

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
May 31, 2011

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### 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 May, 2011**

**Commission File Number 1-15106**

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### 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).

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**Rio de Janeiro – May 13, 2011**– Petrobras announces today its consolidated results expressed in millions of Brazilian Reals, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

**Consolidated net income totaled R\$10,985 million in 1Q-2011, a new quarterly record, while EBITDA increased by 10% over 4Q-2010**

**Main Highlights**

| R\$ million |                       | First quarter  |         |                       |
|-------------|-----------------------|--|---------|-----------------------|
| 4Q-2010     | 1Q11 X<br>4Q10<br>(%) | 2011   | 2010    | 2011 X<br>2010<br>(%) |
|             |                       | <b>Consolidated net income attributable to Petrobras</b>     |         |                       |
| 10,602      | 4                     | 10,985   | 7,726   | 42                    |
| 2,628       |                       | <b>Total oil and natural gas production (th. barrel/day)</b> |         |                       |
| 14,584      | 10                    | 16,093   | 15,076  | 7                     |
| 380,247     | 6                     | 402,487  | 332,381 | 21                    |
|             |                       | <b>Market capitalization (parent company)</b>                |         |                       |

- Production increased by 3% over 1Q-2010, chiefly due to higher output in the Marlim Leste, Cachalote/Baleia Franca, Jubarte, Uruguá/Tambaú and Frade fields, the operational start-up of the Piloto de Lula and Marlim Sul fields and the Tiro, Sidon and Guarú extended well tests.
- New pre-salt discoveries in the Santos Basin, including Carioca Nordeste and Macunaíma. Petrobras also began extended well tests in the Marlim Leste field and the Brava region of the Marlim field, both in the pre-salt area of the Campos Basin.
- Approval of the first lot of seven drilling rigs to be built in Brazil. Sete Brasil S.A. will be responsible for the construction contract with Estaleiro Atlântico Sul (EAS).
- The Company raised US\$6 billion through international bond issues maturing in 5, 10 and 30 years.
- In 1Q-2011, Petrobras paid R\$2,218 million in interest on equity to its shareholders on the amount of R\$0.12 per share and will pay dividends of R\$1,565 million by June 27, 2011, as resolved by the Annual Shareholders' Meeting of April 28, 2011. On March 31, 2011, the Company provisioned R\$2,609 million related to interest on equity on the amount of R\$ 0.20 per share to be paid by July 30, 2011.

[www.Petrobras.com.br/ri](http://www.Petrobras.com.br/ri)

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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.

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Dear shareholders and investors,

We are pleased to announce our results for the first quarter of 2011, which was marked by continuing challenges and important operational and corporate achievements, leading to record net income of R\$10,985 million.

Our operating performance improved substantially, particularly in the Exploration and Production segment. At the beginning of 2011, we announced that our proven oil and gas reserves had reached 15.986 billion barrels of oil equivalent (boe) in 2010, in accordance to SPE, 7.5% more than the previous year. This means that, for every boe extracted in 2010, we added 2.29, corresponding to a reserve replacement ratio of 229%. The reserve/production ratio (R/P) closed 2010 at 18.4 years, an exceptionally comfortable figure for our industry.

We continue to make progress in our development of the Santo pre-salt frontier, approving the chartering of two new FPSO platforms (oil and gas floating production, storage and offloading units) for the pilot projects in the Guará-Norte region and the Cernambi field.

Continuing with our strategy of ensuring key equipment for the development of our operations, we approved the construction of the first lot of seven drilling rigs to be built in Brazil. The rigs will be chartered from Sete Brasil S.A., which will be responsible for the construction contract with Estaleiro Atlântico Sul (EAS), in Pernambuco. This represents the first stage of a project involving up to 28 rigs, the first of which is scheduled for start-up by 2015. It is worth highlighting that the contracting of these rigs is fully compatible with a policy of local construction at internationally competitive costs.

Continuing with our exploration program, we announced several new and important discoveries, including the area known informally as Carioca Nordeste, where preliminary analyses indicate an accumulation of oil with an API gravity of 26° in a high-quality 200 meter reservoir, and the Macunaíma area, where the Company identified an oil accumulation also with an API gravity of 26° in the Santos Basin pre-salt reservoirs.

We began extended well tests (EWTs) in the Tracajá reservoir in the Marlim Leste field, and the Brava region of the Marlim field, both of which located in the pre-salt area of the Campos Basin, the latter being connected to the P-27 platform, avoiding the need for an additional production unit. The EWTs will provide us with more data on the characteristics of the reservoirs, thus helping to ensure the best means of developing production.

We entered into a Memorandum of Understanding and a General Technological Cooperation Agreement with the Chinese companies, Sinochem Corporation and Sinopec, respectively. These strategic alliances will ensure cooperation between the companies' activities in Brazil and abroad in areas of common interest in the oil and gas industry.

On the corporate front, we undertook the largest ever international debt issue by a Brazilian company, placing US\$6 billion in bonds maturing in 5, 10 and 30 years. The proceeds will be used to finance the investments scheduled in our Business Plan, thereby maintaining an appropriate capital structure and

financial leverage in line with our objectives.

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In April, we announced the annual review of the Santos Basin Pre-Salt Integrated Development Plan (Plansal), incorporating the data from the new wells and the implementation of the various commercial strategies.

Finally, we cannot forget to mention the highly volatile international oil prices which, combined with the ethanol shortage in Brazil, have further underlined the correctness of Petrobras' strategy which is primarily aimed at increasing oil production and actively participating in the biofuel segment, not only capturing growing demand in these markets, but also ensuring that all the Company's human, financial and operational resources are put to the best possible use. We remain confident in our capacity to achieve the goals laid out in our Business Plan, thereby ensuring increasing returns for our shareholders and investors.





| <b>Average price indicators</b>         |      |                                       |        |        |      |
|---|------|---------------------------------------|--------|--------|------|
| <b>Average Oil Products Realization</b> |      |                                       |        |        |      |
| 159.00                                  | 3    | <b>Prices (R\$/bbl)</b>               | 163.72 | 157.65 | 4    |
| <b>Sale price - Brazil</b>              |      |                                       |        |        |      |
| 79.70                                   | 18   | . Oil (US\$/bbl) <sup>4</sup>         | 94.04  | 72.92  | 29   |
| 14.01                                   | (37) | . Natural gas (US\$/bbl) <sup>5</sup> | 8.83   | 14.39  | (39) |
| <b>Sale price - International</b>       |      |                                       |        |        |      |
| 73.90                                   | 18   | . Oil (US\$/bbl)                      | 87.39  | 62.02  | 41   |
| 14.80                                   | 11   | . Natural gas (US\$/bbl)              | 16.36  | 14.81  | 10   |

<sup>1</sup> Earnings per share based on the weighted average of the number of shares.

<sup>2</sup> Calculated based on operating income before financial result, profit sharing and taxes.

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

<sup>4</sup> Average of exports and domestic transfer prices from E&P to Refining, Transportation & Marketing.

<sup>5</sup> Domestic oil transfer price from E&P to Gas & Power.

## 1Q-2011 x 4Q-2010:

### Gross profit

Gross profit<sup>6</sup> totaled R\$20,204 million in 1Q-2011, 7% up on the R\$18,880 million posted in 4Q-2010, due to:

- Relatively stable sales revenue (R\$54,800 million in 1Q-2011, versus R\$54,492 million in 4Q-2010), due to:
  - The impact of higher international prices on export prices and the price of oil products whose prices are pegged to the international market;
  - The price increases were almost entirely offset by the reduction in domestic sales volume, especially diesel, due to the decline in industrial activity, and natural gas, reflecting the seasonality of the industrial and thermal power segments.
- A reduction of 3% in the cost of goods sold – COGS- (R\$1,016 million), due to:
  - The 7% decline in domestic sales volume (2,344 thousand barrels/day in 1Q-2011, versus 2,526 thousand barrels/day in 4Q-2010);
  - The lower share of imports, especially diesel, in the COGS mix;

These effects were partially offset by the increase in extraction costs, which climbed by 17% in R\$/bbl terms (including the government take).

### Net Income

- First quarter net income (R\$10,985 million) improved by 4% over the previous quarter (R\$10,602 million), mostly reflecting:
  - Higher sales revenue;
  - Lower COGS;
  - The 5% reduction in expenses (R\$439 million), chiefly due to reduced write-offs of economically unviable wells, mostly abroad (R\$321 million).

These effects were partially offset by the R\$754 million reduction in tax benefits from the payment of interest of equity.

### Cash and Cash Equivalents, Investments and Debt

- Cash and cash equivalents (including federal bonds maturing in more than 90 days) climbed by 13% (R\$62,935 million in 1Q-2011, versus R\$55,848 million in 4Q-2010).
- First-quarter investments totaled R\$15,871 million, 45% of which allocated to Exploration & Production.
- Net debt stood at R\$66,064 million, up by 6%, most of which in the long term, with a comfortable leverage of 17%, well below the Company's established maximum of 35% .

<sup>6</sup> For further details, see Appendix 2.

## 1Q-2011 x 1Q-2010.

### Gross profit

Gross profit<sup>7</sup> totaled R\$20,204 million in 1Q-2011, 5% up on 1Q-2010 (R\$19,310 million), thanks to:

- The 9% increase in revenue (R\$4,388 million), basically due to:
  - The 7% upturn in domestic sales volume (R\$1,383 million), reflecting Brazil's economic growth, led by jet fuel (+18%), natural gas (+13%), diesel (+9%) and gasoline (+7%)<sup>8</sup>.
  - The increase in crude and oil product prices, chiefly oil exports (41% in US\$), and the higher price of naphtha (+13%) and jet fuel (+20%);
  - Increased revenue from the international market (R\$1,094 million), due to higher prices abroad (R\$1,077 million).
- COGS increased by 11% over 1Q-2010 (R\$3,494 million), due to:
  - Higher import expenditures, mainly with diesel;
  - The 16% increase in extraction expenses (including the government take), due to higher international crude prices and increased output;
  - The 16% upturn in R\$/bbl refining costs, excluding the exchange variation, due to higher expenses with personnel, materials, third-party services and scheduled stoppages.

### Net Income

- 1Q-2010, net income increased by 42% year-on-year, reaching a new quarterly record, mostly reflecting:
  - The 29% increase in national oil prices in US\$;
  - The 4% upturn in LNG and natural gas production due to higher output in the Marlim Leste, Cachalote/Baleia Franca, Jubarte, Uruguá/Tambaú and Frade fields, the operational start-up of the Piloto de Lula and Marlim Sul fields and the extended well tests in Tiro, Sidon and Guará.
  - Higher sales of natural gas, accompanying industrial growth and increased demand for power generation;
  - The increase in the financial result (R\$2,723 million), due to exchange gains on debt from the appreciation of the Real against the U.S. dollar, and higher returns on financial investments and federal bonds due to investment of the proceeds from the September 2010 capitalization.

### Cash and Cash Equivalents, Investments and Debt

- Net cash from operating activities amounted to R\$12,924 million in 1Q-2011, 34% up year-on-year, reflecting higher output, increased sales, and favorable crude and oil product prices.
- The Company has invested R\$15,871 million to date, R\$7,196 million of which in Exploration & Production and R\$5,845 million in Refining, Transportation & Marketing.
- Following the September 2010 capitalization, the company's leverage fell substantially and has been maintained at 17%, much lower than the Company's established limit of 35%.

<sup>7</sup> For further details, see Appendix 3.

<sup>8</sup> For further details, see page 14.

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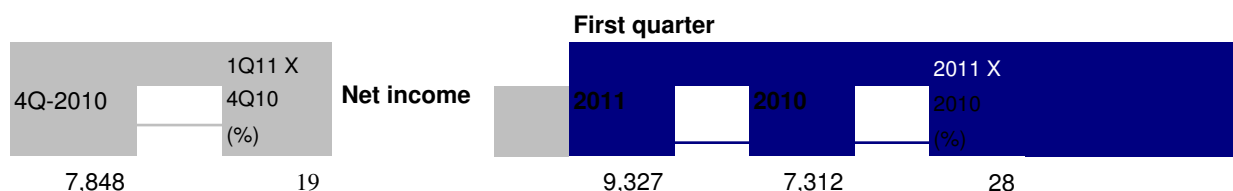
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## RESULTS BY BUSINESS AREA

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)



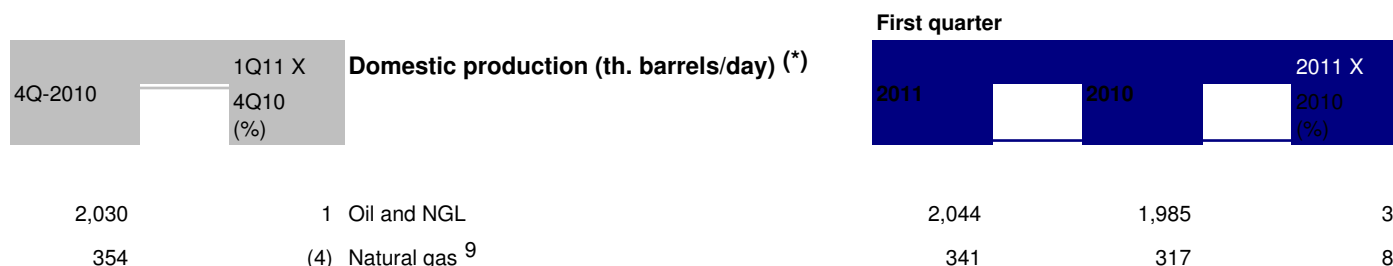
**(1Q-2011 x 4Q-2010):** The upturn in net income was caused by the increase in the domestic oil sale/transfer price (18% in US\$/bbl), partially offset by the higher government take.

The spread between the average domestic oil sale/transfer price and the average Brent price widened from US\$6.78/bbl in 4Q-2010 to US\$10.93/bbl in 1Q-2011, reflecting higher international prices and the disparity between Brent crude and WTI prices.

**(1Q-2011 x 1Q-2010):** The increase in net income reflected higher domestic oil prices (29% in US\$/bbl), partially offset by the higher government take.

Another contributing factor was the reduction in losses and lower contingencies for lawsuits (R\$451million), chiefly due to provisions for tax contingencies related to the ICMS/RJ (state VAT) of the P-36 platform in 1Q-2010.

The spread between the average domestic oil sale/transfer price and the average Brent price widened from US\$3.32/bbl in 1Q-2010 to US\$10.93/bbl in 1Q-2011, reflecting the higher international prices and the disparity between Brent crude and WTI prices.



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2,384

Total

2,385

2,302

4

**(1Q-2011 x 4Q-2010):** Oil and gas production remained flat over 4Q-2010.

**(1Q-2011 x 1Q-2010):** Higher output in the Marlim Leste, Cachalote/Baleia Franca, Jubarte, Uruguá/Tambaú, Frade, Piloto de Lula and Marlim Sul fields and the extended well tests (EWT) in Tiro, Sidon and Guará more than offset the natural decline in the remaining fields.

\*Unaudited

<sup>9</sup> Excludes liquefied gas and includes re-injected gas

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| 4Q-2010             | 1Q11 X<br>4Q10<br>(%) | Lifting cost - country (*) | First quarter |       |                      |
|---------------------|-----------------------|----------------------------|---------------|-------|----------------------|
|                     |                       |                            | 2011          | 2010  | 2011X<br>2010<br>(%) |
| <b>US\$/barrel:</b> |                       |                            |               |       |                      |
| 10.29               | 11                    | • without government take  | 11.38         | 9.40  | 21                   |
| 25.58               | 19                    | • with government take     | 30.48         | 23.73 | 28                   |
| <b>R\$/barrel:</b>  |                       |                            |               |       |                      |
| 17.34               | 10                    | • without government take  | 19.00         | 16.95 | 12                   |
| 43.47               | 17                    | • with government take     | 50.66         | 43.82 | 16                   |

#### Lifting Cost Excluding Government Take – US\$/barrel

**(1Q-2011 x 4Q-2010):** Excluding the exchange variation, lifting costs increased by 9%, due to the higher number of well interventions in the Marlim Sul and Albacora Leste fields and preventive maintenance in the Marlim field.

**(1Q-2011 x 1Q-2010):** Excluding the exchange variation, lifting costs climbed by 15% over 1Q-2010, due to the increased number of well interventions in the Marlim Leste, Roncador, Marlim Sul and Albacora Leste fields and preventive maintenance in the Marlim field.

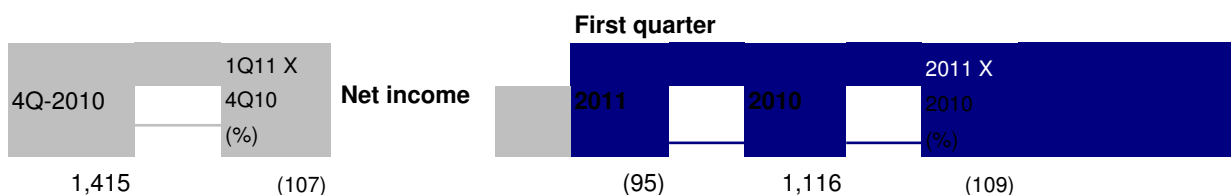
#### Lifting Cost Including Government Take – US\$/barrel

**(1Q-2011 x 4Q-2010):** Excluding the exchange variation, lifting cost increased by 19% due to the higher average reference price for local oil.

**(1Q-2011 x 1Q-2010):** Excluding the exchange variation, the lifting cost increased by 26% due to the higher average reference price for local oil.

(\*) Unaudited.

**REFINING, TRANSPORTATION & MARKETING**



**(1Q-2011 x 4Q-2010):** The reduction in net income reflected higher oil acquisition/transfer and oil product import costs (Brent – up by 21% in US\$/bbl) and the decline in domestic oil product sales volume.

These factors were partially offset by the sale of inventories formed at lower acquisition costs in previous periods, higher export prices and the upturn in the domestic price of those oil products whose prices are pegged to international prices.

**(1Q-2011 x 1Q-2010):** The year-on-year reduction in net income reflects higher oil acquisition/transfer and oil product import costs (Brent, up by 38% in US\$/bbl), partially offset by the increase in oil product sales volume, higher export prices and the upturn in the domestic price of those oil products whose prices are pegged to international prices. Increased returns on interests in petrochemical investees (R\$328 million) also helped offset the reduction.

| 4Q-2010 |       | 1Q11 X 4Q10 (%)  |  | Imports and exports (th. barrels/day) (*) |            |              |
|---------|-------|--|--|---|------------|--------------|
| 270     | 50    | Crude oil imports                                      |  | 405                                       | 347        | 17           |
| 188     | 48    | Oil product imports                                    |  | 279                                       | 274        | 2            |
| 458     | 49    | <b>Crude oil and oil product imports</b>               |  | 684                                       | 621        | 10           |
| 441     | (1)   | Crude oil exports <sup>10</sup>                        |  | 436                                       | 555        | (21)         |
| 215     | (2)   | Oil product exports                                    |  | 210                                       | 192        | 9            |
| 656     | (2)   | <b>Crude oil and oil product exports <sup>11</sup></b> |  | 646                                       | 747        | (14)         |
| 198     | (119) | <b>Net crude oil and oil product exports (imports)</b> |  | <b>(38)</b>                               | <b>126</b> | <b>(130)</b> |

**(1Q-2011 x 4Q-2010):** The increase in oil imports reflected the need to replenish inventories and process lighter crude at Replan, due to the stoppage of the refinery’s fuel oil and gasoil

**(1Q-2011 x 1Q-2010):** Oil imports increased due to the need to replenish inventories and process lighter crude at Replan, due to the stoppage in the refinery’s fuel oil and gasoil outflow pipeline.



outflow pipeline. Oil product imports also moved up, especially diesel.

Oil exports declined due to the need to build up inventories, and gasoline exports were also reduced to meet the increase in local demand caused by the ethanol shortage.

(\*) Unaudited.

<sup>10</sup> Includes oil exports by the Refining, Transportation & Marketing and E&P business areas.

<sup>11</sup> Includes ongoing exports.

| 4Q-2010 | 1Q11 X<br>4Q10<br>(%) | Oil product output (th. barrels/day) (*) |
|---------|-----------------------|--|
|---------|-----------------------|--|

|       |     |   |
|-------|-----|---|
| 1,910 | (2) | Oil product output                                  |
| 2,007 |     | Primary installed processing capacity <sup>12</sup> |
| 93    | (1) | Installed capacity use (%)                          |
| 83    | (1) | Domestic crude as % of total processed feedstock    |

| First quarter |      |                       |
|---------------|------|-----------------------|
| 2011          | 2010 | 2011 X<br>2010<br>(%) |

|       |       |   |
|-------|-------|---|
| 1,877 | 1,765 | 6 |
| 2,007 | 1,942 | 3 |
| 92    | 90    | 2 |
| 82    | 80    | 2 |

| 4Q-2010 | 1Q11 X<br>4Q10<br>(%) | Processed Feedstock – Domestic (th. barrels/day) (*) |
|---------|-----------------------|--|
|---------|-----------------------|--|

|       |     |
|-------|-----|
| 1,862 | (1) |
|-------|-----|

| First quarter |      |                       |
|---------------|------|-----------------------|
| 2011          | 2010 | 2011 X<br>2010<br>(%) |

|       |       |   |
|-------|-------|---|
| 1,852 | 1,738 | 7 |
|-------|-------|---|

(1Q-2011 x 4Q-2010): Daily processed feedstock remained stable over the previous quarter.

(1Q-2011 x 1Q-2010): Daily processed feedstock moved up by 7%, reflecting the reduction in scheduled stoppages in the distillation units.

| 4Q-2010 | 1Q11 X<br>4Q10<br>(%) | Refining Cost – Domestic(*) |
|---------|-----------------------|-----------------------------|
|---------|-----------------------|-----------------------------|

|      |     |                             |
|------|-----|-----------------------------|
| 4.79 | (5) | Refining cost (US\$/barrel) |
| 8.07 | (6) | Refining cost (R\$/barrel)  |

| First quarter |      |                       |
|---------------|------|-----------------------|
| 2011          | 2010 | 2011 X<br>2010<br>(%) |

|      |      |    |
|------|------|----|
| 4.53 | 3.64 | 24 |
| 7.57 | 6.52 | 16 |

(1Q-2011 x 4Q-2010): Excluding the exchange variation, refining costs fell by 7%, due to lower expenses from scheduled stoppages, maintenance, repairs and materials.

(1Q-2011 x 1Q-2010): Excluding the exchange variation, these costs increased by 16%, due to higher expenses from scheduled stoppages in the conversion units (without no direct impact on throughput), as well as from personnel, materials, and third-party services, chiefly as a result of equipment maintenance and repairs.

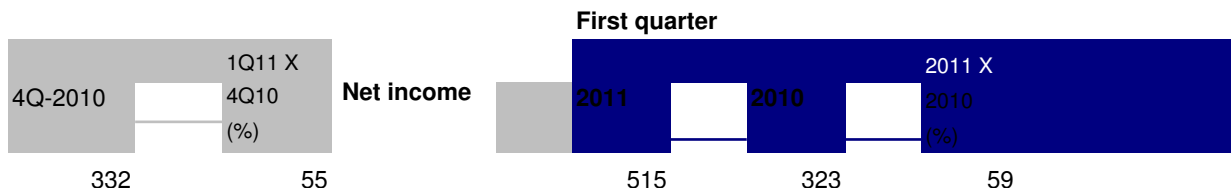
(\* Unaudited

<sup>12</sup> According to the ownership recognized by the ANP.

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**GAS & POWER**



**(1Q-2011 x 4Q-2010):** The increase in net income was due to the following factors:

- The upturn in the average gas sales price, reflecting the thermal market's reduced sales share;
- The reduction in domestic natural gas acquisition/transfer costs, accompanying the behavior of international prices and the appreciation of the Real against the U.S. dollar;
- Lower LNG import/consumption volume;
- Higher energy trading margins due to the increase in the average spot market acquisition cost.

These factors were partially offset by reduced sales volume of natural gas, reflecting demand seasonality, and electricity, due to the recovery of water levels in the hydro plant reservoirs.

**(1Q-2011 x 1Q-2010):** The annual improvement was due to the following factors:

- Higher sales of natural gas, accompanying industrial growth and greater demand for power generation;
- The reduction in domestic natural gas acquisition/transfer costs, accompanying the behavior of international prices and the appreciation of the Real against the U.S. dollar;
- Increased fixed revenue from energy auctions (regulated market) due to the operational start-up of two thermal plants and higher revenue from thermal generation;
- Estimated impairment losses in 1Q-2010 (R\$80million);

These effects were partially offset by reduced power sales margins due to the increase in the average spot market acquisition cost and LNG import/consumption costs.

| 4Q-2010 | 1Q11 X<br>4Q10<br>(%) | Physical and financial indicators (*)                     |
|---------|-----------------------|---|
| 171     | (2)                   | Gas imports (th. barrels/day)                             |
| 1,931   | 6                     | Electricity sales (agreements) - average MW               |
| 3,119   | (75)                  | Electricity generation - average MW                       |
| 115     | (71)                  | Difference settlement price (PLD) - R\$/MWh <sup>13</sup> |

**(1Q-2011 x 4Q-2010):** The 2% reduction in Bolivian gas imports reflected the decline in thermal power generation.

| First quarter |       |                       |
|---------------|-------|-----------------------|
| 2011          | 2010  | 2011 X<br>2010<br>(%) |
| 168           | 152   | 11                    |
| 2,037         | 2,317 | (12)                  |
| 773           | 456   | 70                    |
| 33            | 19    | 81                    |

**(1Q-2011 x 1Q-2010):** The 10% increase in Bolivian gas imports was due to higher demand for thermal power and the increase in industrial consumption.

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Electricity sales volume climbed by 6%, reflecting the trading optimization policy through balance and short-term sales.

The 75% reduction in power generation was caused by lower dispatch by the ONS (National System Operator) due to the higher water levels.

The 71% decline in the difference settlement price reflected the slight increase in reservoir water levels.

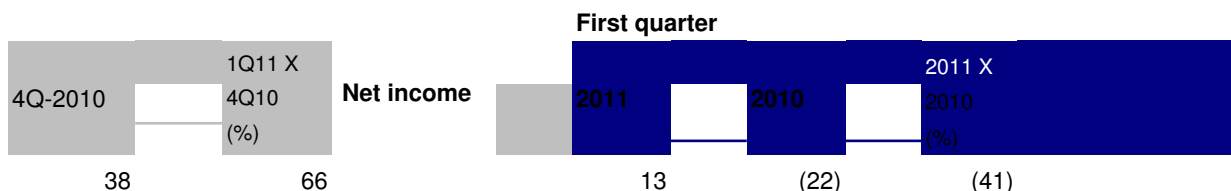
The 12% downturn in electricity sales was caused by the increase in the difference settlement price in 1Q-2011, which reduced balance sales.

The 70% increase in power generation, reflected lower-than-expected water levels, together with high temperatures and increased dispatch by the ONS due to increased confidence in the System's reliability. The 81% upturn in the difference settlement price reflected the reduction in reservoir water levels in 2011.

(\*) Unaudited.

<sup>13</sup> PLD – weekly prices weighted by load level (light, medium and heavy), number of hours and sub-market capacity.

**BIOFUEL**



**(1Q-2011 x 4Q-2010):** The reduction in losses reflected the increase in sales volume due to higher biofuel production and sales, the development of agribusiness activities and higher gains from the Company's interests in ethanol producing investees.

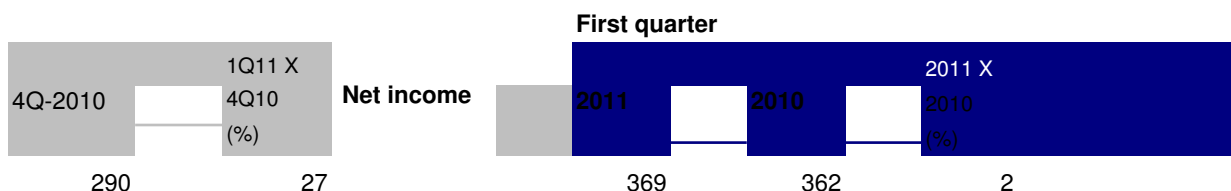
These effects were partially offset by higher operating costs.

Biodiesel operations are still being consolidated in Brazil, and current sales volume and auction price levels do not yet permit wider operating margins.

**(1Q-2011 x 1Q-2010):** The reduced losses were due to higher biodiesel sales volume and gains from the Company's interests in ethanol producing investees.

These factors were partially offset by higher biodiesel raw material acquisition and transportation costs, expenses from the implementation of new projects and higher operating expenses, reflecting the expansion of the business.

**DISTRIBUTION**



**(1Q-2011 x 4Q-2010):** The upturn in net income was due to the 6% increase in sales margins and the reduction in selling expenses with services, sales promotions and the 2010/2011 pay rise.

These effects were partially offset by the 7% reduction in sales volume.

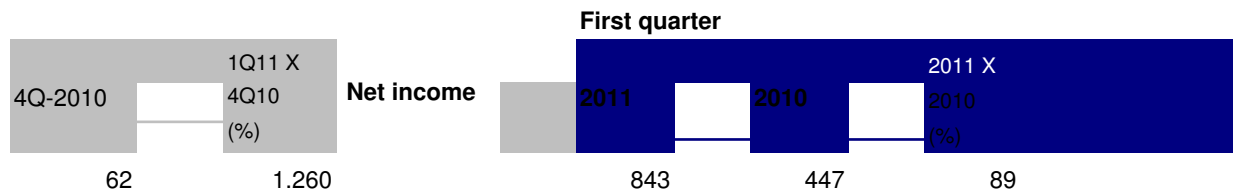
The share of the fuel distribution market was 38.9% in 1Q-2011, versus 39.0% in the previous quarter.

**(1Q-2011 x 1Q-2010):** Net income remained flat given that the 3% increase in sales margins and the 6% upturn in sales volume were offset by the increase in selling expenses with services, provisions for doubtful debts and personnel, the latter explained by the 2010/2011 collective bargaining agreement.

The share of the fuel distribution market declined from 39.5% in 2010 to 38.9% in 2011.



**INTERNATIONAL MARKET**



**(1Q-2011 x 4Q-2010):** The increase in net income reflected the upturn in gross profit (R\$454 million) due to higher commodity prices, and the reduction in exploration expenses and the write-off of wells in 1Q-2011 (R\$577 million).

**(1Q-2011 x 1Q-2010):** The year-on-year increase was caused by higher international commodity prices in 2011 and increased sales volume in Nigeria due to the operational start-up of new production wells in 2010, affecting gross profit (R\$464 million).

| 4Q-2010                                      | 1Q11 X   | International Production (th. barrels/day) (*)   |
|--|----------|--|
|  | 4Q10 (%) |  |
| <b>Consolidated international production</b> |          |  |
| 143  | (2)      | Oil and LNG                                      |
| 93   |          | Natural gas                                      |
| <b>236</b>                                   | (1)      | <b>Total</b>                                     |
| <b>8</b>                                     | 13       | <b>Non consolidated internacional production</b> |
| <b>244</b>                                   | (1)      | <b>Total international production</b>            |

| First quarter |            |          |
|---------------|------------|----------|
| 2011          | 2010       | 2011 X   |
|               |            | 2010 (%) |
| 140           | 142        | (1)      |
| 93            | 95         | (2)      |
| <b>233</b>    | <b>237</b> | (2)      |
| <b>9</b>      | <b>8</b>   | 13       |
| <b>242</b>    | <b>245</b> | (1)      |

**(1Q-2011 x 4Q-2010):** Consolidated oil and LNG production fell due to the termination of the Exploration & Production agreements in Ecuador and the decline in output from the mature fields in Colombia. Consolidated gas production remained flat over the previous quarter.

**(1Q-2011 x 1Q-2010):** Consolidated oil and LNG production fell due to the termination of the Exploration & Production agreements in Ecuador and the decline in output from the mature fields in Argentina and Colombia, offset by the operational start-up of new wells in the Akpo and Agbami fields



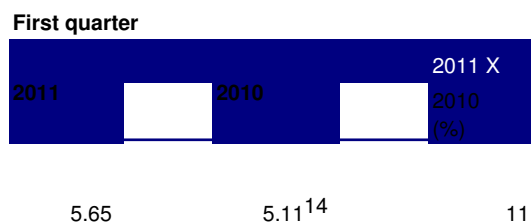
in Nigeria.

The reduction in gas production was due to the decline in output from mature fields and disputes with unions in Argentina, offset by higher demand for Bolivian gas in Brazil.

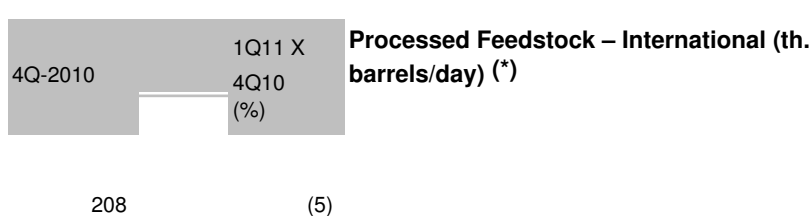
(\*) Unaudited.



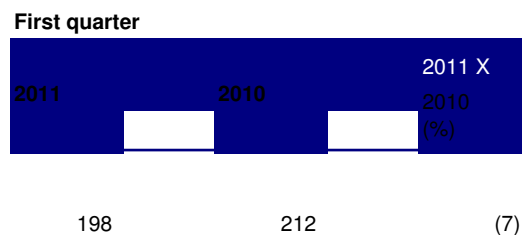
**(1Q-2011 x 4Q-2010):** Lower expenses from third-party services in Argentina, Colombia and Angola due to the reduction in well intervention and maintenance services.



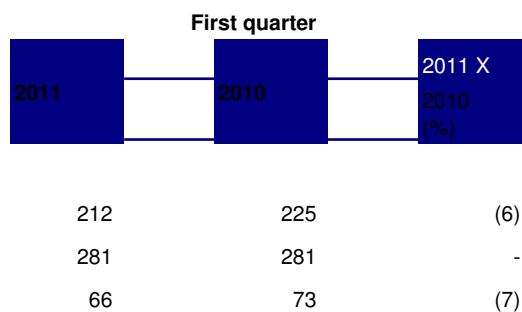
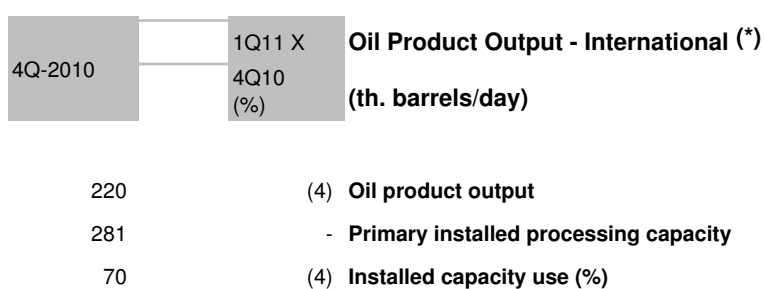
**(1Q-2011 x 1Q-2010):** Increase in third-party and materials expenses in Argentina, due to contractual price adjustments and the higher volume of well intervention services.



**(1Q-2011 x 4Q-2010):** Lower processed feedstock due to the scheduled maintenance stoppage at the FCC catalytic cracking unit in the USA.



**(1Q-2011 x 1Q-2010):** Reduction in processed feedstock due to the February stoppage at the hydrotreatment unit (HDT) in Bahia Blanca (Argentina) and the scheduled stoppage at the FCC catalytic cracking unit in the USA in march/2011.



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**(1Q-2011 x 4Q-2010):** Higher maintenance expenses in the Pasadena refinery in the USA due to the scheduled stoppage in 1Q-2011.

**(1Q-2011 x 1Q-2010):** Refinery costs increased in the USA due to expenses from the scheduled stoppage at the FCC catalytic cracking unit in March 2011 and the reduction in total processed feedstock.

(\*) Unaudited.

<sup>14</sup> Revised lifting cost in the Nigerian unit.

Sales Volume – thousand barrels/day<sup>(\*)</sup>

| 4Q-2010      | 1Q11 X<br>4Q10<br>(%) | First quarter |              |                       |
|--------------|-----------------------|---------------|--------------|-----------------------|
|              |                       | 2011          | 2010         | 2011 X<br>2010<br>(%) |
| 841          | (5)                   | 796           | 733          | 9                     |
| 414          | 6                     | 439           | 410          | 7                     |
| 91           | (8)                   | 84            | 104          | (19)                  |
| 197          | (22)                  | 153           | 149          | 3                     |
| 219          | (5)                   | 208           | 203          | 2                     |
| 99           |                       | 99            | 84           | 18                    |
| 191          | (1)                   | 189           | 168          | 13                    |
| <b>2,052</b> | <b>(4)</b>            | <b>1,968</b>  | <b>1,851</b> | <b>6</b>              |
| 111          | (23)                  | 85            | 81           | 5                     |
| 363          | (20)                  | 291           | 257          | 13                    |
| <b>2,526</b> | <b>(7)</b>            | <b>2,344</b>  | <b>2,189</b> | <b>7</b>              |
| 658          | (2)                   | 646           | 749          | (14)                  |
| 601          | (11)                  | 536           | 561          | (4)                   |
| <b>1,259</b> | <b>(6)</b>            | <b>1,182</b>  | <b>1,310</b> | <b>(10)</b>           |
| <b>3,785</b> | <b>(7)</b>            | <b>3,526</b>  | <b>3,499</b> | <b>1</b>              |

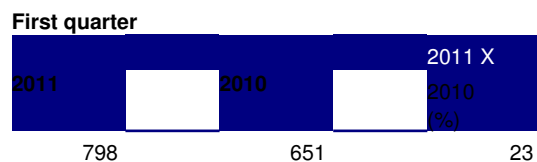
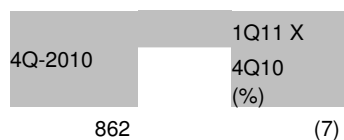
Domestic sales volume increased by 7% over 1Q-2010, reflecting economic growth as well as the following factors:

- Diesel (increase of 9%) – due to the reduced market share of the other local players;
- Gasoline (increase of 7%) – reflecting the more advantageous gasoline prices compared to those of ethanol in most states, as well as the expansion of the vehicle fleet;
- Natural gas (increase of 13%) – accompanying industrial growth and greater demand for power generation;
- Jet fuel (increase of 18%) – due to the appreciation of the Real and the greater number of domestic and international flights.

The 19% reduction in fuel oil reflected the substitution of part of natural gas consumption, both in the thermal and industrial segments.

Exports declined by 14%, due to increased oil supply in 1Q-2010, reflecting the scheduled stoppage in the Replan refinery.

## Corporate Overhead (US\$ million) (\*)



**(1Q-2011 x 4Q-2010):** Excluding the appreciation of the Real, corporate overhead fell 9%, due to the reduction in expenses from social programs, sponsorships and data processing, partially offset by higher personnel expenses.

**(1Q-2011 x 1Q-2010):** Excluding the appreciation of the Real, corporate overhead climbed by 15% over Q-2010, due to higher personnel, sponsorship marketing and advertising expenses.

(\*) Unaudited.

<sup>15</sup> Altered in accordance with the revision of PESA's volumes.

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**Consolidated Investments**

|   | <b>R\$ million</b>   |          |             |               |            |             |
|---|----------------------|----------|-------------|---------------|------------|-------------|
|   | <b>First quarter</b> |          |             |               |            |             |
|   | <b>2011</b>          | <b>%</b> | <b>2010</b> | <b>%</b>      | <b>Δ%</b>  |             |
| <b>• Own Investments</b>                  | <b>15,585</b>        |          | <b>98</b>   | <b>16,707</b> | <b>94</b>  | <b>(7)</b>  |
| Exploration & Production                  | 7,196                |          | 45          | 7,778         | 44         | (7)         |
| Refining, Transportation & Marketing      | 5,845                |          | 38          | 5,262         | 29         | 11          |
| Gas & Power                               | 917                  |          | 6           | 1,629         | 9          | (44)        |
| International (I)                         | 870                  |          | 5           | 1,467         | 8          | (41)        |
| Distribution                              | 235                  |          | 1           | 116           | 1          | 103         |
| Biofuels                                  | 219                  |          | 1           | 116           | 1          | 89          |
| Corporate                                 | 303                  |          | 2           | 339           | 2          | (11)        |
| <b>• Special purpose companies (SPCs)</b> |                      |          |             |               |            |             |
| (II)                                      | <b>286</b>           |          | <b>2</b>    | <b>1,046</b>  | <b>6</b>   | <b>(73)</b> |
| <b>Total investments</b>                  | <b>15,871</b>        |          | <b>100</b>  | <b>17,753</b> | <b>100</b> | <b>(11)</b> |
| <br>                                      |                      |          |             |               |            |             |
| <b>(I) International</b>                  | <b>870</b>           |          | <b>100</b>  | <b>1,467</b>  | <b>100</b> | <b>(41)</b> |
| Exploration & Production                  | 752                  |          | 86          | 1,398         | 96         | (46)        |
| Refining, Transportation & Marketing      | 71                   |          | 8           | 32            | 2          | 122         |
| Gas & Power                               | 31                   |          | 4           | 19            | 1          | 63          |
| Distribution                              | 11                   |          | 1           | 12            | 1          | (8)         |
| Other                                     | 5                    |          | 1           | 6             |            | (17)        |
| <br>                                      |                      |          |             |               |            |             |
| <b>(II) Projects developed by SPCs</b>    | <b>286</b>           |          | <b>100</b>  | <b>1,046</b>  | <b>100</b> | <b>(73)</b> |
| Exploration & Production                  | 45                   |          | 16          | 150           | 14         | (70)        |
| Refining, Transportation & Marketing      | 164                  |          | 57          | 157           | 15         | 4           |
| Gas & Power                               | 68                   |          | 24          | 739           | 71         | (91)        |
| Distribution                              | 9                    |          | 3           |               |            |             |

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 155 joint ventures abroad, of which it operates 79.

## Consolidated Debt

| <b>R\$ million</b>   |                   |                   |           |
|--|-------------------|-------------------|-----------|
|  | <b>03.31.2011</b> | <b>12.31.2010</b> | <b>Δ%</b> |
| <b>Short-term debt 16</b>                                  | 16,595            | 15,668            | 6         |
| <b>Long-term debt 17</b>                                   | 112,404           | 102,247           | 10        |
| <b>Total</b>   | 128,999           | 117,915           | 9         |
| <b>Cash and cash equivalents</b>                           | 43,345            | 30,323            | 43        |
| <b>Treasury Bills (maturity of more than 90 days)</b>      | 19,590            | 25,525            | (23)      |
| <b>Adjusted cash equivalents</b>                           | 62,935            | 55,848            | 13        |
| <b>Net debt 18</b>   | 66,064            | 62,067            | 6         |
| <b>Net debt/(net debt + shareholder's equity)</b>          | 17%               | 17%               | -         |
| <b>Total net liabilities 19</b>                            | 482,010           | 464,122           | 4         |
| <b>Capital structure</b>                                   |                   |                   |           |
| <b>(net third parties capital / total net liabilities)</b> | 34%               | 33%               | 1         |
| <b>Net debt/EBITDA ratio</b>                               | 1.03              | 1.03              | -         |
| <b>US\$ million</b>  |                   |                   |           |
|  | <b>03.31.2011</b> | <b>12.31.2010</b> | <b>Δ%</b> |
| <b>Short-term debt</b>                                     | 10,189            | 9,403             | 8         |
| <b>Long-term debt</b>                                      | 69,015            | 61,365            | 12        |
| <b>Total</b>   | 79,204            | 70,769            | 12        |
| <b>Net debt</b>  | 40,562            | 37,250            | 9         |

The net debt of the Petrobras System increased by 6% over December 31, 2010, due to the raising of long-term funding abroad through bond issues, partially offset by financial investments in Brazil.

<sup>16</sup> Includes financial leaseings (R\$159million on March 31, 2011 and R\$176 million on December 31, 2010).

<sup>17</sup> Includes financial leaseings (R\$201 million on March 31, 2011 and R\$196 million on December 31, 2010).

<sup>18</sup> Total debt less cash and cash equivalents.

<sup>19</sup> Total liabilities net of cash and financial investments.

## Income Statement – Consolidated

| R\$ million   |  |               |              |
|---------------|--|---------------|--------------|
| 4Q-2010       |  | First quarter |              |
|               |  | 2011          | 2010         |
| 54,492        | <b>Revenue from sales</b>  | 54,800        | 50,412       |
| (35,612)      | Cost of products sold  | (34,596)      | (31,102)     |
| 18,880        | <b>Gross profit</b>  | 20,204        | 19,310       |
|               | <b>Expenses</b>  |               |              |
| (2,172)       | Selling  | (2,116)       | (2,072)      |
| (2,154)       | General and administrative                                       | (2,010)       | (1,829)      |
| (1,367)       | Exploratory cost   | (942)         | (1,003)      |
| (428)         | Research & development   | (492)         | (391)        |
| (317)         | Taxes  | (251)         | (153)        |
| (1,669)       | Other  | (1,857)       | (2,245)      |
| (8,107)       |  | (7,668)       | (7,693)      |
|               | <b>Income before financial results, profit sharing and taxes</b> |               |              |
| 10,773        |  | 12,536        | 11,617       |
| 1,926         | Net financial result   | 2,022         | (701)        |
| 389           | Interest in investments  | 277           | (179)        |
| 13,088        | <b>Income before taxes</b>                                       | 14,835        | 10,737       |
| (2,452)       | Income tax and social contribution                               | (3,641)       | (2,940)      |
| <b>10,636</b> | <b>Net income</b>  | <b>11,194</b> | <b>7,797</b> |
| (34)          | Minority interest  | (209)         | (71)         |
| <b>10,602</b> | <b>Net income attributable to Petrobras shareholders</b>         | <b>10,985</b> | <b>7,726</b> |



## Balance Sheet – Consolidated

| ASSETS                                 | R\$ million    |                |
|--|----------------|----------------|
|  | 03.31.2011     | 12.31.2010     |
| <b>Current Assets</b>                  | <b>120,036</b> | <b>106,685</b> |
| Cash and cash equivalents              | 43,345         | 30,323         |
| Marketable securities                  | 20,016         | 26,017         |
| Accounts receivable                    | 17,778         | 17,334         |
| Inventories                            | 23,869         | 19,816         |
| Taxes recoverable                      | 10,178         | 8,935          |
| Other                                  | 4,850          | 4,260          |
| <b>Non Current Assets</b>              | <b>424,909</b> | <b>413,285</b> |
| <b>Long-term assets</b>                | <b>38,681</b>  | <b>38,470</b>  |
| Accounts receivable                    | 4,969          | 4,956          |
| Marketable securities                  | 5,127          | 5,208          |
| Judicial deposits                      | 2,897          | 2,807          |
| Deferred taxes and social contribution | 17,068         | 17,211         |
| Advances to suppliers                  | 4,807          | 4,976          |
| Other                                  | 3,813          | 3,312          |
| <b>Investments</b>                     | <b>9,222</b>   | <b>8,879</b>   |
| <b>Fixed assets</b>                    | <b>294,165</b> | <b>282,838</b> |
| <b>Intangible assets</b>               | <b>82,841</b>  | <b>83,098</b>  |
| <b>Total assets</b>                    | <b>544,945</b> | <b>519,970</b> |

| LIABILITIES                            | R\$ million    |                |
|--|----------------|----------------|
|  | 03.31.2011     | 12.31.2010     |
| <b>Current Liabilities</b>             | <b>60,590</b>  | <b>56,834</b>  |
| Short-term debt                        | 16,595         | 15,668         |
| Suppliers                              | 18,601         | 17,044         |
| Taxes and social contribution          | 10,792         | 10,250         |
| Dividends                              | 4,216          | 3,595          |
| Salaries, benefits and charges         | 2,569          | 2,606          |
| Pension and health plan                | 1,348          | 1,303          |
| Other                                  | 6,469          | 6,368          |
| <b>Non Current Liabilities</b>         | <b>166,163</b> | <b>152,911</b> |
| Long-term Debt                         | 112,404        | 102,247        |
| Deferred taxes and social contribution | 28,961         | 26,161         |
| Pension and health plan                | 15,708         | 15,278         |

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|                                |                |                |
|--------------------------------|----------------|----------------|
| Provision for well abandonment | 6,443          | 6,505          |
| Provision for lawsuits         | 1,356          | 1,372          |
| Other                          | 1,291          | 1,348          |
| <b>Shareholders' Equity</b>    | <b>318,192</b> | <b>310,225</b> |
| Capital stock                  | 205,357        | 205,357        |
| Reserves/Income for the period | 109,424        | 101,409        |
| <b>Minority Interest</b>       | <b>3,411</b>   | <b>3,459</b>   |
| <b>Total Liabilities</b>       | <b>544,945</b> | <b>519,970</b> |

## Statement of Cash Flow – Consolidated

| R\$ million     |  | First quarter  | 2010            |
|-----------------|--|----------------|-----------------|
| 4Q-2010         |  | 2011           |                 |
|                 | <b>Net Income Attributable to Petrobras</b>                  |                |                 |
| <b>10,602</b>   | <b>Shareholders</b>  | <b>10,985</b>  | <b>7,726</b>    |
| 4,823           | (+) Adjustments  | 1,939          | 1,950           |
| 3,930           | Depreciation and amortization                                | 3,558          | 3,265           |
| (662)           | Interest, FX rate and monetary variation                     | (771)          | 1,116           |
| 34              | Minority interest  | 209            | 71              |
| (389)           | Equity income  | (277)          | 179             |
| 1,923           | Deferred income tax and contribution                         | 2,373          | (446)           |
| 859             | Write-off of dry wells                                       | 538            | 632             |
| (24)            | Impairment losses  | 163            | 310             |
| 1,403           | Inventory variation  | (4,266)        | (563)           |
| 693             | Accounts receivable variation                                | (877)          | (2,450)         |
| (2,183)         | Supplier variation   | 2,157          | (900)           |
| 173             | Pension and health plan variation                            | 480            | 600             |
| 173             | Tax variation  | (237)          | (1,077)         |
| (1,107)         | Other adjustments  | (1,111)        | 1,213           |
| <b>15,425</b>   | <b>(=) Cash Generated by Operating Activities</b>            | <b>12,924</b>  | <b>9,676</b>    |
| <b>(32,942)</b> | <b>(-) Cash Used in Investment Activities</b>                | <b>(9,395)</b> | <b>(16,013)</b> |
| (18,879)        | Investments in business areas                                | (15,329)       | (16,022)        |
| (14,063)        | Marketable Securities  | 5,934          | 9               |
| <b>(17,517)</b> | <b>(=) Free Cash Flow</b>                                    | <b>3,529</b>   | <b>(6,337)</b>  |
| <b>758</b>      | <b>(-) Cash Used in Financing Activities</b>                 | <b>9,704</b>   | <b>4,188</b>    |
| 5,197           | Capital increase   |                |                 |
| 9,248           | Cash capitalization  | 15,355         | 10,124          |
| (4,691)         | Amortization of principal                                    | (2,172)        | (4,277)         |
| (3,971)         | Amortization of interest                                     | (1,641)        | (1,635)         |
| (4,075)         | Dividends  | (1,838)        | (24)            |
| (950)           | Others   |                |                 |
| (210)           | (+) FX effect on cash and cash equivalents                   | (211)          | 66              |
| <b>(16,969)</b> | <b>(=) Cash and cash equivalents generated in the period</b> | <b>13,022</b>  | <b>(2,083)</b>  |
| 47,292          | Cash and cash equivalents at beginning of period             | 30,323         | 29,034          |
| 30,323          | Cash and cash equivalents at end of period                   | 43,345         | 26,951          |

**Statement of Added Value – Consolidated**

|   | R\$ million   |               |
|---|---------------|---------------|
|   | First quarter |               |
|   | 2011          | 2010          |
| <b>Revenue</b>  |               |               |
| Sales of products and services <sup>20</sup>                  | 70,267        | 64,485        |
| Asset construction  | 15,246        | 16,136        |
|   | 85,513        | 80,621        |
| <b>Input acquisitions from third parties</b>                  |               |               |
| Raw materials used  | (11,458)      | (9,738)       |
| Products for resale   | (8,415)       | (9,114)       |
| Energy, services & other                                      | (14,575)      | (16,698)      |
| Tax credits on inputs acquired from third parties             | (3,985)       | (5,322)       |
| Impairment losses   | (163)         | (310)         |
|   | (38,596)      | (41,182)      |
| <b>Gross added value</b>                                      | 46,917        | 39,439        |
| <b>Retentions</b>   |               |               |
| Depreciation and amortization                                 | (3,558)       | (3,265)       |
| <b>Net added value produced by the Company</b>                | 43,359        | 36,174        |
| <b>Added value received</b>                                   |               |               |
| Equity income   | 277           | (179)         |
| Financial revenue - including monetary and exchange variation | 1,793         | 760           |
| Rent, royalties and other                                     | 231           | 335           |
|   | 2,301         | 916           |
| <b>Added value to distribute</b>                              | <b>45,660</b> | <b>37,090</b> |
| <b>Distribution of added value</b>                            |               |               |
| <b>Personnel and administrative</b>                           |               |               |
| <b>Salaries/profit sharing</b>                                |               |               |
| Salaries  | 3,434         | 2,910         |
| <b>Benefits</b>   |               |               |
| Advantages  | 193           | 175           |

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|   |               |               |
|---|---------------|---------------|
| Health, retirement and pension plan         | 912           | 758           |
| <b>FGTS</b>                                 | 216           | 192           |
|   | 4,755         | 4,035         |
| <b>Taxes</b>                                |               |               |
| Federal                                     | 15,694        | 13,016        |
| State                                       | 8,407         | 6,098         |
| Municipal                                   | 68            | 60            |
| Foreign states                              | 1,417         | 1,341         |
|   | 25,586        | 20,515        |
| <b>Financial institutions and suppliers</b> |               |               |
| Interest, FX rate and monetary variation    | 1,431         | 2,576         |
| Rent and freight expenses                   | 2,694         | 2,167         |
|   | 4,125         | 4,743         |
| <b>Shareholders</b>                         |               |               |
| Interest on equity                          | 2,609         | 1,755         |
| Minority interest                           | 209           | 71            |
| Retained earnings                           | 8,376         | 5,971         |
|   | 11,194        | 7,797         |
| <b>Added value distributed</b>              | <b>45,660</b> | <b>37,090</b> |

<sup>20</sup> Net of provisions for doubtful accounts.

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Consolidated Income Statement by Business Area - Jan-Mar/2011 <sup>21</sup>

| R\$ MILLION   |                |                |                   |             |               |              |                |                 |                |
|---|----------------|----------------|-------------------|-------------|---------------|--------------|----------------|-----------------|----------------|
|   | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS    | DISTRIB.      | INTERN.      | CORP.          | ELIMIN.         | TOTAL          |
| <b>Revenue from sales</b>                                       | <b>28,043</b>  | <b>44,322</b>  | <b>3,825</b>      | <b>202</b>  | <b>16,698</b> | <b>7,273</b> | -              | <b>(45,563)</b> | <b>54,800</b>  |
| Intersegment  | 28,005         | 14,699         | 563               | 160         | 319           | 1,817        | -              | (45,563)        | -              |
| Third parties   | 38             | 29,623         | 3,262             | 42          | 16,379        | 5,456        | -              | -               | 54,800         |
| Cost of goods sold  | (12,210)       | (43,216)       | (2,460)           | (218)       | (15,230)      | (5,472)      | -              | 44,210          | (34,596)       |
| <b>Gross profit</b>   | <b>15,833</b>  | <b>1,106</b>   | <b>1,365</b>      | <b>(16)</b> | <b>1,468</b>  | <b>1,801</b> | -              | <b>(1,353)</b>  | <b>20,204</b>  |
| <b>Expenses</b>   | <b>(1,691)</b> | <b>(1,600)</b> | <b>(620)</b>      | <b>(46)</b> | <b>(909)</b>  | <b>(898)</b> | <b>(1,984)</b> | <b>80</b>       | <b>(7,668)</b> |
| Selling, General & administrative                               | (189)          | (1,243)        | (497)             | (37)        | (912)         | (412)        | (891)          | 55              | (4,126)        |
| Exploratory costs   | (858)          | -              | -                 | -           | -             | (84)         | -              | -               | (942)          |
| Research & development  | (283)          | (88)           | (15)              | -           | (2)           | -            | (104)          | -               | (492)          |
| Taxes   | (21)           | (25)           | (28)              | (1)         | (12)          | (60)         | (104)          | -               | (251)          |
| Other   | (340)          | (244)          | (80)              | (8)         | 17            | (342)        | (885)          | 25              | (1,857)        |
| <b>Income before financial result, profit sharing and taxes</b> | <b>14,142</b>  | <b>(494)</b>   | <b>745</b>        | <b>(62)</b> | <b>559</b>    | <b>903</b>   | <b>(1,984)</b> | <b>(1,273)</b>  | <b>12,536</b>  |
| Net financial result  | -              | -              | -                 | -           | -             | -            | 2,022          | -               | 2,022          |
| Equity income   | -              | 225            | 15                | 28          | -             | 8            | 1              | -               | 277            |
| <b>Income before profit sharing and taxes</b>                   | <b>14,142</b>  | <b>(269)</b>   | <b>760</b>        | <b>(34)</b> | <b>559</b>    | <b>911</b>   | <b>39</b>      | <b>(1,273)</b>  | <b>14,835</b>  |
| Income tax and social contribution                              | (4,808)        | 168            | (253)             | 21          | (190)         | (67)         | 1,056          | 432             | (3,641)        |
| <b>Net income</b>   | <b>9,334</b>   | <b>(101)</b>   | <b>507</b>        | <b>(13)</b> | <b>369</b>    | <b>844</b>   | <b>1,095</b>   | <b>(841)</b>    | <b>11,194</b>  |
| Minority interest   | (7)            | 6              | 8                 | -           | -             | (1)          | (215)          | -               | (209)          |
| <b>Net income attributable to Petrobras shareholders</b>        | <b>9,327</b>   | <b>(95)</b>    | <b>515</b>        | <b>(13)</b> | <b>369</b>    | <b>843</b>   | <b>880</b>     | <b>(841)</b>    | <b>10,985</b>  |

Consolidated Income Statement by Business Area - Jan-Mar/2010 <sup>21</sup>

| R\$ MILLION |      |  |          |          |         |       |         |       |
|-------------|------|--|----------|----------|---------|-------|---------|-------|
| E&P         | RT&M |  | BIOFUELS | DISTRIB. | INTERN. | CORP. | ELIMIN. | TOTAL |

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|   |                |                | GAS<br>&<br>POWER |             |               |              |                |                 |                |
|---|----------------|----------------|-------------------|-------------|---------------|--------------|----------------|-----------------|----------------|
| <b>Revenue from sales</b>                                       | <b>23,389</b>  | <b>41,274</b>  | <b>3,083</b>      | <b>106</b>  | <b>15,300</b> | <b>5,840</b> | -              | <b>(38,580)</b> | <b>50,412</b>  |
| Intersegment  | 23,276         | 13,493         | 326               | 104         | 328           | 1,053        | -              | (38,580)        | -              |
| Third parties   | 113            | 27,781         | 2,757             | 2           | 14,972        | 4,787        | -              | -               | 50,412         |
| Cost of goods sold  | (10,403)       | (37,992)       | (1,782)           | (108)       | (13,962)      | (4,503)      | -              | 37,648          | (31,102)       |
| <b>Gross profit</b>   | <b>12,986</b>  | <b>3,282</b>   | <b>1,301</b>      | <b>(2)</b>  | <b>1,338</b>  | <b>1,337</b> | -              | <b>(932)</b>    | <b>19,310</b>  |
| <b>Expenses</b>   | <b>(1,926)</b> | <b>(1,412)</b> | <b>(743)</b>      | <b>(32)</b> | <b>(772)</b>  | <b>(640)</b> | <b>(2,232)</b> | <b>64</b>       | <b>(7,693)</b> |
| Selling, general & administrative                               | (162)          | (1,251)        | (473)             | (15)        | (797)         | (401)        | (864)          | 62              | (3,901)        |
| Exploratory costs   | (876)          | -              | -                 | -           | -             | (127)        | -              | -               | (1,003)        |
| Research & development  | (203)          | (63)           | (17)              | -           | (2)           | (1)          | (105)          | -               | (391)          |
| Taxes   | (13)           | (25)           | (11)              | -           | (8)           | (42)         | (54)           | -               | (153)          |
| Other   | (672)          | (73)           | (242)             | (17)        | 35            | (69)         | (1,209)        | 2               | (2,245)        |
| <b>Income before financial result, profit sharing and taxes</b> | <b>11,060</b>  | <b>1,870</b>   | <b>558</b>        | <b>(34)</b> | <b>566</b>    | <b>697</b>   | <b>(2,232)</b> | <b>(868)</b>    | <b>11,617</b>  |
| Net financial result  | -              | -              | -                 | -           | -             | -            | (701)          | -               | (701)          |
| Equity income   | -              | (103)          | (38)              | -           | (12)          | (5)          | (21)           | -               | (179)          |
| <b>Income before profit sharing and taxes</b>                   | <b>11,060</b>  | <b>1,767</b>   | <b>520</b>        | <b>(34)</b> | <b>554</b>    | <b>692</b>   | <b>(2,954)</b> | <b>(868)</b>    | <b>10,737</b>  |
| Income tax and social contribution                              | (3,761)        | (636)          | (189)             | 12          | (192)         | (184)        | 1,714          | 296             | (2,940)        |
| <b>Net income</b>   | <b>7,299</b>   | <b>1,131</b>   | <b>331</b>        | <b>(22)</b> | <b>362</b>    | <b>508</b>   | <b>(1,240)</b> | <b>(572)</b>    | <b>7,797</b>   |
| Minority interest   | 13             | (15)           | (8)               | -           | -             | (61)         | -              | -               | (71)           |
| <b>Net income attributable to Petrobras' shareholders</b>       | <b>7,312</b>   | <b>1,116</b>   | <b>323</b>        | <b>(22)</b> | <b>362</b>    | <b>447</b>   | <b>(1,240)</b> | <b>(572)</b>    | <b>7,726</b>   |

<sup>21</sup> As of 2011 Biofuel results are presented separately. This information was previously included in the corporate group. For comparative purposes, the 2010 information was reclassified.

**Consolidated EBITDA Statement by Business Area - 2011** <sup>22</sup>

| R\$ MILLION  |               |          |                   |             |            |              |                |                |               |
|--|---------------|----------|-------------------|-------------|------------|--------------|----------------|----------------|---------------|
|  | E&P           | RT&M     | GAS<br>&<br>POWER | BIOFUELS    | DISTRIB.   | INTERN.      | CORP.          | ELIMIN.        | TOTAL         |
| Income before financial result, profit sharing and taxes | 14,142        | (494)    | 745               | (62)        | 559        | 903          | (1,984)        | (1,273)        | 12,536        |
| Depreciation / amortization                              | 2,118         | 498      | 312               | 11          | 87         | 399          | 133            | -              | 3,558         |
| Impairment   | -             | -        | -                 | -           | -          | (1)          | -              | -              | (1)           |
| <b>EBITDA</b>  | <b>16,260</b> | <b>4</b> | <b>1,057</b>      | <b>(51)</b> | <b>646</b> | <b>1,301</b> | <b>(1,851)</b> | <b>(1,273)</b> | <b>16,093</b> |

**Statement of Other Operating Income (Expenses) - Jan-Mar/2011** <sup>22</sup>

| R\$ MILLION   |       |      |                   |          |          |         |       |         |       |
|---|-------|------|-------------------|----------|----------|---------|-------|---------|-------|
|   | E&P   | RT&M | GAS<br>&<br>POWER | BIOFUELS | DISTRIB. | INTERN. | CORP. | ELIMIN. | TOTAL |
| Unprogrammed stoppages and pre-operational expenses | (178) | (17) | (45)              | -        | -        | (234)   | -     | -       | (474) |
| Pension and health plan                             | -     | -    | -                 | -        | -        | -       | (391) | -       | (391) |
| Institutional relations and cultural projects       | (15)  | (12) | (2)               | -        | (7)      | -       | (234) | -       | (270) |
| Expenses with health, safety and the environment    | (21)  | (23) | (1)               | -        | -        | (54)    | (97)  | -       | (196) |
| Adjustment of inventories to market value           | 9     | (69) | -                 | (9)      | -        | (1)     | -     | -       | (70)  |
| Losses and contingencies related to lawsuits        | (9)   | (13) | (5)               | -        | (10)     | (4)     | (7)   | -       | (48)  |
| Operational expenses with thermoelectric            | -     | -    | (14)              | -        | -        | -       | -     | -       | (14)  |



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plants

|  |              |              |             |            |           |              |              |           |                |
|--|--------------|--------------|-------------|------------|-----------|--------------|--------------|-----------|----------------|
| Impairment losses                              | -            | -            | -           | -          | -         | 1            | -            | -         | 1              |
| Government incentives, donations and subsidies | 35           | 24           | 2           | -          | -         | -            | -            | -         | 61             |
| Other  | (161)        | (134)        | (15)        | 1          | 34        | (50)         | (156)        | 25        | (456)          |
|  | <b>(340)</b> | <b>(244)</b> | <b>(80)</b> | <b>(8)</b> | <b>17</b> | <b>(342)</b> | <b>(885)</b> | <b>25</b> | <b>(1,857)</b> |

Statement of Other Operating Income (Expenses) - Jan-Mar/2010 <sup>22</sup>

| R\$ MILLION   |              |             |              |             |           |             |                |          |                |
|---|--------------|-------------|--------------|-------------|-----------|-------------|----------------|----------|----------------|
| E&P   | RT&M         | GAS & POWER | BIOFUELS     | DISTRIB.    | INTERN.   | CORP.       | ELIMIN.        | TOTAL    |                |
| Unprogrammed stoppages and pre-operational expenses | (92)         | (6)         | (24)         | -           | -         | -           | -              | (122)    |                |
| Pension and health plan                             | -            | -           | -            | -           | -         | (408)       | -              | (408)    |                |
| Institutional relations and cultural projects       | (16)         | (10)        | (5)          | -           | (9)       | (192)       | -              | (232)    |                |
| Expenses with health, safety and the environment    | (21)         | (12)        | (1)          | -           | -         | (72)        | -              | (106)    |                |
| Adjustment of inventories to market value           | -            | (17)        | -            | -           | (100)     | -           | -              | (117)    |                |
| Losses and contingencies related to lawsuits        | (460)        | (10)        | (8)          | -           | (8)       | (6)         | (538)          | (1,030)  |                |
| Operational expenses with thermoelectric plants     | -            | -           | (158)        | -           | -         | -           | -              | (158)    |                |
| Impairment losses                                   | -            | -           | (80)         | -           | -         | (114)       | -              | (194)    |                |
| Government incentives, donations and subsidies      | 29           | 160         | 5            | -           | -         | -           | -              | 194      |                |
| Other   | (112)        | (178)       | 29           | (17)        | 52        | 151         | 1              | 2        | (72)           |
|   | <b>(672)</b> | <b>(73)</b> | <b>(242)</b> | <b>(17)</b> | <b>35</b> | <b>(69)</b> | <b>(1,209)</b> | <b>2</b> | <b>(2,245)</b> |

<sup>22</sup> As of 2011 Biofuel results are presented separately. This information was previously included in the corporate group. For comparative purposes, the 2010 information was reclassified.



**Consolidated Assets by Business Area -  
03.31.2011 23**

| R\$ MILLION                   |                |                |                   |              |               |               |               |                 |                |
|-------------------------------|----------------|----------------|-------------------|--------------|---------------|---------------|---------------|-----------------|----------------|
|                               | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS     | DISTRIB.      | INTERN.       | CORP.         | ELIMIN.         | TOTAL          |
| <b>Assets</b>                 | <b>234,185</b> | <b>130,900</b> | <b>50,011</b>     | <b>2,298</b> | <b>12,448</b> | <b>29,576</b> | <b>97,606</b> | <b>(12,079)</b> | <b>544,945</b> |
| <b>Current assets</b>         | <b>8,619</b>   | <b>35,498</b>  | <b>3,707</b>      | <b>276</b>   | <b>6,551</b>  | <b>5,906</b>  | <b>71,551</b> | <b>(12,072)</b> | <b>120,036</b> |
| <b>Non-current assets</b>     | <b>225,566</b> | <b>95,402</b>  | <b>46,304</b>     | <b>2,022</b> | <b>5,897</b>  | <b>23,670</b> | <b>26,055</b> | <b>(7)</b>      | <b>424,909</b> |
| Long-term assets              | 6,018          | 6,277          | 3,045             | 137          | 1,015         | 4,042         | 18,154        | (7)             | 38,681         |
| Investments                   |                | 6,502          | 202               | 1,038        | 20            | 1,312         | 148           |                 | 9,222          |
| Property, plant and equipment | 142,870        | 82,328         | 41,980            | 809          | 4,174         | 15,202        | 6,802         |                 | 294,165        |
| Intangible assets             | 76,678         | 295            | 1,077             | 38           | 688           | 3,114         | 951           |                 | 82,841         |

**Consolidated Assets by Business Area - 12.31.2010 23**

| R\$ MILLION                   |                |                |                   |              |               |               |               |                 |                |
|-------------------------------|----------------|----------------|-------------------|--------------|---------------|---------------|---------------|-----------------|----------------|
|                               | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS     | DISTRIB.      | INTERN.       | CORP.         | ELIMIN.         | TOTAL          |
| <b>Assets</b>                 | <b>227,601</b> | <b>117,625</b> | <b>50,175</b>     | <b>2,058</b> | <b>12,280</b> | <b>29,869</b> | <b>90,393</b> | <b>(10,031)</b> | <b>519,970</b> |
| <b>Current assets</b>         | <b>6,133</b>   | <b>28,853</b>  | <b>4,523</b>      | <b>283</b>   | <b>6,580</b>  | <b>5,750</b>  | <b>64,558</b> | <b>(9,995)</b>  | <b>106,685</b> |
| <b>Non-current assets</b>     | <b>221,468</b> | <b>88,772</b>  | <b>45,652</b>     | <b>1,775</b> | <b>5,700</b>  | <b>24,119</b> | <b>25,835</b> | <b>(36)</b>     | <b>413,285</b> |
| Long-term assets              | 6,268          | 6,024          | 2,829             | 147          | 951           | 4,054         | 18,233        | (36)            | 38,470         |
| Investments                   |                | 6,276          | 295               | 802          | 16            | 1,340         | 150           |                 | 8,879          |
| Property, plant and equipment | 138,519        | 76,186         | 41,262            | 788          | 4,050         | 15,559        | 6,474         |                 | 282,838        |
| Intangible assets             | 76,681         | 286            | 1,266             | 38           | 683           | 3,166         | 978           |                 | 83,098         |

<sup>23</sup> As of 2011 Biofuel results are presented separately. This information was previously included in the corporate group. For comparative purposes, the 2010 information was reclassified.

## Consolidated Income Statement by International Business Area

R\$ MILLION  
INTERNATIONAL

|   | E&P        | RT&M        | GAS<br>&<br>POWER | DISTRIB.    | CORP.        | ELIMIN.     | TOTAL      |
|---|------------|-------------|-------------------|-------------|--------------|-------------|------------|
| <b>Income Statement-<br/>1Q-2011</b>  |            |             |                   |             |              |             |            |
| Revenue from sales  | 2,108      | 3,698       | 533               | 2,032       |              | (1,098)     | 7,273      |
| Intersegment  | 1,765      | 1,038       | 106               | 16          |              | (1,108)     | 1,817      |
| Third parties   | 343        | 2,660       | 427               | 2,016       |              | 10          | 5,456      |
| <b>Earnings before<br/>financial result, profit<br/>sharing<br/>and taxes</b> | <b>808</b> | <b>217</b>  | <b>101</b>        | <b>(35)</b> | <b>(188)</b> |             | <b>903</b> |
| <b>Net income<br/>attributable to<br/>Petrobras<br/>shareholders</b>          | <b>747</b> | <b>221</b>  | <b>76</b>         | <b>(40)</b> | <b>(161)</b> |             | <b>843</b> |
| <b>Income Statement-<br/>1Q-2010</b>  |            |             |                   |             |              |             |            |
| Revenue from sales  | 1,498      | 3,100       | 566               | 1,618       |              | (942)       | 5,840      |
| Intersegment  | 1,183      | 704         | 101               | 18          |              | (953)       | 1,053      |
| Third parties   | 315        | 2,396       | 465               | 1,600       |              | 11          | 4,787      |
| <b>Earnings before<br/>financial result, profit<br/>sharing<br/>and taxes</b> | <b>673</b> | <b>(68)</b> | <b>118</b>        | <b>62</b>   | <b>(74)</b>  | <b>(14)</b> | <b>697</b> |

Net income  
attributable to  
Petrobras  
shareholders

483 (62) 68 59 (87) (14) 447

Consolidated Income Statement by International Business Area

|                      | R\$ MILLION<br>INTERNATIONAL |       |                   |          |       |         |        |
|----------------------|------------------------------|-------|-------------------|----------|-------|---------|--------|
|                      | E&P                          | RT&M  | GAS<br>&<br>POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL  |
| Assets in 03.31.2011 | 20,938                       | 5,337 | 3,165             | 1,659    | 2,586 | (4,109) | 29,576 |
| Assets in 12.31.2010 | 20,715                       | 5,433 | 3,213             | 1,645    | 2,801 | (3,938) | 29,869 |

## Income Statement – Parent Company

| R\$ million   |   | First quarter |              |
|---------------|---|---------------|--------------|
| 4Q-2010       |   | 2011          | 2010         |
| 39,958        | <b>Revenue from sales</b>   | 40,097        | 36,952       |
| (25,387)      | Cost of products sold   | (24,703)      | (21,342)     |
| 14,571        | <b>Gross profit</b>   | 15,394        | 15,610       |
|               | <b>Expenses</b>   |               |              |
| (2,151)       | Sales   | (2,251)       | (1,750)      |
| (1,459)       | General and administrative  | (1,324)       | (1,225)      |
| (706)         | Exploratory costs   | (859)         | (876)        |
| (399)         | Research & development  | (483)         | (380)        |
| (140)         | Taxes   | (126)         | (81)         |
| (1,177)       | Other   | (1,672)       | (2,210)      |
| (6,032)       |   | (6,715)       | (6,522)      |
|               | <b>Earnings before financial result, profit sharing and taxes</b> | 8,679         | 9,088        |
| 8,539         | Net financial result  | 1,789         | 116          |
| 1,449         | Equity income   | 3,076         | 992          |
| 2,173         | <b>Income before taxes</b>  | 13,544        | 10,196       |
| 12,161        | Income/social contribution taxes                                  | (2,699)       | (2,505)      |
| (1,608)       | <b>Net income attributable to Petrobras shareholders</b>          | <b>10,845</b> | <b>7,691</b> |
| <b>10,553</b> |   |               |              |

**Balance Sheet – Parent Company**

| <b>ASSETS</b>                          | <b>R\$ million</b> |                   |
|--|--------------------|-------------------|
|  | <b>03.31.2011</b>  | <b>12.31.2010</b> |
| <b>Current assets</b>                  | <b>108,447</b>     | <b>95,258</b>     |
| Cash and cash equivalents              | 33,420             | 19,995            |
| Marketable securities                  | 27,297             | 33,731            |
| Accounts receivable                    | 17,534             | 16,178            |
| Inventories                            | 18,223             | 15,199            |
| Taxes recoverable                      | 7,246              | 5,911             |
| Other                                  | 4,727              | 4,244             |
| <b>Non-current assets</b>              | <b>364,821</b>     | <b>371,397</b>    |
| <b>Long-term assets</b>                | <b>34,940</b>      | <b>52,384</b>     |
| Accounts receivable                    | 12,424             | 29,760            |
| Petroleum & Ethanol account            | 824                | 822               |
| Marketable securities                  | 4,679              | 4,749             |
| Judicial deposits                      | 2,513              | 2,426             |
| Deferred taxes and social contribution | 11,388             | 11,790            |
| Advances to suppliers                  | 1,090              | 964               |
| Other                                  | 2,022              | 1,873             |
| <b>Investments</b>                     | <b>51,156</b>      | <b>50,955</b>     |
| <b>Property, plant and equipment</b>   | <b>200,497</b>     | <b>189,775</b>    |
| <b>Intangible assets</b>               | <b>78,021</b>      | <b>78,042</b>     |
| <b>Deferred assets</b>                 | <b>207</b>         | <b>241</b>        |
| <b>Total Assets</b>                    | <b>473,268</b>     | <b>466,655</b>    |

| <b>LIABILITIES</b>             | <b>R\$ million</b> |                   |
|--------------------------------|--------------------|-------------------|
|                                | <b>03.31.2011</b>  | <b>12.31.2010</b> |
| <b>Current Liabilities</b>     | <b>59,625</b>      | <b>62,441</b>     |
| Financing                      | 1,908              | 1,506             |
| Financial leasing              | 3,442              | 3,149             |
| Taxes and social contribution  | 8,869              | 7,837             |
| Suppliers                      | 9,306              | 9,567             |
| Dividends / Interest on equity | 4,216              | 3,595             |



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|   |                |                |
|---|----------------|----------------|
| Salaries, benefits and charges          | 2,171          | 2,174          |
| Provision for profit sharing            | 941            | 1,428          |
| Pension and health plan                 | 1,278          | 1,209          |
| Subsidiaries, controlled and affiliates | 25,338         | 30,113         |
| Other                                   | 2,156          | 1,863          |
| <b>Non-current Liabilities</b>          | <b>98,440</b>  | <b>96,897</b>  |
| Financing                               | 35,772         | 36,430         |
| Financial leasing                       | 14,837         | 14,976         |
| Deferred taxes and social contribution  | 24,253         | 21,808         |
| Pension and health plan                 | 14,531         | 14,162         |
| Provision for lawsuits                  | 417            | 425            |
| Provision for well abandonment          | 6,040          | 6,072          |
| Subsidiaries and controlled companies   | 536            | 404            |
| Other                                   | 2,054          | 2,620          |
| <b>Shareholders' Equity</b>             | <b>315,203</b> | <b>307,317</b> |
| Paid-up capital                         | 205,357        | 205,357        |
| Reserves/Income for the period          | 99,001         | 101,960        |
| Net income                              | 10,845         |                |
| <b>Total Liabilities</b>                | <b>473,268</b> | <b>466,655</b> |

## 1. Analysis of Consolidated Gross Profit (1Q-2011 x 4Q-2010)

| R\$ million   |             |                       |                 |
|---|-------------|-----------------------|-----------------|
| Change<br>1Q-2011 X 1Q-2010   |             |                       |                 |
| Gross Profit Analysis - Main Items                                    | Net Revenue | Cost of<br>Goods Sold | Gross<br>Profit |
| <b>. Domestic Market:</b>   |             |                       |                 |
| - volumes sold  | (2,589)     | 1,780                 | (809)           |
| - domestic prices   | 1,208       |                       | 1,208           |
| <b>. International Market:</b>  |             |                       |                 |
| - export volumes  | 300         | (337)                 | (37)            |
| - export price  | 1,134       |                       | 1,134           |
| <b>. (Increase) decrease in expenses: (i)</b>                         |             | (806)                 | (806)           |
| <b>. Increase (decrease) in profitability of Distribution segment</b> | (701)       | 678                   | (23)            |
| <b>. Increase (decrease) in profitability of trading operations</b>   | 157         | (102)                 | 55              |
| <b>. Increase (decrease) in international sales</b>                   | 344         | 134                   | 478             |
| <b>. FX effect on overseas subsidiaries</b>                           | (178)       | 148                   | (30)            |
| <b>. Other</b>  | 633         | (479)                 | 154             |
|   | 308         | 1,016                 | 1,324           |

| (i) Breakdown of Variation in Expenses:                | Value |
|--|-------|
| - domestic government take                             | (875) |
| - purchase of renewable resources                      | (254) |
| - oil products (domestic purchases)                    | (165) |
| - imports of crude oil, oil products and gas           | (142) |
| - transportation: maritime and pipelines <sup>24</sup> | (85)  |
| - outsourced services                                  | (48)  |
| - purchase of nitrogen compounds                       | (10)  |
| - salaries, benefits and charges                       | 99    |
| - energy generation and purchase of energy for resale  | 262   |
| - materials, services, rent and depreciation           | 412   |
|  | (806) |

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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:

\*Similarly to 4Q-2010, first quarter COGS was positively influenced by the sale of inventories acquired at lower unit costs in previous periods, given the behavior of international prices when inventories were formed.

<sup>24</sup> Expenses with cabotage, terminals and pipelines.

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## 2. Analysis of Consolidated Gross Profit (1Q-2011 x 1Q-2010)

|                                    |   | R\$ million                 |                       |                 |
|------------------------------------|---|-----------------------------|-----------------------|-----------------|
|                                    |   | Change<br>1Q-2011 x 4Q-2010 |                       |                 |
| Gross Profit Analysis - Main Items |   | Net Revenue                 | Cost of<br>Goods Sold | Gross<br>Profit |
| <b>. Domestic Market:</b>          | - volumes sold  | 1,383                       | (237)                 | 1,146           |
|                                    | - domestic prices   | 791                         |                       | 791             |
| <b>. International Market:</b>     | - export volumes  | (1,385)                     | 604                   | (781)           |
|                                    | - export price  | 1,214                       |                       | 1,214           |
|                                    | <b>. (Increase) decrease in expenses: (i)</b>                         |                             | (2,033)               | (2,033)         |
|                                    | <b>. Increase (decrease) in profitability of Distribution segment</b> | 1,490                       | (1,359)               | 131             |
|                                    | <b>. Increase (decrease) in profitability of trading operations</b>   | 608                         | (388)                 | 220             |
|                                    | <b>. Increase (decrease) in international sales</b>                   | 1,094                       | (533)                 | 561             |
|                                    | <b>. FX effect on overseas subsidiaries</b>                           | (710)                       | 601                   | (109)           |
|                                    | <b>. Other</b>  | (97)                        | (149)                 | (246)           |
|                                    |   | 4,388                       | (3,494)               | 894             |

| (i) Breakdown of Variation in Expenses:                | Value   |
|--|---------|
| - domestic government take                             | (778)   |
| - imports of crude oil, oil products and gas           | (624)   |
| - outsourced services                                  | (217)   |
| - materials, services, rent and depreciation           | (135)   |
| - energy generation and purchase of energy for resale  | (86)    |
| - oil products (domestic purchases)                    | (78)    |
| - transportation: maritime and pipelines <sup>25</sup> | (41)    |
| - purchase of renewable resources                      | (34)    |
| - salaries, benefits and charges                       | (20)    |
| - purchase of nitrogen compounds                       | (20)    |
|  | (2,033) |

<sup>25</sup> Expenses with cabotage, terminals and pipelines.

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### 3. Consolidated Taxes and Contributions

The economic contribution of Petrobras measured through the generation of current taxes, duties and social contributions, totaled R\$19,329 million.

| R\$ million                                  |                       | First quarter |               |                       |
|--|-----------------------|---------------|---------------|-----------------------|
| 4Q-2010                                      | 1Q11 X<br>4Q10<br>(%) | 2011          | 2010          | 2011 X<br>2010<br>(%) |
| <b>Economic Contribution - Country</b>       |                       |               |               |                       |
| <b>Value Added Tax on Sales and Services</b> |                       |               |               |                       |
| 8,625  | (2)                   | 8,414         | 6,117         | 38                    |
| 1,947  | 2                     | 1,988         | 1,519         | 31                    |
| 4,798  | (28)                  | 3,475         | 3,193         | 9                     |
| 2,179  | 59                    | 3,456         | 2,750         | 26                    |
| 1,125  | (35)                  | 728           | 621           | 17                    |
| <b>18,674</b>                                | (3)                   | <b>18,061</b> | <b>14,200</b> | <b>27</b>             |
| 1,351  | (6)                   | 1,268         | 1,216         | 4                     |
| <b>20,025</b>                                | (3)                   | <b>19,329</b> | <b>15,416</b> | <b>25</b>             |

### 4. Government Take

| R\$ million    |                       | First quarter |              |                       |
|----------------|-----------------------|---------------|--------------|-----------------------|
| 4Q-2010        | 1Q11 X<br>4Q10<br>(%) | 2011          | 2010         | 2011 X<br>2010<br>(%) |
| <b>Country</b> |                       |               |              |                       |
| 2,489          | 16                    | 2,885         | 2,333        | 24                    |
| 2,634          | 22                    | 3,201         | 2,610        | 23                    |
| 45             | (51)                  | 22            | 32           | (31)                  |
| <b>5,168</b>   | 18                    | <b>6,108</b>  | <b>4,975</b> | <b>23</b>             |
| 134            | 11                    | 149           | 125          | 19                    |
| <b>5,302</b>   | 18                    | <b>6,257</b>  | <b>5,100</b> | <b>23</b>             |

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The government take in the country in 1Q-2011 increased over 4Q-2010, due to the 19% upturn in the reference price for local oil, which averaged R\$153.11/bbl (US\$91.90/bbl) versus R\$128.43/bbl (US\$75.72/bbl) in 4Q-2010, reflecting international oil prices.

In year-on-year terms, the government take also increased, due to the 23% upturn in the reference price for local oil, which averaged R\$153.11/bbl (US\$91.90/bbl) versus R\$124.27/bbl (US\$69.00/bbl) in 1Q-2010, reflecting international oil prices.

<sup>26</sup> CIDE – Economic Domain Contribution Charge.

**5. Indebtedness**

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**6. Foreign Exchange Exposure**

| <b>ASSETS</b>   | <b>R\$ million</b> |                   |
|---|--------------------|-------------------|
|   | <b>03.31.2011</b>  | <b>12.31.2010</b> |
| <b>Current assets</b>   | <b>12,527</b>      | <b>13,065</b>     |
| Cash and cash equivalents   | 9,772              | 10,818            |
| Other current assets  | 2,755              | 2,247             |
| <b>Non-current assets</b>   | <b>4,560</b>       | <b>18,755</b>     |
| Amounts invested abroad by partner companies in the international segment, in E&P equipment to be used in Brazil and in commercial activities | 2,880              | 17,351            |
| Other long-term assets  | 1,680              | 1,404             |
| <b>Total Assets</b>   | <b>17,087</b>      | <b>31,820</b>     |
|   |                    |                   |
| <b>LIABILITIES</b>  | <b>R\$ million</b> |                   |
|   | <b>03.31.2011</b>  | <b>12.31.2010</b> |
| <b>Current Liabilities</b>  | <b>(12,777)</b>    | <b>(11,562)</b>   |
| Financing   | (9,050)            | (7,953)           |
| Suppliers   | (3,173)            | (3,286)           |
| Other current liabilities   | (554)              | (323)             |
| <b>Non-current Liabilities</b>  | <b>(22,495)</b>    | <b>(26,248)</b>   |
| Financing   | (22,456)           | (26,208)          |
| Other long-term liabilities   | (39)               | (40)              |
| <b>Total Liabilities</b>  | <b>(35,272)</b>    | <b>(37,810)</b>   |
| <b>Net Assets (Liabilities) in Reais</b>  | <b>(18,185)</b>    | <b>(5,990)</b>    |
| (-) FINAME Loans - in reais indexed to dollar   | (101)              | (103)             |
| (-) BNDES Loans - in reais indexed to dollar  | (22,966)           | (23,906)          |
| <b>Net Assets (Liabilities) in Reais</b>  | <b>(41,252)</b>    | <b>(29,999)</b>   |

## 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: May 31, 2011

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

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**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.

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