Conference Call / Webcast
RESULTS ANNOUNCEMENT

4th Quarter and Fiscal Year 2008
(Brazilian Corporate Law)



P53



FPSO Cidade de Niterói

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ALMIR GUILHERME BARBASSA

CFO and Investor Relations Officer

March, 10th 2009

PETROBRAS

Disclaimer

The presentation may contain forecasts about future events. Such forecasts merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein. **The Company is not obliged to update the presentation/such forecasts in light of new information or future developments.**

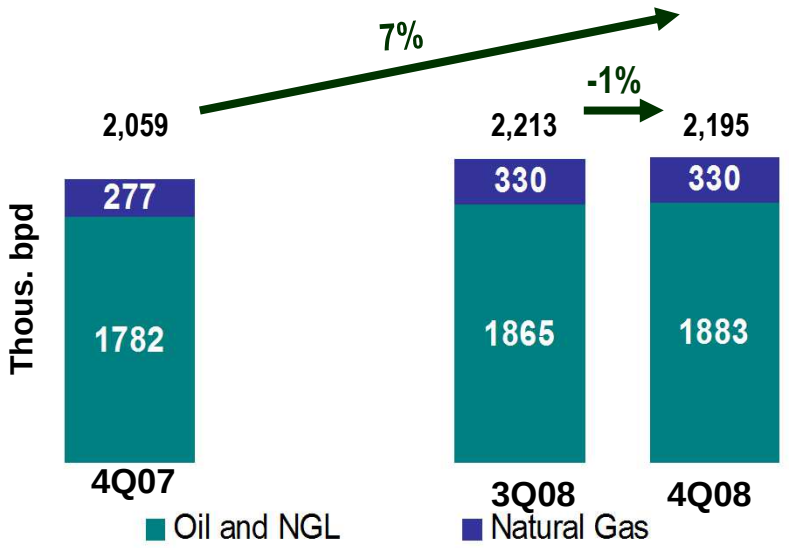
CAUTIONARY STATEMENT FOR US INVESTORS

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. **We use certain terms in this presentation, such as oil and gas resources, that the SEC's guidelines strictly prohibit us from including in filings with the SEC.**



NATIONAL PRODUCTION OF OIL, NGL & NATURAL GAS – 4Q08 VS 3Q08

Oil and Natural Gas Average Domestic Production





Record daily production of oil in Brazil (03.04.2009)
2,012,654 barrels

- **Slight decrease in the 4Q08 production due to:**
  - **Natural decline in mature fields;**
  - **Operating Stoppages.**
- **Partially offset by increase in production of new systems P-52 and P-54 (Roncador) and P-53 (Marlim Leste).**

NEW PRODUCTION SYSTEMS STATUS

P-51



P-53



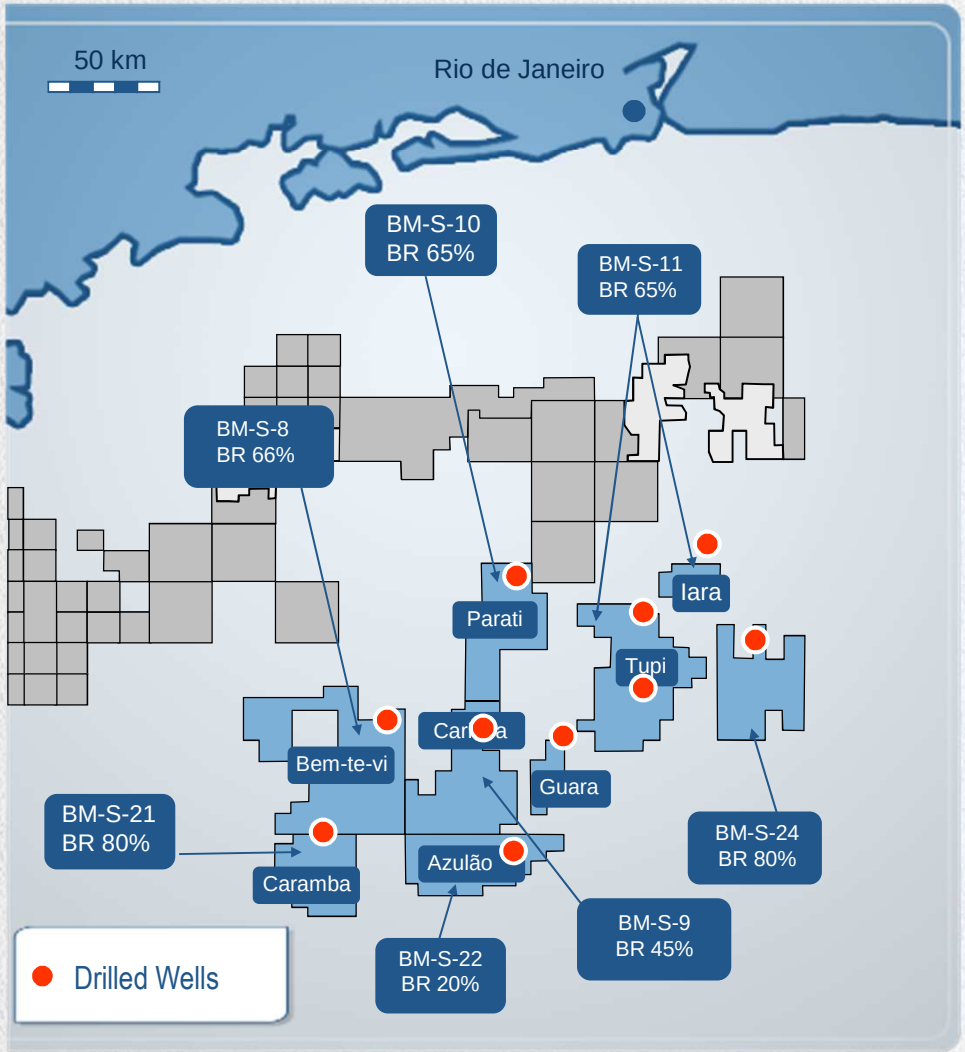
FPSO Cidade de Niterói



PLATFORM / FIELD	CAPACITY	FIRST OIL	CURRENT PRODUCTION* (bpd)	INTERCONNECTED WELLS	EXPECTED WELLS
P-51 / Marlim Sul	180 thousand bpd	01/24/2009	45,909	2 producers and 1 injector	10 producers e 9 injectors
P-53 / Marlim Leste	180 thousand bpd	11/30/2008	48,375	3 producers	13 producers and 8 injectors
FPSO Cidade de Niterói / /Marlim Leste	100 thousand bpd	02/26/2009	32,940	1 producer	9 producers (oil) e 1 producer (gas)
Total	460 thousand bpd	-	127,224		

* In 03/02/09

UPDATE ON SANTOS BASIN PRE SALT



Drilling Plan 2009:

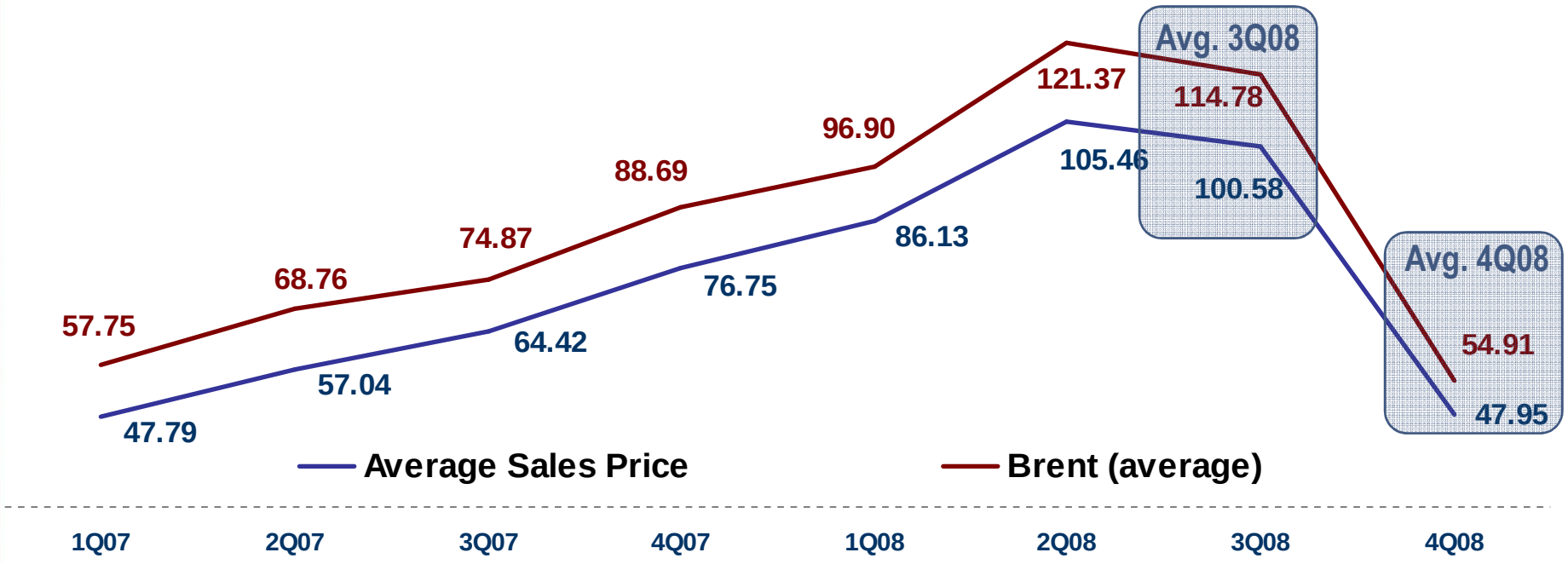
- 9 wells, being 8 exploratory and 1 producing

Status Tupi EWT:

- FPSO BW Cidade de São Vicente in transit to Brazil;
- Well 3-RJS-646 (south of Tupi), in process of completion and evaluation. Formation tests show good results;
- Production start-up expected for 2Q09.

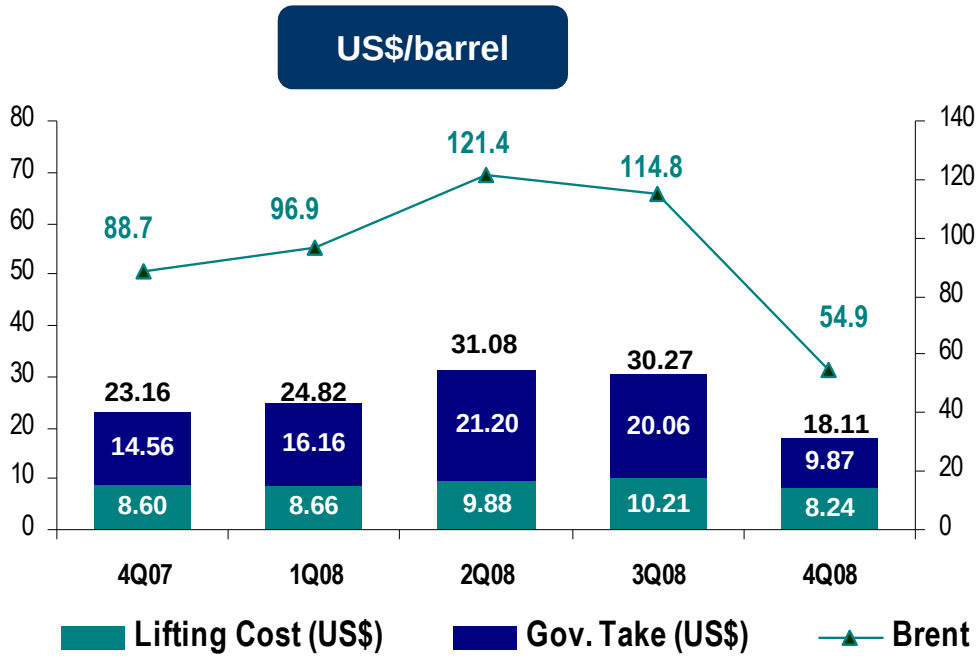


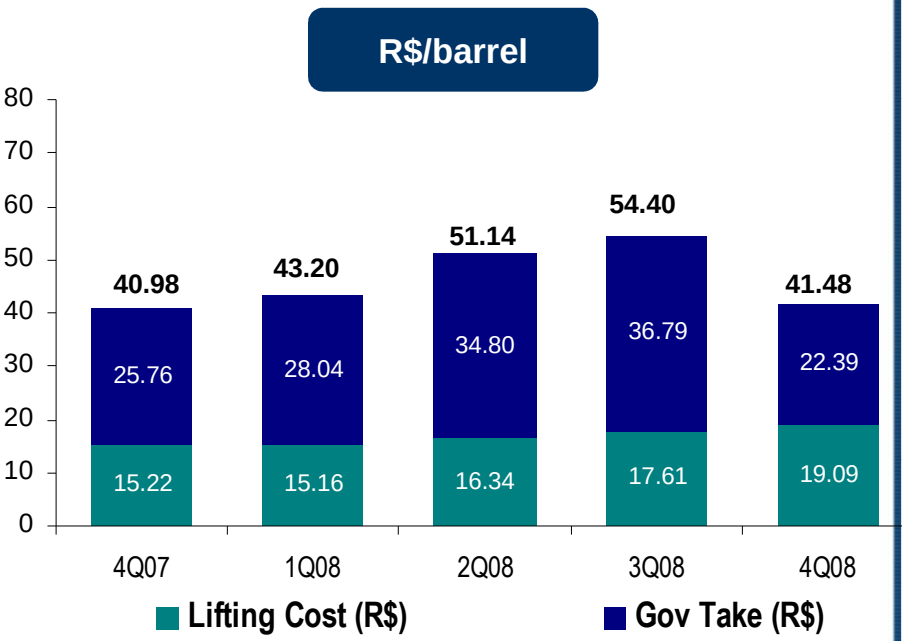
E&P OIL PRICES (US$ per barrel)



- In the 4Q08, decrease in Brent and Petrobras' oil prices surpassed 50% when compared to the previous quarter;
- Spread between domestic oil average sales price and Brent decreased from US$ 14.20/bbl in the 3Q08, to US$ 6.96/bbl in the 4Q08.

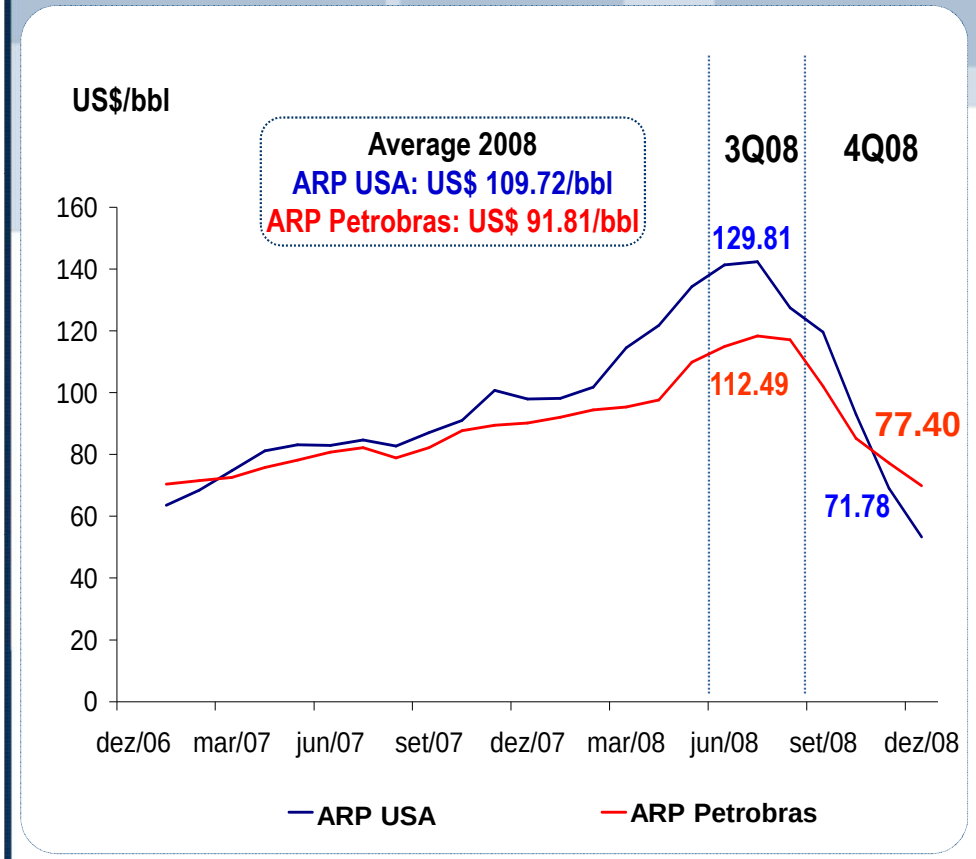
LIFTING COST IN BRAZIL

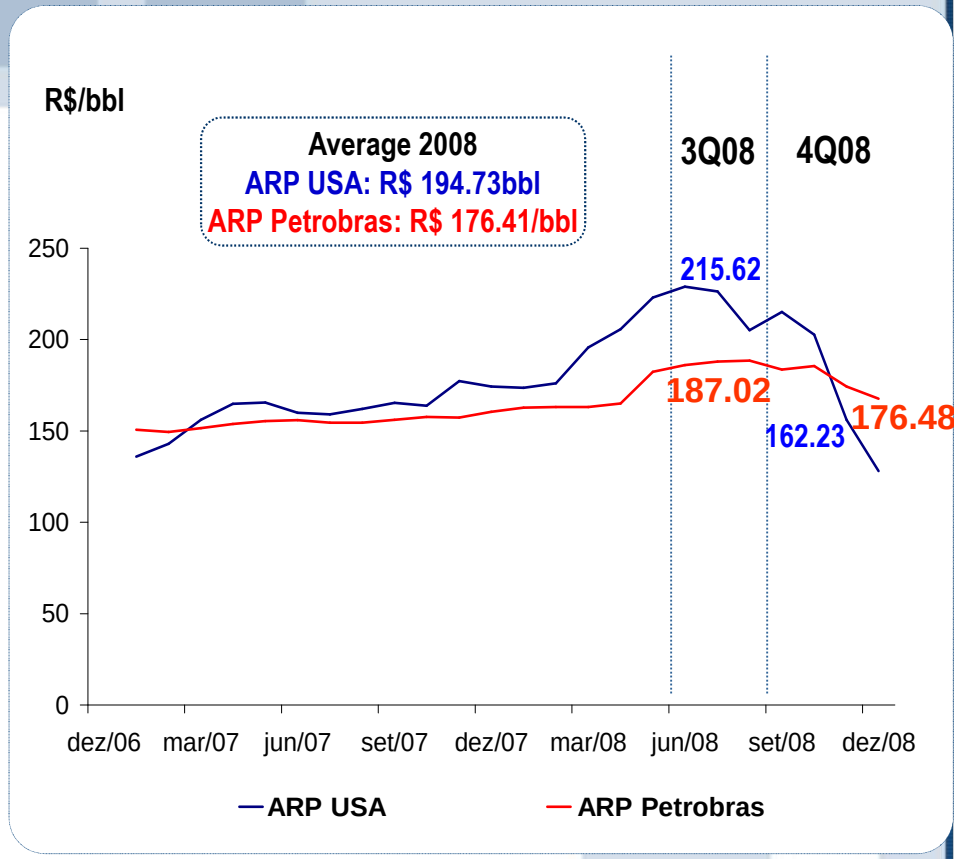




- 19% decrease in US$ lifting costs without government take from the 3Q08 to the 4Q08;
- In reais, lifting cost without government take increased due to real devaluation;
- Decrease in government take due to lower domestic oil reference prices.

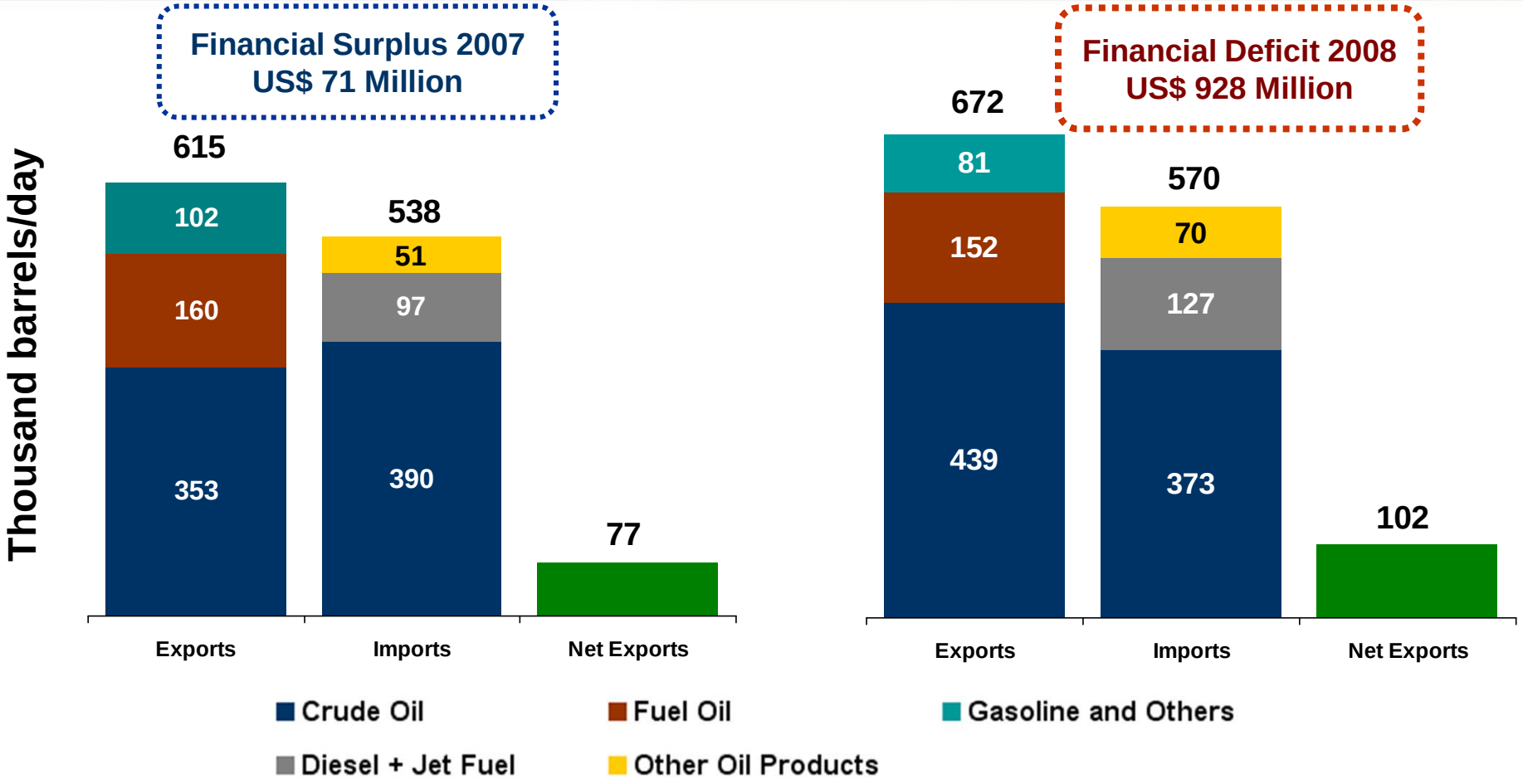
AVERAGE REALIZATION PRICES – ARP





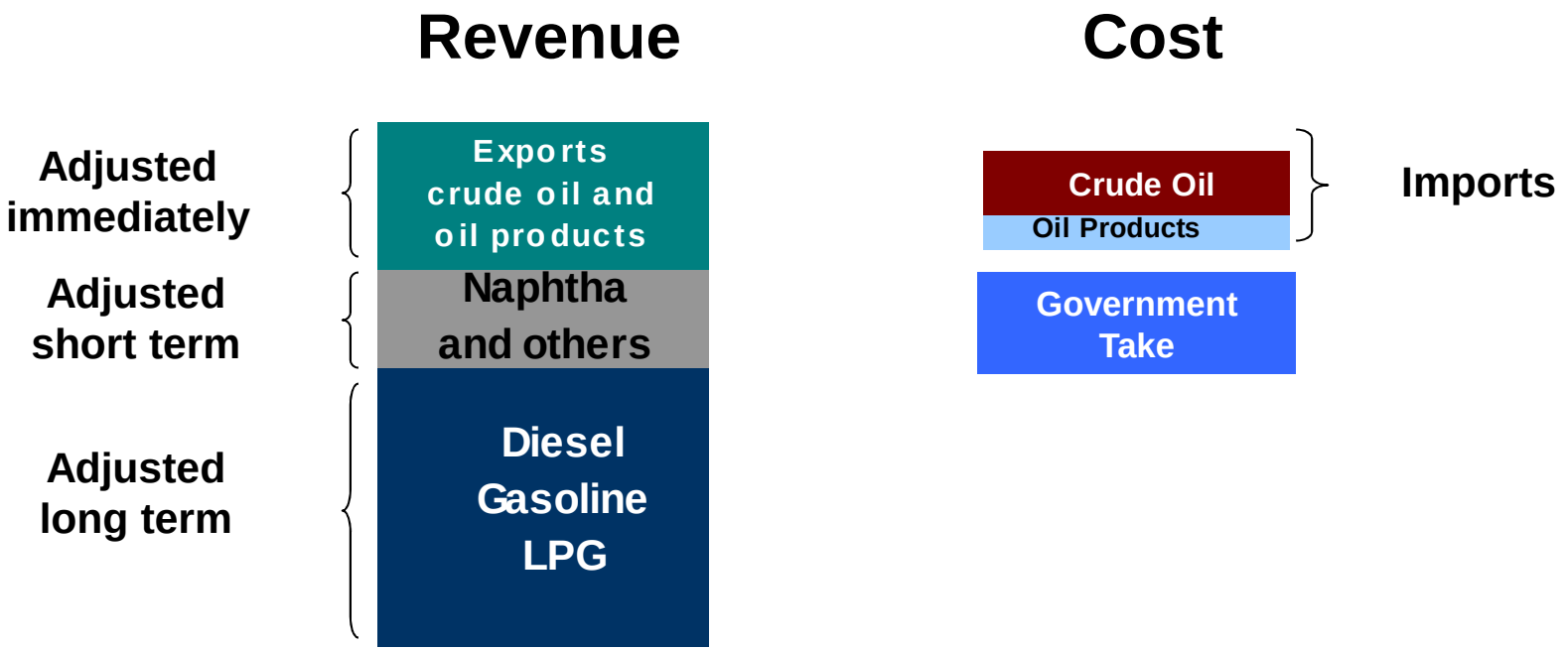
- Adjustment in diesel (15%) and gasoline (10%) on May 2008 were not enough to reset parity with international prices;
- Only in the 4Q08 Petrobras' ARP reached the level of international benchmarks;
- Decrease in ARP measured in Dollar due to Real devaluation. ARP's curve is more stable when expressed in Reais.

OIL AND OIL PRODUCTS IMPORTS AND EXPORTS



- Despite surplus in volumes, a financial deficit in trade balance;
- Investments focused in capturing margins through increase in refining capacity of domestic crude.

DIFFERENCE IN TIMING BETWEEN REVENUES AND COSTS



- Lower exports' revenues due to lower crude oil and oil products prices in international market;
- Imports gains with lower oil prices are partly offset by inventory costs – average cost methodology;
- About 40% of oil products prices sold in domestic market are adjusted in the short term.

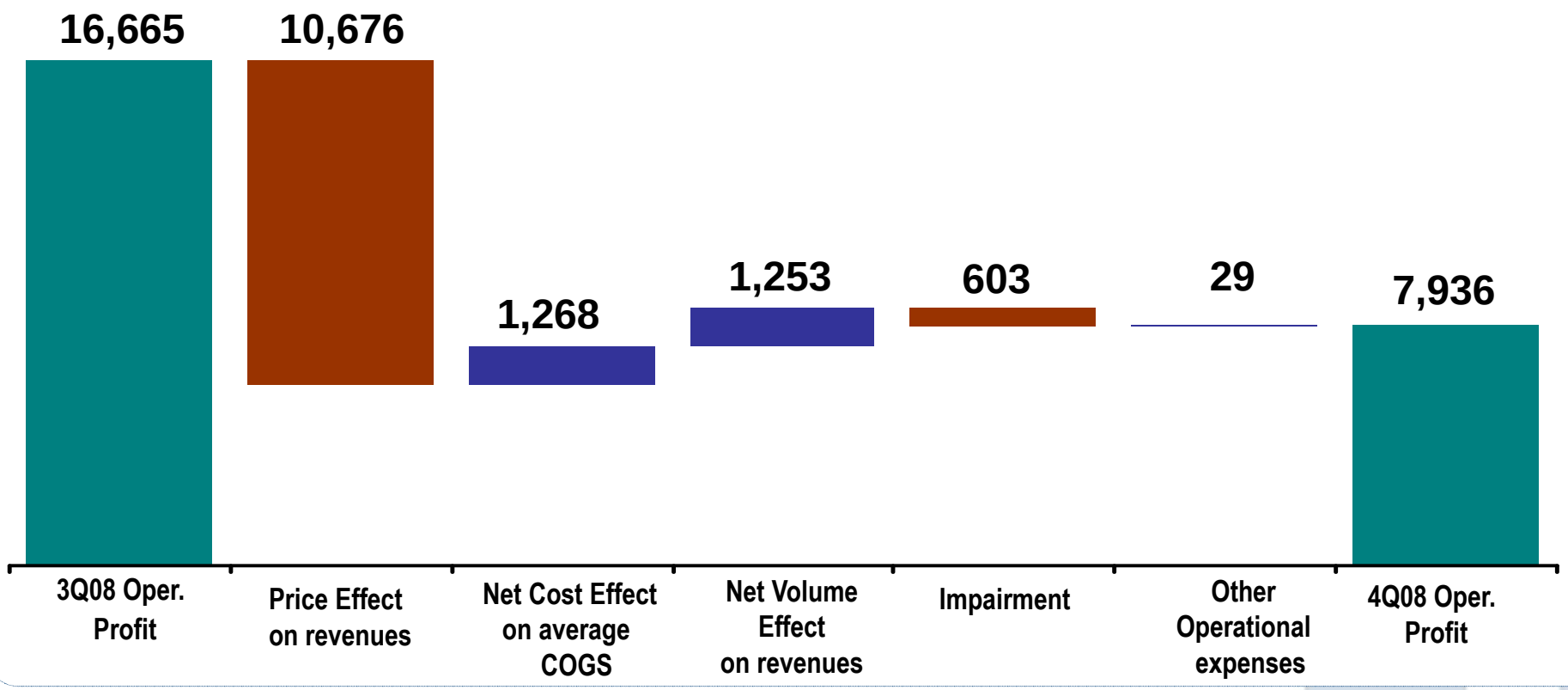
OPERATING INCOME (EXTRAORDINARY ITENS)
LAW 6.404/76

R$ Million

	4Q08	3Q08	Variation
Operating Income	**5,041**	**10,852**	**(5,811)**
- Losses with Devaluation of Inventories	**1,089**	**293**	**796**
- Inventory Turnover Effect (losses)	**2,719**	**187**	**2,532**
- Impairment	**925**	**-**	**925**
- Contractual charges and Fines	**58**	**80**	**(22)**
- Inventory Losses (Trading Operations)	**964**	**762**	**202**
Operating Income without Extraordinary Items Effects	**10,796**	**12,174**	**1,378**

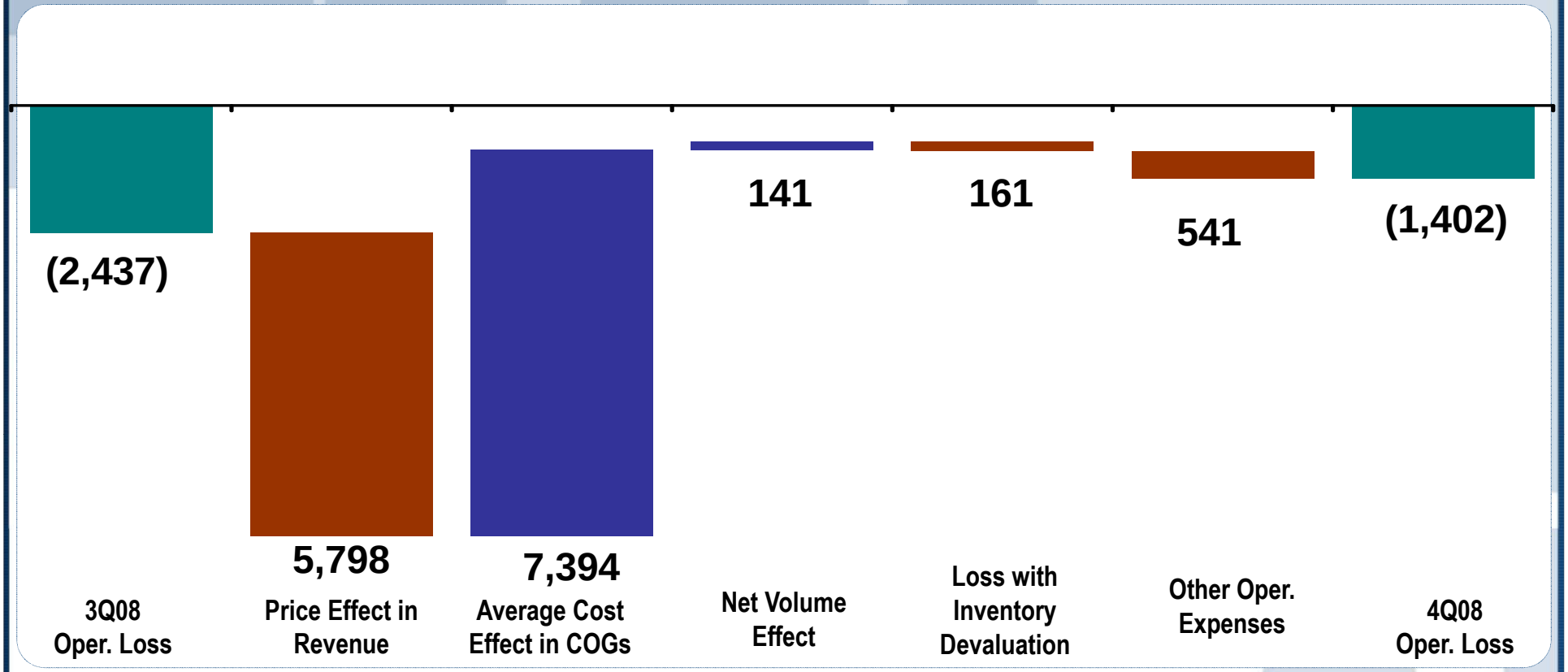
- **Extraordinary Items affected operating results;**
- **Financial revenue from hedge of R$ 603 million in the 4Q08 and R$ 156 million in the 3Q08.**

EXPLORATION AND PRODUCTION – CHANGE IN OPERATING INCOME (R$ MILLION – 4Q08 VS 3Q08)



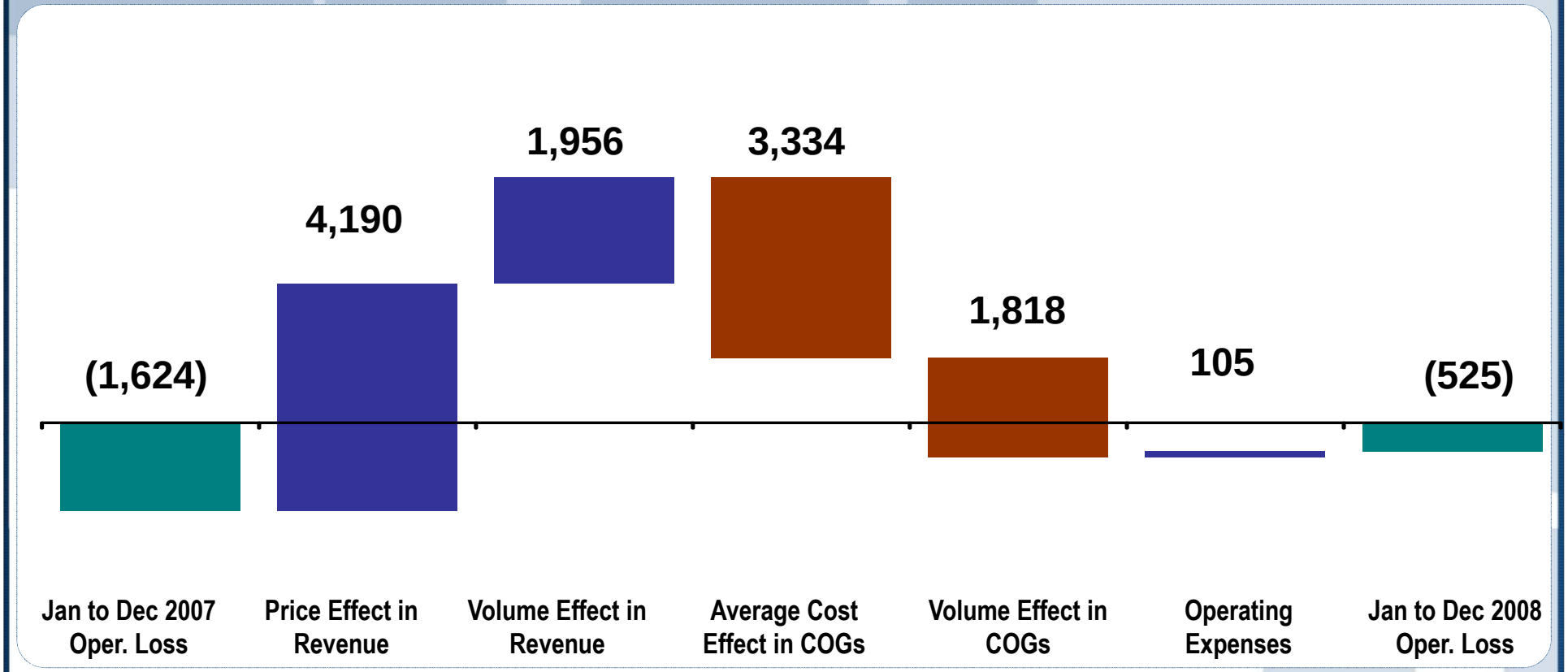
- **Upstream results affected by lower oil prices;**
- **Impairment of R$ 603 million due to losses of economically viability in projects as oil prices went down (Brent prices fell 52% at 4Q08/3Q08);**
- **Costs reduction due to lower Government take.**

DOWNSTREAM - CHANGE IN OPERATING INCOME (R$ MILLION – 4Q08 VS 3Q08)



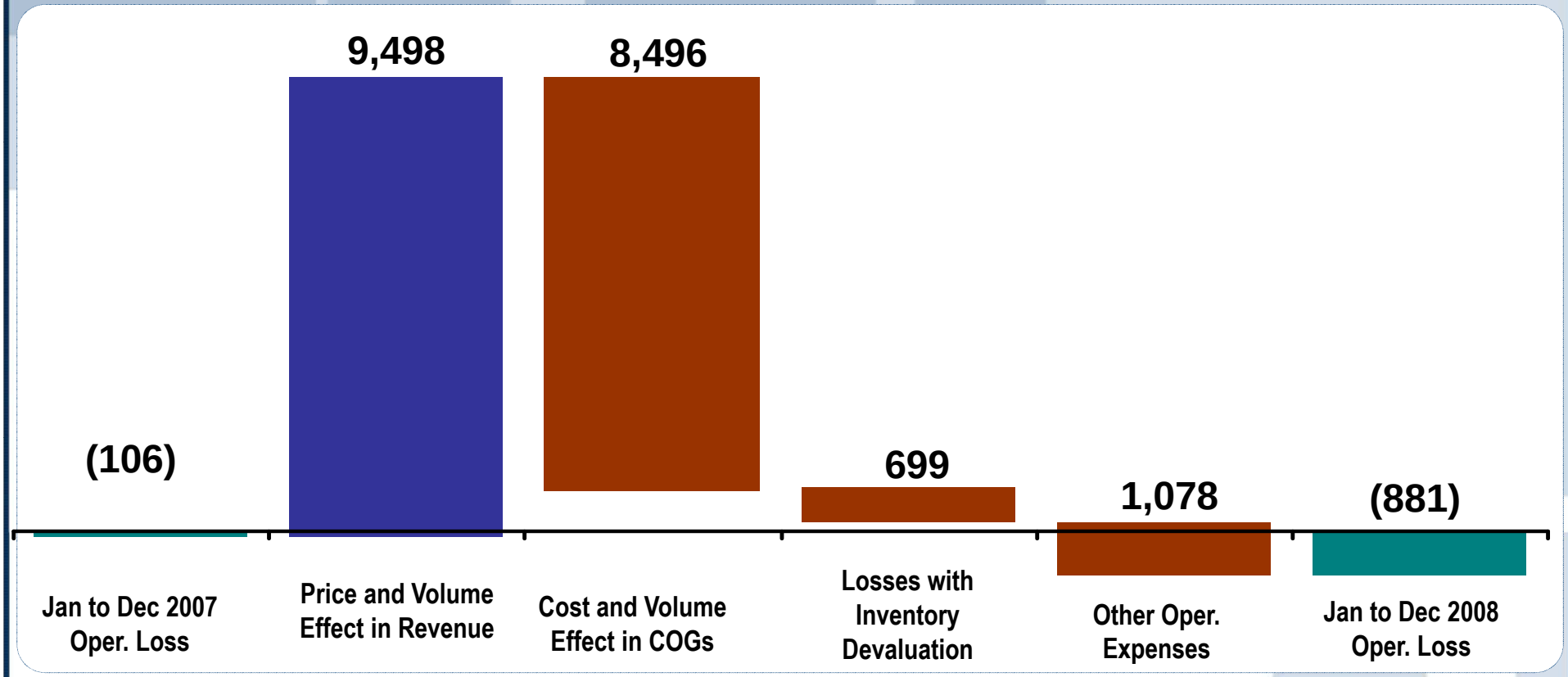
- Downstream income affected by decrease in realization prices;
- By the retention of costs in inventories in the current quarter and realization of inventories formed with higher costs in previous periods.

GAS AND ENERGY - OPERATING INCOME CHANGE
(R$ MILLION – 2008 VS 2007)



- Increase in gross profit due to higher sales volumes (increase in energy and gas sales) and better margins due to the renewal of contracts with natural gas distributors;
- Contractual charges and fines (R$ 434 million) in the energy sector should decrease due to investments;
- Positive EBITDA (R$ 236 million).

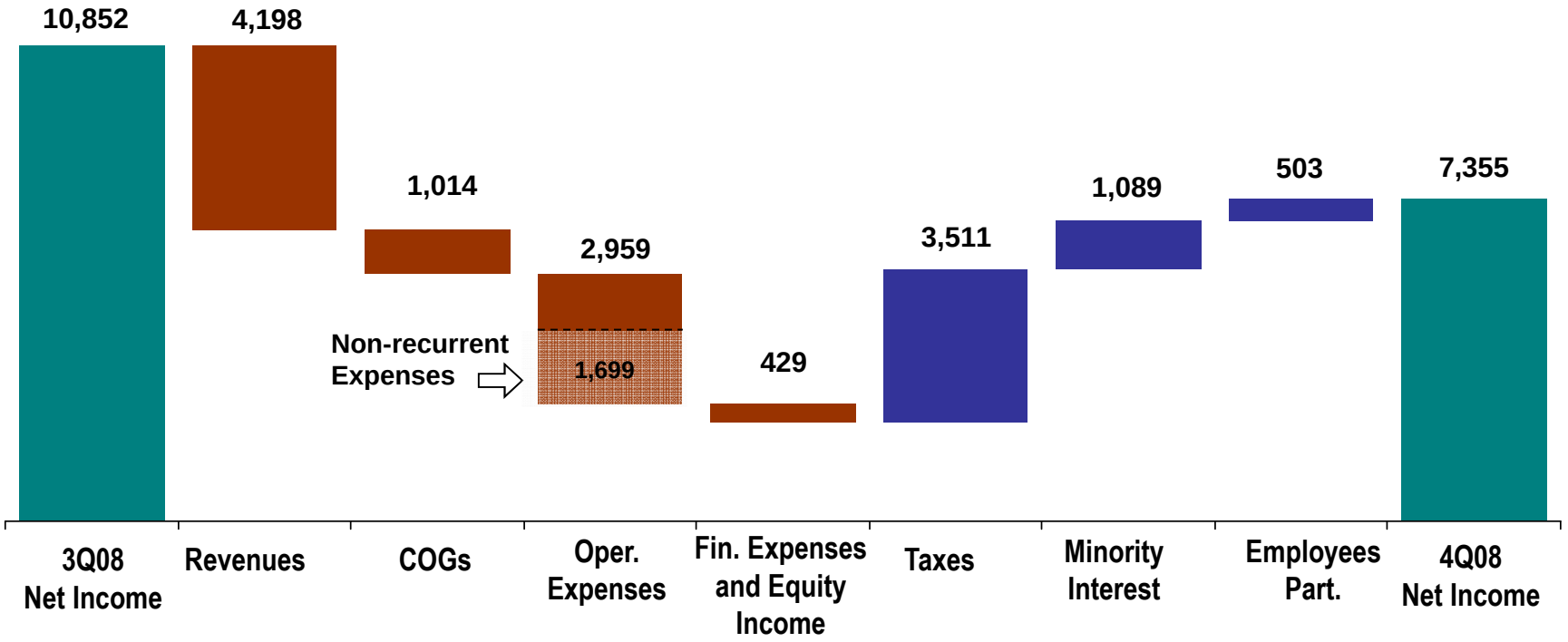
INTERNATIONAL – OPERATING INCOME CHANGE (R$ MILLION – 2008 VS 2007)



- **Operating result affected by losses with inventory devaluation (R$ 699 million);**
- **EBITDAx of R$ 1,080 million – exploratory expenses of R$ 1,103 million, depreciation of R$ 1,758 million.**

NET INCOME CHANGE – R$ MILLION – 4Q08 VS 3Q08

1,883 — Domestic Oil, NGL and Condensate Production (thous. bpd) → 1,865



Net Income affected by:

- **Decrease in realization prices of oil and oil products;**
- **Extraordinary Items, such as impairment, losses with inventory devaluation and inventory turnover;**
- **Lower tax payments due to fiscal benefit resulting from the provisioning of interest on own capital;**
- **Positive financial results due to real devaluation.**

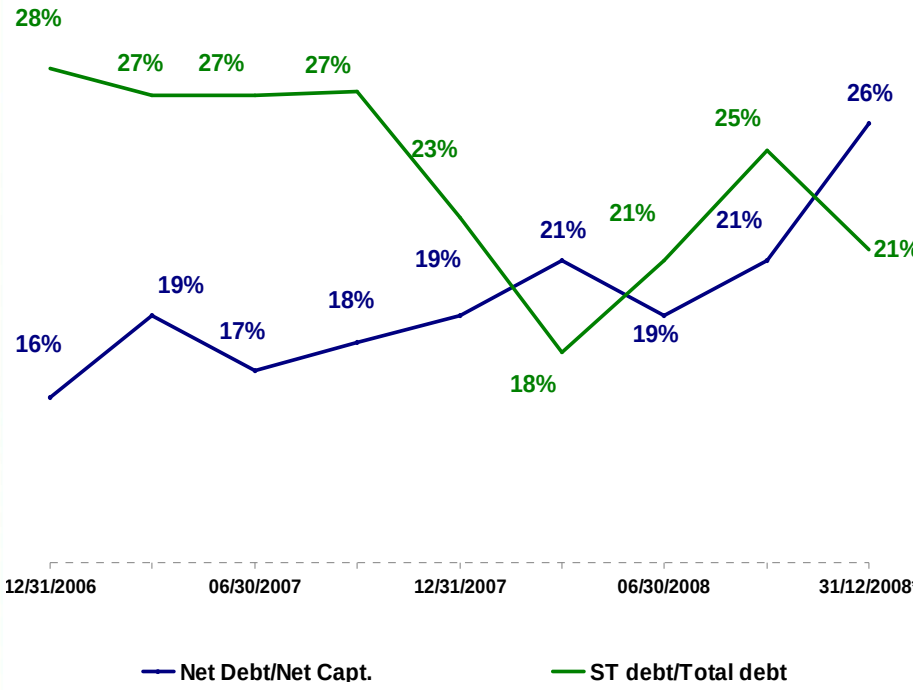
CASH FLOW

R$ Million	4Q08	3Q08	2008	2007
Cash Flow from Operational Activities				
Net Income	7,355	10,852	32,988	21,512
Depreciation			11,632	10,696
Others			5,332	10,031
CFFO	**15,279**	**13,013**	**49,952**	**42,239**
Net Cash Used in Investment Activities				
Capex	(17,121)	(13,461)	(52,118)	(41,405)
Others	(1,138)	(666)	(1,307)	(3,828)
Total Investments	(18,259)	(14,127)	**(53,425)**	**(45,233)**
Cash Flow Used in Financing Activities				
Financing and Loans, Net	7,451	846	11,837	(3,948)
Dividends	(26)	(2)	(6,213)	(7,474)
Net Cash Flow Used in Financing Activities	7,425	844	**5,624**	**(11,422)**
Cash and Cash equivalents at the beginning of the period	10,776	11,046	13,071	27,829
Cash and Cash equivalents at the end of the period	**15,222**	**10,776**	**15,222**	**13,071**

- **4Q08 Cash Flow reflects the 21% decrease in inventories value, that affected negatively income and EBITDA, with no impact on cash;**
- **Pre-funding of 2009 needs was followed by increase in cash and cash equivalents.**

2008 Cash Flow according to Law 11.638. 4Q08 CF was measured through an analysis based on the comparison of 2008 flow with the 9M08 (before the law adjustments).

LEVERAGE



R$ million	12/31/2008 *	12/31/2007	%
Short Term debt (1)	13,859	8,960	55%
Long Term Debt (1)	50,854	30,781	65%
Total Debt	64,713	39,741	63%
Cash and Cash Equivalents	15,889	13,071	22%
Net Debt (2)	48,824	26,670	83%
Capital Structure	50%	48%	+2 pp

US$ million	12/31/2008 *	12/31/2007	%
Total Debt	27,691	22,436	23%

- **Net debt increase was driven by real devaluation (approximately R$ 9.0 billion) and new debt issued in the international and domestic markets;**
- **Level of indebtedness (net debt/EBITDA) was 0.85 on Dec 31, 2008**

*After adjustments of Law 11.638/07
(1) Total debt - cash and cash equivalents

CHANGES IN ACCOUNTING PRACTICES: LAW 11.638/07 VS 6.404/76 – 2008 (R$ MILLION)

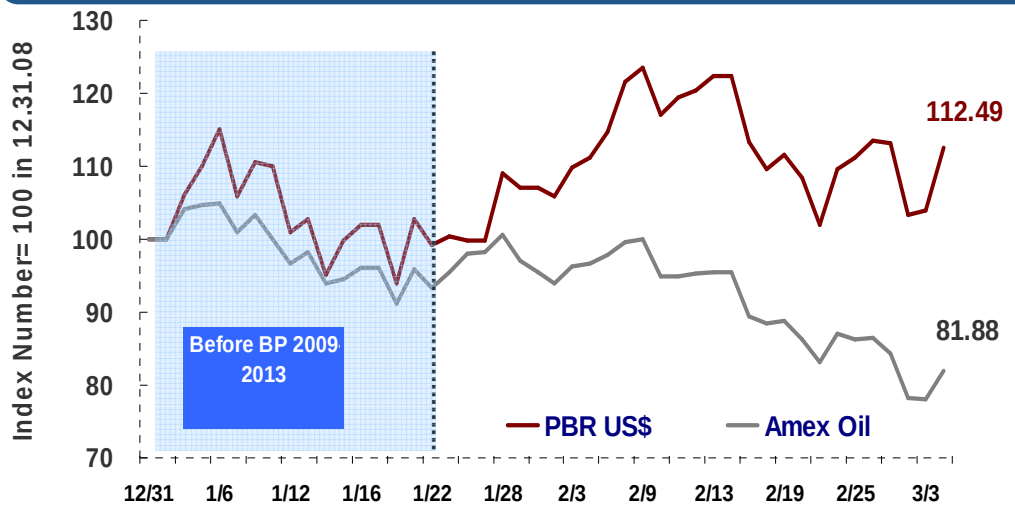
R$ million

Item	Law 6.404/76	Transaction	Subvention	Fin. Inst.	Leasing	Law 11.638/07
Gross Sales	284,579	(18,085)				266,494
Cost of Goods Sold	(157,499)	15,350			526	(141,623)
Gross Profit	74,685	(1,715)			526	73,495
Operating Expenses	29,081	1,024	557	(198)	153	(27,544)
Net Financial Expenses	4,021	508		200	(1,601)	3,128
Equity Balance Result	(399)	(475)				(874)
Operating Profit	49,226	(659)	557	1	(922)	48,205
Net Income	33,915	(636)	557	(109)	(740)	32,988

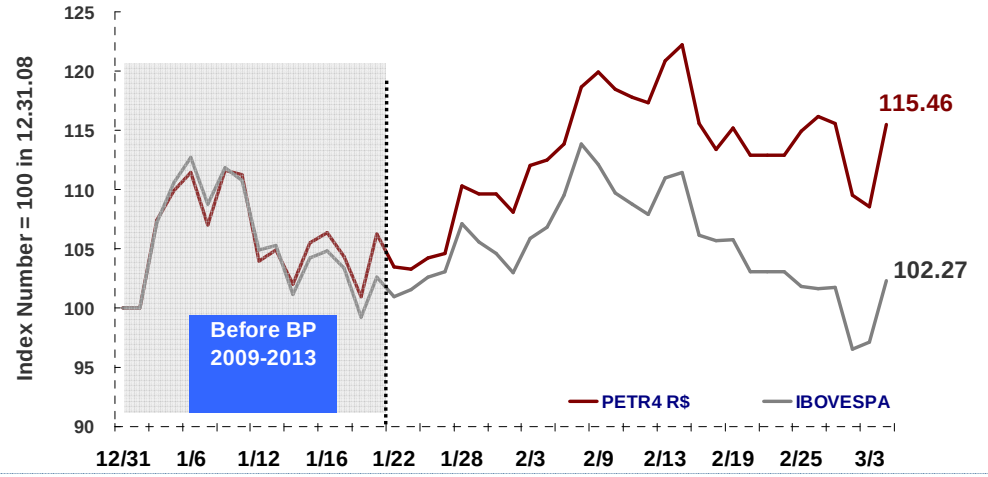
• Law 11.638/07 altered and revoked certain provisions dealing with accounting matters in Law 6.404/76 (Corporate Law) aiming to align Brazilian accounting practices with international standards (IFRS).

BUSINESS PLAN 2009-2013 WAS WELL RECEIVED

PBR vs. AmexOil (until 03.04.09)



Petr4 vs. Ibovespa (until 03.04.09)



Source: Bloomberg



For more information:
Investor Relations
www.petrobras.com.br/ri
+55 21 3224-1510
petroinvest@petrobras.com.br

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