PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
May 24, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

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

For the month of May, 2010

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

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

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

Form 20-F ___X___ 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___X____

Rio de Janeiro May 14, 2010 Petrobras announces today its consolidated results expressed in millions of Brazilian Reais, for the first time in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). **These are the Company s first financial statements presented in accordance with IFRS.** Information for the first and fourth quarters of 2009 (1Q-2009 and 4Q-2009) has been adjusted retroactive to 01.01.2009.

Consolidated net income totaled R$ 7,726 million in 1Q-2010

Main Results

R$ million					
			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)		**2010**	**2009**	2010 X 2009 (%)
7,438	4	**Consolidated Net Income**	**7,726**	**6,291**	23
14,317	5	**EBITDA**	**15,076**	**13,506**	12
347,085	(4)	**Market Value (Parent Company)**	**332,381**	**285,151**	17
2,561	(1)	**Total Oil and Natural Gas Production (th. barrel/day)**	**2,547**	**2,482**	3

1Q-2010 Highlights

Net income increased by 23% over 1Q-2009, mainly due to Brent crude prices, which averaged US$ 76/bbl (+73% over 1Q-2009), and the recovery of sales volume.

Total oil and gas production moved up by 3% year-on-year. Petrobras began the extended well test (EWT) in the Tiro and Sídon fields in the Santos Basin.

Investments totaled R$ 17,753 million in the quarter, most of which funded by the Company s strong cash flow, which totaled R$ 15.5 billion as measured by EBITDA.

Discovery of oil in the post- and pre-salt layers of the Barracuda field in the Campos Basin, and light crude in the Piranema field in the Sergipe Basin. These discoveries are the fruit of Petrobras strategy of intensifying exploration in areas adjacent to the productive fields in order to take full advantage of existing installations and, consequently, reduce production costs and ensure the rapid start-up of any new volumes discovered.

Sales totaled 3,507 mil (thousand) barrels/day, 3% up on the previous quarter and 7% more than in 1Q09.

Approval of CAPEX of between US$ 200-220 billion for the 2010-2014 Business Plan.

Announcement of the Investment and Shareholders Agreement with Odebrecht and Braskem, consolidating holdings in the petrochemical sector.

www.petrobras.com.br/ri/english
Contacts: PETRÓLEO BRASILEIRO S. A. PETROBRAS
Investor Relations Department I E-mail: petroinvest@petrobras.com.br / acionistas@petrobras.com.br
Av. República do Chile, 65 22nd floor - 20031-912 - Rio de Janeiro, RJ I Tel.: 55 (21) 3224-1510 / 9947

Dear shareholders and investors,

It is with considerable pride that we present Petrobras first quarterly results in accordance with international financial reporting standards (IFRS). The year over year increase of 23% in net income and 12% in cash flow measured by EBITDA is the result of growing production and higher international prices, and reinforces the soundness our business model.

We continue to increase our output of oil in Brazil, the foundation of our operating and financial results. In the first quarter, production increased by 3% year-on-year. In April we established a monthly production record, 2,032,620 barrels per day, exceeding by 29 mil (thousand) barrels our previous best in September of 2009. The record was largely due to the connection of new wells in Marlim Leste, and to the FPSO Cidade de Vitória, in Golfinho, as well as the beginning of the extended well test (EWT) in the Tiro and Sidon fields. The installation of the EWT less than two years after its discovery of Tiro and Sidon, and the transfer of the FPSO Capixaba de Golfinho to the Parque da Baleias, reflect the range of our opportunities and the flexibility of our portfolio.

On the pre-salt front, we are continuing to concentrate our efforts on the BMS-9 and BMS-11 blocks. We have drilled and tested new wells in Tupi as part of our evaluation of the area. These wells will serve as the basis for the pilot project, which is expected to begin production by year end. These wells have reconfirmed the positive volumes and productivity experienced to date. We have also authorized the construction of eight FPSO-type hulls whose resulting platforms will be installed in the pre-salt area of the Santos Basin, thereby maintaining the development timetable on schedule.

Supported by our strong cash flow, we invested R$ 17.8 billion in the quarter, with a focus on increasing production capacity and integrating all our energy related activities.

We are passing through a period of crucial importance to our shareholders. In the coming months we will approach the market to increase our capital, to provide Petrobras with the financial resources needed to develop our pre-salt discoveries while expanding as an integrated company. We are fully committed to a fair and transparent operation, respecting all the rights of minority and preferred shareholders and employing best corporate governance practices. We are definitely moving forward to increase our capital, whether or not Congress approves the bill that authorizes the Transfer of Rights with Compensation and the Capitalization. The bill is currently before the Senate and we are hopeful it will be approved in time to complete the capitalization by July.

Our priority is to grow in an integrated manner and with profitability. In order to do so, we rely on a sound resource base that generates substantial cash flow. We also have access to various sources of funding, either through the banks or the capital market, allowing us to grow and invest, maintaining an appropriate capital structure and giving the Company sufficient financial muscle to sustain its expansion. All these steps are underpinned by the absolute certainty that we have one of the best portfolios of projects and opportunities in the world, and that we will invest all our funds with efficiency and discipline, thereby ensuring returns for our shareholders, investors and society as a whole.

Main items and Consolidated Economic Indicators

R$ million					
			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)		**2010**	**2009**	2010 X 2009 (%)
60,866	4	**Gross Operating Revenues**	63,324	53,636	18
47,696	6	**Net Operating Revenues**	50,412	42,630	18
18,124	7	**Gross Profit**	19,310	16,815	15
9,658	20	**Operating Profit** [1]	11,617	10,347	12
111	(732)	**Financial Result**	(701)	(341)	106
7,438	4	**Net Income**	7,726	6,291	23
0.85	4	**Net Income per Share**	0.88	0.72	22
		Resultado líquido por segmento de negócio			
5,992	22	**Exploration & Production**	7,312	2,501	192
1,209	(8)	**Supply**	1,116	4,639	(76)
163	98	**Gas and Energy**	323	(142)	(327)
303	19	**Distribution**	362	227	59
(141)	(417)	**International**	447	(338)	(232)
251	(603)	**Corporate**	(1,262)	(1,129)	12
20,077	(12)	**Consolidated Investments**	17,753	14,380	23
38	-	**Gross Margin (%)**	38	39	(1)
20	3	**Operating Margin (%)**	23	24	(1)
16	(1)	**Net Margin (%)**	15	15	-
14,317	5	**EBITDA R$ million** [2]	15,076	13,506	12
75	1	**Brent (US$/bbl)**	76	44	73
1.74	3	**US Dollar Average Price - Sale (R$)**	1.80	2.32	(22)
1.74	2	**US Dollar Last Price - Sale (R$)**	1.78	2.32	(23)
		Price Indicators (*)			

154.82	2	**Average Oil Products Realization Prices (R$/bbl)**	157.65	163.59	(4)
		Average sale price - Brazil			
70.24	4	**Oil (US$/bbl)**	72.92	32.23	126
15.51	(7)	**Natural Gas(US$/bbl)**	14.39	31.50	(54)
		Average sale price - International			
64.39	(4)	**Oil (US$/bbl)**	62.02	39.21	58
14.36	3	**Natural Gas(US$/bbl)**	14.81	12.75	16

[1] Operating income before financial result, equity balance and taxes.
[2] Operating income before financial result, equity balance + depreciation/amortization.
(*)Unaudited.

1Q-2010 x 1Q-2009 Results

Net Income[3]

Consolidated net income totaled R$ 7,726 million, 23% up on 1Q-2009, reflecting the gains from the sale of oil and oil products, influenced by the recovery of domestic sales volume and the impact of higher commodity prices on export prices. These effects more than offset the reduction in domestic diesel and gasoline prices and the upturn in unit costs, particularly expenses with government take and imports, which were also affected by international prices. Operating expenses climbed by 19%, due to the constitution of provisions for contingencies for legal processes related to the levying of ICMS-RJ (state VAT) on the P-36 platform (R$ 449 million), the action for damages due to the cancellation of the IPI (federal VAT) credit-premium assignment (R$ 399 million) and the action for damages arising from the *Plano Cruzado* involving three contracts for the construction of ships (R$ 79 million). Other contributory factors included estimated impairment losses on assets in Argentina (San Lorenzo Refinery) and the Breitener thermal plant, as well as expenses from the leasing of LNG regasification vessels, which began operating in 3Q-2009

The financial result was negative (R$ 360 million), reflecting the impact of the exchange variation on foreign assets and the increase in the dollar-denominated debt (R$ 319 million).

The higher result from relevant interests (R$ 176 million) was due to provisions for losses on investments in the Pasadena Refinery (R$ 341 million) in 2009.

Minority interest generated a positive impact of R$ 360 million, due to the impact of the exchange variation on SPE debt and the exercise of stock options on certain structured projects, as well as the revision of future inflow from financial leasing operations, both at the end of 2009.

Provision for interest on own capital in the 1Q-2010 provided a R$ 597 million fiscal benefit.

EBITDA

EBITDA totaled R$ 15,076 million, 12% up on 1Q-2009, fueled by the increase in the average export price, international sales and higher domestic sales volume. These effects were partially offset by the upturn in unit costs, due to the increased government take, and lower domestic sales prices, caused by the reduction in the price of diesel (15%) and gasoline (5%) in June 2009, in addition to higher operating expenses.

Investments

First-quarter investments totaled R$ 17,753 million, most of which went to increasing future oil and gas production capacity, to the refineries, in order to expand capacity and improve fuel quality, and to the Brazilian gas pipeline network, thereby improving distribution and market service.

[3] For further details, see Appendix 2.

1Q-2010 x 4Q-2009 Results

Net Income[4]

Consolidated net income moved up by 4% over 4Q-2009, reflecting higher oil exports and the upturn in the total average sale price, offset by the higher government take. Operating expenses fell by 9%, due to the write-offs of dry and economically unviable wells (R$ 620 million), provisions for impairment losses on E&P assets (R$ 350 million), expenses with institutional relations and cultural projects and unscheduled stoppages (R$ 261 million), which more than offset the constitution of provisions for contingencies for legal processes related to the levying of ICMS-RJ (state VAT) on the P-36 platform (R$ 449 million), the action for damages due to the cancellation of the IPI (federal VAT) credit-premium assignment (R$ 399 million) and the action for damages arising from the *Plano Cruzado* involving three contracts for the construction of ships (R$ 79 million).

The financial result was negative (R$ 812 million), reflecting the impact of the exchange variation on foreign assets and the increase in the dollar-denominated debt (R$ 790 million).

EBITDA

EBITDA increased by 5% over 4Q-2009, reflecting the impact of higher commodity prices on export prices and the sale price of oil products pegged to international prices, as well as higher export volume and the reduction in operating expenses.

[4] For further details, see Appendix 3.

RESULTS BY BUSINESS AREA

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

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

EXPLORATION AND PRODUCTION (E&P)

4Q-2009	1Q10 X 4Q09 (%)	**Net Income**	**1st Quarter 2010**	**2009**	2010 X 2009 (%)
5,992	22		7,312	2,501	192

(1Q-2010 x 4Q-2009): The increase in net income was due to:

- Higher domestic oil sale/transfer prices (4% in US$/bbl);
- Estimated impairment losses in 4Q-2009 (R$ 550 million);
- Lower exploration costs (R$187 million), chiefly due to the write-off of dry and economically unviable wells.

These effects were partially offset by the 5% reduction in volume of oil transferred, despite the increase in exports (26%) and provisions for contingencies related to the levying of the ICMS/RJ tax on the P-36 platform (R$ 449 million).

The spread between the average domestic oil sale/transfer price and the average Brent price narrowed from US$ 4.32/bbl in 4Q-2009 to US$ 3.32/bbl in 1Q-2010.

(1Q-2010 x 1Q-2009): The increase in net income reflected higher domestic oil prices (126% in US$/bbl), in turn due to the international market appreciation of "heavy versus light crudes, and the 2% upturn in daily oil and LNG production.

These effects were partially offset by the higher government take and provisions for contingencies related to the levying of the ICMS/RJ tax on the P-36 platform (R$ 449 million).

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US$ 12.17/bbl in 1Q-2009 to US$ 3.32/bbl in 1Q-2010.

			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Domestic Production (th. barrels/day) (*)**	**2010**	**2009**	**2010 X 2009 (%)**
1,993	-	Oil and NGL	1,985	1,952	2
320	(1)	Natural Gas [5]	317	309	3
2,313	-	**Total**	**2,302**	**2,261**	2

(1Q-2010 x 4Q-2009): This variation reflects stable production levels between the two periods.

(1Q-2010 x 1Q-2009): Increased output from the P-51 (Marlim Sul), P-53 (Marlim Leste), FPSO-Cidade de Vitória (Golfinho), FPSO-Espírito Santo (Parque das Conchas) and P-54 (Roncador) platforms more than offset the natural decline in the mature fields.

(*)Unaudited.

[5] Excludes liquefied gas and includes re-injected gas.

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4Q-2009	1Q10 X 4Q09 (%)	*Lifting Cost - country* [*]	1st Quarter 2010	1st Quarter 2009	2010 X 2009 (%)
		US$/barrel:			
9.51	(1)	without government participation	9.40	7.82	20
24.74	(4)	with government participation	23.73	14.69	62
		R$/barrel:			
16.51	3	without government participation	16.95	17.91	(5)
43.04	2	with government participation	43.82	34.24	28

Lifting Cost Excluding Government Take US$/barrel

(1Q-2010 x 4Q-2009): Excluding the exchange variation, this indicator remained stable.

(1Q-2010 x 1Q-2009): Excluding the exchange variation, the 2% increase in the lifting cost was caused by higher personnel expenses due to the 2009/2010 collective bargaining agreement, non-recurring interventions in the Marlim field and maintenance in the Campos Basin.

Lifting Cost Including Government Take US$/barrel

(1Q-2010 x 4Q-2009): Excluding the exchange variation, the lifting cost fell by 3% chiefly due to the decline in the tax rate in the Albacora Leste, Barracuda and Albacora fields, as well as the stable average reference price for local oil, used to determine the government take, which is based on the international price.

(1Q-2010 x 1Q-2009): Excluding the exchange variation, the lifting cost increased by 51%, due to the upturn in the reference price for local oil and the increase in the tax rate in the Marlim Sul and Marlim Leste fields.

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[*]Unaudited.

REFINING, TRANSPORTATION & MARKETING

4Q-2009	1Q10 X 4Q09 (%)	Net Income	1st Quarter 2010	1st Quarter 2009	2010X 2009 (%)
1,209	(8)		1,116	4,639	(76)

(1Q-2010 x 4Q-2009): The reduction in net income was due to higher oil acquisition/transfer and oil product import costs (Brent went up by 2% in US$/bbl) and the depreciation of the Real against the U.S. dollar (3%).

These effects were partially offset by higher average domestic oil product sale prices (2%), reflecting the behavior of those oil products whose prices are pegged to international prices, and reduced losses from investments in the petrochemical sector (R$ 278 million).

(1Q-2010 x 1Q-2009): The reduction in net income reflected higher oil acquisition/transfer and oil product import costs (Brent, up by 73% in US$/bbl).

These effects were partially offset by the increase in domestic oil product sales volume, chiefly gasoline (24%) and diesel (8%), higher average export prices and the upturn in the domestic price of those oil products whose prices are pegged to international prices, despite the reduction in the price of diesel (15%) and gasoline (5%) in June 2009.

4Q-2009	1Q10 X 4Q09 (%)	**Imports and exports (th. barrels/day)** (*)	1st Quarter 2010	1st Quarter 2009	2010 X 2009 (%)
373	(7)	Crude oil imports	347	426	(19)
139	97	Oil products imports	274	140	96
512	21	**Import of crude oil and oil products**	621	566	10
462	20	Crude oil exports [7]	555	451	23
215	(11)	Oil products exports	192	215	(11)
677	10	**Export of crude oil and oil products** [6]	747	666	12
165	(24)	**Net exports (imports) crude oil and oil products**	**126**	**100**	26
4	50	Other imports	6	4	50
4	(50)	Other exports [6]	2	1	100

(1Q-2010 x 4Q-2009): The upturn in oil exports was caused by increased supply due to scheduled stoppages in distillation units in 1Q-2010, especially in Replan.

Oil product imports reflected higher demand for S-50 diesel, due to the agreement to increase the product s availability in metropolitan areas, and for gasoline, thanks to the ethanol shortage in 1Q-2010.

(1Q-2010 x 1Q-2009): The increase in exports was caused by higher output and increased supply due to scheduled stoppages in distillation units in 1Q-2010, especially in Replan.

The upturn in imports reflected growing demand for oil products as a result of the economic recovery, led by diesel, thanks to the bringing forward of the grain harvest and the works associated with the Growth Acceleration Program (PAC), and gasoline, whose consumption moved up substantially due to the ethanol shortage in 1Q-2010.

(*)Unaudited.

[6] Export volumes of oil and oil products include ongoing exports.

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

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			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Output Oil products (th. barrels/day) (*)**	**2010**	**2009**	**2010 X 2009 (%)**
1,867	(5)	**Output Oil products**	1,765	1,771	-
1,942	-	**Primary Processed Installed Capacity[8]**	1,942	1,942	-
94	(4)	**Use of Installed Capacity (%)**	90	91	(1)
78	3	**Domestic crude as % of total feedstock processed**	80	80	-

			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Processed Feedstock Domestic (Th. barrels/day) (*)**	**2010**	**2009**	**2010 X 2009 (%)**
1,833	(5)		1,738	1,759	(1)

(1Q-2010 x 4Q-2009): The downturn was caused by the higher number of scheduled stoppages in distillation units, especially in Replan.

(1Q-2010 x 1Q-2009): The reduction was caused by the increased number of scheduled stoppages in distillation units.

4Q-2009	1Q10 X 4Q09 (%)	Refining Cost Domestic (*)	1st Quarter 2010	2009	2010 X 2009 (%)
3.76	(3)	**Refining Cost (US$/barrel)**	3.64	2.58	41
6.54	-	**Refining Cost (R$/barrel)**	6.52	5.88	11

(1Q-2010 x 4Q-2009): Excluding the exchange variation, refinery costs in dollars remained flat over the previous quarter.

(1Q-2010 x 1Q-2009): Excluding the exchange variation, these costs climbed by 13%, due to higher expenses with personnel and third-party maintenance services.

(*)Unaudited.

8 According to the ownership recognized by the ANP.

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GAS & POWER

4Q-2009	1Q10 X 4Q09 (%)	Net Income	1st Quarter 2010	2009	2010 X 2009 (%)
163	98		323	(142)	327

(1Q-2010 x 4Q-2009): The upturn in net income was due to the R$ 175 million increase in costs in 4Q-2009, related to the addendum to the agreement for the supply of natural gas from Bolivia, as well as higher gas sales volume.

Another contributing factor was the signing of new Energy Auction contracts in the regulated contracting environment, and higher energy sales volume in the free contracting environment, in addition to costs from scheduled stoppages in 4Q-2009.

These factors were partially offset by the increase in selling expenses with LNG regasification vessels and provisions for impairment losses.

(1Q-2010 x 1Q-2009): The year-on-year improvement was due to the following factors:

Increased fixed revenue from energy auctions (regulated contracting environment);

Higher energy sales (free contracting environment);

Increased hydroelectric reservoir levels, reducing the average energy acquisition cost and increasing sales margins;

The reduction in natural gas import/transfer costs, in line with the behavior of international prices.

These effects were partially offset by the increase in selling expenses with LNG regasification vessels and provisions for impairment losses (R$ 80 million).

4Q-2009	1Q10 X 4Q09 (%)	Gas Imports (Th. barrels/day) (*)	1st Quarter 2010	2009	2010 X 2009 (%)
134	14		152	126	21

(*) Unaudited.

DISTRIBUTION

4Q-2009	1Q10 X 4Q09 (%)	Net Income	1st Quarter 2010	2009	2010 X 2009 (%)
303	19		362	227	59

(1Q-2010 x 4Q-2009): The increase in net income was due to lower expenses from: i) the 2009/2010 collective bargaining agreement (R$ 32 million); ii) institutional relations and sales promotions (R$ 50 million); and iii) losses from uncollectable trade notes (R$ 21 million).

These factors were partially offset by the 6% reduction in sales volume.

The segment recorded a 39.5% share of the fuel distribution market in 1Q-2010, versus 38.6% in the previous quarter.

(1Q-2010 x 1Q-2009): The year-on-year upturn in net income was due to the 14% increase in sales margins and the 9% growth in sales volume, despite the consequent increase in SG&A expenses (R$ 95 million).

The Company s share of the fuel distribution market climbed from 38.8% in 1Q-2009 to 39.5% in 1Q-2010.

INTERNATIONAL MARKET

4Q-2009	1Q10 X 4Q09 (%)	Net Income	1st Quarter 2010	1st Quarter 2009	2010X 2009 (%)
(141)	(417)		447	(338)	(232)

(1Q-2010 x 4Q-2009): The upturn in net income caused by higher sales prices in 1Q-2010, which pushed up gross profit (R$ 85 million), as well as the reduction in write-offs of dry and economically unviable wells (R$ 321 million), and lower exploration costs (R$ 105 million).

(1Q-2010 x 1Q-2009): The main events impacting the 1Q10 result were:

Increased gross profit (R$ 537 million), due to the recovery of commodity prices and higher E&P activities as a result of the operational start-up of the Akpo field in Nigeria in March 2009; and

The constitution of provisions for losses on investments in the USA (R$ 341 million) in 1Q-2009.

4Q-2009	1Q10 X 4Q09 (%)	Intenational Production (th. barrels/day) (*)	1st Quarter 2010	1st Quarter 2009	2010X 2009 (%)
		Consolidated - International Production			
143	(1)	Oil and NGL	142	114	25
96	(1)	Natural Gas [9]	95	95	-
239	(1)	**Total**	**237**	**209**	13
9	(11)	**Non Consolidated - Internacional Production [10]**	**8**	**12**	(33)
248	(1)	**Total International Production**	**245**	**221**	11

(1Q-2010 x 4Q-2009): Consolidated international oil, gas and LNG production remained stable over the previous quarter.

(1Q-2010 x 1Q-2009): Consolidated international oil and LNG production moved up due to the start-up of the Akpo field, in Nigeria, in March/09, offset by the reduction in Argentina due to the decline in output from the mature fields in the Neuquina Basin.

(*)Unaudited.
[9] Excludes liquefied gas and includes re-injected gas.
[10] Non-consolidated companies in Venezuela.

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			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Lifting Cost - International (US$/barrel) (*)**	**2010**	**2009**	2010X 2009 (%)
6.49	(15)		5.50	4.41 [11]	25

(1Q-2010 x 4Q-2009): Lower expenses in the Akpo field, in Nigeria, due to the improved operating performance in 1Q-2010, together with lower expenses from third-party services in Argentina and more efficient cost controls in the Tibu field in Colombia.

(1Q-2010 x 1Q-2009): Higher expenses in Nigeria, due to the March 2009 start-up of production in the Akpo field, whose operating costs are higher than in the other fields abroad, together with higher costs from third-party services in Argentina, caused by contractual price adjustments and pay rises.

			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Processed feedstock International (th. barrels/day) (*)**	**2010**	**2009**	2010X 2009 (%)
205	3		212	198	7

(1Q-2010 x 4Q-2009): In 1Q-2010, the feedstock processed by refineries abroad climbed by 3%, due to increased refining in Argentina as a result of improved market conditions in 2010.

(1Q-2010 x 1Q-2009): Processed feedstock increased by 7%, due to the improved operating performance of the U.S. refinery, thanks to scheduled and unscheduled stoppages in 2009.

			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Oil Products International (*)**	**2010**	**2009**	2010X 2009 (%)
		(th. barrels/day)			
220	2	**Output Oil products**	225	220	2
281	-	**Primary Processed Installed Capacity(1)**	281	281	-
68	5	**Use of Installed Capacity (%)**	73	69	4

			1st Quarter		
4Q-2009	1Q10 X 4Q09 (%)	**Refining Cost International (US$/barrel) (*)**	**2010**	**2009**	2010X 2009 (%)

3.07	8	3.32	4.69 [12]	(29)

(1Q-2010 x 4Q-2009): Increased costs from third-party services in the U.S. as a result of higher expenses from projects and the scheduled stoppage, partially offset by the higher volume of total processed feedstock in the period.

(1Q-2010 x 1Q-2009): Reduced expenses from the scheduled stoppage and repairs, combined with the increased volume of processed feedstock at the Pasadena refinery (USA).

(*) Unaudited.
[11] Revisions to the lifting cost of the Nigeria unit.
[12] Revisions to the CTOR in the Japnese refinery.

Sales Volume thousand barrels/day(*)

4Q-2009	1Q10 X 4Q09 (%)		1st Quarter 2010	2009	2010X 2009 (%)
782	(6)	Diesel	733	652	12
366	12	Gasoline	410	328	25
100	4	Fuel Oil	104	103	1
161	(7)	Nafta	149	152	(2)
212	(4)	GLP	203	195	4
82	2	QAV	84	73	15
166	1	Other	168	111	51
1,869	(1)	**Total Oil**	**1,851**	**1,614**	15
106	(24)	ProductsAlcohol, Nitrogens, Biodiesel and other	81	84	(4)
247	4	Natural Gas	257	223	15
2,222	(1)	**Total domestic market**	**2,189**	**1,921**	14
682	10	Exports	749	667	12
490	16	International Sales	569		