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2009

Sustainability Report



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Performance schedule

OPERATIONAL SUMMARY	2008	2009
PROVED RESERVES – SPE CRITERION – (BILLIONS OF BARRELS OF OIL EQUIVALENT – BOE)⁽¹⁾⁽²⁾ – BRAZIL AND ABROAD	15.1	14.9
OIL AND CONDENSATE (BILLIONS OF BARRELS)	12.5	12.6
NATURAL GAS (BILLION BOE)	2.6	2.3
AVERAGE DAILY PRODUCTION (THOUSAND BOE)⁽¹⁾ – BRAZIL AND ABROAD	2,400	2,526
BRAZIL		
• OIL & LNG (THOUSAND BPD)	1,855	1,971
• NATURAL GAS (THOUSAND BOE)	321	317
ABROAD		
• OIL & LNG (THOUSAND BPD)	124	141
• NATURAL GAS (THOUSAND BOE)	100	97
FLOW WELLS (OIL AND NATURAL GAS) – ON DECEMBER 31⁽¹⁾	13,174	14,905
DRILLING RIGS – ON DECEMBER 31	103	100
PLATFORMS IN PRODUCTION – ON DECEMBER 31	112	133
PIPELINES (KM) – ON DECEMBER 31	25,197	25,966
VESSEL FLEET – ON DECEMBER 31	189	172
AMOUNT - OWN OPERATION	54	52
- OPERATED BY THIRD PARTIES	135	120
TERMINALS – ON DECEMBER 31⁽³⁾		
AMOUNT	46	47
REFINERIES – ON DECEMBER 31⁽¹⁾⁽⁵⁾	15	15
NOMINAL INSTALLED CAPACITY (THOUSAND BARRELS PER DAY – BPD)	2,223	2,223
AVERAGE DAILY OIL PRODUCTS PRODUCTION (THOUSAND BARRELS PER DAY – BPD)	1,970	2,034
BRAZIL	1,787	1,823
ABROAD	183	211
IMPORTS (THOUSAND BARRELS PER DAY – BPD)	570	549
OIL	373	397
OIL PRODUCTS	197	152
EXPORTS (THOUSAND BARRELS PER DAY – BPD)	673	705
OIL	439	478
OIL PRODUCTS	234	227
OIL PRODUCTS TRADE (THOUSAND BARRELS PER DAY – BPD)		
BRAZIL	1,737	1,754
INTERNATIONAL SALES (THOUSAND BARRELS PER DAY – BPD)		
OIL, GAS, AND OIL PRODUCTS	552	537
SOURCE OF THE NATURAL GAS (MILLIONS OF M3 PER DAY)⁽⁴⁾	58	45
DOMESTIC GAS	29	23
BOLIVIAN GAS	29	22
LNG	-	1
DESTINATION OF THE NATURAL GAS (MILLIONS OF M3 PER DAY)⁽⁴⁾	58	45
DISTRIBUTORS	37	32
THERMOELECTRIC PLANTS	14	5
REFINERIES	5	6
FERTILIZERS	2	2
ENERGY⁽¹⁾		
NUMBER OF THERMOELECTRIC PLANTS ⁽⁵⁾⁽⁶⁾	18	18
INSTALLED CAPACITY (MW) ⁽⁵⁾⁽⁶⁾	6,103	6,136
FERTILIZERS⁽¹⁾	2	2

⁽¹⁾ Includes information from abroad for Petrobras' part in associated companies

⁽²⁾ Proved reserves measured according to the SPE criterion (Society Petroleum Engineers)

⁽³⁾ Only includes the Transpetro terminals

⁽⁴⁾ Excludes burning, own consumption by E&P, liquefaction and reinjection

⁽⁵⁾ Only includes assets in which there is an interest of 50% or more

⁽⁶⁾ Only includes the natural gas-fired power stations

CONSOLIDATED FINANCIAL INFORMATION	2008	2009
Gross Operating Revenue (R\$ million)	266,494	230,504
Net Operating Revenue (R\$ million)	215,118	182,710
Operating Profit (R\$ million)	45,950	46,128
Profit / Share (R\$)	3,76	3,30
Net Profit (R\$ million)	32,988	28,982
EBITDA (R\$ million)	57,170	59,944
Net Debt (R\$ million)	48,824	71,533
Investments (R\$ million)	53,349	70,757
Gross Margin	34%	40%
Operating Margin	21%	25%
Net Margin	15%	16%

PERFORMANCE SCHEDULE	2005	2006	2007	2008	2009
Environment					
Oil & Oil Products Leaks (m ³)	269	293	386	436	254
Energy consumption (terajoule - TJ)	521,613	576,762	574,145	604,333	531,374
Greenhouse gas emissions (million tons of CO ₂ equivalent)	51.57	50.43	49.88	58.08	63.09
Carbon dioxide emissions - CO ₂ (million tons)	46.59	46.13	45.37	53.54	52.92
Methane emissions - CH ₄ (thousand tons)	222.97	189.82	206.02	185.33	465.95
Nitrous oxide emissions - N ₂ O (tons)	981	997.23	919.5	1,226	1,240
Atmospheric emissions - NO _x (thousand tons)	223.12	233.54	222.65	244.50	222.04
Atmospheric emissions - SO _x (thousand tons)	151.65	151.96	150.9	141.79	135.39
Other atmospheric emissions - includes particulate matter (thousand tons)	17.24	17.11	15.22	16.71	19.30
Freshwater withdrawal (million m ³)	158.5	178.8	216.49	195.18	176
Water effluent disposal (million m ³)	159	164.3	172.8	181.14	197.2
Occupational Health and Safety					
Lost Time Injury Frequency Rate - LTIFR (includes employees and contractors)	0.97	0.77	0.76	0.59	0.48
Fatalities (including employees and contractors)	15	9	15	18	7
Fatal Accident Rate (fatalities per 100 million man-hours of exposure to risk - including employees and contractors)	2.81	1.61	2.28	2.4	0.81
Percentage of Lost Time (includes employees only)	2.48	2.06	2.19	2.31	2.36
Employees *					
Number of own employees	53,904	62,266	68,931	74,240	76,919
Number of employees of service providers	156,034	176,810	211,566	260,474	295,260
Contributions to society					
Investments in social projects (in R\$ million)	183.3	199.6	248.6	225.1	173.6
Investments in cultural projects (in R\$ million)	264.6	288.6	205.5	206.8	154.6
Investments in environmental projects (in R\$ million)	44.2	44.6	51.7	53.8	93.9
Investments in sports projects (in R\$ million)	25.8	58.2	80	69	42.4

Profile

Founded in 1953 and the leader of the Brazilian oil sector, Petrobras is a publicly traded corporation which closed 2009 as the world's fourth biggest energy company in market value, according to a PFC Energy ranking.

In the oil, gas and energy industry, it operates in an integrated manner in exploration and production, refining, trade, transportation, petrochemicals, derivatives distribution, natural gas, electric energy, and biofuels.

Mission

Operate in a safe, profitable manner, with social and environmental responsibility, in Brazil and abroad, providing products and services that meet the client's needs and contribute to the development of Brazil and of the countries in which the company operates.

Vision for 2020

We will be one of the top five integrated energy companies in the world, and the preferred choice among our stakeholders.

Attributes of the Vision for 2020

Our operations will stand out for:

- Their strong international presence
- Being a global reference in biofuels
- Excellence in operations, management, energetic efficiency, human resources, and in technology.
- Their profitability
- Being a benchmark in social and environmental responsibility
- Their commitment to sustainable development

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UNITED NATIONS GLOBAL COMPACT

Petrobras conducts its business in according with principles of the United Nation's Global Compact, an initiative through which businesses commit, voluntarily, to comply with and report their performance with regard to ten principles related to Labor, Human Rights, the Environment, and Transparency.

The company has been a signatory of the UN Global Compact since 2003, and joining the initiative was a milestone for its undertaking of actions for sustainable development. Social responsibility has become one of the three pillars of Petrobras' corporate strategy, in 2004. In 2007, it has become a corporate function at the company and, that same year, the social responsibility policy was launched based on the principles of the Compact, enhancing Petrobras' commitment to the principles.

By subscribing to the UN initiative, Petrobras has committed to issue a statement in support of the Global Compact, to promote it among employees, shareholders, customers, and suppliers, to integrate the ten principles into its corporate development program, to incorporate these principles into the company mission statement, and to include the commitment in its annual report.

Petrobras is part of the working group of the tenth principle. The topic discussed deals with important subsidies for the work the company does among its suppliers. During 2009, the Executive Board approved 80 requirements for excellence in Social Responsibility, prepared pursuant to the UN Global Compact's ten principles and based on other indicators of international significance, such as the Global Reporting Initiative and the Dow Jones Sustainability Index questionnaire.

BRAZILIAN COMMITTEE OF THE UN GLOBAL COMPACT

Petrobras has been a member of the Brazilian Committee of the UN Global Compact since its beginning. The company participates in meetings to state the importance of this initiative and provides logistical support for meetings and events which enhance the application of the UN Global Compact's principles in Brazil.

UN GLOBAL COMPACT BOARD

Petrobras has been represented by CEO José Sergio Gabrielli de Azevedo on the UN Global Compact's International Board since 2006. The invitation resulted from the acknowledgment of the company's performance in social and environmental responsibility. Petrobras is the only Latin American and oil and gas sector company on the Board.

THE COMPACT'S PRINCIPLES ARE FOUND IN THIS REPORT AS FOLLOWS:

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UN GLOBAL COMPACT PRINCIPLES



Here I present Petrobras' 2009 Sustainability Report which, unlike previous years, brings together two of the company's reports that until 2008 used to be prepared separately, the Annual Report and Social and Environmental Report, in a single publication. To Petrobras, the Sustainability Report is an essential tool for transparency in monitoring, disclosing, and rendering accounts to its stakeholders about its economic, environmental and social performance. By means of useful, clear and accurate information, the publication shows that the company's actions are fully consistent with the commitments it has taken on.

In 2009, the consolidation of the oil and gas discoveries in the Pre-salt layer, off the Brazilian coast, coupled with successful financial funding, have allowed us to maintain our production targets. Despite the global economic slowdown, we are confident oil prices will recover, a fact that was confirmed during the year. We have intensified both our investments and the pace of our activities. This bet was proven right and allowed us to maintain, uninterrupted, the corporate strategy to expand business in an integrated manner, with profitability and in compliance with social and environmental responsibility standards.

This performance has ranked Petrobras the fourth in market value among listed global energy companies, at US\$199.2 billion, up twofold compared to the previous year's mark. The company also maintained its investment grade rating and ensured, for the fourth consecutive year, its listing on the Dow Jones Sustainability Index.

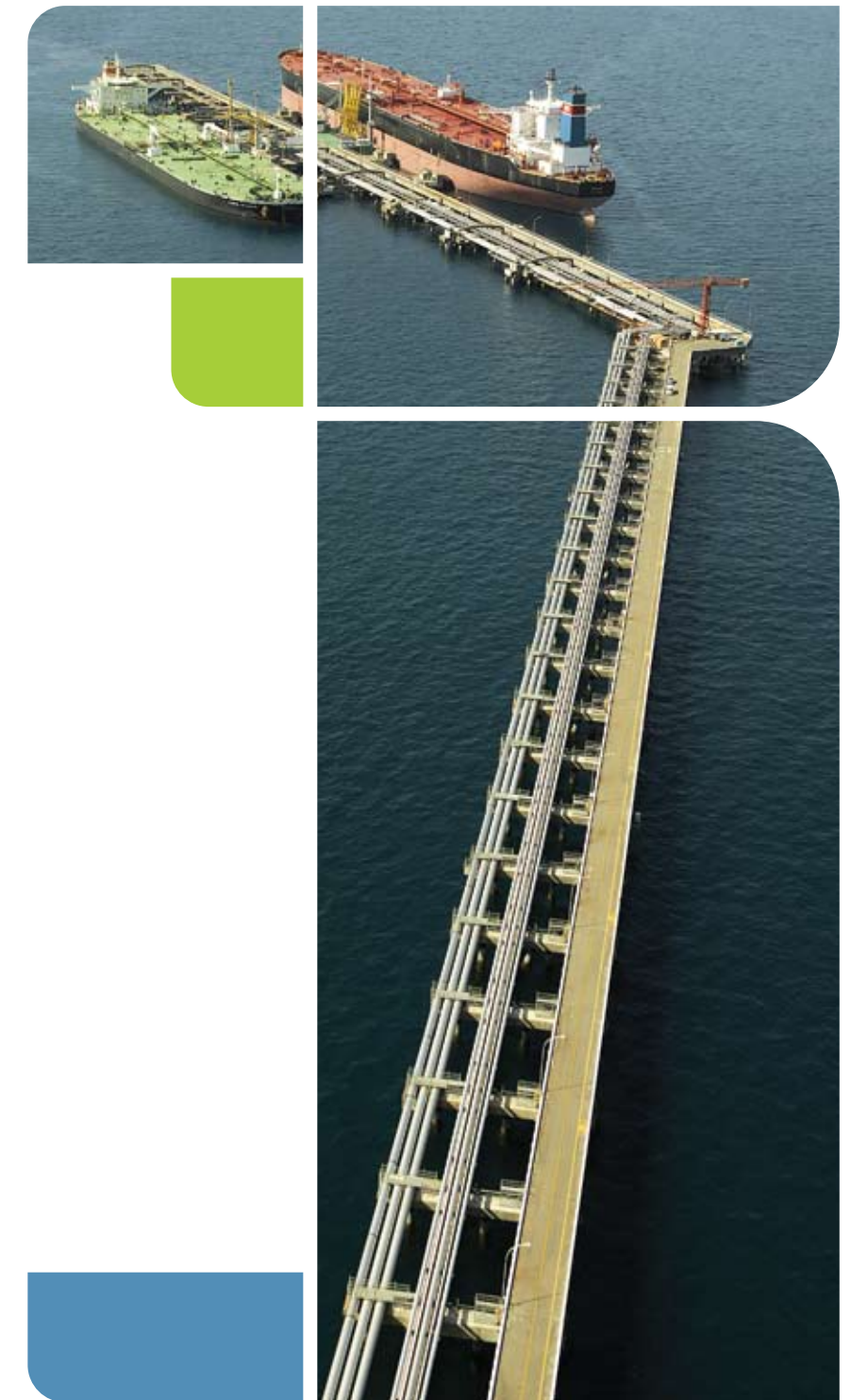
The consolidated net profit in 2009 was R\$29 billion, a significant result if we consider the decline in prices and oil product volumes traded on international markets. The average quoted price for Brent crude oil stood at US\$62.40, or 36.5% below the previous year's price, and the worldwide demand for oil products decreased by approximately 2% compared to 2008. Despite this market downturn, we increased our investments in all oil and gas supply chain segments, totaling R\$70.8 billion, a 33% increase over the previous year. Most of the resources - 44% - were earmarked for the Exploration and Production area, which received a record amount of R\$30.8 billion.

Petrobras' oil and gas production in Brazil and abroad averaged 2.5 million barrels of oil equivalent (boe) per day, 5.2% more than the volume produced in 2008, and this contributed to a 8.9% increase in oil exports. The proven reserves of oil, condensate, and natural gas in Brazil and abroad in the end of 2009 totaled 14.9 billion boe, according to the ANP/SPE criterion.

The year was marked by the consolidation of the success in the exploratory activity in the Pre-Salt, with production going on stream for the Extended Well Test (EWT) in the Tupi field, in the Santos Basin. Formation tests were also completed in Guar and in Iara, confirming an estimated recoverable volume of 4 to 6 billion barrels of light oil and natural gas. EWTs are scheduled for Guar and Tupi Nordeste, and production is expected to start in the Tupi Pilot System in 2010. These tests are extremely important because they will provide the information that is needed to define the strategy to be used to develop

these areas. We reiterate that Brazil's reserves might double if the estimated volumes of recoverable oil and gas are confirmed only in the accumulations that have been tested in the Pre-Salt.

The new exploration frontier in the Pre-Salt led the Brazilian government to propose a specific regulatory framework for oil and natural gas exploration and production in this geological layer and in other areas that might be considered as strategic. The proposal, currently pending in Congress, does not alter the terms of concession contracts that have already been signed for approximately 28% of the mapped Pre-Salt area. If approved, in addition to concessions, the new framework will consist of two other exploration and production types of contracts. The shared production system will be adopted for Pre-Salt areas that have not been tendered yet and which are considered as strategic. Petrobras will be the operator of all of these blocks and hold a minimum of 30% equity stakes in the projects. The legislative proposal also foresees the adoption of an onerous transfer of rights system, which will grant Petrobras the right to undertake exploration and production activities in certain areas of the Pre-salt, up to the limit of 5 billion barrels of oil and natural gas. For the transfer, the company would pay the Brazilian government an amount determined in accordance with best market practices. The onerous transfer proposed law also authorizes the capital increase of Petrobras, for an amount ranging from one to three times the value of the transfer. This will allow the company to expand its growing investments in a solid, sustainable manner.



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A total of R\$16,5 billion was invested in the Downstream area in 2009, 63% more than in 2008. These resources were intended mainly to expand the refining capacity and to improve technology to convert heavy oil coming from fields in Brazil into oil products of higher value. The 12 Petrobras refineries located in the country processed 1.791,000 barrels per day (bpd) of feedstock and produced 1.823,000 bpd of oil products. Petrobras has further expanded its operations in the petrochemical sector and diversified its product portfolio by acquisitions and by building new units. It also continued investing in expanding the international market for ethanol, mostly in Asia and the United States: in 2009, exports totaled approximately 330,000 cubic meters.

During the year, Petrobras again boosted the supply of natural gas and electricity. The domestic pipeline network was increased by 729 km, totaling 7,659 km, and the second liquefied natural gas (LNG) regasification terminal in Brazil was inaugurated, with a production capacity of 20 million cubic meters per day, in the Guanabara Bay. The company's thermoelectric generator park, composed of 17 power plants, owned or leased, reached an installed capacity of 5,476 MW. Investments in Gas & Power added up to R\$6.6 billion.

Through the International Area, Petrobras has operations in 24 countries. Due to the discoveries made in the Pre-Salt, the International Area revised its operating strategy. The new positioning seeks to complement the domestic portfolio in order to appreciate the business and contribute to the integration of the product chain. In 2009, we invested R\$6.8 billion in our international activities, especially in growing the oil and gas production and refining capacities.

In the Distribution segment, the increased demand for fuels and the takeover of Companhia Brasileira de Petróleo Ipiranga afforded the company a new domestic sales record. In total, 41,841,800 cubic meters were marketed in 2009, a volume that made a significant contribution not only to the earnings of Petrobras Distribuidora topping-out at R\$1.5 billion, but also to maintaining the subsidiary as the leader in the Brazilian market, holding a share of 38%. Meanwhile, a year after it was incorporated, Petrobras Biocombustível operates three biodiesel production plants, with an annual production capacity of 325,800 cubic meters and with an expansion planned for 2010, to be achieved by mergers, enhancements, and new plants.

Petrobras' excellence in deep and ultradeep water technology and exploration, the capacity of its staff,

and the adoption of best corporate governance practices afforded the company consistent results in 2009 and reinforced the confidence in the company's future amid an adverse economic scenario. The 2009-2013 Business Plan calls for investments in the order of U\$174.4 billion, of which US\$28 billion will be directed only to develop the Pre-Salt.

Additionally, the company supports cultural, sports, social and environmental projects, in which it invested about R\$464.5 million in 2009. These initiatives are embedded in Petrobras' corporate programs, such as the Petrobras Development & Citizenship Program, the Petrobras Environmental Program, and the Petrobras Cultural Program, as well as in resource allocation to the Fund for Children and Adolescents (FIA), with a focus on guaranteeing the rights of children and adolescents.

Petrobras Strategic Plan for 2020 sets the goal of achieving levels of excellence in the energy industry with regard to the intensity of greenhouse gas emissions in processes and products. Our 2009-2013 Business Plan calls for avoiding the emissions of 4.5 million tons of CO₂ equivalent in 2013. This goal will mitigate the emissions growth curve without restricting business expansions or jeopardizing the international commitments Brazil has taken-on.

The information contained in this report is part of Petrobras' strategy to drive business and activities with social and environmental responsibility in line with the ten principles of the UN's Global Compact. For this reason, we reaffirm our commitment to continue participating in this initiative, of which the company has been a signatory since 2003.

As a result of all of these efforts, Petrobras is rewriting the history of the Brazilian presence in the global energy scenario, ensuring considerable reserves to Brazil and giving back to the society a part of the outcome of its activities, maintaining its commitment to sustainable development.

JOSÉ SERGIO GABRIELLI DE AZEVEDO
PRESIDENT AND CEO OF PETROBRAS

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Petrobras is publishing its Sustainability Report for the first time. It is the consolidation of the Annual Report, which featured the operating and economic performance highlights of the year, and the Social and Environmental Report, a publication through which the company rendered accounts on its performance from the perspective of sustainability.

In this report, we present information to our stakeholders about our performance as a whole, reflecting the integration among the three pillars of our corporate strategy: growth, profitability, and social responsibility. It is also an statement of the progress we have made in meeting the ten principles of the Global Compact, which we are signatories of.

The report will be published annually, and this issue is for the period ranging from January 1 to December 31, 2009.

The most recent previous reports - the Annual Report and the Social and Environmental Report - were published in June 2009 and the information they contain refers to 2008.

i Learn more Petrobras' commitment to the Global Compact in the chapter that has the same title.

This report was prepared pursuant to the latest version of the Global Reporting Initiative (GRI) guidelines, known as G3. It is in accordance to the A+ application level, appropriate for reports that provide information on all key indicators under the guidelines and the content of which is submitted to external verification. In 2009, this verification was done by KPMG Auditores Independentes.

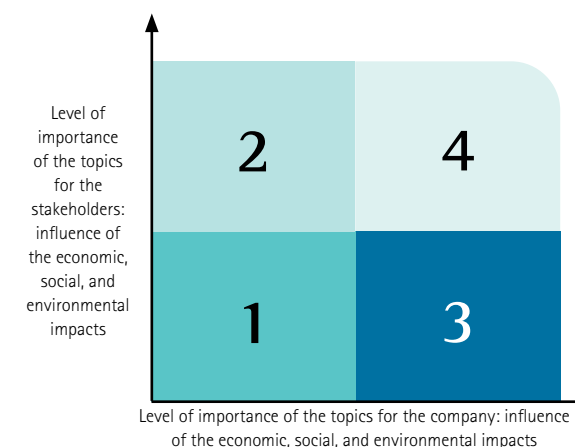
i See the KPMG statement on the 2009 Sustainability Report on page 153.

i See the GRI table of contents on page 146.

The commission in charge of preparing and assessing social and environmental responsibility reports is responsible for the drafting process of the Sustainability Report. It is composed of representatives from 24 areas and subsidiaries of the Petrobras System, which consolidate the information compiled by a network of collaborators, which, in 2009, totaled 290 people. The data are entered in a computerized system and are used as input to prepare the report's content, which is validated by the commission before being published.

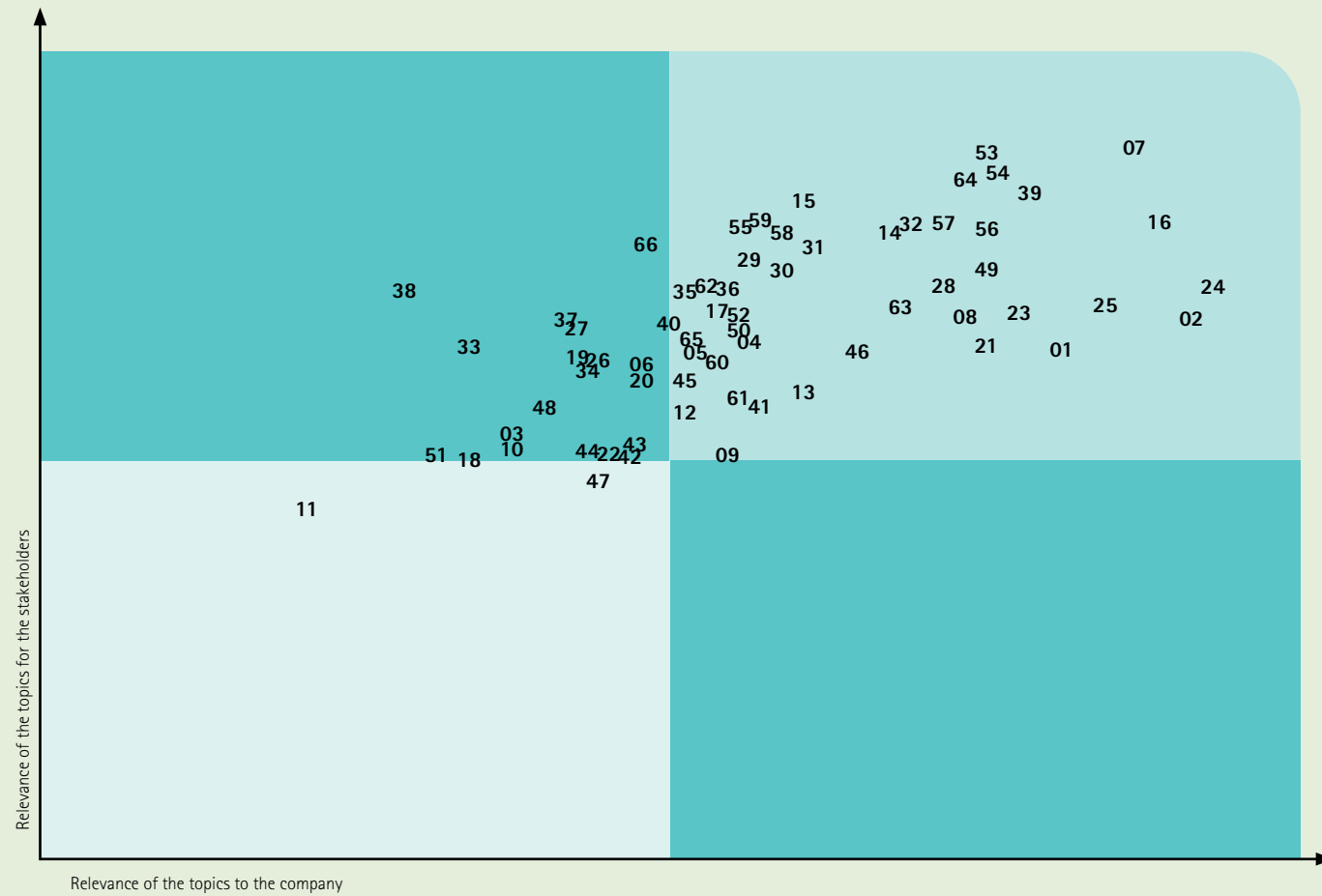
To determine issue relevance and assist in content selection, Petrobras has consulted representatives of its 13 strategic stakeholders in three Brazilian cities: Rio de Janeiro, São Paulo, and Salvador. In total, 213 people were consulted, including members of the commission in charge of preparing and assessing social

and environmental responsibility reports. The purpose of this consultation, known as the Materiality Test, was to get to know the stakeholders' perspective and compare it with that of Petrobras in order to structure a matrix that reflected the issues that were priority to both parties (chart below).



QUADRANT	AVERAGE ASSESSMENT		DESCRIPTION
	STAKEHOLDERS	PETROBRAS	
4	=> 5	=> 5	These issues are important for the business and are given priority in the report.
3	< 3.50	< 3.50	These issues are important, but not critical, and are reported according to specific requests.
2	=> 3.50	=> 3.50	
1	< 3.50	< 3.50	These issues are important, but not critical, and are reported according to specific requests.

MATERIALITY MATRIX – PETROBRAS



- | | | | |
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| 59 | DESTINATION AND CONTROL OF THE RESOURCES EARMARKED FOR SOCIAL ACTIONS AND SPONSORSHIPS | 45 | PARTICIPATIVE MANAGEMENT |
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| 24 | INVESTMENT PERSPECTIVES | 34 | POWER CONSUMPTION AND GENERATION FOR OWN USE |
| 36 | BIODIVERSITY MANAGEMENT | 20 | INFORMATION SAFETY |
| 35 | WASTE | 48 | ASSESSMENT PER GOALS AND COMPETENCIES |
| 25 | PROFITABILITY | 3 | MINORITY INVESTOR RIGHTS |
| 63 | DIALOGUE CHANNELS AND COMMUNICATIONS TOOLS | 10 | FUNDING SOURCES |
| 17 | ENERGETIC SELF-SUFFICIENCY | 43 | SENIOR MANAGEMENT REMUNERATION |
| 23 | RISK MANAGEMENT | 42 | CAREER |
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| 8 | ENGAGEMENT WITH STAKEHOLDERS | 22 | MARKET VOLATILITY |
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| 50 | TRAINING & DEVELOPMENT | 47 | INTERNAL CLIMATE MANAGEMENT |
| 65 | FINES/NON-CONFORMITIES | 11 | RELATIONSHIP WITH THE COMPETITION |

In addition to the Materiality Test, we consulted 109 people in the same cities, plus 19 representatives of the committee in charge of preparing and assessing social and environmental responsibility reports, to assess the 2008 Social and Environmental Report and single-out improvements to be made in the current report.

Over and beyond to information regarding the GRI indicators, this report presents data that compose the Social Report - Ibase Model. The criteria required by the Brazilian Association of Publicly Traded Corporations (Abrasca) to grant the Abrasca Annual Report Awards also serve to guide the content of this report.



Learn more about the Materiality Test at www.petrobras.com.br/rs2009.

WHO DID WE PREPARE THE SUSTAINABILITY REPORT FOR?

Petrobras expects the report to allow all of its stakeholders to get to know and assess its performance in the economic, social, and environmental areas during the year. The groups that make up Petrobras' strategic stakeholders are featured in the Communication Channels chapter.

Questions, suggestions and criticisms of this report should be e-mailed to rs2009@petrobras.com.br.

SCOPE OF THE REPORT

Companies and subsidiaries reported in this report:

- Petrobras in Brazil and in the other 27 countries where it has operations⁽¹⁾
- Petrobras Distribuidora
- Petrobras Química S.A. (Petroquisa)
- Petrobras Biocombustível
- Petrobras Transporte S.A. (Transpetro)
- Alberto Pasqualini Refinery (Refap)⁽²⁾
- Liquigás

⁽¹⁾ Does not include thermoelectric plants the company controls indirectly.

⁽²⁾ Controlled together with Repsol YPF and not included among Petrobras' refineries.



These companies and subsidiaries were selected based on the following criteria: participation in management and control and organization representativeness in Petrobras' results.

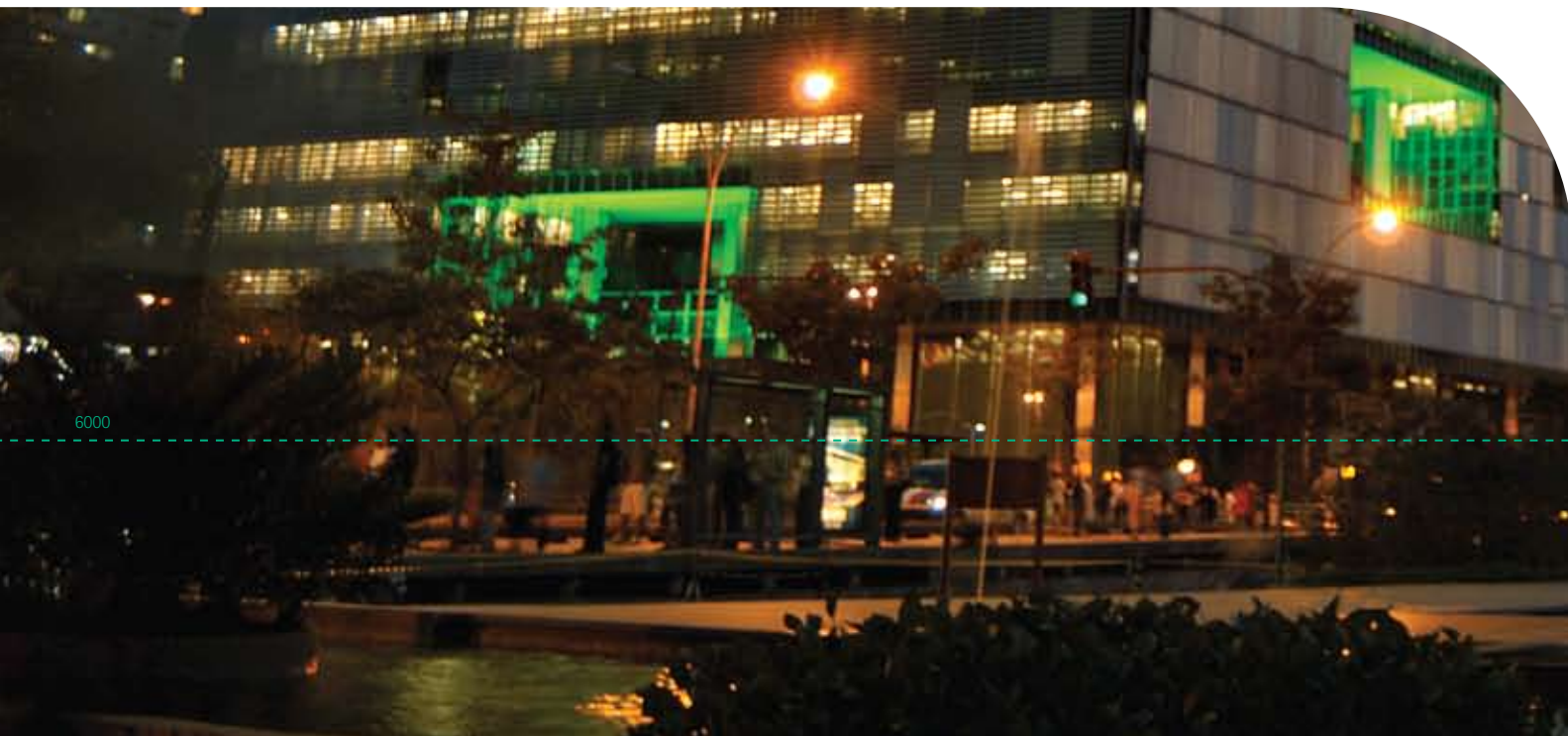
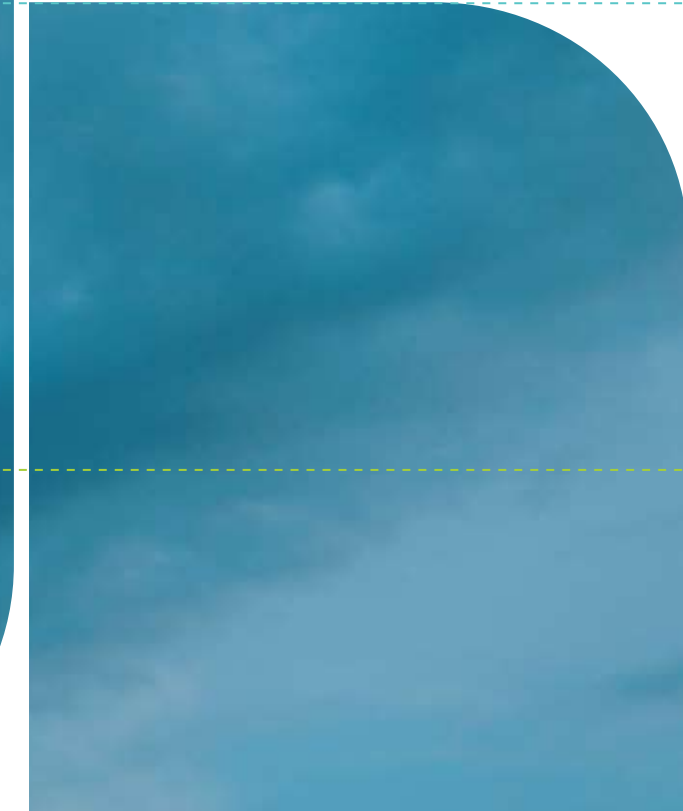
Information disclosed in previous reports may appear reformulated in this publication, and changes may have been made at data measurement methods. In such cases, an explanation regarding these changes appears next to the data to facilitate understanding.

The merger of the Annual Report and the Social and Environmental Report into this Report caused structural changes in this document, which now includes elements of both publications. Nevertheless, no significant change was made to the scope or coverage compared to the previous report.

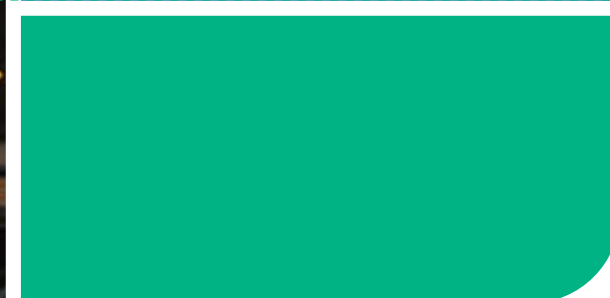
CAPTIONS IN THE REPORT

Throughout the pages of this report or in the GRI table of contents, the readers will find some marks that will help them find content, associate it to the indicator or corresponding principle, and to know where to find more information about a particular topic. Those are:

- Learn more in chapter  : an indication regarding where to find more information on a given subject in the report.
- Learn more at the site  : link to a Petrobras page on the Internet where the topic is presented or detailed.
- Some additional information can be found in the investor relations website: www.petrobras.com.
- Global Compact Icon: appears next to the chapters corresponding to Petrobras actions to meet a certain principle of the Global Compact.
- GRI indicators: in the GRI table of contents (see page 146), the schedule shows, next to the indicator, the description of the theme to which it refers and information on the chapter where the theme is presented.

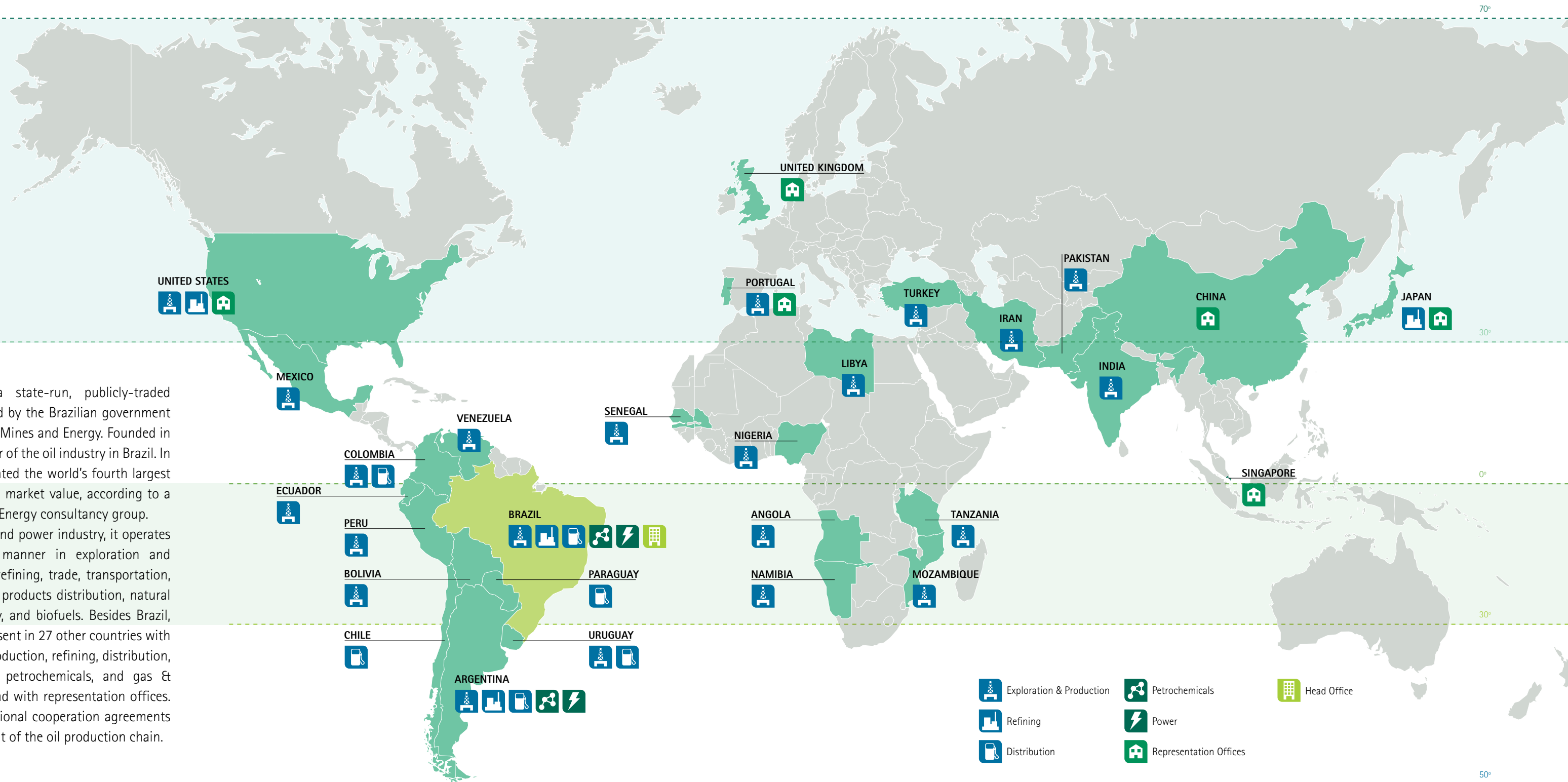


Presentation, Management System, and Transparency



Petrobras is a state-run, publicly-traded company controlled by the Brazilian government via The Ministry of Mines and Energy. Founded in 1953, it is the leader of the oil industry in Brazil. In late 2009, it was rated the world's fourth largest energy company in market value, according to a ranking of the PFC Energy consultancy group.

In the oil, gas, and power industry, it operates in an integrated manner in exploration and production (E&P), refining, trade, transportation, petrochemicals, oil products distribution, natural gas, electric energy, and biofuels. Besides Brazil, the company is present in 27 other countries with exploration and production, refining, distribution, commercialization, petrochemicals, and gas & energy activities and with representation offices. It has also international cooperation agreements for the development of the oil production chain.



@ Learn more about the company's activity cycle at www.petrobras.com.

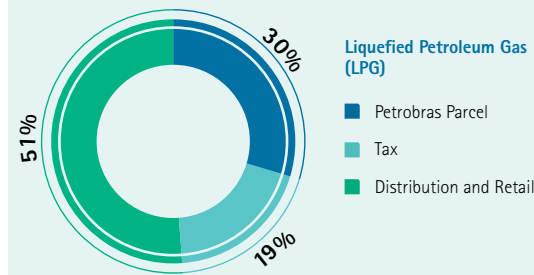
Petrobras has international cooperation agreements for the development of the oil production chain.

The Petrobras System is composed of Petróleo Brasileiro S.A., its subsidiaries, holdings, joint holdings, and associated companies. A few of the companies comprising the System are Petrobras Distribuidora S.A. (Petrobras Distribuidora), Petrobras Transporte S.A. (Transpetro), Petrobras Química S.A. (Petroquisa), and Petrobras Biocombustível S.A.

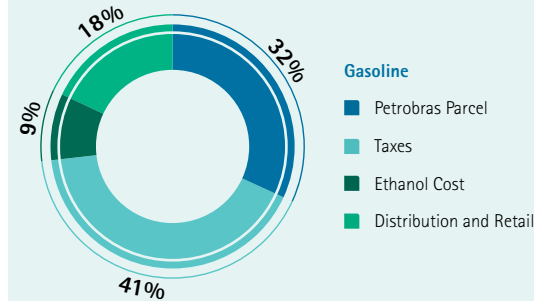
The main products that come out of our refineries are diesel fuel, liquefied petroleum gas, gasoline, lubricants, naphtha, fuel oil, and jet fuel. Any potential client for gasoline or diesel fuel must be registered as a distributor by the National Agency of Petroleum, Natural Gas and Biofuels (ANP), and its registration record must have been published in the Official Gazette. Our main customers are companies operating out of the highway transportation, agricultural and cattle raising, industrial, air transportation, railway or waterway markets. In distribution, in addition to the final consumer at service stations, other major customers stand out, such as industries, thermoelectric plants, aviation companies and light and heavy duty vehicle fleets.

Petrobras does not set the price that is charged for its products on its own. In Brazil, the final consumer price includes taxes and marketing margins, plus the cost of additives used in the blends. In the case of gasoline, the Interministerial Council for Sugar and Alcohol (Cima) set the proportion of ethanol in fuel, which can vary from 20% to 25%. For diesel, the National Energy Policy Council (CNPE) determined that 5% of the final volume of the diesel sold at pumps must contain biodiesel, a renewable fuel made from vegetable oils or animal fats.

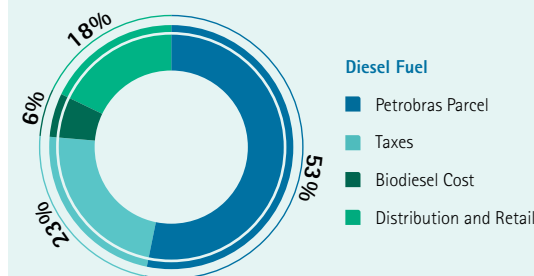
COMPOSITION OF THE CONSUMER PRICE



Based on the average consumer prices in the main Brazilian capital cities and compiled based on ANP data. Distribution and resale margins are estimated.



Based on the average consumer prices in the main Brazilian capital cities and compiled based on ANP and Cepea/USP data. Composition: 75% gasoline and 25% ethanol.



Based on the average consumer prices in the main Brazilian capital cities and compiled based on ANP data. Composition: 95% diesel and 5% biodiesel. Distribution and resale margins are estimated.

CORPORATE DRIVERS

Petrobras is governed by its bylaws and by the Joint Stock Company Act (Act No. 6404, of 1976). Besides these, the company also has other key tools to improve its corporate governance and management system. Among them, the codes of Ethics and Good Practices, the Code of Conduct of the High Federal Administration and the Code of Competitive Conduct, the Corporate Governance Guidelines, its policies, and its corporate commitments are worthy of note.

The Code of Ethics defines the ethical principles that guide Petrobras' actions and its conduct commitments. It was prepared with the participation of its workforce and analyzed by the company's areas and by some of its stakeholders, such as investors, communities, suppliers, customers, and competitors. In addition to the mutual relationship between Petrobras and its employees, the company shows its commitments in its corporate governance, in its relations with suppliers, service providers, trainees, customers, consumers, communities, the society, government and State, and in its relations with the environment, thus substantiating its responsibility to current and future generations.

The Code of Good Practices brings together five internal policies that have significant impact on Petrobras' governance and economic performance. These policies are: Internal Policy for the Disclosure of Information on Material Acts or Facts; the Internal Policy for Trading in Securities, Internal Policy for the Conduct of Officers and Members of Senior Management of Petrobras,

Internal Policy for Appointment for Management Positions at Subsidiaries, Holdings and Affiliates; and the Investor Relations Policy. The company also meets the standards set forth under the Sarbanes-Oxley Act (SOX), enacted in 2002 by the U.S. Congress in order to protect investors by improving the accuracy and reliability of the information disclosed by companies.

To maintain a relationship with our competitors based on the principles of honesty and respect, adopting explicit and declared rules on those procedures, we use the Competition Code of Conduct, which consolidates our commitment to complying with the Brazilian competition or antitrust laws and with the jurisdiction of the countries where we do business. The rule is intended to guide managers, employees, and service providers.

The Code of Good Practices brings together five internal policies that have significant impact on Petrobras' governance and economic performance



The Health, Safety and Environment Policy (HSE) covers issues such as workforce education, training and commitment; identifying, controlling, and monitoring risks; the impacts and benefits of projects, ventures, and products throughout their life cycles on the economic, environmental and social dimensions; and operation and product eco-efficiency, among others. Fifteen guidelines support the Policy and contain several requirements in their details. These include risk assessment and management, community relations, accident and incident analyses, product contingency and management.

Strongly aligned with the principles of the UN Global Compact, the Social Responsibility Policy has eight guidelines focused on corporate

performance, integrated management, sustainable development, human rights, diversity, principles of work, sustainable social investments, and the commitment of the workforce. Focused heavily on the internal public, the Human Resources Policy covers issues such as attracting, developing, training and retaining people; promoting management practices and processes that lead to on-the-job satisfaction; and a negotiation process to build solutions with employee representation on labor unions. Some other policies that guide Petrobras' activities are the Corporate Practice, New Business Development, Capital Discipline, Communications, and Tax Management policies, in addition to the Principles of Corporate Security.

MISSION:

Operate in a safe, profitable manner in Brazil and abroad, with social and environmental responsibility, providing products and services that meet the clients' needs and that contribute to the development of Brazil and of the countries in which it operates.

VISION FOR 2020:

We will be one of the five largest integrated energy companies in the world, and the preferred choice among our stakeholders.

ATTRIBUTES OF THE VISION FOR 2020:

Our operations will be notable for:

- Strong international presence
- World prominence in biofuels
- Operational excellence in management, energy efficiency, technology and human resources.
- Profitability
- Setting a benchmark in social and environmental responsibility
- Commitment to sustainable development

VALUES:

The company's activities shall be done pursuant to these values:

- Sustainable Development
- Integration
- Results
- Readiness for change
- Entrepreneurship and innovation
- Ethics & transparency
- Respect for life
- Human & cultural diversity
- People
- Being proud to be Petrobras



Learn more about Petrobras Bylaws and policies at www.petrobras.com.

In addition to the policies, the principles and initiatives that Petrobras is a signatory of contribute to the development of actions that are aligned to its commitment to sustainable development and the UN Global Compact. The Millennium Development Goals (MDGs) include eight goals which are to be achieved by 2015 and are related to reducing poverty, to promote education, maternal and reproductive health, to gender equality, and to combating infant mortality, AIDS, and other diseases. The MDGs were presented by the United Nations and are adopted by the 191 member states of the organization, including businesses and other social actors. The company supported the third edition of the MDG Brazil Awards, which, in 2009, received entries from 1,477 projects, 785 civil society organizations, and 692 towns.

With a focus on transparency and fighting corruption, stand out initiatives such as the Partnering Against Corruption Initiative (Paci), the Extractive Industries Transparency Initiative (EITI), and the Global Reporting Initiative (GRI), which provides guidelines for sustainability reporting.

As for labor issues, in Brazil, Petrobras is a signatory of the National Pact for the Eradication of Slave Labor and participated in the Pro-Gender Equity program, which was developed by the Brazilian government's Special Secretariat for Women's Policies.

In 2009, we participated in drafting the position of Brazilian companies regarding relevant issues associated with global climate change, presented at the 2009 UN Conference on Climate Change (COP-15). The document was an initiative of the Brazilian Business Council for Sustainable Development (CEBDS), which had also drafted the Climate Defense Action Pact, a process the company also participated. The Pact consolidates and gives visibility to the position Brazilian companies and other Brazilian society organizations hold with regard to coping with global climate change. Petrobras has been a signatory of the Statement of G8 Climate Change Roundtable, a statement of business leaders to implement policies and measures geared towards mitigating greenhouse gas emissions, since 2005.

As the industry expert, of the Brazilian delegation, Petrobras participates in the development process of the future international standard of social responsibility, the ISO 26000. This norm will be voluntary, will not be characterized as a legal obligation, and shall not be used for certification purposes. This standard is expected to help all kinds of organizations to efficiently and effectively incorporate social responsibility as a management principle in all of their processes.

We are one of the industry representatives of the World Economic Forum, which brings together the businesses that drive the global economy. In the oil and gas sector, we highlight our participation in the International Association of Oil and Gas Producers (OGP) and in the American Petroleum Institute (API). To broaden the discussion on strategic issues and share best management practices in social responsibility, we are members of Brazilian and international associations and organizations, such as the International Petroleum Industry Environmental Conservation Association (IPIECA). We are on the association's Executive Committee and on workgroups, such as the "Biodiversity," "Climate

We are one of the industry representatives of the World Economic Forum, which brings together the businesses that drive the global economy

Change," "Operations, Fuels and Products," and "Social Responsibility" ones.

We hold the chair position in the Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (Arpel) and, respectively, the chair and vice-chair positions of the entity's Communication and Social Responsibility committees. We also chair the Board of the Brazilian Institute of Oil, Gas and Biofuels (IBP).

We hold the chair position in the National Investor Relations Institute (INI), we are on the board of the Rio de Janeiro Regional division of the Brazilian Institute of Investor Relations (IBRI), and partake of the Good Practices Commission of the Brazilian Institute of Corporate Governance (IBGC). In the second half of 2009, we joined the Group of Institutes, Foundations and Enterprises (Gife), a network that brings together organizations that invest in public purpose projects aimed to drive sustainable development in Brazil through private social investments.

In discussing solutions to promote the integration of sustainability principles in business, the company is a member of the World Business Council for Sustainable Development (WBCSD) and of the CEBDS. It is also a member of the Globally Responsible Leadership Initiative (GRLI), a community of businesses and educational institutions and an initiative of the European Foundation for Management Development (EFMD), which aims to promote and support the development of globally responsible leaders.

Other associations in which Petrobras participates are the National Industry Confederation (CNI), the Federation of Industries of Rio de Janeiro (Firjan), the National Association of Distributors of Fuels

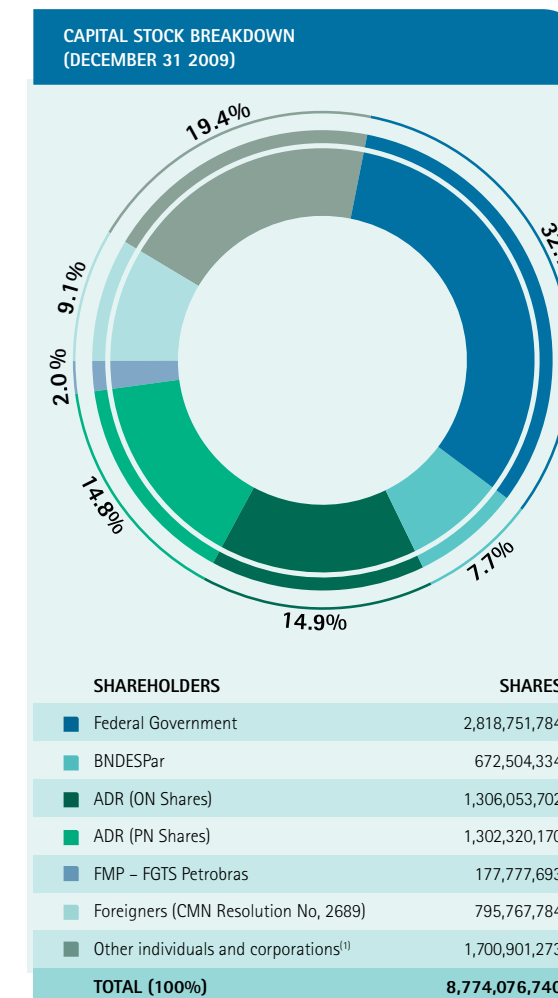
and Lubricants (Sindicom), the World LP Gas Association (W LPG), the Iberian-American LPG Association (AIL GP), the Roundtable on Sustainable Biofuels (RSB), the Roundtable on Sustainable Palm Oil (RS PO), the BioAtlântica Institute, the Brazilian Association of Technical Standards (ABNT), the Brazilian Association for Business Communication (Aberje) and the Brazilian Association of Advertisers (ABA), among others.

CAPITAL OWNERSHIP BREAKDOWN

Petrobras' equity capital is divided into 8,774,076,740 shares (57.8% common shares with voting rights and 42.2% preferred shares). The Federal Government has a controlling stake, with 55.6% of the voting shares.

In 2009, there was no significant change in ownership breakdown, but some changes are expected for 2010 due to the new regulatory framework for oil and natural gas exploration and production in the pre-salt area. One of the proposed laws introduced by the Brazilian government defines the capitalization of the company, with the expansion of equity to raise funds by making shareholder resources available and by boosting the ability to secure new funding.

With the planned capital increase, minority shareholders may maintain the proportion of the interest they already hold in the company by buying new shares. If they do not exercise this right, the government and other shareholders can buy the shares that have not been purchased. This allows the Federal Government to increase its stake in Petrobras. Another proposed law foresees the possibility for equity capital shares to be underwritten and



(1) Includes Bovespa (São Paulo Stock Exchange) custody and other entities.

@ Learn more about the capital ownership breakdown between common and preferred stock at www.petrobras.com.

Our corporate governance practices and our relationship with our investors and other stakeholders are constantly refined to improve top management decision-making processes and business management. Because it operates in several markets, the company is subject to the rules laid down by the Brazilian Securities and Exchange Commission (CVM), the São Paulo Stock Exchange (Bovespa), the US Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE), the Latibex Stock Exchange, of Madrid, and by the Buenos Aires Stock Exchange, by means of Petrobras Energia.

The company's bylaws govern its objectives and form of management and relationships by addressing issues such as its nature, location and purpose, joint stock, shares and shareholders, subsidiaries and affiliates, the company's management, general meetings, audit committee, and its employees.

Petrobras aligns its governance to its social role by following the rules laid down by Joint Stock Company Act, Act 6404, of December 1976, which states that "the controlling shareholder must use its power in order to make the company achieve its objectives and fulfill its social function, and has duties and responsibilities towards other company shareholders, towards those who work for it, and towards the community it serves, whose rights and interests it must respect and loyally serve."

@ Learn more about the bylaws at www.petrobras.com.

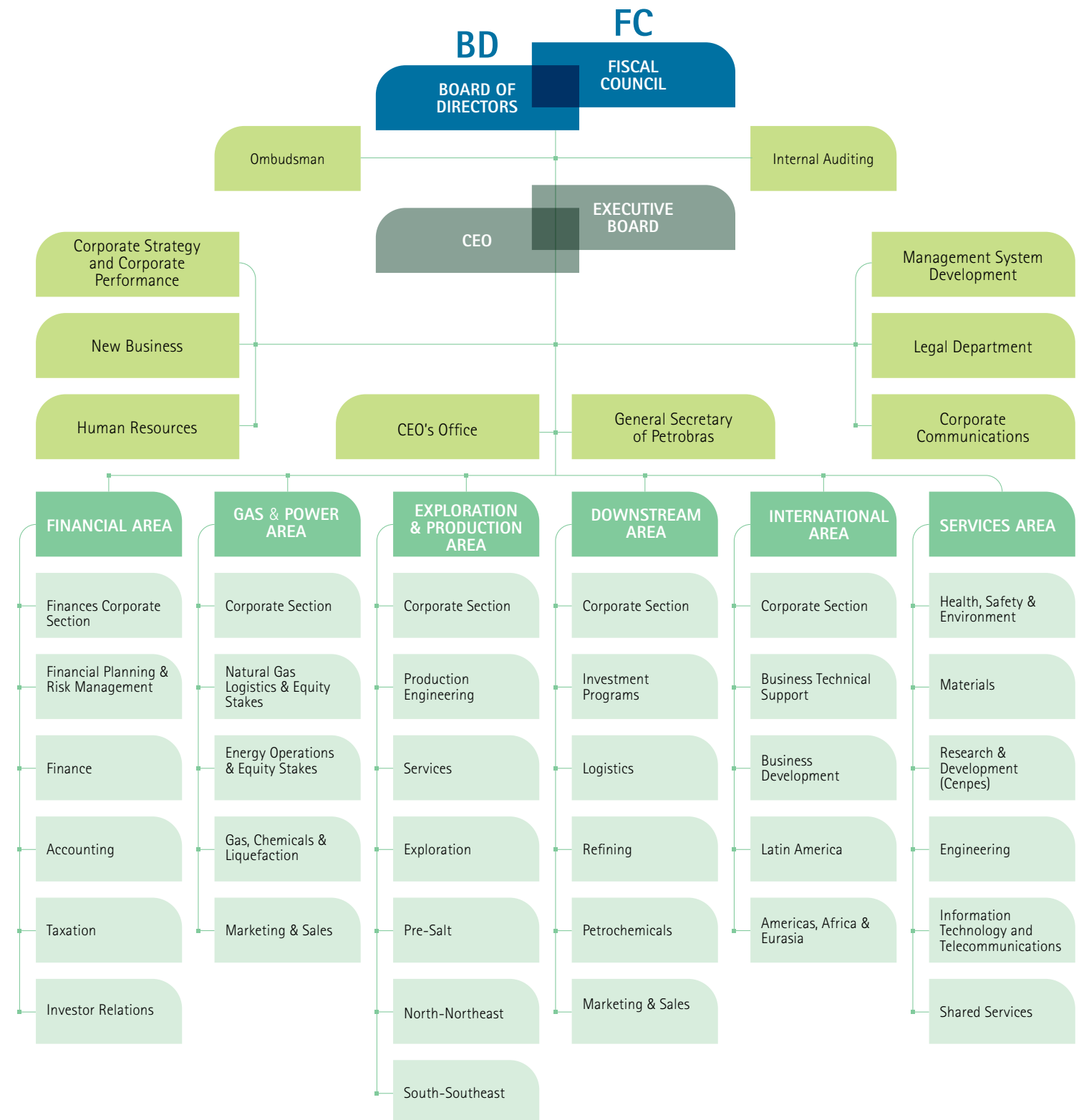
GENERAL MEETINGS

As defined in Chapter V of its bylaws, Petrobras held an Annual General Shareholder Meeting in 2009. The issues that were debated include the Management Report and Financial Statements together with the Audit Committee opinion for the 2008 fiscal year; the 2009 capital budget; the allocation of the 2008 results; the setting of the remuneration of the directors, including profit sharing, and of the members of the Audit Committee; and the election of members of the Board and of the Audit Committee of and their alternates.

Six councillors were reelected as members of the Board by the vote of the Union, one by the vote of the minority shareholders, and another as the representative of the holders of preferred shares. A new member was also elected to represent the controlling shareholder, the Federal Government.

STRUCTURE

Petrobras' current organization model is divided into seven areas: Corporate, Financial, Services, and four Business areas (Exploration & Production, Downstream, Gas & Power, and International). The Corporate Area is directly connected to the CEO, while the others to their respective contact officers.



BOARD OF DIRECTORS

The Board of Directors is responsible for guiding and giving direction to Petrobras. This includes setting the general direction of the company's business, defining its mission, strategic objectives and guidelines; approving the strategic plan, the pluriannual plans and the annual expenditure and investment programs; assessing performance results; setting the company's overall policies, including those for strategic trade, financial, investment, environment, and human resources management, among other assignments.

Composed by nine members, the board has seven controlling shareholder representatives, one representative from the minority common stock shareholders, and one representative from the preferred stock holders. Pursuant to the Corporate Governance Guidelines, the positions of chairman of the Board and CEO of Petrobras should not be held by the same person in order to promote the independence of the Board. The only councillor who can perform such executive roles is the company's CEO.

The members of the senior management are employees who are appointed by shareholders and, therefore, are in accordance with internal policies, which define fixed monthly salaries without variations related to Petrobras' performance. Among the qualifications and experience expected of the members, are alignment with the company's values, knowledge of the best corporate governance practices, knowledge of finance and accounting, expertise in the energy sector, familiarity with the domestic and international markets, and strategic vision, among other requirements.

To avoid conflicts of interest, the members of the board are elected with no interference from the Executive Board, they follow the Good

Practice Code dealing with issues related to insider trading (such as a ban on trading in securities in certain periods) and to the conduct of Petrobras Senior Management's managers and employees. One of the Board's principles is to monitor and manage potential conflicts of interest among stockholders, its members and managers. Furthermore, it must assess its own performance annually, based on criteria it defines and aiming to improve its performance. The Board must also assess the performance of Petrobras' CEO and officers to ensure the alignment of the interests of the members of the Executive Board with the shareholders' long-term interests.



Learn more about the members of the Board of Directors and of the Executive Board at www.petrobras.com.

Board Advisory Committees

The Board of Directors has committees that are formed solely of directors to assist it with analyses and recommendations on matters that require more time than is available during the meetings. The Audit Committee, for example, monitors and evaluates the activities of the Internal and Independent Auditors, contributes to the company's financial statements being prepared in accordance with legal requirements, monitors the financial statement preparation process and the process of improving the internal control systems. There are also two other advisory committees: the Remuneration and Succession Committee, and the Environmental Committee.

In addition to these committees, a corporate governance advisory committee composed of non-members of the board follows-up on and monitors the legislation and other relevant regulations, reviewing the adequacy and application of the governance instruments the company uses.

AUDIT COMMITTEE

The Audit Committee is composed of five members and their substitutes and is responsible for monitoring the company's management and reviewing the activities report and the financial statements, among other assignments. As required by Brazilian law, the Audit Committee is independent from the management and external Petrobras auditors.

GENERAL OMBUDSMAN'S OFFICE

The General Ombudsman's Office is connected to the Board of Directors and serves as the official channel to receive opinions, suggestions, criticism, complaints and denunciations from the company's stakeholders. Based on this information, it undertakes actions to deal with them and define the measures to be taken. The Ombudsman's Office meets the requirements of the Sarbanes-Oxley Act, including receiving, through the Denunciation Channel, reports of irregularities or fraud in accounting, internal controls or internal and external audits, ensuring the anonymity of any member of our workforce and, as such, avoiding retaliation.

AUDITS

The Internal Audit plans, executes and assesses the internal audit activities and meets the demands of the Senior Management and of the

external control bodies. The company also has an Independent Auditor, and restrictions are imposed on it regarding the provision of consulting services. This Auditor is defined by the Board of Directors and must be replaced every five years.

EXECUTIVE BOARD

Elected by the Board of Directors, the Executive Board comprises a CEO of Petrobras (also a councillor) and up to six officers, who are responsible for managing the company's Finance, Services, and Business areas. In the selection and election of executive directors, their professional competence, outstanding knowledge, and expertise in their respective areas of contact are taken into account.



The compositions of the Executive Board, Supervisory Board, and of the Board of Directors are available on page 158.

Board Advisory Committees

Seeking to promote alignment among business development, company management, and the Strategic Plan's guidelines, the Business Committee assists the Senior Management's decision-making process. Its performance includes analyzing relevant issues and recommending actions to be undertaken by specific company areas, as well as discussing, formulating, and proposing the guidelines to be applied in several areas. This committee is composed by the CEO, the officers, the managing directors, the CEO of Petrobras Distribuidora, and the holder of the Corporate Strategy organizational unit.

Additionally, there are 12 management committees which discuss and further detail issues to structure the information to be submitted to the Business Committee. They act in coordination and in an integrated and complementary manner with the Business Committee, with the other management committees, and with the Board of Directors' Committees. Petrobras also has the Downstream, Organization and Management Analysis, Internal Controls, E&P, Gas & Energy, Marketing & Brand, Social Responsibility, HR, Risk, HSE, Information Technology, and Petrobras Technology management committees.

The Ethics Commission is connected to the CEO and consists of seven members appointed by the Executive Board. It seeks to promote ethics management at Petrobras and one of its functions is to propose the creation or the updating of company standards focused on improving ethical management. Using these standards as a parameter, it advises the Board when making decisions regarding the breach of the Code of Ethics. It also oversees the observance of the Code of Conduct of the High Federal Administration and notifies the Commission of Public Ethics about situations that may constitute breaches of its rules.

TRANSPARENCY AND ACCOUNTS RENDERING

Transparency is an ethical principle that guides the actions of the Petrobras System and should manifest itself as regards the public interest, according to the rights of personal privacy, and to the company's Information Security Policy. In addition to the UN Global Compact, through its tenth principle, Petrobras participates in initiatives that promote transparency and combat corruption, such as Paci and Eiti.

We were considered the most transparent company in the petrochemical sector and the fourth most transparent in the overall classification of the third edition of the Annual Ibovespa Companies Transparency and Sustainability Study. The survey was conducted by the Management & Excellence Latin America (M&E) consultancy group in partnership with Razão Contábil magazine and IBRI. Social responsibility, corporate governance and sustainability criteria were analyzed, and the degree of dissemination of data related to sustainability in web pages, reports and other documents prepared by the companies were assessed.

In 2009, the company released the digital records of its accounts for 2008 in the Public Digital Bookkeeping System (SPED) in order to increase the transparency of its tax and accounting information and to meet legal provisions. This information can be readily



accessed by regulatory and oversight agencies, such as the CVM, ANP, the Central Bank, the National Trade Registration Department, and the Internal Revenue Service, among others. SPED is a program of the Brazilian Internal Revenue Service, in coordination with the State Finance Departments.

Although risks related directly to corruption are not assessed, complaints forwarded by the Ombudsman, by Customer Service, external control bodies, such as the Federal Court of Auditors, and by the Controller General of the Union or the Federal Prosecutors Office are investigated. In some cases, inquiry commissions determine whether there was employee involvement in misconduct, including acts of corruption. When necessary, audits are proposed for company units. Actions related to the preservation and enhancement of internal controls are also carried out, helping to prevent corruption.

Once the allegations have been investigated, the outcome of the investigation is forwarded to the heads of units, who, according to the severity of the facts, determine specific sanctions and measures. The Internal Audit and Corporate Security areas must demand actions in cases of founded allegations and, at the end of the procedure, the results must be received by the General Ombudsman's Office. In 2009, two employees were fired for corruption, but

Petrobras was rated the most transparent company in the petrochemical sector by the Ibovespa

one of them was reinstated because of the approval of the anticipation of guardianship in the records of a labor complaint.

In the training courses, all new top-level employees attend a lecture on corporate security, which presents the work done on the subject. This includes actions to investigate reported cases of corruption, measures taken to curb their occurrence, and possible consequences for employees. Every month during the course, these contents and objectives were presented to

new company managers. Fighting corruption is featured in Petrobras' Code of Ethics, which is widely disseminated among the internal public.

In our Code of Ethics, we commit to help the public authorities to prepare and execute general public policies and specific programs and projects dedicated to sustainable development. On several occasions in 2009, Petrobras was invited to attend public hearing meetings and seminars with different goals, such as to present its Business Plan at the House of Representatives or to discuss the regulatory framework and the economic and financial aspects of producing in the pre-salt layer, off the Brazilian coast, in the Senate. Focusing on environmental protection, the company contributed to the preparation of regulatory frameworks that are appropriate and consistent for economic development.

We also committed to refuse any corruption and bribery practices, maintaining formal control and penalty procedures relative to possible transgressions. In addition, we also refuse to support and make contributions to political parties or political campaigns of candidates to elected positions.

At Petrobras (Petróleo Brasileiro S.A.), there are three lawsuits pending trial seeking to annul decisions made by the Administrative Council for Economic Defense (Cade), which imposed fines on the company for alleged lateness in the presentation of an economic concentration operation to the Brazilian System for the Protection of Competition (SBDC). In all three cases, Petrobras was granted an injunction suspending the fines imposed by the Council.

Focusing on environmental protection, the company contributed to the preparation of regulatory frameworks that are appropriate and consistent for economic development

PETROBRAS' CPI

In 2009, the Senate established a Parliamentary Commission of Inquiry (CPI) to investigate allegations of irregularities in contracts signed by Petrobras. The aim was to investigate alleged fraud in tenders and to check irregularities in the construction of platforms and of the Abreu e Lima Refinery brought up by the Federal Court of Auditors. The alleged use of accounting gimmicks to reduce tax collections and possible irregularities in sponsorships were also questioned by the committee.

Of everything that was brought up and analyzed, the Final Report of the CPI, issued on December 17, 2009, concluded:

- Use of accounting gimmicks that led to a decrease of R\$4.3 million in taxes and contributions owed by Petrobras - The allegations that Petrobras had decreased the amounts of taxes owed to the tax authorities are unfounded. The procedures used to compensate for taxes paid in excess are widely supported by the federal tax legislation, and there is nothing illegal in such practice.
- Evidence of overbilling in the construction of the Abreu e Lima Refinery, in Pernambuco, pointed out by a report issued by the Federal Court of Auditors - After the analysis made by the CPI, such evidence showed to be inconsistent. With this verification in mind, the CPI considered it unnecessary to adopt additional measures regarding this investigation;
- Sponsorships - The CPI noticed that Petrobras' sponsorship policy is wide-ranging and complex, and covers a large amount of projects connected to driving culture and sports in Brazil. However, Petrobras' supervision and control duties are performed faithfully, and the sponsorships are monitored by the company's Internal Auditors, by the Executive's internal control bodies, by the Comptroller General of the Union (CGU), as well as by the external control agency, the Federal Court of Auditors. The CPI has made a series of recommendations to Petrobras, such as the implementation of an internal management system to standardize analysis procedures; monitoring and assessing the company's sponsorships to be able to distinguish the bodies responsible, the legal contracting basis, the parties, purposes, terms and amounts involved; formal, standardized analysis of the projects; and the undertaking and publication of annual surveys that ascertain the overall return on investment afforded by the company's sponsorships;
- Deepwater Operation - It was shown that there was a conspiracy involving Petrobras employees and the representatives of some companies. It was ascertained that the fraud was only not bigger because of the joint work done by the Federal Prosecutors Office, the Federal Police, and Petrobras. The CPI recommended there be more control over who is on the tender commissions and the completion of the internal assessment work of the companies involved in the denunciations and the announcement of the results.

- Irregularities in platform construction contracts
 - The increase in the values of the contracts for the construction of platforms P-52 and P-54 was due, mainly, to the unexpected appreciation of the Real against the Dollar, which jacked up the price of inputs that needed to be purchased in Brazil under the terms of the minimum local content of 60% and 65% policy. This appreciation could not have been foreseen by Petrobras in 2003 and 2004, when the tenders were held for these contracts. In fact, the market expectation reports issued back then show that the economic agents did not believe there would be a significant increase in the value of the Real compared to the dollar. The clauses which set the requirement for the works to have a minimum percentage of inputs and services hired in Brazil, introduced to strengthen the internal market, have had positive effects. The domestic industry was valued, and the economic movement generated by the projects made the naval construction sector, which had been declining for many years, more dynamic.

FACTS & DATA BLOG

Faced with the need to provide direct positioning and clarifications with respect to all issues related to CPI, Petrobras created the Facts and Data Blog (www.blogspetrobras.com.br/fatosedados) to monitor the perceptions of

society and of its stakeholders with regard to the demand for information.

The initiative came from Petrobras' CEO, José Sergio Gabrielli, who noted the need to render accounts to the Brazilian society, particularly the company's workforce, the press, investors, the government, suppliers, and partners. The blog gave more visibility to the company's position compared to the approach the press uses with regard to the matters treated in the CPI, since it was used to publish, in full, the answers given to questions sent in by various media outlets. The Facts and Figures blog caused backlash among journalists, media outlets and entities, who argued that the company's disclosure of such data before the media's stories were published on the issues allegedly hindered the work of the press.

The blog was supported by thousands of Internet users, journalists, the Brazilian Press Association (ABI), and civil society leaders. Its creation reinforced our commitment to maintain a quick, direct communication channel with

the public, dedicated to presenting the latest information about our position on issues relating to the CPI and other clarifications requested by the press. The journalists' questions and the respective answers provided by the company continue being posted on the blog at around midnight of the date the story was published, the date the journalist usually informs. The relationship between Petrobras and the media outlets that interpellate it is essentially public.

In addition to CPI-related information, the Facts and Data blog started posting news and relevant information related to Petrobras in order to further inform its readers/users about the company's performance in its various segments. The blog is managed by a team of Petrobras communications professionals and can be accessed on the company's official website.

recognize the importance of the relationship with individual investors, including shareholders and debenture holders.

By providing correct and accurate information and keeping a constant channel for dialogue open, we seek to maintain our credibility among our investors, as this is essential to successful share trading. On Petrobras' website, the investor relations portal (www.petrobras.com) brings together data about the company, such as its corporate strategy, corporate governance, competitive advantages and risk factors, operational highlights, announcements, reports, information about the policy for and the payment of dividends and about shareholding breakdown, among others. Telephone support (0800 282 1540) and an exclusive e-mail address (acionistas@petrobras.com.br) are available to shareholders, a chat is held with investors quarterly, after the announcement of results, and communications are also made via letter or fax. In 2009, a special channel was made available, via e-mail, to respond to shareholders and other stakeholders on issues related to the new regulatory framework: marcoregulatorio@petrobras.com.br.

In addition to the announcements and to sending material facts, the Investor Relations Portal provides presentations, conference calls, chats, event calendars, and minutes of shareholders meetings.



INVESTOR RELATIONS

Investors are an important public of Petrobras for their high capacity not only to influence the company's activities, business, and reputation, but also to be influenced by such variables. In addition to the major institutional investors, we



INDEXES AND INVESTOR RELATIONS

At Bovespa, our shares are included in the Bovespa (IBovespa), Brazil (IBrX), and Brazil 50 (IBrX50) indexes. In the New York Stock Exchange, our American Depositary Receipts (ADRs) are included in NYSE International 100 Index and of the NYSE World Leaders Index. Petrobras, via Petrobras Energia Participaciones SA, is also listed on the NYSE Energy Index.

We have also been listed on the Dow Jones Sustainability Index (DJSI), the world's most important sustainability index and used as an analysis parameter by socially and environmentally responsible investors, since 2006. With the renewal, in 2009, we consolidated ourselves as one of the 19 most sustainable global oil and gas companies and as one of the seven most sustainable Brazilian companies.

The environmental, social, and economic performances of more than 317 companies in 58 sectors the world over were assessed. We received the highest score in the "Transparency", "Management System and Environmental Policy," and "Human Resource Development" criteria, and stood out in issues concerning "Renewable Energy," "Social Impact on Communities," and "Biodiversity," among others.

The company's performance was also assessed by Goldman Sachs. Petrobras was singled out among the five leaders in Energy in the last two published reports (2006 and 2008), which ranked the companies that perform the best both in social, environmental, and governance issues, as well as in return on capital and position in the industry.

STOCK MARKET PERFORMANCE

In 2009, it was observed a continuous increase in stock market liquidity and a better global economic growth perspective, resulting in higher prices, and also by the return of foreign investments to developing countries such as Brazil. All of this allowed for a strong appreciation of the Stock Exchange and Mercantile & Futures Exchange (BM&FBovespa).

The market received well Petrobras' proposal to increase its investments in the beginning of the year, ratifying the high potential of its project portfolio. The significant gains from the company's

The company's market value reached US\$199.4 billion in 2009, a 100% gain over the previous year

shares and receipts during the year stemmed from good operating results, new oil and gas discoveries, from the confirmation of the huge potential of the pre-salt region, and from the positive reaction towards the new regulatory framework for oil and gas exploration and production, as proposed by the Federal Government.

The company's market value reached US\$199.4 billion in 2009, a 100% gain over the previous year when calculated in US Dollars. Among the world's major oil and gas companies, Petrobras was the one with the highest increase in market value.

Our shares are traded, mainly, on the São Paulo Stock Exchange, where the common stock goes under the PETR3 tracker symbol, while the preferred ones under PETR4. At BM&FBovespa, the common shares rose 52%, with an average daily trading volume of R\$151 million. The preferred stock surged 61% in the year, with an average of R\$624 million traded daily. On the NYSE, the gains were 95% in common receipt (PBR) and 108% in preferred receipt (PBR/A) trading. The behavior of the foreign exchange, with significant real appreciation in the year, contributed to the differences in earnings between the two markets. The average trading volume of the company's stock traded daily on both exchanges reached approximately US\$1.3 billion per day.

In late 2009, Petrobras had about a million investors, of whom 313,870 are shareholders at the BM&FBovespa, 402,510 are shareholders of investment funds holding company stock, 92,867 have invested FGTS retirement fund resources, and about 150,000 are holders of ADRs.

In the year, gross dividends of R\$1.1882 per common or preferred share were distributed, relative to 2008, for a total financial volume of R\$10.4 billion. By the end of 2009, Petrobras had approved and made the payment of three anticipated distributions of interest on equity for the 2009 fiscal year. This payment totaled R\$0.70 per common or preferred share, and the financial volume of dividends paid topped-out at R\$6.14 billion.

MINORITY SHAREHOLDER RIGHTS

Minority shareholders are entitled to elect one of the members of the Board of Directors, or more, if there is a multiple voting process. The holders of preferred shares may also elect a councillor, provided they represent, together, at least 10% of joint stock, excluding the controlling shareholder. According to the Corporate Governance Guidelines, minority and preferred shareholders must have their interests actively defended by the Board.

Petrobras' Senior Management must always consider the opinion, suggestions or recommendations made by the minority shareholders, especially the holders of preferred shares and particularly in matters such as company transformation, merger, amalgamation, or spin-off, approval of contracts between Petrobras and the Federal Government, directly or through third parties, as well as other companies in which the Federal Government has an interest; assessment of assets to be used to pay-in a company capital increase, among others.

Because of the new exploratory frontier discovered in the pre-salt layer off the Brazilian coast, the Brazilian government's proposal for a new regulatory framework for oil and natural gas exploration and production foresees a capitalization for Petrobras in order to increase its investment capacity. Managed by representatives of the minority shareholders to monitor all stages of the capitalization process, a Special Committee is being created by the Board to ensure transparency to the process, according to the Joint Stock Company Act. All minority shareholders have the right to acquire shares and receipts to the same extent that they currently hold.

INVESTMENTS

Based on integrated growth, profitability and social and environmental responsibility as factors for sustainability, and focused on the goals aimed to grow and expand our business, our corporate strategy includes an investment program worth US\$174.4 billion, according to the 2009-2013

Business Plan, a US\$62 billion increase compared to the previous plan (2008-2012). Projects in Brazil will get US\$158.2 billion, i.e., approximately 90.7% of the total. Meanwhile, the remaining US\$16.2 billion will be invested abroad, focusing on activities in Latin America, the United States, and Western Africa.

PETROBRAS' CORPORATE STRATEGY INCLUDES:

- Growing oil and gas production and reserves sustainably, and being recognized for excellence in E&P, ranking the company among the world's five biggest oil producers;
- Expanding the integrated performance in refining, trade, logistics, and distribution with a focus on the Atlantic Basin and the Far East;
- Consolidating market leadership in the Brazilian natural gas market, with international operations, and expanding the power generation business in Brazil;
- Operating in petrochemicals in an integrated manner with other Petrobras System businesses;
- Performing globally in the biofuels segment, holding relevant stakes in the biodiesel and ethanol businesses.

When broken down per segment, the investment highlights how the strategy is focused on E&P, which concentrates US\$104.6 billion, or 59% of the total approved for the period. The 2009-2013 Business Plan revised and expanded the goals of growing production in the Pre-Salt exploratory frontier as compared to the previous plan.

Acknowledged as one of the largest oil discoveries in Brazil, the Pre-Salt encompasses marine portions of much of the coastline where there is light oil, i.e., high-quality, higher market value petroleum. Because they are located at great depths, at times upwards of 7,000 meters below the sea surface, there are a few production challenges to be faced, such as researching materials to be used to line the wells, adjusting

the hot oil temperature to flow in pipelines in icy waters, flow control, and there is a need for studies both on rock geometry for better well placement, and on cost and drilling time reductions.

Oil production got underway in the Pre-Salt in May. From 2009 to 2013, US\$28 billion will be earmarked for the development of this area. Production is estimated to reach 219,000 barrels per day (bpd) there as early as 2013, when the company's total production is slated to be 3.66 million barrels of oil equivalent per day (boed). To keep up with this growth, the Business Plan maintains its strategy of increasing the refining capacity. With US\$43.4 billion earmarked for the period, investments to be made in the Refining, Transportation, and Commercialization segments

will focus on processes to improve fuel quality, on increasing the heavy oil processing capacity levels, and on expanding the capacity of the refining facilities. Operations will start at the Abreu e Lima Refinery and at the Rio de Janeiro Petrochemical Complex (Comperj), both in 2012, and the beginning of Phase 1 of the Premium I and II Refineries will take place in 2013. By 2013, it is estimated 2.27 million bpd of crude oil will be being processed in Brazil. After achieving self-sufficiency in oil supply for Brazil in 2006, one of our next challenges is self-sufficiency in oil products.

The investments in Gas and Power will be used to increase Petrobras outflow capacity and grow its sales in the domestic market, in line with the increasing domestic production of natural gas.

With the strategy of operating globally in the biofuels sector, with a relevant participation in the biodiesel and ethanol businesses, the company expects to invest US\$2.8 billion in the 2009-2013 period. The Technological Program for Biofuels Development will receive US\$530 million in this period to develop first and second generation biofuel technology.

INVESTMENTS FROM 2009 TO 2013

SEGMENT	INVESTMENT (US\$ BILLION)	%
E&P ⁽¹⁾	104.6	59
Refining, Transportation and Commercialization	43.4	25
Gas & Power	11.8	7
Petrochemicals	5.6	3
Distribution	3	2
Biofuels	2.8	2
Corporate	3.2	2
TOTAL	174.4	100

⁽¹⁾ Includes US\$17 billion in investments in exploration.

Despite the repercussions of the 2008 economic crisis, with few options to access the credit market at a reasonable cost in the beginning of the year, Petrobras secured bridge loans worth US\$6.5 billion from financial institutions, and funding in the order of US\$25 billion from the National Development Bank (BNDES) for projects to be developed by it and two of its subsidiaries: Abreu e Lima Refinery S.A. (RNEST) and the Associated Gas Carrier (TAG).

In 2009, the Petrobras System secured total funding of R\$14.9 billion in current liabilities and of R\$84.7 billion in the non-current, 12.1% and 69.2% more than a year earlier, respectively. In the current liabilities, the highlight is on the funding from foreign financial institutions (R\$9.3 billion), debentures (R\$1.7 billion), BNDES (R\$1.5 billion) and export credit notes (R\$1.1 billion).

PRE-SALT MANAGEMENT, POLICY, AND VIABILITY

In August, the Brazilian government submitted four proposed laws on new rules for oil and natural gas exploration and production in the pre-salt layer and in areas that may be considered strategic. The draft bills define the oil sharing system for exploration and production in the areas that have not yet been bid for in the Pre-Salt; the creation of a new state-owned company (Petro-Sal); the creation of a Social Fund; the onerous transfer of rights; in addition to the company's capitalization.



Under the production sharing system, for areas not yet tendered in the Pre-Salt and which may be defined as strategic by the National Energy Policy Council (CNPE), the contractors bear the risks of activities and are compensated in oil (the so-called cost oil) for the investments made and costs incurred only if they make commercial discoveries. The rest of the production (excess oil, the so-called profit oil) is divided between the Union and the contractors. Under this proposed law, the Union can sign two types of agreements: solely with Petrobras (100%) or based on tenders in which companies can participate freely. In such cases, Petrobras will be the operator and hold minimum equity stakes of 30% in all consortia.

Funded by resources generated by production sharing, the Social Fund is intended to be a financial fund for actions geared towards the environment, to combat poverty, for education, culture, and for science and technology.

Under the onerous right transfer system, meanwhile, Petrobras may be granted the right to undertake E&P activities in given pre-salt areas at a limit of up to 5 billion barrels of oil and natural gas. The value of this onerous transfer will be assessed in accordance with best market practices and paid to the Union by the company, which shall bear all costs and production risks. The proposed law allows Petrobras to pay the Brazilian government using public debt securities, with prices determined according to the market value. Based on technical reports, the value of production rights under the onerous transfer should have its criteria negotiated between the Union and Petrobras.

To support the forthcoming growth in the company's operations, mainly due to the Pre-Salt, one of the most structured oil industry project portfolios in the world will be carried out

If the proposed laws are approved, Brazil will go on to have a mixed model for oil and natural gas E&P activities: concession, production sharing, and onerous transfer.

To support the anticipated growth in the company's operations, mainly due to the Pre-Salt, one of the most structured oil industry project portfolios in the world will be carried out. For the construction of 146 new vessels, as provided for under the Support Vessel Renewal Plan, there is a requirement of 70% to 80% of local content, at a total cost estimated at US\$5 billion. Each vessel can generate about 500 direct jobs and a total of 3,800 openings for crew members to operate the new fleet.

Our risk management is comprised of an integrated structure of policies and guidelines, a Committee for Risk Management, and of identification, quantification, response, and control systems. This structure is permanently adapted to follow the most advanced corporate governance practices, to balance the degree of risk tolerance, and the profitability growth goals and expectations. Factors impacting our results are constantly monitored, such as variations in the price of oil and its oil products, interest rates (domestic and foreign), and exchange rate fluctuations.

According to the Risk Assessment and Management guideline in the HSE policy, "risks inherent to the company's activities should be identified, evaluated, and managed to avoid accidents and/or ensure the minimization of their effects." This includes requirements that predict systems to identify and assess the frequency and consequences of undesirable events, to prevent and/or minimize their effects to the maximum possible extent; mechanisms to prioritize the identified risks, including control measure documentation, reporting, and monitoring; risk assessment process in all project and product phases, including those related to protecting the workforce, neighboring communities, and the final consumer; periodic risk assessments or as changes in processes are identified; and risk management in accordance with their nature and magnitude on the various administrative levels.

The precautionary principle is considered in risk and environmental impact assessments made for new ventures or if changes are introduced to existing facilities, although there is no specific corporate guidance for their application. The company products comply with rules and regulations,

therefore the potential damage to the environment are known. We work preventively in managing these risks so they do not materialize. When new products are launched on the market, especially the formulated ones, a verification is made to determine whether any of their components represent an unknown risk to the environment or to human health. If so, the component is replaced by another one, with known, manageable risks.

The Investor's Portal, on Petrobras' website, presents some of the risk factors related to the company's operations, and has data, about the Petrobras International Finance Company (PifCo) subsidiary, about the relationship with the Brazilian government, about the Brazil factor, and about capital shares and public debt securities.

MARKET RISKS

In 2009, Petrobras maintained the practice of limiting transactions with derivatives (futures, swaps and options) to specific short-term transactions, carried out solely to protect the outcome of negotiations on the international physical cargo market. In these hedge operations, the positive or negative variations are offset, in whole or in part, by opposite results in the physical load.

Because these operations are done only within the boundaries of specific guidelines for commodity risk management, the cash positions, debt and commercial transactions are considered at the moment of quantifying the company's net exposure to risks related to exchange and interest rates to guide any direct operation in the derivatives market. Petrobras' risk management policy, therefore, restricts the use of derivatives only to hedge operations, and even at that under strict control.

INSURANCE

Through insurance contracts, Petrobras transfers certain types of risk that can lead to losses with significant impact on its assets, in addition to those that must be insured, by law or contract, to the insurance market. Their risk management practices are continuously divulged, and any relevant information involving claims is communicated to the market, prioritizing agility and transparency.

The company hires deductibles as high as US\$50 million due to its capacity to take-on a significant portion of its risk. Platforms, refineries and other facilities are covered by the Operating Risks and Oil Risk policies. Cargo movement is covered by Transport policies, while the vessels are protected by Hull and Machinery insurance. General Liability includes environmental pollution and is also covered by a specific policy. Insurance coverage is not hired for loss of profits and well control nor for most of the pipeline network in Brazil.

Projects and facilities under construction, with likely maximum damage in excess of US\$50 million, are protected against Engineering Risks through insurance contracted by Petrobras itself, preferably, or by contractors. The volume of premiums paid for insurance policies to cover engineering risks associated with new projects has increased significantly due to investments foreseen under the 2009-2013 Business Plan.

When hiring insurance, assets are appraised based on their replacement cost. The Maximum Indemnity Limit of the Operational Risk policy is US\$1 billion, considering the maximum probable damage to the facilities. In case of the Oil Risk policy, the limit reaches US\$1.85 billion and equals the highest replacement value for

The amount of credit granted in 2009 grew and was 33.8% higher than in 2008

Petrobras platforms. In 2009, the final premium for the company's main policies (Operating Risks and Oil Risk) totaled US\$49.5 million, for an insured asset value of US\$83 billion.

CREDIT

The amount of credit granted in 2009 grew and was 33.8% higher than in 2008, in spite of the precautions taken on account of the recent financial crisis. This contributed to increase Petrobras' sales volume, especially abroad.

Petrobras follows the precepts of the Sarbanes-Oxley Act when granting and reviewing its customers' credit. Once analyzed, the credits are approved by Credit Commissions, or by a higher level, the Financial and Commercial boards.

The control of the use of credit by customers in Brazil and in other countries is centralized, and the control and credit granting processes are improved constantly in order to provide greater support to the trade activity, especially in international markets. This brings the company even closer to its customers and expands the use of credit as an instrument of trade.

All of our intangible assets, also known as intellectual capital, are classified as human

capital, organizational capital, relationship capital and technology mastery capital. Intangible asset management is part of Petrobras' Guide to Management Excellence.

In recognition of its strategy for the management of intangible assets, the company has been listed as the only Brazilian company among the 30 finalists for the Most Admired Knowledge Enterprises (MAKE) awards. In 2009, it ranked fourth among the 20 largest companies in the global oil and natural gas sector, particularly in the development and delivery of solutions, products and/or services based on knowledge and in transforming enterprise knowledge into value for the stakeholders. The award is granted by the British institution Know Network to companies that excel in applying and developing their corporate knowledge.

We won three categories of the Intangibles Brazil awards: "Sector - Infrastructure", "Special - Integrated performance in strategic information assets" and "Special - Brazil Brand." In the "Reputation Index", we appeared among the ten companies with the best corporate reputation. The criteria used for this choice were based on the concept that reputation is built upon two pillars: credibility and corporate image. Furthermore, we ranked second in the CMDom 50, which acknowledges the best companies in managing intangibles in Brazil.

BRAND, REPUTATION, AND IMAGE

Because of the complexity and competitiveness of the markets we operate in, we manage our brand as a strategic asset, and this allows us to be perceived both as a global company and as one of the leading integrated energy companies in the world. With the growing internationalization of our operations, we started considering all brands all potentially global. The product and service brand development, monitoring, and protection stages are carried out aiming to use such brands in several markets.

The Marketing & Brand Management Committee assists the Business Committee by providing structured information and deepening topics under its scope. After singling out the business variables that make and build the value of its brand, the company now sets metrics to monitor and manage it over time. The methodology allowed the return investing in the sponsorship, such as the one offered to the AT&T Williams Formula 1 team, affords the brand.

We were listed on the ranking published in 2009 by the BrandAnalytics/Milward Brown consultancy group as one of the ten most valuable brands in Brazil, at R\$ 2.308 billion. Moreover, according to the Reputation Institute, we had the best reputation both among the companies in Brazil and among the energy sector companies worldwide in the year.

@ Learn more about Petrobras' main brands at www.petrobras.com.

Through the Corporate Image Monitoring System (Sismico), the company verifies the evolution in how it is perceived by its stakeholders in accordance with several targeting criteria. It is possible to check the variations in public opinion about the corporate image by age group, gender, age, socioeconomic class, and geographic area. Based on this information, it is then possible to draw up communication plans and actions taking the particularities of each stakeholder into account.

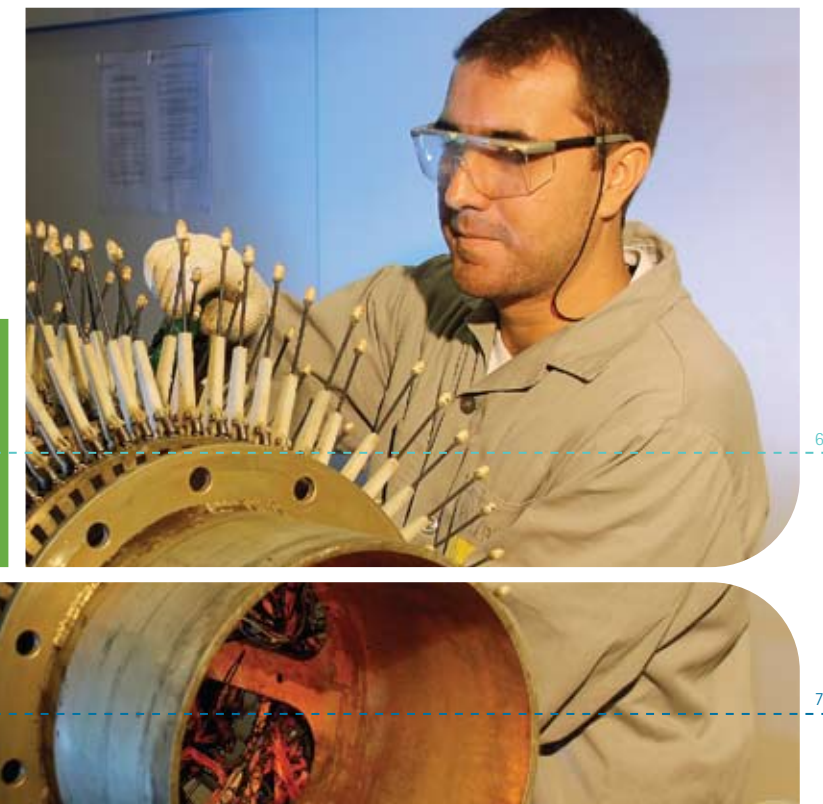
INTANGIBLE ASSETS

Learn more about intangible assets under Transparency and Accountability and Investor Relations, in the Corporate Governance and Transparency chapter; in the Communication Channels chapter; under Research and Development, in the Contributions to Society and Indirect Impacts chapter; and under Training and Development in the Personnel Management chapter.

Petrobras renders accounts to the society through several communication channels with the goal of providing greater transparency about its activities and results. Petrobras' Integrated Communications Plan (PIC) is used to define the groups with which the company wants to relate. The plan identifies the stakeholders the company's Vision for 2020 refers to and determines those with whom engagement is strategic. In addition to providing the stakeholder concept and classification, the PIC has strategic communications objectives based on the blending of Petrobras' business objectives and on the analysis of several inputs, among which surveys carried out among the stakeholders and secondary data.

Petrobras has set its public as: customers; the scientific and academic community; communities; competitors; customers; suppliers; investors; press; civil society organizations; partners; public authorities; internal public; and resellers. The company is committed to getting to know and monitoring its publics' demands in order to promote dialogue and relationships with these groups.

Petrobras renders accounts to the society through several communication channels with the goal of providing greater transparency about its activities and results



6300

7000

ENGAGING THE STAKEHOLDERS

Petrobras engages with its stakeholders in several manners, as shown in the schedule below.

STAKEHOLDER	FORM OF ENGAGEMENT
CUSTOMERS	Personal, proactive and personalized meetings to strengthen ties and divulge the improvement actions reported by the customers in surveys and at the Customer Channel website (www.canalcliente.com.br), through which the company receives suggestions, complaints, and criticisms. Customer Service (CAS), sending e-mails, lectures and visits of technical support professionals.
COMMUNITIES	Distribution of newsletters, meetings and lectures with the surrounding communities before implementing new projects. Public hearings, visitation program, participation in fairs and events. Regular forums and community committees, sponsorships for social and environmental projects, caravans to divulge public selections, communication via the media and awareness campaigns.
CONSUMERS	Lectures, information via campaigns, mailing, courses, and exhibitions.
INVESTORS	Disclosure of improvement actions, products and services in formal meetings, seminars and conferences. Publication of the Sharing in Petrobras newsletter, teleconferences, roadshows, chats, and customer service by the Internet. The Investor Relations area has the www.petrobras.com.br/ri website for shareholders, investors and analysts to send suggestions and get answers to their questions.
PRESS	Relationship via the www.noticiaspetrobras.com.br website, press releases, press conferences, special publications, monthly newspapers, technical visits, relationship courses, special issues (advertorials dedicated to Petrobras-related topics), e-mail and telephone.
CIVIL SOCIETY ORGANIZATIONS	Meetings in communities, prior preparatory meetings to promote mobilization for public hearings, Ombudsman, Contact Us channel, e-mails, social responsibility, events and round tables.
PUBLIC AUTHORITIES	Reports, meetings, public hearings, environmental monitoring and representations in states and municipalities.
INTERNAL AUDIENCE	Magazine, intranet (Petronet), folders, corporate campaigns, Environment Survey, thematic exhibitions, e-mail, Petrobras Magazine, newsletters specific to each service unit or corporate body, joint meetings, meetings and periodic events, and WebTV Petrobras Network and the Contact Us HR channel.
SUPPLIERS	Responsible Partnership Program, which drives the adoption of practices aimed at safety, environmental and social responsibility, human health, and service and product quality, based on a list of requirements proposed by the Downstream area. There is also the Supplier Channel, available via a link on the company's website (www.petrobras.com.br/CanalFornecedor).
SCIENTIFIC AND ACADEMIC COMMUNITY	Visitation program and sponsorships for events and research projects.

1. Actions are also carried out with partners, competitors and resellers.
 2. Petrobras Magazine circulates in more than 90 countries and is addressed to several company stakeholders.

To assess the main issues and concerns raised by its stakeholders, Petrobras performs the Materiality Test (learn more in the About this Report chapter). Participants are asked to answer a questionnaire in order to make the Sustainability Report more suited to their expectations.

In addition, we carried out surveys focused on a few specific Brazilian capital cities to assess regional issues that can somehow relate to Petrobras' activities, image, and reputation.

An important channel of dialogue with our stakeholders is the General Ombudsman's Office, which has a specific website through which it receives suggestions, criticism or complaints. More than a channel of dialogue among citizens, the workforce and the company's senior management, the Ombudsman's Office is a tool to value human rights and the principles of the UN Global Compact. In 2009, of the 12,047 claims made via phone, fax, letter, e-mail contacts or in person, the area completed 11,193.

Petrobras periodically conducts surveys to measure the satisfaction level of direct customers and consumers in Brazil and in other countries, such as Argentina, Bolivia, Colombia, Chile, Japan, Paraguay, and Venezuela. The Customer Satisfaction Survey, for example, is a quantitative analysis with a structured questionnaire administered by telephone or personal interview. Its purpose is to assess customer perceptions on topics that are relevant to the business and technical relationship. The survey is required by the ISO 9000 standard, and its results are used to develop action plans and mechanisms to increase customer satisfaction or to revert dissatisfaction. The survey carried out in 2009 included the direct

customers who have direct relationships with the Marketing and Trade area and evaluated Petrobras' performance in 2008. Ranging from 1 to 10, its overall score was 8.12.

Over the years, a few issues were raised by the Customer Satisfaction Survey conducted by the Gas & Energy area. Issues have been brought up about the agility in the negotiation process, about scheduled shutdowns, and about how soon information on price adjustments is announced. Survey results were reviewed by trade, marketing, and logistics department managers and led to an Action Plan aimed to address the problems that have been found. The actions that were undertaken include improvements made to meetings held prior to negotiations, the review of processes that impact the customer, and increasing the use of the Customer Channel tool in trade relationships.

Petrobras registered topics arising from the discussions regarding the Rio de Janeiro Petrochemical Complex (Comperj). The demonstrations were related to the lack of jobs and infrastructure in neighboring municipalities. We have worked with state and federal government agencies in order to drive joint inter-institutional actions that will lead to public and private investments in the region, with reflexes on improving the quality of life and environmental management.

The company was considered the favorite among Brazilian drivers, according to an image survey conducted in 2009 by Petrobras Distribuidora. Items such as fuel quality, service and brand trust were analyzed. Similar recognition was received, in October, during the Folha Top of Mind awards, the leading brand awareness award

in Brazil, in which our brand was the most recalled by consumers in the fuel category.

Petrobras' Customer Help Desk (SAC) is another important way to measure customer satisfaction. Available 24 hours per day, it centralizes all manifestations of customers and other stakeholders, received by telephone, fax, Internet, letter or e-mail. The Customer Channel, meanwhile, is an exclusive website access to which is restricted to our direct customers and which has a public area for the market as a whole.

To disclose Petrobras' Strategic Plan, the Investor Relations area held a roadshow in Brazil and abroad to provide information about the importance and potential impact of the New Regulatory Framework to shareholders and investors. The action included senior management participation in meetings and conferences held in Brazil and abroad (London, Paris, New York, and Boston).

COMMUNICATIONS

The Sustainability Report, while it conveys Petrobras' actions and provides channels for the stakeholders to express their opinions about such actions, is also an instrument that is used to assess corporate management. It is produced in Portuguese, English and Spanish, and its communication and distribution encompass several actions, such as creating versions for employees and the general public, publishing ads, and divulging in partner websites. In addition to the printed publications, the Sustainability Report is available on Petrobras' website on the Internet.

In 2009, we participated in the process of discussing, building, and consolidating the Communications and Sustainability Guide, a partnership with CEBDS. The guide is the first of its kind published in Brazil. In addition, Petrobras participated in the construction of Aberje's Excellent Communication Indicators, which are a base for organizations to assess the level of transparency and excellence of their communications with respect to their stakeholders.

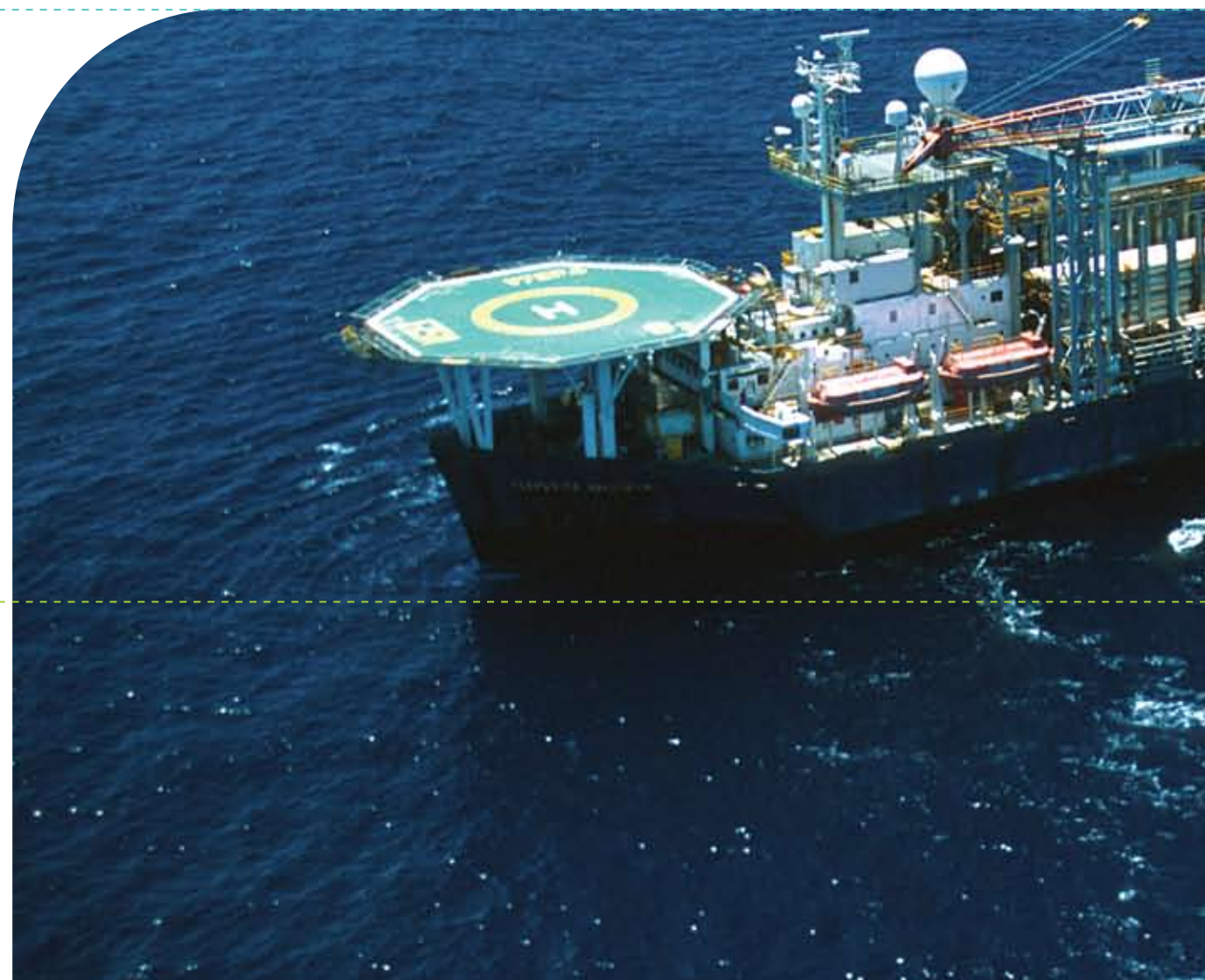
We support the Sustainable Planet, a communications project developed in partnership with Editora Abril, which encourages the exchange of ideas among diverse stakeholders, offering innovations in knowledge building about sustainability. Through this action, we not only fostered debate, but also disclosed and shared our best practices on social responsibility.

In 2009, there was not a single case of non-conformity with regulations and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. As a member of the Brazilian Association of Advertisers (ABA), Petrobras joined the Executive Board for Standard Rules (Cenp). Furthermore, the company respects and complies with the regulations laid down by the Brazilian Council for Advertising Self-Regulation (CONAR).

Our Sustainability Report is a tool for communications with the stakeholders as well as a tool to assess the corporate management process



Operational Performance



500

6200

6200

A milestone of 2009 was starting production in the Pre-Salt layer, in the Santos Basin, with the onset of the extended well test (EWT) in the Tupi block. Since May 1, the EWT has been averaging a production of 20,000 bpd of high quality, high commercial value oil. Information obtained from the Tupi EWT will be critical to define a model to develop the region and other Pre-Salt accumulations.

i Learn more under Pre-Salt Management, Policy, and Viability, in the *Strategy* chapter.



The goal is to achieve, by 2017, a daily production of more than a million barrels of oil in the Pre-Salt areas in which the company operates

On account of these results, Petrobras is reviewing the "Plansal," the Integrated Development Master Plan for the Santos Basin Pre-Salt Area. We estimate that in 2017 we will reach a daily production of more than a million barrels of oil in the Pre-Salt areas in which we operate.

The progress made in the exploratory work in the Pre-Salt yielded important discoveries in

2009, the most significant of which were in the Tupi, Iara and Guará areas, in the Santos Basin, and in the Parque das Baleias, in the Campos Basin. Petrobras drilled five new wells in the Santos Basin, of which four are exploratory wells and one a production development well. Additionally, the results attained for four formation tests confirmed the area's high potential and low risk.

In the Santos Basin, the consortium formed by Petrobras (operator, 45%), BG Group (30%) and Repsol (25%) proved the existence of another light oil field in Block BM-S-9, located in ultradeep waters. Oil and gas has been shown to exist in the four wells drilled in this block. One of them, the Guará well, located at a water depth of 2,141 meters, at about 310 km off the coast of the state of São Paulo and 55 km southwest of Tupi, has, according to preliminary studies, a production capacity of about 50,000 bpd of oil. Thus, the Guará area will be prioritized to receive a pilot production system in 2010.

In block BM-S-11 (Tupi), meanwhile, the consortium formed by Petrobras (operator, 65%), BG Group (25%) and Petrogal (10%) confirmed the estimated potential of 5 to 8 billion barrels of light oil and natural gas recoverable from the reservoirs. Also, the consortium formed by Petrobras (operator, 63%) and Repsol (37%) to explore block BM-S-7, in the Santos Basin as well, proved the existence of a thick column of gas in reservoirs above the salt layer, confirming the gas production potential in shallow waters in the southern area of the basin.

In the Post-Salt section of the Campos Basin, we announced another good-quality oil discovery after drilling well 1-RJS-661, known as Aruanã, located in a block for which the company is the sole operator. Preliminary analyses indicate the presence of recoverable volumes of around 280 million barrels of 28° API oil. The block will be the object of an Assessment Plan to be submitted to the National Agency of Petroleum, Natural Gas and Biofuels (ANP). The extent of the reservoir will be determined in this stage aiming to make the commercial viability announcement.

In reservoirs geologically similar to Aruanã, we drilled well 6-MLS-146D-RJS (Muçua), located in the Marlim Sul field in the Campos Basin. The potential of Muçua, and the result obtained in 2007 with the drilling of the 6-MLS-122-RJS (Jurará) well, afforded a total estimate of 350 million barrels of recoverable 27° API oil.

In 2009, Petrobras declared the commercial viability of 16 discoveries, 13 of which onshore and three offshore, to the ANP. Of these fields, the offshore ones are located in the Santos (2) and Camamu (1) basins, and the onshore ones in the Espírito Santo (2), Recôncavo (2), Potiguar (5), and Sergipe-Alagoas (4) basins.

In total, 558 wells were drilled and completed for production development in the year, of which 517 onshore and 41 offshore. In exploration, 116 wells were drilled, 65 onshore and 51 offshore. The exploratory success rate was 40%.

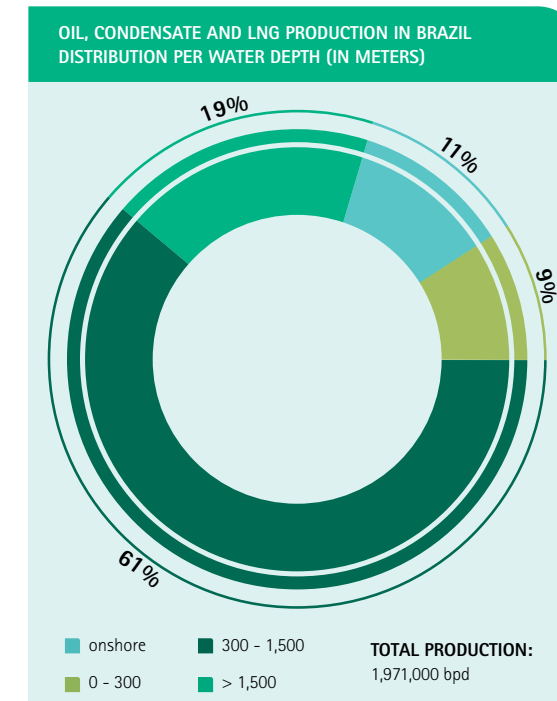
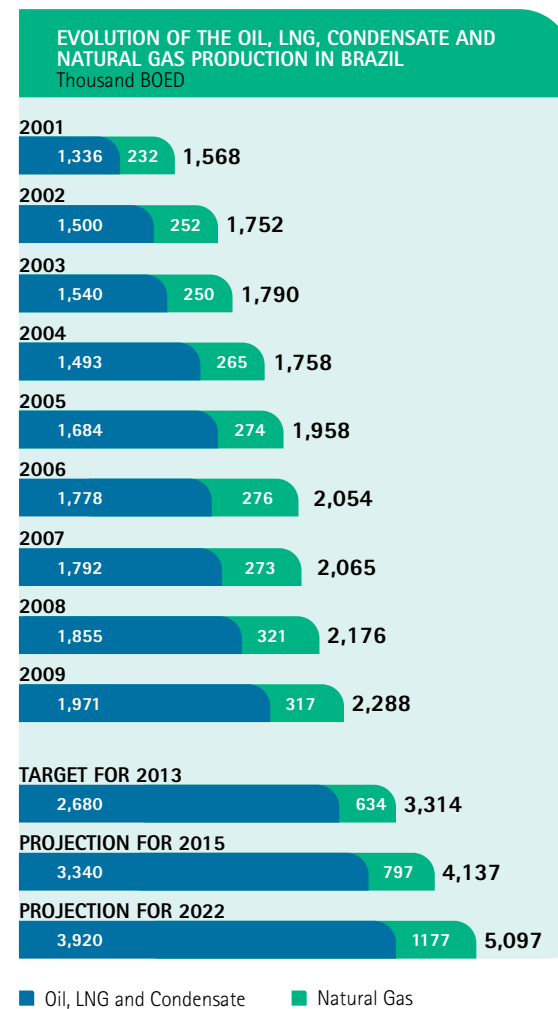


There were no ANP bidding rounds in 2009. The company's exploration concession portfolio, with the acquisitions and devolutions made during the year, now adds up to 225 blocks, for a total area of 123,400 square kilometers. Additionally, discoveries are being assessed in 33 other areas, comprising an area of 13,700 square kilometers. Our exploratory area totals 137,100 square kilometers.

Oil production in domestic fields rose to 1,971,000 barrels per day, 6.3% more than in 2008. Operations going on stream at platform P-51 (Marlim Sul), FPSO Cidade de Niterói (Marlim Leste), Cidade de São Vicente (Tupi), Espírito Santo (Parque das Conchas), Frade, and Cidade de São Mateus (Camarupim) contributed to this result. An FPSO is a floating production, storage and offloading unit. The Cidade de São Mateus, located in the Espírito Santo Basin, a partnership between Petrobras (75%) and American outfit El Paso (25%), will be the first platform to be used for gas installed in Brazil. It will be capable of processing 10 million cubic meters of gas and 35,000 bpd of oil per day.

With well 7-MLL-54HP going online in the Marlim Leste field, nestled at a depth of 1,419 meters from the water line, Petrobras set the world oil production record for carbonatic reservoirs at such a depth. In 2009, we also broke our own record when we reached the production of 43,588 bpd of oil at this well.

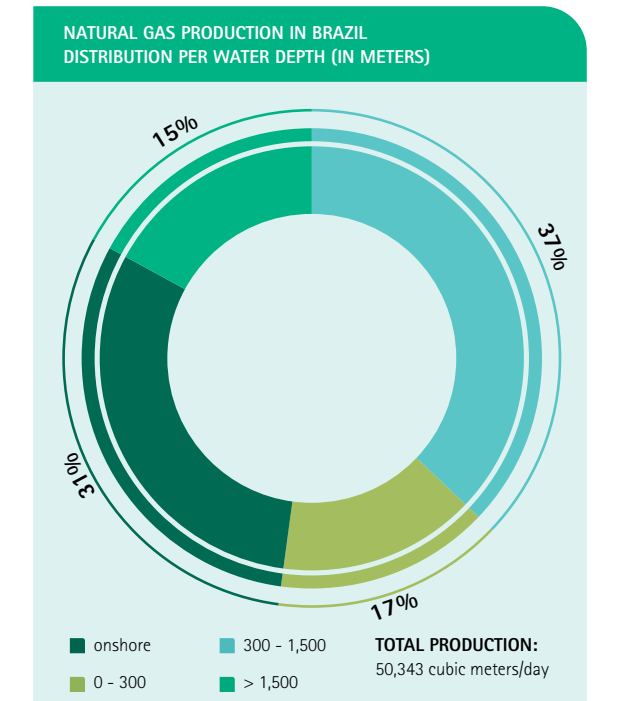
These projects, coupled with the increased production at the platforms installed in late 2007 and in 2008 (P-52, P-54, FPSO Cidade de Rio das Ostras, and P-53), offset the natural decline in production and ensured the company a increase in domestic oil and liquefied natural gas (LNG) production, topping-out at 1,971,000 bpd.



The natural gas supply in Brazil increased compared to the previous year, mainly due to operations being started at platforms P-51 and P-53, at FPSO Cidade de Niterói, and because of production starting at the fields of Camarupim, in Espírito Santo, and Lagosta, in the Santos Basin. Increased gas supplies from the Manati field, in Bahia, and operations going on stream at the Coari-Manaus pipeline, in November 2009, which allowed the commercial supply of gas from the Urucu province, in the Amazon, also contributed to this growth.

The low demand for gas during the year, however, kept the amount delivered to the market virtually unchanged, in spite of the greater supply. Natural gas production totaled 50.3 million cubic meters per day in 2009, and remained nearly the same as in 2008 on account, largely, of the lower demand, which caused the closing of a few non-associated gas fields.

Giving continuity to the deployment of projects included in the Gas Production Anticipation Plan (Plangás), Petrobras will start production in the fields of Mexilhão, Uruguá, and Tambaú in the Santos Basin. These fields will help the company meet demand when the gas market recovers, a fact foreseen for 2010.



In 2009, Petrobras' proven oil, condensate, and natural gas reserves in Brazil added-up to 14.17 billion boe (barrels of oil equivalent), based on the ANP/SPE criterion, 0.5% more than the previous year. In total, 861 million boe in reserves were appropriated, and 785 million boe produced, adding to the company's 76 million boe of proven reserves. With this incorporation, the Reserves Replacement Ratio (RRR) remained at 110%. This means that for each barrel of oil equivalent produced during the year, 1.1 barrels were added to the reserves. The reserve/production (R/P) indicator declined from 18.9 to 18 years.

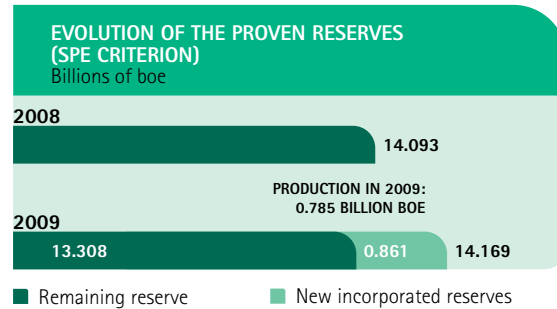
In 2009, appropriations in existing fields by means of projects aimed to increase recovery were partly responsible for the increase of proven reserves. The discoveries made in exploration blocks and new accumulations also contributed to this result. The Espírito Santo Pre-Salt, for example, added 182 million boe to reserves in 2009.

If the recoverable volumes in the Pre-Salt areas, estimated at between 10.6 and 16 billion boe, with our part ranging from 7.2 to 10.7 billion boe, are confirmed, Brazil's reserves may double.

In 2010, several systems will come into production, with emphasis on the extended well test of Tiro and Sidon, in the area to the south of the Santos Basin; on the Uruguá, Tambaú and Mexilhão fields, in the Santos Basin, and on the Cachalote and Baleia Franca fields, in the Campos Basin. Besides them, two Gas Treatment Units (GTUs) will also start to produce: Sul Capixaba and Caraguatatuba. Furthermore, gas pipelines will also be launched in the Uruguá, Tambaú and Mexilhão fields, and at the Sul Capixaba GTU.

Meanwhile, production will start, in 2010, for the Guarά EWT (BM-S-09) and for the Tupi Nordeste (BM-S-11) EWT, in the Santos Basin's Pre-Salt area. We hold stakes as the operator and in a consortium in these projects. Regarding the Tupi Pilot, the area's development will begin with the installation of FPSO Cidade de Angra dos Reis, in water depths of about 2,150 meters. The processing capacity will be 100,000 barrels of oil and 5 million cubic meters of gas per day. A 250-km long gas pipeline will also be installed to connect to the Mexilhão platform.

@ Learn more about the progress made in exploration, about oil, condensate, LNG, and natural gas production in 2009, and about the projects for 2010 on the Investors' webpage, at www.petrobras.com.



In the year, Petrobras' 11 refineries in Brazil processed 1,791,000 bpd of feedstock and produced 1,823,00 bpd of oil products, using an average of 92% of the refining capacity. The Brazilian fields accounted for 79% of the total volume of oil processed.

The program aimed to optimize the refineries' operational conditions in order to ramp-up the diesel fuel production contributed to a reduction of 5.9 million barrels in the imports of this oil products.

of Reduc, the Henrique Lage Refinery (Revap), and Refap, which were already operating.

Significant investments were also made in fuel quality in 2009. For gasoline, improvements are being implemented at the Presidente Bernardes (RPBC), Reduc, Gabriel Passos (Regap) Landulpho Alves (RLAM), Repar, Revap, Capuava (Recap), and Replan refineries. To reduce the diesel fuel sulfur content, investments are being made in the Revap, Repar, Recap, and RLAM refineries.

The Regap, Repar, Replan, RPBC, and Revap refineries are already ready to handle the H-BIO technology, which uses vegetable oil as an input to obtain the fuel by hydrogenating a blend of vegetable and mineral oils, which results in a diesel with lower sulfur content.

In 2009, a part of the investments was also earmarked to adjust chemical product labeling procedures. Petrobras meets international requirements for product classification and labeling, such as the Guidelines set forth by the Organization for Economic Cooperation and Development (OECD). Therefore, in 2009, the company adapted all Material Safety Data Sheets (MSDS) according to the latest revision of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS). This system, developed under the coordination of the United Nations and with the participation of Brazil, reflects the result of one of the guidelines of the United Nations Conference on Environment and Development (UNCED) Agenda 21, adopted in 1992. The changes made to the sheets and to the survey of the information that is needed to complete substance registration will also be in compliance with the new regulations in force in Europe, the Registration, Evaluation, Authorization, and Restriction of Chemicals (Reach). The new requirements aim both to ensure more protection

In 2009, we were able to reduce diesel fuel imports by 5.9 million barrels

Due to the increasing domestic production of heavy oil, we are investing in new refining units and technological improvements to convert this type of oil into oil products of higher value. Thus, a hydrotreating unit for the naphtha coming from the delayed coking unit went on stream at the Duque de Caxias Refinery (Reduc) in 2009.

The propene production capacity, a feedstock for which there is great demand in Brazil to produce polypropylene, was stepped-up with new units going on stream at the President Getúlio Vargas (Repar) and Paulínia (Replan) refineries. Total capacity rose to 1,068,000 tons a year, including the production

for human health and for the environment and the free circulation of chemicals in the internal European market.

New projects in refining are expected for the coming years. Scheduled to start its operations in 2012, the Abreu e Lima Refinery will have capacity to process 230,000 bpd of heavy oil and to produce up to 162,000 bpd of low-sulfur diesel, meeting international fuel production specifications. The refinery will also produce liquefied petroleum gas (LPG), naphtha, bunker, and petroleum coke.

Petrobras will also build two premium refineries, one in Maranhão and the other in Ceará, to produce high-quality low-sulfur content oil products from the processing of domestic oil. Production at these refineries, due to start in 2013, will focus mainly on

diesel, but also will include LPG, naphtha, bunker and jet fuel. Part of the coke that is produced will be consumed by the plants themselves to generate electricity and steam. Together, they will have a production capacity of 600,000 bpd of oil in 2013, and 900,000 in 2015.

Work began on the gasoline unit and on enhancing the facilities at the Potiguar Clara Camarão Refinery (RPCC), in Guamaré, Rio Grande do Norte, in November. The gasoline unit's productive capacity will be about 4,500 barrels of gasoline and 1,900 barrels of naphtha per day. Operations are slated to start in December 2010, when the refinery will reach the capacity of 33,000 bpd, 10,100 barrels of diesel and 1,700 barrels of jet fuel per day.

The volumes traded by Petrobras in 2009 were impacted, among other factors, by the economic slowdown triggered by the financial crisis. We traded 2,106,000 bpd on the domestic market, 1.9% less than in 2008. The main products in sales volume were diesel, gasoline, natural gas, LPG, and naphtha.

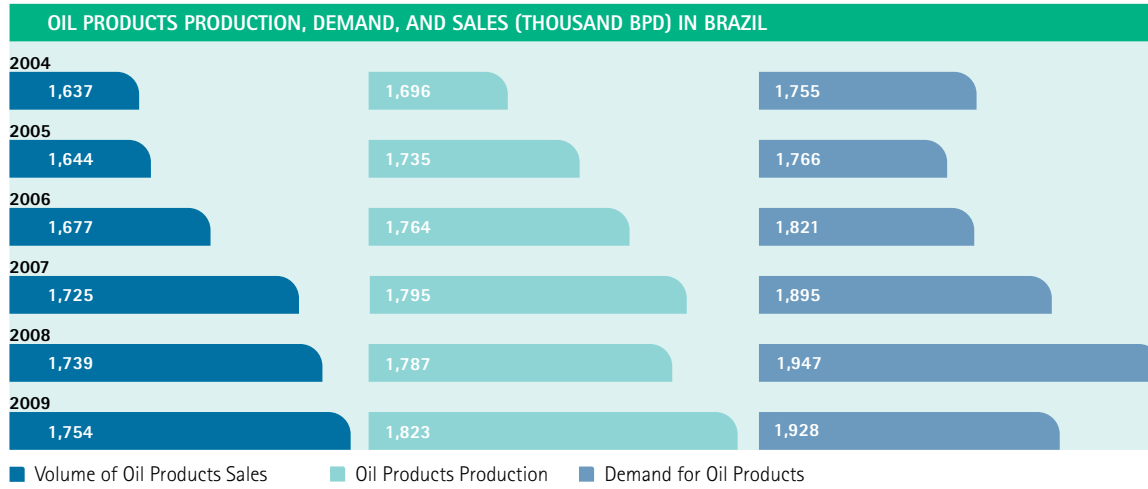
Still, naphtha sales rose 8.6% in 2009, and this growth was not even higher on account of the decreased demand in January and February. Jet fuel sales were also up: 5.3%. Demand increased due to the lower international prices for the product, to the debut of new companies in the civil aviation market, and because of deals offered by the airlines. These factors contributed to overcoming the adverse effects of economic conditions in the first half of the year.

LPG sales fell 1.4%, mainly due to the declining industrial activity. Gasoline sales shrank 1.7% due to factors such as a smaller fleet of vehicles running exclusively on gasoline and the increasing market share of other fuels, especially that of formulated gasoline.



Regarding diesel fuel, the 2.6% drop in sales was associated with a larger amount of oil products made by third parties, with the increase in the percentage of biodiesel, and with the National Interconnected System's diesel-fired thermoelectric plants not going into operation in 2009.

With the decline in fuel oil consumption, except for bunker, sales fell 7.3%. The main reason for this was the decline in consumption by industrial and power plants because of the satisfactory condition of the hydroelectric plant reservoirs.



This does not include alcohols, nitrogenated products, biodiesel and natural gas.

Oil exports, in 2009, totaled 478,000 bpd, 8.8% more than in 2008. Oil products exports, meanwhile, were 2.9% lower than in the previous year, closing the year at 227,000 bpd. Oil imports were 397,000 bpd, a 6.4% increase, while those of oil products added-up to 152,000 bpd, down 22.8%.

Even with increased production and continued investments in expanding and optimizing the refining capacity, Petrobras continued importing middle distillates, such as diesel and jet fuel, to meet the domestic economic activity. There was a significant reduction in volumes imported

compared to 2008. The volume of diesel was 57,000 bpd, down 42.5% compared to the previous year, and aviation fuel reached 21,000 bpd, a 22.2% downturn.

Fuel oil again led exports in 2009, despite a 1.2% slump compared to 2008. The total export volume stood at 150,000 bpd.

Our trade balance, in 2009, calculated based on oil and oil products exports and imports, reached a financial surplus in the order of US\$2.9 billion, not considering natural gas, liquefied natural gas (LNG) and nitrogenated products.

PETROCHEMICALS

Our advances in the petrochemical industry in 2009 were marked, among other factors, by the completion of another stage of the process of consolidating Quattor Holdings, consisting of petrochemical assets of Petrobras, Petrobras Química S.A. (Petroquisa) and of Unipar. With the delisting of Petroquímica União (PQU) and its takeover by Polietilenos União, the resulting company had its name changed to Quattor Química S.A.

In 2009, Quattor completed the expansion works of its polypropylene (PP) and cumene units. With the investment, the PP production capacity was ramped-up by 190,000 t/year, while that of cumene grew 100,000 tons/year. The construction of the new polyethylene plant, with a production capacity of 230,000 t/y of high density polyethylene (HDPE) and of linear low-density polyethylene (LLDPE), and the enhancement work done at the basic chemicals unit, designed to raise production by approximately 420,000 t/year, were also completed. Part of the Company's expansion plan, these investments totaled R\$2.4 billion.

Another important milestone for Petrobras was the takeover of Triunfo S.A. by Braskem, completing the integration of assets foreseen under the Investment Agreement among Braskem, Odebrecht, Petrobras, Petroquisa, and Norquisa. With the takeover, Petroquisa now holds 31% of the voting shares and 25.3% of the total joint stock of Braskem.

In 2010, we intend to consolidate our presence in the sector, increasing direct and indirect stakes in Braskem. The resources that will be allocated to the company, as well as the takeover of assets, will result the increase of Braskem's capital, which will become the largest petrochemical company in the Americas in thermoplastic resin production capacity. Among the actions planned for this process is the merger, by Braskem, of the Quattor shares held by Unipar, Petrobras and Petroquisa. This way, we will intensify our investments in the petrochemical sector, securing greater competitive advantages to operate on the global scale. Petrobras will also be ensured participation in the control of this new company, to be shared with Odebrecht.

Investments foreseen in the 2009-2013 Business Plan for the petrochemical sector total US\$5.6 billion, approximately 3% of the total planned

FERTILIZERS

In 2009, the international financial crisis led to a retraction in demand and to falling prices for a range of products, including fertilizers produced and traded by Petrobras. We sold 707,000 tons of urea and 207,000 tons of ammonia produced in our factories. The marketing of these products generated net revenues of R\$582 million, well below the R\$925 million recorded in 2008.

The Fábrica de Fertilizantes Nitrogenados da Bahia (Fafen-BA) produced 218,000 tons of urea, less than the previous year due, among other factors, to the plant being shutdown for maintenance in August and September. Production at the Fábrica de Fertilizantes Nitrogenados de Sergipe (Fafen-SE) was 407,000 tons of urea, also lower than in 2008.

Feasibility studies are being made for the installation of two new nitrogen fertilizer production units in Brazil. One of them will produce 1.1 million tons of urea and 796,000 tons of ammonia per year, while the other will deliver 763,000 tons of urea and 1.1 million tons of methanol annually. Both will use natural gas as feedstock.

Investments foreseen in the 2009-2013 Business Plan for the petrochemical sector total US\$5.6 billion, approximately 3% of the total planned. In 2009, the highlights were the investments made in the Petrochemical Complex of Rio de Janeiro (Comperj), which will be responsible for providing basic petrochemicals such as ethylene, polyethylene, and butadiene, among others, to units that will transform them into final petrochemicals. These compounds, such as polyethylene, polypropylene, styrene and ethylene glycol, are the feedstock for the manufacturing of final products for consumption.

Other significant investments were those made in the Companhia Petroquímica de Pernambuco (Petroquímica Suape) and the Companhia Integrada Têxtil de Pernambuco (Citepe). The fund raising process aimed to develop these projects, carried out among domestic and foreign financial institutions, is in its final phase. The negotiations for the entry of other partners are still ongoing.

A Petrobras Transporte S.A. (Transpetro), a Petrobras subsidiary for the oil, oil products, natural gas, petrochemicals, and biofuels transport and storage segment, operates 5,596 km of pipelines, 7,178 km of gas pipelines and 47 terminals - 20 onshore and 27 waterway ones - in addition to 52 vessels.

In 2009, 57.1 million tons of oil and oil products were transported by vessels, 3.7% less than in 2008. Transpetro moved, in its facilities, 676 million cubic meters of liquid volume, similar to 2008, plus an average of 35 million cubic meters per day of natural gas, 24% below the previous year's mark due to the decline in industrial demand and to the lower thermal generation.

The Fleet Modernization and Expansion Program (Promef), which includes the construction of 49 self-owned vessels until 2014, will add 4 million deadweight tons (dwt) to the current fleet's tonnage, and will demand 680,000 tons of steel plates in their construction. All ships will be built in Brazil, and one of the program's commitments is to reach the minimum nationalization level of 65% in the first phase, and 70% in the second phase.

The first two keel layings (i.e. the moment when the first block of the vessel is installed in its final position in the construction dike construction) under this program occurred in September 2009. The first was for a Suezmax-type vessel, to be used to transport crude oil, and the second was for a Product vessel with a capacity of 48,000 dwt, which will be used to transport oil and ethanol. These vessels are expected to set sail in 2010.

The gas pipeline was increased by approximately 1,000 km in the year, 801 km of which in Northern

Brazil, with the activation of the Urucu-Coari-Manaus gas pipeline and its extensions, 22 km in the Northeast, and the rest of the Southeast. Additionally, the new intermediate pumping station for the Osório-Canoas oil pipeline, in Rio Grande do Sul, went into operation and increased the supply capacity for the Alberto Pasqualini Refinery (Refap). In total, R\$250 million were invested in the pipeline.

As part of the initiatives under the Gas Production Anticipation Plan (Plangás), the Cabiúnas Terminal (TECAB), in Macaé, Rio de Janeiro, received new facilities to expand its natural gas processing capacity by some 40%, topping-out at more than 20 million cubic meters per day.

To ensure the LPG production flow, in the Guanabara Bay, Petrobras is expanding the Ilha Redonda Terminal facilities and building a new terminal on Ilha Comprida, both in Rio de Janeiro.

Were also initiated work to improve the Ilha d'Água Terminal facilities, in Rio de Janeiro. This will allow Petrobras to double its export capacity through this terminal in 2010. The investment is part of the company's Integrated Ethanol Flow Logistics, which aims to help meet the Brazilian biofuels exports goals. Adjustments and improvements to facilities located in Midwestern and Southeastern Brazil, the construction of new pipelines, terminals, collection centers, and intermediate pumping stations, and the integration with other modes have also been foreseen. The program represents a safer, more efficient large scale alternative for ethanol transportation, currently done nearly exclusively by tanker trucks.



Petrobras Distribuidora set a new sales record in 2009: 41,841.8 thousand cubic meters. This mark is 10.7% more than the previous year's and surpassed market growth itself by 2.0%. Thus, the company not only maintained its leadership in the sector, but also increased its market share. The taking over of the fuel distribution business of Companhia Brasileira de Petróleo Ipiranga in the Northern, Northeastern, and Midwestern Brazil contributed to this performance.

The sales volume was driven mainly by Petrobras Distribuidora's R\$1.5 billion in net earnings, 13.4% more than in 2008. The subsidiary also maintained its leadership in the global fuel market, with 38% stakes in 2009, a 3.1 p.p. increase.

In the liquefied petroleum gas (LPG) market, Liquigas Distribuidora ranked second in national distribution for the first time, with a 22.4% market share.

A total of R\$ 0.6 billion was invested in the distribution segment, with emphasis on developing and modernizing the network of service stations, improving infrastructure and logistics operations, supporting trade and industrial customers, maintaining the LPG distribution infrastructure, deploying the LPG Distribution Operation Center in Duque de Caxias (state of Rio de Janeiro), and on the safety, environment, and health programs.

The sales volume was driven mainly by Petrobras Distribuidora's R\$1.5 billion in net earnings, 13.4% more than in 2008

The inauguration of two pioneering filling stations in Brazil, the electric station in Rio de Janeiro, and the unit for hydrogen vehicles in São Paulo, also marked the year. The electric station provides the recharging of electric vehicles from solar energy and is the outcome of a pioneering project developed with 100% Brazilian technology.

We started, in January 2009, providing the S-50 Diesel to the captive urban bus fleets in the cities of São Paulo and Rio de Janeiro pursuant to an agreement signed with Federal Prosecutor's Office, the State of São Paulo, the State of São Paulo Environmental Sanitation Technology Company (Cetesb), the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), the ANP, the National Association of Vehicle Manufacturers (Anfavea), vehicles, and engine manufacturers. In May 2009, the Fortaleza (state of Ceará), Recife (state of Pernambuco), and Belém (state of Pará) metropolitan regions started marketing this type of diesel for all diesel-fueled vehicles. Curitiba urban buses, meanwhile, have been running on the new fuel since August 2009.

The next stages foreseen in the timeline are:

- January 2010 - Availability of S-50 diesel fuel to bus fleets of Belo Horizonte, Salvador, Porto Alegre, and the São Paulo metropolitan region.
- January 2011 - Substitution of all S-500 diesel fuel supplied to the captive urban bus fleets running in the State of São Paulo (Baixada Santista, Campinas, and São José dos Campos) and State of Rio de Janeiro Metropolitan Regions for S-50 diesel.
- January 2013 - Availability of a new commercial diesel fuel, with 10 ppm of sulfur, for new vehicles.

From 2000 to 2009, Petrobras invested US\$3,6 billion in hydrotreatment units, a technology that



is required in order for the refineries to produce the S-50 diesel. By 2013, the company will have invested upwards of US\$6 billion in new units to produce S-50 and S-10 diesel fuel.

To prove the quality of all fuels sold at its service stations, the company has maintained the "Keeping an eye on the fuel" program since 1996. Mobile labs visit Petrobras service stations and undertake fuel analyses in the field, providing training not only to those in charge of marketing the products, but also to those responsible for receiving, handling and storing the fuels. By late 2009, 6,467 service stations had been certified.

Petrobras System's HSE Policy foresees the assessment of the main product life cycle stages impacts on health and safety, from concept development to final destination. Preventive actions, such as campaigns and periodic training, risk assessments of premises, and accident investigations are carried out on an ongoing basis aiming to identify their causes and prevent their recurrence. There are specific programs designed to train drivers who transport the company's products.

In 2009, we created a working group to evaluate impacts, focusing on the contribution fuels make to the concentration of pollutants in the atmosphere and on the impacts air pollutants and fuel use have on public health. The results of this study will allow us to implement, in all product life cycle stages, new measures to minimize impacts on health and safety.

Another example of the procedures adopted for the same purpose is the production, at Petrobras Distribuidora, of the Material Safety Data Sheets (MSDS). Among other data, they specify the hazards, first aid measures,

fire fighting, leak, handling, storage and toxicological information associated with each of the 272 products, chemicals, and fuels the company markets.

The product labeling procedures are in compliance with the ANP requirements. Petrobras presents information about the origin, field of application, purpose, benefits, warnings, precautions, viscosity grade, performance level, name and class entity registration number of the responsible chemist, the trademark as registered at the ANP, the record number, net amount packaged, guidance regarding product and package destination after use, and expiry date. Cares to be taken with health and the environment are informed on products used as pesticides and on all products manufactured by Petrobras' lubricants plant. The latter also have consumer information on their labels regarding product use and post-use.

In 2009, Petrobras (Petróleo Brasileiro S.A.) had no registered case of non-compliance with regulations and voluntary codes related to the supply of products and services and their impacts on health and safety during the life cycle. With respect to information and labeling, however, Inmetro registered 65 metrology-related administrative violations at Liquigas. The tare embossed on the handles of the P-13 cylinders was considered unreadable, preventing package weight verification. A new recording technique was developed to solve this problem. Using printing with a special paint, the change will be deployed at all 23 bottling plants by the end of 2010.

The average production of natural gas reached 57.6 million cubic meters per day, surpassing the 2008 mark by 13%

The expansion of the natural gas supply continued in 2009, with the completion of major production and offloading infrastructure projects. Average production, including that of partners, reached 57.6 million cubic meters per day, 13% more than in 2008. The domestic supply was 23 million cubic meters per day, minus the liquefied gas and the gas used in the production process, injection and losses. An average of 21.6 million cubic meters/day were supplied to the Brazilian market, discounting the gas for use in the system, via the Bolivia-Brazil pipeline. Total regasified LNG imports were 0.67 million cubic meters/day. The total supply of natural gas to the Brazilian market was 45.3 million cubic meters/day.

Significant investments were made in 2009. The transport infrastructure, for example, received US\$9.6 billion, 60% more than in 2008. Highlights were the completion of LNG import terminals and capacity expansion of the gas pipeline network in Brazil, which grew from 729 km in 2009 to 7,659 km, with seven new pipelines coming into operation.

The second liquefied natural gas (LNG) regasification terminal in Brazil was inaugurated in

the Guanabara Bay. Its production capacity is of 20 million cubic meters per day.

The Pecém terminal regasified 0.54 million cubic meters/day in 2009. The processed gas was intended for the non-thermal market and to generate power at the Termo Ceará, Termofortaleza Jesus Soares Pereira (Rio Grande do Norte), and Termopernambuco plants.

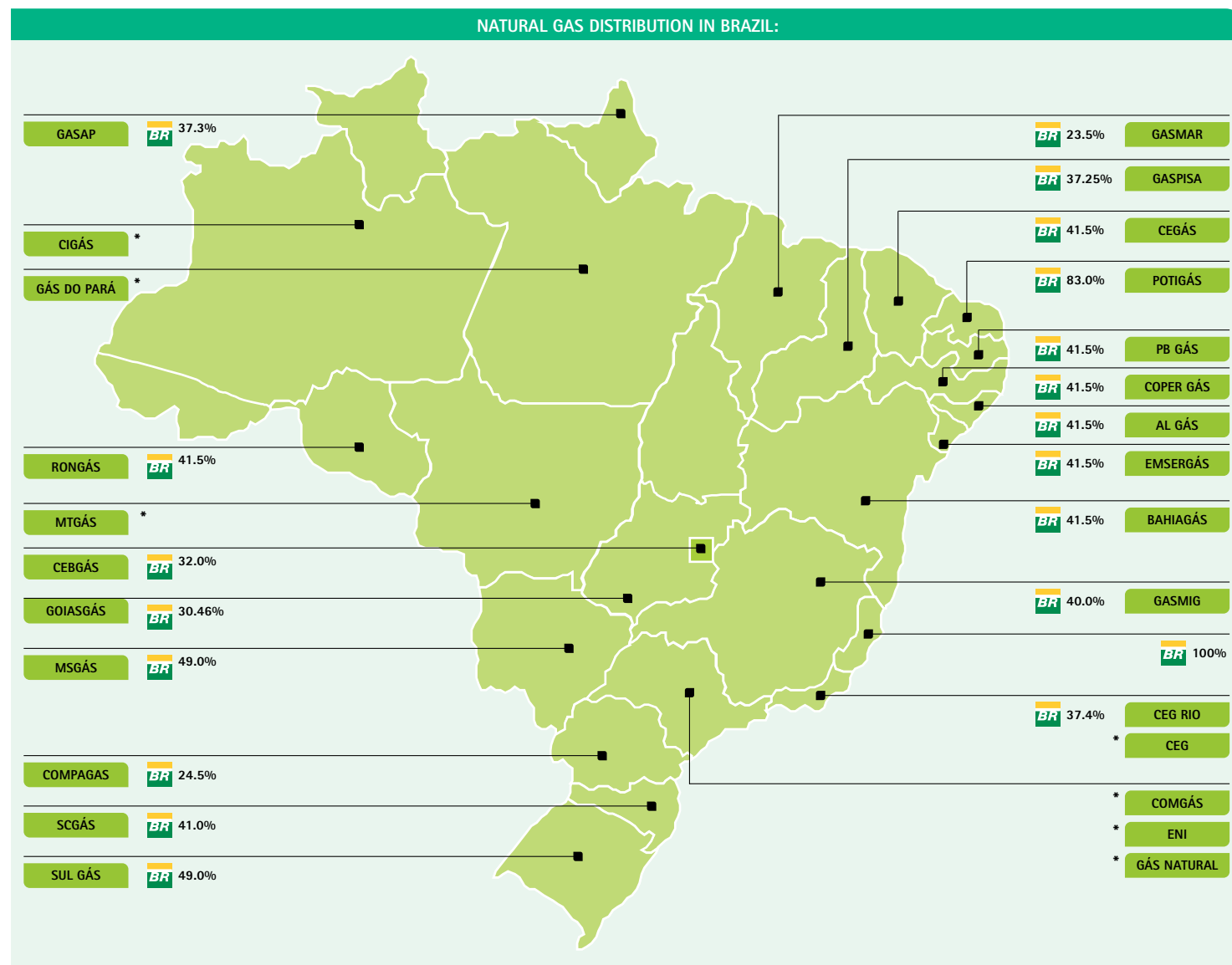
In 2009, Petrobras and BG Group, Repsol, and Petrogal formalized the creation of a joint venture to develop one of the construction phases for an onboard natural gas liquefaction unit (ONGU), the world's first. One of the technological transport solutions to offload the natural gas produced in the pre-salt layers, this unit will operate in the Santos Basin, 300 kilometers from shore. The unit's processing capacity will be approximately 14 million cubic meters per day of associated gas. The ONGU will also store and transfer processed products to gas carrier vessels, which, in turn, will then transport it to the consumer market.

In 2009, we adopted a new way to market natural gas using electronic auctions for short-term procurement contracts. Petrobras has already held nine auctions under the new system. In the first eight, volumes of natural gas specified in the contracts with the state distributors, but not used and with average discounts of 36% compared to contract prices, were offered to the market. The ninth auction marked the start of the development of the secondary market for natural gas in Brazil. In addition to the six-month supply period, new rules encourage increased consumption based on progressive price reductions.

@ Learn more about these new developments on the Investors' webpage, at www.petrobras.com

The average volume of natural gas traded by the distributors was 37 million cubic meters/day. Our stakes in 20 of 27 state distributors throughout Brazil, at percentages ranging from 24% to 100%, remained unchanged compared to 2008.

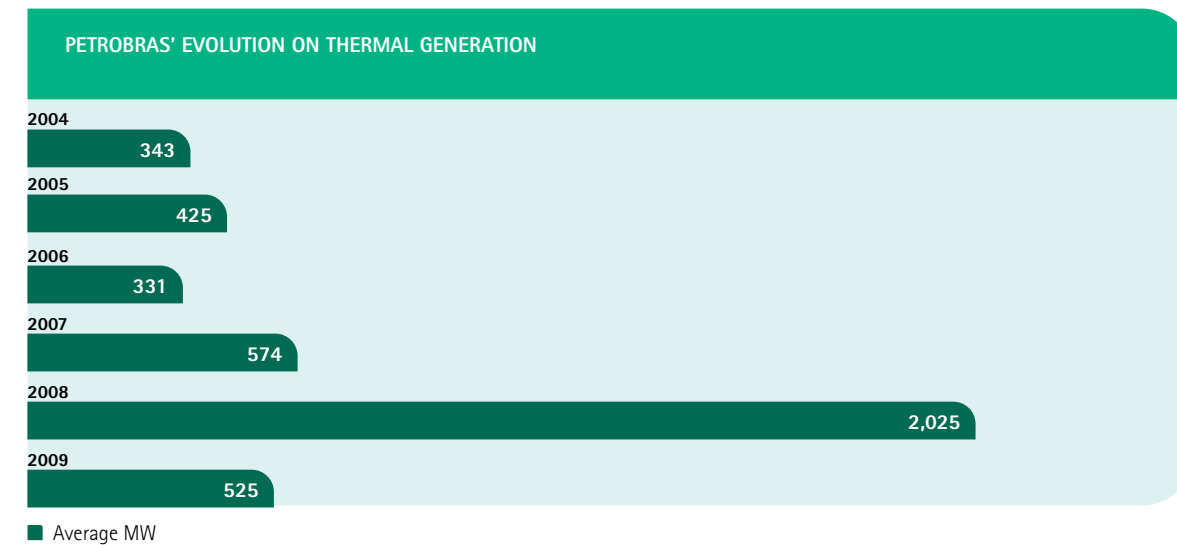
Regarding the non-thermal segments, consumption in co-generation was up 8% compared to 2008. Residential consumption grew by 2%, while the commercial, industrial and automotive business declined 3%, 15%, and 13%, respectively.

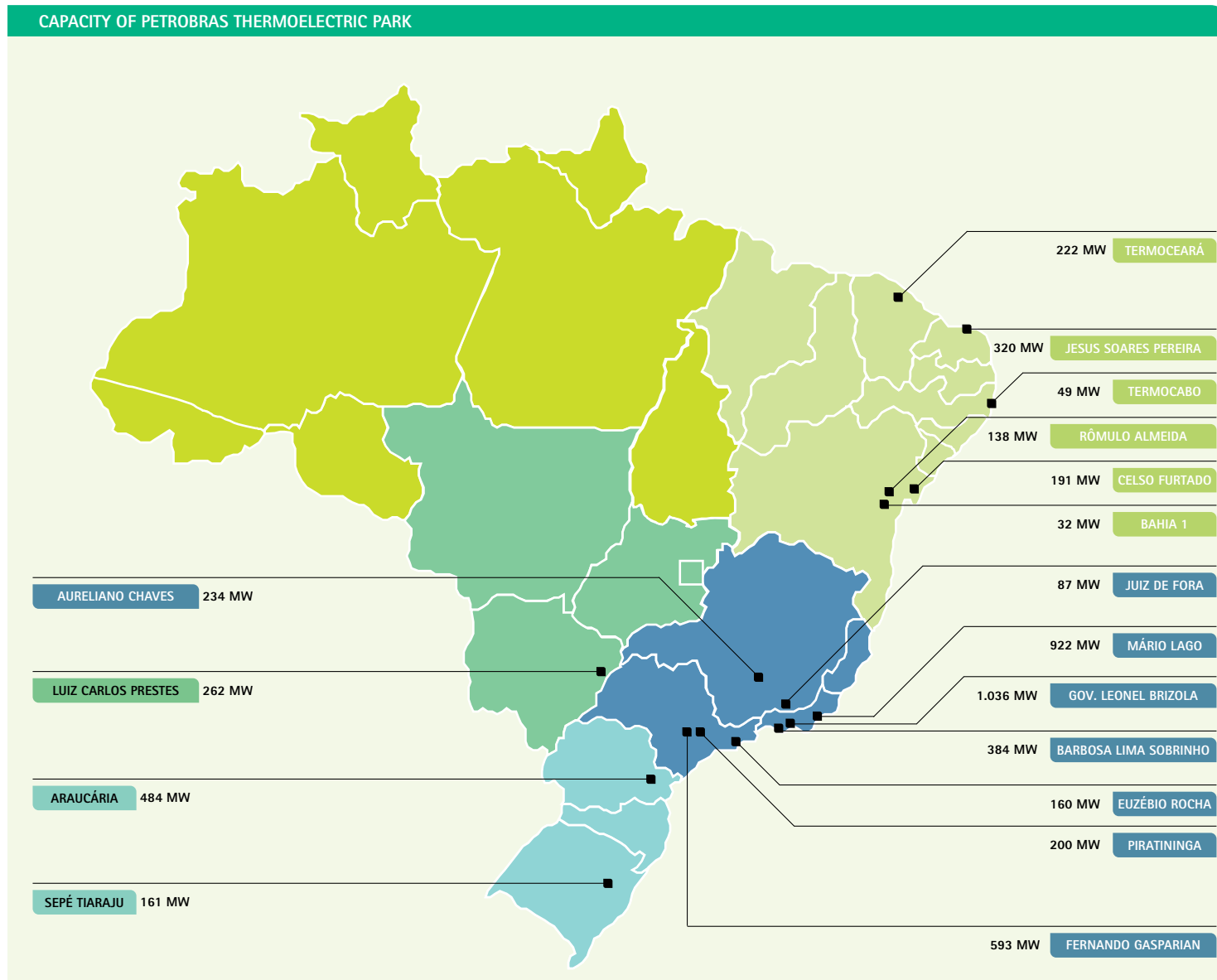


*Petrobras holds no equity stakes.

Investments in the electric energy sector reached R\$1.4 billion in 2009, two times more than in the previous year. Petrobras generated 525 average MW for the National Interconnected System (SIN) by means of 17 owned and leased thermoelectric plants (TEP) that comprise its thermoelectric generating plants, which have an installed capacity of 5,476 MW.

The lower generation in 2009, compared to 2008, is the outcome of favorable hydrological conditions in Brazil, which kept water levels high in hydroelectric plant reservoirs and eliminated the need, in most of the year, for supply from Petrobras' TEPs.





Two major projects were completed in the year: the Euzébio Rocha TEP, in Cubatão (state of São Paulo), and the conversion of the Juiz de Fora TEP (state of Minas Gerais) to run on ethanol. The first has an installed capacity of 208 MW and runs on a cogeneration system, producing electricity

and steam from natural gas. Part of the electricity generated will supply the SIN, as the plant was the best bidder in the A-5 Auction for the sale of 141 MW from 2010. The rest will supply the Presidente Bernardes Refinery (RPBC), also located in Cubatão, with 48 MW of electricity and 415 t/h of steam.

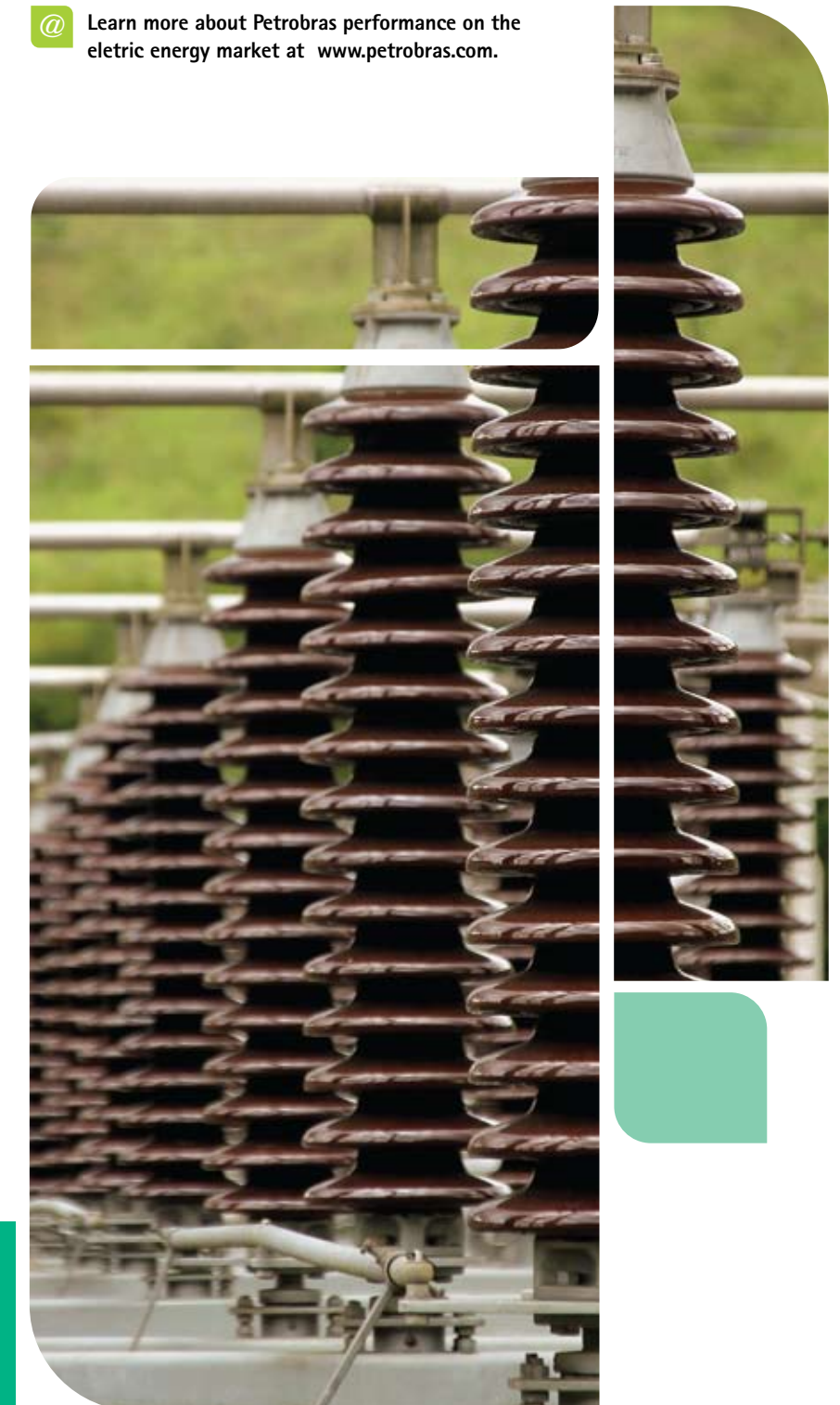
Meanwhile, at the Juiz de Fora TEP, the conversion work was completed in order to run the plant using ethanol and natural gas. With the new technology, 42 MW of the plant's installed capacity will be powered by ethanol. This will be the world's first thermal power plant using this fuel to produce energy.

The project designed to close the cycle of the Luíz Carlos Prestes TEP, in Três Lagoas (state of Mato Grosso do Sul), and to increase its installed capacity to 368 MW, from 262 MW, with the installation of four reclaimer boilers and two steam turbines, got underway in 2009. The expanded unit will enter commercial operation in 2011.

Petrobras also holds stakes in 15 small-scale hydroelectric plants (SHEPS) and eight oil-fueled thermoelectric plants. Considering the assets in commercial operation and those under construction, those projects total an installed capacity of 1,471 MW.

In 2009, two thermoelectric power plants were completed in Rio Grande do Norte do Norte, one in Goiás, and four SHEPS in Goiás, Rio de Janeiro, and Espírito Santo. The fuel oil-fired Goiânia II (Brentech) thermoelectric plant, located in Goiás, has an installed capacity of 140 MW and a physical guarantee of 65 MW. The project is a partnership between Petrobras (30%) and GenRent do Brazil Ltda. (70%).

@ Learn more about Petrobras performance on the electric energy market at www.petrobras.com.



PETROBRAS' PARTICIPATION IN POWER GENERATION PROJECTS

CURRENT STATUS	TYPE	PLANT	REGION	STATE	INSTALLED CAPACITY (MW)	PETROBRAS' STAKES (%)	PETROBRAS CAPACITY (MW)	
In Operation	SHEP	São Joaquim	SE	ES	21	49	10.3	
		Fumaça 4		ES	4.5	49	2.2	
		São Pedro		ES	30	49	14.7	
		São Simão		ES	27	49	13.2	
		Calheiros		RJ	19	49	9.3	
		Santa Fé		RJ	30	49	14.7	
		Monte Serrat		RJ	25	49	12.3	
		Funil		MG	22.5	49	11.0	
		Carangola		MG	15	49	7.4	
		Bonfante		MG	19	49	9.3	
		Irara		GO	30	49	14.7	
		Retiro Velho		GO	18	49	8.8	
	Jataí	GO	30	49	14.7			
	TOTAL SHP							142.6
	F.O. TEP	Tambaqui	N	AM	83	30	24.9	
		Jaraqui		AM	83	30	24.9	
		Manauara		AM	85	52	44.2	
	TOTAL FUEL OIL (FO)							94.0
	D.F. TEP	Bretech	MW	GO	140	30	42.0	
CEP		NE	RN	118	20	23.6		
TOTAL DIESEL FUEL							65.6	
TOTAL PROJECTS IN OPERATION							302.2	
Under construction	SHEP	Areia	N	TO	11.4	14	1.6	
		Água Limpa		TO	14	14	2.0	
	TOTAL SHP							3.6
	D.F. TEP	Arembepe	NE	BA	148	30	44.4	
Camaçari Muricy I		BA		148	49	72.5		
TOTAL PROJECTS UNDER CONSTRUCTION							116.9	
TOTAL INSTALLED CAPACITY					1,121.4			
TOTAL PETROBRAS							422.7	

In 2009, two electronic auctions were held for Power Purchase Agreements (PPA) - long-term contracts for the purchase and supply of electricity, registered and monitored by the National Electrical Energy Agency (Aneel). In the first auction, 63 average MW were sold to supply the Northern, Northeastern, and Southeastern/Midwestern

markets. In the second edition, the amount sold was 84 MW. These agreements have delivery terms ranging from one to six months.

i Learn more about Petrobras' initiatives for the supply of wind power under *Renewable Energy*, in the *Energy, Materials and Water Resources* chapter.

BIODIESEL

The three biodiesel production plants that Petrobras Biocombustível operates are located in the municipalities of Candeias (state of Bahia), Quixadá (state of Ceará), and Montes Claros (state of Minas Gerais). Investments made in operating improvements, in 2009, enhanced these plants' total production capacity from 171,000 cubic meters per year to 326,000 cubic meters per year. The duplication work for the transesterification section, a process that separates glycerin from vegetable oil, is currently underway at the Candeias plant to add a further 108,000 cubic meters per year to the plant's capacity. Thus, combined, the three plants' total capacity will add up to 434,000 cubic meters per year.

Petrobras Biocombustível acquired 50% equity stakes of BSBIOS Marialva. Located in Marialva, state of Paraná, the plant will be capable of producing 120,000 m³/year of biodiesel per year and is expected to start production in 2010.

Besides these projects, the company is adapting an experimental plant in Guamaré for commercial operation late in the first half of 2010. This unit will have a production capacity of 15,000 cubic meters/year and will be able to process a diverse range of Brazilian raw materials. A second experimental plant, also in Guamaré, will receive funding in 2010 to develop technology to produce fully renewable biodiesel, replacing methanol for ethanol in the production process.

Important progress was made last year with the completion of the technological process used to produce biodiesel from castor oil, within the technical specifications set forth by the National Agency of Petroleum, Natural Gas and Biofuels. The work was carried out by the Leopoldo Américo

Miguez de Mello Research and Development Center (Cenpes) at the Guamaré Plant and ensured Petrobras complete mastery of the technology. The fuel was obtained with a blend of 30% castor bean oil and 70% sunflower seed oil, both harvested by family farmers who participate in the company's oleaginous plant supply programs. The Candeias plant, meanwhile, made its first delivery of biodiesel containing a blend of bean oil in its composition in November.



i Learn more about the social and environmental impacts of biofuels in the chapters titled *Contributions to Society and Indirect Impacts*, and *Energy, Materials and Water Resources*, respectively.





ETHANOL

Since December 2009, Petrobras Biocombustível has held 40.4% stakes in Total Agroindústria Canavieira S.A., marking its entry into ethanol production in Brazil.

Total owns an ethanol plant in the city of Bambuí (state of Minas Gerais), with installed capacity to produce 100,000 cubic meters/year of hydrated ethanol. The partnership will make it feasible to enhance the plant's total capacity to 203,000 cubic meters per year and to generate a surplus of 38.5 MW of electric power to market by using the sugar cane bagasse.

We continue investing heavily to expand the ethanol trade abroad. The sales volume was approximately 330,000 cubic meters, equivalent to 11% of the total exported by Brazil and intended for distribution, mainly, in Asia and the United States.

Exports in 2009 resulted, largely, from the industrial alcohol operations with Korea and Japan and from the hydrated ethanol fuel operations made through the Caribbean Basin Initiative (CBI). The mechanism established by the United States to boost the economic development of Central

American and of the Caribbean countries frees import tariffs on industrial goods in those countries, including ethanol. The incentive encouraged the profitability of exports to the United States and created new business opportunities for the European market.

As part of the ethanol marketing strategy, the limelight is on the operations of Petrobras International Financial Company (PifCo), which is in charge of the company's offshore operations; of Petrobras Singapore Private Ltd. (PSPL), responsible for the industrial alcohol operations in Asia; and of Brazil Japan Ethanol (BJE), a Petrobras and Nippon Alcohol Hanbai KK joint venture, created to develop the Japanese market.

To enhance its operations in the international market, Petrobras has assigned traders dedicated to marketing ethanol to its offices in London and Singapore, places that concentrate the company's trade operations with the European and Asian markets.

i Learn more about renewable energies under *Renewable Energies*, in the *Energy, Materials, and Water Resources* chapter.



The discoveries of oil in the Pre-Salt layer led to a revision of Petrobras' strategy to operate abroad, and the company focused on prioritizing the alignment of the international portfolio to segments in Brazil. The goal is to integrate the product chain and make it more profitable. The growth in downstream and the expansion in the natural gas businesses are examples of this, as is the integrated management of critical upstream resources, to optimize the allocation of company resources.

In 2009, international production was 140,700 bpd of oil and 16.5 million cubic meters of natural gas per day, representing, respectively, 6.7% and 24.7% of the total produced by the company. Additionally, 196,600 bpd of oil were processed at Petrobras' four refineries abroad, the capacities of which add up to 280,800 bpd of oil.

The international proven reserves were 0.69 billion boe, 30% less than in 2008 and corresponding to 5% of the total reserves, according to the ANP/SPE criterion. The reduction occurred, in part, by volume of 87 million boe produced in the year. The New State Political Constitution in Bolivia, which prohibits private companies in the country from noting and registering the property of oil and gas reserves also influenced this outcome. This reduction was partially offset by the addition of proven reserves in Nigeria.

In the year, investments abroad totaled R\$6.8 billion, 61% of which earmarked for exploration and production, 16% for exploration, and 45% for oil and gas production. The refining and petrochemical segments received 18% of the resources, and distribution, gas and energy, and corporate 17%, 3%, and 1%, respectively.

SOUTH AMERICA

In 2009, we completed the acquisition of the Esso Chile Petrolera distribution assets. The transaction was worth approximately US\$400 million and included 230 service stations, marketing at airports and distribution terminals, plus 16% of the retail and 7% of the industrial markets.

Petrobras signed an agreement to buy assets from Chevron Chile SAC, a lubricants producer and marketer, for approximately US\$12 million. This acquisition, which includes a lubricant plant with a production capacity of 15,900 cubic meters per year and 23 storage tanks, will allow the company to increase its Chilean lubricant market share to 6%.

The company acquired the concession of two exploration blocks in the Punta del Este basin, in Uruguay, of which it will hold 40% of the stakes and perform as the operator. It acquired two exploration areas in the province of Neuquén, in the Argentine Patagonia. Also in Argentina, Petrobras Energía sold assets in the fertilizer segment, prioritizing the exploration, production, refining and distribution chain in the country.

NORTH AMERICA

In 2009, Petrobras America Inc., a subsidiary of Petrobras in the U.S., acquired Transcor Astra Group's 50% stakes in Pasadena Refining Systems, Inc. (PRSI), for US\$466 million. With the transaction, we now control 100% of PRSI. We also announced the discovery of oil in the Tiber-1 well, in the Gulf of Mexico, in which we hold 20% stakes. Furthermore, we completed the conversion of the FPSO to be used in the Cascade and Chinook fields, where we are the operator.



5900

AFRICA

In Nigeria, the development plan for the Egina field was approved, and production was kicked-off at the Akpo field. The company holds 16% stakes in each. In Angola, meanwhile, oil discoveries were announced for the N'goma-1 and Cabaça Grande 1 wells, located in a block where Petrobras holds 5% stakes; and in the Manganês-1 well, in a block operated by the company and in which has 30% stakes. We also acquired an offshore exploration block in Namibia.

ASIA

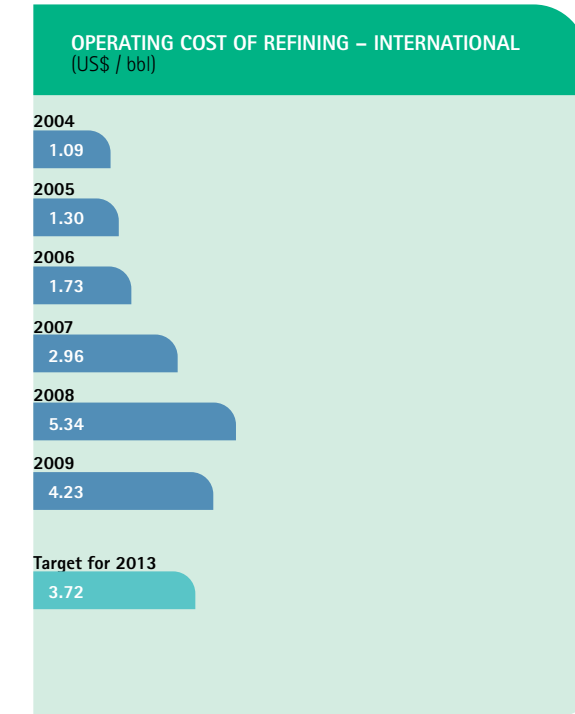
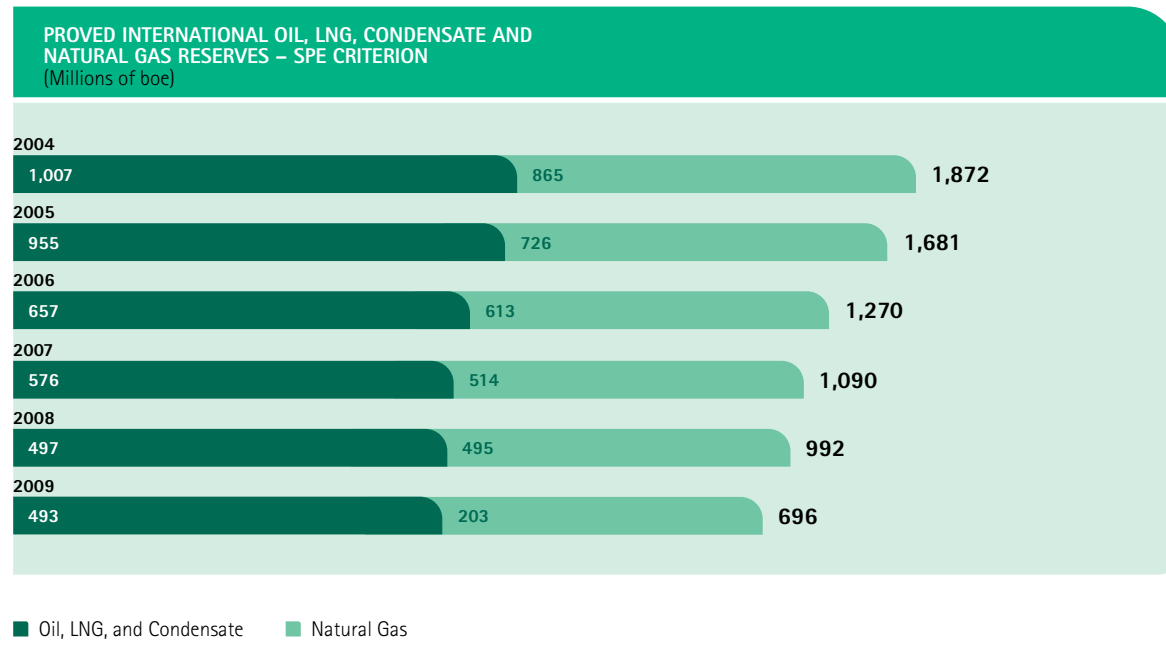
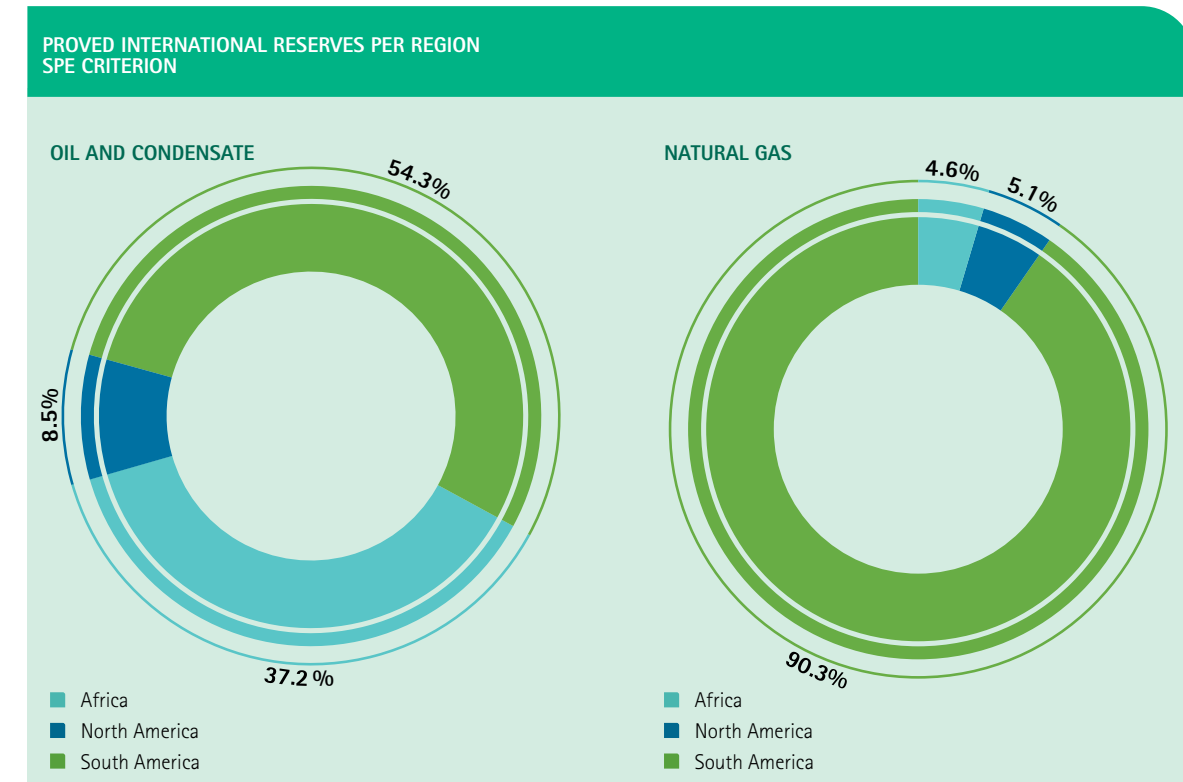
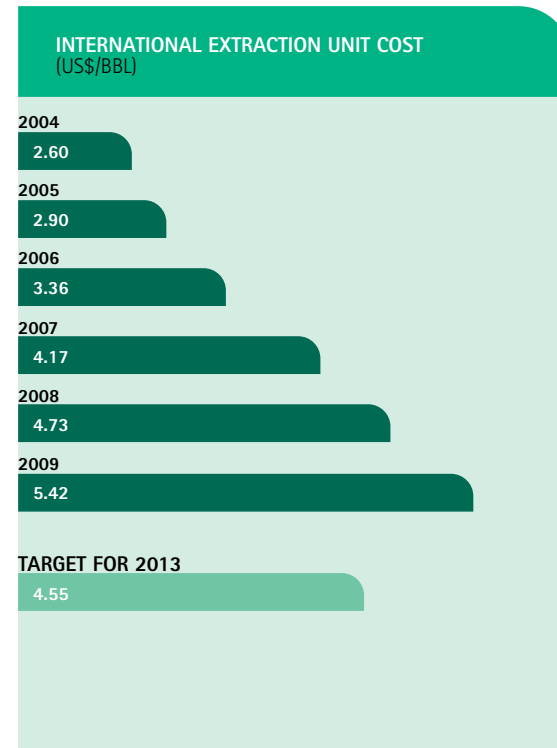
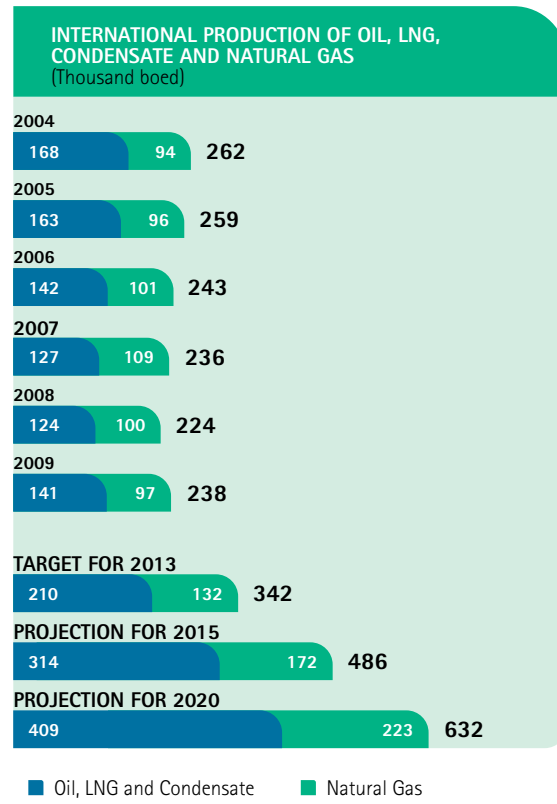
In 2009, gasoline containing a 3% ethanol blend started being produced in Japan, in partnership with Japan Alcohol Trading. The Petrobras-controlled Nansei Sekiyu Kabushiki Kaisha (NSS)

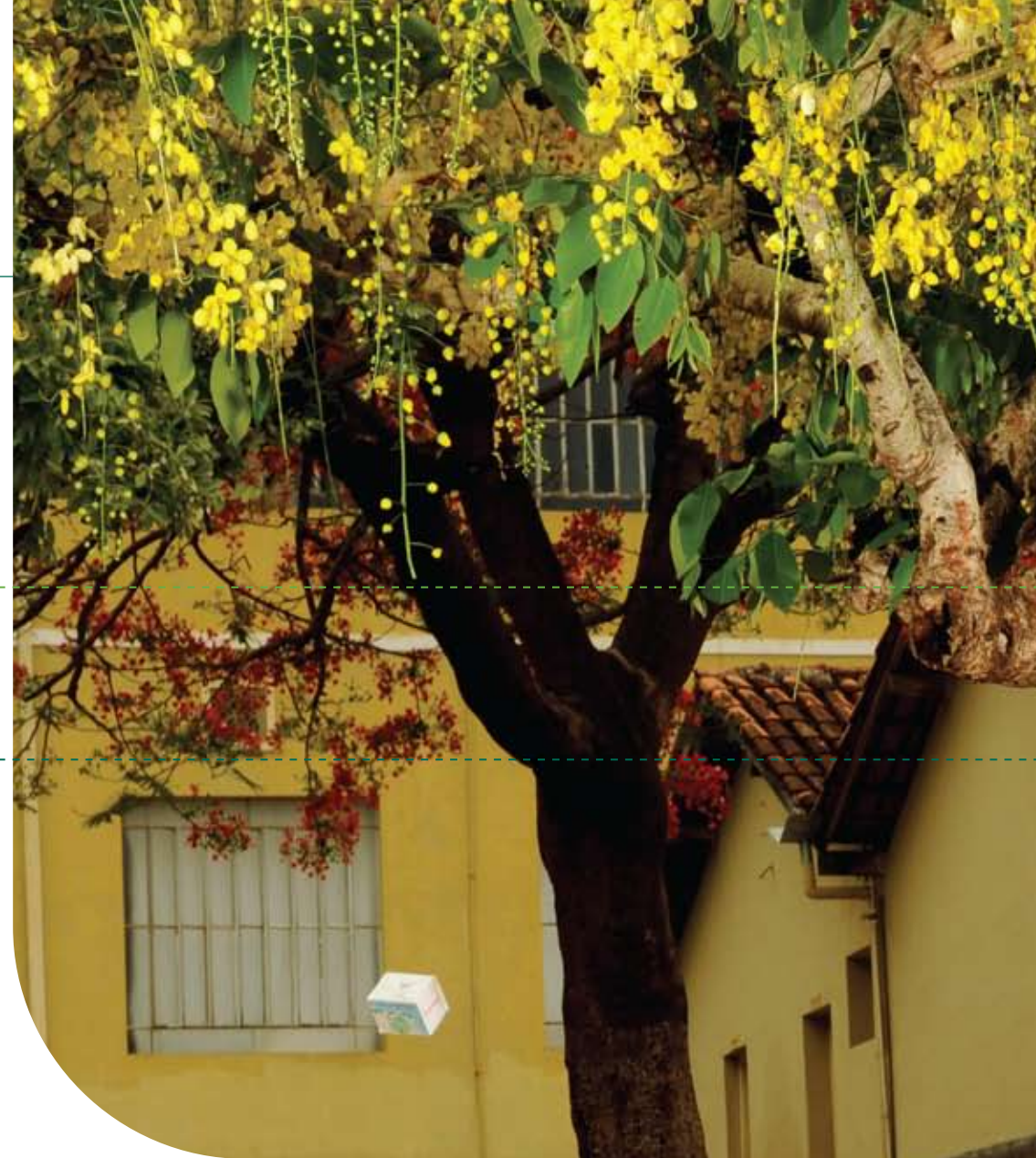
Refinery, in Okinawa, will supply gasoline for the production of the new gasoline, which is cleaner and more efficient than regular gasoline. In South Korea, we completed the construction and sea trials of a drilling vessel, which then set sail to Angola, where it will operate in company blocks. Another drilling vessel is under construction in South Korea and is expected to be delivered in June 2010.

EUROPE

We opened an office in Portugal as exploration activities got underway off the coast of the country. Petrobras owns the rights to four blocks, for which it is the operator, in association with other partners.

Expansion of Activities in the International Market





Results and Contributions to Society



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1300

4200

7200

INTERNATIONAL OIL MARKET

The Brent barrel prices varied strongly throughout 2009, impacted by the 2008 economic crisis. The minimum price in the period declined to US\$39.01 and, later, recovered to US\$79.16, closing the year at the average price of US\$62.40, 36.5% lower than the 2008 mark.

The Organization of Petroleum Exporting Countries (OPEC) maintained its target for 2008, producing 24.8 million bpd of oil, although the level of adherence among member countries decreased during the year on account of the recovery in demand and of the price surge. Inventories remained high in 2009.

In spite of the decreases seen in the North Sea and in Mexico, other producing states that do not belong to the OPEC increased their production. Russia surpassed Saudi Arabia as the world's leading producer by lifting more than 10 million barrels per day (bpd) of oil. The participation of Kazakhstan, Azerbaijan, and activities in South America and in the Gulf of Mexico contributed to the growth in supply.

The demand for oil declined in countries that are members of the Organization for Economic Cooperation and Development (OECD) as a result of the shrinkage in industrial activities, transport, and also due to restrained household budgets, but remained relatively stable in other countries. The performances of China and India stood out, as they reached above-average levels as compared to the last five years and helped boost oil prices throughout the year.

RESULTS

Petrobras reported consolidated net earnings of R\$28.98 billion in 2009. The 12% reduction compared to 2008 reflected several factors, such as the lower oil and oil products sales prices, foreign exchange losses during the period in which the company had an active net exposure in dollars, and extraordinary expenses with special participations.

The EBITDA rose 5%, to R\$59.94 billion. Despite the lower oil barrel and oil products price, the positive result was influenced mainly by the lower average unit costs and decreased spending with imports and government take, which are tied to international prices.

Our operating result remained stable compared to the previous year as it offset a 15% drop in the net operating revenue with the 23% lower cost of goods sold.

Petrobras reported consolidated net earnings of US\$28.98 billion

CONSOLIDATED ECONOMIC INDICATORS

MILLIONS OF REAIS	2009	2008	VARIATION
Net operating revenue	182,710	215,118	- 15%
Cost of goods sold	(109,037)	(141,623)	- 23%
Gross Profit	73,673	73,495	0%
Operating expenses ⁽¹⁾	(27,545)	(27,545)	0%
Operating profit ⁽²⁾	46,128	45,950	0%
Financial result	(2,838)	3,129	- 191%
Income Tax / Social Contribution	(9,977)	(15,962)	- 37%
Net Earnings	28,982	32,988	- 12%
EBITDA ⁽³⁾	59,944	57,170	5%

⁽¹⁾ Of the total, R\$649 million were deducted in incentives, donations, and government subventions.

⁽²⁾ Earnings before the financial result, equity, and taxes.

⁽³⁾ Operating profit before the financial result and equity + depreciation/amortization.

The average realization price of our oil products was R\$157.77 per barrel, down 11% compared to 2008. The result was due to the drop in the average oil prices on the international market. However, because of our strategy of aligning the gasoline and diesel prices to the international market average, the decline in the average oil products realization price was lower than that of the Brent, which fell 36.5% compared to a year earlier.

In Brazil, the oil products sales volume was 1.754 million bpd in 2009, only 1% higher than in 2008 (1.739 million bpd). This stability resulted from a combination of several factors, among which the slower economy in the year due to the unfolding global financial crisis; the non-activation of the emergency diesel-fired thermoelectric plants, as occurred in 2008; the increase in the biodiesel blend in the composition of the diesel fuel sold at service stations to 4%; and a decrease of the vehicles fleet fueled only by gasoline.

Notwithstanding the stability, the total sales volume in the Brazilian domestic market dropped 2% due to the 25% decline in natural gas sales, triggered mainly by the economic slowdown and by the downturn in thermal demand due to higher water levels in the hydroelectric plant reservoirs. However, the domestic market's total in the fourth quarter of 2009 shows a recovery in the Brazilian economic activity and increasing industrial demand, as evidenced by the 2% increase in sales volumes.

On the international market, Petrobras' trade balance reached a 156,000-barrel-per-day surplus over the total oil and oil products exports and imports. The result, 51% higher than in 2008, was the outcome of the increase in total oil production in Brazil and of the 23% reduction in total oil products imports. Accumulating US\$15.201 billion in exports revenue and US\$12.327 billion in spending on imports, the company also closed the year with a financial surplus of US\$2.874 billion, against a deficit of US\$927 million a year earlier.

SALES VOLUME, EXPORTS AND IMPORTS			
THOUSAND BARRELS PER DAY	2009	2008	VARIATION
TOTAL OIL PRODUCTS	1,754	1,737	1%
Diesel	740	760	- 3%
Gasoline	338	344	- 2%
Fuel oil	102	110	- 7%
Naphtha	164	151	9%
LPG	210	213	- 1%
QAV	79	75	5%
Others	121	84	44%
ALCOHOLS, NITROGENATED PRODUCTS, BIODIESEL AND OTHERS	112	88	27%
NATURAL GAS	240	321	- 25%
TOTAL DOMESTIC MARKET	2,106	2,146	- 2%
International sales	537	552	- 3%
Exports	707	676	5%
TOTAL FOREIGN MARKET	1,244	1,228	1%
TOTAL	3,350	3,374	- 1%

When calculated in dollars, the cost of extraction per barrel was US\$20.51 in Brazil (including government take) and US\$5.42 in the international area. Refining costs per barrel, meanwhile, were US\$3.21 and US\$4.23, respectively. Both the extraction cost in Brazil and the cost of refining in the international area fell 21% compared to 2008.

Petrobras had significant access to the capital markets in 2009, ensuring its liquidity amid the international crisis. In total, R\$74.35 billion were raised with an average term in excess of ten years.

Furthermore, R\$27.28 billion were repaid on the short-term debt. This rose the average term of the total debt from 4.2 to 7.5 years.

Our main funding operations were the R\$25 billion credit line granted by the National Development Bank (BNDES), the US\$10 billion credit line secured from the China Development Bank (CDB), and the issuing of bonds worth US\$6.75 billion placed on the international market. Our net debt reached 31%. The desired level ranges from 25% to 35%.

VALUE-ADDED STATEMENT

VALUE-ADDED STATEMENT (R\$ THOUSAND)		
DESCRIPTION	2009	2008
REVENUES	291,314,619	315,933,330
Product and service sales and other revenue	234,828,966	268,936,483
Provisions for credits of doubtful liquidation - constitution	(70,091)	(167,026)
Revenue for the construction of assets for use	56,555,744	47,163,873
INPUT PURCHASED FROM THIRD PARTIES	(142,491,233)	(166,732,054)
Materials consumed	(34,993,517)	(47,890,791)
Cost of goods for resale	(25,108,234)	(40,755,903)
Energy, third-party services and others	(63,737,001)	(52,590,649)
Tax credits for input purchased from third-parties	(17,508,169)	(22,836,487)
Loss on asset recovery	(1,144,312)	(2,658,224)
GROSS VALUE ADDED	148,823,386	149,201,276
DEDUCTIONS	(14,766,789)	(11,631,984)
Depreciation, depletion, and amortization	(14,766,789)	(11,631,984)
NET VALUE ADDED GENERATED	134,056,597	137,569,292
VALUE ADDED RECEIVED IN TRANSFERS	4,634,512	3,914,124
Result of equity investments	(84,001)	(115,790)
Financial revenues - includes monetary and exchange rate variations	3,505,187	3,494,430
Amortization of goodwill and negative goodwill	(396)	(758,428)
Leases, royalties and other	1,213,722	1,293,912
TOTAL VALUE ADDED TO DISTRIBUTE	138,691,109	141,483,416
VALUE ADDED DISTRIBUTION	138,691,109	141,483,416
STAFF AND MANAGERS	15,657,044	14,526,830
Direct compensation	11,711,452	10,448,120
Benefits	3,272,652	3,478,036
Severance fund	672,940	600,674
Others	0	0
TAXES	78,133,106	85,112,615
Federal - includes government take	48,514,021	57,456,863
State	24,668,235	22,338,990
Municipal	155,895	147,705
Abroad - includes government take	4,794,955	5,169,057
FINANCIAL INSTITUTIONS AND SUPPLIERS	13,166,877	10,945,676
Interest, monetary and exchange variation	7,153,155	1,891,069
Expenses with leasing and chartering	6,013,722	9,054,607
SHAREHOLDERS	31,734,082	30,898,295
Interest on equity	7,194,743	7,019,261
Dividends	1,140,630	2,895,445
Participation of non-controlling shareholders	2,752,374	(2,089,497)
Retained earnings	20,646,335	23,073,086

INVESTMENTS

With R\$70.76 billion in investments, 33% more than the total funds invested in the previous year, in 2009 we prioritized developing the capacity to produce oil and natural gas in Brazil by means of own investments and by structuring ventures with partners. A total of R\$30.82 billion were earmarked for the Exploration and Production area.

To enhance the gas pipeline network for

transport production and to develop natural gas projects, associated and not associated to supplying the Brazilian demand, the gas and energy area's resources were increased 72% over the same period in the previous year. Investments in Downstream, meanwhile, closed the year at R\$16.51 billion and were made in projects for fuel quality improvements and to increase the refineries' capacity to process heavy oil.

INVESTMENTS			
MILLION OF REAIS	2009	2008	VARIATION
DIRECT INVESTMENTS	63,663	46,526	37%
Exploration and Production	30,819	24,662	25%
Downstream	16,508	10,111	63%
Gas & Energy	6,562	3,821	72%
Internacional	6,833	6,133	11%
Distribution	635	558	14%
Corporate	2,306	1,241	86%
SPECIAL PURPOSE CORPORATIONS (SPCs)	5,564	5,645	- 1%
PROJECTS UNDER NEGOTIATION	1,530	1,178	30%
TOTAL INVESTMENTS	70,757	53,349	33%

With investments of US\$2.8 billion earmarked for the biofuel sector, Petrobras expects to have the capacity to supply 25% of the domestic biodiesel demand by 2013.



By generating taxes, fees, and social contributions, Petrobras made an economic contribution of R\$54.71 billion to Brazil. Of this total, R\$24.71 billion were paid solely in state value-added tax on services and circulation of goods (ICMS). Because of the company's lower profit, income tax payments were lower too, leading to a 6% decrease in the total economic contribution compared to 2008.

Government take in Brazil totaled R\$18.62 billion, including royalties, special participation, area retention and agreements with the National Agency of Petroleum, Natural Gas and Biofuels. The 14% decline compared to the previous year was influenced by the lower international oil prices in 2009, a fact that impacted the average domestic oil reference price for government take payment purposes. In other countries, the economic contribution and government take added up to R\$4.34 billion and R\$452 million, respectively.

Additionally, we consider the social, economic and environmental impacts of implementing each new venture. Because of the high volume of investments, new ventures are often perceived by the surrounding communities as vital for the creation of jobs and to drive the local economy. However, during the demobilization phase, the reverse can occur, leading to a decrease in the number of jobs and to local economic slowdowns.





FINES AND NON-COMPLIANCES

It was ascertained there were three Environmental Notices of Infraction, totaling R\$34.95 million in fines, and a Deed of Embargo, with no monetary value, in 2009. For significant fines, we adopt the criterion of amounts that exceeds R\$ 1 million. In the embargo case, Petrobras was able to reverse the environmental agency's decision and secured a release for its activities.

With regard to the fines resulting from non-compliance with laws and regulations, the company paid the special participation moratorium spontaneously in the amount of approximately R\$ 5.7 million related to the underpayment of taxes in the fiscal years ranging from 2005 to 2007. It also made voluntary payments for Special Participations and Royalties in the amount of R\$28.12 million in the months of July, August, October and November 2008, and paid R\$10.58 million for the late payment of Finsocial between September 1989 and March 1992.

We also paid a moratorium fine of R\$24.3 million related to government take from January to June, and of R\$1.4 million for the improper deduction of interest on the calculation base of the Special Participation for the first quarter of 2007 and the third quarter of 2009. In 2009, Petrobras (Petróleo Brasileiro S.A.) was selected at the Company of the Year Feature Award granted by the Brazilian Association for Corporate and Customer Relations (ABRAREC), in the Sustainability category, for its work involving corporate/customer relations. Petrobras Distribuidora, meanwhile, registered only two complaints made by consumers regarding the loss or misplacement of customer data and directed towards the Customer Service Management. Both were treated and solved together with the involved areas.

Pre-Salt production demands major investments in research and development

RESEARCH AND DEVELOPMENT

In 2009, Petrobras invested about R\$1.5 billion in its Leopoldo Américo Miguez de Mello Research and Development Center (Cenpes) to undertake technological development-related activities. Through technical networks, approximately R\$500 million were transferred to research and laboratory infrastructure deployment projects in about 80 universities and research institutions. As remarkable examples, there were the Ecosystem Conservation and Restoration, Impacted Area Remediation, and Marine Environment Monitoring thematic networks.

The Pre-Salt exploratory frontier directs major investments to research and development. Acknowledged worldwide for its expertise in creating technological solutions for production in deep and ultradeep waters, the company has the Technological Program for the Development of Production of Pre-Salt Reservoirs (Prosal), which seeks to generate and disseminate technologies to incorporate reserves and develop future production of the exploratory discoveries made in the Pre-Salt area of the Santos and Campos basins.

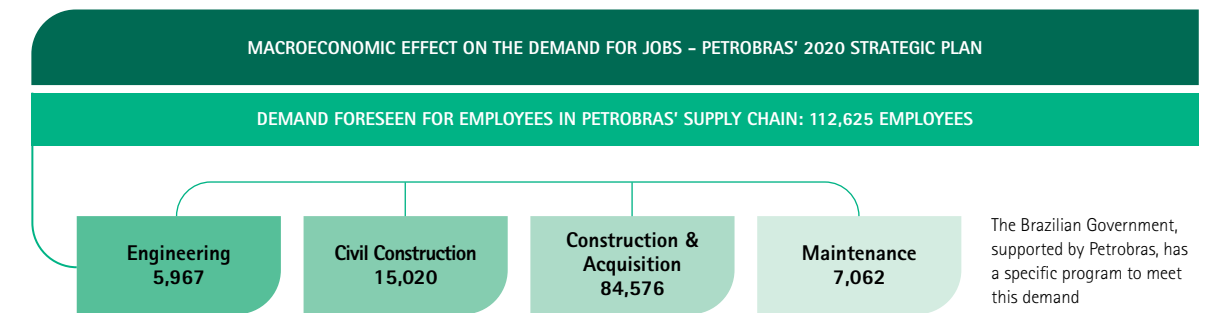
ENERGY SECURITY

In Brazil, over 96% of the electric power production and transmission capacity are part of the National Interconnected System (SIN), which is comprised of several companies and is largely formed by hydroelectric plants. The system's operation is coordinated by the National Power System Operator (ONS).

According to the ONS, in 2009, 93.7% of the SIN's electricity production came from hydraulic sources. When the hydroelectric power plant reservoir levels decrease, the thermoelectric power plants are put into operation to reduce the risk of future deficits. In 2009, due to the favorable hydrological conditions, there was a reduction in thermoelectric power generation.

GENERATING JOBS AND INCOME

The company's oil and gas production process generates a multiplier effect for the entire production chain. Our 2009-2013 Business Plan foresees a demand for about one million jobs in Brazil for our projects, which may require 64% domestic content. The target is to generate 267,000 direct jobs, 389,000 indirect jobs in the production chain, and 388,000 income effect-derived indirect jobs, for a total of 1,044,000 jobs.



During the year, three plants operated by Petrobras Biocombustível were granted the Social Fuel Seal, awarded by the Ministry of Agrarian Development to biodiesel plants that use 30% of their oilseed supply coming from the family farms and, thus, comply with the guidelines set forth by the National Program for Biodiesel Production and Use. The family farming program supported by the company reaches more than 55,000 families and the term of the contracts that are signed is for five

years, which guarantees the supply of certified seeds and logistics for the transportation of production.

For the supply of oilseeds, partnerships with entities that represent family farmers were signed. The target is to work with 80,000 families living in the regions surrounding the plants by signing long-term agreements, guaranteeing fair prices, distributing seeds and providing technical assistance, in addition to offering an initial program for soil correction.



By the end of 2009, 59,611 family farmers had been hired, ensuring 174,319 hectares of planted area. To increase oilseed productivity in the semiarid region, and to make sure the Social Fuel Seal would be secured, maintained and used in the 2008/2009 harvest, 407 tons of castor and sunflower seeds were distributed. The technical assistance costs reached nearly R\$12 million. In the same harvest, Petrobras Biocombustível procured 32,800 tons of grain from family farmers, at a cost of about R\$34.7 million.

We invested heavily in training courses for the professional qualification of young people and adults that live in the communities where we operate. As a result, several local businesses will be able to select qualified professionals, grow in size and productivity, and generate employment and income in the region.

Many workers from other regions move to the undertakings surrounding areas, demanding products and services. Although there are many positive indirect impacts on local trade, a few negative aspects also surface. Migrations from neighboring towns can cause problems such as: delinquency, increased demand for public services, and unemployment. Economic declines in local commercial activities also consequence of the downturn of the economic cycle when Petrobras leaves the area.

Default is an issue to be observed, because at the end of their employment, many workers return to their hometowns, leaving bills unpaid in the region and undermining local commerce. Another problem is when temporary migrants do not return to their hometowns and remain in the region, but unemployed, causing social and economic problems. Additionally, the larger population causes a swelling in public services such as health, education, security, and transportation. In order to reduce these issues, our refineries make intense efforts to value the local workforce.



SUPPLIER MANAGEMENT

Petrobras' Business Plan foresees expenditures in the order of US\$20 billion per year in orders placed among Brazilian suppliers. To hire and carry out projects, the company signs-on local partnerships and qualifies enterprises that are installed around its units, especially in operational areas. By the Good and Service Supplier Registry, the company gathers information about suppliers who are qualified to participate in its tenders. Such information is stored in a single database that is available to the entire system. This registry includes two kinds of suppliers:

- Suppliers of goods: producing and/or selling equipment, material or input of interest to Petrobras;
- Providers of services: providing services and/or performing work in general.

When registering, the supplier must meet requirements defined by technical, economic, legal, Health, Safety and Environment (HSE), management and social responsibility criteria. Suppliers which have their registration, renewal or scope extension approved become visible to all Petrobras units and get the Certificate of Registration of Registry Classification (CRCC), which is valid for one year.

We have partnership with the Brazilian Service of Support for Micro and Small Enterprises (Sebrae) to enhance capacity of the micro and small businesses that are inserted in the energy sector. To strengthen and expand the capacity of the Brazilian goods and services industry with a focus on the oil and natural gas area, we support the Ministry of Mines & Energy's National Oil and Natural Gas Industry Mobilization Program (Prominp).

Aligned to the global growth trend and to the heavy investments that the company foresees for the industry for the upcoming years, the program is based on the provision of the professional qualifications needed to meet the skilled personnel demand and on supplier development, to enable the increase of local content in the investments and to enhance the Brazilian supplier competitiveness compared to those operating abroad.

In 2009, the Engineering area assessed 231 companies in its supplier portfolio through the Engineering Supplier Management Program (Progefe). The assessments are made on site and aim to identify the management processes evolution as well as to encourage suppliers to commit with quality, safety, environment, health, and social responsibility management improvements. The results integrated the corporate information system under the Petrobras Good and Service Supplier Registration Portal.

Petrobras Distribuidora, for example, keeps a good and service suppliers registry that covers Brazil as a whole and is used in its bidding processes. It includes companies operating in all Brazilian regions and is continuously available for new additions.

All Petrobras service provision contracts have clauses regarding the refusal of forced labor and preventing the use of slave or child labor or work done under degrading conditions. In addition, the company maintains the orientation of including clauses on human rights in all contracts signed with critical companies and suppliers. Throughout the year, no refused contracts or contracts with



special requirements were identified, and no other actions regarding human rights-related evaluations were registered. There were no reports of non-compliance with this matter.

At Petrobras Energía Ecuador, for example, all contracts for Block 18 and for the Unified Palo Azul Field include a community relations clause that emphasizes respect for the rights of the communities and indigenous people.

The Downstream area, meanwhile, has the Responsible Partnership Program to encourage critical input supplier commitment to improvements in quality, safety, environment, health, and responsibility. In 2009, 145 suppliers participated in the expert guidance and assessment phases to identify improved management practices, which included assessments on human rights.

To drive the development of the surrounding communities, assessing and managing the impacts of its operations, Petrobras builds Community Agenda 21

CONTRIBUTIONS TO LOCAL DEVELOPMENT

The programs and practices to assess and manage impacts on communities vary depending on the nature of the operations, since it is necessary to address the unique regional characteristics, operation size, and the demands imposed by inspection agencies. Therefore, we identify the basic needs of the regions where we operate and invest in infrastructure and services that contribute to local development.

The new projects and expansions are done in compliance with the law and incorporate the best HSE practices in their entire life cycle. We analyze each region's vulnerabilities and potential before starting any project. To achieve this, a Preliminary Environmental Assessment (PEA) is carried out to identify and assess the main social and environmental aspects that will be interfered with.

@ Learn more about the environmental licensing process that Petrobras undertakes at www.petrobras.com.br.

Our HSE corporate policy includes requirements adoption of practices and technologies to ensure the new ventures will have excellence standards throughout their life cycle, from conception, design, construction and preparation through possible deactivation.

Based on the Keeping an Eye on the Environment Program's approach, the methodology of Agenda 21 is implemented in the surrounding communities by developing actions that combine environmental protection, social equity, and economic efficiency methods. The process consists in carrying out actions focused on the construction of Community Agenda 21 by a process of awareness and field research. The mapping processes are taken into account in identifying opportunities to implement actions. Based on the construction of the first Community Agenda 21, and as a way to continue the activities initiated by the Keeping an Eye on the Environment Program, Petrobras and the Ministry of the Environment formulated a new stage for the program.

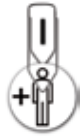
Beginning in 2010, the Petrobras Agenda 21 Program will seek to get the communities ready to prepare Local Agenda 21 by building the Community Agenda 21 and strengthening the community and local forums.

An example of the assessment and management of the operational impacts on surrounding communities is the Agenda 21 developed at the Rio de Janeiro Petrochemical Complex (Comperj), in the municipality of Itaboraí (RJ). The objective is to achieve economic development closely tied to social inclusion and environmental preservation in each of the 15 municipalities that are directly and indirectly influenced by the undertaking.

The impact assessment during the arrival was done as the perceptive and participatory diagnostics were prepared. Throughout 2009, 360 sectorial gatherings, 30 municipal workshops, and 30 local workshops were held and involved the participation of around 13,000 people. The Local Agenda 21 forums helped to detect and assess the several impacts brought

about by the project during its different stages and provided inputs for the preparation of relationship actions that include professional and business training in each municipality in the undertaking area of influence.

Regarding community relations, the Brazilian law requires Petrobras to take several steps that include the analysis of the socioeconomic characteristics. Programs such as Social Communications and Environmental Education are requirements for all of our business areas. The Engineering area carries out the Socioenvironmental Assessment (SEA) to identify the profile, the socioeconomic characteristics, and needs of the surrounding communities, and the Environmental Licensing, under which the Environmental Impact Assessment (EIA) and the Environmental Impact Report (Rima) are prepared. In the construction phase, the Basic Environmental Plan (BEP) helps to implement mitigating measures, such as the Program for the Recovery of Degraded Areas, the



Environmental Construction Plan, the Social Communications Program, the Program for the Mobilization and Demobilization of Labor, and the Environmental Education Program.

An example of investments in infrastructure and services that benefited the local population is the network of piped gas in the state of Espírito Santo, granted to Petrobras Distribuidora for natural gas distribution since December 1993. The investments totaled R\$100 million, R\$31 million of which made in 2009. During the year, the network was expanded by 44.49 km, divided into 41.6 km of pipelines to serve the municipality of Cachoeiro de Itapemirim, 2.52 km in Vitória to complete the network expansion, and 367 km of gas pipelines to begin the Samarco Project, for a total of 180.89 km.

The investment allows the company to offer an alternative source of energy that is less polluting and more economical in terms of consumption and price to 1,110 customers in the state, which includes 25 industrial, 27 automotive (and five other service stations supplying compressed natural gas - CNG), 178 commercial, and 880 residential customers (equivalent to 16,838 consumer units), located in the municipalities of Vitória, Vila Velha, Serra, Cariacica, Aracruz, and Viana.

To assist in local development in the Campos Basin region, in the state Rio de Janeiro, we have consolidated the Master Plan for Imbetiba and Imboassica, a part of the portfolio of investments to be made in infrastructure, services and new

business ventures. The areas concentrate the company's main facility bases and buildings. Throughout 2009, R\$250 million were invested to adapt the structures of these sites to the business expansion needs in the region pursuant to the best architectural, ergonomic, and accessibility standards.

We undertook an urban analysis in the municipality of Macaé not only to plan region's urban network, but also to promote sustainable urban development and low environmental impact, in line with our policy and guidelines for social responsibility.

We also invested about R\$3.7 million in the Maré Complex Community Olympic Village, through the Petrobras Children's Program in Maré. The social investment has addressed 12,000 direct participants, promoting access to educational, sports, cultural, and school tutoring activities. The term of the agreement is for three years, and it will contribute to the social development of the surrounding community.

SOCIAL INVESTMENT

Petrobras contributes to enhance public policies allocating financial resources in synergy with government and civil society actions in order to respond to social demands. In 2009, we invested R\$464.5 million in more than 1,600 social, environmental, sports, and cultural projects. We contributed nearly R\$34 million to the Fund for Childhood and Adolescence (FIA) in 208 projects focusing on guaranteeing the rights of children and

adolescents. The deductible amounts are equivalent to the maximum foreseen under the law, i.e., 1% of the amount of the owed Income Tax.

PETROBRAS DEVELOPMENT & CITIZENSHIP PROGRAM

Petrobras' Development & Citizenship Program comprises the company's main investments in social actions in Brazil. Based on a long-term vision, it is aligned to the Social Responsibility Policy and has the same timeline as the Petrobras' Business Plan. The objectives of the social projects are to drive development with equal opportunities as well as to value local potentialities.

The Program foresees investments of R\$1.3 billion by 2012 in a number of projects that will

address, directly and indirectly, 18 million people in all Brazilian states. The goal is to contribute to local, regional, and national development, promoting social insertion of individuals under social disadvantage.

In 2009, Petrobras invested approximately R\$173.6 million in 868 social projects. Since 2007, the Development & Citizenship Program invested a total of R\$396 million in 1,891 projects.

The program has a set of indicators and performance targets that make it possible to integrate the monitoring and assessment of its results nationwide considering three lines of action: income and employment generation education for professional qualification, and guaranteeing the rights of children and adolescents.





INVESTMENTS IN SOCIAL PROJECTS		
PERFORMANCE LINE	TOTAL INVESTED (R\$)	NUMBER OF PROJECTS
Generation of Income and Employment Opportunities	33,881.8	187
Education for Professional Qualification	54,345.2	158
Guaranteeing the Rights of Children and Adolescents ⁽¹⁾	74,137.3	390
Strengthening of Social Networks and Organizations	5,887.5	67
Dissemination of Information for Citizenship	5,083.9	47
Others	302.0	19
TOTAL	173,637.6	868

⁽¹⁾ Includes R\$34 million in transfers to the Fund for Childhood and Adolescence (FIA).

The Development & Citizenship program is based on a strategic, transforming perspective which, in addition to the transfer of financial resources, strengthens the autonomy, organization and integration of work done with community co-participation. Ongoing monitoring and assessment promote project management, processes and methodologies, improvements as well as the systematization of social technologies that can be shared and strengthen public policies.

Regarding the guaranteeing of children and adolescents rights, a remarkable initiative supported by the program is the UNICEF Municipal Seal of Approval project. Held in partnership with the United Nations Fund for Children (UNICEF) in the Brazilian semiarid region, which is known for its extreme poverty. The action empowers communities and public managers to promote

better living conditions for youth in the region. In the latest edition, around 1,130 towns in 11 states in semiarid signed up for the UNICEF Seal and, of these, 262 were certified.

One of the results that has been achieved is the decrease, by half, of the rate of malnutrition among children aged less than two years. This means that about 291,000 children overcame malnutrition in this age group. Access to prenatal care improved 21.2%, and the distortion between age and grade level among Brazilian students improved 63%.

In 2010, Petrobras will announce the registry opening for the new edition of Petrobras Development and Citizenship Program, which will increase its investments in social projects across the country to a total of R\$110 million over two years.

SOCIAL INVESTMENT ASSESSMENT SYSTEM

Petrobras has been directing its efforts aiming to share the learning and management technologies developed by the company's business area with the social area. To achieve this, we worked on the implementation of the Social Investment Assessment System to guide the organizational corporate units, on how to standardize the procedures involved in the analysis, selection, approval, follow-up and assessment of the social projects. The system provides the methodology, criteria, and indicators to be used to assess all the social investments. For this, about 350 Petrobras staff and 498 social organizations from all Brazilian states were trained at the Petrobras University, in Rio de Janeiro.

The assessment system is in line with the company's Strategic Plan, Business Plan, and Capital Discipline, and seeks the implementation of the best practices to improve the internal process for Social Project Management. Based on internationally acknowledged project management approaches, such as those of the Project Management Institute (PMI), it follows the same principles as those used by business projects but with the required adaptations. Thus, the Assessment System considers Petrobras' social projects as investments and manage them in an increasingly transparent and effective manner.

To support the implementation of the Social Investment Assessment System, it was necessary to develop a web-based information system to monitor the company's physical, financial and integrated social initiatives, known as the "Mais" System, the acronym for "Monitoramento e Avaliação do Investimento Social" (or Monitoring and Assessment of the Social Investment). By consolidating data across the company, this system enhances control and provides inputs for the planning of Petrobras' actions in the communities from an integrated territorial perspective. It also contributes to turn social results more tangible and to support future decisions. Ultimately, it allows the company's contribution to the promotion of fundamental human rights, and equitable and distributive economic growth, local development, ethics and the strengthening of democracy.

Indirectly, the "Mais" System contributes to improve organizations institutionally, since it requires the internal management, monitoring, and outcome assessment processes of these institutions to be better structured. Moreover, as it is web-based, it will ultimately drive the digital inclusion of less structured organizations.

In addition to the monitoring reports completed in the "Mais" System, technical visits, telephone calls and follow-ups of the Social Investment Result Indicator (Iris), contained in Petrobras' Balanced ScoreCard (BSC), are undertaken.



ENVIRONMENTAL SPONSORSHIPS

We also support projects and initiatives that focus on the environment. During the year, we invested approximately R\$93.9 million in 95 environmental projects.

In alignment with management challenges regarding social responsibility and climate change, in 2008, Petrobras reformulated the Petrobras Environmental Program and

expanded its scope to "Water and Climate: contributions to sustainable development." The program includes three strategic actions: investments in environmental projects; reinforcing environmental organizations and their networks; and disseminating information on sustainable development.

INVESTMENTS IN ENVIRONMENTAL PROJECTS		
PERFORMANCE LINE	TOTAL INVESTED (THOUSANDS OF R\$)	NUMBER OF PROJECTS
Management of surface and underground water bodies	75,275.2	37
Recovery or conservation of coastal, marine and freshwater species and environments	8,859.0	19
Carbon fixation and avoided emissions	5,836.2	17
Strengthening of environmental organizations and their networks	884.6	3
Dissemination of information for sustainable development	2,983.1	18
Others	35.1	1
TOTAL	93,873.2	95

In 2009, the Tamar Project completed its 30th anniversary and it is acknowledged as the project that Petrobras has sponsored for the longest period of time. The partnership has completed 28 years and it counted on the participation of the society as a whole, especially coastal communities, which have played a fundamental role in the positive results attained. The project has set the remarkable result of releasing more than 9 million sea turtles into the sea, considerably recovering three of the five species that were endangered in Brazil. In the 2008/2009 season, the project registered a total of approximately 20,000 nests, including the nests on the coast and on oceanic islands, on about a thousand kilometers of beaches. Brazil is currently one of the main Hawksbill turtle spawning areas in

the Atlantic, and Petrobras is the largest sponsor of marine biodiversity preservation projects in Latin America.

CULTURAL SPONSORSHIPS

Petrobras' cultural sponsorship is in line with the public policies for the sector and highlights the company's commitment to social responsibility. In 2009, a total of R\$154.6 million were invested in cultural projects.

By the Petrobras Cultural Program, the company sponsors initiatives of public interest and provides democratic access to the resources nationwide, line up with a cultural policy of social reach and of affirmation of the Brazilian identity.

INVESTMENTS IN CULTURAL PROJECTS

PERFORMANCE LINE	TOTAL INVESTED (R\$)	NUMBER OF PROJECTS
Performing arts	39,871.6	118
Cinema	28,368.2	144
Music	27,524.4	123
Historic Monuments	17,870.6	18
Culture and society	12,270.8	45
Support for museums (collections)	5,630.0	39
Visual arts	5,479.1	28
Cultural venues	5,378.1	17
Immaterial heritage	4,131.7	31
Archeology	3,358.1	6
Literary events	2,938.6	18
Literary production	1,333.9	23
Architecture and urbanism	423.1	4
TOTAL	154,578.3	614

In addition, we sponsor projects that contribute to the ongoing construction of the Brazilian cultural memory, consolidating the work of rescuing, recovering, organizing and documenting the material and immaterial culture, prioritizing those at risk and boosting access to these collections. The program focuses on the production and dissemination, preservation and memory, and training performance lines.

SPORTS SPONSORSHIPS

Petrobras invests in sports and supports projects throughout Brazil by means of different programs for many modalities. In the Petrobras High-Performance Sports modality, the focus is on football, handball, surfing events and tennis. The Petrobras Motor Sports line, in addition to sponsoring events, the company cooperates technologically with the teams in motor racing

and motorcycling competitions, and the projects are used as a field of research and development for Petrobras products. During the year, we invested approximately R\$42.4 million in sports projects.

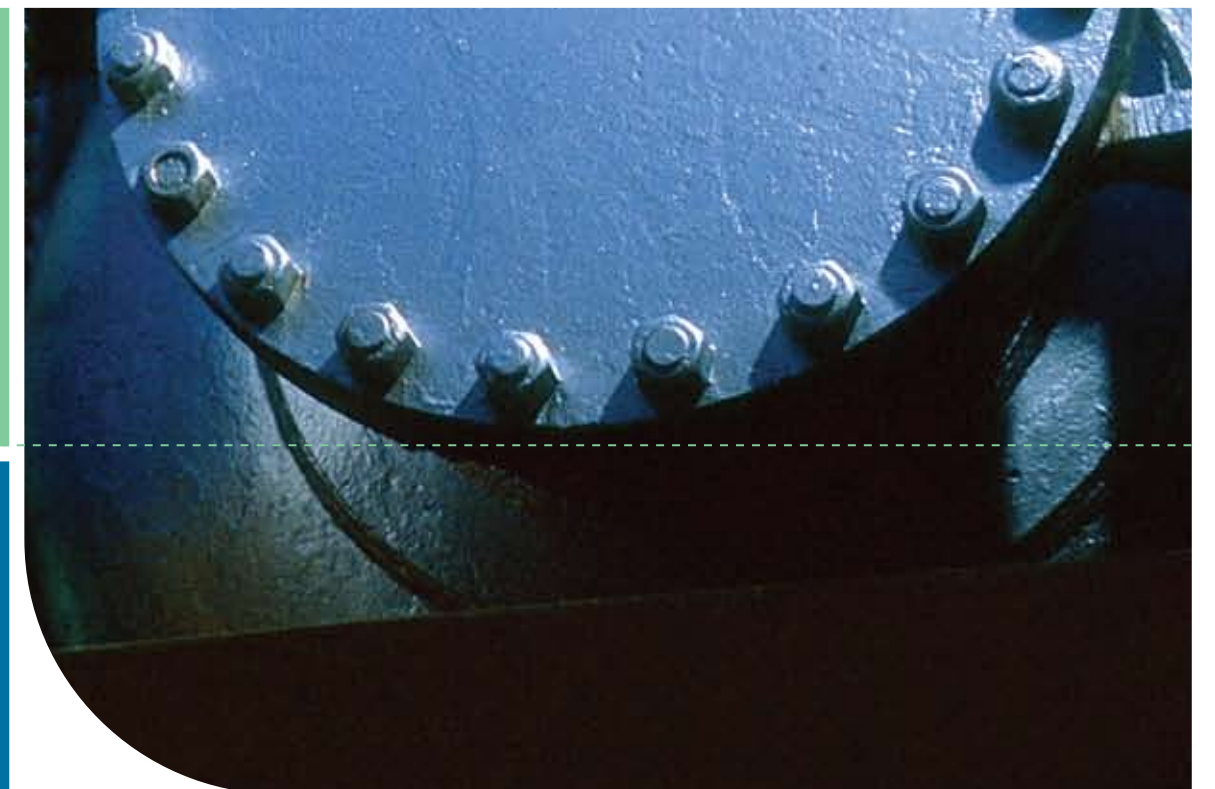
In 2009, the company reinforced its support for Brazilian handball by sponsoring the first edition of the Petrobras Handball Cup. The competition, sponsored by the Federal Sports Incentive Act, included the participation of 695 teams from schools from all Brazilian regions, bringing together some 10,000 students aged 11 to 14 years.

INVESTMENTS IN SPORTS PROJECTS

PERFORMANCE LINE	TOTAL INVESTED (R\$)	NUMBER OF PROJECTS
High-performance sports	28,232.2	22
Motor sports	8,573.4	19
Incentive sports	5,606.2	2
TOTAL	42,411.8	43



Employment Practices and Human Rights



The Petrobras System closed the year with a total of 2,519 employees being hired in Brazil, consolidating the current total of 76,919 employees. This represents a 3.6% increase compared to 2008. The number of employees of companies providing services in Brazil and abroad, meanwhile, is 295,260. Our staff is distributed among the 56 occupations included in the Petrobras Job and

Position Plan, which offers vacancies to high school and college graduates. Nearly 100% of Petrobras System's employees in Brazil are under open-ended employment contracts. In 2009, we had 368 employees under fixed-term contracts, and 44 employees under special contracts. The latter have no timeframe, but are bound by the tenure or term of a company officer.

COMPANY	STAFF PER TYPE OF CONTRACT (BRAZIL)			
	OPEN-ENDED EMPLOYMENT CONTRACT	TIME-LIMITED EMPLOYMENT CONTRACT	SPECIAL CONTRACT	TOTAL
Petrobras (Petróleo Brasileiro S.A.)	55,786		16	55,802
Petrobras Distribuidora	4,345		2	4,347
Liquigás	3,183	1		3,184
Transpetro	4,300	366	23	4,689
Alberto Pasqualini Refinery (Refap)	826	1	2	829
Petroquisa	100		1	101
TOTAL	68,540	368	44	68,952

COMPANY	STAFF PER REGION (BRAZIL)					
	SOUTHEAST	SOUTH	NORTH	MIDWEST	NORTHEAST	TOTAL
Petrobras (Petróleo Brasileiro S.A.)	38,509	2,026	1,296	150	13,821	55,802
Petrobras Distribuidora	2,806	327	205	371	638	4,347
Liquigás	1,676	787	103	163	455	3,184
Transpetro	3,828	227	124	50	460	4,689
Refap		829				829
Petroquisa	96			2	3	101
TOTAL	46,915	4,196	1,728	736	15,377	68,952

COUNTRIES	STAFF
Angola	68
Argentina	3,964
Bolivia	494
Chile	1,580
Colombia	313
Ecuador	194
USA	262
Japan	198
Libya	21
Mexico	43
Nigeria	33
Paraguay	233
Peru	157
Turkey	22
Uruguay	316
Venezuela	69
TOTAL	7,967



EMPLOYMENT SYSTEM	STAFF PER EMPLOYMENT SYSTEM (BRAZIL)						
	PETROBRAS (PETRÓLEO BRASILEIRO S.A.)	PETROBRAS DISTRIBUIDORA	LIQUIGÁS	TRANSPETRO	REFAP	PETROQUISA	TOTAL
Shift	14,663			792	403		15,858
Administrative	34,959	2,709	725	1,859	426	101	40,779
On call	4,925				0		4,925
Maritime	744			2,038			2,782
Special Field	469						469
Special for Air Support	42						42
Operational		1,638	2,459				4,097
TOTAL	55,802	4,347	3,184	4,689	829	101	68,952

Employees are hired at the Petrobras System by a public selection process, without any type of discrimination in terms of origin, race, gender, color, age or of any other form, in compliance with the Brazilian Federal Constitution. In the case of the international Business Units, employees are selected via interviews and résumé analyses. In addition to staff recruitment overseas complying with the laws in effect in each country, it is our practice to encourage the hiring of local labor, in other words, citizens of the country, including for management positions.

Given the principle of equality stated in its Code of Ethics, the company offers equal employment opportunities to all of its employees which is stated at its policies, practices, and procedures. Climbing the professional ladder at Petrobras, including being appointed for management positions, is the result of individual merit measured based on the professional's performance. We ensure our employees the right to know and to be represented in the preparation of the assessment and functional progression criteria.

Employee turnover at Petrobras in 2009 was lower than in 2008. In the year, the turnover rate was 5.08%, including employees assigned to work in other countries, while in the previous year, measured pursuant to the same parameters, it was 6.15%. Excluding the

International Area, we have an even smaller percentage: 3.56%.

TURNOVER AT THE PETROBRAS SYSTEM	
COMPANY	TOTAL TURNOVER (%)
Petrobras (Petróleo Brasileiro S.A.)	2.28
Petrobras Distribuidora	11.23
Liquigás	11.02
Transpetro	6.85
Refap	2.41
Petroquisa	0.5
TOTAL NOT INCLUDING THE INTERNATIONAL AREA	3.56
International Area	18.25
TOTAL	5.08

The highest turnover rates in the country were distributed per gender, among men (2.97%); age, among people aged up to 25 years (0.86%); and per Brazilian region, in the Southeast (2.37%).

TURNOVER PER REGION (BRAZIL)	
REGION	TOTAL TURNOVER (%)
Midwest	0.14
Northeast	0.74
North	0.08
Southeast	2.37
South	0.23
TOTAL	3.56

COMPENSATION AND BENEFITS

Petrobras System employees compensation is consistent with the professional activities carried out, in accordance with the position responsibilities.

Among the Petrobras System companies in Brazil, the lowest wage is paid by Liquigas,

R\$845.30, equivalent to 1.82 times the minimum wage. In other countries, the lowest ratio among the lowest wage and the minimum wage is in Paraguay (1.14), followed by Uruguay and Argentina (both 1.60), Japan (1.26), and Turkey (1.94).

RATIO BETWEEN THE LOWEST WAGE AND THE LOCAL MINIMUM WAGE (BRAZIL)		
COMPANY	LOWEST WAGE (R\$)	RATIO
Petrobras (Petróleo Brasileiro S.A.)	1,647.19	3.54
Petrobras Distribuidora	1,745.48	3.75
LIQUIGÁS	845.30	1.82
Transpetro	1,985.04	4.27
Refap	2,240.84	4.82
Petroquisa	2,212.03	4.76

MINIMUM WAGE IN BRAZIL R\$465.00

RATIO OF LOWEST WAGE PAID TO THE LOCAL MINIMUM WAGE (INTERNATIONAL)*				
	INTERNATIONAL AREA	LOWEST WAGE	LOCAL MINIMUM WAGE	RATIO
COUNTRIES*	Argentina ⁽¹⁾	2,297	1,440	1.60
	Bolivia ⁽²⁾	3,000	647	4.64
	Chile ⁽³⁾	450,000	165,000	2.73

* Most significant International Units in number of employees.

(1) currency of the country: Peso

(2) currency of the country: Boliviano

(3) currency of the country: Chilean Peso

The company offers equal employment opportunities to all of its employees, which is stated at its policies, practices, and procedures

In addition to base salary, employees have benefits in order to meet their basic, physical well-being, and social needs. All employees in Brazil are entitled to Multidisciplinary Health Care (AMS) – except for those of Liguigas, as the company offers another type of medical insurance to its workforce – dental insurance plan, meal and transportation vouchers. Other benefits that are offered include supplemental illness benefit, which provides full pay to an employee who is absent from work due to a labor accident during the first four years of leave or, in the case of a non occupational disease, during the first three years of leave.

The company's employees are also entitled to the Petros Plan, a supplementary pension plan. Created in 1970 and designed as a defined benefit, the program supplements the benefits provided by Social Security (INSS) in order to improve the employee's quality of life in the future. The benefit, closed to new entrants, operates with the contributions provided by all participants and sponsors to a single fund.

Available as of 2007 to employees who were not participants of the Petrobras Petros Plan, the Petros Plan 2 is based on the variable (mixed) contribution mode. Under this plan, contributions are calculated individually, and resources for programmable benefit payments are deposited into individual accounts during the accumulation period. The risk benefits, the minimum guarantees, and the benefits for life in maintenance are paid via deposits made to omnibus accounts. In 2010, Liguigas also offer its employees a complementary pension plan to be managed by Petros.

Our employees are entitled to the Program of

Preparation for Retirement (PPA), the main goal of which is to assist in the free and conscientious decision for retirement at the appropriate time. At a few units, in order to meet specific local realities, adjustments are made to the basic program to ensure follow-up after retirement, stimulating, in some cases, entrepreneurship to expand the retiree's scope.

In places where there is a differentiated work system, the benefits are the same for both for full-time and part-time employees. In Brazil and other countries, there are no temporary or part-time employees. Only in Chile and Turkey are there employees on temporary contracts.

TRAINING AND DEVELOPMENT

Qualifying employees is part of the company's investments, which encourages further studies, skill improvement and development. To achieve this goal, we promote training and development among the employees.

One of them is foreseen in our skill management model, applied to all employees, distributed by job and position. One of the individual skills is applied to Lifelong Learning and Sharing of Knowledge, which drives the ability to search, seize, apply and disseminate knowledge for personal and organizational growth through the exchange of experiences.

Petrobras University (UP) develops and trains the talents and skills of all Petrobras' employees. To achieve this, UP has partnerships with educational



institutions in Brazil and abroad and holds classes both in classrooms and by distance learning, through the Virtual Campus, Digital TV, and by the University TV Channel.

AVERAGE HOURS OF TRAINING/YEAR	
Employees with no bonus function	67.1
Employees with bonus function	42.2

AVERAGE HOURS OF TRAINING/YEAR	
High-school graduates	38.5
College graduates	113.59

Figures calculated based on the average man-hours of training (MHT) at Petrobras (Petróleo Brasileiro S.A.), Petrobras Distribuidora, Liguigas, and Refap.

KNOWLEDGE MANAGEMENT

In 2009, we continued investing in developing knowledge management practices, geared to our performance context and based on knowledge and experience the staff acquired while performing our activities. Faced with new challenges and scenarios

and focusing on technological and organizational innovation, the knowledge management strategy in the 2009-2010 biennium seeks to improve operational management and to contribute to business results through initiatives that support project, strategic skills, organizational network, and intangible asset management.

Petrobras has a Subcommittee on Knowledge Management, which formed task forces to study topics such as: Knowledge Strategy, Organizational Learning, Knowledge Management in Projects, and Practice Communities. Three methodologies were created: one to obtain lessons learned in projects; one to assess knowledge management needs and its respective practices; and one to identify the types of communities and networks in the enterprise, as well as the profiles of the professionals who are connected to the knowledge management role. This subcommittee also worked on strengthening the alignment of each organizational unit to the

The company counts on Petrobras University (UP) to develop and train the talents and skills of all of its employees

Petrobras has a Knowledge Management Education Committee, created by the Human Resources area

corporate policies, guidelines, and strategy for knowledge management. The work was presented during an event geared towards integrating knowledge in the Petrobras System.

The Knowledge Management Education Committee, established by Human Resources and coordinated by Petrobras University, aims to develop the knowledge management function in the disciplines that are required for the professional profiles.

In the International Area, a highlight was the coordination for management change put in place in projects aimed to implement the Program for International Integration Processes (ProAni). The ProAni established itself as a unique process management model for all International Business Area operations. Based on it, the company is building the necessary tools to facilitate and enhance its global projection.

Aiming to assist in the retention and transfer of strategic knowledge with a systemic perspective, via discussions, reflections, and by driving innovative thinking, the Challenges Program was continued in 2009. It supported several processes, such as the management of knowledge with managerial focus, combined with



important elements of the company's culture. The Rio de Janeiro Petrochemical Complex (Comperj) case study, which prioritized deepening project management and social responsibility issues within the experience of employees who have worked and/or currently work at the undertaking until the project's early deployment phase, was completed. Another tome of the Petrobras Challenges series, regarding the specific case study of Drilling in the Urucu Oil Province, is currently being prepared.

The Exploration & Production (E&P) area strengthened its support to the Communities of Practice Program as a result of the operations that are being carried out in an environment of greater complexity (Pre-Salt and Biofuels), which comprise a massive influx of employees by 2012, an increased load of information circulating among the company's processes, and greater mobility. This enabled the exchange of experiences and sharing of technical expertise in various areas, such as: formation assessment, reservoir characterization, reservoir engineering, and well engineering. A major benefit of this program is to integrate geographically dispersed professionals, located in Business Units in Brazil and abroad, in addition to professionals assigned to areas in Petrobras' headquarters. More than 10,100 employees are currently involved in the 13 communities of practice.

The Downstream Area's Knowledge Management Program also stood out with the improvement of several practices, such as technical meetings, technical rotations, and management rotations. The 62 technical meetings that were held involved over 2,700 employees.

An organizational learning process that includes the collection, validation, and dissemination of knowledge related to investment projects is underway at the Engineering Executive Management. The highlight is on the cycle of lessons learned, which has driven the transformation of individual learning into organizational learning in order to improve the unit's operational efficiency, avoiding rework, standardizing processes, and reducing the time required to respond to internal demands. Today, over a thousand validated items of knowledge are presented and 69 lessons learned implemented, which led to the internal review of technical standards, of the area's management manual, operating routines, and of standards and procedures, among other management tools.

Other organizational units have started or continued knowledge management programs or projects. The focus of the work ranges from knowledge management need assessments to the deployment of a group of practices, mapping of critical knowledge, adopting knowledge transfer practices among employees and teams, including knowledge management practices in project management support, and the alignment of these actions to the methodology developed by the Information Security area.

We seek to improve our internal practices based on examples laid down by world-class companies. To do so, we participate in three international knowledge management practice benchmarking studies consortia. The work, coordinated by the American Productivity Quality Center (APOC), had focused on issues related to the development of future skills, lessons learnt, and to maintaining successful communities of practice.

We conducted a pilot project to identify, measure, and manage intangible assets in the Health, Safety and Environment (HSE) area to test the Integrated Mapping and Assessment of Intangible Resources Model, in partnership with the Pontifical Catholic University of Rio de Janeiro. This pilot is based on identifying the organizational skills required to meet the strategic objectives and challenges of the market and should allow for adjustments and dissemination to Petrobras System's other organizational units.

Five internal meetings were organized in 2009 to disseminate the best corporate Knowledge Management practices and to introduce related contemporary issues to the members of this function. Representatives of the company's Knowledge Management function and experts from international organizations such as NASA, the U.S. military, the University of Frankfurt, 3M, and of the Portuguese consultancy group KMOL participated.

PERFORMANCE MANAGEMENT

Petrobras employees have career and compensation advancement opportunities that are based on the labor market standards. With the Performance Management (PM) system, an

important level advancement and promotion benchmark, employees are appraised based on their targets and skills.

The process is annual and analyzes the need to provide training to the employee. With PM, the manager and the employee can reflect on the work done and on the results attained and assess the opportunity to develop and grow the employee within the company.

In 2009, approximately 97% of Petrobras System's staff was assessed under PM. In units abroad, 74% of the local employees were evaluated.

Our employees also have the opportunity to assess the company and guide significant changes in human resources management. By means of the Organizational Environment Survey, they can assess the internal environment, opining on issues such as benefits, leadership, compensation, safety, health and environment, training and development.

Three indicators resulted from this survey: the Employee Satisfaction Index (ISE), the Level of Commitment to the Company (NCE), and Level of Commitment to Social Responsibility (NCRS).

The 2009 results were not significantly different from the previous year's: the ISE and the NCE remained at the same level, 66% and 72%, respectively, while the NCRS increase by one percentage point, closing at 77%. Seventy-five percent of Petrobras' employees participated in the survey in 2009.

EVOLUTION OF THE ORGANIZATIONAL ENVIRONMENT SURVEY (%)				
INDICATOR	2006	2007	2008	2009
ISE	68	69	66	66
NCE	77	76	72	72
NCRS*		79	76	77

* It started to be merged in 2007.

PERCENTAGE OF PARTICIPATION IN THE SURVEY				
YEAR	2006	2007	2008	2009
Percentage	77	76	74	75

PROPERTY SECURITY AND HUMAN RIGHTS

In the property security area, we provide the entire workforce with regular training and constantly disseminate the principles outlined in the Code of Ethics. Petrobras currently employs 1,108 professionals in property security, the so-called internal security inspectors. Of this total, 35.47% (393 employees) got human rights-related training in 2009. This training included issues relative to the legislation (individual guarantees, etc.), respect for the individual, Petrobras' Code of Ethics, internal rules, civility, and relationship with stakeholders.

Human Rights is covered transversally in several courses and programs Petrobras University offers

The property security staff, composed of employees and service providers, must get updates biannually. All of our safety inspectors undergo updated courses every two years, as instructed by a Federal Police Department ordinance. These courses review the subjects addressed in the training given to security guards, such as notions of criminal law, human rights, and facility physical security.

Every security staff member undertakes his or her activities in accordance with the principles of Petrobras' Code of Ethics, especially those relating to human rights and relationship with employees, customers, suppliers, service providers, and society.

Human Rights is covered transversally in several courses and programs offered by Petrobras University. In 2009, 24,775 hours of training were provided in Social and Environmental Responsibility at Petrobras (Petróleo Brasileiro S.A.), Petrobras Distribuidora, and Refap. During such training, the workforce's commitment with its practical application in daily activities is encouraged. All employees hired in 2009 attended a workshop about the Code of Ethics.

HEALTH AND SAFETY AT WORK

The Corporate Health, Safety and Environment (HSE) Policy and Guidelines conduct the projects and initiatives developed by Petrobras. To ensure continuous improvement in our performance, our HSE objectives and goals are reviewed periodically. Likewise, we constantly evaluate the possible impacts of our activities and identify the risks to the workforce and surrounding communities, consumers and society in general, working to minimize them and prevent accidents.

Petrobras invests heavily in improving the quality of life, health, and safety of its workforce. Petrobras University holds annual corporate education programs, aiming to educate, qualify, and commit its employees to risk prevention and control actions associated with accidents, incidents, deviations, and occupational diseases.

We hold events to mobilize our workforce. These events, such as the Internal Week for the Prevention of Occupational Accidents (Sipat) and Quality of Life Week, address health and safety-related topics. On institutional dates such as the National Day for the Prevention of Accidents at Work and the World Health Day, several activities are carried out at Petrobras units to stress the importance of these issues. Educational work

is also done at surrounding communities, and training in first aid provided to employee family members.

The expansion in the company's activities in Brazil and abroad led to an increase in the number of trips made at company service. Because of this, travelers' health was the subject of a number of initiatives in 2009. An internal standard of corporate health guidelines for travel was developed, and the Traveler's Booklet published and distributed to all employees.

The material introduces the necessary care and precautions, such as vaccines, attention to preexisting conditions, need for medications, prescriptions, and medical care abroad. It also provides guidelines on infectious diseases, diseases transmitted by insects and sexually transmitted diseases, on preventing violence and traffic safety, in addition to reinforcing the importance of monitoring the traveler's health immediately upon his or her return.

In 2009, we undertook a series of actions and prevention and control initiatives on account of the global influenza A (H1N1) epidemic. A comprehensive workforce information



and guidance program was deployed and a contingency plan created which will even guide more effective risk management in the event of further outbreaks and pandemics.

We monitor the progression of the infection worldwide. Thus, travel to areas of greatest risk was limited, we set strict control mechanisms for travelers after their return, and set up a structure to care for and monitor confirmed cases of the disease. Special measures were taken for groups and locations at greatest risk: pregnant professionals were removed from duties that required direct contact with the public and a special quarantine scheme was adopted on Transpetro vessels in the case of suspected infection by the influenza A (H1N1) virus.

To ensure more appropriate health, safety, ergonomics and hygiene conditions at work, Petrobras has the Medical Control Program for Occupational Health, the Environmental Risk Prevention Program (PPRA), and the Health Promotion Program.

As part of the improvements implemented based on these programs, periodic medical examinations at the company gained a broader scope than that foreseen under the legislation and now also focus on the adoption of healthier lifestyles, combating sedentariness, and encouraging a balanced diet. The importance of this latter issue led to a complete revision of the menus offered to professionals working on the offshore oil and gas production platforms. The company also has a policy and support programs

to combat the abuse of alcohol and of other drugs and banned smoking in all workplaces.

The results of these programs are monitored by a set of indicators. In the case of the Health Promotion Program, the spotlight is on the Coronary Risk of Employees and the Physically Active Employees indicators, for example.

Our policy for HIV/AIDS aims to cooperate with the development of public policies designed not only to provide guidance and prevent the disease, but also to avoid discrimination in the workplace. Employees can perform free diagnostic tests, as long as such testing is requested voluntarily. Disease carriers, whether employees or their dependents, are provided with medicine and professional care. The policy also ensures counseling and health care confidentiality.

Also to guide, educate, prevent, and promote the health of employees, retirees, pensioners and their families, Petrobras distributes an AMS booklet in the Petros Magazine, a monthly publication of the company's private pension fund. It provides information on how to use the benefit. Another instrument that has similar goals is the "Orientador AMS" (AMS Advisor), which is available both in print and on the company's internal website called "Busca AMS" (Search AMS).

Initiatives to provide better health and safety conditions at work are also implemented at the units abroad, always in compliance with the legislation in force in each country.

INDICATORS

The data and information about Petrobras' performance in the health and safety areas are recorded and preserved in several corporate systems, such as the Industrial Security System (Sisin), the Anomaly Management System (Siga), and the Computerized Corporate Health Management System (SD2000). Several indicators are consolidated and monitored by the Security, Environment, and Health Management Committee based on these data. Some of them are also part of the Corporate Performance Report, which is submitted monthly to the Board of Directors for analysis.

In order to guide the evolution of our performance in HSE-related matters, Maximum Permissible Limits (MPL) are set for the indicators. For the Frequency Rate of Causalities with Leave (TFCA), for example, an MPL of 0.59 injured with lost time per million hours worked, encompassing Petrobras and outsourced employees, was set in 2009. The consolidated figure for the year was 0.49, below the permissible limit set, and 420 cases of accidents with time lost were recorded.

LOST TIME INJURY FREQUENCY RATE*					
YEAR	2005	2006	2007	2008	2009
LTIFR	0.97	0.77	0.76	0.59	0.49

* Number of accidents with lost time per million man-hours of exposure to risk

The Percentage of Time Lost (PTP), pertaining only to Petrobras employees, reached 2.36% of working hours lost on account of accidents or illnesses in the total hours of work planned. As of 2008, a new methodology started being

used to account the data that make up the PLT, resulting in significant changes in results. Thus, it was necessary to revise the MPL for this indicator, which will go into effect in 2010.

PERCENTAGE OF LOST TIME (PLT)					
YEAR	2005	2006	2007	2008	2009
PLT	2.48	2.06	2.19	2.31	2.36

In 2009, seven fatalities at work involving Petrobras employees and outsourced employees were registered. We achieved a significant reduction compared to 2008. The result, however, is still unsatisfactory. Our goal is to have no fatalities as a result of our operations.

FATALITIES					
YEAR	2005	2006	2007	2008	2009
TOTAL	15	9	15	18	7

FATAL ACCIDENT RATE (FAR)**					
YEAR	2005	2006	2007	2008	2009
FAR	2.81	1.61	2.28	2.4	0.81

** Number of fatalities per 100 million man-hours of exposure to risk.

Fatal accidents are treated differently and strictly at Petrobras. After reporting the accident, the executive managers of the Business Area where the accident occurred and of the Corporate HSE have at most 24 hours to go to the accident site. In addition, all organizational units that operate similar processes to that where the fatality occurred are formally informed of the fact. Petrobras investigates the accident, and an action

plan must be developed and tracked to make sure its causes are eliminated or mitigated. The findings are widely disseminated in internal forums, including the Petrobras Business Committee.

In 2009, there were still ten new cases of occupational diseases, i.e. illnesses related to the employee performing tasks. The Occupational Disease Incidence Rate (Tido) was 0.18 new cases per thousand employees.

PERFORMANCE IN EMERGENCIES

Petrobras has ten Environmental Defense Centers (EDC) in continuous operation, equipped with special vessels, oil collectors, and containment and absorption barriers, operated by trained professionals. Thirteen advanced bases extend the Centers' coverage. The company also keeps three specialized vessels in permanent operation to respond to emergencies in the Guanabara Bay, off the coast of São Paulo, and off the coasts of Sergipe and Alagoas.

In 2009, we carried out 15 regional drills in the emergency response system. The drills involved the Brazilian Navy, the Civil Defense, Fire Departments and the Military Police, in addition to environmental agencies, city halls, and local communities. We also held four major drills in overseas units in Argentina, Colombia, Mexico, and Uruguay.

MANAGEMENT

Petrobras' employees are fully represented in formal joint health and safety committees: HSE Commissions of Own and Outsourced Employees and Cipa, National Standing Committee on Benzene (CNPBz), State Commissions on Benzene (CEBz), Groups of Benzene Workers (GTBs), Internal Commissions for Accident Prevention (Cipas), Ergonomics Committees, Commission for Investigation of HSE Anomalies, and the National Commission for Special Retirement.

These employees are represented jointly on these committees, and the government participates

in the National and State Benzene Commissions. The Ergonomics Committees are constituted only locally and made formal by the employee holding the highest hierarchical rank at the organizational unit. Within the committees, formal agreements are signed with labor unions, on the local and global levels, regarding safety and health issues.

The issues addressed throughout the year, with the mediation of specific committees, include aspects related to periodic medical examinations, to the Healthy Eating Program, nutritional assessments, to the operation of the Cipas, to reporting labor accidents, they encompass lectures about risks in the workplace, access to the workplace, and participation in ascertaining the cause of accidents, in addition to safety and occupational health conditions, and the Operational Safety Emergency Plan.

FREEDOM OF ASSOCIATION

The company recognizes its employees' right of free association via its Code of Ethics, respecting and valuing their participation in unions and not practicing any form of discrimination with respect to its unionized employees.

We have established a process of continuous negotiation with the unions and do not interfere in their manifestations. Differences are resolved through continued dialogue. Thus, significant improvements have been achieved in our employees' working conditions.



In Brazil, 100% of Petrobras staff is included in collective bargaining agreements. Abroad, of the 7,967 employees working out of the several countries where Petrobras has operations, on account of the of specificities and laws of each country, 27% are covered.

This year's agreement, has approved the extension of the maternity leave from four to six months and the creation of the Young University Student Program. The incentive is aimed at the children and stepchildren of employees aged up to 24 years who do not hold college degrees. The program promotes training in professions which there is a great demand for at the company, its partners and suppliers, keeping pace with the sector's major growth in Brazil. A total of 20 undergraduate courses are included in the initiative.

In March 2009, there was a five-day labor strike in all units in Brazil, motivated by negotiations on profit and result sharing (PRS) for 2008. After an intense negotiation process, we

reached an agreement with the union regarding the amount to be paid and the future calculation rules to be used. PRS is based on the company's economic performance, if there is profit in the fiscal year. There is no relationship between the percentage received by the employee and his or her individual performance.

In addition to the dialogue with the unions, we have internal communication tools for direct exchanges with our workforce. In Brazil, operational changes, such as the deployment of new technologies to increase work efficiency and quality, competitiveness, and the employees' safety and health, are preceded by negotiations with labor unions and the local Cipas, as provided for under the Collective Bargaining Agreement. When necessary, the changes are made gradually in order to prepare the employee for the new scenario. In Brazil, no minimum period of notice for this type of communication is set and, at the international units, these deadlines meet local requirements.

In addition to the dialogue with the unions, we have internal communication tools for direct exchanges with our workforce

i Learn more about our forms of communication with the internal audience in the *Communication Channels* chapter.



Petrobras is aware of its responsibility for ensuring respect for human rights in all activities and for encouraging this attitude among its partners, suppliers, customers and other stakeholders. For this reason, we take steps to ensure compliance with these rights and support initiatives to raise awareness and disseminate and promote good practices that help us achieve this goal.

DIVERSITY

The Commission on Diversity, composed of representatives of different Petrobras System areas and subsidiaries and tied to the Social Responsibility Management Committee, discusses issues related to promoting diversity and combating discrimination and proposes actions to improve the management of these matters.



Since 2007, the promotion of equal opportunities between men and women throughout Petrobras - also regarding holding senior management positions - was reinforced when the company joined the Pro-Gender Equality Program, sponsored by the Special Secretariat for Women's Policies and supported by United Nations Fund for Women (UNIFEM) and the International Labor Organization (ILO) in Brazil. For fulfilling the Action Plan in 2007 and 2008, Petrobras was granted Pro-Gender Equity Seal program for the second time.

Giving continuity to actions aimed to promote human rights and women's citizenship, Petrobras joined the Pro-Gender Equality Program for the third time in 2009. In general, the Program maintains the same goals as its previous editions: promoting equal opportunities for men and women in companies and institutions and developing new



human resources management and organizational culture concepts. By joining the program, Petrobras commits, in the 2009-2010 period, to implement an Action Plan to pursue 12 goals. Proven positive among the Brazilian organizations, the 2009 edition of the Pro-Equality Program was joined by 72 organizations, including Petrobras Distribuidora and Transpetro.

As part of Petrobras' Pro-Gender Equality Action, the 2009 Cycle of Regional Meetings for Strengthening Gender Equity was held throughout the year together with other companies. The goal was to disseminate content on gender relations and diversity in the society, particularly in the work place, and to divulge to both employees and to the stakeholders the actions the company has carried out to promote gender equality. Five regional meetings were held in different Brazilian capital cities during the year. The meetings were attended by about 1,200 employees of the organizer companies and a non-estimated audience sat-in on the events over the Internet.

In November, Petrobras launched its first Breastfeeding Support Room. The space was designed with the necessary infrastructure to collect and store breast milk during the workday. The room was a demand made by the company's female workforce and assists mothers who are returning to work and wish to continue breastfeeding their children. This initiative also fulfills our commitment to help balance professional, personal, and family activities.

Regarding the disable people, a working group was created for developing policies, guidelines

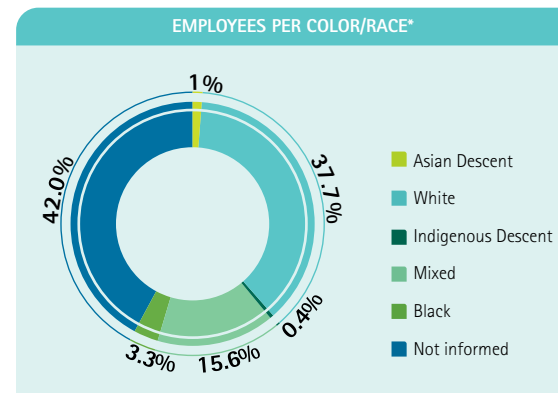
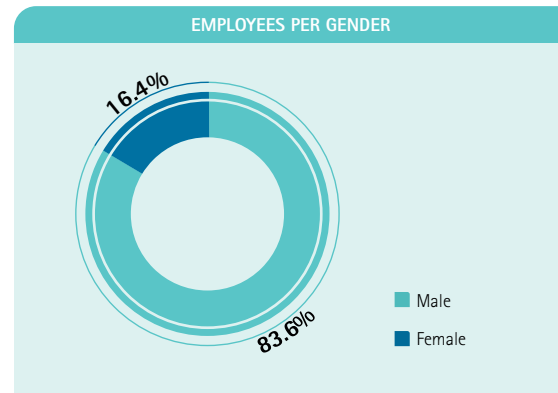
We launched our first Breastfeeding Support Room to collect and store breast milk during the workday

and action plan to meet the special needs of these employees. The Multidisciplinary Health Care (AMS) has implemented a program designed to cover employees who are in stable relationships with same gender partners since 2007. A total of 100 employees have joined the program, of whom 61 men and 39 women.

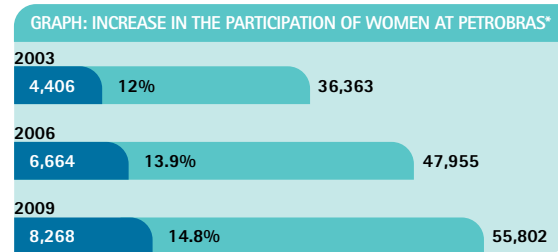
This recognition and the granting of rights also extend to the Petros Plan. When the National Social Security Institute (INSS) grants a pension to a person on account of his or her partner's death, the Foundation pays the corresponding supplementary benefit to the registered companion using the same criteria as those used for heterosexual couples.



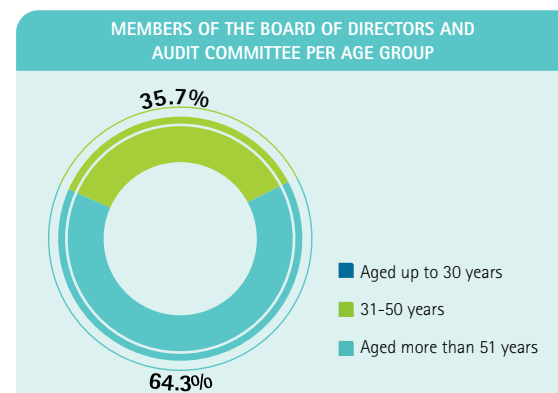
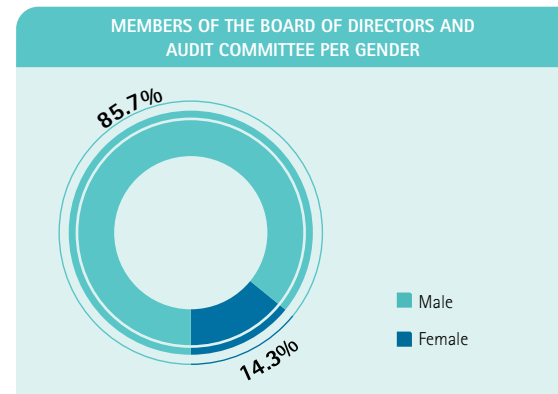
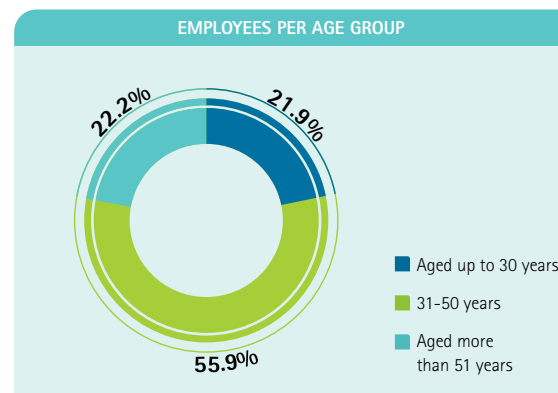
Learn more about the Petros Plan under Compensation and Benefits, in the *People Management* chapter.



* The data are for Petrobras (Petróleo Brasileiro S.A.), the only Petrobras System company submitted to the Petrobras Census for Diversity, which was carried out as a pilot project in 2008. We are planning to include the other System companies in a future edition of the Census.



* The increase in women holding positions at the company is a reflex of the increasing interest among women in Brazil to seek careers and to work in areas which have historically been occupied by men, such as in engineering and geology, and in the oil and gas industry, although the number of men at Petrobras is still very expressive.



PETROBRAS SYSTEM IN BRAZIL	TYPE OF EMPLOYEE	HIGH SCHOOL GRADUATES RATIO	COLLEGE GRADUATES RATIO
	Employees with no bonus function	1.03	0.88
Employees with bonus function	0.78	0.83	
TOTAL	0.88	0.85	

* Fixed and minimum amount paid to the employee for performing his or her tasks, not including any additional pay.

The Brazilian legislation foresees a minimum reserve of 5% of the positions at the companies for disable people. Since, in Brazil, Petrobras has 19,524 positions for which opening reserves are foreseen - i.e., positions that do not require full capacity in order to be performed - , the 1,077 disable employees hold 5.5% of the foreseen openings.

TREATMENT OF INCIDENTS REGARDING DISCRIMINATION

In 2009, the Ombudsman's Office of Petrobras (Petróleo Brasileiro S.A.) received 18 complaints involving discrimination, nine of which made against the same employee by other members of the workforce. After ascertainment, the complaints were considered well-founded and the employee was submitted to disciplinary action compatible with the complaint. He later apologized to the denunciators. Four other complaints are still under analysis, and four were considered unfounded. These figures do not include the other Petrobras System companies.

When discrimination complaints are registered, the cases are analyzed and forwarded to the company's competent areas for the due measures to be taken. In some cases, a warning is recommended while in others conciliation with the intermediation of the Ombudsman's Office.

A few complaints are dealt with locally, i.e., at the business units themselves, and not registered by the General Ombudsman's Office. In order to make it feasible to have a general consolidation of the discrimination complaints at the company, a flow model project is currently in progress to allow the Ombudsman's Office to learn about and monitor all situations.

ERADICATION OF CHILD LABOR

For public selection processes, the Brazilian legislation requires the selected candidates to be 18 years old or more. That way, there is no risk of child labor in our operations and administrative activities.

However, we are aware of the fact there is a risk of this in our productive chain, particularly in the areas involved in producing ethanol, methanol, and feedstock for biofuels, and our responsibility is to help prevent this from happening. For this reason, our commitment to help eradicate all types of labor, slave or degrading work is stated at several Petrobras corporate documents and is the base of specific management and awareness actions.

Our good and service procurement agreements have specific clauses that forbid the use of child labor. Service providers who do not fulfill this





requirement will be subject to the penalty of fines or contract rescission, in addition to legal sanctions.

For biofuel provision, we have signed agreements with 56,000 family farmers in eight Brazilian states, and this implies the risk of child labor being used. Thus, the contracts signed with these providers have clauses that require them "to refrain from using, in all activities related to the implementation of this instrument, child labor (...) or from using slave labor, as well as requiring that such measures be adopted in the contracts signed with their inputs suppliers and/or service providers and cooperative members, under the penalty of incurring in fines or contract rescission, without prejudice to the adoption of appropriate measures."

The farmers' class associations are aware of the content of the contracts and get information to collaborate to eradicate this practice.

CAMPAIGN TO COMBAT SEXUAL EXPLOITATION AND CHILD LABOR

The Campaign to Combat Sexual Exploitation and Child Labor, which reached approximately 70,000 professionals the year it was launched, was reinforced in 2009 by various projects throughout Brazil. The main goal of the campaign is to encourage the workforce to combat sexual exploitation and child labor, highlighting the damage that such abuse can cause to the physical, emotional, intellectual, and social development of children and adolescents. The campaign also presents the ways and contexts in which these practices are established, the signs to look out to in order to identify them, and the penalties provided by law for such crimes. Through awareness, it is possible to ensure ethical, responsible behavior of the workforce involved in the projects, supporting the complaint cases.

In addition, we invested in programs and signed-on partnerships to fight child labor. Among the supported institutions are the United Nations Fund for Children (UNICEF), State Councils for the Rights of Children and Adolescents (CEDC), which manage the state FIA resources, Municipal Councils (CMDCA), which manages the FIA resources of each town, and the National Council of Child and Adolescent Rights (Conanda).

@ Learn more about other projects designed to fight child labor on the Social Responsibility page at www.petrobras.com.br.

CONSOLIDATION AND DISSEMINATION OF THE NATIONAL HOTLINE FOR DENOUNCING CHILD ABUSE AND SEXUAL EXPLOITATION OF CHILDREN AND ADOLESCENTS

The "Dial 100" hotline is a free nationwide service through which users can make denunciations and get information about the Guardianship Councils and other bodies that make up the safety network. The complaints are reviewed and forwarded within 24 hours to the competent protection, defense and accountability agencies on the local, state and federal levels, as per their specific competence and attributions, keeping the identity of the complainant confidential.

The goal of the project is to break the silence pacts that cover up situations of violence. This is crucial in order to address sexual violence against children and adolescents. The National Hotline is one of the main channels that connect the population with the government, seeking, thus, to guarantee and defend the rights of children and adolescents. The data and indicators generated from the systematization of the complaints registered in the service are the input to improve the complaint flow routing, the planning, implementation, monitoring and the assessment of public policies.

Petrobras supports the project, transfers funds for the technical and operational activities of the "Dial 100" hotline, approves the referential bases for the action, provides consulting and monitors the technical, physical and financial implementation, and participates in project appraisal.

By the Petrobras Young Apprentice Program, we encourage the inclusion of youth in the labor force, in accordance with the Brazilian law. We also contribute to the Fund for Childhood and Adolescents (FIA), which supports the rights of children and youth who are at social or personal risk, via projects to combat child labor, to professionalize youth, and to provide guidance and support social and family relations. The financial resources of this fund are invested in initiatives to secure the rights stated at the Children and Adolescents Statute. In 2009, we provided R\$34 million to FIA for 208 projects that focused on guaranteeing the rights of children and adolescents.

i Learn more about Petrobras' social investments under Social Investment in the *Contributions to Society and Indirect Impacts* chapter.



REFUSAL OF FORCED LABOR

Petrobras supports the eradication of forced and slave-like labor in its operations and in the supply chain. To achieve this, we comply with the legal requirements relating to working practices in all countries where we operate and require suppliers and contractors to comply with contract clauses providing for human rights and the prohibition of degrading treatment.

We have been signatories of the National Pact for the Eradication of Slave Labor in Brazil since 2005. For this reason, we do not purchase products from companies that have been fined for using slave labor. In Brazil, a list with the names of these companies - known as the "black list" - is published and updated by the Labor Ministry on its website.

Periodically, the professionals engaged in registration activities are provided with training to appropriately demand compliance with contractual

requirements. Failure to comply leads to the cancellation both of new acquisitions and of the contracts themselves.

In 2009, we did not identify operations with significant risk for incidents of forced labor or slavery.

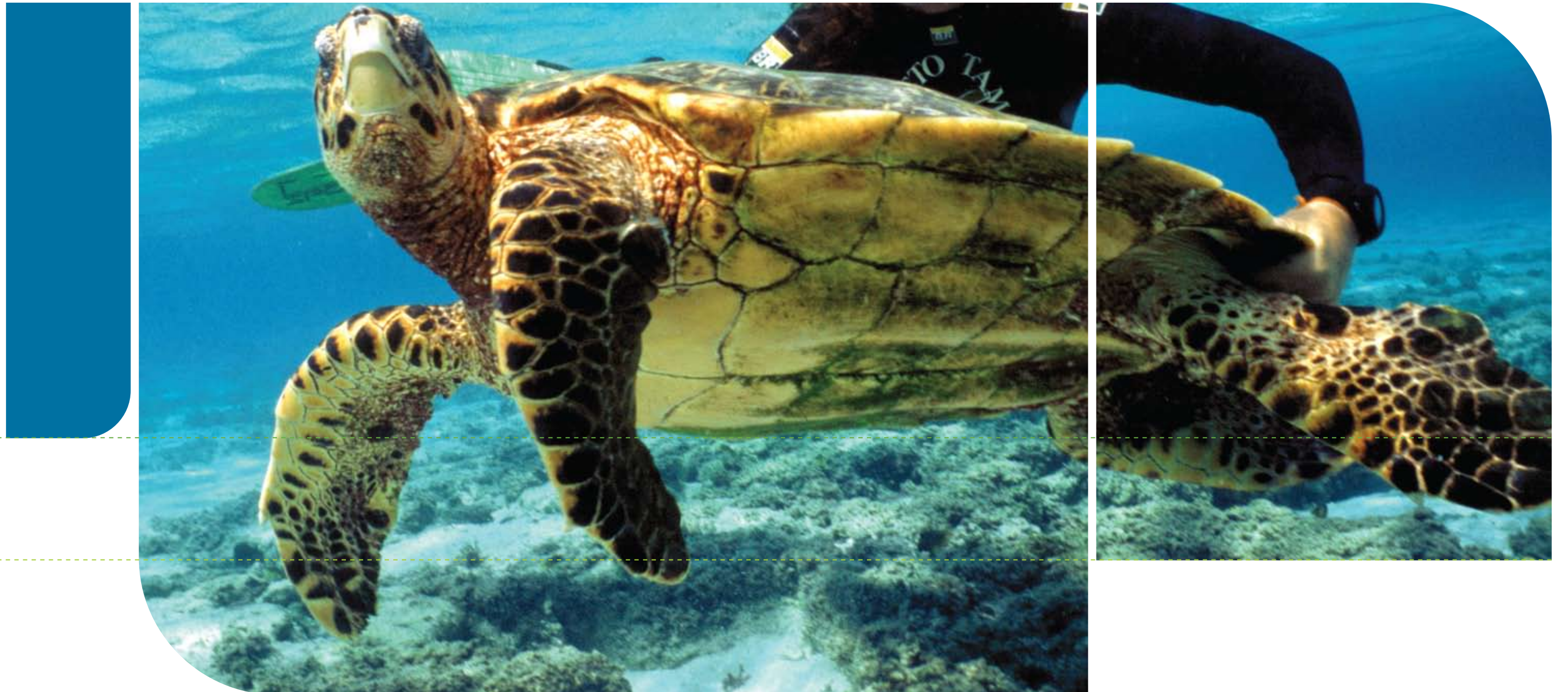
RESPECT FOR TRADITIONAL PEOPLES

We recognize that our activities can significantly affect daily life in surrounding communities of new undertaking and facilities. This requires a respectful, transparent relationship in order to minimize the impacts and to identify local development opportunities, always consistent with respect for human rights and the existing laws.

In the case of traditional peoples, such as indigenous people and fisherman, the risks are even more significant because the presence of companies can impact the social and cultural conditions and the very survival of these communities. Therefore, before beginning any activity, we seek formal guidance from licensing bodies and, in Brazil, from the National Indigenous Foundation (FUNAI). We also support projects in different regions that contribute to ensuring the rights of indigenous peoples.

In 2009, Petrobras was summoned to provide clarifications about the occupation process of the Pecém refinery area, in Ceará. An administrative procedure was conducted to determine possible damage to the environment located in an area belonging to the Indigenous Anaco community. The company presented the Socioenvironmental Survey that was made for the Pecém Pipeline Range, and the Federal Public Ministry did not file a public civil suit against Petrobras, but rather only included it in the passive pole, i.e., company was not mentioned as a defendant, only the state of Ceará.

Environment



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Several environmental risks are inherent to the oil and gas industry activities: natural resource depletion, air emissions, interference in the territories, biodiversity impacts, and waste disposal, among others.

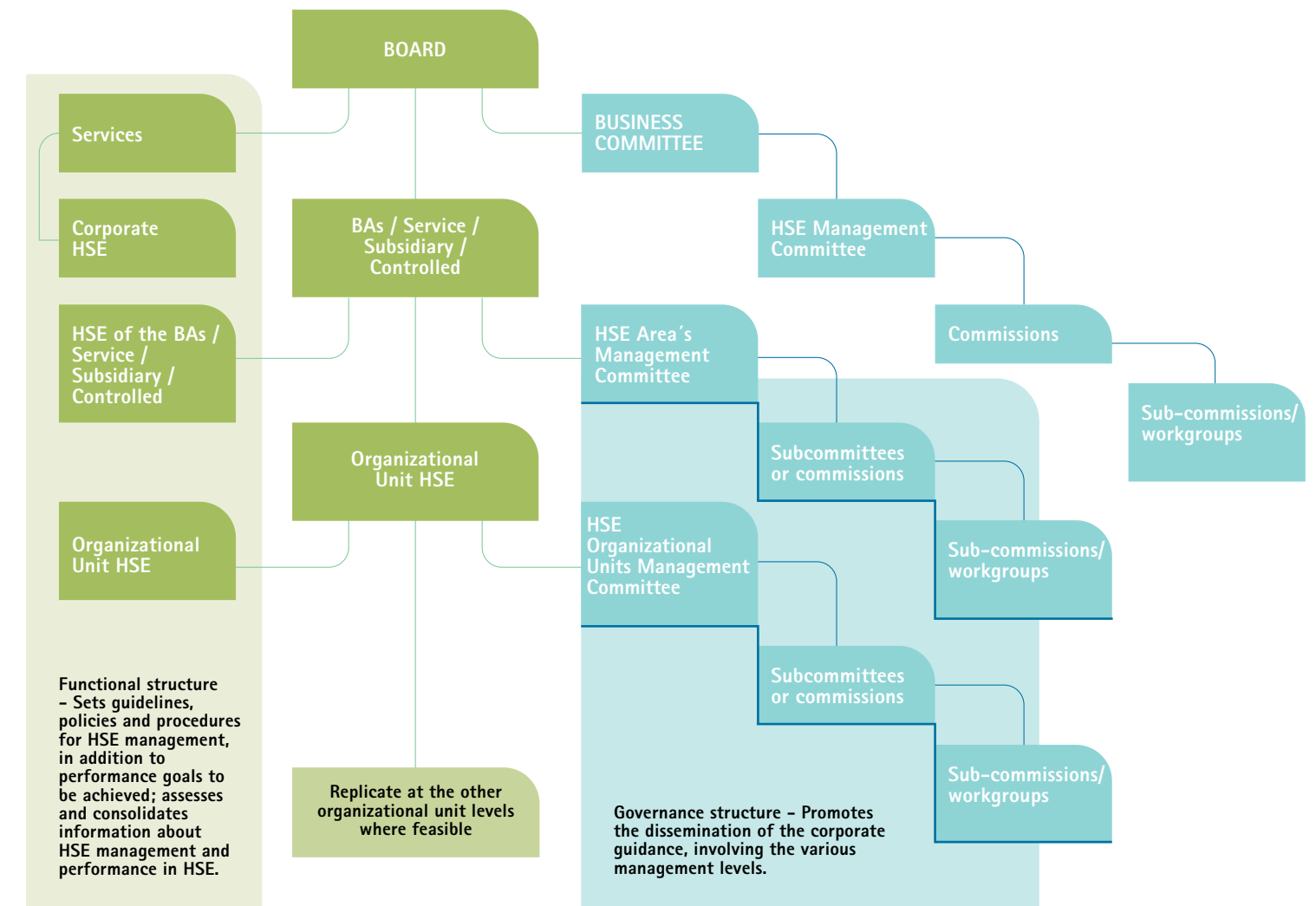
Therefore, the nature of our work requires an integrated environmental management system to ascertain, prevent and mitigate impacts derived from our operations and products and one that involves all Petrobras areas, units and subsidiaries, from the strategic to the operational level.

To manage these risks and potential impacts, Petrobras also invests in new technologies, energy sources, in increasing process efficiency, and in ecosystem preservation and restoration.

The HSE Corporate Area is in charge of managing Health, Safety and Environment at Petrobras. All leadership levels, however, are responsible for implementing and using the Management System and, ultimately, for their area or unit's HSE performance. The HSE management system's governance is ensured by a structure of committees and commissions that involve all of the company's management levels, as shown here.



@ Learn more about Health, Safety and Environment at www.petrobras.com.br/rs2009.



In 2009, the Petrobras System invested R\$1.97 billion in environment-related actions, including spending on operational processes and on support for environmental projects.

TOTAL EXPENDITURES AND INVESTMENTS IN THE ENVIRONMENT	
DESCRIPTION	THOUSANDS OF R\$
Environmental expenditures related to the company's production/operations	1,575,492
Expenditures on degraded area restoration and reforestation projects, etc.	197,527
Spending on pollution control equipment and systems	99,438
Support for environmental projects	93,873
TOTAL	1,966,331



Petrobras believes that the global climate change, pointed out by a number of scientific studies as the result of the increased greenhouse gas (GHG) emissions, requires a comprehensive strategy focusing on mitigating the impacts of our activities and products as well as on investing in energy efficiency and technological research and development, including through the facilitation and implementation of cleaner energy sources.

This is a major challenge, because the world's demand for energy continues to increase sharply, and oil tends to remain as the predominant source. This makes it even more important for us to find a balance point between meeting the

growing demand, reducing the impacts derived from production, and contributing to minimize the effects of fuel usage on the environment and on human health.

For this reason, the 2020 Strategic Plan sets the goal of achieving levels of excellence in the energy industry with regard to the intensity of the GHG emissions in the processes and products. Our 2009-2013 Business Plan calls for avoiding voluntarily the emissions of 4.5 million tons of carbon dioxide equivalent (CO₂e) in 2013. This voluntary goal leads to an attenuation of the emissions taking into account the forecasted business expansion and the Brazilian voluntary commitment to GHG emissions reduction.

BRAZILIAN COMMITMENT TO GHG EMISSIONS REDUCTION

In December 2008, Brazil approved the National Policy for Climate Change (NPCC), which sets the principles, goals, and guidelines to reduce GHG emissions. The policy provides for a 36.1% to 38.9% reduction in emissions by 2020, a voluntary commitment made by the Federal Government at the 15th Conference of the Parties on Climate Change (COP 15), held in December 2009, in Copenhagen, Denmark.

The country's emissions reduction goals focus on land use and land use change (deforestation,

cattle raising and farming) - which are the main source of GHG emissions in Brazil - and on a more efficient use of natural resources.

In 2009, the Brazilian government established the National Fund for Climate Change, which will foster climate change mitigation and adaptation. The fund will be fed, prioritarily, with resources coming from the oil activity in Brazil, but it will also get money from the government, in addition to donations and loans from national and international entities.



POTENCIAL RISKS & OPPORTUNITIES

- Although Brazil's voluntary commitment to reduce GHG emissions by 2020 focus primarily on land use and land use change, the energy sector may be convened to contribute to the achievement of goals proposed by, for example, participating in sectoral mitigation plans.
- The possible increase of extreme weather events may raise insurance costs and demand additional investments to ensure the security and integrity of the facilities.
- Stricter regulations for greenhouse gas emissions may lead to more complex environmental licensing processes and additional expenditures with mitigation measures, such as carbon sequestration and carbon dioxide (CO₂) reinjection.
- The possible creation of taxes or other measures aimed at discouraging the use of fossil fuels, for example, by fostering low emissions technologies, may have negative impacts on the oil products market.
- Access to credit and funding lines, created to assist developing nations to reach emissions reduction goals and adapt to climate changes, may make financial resources available under more favorable conditions, such as lower interest rates, larger terms for payment, extended grace periods, less red tape in the granting procedure, etc.
- The growth of domestic and foreign markets for less carbon intensive fuels, such as natural gas and biofuels, may open new business opportunities in which the company can operate with competitive advantages.



MITIGATION OF EMISSIONS FROM THE PRE-SALT

Studies indicate that the concentration of CO₂ in pre-salt wells varies widely: in the Santos Basin, a few of them have more CO₂ than those producing oil in the Campos Basin (state of Rio de Janeiro), the leading producer in Brazil, while other Santos Basin wells have concentrations close to zero.

Brazil currently has no specific restrictions for carbon dioxide emissions from the oil production process or even conclusive studies on the

concentration of CO₂ in the pre-salt reservoirs that have already been discovered. Nevertheless, Petrobras, which operates the blocks that have been put up for bidding, is committed to avoid venting into the atmosphere CO₂ from Pre-Salt production wells as well as to adopt CO₂ Capturing and Geological Storage techniques.

@ Learn more about the techniques Petrobras uses to reduce CO₂ emissions at www.petrobras.com.br/rs2009.

PETROBRAS' INITIATIVES TO MITIGATE CLIMATE CHANGE

- **A robust GHG inventory.** Since 2002, we have in place a system that provides a detailed inventory of the main GHG and regulated pollutants atmospheric emissions, coming from more than 30,000 sources in our operations.
- **Transparency.** We disclose the inventory of GHG emissions and the measures we take to contribute to mitigate climate change annually.
- **Integration of climate change into our business strategies.** We have incorporated the climate change issue into the corporate strategy and voluntarily established objectives and management indicators related to the subject since 2005. Petrobras has a specific internal governments to manage the issue and identify opportunities to mitigate the impacts of our activities.
- **Strategic Climate Change Project.** Created in 2007, this project sets guidelines and targets to increase the energy efficiency of our products and processes and to identify investment opportunities in new technologies and new energy sources.
- **Creation of a subsidiary to operate in the biofuels area.** Learn more under *Renewable Energy*, in the *Energy, Materials and Water Resources* chapter, in the *Biofuels and Renewable Energy* chapter and under *Income Generation* in the *Contribution to Society and Indirect Impacts* chapter.
- **Participation in various stages of the "Proálcool" program.** In Brazil, Petrobras has participated in various stages of the industrial production and distribution of ethanol, through the National Program for Alcohol Fuel (Proálcool), since the 1970s.
- **Internal programs for climate change mitigation.** Learn more under *Energetic Efficiency*, in the *Energy, Materials and Water Resources* chapter.

PETROBRAS' INITIATIVES TO MITIGATE CLIMATE CHANGE

- **Research & development programs (R&D).** The objective is to make new technologies feasible, covering renewable energies, energy efficiency, and CCGS (carbon captures and geological storage), in partnership with universities and research institutes. From 2006 to 2009, US\$30 million were invested in the carbon sequestration and climate change areas.

PETROBRAS CREATED TWO TECHNOLOGICAL PROGRAMS SEEKING THE FEASIBILITY OF CO₂ CAPTURE, SEQUESTRATION, TRANSPORTATION AND GEOLOGICAL STORAGE:

- **Technological Program for CO₂ Management for the Pre-Salt Development (PRO-CO₂):** created in 2009, it is directed to CO₂ emissions management during the development of the Pre-Salt Pole and, therefore, has a more immediate term.
- **Technological Program for Climate Change (Proclima):** the target is to provide, by 2012, technological solutions to reduce the intensity of the GHG emissions in Petrobras' processes and products. The Program's goals include slashing by half the costs of CO₂ capturing technologies from exhaust gases (exhaled by equipments such as boilers and turbines), and developing technologies that guarantee both the reliability of geological CO₂ storage and the improvement of the energy efficiency of productive processes.
- CO₂ emissions are also a theme covered by the Thematic Networks, a technical and financial supporting partnership among Petrobras and several Brazilian science and technology institutions. The Climate Change Thematic Network, created in 2006, seeks capacity building and the development of infrastructure to capture, transport, and store CO₂ geologically. It also carries out researches on issues such as the impacts, vulnerabilities, and adaptation to climate change.
- **Fostering fuel consumption awareness.** Learn more under *Products and Services*, in the *Products, Services, and Transportation* chapter.
- **Searching opportunities in the carbon markets.** Petrobras pursues the certification of GHG emission reduction projects aiming at securing carbon credits under CDM (Clean Development Mechanism) criteria of Kyoto Protocol. Learn more under *Renewable Energies and Energetic Efficiency*, in the *Energy, Materials and Water Resources* chapter.
- **Stakeholders engagement.** Petrobras cooperates with national and international organizations and institutions to understand the impacts of climate changes and to discuss initiatives to mitigate them.
- **Support for civil society initiatives.** By means of the Petrobras Environmental Program, we sponsor projects aimed at the conservation of natural resources thus, contributing to mitigate global warming by fixating carbon in the vegetation. Considering the planted area and the avoided deforestation area, the sponsored projects may avoid the emission of up to 6.8 million tons of CO₂.

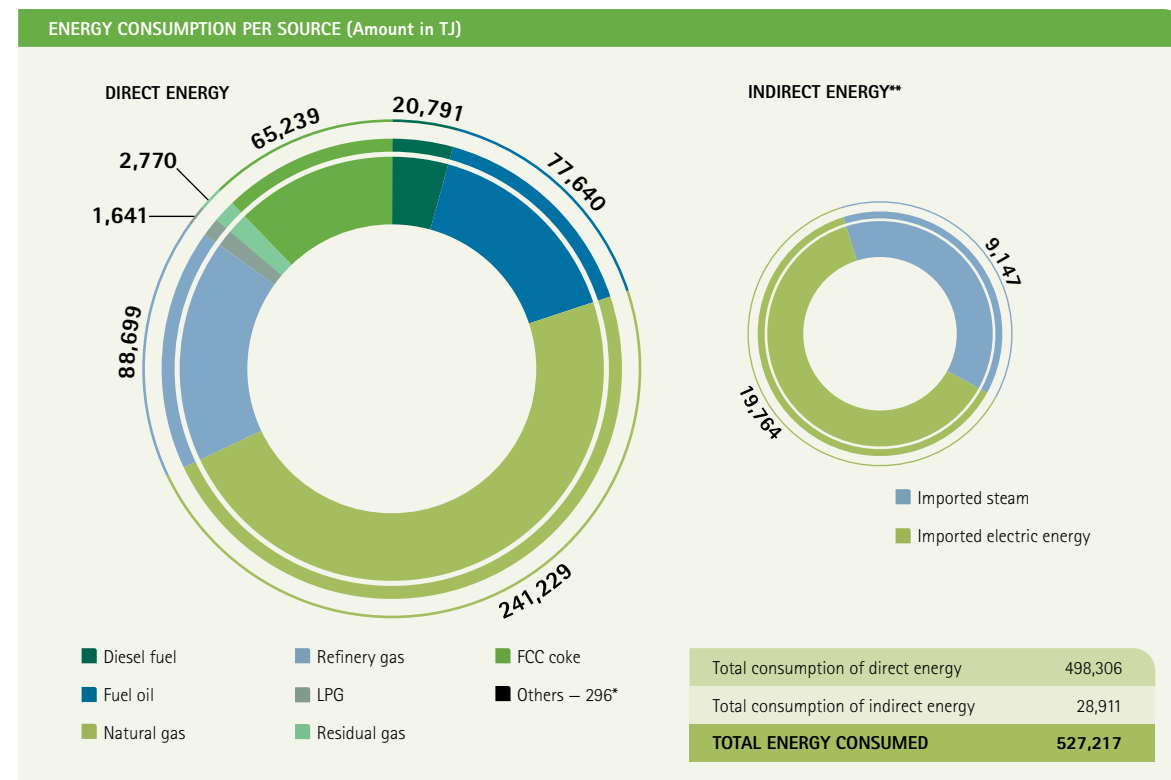
@ Learn more about the Petrobras Environmental Program in the *Biodiversity and Contribution to the Society and Indirect Impact* chapters and at www.petrobras.com.br/rs2009.



ENERGY

Petrobras invests in processes to increase energy efficiency and in diversifying energy sources by increasing the participation of renewable sources of energy. The goal is to reduce

the intensity of the businesses' GHG emissions, enhancing the supply of less carbon-intensive fuels. Energy consumption is monitored by a computerized system.



* Includes electric energy and steam exports, and the internal consumption of gasoline and ethanol.
 **Does not include the volume of primary fuel used to produce the indirect energy.

RENEWABLE ENERGIES

BIOFUELS

Biofuels are produced from renewable sources, such as biomass and agricultural products - sugar cane, oilseeds, for example - and animal fat.

We are developing technologies to use residues from other processes to produce biofuels that can lead to lower environmental impacts. Our research also includes using raw materials that do not compete with food products, such

as microalgae, "macaúba", jatropha, and castor beans, species that are typical of the Brazilian semiarid region. Growing these plants can also enhance family farming in the region.

From September 2008 to September 2009, the production of 95 million liters of biodiesel at the three plants operated by Petrobras Biocombustível represented 230,000 tons of CO₂ equivalent emissions avoided. With the increase in biodiesel production and with the company starting in ethanol production, this contribution tends to grow in 2010.

i Learn more about Petrobras Biocombustível and its performance in 2009 in the chapter titled *Biofuels and Renewable Energies*, under *Operational Performance*, and under *Job and Income Generation*, in the *Contributions to the Society and Indirect Impacts* chapter

ELECTRIC ENERGY

In 2009, Petrobras' 17 own and leased thermoelectric plants (TEP) generated an average of 525 MW of power. Our thermoelectric generation park has an installed capacity of 5,476 MW.

We also hold stakes in 15 small-scale hydroelectric plants (SHEPS) and eight oil-fueled thermoelectric plants in Brazil. The assets in commercial operation and those under construction will total an installed capacity of 1,471 MW. In Argentina, the company holds stakes in the Pichi Picún Leufú hydroelectric plant, which has a capacity of 285 MW, and in the Genelba and Genelba Plus gas-fired thermoelectric plants.

i Learn more about the main electric energy highlights of the year in the chapter with the same name, under *Operational Performance*.

WIND ENERGY

The Macau Wind Power Plant (in the state of Rio Grande do Norte) produces 1.8 MW of electricity and was the company's first project to be registered under the UN's Clean Development Mechanism (CDM). The plant completed six years of operations in 2009. Since its implementation, it produced 28,164 MWh and avoided the emissions of approximately 1,200 t/year of CO₂ to the atmosphere.

In 2009, we took part in the first wind power auction held in Brazil and secured the right to market the electricity generated by this source. To do so, four plants capable of generating 26 MW of electricity each will be implemented in partnership with companies operating out of the energy market.

@ Learn more about Petrobras' participation in the wind power auction in the 2009 Activities Report, available at www.petrobras.com.br

THERMOSOLAR ENERGY

Petrobras has been implementing thermosolar energy generation systems at its industrial and administrative units since 2003. There are currently thermosolar systems installed at 12 production units, three buildings, and at one Petrobras Distribuidora pilot service station in Rio de Janeiro. In 2010, we are planning to use solar energy to heat water in kitchens, cafeterias, and locker rooms in eight other units and in industrial systems at the Bahia Unit.

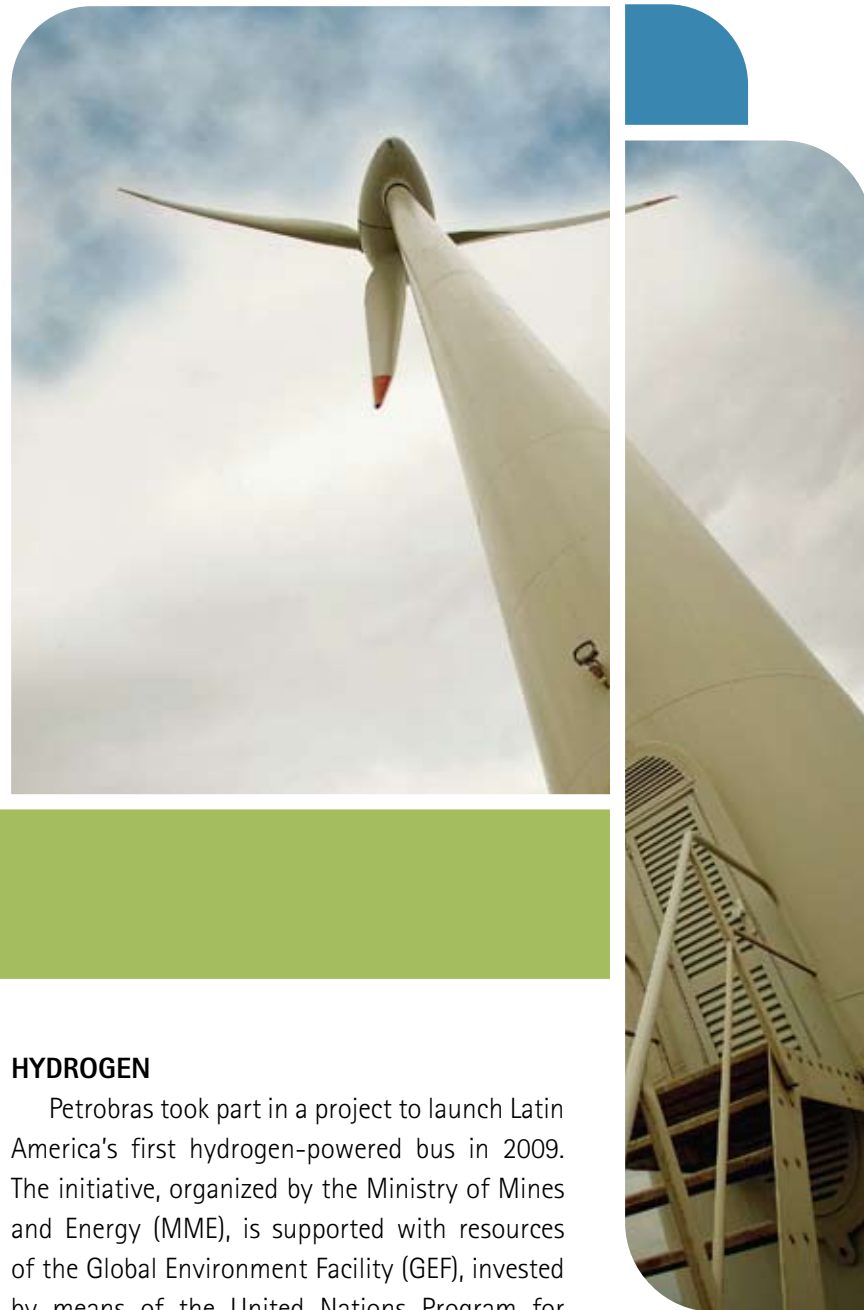
Petrobras' largest solar energy water heating system was inaugurated in 2009, at the Paulínia Refinery (Replan). Thermosolar panels covering an area of 750 square meters heat 22,000 m³ of water per day, which are used at the unit's cafeteria. The system substitutes for the consumption of 29,8 tons of liquefied petroleum gas (LPG) per year and, from 2010, it will prevent the emissions of 97 tons of CO₂/year.



Systems that have already been implemented afford annual savings of 2.58 GWh (equivalent to 1,151 boe or to the average monthly consumption of 900 middle-class households). As a result, the company avoids the emissions of 651 tons of CO₂ per year. In late 2010, when new facilities will start operations, the emissions of 377 more tons of carbon dioxide will be prevented.

Also this year, we completed the conceptual project and the computational simulation of a heliothermic solar station, which uses the sun heat to generate electricity. This project has assisted in the technical and economic feasibility study that will guide Petrobras on the development of a Heliothermic Solar Station in Brazil.

i Learn more about the electric service station project, which allows electric vehicles to be recharged from solar energy, in the *Distribution* chapter.



WAVE ENERGY

In 2009, we completed the first Brazilian Atlas of Wave Energy, a compendium with maps showing the height, average period, predominating direction, and energy potential of the waves off the Brazilian coast. This information will help secure environmental permits for future projects and may help guide the installation of wave energy generation devices. The work was done based on Petrobras' data on sea conditions on the Brazilian coast, collected in the upwards of 30 years of offshore oil exploration and production.

HYDROGEN

Petrobras took part in a project to launch Latin America's first hydrogen-powered bus in 2009. The initiative, organized by the Ministry of Mines and Energy (MME), is supported with resources of the Global Environment Facility (GEF), invested by means of the United Nations Program for Development (UNDP), by the Research and Project Funder (Finep), and by the Government of the State of São Paulo. Petrobras Distribuidora is currently responsible for providing the hydrogen at its newly inaugurated station.

ENERGY EFFICIENCY

By means of the Internal Program for Energy Conservation, Petrobras develops and deploys energy efficiency improvement projects at its operational units. With the direct participation of 48 Internal Commissions for Energy Conservation, the program will reduce electricity and fuel consumption and, therefore, greenhouse gas emissions. Among the projects, the highlight is on power generation from the heat coming from currents in the industrial units, from adjusting and modernizing equipment, from deploying co-generation units, and from using thermosolar energy to heat water.

Over the past five years, more than of R\$300 million have been invested in energy conservation projects, achieving savings in the order of 3,000 barrels of oil equivalent per day (boed). In 2009, Petrobras invested R\$77.9 million in these projects, which allowed the company to avoid the emissions of 50,000 tons of CO₂ equivalent during the year and to save an amount of energy equivalent to the monthly consumption of 230,000 households. And R\$148 million more are expected to be invested in 2010.

ASSOCIATED GAS UTILIZATION OPTIMIZATION PROGRAM (POAG)

With US\$200 million in investments, the POAG was implemented to reduce natural gas flaring on 24 platforms. The 93 actions carried out - including the installation and adjustment of compressors, new pipelines, and the optimization of the processing units - have enabled a potential gain of 4.2 million cubic meters per day in gas use.

In addition to this program, US\$98 million were invested in two injection projects in the Campos Basin aimed to store up to 2.4 million cubic meters of associated gas per day in the reservoir rock itself. This gas can be used whenever needed.

The 2009 installation of a catalyst to bring down N₂O (nitrous oxide) gas at a Fafen plant, Petrobras' fertilizer factory in Bahia, earned the company its second registration under the Clean Development Mechanism (CDM). With this initiative, the emissions of approximately 57,000 tons of CO₂ equivalent per year will be prevented.



In 2010, the Duque de Caxias Refinery (Reduc) will use purified biogas - produced at the Biogas Plant at the Jardim Gramacho Metropolitan Landfill (state of Rio de Janeiro) - as an input, instead of natural gas. The purchase of this gas, at an approximate volume of 200,000 square meters per day, will afford:

- The diversification of the refinery's gas supply;
- The development of knowledge about burning purified biogas;
- Collaboration in the Gramacho Landfill recovery project, one of the main projects in the world registered as a CDM. The project is expected to reduce GHG emissions, treat 2000 cubic meters/day of leachate (a toxic substance derived from the decomposition of organic matter); to restore the vegetation cover in the landfill area, estimated at three million square meters; to contribute to recover the adjacent mangroves, about four linear kilometers; and to implement a social action plan to improve the quality of life among the garbage collectors.

@ Learn more about other actions aimed to improve energy efficiency in the *Electric Energy* chapter, under *Operational Performance*, and at www.petrobras.com.br/rs2009.

In face of the economic uncertainty scenario of 2008, Petrobras implemented the Program for Cost Optimization and Capital Discipline Improvement, which provides for the review of procedures and control measures and encourages

a waste-prevention culture in order to ensure better resources use. Among the actions taken are those that enable a reduction in indirect energy consumption, such as substituting travel for teleconferencing and videoconferencing, reducing the vehicles fleet used to transport the workforce, and making circular buses available to connect some company buildings. However, the energy consumption and emissions reductions attained with these initiatives have not been quantified yet.

MATERIALS

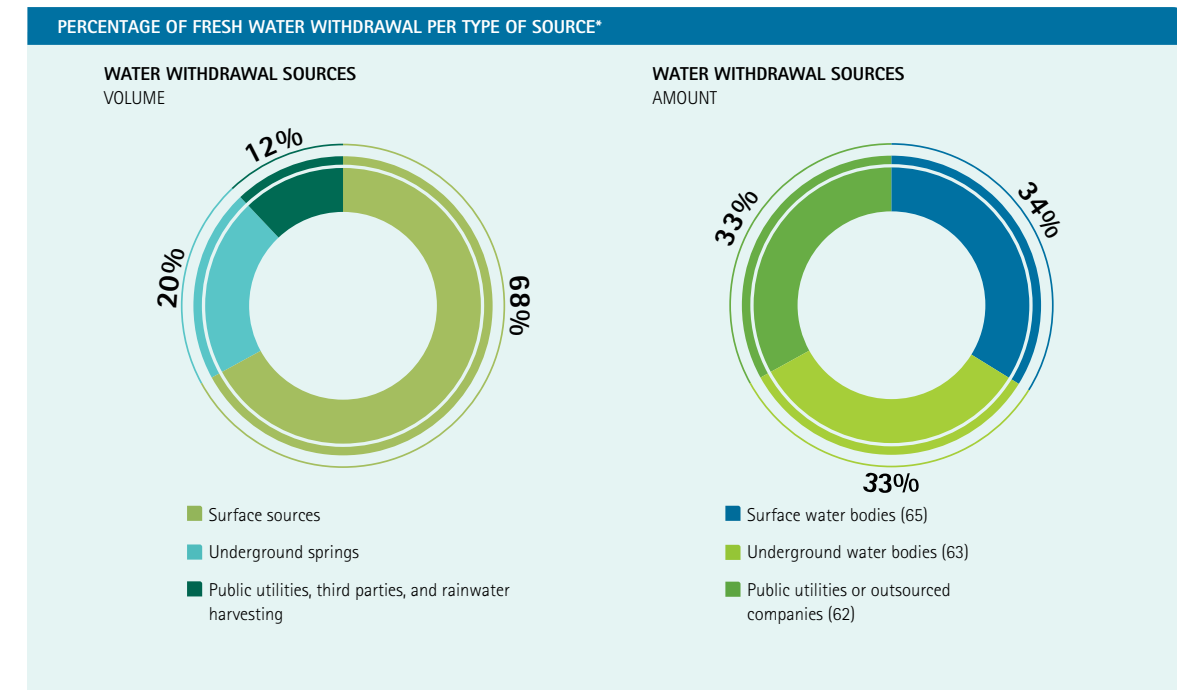
Petrobras System's areas and units are responsible for procuring goods and services, up to the authority limits set for each managerial level. The supplier registration process is managed by the Materials area and covers not only technical and economic requirements, but also security, occupational health, environmental and social responsibility items companies must comply with.

Petrobras does not monitor the total volume of materials used and, hence, the percentage of inputs coming from recycling yet. However, among the initiatives to reuse and reduce the consumption of virgin material held in 2009, the highlight is on the recycling of 1,458 tons of tires unsuitable for use, which were co-processed with shale to obtain gases, fuel oil and sulfur for use in agriculture and by the pharmaceutical and vulcanization industries.

WATER RESOURCES

In 2009, Petrobras removed 176 million cubic meters of fresh water from 190 water sources

to be used in its operational and administrative activities.



* The total water withdrawal volume includes refineries and other units in the Downstream area, in the Exploration and Production, Gas & Power, International Business, Services (Engineering, Cenpes, and Shared Services) areas, in addition to the Transpetro and Petrobras Distribuidora subsidiaries.

Petrobras System's several areas and units send the information on water withdrawal to the HSE Management, which, in turn, records it in a computerized system. It is thus possible to consult data on the water currents in the operational units and consolidate indicators and costs relating to the use of water resources, facilitating the verification of compliance with standards related to use quality and effluent discharge into the environment.

In 2009, there were 35 projects aimed at the rational use of water in our facilities. The projects involved reusing the input in the oil production process, purifying wastewater for reuse, more efficient desalination systems on offshore platforms, and improving the monitoring and information management.



Total volume* of recycled and reused water = 17.3 million cubic meters (9.86% of the fresh water withdrawal in the period).

* This volume is the result of initiatives taken in Downstream and International Area units.

* As these are considered conventional practices, condensate recovered in thermal cycles, the recirculated cooling water, and produced water that is reinjected for secondary and tertiary oil production purposes are not included in the volumes.

At the Gabriel Passos Refinery (Regap), the unveiling of a prototype unit for water reuse in the cooling system allows the reuse of 525,000 cubic meters per year, significantly reducing water removal. Inaugurated in 2008, the water reuse station at the Capuava Refinery (RECAP), in the state of São Paulo, allows zero discharge of effluents and the savings of 880,000 cubic meters of water per year. All effluents are reused by other companies in the region for industrial purposes.

The water reuse prototype unit in Regap's cooling system allows for the reuse of 525,000 cubic meters per year

A pilot plant was built at the Duque de Caxias Refinery (Reduc) to test water reuse by means of nutshell filters. The results were encouraging and the project has the potential to facilitate the processing of 8.7 million cubic meters of water per year.

During the year, we did not register report of springs having been affected, qualitatively or quantitatively, in a significant manner by the direct removal of water or by the discharge of effluents.

@ Learn more about initiatives for reducing consumption/reusing water at www.petrobras.com.br/rs2009.

STRATEGIC ACTIONS FOR BIODIVERSITY

The Strategic Project for Excellence in Health, Safety and Environment, coordinated by the Corporate HSE area, sets the strategic actions Petrobras will undertake up to 2015. They include:

- Mapping of protected, sensitive and vulnerable areas located in the areas of influence of Petrobras operations;
- Assessment of the potential impacts the company's operations have on protected, sensitive, and vulnerable areas.
- Mapping of the ecosystems that have been impacted by the company's operations

The process of identifying and mapping protected, sensitive, and vulnerable areas of biodiversity in the areas of influence of our operations is currently being implemented. The work is done by Petrobras System areas and subsidiaries which already have partial information on various business units areas of influences. As of 2010, the databases will be progressively interconnected in a corporate geographical information system that will allow for centralized access to the data. In addition to the integrated system, we have developed geoenvironmental diagnosis programs to identify, map and provide support to management and recovery actions for impacted areas.

Through the Petrobras Environmental Program, we sponsor projects that contribute to the management and restoration of water bodies and natural areas. To make the results attained by marine biodiversity-related projects more effective,

we have established a partnership with the Brazilian Ministry of the Environment to undertake joint actions to prevent the extinction of endangered species (read more under Social Investment, in the Contributions to Society and Indirect Impacts chapter).

Petrobras also promotes initiatives to broaden scientific knowledge on the biological diversity present in the company's areas of influence.

@ Learn more about the refineries' Action Plan for Biodiversity (PAB), and the Degraded Area Recovery Plan (Prad) in the Amazon, at www.petrobras.com.br/rs2009.

Operated by Transpetro, the pipeline network is the facility that has the most environmental interference due to its length and to the need to control the type of vegetation growing in protection ranges in order to ensure pipeline integrity. In the refining activity, unit expansion may require the removal of vegetation. However, all required suppression is in compliance with the legal requirements, is authorized by the pertinent agencies, and is monitored by compensatory measures with planting being done in other areas. At the shale industrialization unit (SIX), the reforestation process includes native trees and cares to avoid the introduction of exotic species.

In 2009, we had an oil spill at the Landulpho Alves Refinery (Rlam) which reached some mangrove swamp areas near the refinery. The use of oil contention dikes prevented other mangrove areas from being reached, but to assess the extent of the impact, the site will be monitored for a year. In spite of the efforts made to capture and recover birds that were contaminated by oil, it was not possible to rescue 114 animals. Intense work was done on cleaning beaches, supervised by the environmental agency, and compensation was offered to affected fishermen.



BUSINESS UNITS IN AREAS OF PERMANENT PRESERVATION (APP)

Although the process of identifying and mapping protected, sensitive, and vulnerable areas located in the operations' areas of influence has not been completed for the entire Petrobras

System yet, the Downstream units already have information about the existence of Conservation Units and Areas of Permanent Preservation (APPs) in their areas of influence.

BUSINESS UNIT (BU)	TOTAL AREA (HA)	APP IN THE INNER AREA	CONSERVATION UNITS (a 10-km radius surrounding the BU)
Fafen-BA ⁽¹⁾ (Camaçari, BA)	42.34	0 ha	APA of the Baía de Todos os Santos, APA Joanes-Ipitanga, Ilha de Maré Ecological Reserve
Amonioduto ⁽¹⁾ Fafen-BA (Camaçari, BA)	587.25	21.12 ha	
Lubnor (Fortaleza, CE)	38.0	38 ha de APP ⁽²⁾	APA Sabiaguaba, APA Ceará River Estuary, Cocó River Ecological Park, Pedra da Risca do Meio Marine State Park, Sabiaguaba Park, APA of the Pacoti River, Maraponga Lagoon Ecological Park, Sapiranga Lagoon Private Reservation
Recap (Mauá, SP)	335.4	54.9 ha de APP	a) APA: São Bernardo Stud Farm, Carmo Park and Farm and Iguatemi Forest b) APM - Watershed Protection Area c) Municipal Parks: Pedroso, Duque de Caxias, Senador Antônio Flaquer, Regional da Criança, Central, Pignatari, Guaraciaba, Gruta de Santa Luzia, Guapituba, do Paço, 22 de Novembro, among others; d) Aeia 1 - Special Preservation/ Environmental Conservation Area (municipality of Mauá); e) section of the Serra do Mar State Park; f) section of the Paranapiacaba Biological Reservation; g) Aspe of Chácara da Baronesa
Reduc (Duque de Caxias, RJ)	990.6	433.1 ha de APP	APA of São Bento, Guanabara Bay Arie, APA of Guapimirim, PN Órgãos Mountain, Tinguá Biological Reserve
Regap (Betim, MG)	1,096.2	167.1 ha de APP	Apee Rola Moca Balsamo, Apee Barreiro, Apee Taboão, APA Sul, Rola Moça Mountain State Park
Reman (Manaus, AM)	173.7	102.6 ha de APP	Sauim Castanheira Ecological Reserve, Mindu Municipal Park, Sauim-Castanheira Wildlife Refuge, RPPN Soka Gakkai, RPPN Moto Honda, RPPN Sesi, RPPN of Philips, RPPN Bela Vista, Mindu Ecological Corridor
Repar (Araucária, PR)	990.4	47.1 ha de APP	Passaúna River State APA, APA of Iguaçu, Cachoeira Municipal Park
Replan (Paulínia, SP)	940.1	38.0 ha de APP	Santa Genebra Municipal Reserve
Revap (São José dos Campos, SP)	981.2	42.2 ha de APP	Rio Paraíba do Sul Basin APA, Jambeiro Mountain APA, APA of Banhado
Rlam (São Francisco de Conde, BA)	2,000	577.61 ha	APA of Baía de Todos os Santos, Joanes-Ipitanga APA, CCC Lagoon APA, Maré Island Ecological Reserve, Frades Island Ecological Reserve
RPBC (Cubatão, SP)	682.90	97.3 ha de APP; 292.9 ha of the Serra do Mar State Park	Serra do Mar State Park
SIX (São Mateus do Sul, PR)	1,918	15,6 ha de APP (mapping carried out for 414 ha for the SIX area)	Velho River APA, Vila Palmeirinha Municipal Park

BUSINESS UNIT (BU)	TOTAL AREA (HA)	APP IN THE INNER AREA	CONSERVATION UNITS (a 10-km radius surrounding the BU)
Premium ⁽³⁾ (Bacabeira, MA)			Resex Perizes River, Tiacho Papouco APA, Zaú Municipal Park
RNEST (Ipojuca - PE)	63.0		⁽⁴⁾ Estuary zones of the Ipojuca and Merepe rivers, Zumbi and Duas Lagoas Ecological Reserve, Camaçari Ecological Reserve, APP of Bitá and Utinga, Utinga State Park, RPPN Frei Caneca (Ipojuca), UC Gurjaú
RPCC (Guamaré - RN)	⁽⁵⁾ 280.3	⁽⁶⁾ 0.41 ha ⁽⁷⁾ 27.52 ha	Ponta do Tubarão State RDS

⁽¹⁾ The Fafen-BA data are separated into the inner area (without the ammonium pipeline) and specific duct areas because the studies were carried out separately.
⁽²⁾ The area became an APP after the project was established (Conama Resolution 303/2002). The installation of the unit is compatible with the City's Master Plan (Land Use and Occupation Act, 1996), meeting the industrial activity characteristics and the occupation rates listed for its area.
⁽³⁾ Unit still in deployment, without information regarding the total area or protected areas in the inner and surrounding area.
⁽⁴⁾ Conservation units in the implementation process.
⁽⁵⁾ Area of the pole as a whole: Guamaré Fluid Treatment and Processing Unit (UT PF) + RPCC + Transpetro terminal and ground range.
⁽⁶⁾ APP within the pole's area of direct influence as a whole (500 meter radius), corresponding to areas on the banks of streams and in dunes.
⁽⁷⁾ APP within the pole's direct area of influence as a whole (500 meter radius) corresponding to areas on the banks of streams and in dunes.

@ Learn more about other units that are adjacent to protected areas in www.petrobras.com.br/rs2009.





The Petrobras System areas and subsidiaries undertake several habitat recovery and protection actions, as part of the environmental protection

process, or support outside initiatives. However, the total of protected or restored habitats has not been consolidated yet.

The following initiatives are noteworthy:

- In São Paulo: planting and maintaining 9.57 ha, since 2005, by the Mauá Refinery (Recap); recovery of onshore ecosystems by the São José dos Campos Refinery (Revap); recomposition of the Jaguari River ciliary forest by Replan.
- In Paraná: recovery of forests in 41.5 ha of mined areas, undertaken by the shale industrialization unit (SIX), with the gradual elimination of exotic species in APP areas and forest areas restored with native species.
- In Rio de Janeiro: reforestation and enriching of the mangrove under the Guanabara Bay LNG terminal's environmental permit.
- In Japan: the Green Belt Project implements a green belt around the Okinawa Refinery, with the planting of native species.

Information on species threatened of extinction in Petrobras' areas of influence is still partial, since most of the environmental information has not been systematized at the company yet. However, a few units have already adopted actions to identify biodiversity in their areas of influence.

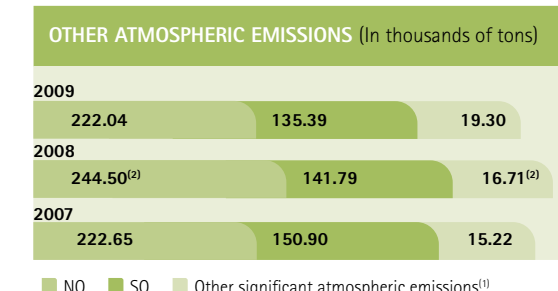
At Lubnor, the biodiversity mapping will be carried out in 2010 and 2011, and Repar has studies in progress, but no consolidated results as of yet. Projects aimed to characterize coastal and marine areas undertaken by the Exploration & Production area afforded the most knowledge about planctonic communities and for the identification of new species.



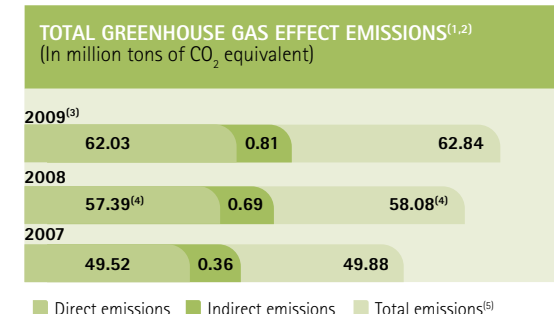
EMISSIONS

Managing atmospheric emissions coming from our activities is essential in order to meet the environmental targets set forth by the 2020 Strategic Plan and the 2009-2013 Business Plan and, thus, for the effectiveness of our efforts to mitigate climate change (see the "Climate change" chapter). From 2006 to 2009, Petrobras avoided the emissions of approximately 5.6 million tons of CO₂ equivalent from its operations. This voluntary goal has been being reached with the implementation of energy efficiency projects, operational improvements, with the usage of the gas produced associated with oil, and with the usage of renewable energies.

The Brazilian legislation (Federal Decree 2,783, of September 1998) forbids state or government companies from procuring products or equipment that contain or use substances that destroy the ozone layer. Therefore, since it does not purchase these products, Petrobras does not prepare an inventory for the pollutants foreseen under the Montreal Protocol (an international treaty that regulates the discontinuation of the use of these substances).



(1) Includes particulate material, calculated based on the Usepa AP-42 protocol.
 (2) Due to the revision of the GHG emissions in 2008, a change was made to the volume of other atmospheric emissions for the same year compared to the figure that is featured in the 2008 Social and Environmental Report.



(1) Emissions are calculated based on protocols that get specific data regarding equipment and fuel consumption characteristics on a monthly basis. The protocols were obtained from international references: API Compendium, GHG Protocol, CAAP, AP-42, and OGP.
 (2) Direct emissions include the atmospheric emissions of the units installed in Brazil and in other countries, and those of Petrobras' own fleet and of the hired fleet which make international trips. Indirect emissions are those related to electric energy and steam procurement activities in Brazil and abroad. Other indirect emissions, as defined under the GHG Protocol, are not part of the inventory scope and, thus, their amounts are not figured in here.
 (3) The amounts informed for 2009 include mobile sources for onshore transportation (light- and heavy-duty vehicles in the self-owned fleet).
 (4) The volume of emissions for 2008 was revised and corrected. For this reason, it is not the same one as that appearing in the 2008 Social and Environmental Balance, which is higher by 0.08 million tons of CO₂e.
 (5) The 2002-2007 inventories were verified by a third party, ICF Consultoria do Brasil. A new external verification will be arranged for the 2008-2010 cycle.

EFFLUENTS AND WASTE

In 2009, the Petrobras System discarded 197.2 million cubic meters of water effluents, including sewer from its administrative units and the water produced in the oil extraction process. The load of oils and greases in the effluents was 1,634 tons, the oxygen chemical demand (OCD) volume launched was 5,191 tons, and that of ammonium was 960 tons.

To make sure the quality of the water that is discarded meets the legal requirements in Brazil and in the countries where we operate, we have effluent treatment systems in all operational



units. These systems are periodically submitted to improvements in order to adjust them to new management practices and legal restrictions. In 2009, there were 44 improvement projects in progress. The qualitative and quantitative information about effluent disposal at Petrobras is recorded by the Business Units and consolidated in the Annual Water Resource and Effluent Report.

@ Learn more about Petrobras' initiatives to treat waste at www.petrobras.com.

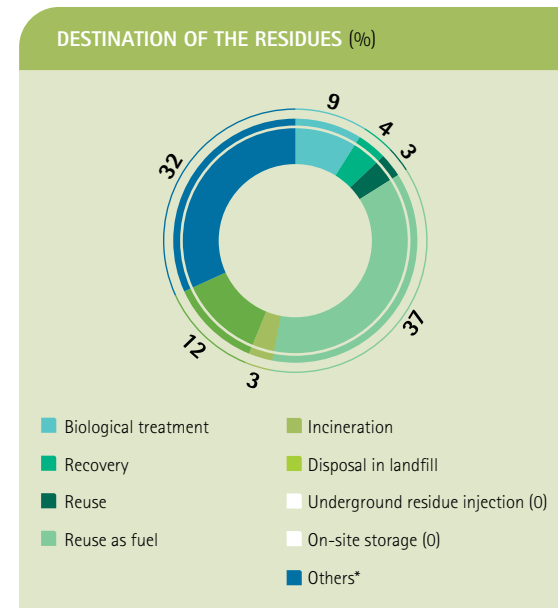
During the year, we did not register any bodies of water and habitats that were significantly affected by water disposal or draining.

Through the years, we have been able to progressively treat more waste than we generate, reducing the amounts in temporary storage. In 2009, including the total of hazardous solid residues (process and environmental liabilities), 582,000 tons were treated and 534,000 generated.

To reduce waste generation and boost their reuse, we created the Waste Minimization Project, which calls for a series of initiatives and pilot projects, such as mapping minimization opportunities, using plasma technology, separating oily waste phases, and thermal and biological treatments, among others.

Even faced with the increased production of crude oil and refined products, the total hazardous solid waste generated in Petrobras' processes in 2009 was 8% lower than the maximum admissible limit (MAL) the company set for the period, adding up to 254,000 tons.

In 2009, 44% of the hazardous solid waste generated in the processes were recovered or reused, as shown in the "Recovery," "Reuse," and "Incineration (reuse as fuel)" labels in the figure below.

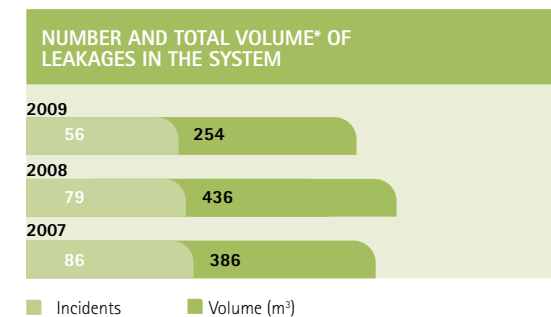


* Includes return to the supplier, soil rinsing and drying, among other destinations.

In 2009, the Duque de Caxias Refinery (state of Rio de Janeiro) started using, in the pre-operation phase, a system capable of treating 800 kg per month of soil contaminated with oil hydrocarbons. The system was developed taking the particularities of tropical soils into account - as they are not easily recovered by conventional methods -, and allowing for such soil to be used after treated. The treatment process consumes little water and energy and the equipment can be transported to the leakage site. The system will operate at the refinery through late 2010, when its efficiency and use feasibility at other business units will be assessed.

Petrobras assesses the companies that provide transportation, treatment, disposal and waste chemical analyses services by a proactive auditing process that encourages these companies to seek high standards of quality. In this work, done since 2002, more than of 800 processes have already been assessed. No international residue transportation was done during the year.

The oil and oil products leakage volume in 2008 was 38% below the MAL set forth under the 2009-2013 Business Plan (661 cubic meters).



* Oil and oil products leakages of more than one barrel (0.159 m3) which reach the environment are figured-in.





Aware of the potential impacts of its products and services, Petrobras invests in technology, fuel supply diversification, in recycling and recovering products and packages, and in conscious consumption programs.



PRODUCTS AND SERVICES

In 2009, Petrobras created and patented technology to produce asphaltic coatings at lower temperatures than the usual ones, reducing the process' emissions and energy consumption and not impacting product cost and quality. Known as "warm mix," its first application reduced the consumption of fuels used at the plant during the asphaltic mix production process by 30%. Additionally, testing shows that using this technology allows for the emission of fewer fumes and gases that are hazardous to the workers' health. It is also believed that the pavement produced under this innovative process will have a longer useful life.

i **S50 Diesel Fuel:** Learn more about the substitution timeline in the *Distribution* chapter.

PRODUCTS AND PACKAGES RECOVERED IN 2009

PRODUCTS/PACKAGE	% RECOVERED
Lubricating oil ⁽¹⁾	34.2
Packages ⁽²⁾	20
Bottles of LPG ⁽³⁾	11

(1) We collect the minimum percentage of oil required by law (34.2%). The volume that is collected is re-refined to produce lubricating oil.

(2) We collect more packages than required by law (20%) in the cities of Rio de Janeiro and São Paulo, and in the states of Rio Grande do Sul and Paraná (package collection legislation is on the state level). We also instruct service station operators regarding how to properly drain oily residues from the packages in places where there is no legislation dealing with this issue.

(3) The average useful life of a bottle is 27 years, and every ten years it undergoes a re-qualification process. In this process, the valves and bottles that cannot be recovered are resold to metal reproducers (scrap yards). In 2009, 11% of Liquigás' bottles were re-qualified and 2.8% scrapped.

Part of the increase in the natural gas supply in the Brazilian market, as expected for 2013 - from 58 million to 135 million cubic meters per day - will be made by replacing other, heavier fuels, such as fuel oil, both in the industrial and in the power generation segments. This will allow lower levels of GHG emissions to be reached.

RATIONAL RESOURCE USE

Petrobras provides technical, financial, and administrative support for the Ministry of Mines and Energy's National Program for Oil Products and Natural Gas Use Rationalization (Conpet). Created in 1991 by the Federal Government, the purpose of the program is to encourage the efficient use of sources of energy in the transportation, industrial, residential, and trade sectors, in addition to undertaking educational actions on energy efficiency, the environment, and sustainability.

TRANSPORTATION

The main environmental impacts associated with product, material, waste and workers transportation are related to the use of energy, emissions, and spillages. Petrobras does not consolidate the volumes of energy and emissions associated with outsourced transportation, but spills are monitored and quantified (see *Emissions, Effluents and Waste* chapter).

Among the actions taken to minimize the impacts related to transport, we have environmental and safety clauses in the transportation agreements, undertake inspections of freight vehicles, and assess the efficiency of the fuels they use; we have reduced the use of taxis and encouraged the use of internal circular vehicles; we set limits for the age of the vehicles used at the service of Petrobras; we perform studies to identify environmental risks, and deploy actions to reduce them. Transpetro controls the quality of the atmospheric emissions of both its own fleet of vehicles and of the hired vehicles, and the emissions of stationary diesel engines. The Transportation Safety Program provides instructions to the workforce about traffic safety to ensure people's well being and health and to protect the environment.

In 2009, Petrobras reported one incident during product transportation. Because of an accident involving a truck belonging to a contractor - which left the Gabriel Passos Refinery (Regap) and turned over on a road in Espírito

Santo - there was a spillage of 1,87 cubic meters of Bunker MF-380 fuel oil. A small amount of it reached a creek, but was contained a few meters down stream. Petrobras communicated the incident to the state's environmental agencies immediately, and the transporter readily set the insurance company into motion, which undertook the required contention, leakage removal, and conservation measures for the affected area.



1 - CALCULATION BASIS	2009 AMOUNT (R\$ THOUSAND)			2008 AMOUNT (R\$ THOUSAND)		
Net Revenue (RL)	182,710,057			215,118,536		
Operating Income (RO)	43,206,611			48,204,799		
Gross Payroll (RPB)	10,195,443			9,500,291		
2 - INTERNAL SOCIAL INDICATORS	AMOUNT (THOUSAND)	% ON FPB	% ON RL	AMOUNT (THOUSAND)	% ON FPB	% ON RL
Food	664,793	6.52%	0.36%	578,966	6.09%	0.27%
Compulsory social charges	4,585,062	44.97%	2.51%	4,633,742	48.77%	2.15%
Private pension	366,327	3.59%	0.20%	412,641	4.34%	0.19%
Health	1,884,773	18.49%	1.03%	2,009,498	21.15%	0.93%
Occupational safety and health at work	113,840	1.12%	0.06%	110,736	1.17%	0.05%
Education	107,066	1.05%	0.06%	106,440	1.12%	0.05%
Culture	6,869	0.07%	0.00%	14,982	0.16%	0.01%
Capacity building and professional development	264,076	2.59%	0.14%	426,832	4.49%	0.20%
Day care or day care assistance	3,091	0.03%	0.00%	2,825	0.03%	0.00%
Profit or income sharing	1,495,323	14.67%	0.82%	1,344,526	14.15%	0.63%
Others	55,267	0.54%	0.03%	152,581	1.61%	0.07%
TOTAL - INTERNAL SOCIAL INDICATORS	9,546,487	93.63%	5.22%	9,793,769	103.09%	4.55%
3 - EXTERNAL SOCIAL INDICATORS	AMOUNT (THOUSAND)	% ON RO	% ON RL	AMOUNT (THOUSAND)	% ON RO	% ON RL
Generation of Income and Job Opportunities	33,882	0.08%	0.02%	35,752	0.07%	0.02%
Education for Professional Qualification	54,345	0.13%	0.03%	72,693	0.15%	0.03%
Guarantee of Rights of Children and Adolescents (I)	74,137	0.17%	0.04%	90,159	0.19%	0.04%
Culture	154,578	0.36%	0.08%	206,751	0.43%	0.10%
Sports	42,412	0.10%	0.02%	68,952	0.14%	0.03%
Others	11,273	0.03%	0.01%	26,473	0.05%	0.01%
TOTAL CONTRIBUTIONS TO SOCIETY	370,628	0.86%	0.20%	500,780	1.04%	0.23%
Taxation (excluding social charges)	77,328,119	178.97%	42.32%	80,140,559	166.25%	37.25%
TOTAL - EXTERNAL SOCIAL INDICATORS	77,698,747	179.83%	42.53%	80,641,339	167.29%	37.49%
4 - ENVIRONMENTAL INDICATORS	AMOUNT (THOUSAND)	% ON RO	% ON RL	AMOUNT (THOUSAND)	% ON RO	% ON RL
Investments related to company production/operation	1,872,458	4.33%	1.02%	1,919,751	3.98%	0.89%
Investments in external programs and/or projects	93,873	0.22%	0.05%	53,763	0.11%	0.02%
TOTAL INVESTMENTS IN THE ENVIRONMENT	1,966,331	4.55%	1.08%	1,973,514	4.09%	0.92%
Concerning "annual goals" to minimize waste, general consumption in production/operation, and to increase efficiency in natural resource use, the company	() does not have goals () complies 51 a 75% () complies 0 a 50% (X) complies 76 a 100%		() does not have goals () complies 51 a 75% () complies 0 a 50% (X) complies 76 a 100%			

5 - PERSONNEL INDICATORS	2009	2008
No. of employees at the end of period	76,919	74,240
No. of people hired during the period (II)	2,519	6,351
No. of outsourced employees	295,260	260,474
No. of interns	1,197	1,213
No. of employees over 45 years old	30,928	28,447
No. of female employees	12,586	11,511
No. of management positions held by women	13.6%	13.1%
No. of African descent employees working at the company (III)	10,581	10,581
No. of management positions held by Afro-descendants (III)	29.9%	29.9%
No. of employees with disabilities or special needs (IV)	1,077	1,068
6 - RELEVANT INFORMATION AS A CORPORATE CITIZEN	2009	GOALS FOR 2010
Ratio between the highest and lowest remuneration at the company	24.98	24.98
Total number of occupational accidents (V)	420	459
The social and environmental projects carried out by the company were defined by:	() directors (X) directors & managers () all employees	() directors (X) directors & managers () all employees
The standards of safety and health in the workplace were defined by:	(X) directors & managers () all employees () all + Cipa	(X) directors & managers () all employees () all + Cipa
Concerning the employees' freedom of association, their right to collective bargaining and internal representation, the company:	() does not get involved () adopts ILO standards (X) encourages and complies with ILO	() will not get involved () will adopt ILO standards (X) will encourage and comply with ILO
The private pension plan includes:	() directors () directors & managers (X) all employees	() directors () directors & managers (X) all employees
Profit or income sharing includes:	() directors () directors & managers (X) all employees	() directors () directors & managers (X) all employees
In selecting suppliers, the same ethical, social responsibility and environmental responsibility standards the company adopts:	() Are not considered () Are suggested (X) Are required	() will not be considered () will be suggested (X) will be required
Regarding the participation of employees in voluntary work programs, the company:	() does not get involved () supports (X) organizes & encourages	() will not get involved () will support (X) will organize & encourage
Total number of consumer claims and criticism: (VI)	at the company 9,362 at Procon 2 on court 22	at the company 8,750 at Procon 0 on court 0
% of claims and criticism addressed or settled: (VI)	at the company 99.62% at Procon 0% on court 0%	at the company 99.91% at Procon - on court -
Total value added to distribute (in thousand R\$)	In 2009: 138,691,110	In 2008: 141,483,416
Value-Added Distribution (VAD)	56% government 8% shareholders 11% employees 10% third-parties 15% withheld	60% government 4% shareholders 10% employees 8% third-parties 18% withheld
7 - OTHER INFORMATION	<p>1) Corporate taxpayer's ID (CNPJ): 33000167/0001-01 - Economic sector: Industry / Oil, Gas and Energy - State of company headquarters: Rio de Janeiro</p> <p>2) For clarification about the reported information: Wilson Santarosa - Executive Manager for Corporate Communications Telephone (+55 21) 3224-1009 - E-mail comunicacao@petrobras.com.br</p> <p>3) This company does not use child labor or slave labor, has not been involved in child or adolescent prostitution or sexual exploitation, and is not involved with corruption.</p> <p>4) Our company values and respects diversity, both internally and externally.</p>	

I. Includes R\$34 million in transfers to the Fund for Childhood and Adolescence (FIA).
 II. Information of Petrobras System in Brazil concerning hiring by means of a public selection process.
 III. 2008 information concerning Petrobras Controladora based on the Petrobras Diversity Census.
 IV. Of the total of 76,919 employees of the Petrobras System, 7,967 belong to the International Area and are not subject to Brazilian law. Of the remainder, 19,524 hold positions in which job openings are reserved for the disabled. Of these employees, 1,077 are disabled, i.e., 5.52% of the workforce in that condition.
 V. For 2010, an 11% increase is expected in the number of hours worked compared to 2009. In 2010, the same rate of accidents recorded in 2009 is expected to be maintained. This is close to the international industry's benchmarks of excellence, with excellent safety on the job, in spite of the significant increase in the company's activities.
 VI. The information in the company includes the amount of claims and criticisms received by the CSCs of Petrobras Controladora and Petrobras Distribuidora. The company's goals for 2010 do not include the estimate for the CSC of Petrobras Distribuidora."

■ Essential Indicators ■ Additional Indicators

PROFILE

STRATEGY & ANALYSIS

INDICATOR	TOPIC	PAGE
1.1	Statement by holder of highest decision-making power in the organization (such as the CEO, chairperson of the board of directors or equivalent post) on the relevance of sustainability to the organization and its strategy.	04
1.2	Description of the key impacts, risks, and opportunities.	36, 83

ORGANIZATIONAL PROFILE

INDICATOR	TOPIC	PAGE
2.1	Name of the organization.	18
2.2	Main brands, products and/or services	16, 18, 42
2.3	The organization's operating structure, including main divisions, operating units, subsidiaries, and joint ventures.	18, 25
2.4	Address of the organization's head office.	Editorial Staff
2.5	Number of countries in which the organization operates and name of countries where its main operations are located or are especially relevant to the questions of sustainability covered by the report.	16
2.6	Type and legal nature of the property.	16, 19
2.7	Markets attended (including a geographic description, sectors attended, and types of clients/beneficiaries).	16, 18
2.8	Size of the organization.	Cover
2.9	Main changes during the period covered by the report referring to size, structure or share holdings.	Cover, 23
2.10	Awards received in the period covered by the report.	Cover

REPORT PARAMETERS

INDICATOR	TOPIC	PAGE
3.1	Period covered by the report (such as fiscal/calendar year) for the information provided.	8
3.2	Date of latest previous report (if any).	8
3.3	Cycle of report issue (annual, biennial, etc.).	8
3.4	Data for contact in case of questions about the report or its content.	12
3.5	Process for definition of report content, including: determination of materiality; prioritization of topics in the report; identification of which stakeholders the organization expects to use the report.	9
3.6	Report boundary (such as countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). For other instructions, consult the GRI Boundary Protocol.	13
3.7	Statement about any specific restraints regarding scope or boundary of report.	13
3.8	Basis for preparing the report which refers to joint ventures, subsidiaries, leased facilities, outsourced operations and other organizations that can significantly affect the ability to compare periods and/or organizations.	13
3.9	Data measuring techniques and data bases, including hypotheses and techniques that sustain the estimates applied to compiling the indicators and other information in the report.	13
3.10	Explanation of the consequences of any reformulations of information provided in earlier reports and the reasons for such reformulations (e.g., mergers/takeovers, change in period or base-year, nature of the business, measurement methods).	13
3.11	Major changes in comparison with earlier years with regard to scope, boundary or measurement methods adopted in the report.	13
3.12	Table that identifies the location of the information in the report.	146
3.13	Policy and current practice related to finding external check for the report. If the verification is not included in the sustainability report, it is necessary to explain the scope and basis of any external check provided, and the relationship between the reporting organization and the auditor(s).	8

GOVERNANCE, COMMITMENTS AND ENGAGEMENT

INDICATOR	TOPIC	PAGE
4.1	Governance structure of the organization, including committees under the top governance body responsible for specific tasks such as establishing a strategy or supervising the organization.	25
4.2	Indication if the president of the highest governance body is also a CEO (and, if so, his/her functions within the administration of the organization and the reasons for such composition).	26
4.3	For organizations with a single administration structure, statement of the number of independent or non-executive members of the highest governance body.	26
4.4	Mechanisms for shareholders and employees to make recommendations or provide instructions to the highest governance body.	26, 33
4.5	Relationship between remuneration for members of the highest governance body, executive board, and other executives (including rescission agreements) and the organization's performance (including social and environmental performance).	26
4.6	Processes in force for the highest governance body to ensure conflicts of interest are avoided.	26
4.7	Process to determine the qualifications and expertise of the members of the highest governance body to define the organization's strategy on matters related to economic, environmental and social topics.	26
4.8	Statements of mission and values, codes of conduct and relevant in-company principles for the economic, social and environmental performance as well as the stage of their implementation.	19, 20
4.9	Procedures of the highest governance body to supervise the identification and management, by the organization, of the economic, environmental and social performance, including relevant risks and opportunities, as well as agreement with or conformity to internationally agreed standards, codes of conduct, and principles.	23, 26
4.10	Processes for self-assessment of performance of the highest governance body, particularly regarding to the economic, environmental, and social performance.	26
4.11	Explanation of whether and how the organization adopts the principle of precaution.	40
4.12	Charters, principles or other externally-developed economic, environmental, and social initiatives that the organization subscribes to or endorses.	21
4.13	Participation in associations (such as industry federations) and/or national/international advocacy bodies in which the organization: has a seat in groups responsible for corporate governance; is part of projects or committees; contributes with resources in excess of the basic rate as a member organization; considers its role as a member strategic.	22
4.14	List of stakeholders groups engaged by the organization.	43
4.15	Basis for identifying and selecting stakeholders with which to engage.	43
4.16	Approaches to engage stakeholders, including the frequency of engagement per stakeholder type and group.	44
4.17	Main topics and concerns raised through the engagement of stakeholders and what measures the organization has adopted to address them.	45

■ Essential Indicators ■ Additional Indicators

ECONOMIC

ECONOMIC PERFORMANCE

INDICATOR	TOPIC	PAGE
	Information about the form of management.	19, 20, 78, 83

ECONOMIC PERFORMANCE

INDICATOR	TOPIC	PAGE
EC1	Direct economic value earned and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	81
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	124
EC3	Coverage of obligations of defined benefit pension plan offered by the organization.	102
EC4	Significant financial assistance received from the government.	79

MARKET PRESENCE

INDICATOR	TOPIC	PAGE
EC5	Variation in proportion of the lowest wage compared to the local minimum wage in locations of significant operation.	101
EC6	Policy, practices and proportion of spending on locally-based suppliers at locations of significant operation.	87
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	100

INDIRECT ECONOMIC IMPACTS

INDICATOR	TOPIC	PAGE
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement.	90
EC9	Identification and description of significant indirect economic impacts, including the extent of impacts.	39, 83, 86, 88

ENVIRONMENTAL

ENVIRONMENTAL PERFORMANCE

INDICATOR	TOPIC	PAGE
	Information about the form of management.	20, 122, 128, 132, 133, 135, 139, 140, 142, 143

MATERIALS

INDICATOR	TOPIC	PAGE
EN1	Materials used by weight or volume.	132
EN2	Percentage of materials used from recycling.	132

ENERGY

INDICATOR	TOPIC	PAGE
EN3	Direct energy consumption by primary energy source.	128
EN4	Indirect energy consumption by primary energy source.	128
EN5	Energy saved due to conservation and efficiency improvements.	131
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	128, 142
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	132

WATER

INDICATOR	TOPIC	PAGE
EN8	Total water withdrawal per source.	133
EN9	Water sources significantly affected by the removal of water.	134
EN10	Percentage and total volume of water recycled and reused.	134

BIODIVERSITY

INDICATOR	TOPIC	PAGE
EN11	Location and size of land owned, leased, managed in protected areas, or adjacent to, and areas of high biodiversity value outside protected areas.	136
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	135
EN13	Habitats protected or restored.	138
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	135
EN15	Number of IUCN Red List species and national conservation lists species with habitats in areas affected by operations, by level of extinction risk.	138

EMISSIONS, EFFLUENTS AND RESIDUES

INDICATOR	TOPIC	PAGE
EN16	Total direct and indirect greenhouse gas emissions, by weight.	139
EN17	Other relevant indirect greenhouse gases emissions, by weight.	139
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	126
EN19	Emissions of ozone-depleting substances, by weight.	139
EN20	NOx, SOx and other significant air emissions by type and weight.	139
EN21	Total water discharge by quality and destination.	139
EN22	Total weight of waste by type and disposal method.	140
EN23	Total number and volume of significant spills.	141
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention - Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	141
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	140

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To the Board of Directors and shareholders of Petróleo Brasileiro S.A. Rio de Janeiro - RJ

INTRODUCTION

We were contracted to apply limited assurance procedures for the sustainability information contained in the Sustainability Report of Petróleo Brasileiro S.A. - Petrobras ("Company") for the year ending on December 31, 2009, prepared under the responsibility of the Company. Our responsibility is to issue a Limited Assurance Report on this sustainability information.

PROCEDURES ADOPTED

The limited assurance procedures were performed in accordance to Standard NBC TO 3000 - Assurance Engagement Other than Audit and Review, issued by the Brazilian Accounting Federal Council - CFC; and to ISAE 3000 - International Standard on Assurance Engagements, issued by International Auditing and Assurance Standards Board., related to assurance engagements other than audits or reviews of historical financial information.

The limited assurance procedures comprised: (a) the planning of the work, considering the importance, coherence, volume of quantitative and qualitative information, and operational and internal control systems that served as a basis for the preparation of the sustainability information contained in the Company's Sustainability Report; (b) the understanding of the calculation methodology and the consolidation of the indicators through interviews with the personnel responsible for the preparation of information; (c) the comparison, on a sample basis, of the quantitative and qualitative information with the sustainability information disclosed at the Annual Report; and (d) the comparison of the financial indicators with the financial statements and/or accounting records.

CRITERIA FOR PREPARATION THE INFORMATION

The sustainability information disclosed in Petrobras' 2009 Sustainability Report was prepared in accordance with the guidelines for sustainability reports issued by the Global Reporting Initiative (GRI G3).

SCOPE AND RESTRICTIONS

The purpose of our work was to apply limited assurance procedures to the sustainability information disclosed in Petrobras' Sustainability Report, on profile items (information that provides the overall context for the understanding of the organizational performance, including its strategy, profile, and governance), on management approach, and to the sustainability performance indicators, not including the assessment of the declared application level by Petrobras in its Sustainability Report and the appropriateness of its policies, practices, and sustainability performance.

The procedures that were applied do not constitute an examination in accordance with the financial statement auditing standards. Additionally, our report does not offer limited assurance on the scope of future information (such as goals, expectations and ambitions) and descriptive information that is subject to subjective assessment.

CONCLUSION

Based on our review, we are not aware of any material modification that should be made to the sustainability information posted on Petrobras' Sustainability Report for the year ending on December 31 2009 in order for it comply with the GRI-G3 guidelines and with the entries and files that were used as the basis for its preparation.

Rio de Janeiro, May 21 2010



KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Manuel Fernandes Rodrigues de Sousa
Accountant CRC-RJ-052428/O-2

ADR (American Depositary Receipts)

Certificates representing one or more shares in a foreign company, that are traded in the United States. An American depository bank will issue ADRs against underlying shares deposited with a custodian in the country of origin of those shares.

ANP (Natural Agency of Petroleum, Natural Gas and Biofuels)

The Brazilian regulatory body for the oil and gas sector.

API Degree (°API)

A scale developed by the American Petroleum Institute to indicate the relative density of an oil product. The API scale, measured in degrees, varies inversely with differences in the relative density, i.e. the greater the relative density, the lower the API degree. Conversely, the lighter the oil, the higher the API degree. Oils with an API of more than 31° are considered light; between 22° and 31° they are medium; and lower than 22° they are heavy; while an API equal or lower than 10° indicates an extra-heavy oil. The higher the API degree, the greater the product's market value.

Associated Natural Gas

Natural gas produced along with oil. A petroleum reservoir usually contains oil, gas and water. This gas is obtained once the liquid oil fraction has been separated. There is also non-associated gas, produced from gas reservoirs, where there is no need for separation. In the case of both types, however, the gas is processed before it is placed on the market, in order to ensure that it meets the required quality standards.

Barrel of Oil Equivalent (boe)

Unit that is normally used to express liquid and gas volumes in the same unit of measurement (barrels). A cubic meter of domestic natural gas is approximately 0.00629 barrel of oil equivalent. There are different rates for each natural gas and oil composition.

Biodiesel

A renewable and biodegradable alternative to diesel, obtained from the chemical reaction of animal or vegetable oils and alcohol, in the presence of a catalyst, a process known as transesterification. It can also be obtained through the processes of cracking and esterification.

Block

A small portion of a sedimentary basin where oil and natural gas exploration and production is carried out.

Book Value

The value of a company's net worth or stockholders' equity.

Bpd

Barrels per day.

Brand Awareness

Marketing concept that measures the consumers' awareness of the existence of a brand.

Brent

A blend of oils extracted from the Brent and Ninian systems in the North Sea, which has an API of 39.4° and 0.34% sulfur content.

Bunker Fuels

Fuel for a vessel, which is stored in a place called a bunker.

Carbon Fixation

Storage of atmospheric CO₂ by biomass, by means of planting or reforestation, by absorbing the gas to perform photosynthesis. This compensates, during the plant's growth period, for part of the emissions.

Chat

Application used for real-time message exchanges between users of a computer network, especially the Internet.

Clean Development Mechanism (CDM)

Projects certified under the Kyoto Protocol and carried out in developing countries (which have no targets in the protocol) to reduce greenhouse gas emissions. These projects allow developed countries to acquire carbon credits to meet their targets for reducing greenhouse gases.

Co-generation

The simultaneous generation of electricity and thermal energy (heat and steam from the process), through the sequential and efficient use of quantities of energy from the same source. This increases the thermal efficiency of the entire thermodynamic system.

Commodity

A physical asset, typically produced through agriculture, mining or a manufacturing process, normally subject to quality or standard classification, and that is traded commercially.

Conversion

Cubic meter: 1 m³ = 1,000 liters = 6.28994113 barrels

Barrel: 1b = 0.158984 m³ = 158.984 liters

Corporate Governance

The relationship between economic agents (stockholders, executives, board members) who can influence or determine the course and performance of a company. Good corporate governance provides the stockholders with an assurance of equitable treatment, transparency and accountability.

Crude Oil

The primary feedstock at a processing plant.

Deepwater

Ocean waters located in areas where water depths generally range from 300m to 1,500m. In general, the limits result from aspects related to the state of the art in the technology required

for stationary drilling or production units, limits of human diving.

Depth

Distance between surface of the water and the seabed. Expression established by use which means the water column.

Derivative

A contract or security whose value is related to the changes in the price of another security, financial instrument or underlying index. Consequently, it can be used as a hedge.

Direct Carbon Sequestration

Capturing and safe storage of carbon dioxide (CO₂) before it reaches the atmosphere.

DJSI

The Dow Jones Sustainability Indexes, which reflect the return on a hypothetical portfolio of shares in companies listed at the New York Stock Exchange (NYSE) that have the best performance in all facets of business sustainability. Considered to be the world's premier sustainability indexes, they are used as a parameter by socially and environmentally responsible investors.

Downstream

A term used essentially to define the activities involved in refining crude oil and treating natural gas, and the transport and distribution of their oil products.

E&P

Exploration and production of oil and natural gas.

EBITDA

Earnings before interest, taxes, depreciation and amortization expenses.

Extended Well Test (EWT)

Well tests with total flow time of more than 72 hours, performed during the exploration phase for the sole purpose of obtaining data and

information in order to get to know the reservoirs. Hydrocarbons produced during the EWT are also subject to royalties.

Field

An oil producing geographical area encompassing one or more underground oil or natural gas reservoirs, possibly at variable depths, together with the production installations and equipment.

FPSO (Floating, Production, Storage & Offloading)

A floating unit for the production, storage and transfer of petroleum, using a ship as a platform.

Fuel Oil

The heavier fractions from atmospheric distillation of petroleum. Widely used as an industrial fuel in boilers, furnaces, etc.

Geological Carbon Sequestration

Separation of carbon dioxide (CO₂) from gas flows, usually derived from burning fossil fuels in large operating units and injected into underground geological formations suitable for the safe storage of the gas.

Hedge

A financial position or combination of positions, taken out for the purpose of reducing a risk or some kind.

Ibovespa

Ibovespa (Bovespa Index)
Indicator of the price changes of hypothetical share portfolio that is defined periodically by the São Paulo Exchange (Bovespa).

Jet Fuel

Aviation kerosene.

Liquefied Natural Gas (LNG):

Supercooled natural gas that is maintained as a liquid at -160° Celsius or less, for the purpose of storage and transportation.

Liquefied Petroleum Gas (LPG)

A mixture of hydrocarbons and high-pressure steam, obtained from natural gas at special processing units, which is kept in a liquid state under special storage conditions.

Market Value

The value of a company, as measured by the market price of its shares, multiplied by the number of shares issued.

Naphtha

An oil product mainly used as feedstock by the petrochemical industry to produce ethylene and propylene, as well as other liquid fractions, such as benzene, toluene and xylene.

National Interconnected System (SIN)

Formed by companies from Southern, Southeastern, Midwestern, Northeastern, and parts of Northern Brazil, the system comprises the entire structure of production and transmission of electricity in Brazil, operating in a coordinated, centralized manner to gain from the interaction between different agents. In Brazil, this system is hydrothermal, and has a predominance of hydroelectric generation.

Natural Gas

Refers to all hydrocarbons or hydrocarbon mixtures that remain in a gaseous state under normal atmospheric conditions, which are extracted directly from reservoirs of petroleum or gas. The term embraces moist, dry, residual and rare gases.

Natural Gas Liquids (NGL)

Refers to the portion of natural gas is found in its liquid state under a determined surface pressure and temperature, obtained during natural gas production through field separation processes, in natural gas processing units or in gas pipeline transfer operations.

Natural Gasoline

A liquid with a steam pressure halfway between those of condensate and LPG, obtained from natural gas through a process of compression, distillation and absorption.

Offshore

Located or operated at sea.

Oil

The portion of petroleum that exists in liquid state under original reservoir conditions and which remains as a liquid under surface pressure and temperature conditions.

Onshore

Located or operated on land.

OPEC (Organization of Petroleum Exporting Countries)

Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Lybia, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Petroleum

Any liquid hydrocarbon in its natural state, such as crude oil and condensate.

Power Purchase Agreements (PPA)

Long-term contracts for the purchase and supply of power signed between the supplier and consumer. These contracts are recorded and monitored by the ANEEL (National Electric Energy Agency).

Proven Reserves

Reserves of petroleum and/or natural gas that, based upon the analysis of geological and engineering data, are estimated to be profitably recoverable from reservoirs discovered and evaluated to a high degree of certainty, taking into account prevailing economic conditions, feasible operational methods, and Brazilian petroleum and tax regulations.

Regasification

A physical process whereby, through temperature elevation, natural gas in the liquid phase (liquid natural gas) returns to its original gaseous state.

Release (press-release)

Announcement prepared and published to divulge information to the press.

Reserve

Discovered oil and/or natural gas resources that are commercially recoverable as of a giving date.

Reserve Replacement Index (RRI)

The ratio between the volume of reserves incorporated during any given year and the total production volume over the course of that same year.

Road Show

Presentation or event to publicize the company or its products in other markets.

SEC (Securities and Exchange Commission)

The regulatory body that oversees the US capital market. The Brazilian equivalent is the CVM (Comissão de Valores Mobiliários).

SPE

Society of Petroleum Engineers.

Swap

A contract between two parties to exchange flows of payments. A typical oil swap consists of a contract in which one party buys at a certain fixed price and sells at a future floating price.

Ultra-deep Water

Ocean waters located in areas where water depths are generally greater than 1,500m.

Upstream

Exploration and production activities.

Executive Board



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Almir Guilherme Barbassa



Gas & Power Director
Maria das Graças Silva Foster



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2009
Sustainability Report



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Acknowledgments, Awards, and Certifications

Most Transparent Ibovespa Company in Sustainability Study

Petrobras was ranked the most transparent company in the petrochemical sector and the 4th most transparent in the general classification, in the Annual Most Transparent Ibovespa Companies in Sustainability carried out by the Management & Excellence Latin America (M&E) consultancy in partnership with the Razão Contábil magazine and the Investors Relations Brazilian Institution (IBRI).

Person of the Year Award 2009

Petrobras' president and CEO, José Sergio Gabrielli de Azevedo, was granted the Brazilian-American Chamber of Commerce's Person of the Year award for 2009 in New York City, USA. The award pays tribute to two personalities (a Brazilian and an American) who have helped draw Brazil and the United States closer in their diplomatic, corporate, and financial relations.

2009 Transparency Trophy

The National Association of Executives in Finance, Administration and Accounting (Anefac) awarded the trophy to Petrobras Distribuidora for its transparency in accounting information, for the quality of its management report, and for the consistency in the disclosed data.

Distinction in Transparency Award

Gestão & RH Editora acknowledged Transpetro as a highlight among Brazil's top 100 in the Human Resource area. It is inspired in the index used by the United Nations (UN) to measure the countries' level of human development, the HDI.

Aberje Award

In the category Communications and Relations with the Internal Audience, with the "Saving with Gas" project and the Healthy Eating Campaign - a campaign directed towards employees who work on board offshore platforms and in onshore production units, and with the 2008 Social and Environmental Balance Case.

Corporate Citizen

The Association of Sales and Marketing Managers of Brazil - ADVB (SC Branch) highlighted Transpetro in the Environmental Preservation category, with the "Pedagogical practices in environmental education allied with conservation and environmental preservation through the Sensitive Ecological Trail: The Atlantic Forest as you never saw it before" case.

2009 Pro-Gender Equality

Awarded by the Federal Government's Special Secretariat for Women's Policies (SPM), with the seal of the United Nations Fund for Women (UNIFEM) and the International Labor Organization (ILO). This was the second time the company was awarded the Seal.

Marketing Best Award

Granted by Editora Referência, the Getúlio Vargas Foundation's São Paulo School of Business Administration - FGV-EAESP. Petrobras was awarded for the Petrobras Green Energy and Petrobras Rio Oil and Gas 2008 cases.

Marketing Best Social Responsibility Award

Granted by Editora Referência and the Madia Marketing School for the Quixote Youth Qualification and Social Inclusion Academy Project.

Ten Most Admired Companies in Brazil

Petrobras ranked third among the Ten Most Admired Companies in Brazil in awards held by the Carta Capital magazine in October. A few months earlier, it had been ranked fourth among the world's most reputable companies, according to a survey published by Reputation Institute, a private advisory and research company headquartered in New York.

Company of the Dreams of Young People

In a survey carried out among upwards of 30,000 students and recent graduates from the entire country by the "Cia de Talentos" and TNS, Petrobras was rated the Company of the Dreams of Young People. Of the eight editions held thus far, this is the fifth time in a row Petrobras comes out ahead.

2009 Top Social

Awarded by the Association of Sales and Marketing Managers of Brazil (ADVB) for these projects: Information Technology and Citizenship School, in Miguel Pereira; and the Transpetro Program for Child and Adolescents, in Angra dos Reis; Promotion of Employability in the Areas Surrounding REDUC; Cataunidos Network Project; the Cities of Welding Betim Project, Cities of Welding Contagem Project, the Transpetro Program to Form Readers, and the Do Not Fly Balloons Campaign.

Trusted Brands in Social Responsibility (2009)

The Trusted Brands survey, conducted by the Reader's Digest magazine in partnership with Ibope Solution, ranked Petrobras the 1st among all brands in the Social Responsibility category for the second consecutive year. In addition, the company was also ranked as 1st place in the service stations segment.

Petroleum Economist Award

Petrobras was the winner in the Company in Exploration 2008 and Innovative Project 2008 categories of the annual awards granted by Petroleum Economist, one of the world's most respected publications in the oil and gas sector. This is the third time in a row Petrobras is the winner of one of the categories.

Exame's Best and Biggest

Petrobras Distribuidora won the first prize in the Wholesale segment, in Exame magazine's "Best and Biggest" yearbook, which gauges the performance of companies in 18 sectors of the Brazilian economy.

Top of Mind Award

Petrobras was the highlight of two important opinion polls carried out among Brazilian consumers: it won the Folha Top of Mind award, as the most recalled company in the fuel category, and is now among the select group of lovmemarks, as it arouses not only the respect, but the love of its consumers, according to the methodology that was used.

IR Magazine Awards

IR Magazine awarded Petrobras for the Best Investor Relations Program for Individual Investors, and also bestowed it the honorable mention in three categories: Best IR Website, Best Annual Report, and Best Corporate Brand "branding."

DCI Award - Most admired companies

Petrobras was granted the DCI - Most Admired Companies award, which acknowledges companies that are most recalled and admired by the vote of upwards of four thousand Brazilian executives heard by Diário do Comércio e Indústria (DCI) journal reporters. The company was voted the best in the Oil & Gas and State Capital segments.

Valor 1000 Yearbook

Petrobras was one of the winners of the 9th edition of the Valor 1000 Yearbook, published by the Valor Econômico journal, which puts the limelight on the most efficient companies in 25 sectors of the Brazilian economy. The company was voted the most efficient business in the "Oil and Gas" segment.

2009 Black Race Trophy

The CEO of Petrobras Distribuidora, José Lima de Andrade Neto, received the 2009 Black Race Trophy - Institutional Category. The award granted by the Afrobras NGO aims to pay tribute to black personalities who have made contributions in several activities, providing to future generations the record of determination, work, perseverance, and public example in building a better society.



2009

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