

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
February 26, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of February, 2014

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

| 4Q-2013 | 3Q-2013 | 4Q13 X 3Q13 (%) | 4Q-2012 | | 2013 | 2012 | 2013 x 2012 (%) |
|---------|---------|-----------------------|---------|--|------|------|-----------------------|
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|-------|-------|----|-------|--|--------|--------|---|
| 2,760 | 1,484 | 86 | 3,763 | Consolidated net income attributable to the shareholders of Petrobras | 11,094 | 11,034 | 1 |
|-------|-------|----|-------|--|--------|--------|---|

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|-------|-------|---|-------|--|-------|-------|-----|
| 2,534 | 2,522 | – | 2,614 | Total domestic and international crude oil and natural gas production (Mbb/d) | 2,539 | 2,598 | (2) |
|-------|-------|---|-------|--|-------|-------|-----|

| | | | | | | | |
|-------|-------|----|-------|------------------------|--------|--------|---|
| 6,832 | 5,721 | 19 | 5,803 | Adjusted EBITDA | 29,426 | 27,632 | 6 |
|-------|-------|----|-------|------------------------|--------|--------|---|

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The Company reported 4Q-2013 earnings of US\$ 2,760 million and the following highlights:

- Proved reserves reached 13.12 billion barrels of oil equivalent (BOE) according to SEC criteria, with a 43% increase on pre-salt proved reserves compared to 2012. Reserves-to-Production ratio (R/P) in Brazil was 15.7 years and the reserve replacement ratio (RRR) was 135%.
 - Higher domestic crude oil and NGL production (a 2% increase, 36 thousand barrels/day), due to the production start-up of new systems: FPSO Dynamic Producer (Lula Central), FPSO Cidade de São Vicente (Lula Extremo Sul) and P-63 (Papa Terra). In December the Company reached the crude oil production level of 371 thousand bpd at the pre-salt layer.
 - Discovery of a crude oil reservoir in the deep waters of the Potiguar Basin and confirmation of the potential of Moita Bonita area located in the ultra-deep waters of the Sergipe Basin.
 - Declaration of commerciality of crude oil and natural gas reservoirs included in the Assignment Agreement area, Franco and Sul de Tupi, and of the crude oil reservoir at the Carioca area, in the pre-salt layer of Santos Basin.
 - Diesel and gasoline prices increased by 8% and 4%, respectively, as from November 30, 2013, based on the pricing policy for these oil products.
 - Disposal of assets within the Divestment Program, including interest held in Parque das Conchas Offshore Project (BC-10), which resulted in a US\$ 446 million gain, and the approval of disposal of assets in Peru and Uruguay. Cash provided by the disposal of assets reached US\$ 1,756 million in the 4Q-2013.
 - Proposed dividends of US\$ 3,970 million, distributed as interest on capital in the amount of US\$ 0.22 per common share and US\$ 0.41 per preferred share. Interest on capital is a form of dividend distribution which is deductible for tax purposes, thus resulting in a tax benefit of US\$ 1,389 million in 4Q-2013 to the Company.
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Comments from the CEO
Mrs. Maria das Graças Silva Foster

Dear Shareholders and Investors,

Our 2013 net income was US\$ 11.1 billion, a 1% rise from 2012's result. This rise was influenced by higher fuel sale prices, due to three diesel and two gasoline price increases during the year, by the significant increase in oil products production at our refining facilities, by significant cost cutting and productivity boost as well as by the gains from asset sales.

Indeed, 2013 stands out for the successful implementation of our Structuring Programs, which by establishing new benchmarks for productivity and management of investment projects, imposed discipline in the use of the company's financial resources.

Notably, through PROCOP – Operating Expenses Optimization Program – we reached savings of US\$ 2.8 billion in 2013, far exceeding the US\$ 1.7 billion target set for the year. The sale of assets under PRODESIN – Divestment Program – contributed US\$ 3.8 billion to Cash Flow in 2013. Since this program was established in 2012, 21 transactions worth US\$ 10.0 billion in asset sales and financial restructuring have been made.

The Structuring Programs have also brought the benefit of avoiding capital expenditures in 2013, as is the case with PRODESIN, INFRALOG – Logistical Infrastructure Optimization Program – and PRC-Poço – Well Cost Reduction Program, which, combined, have led to CAPEX savings of US\$ 0.9 billion in the year.

We made further advances by establishing targets aimed at better positioning company personnel in order to meet the challenges of our Business and Management Plan. During the second half of 2013, we implemented Programa Mobiliza, which provided employees with 3,399 opportunities to move internally into areas that will require more personnel in the coming years, resulting in 1,133 voluntary transfers and consequently lower costs arising from new hires.

Another recently launched initiative was POP – Productivity Optimization Program, which resulted in the approval of the Voluntary Separation Incentive Plan, with voluntary enrollment until March 31, 2014. The plan covers eligible employees aged 55 or older and, in theory, can include up to 8,397 employees, approximately 10% of the company's personnel.

Our oil output in Brazil averaged 1,931 thousand bpd, down by 2.5% from the forecast, due to factors already discussed in my previous letter, which include delay of the Buoyancy Supported Riser Systems for FPSOs Cidade de São Paulo and Cidade de Paraty, the need to make changes to the subsea layout of the Papa-Terra/P-63 project, as well as the limited number of PLSVs (Pipe-Laying Support Vessels).

We would like to point out that these matters have already been resolved not only by the unprecedented delivery of nine production units in 2013, with the addition of 1,000,000

barrels per day in capacity, but mainly by the successful installation of the first buoy on FPSO Cid. São Paulo and of the first well interconnected to this gathering system, which went into operation on February 18th, currently producing 36 thousand barrels per day and allowing the presalt production to achieve a new daily record of 407 thousand barrels per day on February 20th. Platforms P-63 and P-55 went into operation in November and December 2013, respectively, and units P-58 and P-62 will begin production in the first and second quarter of 2014 respectively. Six new PLSVs will be delivered in 2014, adding to the 11 vessels of this type that are currently in operation, enabling faster well to platform interconnection.

Improvement in the operational efficiency of older systems was another relevant factor in achieving the result. PROEF – Campos Basin Operational Efficiency Improvement Program – contributed 63 thousand bpd in additional oil output in 2013. Operational efficiency reached 75% at the Campos Basin Operational Unit (against 66% in April 2012) and 92% at the Rio Operational Unit (against 82% in September 2012).

The Petrobras Executive Board has made the implementation of these programs a top priority and, as shown, program results have significantly contributed to the achievement of the 2013 economic/financial result.

Sustained output growth in 2014 will not only count on necessary investments to maintain older and new systems – wells, submarine equipment and top-sides, but it will also count on the start-up of two new production units in the second half of the year, FPSOs Cidade de Ilhabela and Cidade de Mangaratiba.

As for exploration, our proven reserves in Brazil (SEC Criteria) reached 13 billion barrels of oil equivalent, with a reserves-to-production of 16 years and a reserve-replacement ratio of 135%, above 100% for 22 years in a row. Proven reserves in the pre-salt grew by 43% in 2013. Our exploratory success rate was 75% in 2013, reaching 100% in the pre-salt, already reflecting the Exploratory Policy implemented last year, which prioritizes less-risky locations and allocates more resources to production development activities. In 2013, prospecting and drilling expenses (dry wells) were US\$ 2.8 billion, down 22% from US\$ 3.6 billion in 2012.

As for the quantification of our production curve as of 2020, I would like to stress the excellent outcome in the auction of Libra field, the first to be developed under the production sharing agreement in Brazil, where we will work in partnership with Shell, Total, CNPC and CNOOC, companies with recognized experience and financial soundness.

In Refining, we continue to operate with excellent efficiency levels, which have led to an average oil products production of 2,124 thousand bpd, up by 6% from 2012's output of 1,997 thousand bpd, notably due to higher gasoline (+53 thousand bpd) and diesel (+68 thousand bpd) production and a 97% utilization factor, against 94% reported in 2012.

This new operating parameter was achieved by the improved performance of our refineries resulting from the start-up of new units of quality and conversion since 2012, as well as the optimization of refining processes and removal of infrastructural bottlenecks in the movement of oil and oil products. In January 2014, Petrobras also began selling ultra-low sulfur gasoline (Gasoline S-50), a product whose quality is equivalent to that of the strictest markets in the world. This will allow new vehicles containing modern emission treatment technologies to enter the Brazilian market.

This notable performance of the refineries enabled a decline in the imported volumes of diesel (from 190 thousand bpd in 2012 to 174 thousand bpd in 2013) and gasoline (from 87 thousand bpd in 2012 to 32 thousand bpd in 2013), the latter also due to the higher anhydrous ethanol content in gasoline C.

New records were established in natural gas sales and electricity generation due to higher natural gas demand of 85 million m³/day in 2013, up by 15% from 2012. Petrobras-supplied thermoelectric generation was 7.5 GW/average, up by 66% from 2012.

I reiterate that the company's excellent operational results were achieved by rigorously complying with standards and maintenance procedures at its facilities, ensuring the physical integrity of personnel and equipment. As a result, in 2013 we achieved the lowest reportable incident rates ever in the company's history, which includes fatal accidents and spills, despite growing man-hours of exposure to risk.

Another important measure also adopted in 2013 related to foreign exchange was the extension of Hedge Accounting to future exports, enabling foreign exchange gains or losses related to net indebtedness exposed to foreign exchange variation to be recorded in stockholders' equity and transferred to the financial result as exports are made. This measure promotes greater alignment between accounting results and our risk management policy, mitigating sudden oscillations on the financial result due to foreign exchange volatilities, which could not appropriately reflect the company's economic performance in a given period.

Regarding our Diesel and Gasoline Price Policy, its effectiveness has been assessed on a monthly basis by our Board of Directors, according to the Relevant Fact released on November 29th, 2013.

Additionally, I would like to notice that in the second half of 2013 we implemented the Corruption Prevention Program, reaffirming the commitment of the Petrobras Executive Board and of its employees with ethics and transparency at our organization. The program complies with both national and international initiatives against fraud and corruption, as well as with the laws of the countries where Petrobras operates, with positive impacts in the relations with all its stakeholders.

We are building a higher value company: training our employees, mastering the necessary technologies to implement projects, our relevant oil reserves and rising output in the short-run along with our continuous commitment to increase efficiency, productivity and capital discipline will lead us to achieve even better results. Rising share prices and ensuring a fair return to our shareholders is a natural consequence of fulfilling our obligations.

Maria das Graças Silva Foster

Chief Executive Officer

| 4Q-2013 | 3Q-2013 | 4Q13 X 3Q13 (%) | 4Q-2012 | | 2013 | 2012 | 2013 x 2012 (%) |
|---------|---------|-----------------------|---------|--|------|------|-----------------------|
| | | | | | | | |

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|--------|--------|---|--------|-----------------------|---------|---------|-----|
| 35,593 | 33,955 | 5 | 35,660 | Sales revenues | 141,462 | 144,103 | (2) |
|--------|--------|---|--------|-----------------------|---------|---------|-----|

| | | | | | | | |
|-------|-------|---|-------|---------------------|--------|--------|-----|
| 7,474 | 7,248 | 3 | 8,046 | Gross profit | 33,208 | 36,569 | (9) |
|-------|-------|---|-------|---------------------|--------|--------|-----|

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|-------|-------|----|-------|---|--------|--------|-----|
| 3,091 | 2,501 | 24 | 2,973 | Net income before finance income (expense), share of profit of equity-accounted investments and income taxes | 16,214 | 16,900 | (4) |
|-------|-------|----|-------|---|--------|--------|-----|

| | | | | | | | |
|---------|-------|-------|-------|---|---------|---------|------|
| (1,326) | (446) | (197) | 1,355 | Net finance income (expense) | (2,791) | (1,926) | (45) |
|---------|-------|-------|-------|---|---------|---------|------|

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|-------|-------|----|-------|--|--------|--------|---|
| 2,760 | 1,484 | 86 | 3,763 | Consolidated net income attributable to the shareholders of Petrobras | 11,094 | 11,034 | 1 |
|-------|-------|----|-------|--|--------|--------|---|

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|------|------|----|------|--|------|------|---|
| 0.21 | 0.11 | 86 | 0.29 | Basic and diluted earnings per share ¹ | 0.85 | 0.85 | 1 |
|------|------|----|------|--|------|------|---|

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| 21 | 21 | - | 23 | Gross margin (%) ² | 23 | 25 | (2) |
|----|----|---|----|--------------------------------------|----|----|-----|

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|---|---|---|---|--|----|----|-----|
| 9 | 7 | 2 | 8 | Operating margin (%) ² | 11 | 12 | (1) |
|---|---|---|---|--|----|----|-----|

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|---|---|---|----|------------------------------------|---|---|---|
| 8 | 4 | 4 | 11 | Net margin (%) ² | 8 | 8 | — |
|---|---|---|----|------------------------------------|---|---|---|

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|-------|-------|----|-------|--|--------|--------|---|
| 6,832 | 5,721 | 19 | 5,803 | Adjusted EBITDA - U.S.\$ million ³ | 29,426 | 27,632 | 6 |
|-------|-------|----|-------|--|--------|--------|---|

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| | | | | Net income before finance income (expense), share of profit of equity-accounted investments and income taxes by Business Segment | | | |
|--|--|--|--|---|--|--|--|

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|-------|-------|---|-------|---------------------------------------|--------|--------|------|
| 7,840 | 7,726 | 1 | 8,576 | . Exploration & Production | 29,798 | 35,644 | (16) |
|-------|-------|---|-------|---------------------------------------|--------|--------|------|

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|---------|---------|---|---------|---|----------|----------|----|
| (3,613) | (3,726) | 3 | (4,185) | . Refining, Transportation and Marketing | (12,357) | (17,453) | 29 |
|---------|---------|---|---------|---|----------|----------|----|

| | | | | | | | |
|-------|-------|---|-----|--------------------------|-----|-------|------|
| (147) | (150) | 2 | 288 | . Gas & Power | 701 | 1,102 | (36) |
|-------|-------|---|-----|--------------------------|-----|-------|------|

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|------|------|----|------|------------------|-------|-------|------|
| (19) | (56) | 66 | (23) | . Biofuel | (147) | (128) | (15) |
|------|------|----|------|------------------|-------|-------|------|

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|-----|-----|----|-----|-----------------------|-------|-------|-----|
| 250 | 214 | 17 | 400 | . Distribution | 1,361 | 1,425 | (4) |
|-----|-----|----|-----|-----------------------|-------|-------|-----|

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|-----|----|----|---|------------------------|-------|-------|-----|
| 116 | 94 | 23 | 3 | . International | 1,875 | 1,961 | (4) |
|-----|----|----|---|------------------------|-------|-------|-----|

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|---------|---------|----|---------|--------------------|---------|---------|---|
| (1,104) | (1,232) | 10 | (1,307) | . Corporate | (4,932) | (4,937) | — |
|---------|---------|----|---------|--------------------|---------|---------|---|

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| 15,441 | 10,991 | 40 | 11,818 | Capital expenditures and investments (in millions of U.S. dollars) | 48,097 | 42,949 | 12 |
|--------|--------|----|--------|---|--------|--------|----|

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| | | | | Financial and economic indicators | | | |
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|--------|--------|-----|--------|-------------------------------------|--------|--------|-----|
| 109.27 | 110.37 | (1) | 110.02 | Brent crude (U.S.\$/bbl) | 108.66 | 111.58 | (3) |
|--------|--------|-----|--------|-------------------------------------|--------|--------|-----|

| | | | | | | | |
|------|------|-----|------|---|------|------|----|
| 2.27 | 2.29 | (1) | 2.06 | Average commercial selling rate for U.S. dollar (R\$/U.S.\$) | 2.16 | 1.96 | 10 |
|------|------|-----|------|---|------|------|----|

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|------|------|---|------|--|------|------|----|
| 2.34 | 2.23 | 5 | 2.04 | Period-end commercial selling rate for U.S. dollar (R\$/U.S.\$) | 2.34 | 2.04 | 15 |
|------|------|---|------|--|------|------|----|

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|------|------|---|------|--|------|------|---|
| 9.52 | 8.51 | 1 | 7.18 | Selic interest rate - average (%) | 8.19 | 8.54 | — |
|------|------|---|------|--|------|------|---|

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| | | | | Average price indicators | | | |
|--|--|--|--|---------------------------------|--|--|--|
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|-------|-------|---|-------|---|-------|-------|---|
| 94.67 | 91.79 | 3 | 95.43 | Domestic basic oil products price (U.S.\$/bbl) | 97.11 | 95.45 | 2 |
|-------|-------|---|-------|---|-------|-------|---|

| | | | | Sales price - Brazil | | | |
|--|--|--|--|-----------------------------|--|--|--|
|--|--|--|--|-----------------------------|--|--|--|

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|-------|-------|-----|--------|--|-------|--------|-----|
| 96.92 | 98.87 | (2) | 100.56 | . Crude oil (U.S.\$/bbl) ⁴ | 98.19 | 104.60 | (6) |
|-------|-------|-----|--------|--|-------|--------|-----|

| | | | | | | | |
|-------|-------|-----|-------|---------------------------------------|-------|-------|-----|
| 45.12 | 46.34 | (3) | 46.50 | . Natural gas (U.S.\$/bbl) | 47.43 | 48.45 | (2) |
|-------|-------|-----|-------|---------------------------------------|-------|-------|-----|

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|--|--|--|--|--|--|--|--|
| | | | | Sales price - International | | | |
|--|--|--|--|--|--|--|--|

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|-------|-------|---|-------|-------------------------------------|-------|-------|-----|
| 86.43 | 85.97 | 1 | 93.43 | . Crude oil (U.S.\$/bbl) | 89.86 | 94.37 | (5) |
|-------|-------|---|-------|-------------------------------------|-------|-------|-----|

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|-------|-------|----|-------|---------------------------------------|-------|-------|----|
| 21.70 | 18.38 | 18 | 13.80 | . Natural gas (U.S.\$/bbl) | 21.08 | 17.99 | 17 |
|-------|-------|----|-------|---------------------------------------|-------|-------|----|

1 Net income per share calculated based on the weighted average number of shares.
2 Gross margin equals sales revenues less cost of sales divided by sales revenues; Operating margin equals net income before financial results, share of profit of equity-accounted investments and income taxes divided by sales revenues; Net margin equals net income divided by sales revenues.

3 Adjusted EBITDA equals net income plus net finance income (expense); income taxes; depreciation, depletion and amortization; share of profit of equity-accounted investments; and impairment. Adjusted EBITDA is not an IFRS measure and it is possible that it may not be comparable with indicators with the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for operational profit or as a better measure of liquidity than operational cash flow, both of which are calculated in accordance with IFRS. We provide our Adjusted EBITDA to give additional information about our capacity to pay debt, carry out investments and cover working capital needs. See Consolidated Adjusted EBITDA Statement by Segment on page 23 for a reconciliation of our Adjusted EBITDA to our net income.

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

FINANCIAL HIGHLIGHTS

RESULTS OF OPERATIONS

2013 compared with 2012:

Virtually all revenues and expenses of our Brazilian operations are denominated and payable in Brazilian Reais. When the U.S. dollar strengthens relative to the Brazilian Real, as it did in 2013 (with an appreciation of 10%), revenues and expenses decrease when translated into U.S. dollars. Nevertheless, the appreciation of the U.S. dollar against the Brazilian Real affects the line items discussed below in different ways.

Gross Profit

Gross profit decreased by 9% in 2013 compared to 2012, mainly due to:

Ø Sales revenues of US\$141,462 million decreased 2% compared to 2012, driven by foreign currency translation effects (due to the appreciation of the U.S. dollar). Local currency sales revenues were 8% higher, due to:

- Higher oil product prices in the domestic market resulting from adjustments in gasoline and diesel prices, higher electricity prices and impact of the appreciation of the U.S. dollar (10%) on oil product prices that are adjusted to reflect international prices;
- A 4% increase in domestic oil product demand, mainly of diesel (5%), gasoline (4%) and fuel oil (17%), offset by lower crude oil export volumes (43%), attributable to lower production levels and higher feedstock processed.

Ø Cost of sales of US\$108,254 million increased 1% compared to 2012, due to:

- A 4% increase in domestic sales volumes of oil products, met by higher oil product output from our refineries;
- An increase in natural gas imports volumes to meet the thermoelectric demand and higher crude oil import volumes attributable to the increase in feedstock processed in our refineries, along with the impact of the appreciation of the U.S. dollar on our unit costs;
- Increased crude oil production costs, attributable to the higher number of well interventions and to the production start-up of new systems, which are still not producing in full capacity;
- Excluding foreign currency translation effects, the local currency cost of sales was 11% higher.

Net income before finance expense, share of profit of equity-accounted investments and income taxes

Net income before finance expense, share of profit of equity-accounted investments and income taxes reached US\$16,214 million in 2013, a 4% decrease compared to 2012, due to the foreign currency translation effects, which reduced gross profit, as well as to the higher employee compensation expenses arising from the 2012 and 2013 Collective Bargaining Agreements and higher freight expenses due to increased domestic sales volume. These effects were partially offset by a decrease in write-offs of dry and sub-commercial wells (US\$ 955 million) and by gains on disposal of assets in 2013 (US\$ 1,764 million).

Net finance income (expense)

Net finance expense was US\$ 2,791 million in 2013, a US\$ 865 million increase compared to 2012, resulting from:

- Lower finance income compared to 2012, when we benefited from the positive impact of gains on disposal of government bonds (National Treasury Notes – B Series) and interest income over judicial deposits (US\$ 1,280 million);
- Higher finance expense due to higher debt and adherence to the federal tax settlement program (REFIS);
- Partially offset by lower exchange variation losses (US\$ 1,636 million) due to the extension of hedge accounting to future exports⁵, reducing by US\$ 5,924 million the impact of foreign currency effects on our finance expenses.

Net income attributable to the shareholders of Petrobras

Net income attributable to the shareholders of Petrobras reached US\$ 11,094 million in 2013, a 1% increase compared to 2012 (US\$ 11,034 million), reflecting lower income tax expenses and higher share of profit of equity-accounted investments, partially offset by foreign currency translation effects over income before taxes. Local currency net income was 11% higher, due to higher income from operations, lower income tax and higher share of profit of investees.

⁵Effective mid-May 2013 the Company designated cash flow hedging relationships to hedge a portion of its highly probable future export revenues in U.S. dollars using a portion of its long-term debt obligations denominated in U.S. dollars.

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.

Our segment results include transactions carried out with third parties and transactions between business areas, which are priced at internal transfer prices defined between the areas using methods based on market parameters.

Information about our operating segments and other related information are set out below.

EXPLORATION & PRODUCTION

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
| | | |

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|---|--------|--------|------|
| Net Income Attributable to the Shareholders of Petrobras | 19,523 | 23,406 | (17) |
|---|--------|--------|------|

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Lower net income is attributable to a decrease in crude oil and NGL production (2%), due to the natural decline of fields (slightly offset by the production start-up of new systems), to higher equipment depreciation costs, increased freight costs for oil platforms, higher employee compensation costs and higher well interventions and maintenance costs. Higher domestic crude oil prices (sale/transfer), lower write-offs of dry or sub-commercial wells and a gain on the disposal of our total interest in block BC-10 partially offset these effects.

The spread between the average domestic oil price (sale/transfer) and the average Brent price increased from US\$6.98/bbl in 2012 to US\$10.47/bbl in 2013.

| | |
|--|----------------|
| | Jan-Dec |
|--|----------------|

| Exploration & Production - Brazil (Mbb/d) (*) | 2013 | 2012 | 2013 x 2012 (%) |
|--|-------------|-------------|--------------------------------|
| | | | |

| | | | |
|--|--|--|--|
| | | | |
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| | | | |
|--------------------|-------|-------|-----|
| Crude oil and NGLs | 1,931 | 1,980 | (2) |
|--------------------|-------|-------|-----|

| | | | |
|--------------------------|-----|-----|---|
| Natural gas ⁶ | 389 | 375 | 4 |
|--------------------------|-----|-----|---|

| | | | |
|--------------|--------------|--------------|------------|
| Total | 2,320 | 2,355 | (1) |
|--------------|--------------|--------------|------------|

| | | | |
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| | | | |
|--|--|--|--|

Crude oil and NGL production decreased by 2% in 2013 due to the natural decline of fields, partially offset by the production start-up of FPSOs Cidade de São Paulo (Sapinhoá), Cidade de Itajaí (Baúna), Cidade de Paraty (Lula NE Pilot), Dynamic Producer (Lula Central) and Cidade de São Vicente (Lula Extremo Sul), as well as the P-63 platform (Papa-Terra) and a full-year production in FPSO Cidade de Anchieta (Baleia Azul) in 2013.

Natural gas production increased by 4% in 2013 due to the production start-up of FPSOs Cidade de São Paulo and Cidade de Paraty, to the improved efficiency of the Mexilhão, Merluza and Lula fields and to the improved production potential of FPSO Cidade de Vitoria, in Golfinho, as well as to the full-year production in FPSO Cidade de Anchieta (Baleia Azul) in 2013.

(*) Not reviewed by independent auditor.

6Does not include LNG. Includes gas reinjection.

FINANCIAL HIGHLIGHTS

| Jan-Dec |
|----------------|
| |

| Lifting Cost - Brazil 7 (*) | 2013 | 2012 | 2013 x 2012 (%) |
|------------------------------------|-------------|-------------|--------------------------------|
| | | | |

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| | | | |
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U.S.\$/barrel:

| | | | |
|----------------------------|-------|-------|---|
| Excluding production taxes | 14.76 | 13.79 | 7 |
|----------------------------|-------|-------|---|

| | | | |
|----------------------------|-------|-------|-----|
| Including production taxes | 32.98 | 33.70 | (2) |
|----------------------------|-------|-------|-----|

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Lifting Cost - Excluding production taxes

Lifting cost excluding production taxes increased by 7% in 2013 compared to 2012. Excluding the impact of the appreciation of the U.S. dollar against the Brazilian Real, it increased by 13% due to the higher number of well interventions in the Campos Basin, related to PROEF (Operational Efficiency Increase Program), to the production start-up in FPSOs Cidade de São Paulo (Sapinhoá), Cidade de Itajaí (Baúna), Cidade de Paraty (Lula NE Pilot), and the P-63 platform (Papa Terra), with initially higher unit costs, as well as to an increase in employee compensation costs arising from the 2012 and 2013 Collective Bargaining Agreements.

Lifting Cost - Including production taxes

Compared to 2012, lifting cost including production taxes was relatively flat in 2013. The relative increase in lifting cost was more than offset by a decrease in production taxes, attributable to the lower average reference price for domestic oil in U.S. dollars, adjusted to reflect international prices, and to reduced levels of special participation charges in Marlim, Barracuda and Albacora fields, due to lower production when compared to 2012.

(*)Not reviewed by independent auditor.

7In the 1Q-2013, lifting cost was revised to exclude scheduled stoppages expenses. Though lifting cost is a non-GAAP measure, the portion of the calculation of this non-GAAP measure related to scheduled stoppage expenses was revised pursuant to the International Financial Reporting Standards – IFRS. Based on the previous criteria (pursuant to USGAAP), such expenses impacted our lifting cost at the period of their realization, at the moment of the consumption of the materials or completion/rendering of services. Amounts previously reported for 2012 were recalculated for comparability purposes. Such adjustment did not impact our financial statements and EBITDA, for which the amortization of scheduled stoppages was already computed in accordance with the International Financial Reporting Standards – IFRS.

FINANCIAL HIGHLIGHTS

REFINING, TRANSPORTATION AND MARKETING

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
| | | |

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| | | | |
|---|---------|----------|------|
| Net Income Attributable to the Shareholders of Petrobras | (8,162) | (11,718) | (30) |
|---|---------|----------|------|

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Net losses were lower in 2013, reflecting the diesel and gasoline price adjustments in the domestic market from June 2012 on, and the higher feedstock processed in our refineries, reducing the share of oil product imports in our sales mix, partially offset by higher crude oil acquisition/transfer costs.

| Jan-Dec |
|----------------|
| |

| Imports and Exports of Crude Oil and Oil Products (Mbb/d) (*) | 2013 | 2012 | 2013 x 2012 (%) |
|--|------|------|-----------------------|
| | | | |

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| | | | |
|-------------------|-----|-----|----|
| Crude oil imports | 404 | 346 | 17 |
|-------------------|-----|-----|----|

| | | | |
|---------------------|-----|-----|------|
| Oil product imports | 389 | 433 | (10) |
|---------------------|-----|-----|------|

| | | | |
|--|-----|-----|---|
| Imports of crude oil and oil products | 793 | 779 | 2 |
|--|-----|-----|---|

| | | | |
|--------------------------------|-----|-----|------|
| Crude oil exports ⁸ | 207 | 364 | (43) |
|--------------------------------|-----|-----|------|

| | | | |
|---------------------|-----|-----|---|
| Oil product exports | 186 | 184 | 1 |
|---------------------|-----|-----|---|

| | | | |
|--|------------|------------|-------------|
| Exports of crude oil and oil products | 393 | 548 | (28) |
|--|------------|------------|-------------|

| | | | |
|--|--------------|--------------|-------------|
| Exports (imports) net of crude oil and oil products | (400) | (231) | (73) |
|--|--------------|--------------|-------------|

| | | | |
|---------------|---|---|------|
| Other exports | 2 | 6 | (67) |
|---------------|---|---|------|

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Higher crude oil imports are attributable to higher feedstock processed by our domestic refineries.

Oil product imports were lower due to an increase in oil product output at our refineries. The higher oil product production and lower crude oil production reduced the availability of crude oil volumes to export.

(*)Not reviewed by independent auditor.

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

FINANCIAL HIGHLIGHTS

| Jan-Dec |
|----------------|
| |

| Refining Operations (Mbb/d) (*) | 2013 | 2012 | 2013 x 2012 (%) |
|--|-------------|-------------|--------------------------------|
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|------------------------|-------|-------|---|
| Output of oil products | 2,124 | 1,997 | 6 |
|------------------------|-------|-------|---|

| | | | |
|----------------------------------|-------|-------|---|
| Reference feedstock ⁹ | 2,102 | 2,018 | 4 |
|----------------------------------|-------|-------|---|

| | | | |
|--|----|----|---|
| Refining plants utilization factor (%) ¹⁰ | 97 | 94 | 3 |
|--|----|----|---|

| | | | |
|--|-------|-------|---|
| Feedstock processed (excluding NGL) - Brazil ¹¹ | 2,029 | 1,898 | 7 |
|--|-------|-------|---|

| | | | |
|--|-------|-------|---|
| Feedstock processed - Brazil ¹² | 2,074 | 1,944 | 7 |
|--|-------|-------|---|

| | | | |
|--|----|----|---|
| Domestic crude oil as % of total feedstock processed | 82 | 82 | - |
|--|----|----|---|

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Daily feedstock processed (excluding NGL) increased by 7% due to the sustainable improvement of operating efficiency of our refineries through the optimization of refining processes and elimination of logistics bottlenecks. The new production level was reached complying with the equipment's project limitations and the safety, environmental and product quality requirements.

| | |
|--|----------------|
| | Jan-Dec |
|--|----------------|

| Refining Cost - Brazil ¹³ (*) | 2013 | 2012 | 2013 x 2012 (%) |
|---|-------------|-------------|--------------------------------|
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|-------------------------------|------|------|------|
| Refining cost (U.S.\$/barrel) | 3.09 | 3.44 | (10) |
|-------------------------------|------|------|------|

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Refining cost decreased by 10% in 2013 compared to 2012. Excluding the impact of the appreciation of the U.S. dollar against the Brazilian Real, it decreased by 1%, mainly due to an increase in feedstock processed and optimized routine maintenance costs. This effect was partially offset by higher employee compensation costs arising from the 2012 and 2013 Collective Bargaining Agreements.

(*)Not reviewed by independent auditor.

9Reference feedstock or Installed capacity of primary processing considers the maximum sustainable feedstock processing reached at the distillation units, complying with the project's equipment limitations and the safety, environmental and product quality requirements. It is lower than the authorized capacity set by ANP (including temporary authorizations) and by environmental institutions.

10Refining plants utilization factor is the relation between the feedstock processed (excluding NGL) and the reference feedstock.

11Feedstock processed (excluding NGL) – Brazil is the volume of crude oil processed. As from 4Q-2013, this indicator has been included, since it is factored into the calculation of the Refining Plants Utilization Factor.

12Feedstock processed – Brazil includes crude oil and NGL processing.

13In the 1Q-2013, refining cost was revised to exclude scheduled stoppages expenses. Though refining cost is a non-GAAP measure, it was revised pursuant to the International Financial Reporting Standards – IFRS. Based on the previous criteria (pursuant to USGAAP), such expenses impacted our refining cost at the period of their realization, at the moment of the consumption of the materials or completion/rendering of services. Amounts previously reported for 2012 were recalculated for comparability purposes. Such adjustment did not impact our financial statements and EBITDA, for which the amortization of scheduled stoppages was already computed in accordance with the International Financial Reporting Standards – IFRS.

FINANCIAL HIGHLIGHTS

GAS & POWER

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
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| Net Income Attributable to the Shareholders of Petrobras | 631 | 861 | (27) |
|---|-----|-----|------|

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Net income decreased due to higher LNG and natural gas import costs to meet the thermoelectric demand, partially offset by higher thermoelectricity generation and higher average electricity prices, mainly attributable to lower water reservoir levels of hydroelectric power plants located in Brazil (driven by low rainfall), and thus increased difference settlement prices.

| Jan-Dec |
|---------|
| |

| Physical and Financial Indicators (*) | 2013 | 2012 | 2013 x 2012 (%) |
|--|-------------|-------------|--------------------------------|
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|---|-------|-------|------|
| Sales of electricity (contracts) - average MW | 2,056 | 2,318 | (11) |
|---|-------|-------|------|

| | | | |
|--|-------|-------|----|
| Generation of electricity - average MW | 3,983 | 2,699 | 48 |
|--|-------|-------|----|

| | | | |
|------------------------|----|----|----|
| Imports of LNG (Mbb/d) | 98 | 63 | 56 |
|------------------------|----|----|----|

| | | | |
|--------------------------------|-----|-----|----|
| Imports of natural gas (Mbb/d) | 198 | 173 | 14 |
|--------------------------------|-----|-----|----|

| | | | |
|--|-----|----|----|
| Diference settlement prices - U.S.\$/MWH ¹⁴ | 121 | 82 | 48 |
|--|-----|----|----|

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Electricity sales volumes were 11% lower mainly due to the termination of long-term agreements in December 2012.

Increased electricity generation (48%) and difference settlement prices (48%) attributable to lower rainfall levels in the period.

An increase in LNG import volumes (56%) and in natural gas imports from Bolivia (14%) is attributable to increased thermoelectric demand in the period.

(*)Not reviewed by independent auditor.

14Difference settlement price is the price of electricity in the spot market and is computed based on weekly weighed prices per output level (light, medium and heavy), number of hour and submarket capacity.

FINANCIAL HIGHLIGHTS

BIOFUEL

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
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| Net Income Attributable to the Shareholders of Petrobras | (117) | (112) | 4 |
|---|-------|-------|---|

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Biofuel net losses were higher, driven by lower biodiesel average sales prices (11%). This effect was partially offset by a decrease in share of losses of ethanol investments, attributable to increases in ethanol, electricity and sugar sales volumes, as well as the higher average sales prices of ethanol and electricity.

DISTRIBUTION

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
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| Net Income Attributable to the Shareholders of Petrobras | 876 | 914 | (4) |
|---|-----|-----|-----|

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Net income decreased by 4% compared to 2012. Excluding foreign currency translation effects, local currency net income for distribution was higher due to a 7% increase in the average trade margins and a 4% increase in sales volumes. These effects were partially offset by higher selling and administrative expenses.

| Jan-Dec |
|----------------|
|----------------|

| Market Share (*) | 2013 | 2012 | 2013 x 2012 (%) |
|-------------------------|-------------|-------------|--------------------------------|
| | | | |

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| | | | |
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37.5%

38.1%

(1)

| | | | |
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Sales volumes were higher in the 4Q-2013, however market share decreased in 2013 due to a shift in our sales mix for higher margins.

(*)Not reviewed by independent auditor. Our market share in the Distribution Segment in Brazil is based on estimates made by Petrobras Distribuidora.

FINANCIAL HIGHLIGHTS

INTERNATIONAL

| | Jan-Dec |
|--|----------------|

| 2013 | 2012 | 2013 x 2012 (%) |
|-------------|-------------|--------------------------------|
| | | |

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|---|-------|-----|-----|
| Net Income Attributable to the Shareholders of Petrobras | 1,729 | 719 | 140 |
|---|-------|-----|-----|

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Net income was higher due to gains on disposal of assets within the Divestment Program (PRODESIN), mainly in Africa and in the United States, and to the recognition of tax credits in the Netherlands. Lower exploration costs and write-offs of wells also had a positive impact. These effects were partially offset by lower crude oil and NGL production.

| Jan-Dec |
|---------|
| |

| Exploration & Production-International (Mbb/d)^{15(*)} | 2013 | 2012 | 2013 x 2012 (%) |
|---|-------------|-------------|--------------------------------|
| | | | |

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| | | | |
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Consolidated international production

| | | | |
|--------------------|-----|-----|------|
| Crude oil and NGLs | 109 | 139 | (22) |
|--------------------|-----|-----|------|

| | | | |
|-------------|----|----|-----|
| Natural gas | 91 | 97 | (6) |
|-------------|----|----|-----|

| | | | |
|-------|-----|-----|------|
| Total | 200 | 236 | (15) |
|-------|-----|-----|------|

| | | | |
|---|----|---|-----|
| Non-consolidated international production | 19 | 7 | 171 |
|---|----|---|-----|

| | | | |
|---------------------------------------|------------|------------|------|
| Total international production | 219 | 243 | (10) |
|---------------------------------------|------------|------------|------|

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Crude oil and NGL production was 22% lower due to the disposal in June 2013 of 50% of our interest of companies in Nigeria. As from June 2013, the remaining 50% of the production has been considered non-consolidated production.

Natural gas production also decreased, mainly in Argentina, due to the closure of a natural gas well in the Santa Cruz field, resulting from an increase in water production.

(*)Not reviewed by independent auditor.

15Some of the countries that comprise the international production, such as Nigeria and Angola, are operating under the production-sharing model, with the production taxes charged in crude oil barrels.

FINANCIAL HIGHLIGHTS

| Jan-Dec |
|----------------|
| |

| Lifting Cost - International (U.S.\$/barrel) ¹⁹ (*) | 2013 | 2012 | 2013 x 2012 (%) |
|---|-------------|-------------|--------------------------------|
| | | | |

| | | | |
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| | | | |
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9.50

8.86

7

| | | | |
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International lifting cost was 7% higher, mainly driven by the disposal of our interest of companies in Nigeria, which had lower-than-average costs, when compared to other assets in the international segment. In addition, there were lower production volumes and higher costs in Argentina attributable to environmental repair services in production storage tanks.

| | |
|--|----------------|
| | Jan-Dec |
|--|----------------|

| Refining Operations - International (Mbb/d) (*) | 2013 | 2012 | 2013 x 2012 (%) |
|--|-------------|-------------|--------------------------------|
| | | | |

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| | | | |
|---|-----|-----|-----|
| Total feedstock processed ¹⁶ | 169 | 177 | (5) |
|---|-----|-----|-----|

| | | | |
|------------------------|-----|-----|-----|
| Output of oil products | 185 | 192 | (4) |
|------------------------|-----|-----|-----|

| | | | |
|-----------------------------------|-----|-----|---|
| Reference feedstock ¹⁷ | 231 | 231 | - |
|-----------------------------------|-----|-----|---|

| | | | |
|--|----|----|---|
| Refining plants utilization factor (%) ¹⁸ | 70 | 70 | - |
|--|----|----|---|

| | | | |
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Despite the higher feedstock processed at the U.S. refinery due to increased operational availability in 2013, total feedstock processed was lower, driven by the lower feedstock processed at the Japanese refinery due to unscheduled stoppages and to lower oil products demand, reducing oil products production.

| Jan-Dec |
|----------------|
|----------------|

| Refining Cost - International (U.S.\$/barrel) ¹⁹ (*) | 2013 | 2012 | 2013 x 2012 (%) |
|---|------|------|-----------------------|
| | | | |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

4.06

3.87

5

| | | | |
|--|--|--|--|
| | | | |
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International refining cost was 5% higher due to the lower feedstock processed in the Japanese refinery.

(*}Not reviewed by independent auditor.

16Total feedstock processed is the crude oil processed abroad at the atmospheric distillation plants, plus the intermediate products acquired from third parties and used as feedstock in other refining units.

17Reference feedstock is the maximum sustainable crude oil feedstock reached at distillation plants.

18Refining Plants Utilization Factor is the relation between the crude oil processed at the distillation plant and the reference feedstock.

19In 1Q-2013, lifting and refining cost were revised to exclude scheduled stoppages expenses. Though lifting and refining cost are a non-GAAP measure, it were revised pursuant to the International Financial Reporting Standards – IFRS. Based on the previous criteria (pursuant to USGAAP), such expenses impacted our lifting and refining cost at the period of their realization, at the moment of the consumption of the materials or completion/rendering of services. Amounts previously reported for 2012 were recalculated for comparability purposes. Such adjustment did not impact our financial statements and EBITDA, for which the amortization of scheduled stoppages was already computed in accordance with the International Financial Reporting Standards – IFRS.

FINANCIAL HIGHLIGHTS

Sales Volumes - (Mbb/d)^(*)

| Jan-Dec |
|----------------|
| |

| | 2013 | 2012 | 2013 x 2012 (%) |
|--|-------------|-------------|--------------------------------|
| | | | |

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| | | | |
|--------|-----|-----|---|
| Diesel | 984 | 937 | 5 |
|--------|-----|-----|---|

| | | | |
|----------|-----|-----|---|
| Gasoline | 590 | 570 | 4 |
|----------|-----|-----|---|

| | | | |
|----------|----|----|----|
| Fuel oil | 98 | 84 | 17 |
|----------|----|----|----|

| | | | |
|---------|-----|-----|---|
| Naphtha | 171 | 165 | 4 |
|---------|-----|-----|---|

| | | | |
|-----|-----|-----|---|
| LPG | 231 | 224 | 3 |
|-----|-----|-----|---|

| | | | |
|----------|-----|-----|---|
| Jet fuel | 106 | 106 | - |
|----------|-----|-----|---|

| | | | |
|--------|-----|-----|---|
| Others | 203 | 199 | 2 |
|--------|-----|-----|---|

| | | | |
|--------------------|-------|-------|---|
| Total oil products | 2,383 | 2,285 | 4 |
|--------------------|-------|-------|---|

| | | | |
|--|----|----|----|
| Ethanol, nitrogen fertilizers, renewables and other products | 91 | 83 | 10 |
|--|----|----|----|

| | | | |
|-------------|-----|-----|----|
| Natural gas | 409 | 357 | 15 |
|-------------|-----|-----|----|

| | | | |
|-----------------------|-------|-------|---|
| Total domestic market | 2,883 | 2,725 | 6 |
|-----------------------|-------|-------|---|

| | | | |
|---------|-----|-----|------|
| Exports | 395 | 554 | (29) |
|---------|-----|-----|------|

| | | | |
|---------------------|-----|-----|---|
| International sales | 514 | 506 | 2 |
|---------------------|-----|-----|---|

| | | | |
|----------------------------|-----|-------|------|
| Total international market | 909 | 1,060 | (14) |
|----------------------------|-----|-------|------|

| | | | |
|--------------|--------------|--------------|---|
| Total | 3,792 | 3,785 | - |
|--------------|--------------|--------------|---|

| | | | |
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Our domestic sales volumes increased by 6% in 2013 compared with 2012, primarily due to:

- Diesel (a 5% increase) – due to the increase in the retail sector, higher thermoelectric consumption, higher grain harvest and an increase in the Brazilian diesel light vehicle fleet.
- Gasoline (a 4% increase) – due to the increase in the flex-fuel automotive fleet, driven by the higher competitive advantage relative to ethanol in most Brazilian states and to the decreased market share of our competitors. These effects were partially offset by the increase of the anhydrous ethanol content in Type C gasoline (from 20% to 25%).
- Fuel oil (a 17% increase) – due to increased consumption at thermoelectric plants for electricity generation and higher demand from suppliers of natural gas to thermoelectric plants.
- Natural gas (a 15% increase) – due to higher thermoelectric demand, driven by lower water reservoir levels at hydroelectric power plants.

(*} Not reviewed by independent auditor.

| 4Q-2013 | 3Q-2013 | 4Q-2012 | | 2013 | 2012 |
|---------|---------|---------|--|------|------|
| | | | | | |

| | | | | | |
|---------------|---------------|---------------|--|---------------|---------------|
| 25,955 | 32,840 | 25,913 | Adjusted cash and cash equivalents at the beginning of period ²¹ | 23,732 | 28,005 |
|---------------|---------------|---------------|--|---------------|---------------|

| | | | | | |
|---------|---------|----------|---|----------|---------|
| (8,309) | (9,709) | (11,047) | Government bonds at the beginning of period | (10,212) | (8,948) |
|---------|---------|----------|---|----------|---------|

| | | | | | |
|---------------|---------------|---------------|---|---------------|---------------|
| 17,646 | 23,131 | 14,866 | Cash and cash equivalents at the beginning of period ²⁰ | 13,520 | 19,057 |
|---------------|---------------|---------------|---|---------------|---------------|

| | | | | | |
|-------|-------|-------|---|--------|--------|
| 4,734 | 6,274 | 5,675 | Net cash provided by operating activities | 26,289 | 27,888 |
|-------|-------|-------|---|--------|--------|

| | | | | | |
|---------|---------|----------|---------------------------------------|----------|----------|
| (8,092) | (8,561) | (10,262) | Net cash used in investing activities | (35,625) | (38,379) |
|---------|---------|----------|---------------------------------------|----------|----------|

| | | | | | |
|----------|----------|----------|--|----------|----------|
| (14,105) | (10,640) | (11,638) | Capital expenditures and investments in operating segments | (45,163) | (40,706) |
|----------|----------|----------|--|----------|----------|

| | | | | | |
|-------|-----|-----|-------------------------------------|-------|-----|
| 1,756 | 522 | 276 | Disposal of assets (divestments) | 3,820 | 276 |
|-------|-----|-----|-------------------------------------|-------|-----|

| | | | | | |
|-------|-------|-------|--------------------------------------|-------|-------|
| 4,257 | 1,557 | 1,100 | Investments in marketable securities | 5,718 | 2,051 |
|-------|-------|-------|--------------------------------------|-------|-------|

| | | | | | |
|----------------|----------------|----------------|--------------------------|----------------|-----------------|
| (3,358) | (2,287) | (4,587) | (=) Net cash flow | (9,336) | (10,491) |
|----------------|----------------|----------------|--------------------------|----------------|-----------------|

| | | | | | |
|-------|---------|-------|----------------|--------|-------|
| 1,999 | (1,657) | 3,132 | Net financings | 16,021 | 9,086 |
|-------|---------|-------|----------------|--------|-------|

| | | | | | |
|-------|-------|-------|-----------------------------------|--------|--------|
| 5,635 | 4,235 | 6,348 | Proceeds from long-term financing | 39,542 | 25,205 |
|-------|-------|-------|-----------------------------------|--------|--------|

| | | | | | |
|---------|---------|---------|------------|----------|----------|
| (3,636) | (5,892) | (3,216) | Repayments | (23,521) | (16,119) |
|---------|---------|---------|------------|----------|----------|

| | | | | | |
|-----|---------|---|--------------------------------|---------|---------|
| (1) | (1,269) | — | Dividends paid to shareholders | (2,656) | (3,272) |
|-----|---------|---|--------------------------------|---------|---------|

| | | | | | |
|----|---|-----|--------------------------|------|-----|
| 28 | - | 207 | Non-controlling interest | (70) | 255 |
|----|---|-----|--------------------------|------|-----|

| | | | | | |
|-------|-------|------|--|---------|---------|
| (446) | (272) | (98) | Effect of exchange rate changes on cash and cash equivalents | (1,611) | (1,115) |
|-------|-------|------|--|---------|---------|

| | | | | | |
|---------------|---------------|---------------|---|---------------|---------------|
| 15,868 | 17,646 | 13,520 | Cash and cash equivalents at the end of period ²⁰ | 15,868 | 13,520 |
|---------------|---------------|---------------|---|---------------|---------------|

| | | | | | |
|-------|-------|--------|---------------------------------------|-------|--------|
| 3,878 | 8,309 | 10,212 | Government bonds at the end of period | 3,878 | 10,212 |
|-------|-------|--------|---------------------------------------|-------|--------|

| | | | | | |
|---------------|---------------|---------------|--|---------------|---------------|
| 19,746 | 25,955 | 23,732 | Adjusted cash and cash equivalents at the end of period ²¹ | 19,746 | 23,732 |
|---------------|---------------|---------------|--|---------------|---------------|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

The resources needed to fund our capital expenditures (US\$ 45,163 million) and payment of dividends (US\$ 2,656 million) were met by cash flow from operations (US\$ 26,289 million), net proceeds from long-term financing (US\$ 16,021 million), cash provided by the disposal of assets (US\$ 3,820 million), as well as a reduction in our adjusted cash and cash equivalents²¹ balance of US\$ 3,986 million.

Net cash provided by operating activities in 2013 increased by 4% in local currency (excluding the foreign currency translation effect), as a result of increases in diesel and gasoline prices in the domestic market during 2013 and by an increase in outputs of refined products (6%), which contributed to a reduction in oil product import volumes. These effects were partially offset by the impact of the depreciation of the Real on import costs and by the lower crude oil export volumes. When translated into U.S. dollars, cash provided by operations decreased from US\$ 27,888 million in 2012 to US\$ 26,289 million in 2013.

Proceeds from long-term financing, net of repayments, totalled US\$ 16,021 million in 2013, an increase of US\$ 6,935 million when compared to 2012. The principal sources of long-term financing were the issuance of a series of U.S. dollar bonds totalling approximately US\$ 11 billion in the capital markets in May 2013, and long-term financing from foreign and Brazilian financial institutions.

Proceeds from the disposals of assets throughout 2013 totalled US\$ 3,820 million. These divestments were the result of our announced Divestment Program (PRODESIN), with the majority of the proceeds coming from the disposal of 50% of our interest in operations in Africa (via the formation and partial sale of a joint venture combining our African assets) and the disposal of our interest in block BC-10, located in Brazil.

The uses of cash were primarily for capital expenditures and investments in operating units, which totalled US\$ 45,163 million in 2013 versus US\$ 40,706 million in 2012. Higher expenditures in E&P (US\$ 5,200 million), including US\$ 2.6 billion related to acquisition costs of rights over the Libra block in the pre-salt area were largely responsible for the increase.

Payment of dividends during 2013 totalled US\$ 2,656 million.

As of December 31, 2013, our balance of cash and cash equivalents amounted to US\$ 15,868 million, versus US\$ 13,520 million as of December 31, 2012. Considering the reduction in our balance of government bonds with maturities of more than 90 days, our adjusted cash and cash equivalents balance was reduced from US\$ 23,732 million as of December 31, 2012 to US\$ 19,746 million as of December 31, 2013.

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

²¹Our adjusted cash and cash equivalents include government bonds with maturities of more than 90 days. This measure is not computed in accordance with International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents computed in accordance with IFRS. It may not be comparable to adjusted cash and cash equivalents of other companies, however management believes that it is an appropriate supplemental measure that helps investors assess our liquidity and assists management in targeting leverage improvements.

FINANCIAL HIGHLIGHTS

Capital expenditures and investments

| | Jan-Dec |
|--|----------------|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

| | | | | | |
|--------------------------|--------|----|--------|----|----|
| Exploration & Production | 27,566 | 57 | 21,959 | 51 | 26 |
|--------------------------|--------|----|--------|----|----|

| | | | | | |
|--|--------|----|--------|----|-----|
| Refining, Transportation and Marketing | 14,243 | 30 | 14,745 | 34 | (3) |
|--|--------|----|--------|----|-----|

| | | | | | |
|-------------|-------|---|-------|---|----|
| Gas & Power | 2,716 | 6 | 2,113 | 5 | 29 |
|-------------|-------|---|-------|---|----|

| | | | | | |
|---------------|-------|---|-------|---|-----|
| International | 2,368 | 5 | 2,572 | 6 | (8) |
|---------------|-------|---|-------|---|-----|

| | | | | | |
|--------------------------|-------|----|-------|----|-----|
| Exploration & Production | 2,126 | 90 | 2,347 | 92 | (9) |
|--------------------------|-------|----|-------|----|-----|

| | | | | | |
|--|-----|---|-----|---|----|
| Refining, Transportation and Marketing | 156 | 7 | 131 | 4 | 19 |
|--|-----|---|-----|---|----|

| | | | | | |
|-------------|----|---|---|---|-----|
| Gas & Power | 26 | 1 | 5 | - | 420 |
|-------------|----|---|---|---|-----|

| | | | | | |
|--------------|----|---|----|---|------|
| Distribution | 52 | 2 | 72 | 3 | (28) |
|--------------|----|---|----|---|------|

| | | | | | |
|-------|---|---|----|---|------|
| Other | 8 | - | 17 | 1 | (53) |
|-------|---|---|----|---|------|

| | | | | | |
|--------------|-----|---|-----|---|------|
| Distribution | 514 | 1 | 666 | 2 | (23) |
|--------------|-----|---|-----|---|------|

| | | | | | |
|---------|-----|---|-----|---|-----|
| Biofuel | 143 | - | 147 | - | (3) |
|---------|-----|---|-----|---|-----|

| | | | | | |
|-----------|-----|---|-----|---|------|
| Corporate | 547 | 1 | 747 | 2 | (27) |
|-----------|-----|---|-----|---|------|

| | | | | | |
|---|---------------|------------|---------------|------------|-----------|
| Total capital expenditures and investments | 48,097 | 100 | 42,949 | 100 | 12 |
|---|---------------|------------|---------------|------------|-----------|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

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

In 2013, we invested an amount of US\$ 48,097 million, primarily aiming at increasing production and modernizing and expanding our refineries.

FINANCIAL HIGHLIGHTS

Consolidated debt

| | 12.31.2013 | 12.31.2012 | Δ% |
|--|-------------------|-------------------|-----------|
| | | | |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

| | | | |
|----------------------------|-------|-------|---|
| Current debt ²² | 8,017 | 7,497 | 7 |
|----------------------------|-------|-------|---|

| | | | |
|--------------------------------|---------|--------|----|
| Non-current debt ²³ | 106,308 | 88,570 | 20 |
|--------------------------------|---------|--------|----|

| | | | |
|-------|---------|--------|----|
| Total | 114,325 | 96,067 | 19 |
|-------|---------|--------|----|

| | | | |
|---------------------------|--------|--------|----|
| Cash and cash equivalents | 15,868 | 13,520 | 17 |
|---------------------------|--------|--------|----|

| | | | |
|---|-------|--------|------|
| Government securities (maturity of more than 90 days) | 3,878 | 10,212 | (62) |
|---|-------|--------|------|

| | | | |
|------------------------------------|--------|--------|------|
| Adjusted cash and cash equivalents | 19,746 | 23,732 | (17) |
|------------------------------------|--------|--------|------|

| | | | |
|------------------------|--------|--------|----|
| Net debt ²⁴ | 94,579 | 72,335 | 31 |
|------------------------|--------|--------|----|

| | | | |
|--|-----|-----|---|
| Net debt/(net debt+shareholders' equity) | 39% | 31% | 8 |
|--|-----|-----|---|

| | | | |
|-------------------------------------|---------|---------|-----|
| Total net liabilities ²⁵ | 301,677 | 303,664 | (1) |
|-------------------------------------|---------|---------|-----|

Capital structure

| | | | |
|---|-----|-----|---|
| (Net third parties capital / total net liabilities) | 51% | 47% | 4 |
|---|-----|-----|---|

| | | | |
|--------------------------------|------|------|----|
| Net debt/Adjusted EBITDA ratio | 3.21 | 2.62 | 23 |
|--------------------------------|------|------|----|

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

On December 31, 2013 the net debt in U.S. dollars was 31% higher than on December 31, 2012, due to the long-term financing raised, partially offset by the impact of 14.6% from the appreciation of the U.S. dollar against the Real.

22Includes finance lease obligations (Current debt: US\$16 million on December 31, 2013 and US\$18 million on December 31, 2012).

23Includes finance lease obligations (Non-current debt: US\$73 million on December 31, 2013 and US\$86 million on December 31, 2012).

24Our 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.

25Total liabilities net of adjusted cash and cash equivalents.

| 4Q-2013 | 3Q-2013 | 4Q-2012 | | 2013 | 2012 |
|---------|---------|---------|--|------|------|
| | | | | | |

| | | | | | |
|--------|--------|--------|-----------------------|---------|---------|
| 35,593 | 33,955 | 35,660 | Sales revenues | 141,462 | 144,103 |
|--------|--------|--------|-----------------------|---------|---------|

| | | | | | |
|----------|----------|----------|---------------|-----------|-----------|
| (28,119) | (26,707) | (27,614) | Cost of sales | (108,254) | (107,534) |
|----------|----------|----------|---------------|-----------|-----------|

| | | | | | |
|-------|-------|-------|---------------------|--------|--------|
| 7,474 | 7,248 | 8,046 | Gross profit | 33,208 | 36,569 |
|-------|-------|-------|---------------------|--------|--------|

| | | | | | |
|---------|---------|---------|------------------|---------|---------|
| (1,270) | (1,251) | (1,151) | Selling expenses | (4,904) | (4,927) |
|---------|---------|---------|------------------|---------|---------|

| | | | | | |
|---------|---------|---------|-------------------------------------|---------|---------|
| (1,269) | (1,224) | (1,266) | General and administrative expenses | (4,982) | (5,034) |
|---------|---------|---------|-------------------------------------|---------|---------|

| | | | | | |
|-------|-------|---------|-------------------|---------|---------|
| (766) | (968) | (1,045) | Exploration costs | (2,959) | (3,994) |
|-------|-------|---------|-------------------|---------|---------|

| | | | | | |
|-------|-------|-------|-----------------------------------|---------|---------|
| (250) | (258) | (342) | Research and development expenses | (1,132) | (1,143) |
|-------|-------|-------|-----------------------------------|---------|---------|

| | | | | | |
|-------|------|-------|-------------|-------|-------|
| (452) | (96) | (131) | Other taxes | (780) | (386) |
|-------|------|-------|-------------|-------|-------|

| | | | | | |
|-------|-------|---------|--|---------|---------|
| (376) | (950) | (1,138) | Other operating income and expenses, net | (2,237) | (4,185) |
|-------|-------|---------|--|---------|---------|

| | | | | | |
|---------|---------|---------|--|----------|----------|
| (4,383) | (4,747) | (5,073) | | (16,994) | (19,669) |
|---------|---------|---------|--|----------|----------|

| | | | | | |
|-------|-------|-------|--|--------|--------|
| 3,091 | 2,501 | 2,973 | Net income before financial results, share of profit of equity-accounted investments and income taxes | 16,214 | 16,900 |
|-------|-------|-------|--|--------|--------|

| | | | | | |
|-----|-----|-------|----------------|-------|-------|
| 362 | 527 | 1,664 | Finance income | 1,815 | 3,659 |
|-----|-----|-------|----------------|-------|-------|

| | | | | | |
|-------|-------|-------|-----------------|---------|---------|
| (912) | (542) | (543) | Finance expense | (2,673) | (2,016) |
|-------|-------|-------|-----------------|---------|---------|

| | | | | | |
|-------|-------|-----|--|---------|---------|
| (776) | (431) | 234 | Foreign exchange and inflation indexation charges | (1,933) | (3,569) |
|-------|-------|-----|--|---------|---------|

| | | | | | |
|---------|-------|-------|------------------------------|---------|---------|
| (1,326) | (446) | 1,355 | Net finance income (expense) | (2,791) | (1,926) |
|---------|-------|-------|------------------------------|---------|---------|

| | | | | | |
|----|-----|----|---|-----|----|
| 25 | 216 | 88 | Share of profit of equity-accounted investments | 507 | 43 |
|----|-----|----|---|-----|----|

| | | | | | |
|------|-------|-------|----------------|-------|-------|
| (99) | (100) | (185) | Profit-sharing | (520) | (524) |
|------|-------|-------|----------------|-------|-------|

| | | | | | |
|--------------|--------------|--------------|---------------------------------------|---------------|---------------|
| 1,691 | 2,171 | 4,231 | Net income before income taxes | 13,410 | 14,493 |
|--------------|--------------|--------------|---------------------------------------|---------------|---------------|

| | | | | | |
|-----|-------|-------|--------------|---------|---------|
| 924 | (623) | (458) | Income taxes | (2,578) | (3,562) |
|-----|-------|-------|--------------|---------|---------|

| | | | | | |
|--------------|--------------|--------------|--------------------------|---------------|---------------|
| 2,615 | 1,548 | 3,773 | Net income (loss) | 10,832 | 10,931 |
|--------------|--------------|--------------|--------------------------|---------------|---------------|

| | | | | | |
|--|--|--|------------------------------------|--|--|
| | | | Net income (loss) attributable to: | | |
|--|--|--|------------------------------------|--|--|

| | | | | | |
|-------|-------|-------|---------------------------|--------|--------|
| 2,760 | 1,484 | 3,763 | Shareholders of Petrobras | 11,094 | 11,034 |
|-------|-------|-------|---------------------------|--------|--------|

| | | | | | |
|-------|----|----|---------------------------|-------|-------|
| (145) | 64 | 10 | Non-controlling interests | (262) | (103) |
|-------|----|----|---------------------------|-------|-------|

| | | | | | |
|--------------|--------------|--------------|--|---------------|---------------|
| 2,615 | 1,548 | 3,773 | | 10,832 | 10,931 |
|--------------|--------------|--------------|--|---------------|---------------|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

FINANCIAL HIGHLIGHTS

Statement of Financial Position - Consolidated[26]

| ASSETS | | |
|---------------|--|--|
| | | |

| 12.31.2013 | 12.31.2012 |
|-------------------|-------------------|
|-------------------|-------------------|

| | | |
|--|--|--|
| | | |
|--|--|--|

| | | |
|-----------------------|---------------|---------------|
| Current assets | 52,655 | 57,794 |
|-----------------------|---------------|---------------|

| | | |
|---------------------------|--------|--------|
| Cash and cash equivalents | 15,868 | 13,520 |
|---------------------------|--------|--------|

| | | |
|-----------------------|-------|--------|
| Marketable securities | 3,885 | 10,431 |
|-----------------------|-------|--------|

| | | |
|----------------------------------|-------|--------|
| Trade and other receivables, net | 9,670 | 11,099 |
|----------------------------------|-------|--------|

| | | |
|-------------|--------|--------|
| Inventories | 14,225 | 14,552 |
|-------------|--------|--------|

| | | |
|-------------------|-------|-------|
| Recoverable taxes | 4,971 | 5,572 |
|-------------------|-------|-------|

| | | |
|------------------------------------|-------|-----|
| Assets classified as held for sale | 2,407 | 143 |
|------------------------------------|-------|-----|

| | | |
|----------------------|-------|-------|
| Other current assets | 1,629 | 2,477 |
|----------------------|-------|-------|

| | | |
|--|--|--|
| | | |
|--|--|--|

| | | |
|---------------------------|----------------|----------------|
| Non-current assets | 268,768 | 269,602 |
|---------------------------|----------------|----------------|

| | | |
|------------------------------|---------------|---------------|
| Long-term receivables | 18,782 | 18,856 |
|------------------------------|---------------|---------------|

| | | |
|----------------------------------|-------|-------|
| Trade and other receivables, net | 4,532 | 4,441 |
|----------------------------------|-------|-------|

| | | |
|-----------------------|-----|-----|
| Marketable securities | 131 | 176 |
|-----------------------|-----|-----|

| | | |
|-------------------|-------|-------|
| Judicial deposits | 2,504 | 2,696 |
|-------------------|-------|-------|

| | | |
|----------------|-------|-------|
| Deferred taxes | 1,130 | 1,277 |
|----------------|-------|-------|

| | | |
|------------------|-------|-------|
| Other tax assets | 5,380 | 5,223 |
|------------------|-------|-------|

| | | |
|-----------------------|-------|-------|
| Advances to suppliers | 3,230 | 3,156 |
|-----------------------|-------|-------|

| | | |
|--------------------------|-------|-------|
| Other non-current assets | 1,875 | 1,887 |
|--------------------------|-------|-------|

| | | |
|--------------------|--------------|--------------|
| Investments | 6,666 | 6,106 |
|--------------------|--------------|--------------|

| | | |
|--------------------------------------|----------------|----------------|
| Property, plant and equipment | 227,901 | 204,901 |
|--------------------------------------|----------------|----------------|

| | | |
|--------------------------|---------------|---------------|
| Intangible assets | 15,419 | 39,739 |
|--------------------------|---------------|---------------|

| | | |
|---------------------|----------------|----------------|
| Total assets | 321,423 | 327,396 |
|---------------------|----------------|----------------|

| | | |
|--|--|--|
| | | |
|--|--|--|

| LIABILITIES | | |
|--------------------|--|--|
| | | |

| | 12.31.2013 | 12.31.2012 |
|--|-------------------|-------------------|
|--|-------------------|-------------------|

| | | |
|--|--|--|
| | | |
|--|--|--|

| | | |
|----------------------------|---------------|---------------|
| Current liabilities | 35,226 | 34,070 |
|----------------------------|---------------|---------------|

| | | |
|----------------|--------|--------|
| Trade payables | 11,919 | 12,124 |
|----------------|--------|--------|

| | | |
|--------------|-------|-------|
| Current debt | 8,017 | 7,497 |
|--------------|-------|-------|

| | | |
|---------------|-------|-------|
| Taxes payable | 4,950 | 6,128 |
|---------------|-------|-------|

| | | |
|-------------------|-------|-------|
| Dividends payable | 3,970 | 3,011 |
|-------------------|-------|-------|

| | | |
|---|-------|-------|
| Employee compensation (payroll, profit-sharing and related charges) | 2,052 | 2,163 |
|---|-------|-------|

| | | |
|------------------------------|-----|-----|
| Pension and medical benefits | 816 | 788 |
|------------------------------|-----|-----|

| | | |
|--|-------|---|
| Liabilities associated with assets classified as held for sale | 1,073 | — |
|--|-------|---|

| | | |
|---------------------------|-------|-------|
| Other current liabilities | 2,429 | 2,359 |
|---------------------------|-------|-------|

| | | |
|--------------------------------|----------------|----------------|
| Non-current liabilities | 137,074 | 131,460 |
|--------------------------------|----------------|----------------|

| | | |
|------------------|---------|--------|
| Non-current debt | 106,308 | 88,570 |
|------------------|---------|--------|

| | | |
|----------------|-------|--------|
| Deferred taxes | 9,906 | 11,976 |
|----------------|-------|--------|

| | | |
|------------------------------|--------|--------|
| Pension and medical benefits | 11,757 | 19,436 |
|------------------------------|--------|--------|

| | | |
|-------------------------------------|-------|-------|
| Provision for decommissioning costs | 7,133 | 9,441 |
|-------------------------------------|-------|-------|

| | | |
|----------------------------------|-------|-------|
| Provisions for legal proceedings | 1,246 | 1,265 |
|----------------------------------|-------|-------|

| | | |
|-------------------------------|-----|-----|
| Other non-current liabilities | 724 | 772 |
|-------------------------------|-----|-----|

| | | |
|-----------------------------|----------------|----------------|
| Shareholders' equity | 149,123 | 161,866 |
|-----------------------------|----------------|----------------|

| | | |
|---------------|---------|---------|
| Share capital | 107,371 | 107,362 |
|---------------|---------|---------|

| | | |
|----------------------------|--------|--------|
| Profit reserves and others | 41,156 | 53,352 |
|----------------------------|--------|--------|

| | | |
|---------------------------|-----|-------|
| Non-controlling interests | 596 | 1,152 |
|---------------------------|-----|-------|

| | | |
|---|----------------|----------------|
| Total liabilities and shareholders' equity | 321,423 | 327,396 |
|---|----------------|----------------|

| | | |
|--|--|--|
| | | |
|--|--|--|

26Some amounts of 2012 were adjusted by the adoption of the IAS 19 amendment, which eliminated the “corridor approach” for the recognition of the actuarial gains or losses and by offsetting deferred income tax assets against deferred income tax liabilities (see Note 2.3 of the Consolidated Financial Statements Report of December 31, 2013).

| | | | | Jan-Dec |
|--|--|--|--|---------|
|--|--|--|--|---------|

| 4Q-2013 | 3Q-2013 | 4Q-2012 | | 2013 | 2012 |
|---------|---------|---------|--|------|------|
| | | | | | |

| | | | | | |
|--------------|--------------|--------------|---|---------------|---------------|
| 2,760 | 1,484 | 3,763 | Net income attributable to the shareholders of Petrobras | 11,094 | 11,034 |
|--------------|--------------|--------------|---|---------------|---------------|

| | | | | | |
|-------|-------|-------|----------------------|--------|--------|
| 1,974 | 4,790 | 1,912 | (+) Adjustments for: | 15,195 | 16,854 |
|-------|-------|-------|----------------------|--------|--------|

| | | | | | |
|-------|-------|-------|--|--------|--------|
| 3,296 | 3,320 | 2,878 | Depreciation, depletion and amortization | 13,188 | 11,119 |
|-------|-------|-------|--|--------|--------|

| | | | | | |
|-------|-----|-----|---|-------|-------|
| 1,158 | 886 | 297 | Foreign exchange and inflation indexation and finance charges | 3,167 | 4,308 |
|-------|-----|-----|---|-------|-------|

| | | | | | |
|-------|----|----|---------------------------|-------|-------|
| (145) | 64 | 10 | Non-controlling interests | (262) | (103) |
|-------|----|----|---------------------------|-------|-------|

| | | | | | |
|------|-------|------|---|-------|------|
| (25) | (216) | (88) | Share of profit of equity-accounted investments | (507) | (43) |
|------|-------|------|---|-------|------|

| | | | | | |
|-------|-------|---|--|---------|---|
| (937) | (150) | 2 | Gains/(losses) on disposal of non-current assets | (1,764) | 2 |
|-------|-------|---|--|---------|---|

| | | | | | |
|---------|-----|-------|----------------------------|-----|-------|
| (3,020) | 881 | (660) | Deferred income taxes, net | 402 | 1,266 |
|---------|-----|-------|----------------------------|-----|-------|

| | | | | | |
|-----|-----|-----|---|-------|-------|
| 551 | 736 | 729 | Exploration expenditures written-off | 1,892 | 2,847 |
|-----|-----|-----|---|-------|-------|

| | | | | | |
|-----|-----|-----|------------|-------|-----|
| 734 | 160 | 323 | Impairment | 1,125 | 880 |
|-----|-----|-----|------------|-------|-----|

| | | | | | |
|-----|-----|-----|---|-------|-------|
| 605 | 595 | 513 | Pension and medical benefits (actuarial expense) | 2,566 | 2,091 |
|-----|-----|-----|---|-------|-------|

| | | | | | |
|----|---------|----|-------------|---------|---------|
| 88 | (1,383) | 49 | Inventories | (2,128) | (1,864) |
|----|---------|----|-------------|---------|---------|

| | | | | | |
|---------|------|-------|-------------------------------------|---------|---------|
| (1,442) | (82) | (873) | Trade and other receivables, net | (1,142) | (1,522) |
|---------|------|-------|-------------------------------------|---------|---------|

| | | | | | |
|-----|-----|-------|----------------|-------|-------|
| 765 | 371 | (788) | Trade payables | 1,108 | 1,039 |
|-----|-----|-------|----------------|-------|-------|

| | | | | | |
|-------|-------|-------|------------------------------|-------|-------|
| (259) | (152) | (252) | Pension and medical benefits | (796) | (735) |
|-------|-------|-------|------------------------------|-------|-------|

| | | | | | |
|-------|-------|-------|---------------|---------|-------|
| 1,505 | (855) | 1,131 | Taxes payable | (1,517) | (151) |
|-------|-------|-------|---------------|---------|-------|

| | | | | | |
|-------|-----|---------|------------------------------|-------|---------|
| (900) | 615 | (1,359) | Other assets and liabilities | (137) | (2,280) |
|-------|-----|---------|------------------------------|-------|---------|

| | | | | | |
|--------------|--------------|--------------|--|---------------|---------------|
| 4,734 | 6,274 | 5,675 | (=) Net cash provided by (used in) operating activities | 26,289 | 27,888 |
|--------------|--------------|--------------|--|---------------|---------------|

| | | | | | |
|----------------|----------------|-----------------|--|-----------------|-----------------|
| (8,092) | (8,561) | (10,262) | (-) Net cash provided by (used in) investing activities | (35,625) | (38,379) |
|----------------|----------------|-----------------|--|-----------------|-----------------|

| | | | | | |
|----------|----------|----------|--|----------|----------|
| (14,105) | (10,640) | (11,638) | Capital expenditures and investments in operating segments | (45,163) | (40,706) |
|----------|----------|----------|--|----------|----------|

| | | | | | |
|-------|-----|-----|------------------------------|-------|-----|
| 1,756 | 522 | 276 | Sale of assets (divestments) | 3,820 | 276 |
|-------|-----|-----|------------------------------|-------|-----|

| | | | | | |
|-------|-------|-------|--------------------------------------|-------|-------|
| 4,257 | 1,557 | 1,100 | Investments in marketable securities | 5,718 | 2,051 |
|-------|-------|-------|--------------------------------------|-------|-------|

| | | | | | |
|----------------|----------------|----------------|--------------------------|----------------|-----------------|
| (3,358) | (2,287) | (4,587) | (=) Net cash flow | (9,336) | (10,491) |
|----------------|----------------|----------------|--------------------------|----------------|-----------------|

| | | | | | |
|-------|---------|-------|---|--------|-------|
| 2,026 | (2,926) | 3,339 | (-) Net cash provided by (used in) financing activities | 13,295 | 6,069 |
|-------|---------|-------|---|--------|-------|

| | | | | | |
|-------|-------|-------|-----------------------------------|--------|--------|
| 5,635 | 4,235 | 6,348 | Proceeds from long-term financing | 39,542 | 25,205 |
|-------|-------|-------|-----------------------------------|--------|--------|

| | | | | | |
|---------|---------|---------|------------------------|----------|----------|
| (2,756) | (4,140) | (2,251) | Repayment of principal | (18,455) | (11,347) |
|---------|---------|---------|------------------------|----------|----------|

| | | | | | |
|-------|---------|-------|-----------------------|---------|---------|
| (880) | (1,752) | (965) | Repayment of interest | (5,066) | (4,772) |
|-------|---------|-------|-----------------------|---------|---------|

| | | | | | |
|-----|---------|---|--------------------------------|---------|---------|
| (1) | (1,269) | - | Dividends paid to shareholders | (2,656) | (3,272) |
|-----|---------|---|--------------------------------|---------|---------|

| | | | | | |
|----|---|-----|---|------|-----|
| 28 | - | 207 | Acquisition of non-controlling interest | (70) | 255 |
|----|---|-----|---|------|-----|

| | | | | | |
|-------|-------|------|--|---------|---------|
| (446) | (272) | (98) | Effect of exchange rate changes on cash and cash equivalents | (1,611) | (1,115) |
|-------|-------|------|--|---------|---------|

| | | | | | |
|----------------|----------------|----------------|---|--------------|----------------|
| (1,778) | (5,485) | (1,346) | (=) Net increase (decrease) in cash and cash equivalents in the period | 2,348 | (5,537) |
|----------------|----------------|----------------|---|--------------|----------------|

| | | | | | |
|--------|--------|--------|--|--------|--------|
| 17,646 | 23,131 | 14,866 | Cash and cash equivalents at the beginning of period | 13,520 | 19,057 |
|--------|--------|--------|--|--------|--------|

| | | | | | |
|--------|--------|--------|--|--------|--------|
| 15,868 | 17,646 | 13,520 | Cash and cash equivalents at the end of period | 15,868 | 13,520 |
|--------|--------|--------|--|--------|--------|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

1

FINANCIAL HIGHLIGHTS

SEGMENT INFORMATION

Consolidated Income Statement by Segment – Jan-Dec/2013

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TO |
|---|----------------|-----------------|----------------|--------------|----------------|---------------|----------------|------------------|-------------|
| Sales revenues | 68,210 | 111,051 | 14,017 | 388 | 41,365 | 16,302 | – | (109,871) | 14 |
| Intersegments | 67,096 | 38,103 | 1,191 | 324 | 995 | 2,162 | – | (109,871) | – |
| Third parties | 1,114 | 72,948 | 12,826 | 64 | 40,370 | 14,140 | – | – | 14 |
| Cost of sales | (34,279) | (119,617) | (12,149) | (433) | (37,580) | (13,886) | – | 109,690 | (10) |
| Gross profit (loss) | 33,931 | (8,566) | 1,868 | (45) | 3,785 | 2,416 | – | (181) | 33 |
| Expenses | (4,133) | (3,791) | (1,167) | (102) | (2,424) | (541) | (4,932) | 96 | (10) |
| Selling, general and administrative expenses | (443) | (2,781) | (1,087) | (55) | (2,417) | (860) | (2,406) | 163 | (9) |
| Exploration costs | (2,784) | – | – | – | – | (175) | – | – | (2) |
| Research and development expenses | (523) | (242) | (57) | (16) | (2) | (2) | (290) | – | (1) |
| Other taxes | (238) | (162) | (81) | (1) | (19) | (141) | (138) | – | (78) |
| Other operating income and expenses, net | (145) | (606) | 58 | (30) | 14 | 637 | (2,098) | (67) | (2) |
| Net income (loss) before financial results, share of profit of equity-accounted investments and income taxes | 29,798 | (12,357) | 701 | (147) | 1,361 | 1,875 | (4,932) | (85) | 16 |
| Net finance income (expense) | – | – | – | – | – | – | (2,791) | – | (2) |
| Share of profit of equity-accounted investments | 2 | 73 | 243 | (20) | 2 | 174 | 33 | – | 50 |

| | | | | | | | | | |
|--|---------------|-----------------|------------|--------------|--------------|--------------|----------------|-------------|-----------|
| Profit-sharing | (181) | (133) | (23) | (1) | (40) | (14) | (128) | – | (52) |
| Net income (loss) before income taxes | 29,619 | (12,417) | 921 | (168) | 1,323 | 2,035 | (7,818) | (85) | 13 |
| Income taxes | (10,070) | 4,247 | (230) | 51 | (447) | (246) | 4,087 | 30 | (2,) |
| Net income (loss) | 19,549 | (8,170) | 691 | (117) | 876 | 1,789 | (3,731) | (55) | 10 |
| Net income (loss) attributable to: | | | | | | | | | |
| Shareholders of Petrobras | 19,523 | (8,162) | 631 | (117) | 876 | 1,729 | (3,331) | (55) | 11 |
| Non-controlling interests | 26 | (8) | 60 | – | – | 60 | (400) | – | (26) |
| | 19,549 | (8,170) | 691 | (117) | 876 | 1,789 | (3,731) | (55) | 10 |

Consolidated Income Statement by Segment – Jan-Dec/2012

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TO |
|-----------------------|---------------|----------------|---------------|------------|---------------|---------------|----------|------------------|-----------|
| Sales revenues | 74,714 | 116,710 | 11,803 | 455 | 40,712 | 17,929 | – | (118,220) | 14 |

| | | | | | | | | | |
|---------------|--------|--------|-------|-----|-----|-------|---|-----------|---|
| Intersegments | 73,871 | 37,950 | 1,288 | 365 | 878 | 3,868 | — | (118,220) | — |
|---------------|--------|--------|-------|-----|-----|-------|---|-----------|---|

| | | | | | | | | | |
|---------------|-----|--------|--------|----|--------|--------|---|---|-----|
| Third parties | 843 | 78,760 | 10,515 | 90 | 39,834 | 14,061 | - | - | 144 |
|---------------|-----|--------|--------|----|--------|--------|---|---|-----|

| | | | | | | | | | |
|---------------|----------|-----------|---------|-------|----------|----------|---|---------|-----|
| Cost of sales | (33,622) | (130,088) | (9,621) | (481) | (36,997) | (14,082) | – | 117,357 | (10 |
|---------------|----------|-----------|---------|-------|----------|----------|---|---------|-----|

| | | | | | | | | | |
|----------------------------|---------------|-----------------|--------------|-------------|--------------|--------------|----------|--------------|-----------|
| Gross profit (loss) | 41,092 | (13,378) | 2,182 | (26) | 3,715 | 3,847 | – | (863) | 36 |
|----------------------------|---------------|-----------------|--------------|-------------|--------------|--------------|----------|--------------|-----------|

| | | | | | | | | | |
|-----------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|------------|------------|
| Expenses | (5,448) | (4,075) | (1,080) | (102) | (2,290) | (1,886) | (4,937) | 149 | (19 |
|-----------------|----------------|----------------|----------------|--------------|----------------|----------------|----------------|------------|------------|

| | | | | | | | | | |
|--|-------|---------|-------|------|---------|-------|---------|-----|------|
| Selling, general and administrative expenses | (494) | (3,052) | (967) | (64) | (2,235) | (922) | (2,376) | 149 | (9,9 |
|--|-------|---------|-------|------|---------|-------|---------|-----|------|

| | | | | | | | | | |
|-------------------|---------|---|---|---|---|-------|---|---|---------|
| Exploration costs | (3,613) | - | - | - | - | (381) | - | - | (3,994) |
|-------------------|---------|---|---|---|---|-------|---|---|---------|

| | | | | | | | | | |
|-----------------------------------|-------|-------|------|------|-----|---|-------|---|------|
| Research and development expenses | (540) | (228) | (36) | (34) | (2) | - | (303) | - | (1,7 |
|-----------------------------------|-------|-------|------|------|-----|---|-------|---|------|

| | | | | | | | | | |
|-------------|------|------|------|-----|------|-------|------|---|------|
| Other taxes | (53) | (66) | (57) | (1) | (12) | (111) | (86) | - | (38) |
|-------------|------|------|------|-----|------|-------|------|---|------|

| | | | | | | | | | |
|--|-------|-------|------|-----|------|-------|---------|---|--------|
| Other operating income and expenses, net | (748) | (729) | (20) | (3) | (41) | (472) | (2,172) | - | (4,... |
|--|-------|-------|------|-----|------|-------|---------|---|--------|

| | | | | | | | | | |
|---|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------|
| Net income (loss) before financial results, share of profit of equity-accounted investments and income taxes | 35,644 | (17,453) | 1,102 | (128) | 1,425 | 1,961 | (4,937) | (714) | 16 |
|---|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------|

| | | | | | | | | | |
|---------------------------------|---|---|---|---|---|---|---------|---|---------|
| Net finance income (expense) | - | - | - | - | - | - | (1,926) | - | (1,926) |
|---------------------------------|---|---|---|---|---|---|---------|---|---------|

| | | | | | | | | | |
|---|-----|-------|-----|------|---|------|-----|---|----|
| Share of profit of equity-accounted investments | (1) | (104) | 193 | (27) | 1 | (14) | (5) | - | 43 |
|---|-----|-------|-----|------|---|------|-----|---|----|

| | | | | | | | | | |
|----------------|-------|-------|------|-----|------|------|-------|---|------|
| Profit-sharing | (178) | (142) | (18) | (1) | (40) | (14) | (131) | — | (52) |
|----------------|-------|-------|------|-----|------|------|-------|---|------|

| | | | | | | | | | |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------|
| Net income (loss) before income taxes | 35,465 | (17,699) | 1,277 | (156) | 1,386 | 1,933 | (6,999) | (714) | 14 |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-----------|

| | | | | | | | | | |
|--------------|----------|-------|-------|----|-------|---------|-------|-----|------|
| Income taxes | (12,057) | 5,981 | (367) | 44 | (472) | (1,147) | 4,213 | 243 | (3,5 |
|--------------|----------|-------|-------|----|-------|---------|-------|-----|------|

| | | | | | | | | | |
|--------------------------|---------------|-----------------|------------|--------------|------------|------------|----------------|--------------|------------|
| Net income (loss) | 23,408 | (11,718) | 910 | (112) | 914 | 786 | (2,786) | (471) | 10, |
|--------------------------|---------------|-----------------|------------|--------------|------------|------------|----------------|--------------|------------|

Net income (loss)
attributable to:

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | |
|---------------------------|--------|----------|-----|-------|-----|-----|---------|-------|-----|
| Shareholders of Petrobras | 23,406 | (11,718) | 861 | (112) | 914 | 719 | (2,565) | (471) | 11, |
|---------------------------|--------|----------|-----|-------|-----|-----|---------|-------|-----|

| | | | | | | | | | |
|---------------------------|---|---|----|---|---|----|-------|---|-----|
| Non-controlling interests | 2 | - | 49 | - | - | 67 | (221) | - | (10 |
|---------------------------|---|---|----|---|---|----|-------|---|-----|

| | | | | | | | | | |
|--|---------------|-----------------|------------|--------------|------------|------------|----------------|--------------|------------|
| | 23,408 | (11,718) | 910 | (112) | 914 | 786 | (2,786) | (471) | 10, |
|--|---------------|-----------------|------------|--------------|------------|------------|----------------|--------------|------------|

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

FINANCIAL HIGHLIGHTS

Other Operating Income (Expenses) by Segment - Jan-Dec/2013

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOT |
|---|--------------|--------------|-------------|-------------|-----------|------------|----------------|-------------|----------------|
| Unscheduled stoppages and pre-operating expenses | (664) | (109) | (106) | – | – | (27) | (17) | – | (923) |
| Pension and medical benefits | – | – | – | – | – | – | (900) | – | (900) |
| Institutional relations and cultural projects | (125) | (38) | (6) | – | (68) | (14) | (570) | – | (821) |
| Inventory write-down to net realizable value (market value) | (5) | (212) | (4) | (32) | – | (327) | – | – | (580) |
| Expenses related to collective bargaining agreement | (161) | (91) | (14) | – | (22) | (5) | (126) | – | (419) |
| (Losses)/gains on legal, administrative and arbitral proceedings | 189 | (83) | (5) | – | (28) | (18) | (324) | – | (261) |
| Expenditures on health, safety and environment | (33) | (75) | (7) | – | – | (15) | (95) | – | (225) |
| (Losses)/gains on disposal of non current assets | 370 | (57) | 3 | – | 20 | 1,486 | (58) | – | 1,763 |
| Government Grants | 18 | 44 | 74 | – | – | 39 | 6 | – | 181 |
| Impairment | (4) | – | – | – | – | (540) | – | – | (544) |
| (Expenditures)/reimbursements from operations in E&P partnerships | 243 | – | – | – | – | (2) | – | – | 241 |
| Others | 27 | 15 | 123 | 2 | 112 | 60 | (14) | (67) | 258 |
| | (145) | (606) | 58 | (30) | 14 | 637 | (2,098) | (67) | (2,209) |

Other Operating Income (Expenses) by Segment - Jan-Dec/2012

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOT |
|--|-----|-----|-------------|---------|----------|--------|-------|---------|-----|
| | | | | | | | | | |

| | | | | | | | | | |
|--|-------|------|------|---|---|------|------|---|------|
| Unscheduled stoppages and pre-operating expenses | (640) | (88) | (85) | - | - | (27) | (16) | - | (85) |
|--|-------|------|------|---|---|------|------|---|------|

| | | | | | | | | | |
|------------------------------|---|---|---|---|---|---|---------|---|------|
| Pension and medical benefits | - | - | - | - | - | - | (1,042) | - | (1,0 |
|------------------------------|---|---|---|---|---|---|---------|---|------|

| | | | | | | | | | |
|---|------|------|-----|---|------|------|-------|---|------|
| Institutional relations and cultural projects | (42) | (44) | (7) | – | (60) | (18) | (606) | – | (77) |
|---|------|------|-----|---|------|------|-------|---|------|

| | | | | | | | | | |
|--|------|-------|---|-----|---|-------|---|---|------|
| Inventory write-down to net realizable value (market value) | (10) | (269) | - | (7) | - | (456) | - | - | (74) |
|--|------|-------|---|-----|---|-------|---|---|------|

| | | | | | | | | | |
|---|-------|-------|------|---|------|-----|-------|---|------|
| Expenses related to collective bargaining agreement | (169) | (100) | (14) | - | (25) | (6) | (130) | - | (44) |
|---|-------|-------|------|---|------|-----|-------|---|------|

| | | | | | | | | | |
|--|------|-------|------|---|------|------|-------|---|------|
| (Losses)/gains on legal, administrative and arbitral proceedings | (64) | (225) | (31) | – | (69) | (84) | (243) | – | (71) |
|--|------|-------|------|---|------|------|-------|---|------|

| | | | | | | | | | |
|--|------|-------|-----|---|---|------|-------|---|------|
| Expenditures on health, safety and environment | (31) | (101) | (4) | - | - | (36) | (117) | - | (28) |
|--|------|-------|-----|---|---|------|-------|---|------|

| | | | | | | | | | |
|--|------|------|-----|---|----|----|-----|---|-----|
| (Losses)/gains on disposal of non current assets | (13) | (52) | (3) | – | 20 | 49 | (3) | – | (2) |
|--|------|------|-----|---|----|----|-----|---|-----|

| | | | | | | | | | |
|-------------------|----|----|----|---|---|-----|-----|---|-----|
| Government Grants | 24 | 33 | 11 | - | - | 318 | (1) | - | 385 |
|-------------------|----|----|----|---|---|-----|-----|---|-----|

| | | | | | | | | | |
|------------|------|-----|-----|---|---|-------|---|---|-----|
| Impairment | (34) | 135 | (1) | - | - | (237) | - | - | (13 |
|------------|------|-----|-----|---|---|-------|---|---|-----|

| | | | | | | | | | |
|---|-----|---|---|---|---|----|---|---|-----|
| (Expenditures)/reimbursements from operations in E&P partnerships | 233 | - | - | - | - | 35 | - | - | 268 |
|---|-----|---|---|---|---|----|---|---|-----|

| | | | | | | | | | |
|--------|-----|------|-----|---|----|------|------|---|-----|
| Others | (2) | (18) | 114 | 4 | 93 | (10) | (14) | - | 167 |
|--------|-----|------|-----|---|----|------|------|---|-----|

| | (748) | (729) | (20) | (3) | (41) | (472) | (2,172) | – | (4,1 |
|--|-------|-------|------|-----|------|-------|---------|---|------|
| | | | | | | | | | |

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|

Consolidated Assets by Segment - 12.31.2013

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOTAL |
|-------------------------------|----------------|---------------|---------------|--------------|--------------|---------------|---------------|----------------|----------------|
| Total assets | 152,707 | 92,107 | 27,703 | 1,196 | 7,681 | 18,123 | 28,540 | (6,634) | 321,423 |
| Current assets | 5,902 | 19,064 | 3,864 | 77 | 2,457 | 5,089 | 21,643 | (5,441) | 52,655 |
| Non-current assets | 146,805 | 73,043 | 23,839 | 1,119 | 5,224 | 13,034 | 6,897 | (1,193) | 268,768 |
| Long-term receivables | 6,251 | 4,387 | 1,853 | 2 | 2,253 | 1,987 | 3,168 | (1,119) | 18,782 |
| Investments | 94 | 2,318 | 749 | 895 | 6 | 2,511 | 93 | – | 6,666 |
| Property, plant and equipment | 126,716 | 66,200 | 20,882 | 222 | 2,672 | 7,971 | 3,312 | (74) | 227,901 |
| Operating assets | 90,888 | 32,313 | 16,698 | 205 | 2,009 | 3,792 | 2,312 | (74) | 148,143 |
| Assets under construction | 35,828 | 33,887 | 4,184 | 17 | 663 | 4,179 | 1,000 | – | 79,758 |
| Intangible assets | 13,744 | 138 | 355 | – | 293 | 565 | 324 | – | 15,419 |

Consolidated Assets by Segment - 12.31.2012

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOTAL |
|---------------------|----------------|---------------|---------------|--------------|--------------|---------------|---------------|----------------|----------------|
| Total assets | 151,438 | 91,335 | 28,203 | 1,248 | 8,130 | 18,604 | 35,864 | (7,426) | 327,396 |

| | | | | | | | | | |
|-----------------------|--------------|---------------|--------------|------------|--------------|--------------|---------------|----------------|---------------|
| | | | | | | | | | |
| Current assets | 6,565 | 20,362 | 3,610 | 117 | 3,176 | 3,517 | 27,382 | (6,935) | 57,794 |

| | | | | | | | | | |
|---------------------------|----------------|---------------|---------------|--------------|--------------|---------------|--------------|--------------|----------------|
| Non-current assets | 144,873 | 70,973 | 24,593 | 1,131 | 4,954 | 15,087 | 8,482 | (491) | 269,602 |
|---------------------------|----------------|---------------|---------------|--------------|--------------|---------------|--------------|--------------|----------------|

| | | | | | | | | | |
|-----------------------|-------|-------|-------|----|-------|-------|-------|-------|--------|
| Long-term receivables | 4,760 | 4,459 | 1,464 | 16 | 1,852 | 2,102 | 4,694 | (491) | 18,856 |
|-----------------------|-------|-------|-------|----|-------|-------|-------|-------|--------|

| | | | | | | | | | |
|-------------|----|-------|-------|-----|----|-----|-----|---|-------|
| Investments | 80 | 2,897 | 1,160 | 860 | 15 | 937 | 157 | – | 6,106 |
|-------------|----|-------|-------|-----|----|-----|-----|---|-------|

| | | | | | | | | | |
|-------------------------------------|---------|--------|--------|-----|-------|--------|-------|---|---------|
| Property, plant and equipment | 102,779 | 63,463 | 21,585 | 255 | 2,733 | 10,882 | 3,204 | – | 204,901 |
|-------------------------------------|---------|--------|--------|-----|-------|--------|-------|---|---------|

| | | | | | | | | | |
|------------------|--------|--------|--------|-----|-------|-------|-------|---|---------|
| Operating assets | 64,455 | 29,327 | 18,106 | 237 | 2,061 | 6,814 | 2,237 | – | 123,237 |
|------------------|--------|--------|--------|-----|-------|-------|-------|---|---------|

| | | | | | | | | | |
|---------------------------|--------|--------|-------|----|-----|-------|-----|---|--------|
| Assets under construction | 38,324 | 34,136 | 3,479 | 18 | 672 | 4,068 | 967 | — | 81,664 |
|---------------------------|--------|--------|-------|----|-----|-------|-----|---|--------|

| | | | | | | | | | |
|-------------------|--------|-----|-----|---|-----|-------|-----|---|--------|
| Intangible assets | 37,254 | 154 | 384 | - | 354 | 1,166 | 427 | - | 39,739 |
|-------------------|--------|-----|-----|---|-----|-------|-----|---|--------|

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

FINANCIAL HIGHLIGHTS

Consolidated Adjusted EBITDA Statement by Segment – Jan-Dec/2013

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOTAL |
|---|---------------|----------------|--------------|--------------|--------------|--------------|----------------|-------------|---------------|
| Net income (loss) | 19,549 | (8,170) | 691 | (117) | 876 | 1,789 | (3,731) | (55) | 10,832 |
| Net finance income (expense) | – | – | – | – | – | – | 2,791 | – | 2,791 |
| Income taxes | 10,070 | (4,247) | 230 | (51) | 447 | 246 | (4,087) | (30) | 2,578 |
| Depreciation, depletion and amortization | 7,814 | 2,706 | 924 | 11 | 208 | 1,068 | 456 | – | 13,188 |
| EBITDA | 37,433 | (9,710) | 1,845 | (157) | 1,531 | 3,103 | (4,571) | (85) | 29,389 |
| Share of profit of equity-accounted investments | (2) | (73) | (243) | 20 | (2) | (174) | (33) | – | (507) |
| Impairment | 4 | – | – | – | – | 540 | – | – | 544 |
| Adjusted EBITDA | 37,435 | (9,783) | 1,602 | (137) | 1,529 | 3,469 | (4,604) | (85) | 29,426 |

Consolidated Adjusted EBITDA Statement by Segment – Jan-Dec/2012

| | E&P | RTM | GAS & POWER | BIOFUEL | DISTRIB. | INTER. | CORP. | ELIMIN. | TOTAL |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|
| Net income (loss) | 23,408 | (11,718) | 910 | (112) | 914 | 786 | (2,786) | (471) | 10,931 |
| Net finance income (expense) | – | – | – | – | – | – | 1,926 | – | 1,926 |
| Income taxes | 12,057 | (5,981) | 367 | (44) | 472 | 1,147 | (4,213) | (243) | 3,562 |
| Depreciation, depletion and amortization | 6,528 | 2,088 | 914 | 20 | 203 | 1,023 | 343 | – | 11,119 |
| EBITDA | 41,993 | (15,611) | 2,191 | (136) | 1,589 | 2,956 | (4,730) | (714) | 27,538 |
| Share of profit of | 1 | 104 | (193) | 27 | (1) | 14 | 5 | – | (43) |

| 4Q-2013 | 3Q-2013 | 4Q13 X 3Q13 (%) | 4Q-2012 | | 2013 | 2012 | 2013 x 2012 (%) |
|---------|---------|-----------------------|---------|--|------|------|-----------------------|
| | | | | | | | |

| | | | | | | | |
|-------|-------|----|-------|------------|--------|--------|-----|
| 2,615 | 1,548 | 69 | 3,773 | Net income | 10,832 | 10,931 | (1) |
|-------|-------|----|-------|------------|--------|--------|-----|

| | | | | | | | |
|-------|-----|-----|---------|---------------------------------|-------|-------|------|
| 1,326 | 446 | 197 | (1,355) | Net finance income (expense) | 2,791 | 1,926 | (45) |
|-------|-----|-----|---------|---------------------------------|-------|-------|------|

| | | | | | | | |
|-------|-----|-------|-----|--------------|-------|-------|------|
| (924) | 623 | (248) | 458 | Income taxes | 2,578 | 3,562 | (28) |
|-------|-----|-------|-----|--------------|-------|-------|------|

| | | | | | | | |
|-------|-------|-----|-------|--|--------|--------|----|
| 3,296 | 3,320 | (1) | 2,878 | Depreciation, depletion and amortization | 13,188 | 11,119 | 19 |
|-------|-------|-----|-------|--|--------|--------|----|

| | | | | | | | |
|--------------|--------------|----------|--------------|---------------|---------------|---------------|----------|
| 6,313 | 5,937 | 6 | 5,754 | EBITDA | 29,389 | 27,538 | 7 |
|--------------|--------------|----------|--------------|---------------|---------------|---------------|----------|

| | | | | | | | |
|------|-------|------|------|---|-------|------|---------|
| (25) | (216) | (88) | (88) | Share of profit of equity-accounted investments | (507) | (43) | (1,079) |
|------|-------|------|------|---|-------|------|---------|

| | | | | | | | |
|-----|---|---|-----|------------|-----|-----|---|
| 544 | - | - | 137 | Impairment | 544 | 137 | - |
|-----|---|---|-----|------------|-----|-----|---|

| | | | | | | | |
|--------------|--------------|----|--------------|------------------------|---------------|---------------|---|
| 6,832 | 5,721 | 19 | 5,803 | Adjusted EBITDA | 29,426 | 27,632 | 6 |
|--------------|--------------|----|--------------|------------------------|---------------|---------------|---|

| 19 | 17 | 3 | 16 | Adjusted EBITDA margin (%) ²⁷ | 21 | 19 | 2 |
|----|----|---|----|--|----|----|---|
|----|----|---|----|--|----|----|---|

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Adjusted EBITDA is not an IFRS measure and it is possible that it may not be comparable with financial indicators of the same name reported by other companies. Adjusted EBITDA should not be considered as a substitute for operational profit or as a better measure of liquidity than operational cash flow, both of which are calculated in accordance with IFRS.

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

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FINANCIAL HIGHLIGHTS

Consolidated Income Statement for International Segment

| | E&P | RTM | GAS & POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|--|-----|-----|-------------|----------|-------|---------|-------|
| Income Statement - Jan-Dec 2013 | | | | | | | |

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|-----------------------|--------------|--------------|------------|--------------|----------|----------------|---------------|
| Sales revenues | 4,134 | 8,633 | 556 | 5,223 | 7 | (2,251) | 16,302 |
|-----------------------|--------------|--------------|------------|--------------|----------|----------------|---------------|

| | | | | | | | |
|---------------|-------|-------|----|---|---|---------|-------|
| Intersegments | 2,382 | 1,982 | 37 | 7 | 5 | (2,251) | 2,162 |
|---------------|-------|-------|----|---|---|---------|-------|

| | | | | | | | |
|---------------|-------|-------|-----|-------|---|---|--------|
| Third parties | 1,752 | 6,651 | 519 | 5,216 | 2 | — | 14,140 |
|---------------|-------|-------|-----|-------|---|---|--------|

| | | | | | | | |
|--|--------------|-------------|-----------|------------|--------------|------------|--------------|
| | | | | | | | |
| Net income before financial results, share of profit of equity-accounted investments and income taxes | 2,030 | (22) | 66 | 105 | (303) | (1) | 1,875 |

| | | | | | | | |
|--|--------------|-------------|-----------|-----------|-------------|------------|--------------|
| | | | | | | | |
| Net income (loss) attributable to the shareholders of Petrobras | 1,644 | (12) | 68 | 92 | (62) | (1) | 1,729 |
| | | | | | | | |

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| | E&P | RTM | GAS & POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|--|-----|-----|-------------|----------|-------|---------|-------|
| Income Statement - Jan-Dec 2012 | | | | | | | |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
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| | | | | | | | |
|-----------------------|--------------|--------------|------------|--------------|----------|----------------|---------------|
| Sales revenues | 5,369 | 8,989 | 601 | 5,184 | - | (2,214) | 17,929 |
|-----------------------|--------------|--------------|------------|--------------|----------|----------------|---------------|

| | | | | | | | |
|---------------|-------|-------|----|----|---|---------|-------|
| Intersegments | 3,834 | 2,194 | 38 | 16 | – | (2,214) | 3,868 |
|---------------|-------|-------|----|----|---|---------|-------|

| | | | | | | | |
|---------------|-------|-------|-----|-------|---|---|--------|
| Third parties | 1,535 | 6,795 | 563 | 5,168 | — | — | 14,061 |
|---------------|-------|-------|-----|-------|---|---|--------|

| | | | | | | | |
|--|--------------|--------------|------------|-----------|--------------|-----------|--------------|
| | | | | | | | |
| Net income before financial results, share of profit of equity-accounted investments and income taxes | 2,438 | (407) | 132 | 73 | (291) | 16 | 1,961 |

| | | | | | | | |
|---|---------------------|---------------------|-------------------|------------------|---------------------|------------------|-------------------|
| <p>Net income (loss) attributable to the shareholders of Petrobras</p> | <p>1,317</p> | <p>(400)</p> | <p>121</p> | <p>70</p> | <p>(403)</p> | <p>14</p> | <p>719</p> |
|---|---------------------|---------------------|-------------------|------------------|---------------------|------------------|-------------------|

| | | | | | | | | |
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Consolidated Assets for International Segment

| | E&P | RTM | GAS & POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|--|---------------|--------------|----------------|--------------|--------------|----------------|---------------|
| Total assets on December 31, 2013 | 13,656 | 2,652 | 602 | 1,085 | 1,970 | (1,842) | 18,123 |

| | | | | | | | |
|--|---------------|--------------|------------|--------------|--------------|----------------|---------------|
| | | | | | | | |
| Total assets on December 31, 2012 | 15,080 | 2,404 | 759 | 1,085 | 1,449 | (2,173) | 18,604 |
| | | | | | | | |

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SIGNATURE

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

Date: February 26, 2014

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and Investor Relations
Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that are not based on historical facts and are not assurances of future results. These forward-looking statements are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this press release. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.
