



2nd Quarter 2012 (IFRS) Conference Call/Webcast

August 6th, 2012







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NON-SEC COMPLIANT OIL AND GAS RESERVES:

CAUTIONARY STATEMENT FOR US INVESTORS

We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X.

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OPERATIONAL HIGHLIGHTS

» 2012-2016 Business and Management Plan of US$ 236.5 billion, of which US$ 208.7 billion related to projects under implementation and US$ 27.8 billion to projects under evaluation (subjected to adequate return and financeability)

» Price increases for diesel (10%) and gasoline (8%)

» Domestic refining troughput record (2.01 million bpd)

» Advances in contracting and development of the local industry:

  » Contracts for construction of 12 drilling rigs by Sete Brasil (6 at Brasfels and 6 at Jurong Aracruz shipyards)

  » New technical partner defined for Atlântico Sul Shipyard

  » Contracts for the construction and integration of the first topsides of 8 FPSOs for the Pre-salt

» 4 foreign built drilling rigs arrived to Brazil in 2Q12



Deck mating conclusion of P-55 in Rio Grande Shipyard. The operation was the heaviest structure ever lifted in the world (17 thousand tons)



2Q12 RESULTS

» Loss of R$ 1.3 billion in 2Q12 vs net income of R$ 9.2 billion in 1Q12

» EBITDA of R$ 10.6 billion in 2Q12 vs R$16.5 billion in 1Q12

Principal factors underlying results

- Exchange rate devaluation (impact on debt and cost)
- Price differential for oil products sold in Brazil
- Lower production (operational stoppages and Frade) and lifting cost increases (start-up of PROEF*)
- Exploration expenses from dry/subcommercial wells drilled mainly between 2009 and 2012 in new exploratory frontiers
- Increase of LNG imports due to higher natural gas demand from power generation

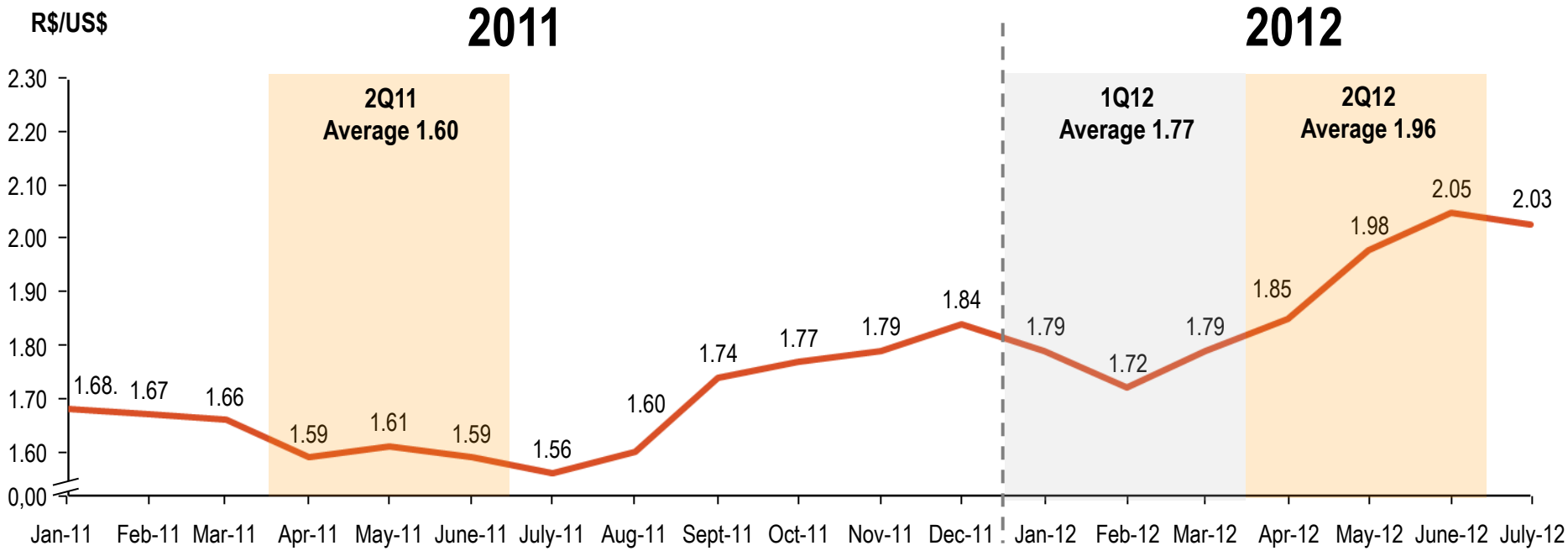
These factors are less likely to occur jointly and with the same intensity in subsequent quarters

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*PROEF – Programa de Aumento da Eficiência Operacional da Unidade de Operações da Bacia de Campos (Operating Efficiency Improvement Program in Campos Basin Operational Unit)



EXCHANGE RATE



» A higher devaluation of the Real at the end of 2Q12 resulted in a Net Financial Loss of R$ 6.4 billion

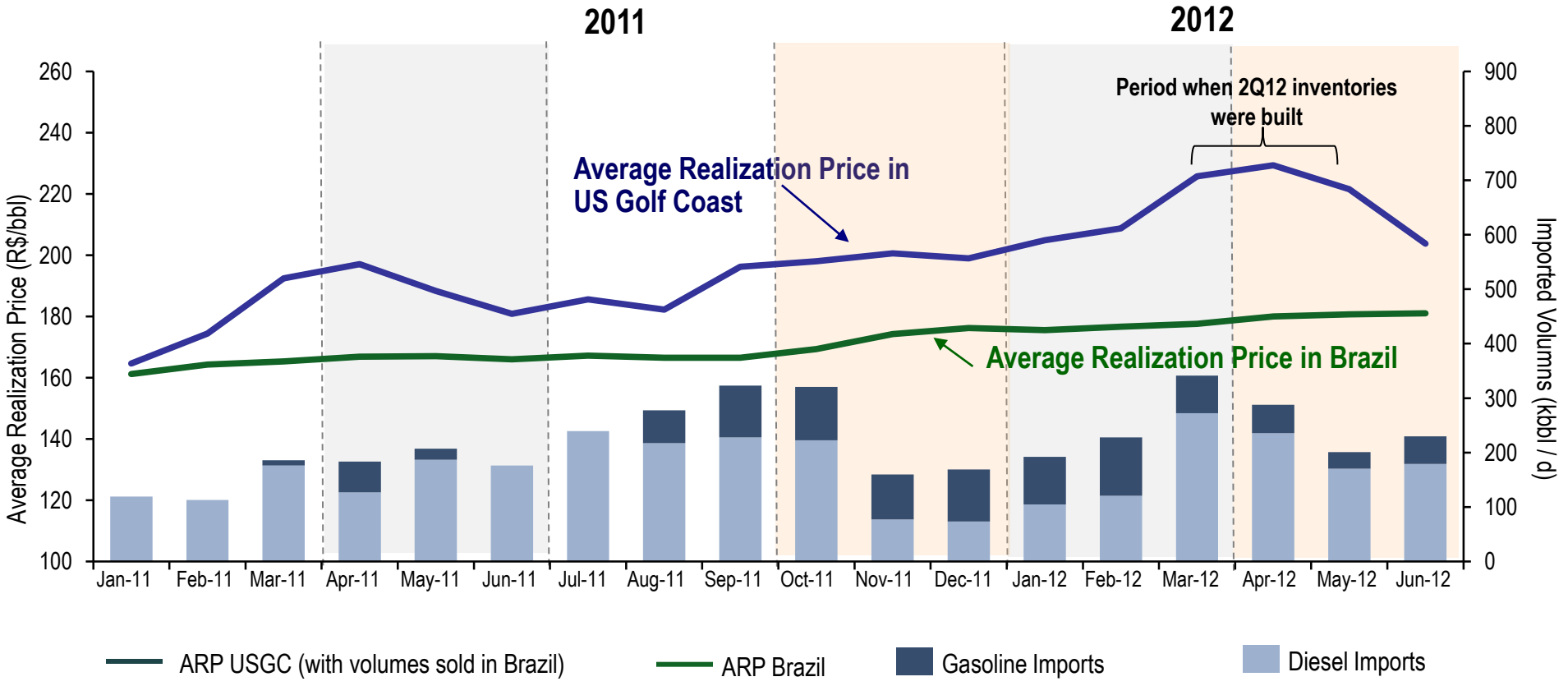
» Average depreciation of the Real throughout 2Q12 negatively affected the Company's main costs (lifting cost, government take, imports of oil, oil products and LNG, and oil products logistics)

» However, FX has stabilized following the devaluation

Source: Brazilian Central Bank (PTAX)



DOMESTIC AND INTERNATIONAL PRICES



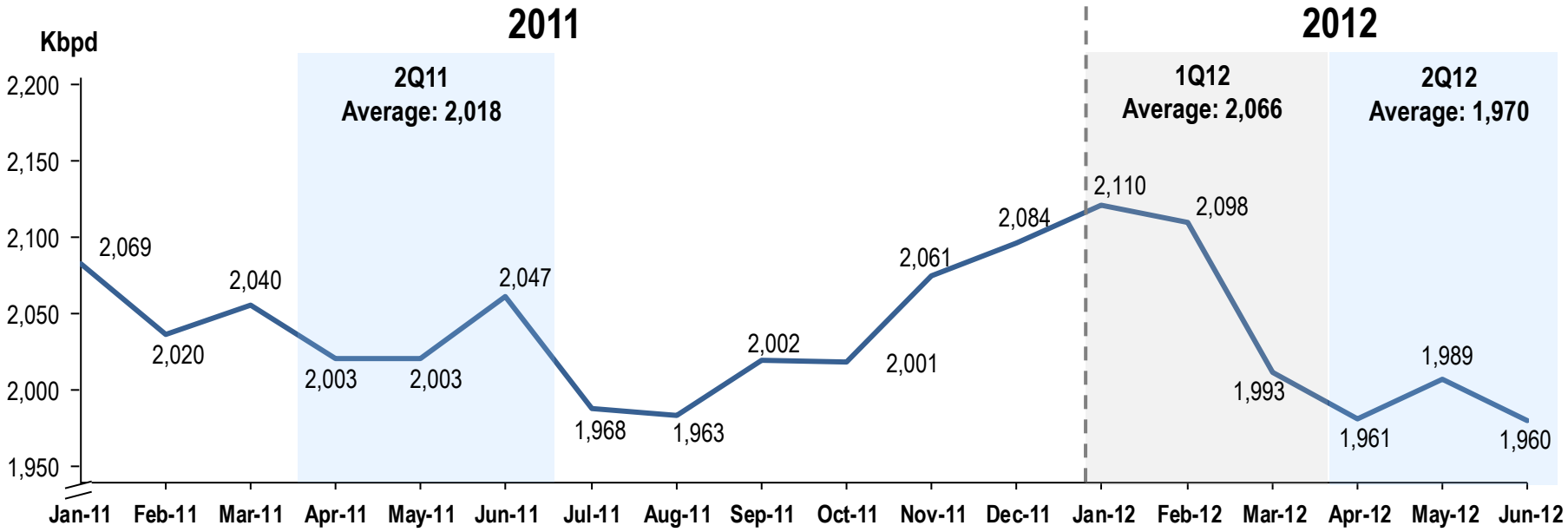
» Inventories recognized in COGS in 2Q12 were acquired during the period of the highest price differential (March-May/12)

» The differential with international prices decreased at the end of 2Q12 as a result of the decline in international oil prices and the domestic increases in diesel and gasoline prices

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OIL AND NGL PRODUCTION (BRAZIL)

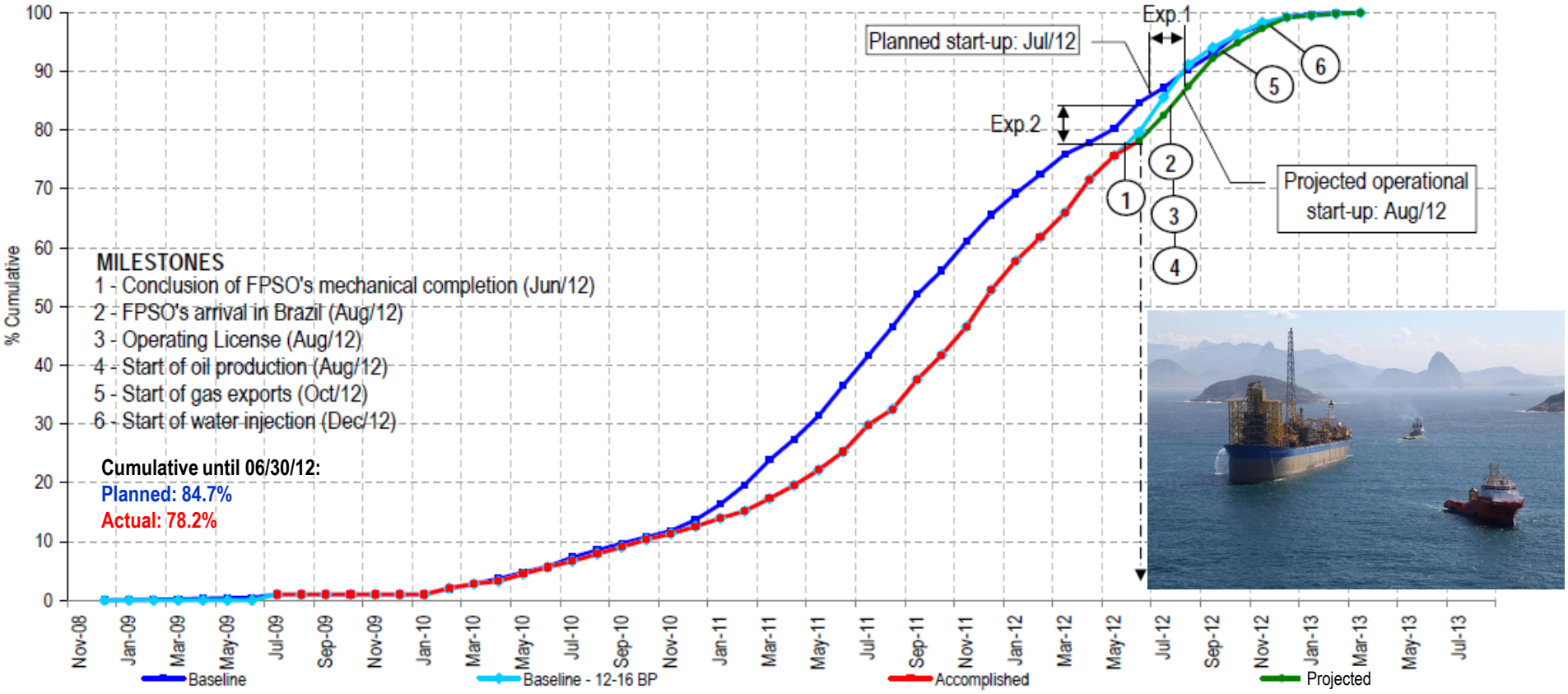


- 5% decrease in production 2Q12/1Q12 (- 96 kbpd) as a result of:
  - Operational stoppages (-54 kbpd), lower operational efficiency (-18 kbpd) and Frade (-15 kbpd)
  - Decline of potential as expected
- 2 new systems will start-up on 2H12:
  - FPSO Cidade de Anchieta (Baleia Azul), 100 kbpd, in August
  - FPSO Cidade de Itajaí (Baúna e Piracaba), 80 kbpd, in October
- Maintenance of 2012 oil production target (flat when compared to 2011, +/-2%)
  - Production recovery only in 4Q12 (scheduled stoppages will continue on 3Q12)

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BALEIA AZUL (FPSO ANCHIETA): S-CURVE OF PHYSICAL PROGRESS FOR THE WHOLE PROJECT

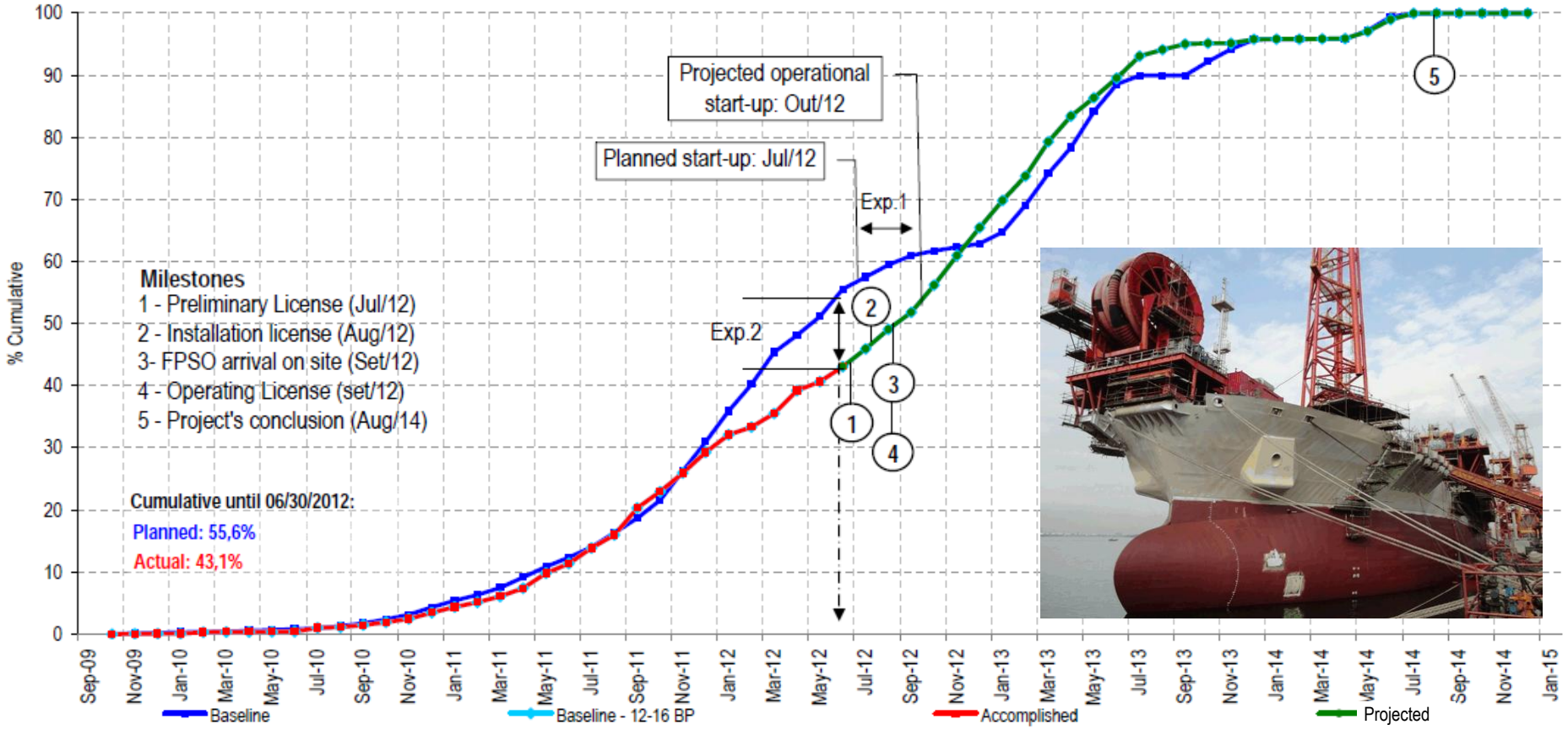


Exp. 1 - Schedule delay: 1-month delay in operating start-up (first oil) due to the delay in the FPSO's conversion works

Exp. 2 - Delay in cumulative physical advance: Cumulative physical advance below baseline due to the delay in the project's wells construction and flexible lines manufacturing



BAÚNA E PIRACABA (FPSO ITAJAÍ): S-CURVE OF PHYSICAL PROGRESS FOR THE WHOLE PROJECT

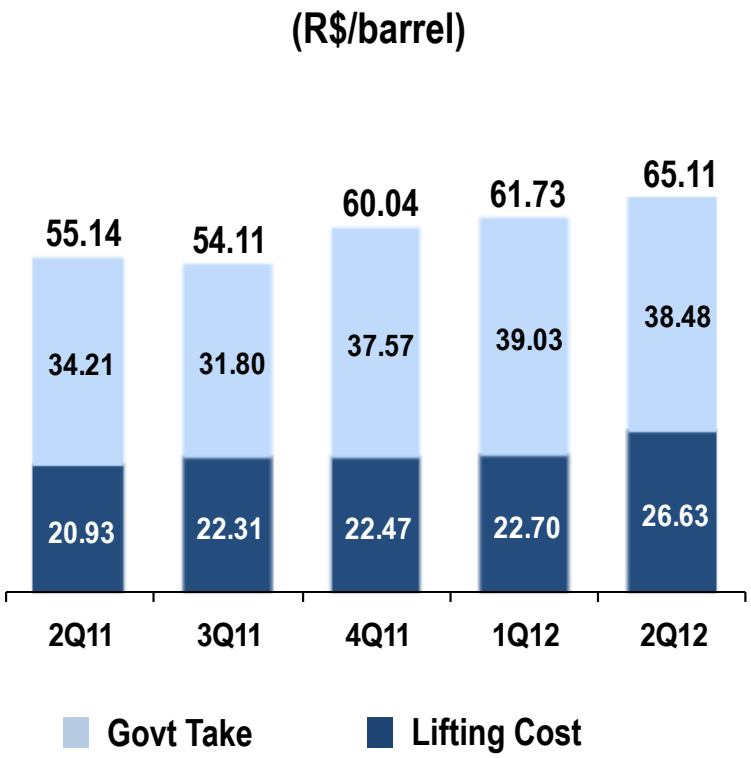


Exp.1: schedule delay - The 3-month delay in the operational start-up is due to the postponement of the production unit 's arrival date on site because of the low construction performance in the Jurong shipyard in Singapore (especially mechanical completion and systems comissioning)

Exp. 2 - Delay in cumulative physical advance- Delay of 12.48% in physical advance until 06/30/12 due to delays in the FPSO construction (0.21%), delay in Baúnas' wells completion (7.81%), postponement of interconnecting materials arrival (1.55%), postponement in pre-anchoring and disbursement of the unit mobilization tax (2.93%) and unplanned environmental analysis (0.02%)



LIFTING COST



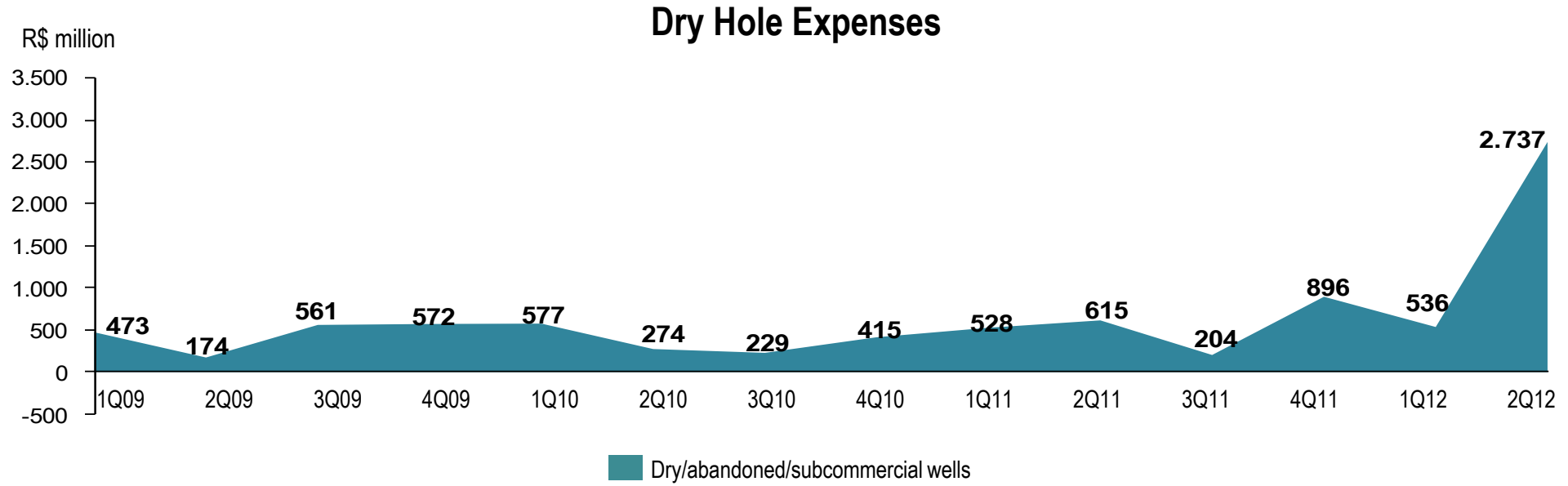
» Expenses related to workovers and subsea engineering increased 35%, from R$ 1,024 million on 1Q12 to R$ 1,385 million in 2Q12, principally due to higher number of units and of drilling rigs/days allocated to maintenance activities (from 443 to 760 days in Campos Basin)

» This increase in activities and disbursements is due to the PROEF (Operational Efficiency Improvement Program). The recovery in UO-BC's operational efficiency will be seen by 4Q12

» Government Take: decrease due to lower production in fields with a higher Special Participation bracket



EXPLORATORY ACTIVITIES: DRY WELLS



» Write-off - 41 dry or subcommercial wells in 2Q12, which were drilled between 2009 and 2012, the majority in new frontiers:

» Activities in new frontiers imply lower success ratio than Pre-Salt's over the last years, higher logistic costs and, consequently, higher expenses related to dry/subcommercial wells

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2Q12 DRY WELLS



41 wells

» **By type**

21 dry, 8 subcommercial, 9 cancelled projects, 2 abandoned e 1 mechanic accident

» **By area**

13 in Post-salt, 15 onshore, 2 in Pre-Salt and 11 cancelled or abandoned projects

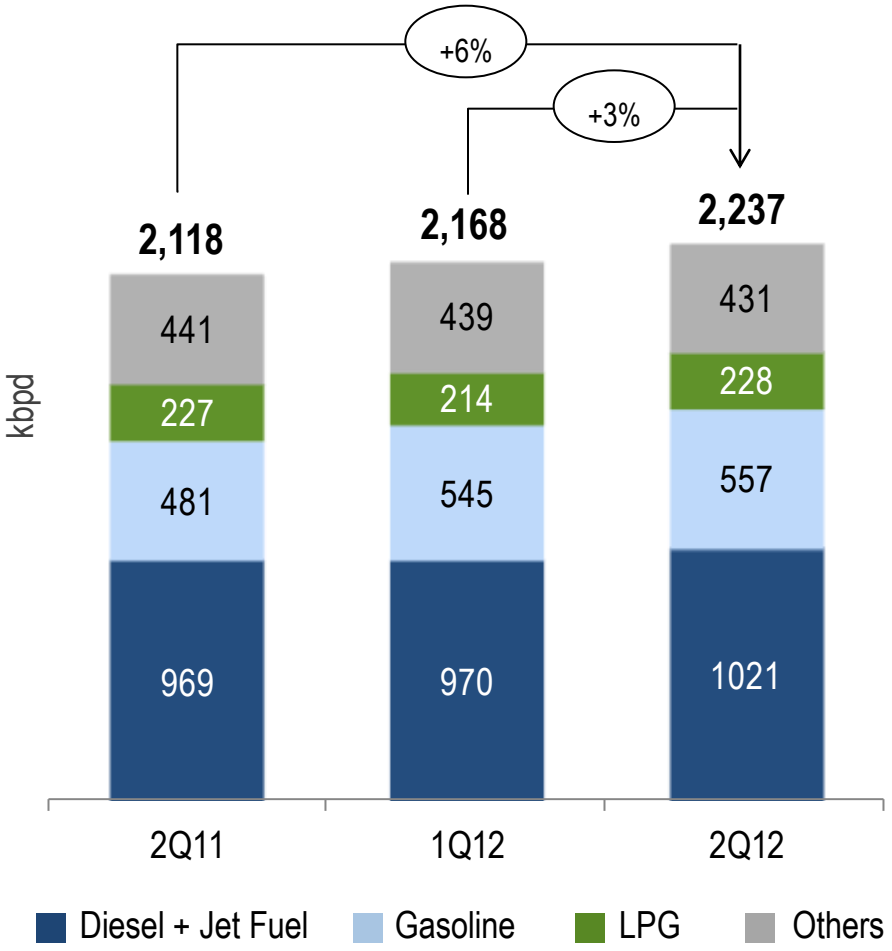
Total Cost: R$ 2.7 billion

- 5 wells responsible for R$ 1.539 billion (57%)

Foz do Amazonas
Pecém (New Discovery)
Potiguar
Alagoas
Sergipe
Camamu
Almada
Espírito Santo
Campos
Santos
Oceano Atlântico
Colômbia
Peru
Chile
Paraguai
RR
AP
MA
CE
RN
PB
PE
PI
TO
SE
BA
GO
DF
MG
ES
SP
RJ
PR
SC



OIL PRODUCTS SALES IN BRAZIL



» 2Q12 vs. 2Q11: Increase of 6% in oil products sales :

  » 16% growth in gasoline volumes due to increase in fleet and lower prices relative to ethanol

  » 5% increase in diesel volumes due to retail growth

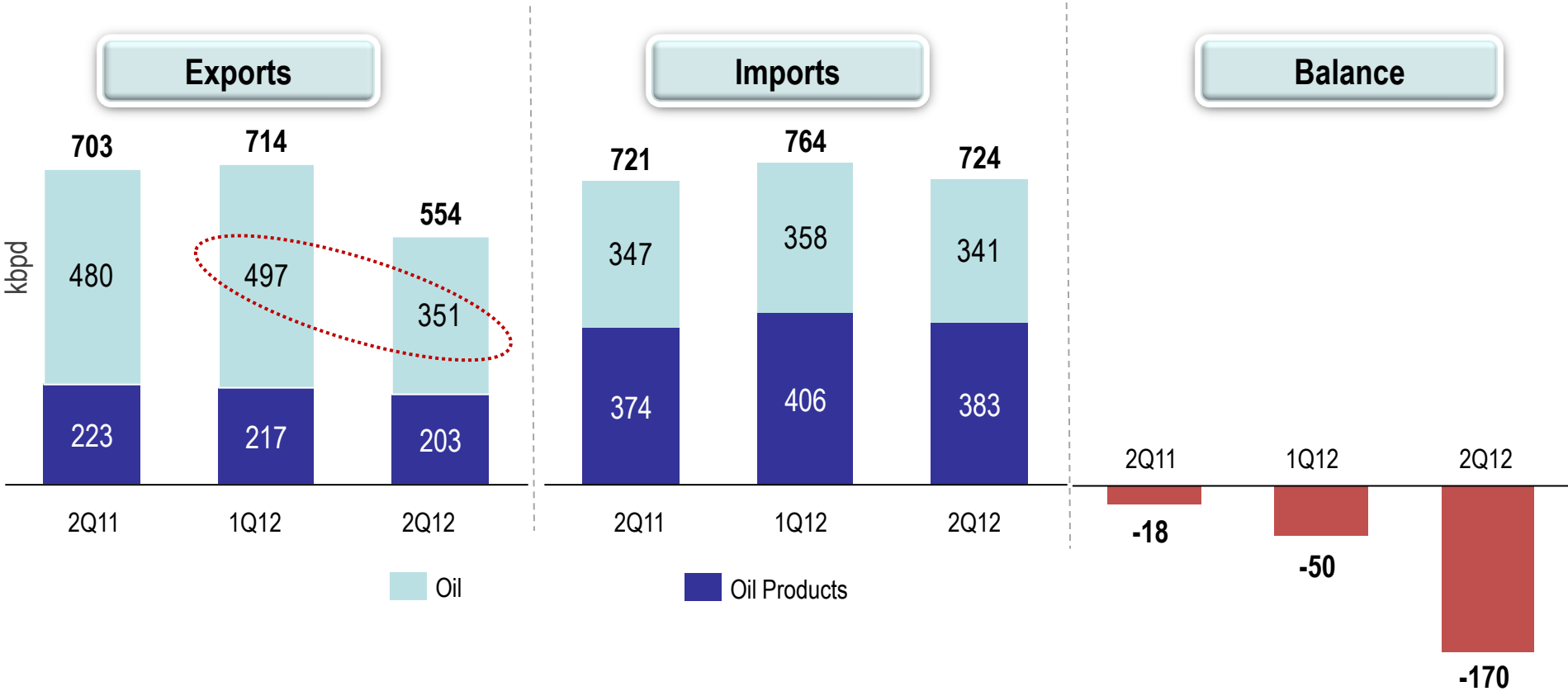
» Increase of 3% on the 2Q12 x 1Q12 comparison due to demand seasonality

  » Incremental volume supplied by imports, especially diesel, reduced downstream margins

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TRADE BALANCE



» Lower domestic oil production reduced oil exports during 2Q12

» Higher volumes of domestic oil processed in our refineries also contributed to lower exports

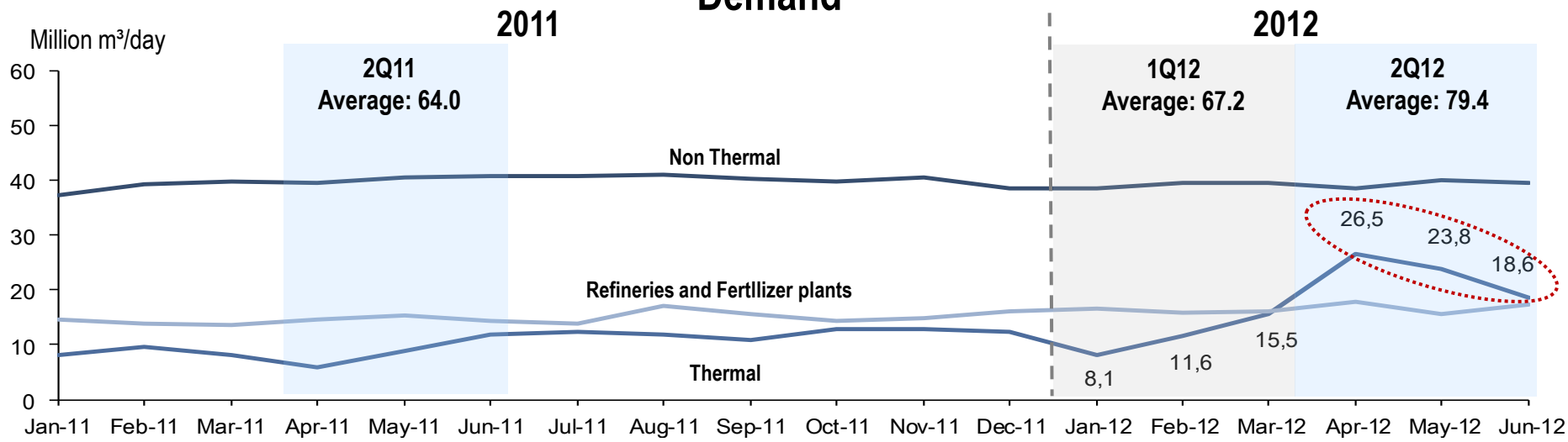
» Growth in domestic consumption (mainly diesel) required increased imports of oil products with negative margins

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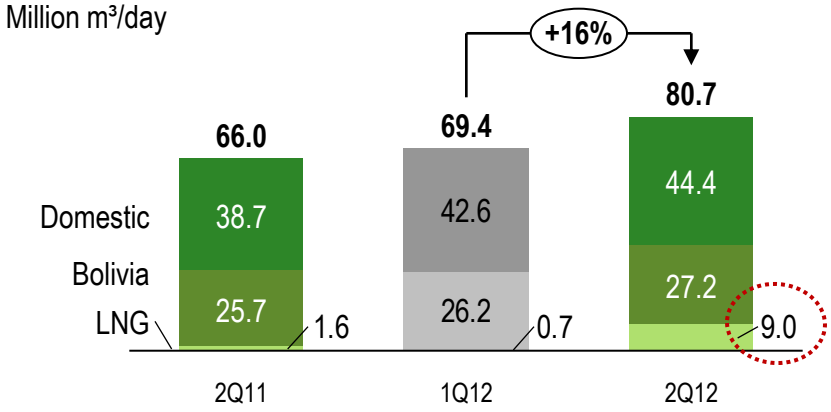
HIGHER THERMAL DEMAND: LNG IMPORTS



Demand



Supply



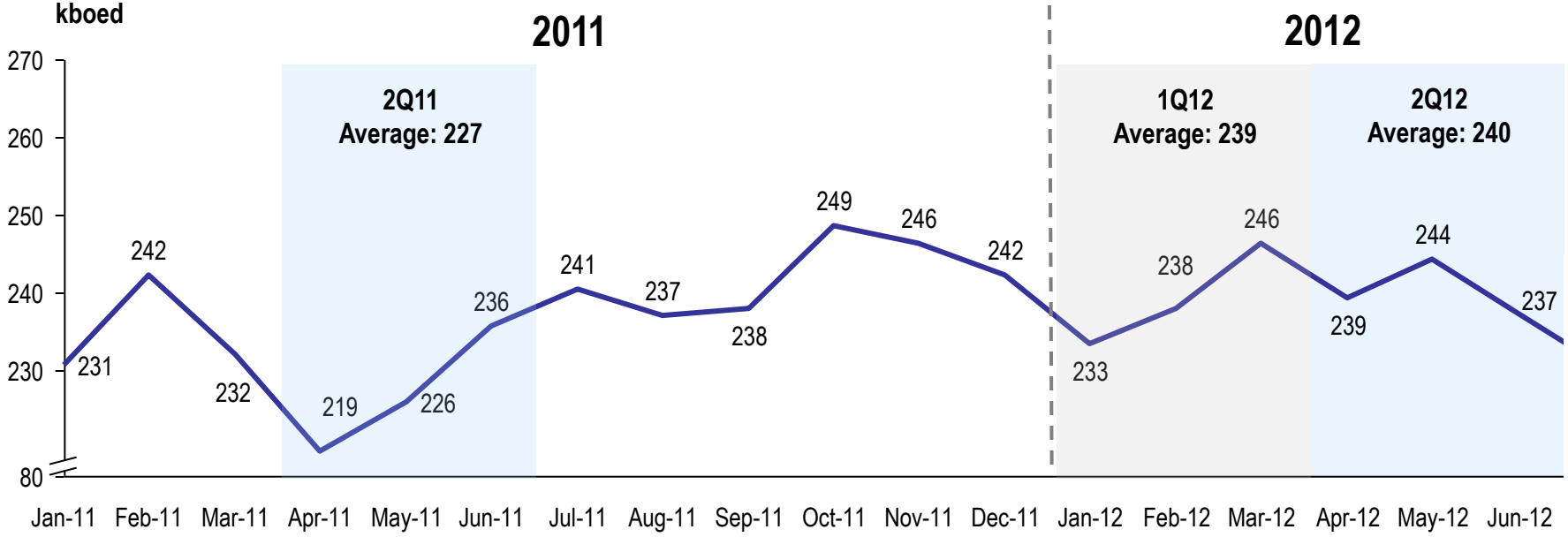
- Higher thermo-electric consumption (+96% compared to 1Q12) due to lower rainfall in 2Q12
- Increase in domestic supply and imported gas in 2Q12, especially LNG, to meet thermo-electric demand
- Increase of PLD (settlement price of differences) resulted in negative impact on power trading margins
- Reduction of thermal demand at the end of 2Q12 with the recovery of hydroelectric reservoir levels

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INTERNATIONAL PRODUCTION

Oil and Natural Gas Production



- Highlight: Cascade (U.S.) production ramp-up
- Lower sales volume in Nigeria due to lower participation in the Akpo field, as a result of the termination of the recovery of past costs
- Lower commodity prices in 2Q12 resulted in a higher impairment of inventories in the U.S. and Japan (R$ 509 million)
- Provision related to the agreement of the Pasadena refinery (R$ 140 million)

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FINANCIAL RESULTS



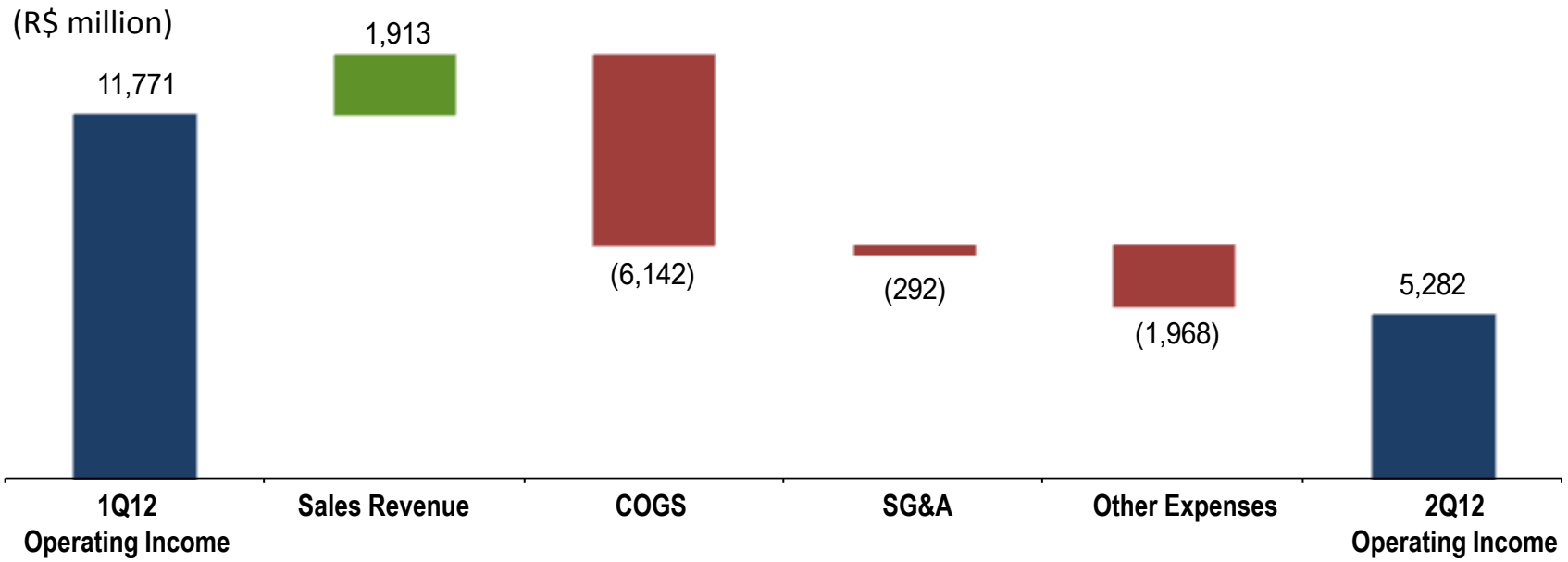




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OPERATING INCOME 2Q12 VS 1Q12



» **Reduction in operating income:**

» Increase in sales revenues, due to higher domestic demand (4%) and FX depreciation effect on export prices

» Increase in COGS due to higher sales volume on domestic market, sales from inventories acquired at higher costs and FX effect over costs in dollars

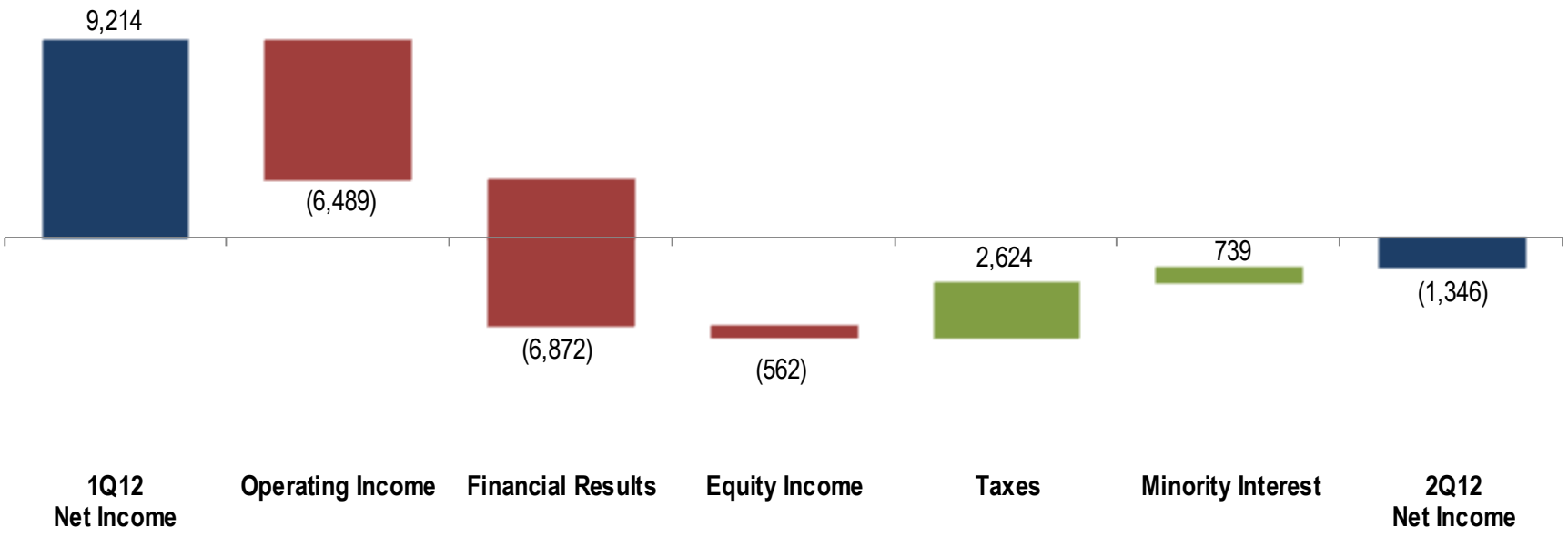
» Higher exploratory costs (2Q12/1Q12:+238%) due to dry and sub-commercials wells – exploration of new frontiers

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NET INCOME 2Q12 VS 1Q12

(R$ million)



» **Losses:**

» Reduction of operating income

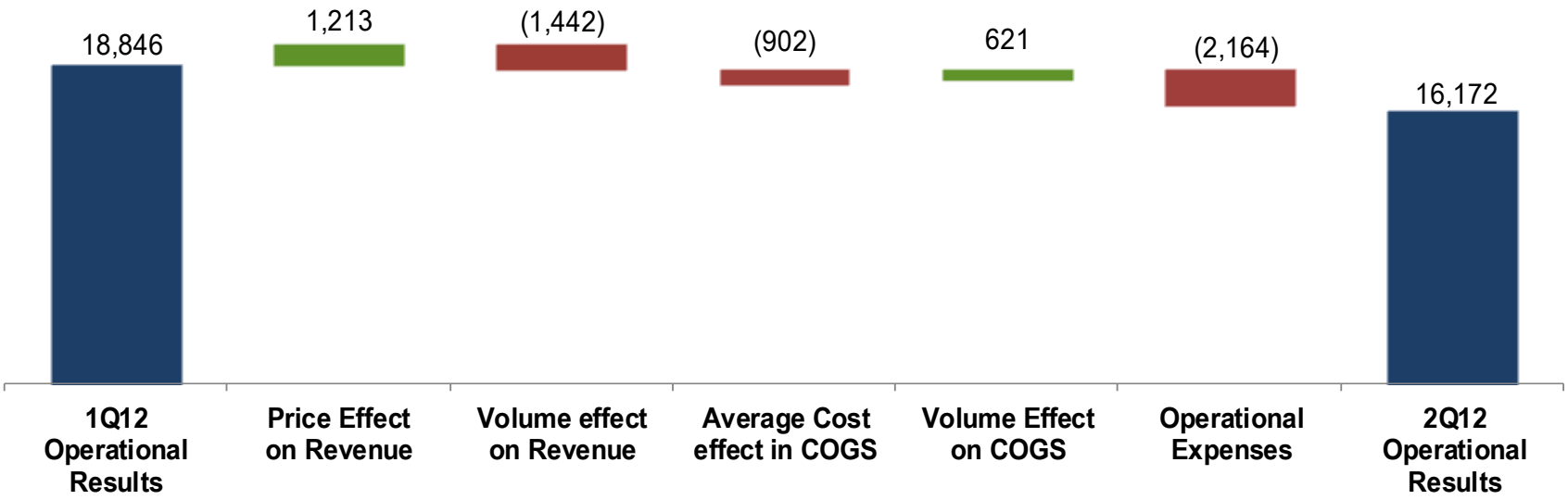
» Financial expenses of R$ 6.4 billlion due to FX depreciation (11%) on debt



E&P 2Q12 vs 1Q12

Operating Income

(R$ million)



- Higher domestic oil prices due to depreciation of the Real
- Lower level of domestic oil production
- Higher maintenance costs and well interventions partially offset by lower governament take
- Increase in geology, geophysics and dry/subcommercial wells expenses

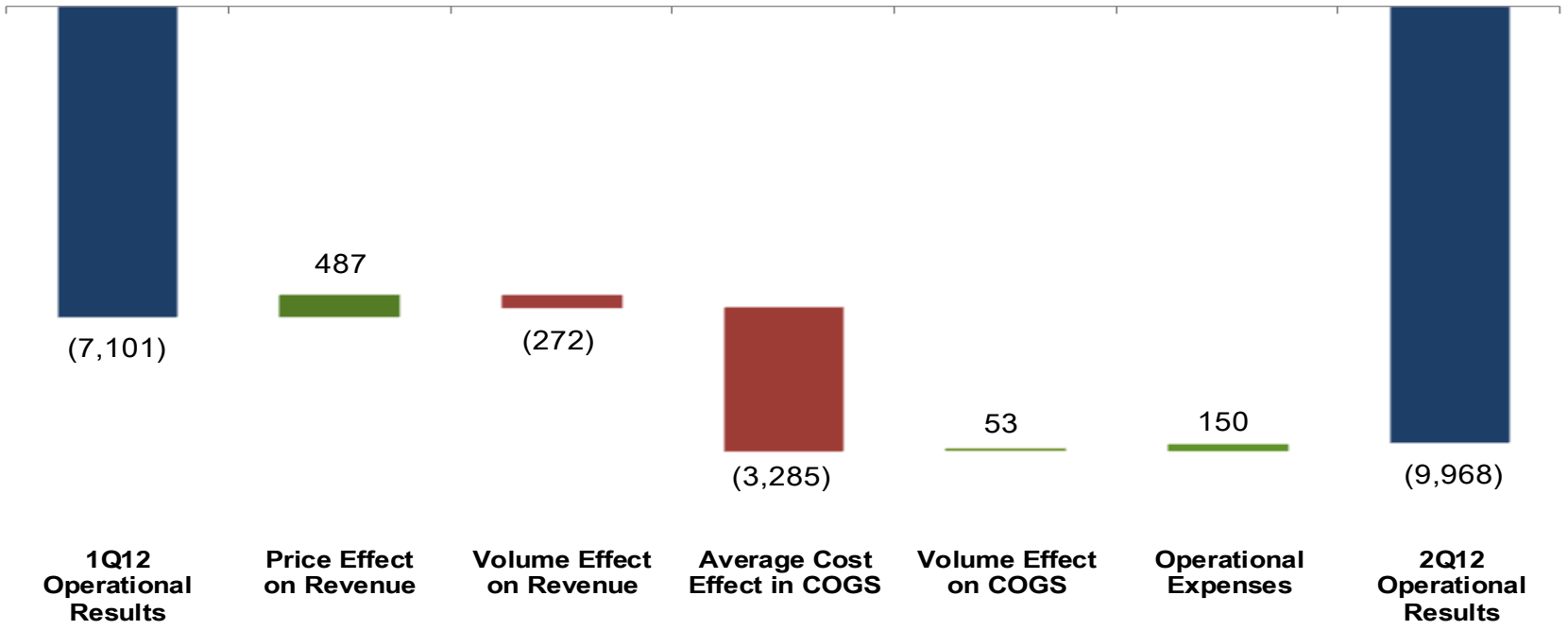
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DOWNSTREAM 2Q12 vs 1Q12

Operating Income

(R$ million)



» Higher sales prices only at the end of quarter

» Lower oil and oil products exports – domestic oil production chanelled to supply Brazilian domestic market

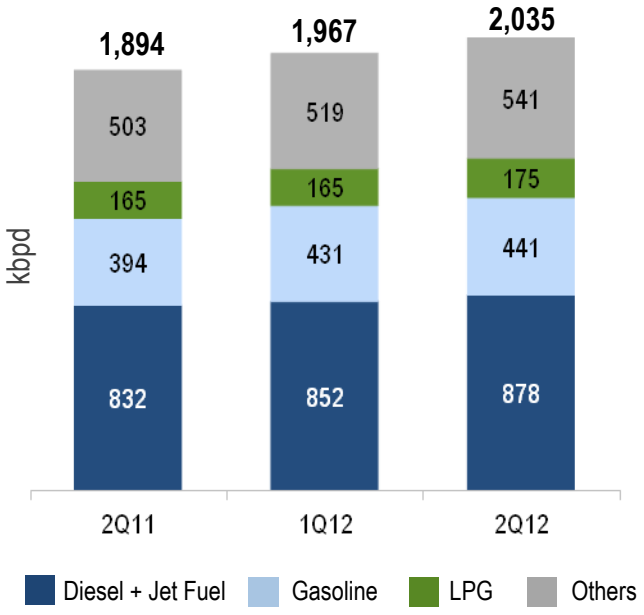
» Higher level of acquisition costs/internal transfer prices and sales of inventories acquired at higher costs

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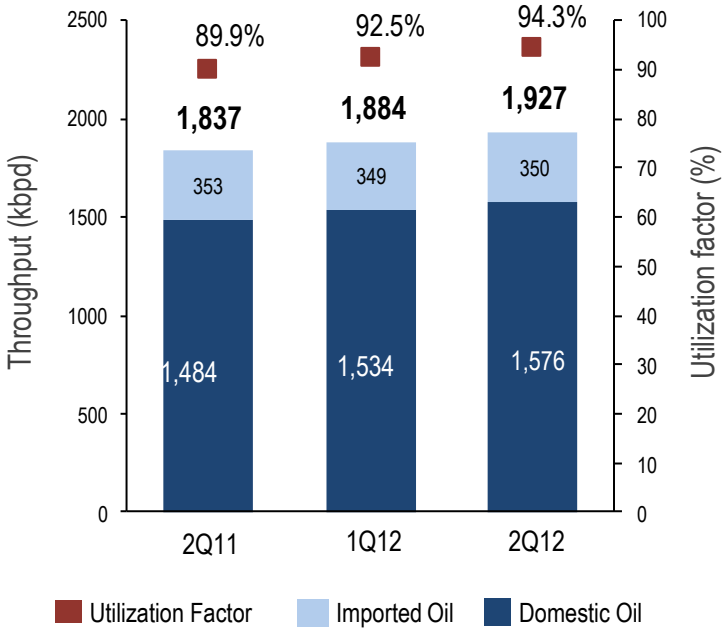


DOMESTIC OUTPUT OF OIL PRODUCTS

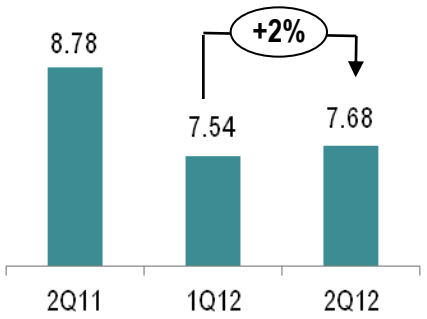
Oil products output *



Throughput and Utilization Factor



Refining Cost (R$/bbl)



» Increase in oil products output due to higher throughput as a result of higher operational availability and higher utilization in conversion and quality units

» Higher utilization factor in existing refineries, and a record in monthly processing in June (98.7%)

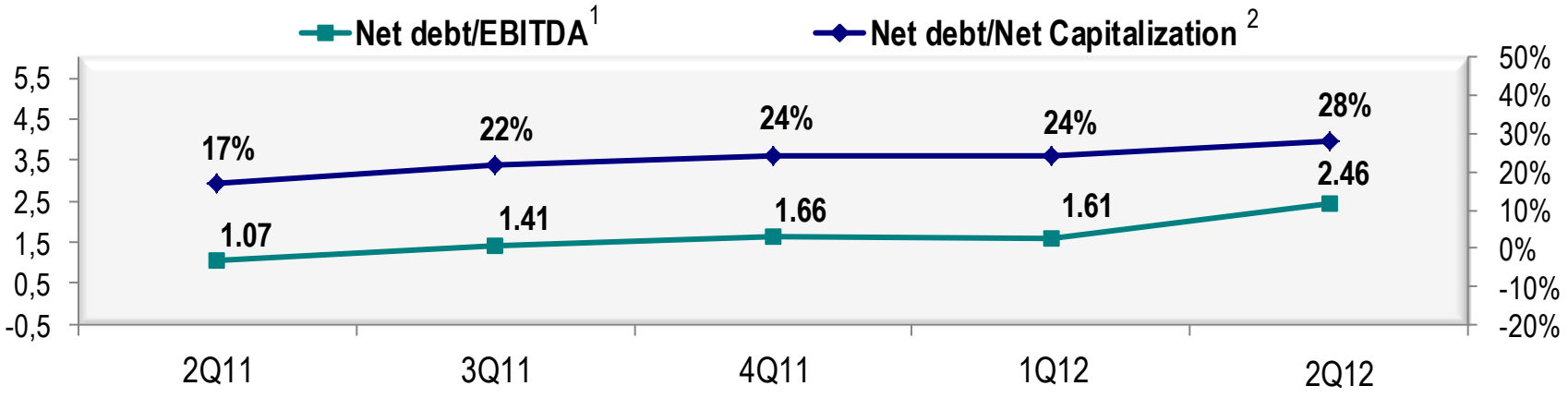
» Small increase in refining cost, in Reais, due to higher costs associated to maintenance stoppages with no impact on throughput. In US dollars, it decreased 8%

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* Includes E&P's LPG production



CAPITAL STRUCTURE



R$ Billion	06/30/12	03/31/12
Short-term Debt	17.7	18.0
Long-term Debt	161.5	146.1
Total Debt	179.2	164.1
(-) Cash and cash equivalents [3]	45.9	57.9
= Net Debt	133.2	106.2
US$ Billion	**06/30/12**	**03/31/12**
Net Debt	65.9	58.3

- 2Q12 weak results do not reflect expectations for the remaining quarters
- Divestment plans continue as targeted
- No change in estimates and leverage limits established on the 2012-2016 Business and Management Plan

1) Net Debt / ((EBITDA 1Q12 + EBITDA 2Q12) x 2)
2) Net Debt / (Net Debt + shareholder's equity)
3) Includes tradable securities (maturing in more than 90 days)

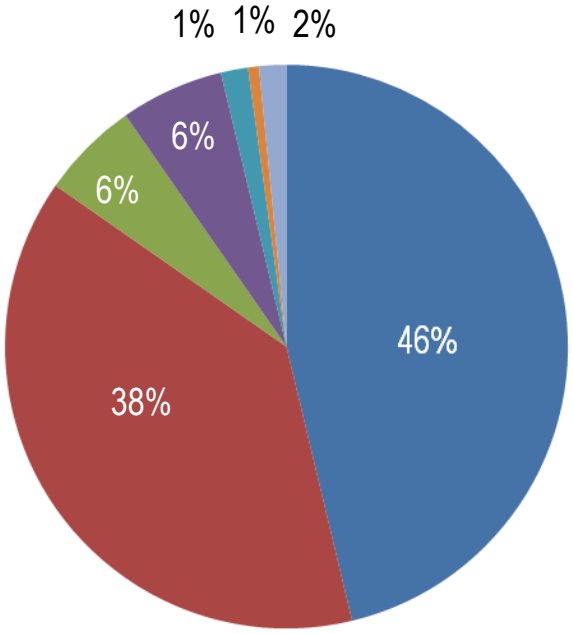
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INVESTMENTS

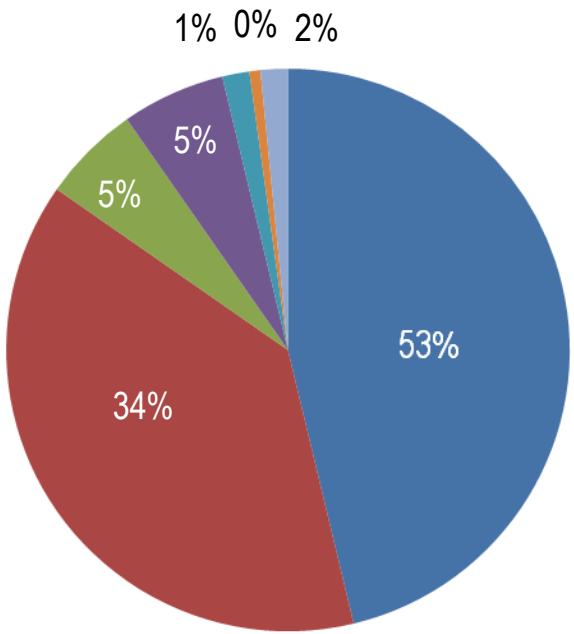
1H2011

R$ 32.0 billion
(US$ 19.6 billion)



1H2012

R$ 38.7 billion
(US$ 20.7 billion)



E&P Downstream G&E International Distribution Biofuel Corporate

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‘Finally, I would like to reaffirm my confidence in Petrobras’ privileged position in the oil and gas sector. Our reserves, highly qualified personnel, R&D investments and track record of overcoming challenges will lift the Company to levels of excellence that will generate consistent returns for our shareholders.’

Presidente Maria das Graças Silva Foster

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