

STATEMENTS OF INCOME

December 31, 2008 and 2007

(In thousands of reais, except net income per share at paid-up capital)

STATEMENTS OF INCOME	NOTE	CONSOLIDATED	
		2008	2007
Gross operating revenues			
Selling expenses			
Products		266,217,208	218,050,202
Services, mainly freight		276,872	203,972
		266,494,080	218,254,174
Sales charges		(51,375,544)	(47,676,449)
Net operating revenues		215,118,536	170,577,725
Cost of products and services sold		(141,623,359)	(104,398,043)
Gross profit		73,495,177	66,179,682
Operating income (expenses)			
Selling expenses		(7,162,264)	(6,059,734)
Financial			
Expenses	18	(4,193,135)	(3,292,002)
Revenues	18	3,494,430	2,417,659
Exchange and monetary variations, net	18	3,827,489	(3,146,547)
Administrative and general expenses			
Management and board of directors remuneration		(35,792)	(29,259)
Administrative		(7,211,566)	(6,398,633)
Taxes		(862,766)	(1,255,511)
Cost of research and technological development		(1,705,572)	(1,712,338)
Loss of recovery of assets		(933,088)	(446,129)
Exploratory costs for the extraction of crude oil and gas		(3,494,258)	(2,569,724)
Healthcare and pension plans	21	(1,427,395)	(2,494,510)
Other operating income and expenses, net	18	(4,712,243)	(5,188,393)
		(24,416,160)	(30,175,121)
Equity in income of subsidiaries and associated companies			
Equity in earnings (losses) of investments	13	(874,218)	(465,274)
Income from operations before income and social contribution taxes, employee and management profit sharing and minority interest		48,204,799	35,539,287
Social contribution	20,5	(4,169,529)	(2,876,775)
Income tax	20,5	(11,792,449)	(8,395,983)
Income before employees' and directors' profit-sharing and minority interest		32,242,821	24,266,529
Employees' and directors' profit-sharing	22	(1,344,526)	(1,011,914)
Income before minority interest		30,898,295	23,254,615
Minority interest		2,089,497	(1,742,826)
Net income for the year		32,987,792	21,511,789
Net income per share at the end of the year - R\$		3,76	4,90

See the accompanying notes to the financial statements.

BALANCE SHEETS

December 31, 2008 and 2007

(In thousands of reais)

ASSETS	NOTE	CONSOLIDATED	
		2008	2007
Current assets			
Cash and cash equivalents	5	15,888,596	13,070,849
Marketable securities	10	288,751	589,788
Trade accounts receivable, net	6	14,903,732	11,328,967
Dividends receivable	7.1	20,101	80,596
Inventories	8	19,977,171	17,599,001
Taxes and contributions	20.1	9,641,247	7,781,536
Prepaid expenses		1,393,879	1,429,829
Other current assets		1,461,801	1,493,200
		63,575,278	53,373,766
Non-current assets			
Long-term receivables			
Trade accounts receivable, net	6	1,326,522	2,901,902
Petroleum and alcohol account – STN	9	809,673	797,851
Marketable securities	10	4,066,280	3,922,370
Project financing	11.2		
Deposits in court	12	1,853,092	1,693,495
Prepaid expenses		1,400,072	1,514,301
Advance for pension plan	21		1,296,810
Deferred income and social contribution taxes	20.3	10,238,308	8,333,490
Inventories	8	303,929	236,753
Other long-term receivables		1,256,96	1,325,865
		21,254,843	22,022,837
Investments	13	5,106,495	7,822,074
Property, plant and equipment	14	190,754,167	139,940,726
Intangible assets	15	8,003,213	5,532,053
Deferred charges		3,469,846	2,536,344
		228,588,564	177,854,034

**PROPERTY, PLANT AND EQUIPMENT
BY TYPE OF ASSET**

		CONSOLIDATED			
		2008		2007	
	ESTIMATED USEFUL LIFE IN YEARS	COST	ACCUMULATED DEPRECIATION	NET	NET
Buildings and improvements	25 to 40	9,382,619	(3,115,564)	6,267,055	3,800,350
Equipment and other assets	3 to 30	119,999,208	(55,854,051)	64,145,157	49,414,524
Land		1,138,720		1,138,720	854,848
Material		6,034,143		6,034,143	4,247,098
Advances to suppliers		5,189,735		5,189,735	2,624,093
Expansion projects		59,238,898		59,238,898	39,964,366
Oil and gas exploration and production development costs (E&P)		83,883,258	(35,142,799)	48,740,459	39,035,447
		284,866,581	(94,112,414)	190,754,167	139,940,726