          |                       | Gasoline                          | 545                                   | 439          | 24                    |
| 82           | (9)                   | Fuel oil                          | 75                                    | 84           | (11)                  |
| 184          | (6)                   | Naphtha                           | 173                                   | 153          | 13                    |
| 224          | (4)                   | LPG                               | 214                                   | 208          | 3                     |
| 105          | 1                     | Jet fuel                          | 106                                   | 99           | 7                     |
| 182          | 5                     | Other                             | 191                                   | 189          | 1                     |
| <b>2,229</b> | (3)                   | <b>Total oil products</b>         | <b>2,168</b>                          | <b>1,968</b> | 10                    |
| 85           | (6)                   | Ethanol and other products        | 80                                    | 85           | (6)                   |
| 316          | 2                     | Natural gas                       | 323                                   | 284          | 14                    |
| <b>2,630</b> | (2)                   | <b>Total domestic market</b>      | <b>2,571</b>                          | <b>2,337</b> | 10                    |
| 549          | 31                    | Exports                           | 720                                   | 631          | 14                    |
| 625          | (25)                  | International sales               | 470                                   | 556          | (15)                  |
| <b>1,174</b> | 1                     | <b>Total international market</b> | <b>1,190</b>                          | <b>1,187</b> |                       |
| <b>3,804</b> | (1)                   | <b>Total</b>                      | <b>3,761</b>                          | <b>3,524</b> | 7                     |

Our domestic sales volumes increased 10% in the first quarter of 2012 compared to the first quarter of 2011, primarily due to:

- Diesel (increase of 9%) – The increase in diesel sales was primarily due to growth in the Brazilian economy and to increased activity in the agricultural sector;
- Gasoline (increase of 24%) – The increase in gasoline sales volumes was due to competitive gasoline prices compared to ethanol prices, to an increase in the fleet of vehicles and to the reduction of the hydrated ethanol contents on Type C gasoline (from 25% to 20%) from October 2011 on;

- Fuel oil (decrease of 11%) – The decrease in fuel oil sales was due to a partial transition to natural gas at thermoelectric power plants and in the industrial sector;
- Natural gas (increase of 14%) – The increase in natural gas sales was due to higher industrial activity and to the growth in the Brazilian economy.

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(\*)Not revised.

## FINANCIAL HIGHLIGHTS

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash and cash equivalents

On March 31, 2012, we had cash and cash equivalents of R\$39,904 million, a 12% increase compared to R\$35,747 million at December 31, 2011.

Net cash provided by operating activities amounted R\$15,086 million in the first quarter of 2012, primarily due to net income of the period.

Cash provided by proceeds from borrowings (R\$14,514 million) plus operating activities (R\$15,086 million) were higher than our capital expenditures, repayment of debts and payment of dividends, besides the effect of exchange variation on cash and cash equivalents (R\$25,443 million), providing a cash and cash equivalents increase of R\$4,157 million in the first quarter of 2012.

Our adjusted cash and cash equivalents<sup>16</sup> reached R\$57,894 million on March 31, 2012, which includes government securities with maturity of more than 90 days of R\$17,990 million, 7% higher compared to R\$16,785 million on December 31, 2011.

|                           | R\$ million |            |
|---------------------------|-------------|------------|
|                           | 03.31.2012  | 12.31.2011 |
| Cash and cash equivalents | 39,904      | 35,747     |

|  |        |        |
|--|--------|--------|
| Government securities                            | 17,990 | 16,785 |
| Adjusted cash and cash equivalents <sup>16</sup> | 57,894 | 52,532 |

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<sup>16</sup> 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              |            |               |            |           |
|---|--------------------------|------------|---------------|------------|-----------|
|   | For the first quarter of |            |               |            |           |
|   | 2012                     | %          | 2011          | %          | Δ%        |
| Exploration & Production                          | 9,376                    | 52         | 7,241         | 46         | 29        |
| Refining, Transportation and Marketing            | 6,421                    | 35         | 6,009         | 38         | 7         |
| Gas & Power                                       | 738                      | 4          | 985           | 6          | (25)      |
| International                                     | 690                      | 4          | 870           | 5          | (21)      |
| Exploration & Production                          | 633                      | 92         | 752           | 86         | (16)      |
| Refining, Transportation and Marketing            | 44                       | 7          | 71            | 8          | (38)      |
| Gas & Power                                       | 1                        |            | 31            | 4          | (97)      |
| Distribution                                      | 10                       | 1          | 11            | 1          | (9)       |
| Other   | 2                        |            | 5             | 1          | (60)      |
| Distribution                                      | 284                      | 2          | 244           | 2          | 16        |
| Biofuel   | 18                       |            | 219           | 1          | (92)      |
| Corporate   | 493                      | 3          | 303           | 2          | 63        |
| <b>Total capital expenditures and investments</b> | <b>18,020</b>            | <b>100</b> | <b>15,871</b> | <b>100</b> | <b>14</b> |

In line with its strategic objectives, Petrobras operates through joint ventures with other companies, in Brazil and abroad, as a concessionaire of oil and gas exploration, development and production rights.

Currently the Company is a member of 98 consortiums in Brazil, of which it operates 69. Petrobras is a member of 146 partnerships abroad, of which it operates 90.

In the first quarter of 2012, we invested an amount of R\$18,020 million, which were primarily directed toward increasing production, modernizing and expanding our refineries, integration and expansion of our pipeline transportation and distribution systems.





## FINANCIAL HIGHLIGHTS

### Consolidated debt

|   | R\$ million    |                |           |
|---|----------------|----------------|-----------|
|   | 03.31.2012     | 12.31.2011     | Δ%        |
| Current debt 17                                       | 18,018         | 18,966         | (5)       |
| Long term debt 18                                     | 146,118        | 136,588        | 7         |
| <b>Total</b>  | <b>164,136</b> | <b>155,554</b> | <b>6</b>  |
| Cash and cash equivalents                             | 39,904         | 35,747         | 12        |
| Government securities (maturity of more than 90 days) | 17,990         | 16,785         | 7         |
| <b>Adjusted cash and cash equivalents</b>             | <b>57,894</b>  | <b>52,532</b>  | <b>10</b> |
| Net debt 19   | 106,242        | 103,022        | 3         |
| Net debt/(net debt+shareholders' equity)              | 24%            | 24%            |           |
| <b>Total net liabilities 20</b>                       | <b>557,924</b> | <b>546,618</b> | <b>2</b>  |
| <b>Capital structure</b>                              |                |                |           |
| (Net third parties capital / total net liabilities)   | 39%            | 39%            |           |
| Net debt/EBITDA ratio                                 | 1.61           | 1.66           | (3)       |
|   | US\$ million   |                |           |
|   | 03.31.2012     | 12.31.2011     | Δ%        |
| Current debt  | 9,889          | 10,111         | (2)       |
| Long term debt  | 80,192         | 72,816         | 10        |
| <b>Total</b>  | <b>90,081</b>  | <b>82,927</b>  | <b>9</b>  |
| <b>Net debt</b>                                       | <b>58,307</b>  | <b>54,922</b>  | <b>6</b>  |

The net debt of the Petrobras System in Reais increased by 3% over December 31, 2011, due to the raising of long-term funding.

<sup>17</sup> Includes Capital lease obligations (R\$38 million on March 31, 2012 and R\$82 million on December 31, 2011).

<sup>18</sup> Includes Capital lease obligations (R\$ 187 million on March 31, 2012 and R\$183 million on December 31, 2011).

<sup>19</sup> 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.

<sup>20</sup> Total liabilities net of cash and cash equivalents/financial investments.

## FINANCIAL HIGHLIGHTS

## FINANCIAL STATEMENTS

## Income Statement – Consolidated

|   | 4Q-2011      | For the first quarter of |               |
|---|--------------|--------------------------|---------------|
|   |              | 2012                     | 2011          |
| <b>R\$ million</b>  |              |                          |               |
|   | 65,257       | 66,134                   | 54,358        |
| <b>Sales revenues</b>                                       |              |                          |               |
|   | (47,951)     | (45,890)                 | (34,469)      |
| Cost of sales   |              |                          |               |
| <b>Gross profit</b>   | 17,306       | 20,244                   | 19,889        |
| Income (expenses)   |              |                          |               |
|   | (2,399)      | (2,353)                  | (2,084)       |
| Selling expenses  |              |                          |               |
|   | (2,406)      | (2,200)                  | (1,948)       |
| Administrative and general expenses                         |              |                          |               |
|   | (1,502)      | (1,011)                  | (942)         |
| Exploration costs   |              |                          |               |
|   | (754)        | (518)                    | (492)         |
| Research and development expenses                           |              |                          |               |
|   | (259)        | (148)                    | (245)         |
| Taxes   |              |                          |               |
|   | (2,496)      | (2,243)                  | (1,860)       |
| Other operating income and expenses, net                    |              |                          |               |
|   | (9,816)      | (8,473)                  | (7,571)       |
| <b>Net income before financial results and income taxes</b> | 7,490        | 11,771                   | 12,318        |
| Financial income  | 1,147        | 1,196                    | 1,766         |
| Financial expense   | (953)        | (865)                    | (676)         |
| Monetary and exchange variation                             | 206          | 134                      | 958           |
| Financial income (expenses), net                            | 400          | 465                      | 2,048         |
| Equity in earnings of investments                           | 95           | 136                      | 411           |
| <b>Income before income taxes</b>                           | <b>7,985</b> | <b>12,372</b>            | <b>14,777</b> |
| Income tax and social contribution                          | (2,757)      | (2,944)                  | (3,587)       |
| <b>Net income</b>   | <b>5,228</b> | <b>9,428</b>             | <b>11,190</b> |
| Net income attributable to:                                 |              |                          |               |

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|              |                           |              |               |
|--------------|---------------------------|--------------|---------------|
| 5,049        | Shareholders of Petrobras | 9,214        | 10,985        |
| 179          | Non controlling interests | 214          | 205           |
| <b>5,228</b> |                           | <b>9,428</b> | <b>11,190</b> |

**FINANCIAL HIGHLIGHTS****Balance Sheet Data – Consolidated**

| <b>ASSETS</b>  | <b>R\$ million</b> |                   |
|--|--------------------|-------------------|
|  | <b>03.31.2012</b>  | <b>12.31.2011</b> |
| <b>Current assets</b>                                    | <b>126,374</b>     | <b>121,164</b>    |
| Cash and cash equivalents                                | 39,904             | 35,747            |
| Marketable securities                                    | 18,003             | 16,808            |
| Accounts receivable, net                                 | 21,518             | 22,053            |
| Inventories  | 29,396             | 28,447            |
| Recoverable taxes  | 12,180             | 12,846            |
| Other current assets                                     | 5,373              | 5,263             |
| <b>Non-current assets</b>                                | <b>489,444</b>     | <b>477,986</b>    |
| <b>Long term receivables</b>                             | <b>41,317</b>      | <b>41,187</b>     |
| Accounts receivable, net                                 | 6,157              | 6,103             |
| Marketable securities                                    | 6,009              | 5,747             |
| Restricted deposits for legal proceedings and guarantees | 3,030              | 2,955             |
| Deferred tax assets                                      | 16,315             | 17,256            |
| Advances to suppliers                                    | 6,013              | 5,892             |
| Other long term receivables                              | 3,793              | 3,234             |
| <b>Investments</b>                                       | <b>12,324</b>      | <b>12,248</b>     |
| <b>Property, plant and equipment, net</b>                | <b>353,667</b>     | <b>342,267</b>    |
| <b>Intangible assets</b>                                 | <b>82,136</b>      | <b>82,284</b>     |
| <b>Total assets</b>                                      | <b>615,818</b>     | <b>599,150</b>    |

| <b>LIABILITIES</b>                              | <b>R\$ million</b> |                   |
|---|--------------------|-------------------|
|   | <b>03.31.2012</b>  | <b>12.31.2011</b> |
| <b>Current liabilities</b>                      | <b>66,953</b>      | <b>68,212</b>     |
| Current debt                                    | 18,018             | 18,966            |
| Trade accounts payable                          | 21,366             | 22,252            |
| Taxes, contributions and profit-sharing payable | 10,969             | 10,969            |
| Dividends payable                               | 2,609              | 3,878             |

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|  |                |                |
|--|----------------|----------------|
| Payroll and related charges  | 2,975          | 3,182          |
| Employee's post retirement benefits obligation-pension and health care | 1,499          | 1,427          |
| Other current liabilities  | 8,517          | 7,538          |
| <b>Non-current liabilities</b>   | <b>211,043</b> | <b>198,714</b> |
| Long-term debt   | 146,118        | 136,588        |
| Deferred income tax and social contribution                            | 35,602         | 33,268         |
| Employee's post retirement benefits obligation-pension and health care | 17,284         | 16,653         |
| Provision for decommissioning cost                                     | 8,824          | 8,839          |
| Legal proceedings provisions   | 1,550          | 1,361          |
| Other non-current liabilities  | 1,665          | 2,005          |
| <b>Shareholders' equity</b>  | <b>338,822</b> | <b>332,224</b> |
| Paid in capital  | 205,392        | 205,380        |
| Reserves/Net income for the period                                     | 130,864        | 124,459        |
| <b>Non-controlling interests</b>                                       | <b>2,566</b>   | <b>2,385</b>   |
| <b>Total liabilities and shareholders' equity</b>                      | <b>615,818</b> | <b>599,150</b> |

## FINANCIAL HIGHLIGHTS

## Statement of Cash Flows Data – Consolidated

| R\$ million     |  |                          |                |
|-----------------|--|--------------------------|----------------|
| 4Q-2011         |  | For the first quarter of |                |
|                 |  | 2012                     | 2011           |
| 5,049           | <b>Net income attributable to the shareholders of Petrobras</b>          | 9,214                    | 10,985         |
| 9,238           | (+) Adjustments for:   | 5,872                    | 1,716          |
| 5,904           | Depreciation, depletion and amortization                                 | 4,749                    | 3,538          |
| 23              | Exchange variation, monetary and financial charges                       | (503)                    | (923)          |
| 179             | Noncontrolling interest  | 213                      | 205            |
| (95)            | Equity in earnings of investments  | (136)                    | (411)          |
| 314             | Losses (gains) on disposal of non current assets                         | 79                       | 133            |
| 2,947           | Deferred income and social contribution taxes, net                       | 2,331                    | 2,368          |
| 989             | Dry hole costs   | 545                      | 538            |
| 1,070           | Impairment   | 143                      | 163            |
| (794)           | Inventories  | (1,252)                  | (4,275)        |
| (484)           | Accounts receivable  | (164)                    | (1,149)        |
| 571             | Trade accounts payable   | (479)                    | 2,173          |
| 236             | Employee's post retirement benefits obligation - Pension and Health Care | 733                      | 480            |
| (1,651)         | Taxes and contributions payable  | 618                      | (165)          |
| 29              | Other assets and liabilities   | (1,005)                  | (959)          |
| <b>14,287</b>   | <b>(=) Net cash provided by operating activities</b>                     | <b>15,086</b>            | <b>12,701</b>  |
| <b>(16,440)</b> | <b>(-) Net cash used in investing activities</b>                         | <b>(17,318)</b>          | <b>(9,318)</b> |
| (21,523)        | Investments in operating segments  | (16,577)                 | (15,252)       |
| 5,083           | Investments in marketable securities                                     | (741)                    | 5,934          |
| <b>(2,153)</b>  | <b>(=) Net cash flow</b>   | <b>(2,232)</b>           | <b>3,383</b>   |
| <b>5,275</b>    | <b>(-) Net cash provided (used) in financing activities</b>              | <b>6,441</b>             | <b>9,736</b>   |
| 12,366          | Proceeds from borrowings   | 14,514                   | 15,286         |
| (3,050)         | Repayment of principal   | (3,590)                  | (2,051)        |
| (1,661)         | Repayment of interest  | (2,341)                  | (1,668)        |
| (2,394)         | Dividends paid   | (2,162)                  | (1,838)        |
| 14              | Acquisition of noncontrolling interest                                   | 20                       | 7              |
| (83)            | (+) Effect of exchange variation on cash and cash equivalents            | (52)                     | (193)          |

|              |   |              |               |
|--------------|---|--------------|---------------|
| <b>3,039</b> | <b>(=) Net increase (decrease) in cash and cash equivalents in the period</b> | <b>4,157</b> | <b>12,926</b> |
| 32,708       | Cash and cash equivalents at beginning of period                              | 35,747       | 29,416        |
| 35,747       | Cash and cash equivalents at the end of period                                | 39,904       | 42,342        |

See the analysis of cash flow on page 15 – Liquidity and Capital Resources.



**FINANCIAL HIGHLIGHTS****SEGMENT INFORMATION****Consolidated Income Statement by Segment**

|   | E&P            | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|---|----------------|---|-------------------|
| <b>Sales revenues</b>   | <b>36,237</b>  | <b>55,027</b>                           | <b>4,420</b>      |
| Intersegments   | 36,199         | 17,127                                  | 584               |
| Third parties   | 38             | 37,900                                  | 3,836             |
| Cost of sales   | (15,535)       | (59,957)                                | (2,913)           |
| <b>Gross profit</b>   | <b>20,702</b>  | <b>(4,930)</b>                          | <b>1,507</b>      |
| <b>Income (expenses)</b>  | <b>(1,856)</b> | <b>(2,171)</b>                          | <b>(518)</b>      |
| Selling, administrative and general expenses                                | (235)          | (1,527)                                 | (411)             |
| Exploration costs   | (920)          |   |                   |
| Research and development expenses   | (263)          | (93)                                    | (7)               |
| Taxes   | (23)           | (25)                                    |                   |
| Other operating income and expenses, net                                    | (415)          | (526)                                   | (100)             |
| <b>Net<br/>income (loss) before financial results, and<br/>income taxes</b> | <b>18,846</b>  | <b>(7,101)</b>                          | <b>989</b>        |
| Financial income (expenses), net  |                |   |                   |
| Equity in earnings of investments   | 1              | 88                                      | 82                |
| <b>Income before income taxes</b>   | <b>18,847</b>  | <b>(7,013)</b>                          | <b>1,071</b>      |
| Income tax and social contribution  | (6,407)        | 2,414                                   | (336)             |
| <b>Net income</b>   | <b>12,440</b>  | <b>(4,599)</b>                          | <b>735</b>        |
| Net income attributable to:   |                |   |                   |

|                           |               |                |            |
|---------------------------|---------------|----------------|------------|
| Shareholders of Petrobras | 12,444        | (4,599)        | 707        |
| Non-controlling interests | (4)           |                | 28         |
|                           | <b>12,440</b> | <b>(4,599)</b> | <b>735</b> |

|  | E&P            | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|--|----------------|---|-------------------|
| <b>Sales revenues</b>  | <b>28,042</b>  | <b>44,243</b>                           | <b>3,637</b>      |
| Intersegments  | 28,005         | 14,695                                  | 517               |
| Third parties  | 37             | 29,548                                  | 3,120             |
| Cost of sales  | (12,210)       | (43,172)                                | (2,471)           |
| <b>Gross profit</b>  | <b>15,832</b>  | <b>1,071</b>                            | <b>1,166</b>      |
| <b>Income (expenses)</b>   | <b>(1,691)</b> | <b>(1,586)</b>                          | <b>(575)</b>      |
| Selling, administrative and general expenses                           | (189)          | (1,228)                                 | (452)             |
| Exploration costs  | (858)          |   |                   |
| Research and development expenses                                      | (283)          | (88)                                    | (15)              |
| Taxes  | (21)           | (25)                                    | (25)              |
| Other operating income and expenses, net                               | (340)          | (245)                                   | (83)              |
| <b>Net income (loss) before financial results<br/>and income taxes</b> | <b>14,141</b>  | <b>(515)</b>                            | <b>591</b>        |
| Financial income (expenses), net                                       |                |   |                   |
| Equity in earnings of investments                                      |                | 240                                     | 120               |
| <b>Income before income taxes</b>                                      | <b>14,141</b>  | <b>(275)</b>                            | <b>711</b>        |
| Income tax and social contribution                                     | (4,808)        | 175                                     | (201)             |
| <b>Net income</b>  | <b>9,333</b>   | <b>(100)</b>                            | <b>510</b>        |
| Net income attributable to:  |                |   |                   |
| Shareholders of Petrobras  | 9,326          | (94)                                    | 518               |
| Non-controlling interests  | 7              | (6)                                     | (8)               |
|  | <b>9,333</b>   | <b>(100)</b>                            | <b>510</b>        |



## FINANCIAL HIGHLIGHTS

## Consolidated EBITDA Statement by Segment

|   | E&P           | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|---|---------------|---|-------------------|
| Income (loss) before financial results and income taxes | 18,846        | (7,101)                                 | 989               |
| Depreciation, depletion and amortization                | 2,872         | 773                                     | 420               |
| Impairment  |               |   | 1                 |
| <b>EBITDA</b>   | <b>21,718</b> | <b>(6,328)</b>                          | <b>1,410</b>      |

## Consolidated EBITDA Statement by Segment

|   | E&P           | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|---|---------------|---|-------------------|
| Income (loss) before financial results and income taxes | 14,141        | (515)                                   | 591               |
| Depreciation, depletion and amortization                | 2,118         | 495                                     | 329               |
| Impairment  |               |   |                   |
| <b>EBITDA</b>   | <b>16,259</b> | <b>(20)</b>                             | <b>920</b>        |

## Other Operating Income (Expenses) by Segment

|   | E&P  | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|---|------|---|-------------------|
| Pension and health care plans                 |      |   |                   |
| Institutional relations and cultural projects | (18) | (17)                                    | (4)               |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| Unscheduled stoppages and pre-operating expenses                | (274)        | (35)         | (10)         |
| Losses from legal and administrative proceedings                | (56)         | (128)        | (7)          |
| Allowance for marking inventory to market value                 | (4)          | (102)        |              |
| Expenses on security, environment and health                    | (9)          | (46)         | (1)          |
| Operating expenses with thermoelectric power stations           |              |              | (63)         |
| Results from sales and write-off of assets                      | (8)          | 7            |              |
| Government subsidies, incentives and donations                  | 8            | 10           | 7            |
| Expenditures/reimbursements from operations in E&P partnerships | 7            |              |              |
| Impairment  |              |              | (1)          |
| Other   | (61)         | (215)        | (21)         |
|   | <b>(415)</b> | <b>(526)</b> | <b>(100)</b> |

Other Operating Income (Expenses) by Segment

|   | E&P          | REFINING,<br>TRANSPORT AND<br>MARKETING | GAS<br>&<br>POWER |
|---|--------------|---|-------------------|
| Pension and health care plans                                   |              |   |                   |
| Institutional relations and cultural projects                   | (15)         | (12)                                    | (2)               |
| Unscheduled stoppages and preoperating expenses                 | (179)        | (17)                                    | (45)              |
| Losses from legal and administrative proceedings                | (9)          | (13)                                    | (5)               |
| Allowance for marking inventory to market value                 | 9            | (69)                                    |                   |
| Expenses on security, environment and health                    | (21)         | (23)                                    | (1)               |
| Operating expenses with thermoelectric power stations           |              |   | (19)              |
| Results from sales and write-off of assets                      | (1)          | (2)                                     | (4)               |
| Government subsidies, incentives and donations                  | 35           | 24                                      | 2                 |
| Expenditures/reimbursements from operations in E&P partnerships | (32)         |   |                   |
| Impairment  |              |   |                   |
| Other   | (127)        | (133)                                   | (9)               |
|   | <b>(340)</b> | <b>(245)</b>                            | <b>(83)</b>       |



**FINANCIAL HIGHLIGHTS****Consolidated Assets by Segment**

|                                    | For the first quarter |  |                   |              |             |
|------------------------------------|-----------------------|--|-------------------|--------------|-------------|
|                                    | R\$ Million           |  |                   |              |             |
|                                    | E&P                   | REFINING,<br>TRANSPORT<br>AND<br>MARKETING | GAS<br>&<br>POWER | BIOFUEL      | DISTRIB     |
| <b>Total assets</b>                | <b>269,788</b>        | <b>165,181</b>                             | <b>52,846</b>     | <b>2,413</b> | <b>14,8</b> |
| <b>Current assets</b>              | <b>10,252</b>         | <b>41,752</b>                              | <b>4,855</b>      | <b>234</b>   | <b>7,8</b>  |
| <b>Non-current assets</b>          | <b>259,536</b>        | <b>123,429</b>                             | <b>47,991</b>     | <b>2,179</b> | <b>7,0</b>  |
| Long-term receivables              | 8,215                 | 8,372                                      | 3,148             | 35           | 1,3         |
| Investments                        | 29                    | 6,373                                      | 2,301             | 1,616        |             |
| Property, plant and equipment, net | 174,801               | 108,384                                    | 41,811            | 528          | 4,8         |
| Intangible assets                  | 76,491                | 300  | 731               |              | 8           |

**Consolidated Assets by Segment**

|                                    | Year ended December |  |                   |              |             |
|------------------------------------|---------------------|--|-------------------|--------------|-------------|
|                                    | R\$ Million         |  |                   |              |             |
|                                    | E&P                 | REFINING,<br>TRANSPORT<br>AND<br>MARKETING | GAS<br>&<br>POWER | BIOFUEL      | DISTRIB     |
| <b>Total assets</b>                | <b>264,701</b>      | <b>158,185</b>                             | <b>51,857</b>     | <b>2,419</b> | <b>14,7</b> |
| <b>Current assets</b>              | <b>10,537</b>       | <b>41,203</b>                              | <b>4,707</b>      | <b>239</b>   | <b>7,9</b>  |
| <b>Non-current assets</b>          | <b>254,164</b>      | <b>116,982</b>                             | <b>47,150</b>     | <b>2,180</b> | <b>6,8</b>  |
| Long-term receivables              | 7,766               | 7,910                                      | 3,050             | 32           | 1,2         |
| Investments                        | 23                  | 6,306                                      | 2,160             | 1,612        |             |
| Property, plant and equipment, net | 169,833             | 102,473                                    | 41,208            | 536          | 4,7         |

Intangible assets

76,542

293

732

7

23

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**FINANCIAL HIGHLIGHTS****Consolidated Income Statement for International Segment****International****R\$ Million**

|   | E&P          | REFINING,<br>TRANSPORT<br>AND<br>MARKETING | GAS<br>&<br>POWER | DISTRIB.  | CORP.        | ELIMIN.    | TOTAL        |
|---|--------------|--|-------------------|-----------|--------------|------------|--------------|
| <b>Income Statement<br/>(For the first<br/>quarter of 2012)</b>             |              |  |                   |           |              |            |              |
| Sales revenues  | 2,617        | 4,168                                      | 249               | 2,301     |              | (972)      | 8,363        |
| Intersegments   | 1,905        | 988  | 16                | 2         |              | (972)      | 1,939        |
| Third parties   | 712          | 3,180                                      | 233               | 2,299     |              |            | 6,424        |
| <b>Income (loss) before<br/>financial results and<br/>income taxes</b>      | <b>1,370</b> | <b>66</b>                                  | <b>39</b>         | <b>61</b> | <b>(83)</b>  | <b>(6)</b> | <b>1,447</b> |
| <b>Net income<br/>attributable to the<br/>shareholders of<br/>Petrobras</b> | <b>966</b>   | <b>68</b>                                  | <b>17</b>         | <b>56</b> | <b>(111)</b> | <b>(6)</b> | <b>990</b>   |

**International****R\$ Million**

|   | E&P | REFINING,<br>TRANSPORT<br>AND<br>MARKETING | GAS<br>&<br>POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|---|-----|--|-------------------|----------|-------|---------|-------|
| <b>Income Statement<br/>(For the first<br/>quarter of 2011)</b> |     |  |                   |          |       |         |       |

|   |              |              |            |              |              |                |              |
|---|--------------|--------------|------------|--------------|--------------|----------------|--------------|
| <b>Sales revenues</b>   | <b>2,108</b> | <b>3,698</b> | <b>229</b> | <b>2,032</b> |              | <b>(1,097)</b> | <b>6,970</b> |
| Intersegments   | 1,765        | 1,038        | 19         | 16           |              | (1,108)        | 1,730        |
| Third parties   | 343          | 2,660        | 210        | 2,016        |              | 11             | 5,240        |
| <b>Income (loss) before financial results and income taxes</b>  | <b>808</b>   | <b>217</b>   | <b>57</b>  | <b>(35)</b>  | <b>(186)</b> |                | <b>861</b>   |
| <b>Net income attributable to the shareholders of Petrobras</b> | <b>748</b>   | <b>221</b>   | <b>67</b>  | <b>(40)</b>  | <b>(160)</b> |                | <b>836</b>   |

**Consolidated Assets for International Segment****R\$ Million**

|  | E&P           | REFINING,<br>TRANSPORT<br>AND<br>MARKETING | GAS<br>&<br>POWER | DISTRIB.     | CORP.        | ELIMIN.        | TOTAL         |
|--|---------------|--|-------------------|--------------|--------------|----------------|---------------|
| <b>Total assets on March 31, 2012</b>    | <b>25,915</b> | <b>6,271</b>                               | <b>1,418</b>      | <b>1,924</b> | <b>2,904</b> | <b>(4,230)</b> | <b>34,202</b> |
| <b>Total assets on December 31, 2011</b> | <b>27,358</b> | <b>6,365</b>                               | <b>1,742</b>      | <b>1,889</b> | <b>3,412</b> | <b>(4,327)</b> | <b>36,439</b> |

## APPENDIX

## 1. Analysis of Consolidated Gross Profit (1Q-2012 x 4Q-2011)

|  | <b>R\$ million</b><br><b>1Q-2012 x 4Q-2011</b> |       |       |
|--|--|-------|-------|
| <b>. Domestic Market:</b> - sales volumes effect                 | (1,721)  | 1,312 | (409) |
| - prices effect  | 374  |       | 374   |
| <b>. International Market:</b> - export volumes effect           | 2,851  | (622) | 2,229 |
| - export prices effect   | 618  |       | 618   |
| <b>. (Increase) decrease in expenses: (i)</b>                    |  | 6     | 6     |
| <b>. Increase (decrease) of trading operations profitability</b> | (1,526)  | 1,592 | 66    |
| <b>. Increase (decrease) of international sales</b>              | 39   | (300) | (261) |
| <b>. Others</b>  | 242  | 73    | 315   |
|  | 877  | 2,061 | 2,938 |
| <br>   |  |       |       |
| - Brazilian production taxes                                     | (685)  |       |       |
| - third-party services   | (153)  |       |       |
| - salaries, benefits and charges                                 | (145)  |       |       |
| - marine and pipeline transports <sup>22</sup>                   | (81)   |       |       |
| - materials, services, leases and depreciation                   | 14   |       |       |
| - domestic purchase of oil products                              | 75   |       |       |
| - crude oil, oil products and gas imports                        | 981  |       |       |
|  | 6  |       |       |

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 of the period, because the products remains in stock during sixty days in average, and fully occurs only on the next period. The estimated effects on the cost of sales are as follows:

| 4Q-2011 | 1Q-2012 | Δ (*) |
|---------|---------|-------|
|---------|---------|-------|

**Effect of the average cost on the cost of sales**

**(R\$ million)**

( ) increase on the cost of sales

**1,189**

**622**

**(567)**

(\*) Cost of sales of the first quarter of 2012 was less favored by the effect of the average cost compared to the fourth quarter of 2011, due to the lower participation of imported products.

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<sup>21</sup> Does not include the effects related to changes on sales volumes.

<sup>22</sup> Expenses with cabotage, terminals and ducts.

## APPENDIX

## 2. Analysis of Consolidated Gross Profit (1Q-2012 x 1Q-2011)

|  | <b>R\$ million</b><br><b>1Q-2012 X 1Q-2011</b> |          |         |
|--|--|----------|---------|
| <b>. Domestic Market:</b> - sales volumes effect                 | 4,275  | (2,598)  | 1,677   |
| - prices effect  | 2,576  |          | 2,576   |
| <b>. International Market:</b> - export volumes effect           | 1,338  | (419)    | 919     |
| - export prices effect   | 2,866  |          | 2,866   |
| <b>. (Increase) decrease in expenses: (i)</b>                    |  | (7,991)  | (7,991) |
| <b>. Increase (decrease) of trading operations profitability</b> | (717)  | 679      | (38)    |
| <b>. Increase (decrease) of international sales</b>              | 1,274  | (1,003)  | 271     |
| <b>. Others</b>  | 164  | (89)     | 75      |
|  | 11,776   | (11,421) | 355     |
| <br>   |  |          |         |
| - crude oil, oil products and gas imports                        | (4,556)  |          |         |
| - Brazilian production taxes                                     | (1,403)  |          |         |
| - materials, government services, leases depreciation and others | (1,282)  |          |         |
| - salaries and benefits  | (480)  |          |         |
| - third-party services   | (238)  |          |         |
| - marine and pipeline transports <sup>24</sup>                   | (233)  |          |         |
| - domestic purchase of oil products                              | 201  |          |         |
|  | (7,991)  |          |         |

## 3. Inventories

|  | <b>03.31.2012</b> | <b>12.31.2011</b> | <b>Δ %</b> |
|--|-------------------|-------------------|------------|
| Products: <sup>25</sup>                          |                   |                   |            |
| Oil products                                     | 11,038            | 9,166             | 20         |
| Alcohol  | 750               | 782               | (4)        |
|  | 11,788            | 9,948             | 18         |
| Raw materials, mainly crude oil <sup>25</sup>    | 13,798            | 14,847            | (7)        |
| Materials and maintenance supplies <sup>25</sup> | 3,505             | 3,369             | 4          |
| Others   | 387               | 367               | 5          |
|  | 29,478            | 28,531            | (3)        |
| <b>Current</b>                                   | <b>29,396</b>     | <b>28,447</b>     |            |
| <b>Non-current</b>                               | <b>82</b>         | <b>84</b>         |            |

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<sup>2</sup> Does not include the effects related to changes on sales volumes.

<sup>24</sup> Expenses with cabotage, terminals and ducts.

<sup>25</sup> Includes imports in progress.

## APPENDIX

## 4. Reconciliation between Adjusted EBITDA and Net Income

|               |                       | R\$ million   |                          |               |                       |
|---------------|-----------------------|---|--------------------------|---------------|-----------------------|
| 4Q-2011       | 1Q12 X<br>4Q11<br>(%) |   | For the first quarter of |               | 1Q12 X<br>4Q11<br>(%) |
|               |                       |   | 2012                     | 2011          |                       |
| 7,490         | 57                    | Income (loss) before financial results, profit-sharing and income taxes | 11,771                   | 12,318        | (4)                   |
| 5,904         | (20)                  | Depreciation, depletion and amortization                                | 4,749                    | 3,538         | 34                    |
| 660           |                       | Impairment  | 1                        | (1)           |                       |
| <b>14,054</b> | <b>18</b>             | <b>EBITDA</b>   | <b>16,521</b>            | <b>15,855</b> | <b>4</b>              |
| <b>22</b>     |                       | <b>EBITDA margin (%)<sup>26</sup></b>                                   | <b>25</b>                | <b>29</b>     | <b>(4)</b>            |
|               | <b>3</b>              |   |                          |               |                       |

<sup>26</sup> Adjusted EBITDA margin equals adjusted EBITDA divided by sales revenues.



## APPENDIX

## TAXES AND PRODUCTION TAXES

## 5. Consolidated Taxes and Contributions

The economic contribution of Petrobras, measured through the generation of current taxes and social contributions, amounted to R\$18,661 million.

| 4Q-2011       | 1Q12 X<br>4Q11<br>(%) | R\$ million                                      | For the first quarter<br>of |               | 2012 X<br>2011<br>(%) |
|---------------|-----------------------|--|-----------------------------|---------------|-----------------------|
|               |                       |  | 2012                        | 2011          |                       |
|               |                       | <b>Economic Contribution<br/>- Brazil</b>        |                             |               |                       |
| 9,885         | (6)                   | <b>Domestic Value-Added<br/>Tax (ICMS)</b>       | 9,254                       | 8,304         | 11                    |
| 1,261         | (18)                  | <b>CIDE <sup>27</sup></b>                        | 1,037                       | 1,984         | (48)                  |
| 3,725         | (7)                   | <b>PIS/COFINS</b>                                | 3,467                       | 3,403         | 2                     |
| 1,138         | 110                   | <b>Income Tax and Social<br/>Contribution</b>    | 2,389                       | 3,422         | (30)                  |
| 1,280         | (17)                  | <b>Others</b>                                    | 1,068                       | 720           | 48                    |
| <b>17,289</b> |                       | <b>Subtotal - Brazil</b>                         | <b>17,215</b>               | <b>17,833</b> | (3)                   |
| 2,484         | (42)                  | <b>Economic Contribution<br/>- International</b> | 1,446                       | 1,140         | 27                    |
| <b>19,773</b> | (6)                   | <b>Total</b>                                     | <b>18,661</b>               | <b>18,973</b> | (2)                   |

## 6. Production Taxes

| <b>R\$ million</b> |                        |                               |                                     |              |                        |
|--------------------|------------------------|-------------------------------|-------------------------------------|--------------|------------------------|
| <b>4Q-2011</b>     | <b>1Q12 X<br/>4Q11</b> |                               | <b>For the first<br/>quarter of</b> |              | <b>2012 X<br/>2011</b> |
|                    | <b>(%)</b>             |                               | <b>2012</b>                         | <b>2011</b>  | <b>(%)</b>             |
|                    |                        | <b>Brazil</b>                 |                                     |              |                        |
| 3,506              | 4                      | Royalties                     | 3,629                               | 2,885        | 26                     |
| 4,016              | 4                      | Special participation charges | 4,180                               | 3,201        | 31                     |
| 43                 | (12)                   | Rental of areas               | 38                                  | 22           | 73                     |
| <b>7,565</b>       | 4                      | <b>Subtotal - Brazil</b>      | <b>7,847</b>                        | <b>6,108</b> | 28                     |
| 205                | 7                      | <b>International</b>          | 219                                 | 149          | 47                     |
| <b>7,770</b>       | 4                      | <b>Total</b>                  | <b>8,066</b>                        | <b>6,257</b> | 29                     |

Brazilian production taxes increased by 4% in the first quarter of 2012 compared to the fourth quarter of 2011, primarily attributable to the 6% increase in the reference price for domestic oil, which averaged R\$190.42/bbl (U.S.\$107.74/bbl) in the first quarter of 2012 compared to R\$179.39/bbl (U.S.\$99.70/bbl) in the fourth quarter of 2011, reflecting the changes occurred in the international oil prices in the period.

Brazilian production taxes increased by 28% in the first quarter of 2012 compared to the first quarter of 2011, due to the 24% increase in the reference price for domestic oil, which averaged R\$190.42/bbl (U.S.\$107.74/bbl) in the first quarter of 2012 compared to R\$153.73/bbl (U.S.\$92.25/bbl) in the first quarter of 2011, reflecting the changes occurred in the international oil prices in the period.

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<sup>27</sup> CIDE - Contribution for Intervention in the Economic Sector.

**APPENDIX****7. Assets and Liabilities subject to Exchange Variation**

The Company has assets and liabilities subject to foreign exchange variations, whose main exposure is the Real compared to the U.S. dollar. The balances of assets and liabilities in foreign exchange of subsidiaries and controlled companies abroad are not inserted on the exposure below, when transacted in currency equivalent to its respective functional currencies. On March 31 2012, the Company has a liability net exposure. Thus, one appreciation of the Real against the U.S. dollar generates an exchange variation income, while one depreciation of the Real generates an exchange variation expense.

The balance amounts subject to exchange variation exposure increased from a net liability of R\$56,500 million on December 31, 2011 to R\$76,557 million on March 31, 2012, due to the intercompany agreement between Petrobras and PGT BV related to the internalization of resources from bonds issues in February through PifCo, by the receipt of intercompany resources with international subsidiaries and by the reduction of cash and cash equivalents.

|  | <b>03.31.2012</b> | <b>12.31.2011</b> |
|--|-------------------|-------------------|
| <b>Current assets</b>  | <b>9,237</b>      | <b>14,718</b>     |
| Cash and cash equivalents  | 2,059             | 6,284             |
| Amounts invested abroad through subsidiaries   | 4,218             | 6,677             |
| to be used in Brazil in commercial activities  |                   |                   |
| Other current assets   | 2,960             | 1,757             |
| <b>Non-current assets</b>  | <b>8,968</b>      | <b>12,153</b>     |
| Amounts invested abroad through international subsidiaries, in E&P equipment to be used in Brazil and in commercial activities | 7,236             | 10,427            |

|  |                   |                   |
|--|-------------------|-------------------|
| Other non-current assets   | 1,732             | 1,726             |
| <b>Total assets</b>  | <b>18,205</b>     | <b>26,871</b>     |
|  | <b>03.31.2012</b> | <b>12.31.2011</b> |
| <b>Current liabilities</b>   | <b>(19,293)</b>   | <b>(19,853)</b>   |
| Current debt   | (3,930)           | (6,277)           |
| Trade accounts payable   | (5,190)           | (5,882)           |
| Amounts derived from abroad<br>through subsidiaries to be used in Brazil | (9,665)           | (7,463)           |
| Other current liabilities  | (508)             | (231)             |
| <b>Long-term liabilities</b>   | <b>(50,042)</b>   | <b>(36,885)</b>   |
| Long-term debt   | (36,246)          | (35,746)          |
| Amounts derived from abroad<br>through subsidiaries to be used in Brazil | (13,624)          | (882)             |
| Other long-term liabilities  | (172)             | (257)             |
| <b>Total liabilities</b>   | <b>(69,335)</b>   | <b>(56,738)</b>   |
| Net assets (liabilities) in Reais  | <b>(51,130)</b>   | <b>(29,867)</b>   |
| (-) FINAME Loans - in Reais indexed to U.S. dollar                       | (12)              | (12)              |
| (-) BNDES Loans - in Reais indexed to U.S. dollar                        | (25,415)          | (26,621)          |
| <b>Net assets (liabilities) in Reais</b>                                 | <b>(76,557)</b>   | <b>(56,500)</b>   |

## 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 15, 2012

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

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**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.

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