RESULTS FOR THE FOURTH QUARTER AND FULL YEAR OF 2010.

Rio de Janeiro – February 25, 2010 – Petrobras announces today its consolidated results expressed in millions of Brazilian Reais, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). For comparative purposes, the 2009 information was also adjusted to IFRS.

Consolidated net income totaled R$10,602 million in 4Q-2010 and R$35,189 million in 2010

Main Highlights

R$ million							
4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
8,566	10,602	7,661	24	**Consolidated net income attributable to Petrobras shareholders**	35,189	30,051	17
2,570	2,628	2,561	2	**Total oil and natural gas production (th. barrel/day)**	2,583	2,526	2
14,736	14,584	14,315	(1)	**EBITDA**	60,323	59,502	1
373,766	380,247	347,085	2	**Market capitalization (parent company)**	380,247	347,085	10

- Operational start-up of six new production systems and two natural gas treatment units;
- In 2010, average oil production in Brazil exceeded the 2 million barrels per day mark for the first time, reaching the record level of 2,122,000 bpd in December;
- Proven reserves closed 2010 at 15,986 million barrels of oil equivalent (boe), according to the SPE/ANP criterion, 7.5% up on 2009, with a reserves-to-production ratio of 18.4 years;
- The declaration of commerciality for the Tupi and Iracema pre-salt areas in the Santos Basin, now known as the Lula and Cernambi fields, with a capacity of 100 thousand bpd, three years after discovery.
- Petrobras has the right to produce 5 billion boe in the pre-salt areas, acquired through the Onerous Assignment Agreement in 2010;
- Expansion of Replan and start-up of new HDT and Coke units in REVAP;
- Natural gas delivery peaked in December at 86 cubic meters/ day (540 thousand boe) and the thermoelectrical generation reached 650 MW/day (against an annual average in 2009 of 36 million cubic meters/ day and 525 MW/day) reflecting the consolidation of investments in the Gas and power segment.;
- The Company invested R$ **Erro! Vínculo não válido.** million in 2010, versus R$ 70,757 million in the previous year;

www.petrobras.com.br/ri
For further information: PETRÓLEO BRASILEIRO S. A. – PETROBRAS
Investor Relations I E-mail: petroinvest@petrobras.com.br / acionistas@petrobras.com.br
Av. República do Chile, 65 - 2202 - B - 20031-912 - Rio de Janeiro, RJ I Tel.: 55 (21) 3224-1510 / 9947 I 0800-282-1540

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This document may contain forecasts that merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers should not base their expectations exclusively on the information presented herein.

- Proposed dividends totaled R$11,728 million.

For further information: PETRÓLEO BRASILEIRO S. A. – PETROBRAS
Investor Relations I E-mail: petroinvest@petrobras.com.br / acionistas@petrobras.com.br
Av. República do Chile, 65 - 2202 - B - 20031-912 - Rio de Janeiro, RJ I Tel.: 55 (21) 3224-1510 / 9947 I 0800-282-1540

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Statement by the CEO
José Sergio Gabrielli de Azevedo

Dear Shareholders and Investors,

Our results for the fourth quarter and full year of 2010 further underlined our capacity for overcoming challenges, as well as emphasizing the quality of our assets and investment projects. Annual net income totaled R$ 35.2 billion, 17% up on 2009, while operational cash flow, measured by EBITDA, came to R$ 60.3 billion.

Among the Company's numerous achievements in 2010, we would like to draw particular attention to three: the operational start-up of the pre-salt Pilot System in the Lula field (formerly Tupi), a landmark in the development of one of the world's most promising exploratory frontiers; the raising of R$ 120.2 billion through the world's biggest ever public share offering; and the signing of the Transfer of Rights Agreement, which gives the Company the right to produce 5 billion barrels of oil equivalent in those pre-salt areas not previously licensed.

Annual oil production in Brazil reached record levels, with average output of more than 2 million bpd, thanks to the start-up of new wells, the increased operational efficiency of existing units and the revitalization of mature fields.

Our proven oil, condensate and natural gas reserves in Brazil and abroad, according to the ANP/SPE criterion, ended 2010 with 15,986 million boe, 7.5% above 2009, as a result of further additions from pre-salt areas in the Santos and Campos Basins, new discoveries in other basins and projects implemented in mature fields in Brazil and abroad. We achieved a substantial reserve replacement ratio of 229% and our reserves-to-production ratio now stands at 18.4 years, both of which strengthening our capacity for organic growth and reinforce our future prospects.

We invested R$ 76.4 billion in 2010 to consolidate our position as a world-class integrated energy company – we are currently the world's third biggest energy firm, according to PFC Energy rankings. In order to increase our oil and gas production and reserves, we invested the lion's share of the resources (43%) in the Exploration & Production area. In the Refining, Transportation & Marketing area, in order to ensure profitable operations given growing Brazilian demand for oil products, we continued with our domestic refining capacity expansion projects. In the Gas & Power area, we concluded several pipeline integration projects, thereby increasing the diversification and flexibility of natural gas sources. We also expanded our biodiesel and ethanol operations and our share of the Distribution segment, maintaining our leadership of Brazil's fuel market.

At Petrobras, we are fully aware that our achievements would not have been possible without the adoption of good corporate governance practices, as well as investments in technology and workforce training. Nowadays, we are renowned throughout the world for our pioneering approach and excellence in regard to oil exploration and production. In order to maintain our leadership position, we duplicated our Research Center, one of the biggest in the world, which will continue to play a fundamental role in developing new technologies for all the Company's operational segments, especially pre-salt oil production.

It is also important to underline our unceasing commitment to operational safety, as well as to the environment and sustainable development. In recognition of this, we were included in the Dow Jones Sustainability Index, the most important index of its type in the world, for the fifth year in succession.

In 2010, we once again demonstrated our competence and ability to produce outstanding results, and we remain confident that our achievements will mean for us a privileged position in the energy industry, leading to excellent returns for all our shareholders and investors in the coming years.

Main Items and Consolidated Economic Indicators

R$ million

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
54,739	54,492	47,696		**Revenue from sales**	213,274	182,834	17
19,645	18,880	18,159	(4)	**Gross profit**	77,222	74,127	4
11,119	11,274	10,043	1	**Income before financial result, profit sharing and taxes**	47,057	45,997	2
1,968	1,926	111	(2)	**Net financial result**	2,563	(162)	1,682
8,566	10,602	7,661	24	**Net income attributable to Petrobras shareholders**	35,189	30,051	17
0.97	0.81	0.87	(16)	**Earnings per share[1]**	3.57	3.43	4
				Result by business area			
6,882	7,848	5,993	14	**. Exploration & Production**	29,691	19,289	54
1,299	1,415	1,226	9	**. Refining, Transportation & Marketing**	3,722	13,521	(72)
275	332	162	21	**. Gas & Power**	1,279	703	82
348	290	303	(17)	**. Distribution**	1,268	1,247	2
278	62	(141)	(78)	**. International**	1,320	(115)	(1,248)
(332)	1,411	458	(525)	**. Corporate**	(1,141)	(3,596)	(68)
18,399	19,911	20,077	8	**Consolidated investments**	76,411	70,757	8
36	35	38	(1)	**Gross margin (%)**	36	41	(5)
20	21	21	1	**Operating margin (%) [2]**	22	25	(3)
16	19	16	3	**Net margin (%)**	16	16	
14,736	14,584	14,315	(1)	**EBITDA – R$ million [3]**	60,323	59,502	1
76.86	86.48	74.56	13	**Brent (US$/bbl)**	79.47	61.51	29
1.75	1.70	1.74	(3)	**US Dollar average sell price (R$)**	1.76	2.00	(12)
1.69	1.67	1.74	(1)	**US Dollar final sell price (R$)**	1.67	1.74	(4)
				Average price indicators			
158.28	159.00	154.82		**Oil product price - domestic market (R$/bbl)**	158.43	157.77	
				Sale price - Brazil			
72.10	79.70	70.24	11	**. Oil (US$/bbl) [4]**	74.66	54.22	38
14.71	14.01	15.51	(5)	**. Natural gas (US$/bbl) [5]**	15.57	22.53	(31)
				Sale price - International			
63.35	73.90	64.39	17	**. Oil (US$/bbl)**	66.42	53.58	24
12.14	14.80	14.36	22	**. Natural gas (US$/bbl)**	14.15	12.65	12

[1] Earnings per share based on the weighted average of the number of shares.
[2] Calculated based on operating income before financial result, profit sharing and taxes.
[3] Operating income before financial result, equity balance and depreciation/amortization.
[4] Average of exports and domestic transfer prices from E&P to Refining, Transportation & Marketing
[5] Domestic oil transfer price from E&P to Gas & Power

4th Quarter Results as compared to 3rd Quarter 2010 Results

Gross Profit

- R$18,880 million gross profit[6] in 4Q 2010 was down 4% from 3Q 2010 (R$ 19,645 million) due to:

Sales revenue that was relatively stable due to:

- The stability of product prices in Brazil during the quarter;
- Increase in volumes and in the price of oil produced;
- Despite these effects, revenues ended lower as some oil and oil products exported from Brazil during the quarter were in transit at the end of 4Q 2010. As these exports were not yet delivered to the third party end buyers, the corresponding revenues for these exports were not recorded in the quarter[7].

For domestic sales the highlights were increases of: 9% in electrical power generation, 9% in gasoline sales and 6% in jet fuel, partially offset by a 2% seasonal decrease in diesel.

Cost of goods sold (COGS) increased 1.5% due to:

- Higher international oil and oil products prices;
- Increase in LNG demand to supply thermo-electrical plants.

These factors were partially offset by:

- Higher oil and gas production which helped to reduce lifting costs by 6%, in *reais*, without government participation;
- Positive effect from inventory built at lower costs during the previous quarter;
- Decrease in imports (304 thousand bpd), especially diesel.

Net Income

- Highlights on the significant net income increase (24%) on 4Q 2010:
  - R$1,580 million decrease in other operating expenses;
  - Lower income tax expenses (R$1,287 million).

  On the one hand, other operating expenses decreased R$ 1,580 million over the 3Q 2010, in which the results were affected by non recurring expenses related to the collective bargaining agreement 2010/2011, the financial restructuring of the Barracuda and Caratinga project, and the lower adjustment to market value of refinery inventories in Pasadena and Okinawa. On the other hand, 4Q 2010 results were affected by an extraordinary expense of R$ 417 million related to fiscal contingencies.

  Income tax expenses were reduced by R$ 1,287 million due to the fiscal benefit from the accounting of interest on capital in 4Q 2010.

- The change in minority interest (R$531 million) was caused by the impact of the exchange rate variation over SPEs' debt.

Cash flow, Investments and Debt

- Adjusted cash equivalents over R$ 50 billion (3Q 2010: R$58,0 billion; 4Q 2010: R$ 55,8 billion);

- The level of investments (3Q 2010: R$18,4 billion; 4Q 2010: R$19,9 billion) exceeded resources generated by operating cash flow (3Q 2010: R$15,1 billion; 4Q 2010: R$15,4 billion);

- The net debt totaled R$62,1 billion, and the leverage ratio was kept within a prudent level (17%) and below the maximum limit established by the Company (35%).

[6] For further details please refer to appendix 2.

[7] Exports in transit at the end of 4Q 2010.

Full Year 2010 Results as compared to Full Year 2009 Results

Gross Profit

- R$ 77,222 million gross profit[8] on 2010 was up 4% from 2009 (R$ 74,127 million) as a result of:

Higher sales revenue, due to:

- Strong increase on the demand of oil products (11%) and natural gas (33%) in the domestic market, in a stable average realization price environment (R$157.77 in 2009 and R$158.43 in 2010);
- Increase in oil and oil products export prices based on international prices;
- 2% increase in oil and gas production.

Brazilian economic growth boosted oil products sales. Jet fuel demand grew 19%, diesel 9% (as a result of industrial recovery and higher agricultural output), gasoline 19% (as a result of the scarcity and higher price of ethanol in 2010 and the lower percentage, from 25% to 20%, of ethanol blended with gasoline). Finally, natural gas sales increased due to higher industrial and thermo-electric demand.

Cost of goods sold (COGS) increased 25% in 2010 due to:

- Significant growth of oil products imports (97%), mainly diesel, at higher international prices;
- Increase in production taxes (government take) as a consequence of higher international oil prices.

Lifting costs, excluding government take, were stable in *reais* (+2%).

Except for the downstream segment, which experienced higher volumes and costs in a stable pricing environment in Brazil, the Company's other segments all showed improved results. These results are reflected in annual gross income which increased by 4% over 2009.

Net Income

- The 17% net income growth is explained by:
  - Growth in operating income (+2%);
  - Higher net financial results (+ R$ 2,725 billion);
  - Smaller minority interest (R$ 2,581 billion).

- The higher financial results (R$ 2,725 million) were due to exchange rate-related gains over 2010 net debt, while in 2009 the Company suffered losses on net dollar-denominated assets.

- The variation in minority interest (R$ 2,581 million) resulted from the impact of the exchange rate variation on SPE's debt, the exercise of stock options in certain structured projects and the revision of future receivable flows related to financial leasing operations.

Cash flow, Investments and Debt

- The public share offering in September 2010 increased the end-of-year cash position to R$ 30,323 million. In addition, federal government securities maturing in more than 90 days, booked under marketable securities, totaled R$25,525 million, giving total cash and cash equivalents of R$55,848 million, versus R$29,034 million at the close of 2009. The leverage ratio decreased to from 31% to a prudent level of 17% below the maximum limit established by the Company (35%).

[8] For further details please refer to appendix 3.

RESULTS BY BUSINESS AREA

Petrobras operates in an integrated manner, with the greater part of oil and gas production in the exploration and production area being transferred to other Company areas.

When reporting results per business area, transactions with third parties and transfers between business areas are valued in accordance with the internal transfer prices established between the various areas and assessment methodologies based on market parameters.

EXPLORATION & PRODUCTION

4th Quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Net income	2010	2009	2010 X 2009 (%)
6,882	7,848	5,993	14		29,691	19,289	54

(4Q-2010 x 3Q-2010): The upturn in net income was caused by the increase in the domestic oil sale/transfer price (11% in US$/bbl) and the growth in daily oil and NGL production (2%), in addition to non-recurring costs from the winding up of the Barracuda and Caratinga structured project (R$486 million) and expenses from the 2010/11 collective bargaining agreement, both of which in 3Q-2010.

However, these gains were partially offset by the increase in costs from the government take.

The spread between the average domestic oil sale/transfer price and the average Brent price widened from US$4.76/bbl in 3Q-2010 to US$6.78/bbl in 4Q-2010.

(2010 x 2009): The increase in net income mainly reflected higher oil prices (38% in US$/bbl) and the 2% upturn in daily oil and NGL production. Other contributing factors included the reduction in losses and contingencies related to lawsuits (R$1,582 million) lower exploratory costs (R$443 million), due to geological and geophysical expenses and the write-off of dry or economically unviable wells, and the reduction/reversal of estimated impairment losses.

These effects were partially offset by higher costs from the government take and expenses from the winding up of the Barracuda and Caratinga structured project (R$486 million).

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US$7.29/bbl in 2009 to US$4.81/bbl in 2010.

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Domestic production (th. barrels/day) (*)	2010	2009	2010 X 2009 (%)
1,991	2,030	1,993	2	Oil and NGL	2,004	1,971	2
333	354	320	6	Natural gas [9]	334	317	5
2,324	**2,384**	**2,313**	3	**Total**	**2,338**	**2,288**	2

(4Q-2010 x 3Q-2010): Increased output from FPSO-Cidade de Niterói (Marlim Leste) and FPSO-Capixaba (Cachalote/Baleia Franca), plus the start-up of the Lula Pilot Project and P-57 (Jubarte) more than offset the natural decline in the mature fields.

(2010 x 2009): Increased output from P-53 (Marlim Leste), FPSO-Cidade de Niterói (Marlim Leste), FPSO-Capixaba (Cachalote / Baleia Franca), P-57 (Jubarte), FPSO-Cidade de Vitória (Golfinho), P-51 (Marlim Sul), P-34 (Jubarte), FPSO-Cidade de Santos (Uruguá / Tambaú), FPSO-Espírito Santo (Parque das Conchas), FPSO-Frade (Frade), FPSO-Angra dos Reis (Lula Pilot Project) and the extended well tests (EWT) in Tiro (SS-11) and Guará (FPWSO - Dynamic Producer) more than offset the natural decline in the remaining fields.

(*) Unaudited.
[9] Excludes liquefied gas and includes re-injected gas.

4th quarter				Lifting cost - country (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
				US$/barrel:			
10.60	10.29	9.51	(3)	• • without government take	10.03	8.78	14
24.67	25.58	24.74	4	• • with government take	24.64	20.51	20
				R$/barrel:			
18.46	17.34	16.51	(6)	• • without government take	17.58	17.20	2
42.72	43.47	43.04	2	• • with government take	43.48	39.49	10

Lifting Cost Excluding Government Take – US$/barrel

(4Q-2010 x 3Q-2010): Excluding the exchange variation, lifting costs fell by 5%, due to the reduction in personnel expenses, partially offset by the higher number of well interventions in the Roncador, Barracuda and Caratinga fields.

(2010 x 2009): Excluding the exchange variation, lifting costs climbed by 5% over 2009, due to the increased number of interventions in the Albacora Leste, Barracuda and Caratinga, Marlim, Albacora and Bicudo fields, as well as higher personnel expenses.

Lifting Cost Including Government Take – US$/barrel

(4Q-2010 x 3Q-2010): Excluding the exchange variation, the lifting cost increased by 3% due to the higher average reference price for local oil.

(2010 x 2009): Excluding the exchange variation, the lifting cost moved up by 16% due to the higher average reference price for local oil.

(*) Unudited.

REFINING, TRANSPORTATION & MARKETING

4th Quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Net income	2010	2009	2010 X 2009 (%)
1,299	1,415	1,226	9		3,722	13,521	(72)

(4Q-2010 x 3Q-2010): The improved result was due to the following factors:

• Higher export prices;
• Reduced imports of oil products, due to higher output;
• The sale of inventories formed at a lower acquisition cost in a previous period;
• Lower losses and contingencies related to lawsuits (R$133 million);
• Expenses arising from the 2010/11 collective bargaining agreement in the third quarter.
• Increase in income from interests in petrochemical investments (R$231 million).

These effects were partially offset by increase in the oil acquisition/transfer (Brent, up by 13% in US$/bbl).

(2010 x 2009): The reduction in net income reflected higher oil acquisition/transfer and oil product import costs (Brent – up by 29% in US$/bbl), partially offset by the increase in domestic oil product sales volume, led by gasoline, diesel and jet fuel, higher export prices, and the upturn in the domestic price of those oil products whose prices are pegged to international prices, despite the reduction in the price of diesel (15%) and gasoline (5%) in June 2009.

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Imports and exports (th. barrels/day) (*)	2010	2009	2010 X 2009 (%)
317	270	373	(15)	Crude oil imports	316	397	(20)
445	188	139	(58)	Oil product imports	299	152	97
762	458	512	(40)	**Crude oil and oil product imports**	615	549	12
433	441	463	2	Crude oil exports [10]	497	478	4
178	215	214	21	Oil product exports	200	227	(12)
611	656	677	7	**Crude oil and oil product exports [11]**	697	705	(1)
(151)	**198**	**165**	(231)	**Net crude oil and oil product exports (imports)**	**82**	**156**	(47)

(4Q-2010 x 3Q-2010): The reduction in oil product imports was chiefly due to the seasonality of diesel consumption, given the decline in industrial and agricultural activities in 4Q-2010.

(2010 x 2009): The upturn in oil product imports reflected growing domestic demand, especially for diesel, thanks to the economic recovery, and gasoline, due to the ethanol shortage at the beginning of 2010.
The increase in oil exports was caused by higher output and increased supply due to the scheduled stoppage in Replan.

(*) Unaudited.
[10] Includes oil exports by the Refining, Transportation & Marketing and E&P business areas.
[11] Includes ongoing exports.

4th quarter				Oil product output (th. barrels/day) (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
1,843	1,910	1,867	4	Oil product output	1,832	1,823	
1,942	1,942	1,942		Primary installed processing capacity [12]	1,942	1,942	
94	96	94	2	Installed capacity use (%)	93	92	1
83	83	78		Domestic crude as % of total processed feedstock	82	79	3

4th quarter				Processed Feedstock – Domestic (th. barrels/day) (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
1,830	1,862	1,833	2		1,798	1,791	

(4Q-2010 x 3Q-2010): Daily processed crude moved up by 2%, reflecting the reduction in scheduled stoppages.

(2010 x 2009): Daily processed crude remained flat over 2009.

4th quarter				Refining Cost – Domestic (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
4.89	4.79	3.76	(2)	**Refining cost (US$/barrel)**	4.33	3.21	35
8.55	8.07	6.54	(6)	**Refining cost (R$/barrel)**	7.57	6.26	21

(4Q-2010 x 3Q-2010): Excluding the exchange rate variation, refining costs fell by 5%, due to lower expenses from scheduled stoppages and personnel, partially offset by increased materials and maintenance expenses.

(2010 x 2009): Excluding the exchange rate variation, these costs increased by 22%, due to higher expenses from scheduled stoppages, personnel and third-party services, chiefly as a result of equipment maintenance and repairs.

(*) Unaudited.
[12] According to the ownership recognized by the ANP.

GAS & POWER

4th Quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Net income	2010	2009	2010 X 2009 (%)
275	332	162	21		1,279	703	82

(4Q-2010 x 3Q-2010): The increase in net income was due to the following factors:

• Higher electricity output and natural gas sales;
• Lower costs from thermal power plants, reflecting the revision of depreciation rates;
• Expenses from the write-off of ICMS tax credits and with research and development in 3Q-2010.
• The reversal of estimated impairment losses in 1Q-2010;

These factors were partially offset by increased LNG imports and higher expenses from natural gas sales, due to the operational start-up of new gas pipelines.

(2010 x 2009): The annual improvement was due to the following factors:
• Higher sales of natural gas, in line with industrial growth and greater demand for power generation;
• Increased fixed revenue from energy auctions (regulated market) and higher revenue from thermal power generation;
• The reduction in domestic natural gas acquisition/transfer costs, in line with the behavior of international prices and the appreciation of the Real against the U.S. dollar.
These factors were partially offset by higher costs from LNG imports and selling expenses from regasification vessels.

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Physical and financial indicators (*)	2010	2009	2010 X 2009 (%)
184	171	134	(7)	Gas imports (th. barrels/day)	169	140	21
1,887	1,931	2,063	2	Electricity sales (agreements) - average MW	2,024	1,886	7
2,853	3,119	217	9	Electricity generation - average MW	1,837	525	250
118	115	16	(3)	Difference settlement price (PLD) - R$/MWh [13]	74	37	100

(4Q-2010 x 3Q-2010): The 7% reduction in Bolivian gas imports reflected the increase in domestic output, primarily due to higher production in the Canapu field, in addition to reduced thermal power generation and the seasonal reduction in industrial consumption observed in December.

Electricity sales volume remained flat, reflecting the trading optimization policy through balance and short-term sales.

The 9% upturn in generation volume was due to the fact that the ONS (National System Operator) continued to apply the Short-term Operating Procedure (POCP) until November, due to the low water levels.

The difference settlement price fell by 3%, due to the beginning of the rainy season in December.

(2010 x 2009): Bolivian gas imports increased by 21%, due to higher demand from thermal plants, as a result of low rainfall and the economic recovery.

Electricity sales grew by 7% due to additional balance, short-term and electronic auction sales, thanks to the increase in assured energy available, taking advantage of market opportunities.

Power output jumped by 250%, due to requests from the ONS for increased generation in view of the high temperatures at the beginning of 2010 and, as of July, POCP generation as a result of the low water levels.

The 100% increase in the PLD reflected the reduction in reservoir levels in 2010.

(*) Unaudited.
[13] PLD – weekly prices weighted by load level (light, medium and heavy), number of hours and sub-market capacity.

DISTRIBUTION

	4th Quarter					Year		
	3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Net income	2010	2009	2010 X 2009 (%)
	348	290	303	(17)		1,268	1,247	2

(4Q-2010 x 3Q-2010): The 2.7% increase in sales margins was more than offset by higher selling expenses with services, losses from uncollectable trade notes, and increased personnel expenses due to the 2010/11 collective bargaining agreement, resulting in a reduction in net income.

The segment recorded a 39.0% share of the fuel distribution market in 4Q-2010, versus 38.8% in the previous quarter.

(2010 x 2009): The improvement in net income was due to the 1% increase in sales margins and the 8% upturn in sales volume, partially offset by higher expenses from services and personnel (due to the 2010/11 collective bargaining agreement), as well as the settlement of ICMS tax debits with the state of Rio de Janeiro (R$110 million).

The Company's share of the fuel distribution market climbed from was 38.6% in 2009 to 38.8% in 2010.

INTERNATIONAL

4th Quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	Net income	2010	2009	2010 X 2009 (%)
278	62	(141)	(78)		1,320	(115)	(1,248)

(4Q-2010 x 3Q-2010): The reduction in fourth-quarter net income was due to higher exploration expenses (R$33 million) associated with the write-off of dry or economically unviable wells in Nigeria, Turkey, Australia, the USA, Argentina and Colombia, offset by lower write-offs in Angola (R$318 million). These expenses were partially offset by reduced provisions for the adjustment of inventories to market value in the USA and Japan (R$127 million).

(2010 x 2009): The improvement was caused by higher commodity prices in 2010 and the increase in oil sales volume thanks to operational start-up of the Akpo field in Nigeria in March 2009.

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	International Production (th. barrels/day) [*]	2010	2009	2010 X 2009 (%)
				Consolidated international production			
144	143	143	(1)	Oil and LNG	144	132	9
94	93	96	(1)	Natural gas	93	96	(3)
238	**236**	**239**	(1)	**Total**	**237**	**228**	4
8	**8**	**9**		**Non consolidated internacional production**	**8**	**10**	(20)
246	**244**	**248**	(1)	**Total international production**	**245**	**238**	3

(4Q-2010 x 3Q-2010): Consolidated oil and LNG production fell due to the termination of the E&P agreements in Ecuador and the decline in output from the mature fields in Colombia, partially offset by higher production in Nigeria due to the start-up of two new wells in the Akpo field and one in the Agbami field in the fourth quarter.

Consolidated gas production fell due to reduced demand for Bolivian gas caused by the partial stoppage of the San Antonio plant in Bolivia for improvements.

(2010 x 2009): Consolidated oil and LNG production increased due to the start-up of the Akpo field in Nigeria in March 2009, offsetting the reduced stake in the Guando field, in Colombia, due to contractual reasons, and the decline in output from the mature wells in the Neuquén Basin, in Argentina.
The reduction in gas production was due to the decline in output from the mature wells in the Neuquén Basin in Argentina, offset by higher Brazilian demand for Bolivian gas.

[*] Unaudited.

4th quarter				Lifting Cost - International (US$/barrel) (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
6.02	6.80	6.49	13		5.86	5.42	8

(4Q-2010 x 3Q-2010): (4Q-2010 x 3Q-2010): Higher expenses in Argentina due to the increase in services associated with well interventions, oil and gas treatment and surveillance, as well as higher logistics expenses in Nigeria and the greater number of well interventions in Colombia, in addition to the decline in fourth-quarter output.

(2010 x 2009): Increase in third-party services in Argentina, caused by contractual price adjustments.

4th quarter				Processed Feedstock – International (th. barrels/day) (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
213	208	205	(2)		206	197	5

(4Q-2010 x 3Q-2010): Reduction in total processed crude due to the scheduled stoppage in the atmospheric distillation units in the Bahía Blanca and San Lorenzo refineries, both in Argentina. Processed crude in the Okinawa refinery, in Japan, also suffered a decline due to operational problems in the refinery's pier.

(2010 x 2009): Higher processed crude in the U.S. refinery, due to improved operational reliability, and wider margins in Argentina, offset by the scheduled stoppage in Japan in May and June 2010.

4th quarter				Oil Product Output - International (*) (th. barrels/day)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
227	220	220	(3)	**Oil product output**	220	211	4
281	281	281		**Primary installed processing capacity**	281	281	
73	70	68	(3)	**Installed capacity use (%)**	70	66	4

4th quarter				Refining Cost – International (US$/barrel) (*)	Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
4.44	4.08	3.07	(8)		3.89	4.23	(8)

(4Q-2010 x 3Q-2010): Reduced maintenance expenses in the Japanese refinery.

(2010 x 2009): Improved operational reliability in the Pasadena refinery, leading to lower maintenance expenses, and increased processed crude in the U.S. and Argentina.

(*) Unaudited.

Sales Volume – thousand barrels/day (*)

4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
859	841	782	(2)	Diesel	809	740	9
379	414	366	9	Gasoline	394	338	17
104	91	100	(13)	Fuel Oil	100	101	(1)
172	197	162	15	Naphtha	167	164	2
230	219	212	(5)	LPG	218	210	4
93	99	82	6	Jet fuel	92	77	19
196	191	165	(3)	Other [14]	180	140	29
2,033	**2,052**	**1,869**	1	**Total oil products**	**1,960**	**1,770**	11
111	111	106		Alcohols, nitrogen-based compounds, biodiesel and others	99	96	3
360	363	247	1	Natural gas	319	240	33
2,504	**2,526**	**2,222**	1	**Total domestic market**	**2,378**	**2,106**	13
612	658	681	8	Exports	698	707	(1)
574	601	486	5	International sales [15]	593	541	10
1,186	**1,259**	**1,167**	6	**Total international market**	**1,291**	**1,248**	3
3,690	**3,785**	**3,389**	3	**Total**	**3,669**	**3,354**	9

Annual domestic sales volume moved up by 13% over 2009, chiefly due to sales of the following products:

- Diesel (increase of 9%) – due to the recovery in industrial activity, the upturn in the grain harvest, and consumption generated by infrastructure investments.
- Gasoline (increase of 17%) – reflecting the ethanol shortage at the beginning of 2010, which led to a hefty price increase and caused flex-fuel vehicle owners to migrate to gasoline, as well as the reduction in the ratio of anhydrous ethanol in the C gasoline mix from 25% to 20% as of February 2010.
- Natural gas (increase of 33%) – due to higher consumption by industry, which was recovering from the 2009 global financial crisis, as well as the higher share of gas in the operation of thermal power plants.
- Jet fuel (increase of 19%) – reflecting the economic recovery and the improved performance of the aviation market.

Corporate Overhead (US$ million) (*)

4th quarter				Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)	2010	2009	2010 X 2009 (%)
887	862	799	(3)	3,125	2,589	21

(4Q-2010 x 3Q-2010): Excluding the exchange rate variation, corporate overhead fell by 6%, partially offset by higher sponsorship and data-processing expenses.

(2010 x 2009): Excluding the exchange rate variation, corporate overhead moved up by 10% in the year, due to higher expenses with personnel, rent and data-processing.

(*) Unaudited
[14] Especially asphalt sales volume, due to increased consumption by infrastructure works.
[15] Changed after revision of PESA's volumes

Consolidated Investments

In accordance with the goals outlined in its strategic plan, Petrobras continues to prioritize investments in the expansion of its oil and natural gas production capacity by investing its own funds and by structuring ventures with strategic partners.

R$ million	Year				
	2010	%	2009	%	Δ%
• Own Investments	**73,631**	**96**	**63,663**	**90**	**16**
Exploration & Production	32,426	42	30,819	44	5
Refining, Transportation & Marketing	28,007	38	16,508	23	70
Gas & Power	4,884	6	6,562	9	(26)
International (I)	4,771	6	6,833	10	(30)
Distribution	895	1	635	1	41
Corporate [16]	2,648	3	2,306	3	15
• Special purpose companies (SPCs) (II)	**2,780**	**4**	**5,564**	**8**	(50)
• Projects under negotiation			**1,530**	**2**	
Total investments	**76,411**	**100**	**70,757**	**100**	**8**
(I) International	**4,771**	**100**	**6,833**	**100**	**(30)**
Exploration & Production	4,190	88	4,170	61	
Refining, Transportation & Marketing	260	6	1,259	18	(79)
Gas & Power	152	3	218	3	(30)
Distribution	104	2	1,142	17	(91)
Other	65	1	44	1	48
(II) Projects developed by SPCs	**2,780**	**100**	**5,564**	**100**	**(50)**
Exploration & Production	310	11	815	15	(62)
Refining, Transportation & Marketing	451	16	842	15	(46)
Gas & Power	2,019	73	3,907	70	(48)

In line with its strategic objectives, Petrobras operates through joint ventures with other companies, in Brazil and abroad, as a concessionaire of oil and gas exploration, development and production rights. Currently the Company is a member of 105 consortiums in Brazil, of which it operates 72, and 154 joint ventures abroad, of which it operates 78.

In addition, the federal government granted Petrobras the right to produce up to 5 billion boe in the pre-salt areas not yet put out to tender, totaling R$74,808 million, settled with the proceeds of the public offering, R$67,816 million of which in treasury securities and R$6,992 million in cash.

[16] Includes investments in biofuel totaling R$1,174 million in 2010 (R$**Erro! Vínculo não válido.**million in 2009)

Consolidated Debt

	R$ million		
	12.31.2010	12.31.2009	Δ%
Short-term debt [17]	15,668	15,556	1
Long-term debt [18]	102,247	86,894	18
Total	117,915	102,450	15
Cash and cash equivalents	30,323	29,034	4
Treasury Bills (maturity of more than 90 days).	25,525		
Adjusted cash equivalents	55,848	29,034	92
Net debt [19]	62,067	73,416	(15)
Net debt/(net debt + shareholder's equity)	17%	31%	(45)
Total net liabilities [20]	464,122	321,385	44
Capital structure (net third parties capital / total net liabilities)	33%	48%	(31)

	US$ million		
	12.31.2010	12.31.2009	Δ%
Short-term debt	9,403	8,934	5
Long-term debt	61,365	49,905	23
Total	70,769	58,839	20
Net debt	37,250	42,164	(12)

The net debt of the Petrobras System fell by 15% over December 31, 2009, thanks to the September 2010 capitalization, which offset net financings in the period.

Average indebtedness, measured by the net debt/EBITDA ratio, declined from 1.23 on December 31, 2009, to 1.03 on December 31, 2010.

[17] Includes financial leasings (R$176 million on December 31, 2010 and R$**Erro! Vínculo não válido.** million on December 31, 2009).

[18] Includes financial leasings (R$196 million on December 31, 2010 and R$**Erro! Vínculo não válido.** million on December 31, 2009).

[19] Total debt less cash and cash equivalents.

[20] Total liabilities net of cash and financial investments.

Income Statement – Consolidated

R$ million					
	4th Quarter			Year	
3Q-2010	2010	2009		2010	2009
54,739	54,492	47,696	**Revenue from sales**	213,274	182,834
(35,094)	(35,612)	(29,537)	Cost of products sold	(136,052)	(108,707)
19,645	18,880	18,159	**Gross profit**	77,222	74,127
			Expenses		
(2,140)	(2,172)	(1,821)	Selling	(8,660)	(7,375)
(2,117)	(2,154)	(1,853)	General and administrative	(7,997)	(7,392)
(801)	(1,367)	(1,623)	Exploratory cost	(3,797)	(3,981)
(505)	(428)	(243)	Research & development	(1,739)	(1,364)
(215)	(317)	(223)	Taxes	(910)	(658)
(2,748)	(1,168)	(2,353)	Other	(7,062)	(7,360)
(8,526)	(7,606)	(8,116)		(30,165)	(28,130)
11,119	11,274	10,043	**Income before financial results, profit sharing and taxes**	47,057	45,997
1,968	1,926	111	Net financial result	2,563	(162)
229	389	(403)	Interest in investments	208	(65)
(446)	(501)	(386)	Profit sharing	(1,691)	(1,495)
12,870	13,088	9,365	**Income before taxes**	48,137	44,275
(3,739)	(2,452)	(2,177)	Income tax and social contribution	(12,236)	(10,931)
9,131	**10,636**	**7,188**	**Net income**	**35,901**	**33,344**
(565)	(34)	473	Minority interest	(712)	(3,293)
8,566	**10,602**	**7,661**	**Net income attributable to Petrobras shareholders**	**35,189**	**30,051**

Balance Sheet – Consolidated

ASSETS	R$ million	
	12.31.2010	12.31.2009
Current Assets	**106,685**	**74,374**
Cash and cash equivalents	30,323	29,034
Marketable securities	26,017	124
Accounts receivable	17,334	14,062
Inventories	19,816	19,448
Taxes recoverable	8,935	7,023
Other	4,260	4,683
Non Current Assets	**413,285**	**276,045**
Long-term assets	**38,470**	**34,923**
Accounts receivable	4,956	3,288
Marketable securities	5,208	4,639
Judicial deposits	2,807	1,989
Deferred taxes and social contribution	17,211	16,231
Advances to suppliers	4,976	5,365
Other	3,312	3,411
Investments	**8,879**	**5,772**
Fixed assets	**282,838**	**227,079**
Intangible assets	**83,098**	**8,271**
Total assets	**519,970**	**350,419**

LIABILITIES	R$ million	
	12.31.2010	12.31.2009
Current Liabilities	**56,834**	**55,161**
Short-term debt	15,492	15,166
Suppliers	17,044	17,082
Taxes and social contribution	10,250	10,590
Dividends	3,595	2,333
Salaries, benefits and charges	2,606	2,304
Pension and health plan	1,303	1,208
Other	6,544	6,478
Non Current Liabilities	**152,911**	**128,363**
Long-term Debt	102,051	86,545
Deferred taxes and social contribution	26,161	20,458
Pension and health plan	15,278	14,164
Provision for well abandonment	6,505	4,791
Provision for lawsuits	1,372	865
Other	1,544	1,540
Shareholders' Equity	**310,225**	**166,895**
Capital stock	205,357	78,967
Reserves/Income for the period	101,409	85,350
Minority Interest	**3,459**	**2,578**
Total Liabilities	**519,970**	**350,419**

Statement of Cash Flow – Consolidated

R$ million					
	4th Quarter			Year	
3Q-2010	2010	2009		2010	2009
8,566	**10,602**	**7,661**	**Net Income Attributable to Petrobras Shareholders**	**35,189**	**30,051**
6,508	4,823	5,501	(+) Adjustments	18,246	21,299
4,063	3,930	4,115	Depreciation and amortization	14,881	14,457
(1,896)	(662)	109	Interest, FX rate and monetary variation	(176)	(2,585)
565	34	(473)	Minority interest	712	3,293
(229)	(389)	403	Equity income	(208)	65
2,775	1,923	1,601	Deferred income tax and contribution	5,794	1,759
356	859	1,244	Write-off of dry wells	2,121	2,315
200	(24)	593	Impairment losses	690	1,144
(1,932)	1,403	(895)	Inventory variation	(900)	(2,999)
(2,793)	693	(67)	Accounts receivable variation	(4,718)	(404)
3,345	(2,183)	1,551	Supplier variation	373	1,215
364	173	205	Pension and health plan variation	1,381	1,062
(856)	173	(2,331)	Tax variation	(3,857)	594
2,546	(1,107)	(554)	Other adjustments	2,153	1,383
15,074	**15,425**	**13,162**	**(=) Cash Generated by Operating Activities**	**53,435**	**51,350**
(36,974)	**(32,942)**	**(19,658)**	**(-) Cash Used in Investment Activities**	**(105,567)**	**(70,280)**
(74,808)			Onerous Assignment - acquired rights	74,808	
67,816			- LFTs	(67,816)	
(6,992)			Onerous Assignment - Cash	6,992	
(10,740)	(14,666)		Marketable Securities (maturities over 90 days)	(25,406)	
(19,242)	(18,276)	(19,658)	Other E&P investments	(73,169)	(70,280)
(21,900)	**(17,517)**	**(6,496)**	**(=) Free Cash Flow**	**(52,132)**	**(18,930)**
45,331	**758**	**5,013**	**(-) Cash Used in Financing Activities**	**53,858**	**32,165**
115,052	**5,197**		• Capital increase	120,249	
(67,816)			• Cash contribution in LFTs	(67,816)	
47,236	5,197		Cash capitalization	52,433	
(357)	(352)		Public offering expenses	(710)	
	(597)		Acquisition of minority interest	(597)	
57	585	**10,618**	Financing	12,147	47,605
(1,605)	(4,075)	(5,605)	Dividends	(9,415)	(15,440)
(349)	(210)	207	(+) FX effect on cash and cash equivalents	(437)	(300)
23,082	(16,969)	(1,276)	**(=) Cash generated in the period**	**1,289**	**12,935**
24,210	**47,292**	**30,310**	Cash at beginning of period	29,034	16,099
47,292	**30,323**	**29,034**	Cash at the end of period	30,323	29,034

Statement of Added Value – Consolidated

	R$ million	
	Year	
	2010	2009
Revenue		
Sales of products and services [21]	272,125	234,869
Asset construction	68,073	56,556
	340,198	291,425
Input acquisitions from third parties		
Raw materials used	(39,487)	(34,994)
Products for resale	(39,427)	(25,005)
Energy, services & other	(73,497)	(64,289)
Tax credits on inputs acquired from third parties	(19,237)	(16,959)
Impairment losses	(690)	(1,144)
	(172,338)	(142,391)
Gross added value	167,860	149,034
Retentions		
Depreciation and amortization	(14,881)	(14,457)
Net added value produced by the Company	152,978	134,577
Added vfalue received		
Equity income	208	(65)
Financial revenue - including monetary and exchange variation	4,539	3,509
Rent, royalties and other	957	1,213
	5,704	4,657
Added value to distribute	**158,683**	**139,234**
Distribution of added value		
Personnel and administrative		
Salaries/profit sharing		
Salaries	11,994	10,216
Profit Sharing	1,691	1,495
Benefits		
Advantages	841	683
Health, retirement and pension plan	3,203	2,599
FGTS	747	673
	18,476	15,666
Taxes		
Federal	55,976	49,467
State	28,581	25,217
Municipal	182	156
Foreign states	5,290	4,888
	90,029	79,728
Financial institutions and suppliers		
Interest, FX rate and monetary variation	6,612	4,481
Rent and freight expenses	7,665	6,014
	14,277	10,495
Shareholders		
Interest on equity	10,162	7,194
Dividends	1,565	1,141
Minority interest	712	3,293
Retained earnings	23,461	21,716
	35,901	33,344
Added value distributed	**158,683**	**139,234**

[21] Net of provisions for doubtful accounts.

Consolidated Income Statement by Business Area - 2010 [22]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [23]	ELIMIN.	TOTAL
Revenue from sales	**95,451**	**172,468**	**15,476**	**65,557**	**24,887**		**(160,565)**	**213,274**
Intersegment	95,026	57,175	1,905	1,320	5,139		(160,565)	
Third parties	425	115,293	13,571	64,237	19,748			213,274
Cost of goods sold	(44,302)	(160,362)	(10,942)	(59,896)	(19,376)		158,826	(136,052)
Gross profit	**51,149**	**12,106**	**4,534**	**5,661**	**5,511**		**(1,739)**	**77,222**
Expenses	**(5,825)**	**(6,391)**	**(2,595)**	**(3,616)**	**(3,462)**	**(8,575)**	**299**	**(30,165)**
Selling, General & administrative	(794)	(5,198)	(1,941)	(3,478)	(1,667)	(3,754)	175	(16,657)
Exploratory costs	(2,601)				(1,196)			(3,797)
Research & development	(774)	(380)	(129)	(9)	(2)	(445)		(1,739)
Taxes	(218)	(120)	(58)	(29)	(219)	(264)	(2)	(910)
Other	(1,438)	(693)	(467)	(100)	(378)	(4,112)	126	(7,062)
Income before financial result, profit sharing and taxes	**45,324**	**5,715**	**1,939**	**2,045**	**2,049**	**(8,575)**	**(1,440)**	**47,057**
Net financial result						2,563		2,563
Interest in investments		280	9	(2)	(49)	(30)		208
Profit sharing	(538)	(379)	(66)	(120)	(48)	(540)		(1,691)
Income before taxes	**44,786**	**5,616**	**1,882**	**1,923**	**1,952**	**(6,582)**	**(1,440)**	**48,137**
Income tax & social contribution	(15,228)	(1,814)	(637)	(655)	(493)	6,101	490	(12,236)
Net income	**29,558**	**3,802**	**1,245**	**1,268**	**1,459**	**(481)**	**(950)**	**35,901**
Minority interest	133	(80)	34		(139)	(660)		(712)
Net income attributable to Petrobras shareholders	**29,691**	**3,722**	**1,279**	**1,268**	**1,320**	**(1,141)**	**(950)**	**35,189**

Consolidated Income Statement by Business Area - 2009 [22]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [23]	ELIMIN.	TOTAL
Revenue from sales	**76,183**	**146,152**	**12,244**	**58,277**	**21,291**		**(131,313)**	**182,834**
Intersegment	75,252	49,396	1,851	1,347	3,467		(131,313)	
Third parties	931	96,756	10,393	56,930	17,824			182,834
Cost of goods sold	(39,052)	(120,149)	(8,828)	(53,124)	(17,095)		129,541	(108,707)
Gross profit	**37,131**	**26,003**	**3,416**	**5,153**	**4,196**		**(1,772)**	**74,127**
Expenses	**(7,478)**	**(5,252)**	**(2,076)**	**(3,118)**	**(3,221)**	**(7,243)**	**258**	**(28,130)**
Selling, general & administrative	(661)	(4,634)	(1,195)	(3,126)	(1,716)	(3,627)	192	(14,767)
Exploratory costs	(3,044)				(937)			(3,981)
Research & development	(516)	(336)	(64)	(10)	(4)	(434)		(1,364)
Taxes	(94)	(93)	(31)	(26)	(164)	(250)		(658)
Other	(3,163)	(189)	(786)	44	(400)	(2,932)	66	(7,360)
Income before financial result, profit sharing and taxes	**29,653**	**20,751**	**1,340**	**2,035**	**975**	**(7,243)**	**(1,514)**	**45,997**
Net financial result						(162)		(162)
Interest in investments		182	68	(29)	(287)	1		(65)
Profit sharing	(488)	(267)	(56)	(101)	(47)	(536)		(1,495)
Income before profit sharing and taxes	**29,165**	**20,666**	**1,352**	**1,905**	**641**	**(7,940)**	**(1,514)**	**44,275**
Income tax & social contribution	(9,916)	(6,965)	(437)	(658)	(570)	7,099	516	(10,931)
Net income	**19,249**	**13,701**	**915**	**1,247**	**71**	**(841)**	**(998)**	**33,344**
Minority interest	40	(180)	(212)		(186)	(2,755)		(3,293)
Net income attributable to Petrobras' shareholders	**19,289**	**13,521**	**703**	**1,247**	**(115)**	**(3,596)**	**(998)**	**30,051**

[22] The segmented information for 2010 and 2009 was prepared considering the changes to the business areas, due to the transfer of management of the Fertilizer business from Refining, Transportation & Marketing to Gas & Power.
[23] Biofuel results are included in the corporate group.

Consolidated EBITDA Statement by Business Area - 2010 [24]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [25]	ELIMIN.	TOTAL
Income before financial result, profit sharing and taxes	45,324	5,715	1,939	2,045	2,049	(8,575)	(1,440)	47,057
Profit sharing	(538)	(379)	(66)	(120)	(48)	(540)		(1,691)
Depreciation / amortization	9,111	2,020	1,090	338	1,737	585		14,881
Impairment	(104)		1		179			76
EBITDA	**53,793**	**7,356**	**2,964**	**2,263**	**3,917**	**(8,530)**	**(1,440)**	**60,323**

Statement of Other Operating Income (Expenses) - 2010 [24]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [25]	ELIMIN.	TOTAL
Losses and contingencies related to lawsuits	(537)	(219)	(4)	(202)	154	(1,026)		**(1,834)**
Pension and health plan						(1,552)		**(1,552)**
Institutional relations and cultural projects	(73)	(44)	(19)	(98)	(4)	(996)		**(1,234)**
Collective bargaining agreements	(242)	(132)	(20)	(40)	(12)	(201)		**(647)**
Unprogrammed stoppages amd pre-operational exp.	(460)	(53)	(105)		(5)			**(623)**
Adjustment of inventories to market value	(13)	(106)			(472)	(12)		**(603)**
Expenses with health, safety and the environment	(81)	(83)	(4)			(201)		**(369)**
Operational expenses with thermoelectric plants			(299)					**(299)**
Impairment losses	104		(1)		(179)			**(76)**
Government incentives, donations and subsidies	144	218	15					**377**
Other	(280)	(274)	(30)	240	140	(124)	126	**(202)**
	(1,438)	**(693)**	**(467)**	**(100)**	**(378)**	**(4,112)**	**126**	**(7,062)**

Statement of Other Operating Income (Expenses) - 2009 [24]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [25]	ELIMIN.	TOTAL
Losses and contingencies related to lawsuits	(2,119)	(142)	(64)	(41)	(38)	(95)		**(2,499)**
Pension and health plan						(1,380)		**(1,380)**
Institutional relations and cultural projects	(67)	(33)	(15)	(108)		(847)		**(1,070)**
Collective bargaining agreements	(206)	(101)	(9)		(9)	(162)		**(487)**
Unprogrammed stoppages amd pre-operational exp.	(571)	(42)	(116)		(19)			**(748)**
Adjustment of inventories to market value		(184)			(397)	(28)		**(609)**
Expenses with health, safety and the environment	(97)	(60)	(4)			(194)		**(355)**
Operational expenses with thermoelectric plants			(610)					**(610)**
Impairment losses	(550)				7			**(543)**
Government incentives, donations and subsidies	150	480	19					**649**
Other	297	(107)	13	193	56	(226)	66	**292**
	(3,163)	**(189)**	**(786)**	**44**	**(400)**	**(2,932)**	**66**	**(7,360)**

[24] The segmented information for 2010 and 2009 was prepared considering the changes to the business areas, due to the transfer of management of the Fertilizer business from Refining, Transportation & Marketing to Gas & Power.
[25] Biofuel results are included in the corporate group.

Consolidated Statement of Non-Recurring Items by Business Area - 2010

	R$ million							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Operating income per business segment	**45,324**	**5,715**	**1,939**	**2,045**	**2,049**	**(8,575)**	**(1,440)**	**47,057**
Non-recurring items:								
Provision for loss in lawsuits	537	219	4	202	(154)	1,026	-	**1,834**
Adjustment of inventories to market value	13	106			472	12		**603**
Conclusion of Barracuda and Caratinga project	486							**486**
Impairment losses	(104)		1		179			**76**
Subtotal non-recurring items	932	325	5	202	497	1,038		**2,999**
Operating income (loss) unaffected by non-recurring items	**46,256**	**6,040**	**1,944**	**2,247**	**2,546**	**(7,537)**	**(1,440)**	**50,056**
Net income (loss) per business segment	**29,691**	**3,722**	**1,279**	**1,268**	**1,320**	**(1,141)**	**(950)**	**35,189**
Non-recurring items	932	325	5	202	497	1,038		**2,999**
Tax effect								**-**
Net income unaffected by non-recurring items	**30,623**	**4,047**	**1,284**	**1,470**	**1,817**	**(103)**	**(950)**	**38,188**

Consolidated Statement of Non-Recurring Items by Business Area - 2009

	R$ million							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP.	ELIMIN.	TOTAL
Operating income per business segment	**29,653**	**20,751**	**1,340**	**2,035**	**975**	**(7,243)**	**(1,514)**	**45,997**
Non-recurring items:								
Judicial settlement with ANP without special participation	2,065							**2,065**
Impairment losses	550				(7)			**543**
Adjustment of inventories to market value		184			397	28		**609**
Subtotal non-recurring items	2,615	184	-	-	390	28	-	**3,217**
Operating income not affected by special items	32,268	20,935	1,340	2,035	1,365	(7,215)	(1,514)	**49,214**
Net income (loss) per business segment	**19,289**	**13,521**	**703**	**1,247**	**(115)**	**(3,596)**	**(998)**	**30,051**
Non-recurring items	2,615	184	-	-	390	28		**3,217**
Tax effect	**(702)**			**-**			**-**	(702)
Net income unaffected by special items	**21,202**	**13,705**	**703**	**1,247**	**275**	**(3,568)**	**(998)**	**32,566**

Consolidated Assets by Business Area - 12.31.2010 [26]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [27]	ELIMIN.	TOTAL
Assets	**227,601**	**117,625**	**50,175**	**12,280**	**29,869**	**92,451**	**(10,031)**	**519,970**
Current assets	**6,133**	**28,853**	**4,523**	**6,580**	**5,750**	**64,841**	**(9,995)**	**106,685**
Non-current assets	**221,468**	**88,772**	**45,652**	**5,700**	**24,119**	**27,610**	**(36)**	**413,285**
Long-term assets	6,268	6,024	2,829	951	4,054	18,380	(36)	**38,470**
Investments		6,276	295	16	1,340	952		**8,879**
Fixed assets	138,519	76,186	41,262	4,050	15,559	7,262		**282,838**
Intangible assets	76,681	286	1,266	683	3,166	1,016		**83,098**

Consolidated Assets by Business Area - 12.31.2009 [26]

	R$ MILLION							
	E&P	RT&M	GAS & POWER	DISTRIB.	INTERN.	CORP. [27]	ELIMIN.	TOTAL
Assets	**132,172**	**87,965**	**44,939**	**10,950**	**28,378**	**56,555**	**(10,540)**	**350,419**
Current assets	**6,515**	**27,412**	**5,076**	**5,668**	**5,128**	**33,989**	**(9,414)**	**74,374**
Non-current assets	**125,657**	**60,553**	**39,863**	**5,282**	**23,250**	**22,566**	**(1,126)**	**276,045**
Long-term assets	7,488	4,387	2,815	1,060	2,776	17,523	(1,126)	**34,923**
Investments		3,442	273	25	1,882	150		**5,772**
Fixed assets	116,369	52,456	35,666	3,503	15,252	3,833		**227,079**
Intangible assets	1,800	268	1,109	694	3,340	1,060		**8,271**

[26] The segmented information for 2010 and 2009 was prepared considering the changes to the business areas, due to the transfer of management of the Fertilizer business from Refining, Transportation & Marketing to Gas & Power.
[27] Biofuel results are included in the corporate group.

Consolidated Income Statement by International Business Area - 2010

	R$ MILLION INTERNATIONAL						
	E&P	RT&M	GAS & POWER	DISTRIB.	CORP.	ELIMIN.	TOTAL
Assets (12.31.2010)	**20,715**	**5,433**	**3,213**	**1,645**	**2,801**	**(3,938)**	**29,869**
Income Statement- 2010							
Revenue from sales	**6,574**	**13,188**	**2,074**	**7,254**		**(4,203)**	**24,887**
Intersegment	5,259	3,767	301	58		(4,246)	5,139
Third parties	1,315	9,421	1,773	7,196		43	19,748
Earnings before financial result, profit sharing and taxes	**2,148**	**64**	**251**	**10**	**(409)**	**(15)**	**2,049**
Net income attributable to Petrobras shareholders	**1,527**	**78**	**186**	**10**	**(466)**	**(15)**	**1,320**

Consolidated Income Statement by International Business Area - 2009

	R$ MILLION INTERNATIONAL						
	E&P	RT&M	GAS & POWER	DISTRIB.	CORP.	ELIMIN.	TOTAL
Assets (12.31.2009)	**19,950**	**5,068**	**3,470**	**1,163**	**3,910**	**(5,183)**	**28,378**
Income Statement - 2010							
Revenue from sales	**5,766**	**11,727**	**2,151**	**5,416**	**29**	**(3,798)**	**21,291**
Intersegment	4,025	2,822	325	89	9	(3,803)	3,467
Third parties	1,741	8,905	1,826	5,327	20	5	17,824
Earnings before financial result, profit sharing and taxes	**1,161**	**(89)**	**394**	**45**	**(590)**	**54**	**975**
Net income attributable to Petrobras shareholders	**778**	**(169)**	**303**	**44**	**(1,125)**	**54**	**(115)**

Income Statement – Parent Company

R$ million					
	4th Quarter			Year	
3Q-2010	2010	2009		2010	2009
40,663	39,958	34,609	**Revenue from sales**	156,487	134,034
(25,480)	(25,387)	(20,544)	Cost of products sold	(96,134)	(75,977)
15,183	14,571	14,065	**Gross profit**	60,353	58,057
			Expenses		
(1,871)	(2,151)	(1,437)	Sales	(7,920)	(6,464)
(1,479)	(1,459)	(1,238)	General and administrative	(5,443)	(5,029)
(492)	(706)	(1,063)	Exploratory costs	(2,601)	(3,044)
(478)	(399)	(240)	Research & development	(1,641)	(1,352)
(136)	(140)	(63)	Taxes	(433)	(320)
(2,197)	(772)	(2,358)	Other	(5,761)	(7,467)
(6,653)	(5,627)	(6,399)		(23,799)	(23,676)
8,530	8,944	7,666	**Earnings before financial result, profit sharing and taxes**	36,554	34,381
122	1,449	347	Net financial result	1,634	(4,710)
2,465	2,173	1,136	Equity income	7,039	7,852
(387)	(405)	(305)	Profit sharing	(1,428)	(1,270)
10,730	12,161	8,844	**Income before taxes**	43,799	36,253
(2,177)	(1,608)	(1,397)	Income/social contribution taxes	(8,763)	(6,294)
8,553	**10,553**	**7,447**	**Net income attributable to Petrobras shareholders**	**35,036**	**29,959**

Balance Sheet – Parent Company

ASSETS	R$ million	
	12.31.2010	12.31.2009
Current assets	**95,258**	**54,076**
Cash and cash equivalents	19,995	16,798
Marketable securities	33,731	1,718
Accounts receivable	16,178	12,844
Inventories	15,199	14,437
Taxes recoverable	5,911	4,049
Other	4,244	4,230
Non-current assets	**371,397**	**264,922**
Long-term assets	**52,384**	**73,469**
Subsidiaries and affiliated companies	29,760	49,742
Petroleum & Ethanol account	822	817
Marketable securities	4,749	4,180
Judicial deposits	2,426	1,691
Deferred taxes and social contribution	11,790	11,640
Advances to suppliers	964	1,900
Other	1,873	3,499
Investments	**50,955**	**38,318**
Fixed assets	**189,775**	**149,447**
Intangible assets	**78,042**	**3,216**
Deferred assets	**241**	**472**
Total Assets	**466,655**	**318,998**

LIABILITIES	R$ million	
	12.31.2010	12.31.2009
Current Liabilities	**62,441**	**79,074**
Financing	1,506	3,123
Assignment of credit rights - FIDC NP	3,149	3,557
Financial leasing	7,837	8,268
Suppliers	9,567	9,670
Taxes and social contribution	3,595	2,333
Dividends / Interest on equity	2,174	1,907
Salaries, benefits and charges	1,428	1,270
Pension and health plan	1,209	1,123
Provision for profit sharing	30,113	46,167
Other	1,863	1,656
Non-current Liabilities	**96,897**	**74,903**
Financing	36,430	26,004
Financial leasing	14,976	10,904
Deferred taxes and social tontribution	21,808	16,855
Pension and health plan	14,162	13,147
Provision for lawsuits	425	198
Provision for well abandonment	6,072	4,419
Subsidiaries and controlled companies	404	905
Other	2,620	2,471
Shareholders' Equity	**307,317**	**165,021**
Paid-up capital	205,357	78,967
Reserves/Income for the period	101,960	86,054
Total Liabilities	**466,655**	**318,998**

1. Adoption of international financial reporting standards

As of January 1, 2010, the Company adopted, retroactive to January 1, 2009 ("opening balance"), all CPC pronouncements applicable to its operations, which are presented in accordance with international financial reporting standards (IFRS). As a result, certain previously disclosed figures related to fiscal year 2009 were adjusted to reflect the changes arising from the adoption of the new pronouncements and to permit comparisons between the periods.

We present below the effects of these adjustments on the consolidated and parent company financial statements:

a) Reconciliation of Net Income

	2009	
	Consolidated	**Parent Company**
Net income as reported	**28,983**	**29,313**
Capitalized loan costs	2,531	2,531
Provision for well abandonment and dismantling of areas	(840)	(840)
Deferred taxes	(768)	(685)
Accrual of unsecured subsidiary liabilities		(527)
Other	145	167
Net income adjusted to IFRS	**30,051**	**29,959**

b) Reconciliation of Shareholders' Equity

	Consolidated		Parent	
	1/1/2009	**12/31/2009**	**1/1/2009** [28]	**12/31/2009**
Shareholders' equity of the parent company as reported	**138,365**	**159,465**	**144,051**	**163,879**
Capitalized loan costs		2,494		2,494
Business combinations	816	2,270	816	2,270
Post-retirement benefits	566	586	566	586
Provision for well abandonment and dismantling of areas	1,273	434	1,273	434
Accrual of unsecured subsidiary liabilities [28]			(3,961)	(3,584)
Deferred expenses and revenues	611	(158)	309	(405)
Deferred taxes			(1,526)	(830)
Other	(843)	(774)	198	177
Shareholders' equity of the parent company adjusted to IFRS	**140,788**	**164,317**	**141,726**	**165,021**

[28] Date of initial adoption of IFRS

2. Analysis of Consolidated Gross Profit (4Q-2010 x 3Q-2010)

Gross Profit Analysis - Main Items		R$ million Change 4Q-2010 x 3Q-2010 Net Revenue	Cost of Goods Sold	Gross Profit
. Domestic Market:	- volumes sold	(420)	400	(20)
	- domestic prices	372		372
. International Market:	- export volumes	(512)	128	(384)
	- export price	399		399
. (Increase) decrease in expenses: (*)			(785)	(785)
. Increase (decrease) in profitability of Distribution segment		295	(255)	40
. Increase (decrease) in profitability of trading operations		(108)	236	128
. Increase (decrease) in international sales		696	(724)	(28)
. FX effect on overseas subsidiaries		(295)	247	(48)
. Other		(674)	235	(439)
		(247)	(518)	(765)

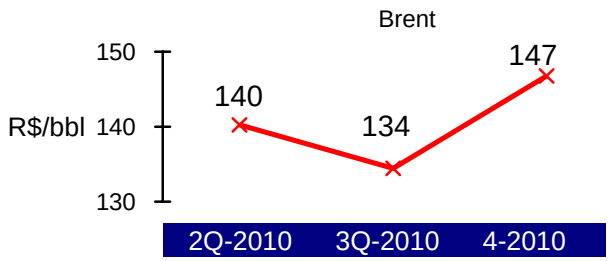
(*) Breakdown of Variation in Expenses:	Value
- imports of crude oil, oil products and gas	(523)
- energy generation and purchase of energy for resale	(371)
- materials, services, rent and depreciation	(275)
- salaries, benefits and charges	(151)
- outsourced services	(62)
- purchase of nitrogen compounds	(39)
- oil products (domestic purchases)	58
- domestic government take	104
- purchase of renewable resources	205
- transportation: maritime and pipelines [29]	269
	(785)

Due to the average inventory period of 60 days, international oil and refinery product prices, as well as the impact of the exchange rate on imports and government take are not fully reflected in the cost of goods sold in the actual period, but in the subsequent period.

The chart below shows the estimated impact on COGS:

	3-Q-2010	4-Q-2010	Δ (*)
Effect of the weighted average cost (R$ million)	(178)	543	721

(*) sales cost increase



(*)Unlike in 3Q-2010, fourth quarter COGS was positively influenced by the sale of inventories acquired at a lower cost in previous periods, given the behavior of international prices when said inventories were formed.

[29] Expenses with cabotage, terminals and pipelines.

3. Analysis of Consolidated Gross Profit (2010 x 2009)

Gross Profit Analysis - Main Items		R$ million Change 2010 X 2009 Net Revenue	Cost of Goods Sold	Gross Profit
. Domestic Market:	- volumes sold	11,328	(3,800)	7,528
	- domestic prices	(1,215)		(1,215)
. International Market:	- export volumes	73	244	317
	- export price	6,069		6,069
. (Increase) decrease in expenses: [ii]			(10,647)	(10,647)
. Increase (decrease) in profitability of Distribution segment		7,280	(6,772)	508
. Increase (decrease) in profitability of trading operations		6,024	(6,480)	(456)
. Increase (decrease) in international sales		3,881	(2,190)	1,691
. FX effect on overseas subsidiaries		(3,135)	2,606	(529)
. Other		135	(306)	(171)
		30,440	(27,345)	3,095

(ii) Breakdown of Variation in Expenses:	Value
- imports of crude oil, oil products and gas	(6,000)
- domestic government take	(2,444)
- energy generation and purchase of energy for resale	(677)
- materials, services, rent and depreciation	(557)
- salaries, benefits and charges	(421)
- outsourced services	(380)
- oil products (domestic purchases)	(183)
- transportation: maritime and pipelines [30]	(163)
- purchase of renewable resources	178
	(10,647)

[30] Expenses with cabotage, terminals and pipelines.

4. Consolidated Taxes and Contributions

The economic contribution of Petrobras to the country, measured through the generation of current taxes, duties and social contributions, totaled R$69,743 million.

R$ million							
4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
				Economic Contribution - Country			
7,256	8,625	7,091	19	**Value Added Tax on Sales and Services (ICMS)**	28,681	25,254	14
1,811	1,947	1,828	8	**CIDE** [31]	6,878	5,746	20
3,557	4,798	3,315	35	**PASEP/COFINS**	14,802	12,497	18
3,595	2,179	2,925	(39)	**Income Tax and Social Contribution**	11,517	10,098	14
575	1,125	513	96	**Other**	3,051	2,622	16
16,794	**18,674**	**15,671**	11	**Subtotal Country**	**64,929**	**56,216**	15
1,111	1,351	1,053	22	**Economic Contribution - Foreign**	4,786	4,436	8
17,905	**20,025**	**16,725**	12	**Total**	**69,715**	**60,653**	15

5. Government Take

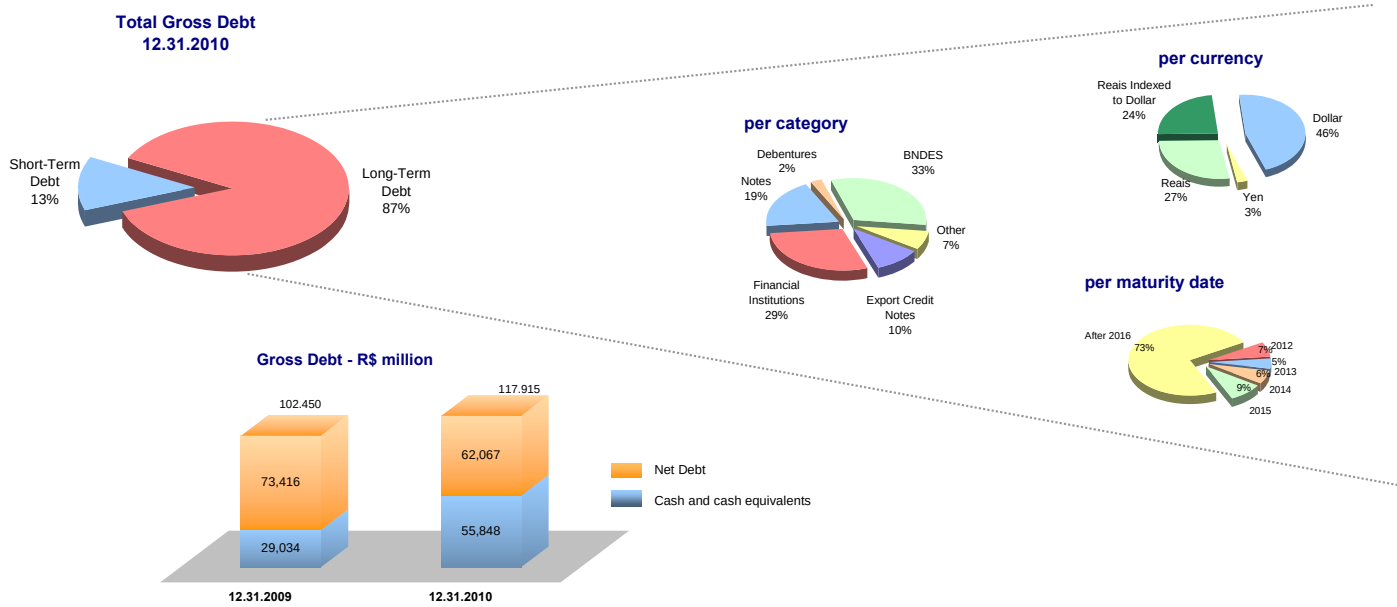
R$ million							
4th quarter					Year		
3Q-2010	2010	2009	4Q10 X 3Q10 (%)		2010	2009	2010 X 2009 (%)
				Country			
2,287	2,489	2,335	9	Royalties	9,505	8,122	17
2,323	2,634	2,672	13	Special Participation	10,165	8,308	22
34	45	31	32	Surface Rental Fees	140	129	9
		17		ANP Agreement		2,065	
4,644	**5,168**	**5,055**	11	**Subtotal Country**	**19,810**	**18,624**	6
125	134	124	7	**Foreign**	504	452	12
4,769	**5,302**	**5,179**	11	**Total**	**20,314**	**19,076**	6

The government take in the country in 4Q-2010 increased by 11% over 3Q-2010, due to the 8% upturn in the reference price for local oil, which averaged R$128.43 (US$75.72) in 4Q-2010, versus R$118.70 (US$67.89) in 3Q-2010, reflecting international oil prices.

Excluding the effect of the ANP Agreement, the government take in the country in 2010 increased by 20% over the previous year, due to the 17% upturn in the reference price for local oil, which averaged R$123.61 (US$70.34) in 2010, versus R$105.78 (US$54.40) in 2009, reflecting international oil prices.

[31] CIDE – Economic Domain Contribution Charge.

6. Indebtedness



7. Foreign Exchange Exposure

ASSETS	R$ million	
	12.31.2010	12.31.2009
Current assets	**13,065**	**5,581**
Cash and cash equivalents	10,818	4,035
Other current assets	2,247	1,546
Non-current assets	**18,755**	**17,876**
Amounts invested abroad by partner companies in the international segment, in E&P equipment to be used in Brazil and in commercial activities	17,351	16,759
Other long-term assets	1,404	1,117
Total Assets	**31,820**	**23,457**

LIABILITIES	R$ million	
	12.31.2010	12.31.2009
Current Liabilities	**(11,562)**	**(11,978)**
Financing	(7,953)	(10,303)
Suppliers	(3,286)	(1,088)
Other current liabilities	(323)	(587)
Non-current Liabilities	**(26,248)**	**(15,203)**
Financing	(26,208)	(15,125)
Other long-term liabilities	(40)	(78)
Total Liabilities	**(37,810)**	**(27,181)**
Net Assets (Liabilities) in Reais	**(5,990)**	**(3,724)**
(-) FINAME Loans - in reais indexed to dollar	(103)	(179)
(-) BNDES Loans - in reais indexed to dollar	(23,906)	(25,368)
Net Assets (Liabilities) in Reais	**(29,999)**	**(29,271)**