



3rd Quarter 2012 (IFRS) Conference Call/Webcast

October 29th, 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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QUARTER HIGHLIGHTS

» Net Income of R$5,567 million and EBITDA of R$14,375 million

» Oil production in Brazil of 1,904 kboed (-3% vs. 2Q12) and natural gas of 377 kboed (+4% vs. 2Q12)

» Start up of FPSO Cidade de Anchieta in September 10th
  » Current production: 42 kbpd with 3 wells
  » Production peak (100 kbpd): March/2013

» Discoveries: Grana Padano (Espirito Santo), Pecém (Ceará), Barra and Moita Bonita (Sergipe Alagoas)

» Oil products output record (2,026 kbpd in 3Q12 vs. 1,886 kbpd in 3Q11)

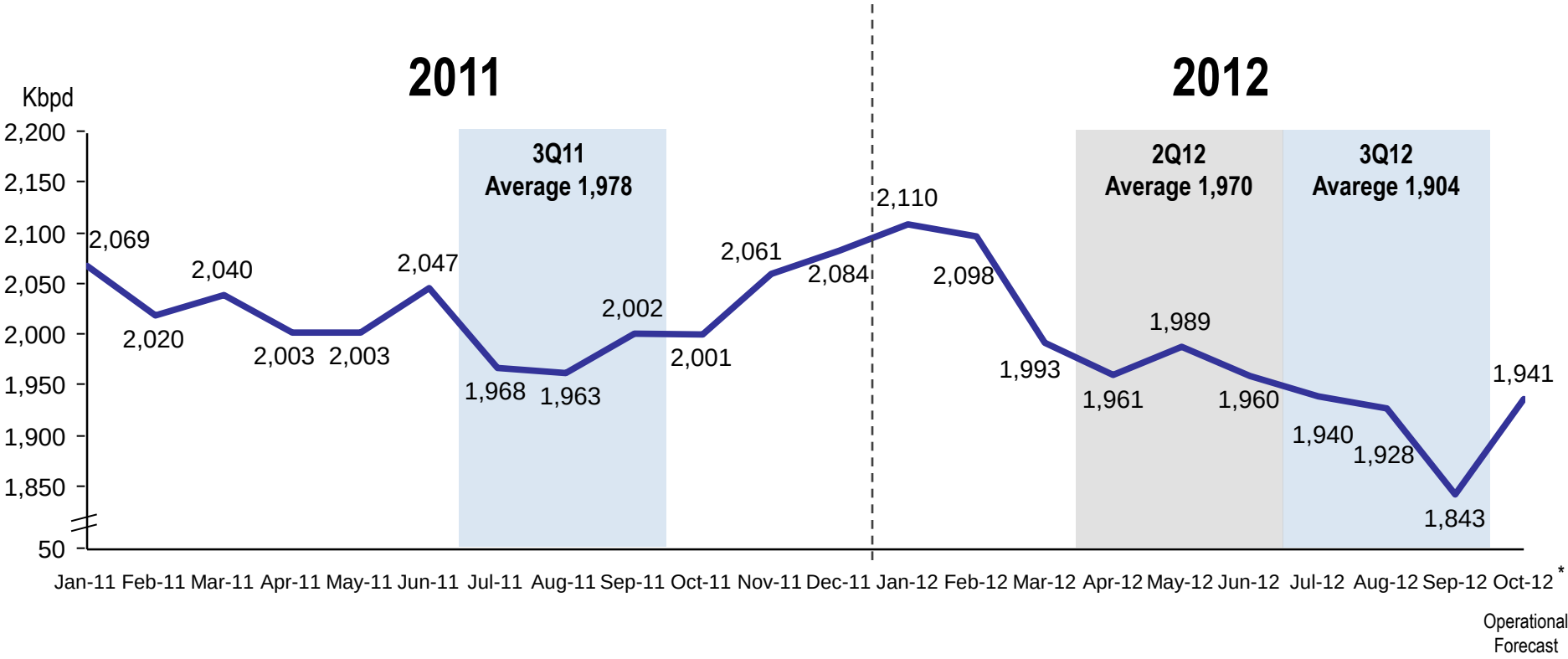
» Start up of REPAR's Coking unit

» 7th consecutive year in the Dow Jones Sustainability Index


FPSO Cidade Anchieta



OIL AND NGL PRODUCTION (BRAZIL)

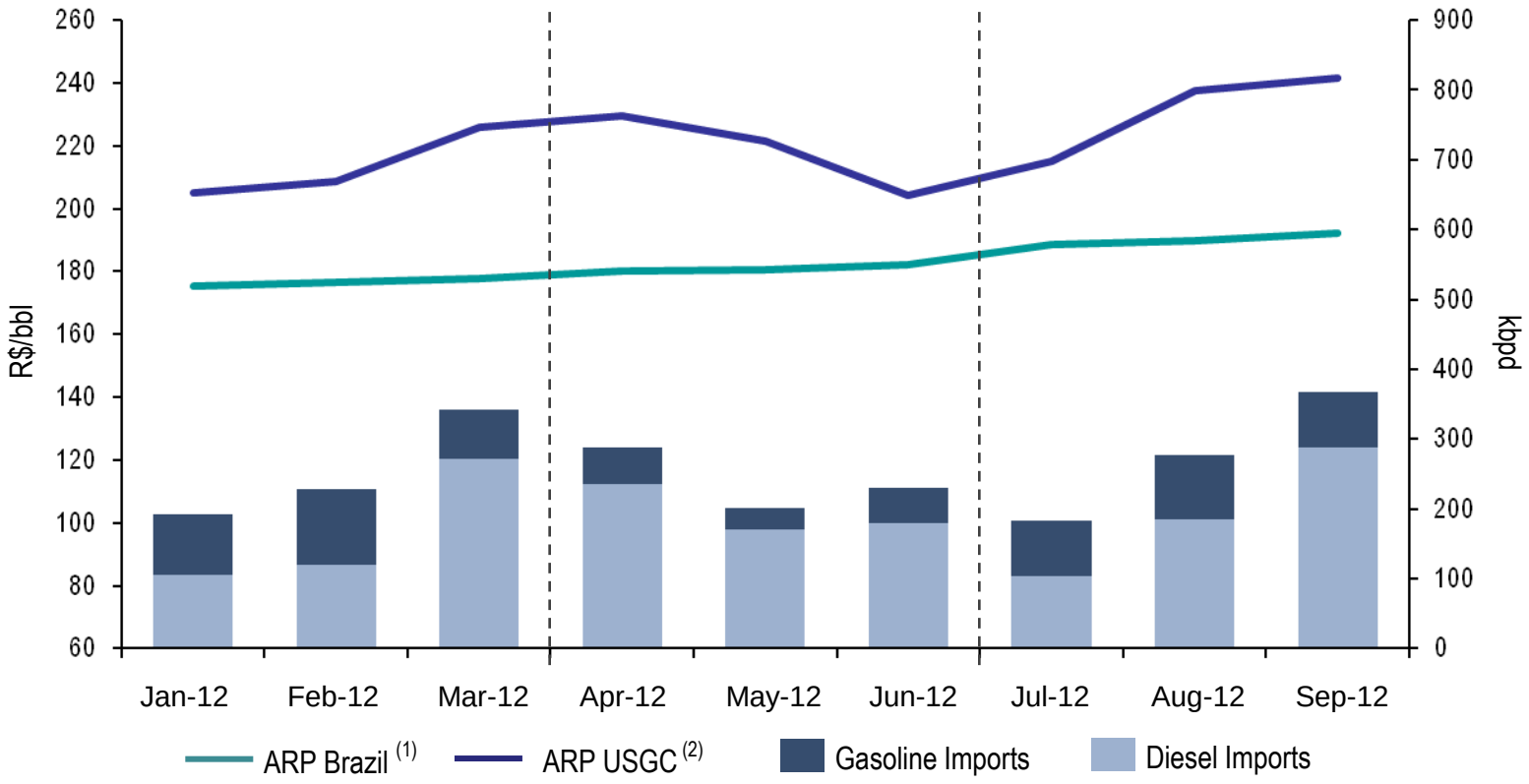


- 3% QoQ decrease in production (- 66 kbpd) due to, mainly:
  - Longer than expected scheduled stoppages (P-52, P-19), principally in September. Total impact of scheduled stoppages of 77 kbpd in 3Q12 vs 52 kbpd in 2Q12
  - Lower operational efficiency in September: negative impact of around 35 kbpd above the average of the year
  - Production natural decline in 3Q12 (-57 kbpd)
- Maintenance of 2012 oil production target

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DOMESTIC AND INTERNATIONAL PRICES



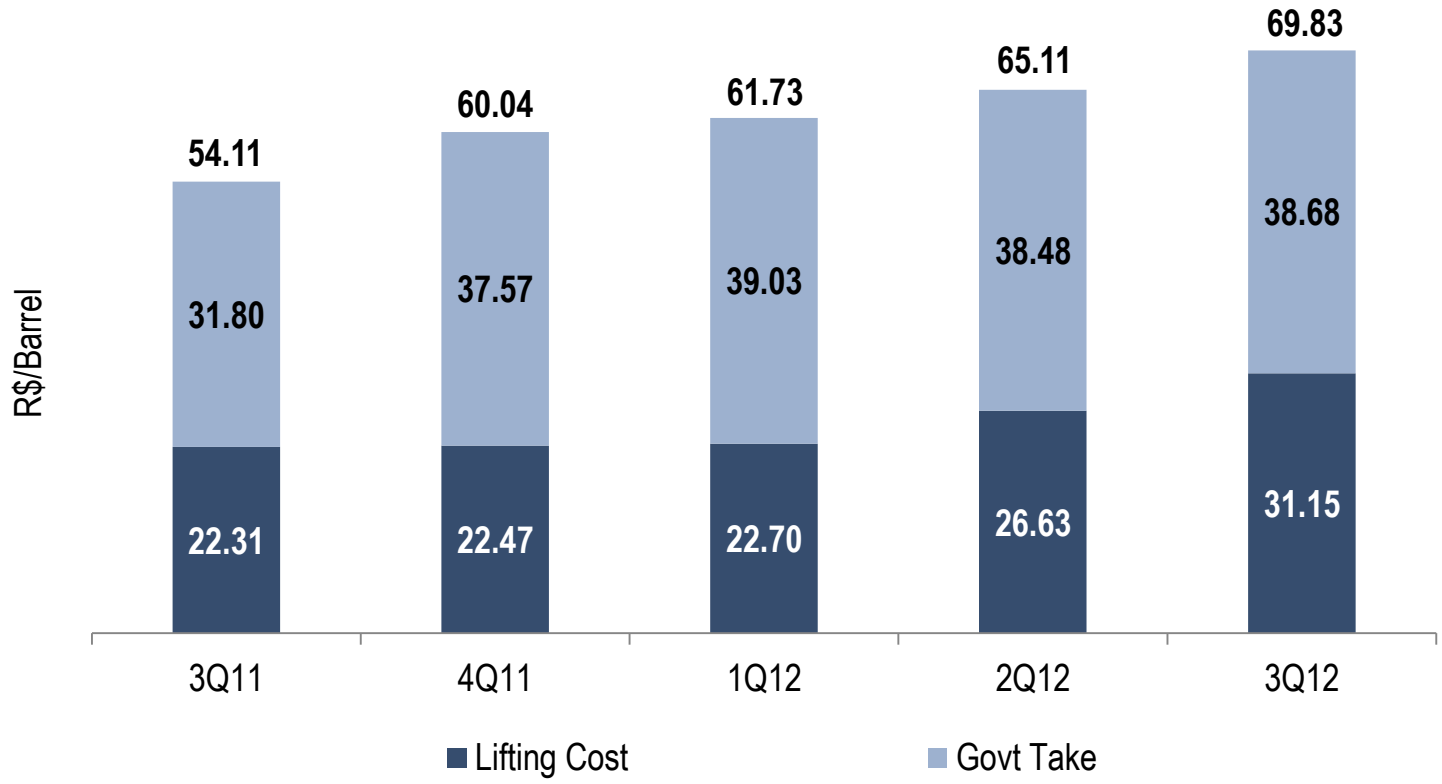
» ARP in Brazil increased due to diesel and gasoline prices readjustment in June and July. However, higher international prices increased the domestic prices gap

» Gasoline imports growth to meet domestic demand and slight reduction in diesel imports due to increase in output

Note: (1) Weighted Average Realization Price of Diesel, Gasoline, Naphtha, LPG, Jet Fuel and Fuel Oil
(2) Average Realization Price in United States Gulf Coast, considering the same volumes and products sold in Brazil



LIFTING COST



» 17% QoQ increase in lifting cost due to, mainly:

- » Higher personnel costs, principally due to the 2012 Collective Bargaining Agreement
- » Increase in wells workovers due to PROEF
- » Drilling rigs/days allocated to maintenance activities increased from 762 in 2Q12 to 946 in 3Q12 in Campos Basin
- » Lower production

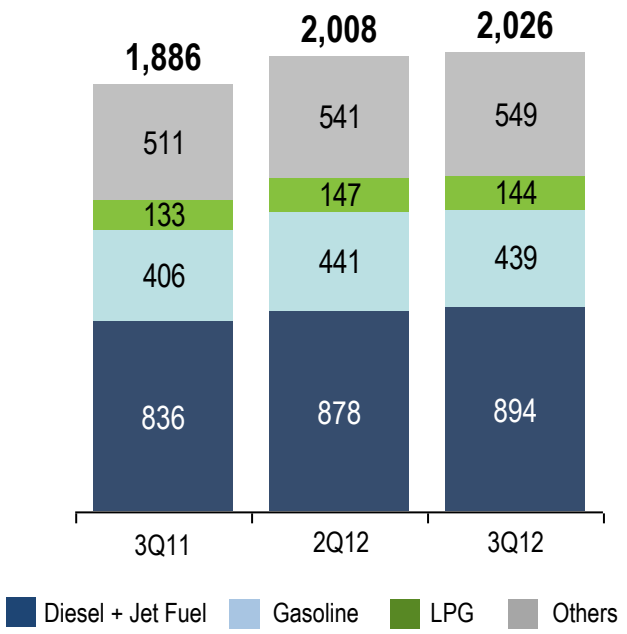
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DOMESTIC OUTPUT OF OIL PRODUCTS

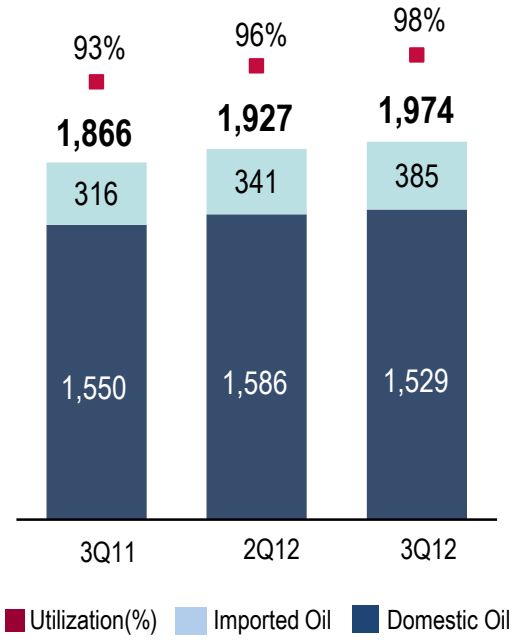
Oil products output *

Thousand bpd



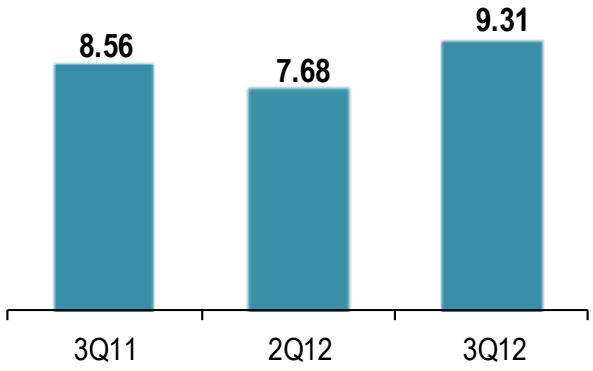
Throughput

Thousand bpd



Refining Cost

R$/bbl



» Excellent operational performance: optimization of existing refineries enabled the increase in throughput

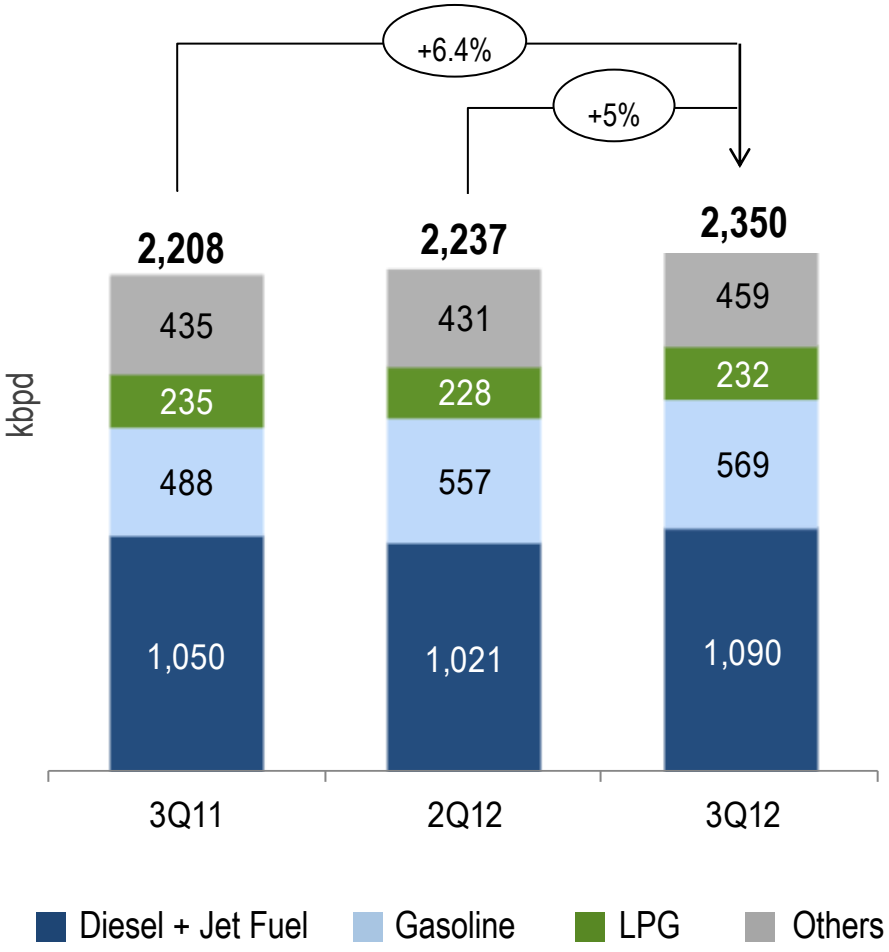
» Refining Cost: higher personnel costs (2012 Collective Bargaining Agreement) and scheduled stoppages

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* Includes E&P's LPG production



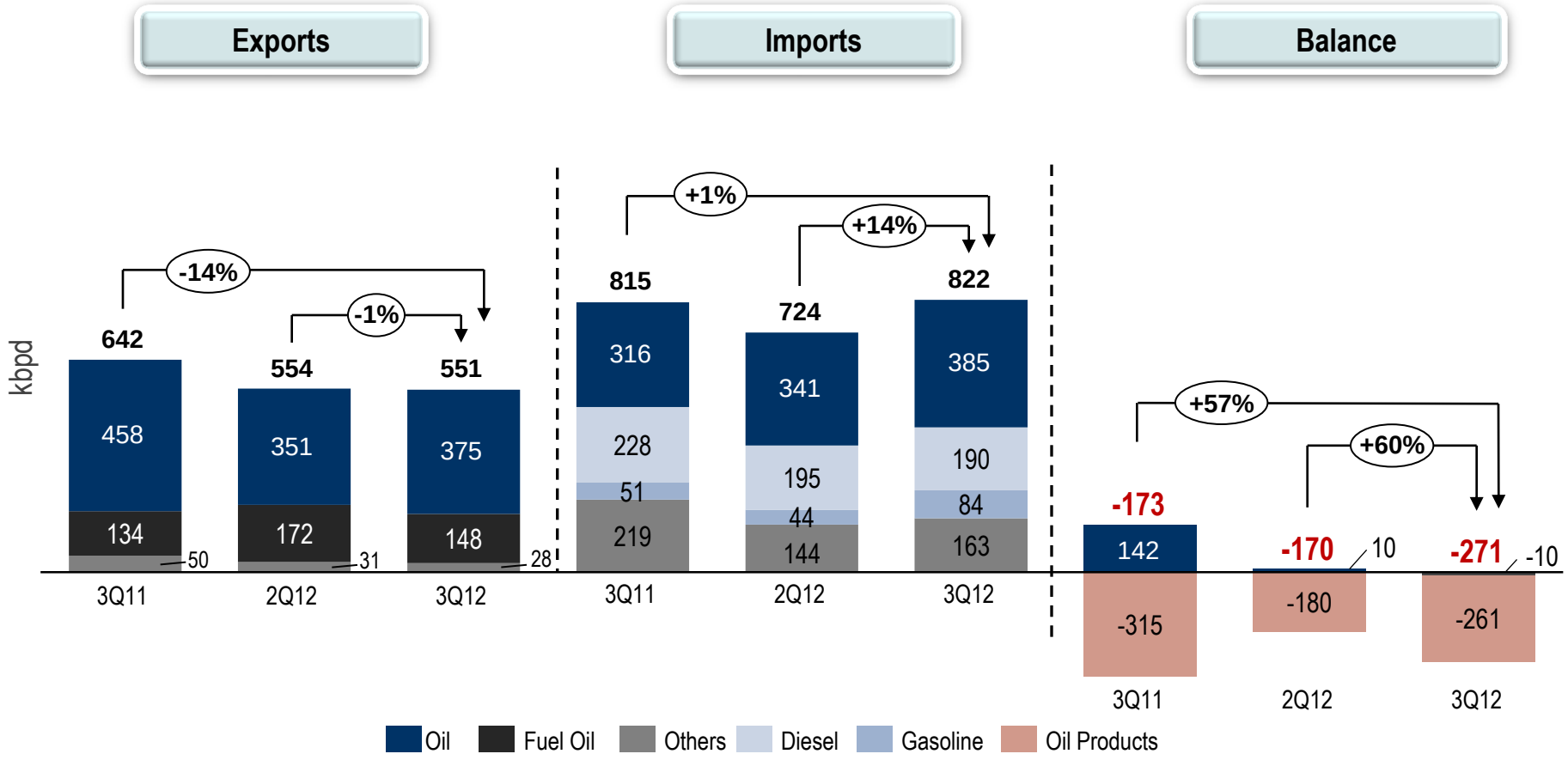
OIL PRODUCTS SALES IN BRAZIL



- 6% increase in oil products sales in the 3Q12 vs 3Q11 comparison:
  - 17% increase in gasoline volumes and 4% in diesel
- 5% QoQ increase due to demand seasonality:
  - 8% growth in diesel volumes
  - 2% growth in gasoline volumes



TRADE BALANCE



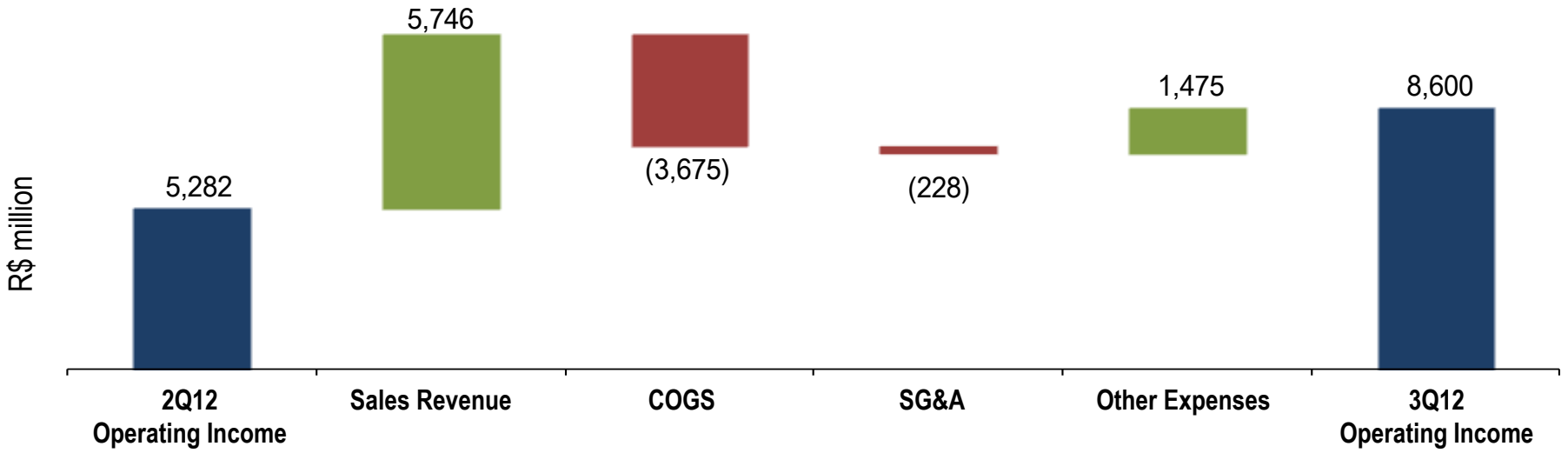
» Oil products exports decrease due to fuel oil conversion in diesel (REPAR's coking unit) and domestic demand

» Higher oil imports in order to match oil products output yield to domestic demand

» Higher oil products imports, principally gasoline, to meet market growth



3Q12 vs 2Q12 OPERATING INCOME



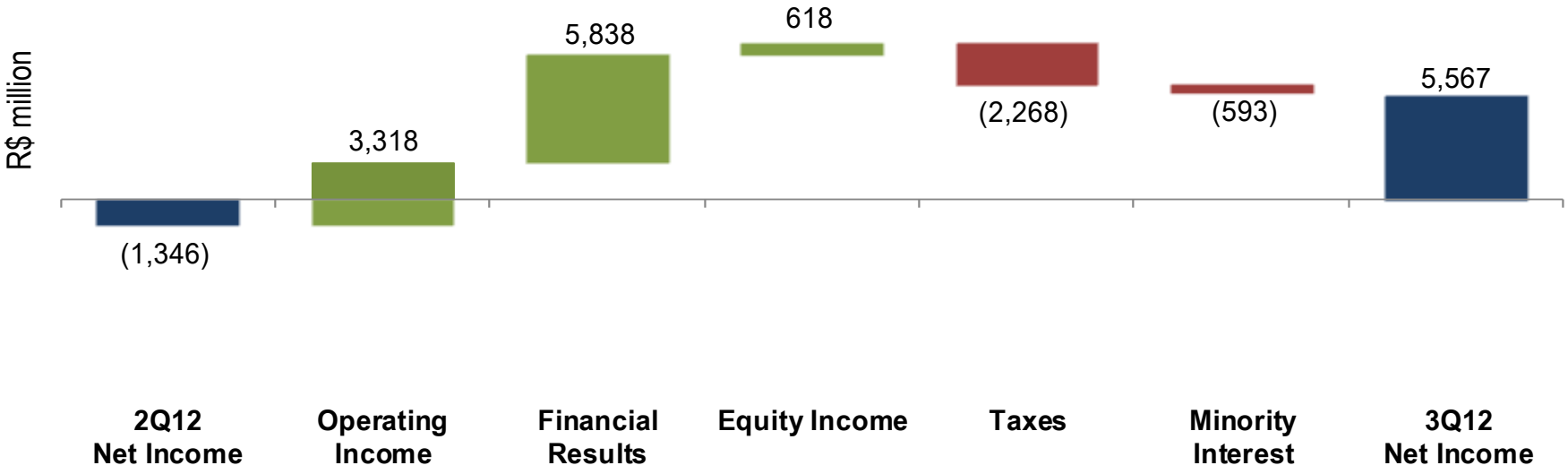
» **Increase in operating income**

- » Sales revenue growth, reflecting diesel and gasoline prices readjustment and higher domestic demad
- » Increase in COGS due to higher imports expenses and lifting and refing costs
- » Reduction in other expenses due to lower dry and subcomercial wells write-offs, partially offset by 2012 Collective Bargaining Agreement expenses

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3Q12 vs 2Q12 NET INCOME

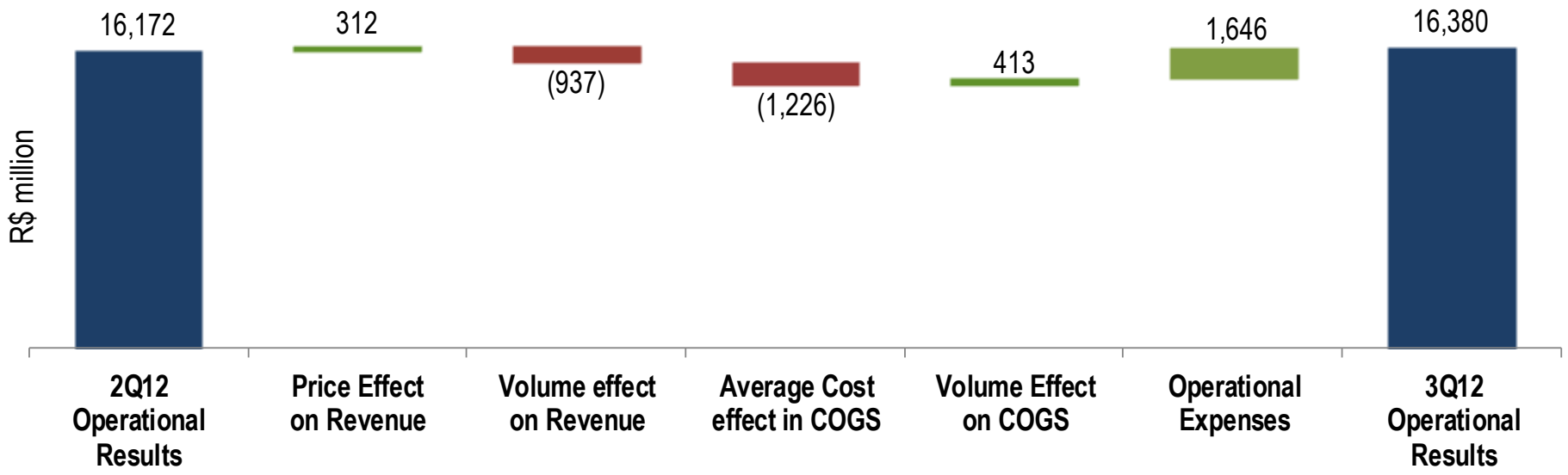


» **Net Income**

» Increase due to higher operating income and better financial results due to exchange rate stability



3Q12 vs 2Q12 E&P

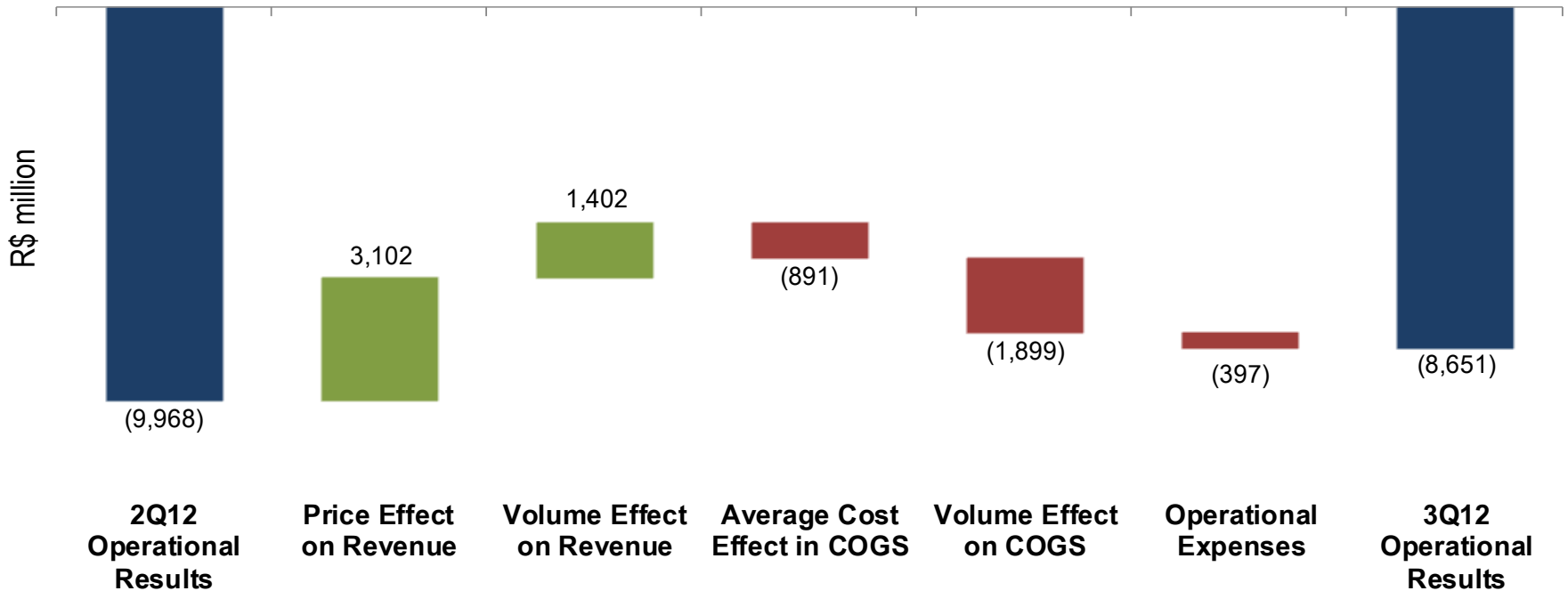


» **Stable Operating Income**

» Lower production and higher costs were offset by lower wells write-offs (R$ 0.8 billion in 3Q12 vs R$ 2.7 billion in 2Q12)



3Q12 vs 2Q12 DOWNSTREAM



» **Improvement in Results**

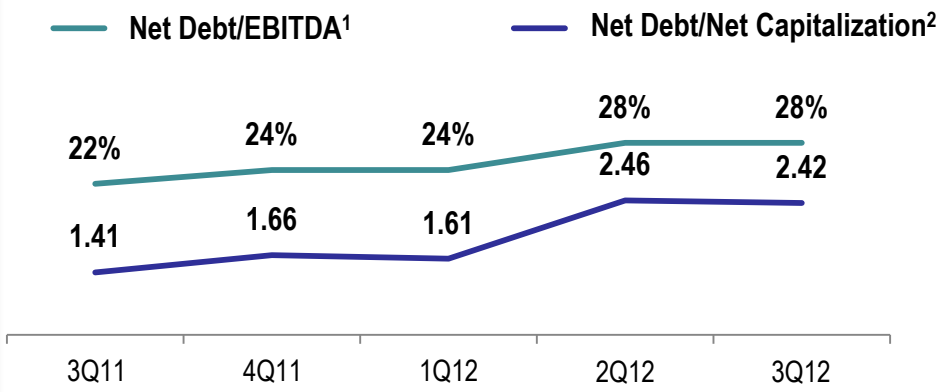
- » Revenue increase due to gasoline and diesel prices readjustment and higher domestic demand
- » COGS increased as a result of higher throughput, along with higher oil and imported oil products prices and an increase in depreciation charges due to new units start-ups

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CAPITAL STRUCTURE

R$ Billion	09/30/12	06/30/12
Short-term Debt	15.3	17.6
Long-term Debt	171.2	161.6
Total Debt	186.6	179.2
(-) Cash and cash equivalents [3]	52.6	45.9
= Net Debt	133.9	133.2
US$ Billion	**09/30/12**	**06/30/12**
Net Debt	66.0	65.9



» Increase in cash equivalents due to the exchange of guarantees with PETROS (tradable government securities swapped for inventories of oil and/or oil products)

» Funding of € 2 Bi and £ 450 MM in the European market (completed by Oct, 1st)

1) Net Debt / (EBITDA 9M12 / 9 X 12)
2) Net Debt / (Net Debt + shareholder's equity)
3) Includes tradable securities (maturing in more than 90 days)

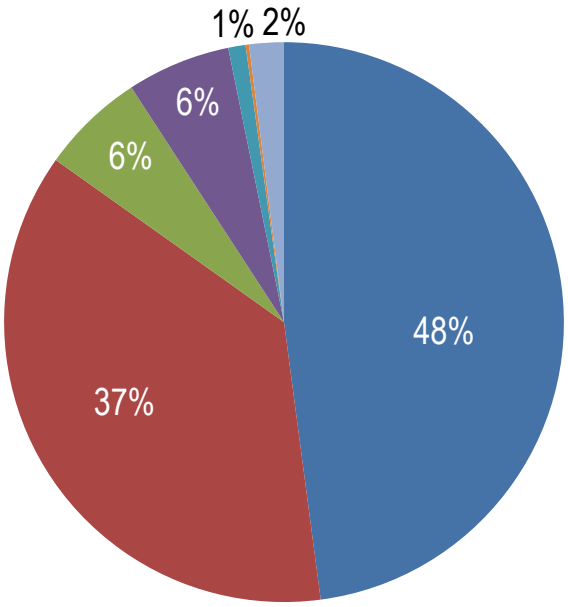
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INVESTMENTS

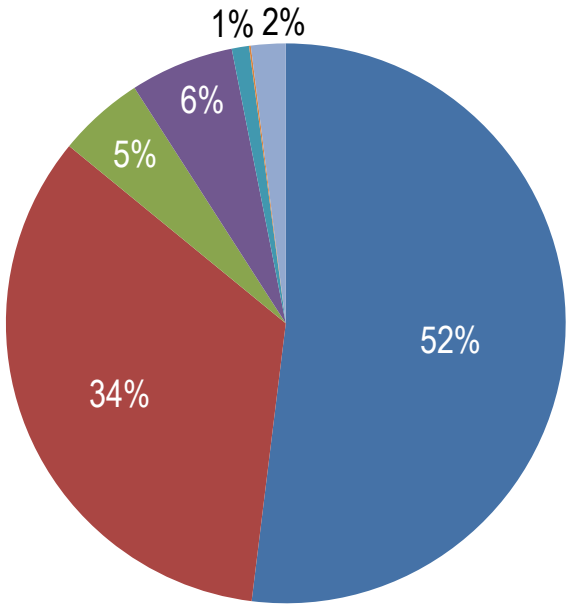
9M2011

R$ 50.8 billion
(US$ 31.1 billion)



9M2012

R$ 59.8 billion
(US$ 31.1 billion)



E&P Downstream G&E International Distribution Biofuel Corporate

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