

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
August 17, 2011

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 6-K**

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

**For the month of August, 2011**

**Commission File Number 1-15106**

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

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

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

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

Form 20-F  Form 40-F

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

Yes  No

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This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

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**www.Petrobrás.com.br/ri**

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This document may contain forecasts that merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous terms are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers should not base their expectations exclusively on the information presented here.

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Dear shareholders and investors,

We are pleased to announce our results for the first half of 2011, in which we posted record net income of R\$ 21.9 billion, 37% higher than in the same period last year, accompanied by a 4% increase in cash flow (measured by EBITDA) to R\$ 32.2 billion.

During the second quarter, we announced important discoveries in the Gávea exploratory well, the pre-salt areas of the Campos Basin and the cretaceous reservoirs in the Espírito Santo Basin. The ongoing exploratory operations in the pre-salt area of the Santos Basin also brought encouraging results, reinforcing the excellent productivity experienced with the the Lula Pilot and the extended well test in Guar. The first Lula Pilot well was responsible for the highest ever output from a single Petrobras well (more than 36,000 boe in May).

We initiated three new extended well tests in the second quarter: Lula Nordeste (Santos Basin), whose data will contribute to the study of that area's definitive system; Aruan (Campos Basin post-salt area), which will last for approximately six months; and Brava (Marlim pre-salt field), whose duration is estimated at two years and whose data will provide input for the area's definitive production development project. Together, these systems will contribute up to 32,000 bpd in this phase.

In relation to Refining, Transportation & Marketing, we used 92% of our nominal refining capacity and our installed primary processing capacity exceeded 2 million bpd. We continued to invest heavily in expansion and quality improvements, which will allow us to increase production of oil products required by the Brazilian market. The expansion of our refineries will ensure that we are equipped to meet the growth in domestic demand, which climbed by 9% this quarter over the same period last year.

Following ample analysis, in July we published our 2011-2015 Business Plan, with total investments of US\$ 224.7 billion, virtually identical to the figure in the previous period. Essentially the plan calls for higher investments in exploration and production (with an emphasis on the pre-salt discoveries and, for the first time, the Transfer of Rights); the expansion, improvement and modernization of refining facilities, most of which scheduled for conclusion by the end of 2014; continuing investments in the gas, energy and fertilizer chain; and increased production of ethanol and biofuels. Certain assets will also be divested, as part of our ongoing effort to improve our returns on capital. And we are committed no additionally equity issuance in the period, as well as maintaining our investment-grade status conferred by the leading rating agencies.

We do not expect the uncertainty of the global economic scenario to have an adverse impact upon our plans. The company's integration in Brazil, with our access to abundant and economically viable reserves directly adjacent to a growing market, provides stable and robust cash flow. The recent Moody's upgrade of our foreign-currency debt rating to A3, based on the strength of our financial ratios and cash flow generation in relation to our plan, reaffirms this outlook.

In July, the Board of Directors approved the second interest on equity installment to our shareholders. The total amount is R\$ 2,609 million, equivalent to R\$ 0.20 per share, to be paid until the end of October.

We believe our positive results are an accurate reflection of our entrepreneurial spirit and confirm our capacity for transforming challenges into achievements. We will continue to invest in order to reach our goals, working harder every day to grow and exceed our limits. These fundamentals, together with the profitable projects we are continuing to develop, will generate higher returns for our investors and shareholders, while continually increasing our strength as a company.



## Main Items and Consolidated Economic Indicators

| R\$ million |         |        |                          |   |         |         |                          |
|-------------|---------|--------|--------------------------|---|---------|---------|--------------------------|
| 2nd quarter |         |        |                          | First half  |         |         |                          |
| 1Q-2011     | 2011    | 2010   | 2Q11<br>X<br>1Q11<br>(%) |   | 2011    | 2010    | 2011<br>X<br>2010<br>(%) |
| 54,800      | 61,469  | 53,631 | 12                       | Revenue from sales  | 116,269 | 104,043 | 12                       |
| 20,204      | 20,243  | 19,387 | -                        | Gross profit  | 40,447  | 38,697  | 5                        |
| 12,536      | 12,047  | 12,303 | (4)                      | Income before financial results, participations and taxes | 24,584  | 23,920  | 3                        |
| 2,022       | 2,895   | (630)  | 43                       | Net financial result                                      | 4,918   | (1,331) | -                        |
| 10,985      | 10,942  | 8,295  | -                        | Net income attributable to Petrobras shareholders         | 21,928  | 16,021  | 37                       |
| 0.84        | 0.84    | 0.95   | -                        | Earnings per share <sup>1</sup>                           | 1.68    | 1.83    | (8)                      |
|             |         |        |                          | Net Result by business area                               |         |         |                          |
| 9,327       | 10,593  | 7,649  | 14                       | . Exploration & Production                                | 19,920  | 14,961  | 33                       |
| (95)        | (2,280) | (108)  | -                        | . Refining, Transportation & Marketing                    | (2,375) | 1,008   | -                        |
| 515         | 747     | 349    | 45                       | . Gas & Power   | 1,262   | 672     | 88                       |
| (13)        | (37)    | (18)   | 185                      | . Biofuels  | (50)    | (40)    | 25                       |
| 369         | 221     | 268    | (40)                     | . Distribution  | 590     | 630     | (6)                      |
| 843         | 615     | 533    | (27)                     | . International   | 1,458   | 980     | 49                       |
| 880         | 1,252   | (902)  | 42                       | . Corporate   | 2,132   | (2,140) | -                        |
| 15,871      | 16,133  | 20,348 | 2                        | Consolidated investments                                  | 32,004  | 38,101  | (16)                     |
| 37          | 33      | 36     | (11)                     | Gross margin (%)  | 35      | 37      | (2)                      |
| 23          | 20      | 23     | (13)                     | Operating margin (%) <sup>2</sup>                         | 21      | 23      | (2)                      |
| 20          | 18      | 15     | (10)                     | Net margin (%)  | 19      | 15      | 4                        |
| 16,093      | 16,139  | 15,927 | -                        | EBITDA – R\$ million <sup>3</sup>                         | 32,233  | 31,003  | 4                        |
| 104.97      | 117.36  | 78.30  | 12                       | Brent (US\$/bbl)  | 111.16  | 77.27   | 44                       |

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|                            |        |        |     |                                       |        |        |      |
|----------------------------|--------|--------|-----|---------------------------------------|--------|--------|------|
| 1.67                       | 1.60   | 1.79   | (4) | US Dollar average sell price (R\$)    | 1.63   | 1.80   | (9)  |
| 1.63                       | 1.56   | 1.80   | (4) | US Dollar final sell price (R\$)      | 1.56   | 1.80   | (13) |
| Average price indicators   |        |        |     |                                       |        |        |      |
| Average Oil Products       |        |        |     |                                       |        |        |      |
| Realization Prices         |        |        |     |                                       |        |        |      |
| 163.72                     | 167.15 | 158.72 | 2   | (R\$/bbl)                             | 165.51 | 158.20 | 5    |
| Sale price - Brazil        |        |        |     |                                       |        |        |      |
| 94.04                      | 108.97 | 73.79  | 16  | . Oil (US\$/bbl) <sup>4</sup>         | 101.49 | 73.35  | 38   |
| 8.83                       | 11.47  | 19.73  | 30  | . Natural gas (US\$/bbl) <sup>5</sup> | 10.28  | 17.26  | (40) |
| Sale price - International |        |        |     |                                       |        |        |      |
| 87.39                      | 91.09  | 66.20  | 4   | . Oil (US\$/bbl)                      | 89.08  | 64.24  | 39   |
| 16.36                      | 15.32  | 14.82  | (6) | . Natural gas (US\$/bbl)              | 15.84  | 14.82  | 7    |

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

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

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

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

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



## 2Q-2011 x 1Q-2011:

### Gross profit

Gross profit<sup>6</sup> totaled R\$ 20,243 million, very close to the 1Q-2011 figure (R\$20,204 million) chiefly due to:

- Sales revenue of R\$61,469 million, 12% up on 1Q-2011 (R\$54,800 million), due to:
  - Higher prices of oil exports and products sold on the domestic market whose prices are pegged to international prices;
  - Increase of 8% in total of oil product volume, led by naphtha (12%), gasoline (10%), diesel (9%) and LPG (9%).
- An increase of 19% in the cost of goods sold (R\$41,226 million in 2Q-2011 versus R\$34,596 million in 1Q-2011), due to:
  - The upturn in oil product imports (volume effect), particularly diesel and gasoline, to meet greater seasonal demand in the domestic market;
  - Higher expenses from the government take on oil production (9%), reflecting the increase in international oil prices (Brent +12%);
  - The 15% and 10% increase in exploration costs, in Brazil, in U.S. dollars and Reais, respectively, due to the greater number of well interventions in blocks such as Marlim, Espadarte and Albacora fields.

### Net Income

- Net income totaled R\$10,942 million, also very close to the 1Q-2011 figure (R\$10,985 million), reflecting:
  - The 7% increase in expenses (R\$528 million), due to higher SG&A expenses (R\$220 million) and prospecting and exploration expenses (R\$257 million), as well as provisions for adjusting inventories to market value (R\$119 million);
  - The improved financial result (R\$873 million), due to higher foreign exchange gains on dollar-denominated debt and improved returns from financial investments.

### Cash and Cash Equivalents, Investments and Debt

- Net cash from operating activities came to R\$14,248 million, 10% up on 1Q-2011, influenced by increased oil sales and prices. Petrobras closed 2Q11 with cash of R\$34,673 million and federal bonds (maturing in more than 90 days) of R\$24,788 million, giving a total of R\$59,461 million.
- Second-quarter investments totaled R\$16,133 million, 46% of which allocated to Exploration & Production.

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

## **1H-2011 x 1H-2010.**

### **Gross profit**

Gross profit<sup>7</sup> totaled R\$40,447 million in 1H-2011, 5% up on 1H-2010 (R\$38,697 million), thanks to:

- Sales revenue of R\$116,269 million, 12% more than in 1H-2010 (R\$104,043 million), basically due to:
  - Higher international crude and oil product prices (Brent +44%), reflected in the price of exports, international sales and oil products sold in the domestic market whose prices are pegged to international prices;
  - Increased domestic demand (8%), particularly for gasoline (17%), whose prices were more competitive than those of ethanol, diesel (9%), and jet fuel (17%).
- COGS increased by 16% (R\$10,476 million) over 1H-2010, due to:
  - The impact of higher volumes and international prices on crude and oil product imports;
  - The increase in the government take due to the 44% upturn in the price of Brent crude;
  - The 28% and 16% increase in exploration costs in Brazil in U.S. dollars and Reais, respectively, due to the greater number of well interventions in fields such as Marlim, Marlim Sul and Marlim Leste.

### **Net Income**

- Net income totaled R\$21,928 million, 37% higher than in 1H-2010 (R\$16,021 million), reflecting:
  - The improved financial result (R\$6,249 million), due to the impact of the 6.3% appreciation of the Real against the U.S. dollar on debt, and increased returns from financial investments due to higher cash and cash equivalents and the upturn in the country's interest rates;
  - Higher equity results of non-consolidated companies (R\$852 million), especially from the petrochemical sector;
  - Higher tax benefits (R\$580 million), due to the provisioning of interest on equity.

These effects were partially offset by:

- The increase in prospecting and exploration expenses (R\$512 million), due to more write-offs of dry or economically unviable wells;
- Higher administrative expenses (R\$448 million), fueled by the upturn in personnel expenses, in turn caused by the expansion of the workforce, training and workforce skills improvement.

### **Cash and Cash Equivalents, Investments and Debt**

- Net cash from operating activities amounted to R\$27,172 million in 1H-2011, 18% up year-on-year, reflecting higher output, increased sales and more favorable crude and oil product prices;
- The Company invested R\$32,004 million in 1H-2011, 46% of which in Exploration & Production;
- Petrobras has maintained its leverage at 17%, considerably lower than established limit of 35%;
- Net debt in 1H-2011 came to R\$68,837 million.

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



## RESULTS BY BUSINESS AREA

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

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

### EXPLORATION AND PRODUCTION (E&P)

#### 2nd quarter

| 1Q-2011 | 2011   | 2010  | 2Q11 X<br>1Q11<br>(%) |
|---------|--------|-------|-----------------------|
| 9,327   | 10,593 | 7,649 | 14                    |

#### Net income

#### First half

| 2011   | 2010   | 2010 X<br>2010<br>(%) |
|--------|--------|-----------------------|
| 19,920 | 14,961 | 33                    |

**(2Q-2011 x 1Q-2011):** The upturn in net income was caused by the increase in the domestic oil sale/transfer price (16% in US\$/bbl), partially offset by the higher government take.

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US\$10.93/bbl in 1Q-2011 to US\$8.39/bbl in 2Q-2011.

**(1H-2011 x 1H-2010):** The increase in net income reflected higher domestic oil prices (38% in US\$/bbl) and the 2% upturn in oil and LNG production.

These factors were partially offset by the higher government take and the upturn in exploration costs (R\$491 million), due to geological and geophysical expenses and the write-off of dry or economically unviable wells.

The spread between the average domestic oil sale/transfer price and the average Brent price climbed from US\$3.92/bbl in 2010 to US\$9.67/bbl in 2011.

#### 2nd quarter

| 1Q-2011 | 2011  | 2010  | 2Q11 X<br>1Q11<br>(%) |
|---------|-------|-------|-----------------------|
| 2,044   | 2,018 | 2,010 | (1)                   |
| 341     | 354   | 331   | 4                     |

#### Domestic production (th. barrels/day) (\*)

#### First half

| 2011  | 2010  | 2010 X<br>2010<br>(%) |
|-------|-------|-----------------------|
| 2,031 | 1,998 | 2                     |
| 348   | 324   | 7                     |

Oil and NGL

Natural gas <sup>8</sup>

|       |       |       |     |       |       |       |   |
|-------|-------|-------|-----|-------|-------|-------|---|
| 2,385 | 2,372 | 2,341 | (1) | Total | 2,379 | 2,322 | 2 |
|-------|-------|-------|-----|-------|-------|-------|---|

(2Q-2011 x 1Q-2011): Oil and LNG production remained flat over 1Q-2011, as the natural decline in the mature fields was offset by higher output from the Cachalote/Baleia Franca, Jubarte, Peroá, Piloto de Lula, Uruguá/Tambaú and Mexilhão fields and the extended well test (EWT) in the Lula Nordeste field.

(1H-2011 x 1H-2010): Higher output in the Marlim Leste, Cachalote/Baleia Franca, Jubarte and Piloto de Lula fields and the EWTs in Tiro, Sidon, Guará, Lula Nordeste and Aruanã more than offset the natural decline in the remaining fields.

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(\*) Unaudited by Independent Auditors.

<sup>8</sup> Excludes liquefied gas and includes re-injected gas.

| 2nd quarter |       |       |                       |                               | First half |       |                       |
|-------------|-------|-------|-----------------------|-------------------------------|------------|-------|-----------------------|
| 1Q-2011     | 2011  | 2010  | 2Q11 X<br>1Q11<br>(%) | Lifting cost - country<br>(*) | 2011       | 2010  | 2011 X<br>2010<br>(%) |
| 11.38       | 13.12 | 9.79  | 15                    | <b>US\$/barrel:</b>           |            |       |                       |
| 30.48       | 35.00 | 24.50 | 15                    | •• without government take    | 12.26      | 9.60  | 28                    |
|             |       |       |                       | •• with government take       | 32.75      | 24.12 | 36                    |
|             |       |       |                       | <b>R\$/barrel:</b>            |            |       |                       |
| 19.00       | 20.93 | 17.54 | 10                    | •• without government take    | 19.97      | 17.25 | 16                    |
| 50.66       | 55.14 | 43.91 | 9                     | •• with government take       | 52.91      | 43.87 | 21                    |

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

(2Q-2011 x 1Q-2011): Excluding the exchange variation, lifting costs increased by 10% over 1Q-2011 due to the greater number of well interventions in the Marlim, Espadarte and Albacora fields.

(1H-2011 x 1H-2010): Excluding the exchange variation, lifting costs climbed by 20% over 1H-2010 due to the increased number of well interventions in the Marlim, Marlim Sul and Marlim Leste fields and preventive maintenance in the Marlim and Jubarte fields, as well as the pay rise following the 2010/2011 collective bargaining agreement, partially offset by the 2% upturn in production.

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

(2Q-2011 x 1Q-2011): Excluding the exchange variation, lifting costs increased by 13%, due to the higher average reference price for local oil. (\*)

(1H-2011 x 1H-2010): Excluding the exchange variation, the lifting cost increased by 32%, due to the higher average reference price for local oil.

(\*) Unaudited by Independent Auditors.

**REFINING, TRANSPORTATION & MARKETING****2nd quarter**

| 1Q-2011 | 2011    | 2010  | 2Q11<br>X<br>1Q11<br>(%) |
|---------|---------|-------|--------------------------|
| (95)    | (2,280) | (108) | 2,300                    |

**(2Q-2011 x 1Q-2011):** The results reflected higher oil acquisition/transfer and oil product import costs (Brent, up by 12% in US\$/bbl). These factors partially offset by higher export prices and the upturn to domestic price of those oil products whose prices are pegged to international prices.

**First half**

| 2011    | 2010  | 2011 X<br>2010<br>(%) |
|---------|-------|-----------------------|
| (2,375) | 1,008 | (336)                 |

**(1H-2011 x 1H-2010):** The results reflected higher oil acquisition/transfer and oil product import costs (Brent, up by 44% in US\$/bbl)

These factors were partially offset by increased export prices and the upturn in the domestic price of those oil products whose prices are pegged to international prices, as well as higher equity results of non-consolidated companies from petrochemical companies (R\$ 671 million), due to increased sales volume and the impact of the foreign exchange gains on debt.

**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11<br>X<br>1Q11<br>(%) |
|---------|------|------|--------------------------|
| 405     | 347  | 330  | (14)                     |
| 279     | 374  | 289  | 34                       |
| 684     | 721  | 619  | 5                        |
| 436     | 486  | 561  | 11                       |

**Imports and exports of crude oil and oil products (th. barrels/day) (\*)****First half**

| 2011 | 2010 | 2011 X<br>2010<br>(%) |
|------|------|-----------------------|
| 376  | 339  | 11                    |
| 326  | 281  | 16                    |
| 702  | 620  | 13                    |
| 461  | 558  | (17)                  |

|     |     |     |      |  |     |     |      |
|-----|-----|-----|------|--|-----|-----|------|
| 405 | 347 | 330 | (14) | Crude oil imports                        | 376 | 339 | 11   |
| 279 | 374 | 289 | 34   | Oil product imports                      | 326 | 281 | 16   |
| 684 | 721 | 619 | 5    | <b>Crude oil and oil product imports</b> | 702 | 620 | 13   |
| 436 | 486 | 561 | 11   | Crude oil exports <sup>9</sup>           | 461 | 558 | (17) |

|      |      |     |      |                                      |      |     |       |
|------|------|-----|------|--------------------------------------|------|-----|-------|
| 210  | 213  | 216 | 1    | Oil product exports                  | 211  | 204 | 3     |
|      |      |     |      | <b>Crude oil and oil</b>             |      |     |       |
| 646  | 699  | 777 | 8    | <b>product exports</b> <sup>10</sup> | 672  | 762 | (12)  |
|      |      |     |      | <b>Net crude oil and oil</b>         |      |     |       |
| (38) | (22) | 158 | (42) | <b>product exports</b>               |      |     |       |
|      |      |     |      | <b>(imports)</b>                     | (30) | 142 | (121) |

**(2Q-2011 x 1Q-2011):** Increase in oil product imports, especially diesel, reflecting the upturn in economic activity, and gasoline, since its price was more competitive than that of ethanol.

The increase in crude exports reflected the weak comparative base provided by 1Q-2011, when exports fell due to the need to replenish inventories.

**(1H-2011 x 1H-2010):** Higher oil product imports, especially diesel, reflecting the upturn in economic activity, and crude, in order to mitigate the production of fuel oil and gasoil, due to the scheduled stoppage in the heavy oil product pipeline.

Lower crude exports, due to the need to build up inventories in the first months of 2011, and higher oil exports in 1H-2010, reflecting increased availability due to the scheduled stoppage in Replan, which inflated the comparative base.

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(\*) Unaudited by Independent Auditors.

<sup>9</sup> Includes oil exports by the Refining, Transportation & Marketing and Exploration & Production business areas.

<sup>10</sup> Includes ongoing exports.



| 2nd quarter |       |       |                       |  | First half |       |                       |
|-------------|-------|-------|-----------------------|--|------------|-------|-----------------------|
| 1Q-2011     | 2011  | 2010  | 2Q11 X<br>1Q11<br>(%) | Oil product output<br>(th. barrels/day) (*)              | 2011       | 2010  | 2011 X<br>2010<br>(%) |
| 1,877       | 1,869 | 1,807 |                       | Oil product output                                       | 1,873      | 1,786 | 5                     |
| 2,007       | 2,007 | 1,942 |                       | Primary installed<br>processing capacity <sup>11</sup>   | 2,007      | 1,942 | 3                     |
| 92          | 92    | 91    |                       | Installed capacity use<br>(%)                            | 92         | 90    | 2                     |
| 1,852       | 1,837 | 1,760 | (1)                   | Processed feedstock -<br>Brazil (th. barrels/day)<br>(*) | 1,845      | 1,749 | 5                     |
| 82          | 81    | 81    | (1)                   | Domestic crude as %<br>of total processed<br>feedstock   | 81         | 81    |                       |

**(2Q-2011 x 1Q-2011):** Processed feedstock remained stable over the previous quarter.

**(1H-2011 x 1H-2010):** Daily processed feedstock moved up by 5%, reflecting the reduction in scheduled stoppages in the distillation units.

| 2nd quarter |      |      |                       |                                 | First half |      |                       |
|-------------|------|------|-----------------------|---------------------------------|------------|------|-----------------------|
| 1Q-2011     | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) | Refining Cost –<br>Domestic (*) | 2011       | 2010 | 2011 X<br>2010<br>(%) |
| 4.53        | 5.48 | 3.93 | 21                    | Refining cost<br>(US\$/barrel)  | 5.01       | 3.79 | 32                    |
| 7.57        | 8.78 | 7.03 | 16                    | Refining cost<br>(R\$/barrel)   | 8.18       | 6.78 | 21                    |

(2Q-2011 x 1Q-2011): Excluding the exchange variation effect, refining costs increased by 17%, due to higher expenses with scheduled stoppages, third-party services and materials.<sup>11</sup>

(1H-2011 x 1H-2010): Excluding the exchange variation effect, refining costs increased by 22% over 1H-2010, due to higher expenses from scheduled stoppages, materials and maintenance, as well as higher personnel expenses, due to the 2010/2011 collective bargaining agreement.

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<sup>11</sup> According to the ownership recognized by the ANP.

**GAS & POWER**

**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
| 515     | 747  | 349  | 45                    |

**Net income**

**First half**

| 2011  | 2010 | 2010 X<br>2010<br>(%) |
|-------|------|-----------------------|
| 1,262 | 672  | 88                    |

**(2Q-2011 x 1Q-2011):** The increase in net income was due to higher demand from industry, sustained by the upturn in domestic gas output, as well as the improved margins from energy sales, thanks to the generation of thermal power for export (which did not occur in 1Q-2011), whose margins are higher than those of the local market.

These effects were partially offset by lower electricity output, due to the recovery in hydropower plant reservoir volumes.

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

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

**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
| 168     | 162  | 168  | (4)                   |

**Physical and financial indicators (\*)**

**First half**

| 2011 | 2010 | 2010 X<br>2010<br>(%) |
|------|------|-----------------------|
| 165  | 160  | 3                     |

|       |       |       |      |   |       |       |      |
|-------|-------|-------|------|---|-------|-------|------|
|       |       |       |      | Gas imports (th. barrels/day)                             |       |       |      |
|       |       |       |      | Electricity sales (agreements) - average                  |       |       | (7)  |
| 2,037 | 2,008 | 1,973 | (1)  | MW  | 1,991 | 2,142 |      |
|       |       |       |      | Electricity generation - average MW                       |       |       | 4    |
| 773   | 626   | 881   | (19) |   | 699   | 669   |      |
|       |       |       |      | Difference settlement price (PLD) - R\$/MWh <sup>12</sup> |       |       | (10) |
| 33    | 20    | 41    | (39) |   | 27    | 30    |      |

**(2Q-2011 x 1Q-2011):** The 4% reduction in Bolivian gas imports was driven by increased supply and the higher utilization of Brazilian gas.

Electricity sales volume remained virtually flat, reflecting the optimization of spot market trading.

The 19% reduction in power generation was caused by lower dispatch by the ONS (National System Operator) due to higher water levels in 2Q-2011.

The 39% decline in the difference settlement price reflected the high reservoir levels.

**(1H-2011 x 1H-2010):** The 3% increase in Bolivian gas imports was due to higher industrial consumption.

The reduction in electricity sales was due to reduced availability in the free market since part of this energy was routed to the regulated market (energy auctions).

The 4% higher energy output was caused by increased dispatch by the ONS.

The 10% reduction in the difference settlement price reflected the heavier rainfall in 2011.

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(\*) Unaudited by Independent Auditors.

<sup>12</sup> PLD – weekly prices weighted by load level (light, medium and heavy), number of hours and sub-market capacity.

## BIOFUEL

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

| 2nd quarter |      |      |                 | Net income | First half |      |                 |
|-------------|------|------|-----------------|------------|------------|------|-----------------|
| 1Q-2011     | 2011 | 2010 | 2Q11 X 1Q11 (%) |            | 2011       | 2010 | 2011 X 2010 (%) |
| (13)        | (37) | (18) | 185             | (50)       | (40)       | 25   |                 |

**(2Q-2011 x 1Q-2011):** The net loss was chiefly due to the lower average biodiesel sale price and the seasonality of the ethanol sector.

**(1H-2011 x 1H-2010):** The improved profitability of ethanol was offset by higher biodiesel raw material acquisition and transportation costs and increased higher operating expenses.

## DISTRIBUTION

| 2nd quarter |      |      |                 | Net income | First half |      |                 |
|-------------|------|------|-----------------|------------|------------|------|-----------------|
| 1Q-2011     | 2011 | 2010 | 2Q11 X 1Q11 (%) |            | 2011       | 2010 | 2011 X 2010 (%) |
| 369         | 221  | 268  | (40)            | 590        | 630        | (6)  |                 |

**(2Q-2011 x 1Q-2011):** The reduction in net income was due to narrower sales margins, partially offset by the 6% increase in sales volume.

**(1H-2011 x 1H-2010):** The increase in gross profit (R\$88 million), due to the 7% upturn in sales volume, despite the reduction in sales margins, was offset by the increase in selling expenses with services, provisions for doubtful debts and personnel.

| 2nd quarter |  |  | 2Q11 X | First half |        |
|-------------|--|--|--------|------------|--------|
|             |  |  |        |            | 2011 X |
|             |  |  |        |            |        |

| 1Q-2011 | 2011  | 2010  | 1Q11<br>(%) |                         | 2011  | 2010  | 2010<br>(%) |
|---------|-------|-------|-------------|-------------------------|-------|-------|-------------|
| 38.9%   | 39.0% | 38.0% |             | <b>Market Share (*)</b> | 39.0% | 38.7% | 1           |

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(\*) Unaudited by Independent Auditors.

## INTERNATIONAL MARKET

## 2nd quarter

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
| 843     | 615  | 533  | (27)                  |

## Net income

## First half

| 2011  | 2010 | 2011 X<br>2010<br>(%) |
|-------|------|-----------------------|
| 1,458 | 980  | 49                    |

**(2Q-2011 x 1Q-2011):** The reduction in net income was chiefly due to lower output in Nigeria, partially offset by the reduction in expenses which were higher in 1Q-2011 due to the devolution of operations in Ecuador (R\$82 million).

**(1H-2011 x 1H-2010):** The improvement in net income was caused by higher international commodity prices in 2011, which pushed up gross profit (R\$407 million).

## 2nd quarter

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
| 140     | 124  | 146  | (11)                  |
| 93      | 94   | 92   | 1                     |
| 233     | 218  | 238  | (6)                   |

International  
Production (th.  
barrels/day) <sup>13 (\*)</sup>

## First half

| 2011 | 2010 | 2011 X<br>2010<br>(%) |
|------|------|-----------------------|
| 132  | 144  | (8)                   |
| 94   | 94   | -                     |
| 226  | 238  | (5)                   |

Consolidated  
international  
production

|     |     |     |      |
|-----|-----|-----|------|
| 9   | 8   | 8   | (11) |
| 242 | 226 | 246 | (7)  |

Non consolidated  
internacional  
production

|     |     |     |     |
|-----|-----|-----|-----|
| 242 | 226 | 246 | (7) |
|-----|-----|-----|-----|

Total international  
production

|     |     |     |
|-----|-----|-----|
| 132 | 144 | (8) |
| 94  | 94  | -   |
| 226 | 238 | (5) |
| 8   | 8   | -   |
| 234 | 246 | (5) |

(2Q-2011 x 1Q-2011): Oil and LNG production fell, especially in the Agbami field in Nigeria, due to the lower production quota allocated to Petrobras and the initial collection of tax oil (government take paid in oil) in March.

(1H-2011 x 1H-2010): Oil and LNG production fell, especially in the Agbami field in Nigeria, due to the initial collection of tax oil in March, together with the termination of agreements in Ecuador.

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(\*) Unaudited by Independent Auditors.

<sup>13</sup> Some countries that contribute to international output, such as Nigeria and Angola, operate under the shared production regime through which the government take is paid in oil.



**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
|---------|------|------|-----------------------|

5.65      7.31      5.48<sup>14</sup>      29

**Lifting Cost - International (US\$/barrel) (\*)**

**First half**

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

6.48      5.30<sup>15</sup>      22

(2Q-2011 x 1Q-2011): Higher expenses in Argentina due to the increase in the price of third-party services and the higher number of well interventions, together with higher insurance and transportation costs in Nigeria.

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

**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
|---------|------|------|-----------------------|

198      181      194      (9)  
212      194      208      (8)  
281      231      281      (18)  
66      68      63      3

**Oil Product Output - International (\*) (th. barrels/day)**

**First half**

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

**Processed feedstock**      190      203      (6)  
**Oil product output**      203      216      (6)  
**Primary installed processing capacity**      231      281      (18)  
**Installed capacity use (%)**      67      68      (1)

(2Q-2011 x 1Q-2011): Lower processed feedstock due to the sale of the San Lorenzo refinery in Argentina.

(1H-2011 x 1H-2010): Reduction in processed feedstock due to the sale of the San Lorenzo refinery in Argentina, together with the scheduled stoppage, in the fluid catalytic cracking unit in the USA between March and May 2011.

**2nd quarter**

| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
|---------|------|------|-----------------------|
|---------|------|------|-----------------------|

**First half**

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

| 1Q-2011 | 2011 |      | 2010 |  | 2Q11<br>X<br>1Q11<br>(%) | Refining Cost –<br>International<br>(US\$/barrel) (*) | 2011 |      | 2010 |  | 2010<br>(%) |
|---------|------|------|------|--|--------------------------|---|------|------|------|--|-------------|
| 4.81    | 5.70 | 3.68 |      |  | 19                       |   | 5.24 | 3.49 |      |  | 50          |

(2Q-2011 x 1Q-2011): Higher maintenance expenses in the Pasadena refinery in the USA due to the scheduled stoppage between March and May 2011 and the reduction in processed feedstock.

(1H-2011 x 1H-2010): Refinery costs increased in the USA due to expenses from the scheduled stoppage in the fluid catalytic cracking unit between March and May 2011 and the reduction in processed feedstock.

(\*) Unaudited by Independent Auditors.

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

<sup>15</sup> Revised lifting cost in the units in Nigeria and Angola.

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

| 2nd quarter  |              |              |                          | First half                                 |              |              |                          |
|--------------|--------------|--------------|--------------------------|--|--------------|--------------|--------------------------|
| 1Q-2011      | 2011         | 2010         | 2Q11<br>X<br>1Q11<br>(%) |  | 2011         | 2010         | 2011<br>X<br>2010<br>(%) |
| 796          | 871          | 802          | 9                        | Diesel                                     | 834          | 768          | 9                        |
| 439          | 481          | 374          | 10                       | Gasoline                                   | 460          | 392          | 17                       |
| 84           | 81           | 101          | (4)                      | Fuel Oil                                   | 83           | 102          | (19)                     |
| 153          | 172          | 176          | 12                       | Naphtha                                    | 162          | 162          | -                        |
| 208          | 227          | 221          | 9                        | LPG  | 218          | 212          | 3                        |
| 99           | 98           | 85           | (1)                      | Jet fuel                                   | 98           | 84           | 17                       |
| 189          | 188          | 139          | (1)                      | Other                                      | 188          | 154          | 22                       |
| <b>1,968</b> | <b>2,118</b> | <b>1,898</b> | <b>8</b>                 | <b>Total oil products</b>                  | <b>2,043</b> | <b>1,874</b> | <b>9</b>                 |
| 85           | 82           | 93           | (4)                      | Alcohols, renewable<br>nitrogen and others | 84           | 87           | (3)                      |
| 291          | 298          | 292          | 2                        | Natural gas                                | 295          | 275          | 7                        |
| <b>2,344</b> | <b>2,498</b> | <b>2,283</b> | <b>7</b>                 | <b>Total domestic<br/>market</b>           | <b>2,422</b> | <b>2,236</b> | <b>8</b>                 |
| 646          | 700          | 777          | 8                        | Exports                                    | 673          | 763          | (12)                     |
| 536          | 506          | 638          | (6)                      | International sales <sup>16</sup>          | 521          | 599          | (13)                     |
| <b>1,182</b> | <b>1,206</b> | <b>1,415</b> | <b>2</b>                 | <b>Total international<br/>market</b>      | <b>1,194</b> | <b>1,362</b> | <b>(12)</b>              |
| <b>3,526</b> | <b>3,704</b> | <b>3,698</b> | <b>5</b>                 | <b>Total</b>                               | <b>3,616</b> | <b>3,598</b> | <b>1</b>                 |

Domestic sales volume increased by 8% over 1H-2010, chiefly due to sales of the following products:

- Diesel (increase of 9%) – due to economic growth, the increase in the grain harvest and the reduced market share of the other local players;
- Gasoline (increase of 17%) – reflecting the more advantageous gasoline prices compared to those of ethanol in most states, the expansion of the flex-fuel vehicle fleet and the reduced market share of the other local players;
- Jet fuel (increase of 17%) – due to economic growth, the appreciation of the Real against the U.S. dollar, which helped increase demand for air travel, and the higher number of domestic and international flights;
- Natural gas (increase of 7%) – accompanying industrial growth and higher demand for power generation;
- Fuel oil (reduction of 19%) – reflecting the substitution of part of natural gas consumption, both in the thermal and industrial segments.

Exports declined by 12% over 1H-2010, due to the need to replenish Brazil's oil inventories in 2011 and higher oil exports in 2010, due to the product's greater availability as a result of the scheduled stoppages.

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

**2nd quarter**

|         |      |      |                       |
|---------|------|------|-----------------------|
| 1Q-2011 | 2011 | 2010 | 2Q11 X<br>1Q11<br>(%) |
| 798     | 901  | 725  | 13                    |

**First half**

|       |       |                       |
|-------|-------|-----------------------|
| 2011  | 2010  | 2011 X<br>2010<br>(%) |
| 1,698 | 1,376 | 23                    |

**(2Q-2011 x 1Q-2011):** Excluding the appreciation of the Real, corporate overhead increased by 9% over the previous quarter, due to higher data-processing and sponsorship expenses.

**(1H-2011 x 1H-2010):** Excluding the appreciation of the Real, corporate overhead moved up by 14% in 1H-2011 due to higher personnel and data-processing expenses.

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(\*) Unaudited by Independent Auditors.

<sup>16</sup> Altered in accordance with the revision of PESA's volumes.

## Consolidated Investments

| R\$ million   |               |            |               |            |      |
|---|---------------|------------|---------------|------------|------|
|   | First half    |            |               |            |      |
|   | 2011          | %          | 2010          | %          | Δ%   |
| <b>• Own Investments</b>                                  | <b>31,589</b> | <b>99</b>  | <b>36,277</b> | <b>95</b>  | (13) |
| Exploration & Production                                  | 14,696        | 46         | 15,745        | 41         | (7)  |
| Refining, Transportation & Marketing                      | 12,080        | 38         | 13,781        | 36         | (12) |
| Gas & Power   | 1,720         | 5          | 2,416         | 6          | (29) |
| International <sup>(I)</sup>                              | 1,877         | 6          | 2,530         | 7          | (26) |
| Distribution  | 430           | 1          | 257           | 1          | 67   |
| Biofuels  | 236           | 1          | 851           | 2          | (72) |
| Corporate   | 550           | 2          | 697           | 2          | (21) |
| <b>• Special purpose companies (SPCs) <sup>(II)</sup></b> | <b>415</b>    | <b>1</b>   | <b>1,824</b>  | <b>5</b>   | (77) |
| <b>Total investments</b>                                  | <b>32,004</b> | <b>100</b> | <b>38,101</b> | <b>100</b> | (16) |
| <b>(I) International</b>                                  | <b>1,877</b>  | <b>100</b> | <b>2,530</b>  | <b>100</b> | (26) |
| Exploration & Production                                  | 1,606         | 87         | 2,320         | 92         | (31) |
| Refining, Transportation & Marketing                      | 192           | 10         | 126           | 5          | 52   |
| Gas & Power   | 44            | 2          | 44            | 2          |      |
| Distribution  | 26            | 1          | 28            | 1          | (7)  |
| Other   | 9             |            | 12            |            | (25) |
| <b>(II) Projects developed by SPCs</b>                    | <b>415</b>    | <b>100</b> | <b>1,824</b>  | <b>100</b> | (77) |
| Exploration & Production                                  | 99            | 24         | 243           | 13         | (59) |
| Refining, Transportation & Marketing                      | 175           | 42         | 237           | 13         | (26) |
| Gas & Power   | 105           | 25         | 1,344         | 74         | (92) |
| Distribution  | 36            | 9          |               |            |      |

In line with its strategic objectives, Petrobras operates associated with other companies, in Brazil and abroad, as a concessionaire of oil and gas exploration, development and oil and natural gas production rights. Currently the Company is a member of 100 consortiums in Brazil, of which it operates 67, and 148 partnerships abroad, of which it operates 75.



**Consolidated Debt**

|   | <b>R\$ million</b> |                   |           |
|---|--------------------|-------------------|-----------|
|   | <b>06.30.2011</b>  | <b>12.31.2010</b> | <b>Δ%</b> |
| <b>Short-term debt</b> <sup>17</sup>  | 16,737             | 15,668            | 7         |
| <b>Long-term debt</b> <sup>18</sup>   | 111,561            | 102,247           | 9         |
| <b>Total</b>  | 128,298            | 117,915           | 9         |
| <b>Cash and cash equivalents</b>  | 34,673             | 30,323            | 14        |
| <b>Treasury Bills (maturity of more than 90 days)</b>                               | 24,788             | 25,525            | (3)       |
| <b>Adjusted cash equivalents</b>  | 59,461             | 55,848            | 6         |
| <b>Net debt</b> <sup>19</sup>   | 68,837             | 62,067            | 11        |
| <b>Net debt/(net debt + shareholder's equity)</b><br>(*)                            | 17%                | 17%               |           |
| <b>Total net liabilities</b> <sup>20</sup>  | 495,123            | 464,122           | 7         |
| <b>Capital structure</b> (*)<br>(net third parties capital / total net liabilities) | 34%                | 33%               | 1         |
| <b>Net debt/EBITDA ratio</b>  | 1.07               | 1.03              | 4         |

|                        | <b>US\$ million</b> |                   |           |
|------------------------|---------------------|-------------------|-----------|
|                        | <b>06.30.2011</b>   | <b>12.31.2010</b> | <b>Δ%</b> |
| <b>Short-term debt</b> | 10,721              | 9,403             | 14        |
| <b>Long-term debt</b>  | 71,463              | 61,365            | 16        |
| <b>Total</b>           | 82,184              | 70,769            | 16        |
| <b>Net debt</b>        | 44,095              | 37,250            | 18        |

The net debt of the Petrobras System increased by 11% over December 31, 2010, due to the raising of long-term funding abroad through bond issues (Global Notes), partially offset by higher cash and cash equivalents. (\*)17181920

(\*) Unaudited by Independent Auditors.

<sup>17</sup> Includes financial leaseings (R\$114 million on June 30, 2011 and R\$176 million on December 31, 2010).

<sup>18</sup> Includes financial leaseings (R\$181 million on June 30, 2011 and R\$196 million on December 31, 2010).

<sup>19</sup> Total debt less cash and cash equivalents.

<sup>20</sup> Total liabilities net of cash and financial investments.

## Income Statement – Consolidated

| R\$ million   |               |              |  |               |               |
|---------------|---------------|--------------|--|---------------|---------------|
| 1Q-2011       | 2nd quarter   |              |  | First half    |               |
|               | 2011          | 2010         |  | 2011          | 2010          |
| 54,800        | 61,469        | 53,631       | <b>Revenue from sales</b>                                | 116,269       | 104,043       |
| (34,596)      | (41,226)      | (34,244)     | Cost of products sold                                    | (75,822)      | (65,346)      |
| 20,204        | 20,243        | 19,387       | <b>Gross profit</b>                                      | 40,447        | 38,697        |
|               |               |              | <b>Expenses</b>  |               |               |
| (2,116)       | (2,182)       | (2,276)      | Selling  | (4,298)       | (4,348)       |
| (2,010)       | (2,164)       | (1,897)      | General and administrative                               | (4,174)       | (3,726)       |
| (942)         | (1,199)       | (626)        | Exploratory cost   | (2,141)       | (1,629)       |
| (492)         | (526)         | (415)        | Research & development                                   | (1,019)       | (806)         |
| (251)         | (115)         | (225)        | Taxes  | (366)         | (378)         |
| (1,857)       | (2,010)       | (1,645)      | Other  | (3,865)       | (3,890)       |
| (7,668)       | (8,196)       | (7,084)      |  | (15,863)      | (14,777)      |
|               |               |              | <b>Income before financial results and taxes</b>         |               |               |
| 12,536        | 12,047        | 12,303       |  | 24,584        | 23,920        |
| 2,022         | 2,895         | (630)        | Net financial result                                     | 4,918         | (1,331)       |
|               |               |              | Equity results of non-consolidated companies             | 442           | (410)         |
| 277           | 166           | (231)        |  |               |               |
| 14,835        | 15,108        | 11,442       | <b>Income before taxes</b>                               | 29,944        | 22,179        |
|               |               |              | Income tax and social contribution                       | (7,339)       | (6,045)       |
| (3,641)       | (3,698)       | (3,105)      |  |               |               |
| <b>11,194</b> | <b>11,410</b> | <b>8,337</b> | <b>Net income</b>  | <b>22,605</b> | <b>16,134</b> |
| (209)         | (468)         | (42)         | Minority interest  | (677)         | (113)         |
| <b>10,985</b> | <b>10,942</b> | <b>8,295</b> | <b>Net income attributable to Petrobras shareholders</b> | <b>21,928</b> | <b>16,021</b> |



**Balance Sheet – Consolidated**

| <b>ASSETS</b>                           | <b>R\$ million</b> |                   |
|---|--------------------|-------------------|
|   | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current Assets</b>                   | <b>119,494</b>     | <b>106,685</b>    |
| Cash and cash equivalents               | 34,673             | 30,323            |
| Marketable securities                   | 24,969             | 26,017            |
| Accounts receivable                     | 18,763             | 17,334            |
| Inventories                             | 25,751             | 19,816            |
| Taxes recoverable                       | 11,323             | 8,935             |
| Other                                   | 4,015              | 4,260             |
| <b>Non Current Assets</b>               | <b>435,090</b>     | <b>413,285</b>    |
| <b>Long-term assets</b>                 | <b>38,249</b>      | <b>38,470</b>     |
| Accounts receivable                     | 4,730              | 4,956             |
| Marketable securities                   | 5,199              | 5,208             |
| Judicial deposits                       | 2,810              | 2,807             |
| Deferred taxes and social contribution  | 16,913             | 17,211            |
| Advances to suppliers                   | 4,691              | 4,976             |
| Other                                   | 3,906              | 3,312             |
| <b>Investments</b>                      | <b>9,237</b>       | <b>8,879</b>      |
| <b>Properties, plant and equipments</b> | <b>304,925</b>     | <b>282,838</b>    |
| <b>Intangible assets</b>                | <b>82,679</b>      | <b>83,098</b>     |
| <b>Total assets</b>                     | <b>554,584</b>     | <b>519,970</b>    |

| <b>LIABILITIES</b>            | <b>R\$ million</b> |                   |
|-------------------------------|--------------------|-------------------|
|                               | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current Liabilities</b>    | <b>60,821</b>      | <b>56,835</b>     |
| Short-term debt               | 16,737             | 15,668            |
| Suppliers                     | 18,616             | 17,044            |
| Taxes and social contribution | 11,547             | 10,250            |
| Dividends                     | 2,609              | 3,595             |

|   |                |                |
|---|----------------|----------------|
| Payroll and related charges                       | 2,942          | 2,606          |
| Pension and health plan obligation                | 1,283          | 1,303          |
| Other   | 7,087          | 6,369          |
| <b>Non Current Liabilities</b>                    | <b>167,420</b> | <b>152,912</b> |
| Long-term Debt                                    | 111,561        | 102,247        |
| Deferred taxes and social contribution            | 30,847         | 26,161         |
| Pension and health plan                           | 16,098         | 15,278         |
| Provision for well abandonment                    | 6,424          | 6,505          |
| Provision for lawsuits                            | 1,251          | 1,372          |
| Other   | 1,239          | 1,349          |
| <b>Shareholders' Equity</b>                       | <b>326,343</b> | <b>310,223</b> |
| Capital stock                                     | 205,380        | 205,357        |
| Reserves/Income for the period                    | 117,332        | 101,408        |
| <b>Non-controlling Interest</b>                   | <b>3,631</b>   | <b>3,458</b>   |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>554,584</b> | <b>519,970</b> |

## Statement of Cash Flow – Consolidated

| R\$ million    |                 |                 |  |                 |                 |
|----------------|-----------------|-----------------|--|-----------------|-----------------|
|                | 2nd quarter     |                 |  | First half      |                 |
| 1Q-2011        | 2011            | 2010            |  | 2011            | 2010            |
| <b>10,985</b>  | <b>10,942</b>   | <b>8,295</b>    | <b>Net Income Attributable to Petrobras Shareholders</b> | <b>21,928</b>   | <b>16,021</b>   |
| 1,939          | 3,306           | 4,964           | (+) Adjustments  | 5,244           | 6,914           |
| 3,558          | 4,087           | 3,624           | Depreciation and amortization                            | 7,645           | 6,889           |
| (771)          | (1,225)         | 1,265           | Financial expenses, monetary and exchange variations     | (1,996)         | 2,381           |
| 209            | 468             | 42              | Minority interest  | 677             | 112             |
| (277)          | (166)           | 230             | Equity results of non-consolidated companies             | (443)           | 410             |
| 2,373          | 1,751           | 1,541           | Deferred income tax and contribution                     | 4,124           | 1,095           |
| 538            | 708             | 274             | Write-off of dry wells                                   | 1,246           | 906             |
| 163            | 205             | 204             | Impairment losses  | 368             | 514             |
| (4,266)        | (2,213)         | 191             | Inventory variation                                      | (6,479)         | (372)           |
| (877)          | (1,109)         | 11              | Accounts receivable variation                            | (1,986)         | (2,050)         |
| 2,157          | (101)           | 69              | Supplier variation                                       | 2,055           | (768)           |
| 480            | 329             | 243             | Pension and health plan obligation variation             | 809             | 844             |
| (237)          | (258)           | (2,097)         | Tax variation  | (495)           | (3,174)         |
| (1,111)        | 830             | (633)           | Other adjustments  | (281)           | 127             |
| <b>12,924</b>  | <b>14,248</b>   | <b>13,259</b>   | <b>(=) Cash Generated by Operating Activities</b>        | <b>27,172</b>   | <b>22,935</b>   |
| <b>(9,395)</b> | <b>(19,090)</b> | <b>(19,638)</b> | <b>(-) Cash Used in Investment Activities</b>            | <b>(28,485)</b> | <b>(35,651)</b> |
| (15,329)       | (15,313)        | (19,664)        | Investments in business areas                            | (30,642)        | (35,686)        |
| 5,934          | (3,777)         | 26              | Marketable Securities                                    | 2,157           | 35              |
| <b>3,529</b>   | <b>(4,842)</b>  | <b>(6,379)</b>  | <b>(=) Net Cash Flow</b>                                 | <b>(1,313)</b>  | <b>(12,716)</b> |
| <b>9,704</b>   | <b>(3,128)</b>  | <b>3,581</b>    | <b>(-) Cash Used in Financing Activities</b>             | <b>6,576</b>    | <b>7,770</b>    |
| 15,355         | 6,766           | 11,664          | Cash capitalization                                      | 22,121          | 21,788          |
| (2,172)        | (4,439)         | (3,434)         | Amortization of principal                                | (6,611)         | (7,711)         |
| (1,641)        | (1,421)         | (938)           | Amortization of interest                                 | (3,062)         | (2,572)         |
| (1,838)        | (4,034)         | (3,711)         | Dividends  | (5,872)         | (3,735)         |
| (211)          | (702)           | 57              | (+) FX effect on cash and cash equivalents               | (913)           | 122             |

|               |                |                |  |              |                |
|---------------|----------------|----------------|--|--------------|----------------|
| <b>13,022</b> | <b>(8,672)</b> | <b>(2,741)</b> | <b>(=) Cash and cash<br/>equivalents generated in the<br/>period</b> | <b>4,350</b> | <b>(4,824)</b> |
| 30,323        | 43,345         | 26,951         | Cash and cash equivalents at<br>beginning of period                  | 30,323       | 29,034         |
| 43,345        | 34,673         | 24,210         | Cash and cash equivalents at<br>end of period                        | 34,673       | 24,210         |

**Statement of Added Value – Consolidated**

|   | <b>R\$ million</b> |               |
|---|--------------------|---------------|
|   | <b>First half</b>  |               |
|   | <b>2011</b>        | <b>2010</b>   |
| <b>Revenue</b>  |                    |               |
| Sales of products and services <sup>21</sup>                  | 148,474            | 132,081       |
| Asset construction  | 30,238             | 32,407        |
|   | 178,712            | 164,488       |
| <b>Input acquisitions from third parties</b>                  |                    |               |
| Raw materials used  | (22,553)           | (19,876)      |
| Products for resale   | (19,455)           | (19,723)      |
| Energy, third parties services & other                        | (33,185)           | (34,350)      |
| Tax credits on inputs acquired from third parties             | (8,677)            | (9,536)       |
| Impairment losses   | (369)              | (514)         |
|   | (84,239)           | (83,999)      |
| <b>Gross added value</b>                                      | 94,473             | 80,489        |
| <b>Retentions</b>   |                    |               |
| Depreciation and amortization                                 | (7,645)            | (6,889)       |
| <b>Net added value produced by the Company</b>                | 86,828             | 73,600        |
| <b>Added value received</b>                                   |                    |               |
| Equity results of non-consolidated companies                  | 443                | (410)         |
| Financial revenue - including monetary and exchange variation | 3,622              | 1,682         |
| Rent, royalties and other                                     | 511                | 597           |
|   | 4,576              | 1,869         |
| <b>Added value to distribute</b>                              | <b>91,404</b>      | <b>75,469</b> |
| <b>Distribution of added value</b>                            |                    |               |
| <b>Personnel and administrative</b>                           |                    |               |
| <b>Direct compensation</b>                                    |                    |               |
| Salaries  | 7,034              | 6,182         |
| <b>Benefits</b>   |                    |               |
| Advantages  | 393                | 353           |

|   |        |        |
|---|--------|--------|
| Health and pension plan                           | 1,827  | 1,500  |
| <b>FGTS</b>                                       | 402    | 355    |
|   | 9,656  | 8,390  |
| <b>Taxes</b>                                      |        |        |
| Federal   | 32,289 | 26,561 |
| State   | 17,190 | 13,401 |
| Municipal   | 109    | 103    |
| Foreign states                                    | 2,639  | 2,570  |
|   | 52,227 | 42,635 |
| <b>Financial institutions and suppliers</b>       |        |        |
| Exchange variation, monetary and financial charge | 2,079  | 5,012  |
| Rent and freight expenses                         | 4,837  | 3,298  |
|   | 6,916  | 8,310  |
| <b>Shareholders</b>                               |        |        |
| Interest on equity                                | 5,218  | 3,510  |
| Minority interest                                 | 677    | 112    |
| Retained earnings                                 | 16,710 | 12,512 |
|   | 22,605 | 16,134 |
| <b>Added value distributed</b>                    | 91,404 | 75,469 |

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<sup>21</sup> Net of provisions for doubtful debt.

Consolidated Income Statement by Business Area - First half/2011 <sup>22</sup>

|   | R\$ MILLION    |                |                   |              |                |                |                |                 |                 |
|---|----------------|----------------|-------------------|--------------|----------------|----------------|----------------|-----------------|-----------------|
|   | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS     | DISTRIB.       | INTERN.        | CORP.          | ELIMIN.         | TOTAL           |
| <b>Revenue from sales</b>                                       | <b>59,128</b>  | <b>94,917</b>  | <b>7,969</b>      | <b>337</b>   | <b>34,896</b>  | <b>14,011</b>  |                | <b>(94,989)</b> | <b>116,269</b>  |
| Intersegment  | 58,873         | 30,639         | 1,139             | 251          | 644            | 3,443          |                | (94,989)        |                 |
| Third parties   | 255            | 64,278         | 6,830             | 86           | 34,252         | 10,568         |                |                 | 116,269         |
| Cost of goods sold  | (25,249)       | (95,761)       | (4,822)           | (381)        | (32,089)       | (10,845)       |                | 93,325          | (75,822)        |
| <b>Gross profit</b>   | <b>33,879</b>  | <b>(844)</b>   | <b>3,147</b>      | <b>(44)</b>  | <b>2,807</b>   | <b>3,166</b>   |                | <b>(1,664)</b>  | <b>40,447</b>   |
| <b>Expenses</b>   | <b>(3,720)</b> | <b>(3,268)</b> | <b>(1,271)</b>    | <b>(96)</b>  | <b>(1,912)</b> | <b>(1,614)</b> | <b>(4,116)</b> | <b>134</b>      | <b>(15,863)</b> |
| Selling, General & administrative                               | (402)          | (2,535)        | (957)             | (62)         | (1,865)        | (816)          | (1,919)        | 84              | (8,472)         |
| Exploratory costs   | (1,894)        |                |                   |              |                | (247)          |                |                 | (2,141)         |
| Research & development  | (547)          | (180)          | (52)              | (7)          | (4)            |                | (229)          |                 | (1,019)         |
| Taxes   | (34)           | (41)           | (37)              | (1)          | (24)           | (91)           | (138)          |                 | (366)           |
| Other   | (843)          | (512)          | (225)             | (26)         | (19)           | (460)          | (1,830)        | 50              | (3,865)         |
| <b>Income before financial result, profit sharing and taxes</b> | <b>30,159</b>  | <b>(4,112)</b> | <b>1,876</b>      | <b>(140)</b> | <b>895</b>     | <b>1,552</b>   | <b>(4,116)</b> | <b>(1,530)</b>  | <b>24,584</b>   |
| Net financial result  |                |                |                   |              |                |                | 4,918          |                 | 4,918           |
| Equity results of non-consolidated companies                    |                | 328            | 31                | 43           | (1)            | 39             | 2              |                 | 442             |
| <b>Income before profit sharing and taxes</b>                   | <b>30,159</b>  | <b>(3,784)</b> | <b>1,907</b>      | <b>(97)</b>  | <b>894</b>     | <b>1,591</b>   | <b>804</b>     | <b>(1,530)</b>  | <b>29,944</b>   |
| Income tax and social contribution                              | (10,254)       | 1,398          | (638)             | 47           | (304)          | (112)          | 2,003          | 521             | (7,339)         |
| <b>Net income</b>   | <b>19,905</b>  | <b>(2,386)</b> | <b>1,269</b>      | <b>(50)</b>  | <b>590</b>     | <b>1,479</b>   | <b>2,807</b>   | <b>(1,009)</b>  | <b>22,605</b>   |
| Minority interest   | 15             | 11             | (7)               |              |                | (21)           | (675)          |                 | (677)           |
| <b>Net income attributable to</b>                               | <b>19,920</b>  | <b>(2,375)</b> | <b>1,262</b>      | <b>(50)</b>  | <b>590</b>     | <b>1,458</b>   | <b>2,132</b>   | <b>(1,009)</b>  | <b>21,928</b>   |

**Petrobras  
shareholders**

**Consolidated Income Statement by Business Area - First half/2010 <sup>22</sup>**

|   | R\$ MILLION    |                |                   |             |                |                |                |                 |                 |
|---|----------------|----------------|-------------------|-------------|----------------|----------------|----------------|-----------------|-----------------|
|   | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS    | DISTRIB.       | INTERN.        | CORP.          | ELIMIN.         | TOTAL           |
| <b>Revenue from sales</b>                                       | <b>46,900</b>  | <b>85,525</b>  | <b>6,485</b>      | <b>243</b>  | <b>30,976</b>  | <b>12,150</b>  |                | <b>(78,236)</b> | <b>104,043</b>  |
| Intersegment  | 46,646         | 27,386         | 819               | 230         | 655            | 2,500          |                | (78,236)        |                 |
| Third parties   | 254            | 58,139         | 5,666             | 13          | 30,321         | 9,650          |                |                 | 104,043         |
| Cost of goods sold  | (21,256)       | (80,247)       | (4,030)           | (239)       | (28,257)       | (9,390)        |                | 78,073          | (65,346)        |
| <b>Gross profit</b>   | <b>25,644</b>  | <b>5,278</b>   | <b>2,455</b>      | <b>4</b>    | <b>2,719</b>   | <b>2,760</b>   |                | <b>(163)</b>    | <b>38,697</b>   |
| <b>Expenses</b>   | <b>(3,012)</b> | <b>(3,164)</b> | <b>(1,375)</b>    | <b>(56)</b> | <b>(1,763)</b> | <b>(1,463)</b> | <b>(4,069)</b> | <b>125</b>      | <b>(14,777)</b> |
| Selling, general & administrative                               | (359)          | (2,661)        | (921)             | (31)        | (1,656)        | (809)          | (1,760)        | 123             | (8,074)         |
| Exploratory costs   | (1,403)        |                |                   |             |                | (226)          |                |                 | (1,629)         |
| Research & development  | (414)          | (138)          | (56)              |             | (4)            | (1)            | (193)          |                 | (806)           |
| Taxes   | (112)          | (49)           | (24)              | (1)         | (14)           | (75)           | (103)          |                 | (378)           |
| Other   | (724)          | (316)          | (374)             | (24)        | (89)           | (352)          | (2,013)        | 2               | (3,890)         |
| <b>Income before financial result, profit sharing and taxes</b> | <b>22,632</b>  | <b>2,114</b>   | <b>1,080</b>      | <b>(52)</b> | <b>956</b>     | <b>1,297</b>   | <b>(4,069)</b> | <b>(38)</b>     | <b>23,920</b>   |
| Net financial result  |                |                |                   |             |                |                | (1,331)        |                 | (1,331)         |
| Equity results of non-consolidated companies                    |                | (343)          | (12)              | (6)         | (1)            | (12)           | (36)           |                 | (410)           |
| <b>Income before profit sharing and taxes</b>                   | <b>22,632</b>  | <b>1,771</b>   | <b>1,068</b>      | <b>(58)</b> | <b>955</b>     | <b>1,285</b>   | <b>(5,436)</b> | <b>(38)</b>     | <b>22,179</b>   |
| Income tax and social contribution                              | (7,695)        | (719)          | (367)             | 18          | (325)          | (213)          | 3,268          | (12)            | (6,045)         |
| <b>Net income</b>   | <b>14,937</b>  | <b>1,052</b>   | <b>701</b>        | <b>(40)</b> | <b>630</b>     | <b>1,072</b>   | <b>(2,168)</b> | <b>(50)</b>     | <b>16,134</b>   |
| Minority interest   | 24             | (44)           | (29)              |             |                | (92)           | 28             |                 | (113)           |
| <b>Net income attributable to Petrobras' shareholders</b>       | <b>14,961</b>  | <b>1,008</b>   | <b>672</b>        | <b>(40)</b> | <b>630</b>     | <b>980</b>     | <b>(2,140)</b> | <b>(50)</b>     | <b>16,021</b>   |



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

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**Consolidated EBITDA Statement by Business Area - First half/2011** <sup>23</sup>

|  | R\$ MILLION   |                |                   |              |              |              |                |                |               |
|--|---------------|----------------|-------------------|--------------|--------------|--------------|----------------|----------------|---------------|
|  | E&P           | RT&M           | GAS<br>&<br>POWER | BIOFUELS     | DISTRIB.     | INTERN.      | CORP.          | ELIMIN.        | TOTAL         |
| Income before financial result and taxes | 30,159        | (4,112)        | 1,876             | (140)        | 895          | 1,552        | (4,116)        | (1,530)        | 24,584        |
| Depreciation / amortization              | 4,520         | 1,156          | 697               | 27           | 182          | 787          | 276            | -              | 7,645         |
| Impairment                               | -             | -              | -                 | -            | -            | 4            | -              | -              | 4             |
| <b>EBITDA</b>                            | <b>34,679</b> | <b>(2,956)</b> | <b>2,573</b>      | <b>(113)</b> | <b>1,077</b> | <b>2,343</b> | <b>(3,840)</b> | <b>(1,530)</b> | <b>32,233</b> |

**Statement of Other Operating Income (Expenses) - First half/2011** <sup>23</sup>

|   | R\$ MILLION |       |                   |          |          |         |       |         |       |
|---|-------------|-------|-------------------|----------|----------|---------|-------|---------|-------|
|   | E&P         | RT&M  | GAS<br>&<br>POWER | BIOFUELS | DISTRIB. | INTERN. | CORP. | ELIMIN. | TOTAL |
| Pension and health plan                             | -           | -     | -                 | -        | -        | -       | (782) | -       | (782) |
| Unprogrammed stoppages and pre-operational expenses | (364)       | (39)  | (68)              | -        | -        | (192)   | -     | -       | (663) |
| Institutional relations and cultural projects       | (28)        | (23)  | (4)               | -        | (37)     | (2)     | (473) | -       | (567) |
| Expenses with health, safety and the environment    | (39)        | (56)  | (4)               | -        | -        | (66)    | (147) | -       | (312) |
| Adjustment of inventories to market value           | 7           | (135) | -                 | (19)     | -        | (112)   | -     | -       | (259) |
| Results with sales and write-off of assets          | (38)        | (10)  | (48)              | -        | -        | (82)    | (61)  | -       | (239) |
| Losses and contingencies related to law suits       | (30)        | (26)  | (8)               | -        | (29)     | (15)    | (66)  | -       | (174) |
| Expenses/repayment in E&P partnership operations    | (133)       | -     | -                 | -        | -        | -       | -     | -       | (133) |
| Operational expenses with thermoelectric            | -           | -     | (97)              | -        | -        | -       | -     | -       | (97)  |

|   |              |              |              |             |             |              |                |           |                |
|---|--------------|--------------|--------------|-------------|-------------|--------------|----------------|-----------|----------------|
| plants  |              |              |              |             |             |              |                |           |                |
| Impairment losses   | -            | -            | -            | -           | -           | (4)          | -              | -         | (4)            |
| Government incentives, donations and subsidies                              | 67           | 90           | 57           | -           | -           | -            | -              | -         | 214            |
| Other (such as: penalties and contractual charges, rent revenue/leases etc) | (285)        | (313)        | (53)         | (7)         | 47          | 13           | (301)          | 50        | (849)          |
|   | <b>(843)</b> | <b>(512)</b> | <b>(225)</b> | <b>(26)</b> | <b>(19)</b> | <b>(460)</b> | <b>(1,830)</b> | <b>50</b> | <b>(3,865)</b> |

Statement of Other Operating Income (Expenses) - First half/2010 <sup>23</sup>

|   | R\$ MILLION |       |             |          |          |         |       |         |         |
|---|-------------|-------|-------------|----------|----------|---------|-------|---------|---------|
|   | E&P         | RT&M  | GAS & POWER | BIOFUELS | DISTRIB. | INTERN. | CORP. | ELIMIN. | TOTAL   |
| Pension and health plan                             | -           | -     | -           | -        | -        | -       | (788) | -       | (788)   |
| Unprogrammed stoppages and pre-operational expenses | (207)       | (13)  | (56)        | -        | -        | -       | -     | -       | (276)   |
| Institutional relations and cultural projects       | (31)        | (19)  | (10)        | -        | (26)     | (2)     | (433) | -       | (521)   |
| Expenses with health, safety and the environment    | (38)        | (33)  | (2)         | -        | -        | -       | (182) | -       | (255)   |
| Adjustment of inventories to market value           | -           | (38)  | -           | (2)      | -        | (281)   | -     | -       | (321)   |
| Results with sales and write-off of assets          | (2)         | (5)   | (2)         | -        | -        | -       | (1)   | -       | (10)    |
| Losses and contingencies related to law suits       | (489)       | (146) | (9)         | -        | (160)    | (11)    | (548) | -       | (1,363) |
| Expenses/repayment in E&P partnership operations    | 86          |       |             |          |          |         |       |         | 86      |
| Operational expenses with thermoelectric plants     | -           | -     | (243)       | -        | -        | -       | -     | -       | (243)   |
| Impairment losses                                   | -           | -     | (80)        | -        | -        | (114)   | -     | -       | (194)   |
| Government incentives, donations and subsidies      | 75          | 216   | 7           | -        | -        | -       | -     | -       | 298     |
| Other (such as: penalties and                       | (118)       | (278) | 21          | (22)     | 97       | 56      | (61)  | 2       | (303)   |

contractual charges,  
rent revenue/leases  
etc)

|              |              |              |             |             |              |                |          |                |
|--------------|--------------|--------------|-------------|-------------|--------------|----------------|----------|----------------|
| <b>(724)</b> | <b>(316)</b> | <b>(374)</b> | <b>(24)</b> | <b>(89)</b> | <b>(352)</b> | <b>(2,013)</b> | <b>2</b> | <b>(3,890)</b> |
|--------------|--------------|--------------|-------------|-------------|--------------|----------------|----------|----------------|

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

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**Consolidated Assets by Business Area - 06.30.2011** <sup>24</sup>

|                               | R\$ MILLION    |                |                   |              |               |               |               |                 |                |
|-------------------------------|----------------|----------------|-------------------|--------------|---------------|---------------|---------------|-----------------|----------------|
|                               | E&P            | RT&M           | GAS<br>&<br>POWER | BIOFUELS     | DISTRIB.      | INTERN.       | CORP.         | ELIMIN.         | TOTAL          |
| <b>Assets</b>                 | <b>240,003</b> | <b>138,757</b> | <b>50,880</b>     | <b>2,377</b> | <b>13,354</b> | <b>29,117</b> | <b>92,217</b> | <b>(12,121)</b> | <b>554,584</b> |
| <b>Current assets</b>         | <b>9,623</b>   | <b>36,776</b>  | <b>3,978</b>      | <b>313</b>   | <b>7,218</b>  | <b>5,620</b>  | <b>67,568</b> | <b>(11,602)</b> | <b>119,494</b> |
| <b>Non-current assets</b>     | <b>230,380</b> | <b>101,981</b> | <b>46,902</b>     | <b>2,064</b> | <b>6,136</b>  | <b>23,497</b> | <b>24,649</b> | <b>(519)</b>    | <b>435,090</b> |
| Long-term assets              | 6,363          | 6,555          | 3,195             | 128          | 1,145         | 4,214         | 17,168        | (519)           | 38,249         |
| Investments                   | 2              | 6,493          | 260               | 1,089        | 21            | 1,225         | 147           | -               | 9,237          |
| Property, plant and equipment | 147,477        | 88,620         | 42,297            | 827          | 4,288         | 15,001        | 6,415         | -               | 304,925        |
| Intangible assets             | 76,538         | 313            | 1,150             | 20           | 682           | 3,057         | 919           | -               | 82,679         |

**Consolidated Assets by Business Area - 12.31.2010** <sup>24</sup>

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

<sup>24</sup> As of 2011 Biofuel results are presented separately. This information was previously included in the corporate group. For comparative purposes, the information from the previous period was reclassified.

## Consolidated Income Statement by International Business Area

R\$ MILLION  
INTERNATIONAL

| E&P | RT&M | GAS<br>&<br>POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|-----|------|-------------------|----------|-------|---------|-------|
|-----|------|-------------------|----------|-------|---------|-------|

Income Statement- 1st  
half-2011

|   |              |              |            |              |              |                |               |
|---|--------------|--------------|------------|--------------|--------------|----------------|---------------|
| <b>Revenue from sales</b>   | <b>3,891</b> | <b>7,007</b> | <b>988</b> | <b>3,993</b> | <b>-</b>     | <b>(1,868)</b> | <b>14,011</b> |
| Intersegment  | 3,139        | 1,993        | 162        | 28           | -            | (1,879)        | 3,443         |
| Third parties   | 752          | 5,014        | 826        | 3,965        | -            | 11             | 10,568        |
| <b>Earnings before financial<br/>result, profit sharing and<br/>taxes</b> | <b>1,555</b> | <b>161</b>   | <b>137</b> | <b>35</b>    | <b>(351)</b> | <b>15</b>      | <b>1,552</b>  |
| <b>Net income attributable<br/>to Petrobras shareholders</b>              | <b>1,462</b> | <b>168</b>   | <b>109</b> | <b>36</b>    | <b>(332)</b> | <b>15</b>      | <b>1,458</b>  |

R\$ MILLION  
INTERNATIONAL

| E&P | RT&M | GAS<br>&<br>POWER | DISTRIB. | CORP. | ELIMIN. | TOTAL |
|-----|------|-------------------|----------|-------|---------|-------|
|-----|------|-------------------|----------|-------|---------|-------|

Income Statement- 1st  
half-2010

|   |              |              |              |              |              |                |               |
|---|--------------|--------------|--------------|--------------|--------------|----------------|---------------|
| <b>Revenue from sales</b>   | <b>3,255</b> | <b>6,462</b> | <b>1,078</b> | <b>3,460</b> | <b>-</b>     | <b>(2,105)</b> | <b>12,150</b> |
| Intersegment  | 2,641        | 1,786        | 172          | 32           | -            | (2,131)        | 2,500         |
| Third parties   | 614          | 4,676        | 906          | 3,428        | -            | 26             | 9,650         |
| <b>Earnings before financial<br/>result, profit sharing and<br/>taxes</b> | <b>1,334</b> | <b>(43)</b>  | <b>184</b>   | <b>58</b>    | <b>(221)</b> | <b>(15)</b>    | <b>1,297</b>  |
| <b>Net income attributable<br/>to Petrobras shareholders</b>              | <b>1,123</b> | <b>(35)</b>  | <b>111</b>   | <b>53</b>    | <b>(257)</b> | <b>(15)</b>    | <b>980</b>    |

## Consolidated Income Statement by International Business Area

**R\$ MILLION  
INTERNATIONAL**

|                             | <b>E&amp;P</b> | <b>RT&amp;M</b> | <b>GAS<br/>&amp;<br/>POWER</b> | <b>DISTRIB.</b> | <b>CORP.</b> | <b>ELIMIN.</b> | <b>TOTAL</b>  |
|-----------------------------|----------------|-----------------|--------------------------------|-----------------|--------------|----------------|---------------|
| <b>Assets in 06.30.2011</b> | <b>20,324</b>  | <b>5,443</b>    | <b>2,979</b>                   | <b>1,554</b>    | <b>2,489</b> | <b>(3,672)</b> | <b>29,117</b> |
| <b>Assets in 12.31.2010</b> | <b>20,715</b>  | <b>5,433</b>    | <b>3,213</b>                   | <b>1,645</b>    | <b>2,801</b> | <b>(3,938)</b> | <b>29,869</b> |

## Income Statement – Parent Company

| R\$ million   |               |              |   |               |               |
|---------------|---------------|--------------|---|---------------|---------------|
| 2nd quarter   |               |              | First half  |               |               |
| 1Q-2011       | 2011          | 2010         |   | 2011          | 2010          |
| 40,097        | 45,921        | 38,914       | <b>Revenue from sales</b>   | 86,018        | 75,866        |
| (24,703)      | (29,964)      | (23,925)     | Cost of products sold   | (54,667)      | (45,267)      |
| 15,394        | 15,957        | 14,989       | <b>Gross profit</b>   | 31,351        | 30,599        |
|               |               |              | <b>Expenses</b>   |               |               |
| (2,251)       | (2,319)       | (2,148)      | Sales   | (4,571)       | (3,898)       |
| (1,324)       | (1,483)       | (1,280)      | General and administrative  | (2,807)       | (2,505)       |
| (859)         | (1,035)       | (527)        | Exploratory costs   | (1,894)       | (1,403)       |
| (483)         | (497)         | (384)        | Research & development  | (980)         | (764)         |
| (126)         | (39)          | (75)         | Taxes   | (166)         | (156)         |
| (1,672)       | (1,851)       | (1,222)      | Other   | (3,522)       | (3,432)       |
| (6,715)       | (7,224)       | (5,636)      |   | (13,940)      | (12,158)      |
|               |               |              | <b>Earnings before financial result, profit sharing and taxes</b> | 17,411        | 18,441        |
| 8,679         | 8,733         | 9,353        | Net financial result  | 3,596         | 64            |
| 1,789         | 1,807         | (51)         | Equity income   | 5,972         | 2,401         |
| 3,076         | 2,895         | 1,408        | <b>Income before taxes</b>  | 26,979        | 20,906        |
| 13,544        | 13,435        | 10,710       | Income tax and social contribution                                | (5,224)       | (4,978)       |
| (2,699)       | (2,525)       | (2,473)      | <b>Net income attributable to Petrobras shareholders</b>          | <b>21,755</b> | <b>15,928</b> |
| <b>10,845</b> | <b>10,910</b> | <b>8,237</b> |   |               |               |



**Balance Sheet – Parent Company**

| <b>ASSETS</b>                          | <b>R\$ million</b> |                   |
|--|--------------------|-------------------|
|  | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current assets</b>                  | <b>101,794</b>     | <b>95,258</b>     |
| Cash and cash equivalents              | 23,917             | 19,995            |
| Marketable securities                  | 28,216             | 33,731            |
| Accounts receivable                    | 17,627             | 16,178            |
| Inventories                            | 19,612             | 15,199            |
| Taxes recoverable                      | 8,067              | 5,911             |
| Other                                  | 4,355              | 4,244             |
| <b>Non-current assets</b>              | <b>374,262</b>     | <b>371,397</b>    |
| <b>Long-term assets</b>                | <b>31,314</b>      | <b>52,384</b>     |
| Accounts receivable                    | 9,301              | 29,760            |
| Petroleum & Ethanol account            | 826                | 822               |
| Marketable securities                  | 4,706              | 4,749             |
| Judicial deposits                      | 2,418              | 2,426             |
| Deferred taxes and social contribution | 10,890             | 11,790            |
| Advances to suppliers                  | 928                | 964               |
| Other                                  | 2,245              | 1,873             |
| <b>Investments</b>                     | <b>53,802</b>      | <b>50,955</b>     |
| <b>Property, plant and equipment</b>   | <b>211,121</b>     | <b>189,775</b>    |
| <b>Intangible assets</b>               | <b>77,851</b>      | <b>78,042</b>     |
| <b>Deferred assets</b>                 | <b>174</b>         | <b>241</b>        |
| <b>Total Assets</b>                    | <b>476,056</b>     | <b>466,655</b>    |
| <b>LIABILITIES</b>                     | <b>R\$ million</b> |                   |
|  | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current Liabilities</b>             | <b>53,180</b>      | <b>62,441</b>     |
| Financing                              | 2,352              | 1,506             |
| Financial leasing                      | 1,874              | 3,149             |
| Taxes and social contribution          | 9,707              | 7,837             |
| Suppliers                              | 9,515              | 9,567             |
| Dividends / Interest on equity         | 2,609              | 3,595             |
| Payroll and related charges            | 2,497              | 2,174             |
| Provision for profit sharing           | 941                | 1,428             |
| Pension and health plan                | 1,213              | 1,209             |
| Subsidiárias, controladas e coligadas  | 19,751             | 30,113            |
| Other                                  | 2,721              | 1,863             |
| <b>Non-current Liabilities</b>         | <b>99,776</b>      | <b>96,897</b>     |
| Financing                              | 36,035             | 36,430            |
| Financial leasing                      | 14,367             | 14,976            |
| Deferred taxes and social contribution | 25,840             | 21,808            |
| Pension and health plan                | 14,889             | 14,162            |
| Provision for lawsuits                 | 308                | 425               |

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|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Provision for well abandonment        | 6,035          | 6,072          |
| Subsidiaries and controlled companies | 490            | 404            |
| Other                                 | 1,812          | 2,620          |
| <b>Shareholders' Equity</b>           | <b>323,100</b> | <b>307,317</b> |
| Paid-up capital                       | 205,380        | 205,357        |
| Reserves/Income for the period        | 95,965         | 101,960        |
| Net income                            | 21,755         | -              |
| <b>Total Liabilities</b>              | <b>476,056</b> | <b>466,655</b> |

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

| Gross Profit Analysis - Main Items                                    |                   | R\$ million                 |                          |                 |
|---|-------------------|-----------------------------|--------------------------|-----------------|
|   |                   | Change<br>2Q-2011 X 1Q-2011 |                          |                 |
|   |                   | Net<br>Revenue              | Cost of<br>Goods<br>Sold | Gross<br>Profit |
| <b>. Domestic</b>   |                   |                             |                          |                 |
| <b>Market:</b>  | - volumes sold    | 2,591                       | (1,537)                  | 1,054           |
|   | - domestic prices | 885                         |                          | 885             |
| <b>. International</b>  |                   |                             |                          |                 |
| <b>Market:</b>  | - export volumes  | 920                         | (342)                    | 578             |
|   | - export price    | 1,378                       |                          | 1,378           |
| <b>. (Increase) decrease in expenses: <sup>(i)</sup></b>              |                   |                             | (3,774)                  | (3,774)         |
| <b>. Increase (decrease) in profitability of Distribution segment</b> |                   | 1,509                       | (1,638)                  | (129)           |
| <b>. Increase (decrease) in profitability of trading operations</b>   |                   | 104                         | (161)                    | (57)            |
| <b>. Increase (decrease) in international sales</b>                   |                   | 453                         | (544)                    | (91)            |
| <b>. FX effect on overseas subsidiaries</b>                           |                   | (526)                       | 435                      | (91)            |
| <b>. Other</b>  |                   | (645)                       | 931                      | 286             |
|   |                   | 6,669                       | (6,630)                  | 39              |

| (i) Breakdown of Variation in Expenses:                | Value   |
|--|---------|
| - imports of crude oil, oil products and gas           | (3,528) |
| - domestic government take                             | (197)   |
| - materials, services, rent and depreciation           | (158)   |
| - salaries, benefits and charges                       | (75)    |
| - transportation: maritime and pipelines <sup>25</sup> | (60)    |
| - outsourced services                                  | (8)     |
| - energy generation and purchase of energy for resale  | (6)     |
| - purchase of nitrogen compounds                       | 11      |
| - purchase of renewable resources                      | 62      |
| - oil products (domestic purchases)                    | 185     |
|  | (3,774) |

Due to the average inventory period of 60 days, international oil and oil product prices, as well as the impact of the exchange rate on imports and government take are not fully reflected in the cost of goods sold in the actual period, but in the subsequent period. The chart below shows the estimated impact on COGS:

|   | 1Q-2011 | 2Q-2011 | Δ (*)   |
|---|---------|---------|---------|
| Effect of the weighted average cost (R\$ million) | 1,757   | 746     | (1,011) |
| ( ) sales cost increase                           |         |         |         |

(\* COGS in 2Q-2011 was less favored by the average cost effect than in 1Q-2011, partially offsetting the substantial increase in international prices in 1Q-2011.

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

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

|  |   | R\$ million                             |                       |         |
|--|---|---|-----------------------|---------|
|  |   | Change<br>1st half-2011 x 1st half-2010 |                       |         |
| Gross Profit Analysis - Main Items             |   | Net<br>Revenue                          | Cost of<br>Goods Sold | Gross   |
| <b>. Domestic</b>                              |   |   |                       |         |
| <b>Market:</b>                                 | - volumes sold  | 2,920                                   | (443)                 | 2,477   |
|  | - domestic prices   | 2,252                                   | -                     | 2,252   |
| <b>. International</b>                         |   |   |                       |         |
| <b>Market:</b>                                 | - export volumes  | (2,621)                                 | 1,376                 | (1,245) |
|  | - export price  | 4,090                                   | -                     | 4,090   |
|  | <b>. (Increase) decrease in expenses: <sup>(i)</sup></b>              | -                                       | (6,702)               | (6,702) |
|  | <b>. Increase (decrease) in profitability of Distribution segment</b> | 4,092                                   | (4,004)               | 88      |
|  | <b>. Increase (decrease) in profitability of trading operations</b>   | 653                                     | (180)                 | 473     |
|  | <b>. Increase (decrease) in international sales</b>                   | 2,575                                   | (1,916)               | 659     |
|  | <b>. FX effect on overseas subsidiaries</b>                           | (1,812)                                 | 1,546                 | (266)   |
|  | <b>. Other</b>  | 77                                      | (153)                 | (76)    |
|  |   | 12,226                                  | (10,476)              | 1,750   |
| <b>(i) Breakdown of Variation in Expenses:</b> |   | <b>Value</b>                            |                       |         |
|  | - imports of crude oil, oil products and gas                          | (3,627)                                 |                       |         |
|  | - domestic government take  | (1,575)                                 |                       |         |
|  | - materials, services, rent and depreciation                          | (576)                                   |                       |         |
|  | - transportation: maritime and pipelines <sup>26</sup>                | (440)                                   |                       |         |
|  | - outsourced services   | (356)                                   |                       |         |
|  | - salaries, benefits and charges                                      | (142)                                   |                       |         |
|  | - energy generation and purchase of energy for resale                 | (54)                                    |                       |         |
|  | - oil products (domestic purchases)                                   | (13)                                    |                       |         |
|  | - purchase of nitrogen compounds                                      | 81                                      |                       |         |
|  | - purchase of renewable resources                                     | (6,702)                                 |                       |         |

<sup>26</sup> Expenses with cabotage, terminals and pipelines.

### 3. Consolidated Taxes and Contributions

The economic contribution of Petrobras to the country, measured through the generation of current taxes, duties and social contributions, totaled R\$39,137 million.

| R\$ million   |               |               |          |                          |   |               |               |                          |
|---------------|---------------|---------------|----------|--------------------------|---|---------------|---------------|--------------------------|
| 1Q-2011       | 2nd quarter   |               |          | 2Q11<br>X<br>1Q11<br>(%) |   | First half    |               | 2011<br>X<br>2010<br>(%) |
|               | 2011          | 2010          |          |                          |   | 2011          | 2010          |                          |
|               |               |               |          |                          | <b>Economic Contribution - Country</b>                                    |               |               |                          |
|               |               |               |          |                          | <b>Value Added Tax on Sales and Services (ICMS) and CIDE<sup>27</sup></b> |               |               |                          |
| 8,414         | 8,800         | 7,291         | 5        |                          |   | 17,214        | 13,408        | 28                       |
| 1,988         | 2,055         | 1,601         | 3        |                          |   | 4,043         | 3,120         | 30                       |
| 3,475         | 3,617         | 3,254         | 4        |                          | <b>PASEP/COFINS</b>   | 7,092         | 6,447         | 10                       |
|               |               |               |          |                          | <b>Income Tax and Social Contribution</b>                                 |               |               |                          |
| 3,456         | 3,760         | 2,993         | 9        |                          |   | 7,216         | 5,743         | 26                       |
| 728           | 519           | 730           | (29)     |                          | <b>Other</b>  | 1,247         | 1,351         | (8)                      |
| <b>18,061</b> | <b>18,751</b> | <b>15,869</b> | <b>4</b> |                          | <b>Subtotal Country</b>   | <b>36,812</b> | <b>30,069</b> | <b>22</b>                |
|               |               |               |          |                          | <b>Economic Contribution - Foreign</b>                                    |               |               |                          |
| 1,268         | 1,056         | 1,108         | (17)     |                          |   | 2,325         | 2,324         | -                        |
| <b>19,329</b> | <b>19,807</b> | <b>16,977</b> | <b>2</b> |                          | <b>Total</b>  | <b>39,137</b> | <b>32,393</b> | <b>21</b>                |

### 4. Government Take

| R\$ million  |              |              |          |                          |                         |               |               |                          |
|--------------|--------------|--------------|----------|--------------------------|-------------------------|---------------|---------------|--------------------------|
| 1Q-2011      | 2nd quarter  |              |          | 2Q11<br>X<br>1Q11<br>(%) |                         | First half    |               | 2011<br>X<br>2010<br>(%) |
|              | 2011         | 2010         |          |                          |                         | 2011          | 2010          |                          |
|              |              |              |          |                          | <b>Country</b>          |               |               |                          |
| 2,885        | 3,123        | 2,396        | 8        |                          | Royalties               | 6,008         | 4,729         | 27                       |
| 3,201        | 3,511        | 2,598        | 10       |                          | Special Participation   | 6,712         | 5,208         | 29                       |
| 22           | 34           | 29           | 55       |                          | Surface Rental Fees     | 56            | 61            | (8)                      |
| <b>6,108</b> | <b>6,668</b> | <b>5,023</b> | <b>9</b> |                          | <b>Subtotal Country</b> | <b>12,776</b> | <b>9,998</b>  | <b>28</b>                |
| 149          | 164          | 121          | 10       |                          | <b>Foreign</b>          | 314           | 246           | 28                       |
| <b>6,257</b> | <b>6,832</b> | <b>5,144</b> | <b>9</b> |                          | <b>Total</b>            | <b>13,090</b> | <b>10,244</b> | <b>28</b>                |

The government take in the country in 2Q-2011 increased by 9% over 1Q-2011, due to the 8% upturn in the reference price for local oil, which averaged R\$165.55 (US\$103.82) in 2Q-2011, versus R\$153.11 (US\$91.90) in 1Q-2011, reflecting international oil prices.

The government take in the country in 1H-2011 increased by 28% over 1H-2010, due to the 29% upturn in the reference price for local oil, which averaged R\$159.33 (US\$97.86) in 1H-2011, versus R\$123.66 (US\$68.88) in 1H-2010, reflecting international oil prices.

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<sup>27</sup> CIDE – Economic Domain Contribution Charge.

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**5. Indebtedness**

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**6. Foreign Exchange Exposure**

| <b>ASSETS</b>   | <b>R\$ million</b> |                   |
|---|--------------------|-------------------|
|   | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current assets</b>   | <b>10,320</b>      | <b>13,065</b>     |
| Cash and cash equivalents   | 7,749              | 10,818            |
| Other current assets  | 2,571              | 2,247             |
| <b>Non-current assets</b>   | <b>4,823</b>       | <b>18,755</b>     |
| Amounts invested abroad by partner companies in the international segment, in E&P equipment to be used in Brazil and in commercial activities | 3,469              | 17,351            |
| Other long-term assets  | 1,354              | 1,404             |
| <b>Total Assets</b>   | <b>15,143</b>      | <b>31,820</b>     |
|   |                    |                   |
| <b>LIABILITIES</b>  | <b>R\$ million</b> |                   |
|   | <b>06.30.2011</b>  | <b>12.31.2010</b> |
| <b>Current Liabilities</b>  | <b>(10,998)</b>    | <b>(11,562)</b>   |
| Financing   | (7,660)            | (7,953)           |
| Suppliers   | (2,957)            | (3,286)           |
| Other current liabilities   | (381)              | (323)             |
| <b>Non-current Liabilities</b>  | <b>(22,640)</b>    | <b>(26,248)</b>   |
| Financing   | (22,640)           | (26,208)          |
| Other long-term liabilities   |                    | (40)              |
| <b>Total Liabilities</b>  | <b>(33,638)</b>    | <b>(37,810)</b>   |
| <b>Net Assets (Liabilities) in Reais</b>  | <b>(18,495)</b>    | <b>(5,990)</b>    |
| (-) FINAME Loans - in reais indexed to dollar   | (20)               | (103)             |
| (-) BNDES Loans - in reais indexed to dollar  | (22,345)           | (23,906)          |
| <b>Net Assets (Liabilities) in Reais</b>  | <b>(40,860)</b>    | <b>(29,999)</b>   |

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 17, 2011

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By:

/s/ Almir Guilherme Barbassa

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**Almir Guilherme Barbassa**  
**Chief Financial Officer and Investor Relations**  
**Officer**

## FORWARD-LOOKING STATEMENTS

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

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

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