

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
November 19, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of November, 2010

Commission File Number 1-15106

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

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

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

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

Form 20-F Form 40-F

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

Yes No

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This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

Rio de Janeiro November 11, 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). The 2009 information was adjusted for comparison purposes.

Consolidated net income totaled R\$8,566 million in 3Q-2010 and R\$24,588 million in 9M-2010

Main Highlights

| | Third Quarter | | | | | Jan-Sep | | |
|---------|---------------|---------|---------|-----|--|---------|---------|----|
| 2Q-2010 | | | 3Q10 | X | | | | |
| | | | 2Q10 | (%) | | | | |
| | 8,295 | 8,566 | 7,940 | 3 | Consolidated Net Income | 24,588 | 22,390 | 10 |
| | 2,587 | 2,570 | 2,534 | (1) | Total Oil and Natural Gas Production (th. barrel/day) | 2,568 | 2,513 | 2 |
| | 15,927 | 14,736 | 14,081 | (7) | EBITDA | 45,739 | 45,185 | 1 |
| | 256,675 | 373,766 | 336,772 | 46 | Market Value (Parent Company) | 373,766 | 336,772 | 11 |

- Net income totaled R\$8,566 million in 3Q-2010, 3% up on the previous quarter, due to higher domestic sales volume and the improved financial result.
- Brazilian oil and natural gas production increased by 2% year-on-year in 9M-2010, reaching a new record level of 53,773,000 m³/day in September.
- The Public Share Offering was concluded, increasing capital by R\$ 120,249 million;
- As a result, the funds generated allowed to execute the Transfer of Rights Agreement (R\$ 74,808 million) and continue with the 2010-2014 Business Plan (R\$ 45,440 million in cash and government securities).

- **The capitalization maintained the Company's leverage indices at sustainable levels: net leverage fell from 34% to 16% (considering LFTs treasury bills maturing in more than 90 days).**
- **Thanks to economic growth and the reduction in reservoir levels, together with increased logistics capacity, gas-powered thermal energy output in September (6,252 average-MW) and natural gas sales in 3Q-2010 (360,000 boed) reached record levels.**
- **FPSO, *Cidade de Angra dos Reis*, began operations in October, the first definitive production system in the Tupi area, marking the initiation of commercial oil production in the Santos Basin pre-salt area.**

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This document may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act) that merely reflect the expectations of the Company's management. Such terms as anticipate, believe, expect, forecast, intend, plan, project, seek, should, along with similar expressions, are used to identify such forward-looking statements. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein.

Dear Shareholders and Investors,

With great satisfaction we announce our results for the third quarter of 2010, a quarter in which we successfully completed the biggest share offering in history. The success of the transaction was made possible by the market's confidence in our ability to generate profitable growth over time, based on a remarkable opportunity set. The success was also a recognition of the openness and transparency of our operations and financial results.

The total size of the equity offering was R\$ 120.2 billion. R\$ 74.8 billion of the proceeds from the offering were used to purchase the right to produce up to 5 bbls of oil equivalent in previously unlicensed pre-salt areas. Access to these additional oil and gas volumes will allow us to improve our portfolio through sustainable production growth, while adding shareholder value through economies of scale, and efficiencies acquired with operating experience.

R\$ 45.4 billion of the offering was retained as cash and cash equivalents and Brazilian Government securities. The combination of an increase in our capital base, combined with the increase of cash and equivalents, lowered our net debt to net capital from 34% to 16%. These additional financial resources will enable the Company to continue investing to meeting the aggressive targets of our business plan, while maintaining leverage within targeted levels. In recognition of our continuing growth, Petrobras advanced from 6th place to 4th place in Platt's most recent ranking of the world's leading energy firms.

Net income grew by 10% year-on-year in the first nine months, primarily sustained by increased oil and gas production, higher commodity prices and greater oil product sales volume, the latter fueled by Brazil's economic growth. Capital spending during the period totaled R\$ 56.5 billion, of which the largest share was dedicated to Brazilian exploration and production. To maintain the integration of our businesses and capture operational synergies, we also continue to invest heavily to upgrade our existing refineries to produce cleaner fuels and to construct new refineries to meet growing market demand.

In October, we celebrated 57 years of successful operations. We also inaugurated the expansion of the Leopoldo Américo Miguez de Mello Research and Development Center (Cenpes), representing a landmark in the Company's technological history. Latin America's biggest R&D center, and Brazil's leading source of patents in the last ten years, doubled in size, becoming one of the world's largest applied research institutes. This expansion, together with our partnerships with universities and research centers around the country, has made Brazil a world leader in the field of energy. A clear result of increasing investments in

research and technology has been our success at producing oil from ultra-deep waters, and discovering oil sealed under a layer of salt two kilometer thick.

On October 22, we concluded drilling the ninth pre-salt well in the Tupi area of the Santos Basin, confirming the light crude and gas potential. October also saw the start-up of the Tupi pilot project, the first definitive production system installed in the pre-salt belt. It will produce light crude with a high commercial value and collect vital technical data for the future development of the major reserves in this region.

Aiming at growth, innovation, profitability and social and environmental responsibility, we will continue to invest our funds in one of the oil and gas sector's best project and opportunity portfolios, generating returns for our shareholders and investors, as well as benefiting society as a whole.

Main items and Consolidated Economic Indicators

| Third Quarter | | | Jan-Sep | | |
|---|--------|--------|---------|--|----------------------|
| 2Q-2010 | 3Q10 | X | 2Q10 | | |
| | (%) | | | | |
| 66,884 | 68,869 | 60,298 | 3 | Gross Operating Revenues | 199,077 169,855 17 |
| 53,631 | 54,739 | 47,897 | 2 | Net Operating Revenues | 158,782 135,138 17 |
| 19,387 | 19,645 | 19,060 | 1 | Gross Profit | 58,342 55,968 4 |
| 12,303 | 10,673 | 10,402 | (13) | Operating Profit ¹ | 34,593 34,844 (1) |
| (630) | 1,968 | 1,447 | (412) | Financial Result | 637 (273) (333) |
| 8,295 | 8,566 | 7,940 | 3 | Net Income | 24,588 22,390 10 |
| 0.95 | 0.97 | 0.90 | 2 | Net Income per Share ² | 2.80 2.56 9 |
| Result by Business Segment | | | | | |
| 7,649 | 6,882 | 5,262 | (10) | . Exploration & Production | 21,843 13,296 64 |
| (108) | 1,299 | 2,114 | | . Supply * | 2,307 12,295 (81) |
| 349 | 275 | 343 | (21) | . Gas and Power | 947 541 75 |
| 268 | 348 | 409 | 30 | . Distribution | 978 944 4 |
| 533 | 277 | 273 | (48) | . International | 1,258 26 |
| (956) | (332) | (396) | (65) | . Corporate | (2,551) (4,055) (37) |
| 20,348 | 18,399 | 36,300 | 78 | Consolidated Investments | 56,500 50,680 11 |
| 36 | 36 | 40 | | Gross Margin (%) | 37 41 (4) |
| 23 | 19 | 22 | (4) | Operating Margin (%) | 22 26 (4) |
| 15 | 16 | 17 | 1 | Net Margin (%) | 15 17 (2) |
| 15,927 | 14,736 | 14,081 | (7) | EBITDA R\$ million | 45,739 45,185 1 |
| 78.30 | 76.86 | 68.27 | (2) | Brent (US\$/bbl) | 77.13 57.15 35 |
| 1.79 | 1.75 | 1.87 | (2) | US Dollar Average Price - Sale (R\$) | 1.78 2.08 (14) |
| 1.80 | 1.69 | 1.78 | (6) | US Dollar Last Price - Sale (R\$) | 1.69 1.78 (5) |
| Price Indicators (*) | | | | | |
| 158.72 | 158.28 | 152.65 | | Average Oil Products Realization Prices (R\$/bbl) | 158.23 158.82 |
| Average sale price - Brazil | | | | | |
| 73.79 | 72.10 | 64.00 | (2) | . Oil (US\$/bbl) | 72.92 48.48 50 |
| 19.73 | 14.71 | 19.66 | (25) | . Natural Gas(US\$/bbl) | 16.34 25.01 (35) |
| Average sale price - International | | | | | |
| 66.20 | 63.35 | 57.16 | (4) | . Oil (US\$/bbl) | 63.94 49.24 30 |
| 14.82 | 12.14 | 12.30 | (18) | . Natural Gas(US\$/bbl) | 13.94 12.08 15 |

¹ Operating income before financial result, equity balance and taxes.

² Earnings per share calculated by weighted average of shares outstanding

³ Operating income before financial result, equity balance and depreciation/amortization.

3Q-2010 x 2Q-2010.

- **Net Income** ⁴

In 3Q-2010, net income totaled R\$8,566 million, 3% up on the quarter before, due to higher domestic sales volume and the improved financial result, thanks to gains from the impact of the exchange variation on the net debt, offset by the reduction in international prices, in turn caused by the variation in commodity prices.

The upturn in operating expenses was due to expenses from the financial structuring of the Barracuda project, now concluded, and additional expenses arising from the 2010/2011 collective bargaining agreement and incentives for employees to purchase shares in the Public Offering.

- **EBITDA**

Third-quarter EBITDA came to R\$14,736 million, down by 7% due to the above-mentioned increase in operating expenses.

- **Net Debt /EBITDA Ratio** ⁵

The net debt of the Petrobras System closed the third quarter 39% down on June 30, 2010, reflecting the increase in the cash position following the Public Offering, while average indebtedness, measured by the net debt/EBITDA ratio, fell from 1.52 to 0.94 in the same period.

4 For further details, see Appendix 2.

5For further details, see page 16.

9M-2010 x 9M-2009.

- **Net Income** 6

Net income totaled R\$24,588 million in the first nine months, 10% up year-on-year, due to higher domestic sales volume, as well as higher export prices and international sales, which more than offset the reduction in domestic diesel and gasoline prices and the upturn in unit costs, chiefly from imports and the government take, which were also affected by international prices.

Selling expenses were pressured by higher sales volume and freight costs, while other operating expenses were pushed up by provisions for impairment losses in the San Lorenzo refinery and the Breitener thermal plant, additional expenses from the 2010/2011 collective bargaining agreement and the reduction in tax benefits.

The record financial result (R\$910 million) was due to the impact of the exchange variation on net liabilities, given that, in 2009, the average balance of assets exposed to the exchange rate was higher than the Company's debt.

Minority interests generated a positive impact of R\$3,088 million, thanks to the effect of the exchange rate variation on SPE debt, the exercise of stock options in certain structured projects and the revision of future receivables flows related to financial leasing operations, both at the end of 2009.

- **EBITDA**

EBITDA moved up by 1% over 9M-2009, reflecting higher domestic sales volume, the increase in international prices, and higher costs and expenses related to commodity prices and sales volume.

6 For further details, see 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 AND PRODUCTION (E&P)

(3Q-2010 x 2Q-2010): The reduction in net income was caused by lower domestic oil sale/transfer prices, due to international oil prices and the appreciation of the Brazilian Real against the U.S. dollar, the 2010/2011 collective bargaining agreement, and non-recurring expenses from the financial structuring of the Barracuda project, now concluded.

These effects were partially offset by the 4.7% increase in the volume of oil sold/transferred.

The spread between the average domestic oil price and the average Brent price widened from US\$4.51/bbl in 2Q-2010 to US\$4.76/bbl in 3Q-2010.

(9M-2010 x 9M-2009): The increase in net income reflected higher domestic oil prices (50% in US\$/bbl), in turn due to the international market appreciation of "heavy versus light crudes and the 2% upturn in daily oil

and LNG production.

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US\$8.67/bbl in 9M-2009 to US\$4.21/bbl in 9M-2010.

| 2Q-2010 | Third Quarter | | | | Domestic Production (th. barrels/day) | Jan-Sep | | |
|--------------|---------------|--------------|--------------------------|--------------------------|---------------------------------------|--------------|----------|--|
| | | | 3Q10 X 2Q10 (%) | | | | | |
| 2,010 | 1,991 | 1,974 | (1) | Oil and NGL | 1,995 | 1,963 | 2 | |
| 331 | 333 | 319 | 1 | Natural Gas ⁷ | 327 | 316 | 3 | |
| 2,341 | 2,324 | 2,293 | (1) | Total | 2,322 | 2,279 | 2 | |

(3Q-2010 x 2Q-2010): The downturn was due to maintenance stoppages in various platforms in the Campos Basin throughout the third quarter, partially offset by higher output from the new production units.

(9M-2010 x 9M-2009): Increased output from the P-54 (Roncador), P-53 (Marlim Leste), FPSO-Cidade de Niterói (Marlim Leste), P-51 (Marlim Sul), P-34 (Jubarte), FPSO-Cidade de Vitória (Golfinho), FPSO-Cidade de Santos (Uruguá), FPSO-Espírito Santo (Parque das Conchas) and FPSO-Frade (Frade) platforms, as well as from the extended well tests (EWT) in Tiro (SS-11) and Tupi (FPSO-Cidade de São Vicente), offset the natural decline in the remaining fields.

⁷ Excludes liquefied gas and includes re-injected gas.

| 2Q-2010 | Third Quarter | | | | Lifting Cost - country | Jan-Sep | | |
|---------|---------------|-------|--------------------------|-----|----------------------------------|---------|-------|----|
| | | | 3Q10 X 2Q09 (%) | | | | | |
| | | | | | US\$/barrel: | | | |
| | 9.79 | 10.60 | 9.02 | 8 | without government participation | 9.94 | 8.53 | 17 |
| | 24.50 | 24.67 | 22.86 | 1 | with government participation | 24.31 | 19.06 | 28 |
| | | | | | R\$/barrel: | | | |
| | 17.54 | 18.46 | 16.84 | 5 | without government participation | 17.66 | 17.44 | 1 |
| | 43.91 | 42.72 | 41.62 | (3) | with government participation | 43.48 | 38.28 | 14 |

Lifting Cost Excluding Government Take US\$/barrel

(3Q-2010 x 2Q-2010): The upturn in the lifting cost was due to the increase in personnel expenses as a result of the 2010/2011 collective bargaining agreement and the use of maintenance materials for the Campos Basin platforms.

(9M-2010 x 9M-2009): Excluding the exchange variation, the lifting cost climbed by 6% over 9M-2009 due to the increased number of interventions in the Albacora Leste, Marlim Sul, Marlim, Albacora and Bicudo fields, as well as higher personnel expenses.

Lifting Cost Including Government Take US\$/barrel

(3Q-2010 x 2Q-2010): Excluding the exchange variation, the unit lifting cost remained virtually flat.

(9M-2010 x 9M-2009): Excluding the exchange variation, the unit lifting cost increased by 22% as a result of the higher reference price for local oil and the higher tax rate applied to the Marlim Sul and Marlim Leste fields due to the upturn in production.

REFINING, TRANSPORTATION & MARKETING

| | Third Quarter | | | | | Jan-Sep | | |
|---------|----------------------|-------|-------|---------|-------------------|----------------|--------|------|
| | | | 3Q10 | X | Net Income | | | |
| 2Q-2010 | | | 2Q10 | (%) | | | | |
| | (108) | 1,299 | 2,114 | (1,303) | | 2,307 | 12,295 | (81) |

(3Q-2010 x 2Q-2010): The improved result was due to lower oil acquisition/transfer and oil product import costs, in turn caused by international prices, the appreciation of the Brazilian Real against the U.S. dollar and the increase in domestic oil product sales volume, especially diesel (+7%).

These effects were partially offset by the reduction in the domestic price of those oil products whose prices are directly pegged to international prices.

(9M-2010 x 9M-2009): The reduction in net income reflected higher oil acquisition/transfer and oil product import costs (Brent, up by 35% in US\$/bbl).

These effects were partially offset by the increase in domestic oil product sales volume, chiefly gasoline (18%), diesel (10%) and jet fuel (16%), higher average export prices and the upturn in the domestic price of those oil products whose prices are directly pegged to international prices, despite the reduction in the price of diesel (15%) and gasoline (4.5%) in June 2009.

| Third Quarter | | | | | | | Jan-Sep |
|------------------|-----------------|-----|------|--|---------------------------------------|------------|-------------|
| | | | | 3Q10 | | | |
| | | | | X | | | |
| 2Q-2010 | | | | 2Q09 | Imports and exports (th. barrels/day) | | |
| | | | | (%) | | | |
| 330 | 317 | 429 | (4) | Crude oil imports | 331 | 405 | (18) |
| 289 | 445 | 209 | 54 | Oil products imports | 336 | 157 | 114 |
| 619 | 762 | 638 | 23 | Import of crude oil and oil products | 667 | 562 | 19 |
| 561 | 432 | 485 | (23) | Crude oil exports ⁸ | 516 | 483 | 7 |
| 216 | 179 | 239 | (17) | Oil products exports | 196 | 231 | (15) |
| 777 | 661 | 724 | (21) | Export of crude oil and oil products ⁹ | 712 | 714 | |
| 158 (151) | 86 (196) | | | Net exports (imports) crude oil and oil products | 45 | 152 | (70) |
| 28 | 143 | 23 | 411 | Other imports | 60 | 12 | 400 |
| | 1 | 2 | | Other exports ⁹ | 1 | 1 | |

(3Q-2010 x 2Q-2010): The reduction in oil exports was due to higher processed volume following the resumption of operations in Replan.

The upturn in oil product imports, chiefly diesel, reflected the seasonal impact of planting for the summer grain harvest and the increase in industrial activity.

(9M-2010 x 9M-2009): The upturn in oil exports was caused by higher output and increased supply, due to lengthier scheduled stoppages in distillation units, especially in Replan.

The increase in oil product imports reflected growing demand, especially for diesel, thanks to the improved grain harvest in 2010 and the intensification of infrastructure works, and gasoline, due to the ethanol shortage at the beginning of 2010.

[3] [4]

⁸ Includes oil exports by the Refining, Transportation & Marketing and E&P business areas.

⁹ Includes ongoing exports.

| Third Quarter | | | | | Jan-Sep | | | |
|---------------|-------|-------|---|--|---------------------------------------|-------|-----|--|
| | | | | 3Q10 X 2Q09 (%) | Output Oil products (th. barrels/day) | | | |
| 2Q-2010 | | | | | | | | |
| 1,807 | 1,843 | 1,867 | 2 | Output Oil products | 1,805 | 1,806 | | |
| 1,942 | 1,942 | 1,942 | | Primary Processed Installed Capacity¹⁰ | 1,942 | 1,942 | | |
| 91 | 94 | 94 | 3 | Use of Installed Capacity (%) | 91 | 92 | (1) | |
| 81 | 83 | 79 | 2 | Domestic crude as % of total feedstock processed | 82 | 79 | 3 | |

| Third Quarter | | | | | Jan-Sep | | | |
|---------------|-------|-------|---|--------------------------|--|-------|--|--|
| | | | | 3Q10 X 2Q09 (%) | Processed Feedstock Domestic (th. barrels/day) | | | |
| 2Q-2010 | | | | | | | | |
| 1,760 | 1,830 | 1,826 | 4 | | 1,777 | 1,778 | | |

(3Q-2010 x 2Q-2010): Daily processed crude moved up by 4%, as a result of the scheduled stoppage in the Replan refinery's distillation unit in 2Q-2010.

(9M-2010 x 9M-2009): Daily processed crude remained flat over the over the first nine months of 2009.

| Third Quarter | | | | | Jan-Sep | | | |
|---------------|------|------|----|------------------------------------|--------------------------|------|----|--|
| | | | | 3Q10 X 2Q09 (%) | Refining Cost - Domestic | | | |
| 2Q-2010 | | | | | | | | |
| 3.93 | 4.89 | 3.37 | 24 | Refining Cost (US\$/barrel) | 4.17 | 3.02 | 38 | |
| 7.03 | 8.55 | 6.27 | 22 | Refining Cost (R\$/barrel) | 7.39 | 6.17 | 20 | |

(3Q-2010 x 2Q-2010): Excluding the exchange variation, refining costs climbed by 22%, due to higher expenses from scheduled stoppages; personnel, following the 2010/2011 collective bargaining agreement; and catalysts and other chemical products, caused by lower consumption in the second quarter as a result of the scheduled stoppages in Recap and Replan.

(9M-2010 x 9M-2009): Excluding the exchange 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.

[5]

¹⁰ According to the ownership recognized by the ANP.

GAS & POWER

| | Third Quarter | | | | | Jan-Sep | | |
|---------|----------------------|-----|-----|--------------------------|-------------------|----------------|-----|----|
| | | | | 3Q10 X 2Q09 (%) | Net Income | | | |
| 2Q-2010 | 349 | 275 | 343 | (21) | | 947 | 541 | 75 |

(3Q-2010 x 2Q-2010): The reduction in net income was due to the following factors:

Lower energy trading margins due to the higher average spot market acquisition cost;

The reduction in the average natural gas sales price, reflecting the increased sales share of the thermal market.

Non-recurring items (ICMS tax credit write-off and R&D expenses).

These factors were partially offset by higher electric generation and by increase in natural gas sales.

(9M-2010 x 9M-2009): The year-on-year improvement was due to the following factors:

Higher sales of natural gas to the non-thermal generation segment, accompanying industrial growth, as well as to the thermal segment, thanks to greater demand for power generation;

Increased fixed revenue from energy auctions (regulated market);

The reduction in natural gas import/transfer costs, accompanying the behavior of international prices and the appreciation of the Brazilian Real against the U.S. dollar.

These factors were partially offset by higher selling expenses from LNG regasification vessels.

| Third Quarter | | | | | Jan-Sep | | |
|---------------|-------|-------|------|--|------------------------------|-------|-----|
| | | | | 3Q10 | | | |
| | | | | X | | | |
| 2Q-2010 | | | | 2Q09 | Gas Import (th. barrels/day) | | |
| | | | | (%) | | | |
| 168 | 184 | 141 | 10 | Gas Import (th. Barrels/day) | 168 | 142 | 18 |
| 2,052 | 1,827 | 1,811 | (11) | Electricity sell - average MW | 2,056 | 1,641 | 25 |
| 881 | 2,853 | 251 | 224 | Electricity generation - average MW | 1,405 | 629 | 123 |
| 41 | 118 | 21 | 188 | Price for the Settlement of Differences | 60 | 44 | 36 |

(3Q-2010 x 2Q-2010): Upturn in imports due to the increased volume of imported gas to meet growing demand (which reached record levels in 3Q-2010).

In comparison with 2Q-2010, electric power sales fell by 11% due to the anticipation of sales in 1Q-2010 and 2Q-2010 as a result of commercial opportunities that arose in the first half of the year.

Thermal generation jumped by 224% over the previous quarter due higher output as a result of low reservoir levels in the period. Exports (to Argentina) also contributed to the upturn.

(9M-2010 x 9M-2009): Sales climbed by 25% due to higher energy reserves, allowing the company to take advantage of market opportunities.

Higher output as of July was due to low reservoir levels in the period and increased demand for electric power.

| | | | | DISTRIBUTION | | |
|----------------------|-----|-----|----|--------------------------|-----|---|
| Third Quarter | | | | Jan-Sep | | |
| | | | | Net Income | | |
| 2Q-2010 | | | | 3Q10 X 2Q10 (%) | | |
| 268 | 348 | 409 | 30 | 978 | 944 | 4 |

(3Q-2010 x 2Q-2010): The upturn in net income was due to the 10% increase in sales volume despite the 4% reduction in sales margins. This improvement was also caused by the fact that in 2Q-2010 the Company incurred non-recurring expenses from the settlement of ICMS tax debits with the state of Rio de Janeiro (R\$ 110 million).

The segment recorded a 38.8% share of the fuel distribution market in 3Q-2010, versus 38% in the previous quarter.

(9M-2010 x 9M-2009): The year-on-year improvement in net income was due to the 3% increase in sales margins and the 9% upturn in sales volume, partially offset by expenses from 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 38.5% in 9M-2009 to 38.7% in 9M-2010.

INTERNATIONAL MARKET

| Third Quarter | | | | Net Income | Jan-Sep | | |
|---------------|-----|--------------------------|------|------------|---------|----|-------|
| 2Q-2010 | | 3Q10 X 2Q10 (%) | (48) | | 1,258 | 26 | 4,738 |
| 533 | 277 | 273 | | | | | |

(3Q-2010 x 2Q-2010): The reduction in net income was due to higher exploration expenses (R\$83 million) and the write-off of dry or economically unviable wells in Angola, Nigeria, the USA and Argentina (R\$127 million).

(9M-2010 x 9M-2009): The improvement was caused by higher international commodity prices in 2010, increased E&P sales volume, and the operational start-up of the Akpo field in Nigeria in March 2009, which impacted gross profit (R\$1,220 million).

| Third Quarter | | | | International Production (th. barrels/day) | Jan-Sep | | |
|---------------|------------|--------------------------|-----|---|------------|------------|-------------|
| 2Q-2010 | | 3Q10 X 2Q09 (%) | (1) | | 144 | 127 | 13 |
| 146 | 144 | 137 | (1) | Oil and NGL | 144 | 127 | 13 |
| 92 | 94 | 94 | 2 | Natural Gas ¹¹ | 94 | 96 | (2) |
| 238 | 238 | 231 | | Total | 238 | 223 | 7 |
| 8 | 8 | 10 | | Non Consolidated - Internacional Production¹² | 8 | 11 | (27) |
| 246 | 246 | 241 | | Total International Production | 246 | 234 | 5 |

(3Q-2010 x 2Q-2010): Consolidated oil and LNG production fell due to unitization of the Agbami field, in Nigeria, reducing Petrobras' share of this field.

Consolidated gas production moved up in 3Q-2010 due to increased Brazilian demand for Bolivian gas.

(9M-2010 x 9M-2009): Consolidated oil and LNG production increased due to the start-up of the Akpo field, in Nigeria, in March/09, more than offsetting the reduced interest in the Guando field, in Colombia, for contractual reasons, and the decline in output from mature wells in the Neuquina Basin, in Argentina.

The increase in gas production was fueled by increased Brazilian demand for Bolivian gas, partially offset by the decline in mature wells in the Neuquina Basin.

[6] [7]

¹¹ Excludes liquefied gas and includes re-injected gas.

¹² Non-consolidated companies in Venezuela.

| 2Q-2010 | Third Quarter | | | | Lifting Cost - International (US\$/barrel) | Jan-Sep | | |
|--------------------|---------------|------|--|--------------------------|--|--------------------|--|----|
| | | | | 3Q10 X 2Q09 (%) | | | | |
| 5.48 ¹³ | 6.02 | 5.72 | | 10 | 5.54 | 5.04 ¹⁴ | | 10 |

(3Q-2010 x 2Q-2010): Higher expenses in Argentina due to the higher number of well interventions and repairs, and higher expenses with transportation, safety and well interventions in Nigeria.

(9M-2010 x 9M-2009): Increase in third-party services in Argentina, caused by contractual price adjustments and pay rises.

| 2Q-2010 | Third Quarter | | | | Processed Feedstock International (th. barrels/day) | Jan-Sep | | |
|---------|---------------|-----|--|--------------------------|---|---------|--|---|
| | | | | 3Q10 X 2Q09 (%) | | | | |
| 194 | 213 | 204 | | 10 | 206 | 194 | | 6 |

(3Q-2010 x 2Q-2010): This upturn was caused by the scheduled stoppage in Japan refinery in the previous quarter.

(9M-2010 x 9M-2009): Improved operational performance in the refinery in the USA, due to the plant's better operational reliability and higher margins in Argentina, offset by the scheduled stoppage in Japan refinery between May and June 2010.

| 2Q-2010 | Third Quarter | | | | Output Oil products - International (th. barrels/day) | Jan-Sep | | |
|---------|---------------|--|--|-----------|---|---------|--|--|
| | | | | 3Q10 X | | | | |

| | | | | | | | | | |
|---------|----------------------|------|------|----|---|----------------------|----------------|--------------------|------|
| | | | 2Q09 | | | | | | |
| | | | (%) | | | | | | |
| 208 | 227 | 207 | | 9 | Output Oil products | | 220 | 208 | 6 |
| 281 | 281 | 281 | | | Primary Processed Installed Capacity | | 281 | 281 | |
| 63 | 73 | 67 | | 10 | Use of Installed Capacity (%) | | 70 | 65 | 5 |
| | Third Quarter | | | | | | Jan-Sep | | |
| | | | 3Q10 | | | | | | |
| | | | X | | Refining Cost | International | | | |
| 2Q-2010 | | | 2Q09 | | | | | | |
| | | | (%) | | | | | | |
| 3.68 | 4.44 | 3.50 | | 21 | | | 3.82 | 4.64 ¹⁵ | (18) |

(3Q-2010 x 2Q-2010): Higher maintenance expenses in the Japanese refinery.

(9M-2010 x 9M-2009): The improved operational reliability of the Pasadena refinery led to a reduction in expenses with maintenance and repairs and an increase in the volume of processed crude.

¹⁵ Revisions to the CTOR in the Japanese refinery.

¹³ Revisions to the lifting cost of the Nigeria unit.

¹⁴ Revisions to the lifting cost of the Angola and Nigeria unit.

Sales Volume thousand barrels/day

| Third Quarter | | | | Jan-Sep | | | |
|----------------------|--------------|--------------|--------------------------|---|--------------|--------------|-----|
| 2Q-2010 | | | 3Q10 X 2Q09 (%) | | | | |
| 802 | 859 | 769 | 7 | Diesel | 798 | 726 | 10 |
| 374 | 379 | 327 | 1 | Gasoline | 388 | 329 | 18 |
| 101 | 104 | 104 | 3 | Fuel Oil | 103 | 102 | 1 |
| 151 | 172 | 175 | 14 | Nafta | 158 | 164 | (4) |
| 221 | 230 | 222 | 4 | GLP | 218 | 210 | 4 |
| 85 | 93 | 79 | 9 | QAV | 87 | 75 | 16 |
| 164 | 196 | 149 | 20 | Other ¹⁶ | 176 | 132 | 33 |
| 1,898 | 2,033 | 1,825 | 7 | Total Oil Products | 1,928 | 1,738 | 11 |
| 93 | 111 | 103 | 19 | Alcohol, Nitrogens, Biodiesel and other | 95 | 93 | 2 |
| 292 | 360 | 244 | 23 | Natural Gas | 304 | 237 | 28 |
| 2,283 | 2,504 | 2,172 | 10 | Total domestic market | 2,327 | 2,068 | 13 |
| 777 | 612 | 726 | (21) | Exports | 713 | 715 | |
| 638 | 574 | 538 | (10) | International Sales ¹⁷ | 591 | 560 | 6 |
| 1,415 | 1,186 | 1,264 | (16) | Total international market | 1,304 | 1,275 | 2 |
| 3,698 | 3,690 | 3,436 | | Total | 3,631 | 3,343 | 9 |

Year-to-date domestic sales volume moved up by 13% over 9M-2009, chiefly due to sales of the following products:

- Diesel (increase of 10%) due to the economic recovery, higher grain production and increased investments in infrastructure.
- Gasoline (increase of 18%) due to increased use of flex-fuel vehicles as a result of the ethanol shortage at the beginning of 2010, the reduction in the ratio of anhydrous ethanol in the gasoline mix in February 2010, and higher urban consumption.
- Natural gas (increase of 28%) due to higher consumption by the non-thermal market, fueled by the industrial recovery, and by the thermal market to meet the demand for electricity and maintain the level of hydro plant reservoirs during the dry season.

Corporate Overhead (US\$ million)

| | Third Quarter | | | | Jan-Sep | | |
|---------|---------------|-----|--------------------------|----|---------|-------|----|
| 2Q-2010 | | | 3Q10 X 2Q09 (%) | | | | |
| | 725 | 887 | 745 | 22 | 2,263 | 1,790 | 26 |

(3Q-2010 x 2Q-2010): Excluding the exchange variation, corporate overhead increased by 20% over the previous quarter, due to higher expenses with personnel and data-processing, partially offset by lower expenses from advertising, marketing and sponsorships.

(9M-2010 x 9M-2009): Excluding the exchange variation, corporate overhead climbed by 12% in the first nine months, due to higher expenses with personnel, rent, general services and data-processing.

[11] [12]

¹⁶ Especially asphalt sales volume, due to increased consumption by infrastructure works.

¹⁷ Altered in accordance with revision of volumes from PESA.

Consolidated Investments

In compliance 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.

| | | | Jan-Sep | | |
|---|---------------|------------|---------------|------------|-------------|
| Own Investments | 54,114 | 96 | 45,737 | 91 | 18 |
| Exploration & Production | 24,077 | 43 | 23,219 | 46 | 4 |
| Supply | 20,582 | 37 | 10,591 | 21 | 94 |
| Gas and Power | 3,650 | 6 | 4,483 | 9 | (19) |
| International | 3,383 | 6 | 5,499 | 11 | (38) |
| Distribution | 457 | 1 | 396 | 1 | 15 |
| Corporate | 1,965 | 3 | 1,549 | 3 | 27 |
| Special Purpose Companies (SPCs) | 2,386 | 4 | 3,787 | 7 | (37) |
| Projects under Negotiation | | | 1,156 | 2 | |
| Total Investments | 56,500 | 100 | 50,680 | 100 | 11 |
| (I) International | 3,383 | 100 | 5,499 | 100 | (38) |
| Exploration & Production | 3,030 | 90 | 3,032 | 55 | - |
| Supply | 191 | 6 | 1,206 | 22 | (84) |
| Gas and Power | 90 | 2 | 161 | 3 | (44) |
| Distribution | 51 | 1 | 1,060 | 19 | (95) |
| Other | 21 | 1 | 40 | 1 | (48) |
| (II) Projects Developed by SPCs | 2,386 | 100 | 3,787 | 100 | (37) |
| Exploration & Production | 270 | 11 | 579 | 15 | (53) |
| Supply | 382 | 16 | 648 | 17 | (41) |
| Gas and Power | 1,734 | 73 | 2,560 | 68 | (32) |

In line with its strategic objectives, Petrobras acts in consortiums with other companies as a concessionaire of oil and gas exploration, development and production rights. Currently the Company is a member of 101 consortiums, of which it operates 69.

Petrobras entered into an Assignment Agreement with the federal government for the right to produce of 5 billion barrels of oil equivalent (boe) in areas not yet licensed in the pre-salt belt totaling R\$74,808 million, paid with funds from the Public Offering.

| | |
|--|---------------|
| Consolidated Investments | 56,500 |
| Marketable Securities | |
| Transfer of Rights Agreement - payment in cash bills | 10,740 |
| Expenses with geology, geofisic and research | 6,992 |
| Other | (1,842) |
| | 235 |
| Consolidated Investments (DFC) | 72,625 |

[13]

¹⁸ Includes investments in biofuel totaling R\$ 929 million in 9M-2010.

Consolidated Debt

| | | | |
|--|---------|---------|------|
| Short-term Debt ¹⁹ | 22,921 | 25,981 | (12) |
| Long-term Debt ²⁰ | 92,233 | 92,430 | |
| Total | 115,154 | 118,411 | (3) |
| Cash and cash equivalents | 47,292 | 24,210 | 95 |
| Treasury Bills (maturity of more than 90 days) | 10,740 | | |
| Adjusted Cash Equivalents | 58,032 | 24,210 | |
| Net Debt ²¹ | 57,122 | 94,201 | (39) |
| Net Debt/(Net Debt + Shareholder's Equity) | 16% | 34% | (53) |
| Total Net Liabilities ²² | 449,665 | 357,820 | 26 |
| Capital Structure (third parties net / total liabilities net) | 33% | 50% | (34) |
| | | | |
| Short-term Debt | 13,529 | 14,422 | (6) |
| Long-term Debt | 54,440 | 51,307 | 6 |
| Total | 67,970 | 65,729 | 3 |
| Net Debt | 33,716 | 52,290 | (36) |

¹⁹ Includes contractual commitments related to the transfer of benefits, risks and control of assets (R\$ 235 million on September 30, 2010 and R\$ 362 million on June 30, 2010)

²⁰ Includes contractual commitments related to the transfer of benefits, risks and control of assets (R\$ 259 million on September 30, 2010 and R\$ 276 million on June 30, 2010)

²¹ Total debt less cash and cash equivalents.

²² Total liabilities net of cash and financial investments.

Income Statement Consolidated

| | Third Quarter | | | Jan-Sep | |
|--------------|----------------------|--------------|---|----------------|---------------|
| 2Q-2010 | | | | | |
| 66,884 | 68,869 | 60,298 | Gross Operating Revenues | 199,077 | 169,855 |
| (13,253) | (14,130) | (12,401) | Sales Deductions | (40,295) | (34,717) |
| 53,631 | 54,739 | 47,897 | Net Operating Revenues | 158,782 | 135,138 |
| (34,244) | (35,094) | (28,837) | Cost of Products Sold | (100,440) | (79,170) |
| 19,387 | 19,645 | 19,060 | Gross profit | 58,342 | 55,968 |
| | | | Operating Expenses | | |
| (2,276) | (2,140) | (1,941) | Sales | (6,488) | (5,553) |
| (1,897) | (2,117) | (1,964) | General and Administratives | (5,843) | (5,539) |
| (626) | (801) | (706) | Exploratory Cost | (2,430) | (2,358) |
| | | | Losses on recovery of assets | (194) | |
| (415) | (505) | (416) | Research & Development | (1,312) | (1,121) |
| (225) | (215) | (109) | Taxes | (593) | (436) |
| (380) | (341) | (338) | Pension and Health Plan | (1,130) | (1,038) |
| (1,265) | (2,853) | (3,184) | Other | (5,759) | (5,079) |
| (7,084) | (8,972) | (8,658) | | (23,749) | (21,124) |
| | | | Operating Income before Financial Result and Participation in Equity | | |
| 12,303 | 10,673 | 10,402 | Income | 34,593 | 34,844 |
| | | | Net Financial Expenses | | |
| 922 | 982 | 913 | Income | 2,664 | 2,598 |
| (815) | (937) | (671) | Expenses | (2,637) | (2,215) |
| (380) | 1,417 | 1,684 | Net Monetary Variation | 467 | 1,574 |
| (357) | 506 | (479) | Net Exchange Variation | 143 | (2,230) |
| (630) | 1,968 | 1,447 | | 637 | (273) |
| (7,714) | (7,004) | (7,211) | | (23,112) | (21,397) |
| (231) | 229 | 314 | Participation in Equity Income | (180) | 339 |
| 11,442 | 12,870 | 12,163 | Operating Profit | 35,050 | 34,910 |
| (3,105) | (3,739) | (3,372) | Income Tax & Social Contribution | (9,784) | (8,754) |
| 8,337 | 9,131 | 8,791 | Net Income | 25,266 | 26,156 |
| (42) | (565) | (851) | Income attributed to minority interests | (678) | (3,766) |
| 8,295 | 8,566 | 7,940 | Income attributed to minority interests | 24,588 | 22,390 |

Balance Sheet Consolidated

| | 09.30.2010 | 12.31.2009 |
|--|-------------------|-------------------|
| Current Assets | 111,415 | 74,374 |
| Cash and Cash Equivalents | 47,292 | 29,034 |
| Accounts Receivable | 18,407 | 14,062 |
| Inventories | 21,359 | 19,448 |
| Marketable Securities | 11,514 | 124 |
| Taxes Recoverable | 8,182 | 7,023 |
| Other | 4,661 | 4,683 |
| Non Current Assets | 396,282 | 275,933 |
| Long-term Assets | 39,065 | 34,923 |
| Petroleum & Alcohol Account | 820 | 817 |
| Advances to Suppliers | 6,359 | 5,365 |
| Marketable Securities | 4,933 | 4,639 |
| Deferred Taxes and Social Contribution | 17,418 | 16,231 |
| Accounts Receivable | 4,279 | 3,288 |
| Deposits - Legal Matters | 2,613 | 1,989 |
| Prepaid Expenses | 1,169 | 1,432 |
| Other | 1,474 | 1,162 |
| Investments | 8,774 | 5,660 |
| Fixed Assets | 265,330 | 227,079 |
| Intangible | 83,113 | 8,271 |
| Total Assets | 507,697 | 350,307 |
| | 09.30.2010 | 12.31.2009 |
| Current Liabilities | 65,310 | 54,829 |
| Short-term Debt | 22,686 | 15,166 |
| Suppliers | 19,580 | 17,082 |
| Taxes and Social Contribution | 9,328 | 10,590 |
| Salaries, Benefits and Charges | 2,918 | 2,304 |
| Dividends | 1,826 | 2,333 |
| Pension and Health Plan | 1,263 | 1,208 |
| Other | 7,709 | 6,146 |
| Non Current Liabilities | 140,908 | 128,364 |
| Long-term Debt | 91,974 | 84,992 |
| Deferred Taxes and Social Contribution | 24,373 | 20,458 |

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| | | | |
|----------------------------|--------------------------------|----------------|----------------|
| | Health Care Benefits | 10,970 | 10,208 |
| | Provision for well abandonment | 4,764 | 4,791 |
| | Pension Plan | 4,162 | 3,956 |
| | Contingency Provision | 1,656 | 865 |
| | Other | 3,009 | 3,094 |
| Shareholders Equity | | 297,361 | 164,204 |
| | Capital Stock | 200,161 | 78,967 |
| | Reserves/Net Income | 97,200 | 85,237 |
| Minority Interest | | 4,118 | 2,910 |
| Shareholders Equity | | 301,479 | 167,114 |
| Total Liabilities | | 507,697 | 350,307 |

Statement of Cash Flow Consolidated

| | Third Quarter | | | Jan-Sep | |
|---------|-----------------|-----------------|--|-----------------|-----------------|
| 2Q-2010 | | | | | |
| | 8,295 | 8,566 | 7,940 | 24,588 | 22,390 |
| | 4,964 | 6,508 | 8,731 (+) Adjustments | 13,421 | 15,798 |
| | 3,624 | 4,063 | 3,679 Depreciation & Amortization | 10,952 | 10,341 |
| | 1,265 | (1,896) | (1,467) Interest, FX Rate and Monetary Variation | 485 | (2,694) |
| | 42 | 565 | 851 Minority interest | 678 | 3,766 |
| | 230 | (229) | (314) Result of Equity Income | 180 | (339) |
| | 1,541 | 2,775 | 1,026 Income Tax and deferred contributions | 3,871 | 158 |
| | 191 | (1,932) | (1,783) Inventory Variation | (2,303) | (2,104) |
| | (166) | (2,793) | 410 Accounts Receivable Variation | (5,410) | (336) |
| | 112 | 3,345 | 1,110 Supplier Variation | 2,556 | (336) |
| | 243 | 364 | 381 Pension and Health Plan Variation | 1,208 | 857 |
| | (2,097) | (856) | 1,719 Tax Variation | (4,030) | 2,925 |
| | 274 | 356 | 306 Write-off of dry wells | 1,262 | 1,071 |
| | 204 | 200 | 412 Impairment | 714 | 550 |
| | (499) | 2,546 | 2,401 Other Adjustments | 3,258 | 1,939 |
| | 13,259 | 15,074 | 16,671 (=) Cash Generated by Operating Activities | 38,009 | 38,188 |
| | (19,638) | (36,974) | (18,446) (-) Cash used in Investment Activities ²³ | (72,625) | (50,622) |
| | | (74,808) | Transfer of Rights Agreement | (74,808) | |
| | | 67,816 | Payment in Treasury Bills | 67,816 | |
| | | (6,992) | Payment in Cash Bills | (6,992) | |
| | | (8,356) | Other Investments in E&P | (22,894) | |
| | (7,252) | (15,348) | (9,333) Investment in E&P | (29,886) | (23,996) |
| | (9,044) | (6,903) | (5,077) Investment in Refining and Transportation | (20,881) | (13,146) |
| | (1,399) | (1,857) | (2,533) Investment in Gas and Energy | (5,550) | (7,101) |
| | (136) | (201) | (141) Investments in Distribution | (426) | (359) |
| | (899) | (943) | (1,208) Investment in International Segment | (3,237) | (5,233) |
| | | (10,740) | Treasury Bills (maturity of more than 90 days) | 10,740 | |
| | (908) | (982) | (154) Other investments ²³ | (1,905) | (787) |
| | (6,379) | (21,900) | (1,775) (=) Free cash flow | (34,616) | (12,434) |
| | 3,581 | 45,331 | 22,015 (-) Cash used in Financing Activities | 53,101 | 27,152 |
| | | 115,052 | . Capital Increase ²⁴ | 115,052 | |
| | | (67,816) | . Treasury Bills | (67,816) | |
| | | 47,236 | Capitalization Cash | 47,236 | |
| | | (357) | Public Offer Expenses | (357) | |
| | 7,292 | 57 | 25,441 Financing | 11,562 | 36,987 |

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| | | | | |
|----------------|---------------|--|---------------|---------------|
| (3,711) | (1,605) | (3,426) Dividends | (5,340) | (9,835) |
| 57 | (349) | (227) (+) FX effect in cash and cash equivalents | (227) | (507) |
| (2,741) | 23,082 | 20,013 (=) Cash generated in the period | 18,258 | 14,211 |
| 26,951 | 24,210 | 10,297 Cash at the Beginning of Period | 29,034 | 16,099 |
| 24,210 | 47,292 | 30,310 Cash at the End of Period | 47,292 | 30,310 |

²³ Includes investments of R\$939 million in the biofuel segment.

Statement of Added Value Consolidated

| | Jan-Sep | |
|---|----------------|----------------|
| Revenue | | |
| Sale of products and services ²⁴ | 201,736 | 172,773 |
| Assets construction | 49,484 | 39,729 |
| | 251,220 | 212,502 |
| Materials acquisitions from third parties | | |
| Raw Materials Used | (29,801) | (25,625) |
| Products for Resale | (31,856) | (17,981) |
| Energy, Services & Other | (51,824) | (45,849) |
| Tax | (14,917) | (12,199) |
| Impairment | (714) | (550) |
| | (129,112) | (102,204) |
| Gross Added Value | 122,108 | 110,298 |
| Retentions | | |
| Depreciation & Amortization | (10,952) | (10,341) |
| Net Added Value produced by company | 111,156 | 99,957 |
| Added Value Received | | |
| Equity Income Result | (180) | 339 |
| Financial Revenue - including monetary and exchange variation | 2,664 | 2,598 |
| Rent and Royalties and other | 725 | 858 |
| | 3,209 | 3,795 |
| Added Value to Distribute | 114,365 | 103,752 |
| Distribution of Added Value | | |
| Personnel and administratives | | |
| Salaries/Sharing Profit | | |
| Salaries | 10,188 | 8,852 |
| Benefits | | |
| Advantages | 548 | 510 |
| Health, Retirement and Pension Plan | 2,262 | 1,920 |
| FGTS | 521 | 470 |
| | 13,519 | 11,752 |
| Tax | | |
| Federal Government | 40,770 | 36,493 |
| States | 19,991 | 18,180 |
| Municipal | 135 | 124 |
| Foreign states | 3,806 | 3,773 |
| | 64,702 | 58,570 |
| Financial Institutions and Suppliers | | |

| | | |
|--|----------------|----------------|
| Interest, FX Rate and Monetary Variation | 5,243 | 3,236 |
| Rent and freight expenses | 5,636 | 4,038 |
| | 10,879 | 7,274 |
| Shareholders | | |
| Interest on Own Capital | 5,336 | 4,387 |
| Minority Interest | 677 | 3,766 |
| Retained Earnings | 19,252 | 18,003 |
| | 25,265 | 26,156 |
| Distributed Added Value | 114,365 | 103,752 |

²⁴ Net of doubtful receivables provisions.

Consolidated Statement by Business Area - Jan-Sep/2010 ²⁵

| | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------|
| Net Operating Revenues | 70,576 | 129,325 | 10,886 | 48,148 | 18,265 | | (118,418) | 158,782 |
| Intersegments | 69,945 | 42,376 | 1,247 | 1,004 | 3,846 | | (118,418) | |
| Third Parties | 631 | 86,949 | 9,639 | 47,144 | 14,419 | | | 158,782 |
| Cost of Goods Sold | (32,490) | (120,370) | (7,447) | (43,978) | (14,101) | | 117,946 | (100,440) |
| Gross Profit | 38,086 | 8,955 | 3,439 | 4,170 | 4,164 | | (472) | 58,342 |
| Operating Expenses | (5,179) | (5,127) | (2,095) | (2,688) | (2,435) | (6,403) | 178 | (23,749) |
| Sales, General & Administrative | (567) | (3,947) | (1,369) | (2,539) | (1,289) | (2,758) | 138 | (12,331) |
| Taxes | (181) | (67) | (33) | (22) | (123) | (166) | (1) | (593) |
| Exploratory Costs | (1,895) | - | - | - | (535) | - | - | (2,430) |
| Loss on recovery assets | | | (80) | - | (114) | - | - | (194) |
| Research & Development | (639) | (230) | (147) | (6) | (5) | (285) | - | (1,312) |
| Health and Pension Plan | | | | | | (1,130) | - | (1,130) |
| Other | (1,897) | (883) | (466) | (121) | (369) | (2,064) | 41 | (5,759) |
| Operating Profit (Loss) | 32,907 | 3,828 | 1,344 | 1,482 | 1,729 | (6,403) | (294) | 34,593 |
| Net of Interest Income (Expenses) | | | | | | 637 | - | 637 |
| Equity Income | | (147) | 3 | - | (9) | (27) | - | (180) |
| Income (Loss) Before Taxes and Minority Interests | 32,907 | 3,681 | 1,347 | 1,482 | 1,720 | (5,793) | (294) | 35,050 |
| Income Tax & Social Contribution | (11,188) | (1,302) | (457) | (504) | (342) | 3,909 | 100 | (9,784) |
| Minority Interests | 124 | (72) | 57 | | (120) | (667) | | (678) |
| Net Income | 21,843 | 2,307 | 947 | 978 | 1,258 | (2,551) | (194) | 24,588 |

Consolidated Statement by Business Area - Jan-Sep/2009 ²⁵

| | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| Net Operating Revenues | 53,601 | 108,449 | 9,428 | 42,552 | 15,445 | | (94,337) | 135,138 |
| Intersegments | 52,704 | 36,879 | 1,470 | 1,119 | 2,165 | | (94,337) | - |
| Third Parties | 897 | 71,570 | 7,958 | 41,433 | 13,280 | | | 135,138 |
| Cost of Goods Sold | (27,926) | (86,210) | (6,827) | (38,831) | (12,502) | | 93,126 | (79,170) |
| Gross Profit | 25,675 | 22,239 | 2,601 | 3,721 | 2,943 | | (1,211) | 55,968 |
| Operating Expenses | (5,592) | (4,195) | (1,628) | (2,249) | (2,245) | (5,427) | 212 | (21,124) |
| Sales, General & Administrative | (543) | (3,481) | (990) | (2,247) | (1,338) | (2,649) | 156 | (11,092) |
| Taxes | (8) | (75) | (20) | (22) | (114) | (197) | | (436) |
| Exploratory Costs | (1,981) | - | - | - | (377) | - | | (2,358) |
| Research & Development | (450) | (238) | (29) | (8) | (2) | (394) | | (1,121) |
| Health and Pension Plan | | | | | | (1,038) | | (1,038) |
| Other | (2,610) | (401) | (589) | 28 | (414) | (1,149) | 56 | (5,079) |
| Operating Profit (Loss) | 20,083 | 18,044 | 973 | 1,472 | 698 | (5,427) | (999) | 34,844 |
| Net of Interest Income (Expenses) | | | | | | (273) | - | (273) |
| Equity Income | | 544 | 92 | (27) | (268) | (2) | - | 339 |
| Income (Loss) Before Taxes and Minority Interests | 20,083 | 18,588 | 1,065 | 1,445 | 430 | (5,702) | (999) | 34,910 |
| Income Tax & Social Contribution | (6,828) | (6,135) | (331) | (501) | (245) | 4,944 | 342 | (8,754) |
| Minority Interest | 41 | (158) | (193) | | (159) | (3,297) | | (3,766) |
| Net Income | 13,296 | 12,295 | 541 | 944 | 26 | (4,055) | (657) | 22,390 |

[19] [20]

²⁵ 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.

²⁶ Biofuel results are included in the corporate group.

EBITDA⁽²⁷⁾ Consolidated Statement by Business Area - Jan - Sep/2010 ²⁸

| | | | | | | | | |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|
| Operating Profit | 32,907 | 3,828 | 1,344 | 1,482 | 1,729 | (6,403) | (294) | 34,593 |
| Depreciation / Amortization | 6,653 | 1,471 | 819 | 268 | 1,334 | 407 | | 10,952 |
| Impairment | | | 80 | | 114 | | | 194 |
| EBITDA | 39,560 | 5,299 | 2,243 | 1,750 | 3,177 | (5,996) | (294) | 45,739 |

Statement of Other Operating Income (Expenses) - Jan-Sep/2010 ²⁸

| | | | | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|----------------|-----------|----------------|
| Losses and Contingencies related to Lawsuit | (608) | (249) | (2) | (186) | (17) | (561) | - | (1,623) |
| Institutional relations and cultural projects | (50) | (30) | (14) | (59) | (3) | (646) | - | (802) |
| Labor Agreement | (225) | (136) | (23) | (12) | (15) | (223) | - | (634) |
| Inventory adjustment | | (73) | - | - | (440) | (5) | - | (518) |
| Non programmed stoppages in installations and production equipment | (295) | (22) | (79) | - | - | - | - | (396) |
| HSE Expenses | (57) | (76) | (3) | - | - | (151) | - | (287) |
| Operational expenses with thermoelectric | | | (282) | - | - | - | - | (282) |
| Incentive, Donations and Governmental Subvention | 105 | 200 | 12 | - | - | - | - | 317 |
| Other | (767) | (497) | (75) | 136 | 106 | (478) | 41 | (1,534) |
| | (1,897) | (883) | (466) | (121) | (369) | (2,064) | 41 | (5,759) |

Statement of Other Operating Income (Expenses) - Jan-Sep/2009 ²⁸

| | | | | | | | | |
|--|----------------|--------------|--------------|-----------|--------------|----------------|-----------|----------------|
| Losses and Contingencies related to Lawsuit | (2,076) | (132) | (25) | (35) | (25) | (36) | | (2,329) |
| Institutional relations and cultural projects | (45) | (20) | (11) | (49) | | (546) | | (671) |
| Inventory adjustment | | (174) | (5) | | (362) | (9) | | (550) |
| Non-scheduled stoppages in installations and production equipment | (406) | (29) | (76) | | (19) | | | (530) |
| Operational expenses with thermoelectric Labor Agreement | (155) | (80) | (11) | | (11) | (151) | | (408) |
| HSE Expenses | (48) | (45) | (3) | | | (146) | | (242) |
| Incentive, Donations and Governmental Subvention | 126 | 369 | 19 | | | | | 514 |
| Others | (6) | (290) | (59) | 112 | 3 | (261) | 56 | (445) |
| | (2,610) | (401) | (589) | 28 | (414) | (1,149) | 56 | (5,079) |

²⁷ Operating income before the financial result and equity income, excluding depreciation/amortization.

²⁸ 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.

²⁹ Biofuel results are included in the corporate group.

Consolidated Assets by Business Area - 09.30.2010 ³⁰

| | | | | | | | | |
|--------------------------------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|
| ASSETS | 224,166 | 109,414 | 48,603 | 12,398 | 30,084 | 92,265 | (9,233) | 507,697 |
| CURRENT ASSETS | 8,337 | 28,675 | 4,492 | 6,648 | 5,497 | 66,605 | (8,839) | 111,415 |
| CASH AND CASH EQUIVALENTS | - | - | - | - | - | - | - | - |
| OTHER | 8,337 | 28,675 | 4,492 | 6,648 | 5,497 | 47,292 | (8,839) | 47,292 |
| NON-CURRENT ASSETS | 215,829 | 80,739 | 44,111 | 5,750 | 24,587 | 25,660 | (394) | 396,282 |
| LONG-TERM ASSETS | 7,512 | 5,684 | 2,766 | 1,366 | 4,401 | 17,730 | (394) | 39,065 |
| INVESTMENT | | 5,898 | 239 | 17 | 1,664 | 956 | | 8,774 |
| PROPERTY, PLANTS AND EQUIPMENT | 131,671 | 68,879 | 39,837 | 3,670 | 15,319 | 5,954 | | 265,330 |
| INTANGIBLE | 76,646 | 278 | 1,269 | 697 | 3,203 | 1,020 | | 83,113 |

Consolidated Assets by Business Area - 12.31.2009 ³⁰

| | | | | | | | | |
|--------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|-----------------|----------------|
| ASSETS | 132,172 | 87,853 | 44,939 | 10,950 | 28,378 | 56,555 | (10,540) | 350,307 |
| CURRENT ASSETS | 6,515 | 27,412 | 5,076 | 5,668 | 5,128 | 33,989 | (9,414) | 74,374 |
| CASH AND CASH EQUIVALENTS | | | | | | 29,034 | | 29,034 |
| OTHER | 6,515 | 27,412 | 5,076 | 5,668 | 5,128 | 4,955 | (9,414) | 45,340 |
| NON-CURRENT ASSETS | 125,657 | 60,441 | 39,863 | 5,282 | 23,250 | 22,566 | (1,126) | 275,933 |
| LONG-TERM ASSETS | 7,488 | 4,387 | 2,815 | 1,060 | 2,776 | 17,523 | (1,126) | 34,923 |
| INVESTMENT | | 3,330 | 273 | 25 | 1,882 | 150 | | 5,660 |
| PROPERTY, PLANTS AND EQUIPMENT | 116,369 | 52,456 | 35,666 | 3,503 | 15,252 | 3,833 | | 227,079 |
| INTANGIBLE | 1,800 | 268 | 1,109 | 694 | 3,340 | 1,060 | | 8,271 |

30 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.

31 Biofuel results are included in the corporate group.

Consolidated Statement by International Business Area - Jan-Sep/2010

| | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| ASSETS (09.30.2010) | 21,039 | 5,358 | 3,358 | 1,314 | 2,849 | (3,834) | 30,084 |
| Income Statement | | | | | | | |
| Net Operating Revenues | 4,825 | 9,677 | 1,559 | 5,361 | | (3,157) | 18,265 |
| Intersegments | 3,875 | 2,899 | 217 | 48 | | (3,193) | 3,846 |
| Third Parties | 950 | 6,778 | 1,342 | 5,313 | | 36 | 14,419 |
| Operating Profit (Loss) | 1,865 | (35) | 258 | 54 | (400) | (13) | 1,729 |
| Net Income (Loss) | 1,503 | (30) | 182 | 52 | (436) | (13) | 1,258 |
| Consolidated Statement by International Business Area | | | | | | | |

| | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| ASSETS (12.31.2009) | 19,950 | 5,068 | 3,470 | 1,163 | 3,910 | (5,183) | 28,378 |
| Income Statement - Jan-Sep/2009 | | | | | | | |
| Net Operating Revenues | 4,028 | 8,844 | 1,603 | 3,893 | 4 | (2,927) | 15,445 |
| Intersegments | 2,637 | 2,149 | 238 | 68 | | (2,927) | 2,165 |
| Third Parties | 1,391 | 6,695 | 1,365 | 3,825 | 4 | | 13,280 |
| Operating Profit (Loss) | 1,050 | (105) | 258 | 3 | (556) | 48 | 698 |
| Net Income (Loss) | 787 | (274) | 211 | 8 | (754) | 48 | 26 |

Income Statement Parent Company

| | Third Quarter | | | | Jan-Sep | |
|--------------|----------------------|--------------|---|---------------|----------------|--|
| 2Q-2010 | | | | | | |
| 50,528 | 53,125 | 46,069 | Gross Operating Revenues | 151,900 | 129,647 | |
| (11,614) | (12,462) | (10,803) | Sales Deductions | (35,371) | (30,222) | |
| 38,914 | 40,663 | 35,266 | Net Operating Revenues | 116,529 | 99,425 | |
| (23,925) | (25,480) | (20,177) | Cost of Products Sold | (70,747) | (55,433) | |
| 14,989 | 15,183 | 15,089 | Gross Profit | 45,782 | 43,992 | |
| | | | Operating Expenses | | | |
| (2,148) | (1,871) | (1,736) | Sales | (5,769) | (5,027) | |
| (1,280) | (1,479) | (1,405) | General & Administrative | (3,984) | (3,791) | |
| (527) | (492) | (585) | Exploratory Cost | (1,895) | (1,981) | |
| (384) | (478) | (414) | Research & Development | (1,242) | (1,112) | |
| (75) | (136) | (98) | Taxes | (292) | (257) | |
| (355) | (319) | (313) | Health and Pension Plans | (1,058) | (972) | |
| (867) | (2,263) | (3,163) | Other | (4,956) | (5,103) | |
| (5,636) | (7,038) | (7,714) | | (19,196) | (18,243) | |
| | | | Operating Income before Financial Result and | | | |
| 9,353 | 8,145 | 7,375 | Participation in Equity Income | 26,586 | 25,749 | |
| | | | Net Financial | | | |
| 899 | 750 | 1,595 | Income | 2,562 | 5,158 | |
| (783) | (564) | (1,554) | Expenses | (2,373) | (4,419) | |
| (158) | 502 | 928 | Net Monetary Variation | 124 | 1,313 | |
| (9) | (566) | (2,009) | Net Exchange Variation | (127) | (7,108) | |
| (51) | 122 | (1,040) | | 186 | (5,056) | |
| (5,687) | (6,916) | (8,754) | | (19,010) | (23,299) | |
| 1,408 | 2,465 | 3,078 | Participation in Equity Income | 4,866 | 6,716 | |
| 10,710 | 10,732 | 9,413 | Operating Income | 31,638 | 27,409 | |
| (2,473) | (2,177) | (1,505) | Income Tax / Social Contribution | (7,155) | (4,897) | |
| 8,237 | 8,555 | 7,908 | Net Income | 24,483 | 22,512 | |

Balance Sheet Parent Company

| | 09.30.2010 | 12.31.2009 |
|---|-------------------|-------------------|
| Current Assets | 94,961 | 54,076 |
| Cash and Cash Equivalents | 39,924 | 16,798 |
| Accounts Receivable | 16,574 | 12,844 |
| Inventories | 16,300 | 14,437 |
| Marketable Securities | 12,761 | 1,718 |
| Taxes Recoverable | 5,428 | 4,049 |
| Other | 3,974 | 4,230 |
| Non Current Assets | 361,233 | 265,976 |
| Long-term Assets | 56,617 | 73,467 |
| Petroleum & Alcohol Account | 820 | 817 |
| Subsidiaries and affiliated companies | 32,951 | 48,889 |
| Advances to Suppliers | 1,185 | 1,900 |
| Marketable Securities | 4,499 | 4,180 |
| Deferred Taxes and Social Contribution | 12,325 | 11,640 |
| Judicial Deposits | 2,201 | 1,691 |
| Prepaid Expenses | 1,053 | 830 |
| Other | 1,583 | 3,520 |
| Investments | 48,516 | 39,373 |
| Fixed Assets | 177,812 | 149,447 |
| Intangible | 78,009 | 3,216 |
| Deferred | 279 | 473 |
| Total Assets | 456,194 | 320,052 |
| | 09.30.2010 | 12.31.2009 |
| Current Liabilities | 69,152 | 79,074 |
| Short-term Debt | 8,246 | 3,123 |
| Credit Rights - FIDC | 12,717 | 14,318 |
| Commitment related to the transfer of benefits, risks and control of assets | 3,018 | 3,557 |
| Suppliers | 28,278 | 41,519 |
| Taxes & Social Contribution | 7,168 | 8,268 |
| Dividends / Interest on Own Capital | 1,826 | 2,333 |
| Salaries, benefits and charges | 2,452 | 1,907 |
| Pension Plan | 662 | 592 |
| Health Care Benefits | 531 | 531 |
| Profit Share Provision | 48 | 1,270 |
| Other | 4,206 | 1,656 |
| Non Current Liabilities | 89,082 | 76,070 |
| Long-term Debt | 29,245 | 26,004 |
| Risk and assets control | 15,851 | 10,904 |

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| | | |
|---------------------------------------|----------------|----------------|
| Deferred Taxes & Social Contribution | 20,220 | 16,855 |
| Subsidiaries and affiliated companies | 866 | 905 |
| Health Care Benefits | 10,235 | 9,535 |
| Provision for well abandonment | 4,450 | 4,419 |
| Pension plan | 3,770 | 3,612 |
| Other | 4,445 | 3,836 |
| Shareholders' Equity | 297,960 | 164,908 |
| Net Income | 200,161 | 78,967 |
| Capital | 97,799 | 85,941 |
| Total Liabilities | 456,194 | 320,052 |

1. Adoption of international financial reporting standards

The Company prepared its opening balance with January 1, 2009 as the transition date for the mandatory exceptions to and certain optional exemptions from the retroactive application of IFRS, in accordance with CPC 37 Initial Adoption of International Accounting Standards.

A summary of those procedures that resulted in changes to the Company's financial statements in 2009 is presented in the 1Q-2010 earnings release, available on our investor relations website (<http://www.petrobras.com.br/ri/Download.aspx?id=10477>).

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

a) Reconciliation of Net Income

| | Jan-Sep/2009 | |
|---|---------------------|---------------|
| | Consolidated | Parent |
| Net income as divulged | 20,853 | 20,951 |
| Capitalized loan costs | 2,200 | 2,200 |
| Deferred taxes | (491) | (459) |
| Accrual of subsidiary unsecured liabilities | | (280) |
| Other | (172) | 100 |
| Net income adjusted to IFRS | 22,390 | 22,512 |

b) Reconciliation with the Consolidated Result

| | Results | | Net Income | |
|--|-------------------|-------------------|---------------------|---------------------|
| | 09.30.2010 | 12.31.2009 | Jan-Sep/2010 | Jan-Sep/2009 |
| Consolidated - IFRS | 301,479 | 167,114 | 25,265 | 26,156 |
| Minority Interest | (4,118) | (2,910) | (678) | (3,766) |
| Net Income | 297,361 | 164,204 | 24,588 | 22,390 |
| Deffered expenses not considering fiscal effect | 599 | 704 | (105) | 121 |
| Controlled adjusted to CPC accounting standards | 297,960 | 164,908 | 24,483 | 22,512 |

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

| | | Change | | |
|---|---|--------------------------|---------|-------|
| | | 3Q-2010 x 2Q-2010 | | |
| . Domestic Market: | - volumes sold | 2,058 | (1,311) | 747 |
| | - domestic prices | (560) | | (560) |
| . International Market: | - export volumes | (1,465) | 982 | (483) |
| | - export price | (271) | | (271) |
| . (Increase) decrease in expenses:(*) | | | 853 | 853 |
| . Increase (decrease) in profitability of distribution segment | | 1,499 | (1,430) | 69 |
| . Increase (decrease) in profitability of trading operations | | (246) | 257 | 11 |
| . Increase (decrease) in international sales | | (221) | 212 | (9) |
| . FX effect on controlled companies abroad | | (60) | 53 | (7) |
| . Other | | 374 | (466) | (92) |
| | | 1,108 | (850) | 258 |
| | - import of crude oil and oil products and gas | 595 | | |
| | - domestic government take | 471 | | |
| | - salaries, benefits and charges | 170 | | |
| | - generation and purchase of energy for commercialization | 146 | | |
| | - materials, services, rent and depreciation | (38) | | |
| | - transportation: maritime and pipelines ³² | (491) | | |
| | | 853 | | |

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:

| | | | |
|---|-----|-------|-------|
| Effect of the weighted average cost (Real MM) | 402 | (178) | (580) |
| () Sales Cost increase | | | |

(*) Unlike in 2Q-2010, 3Q-2010 COGS was adversely affected by the sale of inventories acquired at a higher unit cost in previous periods, reflecting the behavior of international prices. [1]^[24]

³²Expenses with cabotage, terminals and pipelines.

3. Analysis of Gross Profit (9M-2010 x 9M-2009)

| | Change | | |
|---|------------------------------------|----------|---------|
| | Jan-Sep/2010 X Jan-Sep/2009 | | |
| . Domestic Market: | | | |
| - volumes sold | 8,613 | 3,045 | 5,568 |
| - domestic prices | (2,058) | | (2,058) |
| . International Market: | | | |
| - export volumes | (38) | 91 | 53 |
| - export price | 5,450 | | 5,450 |
| . Increase (decrease) in expenses: (II) | | (7,691) | (7,691) |
| . Increase (decrease) in profitability of distribution segment | 5,831 | (5,382) | 449 |
| . Increase (decrease) in profitability of trading operations | 4,923 | (5,475) | (552) |
| . Increase (decrease) in international sales | 2,990 | (1,403) | 1,587 |
| . FX effect on controlled companies abroad | (2,992) | 2,493 | (499) |
| . Other | 925 | (858) | 67 |
| | 23,644 | (21,270) | 2,374 |
| | | | |
| - import of crude oil and oil products and gas | (4,914) | | |
| - domestic government take | (2,241) | | |
| - oil products (domestic purchase) | (431) | | |
| - generation and purchase of energy for commercialization | (211) | | |
| - salaries, benefits and charges | (92) | | |
| - materials, services, rent and depreciation | 198 | | |
| | (7,691) | | |

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\$49,690 million.

| 2Q-2010 | Third Quarter | | | 3Q10 X 2Q10 (%) | | Jan-Sep | | |
|---------------|---------------|---------------|------|------------------------------|---|---------------|---------------|-----|
| | | | | | | | | |
| 6,683 | 7,256 | 6,131 | 9 | | Economic Contribution - Country | | | |
| | | | | | Value Added Tax on Sales and Services (ICMS) | 20,056 | 18,163 | 10 |
| 1,601 | 1,811 | 1,680 | 13 | | CIDE ³³ | 4,931 | 3,918 | 26 |
| 3,254 | 3,557 | 3,045 | 9 | | PASEP/COFINS | 10,004 | 9,182 | 9 |
| 2,993 | 3,595 | 2,767 | 20 | | Income Tax & Social Contribution | 9,338 | 7,173 | 30 |
| 730 | 575 | 609 | (21) | | Other | 1,926 | 2,109 | (9) |
| 15,261 | 16,794 | 14,232 | 10 | | Subtotal Country | 46,255 | 40,545 | 14 |
| 1,108 | 1,111 | 1,199 | - | | Economic Contribution - Foreign | 3,435 | 3,383 | 2 |
| 16,369 | 17,905 | 15,431 | 9 | | Total | 49,690 | 43,928 | 13 |

5. Government Take

| 2Q-2010 | Third Quarter | | | 3Q10 X 2Q10 | | Jan-Sep | | |
|---------|---------------|--|--|-------------------|--|---------|--|--|
| | | | | | | | | |

| | | | | (%) | | | | |
|--------------|--------------|--------------|------|-------------------------|---------------|---------------|--|-----|
| 2,396 | 2,287 | 2,187 | (5) | Country | | | | |
| 2,598 | 2,323 | 2,418 | (11) | <i>Royalties</i> | 7,016 | 5,787 | | 21 |
| 29 | 34 | 32 | 17 | Special Participation | 7,531 | 5,636 | | 34 |
| | | 2,048 | | Surface Rental Fees | 95 | 98 | | (3) |
| 5,023 | 4,644 | 6,685 | (8) | ANP Agreement | | 2,048 | | |
| 121 | 125 | 124 | 3 | Subtotal Country | 14,642 | 13,569 | | 8 |
| 5,144 | 4,769 | 6,809 | (7) | Foreign | 371 | 328 | | 13 |
| | | | | Total | 15,013 | 13,897 | | 8 |

The government take in the country in the 3Q-2010 fell by 8% over the previous quarter, due to the 4% decline in the reference price for local oil, which averaged R\$118.70 (US\$67.89) in 3Q-2010, versus R\$123.05 (US\$68.75) in 2Q-2010, reflecting international oil prices and the exchange variation.

The government take in the country in 9M-2010 increased by 8% over 9M-2009, due to the 20% upturn in the reference price for local oil, which averaged R\$122.01 (US\$68.55) in 9M-2010, versus R\$101.49 (US\$49.78) in the same period in 2009, reflecting international oil prices and the higher tax rate in the Marlim Sul and Marlim Leste fields.

[25]

33 CIDE Economic Domain Contribution Charge.

6. Indebtedness

7. Foreign Exchange Exposure

| | 09.30.2010 | 12.31.2009 |
|--|-----------------|-----------------|
| Current Assets | 19,169 | 5,581 |
| Cash and Cash Equivalents | 16,999 | 4,035 |
| Other Current Assets | 2,170 | 1,546 |
| Non-current Assets | 20,096 | 17,876 |
| Amounts invested abroad by partner companies, in the international segment, in E&P equipments to be used in Brazil and in commercial activities. | 18,675 | 16,759 |
| Long-term Assets | 1,419 | 1,117 |
| Total Assets | 39,265 | 23,457 |
| | 09.30.2010 | 12.31.2009 |
| Current Liabilities | (10,410) | (11,978) |
| Short-term Financing | (6,881) | (10,303) |
| Suppliers | (3,328) | (1,088) |
| Others Current Liabilities | (201) | (587) |
| Long-term Liabilities | (27,439) | (15,203) |
| Long-term Financing | (27,439) | (15,125) |
| Others Long-term Liabilities | - | (78) |
| Total Liabilities | (37,849) | (27,181) |
| Net Assets (Liabilities) in Reais | 1,416 | (3,724) |
| (-) FINAME Loans - reais indexed to dollar | (140) | (179) |
| (-) BNDES Loans - reais indexed to dollar | (25,169) | (25,368) |
| Net Assets (Liabilities) in Reais | (23,893) | (29,271) |

SIGNATURE

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

Date: November 19, 2010

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: /s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

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

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