

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
September 30, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of September, 2010

Commission File Number 1-15106

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

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

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

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

Form 20-F Form 40-F

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

Yes No

(A free translation of the original report in Portuguese)

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

ITR - QUARTERLY INFORMATION - As of - 06/30/2010

Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

THE REGISTRATION WITH THE CVM DOES NOT IMPLY THAT ANY OPINION IS EXPRESSED ON THE

COMPANY. THE INFORMATION PROVIDED IS THE RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

1.01 - IDENTIFICATION

| | | |
|--------------------|---|------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (Taxpayers Record Number) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |
| 4 - NIRE | | |
| 33300032061 | | |

01.02 - HEAD OFFICE

| | | | | |
|---|----------------|-----------|-----------|-------------------------|
| 1 - ADDRESS | | | | 2 - QUARTER OR DISTRICT |
| Av. República do Chile, 65 - 24 th floor | | | | Centro |
| 3 - CEP (ZIP CODE) | 4 - CITY | | | 5 - STATE |
| 20031-912 | Rio de Janeiro | | | RJ |
| 6 - AREA CODE | 7 - PHONE | 8 - PHONE | 9 - PHONE | 10 - TELEX |
| 021 | 3224-2040 | 3224-2041 | - | |
| 11 - AREA CODE | 12 - FAX | 13 - FAX | 14 - FAX | |
| 021 | 3224-9999 | 3224-6055 | 3224-7784 | |
| 15 - E-MAIL | | | | |
| petroinvest@petrobras.com.br | | | | |

01.03 - DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS)

1 - NAME

Almir Guilherme Barbassa

2 - ADDRESS

Av. República do Chile, 65 - 23rd floor

4 - CEP (ZIP CODE)

20031-912

5 - CITY

Rio de Janeiro

3 - QUARTER OR DISTRICT

Centro

6 - STATE

RJ

7 - AREA CODE

021

8 - PHONE NUMBER

3224-2040

9 - PHONE NO.

3224-2041

10 - PHONE NO.

-

11 - TELEX

12 - AREA

CODE

021

13 - FAX No.

3224-9999

14 - FAX No.

3224-6055

15 - FAX No.

3224-7784

16 - E-MAIL

barbassa@petrobras.com.br

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANTS

CURRENT FISCAL YEAR

1 - 2 - ENDING

BEGINNING

01/01/2010 12/31/2010

CURRENT QUARTER

3 - 4 - QUARTER BEGINNING

2 04/01/2010

5 - END

06/30/2010

PREVIOUS QUARTER

6 - 7 - BEGINNING 8 - END QUARTER

4 10/01/2009 12/31/2009

9- NAME OF INDEPENDENT ACCOUNTING FIRM

KPMG Auditores Independentes

11- NAME OF THE LEAD PARTNER

Manuel Fernandes Rodrigues de Sousa

Page: 1

10- CVM CODE

00418-9

12- CPF

(Taxpayers registration)

783.840.017-15

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

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Corporation Law

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01.05 - CURRENT BREAKDOWN OF PAID-IN CAPITAL

| No. OF SHARES (THOUSANDS) | 1- CURRENT QUARTER 06/30/2010 | 2 - PREVIOUS QUARTER 12/31/2009 | 3 - PREVIOUS YEAR 06/30/2009 |
|------------------------------|----------------------------------|------------------------------------|---------------------------------|
| Capital Paid-in | | | |
| 1 Common | 5,073,347 | 5,073,347 | 5,073,347 |
| 2 Preferred | 3,700,729 | 3,700,729 | 3,700,729 |
| 3 Total | 8,774,076 | 8,774,076 | 8,774,076 |
| Treasury Stock | | | |
| 4 Common | 0 | 0 | 0 |
| 5 Preferred | 0 | 0 | 0 |
| 6 Total | 0 | 0 | 0 |

01.06 CHARACTERISTICS OF THE COMPANY

1 TYPE OF COMPANY
Commercial, Industrial and Other

2 SITUATION
Operational

3 TYPE OF SHARE CONTROL
State Holding Company

4 ACTIVITY CODE
1010 Oil and Gas

5 MAIN ACTIVITY

Prospecting Oil/Gas, Refining and Energy Activities

6 TYPE OF CONSOLIDATION

Total

7 TYPE OF ACCOUNTANT'S REPORT

Unqualified review opinion

01.07 CORPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS

1 ITEM 2 CNPJ (TAXPAYERS RECORD NUMBER) 3 NAME

01.08 DIVIDENDS/INTEREST ON CAPITAL APPROVED AND/OR PAID DURING AND AFTER THE CURRENT QUARTER

| 1 ITEM | 2 EVENT | 3 APPROVAL DATE | 4 TYPE | 5 PET BEGINS ON | 6 TYPE OF SHARE | 7 |
|--------|---------|-----------------|-----------------------------|-----------------|-----------------|---|
| 01 | AGO | 04/22/2010 | Dividends | 04/30/2010 | ON | |
| 02 | AGO | 04/22/2010 | Dividends | 04/30/2010 | PN | |
| 03 | RCA | 05/14/2010 | Interest on Capital Payable | 05/31/2010 | ON | |
| 04 | RCA | 05/14/2010 | Interest on Capital Payable | 05/31/2010 | PN | |
| 05 | RCA | 07/16/2010 | Interest on Capital Payable | | ON | |
| 06 | RCA | 07/16/2010 | Interest on Capital Payable | | PN | |

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01.09 SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 | 2 | 3 | 4 | 5 | 7 | 8 |
|----------------|------------|------------------------|---------------------------------|--------------------------|-------------------------------------|-------------------|
| ITEM OF CHANGE | DATE | CAPITAL (R\$ Thousand) | AMOUNT OF CHANGE (R\$ Thousand) | REASON FOR CHANGE | NUMBER OF SHARES ISSUED (Thousands) | SHARE PRICE (R\$) |
| 01 | 04/22/2010 | 85,108,544,378 | 6,141,853,718 | Revenue Reserves/Capital | 0 | 0,00000000 |

1.10 - INVESTOR RELATIONS DIRECTOR

1 - DATE 2 - SIGNATURE
08/13/2010

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02.01 - UNCONSOLIDATED BALANCE SHEET - ASSETS (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|---------------|-------------------------------------|----------------|----------------|
| 1 | Total Assets | 344,524,703 | 320,052,362 |
| 1.01 | Current Assets | 59,967,953 | 54,075,785 |
| 1.01.01 | Cash and Cash Equivalents | 17,841,838 | 16,798,113 |
| 1.01.01.01 | Cash and Banks | 88,255 | 645,862 |
| 1.01.01.02 | Short Term Investments | 17,753,583 | 16,152,251 |
| 1.01.02 | Accounts Receivable, net | 15,915,580 | 12,844,381 |
| 1.01.02.01 | Customers | 15,915,580 | 12,844,381 |
| 1.01.02.01.01 | Customers | 2,714,813 | 2,187,257 |
| 1.01.02.01.02 | Subsidiary and Affiliated Companies | 10,271,087 | 7,790,090 |
| 1.01.02.01.03 | Other Accounts Receivable | 3,363,262 | 3,173,144 |
| 1.01.02.01.04 | Allowance for Doubtful Accounts | (433,582) | (306,110) |
| 1.01.02.02 | Miscellaneous Credits | 0 | 0 |
| 1.01.03 | Inventories | 15,000,570 | 14,437,132 |
| 1.01.04 | Other | 11,209,965 | 9,996,159 |
| 1.01.04.01 | Dividends Receivable | 1,012,013 | 779,937 |
| 1.01.04.02 | Recoverable Taxes | 4,282,343 | 4,049,161 |
| 1.01.04.03 | Prepaid Expenses | 1,282,729 | 1,267,027 |
| 1.01.04.04 | Other Current Assets | 532,548 | 432,694 |
| 1.01.04.05 | Marketable Securities | 2,646,831 | 1,717,566 |
| 1.01.04.06 | Advances to Suppliers | 1,453,501 | 1,749,774 |
| 1.02 | Non-current Assets | 284,556,750 | 265,976,577 |
| 1.02.01 | Long-Term Assets | 65,822,574 | 73,468,430 |
| 1.02.01.01 | Miscellaneous Credits | 5,608,990 | 5,556,351 |
| 1.02.01.01.01 | Petroleum and Alcohol Accounts STN | 818,226 | 816,714 |

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| | | | |
|---------------|---|------------|------------|
| 1.02.01.01.02 | Marketable Securities | 4,363,767 | 4,179,820 |
| 1.02.01.01.03 | Investments in Privatization Process | 1,331 | 1,331 |
| 1.02.01.01.04 | Other Accounts Receivable | 425,666 | 558,486 |
| 1.02.01.02 | Accounts Receivable, net | 41,407,633 | 49,183,729 |
| 1.02.01.02.01 | With Affiliates | 0 | 0 |
| 1.02.01.02.02 | With Subsidiaries | 41,407,633 | 49,183,729 |
| 1.02.01.02.03 | Other Companies | 0 | 0 |
| 1.02.01.03 | Other | 18,805,951 | 18,728,350 |
| 1.02.01.03.01 | Project Financing | 849,867 | 2,330,497 |
| 1.02.01.03.02 | Deferred Income Tax and Social Contribution | 3,943,588 | 3,309,932 |
| 1.02.01.03.03 | Deferred Value-Added Tax (ICMS) | 1,916,671 | 1,898,559 |
| 1.02.01.03.04 | Deferred PASEP/COFINS | 7,254,811 | 6,431,385 |
| 1.02.01.03.05 | Judicial Deposits | 1,981,415 | 1,690,787 |
| 1.02.01.03.06 | Advance for Pension Plan | 0 | 0 |
| 1.02.01.03.07 | Advances to Suppliers | 1,386,427 | 1,899,651 |
| 1.02.01.03.08 | Prepaid Expenses | 1,082,141 | 830,041 |
| 1.02.01.03.09 | Inventories | 103,192 | 25,617 |

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FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

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Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

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02.01 - UNCONSOLIDATED BALANCE SHEET - ASSETS (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|---------------|-------------------------------|----------------|----------------|
| 1.02.01.03.10 | Other Non-Current Assets | 287,839 | 311,881 |
| 1.02.02 | Fixed Assets | 218,734,176 | 192,508,147 |
| 1.02.02.01 | Investments | 44,272,754 | 39,373,050 |
| 1.02.02.01.01 | In Affiliates | 2,209,328 | 574,975 |
| 1.02.02.01.02 | In Affiliates - Goodwill | 1,692,453 | 1,692,453 |
| 1.02.02.01.03 | In subsidiaries | 39,673,020 | 36,407,008 |
| 1.02.02.01.04 | In subsidiaries - Goodwill | 549,665 | 549,665 |
| 1.02.02.01.05 | Other investmets | 148,288 | 148,949 |
| 1.02.02.02 | Property, Plant and Equipment | 170,873,365 | 149,446,792 |
| 1.02.02.03 | Intangible | 3,230,103 | 3,216,485 |
| 1.02.02.04 | Deferred Charges | 357,954 | 471,820 |

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02.02 - UNCONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|------------|---|----------------|----------------|
| 2 | Liabilities and Shareholders' Equity | 344,524,703 | 320,052,362 |
| 2.01 | Current Liabilities | 78,103,241 | 79,074,060 |
| 2.01.01 | Loans and Financing | 9,801,084 | 3,122,983 |
| 2.01.01.01 | Financing | 9,038,233 | 2,452,406 |
| 2.01.01.02 | Interest on Financing | 762,851 | 670,577 |
| 2.01.02 | Debentures | 0 | 0 |
| 2.01.03 | Suppliers | 9,129,007 | 9,670,467 |
| 2.01.04 | Taxes, Contribution and Participation | 7,016,578 | 8,267,724 |
| 2.01.05 | Dividends payable | 1,754,815 | 2,333,053 |
| 2.01.06 | Accruals | 4,181,333 | 4,353,440 |
| 2.01.06.01 | Payroll and Related Charges | 2,166,442 | 1,906,782 |
| 2.01.06.02 | Provision for Contingencies | 54,000 | 54,000 |
| 2.01.06.03 | Pension plan | 598,111 | 591,686 |
| 2.01.06.04 | Healthcare benefits plan | 531,118 | 531,118 |
| 2.01.06.05 | Profit sharing for employees and management | 831,662 | 1,269,854 |
| 2.01.07 | Debts with Subsidiaries and Affiliated Companies | 24,844,078 | 31,848,600 |
| 2.01.07.01 | Suppliers | 24,844,078 | 31,848,600 |
| 2.01.08 | Others | 21,376,346 | 19,477,793 |
| 2.01.08.01 | Advances from Customers | 325,363 | 133,917 |
| 2.01.08.02 | Project Financing | 452,429 | 351,302 |
| 2.01.08.03 | Undertakings with transfer of benefits, risks and control of assets | 2,886,135 | 3,556,808 |
| 2.01.08.04 | Deferred Income | 0 | 0 |
| 2.01.08.05 | Credit Rights Assingned - FIDC-NP | 16,094,407 | 14,318,379 |

| | | | |
|---------------|---|------------|------------|
| 2.01.08.06 | Others | 1,618,012 | 1,117,387 |
| 2.02 | Non-Current Liabilities | 88,836,309 | 76,069,829 |
| 2.02.01 | Long-term Liabilities | 88,836,309 | 76,069,829 |
| 2.02.01.01 | Loans and Financing | 30,420,580 | 26,003,967 |
| 2.02.01.01.01 | Financing | 30,420,580 | 26,003,967 |
| 2.02.01.02 | Debentures | 0 | 0 |
| 2.02.01.03 | Accruals | 33,579,914 | 30,199,945 |
| 2.02.01.03.01 | Healthcare Benefits Plan | 10,011,654 | 9,535,187 |
| 2.02.01.03.02 | Provision for Contingencies | 956,011 | 197,650 |
| 2.02.01.03.03 | Pension Plan | 3,718,870 | 3,612,199 |
| 2.02.01.03.04 | Deferred Income Tax and Social Contribution | 18,893,379 | 16,854,909 |
| 2.02.01.04 | Subsidiaries and Affiliated Companies | 808,632 | 904,939 |
| 2.02.01.05 | Advance for Future Capital Increase | 0 | 0 |
| 2.02.01.06 | Others | 24,027,183 | 18,960,978 |
| 2.02.01.06.01 | Provision for Dismantling of Areas Undertakings with transfer of benefits, risks and control | 4,430,673 | 4,418,856 |
| 2.02.01.06.02 | of assets | 16,085,426 | 10,903,870 |
| 2.02.01.06.03 | Deferred Income | 148,433 | 62,121 |
| 2.02.01.06.04 | Others Accounts and Expenses Payable | 3,362,651 | 3,576,131 |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of - 06/30/2010**
Corporation Law**COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

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02.02 - UNCONSOLIDATED BALANCE SHEET - LIABILITIES (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|------------|--|----------------|----------------|
| 2.03 | Deferred income | 0 | 0 |
| 2.05 | Shareholders Equity | 177,585,153 | 164,908,473 |
| 2.05.01 | Subscribed and Paid-In Capital | 85,108,544 | 78,966,691 |
| 2.05.01.01 | Paid in Capital | 85,108,544 | 78,966,691 |
| 2.05.02 | Capital Reserves | 0 | 514,857 |
| 2.05.02.01 | AFRMM and Other | 0 | 0 |
| 2.05.02.02 | Fiscal Incentive - Income Tax | 0 | 514,857 |
| 2.05.03 | Revaluation Reserve | 0 | 0 |
| 2.05.03.01 | Own Assets | 0 | 0 |
| 2.05.03.02 | Subsidiaries and Affiliated Companies | 0 | 0 |
| 2.05.04 | Revenue Reserves | 79,803,766 | 85,430,762 |
| 2.05.04.01 | Legal | 10,901,656 | 10,901,656 |
| 2.05.04.02 | Statutory | 394,836 | 1,294,207 |
| 2.05.04.03 | For Contingencies | 0 | 0 |
| 2.05.04.04 | Unrealized Earnings | 0 | 0 |
| 2.05.04.05 | Retention of Earnings | 67,410,094 | 72,123,265 |
| 2.05.04.06 | Undistributed Dividends | 0 | 0 |
| 2.05.04.07 | Others Revenue Reserves | 1,097,180 | 1,111,634 |
| 2.05.05 | Equity valuation adjustments | 118,554 | (156,982) |
| 2.05.05.01 | Adjustments of securities | 16,631 | 6,365 |
| 2.05.05.02 | Accumulated translation adjustments | 101,923 | (163,347) |
| 2.05.05.03 | Adjustments in business combinations | 0 | 0 |
| 2.05.06 | Retained Earnings/(Accumulated losses) | 12,554,289 | 153,145 |
| 2.05.07 | Advance for Future Capital Increase | 0 | 0 |

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03.01 - UNCONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5- 04/01/2009 to 06/30/2009 | 6- 01/01/2009 to 06/30/2009 |
|------------|---|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| 3.01 | Gross Operating Revenues | 50,528,184 | 98,774,863 | 43,595,259 | 83,578,102 |
| 3.02 | Sales Deductions | (11,613,942) | (22,908,714) | (9,907,975) | (19,418,979) |
| 3.03 | Net Operating Revenues | 38,914,242 | 75,866,149 | 33,687,284 | 64,159,123 |
| | Cost of Products and Services | | | | |
| 3.04 | Sold | (23,924,903) | (45,267,264) | (18,032,265) | (35,256,336) |
| 3.05 | Gross profit | 14,989,339 | 30,598,885 | 15,655,019 | 28,902,787 |
| 3.06 | Operating Expenses | (4,279,562) | (9,692,752) | (6,324,345) | (10,906,417) |
| 3.06.01 | Selling | (2,147,798) | (3,897,709) | (1,586,875) | (3,290,574) |
| 3.06.02 | General and Administrative Management and Board of | (1,279,914) | (2,505,069) | (1,250,443) | (2,385,652) |
| 3.06.02.01 | Directors Remuneration | (1,538) | (2,843) | (1,316) | (2,616) |
| 3.06.02.02 | Administrative | (1,278,376) | (2,502,226) | (1,249,127) | (2,383,036) |
| 3.06.03 | Financial | 114,906 | 1,597 | 320,119 | 698,478 |
| 3.06.03.01 | Income | 898,652 | 1,810,931 | 1,835,564 | 3,563,159 |
| 3.06.03.02 | Expenses | (783,746) | (1,809,334) | (1,515,445) | (2,864,681) |
| 3.06.04 | Other Operating Income | 0 | 0 | 0 | 0 |
| 3.06.05 | Other Operating Expenses | (2,374,886) | (5,692,248) | (6,103,420) | (9,566,459) |
| 3.06.05.01 | Taxes | (75,881) | (156,484) | (91,494) | (158,804) |
| | Cost of Research and | | | | |
| 3.06.05.02 | Technological Development | (383,941) | (763,719) | (365,638) | (697,632) |
| 3.06.05.03 | Impairment | 0 | 0 | 0 | 0 |

| | | | | | |
|------------|--|------------|-------------|-------------|-------------|
| | Exploratory Costs for the Extraction of Crude Oil and | | | | |
| 3.06.05.04 | Gas | (526,811) | (1,402,632) | (614,722) | (1,395,721) |
| 3.06.05.05 | Healthcare and Pension Plan Monetary and Foreign | (355,209) | (739,297) | (308,714) | (659,099) |
| 3.06.05.06 | Exchange Variations, Net Other Operating Expenses, | (166,529) | 62,661 | (4,031,483) | (4,714,251) |
| 3.06.05.07 | Net | (866,515) | (2,692,777) | (691,369) | (1,940,952) |
| 3.06.06 | Equity Pick-up | 1,408,130 | 2,400,677 | 2,296,274 | 3,637,790 |
| 3.07 | Operating Income | 10,709,777 | 20,906,133 | 9,330,674 | 17,996,370 |
| 3.08 | Non-operating Income | 0 | 0 | 0 | 0 |
| 3.08.01 | Revenues | 0 | 0 | 0 | 0 |
| 3.08.02 | Expenses | 0 | 0 | 0 | 0 |

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| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

**03.01 - UNCONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (IN THOUSAND OF
REAIS)**

| 1 - CODE | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5- 04/01/2009 to 06/30/2009 | 6- 01/01/2009 to 06/30/2009 |
|-------------|-------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| | Income before Taxes/Profit | | | | |
| 3.09 | Sharing | 10,709,777 | 20,906,133 | 9,330,674 | 17,996,370 |
| | Income Tax and Social | | | | |
| 3.10 | Contribution | (837,368) | (3,583,819) | (2,764,671) | (4,517,875) |
| 3.11 | Deferred Income Tax | (1,635,814) | (1,394,234) | 1,756,556 | 1,125,521 |
| | Statutory | | | | |
| 3.12 | Participations/Contributions | 0 | 0 | 0 | 0 |
| 3.12.01 | Participations | 0 | 0 | 0 | 0 |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| | Reversal of Interest on | | | | |
| 3.13 | Shareholders Capital | 0 | 0 | 0 | 0 |
| 3.15 | Net Income for the period | 8,236,595 | 15,928,080 | 8,322,559 | 14,604,016 |
| | Number of Shares. Ex-Treasury | | | | |
| | (Thousand) | 8,774,076 | 8,774,076 | 8,774,076 | 8,774,076 |
| | Net Income per Share (Reais) | 0,93874 | 1,81536 | 0,94854 | 1,66445 |
| | Loss per Share (Reais) | | | | |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| | | |
|----------------------------|---|---|
| 1 - CVM CODE 00951-2 | 2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 3 - CNPJ (TAXPAYERS RECORD NUMBER) 33.000.167/0001-01 |
|----------------------------|---|---|

04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

| 1 - CODE | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5- 04/01/2009 to 06/30/2009 | 6- 01/01/2009 to 06/30/2009 |
|------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| | Net Cash - Operating | | | | |
| 4.01 | Activities | 4,209,691 | 7,239,927 | 4,451,980 | 16,409,288 |
| | Cash provided by operating | | | | |
| 4.01.01 | activities | 10,816,763 | 18,803,169 | 19,354,436 | 26,501,680 |
| 4.01.01.01 | Net income for the year | 8,236,595 | 15,928,080 | 8,322,559 | 14,604,016 |
| 4.01.01.02 | Minority interest | 0 | 0 | 0 | 0 |
| | Equity in earnings (losses) of | | | | |
| 4.01.01.03 | significant investments | (1,408,130) | (2,400,677) | (2,296,274) | (3,637,790) |
| | Goodwill/discount - | | | | |
| 4.01.01.04 | Amortization | 0 | 0 | 0 | 0 |
| | Depreciation, exhaustion and | | | | |
| 4.01.01.05 | amortization | 2,676,185 | 4,964,820 | 2,495,168 | 4,649,637 |
| 4.01.01.06 | Loss on recovery of assets | 1,403 | 4,169 | (257,107) | (158,420) |
| 4.01.01.07 | Write-off of dry wells | 274,316 | 851,196 | 186,061 | 659,323 |
| | Residual value of permanent | | | | |
| 4.01.01.08 | assets written off | 1,324 | 14,607 | 25,879 | 30,442 |
| 4.01.01.09 | | (600,745) | (1,953,260) | 12,634,706 | 11,479,993 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Exchange and monetary variation and charges on financing | | | | |
| Deferred income and social | | | | |
| 4.01.01.10 contribution taxes, net | 1,635,815 | 1,394,234 | (1,756,556) | (1,125,521) |
| Changes in assets and | | | | |
| 4.01.02 liabilities | (6,561,804) | (12,197,022) | (13,151,581) | (8,215,055) |
| 4.01.02.01 Accounts receivable | 222,546 | (457,382) | 1,622 | (37,627) |
| 4.01.02.02 Inventories | 69,016 | (503,498) | (321,390) | (1,114,166) |
| Petroleum and alcohol | | | | |
| 4.01.02.03 accounts - STN | (1,076) | (1,512) | (1,915) | (5,499) |
| Exchange variation of | | | | |
| 4.01.02.04 permanent assets | 0 | 0 | 0 | 0 |
| 4.01.02.05 Accounts payable to suppliers | 544,139 | (541,460) | (1,316,336) | (2,169,526) |
| 4.01.02.06 Taxes, fees and contributions | (1,757,654) | (2,589,204) | 831,637 | 1,128,232 |
| 4.01.02.07 Project financing obligations | 39,692 | 101,127 | (1,611) | 3,391 |
| 4.01.02.08 Healthcare and pension plans | 228,062 | 780,426 | 214,653 | 463,402 |
| Short term operations with subsidiaries and affiliated | | | | |
| 4.01.02.09 company | (5,906,529) | (8,985,519) | (12,558,241) | (6,483,262) |
| 4.01.03 Others | (45,268) | 633,780 | (1,750,875) | (1,877,337) |
| 4.01.03.01 Other assets | (463,870) | (449,157) | (873,684) | (1,250,159) |
| 4.01.03.02 Other liabilities | 418,602 | 1,082,937 | (877,191) | (627,178) |
| Net Cash - Investment | | | | |
| 4.02 Activities | (12,261,162) | (22,728,741) | (28,748,594) | (39,090,877) |
| Investments in business | | | | |
| 4.02.01 segments | (13,065,246) | (22,615,243) | (10,184,086) | (19,921,620) |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
|-----------------|--------------------------------------|---------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

| 1 - CODE | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5 - 04/01/2009 to 06/30/2009 | 6 - 01/01/2009 to 06/30/2009 |
|-------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 4.02.02 | Investments in securities | 214,381 | (929,265) | (18,641,538) | (18,560,388) |
| 4.02.03 | Other investments | (359,001) | (156,036) | (494,231) | (868,575) |
| 4.02.04 | Dividends received | 881,040 | 881,040 | 1,022,673 | 1,076,089 |
| 4.02.05 | Undertakings under negotiation | 67,664 | 90,763 | (451,412) | (816,383) |
| 4.03 | Net Cash - Financing Activities | 8,371,171 | 16,532,539 | 14,738,311 | 17,031,786 |
| 4.03.01 | Financing and loans, net | 12,425,071 | 18,491,356 | 1,788,414 | 3,199,312 |
| | Non standard Credit Rights | | | | |
| 4.03.02 | Investment Fund | (343,118) | 1,776,028 | 19,347,663 | 20,241,496 |
| 4.03.03 | Dividends paid to shareholders | (3,710,782) | (3,734,845) | (6,397,766) | (6,409,022) |
| | Exchange variation on cash | | | | |
| 4.04 | and cash equivalents | 0 | 0 | 0 | 0 |
| | Increase (decrease) in cash | | | | |
| 4.05 | and cash equivalents | 319,700 | 1,043,725 | (9,558,303) | (5,649,803) |
| | Opening balance of cash and | | | | |
| 4.05.01 | cash equivalents | 17,522,138 | 16,798,113 | 15,176,814 | 11,268,314 |
| | Closing balance of cash and | | | | |
| 4.05.02 | cash equivalents | 17,841,838 | 17,841,838 | 5,618,511 | 5,618,511 |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| | | |
|-----------------|---|------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

05.01 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010 to 06/30/2010 (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - CAPITAL | 4 - CAPITAL RESERVES | 5 - REVALUATION RESERVES | 6 - REVENUE RESERVES | 7 - RETAINED EARNINGS/(ACCUMULATED LOSSES) | 8 - E VAL ADJ |
|-------------|--|----------------|-------------------------|--------------------------------|----------------------------|--|---------------------|
| 5.01 | Opening balance | 78,966,691 | 514,857 | | 0 85,430,762 | | 6,089,815 |
| 5.02 | Prior year adjustments | 0 | 0 | | 0 0 | | 0 |
| 5.03 | Adjusted balance | 78,966,691 | 514,857 | | 0 85,430,762 | | 6,089,815 |
| 5.04 | Income / loss for the period | 0 | 0 | | 0 0 | | 8,236,595 |
| 5.05 | Distributions | 0 | 0 | | 0 0 | | (1,754,816) |
| 5.05.01 | Dividends | 0 | 0 | | 0 0 | | 0 |
| 5.05.02 | Interest on shareholders' equity | 0 | 0 | | 0 0 | | (1,754,816) |
| 5.05.03 | Other distributions | 0 | 0 | | 0 0 | | 0 |
| 5.06 | | 0 | 0 | | 0 0 | | 0 |

| | | | | | | |
|---------|---|------------|-----------|---|-------------|------------|
| | Realization of profit reserves | | | | | |
| | Equity evaluation adjustments | 0 | 0 | 0 | 0 | (17,305) |
| 5.07 | Adjustments of marketable securities | 0 | 0 | 0 | 0 | 0 |
| 5.07.01 | Accumulated translation adjustments | 0 | 0 | 0 | 0 | 0 |
| 5.07.02 | Adjustments from business combinations | 0 | 0 | 0 | 0 | (17,305) |
| 5.07.03 | Increase / decrease in capital | 6,141,853 | (514,857) | 0 | (5,626,996) | 0 |
| 5.08 | Formation / realization of capital reserves | 0 | 0 | 0 | 0 | 0 |
| 5.09 | Treasury shares | 0 | 0 | 0 | 0 | 0 |
| 5.10 | Other capital transactions | 0 | 0 | 0 | 0 | 0 |
| 5.11 | Others | 0 | 0 | 0 | 0 | 0 |
| 5.12 | Closing balance | 85,108,544 | 0 | 0 | 79,803,766 | 12,554,289 |
| 5.13 | | | | | | |

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(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

**ITR - QUARTERLY INFORMATION - As of
06/30/2010**

Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

| | | |
|-----------------|---|------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

05.02- STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 06/30/2010 (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - CAPITAL | 4 - CAPITAL RESERVES | 5 - REVALUATION RESERVES | 6 - REVENUE RESERVES | 7 - RETAINED EARNINGS/(ACCUMULATED LOSSES) | 8 - E VAL ADJ |
|-------------|--|----------------|-------------------------|--------------------------------|----------------------------|--|---------------------|
| 5.01 | Opening balance | 78,966,691 | 514,857 | | 350 | 85,430,762 | 0 |
| 5.02 | Prior year adjustments | 0 | 0 | | (350) | 0 | 153,145 |
| 5.03 | Adjusted balance | 78,966,691 | 514,857 | | 0 | 85,430,762 | 153,145 |
| 5.04 | Income / loss for the period | 0 | 0 | | 0 | 0 | 15,928,080 |
| 5.05 | Distributions | 0 | 0 | | 0 | 0 | (3,509,631) |
| 5.05.01 | Dividends | 0 | 0 | | 0 | 0 | 0 |
| 5.05.02 | Interest on shareholders' equity | 0 | 0 | | 0 | 0 | (3,509,631) |
| 5.05.03 | Other distributions | 0 | 0 | | 0 | 0 | 0 |
| 5.06 | | 0 | 0 | | 0 | 0 | 0 |

| | | | | | | |
|---------|---|------------|-----------|---|-------------|------------|
| | Realization of profit reserves | | | | | |
| | Equity evaluation adjustments | 0 | 0 | 0 | 0 | (17,305) |
| 5.07 | Adjustments of marketable securities | 0 | 0 | 0 | 0 | 0 |
| 5.07.01 | Accumulated translation adjustments | 0 | 0 | 0 | 0 | 0 |
| 5.07.02 | Adjustments from business combinations | 0 | 0 | 0 | 0 | (17,305) |
| 5.07.03 | Increase / decrease in capital | 6,141,853 | (514,857) | 0 | (5,626,996) | 0 |
| 5.08 | Formation / realization of capital reserves | 0 | 0 | 0 | 0 | 0 |
| 5.09 | Treasury shares | 0 | 0 | 0 | 0 | 0 |
| 5.10 | Other capital transactions | 0 | 0 | 0 | 0 | 0 |
| 5.11 | Others | 0 | 0 | 0 | 0 | 0 |
| 5.12 | Closing balance | 85,108,544 | 0 | 0 | 79,803,766 | 12,554,289 |
| 5.13 | | | | | | |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 IDENTIFICATION**

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
|----------------|---|---------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (THOUSAND OF REAIS)

| 1 - Code | 2 - Description | 3 - 06/30/2010 | 4 - 12/31/2009 |
|---------------|-----------------------------------|----------------|----------------|
| 1 | Total Assets | 382,029,847 | 350,306,679 |
| 1.01 | Current Assets | 71,980,240 | 74,373,575 |
| 1.01.01 | Cash and Cash Equivalents | 24,209,866 | 29,034,228 |
| 1.01.01.01 | Cash and Banks | 2,861,536 | 2,853,964 |
| 1.01.01.02 | Short Term Investments | 21,348,330 | 26,180,264 |
| 1.01.02 | Accounts Receivable, net | 15,961,582 | 14,062,355 |
| 1.01.02.01 | Customers | 15,961,582 | 14,062,355 |
| 1.01.02.01.01 | Customers | 13,193,889 | 10,992,121 |
| 1.01.02.01.02 | Credits with Affiliated Companies | 402,945 | 970,004 |
| 1.01.02.01.03 | Other Accounts Receivable | 4,068,250 | 3,646,083 |
| 1.01.02.01.04 | Allowance for Doubtful Accounts | (1,703,502) | (1,545,853) |
| 1.01.02.02 | Miscellaneous Credits | 0 | 0 |
| 1.01.03 | Inventories | 19,680,463 | 19,447,693 |
| 1.01.04 | Other | 12,128,329 | 11,829,299 |
| 1.01.04.01 | Dividends Receivable | 116,500 | 17,688 |
| 1.01.04.02 | Recoverable Taxes | 6,865,590 | 7,022,538 |
| 1.01.04.03 | Prepaid Expenses | 1,122,808 | 1,288,623 |
| 1.01.04.04 | Other Current Assets | 3,279,807 | 3,376,626 |
| 1.01.04.05 | Marketable Securities | 743,624 | 123,824 |
| 1.02 | Non-current Assets | 310,049,607 | 275,933,104 |
| 1.02.01 | Long-Term Assets | 38,026,170 | 34,923,056 |
| 1.02.01.01 | Credits | 8,667,360 | 8,598,611 |

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| | | |
|---|------------|------------|
| 1.02.01.01.01 Petroleum and Alcohol Accounts | 818,226 | 816,714 |
| 1.02.01.01.02 Marketable Securities | 4,640,906 | 4,638,959 |
| 1.02.01.01.03 Investments in Privatization Process | 2,233 | 2,233 |
| 1.02.01.01.04 Accounts Receivable, net | 3,205,995 | 3,140,705 |
| 1.02.01.02 Credits with Affiliated Companies | 148,325 | 147,335 |
| 1.02.01.02.01 With Affiliates | 148,325 | 147,335 |
| 1.02.01.02.02 With Subsidiaries | 0 | 0 |
| 1.02.01.02.03 Other Companies | 0 | 0 |
| 1.02.01.03 Other | 29,210,485 | 26,177,110 |
| 1.02.01.03.01 Projects Financings | 0 | 0 |
| 1.02.01.03.02 Deferred Income Tax and Social Contribution | 7,462,051 | 6,676,029 |
| 1.02.01.03.03 Deferred ICMS | 2,521,644 | 2,526,968 |
| 1.02.01.03.04 Deferred PASEP/COFINS | 8,126,625 | 6,917,479 |
| 1.02.01.03.05 Other Taxes | 161,824 | 110,973 |
| 1.02.01.03.06 Judicial Deposits | 2,384,694 | 1,988,688 |
| 1.02.01.03.07 Advance for Migration - Pension Plan | 0 | 0 |
| 1.02.01.03.08 Advance to Suppliers | 5,416,043 | 5,364,878 |
| 1.02.01.03.09 Prepaid Expenses | 1,733,022 | 1,431,565 |
| 1.02.01.03.10 Compulsory Loans - Eletrobras | 54 | 54 |

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FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

**ITR - QUARTERLY INFORMATION - As of -
06/30/2010**

Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

01.01 IDENTIFICATION

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
|----------------|---|------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

08.01 - CONSOLIDATED BALANCE SHEET - ASSETS (THOUSAND OF REAIS)

| 1 - Code | 2 - Description | 3 - 06/30/2010 | 4 - 12/31/2009 |
|---------------|------------------------------------|----------------|----------------|
| 1.02.01.03.11 | Inventories | 118,229 | 38,933 |
| 1.02.01.03.12 | Other Non-current Assets | 1,286,299 | 1,121,543 |
| 1.02.02 | Fixed Assets | 272,023,437 | 241,010,048 |
| 1.02.02.01 | Investments | 8,489,187 | 5,659,760 |
| 1.02.02.01.01 | In Affiliates | 6,278,489 | 3,460,634 |
| 1.02.02.01.02 | In Subsidiaries | 0 | 0 |
| 1.02.02.01.03 | Other Investments | 492,394 | 486,806 |
| 1.02.02.01.06 | Discount - Acquisition Investments | 0 | 0 |
| 1.02.02.01.07 | Goodwill - Acquisition Investments | 1,718,304 | 1,712,320 |
| 1.02.02.02 | Property, Plant and Equipment | 255,024,219 | 227,079,424 |
| 1.02.02.03 | Intangible | 8,510,031 | 8,270,864 |
| 1.02.02.04 | Deferred Charges | 0 | 0 |

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FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
|--------------|--------------------------------------|---------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (THOUSAND OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|------------|---|----------------|----------------|
| 2 | Liabilities and Shareholders' Equity | 382,029,847 | 350,306,679 |
| 2.01 | Current Liabilities | 63,321,107 | 54,828,766 |
| 2.01.01 | Loans and Financing | 25,618,767 | 15,165,535 |
| 2.01.01.01 | Financing | 23,950,876 | 13,746,575 |
| 2.01.01.02 | Interest on Financing | 1,667,891 | 1,418,960 |
| 2.01.02 | Debentures | 0 | 0 |
| 2.01.03 | Suppliers | 16,340,192 | 17,081,600 |
| 2.01.04 | Taxes, Contribution and Participation | 8,966,471 | 10,590,141 |
| 2.01.05 | Dividends Payable | 1,754,815 | 2,333,053 |
| 2.01.06 | Accruals | 4,827,894 | 5,060,993 |
| 2.01.06.01 | Payroll and Related Charges | 2,557,398 | 2,303,944 |
| 2.01.06.02 | Provision for Contingencies | 54,000 | 54,000 |
| 2.01.06.03 | Pension Plan | 631,260 | 641,774 |
| 2.01.06.04 | Healthcare benefits plan | 565,952 | 565,952 |
| 2.01.06.05 | Profit sharing for employees and management | 1,019,284 | 1,495,323 |
| 2.01.07 | Debts with Subsidiaries and Affiliated Companies | 0 | 0 |
| 2.01.08 | Other | 5,812,968 | 4,597,444 |
| 2.01.08.01 | Advances from Customers | 719,984 | 559,657 |
| 2.01.08.02 | Projects Financing | 313,486 | 212,359 |
| 2.01.08.03 | Undertakings with transfer of benefits, risks and control of assets | 361,676 | 390,252 |
| 2.01.08.04 | Deferred Income | 7,483 | 7,474 |

| | | | |
|---------------|---|-------------|-----------------|
| 2.01.08.05 | Others | 4,410,339 | 3,427,702 |
| 2.02 | Non-current Liabilities | 138,801,761 | 128,363,836 |
| 2.02.01 | Long-term Liabilities | 138,801,761 | 128,363,836 |
| 2.02.01.01 | Loans and Financing | 92,153,877 | 84,992,180 |
| 2.02.01.02 | Debentures | 0 | 0 |
| 2.02.01.03 | Accruals | 38,986,824 | 35,487,429 |
| 2.02.01.03.01 | Healthcare Benefits Plan | 10,726,651 | 10,208,276 |
| 2.02.01.03.02 | Contingency Accrual | 1,722,202 | 865,299 |
| 2.02.01.03.03 | Provision for Pension plan | 4,098,815 | 3,956,070 |
| 2.02.01.03.04 | Deferred Income Tax and Social Contribution | 22,391,096 | 20,405,737 |
| 2.02.01.03.05 | Other Deferred Taxes | 48,060 | 52,047 |
| 2.02.01.04 | Subsidiaries and Affiliated Companies | 59,635 | 52,433 |
| 2.02.01.05 | Advance for Future Capital Increase | 0 | 0 |
| 2.02.01.06 | Others | 7,601,425 | 7,831,794 |
| 2.02.01.06.01 | Provision for Dismantling of Areas Undertakings with transfer of benefits, risks and | 4,729,340 | 4,790,500 |
| 2.02.01.06.02 | control of assets | 275,564 | 349,482 |
| 2.02.01.06.03 | Deferred Income | 198,863 | 231,204 |
| 2.02.01.06.04 | Others Accounts and Expenses Payable | 2,397,658 | 2,460,608 |
| 2.03 | Deferred Income | 0 | 0 |
| 2.04 | Non-controlling Interest | 2,932,856 | 2,909,819 |
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FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
|--------------|--------------------------------------|---------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

08.02 - CONSOLIDATED BALANCE SHEET - LIABILITIES (THOUSAND OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 06/30/2010 | 4 - 12/31/2009 |
|------------|---------------------------------------|----------------|----------------|
| 2.05 | Shareholders equity | 176,974,123 | 164,204,258 |
| 2.05.01 | Realized capital | 85,108,544 | 78,966,691 |
| 2.05.01.01 | Paid in Capital | 85,108,544 | 78,966,691 |
| 2.05.01.02 | Monetary Restatement of Capital | 0 | 0 |
| 2.05.02 | Capital Reserves | 0 | 514,857 |
| 2.05.02.01 | AFRMM subsidy | 0 | 0 |
| 2.05.02.02 | Fiscal Incentive - Income Tax | 0 | 514,857 |
| 2.05.03 | Revaluation Reserve | 0 | 0 |
| 2.05.03.01 | Own Assets | 0 | 0 |
| 2.05.03.02 | Subsidiaries and Affiliated Companies | 0 | 0 |
| 2.05.04 | Revenue Reserves | 79,252,696 | 84,879,692 |
| 2.05.04.01 | Legal | 10,901,656 | 10,901,656 |
| 2.05.04.02 | Statutory | 394,834 | 1,294,210 |
| 2.05.04.03 | For Contingencies | 0 | 0 |
| 2.05.04.04 | Unrealized Earnings | 0 | 0 |
| 2.05.04.05 | Retained Earnings | 67,956,206 | 72,683,826 |
| 2.05.04.06 | Undistributed Dividends | 0 | 0 |
| 2.05.04.07 | Others Revenue Reserves | 0 | 0 |
| 2.05.05 | Equity valuation adjustments | 118,554 | (156,982) |
| 2.05.05.01 | Adjustments of securities | 16,631 | 6,365 |

| | | | |
|------------|--|------------|-----------|
| 2.05.05.02 | Accumulated translation adjustments | 101,923 | (163,347) |
| 2.05.05.03 | Adjustments in business combinations | 0 | 0 |
| 2.05.06 | Retained Earnings/(Accumulated losses) | 12,494,329 | 0 |
| 2.05.07 | Advance for Capital Increase | 0 | 0 |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| | | |
|-----------------|---|---------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

09.01 - CONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (THOUSAND OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5 - 04/01/2009 to 06/30/2009 | 6 - 01/01/2009 to 06/30/2009 |
|------------|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 3.01 | Gross Operating Revenues | 66,884,450 | 130,208,235 | 55,921,356 | 109,557,071 |
| 3.02 | Sales Deductions | (13,253,071) | (26,164,786) | (11,310,330) | (22,315,604) |
| 3.03 | Net Operating Revenues | 53,631,379 | 104,043,449 | 44,611,026 | 87,241,467 |
| 3.04 | Cost of Products and Services Sold | (34,244,725) | (65,346,394) | (24,516,814) | (50,332,545) |
| 3.05 | Gross profit | 19,386,654 | 38,697,055 | 20,094,212 | 36,908,922 |
| 3.06 | Operating Expenses | (7,944,823) | (16,518,447) | (6,997,699) | (14,161,314) |
| 3.06.01 | Selling | (2,276,030) | (4,348,424) | (1,746,477) | (3,611,870) |
| 3.06.02 | General and Administrative Management and Board of Directors | (1,897,404) | (3,726,404) | (1,826,011) | (3,575,145) |
| 3.06.02.01 | Remuneration | (10,342) | (19,598) | (2,670) | (17,255) |
| 3.06.02.02 | Administrative | (1,887,062) | (3,706,806) | (1,823,341) | (3,557,890) |
| 3.06.03 | Financial | 106,964 | (17,524) | 7,517 | 141,646 |
| 3.06.03.01 | Income | 922,498 | 1,682,316 | 900,223 | 1,685,819 |
| 3.06.03.02 | Expenses | (815,534) | (1,699,840) | (892,706) | (1,544,173) |
| 3.06.04 | Other Operating Income | 0 | 0 | 0 | 0 |
| 3.06.05 | Other Operating Expenses | (3,647,909) | (8,016,370) | (3,812,421) | (7,140,892) |
| 3.06.05.01 | Taxes | (224,648) | (378,075) | (175,866) | (326,740) |
| | Cost of Research and Technological | | | | |
| 3.06.05.02 | Development | (414,876) | (806,236) | (368,496) | (704,708) |
| 3.06.05.03 | Impairment | 0 | (193,754) | 0 | 0 |
| | Exploratory Costs for The Extraction | | | | |
| 3.06.05.04 | of Crude Oil and Gas | (626,097) | (1,628,765) | (718,282) | (1,652,301) |
| 3.06.05.05 | Healthcare and Pension Plan | (380,365) | (788,468) | (328,760) | (699,986) |

| Net Monetary and Exchanges | | | | | |
|----------------------------|-------------------------------|-------------|-------------|-------------|-------------|
| 3.06.05.06 | Variation | (737,267) | (1,313,771) | (1,385,762) | (1,861,184) |
| 3.06.05.07 | Other Operating Expenses, Net | (1,264,656) | (2,907,301) | (835,255) | (1,895,973) |
| 3.06.06 | Equity Pick-up | (230,444) | (409,725) | 379,693 | 24,947 |
| 3.07 | Operating income | 11,441,831 | 22,178,608 | 13,096,513 | 22,747,608 |
| 3.08 | Non-operating income | 0 | 0 | 0 | 0 |
| 3.08.01 | Income | 0 | 0 | 0 | 0 |
| 3.08.02 | Expenses | 0 | 0 | 0 | 0 |

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(A free translation from the original in Portuguese)

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| | | |
|-----------------|---|---------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

09.01 - CONSOLIDATED STATEMENT OF INCOME FOR THE QUARTER (THOUSAND OF REAIS)

| 1 - Code | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5- 04/01/2009 to 06/30/2009 | 6- 01/01/2009 to 06/30/2009 |
|-------------|--------------------------------|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| | Income before Taxes/Employee | | | | |
| 3.09 | profit sharing | 11,441,831 | 22,178,608 | 13,096,513 | 22,747,608 |
| | Income Tax and Social | | | | |
| 3.10 | Contribution | (1,563,613) | (4,949,830) | (3,860,617) | (6,249,846) |
| 3.11 | Deferred Income Tax | (1,541,420) | (1,095,132) | 1,408,380 | 867,928 |
| | Profit Sharing/ Statutory | | | | |
| 3.12 | Contribution | 0 | 0 | 0 | 0 |
| 3.12.01 | Participations | 0 | 0 | 0 | 0 |
| 3.12.02 | Contributions | 0 | 0 | 0 | 0 |
| | Reversal of Interest on | | | | |
| 3.13 | Stockholders capital | 0 | 0 | 0 | 0 |
| 3.14 | Non-controlling Interest | (41,808) | (112,381) | (2,484,463) | (2,915,008) |
| 3.15 | Net Income/loss for the period | 8,294,990 | 16,021,265 | 8,159,813 | 14,450,682 |
| | Number of Shares. Ex-Treasury | | | | |
| | (Thousand) | 8,774,076 | 8,774,076 | 8,774,076 | 8,774,076 |
| | Net income per Share (Reais) | 0,94540 | 1,82598 | 0,92999 | 1,64697 |
| | Loss per Share (Reais) | | | | |

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FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
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| | | |
|----------------------------|---|---|
| 1 - CVM CODE 00951-2 | 2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 3 - CNPJ (TAXPAYERS RECORD NUMBER) 33.000.167/0001-01 |
|----------------------------|---|---|

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

| 1 - CODE | 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5- 04/01/2009 to 06/30/2009 | 6- 01/01/2009 to 06/30/2009 |
|-----------------|--|---------------------------------|---------------------------------|--------------------------------|--------------------------------|
| 4.01 | Net Cash - Operating Activities | 13,258,682 | 22,934,939 | 9,114,110 | 21,517,233 |
| 4.01.01 | Cash provided by operating activities | 15,408,193 | 28,531,293 | 11,130,401 | 22,990,948 |
| 4.01.01.01 | Net income for the year | 8,294,990 | 16,021,265 | 8,159,813 | 14,450,682 |
| 4.01.01.02 | Minority interest | 41,808 | 112,381 | 2,484,463 | 2,915,008 |
| 4.01.01.03 | Equity in earnings (losses) of significant investments | 230,444 | 409,725 | (379,692) | (24,947) |
| 4.01.01.04 | Goodwill/discount - Amortization | 0 | 0 | 0 | 0 |
| 4.01.01.05 | Depreciation, exhaustion and amortization | 3,624,044 | 6,888,550 | 3,503,522 | 6,662,491 |
| 4.01.01.06 | Loss on recovery of assets | 203,682 | 514,128 | (106,349) | 137,782 |
| 4.01.01.07 | Write-off of dry wells | 273,868 | 906,054 | 202,794 | 765,064 |
| 4.01.01.08 | Residual value of permanent assets written off | (67,263) | 202,657 | 66,025 | 180,117 |
| 4.01.01.09 | Exchange and monetary variation and charges on financing | 1,265,201 | 2,381,401 | (1,391,795) | (1,227,321) |
| 4.01.01.10 | | 1,541,419 | 1,095,132 | (1,408,380) | (867,928) |

| | | | | | |
|------------|--|--------------|--------------|--------------|--------------|
| | Deferred income and social contribution taxes, net | | | | |
| | Changes in assets and liabilities | | | | |
| 4.01.02 | | (1,544,081) | (5,421,246) | (2,403,745) | (839,308) |
| 4.01.02.01 | Accounts receivable | (165,990) | (2,616,229) | (969,709) | (746,714) |
| 4.01.02.02 | Inventories | 190,882 | (371,683) | (2,140,500) | (320,748) |
| | Petroleum and alcohol | | | | |
| 4.01.02.03 | accounts - STN | (1,076) | (1,512) | (1,915) | (5,499) |
| | Exchange variation of | | | | |
| 4.01.02.04 | permanent assets | 0 | 0 | 0 | 0 |
| 4.01.02.05 | Accounts payable to suppliers | 111,565 | (788,317) | (444,696) | (1,445,776) |
| 4.01.02.06 | Taxes, fees and contributions | (2,097,129) | (3,174,199) | 869,974 | 1,205,896 |
| 4.01.02.07 | Project financing obligations | 39,692 | 101,127 | (2,060) | 2,942 |
| 4.01.02.08 | Healthcare and pension plans | 243,470 | 843,594 | 211,001 | 475,968 |
| | Short term operations with subsidiaries / affiliated | | | | |
| 4.01.02.09 | companies | 134,505 | 585,973 | 74,160 | (5,377) |
| 4.01.03 | Others | (605,430) | (175,108) | 387,454 | (634,407) |
| 4.01.03.01 | Other assets | (1,075,021) | (660,120) | (468,828) | (1,815,651) |
| 4.01.03.02 | Other liabilities | 469,591 | 485,012 | 856,282 | 1,181,244 |
| | Net Cash - Investment | | | | |
| 4.02 | Activities | (19,638,237) | (35,651,439) | (17,749,764) | (32,176,119) |
| | Investments in business | | | | |
| 4.02.01 | segments | (18,729,808) | (34,728,757) | (17,450,112) | (31,542,780) |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
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| | | |
|----------------------------|---|---|
| 1 - CVM CODE 00951-2 | 2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 3 - CNPJ (TAXPAYERS RECORD NUMBER) 33.000.167/0001-01 |
|----------------------------|---|---|

10.01 CONSOLIDATED STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

| 1 - CODE 2 - DESCRIPTION | 3 - 04/01/2010 to 06/30/2010 | 4 - 01/01/2010 to 06/30/2010 | 5 - 04/01/2009 to 06/30/2009 | 6 - 01/01/2009 to 06/30/2009 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 4.02.02 Investments in securities | 25,624 | 34,777 | 245,838 | 330,713 |
| 4.02.03 Other investments | (1,102,816) | (1,167,215) | (561,876) | (998,489) |
| 4.02.04 Dividends received | 168,763 | 209,756 | 16,386 | 34,437 |
| 4.02.05 Undertakings under negotiation | 0 | 0 | 0 | 0 |
| 4.03 Net Cash - Financing activities | 3,581,438 | 7,769,652 | (461,399) | 5,136,934 |
| 4.03.01 Financing and loans, net | 7,292,220 | 11,504,497 | 5,936,367 | 11,545,956 |
| Non standard Credit Rights | | | | |
| 4.03.02 Investment Fund | 0 | 0 | 11,256 | 0 |
| 4.03.03 Dividends paid to shareholders | (3,710,782) | (3,734,845) | (6,409,022) | (6,409,022) |
| 4.04 Exchange variation on cash and cash equivalents | 56,657 | 122,486 | (381,967) | (280,275) |
| 4.05 Increase (decrease) in cash and cash equivalents | (2,741,460) | (4,824,362) | (9,479,020) | (5,802,227) |
| 4.05.01 Opening balance of cash and cash equivalents | 26,951,326 | 29,034,228 | 19,775,801 | 16,099,008 |
| 4.05.02 Closing balance of cash and cash equivalents | 24,209,866 | 24,209,866 | 10,296,781 | 10,296,781 |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
06/30/2010****Corporation Law****COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

| | | |
|-----------------|---|------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

**11.01 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010
to 06/30/2010 (IN THOUSAND OF REAIS)**

| 1 - CODE | 2 DESCRIPTION | 3 - CAPITAL | 4 - CAPITAL RESERVES | 5 - REVALUATION RESERVES | 6 - REVENUE RESERVES | 7 - RETAINED EARNINGS/ (ACCUMULATED LOSSES) | 8 - EQUITY VALUATION ADJUSTMENTS |
|-------------|--|----------------|-------------------------|--------------------------------|----------------------------|--|--|
| 5.01 | Opening balance | 78,966,691 | 514,857 | | 0 84,879,692 | 5,971,459 | (33,617,000) |
| 5.02 | Prior year adjustments | 0 | 0 | | 0 0 | 0 | |
| 5.03 | Adjusted balance | 78,966,691 | 514,857 | | 0 84,879,692 | 5,971,459 | (33,617,000) |
| 5.04 | Income / loss for the period | 0 | 0 | | 0 0 | 8,294,991 | |
| 5.05 | Distributions | 0 | 0 | | 0 0 | (1,754,816) | |
| 5.05.01 | Dividends | 0 | 0 | | 0 0 | 0 | |
| 5.05.02 | Interest on shareholders' equity | 0 | 0 | | 0 0 | (1,754,816) | |
| 5.05.03 | Other distributions | 0 | 0 | | 0 0 | 0 | |
| 5.06 | Realization of profit reserves | 0 | 0 | | 0 0 | 0 | |

| | | | | | | | |
|---------|---|------------|-----------|---|-------------|------------|---------|
| 5.07 | Equity evaluation adjustments | 0 | 0 | 0 | 0 | (17,305) | 152,17 |
| 5.07.01 | Adjustments of marketable securities | 0 | 0 | 0 | 0 | 0 | (47,058 |
| 5.07.02 | Accumulated translation adjustments | 0 | 0 | 0 | 0 | 0 | 199,22 |
| 5.07.03 | Adjustments from business combinations | 0 | 0 | 0 | 0 | (17,305) | |
| 5.08 | Increase / decrease in capital | 6,141,853 | (514,857) | 0 | (5,626,996) | 0 | |
| 5.09 | Formation / realization of capital reserves | 0 | 0 | 0 | 0 | 0 | |
| 5.10 | Treasury shares | 0 | 0 | 0 | 0 | 0 | |
| 5.11 | Other capital transactions | 0 | 0 | 0 | 0 | 0 | |
| 5.12 | Others | 0 | 0 | 0 | 0 | 0 | |
| 5.13 | Closing balance | 85,108,544 | 0 | 0 | 79,252,696 | 12,494,329 | 118,55 |

(A free translation from the original in Portuguese)

FEDERAL PUBLIC SERVICE**BRAZILIAN SECURITIES COMMISSION (CVM)****ITR - QUARTERLY INFORMATION - As of -
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| | | |
|-----------------|---|------------------------------------|
| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (TAXPAYERS RECORD NUMBER) |
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

11.02 - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 06/30/2010 (IN THOUSAND OF REAIS)

| 1 - CODE | 2 DESCRIPTION | 3 - CAPITAL | 4 - CAPITAL RESERVES | 5 - REVALUATION RESERVES | 6 - REVENUE RESERVES | 7 - RETAINED EARNINGS/ (ACCUMULATED LOSSES) | 8 - EQUITY VALUATION ADJUSTMENTS |
|-------------|--|----------------|-------------------------|--------------------------------|----------------------------|--|--|
| 5.01 | Opening balance | 78,966,691 | 514,857 | | 0 | 84,879,692 | 0 |
| 5.02 | Prior year adjustments | 0 | 0 | | 0 | 0 | 0 |
| 5.03 | Adjusted balance | 78,966,691 | 514,857 | | 0 | 84,879,692 | 0 |
| 5.04 | Income / loss for the period | 0 | 0 | | 0 | 0 | 16,021,265 |
| 5.05 | Distributions | 0 | 0 | | 0 | 0 | (3,509,631) |
| 5.05.01 | Dividends | 0 | 0 | | 0 | 0 | 0 |
| 5.05.02 | Interest on shareholders' equity | 0 | 0 | | 0 | 0 | (3,509,631) |
| 5.05.03 | Other distributions | 0 | 0 | | 0 | 0 | 0 |
| 5.06 | Realization of profit reserves | 0 | 0 | | 0 | 0 | 0 |

| | | | | | | | |
|---------|---|------------|-----------|---|-------------|------------|--------|
| 5.07 | Equity evaluation adjustments | 0 | 0 | 0 | 0 | (17,305) | 275,53 |
| 5.07.01 | Adjustments of marketable securities | 0 | 0 | 0 | 0 | 0 | 10,26 |
| 5.07.02 | Accumulated translation adjustments | 0 | 0 | 0 | 0 | 0 | 265,27 |
| 5.07.03 | Adjustments from business combinations | 0 | 0 | 0 | 0 | (17,305) | |
| 5.08 | Increase / decrease in capital | 6,141,853 | (514,857) | 0 | (5,626,996) | 0 | |
| 5.09 | Formation / realization of capital reserves | 0 | 0 | 0 | 0 | 0 | |
| 5.10 | Treasury shares | 0 | 0 | 0 | 0 | 0 | |
| 5.11 | Other capital transactions | 0 | 0 | 0 | 0 | 0 | |
| 5.12 | Others | 0 | 0 | 0 | 0 | 0 | |
| 5.13 | Closing balance | 85,108,544 | 0 | 0 | 79,252,696 | 12,494,329 | 118,55 |

FEDERAL PUBLIC SERVICE (FOR USE BY THE COMPANY FOR SIMPLE CHECKING)

BRAZILIAN SECURITIES COMMISSION (CVM)

ITR QUARTERLY INFORMATION As of - 06/30/2010

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COMMERCIAL, INDUSTRIAL AND OTHER TYPES OF
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00951-2 PETRÓLEO BRASILEIRO S.A. - PETROBRAS 33.000.167/0001-01

06.01 - NOTES TO QUARTERLY INFORMATION

1 The Company and its operations

Petróleo Brasileiro S.A. - Petrobras is dedicated to prospecting, drilling, refining, processing, trading and transporting petroleum originating from wells, schist or other rocks, and oil products, natural gas and other liquid hydrocarbons, in addition to activities connected with energy, and it may carry out research, development, production, transport, distribution and trading of all forms of energy, as well as any other correlated or similar activities.

2 Presentation of the financial statements

Consolidated financial statements

The consolidated quarterly information is being presented in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board, and these are the first financial statements presented by the Company in accordance with IFRS.

Individual financial statements

The individual quarterly information is being presented in accordance with accounting practices generally accepted in Brazil, observing the provisions contained in the Corporation Law and it incorporates the changes introduced by Law 11638/07 and Law 11941/9, complemented by new pronouncements, interpretations and orientations of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and rules of the Brazilian Securities Commission (CVM) during 2009, with application as from 2010.

The pronouncements, interpretations and orientations of the Accounting Pronouncements Committee (CPC), approved by resolutions of the Federal Accounting Council (CFC) and the rules of the Brazilian Securities Commission are converging with the international accounting standards issued by the International Accounting Standard Board (IASB). Some adjustments were made in the individual financial statements aiming at aligning and adjusting them to the consolidated financial statements in accordance with international financial reporting standards (IFRS), as required by CVM Resolution 610/09 (CPC 43 - Initial Adoption of the Technical Pronouncements). Accordingly, the individual

financial statements do not present differences in relation to the consolidated statements according to IFRS, except for the maintenance of deferred charges, as established in CPC 43. The reconciliations of shareholders' equity and results of the parent company with the consolidated statements are described in note 3.4.

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BRAZILIAN SECURITIES COMMISSION (CVM)

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COMPANIES

00951-2 PETRÓLEO BRASILEIRO S.A. - PETROBRAS 33.000.167/0001-01

06.01 - NOTES TO QUARTERLY INFORMATION

Financial statements for 2009

Until December 31, 2009, Petrobras presented its individual and consolidated its financial statements in accordance with accounting practices generally accepted in Brazil, which incorporated the changes introduced through Law 11638/07 and Law 11941/09 (Provisional Measure 449/08), complemented by the pronouncements of CPC, approved by resolutions of CFC and rules of CVM until December 31, 2008.

As established in CVM Resolution 609/09 (CPC 37 - Initial Adoption of International Accounting Standards), international standards were implemented retroactively to January 1, 2009. Accordingly, the accounting information originally disclosed was adjusted and is being presented in accordance with international accounting standards.

The comparison of the balance on the date of adoption of IFRS and of the other adjusted information for 2009 with the amounts disclosed on those dates is presented in notes 3.2 and 3.3.

3 Adoption of international accounting standards

In the balance of adoption of IFRS as of January 1, 2009, mandatory exceptions and certain optional exemptions for retroactive application of the IFRS were applied in accordance with CPC 37 and are presented as follows:

3.1 Transition of the accounting practices

a) Exchange variations recorded in a specific shareholders equity account

The Company adopted CPC 02 Effects of changes in the exchange rates and translation of the financial statements (IAS 21) in fiscal year 2008. However, due to the date of the opening balance of January 1, 2009, the balance of accumulated translation adjustments existing as of December 31, 2008 was transferred to retained earnings in the amount of R\$ 636,264 thousand, aiming at equivalence to the exemption of IFRS 1 from not calculating retroactively the exchange variations of investments in subsidiaries and affiliated companies with a functional currency different from the parent company.

b) Capitalization of loan costs

The Company capitalized financial charges only for the loans directly linked to a construction project, pursuant to CVM Resolution 193/96, in force until December 31, 2008. From January 1, 2009 onwards, the Company has also capitalized financial charges based on an average funding rate applied to the balance of work in progress, thus adopting the exemption established in IFRS 1 of not changing retroactively the criteria for computing capitalizable costs.

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00951-2 PETRÓLEO BRASILEIRO S.A. - PETROBRAS 33.000.167/0001-01

06.01 - NOTES TO QUARTERLY INFORMATION

c) Business combinations

Business combinations occurring up till December 31, 2008 were recorded in the accounting pursuant to CVM Instruction 247/96. On adopting IFRS, the Company chose not to apply the requirements of CPC 15 Business Combinations (IFRS 3), as permitted by IFRS 1. Therefore, the goodwill existing at December 31, 2008, net of amortization, was maintained and is no longer amortized. The balances of negative goodwill existing as of December 31, 2008, in the amount R\$ 815,655 thousand, were recognized against retained earnings on the date of transition to IFRS, also resulting in the reversal of amortizations recognized in the Company's income statement.

The discounts verified in the acquisitions of Special Purpose Entities (SPE), during 2009, were recorded reducing the investment balances. For IFRS purposes they are considered as transactions with partners as owners, since the Company already controlled their operating activities and, consequently, consolidated their financial statements pursuant to CVM Instruction 408/04. Pursuant to CPC 36 Consolidated Statements (IAS 27), the amount of R\$ 1,936,114 thousand was recognized directly against retained earnings in 2009.

d) Provision for abandonment of wells and dismantling of areas

The costs for abandonment of assets and the dismantling of areas are calculated considering the future costs discounted at a rate free of risk recorded in assets and liabilities when the obligation is incurred.

Until December 31, 2008, Petrobras adopted as an accounting practice SFAS pronouncement 143 Accounting for Asset Retirement Obligations of the Financial Accounting Standards Board (FASB, pursuant to which the future obligation with abandonment of wells and dismantling of production areas should be recorded in the accounting at its present value as a provision, considering the historic rates for each period for which the provision was recorded. With the adoption ICPC 12 Changes in liabilities for deactivation, restoration and other similar liabilities (IFRIC 1), the provision for abandonment of wells and dismantling of areas should reflect the effects of the changes in the current discount rate from one period to another.

The Company recorded the amount of R\$ 1,273,166 thousand in retained earnings on the transition date, adopting the exemption of not using the provision at the time that the obligation was incurred, so that the cost of property, plant and equipment reflects the changes in the balance of the provision.

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e) Post-retirement benefits

There is no difference in accounting practices for the valuation of post-employment benefits between CVM Resolution 371/00, in force until December 31, 2008, and CPC 33 Benefits for Employees (IAS 19), since on the adoption of IFRS the Company chose to maintain the corridor method for the recording of actuarial gains and losses in the income statement. Accordingly, the moment of initial adoption of these pronouncements, different from the date of creation of the plans, could produce different balances for unrecognized actuarial gains and losses.

The balance of unrecognized actuarial gains and losses at December 31, 2008, in the amount of R\$ 580,000 thousand, was fully recorded against retained earnings on the transition date, thus adopting the exemption established in IFRS 1. Actuarial gains and losses generated after the transition date will be recognized in the income statement by the corridor method.

f) Deferred expenses and revenues

Law 11941/09 extinguished deferred assets, permitting maintaining the balance as of December 31, 2008, which will continue to be amortized in up to 10 years, subject to impairment testing, which was adopted by the Company in the individual accounting statements, in accordance with what is established by CPC 43.

Pursuant to IFRS, pre-operating expenses and gains should be recorded as expenses and revenues, respectively, when incurred. With the adoption of IFRS, the amount of R\$ 1,035,983 thousand was recorded in retained earnings in consolidated.

g) Public service concessions

The Company exercises shared control over state gas distributors, which are consolidated in proportion to the stake Petrobras holds in the capital of these companies. These distributors operate under concessions and their activities are classified within the requirements of ICPC 01 Concession Agreements (IFRIC 12). Consequently, rights presented as part of the property, plant and equipment of these companies, in the amount of R\$ 575,499 thousand, are now addressed as intangible assets.

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h) Reclassifications

The following reclassifications were made aiming at adjusting the Company's presentation to IFRS requirements.

- Advances to suppliers that used to be presented as part of inventories or property, plant and equipment were classified to specific lines for advances in current and non-current assets;
- Deferred income tax and social contribution, which used to be presented under current assets and liabilities, were reclassified to non-current assets and liabilities and, when applicable, are presented at their net amounts;
- Certain balances presented as part of deferred assets that met the criteria for recognition in IFRS were reclassified to prepaid expenses.

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3.2 Comparison of the financial statements adjusted to IFRS and those published

3.2.1 Consolidated balance sheets

| | R\$ thousand | | | |
|---|-------------------|---------------------|-------------------|---------------------|
| | 01/01/2009 (*) | | 12/31/2009 | |
| | As published | Adjusted to IFRS | As published | Adjusted to IFRS |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 15,888,596 | 16,099,008 | 28,795,714 | 29,034,228 |
| Marketable securities | 288,751 | 288,751 | 123,824 | 123,824 |
| Trade accounts receivable, net | 14,903,732 | 14,968,941 | 13,984,270 | 14,062,355 |
| Dividends receivable | 20,101 | 20,101 | 17,688 | 17,688 |
| Inventories | 19,977,171 | 18,391,281 | 21,424,651 | 19,447,693 |
| Taxes, contributions and profit-sharing | 9,641,247 | 7,912,950 | 9,650,733 | 7,022,538 |
| Prepaid expenses | 1,393,879 | 1,395,172 | 1,287,454 | 1,288,623 |
| Other current assets | 1,461,801 | 3,014,457 | 1,389,681 | 3,376,626 |
| | 63,575,278 | 62,090,661 | 76,674,015 | 74,373,575 |

Non-current assets**Long-term receivables**

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Trade accounts receivable, net | 1,326,522 | 1,330,819 | 3,285,420 | 3,288,040 |
| Petroleum and alcohol account STN | 809,673 | 809,673 | 816,714 | 816,714 |
| Marketable securities | 4,066,280 | 4,066,280 | 4,638,959 | 4,638,959 |
| Deposits in court | 1,853,092 | 1,853,092 | 1,988,688 | 1,988,688 |
| Prepaid expenses | 1,400,072 | 1,635,240 | 1,294,277 | 1,431,565 |
| Deferred income tax and social contribution | 10,238,308 | 12,967,379 | 12,931,807 | 16,231,449 |
| Inventories | 303,929 | 113,740 | 180,618 | 38,933 |
| Other long-term receivables | 1,256,967 | 6,354,179 | 1,243,548 | 6,488,708 |
| | 21,254,843 | 29,130,402 | 26,380,031 | 34,923,056 |
| Investments | 5,106,495 | 5,674,147 | 3,148,357 | 5,659,760 |
| Property, plant and equipment | 190,754,167 | 185,693,589 | 230,230,518 | 227,079,424 |
| Intangible assets | 8,003,213 | 9,592,456 | 6,808,331 | 8,270,864 |
| Deferred charges | 3,469,846 | - | 2,365,998 | - |
| | 228,588,564 | 230,090,594 | 268,933,235 | 275,933,104 |
| | 292,163,842 | 292,181,255 | 345,607,250 | 350,306,679 |

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| Liabilities | R\$ thousand | | | |
|---|----------------|---------------------|--------------|---------------------|
| | 01/01/2009 (*) | | 12/31/2009 | |
| | As published | Adjusted to IFRS | As published | Adjusted to IFRS |
| Current liabilities | | | | |
| Financing | 12,451,137 | 12,688,871 | 13,571,170 | 13,746,575 |
| Interest on financing | 823,330 | 950,825 | 1,316,041 | 1,418,960 |
| Contractual commitments with transfer of benefits, risks and control of assets | 585,045 | 585,045 | 390,252 | 390,252 |
| Accounts payable to suppliers | 17,027,579 | 17,168,421 | 16,980,678 | 17,081,600 |
| Taxes, contributions and profit-sharing | 12,741,382 | 8,563,605 | 12,747,880 | 10,590,141 |
| Proposed dividends | 9,914,707 | 9,914,707 | 2,333,053 | 2,333,053 |
| Project financing | 188,858 | 188,858 | 212,359 | 212,359 |
| Pension plan | 627,988 | 627,988 | 641,774 | 641,774 |
| Healthcare plan | 523,714 | 523,714 | 565,952 | 565,952 |
| Salaries, vacation pay and charges | 2,016,430 | 2,027,008 | 2,293,528 | 2,303,944 |
| Provision for contingencies | 54,000 | 54,000 | 54,000 | 54,000 |
| Advances from clients | 666,107 | 666,107 | 556,208 | 559,657 |
| Provision for profit-sharing for employees and officers | 1,344,526 | 1,344,526 | 1,495,323 | 1,495,323 |
| Deferred income | 5,929 | 5,929 | 7,474 | 7,474 |
| Other accounts and expenses payable | 3,586,429 | 2,984,350 | 4,863,945 | 3,427,702 |

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| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 62,557,161 | 58,293,954 | 58,029,637 | 54,828,766 |
| Non-current liabilities | | | | |
| Financing | 50,049,441 | 50,438,874 | 84,702,691 | 84,992,180 |
| Contractual commitments with transfer of benefits, risks and control of assets | 804,998 | 804,998 | 349,482 | 349,482 |
| Subsidiaries and affiliated companies | 49,289 | 49,289 | 52,433 | 52,433 |
| Deferred income tax and social contribution | 13,165,132 | 17,632,684 | 17,290,995 | 20,457,784 |
| Pension plan | 3,475,581 | 3,891,041 | 3,561,330 | 3,956,070 |
| Healthcare plan | 10,296,679 | 9,309,086 | 11,184,849 | 10,208,276 |
| Provision for contingencies | 890,326 | 912,343 | 844,951 | 865,299 |
| Provision for dismantling of areas | 6,581,618 | 5,417,312 | 4,896,343 | 4,790,500 |
| Deferred income | 1,292,906 | 229,373 | 1,232,227 | 231,204 |
| Other accounts and expenses payable | 1,982,355 | 2,226,387 | 2,387,546 | 2,460,608 |
| | 88,588,325 | 90,911,387 | 126,502,847 | 128,363,836 |
| Shareholders' equity | | | | |
| Paid in capital | 78,966,691 | 78,966,691 | 78,966,691 | 78,966,691 |
| Capital reserves | 514,857 | 514,779 | 514,857 | 514,857 |
| Revaluation reserve | 10,284 | | 350 | |
| Profit reserves | 58,643,049 | 61,623,889 | 79,521,014 | 84,879,692 |
| Accumulated translation adjustments | 636,264 | | 455,322 | (163,347) |
| Equity valuation adjustments | (405,863) | (405,863) | 6,365 | 6,365 |
| | 138,365,282 | 140,699,496 | 159,464,599 | 164,204,258 |
| Non-controlling interest | 2,653,074 | 2,276,418 | 1,610,167 | 2,909,819 |
| Total shareholders' equity | 141,018,356 | 142,975,914 | 161,074,766 | 167,114,077 |
| | 292,163,842 | 292,181,255 | 345,607,250 | 350,306,679 |

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3.2.2 Reconciliation of consolidated shareholders equity

| | R\$ thousand | |
|---|--------------------|--------------------|
| | 01/01/2009 (*) | 12/31/2009 |
| Shareholders equity as published | 138,365,282 | 159,464,599 |
| Capitalization of loan costs | | 2,493,675 |
| Business combinations | 815,655 | 2,247,811 |
| Provision for abandonment of wells and dismantling of areas | 1,273,149 | 434,227 |
| Post-retirement benefits | 580,000 | 587,133 |
| Deferred expenses and revenues | (1,035,983) | (950,660) |
| Deferred taxes | 611,366 | (158,185) |
| Others | 90,027 | 85,658 |
| Consolidated shareholders equity adjusted to IFRS | 140,699,496 | 164,204,258 |

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3.2.3 Consolidated income statement

| | R\$ thousand Jan-Jun 2009 | |
|-------------------------------------|------------------------------|---------------------|
| | As published | Adjusted to IFRS |
| Gross operating income | | |
| Sales | | |
| Products | 109,279,183 | 109,369,360 |
| Services, mainly freight | 187,711 | 187,711 |
| | 109,466,894 | 109,557,071 |
| Sales charges | (22,267,327) | (22,315,604) |
| Net operating income | 87,199,567 | 87,241,467 |
| Cost of goods and services sold | (50,393,467) | (50,332,545) |
| Gross profit | 36,806,100 | 36,908,922 |
| Operating income (expenses) | | |
| Sales | (3,609,992) | (3,611,870) |
| Administrative and general expenses | | |

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| | | |
|---|-------------------|-------------------|
| Officers' and board of directors' fees | (17,255) | (17,255) |
| Administrative | (3,569,846) | (3,557,890) |
| Tax | (326,740) | (326,740) |
| Cost of research and technological development | (704,708) | (704,708) |
| Provision for loss on recoverable value of assets | | |
| Exploration costs for the extraction of crude oil and gas | (1,801,832) | (1,652,301) |
| Healthcare and pension plans | (695,229) | (699,986) |
| Other operating income and expenses, net | (1,964,760) | (1,895,973) |
| | (12,690,362) | (12,466,723) |
| Financial results | | |
| Revenues | 1,683,848 | 1,685,819 |
| Expenses | (2,828,786) | (1,544,173) |
| Exchange and monetary variations, net | (2,164,856) | (1,861,184) |
| | (3,309,794) | (1,719,538) |
| Equity in earnings of investments | 1,946 | 24,947 |
| Net income before income tax and social contribution | 20,807,890 | 22,747,608 |
| Income tax and social contribution | | |
| Current | (6,242,261) | (6,249,846) |
| Deferred charges | 1,203,560 | 867,928 |
| | (5,038,701) | (5,381,918) |
| Net income | 15,769,189 | 17,365,690 |
| Net income attributable to minority interests | (2,218,921) | (2,915,008) |
| Net income attributable to shareholders of Petrobras | 13,550,268 | 14,450,682 |
| Basic and diluted income per share | 1.54 | 1.65 |

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3.2.4 Reconciliation of consolidated net income

| | R\$ thousand Jan-Jun 2009 |
|------------------------------------|------------------------------|
| Net income as published | 13,550,268 |
| Capitalization of loan costs | 1,402,902 |
| Deferred taxes | (298,929) |
| Others | (203,559) |
| Net income adjusted to IFRS | 14,450,682 |

3.2.5 Consolidated cash flows

| | R\$ thousand Jan-Jun 2009 |
|--------------|------------------------------|
| | Adjusted to |
| As published | IFRS |

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| | | |
|---|--------------------|--------------------|
| Net income | 13,550,268 | 14,450,684 |
| Adjustments to reconcile the net income | 9,274,220 | 8,534,802 |
| Changes in assets and liabilities | (1,325,266) | (2,104,516) |
| Cash provided by operating activities: | 21,499,222 | 20,880,970 |
| Cash used in investment activities | (32,176,119) | (32,176,119) |
| Investments in business segments | (31,542,780) | (31,542,780) |
| Marketable securities | 330,713 | 330,713 |
| Dividends | 34,437 | 34,437 |
| Other investments | (998,489) | (998,489) |
| Cash used in financing activities | 5,136,934 | 5,136,934 |
| Financing | 11,545,956 | 11,545,956 |
| Dividends | (6,409,022) | (6,409,022) |
| Effect of exchange variation on cash and cash equivalents | (276,469) | 355,990 |
| Net change in cash for the period | (5,816,432) | (5,802,225) |
| Cash at beginning of period | 15,888,594 | 16,099,008 |
| Cash at end of period | 10,072,162 | 10,296,783 |

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3.3 Effects of the adoption of international standards in the individual financial statements

| | R\$ thousand | |
|---|--------------------|--------------------|
| | 01/01/2009 (*) | 12/31/2009 |
| Parent company shareholders' equity as published | 144,051,139 | 163,879,051 |
| Capitalization of loan costs | - | 2,493,675 |
| Business combinations | 815,655 | 2,247,811 |
| Provision for abandonment of wells and dismantling of areas | 1,273,149 | 434,227 |
| Post-retirement benefits | 580,000 | 587,133 |
| Absorption of unsecured liabilities of a subsidiary (**) | (4,160,317) | (3,584,428) |
| Deferred taxes | 308,549 | (404,629) |
| Profit on sale of products in inventories of subsidiaries (**) | (1,525,539) | (830,024) |
| Others | 90,027 | 85,657 |
| Parent company shareholders' equity adjusted to international accounting standards (CPC) | 141,432,663 | 164,908,473 |

(*) Date of initial adoption

(**) As required by CPC18 Investment in Affiliated Companies and Subsidiaries.

| | R\$ thousand |
|---|---------------------|
| | Jan-Jun 2009 |
| Parent company net income as published | 14,050,126 |
| Capitalization of loan costs | 1,402,902 |
| Absorption of unsecured liabilities of a subsidiary | (622,858) |
| Others | (226,154) |
| Parent company net income adjusted to international accounting standards (CPC) | 14,298,586 |

3.4 Reconciliation of the balance sheet and net income of consolidated with that of the parent company

| | <u>R\$ thousand</u> | | | |
|--|----------------------|--------------------|-------------------|-------------------|
| | Shareholders' equity | | Net income | |
| | 06.30.2010 | 12.31.2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Consolidated - IFRS | 179,906,979 | 167,114,077 | 16,133,646 | 17,365,690 |
| Non-controlling interest | (2,932,856) | (2,909,819) | (112,381) | (2,915,008) |
| Attributable to shareholders of Petrobras | 176,974,123 | 164,204,258 | 16,021,265 | 14,450,682 |
| Net deferred assets from the tax effects | 611,030 | 704,215 | (93,185) | 153,334 |
| Parent company adjusted to international accounting standards (CPC) | 177,585,153 | 164,908,473 | 15,928,080 | 14,604,016 |

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The consolidated statements presented in tables 08.01, 08.02, 09.01 and 10.01 were prepared in accordance with the CPCs and IFRS, and the only difference is the treatment of deferred assets, which pursuant to the CPC remain recorded in the individual demonstrations and pursuant to IFRS should be recorded as expenses and revenue, respectively, when incurred, and, therefore, were written off in the consolidated statements.

4 Description of significant accounting policies

4.1 Changes in accounting practices

The Company reviewed the useful economic life of the assets related to the Supply segment and to the thermoelectric power stations of the Gas and Energy segment, based on the reports of external appraisers, which resulted in the following changes in rates:

| Estimated useful life | Former | Current |
|---|----------|----------|
| Industrial equipment and apparatus for refining | 10 years | 20 years |
| Ducts | 10 years | 31 years |
| Tanks for storage of products | 10 years | 26 years |
| Thermoelectric power stations | 20 years | 23 years |

The effects of these changes in estimates of useful life of these assets were recognized as from 2010 and, therefore, the depreciation for the first half of 2010 was decreased by R\$ 492,124 thousand (R\$ 374,918 thousand in the parent company).

4.2 Below, we describe in detail the other accounting practices adopted by the Company that did not undergo changes with respect to fiscal year 2009:

4.2.1 Functional currency

The Company's functional currency is the Real.

The exchange variations on investments in subsidiaries and affiliated companies with a functional currency different from the parent company are recorded in shareholders' equity as an accumulated translation adjustment and are transferred to the statement of income upon realization of the investments.

The statements of income and cash flows of the invested companies in a stable economic environment with a functional currency different from the parent company are translated into Reais at the monthly average exchange rate, assets and liabilities are translated at the final rate and the other items of shareholders' equity are translated at the historic rate.

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4.2.2 Accounting estimates

In the preparation of the financial statements it is necessary to use estimates for certain assets, liabilities and other transactions. These estimates include: petroleum and gas reserves, liabilities of pension and health plans, depreciation, depletion and amortization, abandonment costs, provisions for contingent liabilities, market value of financial instruments, income tax and social contribution. Although Management uses assumptions and judgments that are reviewed periodically, the actual results may differ from these estimates.

4.2.3 Statement of income

Income, recognized on the accrual basis, includes income, charges and monetary or exchange gains and losses at official indices or rates, due on current and non-current assets and liabilities, including, when applicable, the effects of adjustments to present value of significant transactions, adjustments to market value or realization value, as well as the allowance for doubtful accounts recorded at a limit considered sufficient to cover possible losses on the realization of accounts receivable.

Revenue from the sale of products is recognized in the statement of income when the risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service.

3.2.5 Consolidated cash flows

4.2.4 Cash and cash equivalents

Cash and cash equivalents are represented by short-term investments of high liquidity which are readily convertible into cash, with maturity within three months or less of the date of acquisition.

4.2.5 Marketable securities

The Company classifies marketable securities on initial recognition, based on Management's strategies for these securities in the following categories:

- Securities for trading are stated at fair value. Interest, monetary updating and changes resulting from the valuation to fair value are recorded in the income statement when incurred.
- Securities available for sale are stated at fair value. Interest and monetary updating are recorded in the income statement, when incurred, while the changes resulting from valuation to fair value are recorded in equity valuation adjustments, in shareholders' equity, and transferred to the income statement for the year, upon settlement.

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- Securities held until maturity are stated at cost of acquisition, plus interest and monetary updating, which are recorded in the income statement when incurred.

4.2.6 Inventories

Inventories are presented as follows:

- Raw material comprises mainly the stocks of petroleum, which are stated at the average value of the costs for importing and production, adjusted, when applicable, to their realization value;
- Oil and alcohol products are stated at the average cost of refining or purchase, adjusted, when applicable, to their realization value;
- Materials and supplies are stated at the average purchase cost which does not exceed replacement cost. Imports in transit are stated at the identified cost.

4.2.7 Corporate investments

Investments in subsidiaries, jointly controlled subsidiaries and also in affiliated companies over which management has significant influence, and in other companies which are part of the same group or under common control, are valued by the equity accounting method.

4.2.8 Property, plant and equipment

They are stated at the cost of acquisition, restated monetarily until December 31, 1995 for the companies headquartered in Brazil, and until fiscal year 2002 for the companies headquartered in Argentina, and the rights that have as objects tangible assets intended for the maintenance of the Company's activities, resulting from transactions that transfer the benefits, risks and control of these assets, are stated at fair value or, if lower, by the present value of the minimum payments of the contract.

The equipment and facilities for petroleum and gas production related to the respective developed wells are appreciated according to the monthly volume of production in relation to the proven and developed reserves of each producing field. The straight line method is used for assets with a useful life shorter than the life of the field or for assets that are linked to fields in various stages of production. Other equipment and assets not related to petroleum and gas production are appreciated by the straight line method according to their estimated useful life.

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Expenditure on exploration and development of petroleum and gas production is recorded according to the successful efforts method. This method establishes that the development costs of the production wells and the successful exploration wells, linked to economically viable reserves, are capitalized, while the geology and geophysics costs should be considered expenses for the period in which they occur and the cost of dry exploration wells and the costs linked to non-commercial reserves should be recorded in the income statement when they are thus identified.

Capitalized costs are depreciated using the unit of production method in relation to the proven, developed reserves. These reserves are estimated by the Company's geologists and petroleum engineers according to international standards and are reviewed annually or when there are indications of material changes.

Material expenses incurred with maintenance of the industrial units and ships, which include spare parts, dismantling and assembly services, amongst others, are recorded in property, plant and equipment. These stoppages occur in programmed periods, on average every four years, and the respective expenses are depreciated as a production cost until the beginning of the following stoppage.

4.2.9 Intangible assets

They are stated at the cost of acquisition, less accumulated amortization and impairment losses. They comprise rights and concessions that include, mainly, the signing bonus paid for obtaining concessions for exploration of petroleum or

natural gas and public service concessions, in addition to trademarks and patents, software and goodwill from expectations of future profitability resulting from acquisition of a controlling interest (subsidiaries and jointly controlled subsidiaries). Goodwill resulting from acquisition of an interest in affiliated companies is presented in the investment.

The signing bonuses are amortized by the unit of production method in relation to the total proven reserves, while the other intangible assets are amortized on a straight line basis according to their estimated useful life.

4.2.10 Deferred charges

The Company maintained the balance of deferred assets as of December 31, 2008 in the individual statement, which will continue to be amortized in up to 10 years, subject to impairment testing in conformity with Law 11941/09.

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4.2.11 Decrease to recoverable value Impairment

The Company values the items of property, plant and equipment, intangible assets with a definite useful life and deferred charges (individual) when there are indications they will not recover their book values. The assets that have an indefinite useful life, such as goodwill for expectations of future profitability, are tested for impairment annually, regardless of whether there are indications of impairment or not.

When applying the impairment test to the recoverable value of assets, the carrying value of an asset or a cash generating unit is compared with its recoverable value. The recoverable value is the higher value between the net sales value of an asset and its value in use. Considering the particularities of the Company's assets, the recoverable value used for evaluation of the impairment test to recoverable value is the value in use, except when specifically indicated.

This use value is estimated based on the present value of future cash flows, resulting from the company's best estimates. The cash flows resulting from continuous use of the related assets are adjusted by the specific risks and use the pre-tax discount rate. This rate is derived from the structured post-tax rate in the weighted average cost of capital (WACC). The main assumptions for the cash flows are: prices based on the last strategic plan published, production curves associated with existing products in the Company's portfolio, market operating costs and investments needed for carrying out the projects.

These evaluations are made at the lowest level of assets for which there are identifiable cash flows. Assets connected with the exploration and development of petroleum and gas production are reviewed annually, field by field, in order to identify possible losses on recovery based on the estimated future cash flow.

Reversal of previously recognized losses is permitted, except in relation to the decrease in the value of goodwill for expectations of future profitability.

4.2.12 Loans and financing

They are initially recognized at fair value less transaction costs incurred and, after initial recognition, are stated at amortized cost using the effective interest rate method.

4.2.13 Contracts with transfer of benefits, risks and control of assets

The Company records the rights that have as their objects tangible assets intended for the maintenance of the Company's activities resulting from operations that transferred the benefits, risks and control of these assets, as well as their correlated liability, in its property, plant and equipment at their fair value or, if lower, at the present value of the minimum payments of the contract.

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4.2.14 Abandonment of wells and dismantling of areas

The future liability for abandonment of wells and dismantling the production area is stated at its present value, discounted at a risk free rate and is fully recorded at the time of the declaration of commercial viability of each field, as part of the costs of the related assets (property, plant and equipment) as a contra entry to the provision recorded in the liabilities that will bear these expenses. The interest incurred through the updating of the provision are classified as financial expenses.

4.2.15 Derivative financial instruments and hedge operations

All the derivative instruments were recognized in the Company's balance sheet, both in assets and in liabilities, and are stated at fair value.

In the operations with derivatives, for hedge against variations in the prices of oil and oil products and currency, the gains and losses resulting from the changes in fair value are recorded in the financial results.

For cash flow hedges, the gains and losses resulting from the changes in their fair value are recorded in equity valuation adjustments, in shareholders' equity, until their settlement.

4.2.16 Income tax and social contribution

These taxes are calculated and recorded based on the effective rates in force on the date of preparation of the financial statements. The deferred taxes and social contributions are recognized as a result of temporary differences, tax loss carryforwards and negative basis of social contribution, when applicable.

4.2.17 Employee benefits

Provisions are recorded for the actuarial commitments with pension and retirement plans and the healthcare plan, based on an actuarial calculation prepared annually by an independent actuary, in accordance with the projected credit unit method, net of the guarantor assets of the plan, when applicable, and the costs referring to the increase in the present amount of the liability, resulting from the service provided by the employee, recognized during the employee's time of service.

The projected credit unit method considers each period of service as a generating fact for an additional unit of benefit, which is accumulated for the computation of the final obligation. Additionally, other actuarial assumptions are used, such as estimates of the evolution of costs with healthcare benefits, biological and economic hypotheses and, also, past data on expenses incurred and contributions from employees.

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The actuarial gains and losses resulting from adjustments based on experience and on changes in the actuarial assumptions are included or excluded, respectively, when determining the net actuarial commitment and are amortized over the average period of service remaining for the active employees.

The Company also contributes to the national pension and social security plans of international subsidiaries, whose percentages are based on the payroll, and these contributions are taken to the income statement when incurred.

4.2.18 Government subsidies and assistance

Government subsidiaries for investments are recognized as revenue throughout the period, compared with the expenses that it intends to offset on a systematic basis, and are applied in Petrobras in the following manner:

- Subsidies for re-investments: in the same proportion as the depreciation of the asset, and
- Direct subsidies related to the operating profit: directly in the income statement.

The amounts allocated in the income statement will be distributed to the tax incentive reserve, in shareholders' equity.

5 Cash and cash equivalents

| | R\$ thousand | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Cash and banks | 2,861,536 | 2,853,964 | 88,255 | 645,862 |
| Interest earning bank deposits | | | | |
| <i>- In Brazil</i> | | | | |
| Exclusive investment funds: | | | | |
| .Exchange | | | | |
| .Interbank deposit | 8,897,419 | 10,636,809 | 7,013,611 | 8,428,509 |
| Government bonds | 1,773,802 | 6,992,964 | | |
| Credit rights | | | 3,399,652 | 3,442,384 |
| Financial investment funds: | | | | |
| .Exchange | 3,115 | 4,008 | | |
| .Interbank deposit | 1,433,271 | 1,283,825 | | |
| Others | 482,868 | 205,567 | 222,318 | 114,085 |
| | 12,590,475 | 19,123,173 | 10,635,581 | 11,984,978 |
| <i>- Abroad</i> | | | | |
| . Time deposit | 7,296,708 | 5,423,782 | 6,420,859 | 3,950,737 |
| . Fixed interest security | 1,461,147 | 1,633,309 | 697,143 | 216,536 |
| | 8,757,855 | 7,057,091 | 7,118,002 | 4,167,273 |
| Total financial investments | 21,348,330 | 26,180,264 | 17,753,583 | 16,152,251 |
| Total cash and cash equivalents | 24,209,866 | 29,034,228 | 17,841,838 | 16,798,113 |

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The financial investments in Brazil have immediate liquidity and comprise quotas in exclusive funds, whose proceeds are invested in federal government bonds and derivative operations, executed by the managers of the funds, with US dollar futures contracts and interbank deposits (DI) guaranteed by the Brazilian Futures and Commodities Exchange (BM&F), as presented in note 31. The exclusive funds do not have material financial obligations and are limited to the obligations of daily adjustments of the positions on the BM&F, audit services, service fees related to the custody of assets and execution of financial operations and other administrative expenses. The balances of financial investments are recorded at cost, plus accrued income, which is recognized proportionally up to the balance sheet date at amounts not exceeding their respective market values.

At June 30, 2010, the Parent company had amounts invested in the Petrobras System's non-standard credit investment fund (FIDC-NP). This investment fund is intended predominantly for acquiring performing and/or non-performing credit rights from operations carried out by companies of the Petrobras System and aims at optimizing the financial management of the cash of the Parent company and its subsidiaries. The assignments of credit rights recorded in the current liabilities of the Parent Company in the amount of R\$ 16,094,407 thousand (R\$ 14,318,379 thousand at December 31, 2009) were offset in Consolidated with the amounts invested in the FIDC-NP. The investments in government bonds in the FIDC-NP are recorded under Cash and cash equivalents (Consolidated) according to their respective realization terms.

At June 30, 2010 and at December 31, 2009, the Company and its subsidiaries PifCo and Brasoil had amounts invested abroad in an investment fund that held, amongst others, debt securities of companies of the Petrobras System and a specific purpose entity related to the Company's projects, mainly the CLEP, Malhas, Marlim Leste (P-53) and Gasene projects, equivalent to R\$ 15,028,765 thousand (R\$ 12,724,142 thousand at December 31, 2009.) These amounts refer to the consolidated companies and were offset against the balance of financing in current and

non-current liabilities.

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6 Trade accounts receivable

6.1 Trade accounts receivable, net

| | R\$ thousand | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Clients | | | | |
| Third parties | 17,012,742 | 15,129,275 | 2,714,813 | 2,187,257 |
| Related parties (Note 7.1) | 551,270 | 1,117,339 | 51,678,718 (*) | 56,973,820 |
| Others | 4,493,916 | 3,646,083 | 3,788,930 | 3,731,629 |
| | 22,057,928 | 19,892,697 | 58,182,461 | 62,892,706 |
| Less: allowance for doubtful accounts | (2,742,027) | (2,542,302) | (433,582) | (306,110) |
| | 19,315,901 | 17,350,395 | 57,748,879 | 62,586,596 |
| Less: non-current trade accounts receivable, net | (3,354,319) | (3,288,040) | (41,833,299) | (49,742,215) |
| Short-term accounts receivable, net | 15,961,582 | 14,062,355 | 15,915,580 | 12,844,381 |

(*) It does not include the balances of the dividends receivable of R\$ 1.012.013 thousand as of June 30, 2010 (R\$ 2,508,981 thousand as of December 31, 2009), reimbursements receivable of R\$ 712,295 thousand as of June 30, 2010 (R\$ 1,511,022 thousand as of December 31, 2009) and a Credit Assignment Investment Fund of R\$ 5,510,865 thousand as of June 30, 2010 (R\$ 4,678,719 thousand at December 31, 2009).

6.2 Changes in the allowance for doubtful accounts

| | R\$ thousand | | | |
|-------------------------------------|------------------|------------------|----------------|----------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Opening balance for the year | 2,542,302 | 2,813,902 | 306,110 | 291,265 |
| Additions (*) | 277,388 | 246,126 | 131,802 | 36,909 |
| Write-offs (*) | (77,663) | (517,726) | (4,330) | (22,064) |
| Closing balance | 2,742,027 | 2,542,302 | 433,582 | 306,110 |
| Current | 1,703,502 | 1,545,853 | 433,582 | 306,110 |
| Non-current | 1,038,525 | 996,449 | | |

(*) It includes exchange variations in the allowance for doubtful accounts recorded in companies abroad.

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7 Related party transactions

Petrobras carries out commercial transactions with its subsidiaries and special purpose entities under normal market conditions. The transactions for the purchase of oil and oil products carried out by Petrobras with its subsidiary PifCo have longer settlement terms due to the fact that PifCo is a subsidiary created for this purpose, with the levying of the due charges in the period. The passing on of prepayments for exports is carried out at the same rates as those obtained by the subsidiary. Intercompany loans are made in accordance with market conditions and applicable legislation.

At June 30, 2010 and December 31, 2009, losses were not expected on the realization of these accounts receivable.

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7.1 Assets

| | R\$ thousand | | | | | | | | |
|--------------------------------|---------------------------------------|---|----------------------|------------------------------|---|---------|------------------|--------------------------|--------------|
| | CURRENT ASSETS | | | | NON-CURRENT ASSETS | | | | TOTAL ASSETS |
| | Accounts receivable, mainly for sales | Cash and cash equivalents and marketable securities | Dividends receivable | Advance for capital increase | Amounts related to construction of gas pipeline | Loans | Other operations | Reimbursement receivable | |
| <u>SUBSIDIARIES (*)</u> | | | | | | | | | |
| Petroquisa | | | | | | | | | |
| BR Distribuidora | 1,205,981 | | | | 190,443 | 394,556 | | 1,790,980 | |
| Gaspetro | 831,363 | | 145,234 | 3 | 934,299 | 15,274 | | 1,926,173 | |
| PifCo | 4,404,249 | | | | 4,272,503 | 3,451 | | 8,680,203 | |
| PNBV | | | | | | | | | |
| Downstream | 168,686 | | | | 212,291 | | | 380,977 | |
| Transpetro | 540,525 | | 357,648 | | | | | 898,173 | |
| PIB-BV Netherlands | 235,950 | | | | 842,202 | 66,143 | | 1,144,295 | |
| Brasoil | 10,873 | | | | 33,688,645 | 6,679 | | 33,706,197 | |
| BOC | | | | | 139,542 | 455 | | 139,997 | |
| Real estate investment fund | | | | | | | | | |

| | | | | | | | | | |
|---|-----------|-----------|-----------|---------|---------|------------|---------|-----------|------------|
| Petrobras Comercializadora | | | | | | | | | |
| Energia Ltda | 70,494 | | 161,544 | | | | | | 232,038 |
| Petrobras Biocombustível S.A. | | | | | | | | | |
| Marlim Participações S.A | 46,076 | | | 4,766 | | | | | 50,842 |
| Breitener Energética Thermoelectric power plants | | | | | | | | | |
| Abreu e Lima Refinery | 329,942 | | | 3 | | | 276,944 | | 276,944 |
| Cia Locadora de Equipamentos Petrolíferos Cayman Cabiúnas Investment | | | | | | | | | |
| Other subsidiaries | 19,271 | | | | | | | 236,003 | 255,274 |
| | 157,669 | | 16,702 | 8,859 | | 13,674 | | | 196,904 |
| | 8,665,934 | | 1,012,013 | 120,009 | 934,299 | 39,865,366 | 484,958 | 236,003 | 51,318,582 |
| <u>SPECIFIC PURPOSE ENTITIES</u> | | | | | | | | | |
| Nova Transportadora do Nordeste - NTN | | | | | | | | | |
| | 481,616 | | | | | | | 71,097 | 552,713 |
| Nova Transportadora do Sudeste - NTS | | | | | | | | | |
| | 468,238 | | | | | | | 34,618 | 502,856 |
| Transportadora Urucu Manaus - TUM | | | | | | | | | |
| | 215,809 | | | | | | | | 215,809 |
| PDET Off Shore Transportadora Gasene S.A | | | | | | | | | |
| | | | | | | | | 370,449 | 370,449 |
| Credit Rights Investment Fund (**) | | | | | | | | | |
| | (535,617) | 6,046,483 | | | | | | | 5,510,866 |
| Other SPEs | | | | | | | | | |
| | 74,538 | | | | | | | 128 | 74,666 |
| | 704,584 | 6,046,483 | | | | | | 476,292 | 7,227,359 |
| <u>AFFILIATED COMPANIES</u> | | | | | | | | | |
| | 364,952 | | | 3,000 | | | | | 367,952 |
| 06/30/2010 | 9,735,470 | 6,046,483 | 1,012,013 | 123,009 | 934,299 | 39,865,366 | 484,958 | 712,295 | 58,913,893 |
| 12/31/2009 | 7,308,859 | 5,159,950 | 2,508,981 | 295,107 | 973,404 | 47,837,083 | 78,137 | 1,511,022 | 65,672,543 |

(*) It includes its subsidiaries and jointly controlled subsidiaries.

(**) Composed of (R\$ 887,970) in assigned / performed receivables and R\$ 352,353 in prepaid expenses.

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R\$ thousand Interest rates for active loans

| Index | 06.30.2010 | 12.31.2009 |
|----------------------|-------------------|-------------------|
| TJLP + 5% p.a. | 46,149 | 49,432 |
| LIBOR + 1 to 3% p.a. | 35,720,127 | 44,797,544 |
| 1.70% p.a. | 212,291 | 223,917 |
| 101% of CDI | 159,568 | 171,474 |
| 14.5% p.a. | 77,431 | 77,175 |
| IGPM + 6% p.a. | 150,090 | 146,223 |
| Other rates | 3,499,710 | 2,371,318 |
| | 39,865,366 | 47,837,083 |

Bolivia-Brazil gas pipeline

The section of the Bolivia-Brazil gas pipeline in Bolivia is the property of the company Gás Transboliviano S.A. (GTB), in which Gaspetro holds a minority interest (11%).

A US\$ 350 million turnkey contract for the construction of the Bolivian section of the pipeline was entered into with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), which was subsequently passed on to GTB, and it is being paid off in the form of transport services over 12 years, since January 2000.

At June 30, 2010 the balance of the rights for future transport services, on account of costs already incurred in the construction up to that date, plus interest of 10.7% p.a., is R\$ 310,512 thousand (R\$ 338,558 thousand at December 31, 2009), of which R\$ 195,134 thousand is classified in long term receivables as an advance to suppliers (R\$ 231,045 thousand at December 31, 2009) which includes the amount of R\$ 103,923 thousand (R\$ 101,912 thousand at December 31, 2009) related to the acquisition in advance of the right to transport 6 million cubic meters of gas for a period of 40 years (TCO - Transportation Capacity Option).

The Brazilian section of the gas pipeline is the property of Transportadora Brasileira Gasoduto Bolívia-Brasil S.A. (TBG), a subsidiary of Gaspetro. At June 30, 2010, Petrobras total receivable from TBG for management, forwarding of costs and financing related to the construction of the gas pipeline and the acquisition in advance of the right to transport 6 million cubic meters of gas for a period of 40 years (TCO) was R\$ 934,299 thousand (R\$ 973,404 thousand at December 31, 2009), and is classified under long-term assets as accounts receivable, net.

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7.2 Liabilities

| R\$ thousand | | | | | | | | | | |
|----------------------------|---|-----------------------------|-------------------------------|--|--|-------------------------|--|-------|---------------------|----------------------|
| PARENT COMPANY | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | NON-CURRENT LIABILITIES | | | | |
| | Suppliers, mainly for purchases of oil and oil products | Advances from clients | Affreightment of Platforms | Contractual commitments with transfer of benefits, risks and control of assets | Assigned receivables flow - FIDC | Other operations | Contractual commitments with transfer of benefits, risks and control of assets | Loans | Other operations | TOTAL LIABILITIES |
| <u>SUBSIDIARIES</u> | | | | | | | | | | |
| <u>(*)</u> | | | | | | | | | | |
| Petroquisa | | | | | | | | | | |
| BR | | | | | | | | | | |
| Distribuidora | (180,557) | (10,125) | | | | | | | (344,241) | (534,923) |
| Gaspetro | (423,009) | (329,203) | | | | | | | | (752,212) |
| PifCo | (20,025,459) | (118,674) | | | | | | | (412,724) | (20,556,857) |
| PNBV | (73,256) | | (1,570,168) | | | | | | | (1,643,424) |
| Downstream | (86,896) | | | | | | | | | (86,896) |
| Transpetro | (1,086,332) | | | | | (50) | | | | (1,086,382) |

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| | | | | | | | | | | |
|------------------------|--------------|-----------|-------------|--------------|--------------|-----------|--------------|-----------|-----------|--------------|
| PIB-BV | | | | | | | | | | |
| Netherlands | (484,200) | (5,848) | | | (5) | | | | | (490,053) |
| Brasoil | | | | | | | | | | |
| Breitener | | | | | | | | | | |
| Energética | | | | | | | | | | |
| Thermoelectric | | | | | | | | | | |
| power plants | (258,185) | | | (22,457) | | | (588,792) | | | (869,434) |
| Marlim | | | | | | | | | | |
| Participações | | | | | | | | | | |
| S.A | | | | (365,375) | | | (312,447) | | | (677,822) |
| Petrobras | | | | | | | | | | |
| Biocombustível | | | | | | | | | | |
| S.A. | | | | | | | | | | |
| Cia Locadora de | | | | | | | | | | |
| Equipamentos | | | | | | | | | | |
| Petrolíferos | | | | (1,729,385) | | | (2,269,495) | | | (3,998,880) |
| Cayman | | | | | | | | | | |
| Cabiunas | | | | | | | | | | |
| Investment Co. | | | | | | | | | | |
| Other | | | | | | | | | | |
| subsidiaries | (100,459) | (4,856) | (14,558) | (16,662) | | (27) | (172,440) | | | (309,002) |
| | (22,718,353) | (468,706) | (1,584,726) | (2,133,879) | | (82) | (3,343,174) | (756,965) | | (31,005,885) |
| <u>SPECIFIC</u> | | | | | | | | | | |
| <u>PURPOSE</u> | | | | | | | | | | |
| <u>ENTITIES</u> | | | | | | | | | | |
| PDET Offshore | | | | (179,682) | | (138,943) | (1,499,956) | | | (1,818,581) |
| Nova | | | | | | | | | | |
| Transportadora | | | | | | | | | | |
| do Nordeste - | | | | | | | | | | |
| NTN | | | | (106,262) | | | (1,160,150) | | | (1,266,412) |
| Nova | | | | | | | | | | |
| Transportadora | | | | | | | | | | |
| do Sudeste - | | | | | | | | | | |
| NTS | | | | (101,302) | | | (1,095,377) | | | (1,196,679) |
| Charter | | | | | | | | | | |
| Development | | | | | | | | | | |
| LLC | | | | (164,833) | | | (3,220,522) | | | (3,385,355) |
| Barracuda | | | | | | | | | | |
| Caratinga | | | | | | | | | | |
| Leasing Co BV | | | | | | | | | | |
| Gasene | | | | | | | | | | |
| Participações | | | | | | | | | | |
| S/A | | | | (147,788) | | | (5,766,246) | | | (5,914,034) |
| Credit Rights | | | | | | | | | | |
| Investment | | | | | | | | | | |
| Fund | | | | (16,094,407) | | | | | | (16,094,407) |
| Other SPEs | | | | | | | | | | |
| | | | | (699,867) | (16,094,407) | (138,943) | (12,742,251) | | | (29,675,468) |
| AFFILIATED | | | | | | | | | | |
| COMPANIES | (88,574) | (6) | | | | | (51,668) | | | (140,248) |
| 06/30/2010 | (22,806,927) | (468,712) | (1,584,726) | (2,833,746) | (16,094,407) | (139,025) | (16,085,425) | (51,668) | (756,965) | (60,821,601) |
| 12/31/2009 | (29,723,334) | (751,716) | (1,394,118) | (3,502,082) | (14,318,379) | (139,027) | (10,903,870) | (49,359) | (855,580) | (61,637,465) |

(*) It includes its subsidiaries and jointly controlled subsidiaries.

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7.3 Results

| | R\$ thousand | | | TOTAL RESULTS |
|--------------------------------|--|---|---|------------------|
| | Parent company | | | |
| | Results | Exchange and monetary variations, net | | |
| | Operating income, mainly from sales | Net financial income (expenses) | Exchange and monetary variations, net | |
| <u>SUBSIDIARIES (*)</u> | | | | |
| Petroquisa | 119,725 | 11 | 4,183 | 123,919 |
| BR Distribuidora | 27,428,464 | (6,166) | 22,295 | 27,444,593 |
| Gaspetro | 2,235,740 | 91,259 | 32,932 | 2,359,931 |
| PifCo | 10,844,769 | (434,258) | (465,689) | 9,944,822 |
| PNBV | | (642) | (42,460) | (43,102) |
| Downstream | 1,600,414 | 2,011 | 17,007 | 1,619,432 |
| Transpetro | 278,679 | 3 | 14,744 | 293,426 |
| PIB-BV Netherlands | 51,544 | 4,476 | 10,298 | 66,318 |
| Brasoil | | 608,857 | 1,194,590 | 1,803,447 |
| BOC | | | | |

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| | | | | |
|---|------------|-----------|-------------|------------|
| Petrobras Comercializadora Energia Ltda | 162,850 | 1,231 | 4,138 | 168,219 |
| Thermoelectric power plants | 10,420 | (45,359) | 8,523 | (26,416) |
| Marlim Participações S.A | | (27,002) | 609 | (26,393) |
| Cia Locadora de Equipamentos Petrolíferos | | (224,502) | | (224,502) |
| Abreu e Lima Refinery | 119,258 | | | 119,258 |
| Petrobras Biocombustível | | | | |
| Cayman Cabiunas Investment Co. | | | | |
| Other subsidiaries | 177,590 | (11,918) | (6,242) | 159,430 |
| | 43,029,453 | (41,999) | 794,928 | 43,782,382 |
| <u>SPECIFIC PURPOSE ENTITIES</u> | | | | |
| Nova Transportadora do Nordeste - NTN | | (55,865) | | (55,865) |
| Nova Transportadora do Sudeste - NTS | | (38,719) | | (38,719) |
| Transportadora Urucu Manaus - TUM | 47,394 | | | 47,394 |
| PDET Offshore | | (46,688) | | (46,688) |
| Charter Development LLC | | (308,057) | (99,339) | (407,396) |
| Gasene Participações S/A | | (91,053) | | (91,053) |
| Transportadora Gasene | 74,676 | | | 74,676 |
| Barracuda & Caratinga Leasing | | (2,374) | (12,068) | (14,442) |
| Credit Rights Investment Fund | | 133,424 | | 133,424 |
| Other SPEs | | (901) | | (901) |
| | 122,070 | (410,233) | (111,407) | (399,570) |
| <u>AFFILIATED COMPANIES</u> | | | | |
| | 5,395,977 | (1,654) | (1,089) | 5,393,234 |
| 06/30/2010 | 48,547,500 | (453,886) | 682,432 | 48,776,046 |
| 06/30/2009 | 39,904,423 | 759,787 | (4,450,210) | 36,214,000 |

(*) It includes its subsidiaries and jointly controlled subsidiaries.

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7.4 Guarantees obtained and granted

Petrobras has a policy of granting guarantees to its subsidiaries for certain financial operations carried out abroad.

The guarantees offered by Petrobras are made based on contractual clauses that support the financial operations between the subsidiaries and third parties, guaranteeing the purchase of the debt in the event of default on the part of the subsidiaries.

At June 30, 2010 and December 31, 2009, the financial operations carried out by these subsidiaries and guaranteed by Petrobras present the following balances to be settled:

| Date of maturity of operations | R\$ thousand | | | | | | Total | Total |
|-----------------------------------|--------------|-----------|---------|----------------------|-----|-----------|-----------|-------|
| | 06.30.2010 | | | 12.31.2009 | | | | |
| | PNBV | PifCo | PIB-BV | Ref. Abreu e Lima | TAG | | | |
| 2010 | 3,774,143 | 2,882,400 | 321,792 | | | 6,978,335 | 4,927,213 | |
| 2011 | 1,209,047 | 434,792 | | | | 1,643,839 | 1,302,505 | |
| 2012 | 711,593 | 1,981,650 | 90,075 | | | 2,783,318 | 2,705,825 | |
| 2013 | 133,987 | 674,141 | | | | 808,128 | 799,578 | |

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| | | | | | | | |
|--------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
| 2014 | 545,855 | 1,297,489 | 180,150 | | | 2,023,494 | 2,044,249 |
| 2015 onwards | 5,889,513 | 20,558,718 | 540,450 | 9,386,172 | 5,409,622 | 41,784,475 | 38,671,761 |
| | 12,264,138 | 27,829,190 | 1,132,467 | 9,386,172 | 5,409,622 | 56,021,589 | 50,451,131 |

Petrobras has been importing and exporting equipment and material pursuant to Decree 4543/2002, which governs the special customs regime for exporting and importing assets intended for research activities and exploitation of oil and natural gas deposits (Repetro). The benefit of these operations made via Repetro is the temporary suspension of federal taxes for the period in which the aforementioned materials and equipment remain in Brazil. An appropriate surety, signed by third parties, as a way of guaranteeing the payment of the suspended taxes, is required.

The appropriate sureties are being granted by Petrobras Distribuidora S/A (BR) and Petrobras Gás S/A (Gaspetro) and the remuneration charged is fixed at 0.30% p.a. on the amount of federal taxes that are suspended.

In the period from January to June 2010, the annual expenses incurred by Petrobras for obtaining the appropriate sureties were:

| | R\$ thousand | |
|-----------------|---------------------|---------------------|
| | Jan-Jun/2010 | Jan-Jun/2009 |
| BR | 8,423 | 10,122 |
| Gaspetro | 7,256 | 4,294 |
| Total | 15,679 | 14,416 |

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7.5 Transactions with affiliated companies, government entities and pension funds

The Company is controlled by the Federal Government and carries out various transactions with government entities in the normal course of its operations.

Significant transactions with government entities and a pension fund resulted in the following balances:

| | R\$ thousand | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | | |
| | 06.30.2010 | | 12.31.2009 | |
| | Assets | Liabilities | Assets | Liabilities |
| Affiliated companies | 379,029 | 163,867 | 949,481 | 165,307 |
| Braskem | 61,118 | 114,169 | 593,931 | 75,508 |
| Quattor | 237,019 | 20,414 | 259,539 | 40,899 |
| Ueg Araucária | | 2,188 | | 550 |
| Deten Química | 371 | | 11,179 | |
| Other affiliated companies | 80,521 | 27,096 | 84,832 | 48,350 |
| Government entities and pension funds | 11,007,846 | 55,055,992 | 16,172,117 | 49,156,858 |
| Petros (Pension fund) | | 166,831 | | 523,284 |

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| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Banco do Brasil S.A. | 1,097,334 | 9,306,954 | 1,484,332 | 7,294,305 |
| BNDES | 2,785 | 36,384,986 | 1,085 | 34,928,827 |
| Caixa Econômica Federal | 1,368 | 5,615,907 | 571 | 3,952,649 |
| Federal government - Proposed dividends | | 563,750 | | 562,575 |
| Deposits subject to legal proceedings (CEF and BB) | 2,013,864 | | 1,716,089 | 62,936 |
| Petroleum and alcohol account - Federal government credits | 818,226 | | 816,714 | |
| Government bonds | 6,507,085 | | 11,560,978 | |
| National Agency for Petroleum, National Gas and Biofuels | | 2,534,892 | | 1,321,702 |
| Others | 567,184 | 482,672 | 592,348 | 510,580 |
| | 11,386,875 | 55,219,859 | 17,121,598 | 49,322,165 |
| Current | 3,383,577 | 15,026,079 | 9,915,867 | 5,981,885 |
| Non-current | 8,003,298 | 40,193,780 | 7,205,731 | 43,340,280 |

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The balances are classified in the Balance Sheet as follows:

| | R\$ thousand | | | |
|--|------------------|-------------------|------------------|------------------|
| | Consolidated | | | |
| | 06.30.2010 | | 12.31.2009 | |
| | Assets | Liabilities | Assets | Liabilities |
| Current assets | 3,383,577 | | 9,915,867 | |
| Cash and cash equivalents | 2,642,639 | | 8,368,789 | |
| Trade accounts receivable | 218,989 | | 74,409 | |
| Other current assets | 521,949 | | 1,472,669 | |
| Non-current assets | 8,003,298 | | 7,205,731 | |
| Petroleum and alcohol account - Federal government credits | 818,226 | | 816,714 | |
| Deposits subject to judicial proceedings | 2,015,047 | | 1,716,089 | |
| Advances for pension plan | | | | |
| Marketable securities | 4,738,182 | | 4,582,648 | |
| Other assets | 431,843 | | 90,280 | |
| Current liabilities | | 15,026,079 | | 5,981,885 |
| Financing | | 11,639,901 | | 2,835,604 |

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| | | | |
|--|-------------------|-------------------|-------------------|
| Dividends and interest on shareholders' equity | 563,750 | | 691,017 |
| Other current liabilities | 2,822,428 | | 2,455,264 |
| Non-current liabilities | 40,193,780 | | 43,340,280 |
| Financing | 39,994,985 | | 43,209,637 |
| Other non-current liabilities | 198,795 | | 130,643 |
| | 11,386,875 | 55,219,859 | 17,121,598 |
| | | | 49,322,165 |

7.6 Remuneration of the Company's key personnel

The total remuneration for short-term benefits for the Company's key personnel during the first half of 2010 was R\$ 4,364 thousand (R\$ 4,053 thousand in the first half of 2009), referring to seven officers and nine board members.

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8 Inventories

| | R\$ thousand | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Products: | | | | |
| Oil products (*) | 6,190,352 | 5,746,231 | 4,520,672 | 4,051,752 |
| Alcohol (*) | 476,707 | 471,914 | 258,261 | 237,196 |
| | 6,667,059 | 6,218,145 | 4,778,933 | 4,288,948 |
| Raw materials, mainly crude oil (*) | 9,437,505 | 9,724,432 | 7,331,708 | 7,260,937 |
| Maintenance materials and supplies (*) | 3,360,785 | 3,294,774 | 2,935,377 | 2,880,019 |
| Others | 333,343 | 249,275 | 57,744 | 32,845 |
| Total | 19,798,692 | 19,486,626 | 15,103,762 | 14,462,749 |
| Current | 19,680,463 | 19,447,693 | 15,000,570 | 14,437,132 |
| Non-current | 118,229 | 38,933 | 103,192 | 25,617 |

(*) Includes imports in transit.

9 Petroleum and alcohol accounts - STN

In order to settle accounts with the Federal Government pursuant to Provisional Measure 2181, of August 24, 2001, after providing all the information required by the National Treasury Department - STN, is seeking to settle the remaining differences between the parties.

At June 30, 2010, the balance of the account was R\$ 818,226 thousand and this can be settled up by the Federal Government by issuing National Treasury Notes in an amount equal to the final balance for the settling of accounts or through offsetting against other amounts that Petrobras may be owing the Federal Government at the time, including tax related amounts or a combination of the foregoing operations.

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10 Marketable securities

| | R\$ thousand | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Available for sale | 5,014,530 | 4,467,830 | 4,354,871 | 4,171,047 |
| Trading | 90,916 | | | |
| Held until maturity | 279,084 | 294,953 | 2,655,727 | 1,726,339 |
| | 5,384,530 | 4,762,783 | 7,010,598 | 5,897,386 |
| Less: current portion of securities | 743,624 | 123,824 | 2,646,831 | 1,717,566 |
| Non-current portion of securities | 4,640,906 | 4,638,959 | 4,363,767 | 4,179,820 |

The securities, classified as long-term assets, are composed as follows:

| | R\$ thousand | | | |
|--------------------|--------------|------------|----------------|------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Available for sale | 5,014,530 | 4,467,830 | 4,354,871 | 4,171,047 |

| | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Trading | 90,916 | | | |
| Held until maturity | 279,084 | 294,953 | 2,655,727 | 1,726,339 |
| | 5,384,530 | 4,762,783 | 7,010,598 | 5,897,386 |
| Less: current portion of securities | 743,624 | 123,824 | 2,646,831 | 1,717,566 |
| Non-current portion of securities | 4,640,906 | 4,638,959 | 4,363,767 | 4,179,820 |

The Series B National Treasury Notes (NTN-B) were given as a guarantee to Petros, on October 23, 2008, after signing the financial commitment agreement entered into between Petrobras and subsidiaries that are sponsors of the Petros Plan, unions and Petros, for settling of obligations with the pension plan. The face value of the NTN-B is indexed to the variation of the Amplified Consumer Price Index (IPCA). The interest coupons will be paid half-yearly at the rate of 6% p.a. on the updated face value of these notes and the maturities are in 2024 and 2035.

At June 30, 2010, the Parent company had resources invested in a non standard credit assignment investment fund (FIDC-NP), related to non-performing credit rights of its operating activities in the amount of R\$ 2,646,831 thousand and R\$ 1,717,566 thousand at December 31, 2009.

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11 Project financing

Petrobras carries out projects jointly with Brazilian and international financial agents and with companies in the petroleum and energy sector for the purpose of making feasible the investments needed in the business areas in which the Company operates.

11.1 Specific purpose entities

The project financing is made feasible through specific purpose entities (SPE), whose activities are, in essence, controlled by Petrobras through contractual commitments with the transfer of assumed benefits, risks and control and on the termination of each contract the Company has the right to exercise its option for purchase of the assets or the total number of common shares of the SPEs.

a) Projects with assets in operation

The assets and liabilities originating from these contractual commitments are recognized in the individual financial statements of Petrobras as from the entry into operation of these assets and they are inserted in notes 14.1 and 17, respectively.

Project

Description

Main guarantees

| | | |
|--------------------------------|---|--|
| Barracuda and Caratinga | <p>Make the development of the production of the Barracuda and Caratinga fields in the Campos Basin viable. The SPE, Barracuda e Caratinga Leasing Company B.V. (BCLC) is responsible for setting up all the assets (wells, submarine equipment and production units) required for the project. It is also the owner of them.</p> | <p>Guarantee provided by Brasoil to cover BCLC's financial needs.</p> |
| PDET | <p>PDET Offshore S.A. is the owner of the project's assets and its purpose is to improve the infrastructure for transfer of the oil produced in the Campos Basin to the refineries in the Southeast Region and for export. These assets have been leased to Petrobras until 2019.</p> | <p>All the project's assets</p> |
| Malhas | <p>A consortium between Transpetro, Transportadora Associada de Gás (TAG), formerly TNS, Nova Transportadora do Sudeste (NTS) and Nova Transportadora do Nordeste (NTN). NTS and NTN contribute to the consortium through building assets related to the transport of natural gas. TAG (a company fully owned by Gaspetro) provides assets already built previously. Transpetro contributes as operator of the gas pipelines.</p> | <p>Prepayments based on transport capacity to cover any eventual consortium cash shortages.</p> |
| Gasene | <p>Transportadora Gasene S.A. is responsible for the construction and future ownership of pipelines for transport of natural gas with a total length of 1.4 thousand kilometers and a transport capacity of 20 million cubic meters per day, connecting the Cabiúnas Terminal in Rio de Janeiro to the city of Catu, in the state of Bahia.</p> <p>The first segment of the Gasene project, the Cabiúnas-Vitória gas pipeline, entered into operation on November 10, 2008. The second segment of the Cacimbas-Catu gas pipeline entered into operation on May 1, 2010.</p> | <p>Pledge of credit rights.</p> <p>Pledge of the shares of the SPE.</p> <p>Purchase and sale option of the shares of the SPE</p> |
| Marlim Leste (P-53) | <p>To develop the production of the Marlim Leste field, Petrobras will use a stationary production unit, P-53, which has been chartered from Charter Development LLC. The bare boat charter agreement, executed in November 2009, will be valid for a period of 15 years as from March 2010.</p> | <p>All the project's assets will be given in guarantee.</p> |

Others

**(Albacora,
Albacora/Petros and
PCGC)**

Ownership of the assets
or payment of an
additional lease in the
event the revenue is not
sufficient to meet
obligations with
financiers.

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b) Project financing in progress

The assets originating from project financing in progress will be recorded in the property, plant and equipment of the parent company when these assets enter into operation and they are inserted in note 14 of the consolidated statements of Petrobras.

| Project | Description | Main guarantees |
|---|---|--|
| Amazônia US\$ 2.1 billion (*) | Construction of 385 km of gas pipeline between Coari and Manaus, and 285 km of LPG pipeline between Urucu and Coari, both of which are under the responsibility of Transportadora Urucu Manaus S.A.; and the construction of a 488 MW thermal electric power station through Companhia de Geração Termelétrica Manauara S.A., which was taken over by Transportadora Urucu Manaus in June 2010. | Pledge of credit rights. Pledge of the shares of the SPE. |
| Mexilhão US\$ 756 million | Construction of a platform (PMXL-1) for production of natural gas in the Mexilhão and Cedro fields in the Santos Basin, which will be held by Companhia Mexilhão do Brasil (CMB), which | Pledge of credit rights. |

| | | |
|-------------------------------|---|---|
| (*) | will be responsible for obtaining the funds needed to build the platform. After it has been built, PMXL-1 will be leased to Petrobras, which holds the concession for exploration and production in the aforementioned fields. | Pledge of the shares of the SPE. |
| Modernization of Revap | The objective of this project is to increase the heavy oil processing capacity of the Henrique Lage Refinery (Revap), bringing the diesel it produces into line with new Brazilian specifications and reducing pollution emission levels. To do this, the SPE, Cia. de Desenvolvimento e Modernização de Plantas Industriais (CDMPI) was created, which will build and lease to Petrobras a delayed coking plant, a coke naphtha hydro-treatment unit and related units to be installed in this refinery. | Prepayments of leasing to cover any eventual cash shortages of CDMPI. |
| US\$ 1.65 billion | The Executive Committee authorized an additional payment of funds of US\$ 750 million | |
| (*) | | |

(*) Estimated value of the investment in the project.

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c) Project concluded with the exercise of the purchase option

| Project | Description | Main guarantees |
|-----------------|--|--|
| Cabiúnas | A project with the purpose of increasing the transport capacity for the Campos Basin gas production. With the termination of the lease agreement, on March 16, 2010 Petrobras exercised the purchase option for Cayman Cabiúnas Investment Co. Ltd (CCIC), SPE of the project. | Pledge of 10.4 billion m ³ of gas. With the discontinuance of the project and the acquisition of CCIC by Petrobras the guarantees are being withdrawn. |

11.2 Reimbursements receivable and Ventures under negotiation

The balance of reimbursements receivable, net of advances received, referring to the costs incurred by Petrobras on account of projects already negotiated with third parties is presented in note 7.1.

The ventures under negotiation, which comprise the expenses already realized by Petrobras for which there are no defined partners, total R\$ 137,571 thousand at June 30, 2010 (R\$ 752,107 thousand at December 31, 2009).

These expenditures are recorded under long-term assets as structured financing in the individual statements of Petrobras and in property, plant and equipment in the consolidated financial statements.

12 Deposits in court

The deposits in court are presented according to the nature of the corresponding lawsuits:

| | R\$ thousand | | | |
|--------------|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Labor | 855,572 | 725,960 | 787,114 | 693,997 |
| Tax (*) | 1,117,458 | 888,324 | 844,306 | 661,620 |
| Civil (*) | 394,050 | 362,216 | 345,075 | 330,273 |
| Others | 17,614 | 12,188 | 4,920 | 4,897 |
| Total | 2,384,694 | 1,988,688 | 1,981,415 | 1,690,787 |

(*) Net of deposits related to judicial proceedings for which a provision is recorded, when applicable.

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13 Investments

13.1 Investments on subsidiaries, jointly controlled subsidiaries and affiliated companies (Parent company)

| | R\$ thousand | |
|---|--------------|------------|
| | 06.30.2010 | 12.31.2009 |
| Subsidiaries | | |
| Petrobras Distribuidora S.A. - BR | 8,699,631 | 8,245,045 |
| Petrobras Gás S.A. - Gaspetro | 6,765,140 | 6,790,000 |
| Petrobras Netherlands B.V. - PNBV | 4,918,183 | 3,929,214 |
| Petrobras Química S.A. - Petroquisa | 3,607,777 | 3,048,002 |
| Termorio S.A. | 2,368,633 | 3,029,716 |
| Companhia Locadora de Equipamentos Petrolíferos S.A. - CLEP | 2,058,500 | 1,894,365 |
| Petrobras Transporte S.A. - Transpetro | 2,001,605 | 2,097,385 |
| Comperj Petroquímicos Básicos S.A. | 1,929,335 | 1,011,002 |
| Refinaria Abreu e Lima S.A. | 1,528,713 | 1,731,531 |
| Braspetro Oil Services Company - Brasoil | 1,174,795 | 895,337 |
| Downstream Participações Ltda. | 998,376 | 945,932 |
| Petrobras Biocombustível S.A. | 957,189 | 100,048 |
| Termomacaé Ltda | 702,906 | 934,302 |
| Petrobras Comercializadora de Energia Ltda. - PBEN | 366,515 | 344,422 |

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| | | |
|--|------------|------------|
| FAFEN Energia S.A. | 310,399 | 280,894 |
| Termoceaná Ltda. | 256,661 | 236,332 |
| Comperj Poliolefinas S.A. | 248,962 | 136,692 |
| Comperj PET S.A. | 235,854 | 129,618 |
| Baixada Santista Energia Ltda. | 222,443 | 227,427 |
| Sociedade Fluminense de Energia Ltda. - SFE | 201,135 | 333,171 |
| Usina Termelétrica de Juiz de Fora S.A. | 130,392 | 147,066 |
| Comperj MEG S.A. | 62,376 | 39,933 |
| Comperj Estirênicos S.A. | 61,032 | 31,933 |
| Termobahia S.A. | 35,637 | 58,333 |
| Cordoba Financial Services GmbH | 35,259 | 33 |
| Breitener Energética S.A. | 29,934 | 38,882 |
| Petrobras Negócios Eletrônicos S.A. - E-Petro | 24,912 | 24,420 |
| Fundo de Investimento Imobiliário RB Logística - FII | 2,097 | |
| Nova Marlim Participações S.A. | 1,457 | 1,017 |
| Comperj Participações S.A. | 1 | 1 |
| Marlim Participações S. A. | | 75,238 |
| | 39,935,849 | 36,757,291 |

Jointly controlled subsidiaries

| | | |
|---|---------|---------|
| Termoaçu S.A. | 549,680 | 545,239 |
| Brasil PCH S.A. | 59,079 | 61,521 |
| UTE Norte Fluminense S.A. | 55,893 | 70,229 |
| Ibiritermo S.A. | 47,815 | 68,892 |
| Participações em Complexos Bioenergéticos S.A. - PCBIOS | 31,230 | 30,832 |
| Cia Energética Manauara S.A. | 22,959 | 19,557 |
| Brasympe Energia S.A. | 13,240 | 13,714 |
| Bretech Energia S.A. | 9,650 | 4,032 |
| Refinaria de Petróleo Riograndense S.A. | 8,614 | 7 |
| PMCC Projetos de Transporte de Álcool S.A. | 3,024 | 3,166 |
| GNL do Nordeste | 4 | 38 |
| | 801,188 | 817,227 |

Affiliated companies

| | | |
|------------------------------------|-----------|---------|
| BRK - Investimentos Petroquímicos | 1,903,256 | |
| Braskem | 131,798 | |
| UEG Araucária Ltda. | 127,171 | 130,117 |
| Energética Camaçari Muricy I Ltda. | 18,137 | 24,812 |
| Arembepe Energia S.A. | 17,782 | 9,714 |
| Energética Suape II S.A. | 6,373 | 1,635 |
| Termelétrica Potiguar S.A. | 2,918 | 4,502 |

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| | | |
|-------------------------------|-------------------|-------------------|
| Companhia Energética Potiguar | 1,860 | 526 |
| Energética Britarumã S.A. | 33 | 33 |
| Quattor Participações S.A. | | 403,636 |
| | 2,209,328 | 574,975 |
| | 42,946,365 | 38,149,493 |
| Total investments | 42,946,365 | 38,149,493 |

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13.2 Investments (Consolidated)

| | R\$ thousand | |
|------------------------------------|--------------|------------|
| | 06.30.2010 | 12.31.2009 |
| Affiliated companies | | |
| BRK - Investimentos Petroquímicos | 2,876,010 | |
| Braskem | 847,386 | 1,195,388 |
| Cruz Alta Participações S.A. | 678,055 | |
| Petroritupano - Orielo | 443,754 | 531,066 |
| Petrowayu - La Concepción | 344,868 | 390,031 |
| Petrokariña - Mata | 286,230 | 275,181 |
| UEG Araucária | 124,964 | 94,937 |
| Copergás - Cia Pernambucana de Gás | 80,261 | 83,396 |
| Deten Química S.A. | 78,075 | 68,855 |
| Refinor | 58,098 | 70,686 |
| Quattor Participações S.A. | | 388,374 |
| Other affiliated companies | 460,788 | 362,720 |
| | 6,278,489 | 3,460,634 |

| | | |
|---|-----------|-----------|
| Goodwill in affiliated companies | 1,718,304 | 1,712,320 |
| Other investments | 492,394 | 486,806 |
| | 8,489,187 | 5,659,760 |

13.3 Investments in listed companies

We present below the investments in publicly-held companies with shares traded on the stock markets:

| Company | Lot of a thousand shares | | Type | Quotation on stock exchange (R\$ per share) | | Market value R\$ | |
|-----------------------------|--------------------------|------------|------|--|------------|---------------------|------------------|
| | 06.30.2010 | 12.31.2009 | | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| | | | | | | | |
| Subsidiaries | | | | | | | |
| Petrobras Argentina (*) | 678,396 | 678,396 | ON | 2.67 | 2.77 | 1,811,317 | 1,879,157 |
| | | | | | | 1,811,317 | 1,879,157 |
| Affiliated companies | | | | | | | |
| Braskem | 212,394 | 59,014 | ON | 10.77 | 12.44 | 2,287,483 | 734,134 |
| Braskem | 72,997 | 72,997 | PNA | 12.53 | 14.08 | 914,652 | 1,027,798 |
| Quattor Petroquímica | 45,420 | 51,111 | PN | 7.32 | 7.40 | 332,474 | 378,221 |
| | | | | | | 3,534,609 | 2,140,153 |

(*) On January 1, 2009 Petrobras Energia Participaciones S.A. (PEPSA) was taken over by its subsidiary Petrobras Energia S.A. (PESA), which changed its company name to Petrobras Argentina S.A. (PESA).

Quotation for Pesa's shares on the Buenos Aires stock exchange.

The market value of these shares does not necessarily reflect the realizable value of a representative lot of shares.

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13.4 Other information

a) Investments abroad

Acquisition of the entire Pasadena Refinery

In a decision handed down on April 10, 2009, in an arbitration process existing between Petrobras America Inc. (PAI) and others and Astra Oil Trading NV (ASTRA) and others, which was in progress in accordance with the arbitration rules of the International Centre for Dispute Resolution, the exercise of the put option exercised by ASTRA was confirmed as valid with respect to PAI and subsidiaries of the remaining 50% of the shares of ASTRA in Pasadena Refining Systems Inc. (PRSI) and in the correlated trading company. PRSI owns the Pasadena Refinery, with an operating office in Texas. The operating, management and financial responsibilities had already been transferred to PAI since September 17, 2008, based on a preliminary arbitration decision on October 24, 2008.

According to the arbitration decision on April 10, 2009, the amount to be paid for the remaining 50% shareholding interest in the refinery and in the trading company was fixed at US\$ 466 million. The payment would be made in three installments, the first in the amount of US\$ 296 million (originally due on April 27, 2009, according to the decision) and the following two payments in the amount of US\$ 85 million each, with due dates fixed by the arbitrators for September 2009 and September 2010. The disputing parties presented requests for clarification to the arbitration panel

on certain points of the decision, but on June 3, 2009 the arbitration panel decided to confirm in totum the original decision without presenting any further explanations. The panel also decided that PAI should reimburse ASTRA the amount of US\$ 156 million plus interest, paid by ASTRA to the bank BNP Paribas as a result of the closing of the line of credit held by the trading company.

The amounts corresponding to the purchase of the shares and the reimbursement of the payment of the guarantee by BNP to ASTRA have been recognized in the accounting by the Company since the arbitration decision in April 2009. At December 31, 2009, these amounts corresponded to US\$ 488 million and US\$ 177 million, respectively, already considering the interest due up to this date.

In March 2009 was recognized in the amount of R\$ 341,179 thousand (US\$ 147,365 thousand), corresponding to the difference between the value of the net assets and the value defined by the arbitration panel.

Until now the parties have not reached an agreement with respect to finalization of various pending items existing between them, some of them the object of double collection on the part of ASTRA, for signing the overall term of agreement that will put an end to the litigation and permit the payments that are the object of the arbitration decision.

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On August 4, 2010, the Federal Court of Houston accepted the defensive thesis presented by PAI and dismissed the Action of Confirmation and Execution of the arbitration award of April 10, 2009, brought by ASTRA (and others) against PAI (and subsidiaries), recognizing its incompetence to examine and adjudge the proceedings. The court, therefore, reconsidered a decision in an interpretation contrary to that handed down on March 10, 2010. The request for partial annulment and alteration of the award formulated by PAI was not considered.

ASTRA may appeal this decision or seek confirmation and execution of the arbitration award before the State Court, in a venue that has already filed a suit against PAI precisely for the hypothesis in question, of extinguishment of the suit in progress in the Federal Court through incompetence of the court.

In May 2010, PAI also presented a request for partial annulment and alteration of the arbitration award before the State Court, in the case records of the "secondary" confirmatory action proposed by ASTRA.

In the same sense as the petitions presented in the Federal Court by both the parties, the transfer of the shares of PRSI and PRSI Trading from ASTRA to PAI through the put option was not the subject of questioning, and only the inappropriate management of the "discovery" by the arbitrators and questions linked to the implementation of the closing of the operation, inclusively with respect to the delivery of books and documents by ASTRA, was discussed.

It should be stressed that the arbitration decision that PAI acquired 100% of the shareholding interest of Astra Oil Trading NV in PRSI, which was not challenged by the parties, remains in force.

Judicial proceedings in which requests are made for reciprocal indemnifications made by the parties also continue in progress. Additionally, PRSI and the Trading Company are seeking recovery of certain accounting and fiscal books and records of these companies, incorrectly withheld by ASTRA and their lawyers.

Sale option of the Nansei Sekiyu refinery

On April 1, 2010 the Sumitomo Corporation (Sumitomo) informed its interest in exercising the right of sale to Petrobras of 12.5% of the shares of the capital of the Nansei Sekiyu K.K. refinery (Nansei). The rest of the shareholding capital is already owned by Petrobras since 2008.

Sumitomo also informed that its interest in the sale of the shares of Nansei is part of the rearrangement of its stakeholding in the oil products sector.

Petrobras and Sumitomo are still negotiating the final details based on the terms established in the shareholders agreement, and it is still necessary to finalize the calculations for determining the value of the payment to be made and for formalizing the documents that will reflect the substance of the transaction.

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Nansei has a refinery located in the Japanese province of Okinawa, with a processing capacity of 100 thousand barrels of light petroleum per day, and it produces high quality oil products at the standards of the Japanese market. It also has an oil and oil products terminal for storage of 9.6 million barrels and three wharves capable of receiving very large crude carriers (VLCC) of up to 280.000 tbp.

b) Investments in Brazil

Investment agreement between Petrobras, Petroquisa, Braskem, Odebrecht and Unipar

The investment agreement entered into on January 22, 2010, in accordance with a material fact disclosed to the market, established that the transaction for integration of the petrochemical interests will be achieved through the following steps: (i) the formation of a holding company, BRK Investimentos Petroquímicos S.A. (BRK), which now holds all the common shares issued by Braskem previously held by Odebrecht, Petroquisa and Petrobras (Petroquisa and Petrobras, jointly, the Petrobras system) (ii) payments of funds into BRK, to be made in cash by Odebrecht and Petrobras; (iii) a capital increase from Braskem to be made in the form of a private subscription by its shareholders; (iv) acquisition by Braskem of the shares of Quattor Participações held by Unipar; and (v) acquisition by Braskem of 100% of the shares of Unipar Comercial e Distribuidora S.A. (Unipar Comercial) and of 33.33% of the shares of Polibutenos S.A. Indústrias Químicas (Polibutenos); and (vi) appropriation by Braskem of the shares of Quattor held by the Petrobras System.

On February 8, 2010, W.B.W., a subsidiary of Petroquisa, the holder of 31% of the voting capital of Braskem, was taken over by BRK. With this transaction, Odebrecht and the Petrobras System began the process for concentrating all their common shares issued by Braskem in BRK. As a result, BRK is now the holder of common shares issued by Braskem corresponding to 93.3% of its voting capital. The capital of BRK, in turn, was fully established through common shares held up by Petroquisa and Odebrecht.

Also on February 8, 2010 a shareholders agreement was entered into between the Petrobras System and Odebrecht which now regulates their relationship as shareholders of Braskem and BRK. The abovementioned shareholders agreement reflects the commitments of the Petrobras System and Odebrecht to high levels of corporate governance and aggregation of value for all the shareholders of Braskem.

In the terms of the shareholders agreement, all the issues that are within the competence of the General Shareholders Meeting and the Board of Directors will be approved by consensus between Odebrecht and the Petrobras System. In the election of the officers, including the chief executive officer, and in the approval of the business plan, specific rules of the shareholders agreement will be observed, which constitute an exception to the rule of consensus.

In compliance with what is established in the investment agreement, on March 30, 2010 Odebrecht contributed R\$ 1 billion and, on April 5 2010 Petrobras contributed R\$ 2.5 billion to BRK. After the transfer of the abovementioned funds, Odebrecht and the Petrobras System now hold 53.79% and 46.21% of the total capital of BRK, respectively.

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With the capital increase of BRK the following stage of the Investment Agreement was started, the private call for capital for Braskem S.A., which resulted in an increase of around R\$ 3.7 billion and which was finalized on April 14, 2010.

On April 27, 2010, Braskem acquired 60% of Quattor Participações from Unipar and, on May 10, 2010, 100% of Unipar Comercial and 33.33% of Polibutenos.

On June 18, 2010, the shares of Quattor Participações S.A. held by the Petrobras System were incorporated by Braskem through the issuing of 18,000,087 new common shares, where 14,358,067 were for Petrobras and 3,642,020 for Petroquisa.

After the transfers and the appropriation of the shares of Quattor Participações S.A., the Petrobras System now holds, directly and indirectly, 35.79% of the total capital of Braskem.

Additionally, at the end of the second quarter, Petrobras and the Odebrecht Group began negotiations for the adjustment of their direct and indirect interests in Braskem, aiming at reaching the difference in interest of 2.33% (more for Odebrecht) in the total capital, excluding treasury shares, defined in the Investment Agreement and published in a material fact on January 22, 2010. In this adjustment, forecast to take place in August 2010, the Odebrecht Group will transfer to Petrobras 1,515,433 registered preferred shares issued and held by Braskem.

Also within the Investment agreement, Petrobras agreed to acquire the shares that BNDESPAR holds in Rio Polímeros S.A. (Riopol). As a result of this transaction Petrobras will hold 10% of its total capital. On July 16, 2010, the Board of Directors of Petrobras approved the conditions for this transaction. Subsequently, Braskem and Riopol called a Special General Shareholders Meeting for approval of the merger of Riopol on August 30, 2010.

Also, on January 22, 2010, Odebrecht, the Petrobras System and Braskem executed a joint-venture agreement, the purpose of which is to regulate their commercial and corporate relationship in the Petrochemical Complex of Suape (Suape Complex) and the Petrochemical Complex of the State of Rio de Janeiro (COMPERJ). The joint venture agreement establishes that Braskem will gradually assume the companies that develop the businesses of the Suape Complex.

With respect to the companies that develop the first and second petrochemical generations of COMPERJ, it was agreed that Braskem will assume these petrochemical businesses, observing agreed-upon conditions. These transactions are in harmony with the interest of Odebrecht and the Petrobras System in integrating their petrochemical interests in Braskem.

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The Company understands that the whole transaction is aligned with its strategic plan of operating in the petrochemical sector in a way that is integrated with its other businesses, adding value to its products and permitting more effective participation in Braskem. The transaction will also permit greater valorization of its participation in the petrochemicals sector as a result of the larger scale of a capital structure that is more appropriate to the challenges of global competition and that the investment and shareholders' agreements provide the Petrobras System a shareholding position that influences the preparation of the strategic, financial and operating strategies of the invested companies.

Petrobras Biocombustível acquires an interest in an ethanol refinery

On January 18 and March 31, 2010, entering the ethanol market, Petrobras Biocombustível paid R\$ 105,000 thousand into the capital of Total Agroindústria Canavieira S/A, in accordance with a commitment established in the Minutes of the Special General Shareholders Meeting of December 22, 2009 to pay in the amount of R\$ 150,000 thousand not later than March 2011, when it will then hold 40.4% of the capital. The partnership will make it viable to expand the refinery to a total capacity of 203 million liters per year, with surplus electric power of 38.5 MW for trading, generated through the use of sugar cane bagasse.

Increase in the interest in the capital of Breitener Energética S.A.

Up till December 31, 2009, Petrobras held 30% of the capital of Breitener Energética S.A., a company established for the purpose of generating electric power, located in the city of Manaus, in the state of Amazonas. On February 12, 2010, 35% of the interest in the capital was purchased for R\$ 3 thousand and Petrobras now holds shareholding control of the company. The evaluation of the fair value of the assets and liabilities has not been concluded and, therefore, preliminarily, a gain of R\$ 17,362 thousand was recognized, pursuant to CPC 15 - Business Combinations (IFRS 3).

Investment in Açúcar Guarani S.A.

The investment agreement entered into on April 30, 2010 establishes the entry of Petrobras Biocombustível into the capital of Açúcar Guarani S.A., with a capital contribution of R\$ 1,611 million until 2015, when it will then hold 45.7% of the capital shares. The investment will be made in three stages, as follows: (i) an initial investment in Cruz Alta Participações S.A.; (ii) closing of the capital of Guarani with a subsequent exchange of the shares of Cruz Alta for shares of Guarani; and (iii) and an additional contribution to reach a 45.7% interest in the capital of Guarani. The agreement also establishes the possibility of additional contributions on the part of the partners up to the limit of a 49% interest by Petrobras Biocombustível.

On May 2010, Petrobras Biocombustível paid R\$ 682,504 thousand into the capital of Cruz Alta Participações S.A (a wholly owned subsidiary of Guarani).

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Guarani is the fourth largest sugar cane processing company in Brazil, focused on the ethanol and sugar market with a processing capacity of 17.4 million tons of sugar cane in the 2010/11 harvest through the seven industrial plants that it owns, six of which are located in Brazil and one in Mozambique.

Acquisition of Gás Brasileiro Distribuidora S.A.

On May 26, 2010 Petrobras S.A., through its subsidiary Petrobras Gás S.A. (Gaspetro), entered into an agreement with Enti Nazionale Idrocarburi S.p.A. (ENI) for acquisition of 100% of the shares of Gas Brasileiro Distribuidora S.A. (GBD), for the approximate amount of US\$ 250 million, subject to adjustments due to the value of the company's working capital on the date of settlement of the transaction.

GBD holds the natural gas distribution service concession in the north west region of the State of São Paulo, in an area that covers 375 municipalities where it attends the industrial, commercial, residential and vehicular demands of the region. The concession agreement began in December 1999 for a duration of 30 years and may be extended for another 20 years. In 2009, the company's distribution network comprised 734.5 km and the volume of sales was approximately 529 thousand cubic meters of natural gas per day.

Transfer of the control will be made only after the conclusion of the transaction, which is conditioned to approval by the Regulatory Agency for Sanitation and Energy of the State of Sao Paulo (ARSESP).

New partnership in the ethanol market

On June 18, 2010, Petrobras Biocombustível entered into an investment agreement with Grupo São Martinho S.A., establishing a strategic for increasing the production of ethanol in the Center-West region of Brazil.

The agreement establishes the setting up of a new company called Nova Fronteira Bioenergia S.A., which will control the Boa Vista Refinery, currently in production, which are located in Goiás. Through a capital contribution of R\$ 420,800 thousand at the end of 12 months, Petrobras Biocombustível will then hold 49% of the shares of the new company.

c) Specific purpose entities

Transportadora Urucu Manaus S.A - TUM

On January 21, 2010 the Executive Board of Petrobras approved the exercise of the purchase option of the company Transportadora Urucu Manaus S.A (TUM), a subsidiary of Codajás Coari Participações Ltda. through the designation of Transportadora Associada de Gás S.A. (TAG), a wholly owned subsidiary of Petrobras Gás S.A. (Gaspetro), followed by the merger of TUM by TAG, forecast for the second half of 2010.

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Cayman Cabiunas Investment Co. Ltd.

On March 16, 2010, Petrobras exercised its purchase option for Cayman Cabiunas Investment Co. Ltd. for US\$ 85 million, equivalent to R\$ 151,521 thousand, as established in the Put and Call Agreement.

NovaMarlim Participações S.A.

In 2009, Petrobras exercised its purchase option for NovaMarlim Participações S.A. (NovaMarlimPar). The exercise price for the option was R\$ 600.00, as established in the Agreement for the Share Purchase Option of Project NovaMarlim, entered into on December 6, 2001 between Petrobras and the former shareholders of NovaMarlimPar.

On May 7, 2010 the remaining shares, representing 56.57% of the total and voting capital, were transferred to Petrobras. After this transfer the Company became the owner of 100% of NovaMarlimPar.

On July 21, 2010 the Brazilian Securities Commission (CVM), at the request of NovaMarlim Participações S.A, canceled its registration as a listed company.

NovaMarlimPar holds full control of NovaMarlim Petróleo S.A. (NovaMarlim), a special purpose entity created for the complementation of the development of the production of hydrocarbons from the Marlim Field in the Campos basin (Project NovaMarlim).

On August 11, 2010 the Brazilian Securities Commission (CVM), at the request of NovaMarlim Petróleo S.A, canceled its registration as a listed company.

Manaus Geração Termoelétrica Participações Ltda. - Project Amazônia

On June 24, 2010, Cia. de Geração Termoelétrica Manauara was acquired and incorporated by Transportadora Urucu Manaus S.A.(TUM), a subsidiary of Codajas Coari Participações Ltda.

As a consequence of this merger, Manaus Geração Termoelétrica Participações Ltda., parent company of Cia. de Geração Termoelétrica Manauara until June 23, 2010, stopped being consolidated in Petrobras, due to its separation from Project Amazônia, whose investments began to be concentrated in TUM.

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14 Property, plant and equipment

14.1 By type of asset

| | R\$ thousand | | | | Total | Parent company Total |
|----------------------------|----------------------------------|----------------------------|---------------------------|--|-------------|-------------------------|
| | Land, buildings and improvements | Equipment and other assets | Assets under construction | Petroleum and gas exploration, development and production expenses (producer fields) | | |
| Balance at January 1, 2009 | 5,949,440 | 63,919,239 | 85,777,995 | 30,046,915 | 185,693,589 | 117,713,759 |
| Additions | 499,114 | 5,413,593 | 60,007,977 | 3,819,411 | 69,740,095 | 42,950,586 |
| Capitalized interest | | | 3,286,779 | | 3,286,779 | 2,477,538 |
| Write-offs | (88,792) | (192,435) | (2,379,689) | (2,013,670) | (4,674,586) | (3,455,629) |
| Transfers | 2,527,465 | 15,830,445 | (26,212,608) | 7,249,141 | (605,557) | 54,987 |

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| | | | | | | |
|--|---------------------------|-------------------|--------------------|----------------------------|--------------------|--------------------|
| Depreciation, amortization and depletion | (465,371) | (8,249,369) | | (5,194,049) | (13,908,789) | (9,746,497) |
| Impairment - formation | (308) | (161,365) | | (356,052) | (517,725) | (575,458) |
| Impairment - reversal | | 16,499 | | 19,756 | 36,255 | 27,506 |
| Accumulated translation adjustment | (386,078) | (6,051,072) | (3,028,688) | (2,504,799) | (11,970,637) | |
| Balance at December 31, 2009 | 8,035,470 | 70,525,535 | 117,451,766 | 31,066,653 | 227,079,424 | 149,446,792 |
| Additions | 16,893 | 1,413,751 | 28,200,125 | 1,622,666 | 31,253,435 | 23,808,729 |
| Capitalized interest | | | 2,244,606 | | 2,244,606 | 1,698,241 |
| Business combination | 61,167 | 69,725 | 17,750 | | 148,642 | |
| Write-offs | (3,894) | (725,287) | (930,317) | (145,030) | (1,804,528) | (826,424) |
| Transfers | 1,110,335 | 8,228,108 | (11,453,530) | 3,632,294 | 1,517,207 | 1,395,561 |
| Depreciation, amortization and depletion | (316,442) | (3,593,204) | | (2,681,281) | (6,590,927) | (4,649,534) |
| Impairment - formation | (1,014) | (82,109) | | | (83,123) | |
| Impairment - reversal | | | | | | |
| Accumulated translation adjustment | 34,024 | 95,520 | 397,491 | 732,448 | 1,259,483 | |
| Balance at June 30, 2010 | 8,936,539 | 75,932,039 | 135,927,891 | 34,227,750 | 255,024,219 | 170,873,365 |
| Cost | 11,194,027 | 127,776,237 | 117,451,766 | 68,266,101 | 324,688,131 | 224,729,450 |
| Accumulated depreciation, amortization and depletion | (3,158,557) | (57,250,702) | | (37,199,448) | (97,608,707) | (75,282,658) |
| Balance at December 31, 2009 | 8,035,470 | 70,525,535 | 117,451,766 | 31,066,653 | 227,079,424 | 149,446,792 |
| Cost | 12,410,079 | 135,597,938 | 135,927,891 | 74,152,819 | 358,088,727 | 250,036,349 |
| Accumulated depreciation, amortization and depletion | (3,473,540) | (59,665,899) | | (39,925,069) | (103,064,508) | (79,162,984) |
| Balance at June 30, 2010 | 8,936,539 | 75,932,039 | 135,927,891 | 34,227,750 | 255,024,219 | 170,873,365 |
| Estimated useful life in years | 25 to 40 (Except land) | 3 to 31 | | Units of production method | | |

(*) It includes petroleum and gas exploration and production development assets

At June 30, 2010, the property, plant and equipment of Consolidated and the Parent company includes assets originating from agreements that transfer benefits, risks and control in the amount of R\$ 867,502 thousand and R\$ 20,955,272 thousand, respectively (R\$ 1,267,430 thousand and R\$ 16,797,824 thousand at December 31, 2009).

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Sale of the San Lorenzo refinery and part of the distribution network in Argentina

On May 4, 2010, Petrobras Argentina S.A. (formerly Petrobras Energia S.A.) approved the terms and conditions of the agreement for the sale to Oil Combustibles S.A. of refining and distribution assets in Argentina. The deal comprises a refinery located in San Lorenzo in the province of Santa Fé, a fluvial unit and a fuel trading network connected to this refinery, consisting of 360 sales points and associated wholesaler clients.

The offer for the aforementioned assets was approximately US\$ 36 million. In addition, on the closing date the petroleum inventories and the different products will be sold to Oil Combustibles S.A. for approximately US 74 million. The total amount of the transaction is estimated at around US 110 million.

The timeframe for concluding the sale was estimated at 90 (ninety) days and is subject to obtaining the administrative authorizations required by the prevailing legislation in Argentina.

The transaction does not consider the sale of the reformer unit that Petrobras Energía has in its Puerto General San Martín Petrochemical Complex.

14.2 Depreciation

Depreciation is presented as follows:

| | R\$ thousand | | | |
|---|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Portion absorbed in funding: | | | | |
| Of assets | 3,340,488 | 3,603,789 | 2,161,631 | 2,292,239 |
| Of exploration and production expenses | 2,450,480 | 2,022,940 | 1,927,378 | 1,562,989 |
| Cost for abandonment of wells capitalized / provisioned | 213,544 | 294,309 | 198,872 | 279,267 |
| | 6,004,512 | 5,921,038 | 4,287,881 | 4,134,495 |
| Portion recorded directly in the results | 586,415 | 426,939 | 361,653 | 244,438 |
| | 6,590,927 | 6,347,977 | 4,649,534 | 4,378,933 |

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14.3 Decrease to recoverable value of assets (Impairment)

Gas & Energy

The loss is related to the assets for generating electric power of the subsidiary Breitener, due to the need to purchase new engines fueled by natural gas, since the engines currently used, fueled by fuel oil will remain on standby, as determined in the contracts with Eletrobras Amazonas Energia S.A., which stipulate bi-fuel operation (gas and fuel oil) for Breitner's two thermoelectric power stations in Manaus, in the State of Amazonas.

Although the installed generation capacity will be doubled as from the entry into operation of the new engines, there are still agreements for the sale of this power that may generate new revenue. Accordingly, the company conducted an impairment test for the current fuel oil engines and compared the book value of these assets with their recoverable value, since the Company will have to keep the present engines on standby, and their use value, which corresponds to the residual amount recorded in the accounting books, was considered for comparison.

Based on these indexes, the Company conducted an impairment test for these assets and recognized a provision for loss in the amount of R\$ 79,922 thousand. This amount will be submitted to the General Shareholders' meeting of that company.

International

In the first semester of 2010 a loss was recorded in the amount equivalent to R\$ 113,762 thousand, due to the decrease in the recoverable value (impairment) of assets held for sale, referring to the refining and distribution segments. These assets were valued at their fair value in the amount equivalent to R\$ 64,116 thousand, which corresponds to the revenue to be earned in the sales process, net of expenses incurred.

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15 Intangible assets

15.1 By type of asset

| | R\$ thousand | | | | | Parent company |
|------------------------------------|---------------------------|----------------|-------------------------------------|---|------------------|-------------------|
| | Rights and Concessions | Consolidated | | Goodwill from expectations of future profitability | Total | |
| | | Acquired | Software Developed internally | | | |
| Balance at January 1, 2009 | 6,875,819 | 440,666 | 1,343,598 | 932,371 | 9,592,454 | 3,233,247 |
| Addition | 315,398 | 83,249 | 310,924 | 16,463 | 726,034 | 362,809 |
| Capitalized interest | | | 18,797 | | 18,797 | 18,797 |
| Write-off | (58,530) | (8,318) | (16,225) | | (83,073) | (28,562) |
| Transfers | (107,622) | 40,042 | (2,970) | 16,471 | (54,079) | 1,399 |
| Amortization | (223,594) | (148,957) | (289,856) | | (662,407) | (371,205) |
| Impairment - formation | | | | | | |
| Accumulated translation adjustment | (1,194,723) | (32,210) | 537 | (40,466) | ,266,862) | (1 |

| | | | | | | |
|--------------------------------------|------------------|----------------|------------------|----------------|------------------|------------------|
| Balance at December 31, 2009 | 5,606,748 | 374,472 | 1,364,805 | 924,839 | 8,270,864 | 3,216,485 |
| Addition | 160,710 | 18,119 | 135,470 | | 314,299 | 243,784 |
| Capitalized interest | | | 9,784 | | 9,784 | 9,784 |
| Write-off | (84,839) | (1,358) | (1,443) | | (87,640) | (40,249) |
| Transfers | 230,689 | 2,356 | 364 | | 233,409 | 1,060 |
| Amortization | (70,932) | (60,247) | (162,186) | | (293,365) | (200,761) |
| Impairment - formation | | | | | | |
| Accumulated translation adjustment | 55,078 | 3,506 | | 4,096 | 62,680 | |
| Balance at June 30, 2010 | 5,897,454 | 336,848 | 1,346,794 | 928,935 | 8,510,031 | 3,230,103 |
| | | | | | | |
| Estimated useful life - years | 25 | 5 | 5 | Indefinite | | |

15.2 Devolução à ANP de áreas na fase de exploração

During the second quarter of 2010, the rights to the following exploration blocks were returned to the National Agency of Petroleum, Natural Gas and Biofuels (ANP):

- Blocks Exclusive concession of Petrobras:

There were no returns.

- Blocks in partnership returned by their respective operators:

Espírito Santo basin: BT-ES-29 (block ES-T-227) Petrogal Operator).

15.3 Devolution to ANP of oil and natural gas fields operated by Petrobras

During the second quarter, 2010, there were no devolutions to ANP by Petrobras of rights to fields in the production stage.

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15.4 Concession of services for distribution of piped natural gas

Petrobras, through its subsidiaries, Petrobras Gás S.A. (Gaspetro) and Petrobras Energia S.A (PESA), has a shareholding interest in the natural gas distributing companies located in Brazil and Argentina, has a shareholding interest in the natural gas distributing companies located in Brazil and Argentina

In Brazil, the concessionaires have concession agreements for a period of 30 or 50 years and they started up their activities in different periods, using gas pipelines built by or purchased from third parties, with natural gas originating from Brazil and Bolivia. These agreements contain clauses that permit their renewal and establish quarterly readjustments of the tariffs practiced in order to reflect the changes in the international price of oil, the US dollar (in the case of the companies that use imported natural gas) or price indexes for the consumer.

In Argentina, Transportadora de Gas del Sur S.A. (TGS), a subsidiary of CIESA, a joint subsidiary of PESA, was established from the privatization process of the Argentine company Gás Del Estado (GdE) and it started up its commercial activities on December 20, 1992, through a concession agreement for transport and distribution of natural gas in Argentina for a period of 35 years, renewable for another 10 years, provided that it fulfilled certain contractual obligations. The tariffs are readjusted as follows: (i) half-yearly, in order to reflect the changes in the production indexes of the United States; and (ii) every five years in accordance with efficiency and investment factors to be determined by the regulatory agency.

Both in Brazil and abroad the remuneration for providing services consists of a combination of, basically, three components: (i) price of the gas purchased; (ii) operating costs and expenses; and (iii) remuneration of the capital invested.

The amount recorded as Intangible assets as of June 30, 2010, in an amount equivalent to R\$ 1,542,360 thousand, refers to the value of the assets linked to the concession. In the case of concessions in Brazil, the amount to be reimbursed at the end of the concession will be calculated based on the investments made in the last 5 or 10 remaining years of the concession. In the case of the concession in Argentina, the amount to be reimbursed at the end of the concession is recorded as long-term accounts receivable in the amount of R\$ 78,252 thousand.

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16 Financing

| | R\$ thousand | | | |
|---|--------------|------------|-------------|------------|
| | Consolidated | | | |
| | Current | | Non-current | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Foreign | | | | |
| Financial institutions | 11,667,280 | 9,314,364 | 27,055,347 | 18,820,050 |
| Bearer bonds - Notes, Global Notes | 1,523,369 | 1,274,654 | 21,580,976 | 21,008,944 |
| Trust Certificates - Senior/Junior | 125,196 | 120,372 | 405,464 | 450,704 |
| Others | 20,987 | 3,224 | 180,150 | 174,120 |
| Subtotal | 13,336,832 | 10,712,614 | 49,221,937 | 40,453,818 |
| In Brazil | | | | |
| Export Credit Notes | 3,973,070 | 1,099,897 | 6,564,779 | 6,177,294 |
| National Bank for Economic and Social Development - BNDES | 2,465,776 | 1,519,973 | 32,880,601 | 32,065,415 |
| Debentures | 1,860,173 | 1,653,519 | 2,343,262 | 2,358,730 |
| FINAME | 77,125 | 80,678 | 227,448 | 103,653 |
| Bank Credit Certificate | 3,615,025 | 7,083 | | 3,770,630 |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Others | 290,766 | 91,771 | 915,850 | 62,640 |
| Subtotal | 12,281,935 | 4,452,921 | 42,931,940 | 44,538,362 |
| | 25,618,767 | 15,165,535 | 92,153,877 | 84,992,180 |
| Interest on financing | 1,667,891 | 1,418,960 | | |
| Current portion of the financing in non-current liabilities | 13,534,734 | 6,162,963 | | |
| Short-term financing | 10,416,142 | 7,583,612 | | |
| Total financing | 25,618,767 | 15,165,535 | | |

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| | R\$ thousand | | | |
|--|------------------|------------------|-------------------|-------------------|
| | Parent company | | | |
| | Current | | Non-current | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Foreign | | | | |
| Financial institutions | 236,069 | 255,425 | 13,034,180 | 5,855,615 |
| Subtotal | 236,069 | 255,425 | 13,034,180 | 5,855,615 |
| In Brazil | | | | |
| Export Credit Notes | 3,973,070 | 1,099,897 | 6,564,779 | 6,177,294 |
| National Bank for Economic and Social Development - BNDES | 196,807 | 190,571 | 8,924,180 | 8,631,698 |
| Debentures | 1,705,246 | 1,492,576 | 1,671,678 | 1,631,833 |
| FINAME | 74,154 | 77,431 | 225,763 | 101,593 |
| Bank Credit Certificate | 3,615,025 | 7,083 | | 3,605,934 |
| Subtotal | 9,565,015 | 2,867,558 | 17,386,400 | 20,148,352 |
| | 9,801,084 | 3,122,983 | 30,420,580 | 26,003,967 |
| Interest on financing | 762,851 | 670,577 | | |
| Current portion of the non-current financing (Principal) | 9,038,233 | 2,452,406 | | |

| | | |
|------------------------|------------------|------------------|
| Total financing | 9,801,084 | 3,122,983 |
|------------------------|------------------|------------------|

16.1 Maturities of the principal and interest of the financing in non-current liabilities

| | R\$ thousand | |
|--------------|---------------------|-----------------------|
| | 06.30.2010 | |
| | Consolidated | Parent company |
| 2011 | 3,432,411 | 171,321 |
| 2012 | 6,192,596 | 1,844,735 |
| 2013 | 4,196,882 | 385,692 |
| 2014 | 4,928,435 | 1,682,619 |
| 2015 onwards | 73,403,553 | 26,336,213 |
| Total | 92,153,877 | 30,420,580 |

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16.2 Interest rates for the financing in non-current liabilities

| | R\$ thousand | | | |
|------------------|--------------|------------|----------------|------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Foreign | | | | |
| Up to 6% | 34,011,336 | 24,949,316 | 12,951,641 | 5,758,068 |
| From 6 to 8% | 12,348,645 | 12,965,082 | 82,539 | 97,547 |
| From 8 to 10% | 2,578,069 | 2,208,247 | | |
| From 10 to 12% | 95,510 | 78,510 | | |
| More than 12% | 188,377 | 252,663 | | |
| | 49,221,937 | 40,453,818 | 13,034,180 | 5,855,615 |
| In Brazil | | | | |
| Up to 6% | 3,403,371 | 2,846,049 | 225,763 | 101,593 |
| From 6 to 8% | 25,035,458 | 24,940,838 | 8,924,180 | 8,631,698 |
| From 8 to 10% | 6,226,919 | 7,996,242 | 267,929 | 2,898,715 |
| From 10 to 12% | 8,266,192 | 8,755,233 | 7,968,528 | 8,516,346 |
| | 42,931,940 | 44,538,362 | 17,386,400 | 20,148,352 |

92,153,877 84,992,180 30,420,580 26,003,967

16.3 Balances per currencies in non-current liabilities

| | R\$ thousand | | | |
|-----------|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| US dollar | 48,057,741 | 39,416,556 | 12,998,015 | 5,671,026 |
| Yen | 2,738,781 | 2,189,296 | 151,086 | 184,589 |
| Euro | 66,686 | 81,394 | | |
| Real (*) | 40,999,858 | 42,820,853 | 17,271,479 | 20,148,352 |
| Others | 290,811 | 484,081 | | |
| | 92,153,877 | 84,992,180 | 30,420,580 | 26,003,967 |

(*) At June 30, 2010 it includes R\$ 25,848,973 thousand in financing in local currency parameterized to the variation of the US dollar.

The hedges contracted for coverage of notes issued abroad in foreign currencies and the fair value of the long-term loans are disclosed in notes 31 and 32, respectively.

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16.4 Average tax of interest capitalization

The weighted average tax of the financial charges used on the capitalized interest over the balance of work in progress was 3.3% p.a. on the 1st semester of 2010 (3.4% p.a. on the 1st semester of 2009).

16.5 Funding

The main long-term funding carried out during the first half of 2010 is presented as follows:

a) Foreign

| Company | Date | Amount (US\$ thousand) | Maturity | Description |
|-----------|--------|---------------------------|----------|---|
| Petrobras | Feb-10 | 2,000,000 | 2019 | Financing obtained from the China Development Bank (CDB) - Libor plus spread of 2.8% p.a. |
| Petrobras | Mar-10 | 2,000,000 | 2019 | |
| | | 4,000,000 | | |

b) In Brazil

| Company | Date | Amount (R\$ thousand) | Maturity | Description |
|----------------|-------------|----------------------------------|-----------------|---|
| Petrobras | Jun-10 | 2,200,000 | 2016 | Financing obtained from Banco do Brasil S/A through the issuing of Export Credit Notes at a rate of 110.5% of the average CDI + flat fee of 0.85% |
| Petrobras | jun/10 | 2,000,000 | 2017 | Financing obtained from Caixa Econômica Federal through the issuing of Export Credit Notes at a rate of 112.9% of the average CDI. |
| | | 4,200,000 | | |

16.6 Other information

The loans and financing are intended mainly for the development of oil and gas production projects, the building of ships and pipelines, and the expansion of industrial units.

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16.6.1 Financing with official credit agencies

a) Foreign

| Company | Agency | Amount in US\$ thousand | | | Description |
|-----------|------------------|-------------------------|-----------|-----------|-------------------|
| | | Contracted | Used | Balance | |
| Petrobras | China | | | | |
| | Development Bank | 10,000,000 | 7,000,000 | 3,000,000 | Libor + 2.8% p.a. |

b) In Brazil

| Company | Agency | Amount in R\$ thousand | | | Description |
|---------|--------|------------------------|------|---------|-------------------------------|
| | | Contracted | Used | Balance | |
| | | | | | Program for Modernization and |

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| | | | | | |
|---------------------------------------|-------------------------------|-----------|-----------|-----------|---|
| Transpetro (*) | BNDES | 8,367,594 | 369,892 | 7,997,702 | Expansion of Fleet (PROMEF) - TJLP+2.5% p.a. |
| Transportadora Urucu Manaus TUM | BNDES | 2,489,500 | 2,433,564 | 55,936 | Coari-Manaus gas pipeline TJLP+1.76% / 1.96% p.a. |
| Transportadora GASENE | BNDES | 2,214,821 | 2,119,246 | 95,575 | Cacimbas-Catu (GASCAC) gas pipeline - TJLP+1.96% p.a. |
| Petrobras | Banco do Brasil | 500,000 | 151,760 | 348,240 | Cédula de Crédito Comercial (FINAME) 4,5% a.a |
| Petrobras | Caixa Econômica Federal | 300,000 | | 300,000 | Cédula de Crédito Bancário - Crédito Rotativo - 110% da média do CDI |

(*) Agreements for conditioned purchase and sale of 38 ships were entered into with 5 Brazilian shipyards in the amount of R\$ 9,297,327 thousand, where 90% is financed by BNDES.

16.6.2 Debentures

In August 2006, Refinária Alberto Pasqualini - Refap S.A. issued 852,600 simple, registered, book-entry debentures in the amount of R\$ 852.600 thousand, with the aim of expanding and modernizing its industrial park, with the following characteristics (basic conditions approved by BNDES and BNDESPAR on June 23, 2006): amortization over 96 months plus a six-month grace period; 90% of the debentures subscribed by BNDES at the long-term interest rate (TJLP) + 3.8% p.a.; and 10% of the debentures subscribed by BNDESPAR with BNDES basket of currencies interest + 2.3% p.a. In May 2008 Refap issued another 507,989 debentures with similar characteristics in the amount of R\$ 507,989 thousand.

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16.6.3 Guarantees

In guarantee of the debentures issued, Refap has a short-term investment account (deposits tied to loans), indexed to the variation of the Interbank Deposit Certificate (CDI). The balance of the account must be three times the value of the sum of the amortization of the principal and related charges of the last payment that was due.

On account of a guarantee agreement issued by the Federal Government in favor of multilateral loan agencies, motivated by financings funded by TBG, counter guarantee agreements were entered into, having as signatories the Federal Government, TBG, Petrobras, Petroquisa and Banco do Brasil S.A., where TBG undertakes to entail its revenues to the order of the Brazilian treasury until the settlement of the obligations guaranteed by the Federal Government.

16.6.4 Export credit note

In the period from January to June 2010, Refap issued export credit notes in the total amount of R\$ 750,000 thousand, which is earmarked exclusively for reinforcing the working capital aimed at the production of exportable goods. The financial charges are capitalized monthly and paid half-yearly, except for credit note 672-10 in the amount of R\$ 150,000 thousand, where the charges will be paid on maturity.

| No. Credit note | Financial institution | Amount contracted | Date contracted | Maturity | Rate of interest |
|-----------------|-----------------------|----------------------|-----------------|------------|---------------------|
| 300,500,796 | Banco do Brasil S.A. | 300,000 | 02/10/2010 | 01/16/2015 | 109,5% CDI |
| 330,500,804 | Banco do Brasil S.A. | 300,000 | 03/05/2010 | 02/06/2015 | 109,4% CDI |
| 672-10 | HSBC Bank Brasil S.A. | 150,000 | 06/06/2010 | 06/06/2011 | 105,0% CDI |

16.6.5 Indebtedness of CIESA and TGS

In order to clear the financial encumbrances of Compañía de Inversiones de Energía S.A. (CIESA) (a jointly controlled company), PESA transferred its 7.35% interest in the capital of Transportadora de Gas Del Sur S.A. (TGS) (a subsidiary of CIESA) to Enron Pipeline Company Argentina S.A. (ENRON) and, simultaneously, ENRON transferred 40% of its interest in the capital of CIESA to a trustee, the addressee of which will be indicated by CIESA, according to the terms of the financial restructuring to be agreed upon with its creditors.

In the second stage of the process, in conformity with the agreement for restructuring the financial debt, once the necessary approvals have been obtained from Ente Nacional Regulador Del Gas (ENARGAS) and Comisión Nacional de Defensa de la Competencia, ENRON would transfer the remaining 10% interest in CIESA to the financial creditors in exchange for 4.3% of the class B common shares of TGS that CIESA would deliver to its financial creditors as partial payment of the debt.

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The restructuring agreement entered into with the creditors in September 2005 established that the remaining balance of the financial debt would be capitalized by the creditors. The restructuring agreement also established a period of validity which was successively extended until December 31, 2008, as from which date any one of the parties could consider the agreement as unilaterally terminated.

The period of validity of the agreement expired without the government approvals having been obtained and on January 9, 2009, Ashmore Energy International Limited (currently AEI) declared that it was the sole owner of the negotiable obligations of CIESA.

On January 28, 2009, CIESA filed litigation in the courts of the State of New York in the United States of America, challenging the lapse of the abovementioned negotiable obligations.

On April 21, 2009, AEI filed a petition for annulment of the process filed by CIESA in the state of New York.

On May 14, 2009, CIESA and AEI were present in the New York court for discussion of the petition for annulment filed by AEI. Up till now, the New York court has still not handed down a decision on the matter.

Additionally, on April 6, 2009 CIESA was notified of a petition for bankruptcy filed by AEI in the Argentine Court, and reimbursement of the amount equivalent to US\$ 127 million, referring to supposed credit originating from the negotiable bonds. CIESA replied to the notice, opposing the petition for bankruptcy, presenting, mainly, the following motives: (i) non-compliance of the requirements for a bankruptcy petition considering that the requests for Corporate Bonds have a statute of limitation under New York law; (ii) CIESA is not insolvent.

In a decision in the second instance handed down by the Cámara Nacional de Apelaciones on October 9, 2009, the situation of insolvency of CIESA requested by AEI was rejected. The decision is unappealable, therefore, definitive.

As a result of the Chamber's decision, CIESA presented to the New York courts a request for revival and reargumentation with respect to the request by AEI for annulment of the process filed by CIESA in the State of New York, requesting the repeal of the court decision of July 29, 2009 in which it admitted the request for annulment presented by AEI.

On April 12, 2010, the New York courts granted an opinion favorable to CIESA's requests. On May 13, 2010, AEI filed an appeal counter-arguing CIESA's opinion and demanding payment of the debt and compensation of the losses from the aforementioned process.

CIESA and AEI are currently awaiting the decision of the New York Court on the matter.

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17 Contractual commitments

At March 31, 2010 the Company had financial commitments due to rights resulting from transactions with and without transfer of benefits, risks and control of these assets.

a) Future minimum payments/receipts of contractual commitments with transfer of benefits, risks and control of assets:

| | R\$ thousand | | |
|---|---------------------|---------------------|---------------------|
| | 06.30.2010 | | |
| | Consolidated | | Parent company |
| | Minimum receipts | Minimum payments | Minimum payments |
| 2010 | 63,585 | 278,921 | 1,688,363 |
| 2011 - 2014 | 508,676 | 330,894 | 13,944,243 |
| 2015 onwards | 1,865,147 | 106,808 | 10,872,593 |
| Estimated future payments/receipts of commitments | 2,437,408 | 716,623 | 26,505,199 |
| Less amount of annual interest | (1,179,021) | (79,383) | (7,533,638) |
| Present value of the minimum payments / receipts | 1,258,387 | 637,240 | 18,971,561 |
| Less current portion of the obligations | (30,096) | (361,676) | (2,886,135) |

| | | | |
|-------------------|-----------|---------|------------|
| Long-term portion | 1,228,291 | 275,564 | 16,085,426 |
|-------------------|-----------|---------|------------|

b) Future minimum payments of contractual commitments without transfer of benefits, risks and control of assets:

| | R\$ thousand | |
|--------------|---------------------|-----------------------|
| | 06.30.2010 | |
| | Consolidated | Parent company |
| 2010 | 8,598,676 | 10,044,799 |
| 2011 - 2014 | 49,353,345 | 59,017,753 |
| 2015 onwards | 17,266,159 | 36,616,153 |
| Total | 75,218,180 | 105,678,705 |

In the first half of 2010, the Company paid an amount of R\$ 4,610,719 thousand in Consolidated (R\$ 6,646,825 thousand in the Parent company) recognized as expenditure for the period.

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18 Provisions for dismantling of areas (non-current)

| | R\$ thousand | |
|-------------------------------------|------------------|-------------------|
| | Consolidated | Parent company |
| Balance at January 1, 2009 | 5,417,312 | 4,811,481 |
| Reversal | (613,390) | (737,608) |
| Use | (187,885) | |
| Updating of interest | 356,214 | 344,983 |
| Accumulated translation adjustment | (181,751) | |
| Balance at December 31, 2009 | 4,790,500 | 4,418,856 |
| Addition | 27,074 | |
| Use | (263,395) | (97,089) |
| Transfers | 55,990 | |
| Updating of interest | 111,470 | 108,906 |
| Accumulated translation adjustment | 7,701 | |
| Balance at June 30, 2010 | 4,729,340 | 4,430,673 |

19 Expenditures by nature

| | R\$ thousand | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun/2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Depreciation, depletion and amortization | (6,888,550) | (6,662,491) | (4,964,820) | (4,649,637) |
| Expenses with personnel | (6,890,615) | (6,173,141) | (5,127,669) | (4,527,106) |
| Raw material / products purchased | (39,598,759) | (26,630,561) | (26,394,432) | (17,170,103) |
| Government interest | (10,241,846) | (7,087,018) | (9,999,210) | (6,883,007) |
| Expenses with employee benefits | (430,179) | (376,635) | (373,364) | (352,680) |
| Contracted services, freight, rents and general charges (*) | (9,371,273) | (10,589,714) | (4,810,547) | (7,350,029) |
| | (73,421,222) | (57,519,560) | (51,670,042) | (40,932,562) |
| Cost of goods sold | (65,346,394) | (50,332,545) | (45,267,264) | (35,256,336) |
| Selling expenses | (4,348,424) | (3,611,870) | (3,897,709) | (3,290,574) |
| Administrative and general expenses | (3,726,404) | (3,575,145) | (2,505,069) | (2,385,652) |
| | (73,421,222) | (57,519,560) | (51,670,042) | (40,932,562) |

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20 Exploration activities and valuation of petrol and gas reserves

a) Exploration costs in the period

| | R\$ thousand | | | |
|--|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun/2010 | Jan-Jun/2009 | Jan-Jun/2010 | Jan-Jun/2009 |
| Expenses with geology and geophysics | 592,522 | 766,254 | 551,435 | 736,398 |
| Wells without economic viability (dry wells) | 866,203 | 754,807 | 811,345 | 649,066 |
| Other exploration expenses | 170,040 | 131,240 | 39,852 | 10,257 |
| Total expenses | 1,628,765 | 1,652,301 | 1,402,632 | 1,395,721 |

b) Cash used in the period

| | R\$ thousand | | | |
|----------------------|--------------|--------------|----------------|--------------|
| | Consolidated | | Parent company | |
| | Jan-Jun/2010 | Jan-Jun/2009 | Jan-Jun/2010 | Jan-Jun/2009 |
| Operating activities | 640,404 | 807,726 | 551,435 | 736,398 |

| | | | | |
|------------------------|------------------|------------------|------------------|------------------|
| Investment activities | 4,765,027 | 3,371,666 | 3,536,064 | 2,707,759 |
| Total cash used | 5,405,431 | 4,179,392 | 4,087,499 | 3,444,157 |

c) Capitalized balances

| | R\$ thousand | | | |
|-------------------------------|-------------------|-------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Intangible assets | 2,749,489 | 2,278,170 | 1,424,897 | 1,361,047 |
| Property, plant and equipment | 13,766,185 | 10,632,961 | 8,528,392 | 6,601,837 |
| Total assets | 16,515,674 | 12,911,131 | 9,953,289 | 7,962,884 |

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21 Financial income and expenses

Financial charges and net monetary and exchange variations, allocated to the statement of operations for the first half of 2010 and 2009 are presented as follows:

| | R\$ thousand | | | |
|--|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun/2010 | Jan-Jun/2009 | Jan-Jun/2010 | Jan-Jun/2009 |
| Exchange income (expenses) on cash and cash equivalents | 41,078 | (336,321) | (23,572) | (447,592) |
| Exchange income (expenses) on financing | (415,401) | 1,421,841 | (109,450) | 267,066 |
| Exchange income (expenses) on contractual commitments with transfer of benefits, risks and controls of assets with third parties | (35,838) | 15,534 | (783) | 15,534 |
| Exchange effects on net indebtedness | (410,161) | 1,101,054 | (133,805) | (164,992) |
| Monetary variation on financing (*) | (991,212) | 229,368 | (453,501) | 215,239 |
| Financing expenses | (3,123,736) | (2,047,983) | (2,002,761) | (1,541,663) |
| Capitalized financial charges | 2,254,390 | 1,553,297 | 1,708,024 | 1,244,491 |
| Expenses with financing, net | (869,346) | (494,686) | (294,737) | (297,172) |

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| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Earnings on financial investments | 662,891 | 545,513 | 338,325 | 175,522 |
| Net income from FIDC | | | (612,905) | (26,661) |
| Net financial expenses | (206,455) | 50,827 | (569,317) | (148,311) |
| Financial results on net indebtedness | (1,607,828) | 1,381,249 | (1,156,623) | (98,064) |
| Exchange variation on assets abroad | 399,844 | (4,177,920) | 714,585 | (5,889,725) |
| Exchange gain (loss) on contractual commitments with transfer of benefits, risks and control of assets with subsidiaries | (114,869) | 935,480 | (114,869) | 935,480 |
| Hedge on sales and financial operations | 69,517 | (412,147) | (32,457) | 72,874 |
| Marketable securities | | | | |
| Available for sale | 258,973 | 224,209 | 253,947 | 224,209 |
| For trading | 271 | | | |
| Held until maturity | 14,178 | 228,929 | 119,832 | (175) |
| Other financial income and expenses, net | (154,010) | (45,026) | 229,591 | 549,878 |
| Other exchange and monetary variations, net | (197,371) | 145,688 | 50,252 | 189,750 |
| Net financial results | (1,331,295) | (1,719,538) | 64,258 | (4,015,773) |

(*) It includes monetary variation on financing in local currency linked to the US dollar variation.

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22 Other operating expenses, net

| | R\$ thousand | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Institutional relations and cultural projects | (522,116) | (420,728) | (494,530) | (398,179) |
| Operating expenses with thermoelectric power stations | (242,718) | (319,273) | (398,037) | (557,951) |
| Corporate expenses on security, environment and health (SMS) | (172,379) | (149,656) | (172,277) | (148,727) |
| Losses and contingencies with judicial proceedings | (1,363,703) | (226,389) | (1,176,412) | (164,109) |
| Contractual and regulatory fines | (22,103) | (12,514) | (114) | (19,864) |
| Contractual charges on transport services - ship or pay | (28,235) | (28,602) | | |
| Unprogrammed stoppages and pre-operating expenses | (276,018) | (313,602) | (272,441) | (311,899) |
| Adjustment to market value of inventories | (320,104) | (454,527) | (3,898) | (158,324) |
| Others | 40,075 | 29,318 | (175,068) | (181,899) |
| | (2,907,301) | (1,895,973) | (2,692,777) | (1,940,952) |

23 Taxes, contributions and profit-sharing

23.1 Recoverable taxes

| Current assets | R\$ thousand | | | |
|-----------------------|------------------|------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| In Brazil: | | | | |
| ICMS | 2,907,373 | 2,385,651 | 2,004,408 | 1,670,843 |
| PASEP/COFINS | 1,842,352 | 1,562,744 | 1,498,407 | 1,152,784 |
| CIDE | 70,452 | 52,246 | 70,448 | 31,533 |
| Income tax | 931,951 | 1,701,590 | 441,799 | 781,277 |
| Social contribution | 170,784 | 444,864 | 39,377 | 180,846 |
| Other taxes | 463,556 | 475,923 | 227,904 | 231,878 |
| | 6,386,468 | 6,623,018 | 4,282,343 | 4,049,161 |
| Abroad: | | | | |
| Added value tax - VAT | 93,681 | 100,802 | | |
| Other taxes | 385,441 | 298,718 | | |
| | 479,122 | 399,520 | | |
| | 6,865,590 | 7,022,538 | 4,282,343 | 4,049,161 |

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23.2 Taxes and contributions and profit-sharing payable

| Current liabilities | R\$ thousand | | | |
|---|------------------|-------------------|------------------|------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| ICMS | 1,868,218 | 1,675,816 | 1,485,948 | 1,351,758 |
| PASEP/COFINS | 954,078 | 1,082,820 | 711,955 | 845,794 |
| CIDE | 660,738 | 650,936 | 607,718 | 583,164 |
| Special interest /Royalties | 3,344,351 | 4,655,977 | 3,314,857 | 4,595,798 |
| Income tax and social contribution withheld at source | 316,474 | 549,387 | 300,143 | 513,061 |
| Current income tax and social contribution | 957,508 | 1,055,345 | 246,447 | |
| Other taxes | 865,104 | 919,860 | 349,510 | 378,149 |
| | 8,966,471 | 10,590,141 | 7,016,578 | 8,267,724 |

For purposes of calculating the income tax and social contribution on net income, the Company adopted the Transition Tax Regime, as established in Law 11941/08, i.e. for calculating taxable income it considered the accounting criteria of Law 6404/76 before the amendments of Law 11638/07.

23.3 Deferred income tax and social contribution - non-current

3.2.5 Consolidated cash flows

| | R\$ thousand | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Non-current | | | | |
| Assets | | | | |
| Deferred income tax and social contribution | 7,462,051 | 6,676,029 | 3,943,588 | 3,309,932 |
| Deferred ICMS | 2,521,644 | 2,526,968 | 1,916,671 | 1,898,559 |
| Deferred PASEP and COFINS | 8,126,625 | 6,917,479 | 7,254,811 | 6,431,385 |
| Others | 161,824 | 110,973 | | |
| | 18,272,144 | 16,231,449 | 13,115,070 | 11,639,876 |
| Liabilities | | | | |
| Deferred income tax and social contribution | 22,391,096 | 20,405,737 | 18,893,379 | 16,854,909 |
| Others | 48,060 | 52,047 | | |
| | 22,439,156 | 20,457,784 | 18,893,379 | 16,854,909 |

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23.4 Deferred income tax and social contribution

The grounds and expectations for realization are presented as follows:

a) *Deferred income tax and social contribution assets*

| Nature | R\$ thousand | | Grounds for realization |
|--|--------------|----------------|--|
| | Consolidated | Parent company | |
| Pension plan | 328,974 | 319,837 | Payment of the contributions by the sponsor. |
| Unearned income between companies of the system | 1,241,006 | | Effective realization of income |
| Provisions for contingencies and doubtful accounts | 776,737 | 549,549 | Consummation of the loss and filing of suits and credits overdue |

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| | | | |
|--|-----------|-----------|---|
| Tax losses | 1,000,470 | | With future taxable income |
| Provision for profit sharing | 566,829 | 493,073 | Through payment |
| Provision for investment in research and development | 39,994 | 7,313 | Through realization of the expenditures. |
| Remuneration of shareholders - Interest on shareholders' capital | 636,983 | 596,637 | By individualized credit to shareholders |
| Temporary difference between accounting and tax depreciation criteria | 177,843 | 129,948 | Realization over the term of straight-line depreciation |
| Absorption of conditional financing | 88,652 | | Expiration of the financing agreements |
| Exchange variation | 634,659 | 610,354 | Settlement of the contracts |
| Provision for exports in transit | 309,973 | 309,973 | Recognition of revenue |
| Provision for loss from decrease to recoverable value of assets - impairment | 372,781 | 372,781 | Disposal of assets |
| Others | 1,287,150 | 554,123 | |
| Total | 7,462,051 | 3,943,588 | |

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b) Deferred income tax and social contribution liabilities

| Nature | R\$ thousand | | Grounds for realization |
|---|--------------|----------------|--|
| | Consolidated | Parent company | |
| Costs with exploration and drilling for petroleum | 16,141,092 | 16,141,092 | Depreciation based on the unit of prouction method in relation to proven/developed reserves of oil fields. |
| Temporary difference between accounting and tax depreciation criteria | 1,421,176 | 48,416 | Depreciation over the useful life of the asset or disposal |
| Income and social contribution taxes - foreign operations | 79,508 | 47,497 | Occurrence of generating facts for making income available. |
| Investments in subsidiaries and affiliated companies | 153,958 | | Occurrence of generating facts for making income available. |
| Exchange variation | 1,000,444 | | Settlement of the contracts |

| | | | |
|---|------------|------------|--|
| Capitalized interest | 1,215,563 | 1,215,563 | Depreciation over the useful life of the asset or disposal |
| Temporary difference of contractual commitments with transfer of benefits, risks and control of assets and depreciation | 1,242,497 | 1,153,563 | Settlement of the liabilities |
| Others | 1,136,858 | 287,248 | |
| Total | 22,391,096 | 18,893,379 | |

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c) *Realization of deferred income tax and social contribution*

In the Parent company, the realization of deferred tax credit assets in the amount of R\$ 3.943.588 thousand does not depend on future income because they will be absorbed annually by the realization of the deferred tax liability. In the consolidated statements, for the portion that exceeds the Parent Company's balance, when applicable, the managements of the subsidiaries expect to offset these credits based on projections they have made

| | R\$ thousand | | | |
|------|-----------------------------|----------------|-----------|-------------|
| | Expectations of realization | | | |
| | Consolidated | Parent company | | |
| | Income | Income | Income | Income |
| | tax and | tax and | tax and | tax and |
| | CSLL | CSLL | CSLL | CSLL |
| | deferred | deferred | deferred | deferred |
| | assets | liabilities | assets | liabilities |
| 2010 | 2,594,068 | 2,018,979 | 2,347,635 | 1,985,733 |
| 2011 | 1,106,610 | 2,747,947 | 510,684 | 1,922,517 |
| 2012 | 297,801 | 2,248,993 | 17,423 | 1,930,000 |
| 2013 | 321,989 | 2,258,345 | 23,905 | 1,926,265 |

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| | | | | |
|--|-----------|------------|-----------|------------|
| 2014 | 1,036,444 | 3,013,594 | 727,802 | 2,710,809 |
| 2015 | 254,109 | 2,687,719 | 13,648 | 2,396,534 |
| 2016 onwards | 1,851,030 | 7,415,519 | 302,491 | 6,021,521 |
| Portion recorded in the accounting | 7,462,051 | 22,391,096 | 3,943,588 | 18,893,379 |
| Portion not recorded in the accounting | 1,429,942 | | | |
| Total | 8,891,993 | 22,391,096 | 3,943,588 | 18,893,379 |

The subsidiary Petrobras Argentina S.A. (PESA) and its subsidiaries have tax credits resulting from accumulated tax losses amounting to approximately R\$ 82,869 thousand (US\$ 46,000 thousand) which are not recorded in their assets. Due to specific tax legislation of Argentina and other countries where PESA has investments that define limitation periods for these credits, these credits may be offset with future taxes payable.

In addition, the subsidiary Petrobras America Inc. (PAI) has unrecorded tax credits amounting to the equivalent of R\$ 1,177,743 thousand (US\$ 653,757 thousand) resulting from accumulated tax losses, originating mainly from oil and gas exploration and production activities. In accordance with specific legislation in the United States, where PAI has its headquarters, tax credits expire after 20 years as from the date of their formation.

Some subsidiaries abroad have accumulated tax losses in the exploration stage. These credits will be recognized according to the tax legislation of each country, if the venture is successful, through the generation of future taxable income.

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23.5 Reconciliation of income tax and social contribution on income

The reconciliation of the taxes calculated in accordance with statutory rates and the amount of the taxes recorded in the years 2010 and 2007 are presented as follows:

a) Consolidated

| | R\$ thousand | |
|--|--------------|--------------|
| | Jan-Jun 2010 | Jan-Jun 2009 |
| Income for the year before taxes and after employee profit sharing | 22,178,608 | 22,747,608 |
| Income tax and social contribution at statutory rates (34%) | (7,540,727) | (7,734,187) |
| Adjustments for calculation of the effective rate: | | |
| Permanent additions, net | (321,048) | (72,712) |
| Tax incentives | 77,228 | 55,014 |
| Credit resulting from inclusion of interest on shareholders' capital as operating expenses | 1,213,958 | 894,956 |
| Tax credits of companies abroad in the exploration stage | (2,485) | (4,986) |
| Tax losses | (40,693) | 324,502 |

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| | | |
|--|--------------------|--------------------|
| Results of companies abroad with different rates | 416,689 | 711,179 |
| Others | 158,766 | 444,316 |
| Expense for provision for income tax and social contribution | (6,038,312) | (5,381,918) |
| Deferred income tax/social contribution | (1,095,132) | 867,928 |
| Current income tax/social contribution | (4,949,830) | (6,249,846) |
| | (6,044,962) | (5,381,918) |
| Effective rate for income tax and social contribution | 27.3% | 23.7% |

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b) *Parent company*

| | R\$ thousand | |
|--|-------------------------|-------------------------|
| | Jan-Jun 2010 | Jan-Jun 2009 |
| Income for the year before taxes and after employee profit sharing | 20,906,133 | 17,996,370 |
| Income tax and social contribution at statutory rates (34%) | (7,108,085) | (6,118,766) |
| Adjustments for calculation of the effective rate: | | |
| Permanent additions, net | 722,233 | 1,142,802 |
| Tax incentives | 64,323 | 55,241 |
| Credit resulting from inclusion of interest on shareholders' capital as operating expenses | 1,193,275 | 894,956 |
| Others items | 150,201 | 633,413 |
| Expense for provision for income tax and social contribution | (4,978,053) | (3,392,354) |

| | | |
|--|--------------------|--------------------|
| Deferred income tax/social contribution | (1,394,234) | 1,125,521 |
| Current income tax/social contribution | (3,583,819) | (4,517,875) |
| | (4,978,053) | (3,392,354) |
| Effective rate of income tax and social contribution | 23.8% | 18.9% |

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24 Employee benefits

The balances related to benefits granted to employees are presented as follows:

| | R\$ thousand | | | | | | | |
|--------------------------------|--------------|----------------------|----------------|----------------------|--------------|----------------------|----------------|----------------------|
| | 06.30.2010 | | | | 12.31.2009 | | | |
| | Consolidated | | Parent company | | Consolidated | | Parent company | |
| | Pension plan | Supplem. Health Care | Pension plan | Supplem. Health Care | Pension plan | Supplem. Health Care | Pension plan | Supplem. Health Care |
| Current liabilities: | | | | | | | | |
| Defined benefit plan | 583,742 | 565,952 | 553,432 | 531,118 | 593,595 | 565,952 | 547,007 | 531,118 |
| Variable contribution plan | 47,518 | | 44,679 | | 48,179 | | 44,679 | |
| | 631,260 | 565,952 | 598,111 | 531,118 | 641,774 | 565,952 | 591,686 | 531,118 |
| Non-current liabilities | | | | | | | | |
| Defined benefit plan | 3,934,119 | 10,726,651 | 3,565,613 | 10,011,654 | 3,860,960 | 10,208,276 | 3,524,240 | 9,535,187 |
| Variable contribution plan | 164,696 | | 153,257 | | 95,110 | | 87,959 | |
| | 4,098,815 | 10,726,651 | 3,718,870 | 10,011,654 | 3,956,070 | 10,208,276 | 3,612,199 | 9,535,187 |

| | | | | | | | | |
|-------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|
| Total | 4,730,075 | 11,292,603 | 4,316,981 | 10,542,772 | 4,597,844 | 10,774,228 | 4,203,885 | 10,066,305 |
|-------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|

24.1 Pension Plan - Fundação Petrobras de Seguridade Social (Petros)

a) *Petros Plan*

Fundação Petrobras de Seguridade Social (Petros) is a defined benefit plan set up by Petrobras in July 1970 to ensure that members of the plan receive a supplement to the benefits provided by the Social Security system. In addition to Petrobras, the Petros Plan is sponsored by Petrobras Distribuidora S.A. (BR), Petroquisa and Alberto Pasqualini (Refap), and is closed to employees hired as from September 2002.

The evaluation of the Petros funding plan is made by independent actuaries on a capitalization basis for the majority of the benefits. The sponsors make regular contributions in amounts equal to the contributions of the members (employees) and assisted persons (retirees and pensioners), i.e. on a parity basis.

If a deficit is verified in the defined benefit plan, it should be settled by an adjustment to the funding plan through extraordinary contributions to be shared equally between the sponsors and the members, as established by Constitutional Amendment 20 of 1998.

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On October 23, 2008, Petrobras and the subsidiaries that sponsored the Petros Plan and Petros signed Financial Commitment Agreements as a result of the ratification of a legal transaction related to the pension plan, as established in the Reciprocal Obligations Agreement entered into between the sponsors and the union entities. The Financial Commitment Agreement has a term of 20 years with payment of half-yearly interest of 6% p.a. on the updated balance payable. At June 30, 2010, the balances of the Financial Commitment Agreements totaled R\$ 4,443,756 thousand (R\$ 4,179,381 thousand in the Parent company), of which R\$ 44,059 thousand (R\$ 40,589 thousand in the parent company) in interest matures in 2010.

The obligation assumed by the Company, through the financial commitment agreements, represents a balancing item to the concessions made by the members/beneficiaries of the Petros Plan to the renegotiation for a change in the plan's regulations, in relation to the benefits, and the closing of existing litigations.

At June 30, 2010 Petrobras and its subsidiaries held long-term National Treasury Notes in the amount of R\$ 4,275,931 thousand (R\$ 4,054,194 thousand in the Parent company), acquired to balance liabilities with Petros, which will be held in the Company's portfolio as a guarantee for the financial commitment agreements.

b) Petros Plan 2

Petros Plan 2, a variable contribution plan, was implemented by the sponsors Petróleo Brasileiro S.A.(Petrobras), Petrobras Distribuidora S.A. (BR), Petrobras Química S/A (Petroquisa) and Alberto Pasqualini Refap S.A., starting on July 1, 2007. Afterwards, the companies Ipiranga Asfaltos S.A. (IASA), FAFEN Energia S.A., Termorio S.A., Usina Termelétrica de Juiz de Fora S.A., Termobahia S.A., Termomacaé Ltda. and Termoceará Ltda. joined the plan.

The sponsors that implemented the plan assumed the past service of the contributions corresponding to the period in which the members had no plan, as from August 2002, all from subsequent admission, until August 29, 2007. The disbursements for past service are made monthly over the same number of months in which the member had no plan and, therefore, should cover the part related to the members and sponsors. The plan will remain open for inscriptions after this date, but there will no longer be payment for past service.

The portion of this plan with defined benefit characteristics refers to risk coverage for disability and death, a guarantee of a minimum benefit and a lifetime income, and the related actuarial commitments are recorded according to the projected credit unit method. The portion of the plan with defined contribution characteristics is earmarked for forming a reserve for programmed retirement and was recognized in the results for the year as the contributions are made. At June 30, 2010, the contribution of Petrobras and the subsidiaries to the defined contribution portion of this plan was R\$ 164,626 thousand (R\$ 160,799 in the Parent company).

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An actuarial evaluation in 2009 in order to attend the rules for Supplementary Pensions, showed evidence of a lower level of loss from risk events in the year, and it also observed that the balance of the collective risk presented an amount sufficient to cover the estimated benefits for 2010. Accordingly, the Foundation followed the actuary's suggestion that the risk contribution was redirected to the member's account in the plan during the first semester of 2010 and, for the same reasons cited previously, as of June 30, 2010, the Foundation's decision making council maintained this re-orientation also for the second semester of 2010.

24.2 Petrobras Internacional Braspetro B.V. PIB BV

24.2.1 Petrobras Energia S.A.

a) Defined contribution pension plan

In 2005, Petrobras Argentina S.A. (PESA) implemented this voluntary plan for all employees who meet certain conditions. The company contributes with amounts equal to the contributions made by the employees in accordance with the contribution specified for each salary level.

The cost of the plan is recognized in accordance with the contributions that the company makes, which at June 30, 2010 totaled R\$ 2,259 thousand (R\$ 2,517 thousand at June 30, 2009).

3.2.5 Consolidated cash flows

b) Defined benefit pension plan

b.1) Termination Indemnity Plan

This is a benefit plan in which employees who meet certain conditions are eligible on retirement to receive one month's salary for each year they have worked in the Company, according to a decreasing scale, according to the number of years the plan has existed.

b.2) "Compensator Fund" Plan

This plan is available for all PESA employees who joined the defined contribution plans in force in the past and who joined the company prior to May 31, 1995 and have accumulated the required time of service. The benefit is calculated as a supplement to the benefits granted by these plans and by the retirement system, so that the total benefit received by each employee is equivalent to the amount defined in this plan.

If a surplus is recorded in the funds allocated to trusts for payment of the defined benefits awarded by the plans and it is duly certified by an independent actuary, PESA may use these funds simply by notifying the trustee of this fact.

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24.2.2 Nansei Sekiyu K.K.

The Nansei Sekiyu K.K. Refinery offers its employees a supplementary retirement benefit plan, a defined benefit plan, where the members in order to become eligible for the benefit need to be at least 50 years old and have 20 years service in the company. Contributions are made only by the sponsor. The plan is managed by Sumitono Trust & Banking.

24.3 Healthcare - Multidisciplinary Healthcare (AMS)

Petrobras, its subsidiaries, Petrobras Distribuidora, Petroquisa and Alberto Pasqualini - Refap S.A. have a healthcare plan (AMS) that has defined benefits and covers all present and retired employees of the companies in Brazil and their dependents. The plan is managed by the company, itself, and the employees contribute a fixed monthly amount to cover the main risks and a portion of the costs related to the other types of coverage in accordance with a participation table based on specified parameters, including salary levels, in addition to a pharmacy benefit that provides special terms for plan holders to buy certain medications in registered pharmacies throughout Brazil.

The healthcare plan is not covered by guarantor assets. The benefits are paid by the Company, based on the costs incurred by the plan members.

24.4 Other defined contribution plans

3.2.5 Consolidated cash flows

The subsidiary Transpetro and some subsidiaries of Petrobras sponsor defined contribution retirement plans for their employees.

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24.5 The balance of the liabilities for expenses with post-employment benefits, calculated by independent actuaries, presents the following changes:

| | R\$ thousand | | | | | |
|---|--------------------------|--------------------|------------------------|--------------------------|----------------|-----------------------------|
| | Consolidated | | | Parent company | | |
| | Pension plan | | Supplem. healthcare | Pension plan | | Supplementary healthcare |
| Defined benefit | Variable contribution | Defined benefit | | Variable contribution | | |
| Balance at January 1, 2009 | 4,420,164 | 98,865 | 9,832,800 | 4,013,712 | 92,785 | 9,194,888 |
| (+) Costs incurred in the year | 721,061 | 97,587 | 1,412,186 | 654,413 | 83,069 | 1,317,298 |
| (-) Payment of contributions | (416,221) | (59,960) | (470,788) | (381,682) | (43,245) | (445,911) |
| (-) Payment of the financial commitment | (228,265) | | | (215,166) | | |
| Others | (42,184) | 6,797 | 30 | (30) | 29 | 30 |
| Balance at December 31, 2009 | 4,454,555 | 143,289 | 10,774,228 | 4,071,247 | 132,638 | 10,066,305 |
| (+) Costs incurred in the period | 424,436 | 73,030 | 764,583 | 372,751 | 65,254 | 710,291 |
| (-) Payment of contributions | (248,181) | - | (248,709) | (210,264) | | (233,844) |
| (-) Payment of the financial commitment | | | | (114,616) | | |

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| | | | | | | |
|---------------------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
| | (120,785) | | - | | | |
| Others | 7,836 | (4,105) | 2,501 | (73) | 44 | 20 |
| Balance at June 30, 2010 | 4,517,861 | 212,214 | 11,292,603 | 4,119,045 | 197,936 | 10,542,772 |

| | R\$ thousand | | | | | |
|---|--------------------------|--------------------|------------------------|--------------------------|----------------|-----------------------------|
| | Consolidated | | | Parent company | | |
| | Pension plan | | Supplem. healthcare | Pension plan | | Supplementary healthcare |
| Defined benefit | Variable contribution | Defined benefit | | Variable contribution | | |
| Present amount of the liabilities in excess of the fair value of the assets | 8,073,033 | 389,878 | 12,488,472 | 7,365,703 | 367,537 | 11,616,279 |
| Unrecognized actuarial gains/(losses) | (3,424,250) | (73,172) | (1,162,332) | (3,134,103) | (70,698) | (1,042,925) |
| Unrecognized past service cost | (130,922) | (104,492) | (33,537) | (112,555) | (98,903) | (30,582) |
| Net actuarial liability | 4,517,861 | 212,214 | 11,292,603 | 4,119,045 | 197,936 | 10,542,772 |

The net expenditure with pension and healthcare plans include the following components:

| | R\$ thousand | | | | | |
|---|--------------------------|--------------------|-----------------------------|--------------------------|---------------|-----------------------------|
| | Consolidated | | | Parent company | | |
| | Pension plan | | Supplementary healthcare | Pension plan | | Supplementary healthcare |
| Defined benefit | Variable contribution | Defined benefit | | Variable contribution | | |
| Current service cost | 211,938 | 75,251 | 98,941 | 189,001 | 69,595 | 90,111 |
| Cost of interest: | - | | | | | |
| · With a financial commitment agreement | 252,035 | | | 252,028 | | |
| · Actuarial | 2,370,861 | 29,631 | 663,887 | 2,200,866 | 28,074 | 618,309 |
| Estimated income from the plan's assets | (2,227,923) | (14,129) | | (2,097,908) | (13,438) | |
| Amortization of unrecognized actuarial (gains)/losses | 1,311 | 202 | (116) | | | |
| Contributions by members | (196,104) | (21,293) | | (182,528) | (22,340) | |
| Unrecognized past service cost | 11,704 | 3,371 | 1,898 | 11,292 | 3,363 | 1,898 |
| Others | 614 | (3) | (27) | - | - | (27) |
| Net cost in the first half of 2010 | 424,436 | 73,030 | 764,583 | 372,751 | 65,254 | 710,291 |

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Related to present employees:

| | | | | | | |
|---|----------------|---------------|----------------|----------------|---------------|----------------|
| Absorbed in the funding of operating activities | 76,970 | 33,664 | 137,079 | 74,083 | 32,949 | 132,909 |
| Directly to income | 78,530 | 38,431 | 108,907 | 46,640 | 31,459 | 90,959 |
| Related to retired employees | 268,936 | 935 | 518,597 | 252,028 | 846 | 486,423 |
| Net cost in the first half of 2010 | 424,436 | 73,030 | 764,583 | 372,751 | 65,254 | 710,291 |
| Net cost in the first half of 2009 | 366,528 | 44,760 | 706,068 | 332,717 | 41,478 | 658,627 |

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25 Comprehensive statements of income

| | R\$ thousand | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Net income before minority interest | 16,133,646 | 17,365,692 | 15,928,080 | 14,604,016 |
| Accumulated translation adjustments | 239,504 | (32,151) | 265,270 | (32,499) |
| Unrealized gains / (losses) on securities available for sale | | | | |
| Recognized | 38,889 | 558,558 | 38,889 | 558,558 |
| Reclassified to results | (7,627) | 32,175 | (7,627) | 32,175 |
| Unrecognized gains / (losses) on cash flow hedge | | | | |
| Recognized | (193) | (86,798) | (193) | (86,798) |
| Reclassified to results | (16,109) | | (16,109) | |
| Deferred income taxes and social contribution | (4,694) | (127,548) | (4,694) | (127,548) |
| Comprehensive income for the period | 16,383,416 | 17,709,928 | 16,203,616 | 14,947,904 |
| (-) Comprehensive result attributable to non-controlling interest | (86,615) | (2,915,008) | | |
| Comprehensive result attributable to Petrobras's Shareholder | 16,296,801 | 14,794,920 | 16,203,616 | 14,947,904 |

26 Shareholders equity

26.1 Subscribed and paid in capital

At June 30, 2010, subscribed and paid-in capital amounting to R\$ 85,108,544 thousand is represented by 5,073,347,344 common shares and 3,700,729,396 preferred shares, all of which are registered and have no par value.

The Special General Shareholders Meeting, held jointly with the General Shareholders Meeting on April 22, 2010, approved the increase in the Company's capital from R\$ 78,966,691 thousand to R\$ 85,108,544 thousand, through the capitalization of part of the profit reserves in the amount of R\$ 5,626,997 thousand, where R\$ 899,376 thousand is from the statutory reserve, R\$ 4,713,169 thousand from the profit retention reserve, in accordance with article 199, of Law 6404/76, and R\$ 14,452 thousand from part of the tax incentive reserve formed in 2009, in compliance with article 35, paragraph 1, of Ordinance 2091/07 of the Ministry of National Integration, and from capital reserves in the amount of R\$ 514,856 thousand. This capitalization was made without issuing new shares, pursuant to article 169, paragraph 1, of Law 6404/76.

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Authorized capital

The Special General Shareholders meeting, held on June 22, 2010, approved the amendment of the Company's bylaws to:

a) Change the limit of authorized capital of the quantity of preferred shares to 2,400,000,000 shares issued by the Company, maintaining the current amount of R\$ 60,000,000 thousand, in the terms of article 40, clause I of the Company's bylaws, observing the transitory provision indicated in item (c) below;

b) Insert a clause for determining a limit for authorized capital for common shares issued by the Company in the amount of R\$ 90,000,000 thousand, through the issuing of common shares in the limit of 3,200,000,000 shares, in the terms of article 40 of the Company's bylaws, observing the transitory provision indicated in item (c) below, as well as making the required adjustments in the cross-references throughout the Company's bylaws, due to what is established in the new clause.

c) Insert a transitory provision to explain that the limits of the authorized capital inserted in the terms of items (a) and (b) above will be valid only for issuing common and preferred shares specifically in the context of an offering for public subscription of shares which contains a structure for priority allocation in the terms of article 21 of CVM Instruction 400, of December 29, 2003 and/or which grants right of preference to the shareholders, in the terms of

article 171 and 172 of Law 6404, of December 15, 1976, as amended (Corporation Law), without derogating from what is established in item (d) below, with respect to the exclusion of the right of preference or reduction in the term of its exercise, observing that this offer should be made in the period of 1 (one) year as from the date of the decision of the Special General Shareholders' Meeting thereby called; and

d) Change the language of paragraph 2 of article 4 of the Company's bylaws, due to the change in the limit of the authorized capital, pursuant to the items above, permitting the Company's Board of Directors to approve the capital increase through issuing common and/or preferred shares, without granting right of preference to the shareholders, or, if this right is granted, it will be with a reduction in the term that is addressed by article 171, paragraph 4 of the Corporation Law.

26.2 Dividends

a) Dividends - fiscal year 2009

The General Shareholders' Meeting of April 22, 2010 approved dividends referring to 2009 in the amount of R\$ 8,335,373 thousand corresponding to 30.53% of the basic profit for dividends and R\$ 0.95 per common and preferred share, without distinction, that compose the capital, the value of which should be monetarily restated in accordance with the variation of the SELIC rate as from December 31, 2009 until the date of the beginning of payment.

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The dividends proposed as of December 31, 2009 include the interest on shareholders equity in the total amount of R\$ 7,194,743 thousand and is being distributed as follows:

| Shareholding position Date | Amount per common and preferred share | Payment Date |
|-------------------------------|--|-----------------|
| 07.03.2009 | R\$ 0.30 | 11.30.2009 |
| 09.30.2009 | R\$ 0.20 | 12.21.2009 |
| 12.18.2009 | R\$ 0.20 | 12.29.2009 |
| 04.22.2010 | R\$ 0.25 | 04.30.2010 |

b) Interest on shareholders equity fiscal year 2010

The Company's Board of Directors approved the early distribution of remuneration to shareholders in the form of interest on shareholders capital, as established in article 9 of Law 9249/95 and Decrees 2673/98 and 3381/00, on the following dates:

- On May 14, 2010, a payment of R\$ 1,754,815 thousand, corresponding to a gross amount of R\$ 0.20 per common or preferred share, to be made available on May 31, 2010, based on the shareholding position at May 21, 2010;
- On July 16, 2010, a second payment of R\$ 1,754,815 thousand, corresponding to a gross amount of R\$ 0.20 per common or preferred share, to be made available not later than September 30, 2010, based on the shareholding position at July 30, 2010;

This interest on shareholders' capital should be discounted from the remuneration that is distributed on the closing of the first quarter of 2010. The amount will be monetarily updated, according to the variation of the SELIC rate since the date of effective payment until the end of the aforementioned quarter.

The interest on shareholders' capital is subject to the levy of income tax at the rate of 15% (fifteen percent), except for shareholders that are declared immune or exempt.

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27 Legal proceedings and contingencies

27.1 Provisions for legal proceedings

| | R\$ thousand | | | |
|-------------------------------|------------------|----------------|------------------|----------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| Social security contingencies | 54,000 | 54,000 | 54,000 | 54,000 |
| Total current liabilities | 54,000 | 54,000 | 54,000 | 54,000 |
| Labour grievances | 235,281 | 101,768 | 117,304 | 14,956 |
| Tax proceedings | 327,871 | 122,536 | 169,919 | 1,766 |
| Civil proceedings (*) | 951,273 | 462,058 | 668,788 | 180,928 |
| Other contingencies | 207,777 | 178,937 | | |
| Total non-current liabilities | 1,722,202 | 865,299 | 956,011 | 197,650 |
| Total contingencies | 1,776,202 | 919,299 | 1,010,011 | 251,650 |

(*) Net of deposit in court, when applicable.

| | R\$ thousand | |
|-------------------------------------|------------------|-------------------|
| | Contingencies | |
| | Consolidated | Parent company |
| Balance at January 1, 2009 | 966,344 | 257,285 |
| Addition | 2,444,455 | 2,325,140 |
| Reversal | (6,359) | |
| Use | (1,133,123) | (1,020,792) |
| Transfers | (1,356,745) | (1,321,702) |
| Updating of interest | 12,817 | 11,719 |
| Business combinations | | |
| Accumulated translation adjustment | (8,090) | |
| Balance at December 31, 2009 | 919,299 | 251,650 |
| Addition | 1,083,630 | 999,802 |
| Reversal | | |
| Use | (409,114) | (371,518) |
| Transfers | 30,808 | |
| Updating of interest | 130,558 | 130,077 |
| Business combinations | 13,112 | |
| Accumulated translation adjustment | 7,909 | |
| Balance at June 30, 2010 | 1,776,202 | 1,010,011 |

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Fishermen s Federation of Rio de Janeiro FEPERJ

On behalf of its members, FEPERJ is making a number of claims for indemnification as a result of an oil spill in Guanabara Bay which occurred on January 18, 2000. At the time, Petrobras paid out extrajudicial indemnification to all those that proved they were fishermen when the accident happened. According to the records of the national fishermen s registry, only 3,339 people were eligible to claim indemnification.

On February 2, 2007, a decision, partially accepting the expert report, was published and, on the pretext of quantifying the amount of the conviction, it established that the parameters for the respective calculations based on these criteria would result in an amount of R\$ 1,102,207 thousand. Petrobras appealed against this decision before the Court of Appeals of Rio de Janeiro, as the parameters stipulated in the decision are contrary to those specified by the Court of Appeals of Rio de Janeiro, itself. The appeal was accepted. On June 29, 2007, a decision was published by the First Civil Chamber of the Court of Appeals of the State of Rio de Janeiro denying approval to the appeal by Petrobras and granting approval to the appeal by FEPERJ. Special appeals were lodged by Petrobras against this decision, which in a decision handed down on November 19, 2009 by the Superior Court of Justice, were considered fit to annul the court decision of the First Civil Chamber of the Court of Appeals of Rio de Janeiro.

Publication of the court decision is being awaited in order to evaluate whether new appeals will be lodged by FEPERJ, or whether the process will be returned to the Court of Appeals of Rio de Janeiro for a new hearing.

Based on the calculations prepared by the Company's experts, the amount of R\$ 46,456 thousand, updated to June 30, 2010, was maintained as representing the amount that the Company understands will be established by the higher courts at the end of the proceedings.

ICMS - Sinking of Platform P-36

In 2001, Platform P-36 was imported by Petrobras through temporary admission in accordance with the special regime for imports and exports (REPETRO) which suspends taxation and, therefore, on this occasion state taxes were not due.

With the sinking of the platform, the State of Rio de Janeiro initiated actions for collection of the suspended ICMS through tax foreclosure proceedings as it understands that there will no longer be return of the platform.

In February 2010, with an unfavorable decision at the last level of appeals in the Superior Court of Rio de Janeiro, Petrobras began to evaluate the legal aspects of the suit and the economic aspects of the use of the benefits of the tax amnesty established in State Law 5647, of January 18, 2010, which permits elimination of fines and an expressive decrease in other charges, as well as the possibility of payment with court order debts.

Petrobras adhered to the payment conditions of the aforementioned state law, fixing the total amount agreed upon with the State of Rio de Janeiro in the amount of R\$ 448,666 thousand.

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In May 2010 Petrobras paid the amount of R\$ 313,666 thousand. The remaining balance of R\$ 135,000 thousand will be paid in court order debts. In addition, the State of Rio de Janeiro has undertaken to analyze tax benefits related to other projects and negotiation with the Company.

Triunfo Agro Industrial S.A and others

During the year 2000, Triunfo Agro Industrial and others filed a suit against Petrobras, claiming losses and damages as a result of the annulling of a credit assignment transaction excise tax (IPI) premium. The hearing by the Superior Court of Rio de Janeiro, in the second instance, was unfavorable to Petrobras and approval was denied for the appeal lodged by the Company. Appeals will be filed against this decision in the higher courts in Brasilia. The maximum estimated exposure is around R\$ 459,053 thousand.

Consortium I.V.I. - SADE VIGESA

On February 2, 1994, I.V.I. brought a suit against Petrobras pleading to receive indemnification as a result of the effects of the Cruzado Novo Plan and its effects on the amounts paid by Petrobras on three contracts for construction of ships entered into between the parties. After arguing all the appropriate appeals, an unappealable and final decision was handed down that considered the claim by I.V.I. as with grounds. On May 12, 2003 I.V.I. began the execution of the decision, which resulted in a guarantee deposit made by the Company on September 5, 2003 in the amount of R\$

126,686 thousand in an interest-bearing court account.

All the Company 's appeals against I.V.I. in the federal courts in Brasilia were judged final and unappealable, making it necessary to restate the balance of the difference due, based on the amount initially executed (R\$ 126,686 thousand) and the amount fixed in the court decision of the motions to stay execution (R\$ 187,307 thousand), handed down on October 20, 2005, with the due monetary correction and the inclusion of interest on arrears based on the premises of the court decision, plus a 15% fine. On May 26, 2008, after restating the debt, the Company deposited the amount of R\$ 129,395 thousand (undisputed amount) and offered for attachment in order to guarantee the trial and to refute the excess of the execution, guarantee insurance of the disputed quantity in the amount of R\$ 79,391 thousand, plus, as determined by the Civil Proceedings Code, 30%, totaling a guarantee of R\$ 103,209 thousand.

The refutation offered by Petrobras was dismissed in the two state jurisdictions, as well as the special appeal and the extraordinary appeal lodged and already heard, resulting in a debt for the Company in the restated amount of R\$ 110,054 thousand, settled in July 2010, which resulted in the closing of the legal proceedings.

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ICMS - Offsetting of ICMS debts of Petrobrás Distribuidora in the State of Rio de Janeiro using court order debts.

Petrobras Distribuidora had a number of tax deficiency notices from the State of Rio de Janeiro arising from ICMS tax triggering events that occurred between the end of the 1990s and the middle of the decade 2000 in the pardoned amount of R\$ 110,000 thousand, originating from 41 notices of infraction, where the majority refer to interstate operations for exits of basic oil with deferment, where ICMS was collected with respect to the entry of the product into Petrobras Distribuidora in the amount of R\$ 77,491 thousand.

Law 5647/2010, enacted by the State of Rio de Janeiro, permitted taxpayers to pay the amount of their debts, reduced through the elimination of fines and part of the interest, through the use of court order debts issued by the Superior Court of the State of Rio de Janeiro that were overdue and not paid by the Executive with a discount of the face value.

Petrobras Distribuidora acquired court order debts at the cost of R\$ 77,000 thousand, with a face value of R\$ 110,000 thousand, for offsetting with the debts of a tax nature owed to the State of Rio de Janeiro in the amount of R\$ 110,000 thousand associated with the discounts granted by REFIS/RJ. The Company obtained homologation of the process on the part of the State Attorney on July 8, 2010, providing a gain resulting from the discount of R\$ 33,000 thousand, recorded as financial revenue. The amount of R\$ 77,000 thousand is a deductible expense for income tax purposes, since REFIS/RJ granted discounts of up to 100% of the amount of the fines applied.

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27.2 Main legal proceedings with a probability of loss classified as possible:

Plaintiff: Porto Seguro Imóveis Ltda.

Nature: Civil

Porto Seguro, a minority shareholder of Petroquisa, filed a lawsuit against Petrobras, related to alleged losses arising from the sale of the shareholding interests of Petroquisa in various petrochemical companies included in the National Privatization Program. The plaintiff filed the aforesaid lawsuit to obtain an order obliging Petrobras, as the majority shareholder of Petroquisa, to compensate for the "loss" inflicted on the equity of Petroquisa, through the acts which approved the minimum sales price of its shareholding interest in the capital of the privatized companies.

On March 30, 2004 the Court of Appeals of Rio de Janeiro unanimously granted the new appeal lodged by Porto Seguro, ordering Petrobras to indemnify an amount equal to US\$ 2,370 million, plus 5% as a premium and 20% as lawyers' fees.

Petrobras filed a special and an extraordinary appeal before the Superior Court of Justice (STJ) and the Federal Supreme Court (STF), which were rejected. Petrobras then filed an interlocutory appeal against the decision before the Superior Court of Justice and the Federal Supreme Court.

The special appeal offered by Porto Seguro, which sought to bar the processing of the special appeal by Petrobras, was heard and dismissed in December 2009. Motions to clarify were then invoked by Porto Seguro on March 12, 2010, which are awaiting a hearing.

The publication of this decision and judgment of the aforementioned special appeal through which Petrobras seeks to totally reverse the sentence is being awaited.

Based on the opinion of its legal counsel, the Company does not expect an unfavorable outcome to these proceedings.

If the situation is not reversed, the estimated indemnification to Petroquisa, including monetary correction and interest, would be R\$ 17,638,899 thousand as of June 30, 2010. As Petrobras owns 100% of the capital of Petroquisa, part of the indemnification to Petroquisa, estimated at R\$ 11,641,673 thousand, will not represent an actual disbursement from the Petrobras System. Additionally, Petrobras would have to indemnify Porto Seguro, the plaintive, R\$ 881,945 thousand as a premium and pay \$ 3,527,780 thousand as lawyers' fees to Lobo & Ibeas Advogados. Considered as with the ground at the first instance. The two parties lodged appeals which were dismissed. Petrobras is awaiting a hearing of the extraordinary appeal lodged with the Federal Supreme Court and a special appeal with the Superior Court of Justice on September 18, 2003, both of which were admitted. There is also a special appeal by Kalium which is awaiting a hearing. The maximum exposure for Petrobras, estimated to June 30, 2010, is R\$ 181,275 thousand.

There is a final and unappealable condemnatory decision in an amount to be calculated and still pending settlement

Maximum updated exposure: R\$ 221,601 thousand.

Sentence handed down at the lower administrative level, ordering Petrobras to pay for non-compliance with the TAC. The Company filed a hierarchical appeal to the Ministry of the Environment which is awaiting a hearing.

Maximum estimated exposure: R\$ 168,884 thousand.

Petrobras submitted new administrative appeals to the Higher Chamber of Tax Appeals, the highest administrative level, which are awaiting a hearing.

Maximum estimated exposure: R\$ 4,451,002 thousand.

Of the amounts the company disbursed to guarantee the filing of appeals and/or obtaining of the debt clearance certificate from the INSS, R\$ 114,999 thousand is recorded as deposited in court, which could be

Plaintiff: Kalium Mineração S.A.

Nature: Civil

An action for indemnification for losses and damages and profits due to a contractual rescission.

Plaintiff: Destilaria J.B. Ltda. and Others.

Nature: Civil

Collection of charges on invoices related to the purchase of alcohol paid late.

Plaintiff: IBAMA

Nature: Civil

Non-compliance with the Settlement and Commitment Agreement (TAC) clause related to the Campos Basin, of August 11, 2004, through continuing to drill of the well without prior approval.

Plaintiff: Federal Revenue Department of Rio de Janeiro

Nature: Tax

Tax deficiency notice related to withholding income tax calculated on remittances of payments for affreightment of vessels referring to the period from 1999 to 2002.

Plaintiff: SRP - Social Security Department

Nature: Tax

Tax deficiency notices related to social security charges arising from administrative proceedings brought by the INSS which attributed joint liability to the company for the contracting of civil construction and other services.

Plaintiff: Federal Revenue Department of Rio de Janeiro

Nature: Tax

Tax deficiency notice referring to import duty (II) and excise tax (IPI), contesting the tax classification as Other Electrogenic Groups for the importing of equipment belonging to the thermoelectric power station, Termorio S.A.

Plaintiff: Federal Revenue Department

Nature: Tax

CIDE Fuels. Non-payment in the period from March 2002 to October 2003, pursuant to court orders obtained by distributors and petrol stations protecting them from levying this charge.

Plaintiff: Federal Revenue Department

Nature: Tax

Withholding income tax (IRRF) on remittances abroad for payment of petroleum imports

Plaintiff: Federal Revenue Department of Rio de Janeiro

Nature: Tax

Corporate income tax (IRPJ) and social contribution (CSLL) 2003 - Fine on arrears on payment made through voluntary disclosure.

Plaintiff: Federal Revenue Department

Nature: Tax

Non payment of CIDE by Petrobras on imports of naphtha sold to Braskem.

Plaintiff: State Finance Department of Rio de Janeiro

recovered in the proceedings in progress, related to 332 tax deficiency notices amounting to R\$ 363,298 thousand at June 30, 2010. Petrobras' legal department classifies the chances of loss as it considers the risk of future disbursement to be minimal.

On August 15, 2006, Termorio filed a refutation of this notice of infraction in the Federal Revenue Inspectorate of Rio de Janeiro as it considers that the tax collecting classifications that were made were supported by a technical report from a renowned institute. In a session on October 11, 2007, the First Panel of Judges considered the tax assessment as invalid. The Federal Revenue Inspectorate filed an ex-officio appeal to the Taxpayers' Council of Porto Alegre RS which is awaiting a hearing.

Maximum updated exposure: R\$ 741,267 thousand. The lower court considered the assessment to have grounds. The Company filed a spontaneous appeal which is awaiting a hearing.

Maximum estimated exposure: R\$ 1,167,067 thousand.

The lower court considered the assessment to be groundless. There was an appeal by the Federal Revenue Department to the Taxpayers' Council that was approved. Petrobras filed a spontaneous appeal which is awaiting a hearing.

Maximum estimated exposure: R\$ 877,652 thousand. The lower court considered the assessment to have grounds. Petrobras filed a spontaneous appeal which is awaiting a hearing.

Maximum estimated exposure: R\$ 268,150 thousand.

The lower court considered the assessment to have grounds. Petrobras filed a spontaneous appeal which was transformed into inspections in the Company's establishments.

Maximum estimated exposure: R\$ 1,968,605 thousand. Unfavorable decision for Petrobras. Spontaneous appeal filed in the Taxpayers' Council, which is awaiting a hearing.

Nature: Tax

Maximum estimated exposure: R\$ 362,013 thousand.

ICMS Notices of infraction LNG transfer operations in the ambit of the centralizing establishment.

Plaintiff: State of São Paulo

The lower court considered the assessment to have grounds.

Nature: Tax

In the second instance, approval of the ordinary appeal was denied.

Suspension of payment of ICMS on imports of natural gas from Bolivia.

The company filed a spontaneous appeal.

Plaintiff: Municipal governments of Anchieta, Aracruz, Guarapari, Itapemirim, Jaguaré, Marataízes, Serra, Vila Velha and Vitória.

Maximum estimated exposure: R\$ 784,843 thousand. The Company presented administrative defenses with the aim of canceling the assessments and the majority are in the process of being heard. Of the municipalities with respect to those that have already exhausted the discussion (at the administrative level), only the municipality of Itapemirim has filed tax collection proceedings. In this judicial case, the Company has offered a guarantee and is defending itself, considering it paid the service tax (ISS) correctly, in the terms of Complementary Law 116/2003.

Nature: Tax

Not withholding and paying service tax (ISS) on offshore services.

Maximum estimated exposure: R\$ 1,407,245 thousand.

Some municipalities located in the State of Espírito Santo have filed notices of infraction against Petrobras for the supposed failure to withhold service tax of any nature (ISSQN) on offshore services. Petrobras withheld the ISSQN; however, it paid the tax to the municipalities where the respective service providers are established, in accordance with Complementary Law 116/03.

Plaintiff: State Finance Department of Rio de Janeiro and Sergipe

The Company presented administrative defenses with the aim of cancelling the assessments and the majority are still in the process of being heard.

Nature: Tax

Incorrect use of ICMS credits from drilling bits and chemical products used in formulating drilling fluid.

Maximum estimated exposure: R\$ 634,327 thousand.

The State Finance Department of Rio de Janeiro drafted notices of tax assessment as it understands that they comprise material for use and consumption, for which use of the credit will only be permitted as from 2011.

Plaintiff: Federal Revenue Department of Rio de Janeiro

On July 16, 2009 CLEP received a tax assessment notice.

Nature: Tax

Tax assessment notice received by Companhia Locadora de Equipamentos Petrolíferos - CLEP, referring to questioning related to the rate of Income Tax Withheld

On August 14, 2009, CLEP filed a refutation of this tax assessment notice in the Regional Federal Revenue Office of Rio de Janeiro.

at Source, applicable to the issuing of securities abroad.
Possibility of applying the Brazil Japan Treaty (Dec.
61.889/67).

Plaintiff: State Finance Department of São Paulo

Nature: Tax

Suspension of collection of ICMS and a fine for
importing and non-compliance with an accessory
obligation Temporary admission Drilling rig -
Admission in Sao Paulo - Customs clearance in Rio de
Janeiro. (ICMS agreement 58/99)

On September 3, 2009 the process was remitted to the
Control and Hearing Service DRJ.

Maximum estimated exposure: R\$ 339,485 thousand.
The lower court considered the assessment to have
grounds. The decision was upheld at the second
instance.

In the process of filing a special appeal by Petrobras, to
be heard by the Superior Chamber of the Tax Court of
the State of São Paulo.

Maximum updated exposure: R\$ 2,608,014 thousand.

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Plaintiff: Finance and Planning Department of the Federal District.

Nature: Tax

Payment of ICMS due to omission on exit (Inventories)

Plaintiff: State Finance Department of Bahia

Nature: Tax

Incorrect allocation of credit, difference in the ICMS rate for material for use and consumption.

Plaintiff: Federal Revenue Department

Nature: Tax

Social contribution and corporate income tax - collection of a fine for dismissal of a voluntary disclosure.

Plaintiff: Federal Revenue Department

Nature: Tax

Notices of Infraction for denial of offsetting of corporate income tax (IRPJ) and social contribution on net income (CSLL) computed during the year by monthly estimate.

The lower court considered the assessment to have grounds. Petrobras filed a spontaneous appeal which is awaiting a hearing.

Maximum updated exposure: R\$ 186,984 thousand.

The lower court considered the assessment to have grounds. Petrobras filed a spontaneous appeal which is awaiting a hearing.

Maximum updated exposure: R\$ 227,724 thousand.

The lower court considered the assessment to have grounds.

Maximum updated exposure: R\$ 185,128 thousand.

The company is relying on an administrative level.

Some notices were considered to have grounds in the first administrative instance. The company filed spontaneous appeals which are awaiting a hearing.

Maximum estimated exposure: R\$ 355,859 thousand.

Processes for small amounts

The Company is involved in a number of legal and administrative proceedings with expectations of possible losses, whose total of legal nature reaches R\$ 153,970 thousand for civil actions, R\$ 756,999 thousand for labor actions, R\$ 747,616 thousand for tax actions and R\$ 333,312 thousand for environmental actions.

Environmental questions

The Company is subject to various environmental laws and regulations that regulate activities involving the unloading of oil, gas and other materials and that establish that the effects on the environment caused by the Company's operations must be remedied or mitigated by the Company. We present below the updated situation of the main environmental proceedings with chances of possible loss.

In 2000, an oil spill at the São Francisco do Sul Terminal of the Presidente Getúlio Vargas Refinery (Repar) discharged approximately 1.06 million gallons of crude oil into the surrounding area. At that time approximately R\$ 74,000 thousand was spent to clean up the affected area and to cover the fines applied by the environmental authorities. There is the following lawsuit with respect to this spill:

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Plaintiff: AMAR - Association for Environmental Defense of Araucária

Nature: Environmental

Claim for indemnification for moral and property damages to the environment.

Plaintiff: Federal Public Attorney's Office and Public Attorney's Office of the State of Paraná

Nature: Environmental

Claim for indemnification for moral and financial damages and environmental restoration.

No decision handed down in the lower court. It is awaiting the start of the expert investigation to quantify the amount.

Maximum updated exposure: R\$ 140,837 thousand

The court determined that this suit and the suit brought by the Paraná Environmental Institute (IAP) are heard together.

No decision handed down in the lower court.

Maximum updated exposure: R\$ 5,358,352 thousand

In 2001, the Araucária - Paranaguá oil pipeline ruptured as a result of an earthquake, causing a spill of approximately 15,059 gallons of fuel oil into a number of rivers in the State of Paraná. At that time, services to clean the river surfaces were performed, recovering approximately 13,738 gallons of oil. As a result of the accident the following suit was filed against the Company:

Plaintiff: Paraná Environmental Institute (IAP)

Nature: Environmental

Fine applied for alleged environmental damages.

Appeal by Petrobras dismissed at the 2nd administrative level. As it understands that the statute has run on the administrative fine, an annulment action was filed as a result of having received a "notice of federal debts payable", dated October 22, 2009.

Maximum updated exposure: R\$ 145,387 thousand

The court determined that this suit and the suit brought by AMAR are heard together.

On March 20, 2001, platform P-36 sank in the Campos Basin. As a result of the accident the following suit was filed against the Company:

Plaintiff: Federal Public Attorney's Office - Rio de Janeiro

Nature: Civil

Indemnification for environmental damages - P-36.

As published on May 23, 2007 the claim was considered partially to have grounds and Petrobras was ordered to pay damages in the amount of R\$ 100,000 thousand, for the damage caused to the environment, to be restated monthly with 1% interest on arrears as from the date on which the event occurred. Petrobras filed a civil appeal against this decision which is awaiting a hearing.

Maximum updated exposure: R\$ 274,245 thousand

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27.3 Assets contingencies

27.3.1 Recovery of PIS and COFINS

Petrobras and its subsidiaries Gaspetro, Transpetro and Refap filed a civil suit against the Federal government before the judiciary of Rio de Janeiro, referring to recovery, through offsetting, of the amounts paid as PIS on financial revenue and exchange gains in the period between February 1999 and November 2002 and COFINS between February 1999 and January 2004, in light of the ruling that paragraph 1 of article 3 of Law 9718/98 is unconstitutional.

On November 9, 2005, the Federal Supreme Court considered that the aforementioned paragraph 1 of article 3 of Law 9718/98 is unconstitutional. On January 9, 2006, in view of the final decision by the Federal Supreme Court, Petrobras filed a new suit aiming at recovering the COFINS related to the period from January 2003 to January 2004.

At June 30, 2010, the amounts of R\$ 2,249,847 thousand for Petrobras, R\$ 73,131 thousand for Gaspetro, R\$ 27,947 thousand for Transpetro and R\$ 13,718 thousand for Refap, with respect to the aforementioned suits, are not reflected in the financial statements due to the absence of a definitive favorable decision.

27.3.2 Litigations abroad

a) In the United States - P-19 and P-31

On July 25, 2002, Braspetro Oil Service Company (Brasoil) and Petrobras won related lawsuits filed with the US lower courts by the insurance companies United States Fidelity & Guaranty Company and American Home Assurance Company in which they were trying to obtain, since 1997, with respect to the first company (Brasoil), a legal declaration that exempted them from the obligation of paying the performance bond for platforms P-19 and P-31, and, with respect to the second company (Petrobras), they were seeking reimbursement of any quantities for which they might happen to be condemned in the execution proceedings of the performance bond.

A court decision by the Federal Court of the Southern District of New York recognized the right of Brasoil and Petrobras to receive indemnity for losses and damages in the amount of US\$ 237 million, plus interest and reimbursement of legal expenses on the date of effective receipt related to the performance bond, totaling approximately US\$ 370 million

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The insurance companies filed an appeal against this decision before the Court of Appeals for the Second Circuit. On May 20, 2004 the Court handed down a decision that partially confirmed the sentence with respect to the responsibility of the insurance companies for payment of the performance bonds. However, it removed the obligation of the insurance companies with respect to payment of the fine, legal fees and costs, thus reducing the amount of the indemnity to US\$ 245 million. The insurance companies appealed against these decisions in the Full Court, which was not accepted, and the judgment above remains definitive.

In April 2005 the parties (the insurance companies and Brasoil) initiated negotiation procedures aimed at the effective settlement of Brasoil's credit, seeking the signing of a heads of agreement, the operationalization of which, however, resulted in new doubts and questions to be remedied in court. On July 21, 2006, the US court handed down an executive decision, defining the points of difference, such as interest due, however, conditioning the payment of the amounts owed to Brasoil to the permanent closing of legal proceedings involving identical claims in progress before the Brazilian courts, which the parties proceeded to do.

b) In London - P-36

Through a decision handed down on February 2, 2004, Petromec Inc (Petromec) and Marítima Petróleo e Engenharia Ltda. (Marítima) were sentenced to reimburse Brasoil the amount of US\$ 58 million, plus interest, for the loan made by Brasoil to Petromec through a Deed of Payment and Indemnity, dated May 21, 1999 and guaranteed by Marítima in accordance with the Keepwell Agreement dated May 21, 1999. The payment of these amounts is halted until pending questions are decided.

In the current stage of the litigation, Petromec is upholding its request for additional costs for the upgrade based on the Supervision Agreement, dated June 20, 1997.

A preliminary hearing related to the method by which the eventual right of Petromec occurred took place on June 26 and 27, 2007. On June 6, 2007, the Court handed down a decision, upholding the methodology defended by Petrobras and Brasoil. Petromec appealed against this decision and the Appeals Court considered this appeal on November 27, 2007. On December 21, 2007 the Court of Appeals substantially rejected Petromec's appeal. On April 2, 2008, the Court gave directions with respect to the future management of the suit.

Petromec filed its Particulars of Claim on September 29, 2008, where it claimed the amount of US\$ 154 million, plus interest. Brasoil and Petrobras presented their defense on January 29, 2010.

The hearing of Petromec's claim should take place in 2010 or 2011. The final results of the litigation remain uncertain.

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P-38 and P-40

After the hearing of the litigation related to P-38 and P-40, which took place in London during April and May 2007, the English Court handed down a decision on June 12, 2007 in favor of Brasoil in the following terms:

1) With respect to the litigation for P-38, a sentence for payment of the amount of US\$ 83 million with respect to the principal, plus interest in the amount of US\$ 31 million, and costs to be calculated; and

2) With respect to the litigation for P-40, a sentence for payment of the amount of US\$ 171 million with respect to the principal, plus interest in the amount of US\$ 66 million, and costs to be calculated.

The total amount awarded, excluding costs, in favor of Brasoil, is approximately 98.5% (in the case of P-38) and 96.4% (in the case of P-40) of the full amount of the sums claimed by Brasoil in the hearing.

In addition to the granting of the costs in favor of Brasoil, established in the decision of June 12, 2007, as mentioned above, a new decision was claimed with respect to these costs. This decision was granted in the amount of £ 5 million. In a subsequent audience an additional decision in the amount of £1 million was granted.

c) Other litigation for indemnification

In the building/conversion of ships into Floating Production, Storage and Offloading (FPSO) and Floating, Storage and Offloading (FSO) vessels, Brasoil transferred financial resources in the amount of US\$ 638 million, equivalent to R\$ 1,148,734 thousand at June 30, 2010 (R\$ 1,102,929 thousand at December 31, 2009) directly to its suppliers and subcontractors, with the aim of avoiding delays in the building/conversion of vessels and, consequently, losses to Brasoil.

Based on the opinions of Brasoil's legal advisers, these expenditures are liable to reimbursement by the builders, which is the reason why litigations for financial indemnification were filed in international courts. However, conservatively, the portion of this balance not covered by real guarantees, in the amount of US\$ 566 million, equivalent to R\$ 1,018,951 thousand at June 30, 2010 (R\$ 977,490 thousand at December 31, 2009) is recorded as an allowance for doubtful accounts.

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28 Commitments assumed by the energy segment

Commitments for purchase of natural gas

Petrobras entered into an agreement with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) to purchase a total of 201.9 billion m³ of natural gas during the term of the agreement, undertaking to purchase minimum annual volumes at a price calculated according to a formula indexed to the price of fuel oil. The agreement is valid until 2019 and will be renewed until the total contracted volume has been consumed.

In the period between 2002 and 2005, Petrobras bought less than the minimum volume established in the agreement with YPFB and paid US\$ 81,409 thousand (equivalent to R\$ 146,594 at June 30, 2010) referring to the volumes not transported, the credits for which will be realized through the drawing of future volumes.

The commitments for purchase of gas up to the end of the agreement represent volumes of 24 million cubic meters per day.

In the fourth quarter of 2009 Petrobras and YPFB signed a contractual addendum which regulates the payment of additional amounts to YPFB referring to the quantity of liquids (heavy hydrocarbons) present in the natural gas imported by Petrobras from YPFB through a Gas Supply Agreement (GSA). The addendum establishes additional

amounts between US\$ 100 million and US\$ 180 million per year, applied to the volumes of gas delivered as from May 2007. With respect to 2007, the obligation for additional payment by Petrobras was recorded as a provision in 2009 and settled in February 2010. The payment of the amounts referring to subsequent years will only be due after compliance with a condition precedent established in the addendum, which will require additional negotiations with YPF.

29 Guarantees for concession agreements for petroleum exploration

Petrobras gave guarantees to the National Petroleum Agency (ANP) in the total amount of R\$ 4,731,609 thousand for the Minimum Exploration Programs established in the concession agreements for exploration areas, with R\$ 4,144,839 thousand, net of commitments already fulfilled, remaining in force. Of this amount, R\$ 2,933,832 thousand corresponds to a lien on the oil from previously identified fields already in production, and R\$ 1,211,007 thousand refers to bank guarantees.

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30 Segment reporting

Petrobras is an operationally integrated company and the major part of the production of petroleum and gas from the Exploration and Production Department is transferred to other business departments of Petrobras.

The information per business area (operating segment) is being presented pursuant to CPC 22 Segment reporting (IFRS-8). In the statements by business segment, the Company's operations are presented according to the organization and management model approved on October 23, 2000 by the Board of Directors of Petrobras, comprising the following departments:

a) Exploration and Production: This comprises the activities of exploration, production development and production of oil, LNG (liquefied natural gas) and natural gas in Brazil, for the purpose of supplying, as a priority, refineries in Brazil and also selling on the domestic and foreign markets the surplus petroleum and byproducts produced in their natural gas processing plants.

b) Supply: This comprises the refining, logistics, transport and trading activities of oil and oil products, exporting of ethanol, extraction and processing of schist, as well as holding interests in companies of the petrochemical sector in Brazil.

c) Gas and Energy: It comprises the activities of transport and trading of natural gas produced in Brazil or imported, transport and trading of LNG, generation and trading of electric power, as well as corporate interests in transporters and distributors of natural gas and in thermoelectric power stations in Brazil, in addition to being responsible for the fertilizer business (migration of the fertilizer business from the Supply department to Gas and Energy, pursuant to a decision of the Board of Directives on September 21, 2009).

d) Distribution: It is responsible for the distribution of oil products, ethanol and compressed natural gas in Brazil, represented by the operations of Petrobras Distribuidora.

e) International: It comprises the activities of exploration and production of oil and gas, supply, gas and energy, and distribution, carried out abroad in a number of countries in the Americas, Africa, Europe and Asia.

The items that cannot be attributed to the other departments, notably those linked to corporate financial management, the overheads related to central administration and other expenses, including actuarial expenses related to the pension and healthcare plans for retired employees and pensioners, are allocated in the corporate agencies group. The business dealings with biofuels, represented mainly by the operations of Petrobras Biocombustível are also included in this group.

The accounting information per business segment was prepared based on the assumption of controllability, for the purpose of attributing to the business sectors only those items over which these segments have effective control.

In the computation of the results by business segment, transactions carried out with third parties and the transfers between the business segments are considered and they are valued by internal transfer prices defined between the segments using calculation methodologies based on market parameters.

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CONSOLIDATED STATEMENT OF BUSINESS SEGMENTATION

Consolidated assets by business area - June 30, 2010

| | R\$ thousand | | | | | | | |
|-----------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| | E&P | Supply | Gas & Energy | Distribution | International | Corporate | Elimination | Consolidated |
| Assets | 144,564,321 | 101,228,450 | 47,292,840 | 11,481,374 | 31,082,685 | 57,121,535 | (10,741,358) | 382,029,847 |
| Current assets | 6,923,748 | 27,811,031 | 4,291,811 | 6,293,337 | 5,483,072 | 30,379,748 | (9,202,507) | 71,980,240 |
| Cash and cash equivalents | | | | | | 24,209,866 | | 24,209,866 |
| Other current assets | 6,923,748 | 27,811,031 | 4,291,811 | 6,293,337 | 5,483,072 | 6,169,882 | (9,202,507) | 47,770,374 |
| Non-current assets | 137,640,573 | 73,417,419 | 43,001,029 | 5,188,037 | 25,599,613 | 26,741,787 | (1,538,851) | 310,049,607 |
| Long-term receivables | 7,941,341 | 5,262,020 | 3,059,431 | 911,090 | 3,088,462 | 19,302,677 | (1,538,851) | 38,026,170 |
| Investment | 732 | 5,511,099 | 272,902 | 13,988 | 1,759,662 | 930,804 | | 8,489,187 |
| Property, plant & equipment | 127,844,504 | 62,379,055 | 38,434,307 | 3,571,473 | 17,306,016 | 5,488,864 | | 255,024,219 |

| | | | | | | | | |
|-------------------|-----------|---------|-----------|---------|-----------|-----------|--|-----------|
| Intangible assets | 1,853,996 | 265,245 | 1,234,389 | 691,486 | 3,445,473 | 1,019,442 | | 8,510,031 |
|-------------------|-----------|---------|-----------|---------|-----------|-----------|--|-----------|

Consolidated assets by business area December 31, 2009

| | R\$ thousand | | | | | | | Consolidated |
|-----------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| | E&P | Supply | Gas & Energy | Distribution | International | Corporate | Elimination | |
| Assets | 132,171,585 | 87,852,758 | 44,938,374 | 10,951,017 | 28,378,086 | 56,556,508 | (10,541,649) | 350,306,679 |
| Current assets | 6,515,276 | 27,412,386 | 5,075,666 | 5,668,262 | 5,127,867 | 33,989,301 | (9,415,183) | 74,373,575 |
| Cash and cash equivalents | | | | | | 29,034,228 | | 29,034,228 |
| Other current assets | 6,515,276 | 27,412,386 | 5,075,666 | 5,668,262 | 5,127,867 | 4,955,073 | (9,415,183) | 45,339,347 |
| Non-current assets | 125,656,309 | 60,440,372 | 39,862,708 | 5,282,755 | 23,250,219 | 22,567,207 | (1,126,466) | 275,933,104 |
| Long-term receivables | 7,487,929 | 4,387,000 | 2,814,831 | 1,060,478 | 2,776,460 | 17,522,824 | (1,126,466) | 34,923,056 |
| Investment | | 3,329,727 | 273,241 | 24,931 | 1,881,643 | 150,218 | | 5,659,760 |
| Property, plant & equipment | 116,368,844 | 52,455,862 | 35,665,729 | 3,503,368 | 15,252,016 | 3,833,605 | | 227,079,424 |
| Intangible assets | 1,799,536 | 267,783 | 1,108,907 | 693,978 | 3,340,100 | 1,060,560 | | 8,270,864 |

The segmented information of 2010 and 2009 were prepared considering the change in the composition of the business departments, resulting from the transfer of the management of the Fertilizer business from the Supply department to the Gas and Energy Department.

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06.01 - NOTES TO QUARTERLY INFORMATION

Consolidated Statement of Income per Business Area January to June 2010

| | R\$ thousand | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | E&P | Supply | Gas & Energy | Distribution | International | Corporate | Elimination | Consolidated |
| Net operating income | 46,899,660 | 85,525,829 | 6,485,244 | 30,976,096 | 12,149,711 | | (77,993,091) | 104,043,449 |
| Intersegments | 46,645,605 | 27,373,332 | 819,324 | 655,117 | 2,499,713 | | (77,993,091) | |
| Third parties | 254,055 | 58,152,497 | 5,665,920 | 30,320,979 | 9,649,998 | | | 104,043,449 |
| Cost of goods sold | (21,256,003) | (80,246,792) | (4,030,433) | (28,257,032) | (9,390,376) | | 77,834,242 | (65,346,394) |
| Gross profit | 25,643,657 | 5,279,037 | 2,454,811 | 2,719,064 | 2,759,335 | | (158,849) | 38,697,055 |
| Operating expenses | (3,012,043) | (3,163,706) | (1,375,121) | (1,763,357) | (1,462,703) | (4,134,035) | 133,538 | (14,777,427) |
| Selling, administrative and general expenses | (359,301) | (2,660,567) | (921,039) | (1,655,753) | (808,956) | (1,759,817) | 90,605 | (8,074,828) |
| Tax | (111,713) | (48,920) | (24,079) | (14,322) | (74,676) | (103,518) | (847) | (378,075) |
| Exploration costs for the extraction of oil | (1,402,632) | | | | (226,133) | | | (1,628,765) |
| | | | (79,992) | | (113,762) | | | (193,754) |

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| | | | | | | | | |
|---|-------------------|------------------|------------------|----------------|------------------|--------------------|-----------------|-------------------|
| Loss on recovery of assets | | | | | | | | |
| Research and development | (414,427) | (137,853) | (55,659) | (4,391) | (1,417) | (192,489) | | (806,236) |
| Health care and pension plans | | | | | | (788,468) | | (788,468) |
| Others | (723,970) | (316,366) | (294,352) | (88,891) | (237,759) | (1,289,743) | 43,780 | (2,907,301) |
| Operating income (loss) | 22,631,614 | 2,115,331 | 1,079,690 | 955,707 | 1,296,632 | (4,134,035) | (25,311) | 23,919,628 |
| Financial result, net | | | | | | (1,331,295) | | (1,331,295) |
| Stakeholding in investments | | (342,753) | (11,766) | (718) | (12,367) | (42,121) | | (409,725) |
| Operating income (loss) before social contribution, income-tax, employee and management profit sharing and minority interest | 22,631,614 | 1,772,578 | 1,067,924 | 954,989 | 1,284,265 | (5,507,451) | (25,311) | 22,178,608 |
| Income tax and social contribution | (7,694,746) | (719,210) | (367,097) | (324,940) | (212,669) | 3,260,718 | 12,982 | (6,044,962) |
| Minority interest | 24,372 | (44,475) | (29,189) | | (92,311) | 29,222 | | (112,381) |
| Net income (loss) attributable to shareholders of Petrobras | 14,961,240 | 1,008,893 | 671,638 | 630,049 | 979,285 | (2,217,511) | (12,329) | 16,021,265 |

Consolidated Statement of Income per Business Area January to June 2009

| | R\$ thousand | | | | | | | |
|--|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| | E&P | Supply | Gas & Energy | Distribution | International | Corporate | Elimination | Consolidated |
| Net operating income | 32,758,816 | 70,196,245 | 6,485,473 | 27,592,676 | 9,409,886 | | (59,201,627) | 87,241,469 |
| Intersegments | 32,047,966 | 24,155,904 | 1,040,583 | 798,478 | 1,158,698 | | (59,201,627) | 2 |
| Third parties | 710,850 | 46,040,341 | 5,444,890 | 26,794,198 | 8,251,188 | | | 87,241,467 |
| Cost of goods sold | (18,337,472) | (52,068,563) | (5,152,919) | (25,293,833) | (7,607,672) | | 58,127,910 | (50,332,549) |
| Gross profit | 14,421,344 | 18,127,682 | 1,332,554 | 2,298,843 | 1,802,214 | | (1,073,717) | 36,908,920 |
| Operating expenses | (2,264,680) | (2,969,529) | (935,424) | (1,445,804) | (1,495,954) | (3,524,144) | 168,817 | (12,466,718) |
| Selling, administrative and general expenses | (353,577) | (2,416,499) | (492,805) | (1,443,768) | (891,483) | (1,683,379) | 94,499 | (7,187,012) |
| Tax | (36,818) | (47,519) | (13,251) | (17,126) | (83,887) | (127,535) | (604) | (326,740) |

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| | | | | | | | | |
|---|-------------------|-------------------|----------------|------------------|------------------|--------------------|------------------|-------------------|
| Exploration costs for the extraction of oil | (1,395,721) | | | | (256,580) | | | (1,652,301) |
| Loss on recovery of assets | | | | | | | | |
| Research and development | (280,465) | (164,606) | (15,160) | (6,320) | (1,248) | (236,686) | (223) | (704,708) |
| Health care and pension plans | | | | | | (699,985) | | (699,985) |
| Others | (198,099) | (340,905) | (414,208) | 21,410 | (262,756) | (776,559) | 75,145 | (1,895,972) |
| Operating income (loss) | 12,156,664 | 15,158,153 | 397,130 | 853,039 | 306,260 | (3,524,144) | (904,900) | 24,442,202 |
| Financial result, net | | | | | | (1,719,541) | | (1,719,541) |
| Stakeholding in investments | | 328,365 | 85,216 | (27,443) | (363,644) | 2,452 | | 24,946 |
| Operating income (loss) before social contribution, income-tax, employee and management profit sharing and minority interest | 12,156,664 | 15,486,518 | 482,346 | 825,596 | (57,384) | (5,241,233) | (904,900) | 22,747,607 |
| Income tax and social contribution | (4,133,214) | (5,153,772) | (135,024) | 1,773,806 | (47,815) | 2,006,405 | 307,698 | (5,381,916) |
| Result attributable to minority interests | 10,751 | (151,630) | (148,131) | | (140,844) | (2,485,153) | | (2,915,007) |
| Net income (loss) attributable to shareholders of Petrobras | 8,034,201 | 10,181,116 | 199,191 | 2,599,402 | (246,043) | (5,719,981) | (597,202) | 14,450,684 |

The segmented information of 2010 and 2009 were prepared considering the change in the composition of the business departments, resulting from the transfer of the management of the Fertilizer business from the Supply department to the Gas and Energy Department.

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Consolidated Statement per International Business Area 2010

| | R\$ thousand | | | | | | |
|---|--------------|-----------|--------------------|--------------|-----------|--------------|--------------|
| | E&P | Supply | Gas & Energy | Distribution | Corporate | Eliminations | Consolidated |
| International area | | | | | | | |
| Assets (at 06.30.2009) | 21,922,519 | 5,330,377 | 3,522,426 | 1,271,266 | 3,320,522 | (4,284,425) | 31,082,685 |
| Statement of income (Jan-Jun 2010) | | | | | | | |
| Net operating revenue | 3,254,257 | 6,462,496 | 1,077,257 | 3,460,387 | | (2,104,686) | 12,149,711 |
| Intersegments | 2,640,565 | 1,786,342 | 171,554 | 32,463 | | (2,131,211) | 2,499,713 |
| Third parties | 613,692 | 4,676,154 | 905,703 | 3,427,924 | | 26,525 | 9,649,998 |
| Operating income (loss) | 1,333,855 | (43,422) | 183,942 | 57,677 | (219,743) | (15,677) | 1,296,632 |
| Net income (loss) | 1,122,541 | (34,628) | 111,306 | 52,645 | (256,902) | (15,677) | 979,285 |

Consolidated Statement per International Business Area 2009

R\$ thousand

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| | E&P | Supply | Gas & Energy | Distribution | Corporate | Eliminations | Consolidated |
|---|------------|-----------|--------------------|--------------|-----------|--------------|--------------|
| International area | | | | | | | |
| Assets (at 31.12.2009) | 19,950,432 | 5,067,726 | 3,470,217 | 1,163,257 | 3,909,723 | (5,183,269) | 28,378,086 |
| Statement of income (Jan-Jun 2009) | | | | | | | |
| Net operating revenue | 2,443,707 | 5,525,954 | 1,104,002 | 2,309,613 | 5,012 | (1,978,402) | 9,409,886 |
| Intersegments | 1,568,793 | 1,354,042 | 164,324 | 49,941 | | (1,978,402) | 1,158,698 |
| Third parties | 874,914 | 4,171,912 | 939,678 | 2,259,672 | 5,012 | | 8,251,188 |
| Operating income (loss) | 492,421 | (98,569) | 175,069 | 34,745 | (359,961) | 62,555 | 306,260 |
| Net income (loss) | 346,672 | (323,058) | 150,274 | 28,089 | (510,575) | 62,555 | (246,043) |

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31 Derivative financial instruments, hedge and risk management activities

The company is exposed to a series of market risks arising from its operations. These risks mainly involve the fact that eventual variations in the prices of oil and oil products, in exchange rates or in interest rates may negatively affect the value of the company's financial assets and liabilities or future cash flows and profits.

31.1 Risk management objectives and strategies

Petrobras risk management is conducted by its officers, following a corporate risk management policy. In March 2010, in compliance with the new corporate governance model developed by the Company, the Financial Committee was established by the Executive Board, replacing the Risk Management Committee. The Committee is sponsored by the Financial Board and is composed of all the executive managers of the financial department and the executive managers of the business departments are convened for discussions of specific themes. One of the responsibilities of the Financial Committee is to evaluate exposures to risks and to establish guidelines for measuring, monitoring and managing the risk related to the activities of Petrobras and it is the Executive Board's responsibility to decide on the themes.

The risk management policy of the Petrobras System aims at contributing towards an appropriate balance between its objectives for growth and return and its level of risk exposure, whether inherent to the exercise of its activities or arising from the context within which it operates, so that, through effective allocation of its physical, financial and human resources the company may attain its strategic goals.

The Company adopts a philosophy of integrated risk management, according to which the focus of the management is not on individual risks the operations or the business units but on the broader, consolidated perspective of the corporation, making use of possible natural hedges. For the management of market/financial risks structural actions, created as a result of appropriate management of the company s capital and indebtedness, are adopted as a preference in detriment to the use of the derivative instruments.

In addition to assuring adequate protection for its fixed assets, facilities, operations and officers and orientating financial, tax, regulatory, market and loan exposure evaluations, amongst others, the Petrobras risk management policy seeks to make explicit its character of complementariness to its structural actions, which will create solid economic and financial grounds, capable of assuring that the opportunities for growth will be taken advantage of, even in adverse external circumstances.

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31.2 Risk of change in the prices of oil and oil products

a) Risk management of prices of oil and oil products

Petrobras maintains exposure to the price cycle and does not use derivatives for hedging systemic operations (purchase or sale of goods with the purpose of meeting the operating needs of the Petrobras System). In March 2010, in compliance with the new corporate governance model developed by the Company, the Financial Committee was established by the Executive Board, replacing the Risk Management Committee. The Committee is sponsored by the Financial Board and is composed of all the executive managers of the financial department and the executive managers of the business departments are convened for discussions of specific themes. One of the responsibilities of the Financial Committee is to evaluate exposures to risks and to establish guidelines for measuring, monitoring and managing the risk related to the activities of Petrobras and it is the Executive Board's responsibility to decide on the themes.

Nevertheless, the decisions referring to this issue are reviewed periodically and recommended to the Risk Management Committee. If hedge is indicated, in scenarios with a significant probability of adverse events, the hedge strategy should be carried out with the aim of protecting the Company's solvency and liquidity, considering an integrated analysis of all the Company's risk exposures and assuring the execution of the corporate investment plan.

Following the assumption of considering only the consolidated net exposure of the price risk of oil and oil products, the operations with derivatives, generally, are limited to protecting the results of transactions carried out on the international market for physical goods, i.e. hedge operations are those where the gains and losses are totally or partially offset by the opposite result in the physical position.

3.2.5 Consolidated cash flows

b) Main transactions and future commitments protected by derivative operations

The main operations with derivative financial instruments carried out by the companies of the Petrobras System are intended to hedge the expected results of the transactions performed abroad.

Accordingly, the operations with derivative instruments are usually short-term operations and accompany the terms of the commercial transactions. The instruments used are futures, forward, swap and options contracts. The operations are carried out on the New York Mercantile Exchange (NYMEX) and the Intercontinental Exchange (ICE), as well as on the international over-the-counter market.

The hedges settled during the period from January to June 2010 corresponded to approximately 62% of the traded volume of imports and exports to and from Brazil plus the total volume of the cargos traded abroad.

The main counterparties of operations for derivatives for oil and oil products are the New York Mercantile Exchange (NYMEX), the Intercontinental Exchange and JP Morgan.

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c) Parameters used for risk management

The main parameters used in risk management for changes in the prices of Petrobras oil and oil products are the operating cash flow at risk (CFAR) for medium-term assessments, and Value at Risk (VAR) and Stop Loss for short-term assessments. Corporate limits are defined for VAR and Stop Loss.

At June 30, 2010, the portfolio for commercial operations carried out abroad, as well as the hedges for their protection through derivatives for oil and oil products, presented a maximum estimated loss per day (VAR - Value at Risk), calculated at a reliability level of 95%, of approximately US\$ 17.798 million.

d) Notional and fair value of the derivative instruments

The following table summarizes the information on the derivative contracts in force for oil and oil products.

| | Notional value in thousands of bbl* | | Consolidated | | Maturity |
|--------------------------|--|------------|---------------------|------------|----------|
| | | | Fair value recorded | | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 | |
| Futures contracts | (5,092) | (8,510) | 31,648 | (38,234) | 2010 |
| Purchase commitments | 22,197 | 25,882 | | | |

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| | | | | | |
|---|----------|----------|---------------|-----------------|------|
| Sale commitments | (27,289) | (34,392) | | | |
| <u>Options contracts</u> | (7,000) | (1,150) | (9,341) | (1,800) | 2010 |
| Buy | (3,050) | (550) | (2,661) | (1,600) | |
| Bidding position | 1,400 | | | | |
| Short sale | (4,450) | (550) | | | |
| Sale | (3,950) | (600) | (6,680) | (200) | |
| Bidding position | 2,300 | 250 | | | |
| Short sale | (6,250) | (850) | | | |
| Forward contracts | 1,569 | (1,075) | (323) | (7,129) | 2010 |
| Long position | 2,763 | 987 | | | |
| Short position | (1,194) | (2,062) | | | |
| Total recorded in other current assets and liabilities | | | 21,984 | (47,163) | |

(*) A negative notional value represents a short position

(**) Negative fair values were recorded in liabilities and positive fair values in assets.

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| | Parent company | | | | Maturity |
|---|---|------------|---------------------------------------|----------------|----------|
| | Notional value in thousands of bbl* | | Fair value recorded R\$ thousand** | | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 | |
| <u>Futures contracts</u> | 283 | 162 | 1,086 | (2,329) | 2010 |
| Purchase commitments | 11,694 | 10,683 | | | |
| Sale commitments | (11,411) | (10,521) | | | |
| <u>Options contracts</u> | (6,080) | (1,150) | (8,389) | (1,800) | 2010 |
| Buy | (2,580) | (550) | (2,267) | (1,600) | |
| Bidding position | 1,400 | | | | |
| Short sale | (3,980) | (550) | | | |
| Sale | (3,500) | (600) | (6,122) | (200) | |
| Bidding position | 1,450 | 250 | | | |
| Short sale | (4,950) | (850) | | | |
| <u>Forward contracts</u> | | 101 | (1) | 192 | 2010 |
| Long position | | 276 | | | |
| Short position | | (175) | | | |
| Total recorded in other current assets and liabilities | | | (7,304) | (3,937) | |

(*) A negative notional value represents a short position.

(**) Negative fair values were recorded in liabilities and positive fair values in assets.

e) Gains and losses in the period

| | R\$ thousand | | | |
|---|--------------|--------------|----------------|--------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Derivatives for oil and oil products | | | | |
| Gain (loss) recorded in results | 65,873 | (329,403) | (32,457) | 72,874 |

f) Value and type of margins given in guarantee

The guarantees given as collateral generally consist of deposits.

The following table presents the balance of the margins given for coverage of the commodities traded on the stock exchanges and the over-the-counter market of the Parent Company and consolidated.

| | R\$ thousand | | | |
|--|--------------|------------|----------------|------------|
| | Consolidated | | Parent company | |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 |
| | 358,107 | 243,407 | 167,925 | 120,212 |

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The following sensitivity analysis was conducted for the fair value of the derivatives for oil and oil products. The probable scenario is the fair value at June 30, 2010. The possible and remote scenarios consider a deterioration of the prices in the risk variable of 25% and 50%, respectively, with respect to the same date.

| Market derivatives for oil and oil products | Risk | R\$ thousand | | |
|--|-------------------|------------------------------------|----------------------------------|--------------------------------|
| | | Probable scenario at 06.30.2010 | Possible Scenario (? of 25%) | Remote Scenario (? of 50%) |
| Brent | Fall in Brent Oil | 9,967 | (61,515) | (123,030) |
| Freight | Fall in freight | 28 | (239) | (479) |
| Gasoline | High of Gasoline | (11,402) | (110,118) | (220,236) |
| Naphtha | High of naphtha | 808 | (202) | (404) |
| Fuel oil | High of Fuel Oil | 1,182 | (54,797) | (109,594) |
| Propane | High of Propane | (298) | (9,207) | (18,415) |
| WTI | High of WTI Oil | 43,253 | (272,887) | (585,323) |
| Diesel | High of Diesel | 10,311 | (84,109) | (168,217) |
| Dubai | Fall in Dubai | 148 | (6,997) | (13,994) |

| | | | | |
|---------------|----------------|---------|---------|----------|
| Etanol | Fall in Etanol | (2,413) | (6,879) | (13,757) |
|---------------|----------------|---------|---------|----------|

h) Embedded Derivatives

The procedures for identifying derivative instruments in the contracts aim at timely recognition, control and adequate accounting handling to be employed, and they are applicable to the units of Petrobras and its subsidiaries.

The contracts with possible clauses for derivative instruments or securities to be realized are communicated before they are signed, so that there is orientation with respect to the eventual performance of effectivity tests, the establishment of the accounting policy to be adopted and the methodology for calculation of the fair value.

Currently the Company does not have outstanding contracts with embedded derivatives.

31.3 Exchange rate risk

Exchange risk is one of the financial risks that the company is exposed to and it originates from changes in the levels or volatility of the exchange rate.

Fluctuations in exchange rates may have a negative affect on Petrobras financial situation and operating results, since the majority of the Company's revenues are in reais while the major part of its liabilities are in foreign currency.

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a) Management of exchange rate risks

With respect to the management of exchange rate risks, Petrobras seeks to identify and address them in an integrated manner, seeking to assure efficient allocation of the resources earmarked for the hedge.

Taking advantage of operating in an integrated manner in the energy segment, the company seeks, primarily, to identify or create natural hedges, i.e. to benefit from the correlation between its income and expenses. In the specific case of exchange variation inherent to contracts where the cost and remuneration involve different currencies, this hedge is provided through allocating the cash investments between the real and the US dollar or another currency.

The risk management is performed for the net exposure. Periodic analyses of the exchange risk are prepared, assisting the decisions of the executive committee. The exchange risk management strategy involves the use of derivative instruments to minimize the exchange exposure of certain obligations of the Company.

b) Main transactions and future commitments hedged by derivative operations

Petrobras Internacional Finance Company (PIFCo)

In September 2006, the Company, through its subsidiary PifCo, contracted hedge known as a cross currency swap for coverage of the bonds issued in Yens in order to fix the company's costs in this operation in US dollars. In a cross currency swap there is an exchange of interest rates in different currencies. The exchange rate of the Yen for the US dollar is fixed at the beginning of the transaction and remains fixed during its existence. The Company does not intend to settle these contracts before the end of the term. For this relationship between the derivative and the loan, the Company adopted hedge accounting.

Petrobras Distribuidora

Petrobras Distribuidora is in a short position in exchange futures rates through NDFs on the Brazilian over-the-counter market. For the aviation segment, which represents 100 % of the operations contracted for the period, the term of exposure is three months on average and the hedge is contracted concomitantly with the definition of the cost of the exported aviation kerosene, thus fixing and assuring the trading margin. In the period in question operations were contracted in the amount of US\$ 109 million.

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Usina Termelétrica Norte Fluminense (UTE Norte Fluminense)

The Company, aiming at assuring that significant fluctuations in the quotation of the US dollar do not affect its results and cash flows, contracted hedge in the nominal amount of US\$ 22 million, representing 50% of its total indebtedness in foreign currency. It is important to point out that UTE Norte Fluminense is managed jointly and consolidated by Petrobras in proportion to its interest in its capital (10%).

Refinaria de Petróleo Riograndense S.A.

The Refinery has outstanding positions in NDF instruments (a currency forward contract without physical delivery) for the acquisition of imported petroleum in the notional amount of US\$ 103,150 thousand and for hedging of financing in foreign currency in the notional amount of US\$ 29,619 thousand. It is important to point out that Refinaria de Petróleo Riograndense is managed jointly, consolidated by Petrobras in proportion to its capital interest (33.20%).

c) Parameters used for risk management and results obtained with respect to the proposed objectives

Petrobras Internacional Finance Company (PIFCo)

The hedge known as a cross currency swap complies with CVM Resolution 604/08 which approved CPC 38 - Financial Instruments: Recognition and Valuation and CPC 39 - Financial Instruments Presentation.

The Company decided to qualify its cash flow cross currency hedging. Upon the contracting of hedge and during its term, it is expected that the cash flow hedge will be a highly effective in offsetting the cash flows attributable to the hedge risk during the term of the operation. The changes in the fair value, in the measure of the effectiveness of the hedge, tested quarterly, are stated in other comprehensive retained earnings, until the cash flow of the hedged item is realized.

Petrobras Distribuidora

Petrobras Distribuidora is in a short position in exchange futures rates through NDFs on the Brazilian over-the-counter market. The hedge is contracted concomitantly with the definition of the cost of the exported products, thus fixing and guaranteeing the trading margin. The Company's policy is to contract hedge up to a maximum of 100% of the volume exported.

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The volume of hedge contracted for international billing in 2009 represented 61.9% of all the volume exported by Petrobras Distribuidora in the year. The settlements of all the operations that matured between January 1 and June 30, 2010 generated a negative result for the Company of R\$ 1.33 million.

d) Notional and fair value of the derivative instruments

The table below summarizes the information on the derivative contracts in force. The derivative transactions take into consideration the approved limits and credit balance for each institution in accordance with the regulatory orientations and procedures established by the Company.

Foreign currency derivatives

| | Consolidated | | | | Value at Risk R\$ * | |
|--------------------------|----------------------------------|------------|----------------------|------------|---------------------------|----------|
| | Notional value in \$ thousand | | Fair value R\$ ** | | | Maturity |
| | 06.30.2010 | 12.31.2009 | 06.30.2010 | 12.31.2009 | | |
| Dollar forward contracts | | | | | | |
| | | USD | | | | |
| Lo ng position | 154.769 | | (2,053) | 2010 | 1565 | |
| | | USD | | | | |
| | 154.769 | | (2,053) | | | |

| | | | | | | |
|--|------------|------------|----------------|----------------|------|--------|
| Short position (USD) | USD 55.361 | USD 75.898 | 2,603 | 1,722 | 2010 | 1,871 |
| | USD 55.361 | USD 75.898 | 2,603 | 1,722 | | |
| Swaps | | | | | | |
| Cross Currency Swap | | | 130,061 | 112,863 | 2016 | 10,026 |
| Asset position | | | | | | |
| | JPY | JPY | | | | |
| Average rate of receipt (JPY) = 2.15% p.a. | 35.000.000 | 35.000.000 | 778,090 | 710,604 | | |
| Liability position | | | | | | |
| | USD | USD | | | | |
| Average rate of payment (USD) = 5.69% p.a. | 297.619 | 297.619 | (648,029) | (597,741) | | |
| To tal recorded in other current assets and liabilities | | | 130,611 | 114,585 | | |

(*) Value at Risk = maximum expected loss in 1 day with 95% reliability under normal market conditions.

(**) Negative fair values were recorded in liabilities and positive fair values in assets.

The main counterparties of these operations are: Citibank, HSBC and Bradesco

The table below presents how the gains or losses from derivative instruments were recognized and whether there were reclassifications of other comprehensive results to the results for the period.

e) Gains and losses in the year

| | R\$ thousand | | | |
|--|--------------|--------------|----------------|--------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 | Jan-Jun 2010 | Jan-Jun 2009 |
| Foreign currency derivatives | | | | |
| Gain (loss) recorded in results | 3,644 | (82,744) | | |
| Gain (loss) recorded in shareholders' equity | (17,568) | (38,356) | | |

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f) Value and type of margins given in guarantee

The existing foreign currency derivative operations do not require a guarantee margin deposit.

g) Sensitivity analysis

The following sensitivity analysis was conducted for the fair value of the foreign currency derivatives, loans and financial investments in foreign currency. The probable scenario is the fair value at June 30, 2010. The possible and remote scenarios consider a deterioration in the risk variable of 25% and 50%, respectively, with respect to the same date.

| Foreign currency derivatives | Risk | R\$ thousand | | |
|------------------------------|---|---------------------------------------|-------------------------------------|-----------------------------------|
| | | Probable scenario at 06.30.2010 | Possible Scenario (? of 25%) | Remote Scenario (? of 50%) |
| Dollar forward contracts | Appreciation of the dollar against the real | (2,053) | (820) | (1,634) |
| Dollar forward contracts | Appreciation of the dollar against the real | 2,603 | (22,167) | (46,920) |
| Cross Currency Swap | Depreciation of the yen against the dollar | 130,061 | (25,556) | (157,216) |

R\$ thousand
Consolidated

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| Foreign currency debt * | Risk | Probable scenario at 06.30.2010 | Possible Scenario (? of 25%) | Remote Scenario (? of 50%) |
|--------------------------------|---|--|--------------------------------------|------------------------------------|
| Real ¹ | Appreciation of the dollar against the real | 25,848,973 | 6,462,243 | 12,924,487 |
| Dollar | Appreciation of the dollar against the real | 48,057,741 | 12,014,435 | 24,028,871 |
| Euro | Appreciation of the euro against the real | 66,686 | 16,672 | 33,343 |
| Yen | Appreciation of the yen against the real | 2,738,781 | 684,695 | 1,369,391 |
| | | 76,712,181 | 19,178,045 | 38,356,092 |

1 - Financing in local currency parameterized to the variation of the dollar.

| Financial investment* | Risk | Probable scenario at 06.30.2010 | R\$ thousand Consolidated | |
|------------------------------|---|--|--------------------------------------|------------------------------------|
| | | | Possible Scenario (? of 25%) | Remote Scenario (? of 50%) |
| In foreign currency: | Appreciation of the real against the dollar | 8,757,855 | (2,189,464) | (4,378,928) |
| | | 8,757,855 | (2,189,464) | (4,378,928) |

| (derivative)* | Risk | Probable scenario at 06.30.2010 | R\$ thousand Consolidated | |
|------------------------------|---|--|--------------------------------------|------------------------------------|
| | | | Possible Scenario (? of 25%) | Remote Scenario (? of 50%) |
| Future dollar long position | Appreciation of the real against the dollar | (233) | (10,270) | (20,773) |
| Future dollar short position | Appreciation of the dollar against the real | 11 | 690 | 1,392 |
| | | (222) | (9,580) | (19,381) |

(*) The isolated sensitivity analysis of the financial instruments does not represent the Company's net exposure to exchange risk. Considering the balance between liabilities, assets, revenues and future commitments in foreign currency, the economic impact of possible exchange variations is not considered material.

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31.4 Interest rate risk

The interest rate risk that the Company is exposed to is due to its long-term debt and, to a lesser degree, its short-term debt. If the market interest rates (particularly LIBOR) rise, the Company's financial expenses will increase, which may cause a negative impact on the operating results and financial position. The foreign currency debt at floating rates is subject, mainly, to the fluctuation of the Libor and the debt expressed in reais is subject, mainly, to the fluctuation in the long-term interest rate (TJLP), published by the Central Bank of Brazil.

Management of interest rate risks

Currently, the Company does not use derivative financial instruments to manage its exposure to fluctuations in interest rates.

31.5 Credit risk

Petrobras is exposed to the credit risk of clients and financial institutions, resulting from its commercial operations and its cash management. These risks consist of the possibility of non-receipt of sales made and amounts invested, deposited or guaranteed by financial institutions.

Credit risk management objectives and strategies

The management of the credit risk in Petrobras is part of the management of the financial risks, which is performed by the Company's officers, following a corporate risk management policy. The Credit Commissions, which were

established due to a decision by the Executive Board, are each composed of three members and chaired by the Executive Manager for Financial Planning and Risk Management and the other members are the Executive Manager for Finances and the Executive Manager for the commercial department in contact with the client or with the financial institution.

The purpose of the Credit Commissions is to analyze questions connected with credit management, not only with respect to granting credit but also with respect to its management; to encourage integration between the units that compose them; and to identify the recommendations to be applied in the units involved or to be submitted to the appreciation of higher instances.

The credit risk management policy is part of the overall risk management policy of the Petrobras System and aims at reconciling the need for minimizing exposure to credit risk and maximizing the results of sales and financial operations, through an efficient process of analysis, concession and management of the credits.

Petrobras only grants credit for commercial interest and solely for the acquisition of its products.

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Parameters used for credit risk management

In its management of credit risks, Petrobras uses quantitative and qualitative parameters that are appropriate for each one of the market segments in which it operates.

The Company's commercial credit portfolio, which surpasses US\$ 34 billion, is very diversified and the credits granted are divided in an egalitarian manner between clients of the Brazilian domestic market and foreign markets.

Amongst the main clients there are large companies of the petroleum market, considered major companies, and the subsidiaries of the Petrobras System, beneficiaries of around 31% and 41%, respectively, of the total credit granted.

Financial institutions are beneficiaries of approximately US\$ 36 billion, distributed between the main international banks, considered by international risk classifiers as Investment Grade, and the most important Brazilian banks.

Guarantees used in credit risk management

Credit sales to clients considered as high risk are only made through receipt of guarantees. For this, the Company accepts credit cards issued abroad, bank guarantees issued in Brazil, mortgages and collateral.

For clients considered as medium risk, guarantees and endorsements of the partners of the companies, both individuals and legal entities, are also accepted.

Only guarantees issued by financial institutions that have available credit, established in accordance with the parameters adopted by the Company, are accepted.

The table below presents the maximum exposure to credit risk for the second quarter.

| | R\$ thousand |
|-----------------------|---------------------|
| Guarantees | 2,825,240 |
| Derivatives | |
| Financial investments | 8,108,061 |

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31.6 Liquidity risk

Petrobras uses its funds mainly for capital expenses, payment of dividends and debt refinancing. Historically, the conditions are met with funds generated internally, short and long-term debts, project financing, sales transactions and leasing. These sources of funds, allied to the Company's strong financial position will continue to permit compliance with the established capital requirements.

Liquidity risk management

The liquidity risk management policy adopted by the Company predicts the continuity of the rescheduling of the debt profile, appropriate to the investment cycle; raising of capital through various means and through medium and long-term financing agreements, including the issuing of bonuses on the international capital markets, financing of suppliers, project financing and bank financing.

Government regulation

In addition, the Ministry of Planning, Budgeting and Management controls the total amount of debts that Petrobras and its subsidiaries may incur, during the approval process of the annual budget. The Company and its subsidiaries must also obtain the approval of the National Treasury before assuming medium and long term debts. Loans that exceed the budgeted amounts for each year must be approved by the Federal Senate.

31.7 Financial investments (Operations with derivatives)

Petrobras has financial investments represented by quotas of exclusive funds, with part of the proceeds invested in operations with derivatives (US dollar and interbank deposit futures contracts) guaranteed by the Futures and Commodities Exchange (BM&F).

The following table presents the market value of the operations with derivatives held in the exclusive investment funds as of June 30, 2010.

| Contract | Quantity | Market value R\$ mil | Fair value R\$ mil | Maturity |
|------------------------------|----------|-------------------------|-----------------------|-------------|
| <u>ID Futures</u> | | | | |
| Long position | 2.990 | 277.797 | (66) | 2010 |
| Short position | (12.080) | (1.040.656) | 652 | 2011 / 2012 |
| <u>Dollar Futures</u> | | | | |
| | 473 | 42.807 | (222) | 2010 |
| Long position | 510 | 46.153 | (233) | |
| Short position | (37) | (3.346) | 11 | |
| <u>Options</u> | | | | |
| | | 467 | (44) | 2011 |
| Long position | 16.744 | 1.484 | 140 | |
| Short position | (16.744) | (1.017) | (184) | |

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32 Fair value of financial assets and liabilities

Fair values are determined based on market price quotations, when available, or, in the absence thereof, on the present value of expected cash flows. The fair values of cash and cash equivalents, trade accounts receivable, short term debt and accounts payable to suppliers are the same as their carrying values. The fair values of the long-term assets and liabilities closely approximates their carrying values.

The estimated fair values for long-term loans of the Parent Company and Consolidated at June 30, 2010 were, respectively, R\$ 31,437,904 thousand and R\$ 94,965,601 thousand calculated at the prevailing market rates, considering natures, terms and risks similar to the registered contracts, and they may be compared to the carrying values of R\$ 30,420,580 thousand and R\$ 92,153,877 thousand.

The hierarchy of the fair values of the Company's financial assets and liabilities, recorded at fair value on a recurring basis, at March 31, 2010, is presented as follows:

R\$ thousand

Fair values are determined based on market price quotations, when available, or, in the absence thereof, on the present value of expected cash flows. The fair values of cash and cash equivalents, trade accounts receivable, short term debt and accounts payable to suppliers are the same as their carrying values. The fair values of the long-term assets and liabilities closely approximates their carrying values. 250 the pre

| | Consolidated | | | |
|------------------------------|---|---|---|------------------|
| | Fair value measured based on | | | |
| | Prices quoted on active market (Level 1) | Valuation technique supported by observable prices (Level 2) | Valuation technique without use of observable prices (Level 3) | Total |
| Assets | | | | |
| Marketable securities | 5,105,446 | | | 5,105,446 |
| Foreign currency derivatives | | 132,664 | | 132,664 |
| Commodity derivatives | 71,482 | 5,004 | | 76,486 |
| Total assets | 5,176,928 | 137,668 | | 5,314,596 |
| Liabilities | | | | |
| Foreign currency derivatives | | (2,053) | | (2,053) |
| Commodity derivatives | (49,175) | (5,327) | | (54,502) |
| Total liabilities | (49,175) | (7,380) | | (56,555) |

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06.01 - NOTES TO QUARTERLY INFORMATION

33 Security, environment and health

In the first half of 2010, Petrobras' main security, environment and health indexes were compatible with the best companies in the sector worldwide and in the period it did not register any significant occurrence of oil spillage affecting the environment.

Petrobras continually invests in training and development of new technologies aimed at accident prevention and the safety and health of its employees, which have been successively recognized both within and outside Brazil.

In maritime drilling activities detection systems are used that may provide immediate automatic closing of wells, thus avoiding loss of control. There are also gas detectors in various places on the platform, alarms for increases in pressure or leakages in the interior of the wells and systems for preparing and injecting fluids into their interior.

In turn, Petrobras' capacity to respond to emergencies is set up for worst case accident hypotheses, covering all its operation scenarios, including pre-salt. The Company has contingency plans for oil leakages in all the Brazilian oil-bearing basins, in addition to specific local emergency plans for each unit. Complementing this protection network, there are 14 large-sized vessels dedicated exclusively to attend environmental emergencies, 80 aircraft and 10 environmental defense centers located in strategic points of the Company's operation in Brazil.

The company's total expenditure on security, environment and health (SMS), considering investments and operations, reached the amount of R\$ 2,174,255 thousand in the first half of 2010, of which R\$ 925,309 thousand was spent on security, R\$ 1,079,422 thousand was spent on the environment and R\$ 169,523 thousand was spent on health, where the expenses with multidisciplinary health assistance (AMS) and support for outside environmental programs and/or projects are not included.

This total included the expenditures made through PEGASO (Program for Excellence in Environmental Management and Operating Security), which, between investments and operations, totaled R\$ 231,476 thousand in the period.

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the pro

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06.01 - NOTES TO QUARTERLY INFORMATION

34 Statement of added value

| | R\$ thousand | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 (*) | Jan-Jun 2010 | Jan-Jun 2009 (*) |
| Revenues | | | | |
| Sales of products and services and other revenues | 132,243,275 | 111,590,207 | 100,299,510 | 85,274,954 |
| Allowance for doubtful accounts - formation | (162,289) | 31,114 | (127,479) | 12,146 |
| Revenues related to construction of assets for own use | 32,406,798 | 24,809,132 | 23,722,781 | 17,903,065 |
| | 164,487,784 | 136,430,453 | 123,894,812 | 103,190,165 |
| Inputs acquired from third parties | | | | |
| Materials consumed | (19,875,984) | (16,117,476) | (12,342,851) | (9,937,303) |
| Cost of goods for sale | (19,722,775) | (10,513,085) | (14,051,581) | (7,232,800) |
| Power, third-party services and other operating expenses | (34,349,896) | (30,449,207) | (25,306,471) | (24,075,581) |
| Tax credits on inputs acquired from third parties | (10,144,495) | (7,660,341) | (8,789,935) | (6,381,328) |
| Loss on recovery of assets | (514,128) | (137,782) | (4,169) | 158,420 |
| | (84,607,278) | (64,877,891) | (60,495,007) | (47,468,592) |
| Gross added value | 79,880,506 | 71,552,562 | 63,399,805 | 55,721,573 |
| Retentions | | | | |

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the price

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| | | | | | | | | |
|---|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|------------|
| Depreciation and amortization | (6,888,550) | | (6,662,491) | | (4,964,820) | | (4,649,637) | |
| Net added value produced by the Company | 72,991,956 | | 64,890,071 | | 58,434,985 | | 51,071,936 | |
| Transferred added value | | | | | | | | |
| Equity in earnings of investments | (409,725) | | 24,947 | | 2,400,677 | | 3,637,790 | |
| Financial income - including monetary and exchange variations | 1,682,316 | | 1,685,818 | | 1,599,044 | | 2,104,205 | |
| Amortization of goodwill and discounts | | | | | | | | |
| Rents, royalties and others | 596,850 | | 615,566 | | 514,411 | | 578,293 | |
| | 1,869,441 | | 2,326,331 | | 4,514,132 | | 6,320,288 | |
| Total added value to be distributed | 74,861,397 | | 67,216,402 | | 62,949,117 | | 57,392,224 | |
| Distribution of added value | | | | | | | | |
| Personnel and officers | | | | | | | | |
| Payroll and related charges | | | | | | | | |
| Salaries | 6,182,116 | 8% | 5,476,263 | 8% | 4,590,995 | 7% | 4,013,669 | 7% |
| Benefits | | | | | | | | |
| Advantages | 353,576 | 0% | 375,498 | 1% | 229,237 | | 233,473 | |
| Retirement and pension plan | 622,269 | 1% | 445,518 | 1% | 599,459 | 1% | 426,993 | 1% |
| Healthcare plan | 877,763 | 1% | 798,945 | 1% | 826,355 | 1% | 752,100 | 1% |
| FGTS | 354,923 | 1% | 321,380 | 0% | 307,436 | | 279,964 | |
| | 8,390,647 | 11% | 7,417,604 | 11% | 6,553,482 | 10% | 5,706,199 | 10% |
| Taxes | | | | | | | | |
| Federal (**) | 26,561,095 | 35% | 21,410,192 | 32% | 24,051,522 | 38% | 18,178,989 | 32% |
| State | 12,792,948 | 17% | 12,019,558 | 19% | 6,447,466 | 10% | 6,479,982 | 11% |
| Municipal | 103,066 | 0% | 101,488 | 0% | 60,558 | | 66,395 | |
| Abroad (**) | 2,569,632 | 4% | 2,444,491 | 4% | | | | |
| | 42,026,741 | 56% | 35,975,729 | 55% | 30,559,546 | 49% | 24,725,366 | 43% |
| Financial institutions and suppliers | | | | | | | | |
| Interest, and exchange and monetary variations | 5,011,765 | 7% | 3,669,995 | 7% | 3,242,811 | 5% | 6,119,976 | 11% |
| Rental and affreightment expenses | 3,298,598 | 4% | 2,787,384 | 4% | 6,665,198 | 11% | 6,236,667 | 11% |
| | 8,310,363 | 11% | 6,457,379 | 11% | 9,908,009 | 16% | 12,356,643 | 22% |
| Shareholders | | | | | | | | |
| Interest on shareholders' equity | 3,509,631 | 5% | 2,632,223 | 4% | 3,509,631 | 5% | 2,632,223 | 4% |
| Dividends | | | | | | | | |
| Minority interest | 112,381 | | 2,915,008 | 4% | | | | |
| Retained earnings | 12,511,634 | 17% | 11,818,459 | 17% | 12,418,449 | 20% | 11,971,793 | 21% |

Fair values are determined based on market price quotations, when available, or, in the absence thereof, on the price of the pre-

| | | | | | | | | |
|--------------------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | 16,133,646 | 22% | 17,365,690 | 25% | 15,928,080 | 25% | 14,604,016 | 25% |
| Added value distributed | 74,861,397 | 100% | 67,216,402 | 100% | 62,949,117 | 100% | 57,392,224 | 100% |

(*) Adjusted for comparison purposes.

(**) Includes government holdings.

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06.01 - NOTES TO QUARTERLY INFORMATION

35 Additional Information on Cash Flows

| | R\$ thousand | | | |
|--|--------------|-------------------|------------------|-------------------|
| | Consolidated | | Parent company | |
| | Jan-Jun 2010 | Jan-Jun 2009 (*) | Jan-Jun 2010 | Jan-Jun 2009 |
| Amounts paid and received during the year | | | | |
| Interest paid, net of the capitalized amount | 2,773,280 | 3,065,624 | 1,892,034 | 2,135,895 |
| Interest received on loans | | | 489,649 | 1,942,825 |
| Income tax and social contribution | 3,262,134 | 5,159,914 | 2,345,534 | 4,187,834 |
| Third party income tax withheld at source | 1,314,315 | 2,451,317 | 1,253,442 | 2,246,915 |
| | | 10,676,855 | 5,980,659 | 10,513,469 |
| Investment and financing transactions not involving cash | | | | |
| Acquisition of property, plant and equipment on credit | 7,379 | | | |
| Acquisition of contract property, plant and equipment with transfer of benefits, risks and control of assets | | 12,085 | 4,699,243 | 251,236 |
| Formation of provision for dismantling of areas | 77,291 | | | |
| (*) Adjusted for comparison purposes. | | | | |

36 Subsequent Events

Authorization for disclosure of the financial statements

The Company's Board of Directors, in a meeting held on August 13, 2010, authorized the disclosure of these financial statements.

Special interest in the Barracuda and Caratinga Fields

On July 1, 2010, Petrobras received a notice of infraction, drawn up by the National Agency for Petroleum, Natural Gas and Biofuels (ANP), in the amount of R\$ 221,968 thousand, on the pretence of a special interest in the Barracuda and Caratinga fields on account of amounts that would have been underpaid by the company during the period between the second quarter of 2005 and at the fourth quarter of 2009, due to the deduction of costs in supposed disagreement with ANP Ordinance 10/99. The estimated maximum exposure with interest and fine on arrears is R\$ 412,084 thousand.

On July 15, 2010, Petrobras officially filed its defense with ANP and the position of its legal advisers is that the chance of loss is possible.

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Resolution of the Special General Shareholders Meeting

On August 12, 2010, the Special General Shareholders Meeting decided on and approved the following matters:

- a) Ratify the engagement of the specialized company PricewaterhouseCoopers Corporate Finance & Recovery Ltda. (PwC) for preparation of an appraisal report of 4 (four) series on Financial Treasury Bills (LFT) issued by the Federal Government (Report) with maturity on September 7, 2014, March 7, 2015, September 7, 2015 and September 7, 2016 (LFT), to be used optionally by the shareholders of the Company to pay up the shares they subscribe in the environment of the public offering of the first distribution of shares of the Company to be made in observance of Article 62 of the Company's bylaws and in the terms of CVM Instruction 400 of December 29, 2003, as amended;
- b) Approve the criteria and methodologies for determining the value of the LFTs, as proposed by PwC in the draft of the Report (Appraisal Criteria); and
- c) Approve the delegation of powers to the Company's Board of Directors to approve the Report, ratifying the definitive amount of each series of LFTs, as presented in the Report, through application of the Appraisal Criteria.

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the pro

The Company further informs that the Federal Government abstained from voting on the matters subject to this Extraordinary General Meeting. Additionally, the shareholders were informed during the Meeting that the Minority Shareholder's Committee, comprised of Mr. Fabio Colletti Barbosa, Representative director of the common minority shareholders, Mr. Jorge Gerdau Johannpeter, Representative director of the preferred shareholders, and Mr. Ary Oswaldo Mattos Filho, external member and also independent, understands the LFT Valuation Criteria submitted for approval at the Meeting to be appropriate.

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07.01 - COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER**Net income**

Petrobras posted net income of R\$ 8,237 million in 2Q-2010, with an operating profit corresponding to 24% of the net operating revenue (25% in 1Q-2010).

| 1Q - 2010 | 2nd Quarter | | R\$ millions | | 1st Half | | 2010(X) |
|--------------|-------------|---------|--------------------------|---------------------------------|----------|---------|---------|
| | 2010 | 2009 | 2Q10 X 1Q10 (%) | 2010 | 2009 | 2009 | (%) |
| 48,247 | 50,528 | 43,595 | 5 | Gross Operating Revenues | 98,775 | 83,578 | 18 |
| 36,952 | 38,914 | 33,687 | 5 | Net Operating Revenues | 75,866 | 64,159 | 18 |
| 9,088 | 9,353 | 10,744 | 3 | Operating Profit ⁽¹⁾ | 18,441 | 18,373 | 0 |
| 115 | (51) | (3,712) | (144) | Financial Result | 64 | (4,016) | (102) |
| 993 | 1,408 | 2,297 | 42 | Equity Balance | 2,401 | 3,638 | (34) |
| 7,691 | 8,237 | 8,323 | 7 | Net Income per Period | 15,928 | 14,604 | 9 |
| 0.88 | 0.94 | 0.95 | 7 | Net Income per Share | 1.82 | 1.66 | 10 |
| 332,381 | 256,675 | 323,479 | (23) | Market Value | 256,675 | 323,479 | (21) |

⁽¹⁾ Before financial income and expenses and equity accounting.

Fair values are determined based on market price quotations, when available, or, in the absence thereof, on the price

The main factors that contributed to the 9% increase in net income for the semester in relation to 1H-2009 were:

- 18% increase in net operating revenue as a result of:
 - ü Increase in the average prices of petroleum exports, due to the higher international quotations for reference oil, a result of the improvement in the worldwide economic scenario, especially in the North American economy, in addition to the larger volume exported (22%).
 - ü Increase in the volumes sold on the domestic market, especially diesel, due to the recovery of industrial activity and investment in the infrastructure, and gasoline, as a result of the expressive growth in the fleet of flex fuel vehicles, allied to the scarcity of alcohol on the market at the beginning of 2010.

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- 28% increase in the costs of goods sold, as a result of the effect of the higher international quotations on expenditures with government holdings and with the importing of oil products. The greater participation of imported oil products, especially diesel and aviation kerosene, as well as the need to import gasoline also had an influence.
- Increase in the following expenditures:

Ø Selling expenses (R\$ 607 million), due to the increase of expenses for product storage and handling of natural gas of the gas pipelines belonging to the companies of the system, particularly for the Malhas Consortium and TBG (R\$ 326 million), incurred through not using the contracted minimum capacity of the pipelines and terminals (ship or pay). There was also an increase in the allowance for doubtful accounts (R\$ 140 million), especially for Brasil Ecodiesel Indústria e Comércio, in addition to expenses for storage of LNG in regasifier ships that entered into operation at the end of 2009 (R\$ 136 million);

Ø Administrative and general expenses (R\$ 119 million), a result of the greater expenditures with personnel (R\$ 142 million), a result of the increase in the workforce and collective agreements, and higher charges (R\$ 83 million), emphasizing the rental of the Ventura building as from June 2009. These effects surpassed the decrease in third party services (R\$ 64 million), mainly data-processing, general services, consulting, auditing and technical services;

Ø Research and development (R\$ 66 million), a result of the increase in the provision for the contracting of projects from institutions accredited by ANP (R\$ 37 million), due to the increase in the prices of petroleum and the consequent increase in the gross revenue, which is the basis for fixing the minimum investment in research, in addition to the higher expenditure for personnel (R\$ 29 million), resulting from the increase in the workforce;

Ø Other operating expenses (R\$ 752 million), due to the recording of provisions for contingencies to attend legal proceedings related to: (i) a suit for losses and damages due to the cancellation of the transaction for assignment of excise tax (IPI) credit premium (R\$ 459 million); (ii) a tax execution action related to the payment of ICMS-RJ due on the P-36 platform (R\$ 449 million); (iii) a suit filed by Consortium I.V.I. - Sade Vigesa, related to the effects of the Cruzado Novo plan on three ship building contracts (R\$ 215 million), mitigated by lower expenses with idle capacity of thermoelectric power stations (R\$ 160 million) and by the decrease in the provision for devaluation of inventories

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the pro

(R\$ 154 million).

- Positive effect of R\$ 4,080 million in the financial results, basically on account of the decrease in the expenses with exchange variation, as a result of the appreciation of the final rate for the US dollar of 3.5% on the net assets. In 2009 there was depreciation of the final rate of the US dollar of 16.5% on the net assets.

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07.01 - COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

- Decrease of R\$ 1,237million in the equity in earnings of subsidiaries, mainly due to the lower results presented by Downstream, Petroquisa, PNBV and Gaspetro.

Economic indexes

The business conducted by Petrobras in 1H-2010, presented a profit of R\$ 23.4 billion before financial results, earnings originating from corporate interests, taxes, depreciation and amortization (EBITDA), an increase of R\$ 0.4 billion compared to 1H-2009.

| 1Q - 2010 | 2nd Quarter | | | 1st Half | |
|-----------|-------------|--------|----------------------|----------|--------|
| | 2010 | 2009 | | 2010 | 2009 |
| 42 | 39 | 47 | Gross Margin (%) | 40 | 45 |
| 25 | 24 | 32 | Operating Margin (%) | 24 | 29 |
| 21 | 21 | 25 | Net Margin (%) | 21 | 23 |
| 11,377 | 12,002 | 15,341 | EBITDA R\$ million | 23,379 | 23,023 |

The gross margin decreased 5 percentage points in relation to the same period of the previous year, due to the realization of higher average unit costs, an effect of the higher international quotations on expenses with government holdings and with the importing of oil products.

The operating margin decreased 5 percentage points in relation to the same period of the previous year on account of the lower gross margin.

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the pre

The net margin decreased 2 percentage points in relation to 1H-2009, due to the decrease in the gross margin and the smaller interest in material investments, offset by the positive effect in the financial results.

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14.01 - CHARACTERISTICS OF THE PUBLIC OR PRIVATE ISSUE OF DEBENTURES

| | | |
|--|--|---------------------|
| 01 - ITEM | | 01 |
| 02 - ISSUANCE ORDER NUMBER | | 1 |
| 03 - CVM REGISTRATION NUMBER | | |
| 04 - DATE OF REGISTRATION WITH CVM | | |
| 05 - DEBENTURE SERIES ISSUED | | 1 |
| 06 - ISSUE TYPE | | SIMPLE |
| 07 - NATURE OF ISSUE | | PRIVATE |
| 08 - ISSUE DATE | | 02/15/1998 |
| 09 - DUE DATE | | 02/15/2015 |
| 10 - TYPE OF DEBENTURE | | VARIABLE |
| 11 - CURRENT REMUNERATION TERMS | | TJLP plus 2.5% p.a. |
| 12 - PREMIUM/DISCOUNT | | |
| 13 - FACE VALUE (REAIS) | | |
| 14 - AMOUNT ISSUED (IN THOUSANDS OF REAIS) | | 430.000 |
| 15 - NUMBER OF DEBENTURES ISSUED (UNITS) | | 43.000 |
| 16 - DEBENTURES IN CIRCULATION (UNITS) | | 0 |
| 17 - DEBENTURES IN TREASURY (UNITS) | | 0 |
| 18 - DEBENTURES REDEEMED (UNITS) | | 0 |
| 19 - DEBENTURES CONVERTED (UNITS) | | 0 |
| 20 - DEBENTURES FOR PLACEMENT (UNITS) | | 0 |
| 21 - DATE OF THE LAST REPRICING | | |

Fair values are determined based on market price quotations, when available, or, in the absence thereof, the price of the securities as reported in the press.

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14.01 - CHARACTERISTICS OF THE PUBLIC OR PRIVATE ISSUE OF DEBENTURES

| | |
|--|----------------------|
| 01 - ITEM | 02 |
| 02 - ISSUANCE ORDER NUMBER | 2 |
| 03 - CVM REGISTRATION NUMBER | CVM/SRE/DEB/2002/035 |
| 04 - DATE OF REGISTRATION WITH CVM | 08/30/2002 |
| 05 - DEBENTURE SERIES ISSUED | 1 |
| 06 - ISSUE TYPE | SIMPLE |
| 07 - NATURE OF ISSUE | PUBLIC |
| 08 - ISSUE DATE | 08/01/2002 |
| 09 - DUE DATE | 08/01/2012 |
| 10 - TYPE OF DEBENTURE | VARIABLE |
| 11 - CURRENT REMUNERATION TERMS | IGPM plus 11% p.a. |
| 12 - PREMIUM/DISCOUNT | |
| 13 - FACE VALUE (REAIS) | |
| 14 - AMOUNT ISSUED (IN THOUSANDS OF REAIS) | 750.000 |
| 15 - NUMBER OF DEBENTURES ISSUED (UNITS) | 750.000 |
| 16 - DEBENTURES IN CIRCULATION (UNITS) | 0 |
| 17 - DEBENTURES IN TREASURY (UNITS) | 0 |
| 18 - DEBENTURES REDEEMED (UNITS) | 0 |
| 19 - DEBENTURES CONVERTED (UNITS) | 0 |
| 20 - DEBENTURES FOR PLACEMENT (UNITS) | 0 |
| 21 - DATE OF THE LAST REPRICING | |
| 22 - DATE OF THE NEXT EVENT | |

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14.01 - CHARACTERISTICS OF THE PUBLIC OR PRIVATE ISSUE OF DEBENTURES

| | |
|--|----------------------|
| 01 - ITEM | 03 |
| 02 - ISSUANCE ORDER NUMBER | 3 |
| 03 - CVM REGISTRATION NUMBER | CVM/SRE/DEB/2002/037 |
| 04 - DATE OF REGISTRATION WITH CVM | 10/31/2002 |
| 05 - DEBENTURE SERIES ISSUED | 1 |
| 06 - ISSUE TYPE | SIMPLE |
| 07 - NATURE OF ISSUE | PUBLIC |
| 08 - ISSUE DATE | 10/04/2002 |
| 09 - DUE DATE | 10/01/2010 |
| 10 - TYPE OF DEBENTURE | VARIABLE |
| 11 - CURRENT REMUNERATION TERMS | IGPM plus 10.3% p.a. |
| 12 - PREMIUM/DISCOUNT | |
| 13 - FACE VALUE (REAIS) | |
| 14 - AMOUNT ISSUED (IN THOUSANDS OF REAIS) | 775.000 |
| 15 - NUMBER OF DEBENTURES ISSUED (UNITS) | 775.000 |
| 16 - DEBENTURES IN CIRCULATION (UNITS) | 0 |
| 17 - DEBENTURES IN TREASURY (UNITS) | 0 |
| 18 - DEBENTURES REDEEMED (UNITS) | 0 |
| 19 - DEBENTURES CONVERTED (UNITS) | 0 |

Fair values are determined based on market price quotations, when available, or, in the absence thereof, on the price of the securities on the date of the report.

20 - DEBENTURES FOR PLACEMENT (UNITS)

0

21 - DATE OF THE LAST REPRICING

22 - DATE OF THE NEXT EVENT

FEDERAL PUBLIC SERVICE (FOR USE BY THE COMPANY FOR SIMPLE CHECKING)

BRAZILIAN SECURITIES COMMISSION (CVM)

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BRAZILIAN SECURITIES COMMISSION (CVM)

ITR QUARTERY INFORMATION As of - 06/30/2010

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COMMERCIAL, INDUSTRIAL AND OTHER TYPES OF COMPANIES

01.01 - IDENTIFICATION

| 1 - CVM CODE | 2 - NAME OF THE COMPANY | 3 - CNPJ (Taxpayers Record Number) |
|--------------|--------------------------------------|------------------------------------|
| 00951-2 | PETRÓLEO BRASILEIRO S.A. - PETROBRAS | 33.000.167/0001-01 |

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ANNEXFRAMEDESCRIPTION

| | | |
|----|----|--|
| 01 | 01 | IDENTIFICATION |
| 01 | 02 | HEAD OFFICE |
| 01 | 03 | DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS) |
| 01 | 04 | GENERAL INFORMATION/ INDEPENDENT ACCOUNTANTS |
| 01 | 05 | CURRENT BREAKDOWN OF PAID-IN CAPITAL |
| 01 | 06 | CHARACTERISTICS OF THE COMPANY |
| 01 | 07 | COPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS |
| 01 | 08 | DIVIDENDS/INTEREST ON CAPITAL APPROVED AND/OR PAID DURING AND AFTER THE CU |
| 01 | 09 | SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR |
| 01 | 10 | INVESTOR RELATIONS DIRECTOR |
| 02 | 01 | BALANCE SHEET - ASSETS |
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| 05 | 02 | STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 to 06/30/2010 |
| 08 | 01 | CONSOLIDATED BALANCE SHEET - ASSETS |
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| 06 | 01 | NOTES TO QUARTERLY INFORMATION |
| 07 | 01 | COMENTS ON THE COMPANY S PERFORMANCE IN THE QUARTER |
| 12 | 01 | COMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER |
| 14 | 01 | CHARACTERISTICS OF THE PUBLIC OR PRIVATE ISSUE OF DEBENTURES |
| 21 | 01 | SPECIAL REVIEW REPORT - UNQUALIFIED |

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: September 30, 2010

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: /s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

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

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