

## ECONOMIC AND FINANCIAL RESULTS

In 2010, the resumption of the economic activities around the world, after the effects of the crisis that began in late 2008, afforded another year of recovery to the oil market, with consumption returning to pre-crisis levels. Surging demand was led by emerging nations such as China and India, which once again stood out with market appetite for oil products rising above the average of the previous five years.

On the supply side, fears that the growth in oil production in countries that are not members of OPEC (Organization of Petroleum Exporting Countries) could be significantly affected by the 2008 economic crisis did not materialize. Russia kept its production level at around 10 million bpd, while Brazil, Canada, and China had increases in 2010. As in 2009, OPEC produced more than the target of 24.8 million bpd set in December 2008.

On the international scene, there were no major events with significant impacts on the

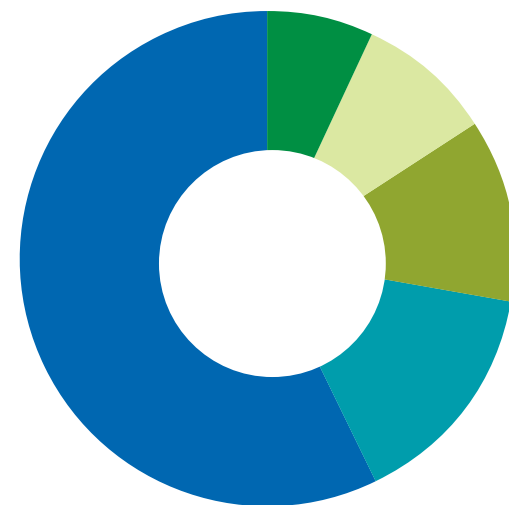
market. The accident in the Gulf of Mexico, on the Deepwater Horizon platform, spurred a U.S. moratorium on well drilling, which lasted a few months but did not have a significant impact on the volume produced there in 2010. In the geopolitical environment, neither the sanctions on Iran nor the guerrilla movements in Nigeria markedly affected oil prices.

In this context, the Brent crude price fluctuated less than in 2009, setting a low of \$69.55 and a high of \$94.75. The annual average, meanwhile, was \$79.47, 29% above the previous year's.

## VALUE ADDED DISTRIBUTION

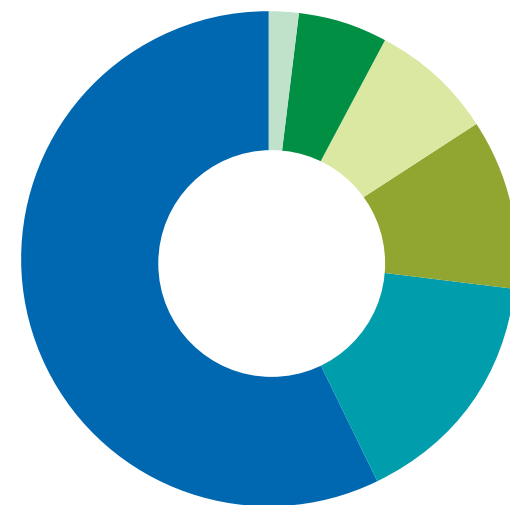
In 2010, Petrobras' distribution of value added topped out at R\$158.7 billion, a 14% increase over the previous year (R\$139.2 billion). Petrobras proposed a distribution of dividends and interest on equity capital amounting to R\$11.728 billion, of which R\$7.945 billion were anticipated in 2010. The following graphs show the segregation by segment:

VALUE ADDED DISTRIBUTED - 2010



Shareholders	7%
Third-parties	9%
Employees	12%
Amount retained	15%
Government	57%

VALUE ADDED DISTRIBUTED - 2009



Minority shareholders	2%
Shareholders	6%
Third-parties	8%
Employees	11%
Amount retained	16%
Government	57%

## STATEMENT OF VALUE ADDED - (THOUSAND REAIS)

	2010	2009	2008
<b>Revenues</b>	<b>340,198,426</b>	<b>291,424,513</b>	<b>315,933,330</b>
Goods, products and services sales	268,106,721	230,720,594	268,936,483
Other revenues	4,244,399	4,218,266	0
Construction of assets for use	68,073,327	56,555,744	47,163,873
Provisions /reversal for credits of doubtful liquidation	(226,021)	(70,091)	(167,026)
<b>Input purchased from third parties</b>	<b>(172,338,951)</b>	<b>(142,391,371)</b>	<b>(166,732,054)</b>
Cost of products, goods and services sold	(78,914,990)	(59,998,873)	(40,755,903)
Third-party materials, energy, services and others	(73,497,105)	(64,288,715)	(52,590,649)
Asset value loss/recovery	(690,087)	(1,144,312)	(2,658,224)
Others	(19,236,769)	(16,959,471)	(70,727,278)
<b>Gross value added</b>	<b>167,859,475</b>	<b>149,033,142</b>	<b>149,201,276</b>
<b>Deductions</b>	<b>(14,881,076)</b>	<b>(14,456,514)</b>	<b>(11,631,984)</b>
Depreciation, amortization, and depletion	(14,881,076)	(14,456,514)	(11,631,984)
<b>Net value added generated</b>	<b>152,978,399</b>	<b>134,576,628</b>	<b>137,569,292</b>
<b>Value added received in transfers</b>	<b>5,704,680</b>	<b>4,657,609</b>	<b>3,914,124</b>
Equity accounting results	208,386	(64,806)	(115,790)
Financial revenue	4,539,093	3,508,966	3,494,430
Others	957,201	1,213,449	535,484
<b>Total value added to distribute</b>	<b>158,683,079</b>	<b>139,234,237</b>	<b>141,483,416</b>
<b>Value added distribution</b>	<b>158,683,079</b>	<b>139,234,237</b>	<b>141,483,416</b>
<b>Employees</b>	<b>18,475,145</b>	<b>15,666,553</b>	<b>14,526,830</b>
Direct compensation	13,684,616	11,711,452	10,448,120
Benefits	4,043,233	3,282,161	3,478,036
Severance Fund (FGTS)	747,296	672,940	600,674
<b>Taxes, fees &amp; contributions</b>	<b>90,029,336</b>	<b>79,728,426</b>	<b>85,112,615</b>
Federal	61,265,764	54,355,598	62,625,920
State	28,581,502	25,216,933	22,338,990
Municipal	182,070	155,895	147,705
<b>Third party capital compensation</b>	<b>14,277,152</b>	<b>10,495,186</b>	<b>10,945,676</b>
Interest	6,611,973	4,481,464	1,891,069
Leases	7,665,179	6,013,722	9,054,607
<b>Equity capital compensation</b>	<b>35,901,446</b>	<b>33,344,072</b>	<b>30,898,295</b>
Interest on equity	10,162,324	7,194,743	7,019,261
Dividends	1,565,340	1,140,630	2,895,445
Retained profit/loss in the fiscal year	23,461,703	21,715,817	23,073,086
Non-controlling interest in retained earnings	712,079	3,292,882	(2,089,497)