

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 07, 2015

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 August, 2015

Commission File Number 1-15106

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

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

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

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

Form 20-F Form 40-F

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

Yes No

FIRST HALF OF 2015 RESULTS

Reviewed by independent auditors, stated in millions of *Reais*, prepared in accordance with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board – IASB (a free translation of the original in Portuguese).

Rio de Janeiro – August 6, 2015

Net income was R\$ 5,861 million in the 1H-2015, 43% lower than in the 1H-2014.

Operating income was R\$ 22,822 million in the 1H-2015, 39% higher than in the 1H-2014.

Adjusted EBITDA was R\$ 41,289 million in the 1H-2015, 35% higher than in the 1H-2014.

Jan-Jun

| | | | | | | | |
|-------|--------|------|---|-----|-------|------|-------|
| 5,861 | 10,352 | (43) | Consolidated net income (loss) attributable to the shareholders of Petrobras | 531 | 5,330 | (90) | 4,959 |
|-------|--------|------|---|-----|-------|------|-------|

| | | | | | | | |
|--------|--------|----|--|-------|--------|------|-------|
| 22,822 | 16,425 | 39 | Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 9,487 | 13,335 | (29) | 8,848 |
|--------|--------|----|--|-------|--------|------|-------|

| | | | | | | | |
|--------|--------|----|------------------------|--------|--------|-----|--------|
| 41,289 | 30,595 | 35 | Adjusted EBITDA | 19,771 | 21,518 | (8) | 16,246 |
|--------|--------|----|------------------------|--------|--------|-----|--------|

Net income was R\$ 5,861 million in the 1H-2015, 43% lower than in the 1H-2014 due to higher net finance expenses and to the recognition of tax expenses with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*), partially offset by a higher gross profit (26%), resulting from higher margins in sales of oil products in the domestic market and increased crude oil export volumes driven by a 9% increase in domestic crude oil production, despite the decrease in domestic demand for oil products.

Key events in the 1H-2015:

- Higher domestic crude oil and NGL production (9%, 183 thousand barrels/day);
- Higher crude oil exports volumes (107%, 178 thousand barrels/day);
- Lower domestic demand for oil products (7%, 168 thousand barrels/day);
- Lower import and production taxes costs;
- Reversal of an allowance for impairment of receivables from companies in the northern Brazil isolated electricity system in March 2015 (R\$ 1,295 million);
- Higher net finance expense, amounting to R\$ 11,669 million, mainly due to foreign exchange variation losses and to higher interest expense, attributable to an increase in the Company's debt and a decrease in the level of capitalized borrowing costs; and
- Brazilian income taxes on income of companies incorporated abroad (R\$ 1,097 million).

Key events in the 2Q-2015:

- Lower domestic crude oil and NGL production (2%, 38 thousand barrels/day);
- Higher crude oil exports volumes (44%, 124 thousand barrels/day);
- Domestic oil product production increased (7%, 134 thousand barrels/day) and feedstock processed was higher (6%, 109 thousand barrels/day), maintaining an 86% share of domestic oil used for feedstock processing;
- The Company received R\$ 259 million related to insurance proceeds with respect to an incident in Chinook field (U.S.) in 2011;
- The Company received R\$ 157 million related to amounts recovered by the Brazilian Public Prosecutor's Office in the context of the "Lava Jato" (Car Wash) Investigation;
- The Company recognized tax expenses of R\$ 3,931 million (including interest paid and after taxes) with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*); and
- Impairment losses of R\$ 1,283 million were recognized with respect to Gas & Power, Refining, Transportation and Marketing and Exploration and Production assets, attributable to

projects removed from the 2015-19 Business and Management Plan investment portfolio.

FINANCIAL AND OPERATING HIGHLIGHTS

Main Items and Consolidated Economic Indicators

Jan-Jun

**Results, market
capitalization and
investments**

| | | | | | | | |
|---------|---------|-----|-----------------------|--------|--------|---|--------|
| 154,296 | 163,843 | (6) | Sales revenues | 79,943 | 74,353 | 8 | 82,298 |
|---------|---------|-----|-----------------------|--------|--------|---|--------|

| | | | | | | | |
|--------|--------|----|---------------------|--------|--------|----|--------|
| 47,972 | 37,981 | 26 | Gross profit | 25,562 | 22,410 | 14 | 18,818 |
|--------|--------|----|---------------------|--------|--------|----|--------|

| | | | | | | | |
|--------|--------|----|--|-------|--------|------|-------|
| 22,822 | 16,425 | 39 | Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 9,487 | 13,335 | (29) | 8,848 |
|--------|--------|----|--|-------|--------|------|-------|

| | | | | | | | |
|----------|---------|-------|---|---------|---------|-----|-------|
| (11,669) | (1,114) | (947) | Net finance income (expense) | (6,048) | (5,621) | (8) | (940) |
|----------|---------|-------|---|---------|---------|-----|-------|

| | | | | | | | |
|-------|--------|------|---|-----|-------|------|-------|
| 5,861 | 10,352 | (43) | Consolidated net income (loss) attributable to the shareholders of Petrobras | 531 | 5,330 | (90) | 4,959 |
|-------|--------|------|---|-----|-------|------|-------|

| | | | | | | | |
|------|------|------|---|------|------|------|------|
| 0.45 | 0.79 | (43) | Basic and diluted earnings (losses) per share ¹ | 0.04 | 0.41 | (90) | 0.38 |
|------|------|------|---|------|------|------|------|

| | | | | | | | |
|---------|---------|------|---|---------|---------|----|---------|
| 175,620 | 217,725 | (19) | Market capitalization (Parent Company) | 175,620 | 125,807 | 40 | 217,725 |
|---------|---------|------|---|---------|---------|----|---------|

| | | | | | | | |
|--------|--------|----|-------------------------------------|--------|--------|-----|--------|
| 41,289 | 30,595 | 35 | Adjusted EBITDA ² | 19,771 | 21,518 | (8) | 16,246 |
|--------|--------|----|-------------------------------------|--------|--------|-----|--------|

| | | | | | | | |
|----|----|---|-------------------------|----|----|---|----|
| 31 | 23 | 8 | Gross margin (%) | 32 | 30 | 2 | 23 |
|----|----|---|-------------------------|----|----|---|----|

| | | | | | | | |
|----|----|---|-----------------------------|----|----|-----|----|
| 15 | 10 | 5 | Operating margin (%) | 12 | 18 | (6) | 11 |
|----|----|---|-----------------------------|----|----|-----|----|

3

4 6 (2) **Net margin (%)** 1 7 (6) 6

| | | | | | | | |
|--------|--------|------|---|--------|--------|---|--------|
| 36,174 | 41,499 | (13) | Capital expenditures and investments | 18,331 | 17,843 | 3 | 20,915 |
|--------|--------|------|---|--------|--------|---|--------|

Jan-Jun

**Net income (loss)
before finance income
(expense), share of
earnings in
equity-accounted
investments, profit
sharing and income
taxes**

| | | | | | | | |
|--------|----------|-----|---|-------|-------|------|---------|
| 17,320 | (13,336) | 230 | . Refining, Transportation and Marketing | 7,974 | 9,346 | (15) | (5,916) |
|--------|----------|-----|---|-------|-------|------|---------|

| | | | | | | | |
|--------|--------|------|---|-------|-------|----|--------|
| 13,481 | 32,712 | (59) | . Exploration & Production | 8,594 | 4,887 | 76 | 16,466 |
|--------|--------|------|---|-------|-------|----|--------|

| | | | | | | | |
|-------|-------|----|--------------------------|-----|-------|------|-----|
| 1,686 | 1,435 | 17 | . Gas & Power | 100 | 1,586 | (94) | 804 |
|-------|-------|----|--------------------------|-----|-------|------|-----|

| | | | | | | | |
|-------|-------|------|-----------------------|-----|-----|------|-----|
| 1,161 | 1,494 | (22) | . Distribution | 308 | 853 | (64) | 737 |
|-------|-------|------|-----------------------|-----|-----|------|-----|

| | | | | | | | |
|-------|-------|---|------------------------|-----|-----|----|-----|
| 1,123 | 1,106 | 2 | . International | 719 | 404 | 78 | 652 |
|-------|-------|---|------------------------|-----|-----|----|-----|

(111) (138) 20 . **Biofuel** (66) (45) (47) (72)

(10,183) (6,075) (68) . **Corporate** (6,487) (3,696) (76) (2,696)

Jan-Jun

**Financial and
economic indicators**

| | | | | | | | |
|--------|--------|-----|--|--------|--------|---|--------|
| 222.68 | 226.39 | (2) | Domestic basic oil products price (R\$/bbl) | 224.09 | 221.25 | 1 | 225.36 |
|--------|--------|-----|--|--------|--------|---|--------|

| | | | | | | | |
|--------|--------|------|------------------------------|--------|--------|----|--------|
| 172.11 | 250.54 | (31) | Brent crude (R\$/bbl) | 190.09 | 154.89 | 23 | 244.47 |
|--------|--------|------|------------------------------|--------|--------|----|--------|

| | | | | | | | |
|-------|--------|------|-------------------------------|-------|-------|----|--------|
| 57.95 | 108.93 | (47) | Brent crude (US\$/bbl) | 61.92 | 53.97 | 15 | 109.63 |
|-------|--------|------|-------------------------------|-------|-------|----|--------|

Domestic Sales Price

| | | | | | | | |
|-------|-------|------|--|-------|-------|----|-------|
| 47.78 | 98.53 | (52) | . Crude oil (U.S. dollars/bbl) ⁴ | 52.14 | 43.40 | 20 | 99.02 |
|-------|-------|------|--|-------|-------|----|-------|

| | | | | | | | |
|-------|-------|------|---|-------|-------|-----|-------|
| 40.05 | 48.49 | (17) | . Natural gas (U.S. dollars/bbl) | 39.29 | 40.76 | (4) | 49.58 |
|-------|-------|------|---|-------|-------|-----|-------|

| | | | | | | | |
|------|------|----|--|------|------|---|------|
| 2.97 | 2.30 | 29 | Average commercial selling rate for U.S. dollar | 3.07 | 2.87 | 7 | 2.23 |
|------|------|----|--|------|------|---|------|

| | | | | | | | |
|------|------|----|---|------|------|-----|------|
| 3.10 | 2.20 | 41 | Period-end commercial selling rate for U.S. dollar | 3.10 | 3.21 | (3) | 2.20 |
|------|------|----|---|------|------|-----|------|

| | | | | | | | |
|------|-------|----|--|-------|------|------|-------|
| 16.8 | (6.0) | 23 | Variation of the period-end commercial selling rate for U.S. dollar (%) | (3.3) | 20.8 | (24) | (2.7) |
|------|-------|----|--|-------|------|------|-------|

| | | | | | | | |
|-------|-------|---|--|-------|-------|---|-------|
| 12.67 | 10.65 | 2 | Selic interest rate - average (%) | 13.14 | 12.19 | 1 | 10.89 |
|-------|-------|---|--|-------|-------|---|-------|

¹Basic and diluted earnings (losses) per share calculated based on the weighted average number of shares.

²EBITDA + share of earnings in equity-accounted investments and impairment.

³Operating margin calculated based on net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes.

⁴Average between the prices of exports and the internal transfer prices from Exploration & Production to Refining, Transportation and Marketing.

FINANCIAL AND OPERATING HIGHLIGHTS

RESULTS OF OPERATIONS

1H-2015 compared to the 1H-2014:

Gross Profit

Gross profit increased by 26% (R\$ 9,991 million) in the 1H-2015 compared to the 1H-2014, mainly due to:

Ø Sales revenues of R\$ 154,296 million, 6% lower, when compared to the 1H-2014, resulting from:

- Lower crude oil and oil product export prices and a decrease in the domestic price of oil products that are adjusted to reflect international prices, resulting from a decrease in international crude oil and oil product prices (Brent decreased by 47%), partially offset by the depreciation of the Real against the U.S. dollar (29%) and by higher diesel and gasoline prices, following a price increase in November 2014; and
- Decreased domestic oil product demand (7%), mainly diesel (6%), gasoline (9%) and naphtha (14%), reflecting lower economic activity in Brazil.

Those effects were partially offset by a higher crude oil export volume (107%) due to an increase in domestic crude oil production and lower feedstock processed by our domestic refineries.

Ø Cost of sales of R\$ 106,324 million in the 1H-2015, 16% lower when compared to the 1H-2014, due to:

- Lower crude oil and oil product import costs, as well as lower production taxes attributable to a decrease in Brent prices, partially offset by the depreciation of the Real against the U.S. dollar and by higher crude oil production costs; and
- Decreased domestic oil product sales volumes, lower share of crude oil imports on feedstock processing and a lower share of oil product imports in the sales mix.

Net income before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes

Net income before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes reached R\$ 22,822 million in the 1H-2015, and was higher in 39% (R\$ 6,397 million) compared to the 1H-2014, resulted from:

- Higher gross profit (R\$ 9.991 million);
- The impact, in the 1H-2014, of the Company's Voluntary Separation Incentive Plan - PIDV (R\$ 2,376 million);
- Reversal of an allowance for impairment of trade receivables from companies in the isolated electricity system in March 2015 (R\$ 1,295 million);
- Lower expenses with write-offs of dry and/or subcommercial wells (R\$ 889 million); and
- Receipt by the Company of R\$ 157 million related to amounts recovered by the Brazilian Public Prosecutor's Office in the context of the "Lava Jato" (Car Wash) Investigation.

Those effects were partially offset by:

- R\$ 3,072 million tax expenses, with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*) applicable to intercompany loans made by Petrobras to foreign subsidiaries, as set out in note 20.1 to the Company's interim financial statements for the 2Q-2015;
- Impairment losses of R\$ 1,286 million were recognized with respect to Gas & Power, Refining, Transportation and Marketing and Exploration and Production assets, attributable to projects removed from the 2015-19 Business and Management Plan investment portfolio;
- Higher pension and medical benefits expenses (retirees) attributable to the Company's interim valuation review of its pension and medical benefits carried out in 2014 (R\$ 791 million); and
- Lower gains on disposal of assets, net of write-offs of assets (R\$ 549 million).

Net finance expense

Net finance expense of R\$ 11,669 million, R\$ 10,555 million higher when compared to the 1H-2014, resulting from:

- Foreign exchange variation losses of R\$ 6,292 million, due to the impact of a 16.8% depreciation of the Real against the U.S. dollar on the Company's net debt (compared to a 6.0% appreciation in the 1H-2014), partially offset by our cash flow hedge, as set out in Appendix 5; and
- Higher interest expenses due to: i) increase in the Company's debt (R\$ 2,316 million); ii) a decrease in the level of capitalized borrowing costs, attributable to a lower balance of assets under construction (R\$ 1,602 million), reflecting the relevant projects concluded during 2014 and the write-offs and impairment losses recognized in December 2014; and iii) recognition of interest expenses with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*) applicable to intercompany loans made by Petrobras to foreign subsidiaries (R\$ 1,301 million).

Those effects were partially offset by a foreign exchange variation gain of R\$ 1,553 million due to the impact of an 8.2% appreciation of the U.S. dollar against the Euro on the Company's debt in Euro (compared to a 0.6% appreciation in the 1H-2014).

Net income attributable to the shareholders of Petrobras

Net income attributable to the shareholders of Petrobras was R\$ 5,861 million in the 1H-2015, 43% lower (R\$ 4.491 million) when compared to the 1H-2014, due to higher net finance expense, tax expenses with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*) and an increase in income taxes due to the impact of Brazilian income taxes on income of companies incorporated abroad of R\$ 1.097 million (as set out in note 20.3.1 to the Company's interim financial statements for the 2Q-2015). These effects were partially offset by an increase in gross profit.

FINANCIAL AND OPERATING HIGHLIGHTS

RESULTS OF OPERATIONS

2Q-2015 compared to the 1Q-2015:

Gross Profit

Gross profit increased by 14% (R\$ 3,152 million) in the 2Q-2015 when compared to the 1Q-2015, mainly due to:

Ø Sales revenues were R\$ 79,943 million in the 2Q-2015, 8% higher than in the 1Q-2015, resulting from:

- An increase in domestic oil product demand (1%), mainly diesel (2%) and naphtha (35%);
- Higher crude oil export volumes (44%) attributable to a decrease in inventory levels (which had increase in the 1Q-2015) and to higher fuel oil exports, driven by a decrease in thermoelectric demand; and
- Higher average crude oil and oil product export prices and higher naphtha and jet fuel sales prices attributable to an increase in international crude oil and oil product prices (Brent price increased by 15%) and to the depreciation of the Real against the U.S. dollar (7%).

Ø Costs of sales were R\$ 54,381 million in the 2Q-2015, 5% higher when compared to the 1Q-2015, due to:

- Higher crude oil production costs and production taxes attributable to the depreciation of the Real against the U.S. dollar; and
- Higher sales volumes in the domestic market.

Net income before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes

Net income before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes was R\$ 9,487 million in the 2Q-2015, 29% lower (R\$ 3.848 million) when compared to the 1Q-2015, resulting from:

- A R\$ 2.162 million increase on selling expenses attributable to: i) a reversal of an allowance for impairment of trade receivables from companies in the isolated electricity system (R\$ 1,295 million) recognized in the 1Q-2015, which was not recurrent in the 2Q-2015;

and ii) higher freight expenses;

- R\$ 3,072 million tax expenses, with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*) applicable to intercompany loans made by Petrobras to foreign subsidiaries;
- Impairment losses of R\$ 1,283 million were recognized with respect to Gas & Power, Refining, Transportation and Marketing and Exploration and Production assets, attributable to projects removed from the 2015-19 Business and Management Plan investment portfolio; and
- Higher write-offs of dry and/or subcommercial wells (R\$ 511 million).

These effects were partially offset by:

- Higher gross profit (R\$ 3,152 million);
- Receipt by the Company of R\$ 259 million related to insurance proceeds with respect to an incident in Chinook field (U.S.) in 2011; and
- Receipt by the Company of R\$ 157 million related to amounts recovered by the Brazilian Public Prosecutor's Office in the context of the "Lava Jato" (Car Wash) Investigation.

Net finance expense

Net finance expense was R\$ 6,048 million in the 2Q-2015, R\$ 427 million higher than in the 1Q-2015, due to:

- A 3.8% depreciation of the U.S. dollar against the Euro (compared to a 11.6% appreciation in the 1Q-2015), resulting in a R\$ 2.977 million impact;
- Recognition of interest expenses with respect to the tax on financial operations (*Imposto sobre Operações Financeiras - IOF*) applicable to intercompany loans made by Petrobras to foreign subsidiaries (R\$ 1,302 million);
- Higher interest expenses attributable to additional funding obtained (R\$ 596 million); and
- An increase in the amounts recycled from Shareholders' Equity to the income statement with respect to foreign exchange variation losses initially recognized in the Shareholders' equity (cash flow hedge accounting), reflecting the occurrence of the hedged transactions (exports hedged by debt denominated in U.S. dollars). Those losses were driven by a depreciation of the Real between the date the cash flow hedge relationship was designated and the date the export transactions were made, as set out in Appendix 5.

Those effects were partially offset by a R\$ 4,002 million decrease in foreign exchange variation losses due to the impact of a 3.3% appreciation of the Real against the U.S. dollar in the Company's net liability denominated in U.S. dollar in the 2Q-2015 (compared to a 20.8% depreciation in the 1Q-2015).

Net income attributable to the shareholders of Petrobras

Net income attributable to the shareholders of Petrobras was R\$ 531 million in the 2Q-2015, 90% lower when compared to the 1Q-2015 (R\$ 4,799 million), resulting from higher operating expenses, partially offset by an increase in gross profit.

FINANCIAL AND OPERATING HIGHLIGHTS**NET INCOME BY BUSINESS SEGMENT**

Petrobras is an integrated energy company and most of the crude oil and natural gas production from the Exploration & Production segment is transferred to other business segments of the Company. Our results by business segment include transactions carried out with third parties, transactions between companies of Petrobras's Group and transfers between Petrobras's business segments that are calculated using internal transfer prices defined through methodologies based on market parameters.

EXPLORATION & PRODUCTION**Jan-Jun****Net Income**

| | | | | | | |
|-------|--------|------|-------|-------|----|--------|
| 8,675 | 21,447 | (60) | 5,527 | 3,148 | 76 | 10,793 |
|-------|--------|------|-------|-------|----|--------|

(1H-2015 x 1H-2014): The decrease in net income is attributable to lower crude oil sales/transfer prices driven by a 47% decrease in international crude oil prices, partially offset by an increase in crude oil production, by the impact of the depreciation of the Real against the U.S. dollar (29%) in sales revenues, by a decrease in production taxes, lower write-offs of dry and/or subcommercial wells and by the negative impact of the Company's Voluntary Separation Incentive Plan (PIDV) in 2014 (which was not recurrent in 1H-2015).

The spread between the average domestic oil price (sale/transfer) and the average Brent price decreased from US\$10.40/bbl in Jan-Jun/2014 to U.S.\$ 10.17/bbl in Jan-Jun/2015.

Jan-Jun

(2Q-2015 x 1Q-2015): Net income was higher, mainly due to an increase in crude oil sales/transfer prices, attributable to higher international crude oil prices (15%) and to a depreciation of the Real against the U.S. dollar (7%), partially offset by an increase in write-offs of dry and/or subcommercial wells and by impairment losses attributable to projects that were removed from the 2015-19 Business and Management Plan investment portfolio (R\$ 239 million).

The spread between the average domestic oil price (sale/transfer) and the average Brent price decreased from US\$10.57/bbl in the 1Q-2015 to U.S.\$ 9.78/bbl in the 2Q-2015.

**Exploration & Production -
Brazil (Mbb/d) (*)**

| | | | | | | | |
|-------|-------|---|---------------------------------|-------|-------|-----|-------|
| 2,130 | 1,947 | 9 | Crude oil and NGLs ⁵ | 2,111 | 2,149 | (2) | 1,972 |
|-------|-------|---|---------------------------------|-------|-------|-----|-------|

| | | | | | | | |
|-----|-----|----|--------------------------|-----|-----|-----|-----|
| 465 | 406 | 15 | Natural gas ⁶ | 463 | 467 | (1) | 411 |
|-----|-----|----|--------------------------|-----|-----|-----|-----|

| | | | | | | | |
|--------------|--------------|----|--------------|--------------|--------------|-----|--------------|
| 2,595 | 2,353 | 10 | Total | 2,574 | 2,616 | (2) | 2,383 |
|--------------|--------------|----|--------------|--------------|--------------|-----|--------------|

(1H-2015 x 1H-2014): Crude oil and NGL production increased by 9% in the 1H-2015 compared to the 1H-2014 due to the production start-up of FPSOs Cidade de Mangaratiba (Iracema Sul area), Cidade de Ilhabela (Sapinhoá) and P-61 (Papa-Terra), along with the ramp-up of P-55 and P-62 (both in Roncador field), P-58 (Parque das Baleias), and of FPSOs Cidade de Paraty (Lula Natural gas production remained relatively NE) and Cidade de São Paulo (Sapinhoá). This increase was partially offset by a natural decline of post-salt layer producing fields.

(2Q-2015 x 1Q-2015): Crude oil and NGL production decreased by 2% in the 2Q-2015 when compared to the 1Q-2015 due to a higher number of scheduled stoppages and to the conclusion of the Anticipated Production System in Tartaruga Verde in April 2015.

Natural gas production remained relatively flat in the 2Q-2015 when compared to the 1Q-2015.

The 15% increase in natural gas production is attributable to the production start-up of FPSOs Cidade de Mangaratiba (Iracema Sul area), Cidade de Ilhabela (Sapinhoá) and P-61 (Papa-Terra) and to the higher productivity of P-55, P-62 (both in Roncador), P-58 (Parque das Baleias) and Mexilhão platforms, as well as FPSOs Cidade de Paraty (Lula NE), Cidade de São Paulo (Sapinhoá), Cidade de Santos (Uruguá-Tambaú) and Cidade de Angra dos Reis (Lula). This increase was partially offset by the natural decline of post-salt layer fields.

* Not reviewed by independent auditor.

⁵ NGL – Natural Gas Liquids.

⁶ Does not include LNG. Includes gas reinjection.

FINANCIAL AND OPERATING HIGHLIGHTS

Jan-Jun

Lifting Cost ⁷ - Brazil (*)

U.S.\$/barrel:

| | | | | | | | |
|-------|-------|------|----------------------------|-------|-------|-----|-------|
| 12.99 | 14.36 | (10) | Excluding production taxes | 12.71 | 13.27 | (4) | 14.57 |
|-------|-------|------|----------------------------|-------|-------|-----|-------|

| | | | | | | | |
|-------|-------|------|----------------------------|-------|-------|----|-------|
| 21.00 | 32.79 | (36) | Including production taxes | 21.96 | 20.05 | 10 | 32.60 |
|-------|-------|------|----------------------------|-------|-------|----|-------|

R\$/barrel:

| | | | | | | | |
|-------|-------|----|----------------------------|-------|-------|---|-------|
| 38.31 | 32.71 | 17 | Excluding production taxes | 38.49 | 38.13 | 1 | 32.30 |
|-------|-------|----|----------------------------|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|------|----------------------------|-------|-------|----|-------|
| 62.32 | 74.16 | (16) | Including production taxes | 65.95 | 58.73 | 12 | 71.55 |
|-------|-------|------|----------------------------|-------|-------|----|-------|

Lifting Cost - Excluding production taxes – U.S./barrel

(1H-2015 x 1H-2014): Lifting cost excluding production taxes in U.S. dollars was 10% lower in Jan-Jun/2015 compared to Jan-Jun/2014, due to an increase in crude oil production and to the depreciation of the Real against the U.S.dollar. Excluding foreign exchange variation effects, lifting cost excluding production taxes increased by 6% due to higher well intervention expenses and higher engineering and subsea maintenance costs in the Campos and Espírito Santo Basins, along with the production start-up of the FPSO Cidade de Ilhabela (Sapinhoá), which has higher costs per unit produced during the start-up period.

(2Q-2015 x 1Q-2015): Lifting cost excluding production taxes in U.S.\$/barrel decreased by 4%. Excluding foreign exchange variation effects, it decreased by 1%, resulting from lower well intervention expenses in Campos and Espírito Santo Basins.

Lifting Cost - Including production taxes – U.S.\$/barrel

(1H-2015 x 1H-2014): Lifting cost including production taxes in U.S. dollars was 36% lower in Jan-Jun/2015 compared to Jan-Jun/2014, mainly resulting from a decrease in production taxes due to lower average reference price for domestic crude oil in U.S. dollars (a 51% decrease), attributable to lower international crude oil prices.

(2Q-2015 x 1Q-2015): The 10% increase in lifting cost including production taxes is mainly attributable to higher production taxes due to an increase in the average reference price for domestic crude oil in U.S. dollars (a 17% increase), attributable to higher international crude oil prices.

(*) Not reviewed by independent auditor.

⁷ Crude oil and natural gas lifting cost.

FINANCIAL AND OPERATING HIGHLIGHTS

REFINING, TRANSPORTATION AND MARKETING

Jan-Jun

Net Income

| | | | | | | |
|--------|---------|-----|-------|-------|-----|---------|
| 11,803 | (8,691) | 236 | 5,622 | 6,181 | (9) | (3,883) |
|--------|---------|-----|-------|-------|-----|---------|

(1H-2015 x 1H-2014): The net income in Jan-Jun/2015 compared to a loss in Jan-Jun/2014 is attributable to a decrease in crude oil acquisition/transfer costs resulting from lower international crude oil prices, to diesel (5%) and gasoline (3%) price increases in November 2014, to a lower share of crude oil imports on feedstock processing and to a lower share of oil product imports in our sales mix.

(2Q-2015 x 1Q-2015): Net income in the 2Q-2015 was lower than 1Q-2015 due to an increase in crude oil acquisition/transfer costs, resulting from higher international crude oil prices in the 2Q-2015. In addition, the Company recognized impairment losses in the 2Q-2015 in RTM assets, attributable to projects removed from the 2015-2019 Business and Management Plan investment portfolio (R\$ 364 million).

Jan-Jun

**Imports and Exports of
Crude Oil and Oil Products
(Mbb/d) (*)**

| | | | | | | | |
|-----|-----|------|-------------------|-----|-----|----|-----|
| 291 | 447 | (35) | Crude oil imports | 305 | 277 | 10 | 534 |
|-----|-----|------|-------------------|-----|-----|----|-----|

| | | | | | | | |
|-----|-----|------|---------------------|-----|-----|-----|-----|
| 330 | 415 | (20) | Oil product imports | 315 | 345 | (9) | 407 |
|-----|-----|------|---------------------|-----|-----|-----|-----|

| | | | | | | | |
|------------|------------|------|--|------------|------------|---|------------|
| 621 | 862 | (28) | Imports of crude oil and oil products | 620 | 622 | - | 941 |
|------------|------------|------|--|------------|------------|---|------------|

| | | | | | | | |
|-----|-----|-----|--------------------------------|-----|-----|----|-----|
| 344 | 166 | 107 | Crude oil exports ⁸ | 405 | 281 | 44 | 138 |
|-----|-----|-----|--------------------------------|-----|-----|----|-----|

| | | | | | | | |
|-----|-----|------|---------------------|-----|-----|----|-----|
| 152 | 170 | (11) | Oil product exports | 188 | 116 | 62 | 170 |
|-----|-----|------|---------------------|-----|-----|----|-----|

| | | | | | | | |
|------------|------------|----|--|------------|------------|----|------------|
| 496 | 336 | 48 | Exports of crude oil and oil products | 593 | 397 | 49 | 308 |
|------------|------------|----|--|------------|------------|----|------------|

| | | | | | | | |
|--------------|--------------|----|--|-------------|--------------|----|--------------|
| (125) | (526) | 76 | Exports (imports) net of crude oil and oil products | (27) | (225) | 88 | (633) |
|--------------|--------------|----|--|-------------|--------------|----|--------------|

| | | | | | | | |
|---|---|------|---------------|---|---|---|---|
| 1 | 3 | (67) | Other exports | 1 | - | - | 1 |
|---|---|------|---------------|---|---|---|---|

(1H-2015 x 1H-2014): Crude oil exports were higher and crude oil imports were lower due to an increase in crude oil production and a decrease in feedstock processed in the Company's domestic refineries.

Oil product imports decreased, resulting from lower domestic demand.

Oil product exports decreased due to a decrease in fuel oil production.

(2Q-2015 x 1Q-2015): Higher crude oil exports, attributable to a decrease in inventory levels (which had increase in the 1Q-2015), because of a lower feedstock processing).

Higher fuel oil exports driven by lower domestic demand and higher fuel oil production. Diesel imports decreased due to an increase in diesel production, and gasoline imports were lower due to a decrease in domestic demand and an increase in gasoline production.

Higher crude oil imports due to increased feedstock processing in the 2Q-2015.

(*) Not reviewed by independent auditor.

⁸ It includes crude oil export volumes made both by our Refining, Transportation and Marketing segment and by our Exploration & Production segment.

FINANCIAL AND OPERATING HIGHLIGHTS

Jan-Jun

**Refining Operations
(Mbb/d) (*)**

| | | | | | | | |
|-------|-------|-----|------------------------|-------|-------|---|-------|
| 2,031 | 2,152 | (6) | Output of oil products | 2,098 | 1,964 | 7 | 2,180 |
|-------|-------|-----|------------------------|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|---|----------------------------------|-------|-------|---|-------|
| 2,176 | 2,102 | 4 | Reference feedstock ⁹ | 2,176 | 2,176 | - | 2,102 |
|-------|-------|---|----------------------------------|-------|-------|---|-------|

| | | | | | | | |
|----|----|-----|--|----|----|---|----|
| 89 | 97 | (8) | Refining plants utilization factor (%) ¹⁰ | 92 | 86 | 6 | 98 |
|----|----|-----|--|----|----|---|----|

| | | | | | | | |
|-------|-------|-----|---|-------|-------|---|-------|
| 1,936 | 2,041 | (5) | Feedstock processed (excluding NGL) - Brazil ¹¹ | 1,993 | 1,879 | 6 | 2,064 |
|-------|-------|-----|---|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|-----|--|-------|-------|---|-------|
| 1,977 | 2,080 | (5) | Feedstock processed - Brazil ¹² | 2,031 | 1,922 | 6 | 2,101 |
|-------|-------|-----|--|-------|-------|---|-------|

| | | | | | | | |
|----|----|---|--|----|----|---|----|
| 86 | 82 | 4 | Domestic crude oil as % of total feedstock processed | 86 | 86 | - | 82 |
|----|----|---|--|----|----|---|----|

(1H-2015 x 1H-2014): Daily feedstock processed was 5% lower, due to a scheduled stoppage in the distillation unit of Landulpho Alves Refinery (RLAM), partially offset by the production start-up of RNEST in November 2014.

Jan-Jun

(2Q-2015 x 1Q-2015): Daily feedstock processed was 6% higher, resulting from the restart of operations at RLAM, due to a scheduled stoppage in the 1Q-2015.

Refining Cost - Brazil (*)

| | | | | | | | |
|------|------|-----|-------------------------------|------|------|-----|------|
| 2.74 | 2.85 | (4) | Refining cost (U.S.\$/barrel) | 2.64 | 2.84 | (7) | 2.94 |
|------|------|-----|-------------------------------|------|------|-----|------|

| | | | | | | | |
|------|------|----|----------------------------|------|------|-----|------|
| 8.07 | 6.52 | 24 | Refining cost (R\$/barrel) | 7.98 | 8.16 | (2) | 6.56 |
|------|------|----|----------------------------|------|------|-----|------|

(1H-2015 x 1H-2014): Refining cost, in US\$/barrel, decreased by 4% in Jan-Jun 2015 when compared to Jan-Jun 2014. Excluding foreign exchange variation effects, refining cost, in R\$/barrel, increased by 24%, mainly due to higher employee compensation costs attributable to the 2014 Collective Bargaining Agreement and to a decrease in feedstock processed due to a scheduled stoppage in RLAM in the 1Q-2015.

(2Q-2015 x 1Q-2015): Refining cost, in US\$/barrel, decreased by 7%. Refining cost, in R\$/barrel, decreased by 2% driven by the restart of operations at RLAM.

(*) Not reviewed by independent auditor.

⁹ Reference feedstock or Installed capacity of primary processing considers the maximum sustainable feedstock processing reached at the distillation units at the end of each period, respecting the project limits of equipment and the safety, environment and product quality requirements. It is lower than the authorized capacity set by ANP (including temporary authorizations) and by environmental protection agencies.

¹⁰ Refining plants utilization factor is the feedstock processed (excluding NGL) divided by the reference feedstock.

¹¹ Feedstock processed (excluding NGL) – Brazil is the volume of crude oil processed in the Company's refineries and is factored into the calculation of the Refining Plants Utilization Factor.

¹² Feedstock processed – Brazil includes crude oil and NGL processing.

FINANCIAL AND OPERATING HIGHLIGHTS

GAS & POWER

Jan-Jun

Net Income

| | | | | | | |
|-------|-------|-----|----|-------|------|-----|
| 1,125 | 1,217 | (8) | 90 | 1,035 | (91) | 702 |
|-------|-------|-----|----|-------|------|-----|

(1H-2015 x 1H-2014): Net income was lower in Jan-Jun/2015 when compared to Jan-Jun/2014, due to: i) a decrease in electricity sales margins due to a 42% decrease in electricity spot prices; ii) an impairment loss recognized in a Nitrogen Fertilizers Plant (*Unidade de Fertilizantes Nitrogenados -UFN V*); iii) the recognition of tax expense related to deferred VAT on natural gas purchases (R\$ 516 million); iv) a reversal of VAT credits from natural gas transportation activities in the State of Amazonas (R\$ 355 million); and v) a gain on disposal of the Company's interest in Brasil PCH S/A in 2014 (R\$ 646 million), which was not recurrent in 2015.

Those factors were partially offset by: i) an increase in natural gas sales margins driven by higher natural gas sales prices and lower LNG and natural gas import costs; ii) an increase in natural gas sales volumes; and iii) reversal of an allowance for impairment of receivables from companies in the northern Brazil isolated electricity system.

Jan-Jun

Physical and Financial Indicators (*)

(2Q-2015 x 1Q-2015): Net income decreased in Jan-Jun/2015 compared to Jan-Jun/2014 due to: i) impairment losses recognized in a Nitrogen Fertilizers Plant (*Unidade de Fertilizantes Nitrogenados -UFN V*) due to its removal from the 2015-2019 Business and Management Plan investment portfolio (R\$ 585 million); ii) a reversal of VAT credits from natural gas transportation activities (R\$ 355 million); and iii) reversal of an allowance for impairment of receivables from companies in the northern Brazil isolated electricity system in the 1Q-2015.

These effects were partially offset by an increase in gross profit resulting from higher electricity sales margins.

For comparative purposes, the recognition of tax expense related to deferred VAT on natural gas purchases (R\$ 516 million) was reclassified from the Corporate Segment to Gas & Power.

| | | | | | | | |
|-----|-------|------|--|-----|-----|-----|-------|
| 907 | 1,204 | (25) | Electricity sales (Free contracting market - ACL) ¹³ - average MW | 902 | 911 | (1) | 1,157 |
|-----|-------|------|--|-----|-----|-----|-------|

| | | | | | | | |
|-------|-------|----|---|-------|-------|---|-------|
| 3,263 | 2,193 | 49 | Electricity sales (Regulated contracting market - ACR) ¹⁴ - average MW | 3,263 | 3,263 | - | 2,453 |
|-------|-------|----|---|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|----|---|-------|-------|-----|-------|
| 5,048 | 4,405 | 15 | Generation of electricity - average MW | 4,987 | 5,110 | (2) | 4,690 |
|-------|-------|----|---|-------|-------|-----|-------|

| | | | | | | | |
|-----|-----|------|---|-----|-----|-----|-----|
| 378 | 650 | (42) | Electricity price in the spot market - Differences settlement price (PLD) - R\$/MWh ¹⁵ | 369 | 387 | (5) | 649 |
|-----|-----|------|---|-----|-----|-----|-----|

| | | | | | | | |
|-----|-----|------|--------------------------|-----|-----|----|-----|
| 122 | 135 | (10) | Imports of LNG (Mbbbl/d) | 132 | 113 | 17 | 150 |
|-----|-----|------|--------------------------|-----|-----|----|-----|

204 205 – Imports of natural gas (Mbbbl/d) 201 208 (3) 205

(1H-2015 x 1H-2014): Electricity sales volumes to the Brazilian free contracting market (*Ambiente de Contratação Livre – ACL*) were 25% lower, resulting from the transfer of a portion of our available capacity (1,049 average MW) to the Brazilian regulated market (*Ambiente de Contratação Regulada – ACR*).

Electricity generation was 15% higher due to an increase in the domestic demand for thermal power (coordinated and controlled by the Brazilian Electric System National Operator – *Operador Nacional do Sistema ONS*) and to an increase in the installed capacity of the Petrobras’s Thermal Power Plants Complex (due to the execution of a lease agreement for UTE Cuiabá thermal power plant and to the closure of the cycle of UTE Baixada Fluminense in January 2015).

Electricity prices decreased by 42% in the spot market resulting from changes in the spot market price regulation established by the Brazilian Electricity Agency (*Agência Nacional de Energia Elétrica – ANEEL*), which reduced the maximum spot price after December 27, 2014.

LNG imports decreased by 10% due to a higher domestic natural gas supply attributable to a 15% increase in domestic natural gas production.

(2Q-2015 x 1Q-2015): Electricity generation decreased by 2% resulting from a decrease in the domestic demand for thermal power, mainly driven by an increase in the level of water reservoirs in hydroelectric power plants in the Northern and Southern Regions of Brazil.

Electricity prices were 5% lower in the spot market due to an increase in rainfall levels in the period, mainly in the Northern and Southern Regions of Brazil.

LNG imports were 17% higher resulting from a lower domestic natural gas supply and a 3% decrease in Bolivian natural gas imports.

(*) Não revisado pelo auditor independente.

¹³ ACL – *Ambiente de Contratação Livre* (Free contracting market).

¹⁴ ACR - *Ambiente de Contratação Regulada* (Regulated contracting market).

¹⁵ Weekly weighed prices per output level (light, medium and heavy), number of hours and submarket capacity.

FINANCIAL AND OPERATING HIGHLIGHTS

DISTRIBUTION

Jan-Jun

Net Income

| | | | | | | |
|-----|-----|------|-----|-----|------|-----|
| 739 | 956 | (23) | 184 | 555 | (67) | 472 |
|-----|-----|------|-----|-----|------|-----|

(1H-2015 x 1H-2014): Net income decreased in Jan-Jun/2015 when compared to Jan-Jun/2014 due to lower average trade margins (6.9%) and to a decrease in domestic demand for ethanol and gasoline.

(2Q-2015 x 1Q-2015): Net income was lower in the 2Q-2015 when compared to the 1Q-2015 due to a decrease in average trade margins (7.2%) and to a decrease in sales volumes (3.2%).

Jan-Jun

Market Share (*)¹⁶

36.1% 36.9% (1)

35.5% 36.7% (1) 36.8%

(1H-2015 x 1H-2014): Market share decreased mainly due to the expansion of the hydrated ethanol market (a 38% increase) in which Petrobras Distribuidora (BR) has a lower market share and also due to an increase in gasoline imports made by competitors in the 1H-2015.

(2Q-2015 x 1Q-2015): Market share was lower mainly resulting from a decrease in the domestic demand for thermal power and to the seasonality of sales made by our Distribution segment in the 2Q-2015.

*Not reviewed by independent auditor.

¹⁶ Beginning in 2015, our market share excludes sales made to wholesalers. Market share for prior periods was revised pursuant to the changes made by the Brazilian National Petroleum, Natural Gas and Biofuels Agency (ANP) and by the Brazilian Wholesalers and Fuel Traders Syndicate (Sindicom). Prior periods are presented based on the new methodology.

FINANCIAL AND OPERATING HIGHLIGHTS

INTERNATIONAL

As a result of the creation of the position of Chief Governance, Risk and Compliance Officer, which replaced the position of Chief International Officer in March, 2015, the Company has approved adjustments to the structure of other business segments to allocate its international activities to those other segments. Considering the necessary steps to integrate the management of those activities, the Company is still presenting the results of international activities separately.

Jan-Jun

Net Income

| | | | | | | |
|-----|-------|------|-----|-----|-----|-----|
| 919 | 1,146 | (20) | 816 | 103 | 692 | 393 |
|-----|-------|------|-----|-----|-----|-----|

(1H-2015 x 1H-2014): Net income was lower in the 1H-2015 when compared to the 1H-2014 due to a decrease in international crude oil prices, which reduced both the gross margin and the earnings from the Company's equity-accounted joint-venture in Africa. The decrease in E&P crude oil sales volumes attributable to the disposal of onshore assets in Colombia and of the Company's investment in Petrobras Energia Peru S/A in 2014 also affected net income. These effects were partially offset by a gain on the disposal of fields in the Austral Basin in Argentina in 2015.

(2Q-2015 x 1Q-2015): Net income was higher mainly due to an increase in oil product sales prices by our U.S. refineries, to higher crude oil sales volumes by our U.S. E&P segment and to tax credits recognized by our Dutch subsidiaries as deferred income taxes in the 2Q-2015.

Jan-Jun

**Exploration &
Production-International
(Mbb/d)¹⁷ (*)**

**Consolidated international
production**

| | | | | | | | |
|----|----|------|--------------------|----|----|---|----|
| 70 | 89 | (21) | Crude oil and NGLs | 71 | 69 | 3 | 91 |
|----|----|------|--------------------|----|----|---|----|

88 93 (5) Natural gas 89 87 2 95

| | | | | | | | |
|-----|-----|------|--|-----|-----|---|-----|
| 158 | 182 | (13) | Total consolidated international production | 160 | 156 | 3 | 186 |
|-----|-----|------|--|-----|-----|---|-----|

| | | | | | | | |
|----|----|---|---|----|----|---|----|
| 31 | 31 | - | Non-consolidated international production | 31 | 31 | - | 31 |
|----|----|---|---|----|----|---|----|

| | | | | | | | |
|------------|------------|------|---|------------|------------|---|------------|
| 189 | 213 | (11) | Total international production | 191 | 187 | 2 | 217 |
|------------|------------|------|---|------------|------------|---|------------|

(1H-2015 x 1H-2014): Consolidated international crude oil and NGL production decreased by 21%, due to the disposal of onshore areas in Peru in November 2014, in Colombia in April 2014 and in the Austral Basin in Argentina in March 2015. These effects were partially offset by an increase in production due to the start-up of Saint Malo fields in December 2014 and Lucius in January 2015 in the United States.

Natural gas production decreased by 5% mainly due to the disposal of onshore assets in Peru and of the Company's investment in the Austral Basin in Argentina. These effects were partially offset by the production start-up of Hadrian South field in the United States in the end of March 2015.

(2Q-2015 x 1Q-2015): Consolidated international crude oil and NGL production increased by 3%, mainly in the United States, due to the ramp-up production of Saint Malo and Lucius fields, partially offset by the disposal of the Company's investment in the Austral Basin in Argentina in March 2015.

Natural gas production increased by 2% mainly in the United States, due to the production start-up of Hadrian South field at the end of March 2015, partially offset by the disposal of assets in the Austral Basin in Argentina.

Jan-Jun

International Sales price

| | | | | | | | |
|-------|-------|------|---------------------------------------|-------|-------|---|-------|
| 59.51 | 86.10 | (31) | . Crude oil (U.S. dollars/bbl) | 60.52 | 58.40 | 4 | 87.91 |
|-------|-------|------|---------------------------------------|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|---|---|-------|-------|---|-------|
| 22.53 | 21.74 | 4 | . Natural gas (U.S. dollars/bbl) | 22.66 | 22.40 | 1 | 20.36 |
|-------|-------|---|---|-------|-------|---|-------|

(*) Not reviewed by independent auditor.

¹⁷ Some of the countries that comprise the international production are operating under the production-sharing model, with the production taxes charged in crude oil barrels.

FINANCIAL AND OPERATING HIGHLIGHTS

Jan-Jun

**Lifting Cost - International
(U.S.\$/barrel) ^{18 (*)}**

| | | | | | | |
|------|------|-----|------|------|------|------|
| 8.00 | 8.40 | (5) | 7.16 | 8.86 | (19) | 8.93 |
|------|------|-----|------|------|------|------|

(1H-2015 x 1H-2014): International lifting cost was 5% lower, mainly in the United States, due to the production start-up of Saint Malo, Lucius and Hadrian South fields that have lower-than-average lifting costs, and due to the disposal of onshore assets in Peru and Colombia, which had higher-than-average lifting costs.

(2Q-2015 x 1Q-2015): International lifting cost decreased by 19%, mainly in Argentina, due to the disposal of assets in the Austral Basin at the end of March 2015, and in the United States, due to an increase in crude oil production in Saint Malo, Lucius and Hadrian South fields.

Jan-Jun

**Refining Operations -
International (Mbb/d) (*)**

| | | | | | | | |
|-----|-----|------|---|-----|-----|---|-----|
| 131 | 172 | (24) | Total feedstock processed ¹⁹ | 135 | 127 | 6 | 178 |
|-----|-----|------|---|-----|-----|---|-----|

| | | | | | | | |
|-----|-----|------|------------------------|-----|-----|------|-----|
| 147 | 184 | (20) | Output of oil products | 140 | 155 | (10) | 193 |
|-----|-----|------|------------------------|-----|-----|------|-----|

| | | | | | | | |
|-----|-----|---|-----------------------------------|-----|-----|---|-----|
| 230 | 230 | - | Reference feedstock ²⁰ | 230 | 230 | - | 230 |
|-----|-----|---|-----------------------------------|-----|-----|---|-----|

| | | | | | | | |
|----|----|------|--|----|----|---|----|
| 55 | 72 | (17) | Refining plants utilization factor (%) ²¹ | 56 | 54 | 2 | 75 |
|----|----|------|--|----|----|---|----|

(1H-2015 x 1H-2014): International total feedstock processed was 24% lower due to a decrease in oil product production and lower capacity utilization, mainly in the United States, due to a maintenance scheduled stoppage in the Pasadena Refinery distillation unit from the beginning of March 2015 to mid-April 2015, and in Japan due to the interruption of feedstock processing at the Okinawa Refinery since April 2015.

(2Q-2015 x 1Q-2015): Feedstock processed was 6% higher due to a scheduled stoppage in the Pasadena Refinery in the United States in March 2015. This effect was partially offset by the interruption of feedstock processing at the Okinawa Refinery in Japan since April 2015.

Jan-Jun

**Refining Cost -
International (U.S.\$/barrel)
(*)**

| | | | | | | |
|------|------|---|------|------|---|------|
| 4.00 | 3.71 | 8 | 4.08 | 3.90 | 5 | 3.76 |
|------|------|---|------|------|---|------|

(1H-2015 x 1H-2014): International refining cost per unit was 8% higher, mainly due to higher employee compensation costs in Argentina.

(2Q-2015 x 1Q-2015): International refining cost per unit increased by 5%, mainly due to the interruption of feedstock processing at the Okinawa Refinery in Japan in the 2Q-2015, with had lower-than-average costs per unit.

BIOFUEL

Jan-Jun

Net Income

(353) (141) (150)

(304) (49) (520) (66)

(1H-2015 x 1H-2014): Biofuel losses were higher due to impairment losses attributable to changes in the Company's 2015-2019 Business and Management Plan. Losses in ethanol trading due to a decrease in selling prices also increased biofuel losses.

(2Q-2015 x 1Q-2015): Biofuel losses were higher due to impairment losses attributable to changes in the Company's 2015-2019 Business and Management Plan. These effects were partially offset by a higher share of earnings in biodiesel investees due to an increase in the average biodiesel sales prices.

(*) Not reviewed by independent auditor.

¹⁸ Indicator of crude oil and natural gas lifting cost.

¹⁹ Total feedstock processed is the crude oil processed abroad at the atmospheric distillation plants, plus the intermediate products acquired from third parties and used as feedstock in other refining units.

²⁰ Reference feedstock is the maximum sustainable crude oil feedstock reached at distillation plants.

²¹ Refining Plant Utilization Factor is the crude oil processed at the distillation unit divided by the reference feedstock.

FINANCIAL AND OPERATING HIGHLIGHTS

Sales Volumes – (Mbbbl/d)*

Jan-Jun

915 973 (6) Diesel 923 907 2 999

555 610 (9) Gasoline 537 573 (6) 619

111 112 (1) Fuel oil 103 119 (13) 114

| | | | | | | | |
|-----|-----|------|---------|-----|-----|----|-----|
| 146 | 170 | (14) | Naphtha | 168 | 124 | 35 | 162 |
|-----|-----|------|---------|-----|-----|----|-----|

229 230 – LPG ²² 236 223 6 237

110 109 1 Jet fuel ²³ 107 113 (5) 108

| | | | | | | | |
|-----|-----|------|--------|-----|-----|---|-----|
| 173 | 203 | (15) | Others | 176 | 171 | 3 | 204 |
|-----|-----|------|--------|-----|-----|---|-----|

| | | | | | | | |
|-------|-------|-----|--------------------|-------|-------|---|-------|
| 2,239 | 2,407 | (7) | Total oil products | 2,250 | 2,230 | 1 | 2,443 |
|-------|-------|-----|--------------------|-------|-------|---|-------|

| | | | | | | | |
|-----|----|----|---|-----|-----|---|----|
| 117 | 92 | 27 | Ethanol, nitrogen fertilizers, renewables and other products | 119 | 115 | 3 | 88 |
|-----|----|----|---|-----|-----|---|----|

| | | | | | | | |
|-----|-----|---|-------------|-----|-----|---|-----|
| 448 | 439 | 2 | Natural gas | 448 | 448 | - | 451 |
|-----|-----|---|-------------|-----|-----|---|-----|

| | | | | | | | |
|-------|-------|-----|-----------------------|-------|-------|---|-------|
| 2,804 | 2,938 | (5) | Total domestic market | 2,817 | 2,793 | 1 | 2,982 |
|-------|-------|-----|-----------------------|-------|-------|---|-------|

| | | | | | | | |
|-----|-----|----|---------|-----|-----|----|-----|
| 497 | 339 | 47 | Exports | 594 | 397 | 50 | 309 |
|-----|-----|----|---------|-----|-----|----|-----|

| | | | | | | | |
|-----|-----|------|---------------------|-----|-----|-----|-----|
| 505 | 579 | (13) | International sales | 493 | 518 | (5) | 598 |
|-----|-----|------|---------------------|-----|-----|-----|-----|

| | | | | | | | |
|-------|-----|---|----------------------------|-------|-----|----|-----|
| 1,002 | 918 | 9 | Total international market | 1,087 | 915 | 19 | 907 |
|-------|-----|---|----------------------------|-------|-----|----|-----|

| | | | | | | | |
|--------------|--------------|-----|--------------|--------------|--------------|---|--------------|
| 3,806 | 3,856 | (1) | Total | 3,904 | 3,708 | 5 | 3,889 |
|--------------|--------------|-----|--------------|--------------|--------------|---|--------------|

(1H-2015 x 1H-2014): Our domestic sales volumes decreased by 5%, primarily due to:

- Diesel (a 6% decrease): i) lower consumption by infrastructure construction projects in Brazil; and ii) a higher percentage of mandatory biodiesel content requirement in diesel (diesel/biodiesel mix). These effects were partially offset by: i) an increase in the Brazilian diesel-moved light vehicle fleet (vans, pick-ups and SUVs); and ii) higher thermoelectric consumption by thermoelectric plants of the Brazilian Integrated Electricity System;
- Gasoline (a 9% decrease): i) an increase in the anhydrous ethanol content requirement for Type C gasoline (from 25% to 27%); ii) a decrease in the automotive gasoline-moved fleet; and iii) higher share of gasoline sales from other market players;
- Naphtha (a 14% decrease): due to lower demand by domestic customers, mainly Braskem; and
- Natural gas (a 2% increase): due to a higher demand in the non-thermal sector.

(2Q-2015 x 1Q-2015): Our domestic sales volumes increased by 1% when compared to the 1Q-2015, primarily due to:

- Diesel (a 2% increase): due to seasonal demand, resulting from lower industrial and agricultural activity in the beginning of the year;
- Gasoline (a 6% decrease): i) higher hydrated ethanol demand, mainly as a result of its higher competitiveness; and ii) an increase in the anhydrous ethanol content requirement for Type C gasoline (from 25% to 27%);
- Fuel oil (a 13% decrease): lower sales to thermoelectric plants in several Brazilian states;
- Naphtha (a 35% increase): due to the negative impact in the 1Q-2015 of: i) a stoppage at the U-32 unit of RLAM refinery; and ii) lower sales to Braskem; and
- LPG (a 6% increase): due to a decrease in average temperatures and higher economic activity.

(*) Not reviewed by independent auditor.

²² LPG – Liquefied crude oil gas.

²³ Jet fuel.

FINANCIAL AND OPERATING HIGHLIGHTS

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Statement of Cash Flows Data – Summary²⁴

Jan-Jun

| | | | | | |
|---------------|--------|--|---------------|---------------|--------|
| 68,946 | 46,257 | Adjusted cash and cash equivalents at the beginning of period ²⁵ | 68,182 | 68,946 | 78,478 |
|---------------|--------|--|---------------|---------------|--------|

| | | | | | |
|----------|---------|---|----------|----------|----------|
| (24,707) | (9,085) | Government bonds and time deposits at the beginning of period | (33,732) | (24,707) | (10,011) |
|----------|---------|---|----------|----------|----------|

| | | | | | |
|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
| 44,239 | 37,172 | Cash and cash equivalents | 34,450 | 44,239 | 68,467 |
| | | at the beginning of period | | | |

24

| | | | | | |
|--------|--------|---|--------|--------|--------|
| 39,317 | 23,714 | Net cash provided by (used in) operating activities | 22,890 | 16,427 | 14,299 |
|--------|--------|---|--------|--------|--------|

| | | | | | |
|----------|----------|---|-------|----------|----------|
| (16,078) | (37,117) | Net cash provided by (used in) investing activities | 5,253 | (21,331) | (16,924) |
|----------|----------|---|-------|----------|----------|

| | | | | | |
|----------|----------|--|----------|----------|----------|
| (34,833) | (39,477) | Capital expenditures and investments in operating segments | (17,153) | (17,680) | (19,141) |
|----------|----------|--|----------|----------|----------|

| | | | | | |
|-----|-------|---|----|-----|-----|
| 612 | 1,054 | Proceeds from disposal of assets (divestment) | 96 | 516 | 185 |
|-----|-------|---|----|-----|-----|

| | | | | | |
|--------|-------|--------------------------------------|--------|---------|-------|
| 18,143 | 1,306 | Investments in marketable securities | 22,310 | (4,167) | 2,032 |
|--------|-------|--------------------------------------|--------|---------|-------|

| | | | | | |
|---------------|-----------------|--------------------------|---------------|----------------|----------------|
| 23,239 | (13,403) | (=) Net cash flow | 28,143 | (4,904) | (2,625) |
|---------------|-----------------|--------------------------|---------------|----------------|----------------|

| | | | | | |
|-------|--------|----------------|--------|----------|-------|
| 8,581 | 46,295 | Net financings | 18,887 | (10,306) | 2,294 |
|-------|--------|----------------|--------|----------|-------|

| | | | | | |
|--------|--------|-----------------------------------|--------|-------|--------|
| 37,472 | 64,026 | Proceeds from long-term financing | 33,737 | 3,735 | 10,119 |
|--------|--------|-----------------------------------|--------|-------|--------|

| | | | | | |
|----------|----------|------------|----------|----------|---------|
| (28,891) | (17,731) | Repayments | (14,850) | (14,041) | (7,825) |
|----------|----------|------------|----------|----------|---------|

| | | | | |
|---|---------|----------------------------------|---|---------|
| – | (8,731) | Dividends paid to shareholders – | – | (8,731) |
|---|---------|----------------------------------|---|---------|

| | | | | | |
|-----|---|---|-----|-----|-----|
| 505 | 1 | Acquisition of non-controlling interest | 109 | 396 | 110 |
|-----|---|---|-----|-----|-----|

| | | | | | |
|-------|---------|--|-------|-------|---------|
| 4,602 | (3,194) | Effect of exchange rate changes on cash and cash equivalents | (423) | 5,025 | (1,375) |
|-------|---------|--|-------|-------|---------|

| | | | | | |
|---------------|---------------|---|---------------|---------------|---------------|
| 81,166 | 58,140 | Cash and cash equivalents | 81,166 | 34,450 | 58,140 |
| | | at the end of period ²⁴ | | | |

| | | | | | |
|--------|-------|---|--------|--------|-------|
| 10,470 | 8,223 | Government bonds and time deposits at the end of period | 10,470 | 33,732 | 8,223 |
|--------|-------|---|--------|--------|-------|

| | | | | | |
|---------------|---------------|--|---------------|---------------|---------------|
| 91,636 | 66,363 | Adjusted cash and cash equivalents at the end of period ²⁵ | 91,636 | 68,182 | 66,363 |
|---------------|---------------|--|---------------|---------------|---------------|

As of June 30, 2015, the balance of cash and cash equivalents increased by 83% when compared to the balance as of December 31, 2014 and the balance of adjusted cash and cash equivalents²⁵ increased by 33%. Our principal uses of funds in the 1H-2015 were for capital expenditures and repayment of long-term financing. We met these requirements with cash provided by operating activities of R\$ 39,317 million and with proceeds from long-term financing of R\$ 37,472 million. The balance of adjusted cash and cash equivalents was positively impacted in 2015 by foreign exchange rate variation applied on our foreign financial investments.

Net cash provided by operating activities increased by 66% in Jan-Jun/2015 when compared to Jan-Jun/2014, mainly due to higher gross profit before depreciation (R\$ 12,702 million), mainly due to higher diesel and gasoline prices, increased crude oil export volumes, lower production taxes and decreased crude oil and oil product imports costs (attributable to a decrease in Brent prices and in international oil product prices), along with a lower share of crude oil imports on feedstock processing and a lower share of oil product imports in the oil product sales mix, resulting mainly from a decrease in the economic activity in Brazil (which reduced sales volumes).

Capital expenditures and investments in operating segments were 12% lower in Jan-Jun/2015 compared to Jan-Jun/2014, mainly due to a 60% decrease in capital expenditures in our Refining, Transportation and Marketing (RTM) segment. The R\$ 18,143 million received in marketable securities relate to proceeds from the maturity of financial investments with maturities longer than three months, most of which were invested in other financial investments, with maturities of less than three months (classified as cash and cash equivalents).

Free cash flow was positive in Jan-Jun 2015 (R\$ 23.239 million) compared to a negative free cash flow of R\$ 13,403 million in the 1H-2014.

The Company raised long-term financing of R\$ 33,737 million in the 2Q-2015, mainly through a US\$ 5 billion funding agreement with the Chinese Development Bank (CDB), US\$ 2 billion raised through the issuance of Global Notes maturing in 2115, and also through bilateral credit agreements with Brazilian banks. The average maturity of outstanding debt was 7.42 years as of June 30, 2015.

Repayments of interest and principal were R\$ 28,891 million in Jan-Jun/2015, 63% higher than in Jan-Jun/2014 and 6% higher in the 2Q-2015 compared to the 1Q-2015.

The 2015-2019 Business and Management Plan (*Plano de Negócios e Gestão*) projects deleverage targets of 35% net debt to net debt plus shareholders' equity ratio and a decrease on net debt to Adjusted EBITDA ratio to 2.5 times by 2020, and also projects raising US\$ 57.7 billion through divesting efforts, businesses restructurings and demobilization of assets between 2015 and 2018.

²⁴For more details, see the Consolidated Statement of Cash Flows Data on page 19.

²⁵ Our adjusted cash and cash equivalents include government bonds and time deposits from highly rated financial institutions abroad with maturities of more than 3 months from the date of acquisition, considering the expected realization of those financial investments in the short-term. This measure is not defined under the International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents computed in accordance with IFRS. It may not be comparable to adjusted cash and cash equivalents of other companies, however management believes that it is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.

FINANCIAL AND OPERATING HIGHLIGHTS

Capital expenditures and investments

Jan-Jun

| | | | | | |
|--------------------------|--------|----|--------|----|---|
| Exploration & Production | 28,206 | 78 | 26,926 | 65 | 5 |
|--------------------------|--------|----|--------|----|---|

| | | | | | |
|--|-------|----|-------|----|------|
| Refining, Transportation and Marketing | 3,747 | 10 | 9,486 | 23 | (60) |
|--|-------|----|-------|----|------|

| | | | | | |
|-------------|-------|---|-------|---|------|
| Gas & Power | 1,399 | 4 | 2,590 | 6 | (46) |
|-------------|-------|---|-------|---|------|

| | | | | | |
|---------------|-------|---|-------|---|----|
| International | 2,048 | 6 | 1,472 | 4 | 39 |
|---------------|-------|---|-------|---|----|

| | | | | | |
|--------------------------|-------|----|-------|----|----|
| Exploration & Production | 1,692 | 83 | 1,265 | 86 | 34 |
|--------------------------|-------|----|-------|----|----|

| | | | | | |
|--|-----|----|-----|----|----|
| Refining, Transportation and Marketing | 283 | 14 | 173 | 12 | 64 |
|--|-----|----|-----|----|----|

Gas & Power

36

2

6

–

500

Distribution

34

2

22

1

55

Other

3

–

6

–

(50)

Distribution

342

1

429

1

(20)

Biofuel

39

–

19

–

105

Corporate

393

1

577

1

(32)

| | | | |
|---|-------------------|-------------------|-------------|
| Total capital expenditures and investments | 36,174 100 | 41,499 100 | (13) |
|---|-------------------|-------------------|-------------|

Pursuant to the Company's strategic objectives, it operates through joint ventures in Brazil and abroad, as a concessionaire of oil and gas exploration, development and production rights.

The Company invested a total of R\$ 36,174 million in the 1H-2015, primarily aiming at increasing crude oil and natural gas production.

FINANCIAL AND OPERATING HIGHLIGHTS

Consolidated debt

| | | | |
|----------------------------|--------|--------|----|
| Current debt ²⁶ | 44,655 | 31,565 | 41 |
|----------------------------|--------|--------|----|

| | | | |
|--------------------------------|---------|---------|----|
| Non-current debt ²⁷ | 370,894 | 319,470 | 16 |
|--------------------------------|---------|---------|----|

| | | | |
|-------|---------|---------|----|
| Total | 415,549 | 351,035 | 18 |
|-------|---------|---------|----|

| | | | |
|---------------------------|--------|--------|----|
| Cash and cash equivalents | 81,166 | 44,239 | 83 |
|---------------------------|--------|--------|----|

| | | | |
|--|--------|--------|------|
| Government securities and time deposits (maturity of more than 3 months) | 10,470 | 24,707 | (58) |
|--|--------|--------|------|

| | | | |
|------------------------------------|--------|--------|----|
| Adjusted cash and cash equivalents | 91,636 | 68,946 | 33 |
|------------------------------------|--------|--------|----|

Net debt ²⁸

323,913

282,089

15

| | | | |
|--|-----|-----|---|
| Net debt/(net debt+shareholders' equity) | 51% | 48% | 3 |
|--|-----|-----|---|

| | | | |
|-------------------------------------|---------|---------|---|
| Total net liabilities ²⁹ | 767,663 | 724,429 | 6 |
|-------------------------------------|---------|---------|---|

Capital structure

| | | | |
|---|-----|-----|---|
| (Net third parties capital / total net liabilities) | 60% | 57% | 3 |
|---|-----|-----|---|

| | | | |
|--|------|------|-----|
| Net debt/LTM Adjusted EBITDA ratio ³⁰ | 4.64 | 4.77 | (3) |
|--|------|------|-----|

| | | | |
|----------------------------|--------|--------|----|
| Current debt ²⁶ | 14,393 | 11,884 | 21 |
|----------------------------|--------|--------|----|

| | | | |
|--------------------------------|---------|---------|-----|
| Non-current debt ²⁷ | 119,543 | 120,274 | (1) |
|--------------------------------|---------|---------|-----|

| | | | |
|-------|---------|---------|---|
| Total | 133,936 | 132,158 | 1 |
|-------|---------|---------|---|

Net debt ²⁸

104,400 106,201 (2)

| | | | |
|--|------|------|------|
| Average maturity of outstanding debt (years) | 7.42 | 6.10 | 1.32 |
|--|------|------|------|

Summarized information on financing

By rate

| | | | |
|--------------------|---------|---------|----|
| Floating rate debt | 212,805 | 173,977 | 22 |
|--------------------|---------|---------|----|

| | | | |
|-----------------|---------|---------|----|
| Fixed rate debt | 202,531 | 176,868 | 15 |
|-----------------|---------|---------|----|

| | | | |
|--------------|----------------|----------------|----|
| Total | 415,336 | 350,845 | 18 |
|--------------|----------------|----------------|----|

By currency

Reais

70,947

62,223

14

US Dollars

305,956

252,787

21

Euro

27,183

25,820

5

| | | | |
|------------------|--------|--------|----|
| Other currencies | 11,250 | 10,015 | 12 |
|------------------|--------|--------|----|

| | | | |
|--------------|----------------|----------------|----|
| Total | 415,336 | 350,845 | 18 |
|--------------|----------------|----------------|----|

By maturity

2015

22,636

31,523

(28)

2016

37,833

33,397

13

2017

36,371

31,742

15

2018

54,454

47,254

15

2019

75,655

64,252

18

2020 and thereafter

188,387

142,677

32

| | | | |
|--------------|----------------|----------------|----|
| Total | 415,336 | 350,845 | 18 |
|--------------|----------------|----------------|----|

Consolidated net debt in Reais increased by 15% when compared to December 31, 2014 as a result of the 16.8% impact from the depreciation of the Real against the U.S. dollar.

²⁶Includes Finance lease obligations (R\$ 45 million on June 30, 2015 and R\$ 42 million on December 31, 2014).

²⁷ Includes Finance lease obligations (R\$ 168 million on June 30, 2015 and R\$ 148 million on December 31, 2014).

²⁸ Net debt is not a measure defined in the International Standards -IFRS and should not be considered in isolation or as a substitute for total long-term debt calculated in accordance with IFRS. Our calculation of net debt may not be comparable to the calculation of net debt by other companies. Management believes that net debt is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.

²⁹ Total liabilities net of adjusted cash and cash equivalents.

³⁰ Beginning in the period ended June 30, 2015, the Company calculated its ratios including Adjusted EBITDA by adding the last four quarters (or Last Twelve Months - LTM Adjusted EBITDA), consistently with the market best practices. The Company previously annualized its Adjusted EBITDA by multiplying the year-to-date amount by the remaining period.

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL STATEMENTS

Income Statement - Consolidated ³¹

Jan-Jun

| | | | | | |
|---------|---------|-----------------------|--------|--------|--------|
| 154,296 | 163,843 | Sales revenues | 79,943 | 74,353 | 82,298 |
|---------|---------|-----------------------|--------|--------|--------|

| | | | | | |
|-----------|-----------|---------------|----------|----------|----------|
| (106,324) | (125,862) | Cost of sales | (54,381) | (51,943) | (63,480) |
|-----------|-----------|---------------|----------|----------|----------|

| | | | | | |
|--------|--------|---------------------|--------|--------|--------|
| 47,972 | 37,981 | Gross profit | 25,562 | 22,410 | 18,818 |
|--------|--------|---------------------|--------|--------|--------|

| | | | | | |
|---------|---------|------------------|---------|---------|---------|
| (5,610) | (5,497) | Selling expenses | (3,886) | (1,724) | (2,772) |
|---------|---------|------------------|---------|---------|---------|

| | | | | | |
|---------|---------|-------------------------------------|---------|---------|---------|
| (5,474) | (5,140) | General and administrative expenses | (2,764) | (2,710) | (2,580) |
|---------|---------|-------------------------------------|---------|---------|---------|

| | | | | | |
|---------|---------|-------------------|---------|-------|---------|
| (2,403) | (3,328) | Exploration costs | (1,420) | (983) | (1,803) |
|---------|---------|-------------------|---------|-------|---------|

| | | | | | |
|---------|---------|-----------------------------------|-------|-------|-------|
| (1,174) | (1,193) | Research and development expenses | (610) | (564) | (601) |
|---------|---------|-----------------------------------|-------|-------|-------|

| | | | | | |
|---------|-------|-------------|---------|-------|-------|
| (4,713) | (640) | Other taxes | (3,960) | (753) | (313) |
|---------|-------|-------------|---------|-------|-------|

| | | | | | |
|---------|---------|-----------------------------------|---------|---------|---------|
| (5,776) | (5,758) | Other income and expenses, net | (3,435) | (2,341) | (1,901) |
|---------|---------|-----------------------------------|---------|---------|---------|

| | | | | |
|----------|----------|----------|---------|---------|
| (25,150) | (21,556) | (16,075) | (9,075) | (9,970) |
|----------|----------|----------|---------|---------|

| | | | | | |
|---------------|---------------|--|--------------|---------------|--------------|
| 22,822 | 16,425 | Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 9,487 | 13,335 | 8,848 |
|---------------|---------------|--|--------------|---------------|--------------|

| | | | | | |
|-------|-------|----------------|-----|-----|-----|
| 1,349 | 1,800 | Finance income | 615 | 734 | 758 |
|-------|-------|----------------|-----|-----|-----|

| | | | | | |
|---------|---------|------------------|---------|---------|---------|
| (9,252) | (4,091) | Finance expenses | (5,561) | (3,691) | (2,243) |
|---------|---------|------------------|---------|---------|---------|

| | | | | | |
|---------|-------|--|---------|---------|-----|
| (3,766) | 1,177 | Foreign exchange and inflation indexation charges | (1,102) | (2,664) | 545 |
|---------|-------|--|---------|---------|-----|

| | | | | | |
|----------|---------|------------------------------|---------|---------|-------|
| (11,669) | (1,114) | Net finance income (expense) | (6,048) | (5,621) | (940) |
|----------|---------|------------------------------|---------|---------|-------|

| | | | | | |
|-----|-----|--|-----|-----|-----|
| 342 | 793 | Share of earnings in equity-accounted investments | 169 | 173 | 271 |
|-----|-----|--|-----|-----|-----|

(363)

(648)

Profit-sharing

(27)

(336)

(312)

| | | | | | |
|---------------|---------------|--|--------------|--------------|--------------|
| 11,132 | 15,456 | Net income (loss) before income taxes | 3,581 | 7,551 | 7,867 |
|---------------|---------------|--|--------------|--------------|--------------|

| | | | | | |
|---------|---------|--------------|---------|---------|---------|
| (5,696) | (4,479) | Income taxes | (2,673) | (3,023) | (2,676) |
|---------|---------|--------------|---------|---------|---------|

| | | | | | |
|--------------|---------------|--------------------------|------------|--------------|--------------|
| 5,436 | 10,977 | Net income (loss) | 908 | 4,528 | 5,191 |
|--------------|---------------|--------------------------|------------|--------------|--------------|

Net income (loss) attributable
to:

| | | | | | |
|-------|--------|---------------------------|-----|-------|-------|
| 5,861 | 10,352 | Shareholders of Petrobras | 531 | 5,330 | 4,959 |
|-------|--------|---------------------------|-----|-------|-------|

| | | | | | |
|-------|-----|---------------------------|-----|-------|-----|
| (425) | 625 | Non-controlling interests | 377 | (802) | 232 |
|-------|-----|---------------------------|-----|-------|-----|

5,436

10,977

908

4,528

5,191

³¹ Beginning in 2014, the amount of inventory write-downs to net realizable value (market value) was reclassified from Other Income and Expenses to Cost of Sales.

FINANCIAL AND OPERATING HIGHLIGHTS

Statement of Financial Position – Consolidated

| | | |
|-----------------------|----------------|----------------|
| Current assets | 160,380 | 135,023 |
|-----------------------|----------------|----------------|

| | | |
|---------------------------|--------|--------|
| Cash and cash equivalents | 81,166 | 44,239 |
|---------------------------|--------|--------|

| | | |
|-----------------------|--------|--------|
| Marketable securities | 10,478 | 24,763 |
|-----------------------|--------|--------|

| | | |
|----------------------------------|--------|--------|
| Trade and other receivables, net | 20,050 | 21,167 |
|----------------------------------|--------|--------|

Inventories

33,771

30,457

| | | |
|-------------------|-------|--------|
| Recoverable taxes | 9,927 | 10,123 |
|-------------------|-------|--------|

Assets classified as held for sale

281

13

| | | |
|----------------------|-------|-------|
| Other current assets | 4,707 | 4,261 |
|----------------------|-------|-------|

Non-current assets

698,919

658,352

Long-term receivables

56,231

50,104

| | | |
|----------------------------------|--------|--------|
| Trade and other receivables, net | 16,219 | 12,834 |
|----------------------------------|--------|--------|

Marketable securities

298

290

| | | |
|-------------------|-------|-------|
| Judicial deposits | 9,094 | 7,124 |
|-------------------|-------|-------|

| | | |
|----------------|-------|-------|
| Deferred taxes | 2,888 | 2,673 |
|----------------|-------|-------|

| | | |
|------------------|--------|--------|
| Other tax assets | 10,332 | 10,645 |
|------------------|--------|--------|

Advances to suppliers

6,743

6,398

| | | |
|--------------------------|--------|--------|
| Other non-current assets | 10,657 | 10,140 |
|--------------------------|--------|--------|

Investments

15,587

15,282

Property, plant and equipment

615,096

580,990

| | | |
|--------------------------|---------------|---------------|
| Intangible assets | 12,005 | 11,976 |
|--------------------------|---------------|---------------|

Total assets

859,299

793,375

Current liabilities

100,596

82,659

| | | |
|----------------|--------|--------|
| Trade payables | 24,581 | 25,924 |
|----------------|--------|--------|

| | | |
|--------------|--------|--------|
| Current debt | 44,655 | 31,565 |
|--------------|--------|--------|

| | | |
|---------------|--------|--------|
| Taxes payable | 17,226 | 11,453 |
|---------------|--------|--------|

| | | |
|---|-------|-------|
| Employee compensation (payroll, profit-sharing and related charges) | 5,472 | 5,489 |
|---|-------|-------|

| | | |
|------------------------------|-------|-------|
| Pension and medical benefits | 2,109 | 2,115 |
|------------------------------|-------|-------|

| | | |
|--|-----|---|
| Liabilities associated with assets classified as held for sale | 193 | – |
|--|-----|---|

| | | |
|---------------------------|-------|-------|
| Other current liabilities | 6,360 | 6,113 |
|---------------------------|-------|-------|

Non-current liabilities

449,300

399,994

| | | |
|------------------|---------|---------|
| Non-current debt | 370,894 | 319,470 |
|------------------|---------|---------|

| | | |
|----------------|-------|-------|
| Deferred taxes | 4,927 | 8,052 |
|----------------|-------|-------|

| | | |
|------------------------------|--------|--------|
| Pension and medical benefits | 46,074 | 43,803 |
|------------------------------|--------|--------|

| | | |
|-------------------------------------|--------|--------|
| Provision for decommissioning costs | 20,575 | 21,958 |
|-------------------------------------|--------|--------|

| | | |
|----------------------------------|-------|-------|
| Provisions for legal proceedings | 4,446 | 4,091 |
|----------------------------------|-------|-------|

| | | |
|-------------------------------|-------|-------|
| Other non-current liabilities | 2,384 | 2,620 |
|-------------------------------|-------|-------|

Shareholders' equity

309,403

310,722

| | | |
|---------------|---------|---------|
| Share capital | 205,432 | 205,432 |
|---------------|---------|---------|

| | | |
|----------------------------|---------|---------|
| Profit reserves and others | 101,788 | 103,416 |
|----------------------------|---------|---------|

Non-controlling interests

2,183

1,874

| | | |
|---|----------------|----------------|
| Total liabilities and shareholders' equity | 859,299 | 793,375 |
|---|----------------|----------------|

FINANCIAL AND OPERATING HIGHLIGHTS

Statement of Cash Flows Data – Consolidated

Jan-Jun

| | | | | | |
|--------------|---------------|--|------------|--------------|--------------|
| 5,861 | 10,352 | Net income (loss) attributable to the shareholders of Petrobras | 531 | 5,330 | 4,959 |
|--------------|---------------|--|------------|--------------|--------------|

| | | | | | |
|---------------|---------------|-----------------------------|---------------|---------------|--------------|
| 33,456 | 13,362 | (+) Adjustments for: | 22,359 | 11,097 | 9,340 |
|---------------|---------------|-----------------------------|---------------|---------------|--------------|

| | | | | | |
|--------|--------|--|-------|-------|-------|
| 17,544 | 14,833 | Depreciation, depletion and amortization | 9,028 | 8,516 | 7,710 |
|--------|--------|--|-------|-------|-------|

| | | | | | |
|--------|-------|--|-------|-------|-------|
| 11,871 | 2,896 | Foreign exchange and inflation indexation and finance charges | 5,577 | 6,294 | 1,479 |
|--------|-------|--|-------|-------|-------|

| | | | | | |
|-------|-----|---------------------------|-----|-------|-----|
| (425) | 625 | Non-controlling interests | 377 | (802) | 232 |
|-------|-----|---------------------------|-----|-------|-----|

| | | | | | |
|-------|-------|--|-------|-------|-------|
| (342) | (793) | Share of earnings in equity-accounted investments | (169) | (173) | (271) |
|-------|-------|--|-------|-------|-------|

| | | | | | |
|----|-----|--|-----|-------|-----|
| 24 | 209 | Allowance for impairment of trade receivables | 887 | (863) | 177 |
|----|-----|--|-----|-------|-----|

| | | | | | |
|-------|-------|---|-----|-------|-----|
| (189) | (313) | (Gains) / losses on disposal / write-offs of non-current assets, returned areas and cancelled projects | 215 | (404) | 271 |
|-------|-------|---|-----|-------|-----|

| | | | | | |
|-------|-------|----------------------------|-------|-------|-------|
| 3,812 | 2,296 | Deferred income taxes, net | 1,768 | 2,044 | 1,614 |
|-------|-------|----------------------------|-------|-------|-------|

| | | | | | |
|-------|-------|---|-------|-----|-------|
| 1,663 | 2,552 | Exploration expenditures written-off | 1,087 | 576 | 1,495 |
|-------|-------|---|-------|-----|-------|

| | | | | | |
|-------|-----|--|-------|-----|-----|
| 1,329 | 473 | Impairment of property, plant and equipment, intangible and other assets | 1,037 | 292 | 197 |
|-------|-----|--|-------|-----|-----|

| | | | | | |
|-------|-------|---|-------|-------|-------|
| 3,368 | 2,252 | Pension and medical benefits (actuarial expense) | 1,684 | 1,684 | 1,211 |
|-------|-------|---|-------|-------|-------|

| | | | | | |
|---------|---------|-------------|---------|---------|---------|
| (2,654) | (4,760) | Inventories | (1,630) | (1,024) | (2,290) |
|---------|---------|-------------|---------|---------|---------|

| | | | | | |
|-------|---------|-------------------------------------|-------|----|-------|
| (343) | (3,190) | Trade and other receivables, net | (416) | 73 | (641) |
|-------|---------|-------------------------------------|-------|----|-------|

| | | | | | |
|---------|-----|----------------|-------|---------|-----|
| (2,456) | 157 | Trade payables | (181) | (2,275) | 644 |
|---------|-----|----------------|-------|---------|-----|

(1,122) (901) Pension and medical benefits (707) (415) (566)

| | | | | | |
|-------|---------|---------------|-------|-----|-------|
| 5,992 | (2,006) | Taxes payable | 5,669 | 323 | (732) |
|-------|---------|---------------|-------|-----|-------|

| | | | | | |
|---------|-------|------------------------------|---------|---------|---------|
| (4,616) | (968) | Other assets and liabilities | (1,867) | (2,749) | (1,190) |
|---------|-------|------------------------------|---------|---------|---------|

| | | | | | |
|---------------|---------------|--|---------------|---------------|---------------|
| 39,317 | 23,714 | (=) Net cash provided by (used in) operating activities | 22,890 | 16,427 | 14,299 |
|---------------|---------------|--|---------------|---------------|---------------|

| | | | | | |
|-----------------|-----------------|--|--------------|-----------------|-----------------|
| (16,078) | (37,117) | (-) Net cash provided by (used in) investing activities | 5,253 | (21,331) | (16,924) |
|-----------------|-----------------|--|--------------|-----------------|-----------------|

| | | | | | |
|----------|----------|--|----------|----------|----------|
| (34,833) | (39,477) | Capital expenditures and investments in operating segments | (17,153) | (17,680) | (19,141) |
|----------|----------|--|----------|----------|----------|

| | | | | | |
|-----|-------|--|----|-----|-----|
| 612 | 1,054 | Proceeds from disposal of assets (divestment) | 96 | 516 | 185 |
|-----|-------|--|----|-----|-----|

| | | | | | |
|--------|-------|--------------------------------------|--------|---------|-------|
| 18,143 | 1,306 | Investments in marketable securities | 22,310 | (4,167) | 2,032 |
|--------|-------|--------------------------------------|--------|---------|-------|

| | | | | | |
|---------------|-----------------|--------------------------|---------------|----------------|----------------|
| 23,239 | (13,403) | (=) Net cash flow | 28,143 | (4,904) | (2,625) |
|---------------|-----------------|--------------------------|---------------|----------------|----------------|

| | | | | | |
|--------------|---------------|--|---------------|----------------|----------------|
| 9,086 | 37,565 | (-) Net cash provided by (used in) financing activities | 18,996 | (9,910) | (6,327) |
|--------------|---------------|--|---------------|----------------|----------------|

| | | | | | |
|--------|--------|-----------------------------------|--------|-------|--------|
| 37,472 | 64,026 | Proceeds from long-term financing | 33,737 | 3,735 | 10,119 |
|--------|--------|-----------------------------------|--------|-------|--------|

| | | | | | |
|----------|----------|------------------------|----------|---------|---------|
| (19,446) | (11,068) | Repayment of principal | (11,005) | (8,441) | (4,933) |
|----------|----------|------------------------|----------|---------|---------|

| | | | | | |
|---------|---------|-----------------------|---------|---------|---------|
| (9,445) | (6,663) | Repayment of interest | (3,845) | (5,600) | (2,892) |
|---------|---------|-----------------------|---------|---------|---------|

– (8,731) Dividends paid to shareholders – – (8,731)

| | | | | | |
|-----|---|---|-----|-----|-----|
| 505 | 1 | Acquisition of non-controlling interest | 109 | 396 | 110 |
|-----|---|---|-----|-----|-----|

| | | | | | |
|-------|---------|--|-------|-------|---------|
| 4,602 | (3,194) | Effect of exchange rate changes on cash and cash equivalents | (423) | 5,025 | (1,375) |
|-------|---------|--|-------|-------|---------|

| | | | | | |
|---------------|---------------|------------------------------------|---------------|----------------|-----------------|
| 36,927 | 20,968 | (=) Net increase (decrease) | 46,716 | (9,789) | (10,327) |
| | | in cash and cash | | | |
| | | equivalents in the period | | | |

| | | | | | |
|--------|--------|--|--------|--------|--------|
| 44,239 | 37,172 | Cash and cash equivalents at the beginning of period | 34,450 | 44,239 | 68,467 |
|--------|--------|--|--------|--------|--------|

| | | | | | |
|--------|--------|---|--------|--------|--------|
| 81,166 | 58,140 | Cash and cash equivalents at the end of period | 81,166 | 34,450 | 58,140 |
|--------|--------|---|--------|--------|--------|

FINANCIAL AND OPERATING HIGHLIGHTS

SEGMENT INFORMATION

Consolidated Income Statement by Segment – 1H-2015

| | | | | | | | | | |
|-----------------------|---------------|----------------|---------------|------------|---------------|---------------|----------|------------------|-------------|
| Sales revenues | 57,546 | 114,446 | 20,868 | 308 | 47,723 | 13,857 | – | (100,452) | 154, |
|-----------------------|---------------|----------------|---------------|------------|---------------|---------------|----------|------------------|-------------|

| | | | | | | | | | |
|---------------|--------|--------|-------|-----|-----|-----|---|-----------|---|
| Intersegments | 56,800 | 38,707 | 3,286 | 292 | 916 | 451 | - | (100,452) | - |
|---------------|--------|--------|-------|-----|-----|-----|---|-----------|---|

| | | | | | | | | | |
|---------------|-----|--------|--------|----|--------|--------|---|---|------|
| Third parties | 746 | 75,739 | 17,582 | 16 | 46,807 | 13,406 | - | - | 154, |
|---------------|-----|--------|--------|----|--------|--------|---|---|------|

| | | | | | | | | | |
|---------------|----------|----------|----------|-------|----------|----------|---|--------|------|
| Cost of sales | (39,051) | (92,470) | (17,207) | (340) | (44,121) | (11,590) | – | 98,455 | (106 |
|---------------|----------|----------|----------|-------|----------|----------|---|--------|------|

| | | | | | | | | | |
|---------------------|---------------|---------------|--------------|-------------|--------------|--------------|----------|----------------|-------------|
| Gross profit | 18,495 | 21,976 | 3,661 | (32) | 3,602 | 2,267 | - | (1,997) | 47,9 |
|---------------------|---------------|---------------|--------------|-------------|--------------|--------------|----------|----------------|-------------|

Expenses

(5,014) (4,656) (1,975) (79) (2,441) (1,144) (10,183) 342 (25,

| | | | | | | | | | |
|--|-------|---------|-------|------|---------|---------|---------|-----|-------|
| Selling, general and administrative expenses | (720) | (3,532) | (466) | (55) | (2,472) | (1,157) | (3,025) | 343 | (11,0 |
|--|-------|---------|-------|------|---------|---------|---------|-----|-------|

| | | | | | | | | | |
|-------------------|---------|---|---|---|---|-------|---|---|---------|
| Exploration costs | (2,277) | - | - | - | - | (126) | - | - | (2,403) |
|-------------------|---------|---|---|---|---|-------|---|---|---------|

Research and
development
expenses

(448) (189) (124) (17) (2) (4) (390) -

(1,17

| | | | | | | | | | |
|-------------|-------|-------|-------|-----|------|-------|---------|---|---------|
| Other taxes | (109) | (215) | (806) | (1) | (20) | (165) | (3,397) | – | (4,711) |
|-------------|-------|-------|-------|-----|------|-------|---------|---|---------|

| | | | | | | | | | |
|--------------------------------|---------|-------|-------|-----|----|-----|---------|-----|--------|
| Other income and expenses, net | (1,460) | (720) | (579) | (6) | 53 | 308 | (3,371) | (1) | (5,77) |
|--------------------------------|---------|-------|-------|-----|----|-----|---------|-----|--------|

| | | | | | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|--------------|-----------------|----------------|-------------|
| Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 13,481 | 17,320 | 1,686 | (111) | 1,161 | 1,123 | (10,183) | (1,655) | 22,8 |
|--|---------------|---------------|--------------|--------------|--------------|--------------|-----------------|----------------|-------------|

| | | | | | | | | | |
|--------------------|---|---|---|---|---|---|----------|---|----------|
| Net finance income | - | - | - | - | - | - | (11,669) | - | (11,669) |
| (expense) | | | | | | | | | |

| | | | | | | | | |
|---|-----|-----|-------|---|-----|-----|---|-----|
| Share of earnings in (187) equity-accounted investments | 498 | 168 | (279) | 3 | 141 | (2) | — | 342 |
|---|-----|-----|-------|---|-----|-----|---|-----|

| | | | | | | | | | |
|----------------|------|-------|------|-----|------|-----|------|---|-------|
| Profit-sharing | (63) | (194) | (12) | (1) | (45) | (3) | (45) | – | (363) |
|----------------|------|-------|------|-----|------|-----|------|---|-------|

| | | | | | | | | | |
|--|---------------|---------------|--------------|--------------|--------------|--------------|-----------------|----------------|-------------|
| Net income (loss) before income taxes | 13,231 | 17,624 | 1,842 | (391) | 1,119 | 1,261 | (21,899) | (1,655) | 11,1 |
|--|---------------|---------------|--------------|--------------|--------------|--------------|-----------------|----------------|-------------|

| | | | | | | | | | |
|--------------|---------|---------|-------|----|-------|-------|-------|-----|-------|
| Income taxes | (4,562) | (5,823) | (569) | 38 | (380) | (171) | 5,208 | 563 | (5,69 |
|--------------|---------|---------|-------|----|-------|-------|-------|-----|-------|

Net income (loss) 8,669 11,801 1,273 (353) 739 1,090 (16,691)(1,092) 5,43

Net income (loss)
attributable to:

| | | | | | | | | | |
|---------------------------|-------|--------|-------|-------|-----|-----|----------|---------|------|
| Shareholders of Petrobras | 8,675 | 11,803 | 1,125 | (353) | 739 | 919 | (15,955) | (1,092) | 5,86 |
|---------------------------|-------|--------|-------|-------|-----|-----|----------|---------|------|

| | | | | | | | | | |
|---------------------------|-----|-----|-----|---|---|-----|-------|---|-------|
| Non-controlling interests | (6) | (2) | 148 | - | - | 171 | (736) | - | (425) |
|---------------------------|-----|-----|-----|---|---|-----|-------|---|-------|

8,669 11,801 1,273 (353) 739 1,090 (16,691)(1,092) 5,43

Consolidated Income Statement by Segment - 1H-2014^{B2}

| | | | | | | | | | |
|-----------------------|---------------|----------------|---------------|------------|---------------|---------------|----------|------------------|--------------|
| Sales revenues | 78,863 | 129,097 | 19,924 | 256 | 47,371 | 16,993 | - | (128,661) | 163,8 |
|-----------------------|---------------|----------------|---------------|------------|---------------|---------------|----------|------------------|--------------|

| | | | | | | | | | |
|---------------|--------|--------|-------|-----|-------|-------|---|-----------|---|
| Intersegments | 78,384 | 45,824 | 1,763 | 223 | 1,327 | 1,140 | - | (128,661) | - |
|---------------|--------|--------|-------|-----|-------|-------|---|-----------|---|

| | | | | | | | | | |
|---------------|-----|--------|--------|----|--------|--------|---|---|-------|
| Third parties | 479 | 83,273 | 18,161 | 33 | 46,044 | 15,853 | - | - | 163,8 |
|---------------|-----|--------|--------|----|--------|--------|---|---|-------|

| | | | | | | | | | |
|---------------|----------|-----------|----------|-------|----------|----------|---|---------|-------|
| Cost of sales | (39,570) | (137,890) | (17,220) | (315) | (43,500) | (15,002) | – | 127,635 | (125, |
|---------------|----------|-----------|----------|-------|----------|----------|---|---------|-------|

| | | | | | | | | | |
|---------------------|---------------|----------------|--------------|-------------|--------------|--------------|----------|----------------|---------------|
| Gross profit | 39,293 | (8,793) | 2,704 | (59) | 3,871 | 1,991 | - | (1,026) | 37,990 |
|---------------------|---------------|----------------|--------------|-------------|--------------|--------------|----------|----------------|---------------|

Expenses

(6,581) (4,543) (1,269) (79) (2,377) (885) (6,075)253 (21,5

| | | | | | | | | | |
|--|-------|---------|---------|------|---------|-------|---------|-----|-------|
| Selling, general and administrative expenses | (440) | (3,454) | (1,452) | (57) | (2,224) | (853) | (2,413) | 256 | (10,6 |
|--|-------|---------|---------|------|---------|-------|---------|-----|-------|

| | | | | | | | | | |
|-------------------|---------|---|---|---|---|-------|---|---|--------|
| Exploration costs | (3,132) | - | - | - | - | (196) | - | - | (3,32) |
|-------------------|---------|---|---|---|---|-------|---|---|--------|

Research and
development
expenses

| | | | | | | | | |
|-------|-------|------|------|-----|-----|-------|---|-------|
| (618) | (195) | (94) | (14) | (1) | (2) | (269) | – | (1,19 |
|-------|-------|------|------|-----|-----|-------|---|-------|

| | | | | | | | | | |
|-------------|------|-------|-------|-----|------|-------|-------|---|-------|
| Other taxes | (53) | (113) | (103) | (1) | (18) | (111) | (241) | — | (640) |
|-------------|------|-------|-------|-----|------|-------|-------|---|-------|

| | | | | | | | | | |
|--------------------------------|---------|-------|-----|-----|-------|-----|---------|-----|--------|
| Other income and expenses, net | (2,338) | (781) | 380 | (7) | (134) | 277 | (3,152) | (3) | (5,75) |
|--------------------------------|---------|-------|-----|-----|-------|-----|---------|-----|--------|

| | | | | | | | | | |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-------------|
| Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 32,712 | (13,336) | 1,435 | (138) | 1,494 | 1,106 | (6,075) | (773) | 16,4 |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-------------|

| | | | | | | | | | |
|--------------------|---|---|---|---|---|---|---------|---|---------|
| Net finance income | - | - | - | - | - | - | (1,114) | - | (1,114) |
| (expense) | | | | | | | | | |

| | | | | | | | | |
|---|-----|-----|------|---|-----|---|---|-----|
| Share of earnings in – equity-accounted investments | 224 | 320 | (49) | – | 291 | 7 | – | 793 |
|---|-----|-----|------|---|-----|---|---|-----|

| | | | | | | | | | |
|----------------|-------|-------|------|---|------|------|-------|---|-------|
| Profit-sharing | (223) | (182) | (25) | – | (45) | (12) | (161) | – | (648) |
|----------------|-------|-------|------|---|------|------|-------|---|-------|

| | | | | | | | | | |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-------------|
| Net income (loss) before income taxes | 32,489 | (13,294) | 1,730 | (187) | 1,449 | 1,385 | (7,343) | (773) | 15,4 |
|--|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|-------------|

| | | | | | | | | | |
|--------------|----------|-------|-------|----|-------|-------|-------|-----|-------|
| Income taxes | (11,046) | 4,596 | (480) | 46 | (493) | (135) | 2,769 | 264 | (4,47 |
|--------------|----------|-------|-------|----|-------|-------|-------|-----|-------|

Net income (loss) 21,443 (8,698) 1,250 (141) 956 1,250 (4,574)(509) 10,9

Net income (loss)
attributable to:

| | | | | | | | | | |
|---------------------------|--------|---------|-------|-------|-----|-------|---------|-------|-------|
| Shareholders of Petrobras | 21,447 | (8,691) | 1,217 | (141) | 956 | 1,146 | (5,073) | (509) | 10,35 |
|---------------------------|--------|---------|-------|-------|-----|-------|---------|-------|-------|

| | | | | | | | | | |
|---------------------------|-----|-----|----|---|---|-----|-----|---|-----|
| Non-controlling interests | (4) | (7) | 33 | — | — | 104 | 499 | — | 625 |
|---------------------------|-----|-----|----|---|---|-----|-----|---|-----|

21,443 (8,698) 1,250 (141) 956 1,250 (4,574)(509) 10,9

³² Beginning in 2014, the amount of inventory write-downs to net realizable value (market value) was reclassified from Other Income and Expenses to Cost of Sales.

FINANCIAL AND OPERATING HIGHLIGHTS

Other Income and Expenses, Net by Segment - 1H-2015

| | | | | | | | | | |
|---|---|---|---|---|---|---|---------|---|----|
| Pension and medical benefits (retired employees) | - | - | - | - | - | - | (1,895) | - | (1 |
|---|---|---|---|---|---|---|---------|---|----|

| | | | | | | | | | |
|--|---------|-------|-------|---|---|------|------|---|----|
| Unscheduled stoppages and pre-operating expenses | (1,199) | (392) | (166) | - | - | (13) | (12) | - | (1 |
|--|---------|-------|-------|---|---|------|------|---|----|

Impairment

(245) (365) (585) - - (91) - - (1

| | | | | | | | | | |
|--|-------|-------|----|---|------|------|-------|---|----|
| (Losses)/gains on legal, administrative and arbitral proceedings | (116) | (193) | 13 | – | (43) | (12) | (388) | – | (7 |
|--|-------|-------|----|---|------|------|-------|---|----|

| | | | | | | | | | |
|---|------|------|-----|---|------|------|-------|---|-----|
| Institutional relations and cultural projects | (37) | (33) | (3) | – | (81) | (14) | (550) | – | (7) |
|---|------|------|-----|---|------|------|-------|---|-----|

Health, safety and environment(33) (28) (9) - - (4) (78) - (1

| | | | | | | | | |
|-------------------------------------|------|------|-----|---|---|-----|---|-----|
| Voluntary Separation Incentive (21) | (15) | (38) | (3) | 1 | - | (5) | - | (8) |
| Plan - PIDV | | | | | | | | |

| | | | | | | | | | |
|---|------|---|---|---|---|---|---|---|----|
| E&P areas returned and cancelled projects | (69) | - | - | - | - | - | - | - | (6 |
|---|------|---|---|---|---|---|---|---|----|

| | | | | | | | | | |
|----------------------|---|---|---|---|---|---|---|---|----|
| Governamental Grants | 8 | 3 | - | - | - | - | 8 | - | 19 |
|----------------------|---|---|---|---|---|---|---|---|----|

| | | | | | | | | | |
|--|---|---|---|---|---|---|-----|---|----|
| Reimbursement of unduly capitalized expenses | - | - | - | - | - | - | 157 | - | 15 |
|--|---|---|---|---|---|---|-----|---|----|

| | | | | | | | | | |
|---|-------|-----|----|---|---|-----|-----|---|----|
| Gains / (losses) on disposal/write-offs of assets | (337) | 264 | 14 | – | 4 | 320 | (7) | – | 25 |
|---|-------|-----|----|---|---|-----|-----|---|----|

| | | | | | | | | | |
|----------------------------------|---|---|---|---|---|---|---|---|---|
| (Expenditures)/reimbursements481 | - | - | - | - | - | - | - | - | 4 |
| from operations in E&P | | | | | | | | | |
| partnerships | | | | | | | | | |

| | | | | | | | | | |
|--------|-----|----|-----|-----|-----|-----|-------|-----|---|
| Others | 108 | 39 | 195 | (3) | 172 | 122 | (601) | (1) | 3 |
|--------|-----|----|-----|-----|-----|-----|-------|-----|---|

(1,460)(720)(579) (6) 53 308 (3,371)(1) (5

Other Income and Expenses, Net by Segment - 1H-2014³³

| | | | | | | | | | |
|---|---|---|---|---|---|---|---------|---|----|
| Pension and medical benefits (retired employees) | - | - | - | - | - | - | (1,104) | - | (1 |
|---|---|---|---|---|---|---|---------|---|----|

| | | | | | | | | | |
|--|---------|------|------|---|---|------|------|---|----|
| Unscheduled stoppages and pre-operating expenses | (1,046) | (28) | (95) | - | - | (18) | (21) | - | (1 |
|--|---------|------|------|---|---|------|------|---|----|

Impairment

- - - - - 15 - - 15

| | | | | | | | | | |
|--|------|------|------|---|------|------|-------|---|----|
| (Losses)/gains on legal, administrative and arbitral proceedings | (76) | (88) | (31) | - | (41) | (21) | (527) | - | (7 |
|--|------|------|------|---|------|------|-------|---|----|

| | | | | | | | | | |
|---|------|------|-----|---|------|-----|-------|---|-----|
| Institutional relations and cultural projects | (56) | (36) | (6) | – | (60) | (7) | (715) | – | (8) |
|---|------|------|-----|---|------|-----|-------|---|-----|

Health, safety and environment(36) (34) (10) - - (5) (85) - (1

| | | | | | | | | | |
|--|-------|-------|-------|-----|-------|------|-------|---|----|
| Voluntary Separation Incentive Plan – PIDV | (968) | (479) | (115) | (7) | (168) | (26) | (613) | – | (2 |
|--|-------|-------|-------|-----|-------|------|-------|---|----|

| | | | | | | | | | |
|---|-------|---|---|---|---|---|---|---|----|
| E&P areas returned and cancelled projects | (494) | - | - | - | - | - | - | - | (4 |
|---|-------|---|---|---|---|---|---|---|----|

| | | | | | | | | | |
|---------------------|----|----|-----|---|---|---|----|---|----|
| Governmental Grants | 13 | 42 | 109 | - | - | - | 11 | - | 17 |
|---------------------|----|----|-----|---|---|---|----|---|----|

| | | | | | | | | | |
|---|-------|------|-----|---|---|-----|------|---|----|
| Gains / (losses) on disposal/write-offs of assets | (189) | (73) | 719 | – | 6 | 383 | (39) | – | 80 |
|---|-------|------|-----|---|---|-----|------|---|----|

| | | | | | | | | | |
|----------------------------------|---|---|---|---|---|---|---|---|----|
| (Expenditures)/reimbursements383 | - | - | - | - | - | - | - | - | 38 |
| from operations in E&P | | | | | | | | | |
| partnerships | | | | | | | | | |

Others

131 (85) (191) - 129 (44) (59) (3) (1

(2,338)(781)380 (7) (134) 277 (3,152)(3) (5

Consolidated Assets by Segment – 06.30.2015

| | | | | | |
|---------------------|------------------------|-------------------|---------------|-----------------------|-------------------------|
| Total assets | 438,842,190,133 | 77,318,262 | 20,478 | 39,262,106,300 | (15,657,859,299) |
|---------------------|------------------------|-------------------|---------------|-----------------------|-------------------------|

| | | | | | | | | | |
|-----------------------|---------------|---------------|---------------|------------|--------------|--------------|---------------|-----------------|----------------|
| Current assets | 19,896 | 41,605 | 10,729 | 180 | 9,053 | 6,439 | 85,000 | (12,522) | 160,380 |
|-----------------------|---------------|---------------|---------------|------------|--------------|--------------|---------------|-----------------|----------------|

Non-current 418,946 148,528 66,589 2,443 11,425 32,823 21,300 (3,135) 698,919
assets

| | | | | | | | | | |
|--------------------------|--------|--------|-------|----|-------|-------|--------|---------|--------|
| Long-term receivables | 19,803 | 10,229 | 5,239 | 10 | 4,614 | 5,332 | 13,974 | (2,970) | 56,231 |
|--------------------------|--------|--------|-------|----|-------|-------|--------|---------|--------|

| | | | | | | | | | |
|-------------|-----|-------|-------|-------|----|-------|-----|---|--------|
| Investments | 594 | 4,428 | 1,433 | 1,893 | 54 | 6,846 | 339 | – | 15,587 |
|-------------|-----|-------|-------|-------|----|-------|-----|---|--------|

| | | | | | | | | | |
|-------------------------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|
| Property, plant and equipment | 390,848 | 133,242 | 59,055 | 540 | 6,147 | 19,120 | 6,309 | (165) | 615,096 |
|-------------------------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|

| | | | | | | | | | |
|------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|
| Operating assets | 283,275 | 110,318 | 47,908 | 496 | 5,111 | 15,718 | 5,592 | (165) | 468,252 |
|------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|

| | | | | | | | | | |
|---------------------------|---------|--------|--------|----|-------|-------|-----|---|---------|
| Assets under construction | 107,573 | 22,924 | 11,147 | 44 | 1,036 | 3,402 | 717 | – | 146,844 |
|---------------------------|---------|--------|--------|----|-------|-------|-----|---|---------|

| | | | | | | | | | |
|----------------------|-------|-----|-----|---|-----|-------|-----|---|--------|
| Intangible assets | 7,701 | 629 | 862 | – | 610 | 1,525 | 678 | – | 12,005 |
|----------------------|-------|-----|-----|---|-----|-------|-----|---|--------|

Consolidated Assets by Segment - 12.31.2014

| | | | | |
|---------------------|--------------------------------|--------------|---------------|-------------------------------------|
| Total assets | 402,478,186,033,753,350 | 2,947 | 19,180 | 34,553,86,024(13,190)793,375 |
|---------------------|--------------------------------|--------------|---------------|-------------------------------------|

| | | | | | | | | | |
|-----------------------|---------------|---------------|---------------|------------|--------------|--------------|---------------|-----------------|----------------|
| Current assets | 15,959 | 39,111 | 10,570 | 173 | 9,246 | 6,229 | 64,174 | (10,439) | 135,023 |
|-----------------------|---------------|---------------|---------------|------------|--------------|--------------|---------------|-----------------|----------------|

Non-current assets **386,519,146,922** **64,780,277** **9,934** **28,324** **21,850(2,751)** **658,352**

| | | | | | | | | | |
|--------------------------|--------|-------|-------|---|-------|-------|--------|---------|--------|
| Long-term receivables | 17,874 | 9,573 | 3,749 | 8 | 3,217 | 4,908 | 13,359 | (2,584) | 50,104 |
|--------------------------|--------|-------|-------|---|-------|-------|--------|---------|--------|

| | | | | | | | | | |
|-------------|-----|-------|-------|-------|----|-------|-----|---|--------|
| Investments | 531 | 4,800 | 1,393 | 2,221 | 39 | 5,912 | 386 | - | 15,282 |
|-------------|-----|-------|-------|-------|----|-------|-----|---|--------|

| | | | | | | | | | |
|-------------------------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|
| Property, plant and equipment | 360,368 | 131,914 | 58,770 | 545 | 6,066 | 16,091 | 7,403 | (167) | 580,990 |
|-------------------------------------|---------|---------|--------|-----|-------|--------|-------|-------|---------|

| | | | | | | | | | |
|------------------|---------|---------|--------|-----|-------|-------|-------|-------|---------|
| Operating assets | 263,794 | 108,747 | 47,460 | 502 | 4,595 | 9,870 | 5,562 | (167) | 440,363 |
|------------------|---------|---------|--------|-----|-------|-------|-------|-------|---------|

| | | | | | | | | | |
|---------------------------|--------|--------|--------|----|-------|-------|-------|---|---------|
| Assets under construction | 96,574 | 23,167 | 11,310 | 43 | 1,471 | 6,221 | 1,841 | - | 140,627 |
|---------------------------|--------|--------|--------|----|-------|-------|-------|---|---------|

| | | | | | | | | | |
|-------------------|-------|-----|-----|---|-----|-------|-----|---|--------|
| Intangible assets | 7,746 | 635 | 868 | – | 612 | 1,413 | 702 | – | 11,976 |
|-------------------|-------|-----|-----|---|-----|-------|-----|---|--------|

³³ Beginning in 2014, the amount of inventory write-downs to net realizable value (market value) was reclassified from Other Income and Expenses to Cost of Sales.

FINANCIAL AND OPERATING HIGHLIGHTS

Consolidated Adjusted EBITDA Statement by Segment – 1H-2015

| | | | | | | | | | |
|-------------------|-------|--------|-------|-------|-----|-------|----------|---------|-------|
| Net income (loss) | 8,669 | 11,801 | 1,273 | (353) | 739 | 1,090 | (16,691) | (1,092) | 5,436 |
|-------------------|-------|--------|-------|-------|-----|-------|----------|---------|-------|

| | | | | | | | | | |
|------------------|---|---|---|---|---|---|--------|---|--------|
| Net finance | - | - | - | - | - | - | 11,669 | - | 11,669 |
| income (expense) | | | | | | | | | |

| | | | | | | | | | |
|--------------|-------|-------|-----|------|-----|-----|---------|-------|-------|
| Income taxes | 4,562 | 5,823 | 569 | (38) | 380 | 171 | (5,208) | (563) | 5,696 |
|--------------|-------|-------|-----|------|-----|-----|---------|-------|-------|

| | | | | | | | | | |
|--|--------|-------|-------|----|-----|-----|-----|---|--------|
| Depreciation, depletion and amortization | 10,892 | 3,596 | 1,425 | 15 | 226 | 976 | 414 | – | 17,544 |
|--|--------|-------|-------|----|-----|-----|-----|---|--------|

| | | | | | | | | | |
|---------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|
| EBITDA | 24,123 | 21,220 | 3,267 | (376) | 1,345 | 2,237 | (9,816) | (1,655) | 40,345 |
|---------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|

| | | | | | | | | | |
|-------------------|-----|-------|-------|-----|-----|-------|---|---|-------|
| Share of earnings | 187 | (498) | (168) | 279 | (3) | (141) | 2 | – | (342) |
| in | | | | | | | | | |
| equity-accounted | | | | | | | | | |
| investments | | | | | | | | | |

| | | | | | | | | | |
|---------------------------------|-----|-----|-----|---|---|----|---|---|-------|
| Impairment losses / (reversals) | 245 | 365 | 585 | - | - | 91 | - | - | 1,286 |
|---------------------------------|-----|-----|-----|---|---|----|---|---|-------|

**Adjusted
EBITDA**

24,552,108,364 (97) 1,342 2,187 (9,814) (1,655) 41,289

Consolidated Adjusted EBITDA Statement by Segment - 1H-2014

| | | | | | | | | | |
|-------------------|--------|---------|-------|-------|-----|-------|---------|-------|--------|
| Net income (loss) | 21,443 | (8,698) | 1,250 | (141) | 956 | 1,250 | (4,574) | (509) | 10,977 |
|-------------------|--------|---------|-------|-------|-----|-------|---------|-------|--------|

| | | | | | | | | | |
|------------------|---|---|---|---|---|---|-------|---|-------|
| Net finance | - | - | - | - | - | - | 1,114 | - | 1,114 |
| income (expense) | | | | | | | | | |

| | | | | | | | | | |
|--------------|--------|---------|-----|------|-----|-----|---------|-------|-------|
| Income taxes | 11,046 | (4,596) | 480 | (46) | 493 | 135 | (2,769) | (264) | 4,479 |
|--------------|--------|---------|-----|------|-----|-----|---------|-------|-------|

| | | | | | | | | | |
|--|-------|-------|-------|----|-----|-------|-----|---|--------|
| Depreciation, depletion and amortization | 8,661 | 3,263 | 1,106 | 16 | 191 | 1,182 | 414 | — | 14,833 |
|--|-------|-------|-------|----|-----|-------|-----|---|--------|

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|
| EBITDA | 41,150 | (10,031) | 2,836 | (171) | 1,640 | 2,567 | (5,815) | (773) | 31,403 |
|---------------|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|

| | | | | | | | | |
|---------------------|-------|-------|----|---|-------|-----|---|-------|
| Share of earnings – | (224) | (320) | 49 | – | (291) | (7) | – | (793) |
| in | | | | | | | | |
| equity-accounted | | | | | | | | |
| investments | | | | | | | | |

| | | | | | | | | | |
|---------------------------------|---|---|---|---|---|------|---|---|------|
| Impairment losses / (reversals) | - | - | - | - | - | (15) | - | - | (15) |
|---------------------------------|---|---|---|---|---|------|---|---|------|

| | | | | | | | | | |
|----------------------------|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|
| Adjusted EBITDA | 41,150 | (10,255) | 2,516 | (122) | 1,640 | 2,261 | (5,822) | (773) | 30,595 |
|----------------------------|---------------|-----------------|--------------|--------------|--------------|--------------|----------------|--------------|---------------|

Consolidated Income Statement for International Segment

**Income Statement -
Jan-Jun/2015**

| | | | | | | | |
|-----------------------|--------------|--------------|------------|--------------|-----------|----------------|---------------|
| Sales revenues | 2,874 | 6,897 | 721 | 6,425 | 10 | (3,070) | 13,857 |
|-----------------------|--------------|--------------|------------|--------------|-----------|----------------|---------------|

| | | | | | | | |
|---------------|-------|-------|----|---|----|---------|-----|
| Intersegments | 1,456 | 1,999 | 52 | 4 | 10 | (3,070) | 451 |
|---------------|-------|-------|----|---|----|---------|-----|

| | | | | | | | |
|---------------|-------|-------|-----|-------|---|---|--------|
| Third parties | 1,418 | 4,898 | 669 | 6,421 | - | - | 13,406 |
|---------------|-------|-------|-----|-------|---|---|--------|

| | | | | | | | |
|--|------------|------------|-----------|------------|--------------|-----------|--------------|
| Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 907 | 251 | 70 | 152 | (300) | 43 | 1,123 |
|--|------------|------------|-----------|------------|--------------|-----------|--------------|

| | | | | | | | |
|--|------------|------------|------------|------------|--------------|-----------|------------|
| Net income (loss) attributable to the shareholders of Petrobras | 891 | 206 | 128 | 131 | (480) | 43 | 919 |
|--|------------|------------|------------|------------|--------------|-----------|------------|

**Income Statement -
Jan-Jun/2014**

| | | | | | | | |
|-----------------------|--------------|--------------|------------|--------------|-----------|----------------|---------------|
| Sales revenues | 3,795 | 9,153 | 561 | 5,872 | 18 | (2,406) | 16,993 |
|-----------------------|--------------|--------------|------------|--------------|-----------|----------------|---------------|

| | | | | | | | |
|---------------|-------|-------|----|---|----|---------|-------|
| Intersegments | 1,615 | 1,874 | 39 | 3 | 15 | (2,406) | 1,140 |
|---------------|-------|-------|----|---|----|---------|-------|

| | | | | | | | |
|---------------|-------|-------|-----|-------|---|---|--------|
| Third parties | 2,180 | 7,279 | 522 | 5,869 | 3 | – | 15,853 |
|---------------|-------|-------|-----|-------|---|---|--------|

| | | | | | | | |
|--|------------|------------|-----------|------------|--------------|-------------|--------------|
| Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes | 961 | 173 | 97 | 177 | (267) | (35) | 1,106 |
|--|------------|------------|-----------|------------|--------------|-------------|--------------|

| | | | | | | | |
|--|--------------|------------|------------|------------|--------------|-------------|--------------|
| Net income (loss) attributable to the shareholders of Petrobras | 1,079 | 195 | 129 | 166 | (388) | (35) | 1,146 |
|--|--------------|------------|------------|------------|--------------|-------------|--------------|

Consolidated Assets for International Segment

| | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Total assets on June 30, 2015 | 29,558 | 5,370 | 1,390 | 2,701 | 3,444 | (3,201) | 39,262 |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|

| | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|
| Total assets on December 31, 2014 | 25,557 | 4,944 | 1,255 | 2,497 | 3,267 | (2,967) | 34,553 |
|--|---------------|--------------|--------------|--------------|--------------|----------------|---------------|

APPENDIX

1. Reconciliation of Adjusted EBITDA

Jan-Jun

| | | | | | | | |
|-------|--------|------|-------------------|-----|-------|------|-------|
| 5,436 | 10,977 | (50) | Net income (loss) | 908 | 4,528 | (80) | 5,191 |
|-------|--------|------|-------------------|-----|-------|------|-------|

| | | | | | | | |
|--------|-------|-----|---------------------------------|-------|-------|---|-----|
| 11,669 | 1,114 | 947 | Net finance income (expense) | 6,048 | 5,621 | 8 | 940 |
|--------|-------|-----|---------------------------------|-------|-------|---|-----|

| | | | | | | | |
|-------|-------|----|--------------|-------|-------|------|-------|
| 5,696 | 4,479 | 27 | Income taxes | 2,673 | 3,023 | (12) | 2,676 |
|-------|-------|----|--------------|-------|-------|------|-------|

| | | | | | | | |
|--------|--------|----|---|-------|-------|---|-------|
| 17,544 | 14,833 | 18 | Depreciation, depletion and amortization | 9,028 | 8,516 | 6 | 7,710 |
|--------|--------|----|---|-------|-------|---|-------|

| | | | | | | | |
|---------------|---------------|----|---------------|---------------|---------------|------|---------------|
| 40,345 | 31,403 | 28 | EBITDA | 18,657 | 21,688 | (14) | 16,517 |
|---------------|---------------|----|---------------|---------------|---------------|------|---------------|

| | | | | | | | |
|-------|-------|----|---|-------|-------|---|-------|
| (342) | (793) | 57 | Share of earnings in equity-accounted investments | (169) | (173) | 2 | (271) |
|-------|-------|----|---|-------|-------|---|-------|

| | | | | | | | |
|-------|------|---|------------------------------------|-------|---|---|---|
| 1,286 | (15) | - | Impairment losses / (reversals) | 1,283 | 3 | - | - |
|-------|------|---|------------------------------------|-------|---|---|---|

| | | | | | | | |
|---------------|---------------|----|------------------------|---------------|---------------|-----|---------------|
| 41,289 | 30,595 | 35 | Adjusted EBITDA | 19,771 | 21,518 | (8) | 16,246 |
|---------------|---------------|----|------------------------|---------------|---------------|-----|---------------|

| | | | | | | | |
|-----------|-----------|----------|---|-----------|-----------|------------|-----------|
| 27 | 19 | 8 | Adjusted EBITDA margin (%) ³⁴ | 25 | 29 | (4) | 20 |
|-----------|-----------|----------|---|-----------|-----------|------------|-----------|

Our adjusted EBITDA (according to CVM Instruction 527 of October 4, 2012) is the net income before net finance income (expense), income taxes, depreciation, depletion and amortization, share of earnings in equity-accounted investments and impairment, which provides an additional information about our ability to pay debt, carry out investments and cover our working capital needs. Adjusted EBITDA is not an IFRS measure and may not be comparable with the same measure as reported by other companies.

2. Effect of weighted average cost flow on the cost of sales (R\$ million)

Products remain in inventory for an average of 60 days and, therefore, the changes on international crude oil and oil products prices and the effect of the exchange rate variation on imports and on production taxes do not fully impact the costs of sales for the period, fully impacting only the following period. The estimated effects on the cost of sales are set out in the table below:

R\$ million

| | | | |
|---|-------|-------|-------|
| Effect of the average cost on the cost of sales * | (656) | 1,067 | 1,724 |
|---|-------|-------|-------|

* The effect of the average cost on the cost of sales improved the 2Q-2015 result due to the realization of unit costs of inventories acquired in periods of lower international prices and of lower appreciation of the U.S. dollar.

() The amount in parenthesis demonstrates the negative effect on the cost of sales.

³⁴Adjusted EBITDA margin equals Adjusted EBITDA divided by sales revenues.

APPENDIX

3. Consolidated Taxes and Contributions

The economic contribution of Petrobras, measured by taxes and contributions, was R\$ 49,921 million.

Jan-Jun

**Economic
Contribution - Brazil**

| | | | | | | | |
|--------|--------|----|---------------------------------|--------|--------|---|--------|
| 25,378 | 22,527 | 13 | Domestic Value-Added Tax (ICMS) | 12,923 | 12,455 | 4 | 11,355 |
|--------|--------|----|---------------------------------|--------|--------|---|--------|

| | | | | | | | |
|--------|-------|----|------------|-------|-------|---|-------|
| 12,251 | 7,489 | 64 | PIS/COFINS | 6,252 | 5,999 | 4 | 3,905 |
|--------|-------|----|------------|-------|-------|---|-------|

| | | | | | | | |
|-------|-------|----|---------------------------------------|-------|-------|----|-------|
| 4,866 | 4,161 | 17 | Income Tax and Social Contribution | 2,917 | 1,949 | 50 | 2,241 |
|-------|-------|----|---------------------------------------|-------|-------|----|-------|

| | | | | | | | |
|-------|-------|----|--------|-------|-------|----|-------|
| 3,847 | 2,669 | 44 | Others | 2,176 | 1,671 | 30 | 1,266 |
|-------|-------|----|--------|-------|-------|----|-------|

| | | | | | | | |
|--------|--------|----|-------------------|--------|--------|----|--------|
| 46,342 | 36,846 | 26 | Subtotal - Brazil | 24,268 | 22,074 | 10 | 18,767 |
|--------|--------|----|-------------------|--------|--------|----|--------|

| | | | | | | |
|-------|-------|----|---|-------|------|-------|
| 3,579 | 2,573 | 39 | Economic Contribution -1,233 International | 2,346 | (47) | 1,534 |
|-------|-------|----|---|-------|------|-------|

| | | | | | | | |
|---------------|---------------|----|--------------|---------------|---------------|---|---------------|
| 49,921 | 39,419 | 27 | Total | 25,501 | 24,420 | 4 | 20,301 |
|---------------|---------------|----|--------------|---------------|---------------|---|---------------|

4. Production Taxes

Jan-Jun

Brazil

| | | | | | | | |
|-------|-------|------|-----------|-------|-------|----|-------|
| 5,626 | 8,048 | (30) | Royalties | 3,097 | 2,529 | 22 | 3,923 |
|-------|-------|------|-----------|-------|-------|----|-------|

| | | | | | | | |
|-------|-------|------|-------------------------------|-------|-------|----|-------|
| 4,357 | 7,697 | (43) | Special participation charges | 2,593 | 1,764 | 47 | 3,663 |
|-------|-------|------|-------------------------------|-------|-------|----|-------|

| | | | | | | | |
|----|----|---|-----------------|----|----|-----|----|
| 84 | 82 | 2 | Rental of areas | 41 | 43 | (5) | 41 |
|----|----|---|-----------------|----|----|-----|----|

| | | | | | | | |
|--------|--------|------|-------------------|-------|-------|----|-------|
| 10,067 | 15,827 | (36) | Subtotal - Brazil | 5,731 | 4,336 | 32 | 7,627 |
|--------|--------|------|-------------------|-------|-------|----|-------|

448 601 (25) International 230 218 6 319

| | | | | | | | |
|---------------|---------------|------|--------------|--------------|--------------|----|--------------|
| 10,515 | 16,428 | (36) | Total | 5,961 | 4,554 | 31 | 7,946 |
|---------------|---------------|------|--------------|--------------|--------------|----|--------------|

(1S-2015 x 1S-2014): Production taxes in Brazil decreased 36% mainly due to the 36% decrease in the reference price for domestic oil in Reais that reached an average of R\$/bbl 142.12 (US\$/bbl 47.68) in the 1S-2015 compared to R\$/bbl 221.33 (US\$/bbl 96.40) in the 1S-2014.

(2T-2015 x 1T-2015): The 32% increase of production taxes in Reais in Brazil was mainly due to the 25% increase in the reference price for domestic oil, that reached an average of R\$/bbl 157.91 (US\$/bbl 51.41) in the 2Q-2015 compared to R\$/bbl 126.33 (US\$/bbl 43.96) in the 1Q-2015.

5. Impact of Cash Flow Hedge on Exports

Jan-Jun

| | | | | | | | |
|----------|-------|-------|--|-------|----------|-----|-------|
| (24,393) | 8,722 | (380) | Total inflation indexation and foreign exchange variation | 5,748 | (30,141) | 119 | 3,728 |
|----------|-------|-------|--|-------|----------|-----|-------|

| | | | | | | | |
|--------|---------|-----|---|---------|--------|-------|---------|
| 22,958 | (6,775) | 439 | Deferred Foreign Exchange Variation recognized in Shareholders' Equity | (5,343) | 28,301 | (119) | (2,883) |
|--------|---------|-----|---|---------|--------|-------|---------|

| | | | | | | | |
|---------|-------|-------|--|---------|-------|------|-------|
| (2,331) | (770) | (203) | Reclassification from Shareholders' Equity to the Statement of Income | (1,507) | (824) | (83) | (300) |
|---------|-------|-------|--|---------|-------|------|-------|

| | | | | | | | |
|---------|-------|-------|--|---------|---------|----|-----|
| (3,766) | 1,177 | (420) | Net Inflation indexation and foreign exchange variation | (1,102) | (2,664) | 59 | 545 |
|---------|-------|-------|--|---------|---------|----|-----|

The amounts recycled from the Shareholders' Equity to the income statement with respect to foreign exchange variation losses initially recognized in the Shareholders' equity (cash flow hedge accounting) increased from R\$ 824 million in the 1Q-2015 to R\$ 1,507 million in the 2Q-2015, reflecting the occurrence of the hedged transactions (exports hedged by debt denominated in U.S. dollars). Those losses were driven by a depreciation of the Real between the date the cash flow hedge relationship was designated and the date the export transactions were made.

APPENDIX

6. Assets and Liabilities subject to Exchange Variation

The Company has assets and liabilities subject to foreign exchange rate variation, for which the main exposure is to the Real relative to the U.S. dollar and the U.S. dollar relative to the Euro. Beginning in mid-May 2013, the Company extended the use of hedge accounting to hedge highly probable future exports.

The Company designates hedging relationships to account for the effects of the existing natural hedge between a portion of its long-term debt obligations (denominated in U.S. dollars) and its U.S. dollar denominated exports, and to properly recognize that hedge in its financial statements. Approximately 70% of the total net debt exposed to changes in foreign exchange rate was designated as hedging instruments to hedge a seven-year period of highly probable future exports.

Through the extension of the hedge accounting practice, foreign exchange gains or losses from debt denominated in U.S. dollars will only affect the Company's statement of income when the future exports affect its statement of income. Until our future exports are realized, such foreign exchange variations will be recognized in our shareholders' equity.

The balances of assets and liabilities in foreign currency of our foreign subsidiaries are not included in our foreign exchange rate variation exposure below when transacted in a currency equivalent to their respective functional currencies. As of June 30, 2015, the Company had a net liability exposure to foreign exchange rates. Therefore, the appreciation of the Real relative to other currencies results in a foreign exchange variation gain, while the depreciation of the Real results in a foreign exchange variation loss.

| | | |
|--------|--------|--------|
| Assets | 34,269 | 30,600 |
|--------|--------|--------|

Liabilities

(258,723) (222,279)

Hedge Accounting

173,432

135,088

Total

(51,022) (56,591)

Real/ U.S. Dollars

(12,236)

(20,844)

Real/ Euro

(7,163)

(6,860)

Real/ Pound Sterling

(2,307)

(1,919)

U.S. Dollars/ Yen

(1,841)

(1,728)

U.S. Dollars/ Euro

(19,708)

(18,562)

U.S. Dollars/ Pound Sterling

(6,385)

(5,376)

Peso/ U.S. Dollars

(1,382)

(1,302)

Total

(51,022) (56,591)

Real x U.S. dollar

16.81% depreciation of the Real

Real x Euro

7.23% depreciation of the Real

U.S. dollar x Euro

8.20% appreciation of U.S. dollar

U.S. dollar x Libra

0.89% depreciation of U.S. dollar

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: August 06, 2015

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Ivan de Souza Monteiro

Ivan de Souza Monteiro
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.
