

RESULTS ANNOUNCEMENT

2nd Quarter 2015

Conference Call / Webcast
August, 7th 2015

DISCLAIMER



FORWARD-LOOKING STATEMENTS:

DISCLAIMER

The presentation may contain forward-looking statements about future events within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

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. Figures for 2015 on are estimates or targets.

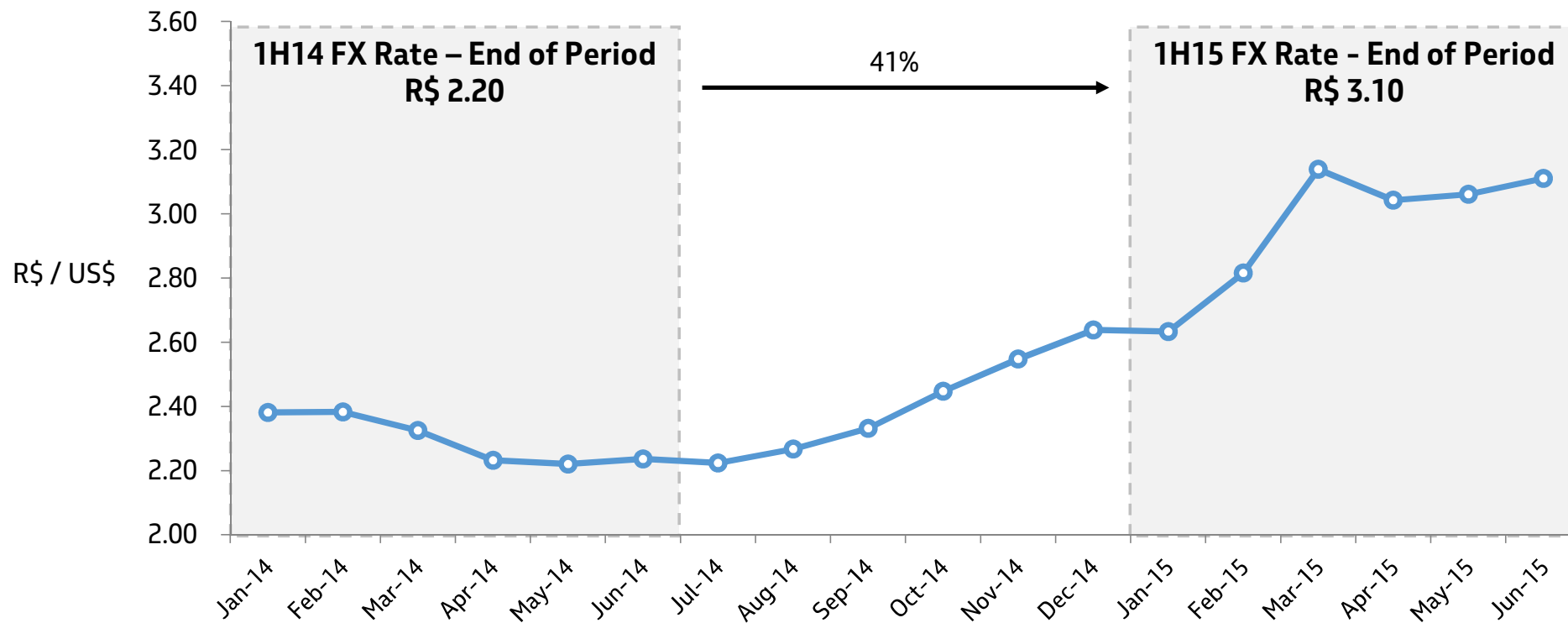
All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this presentation.

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.

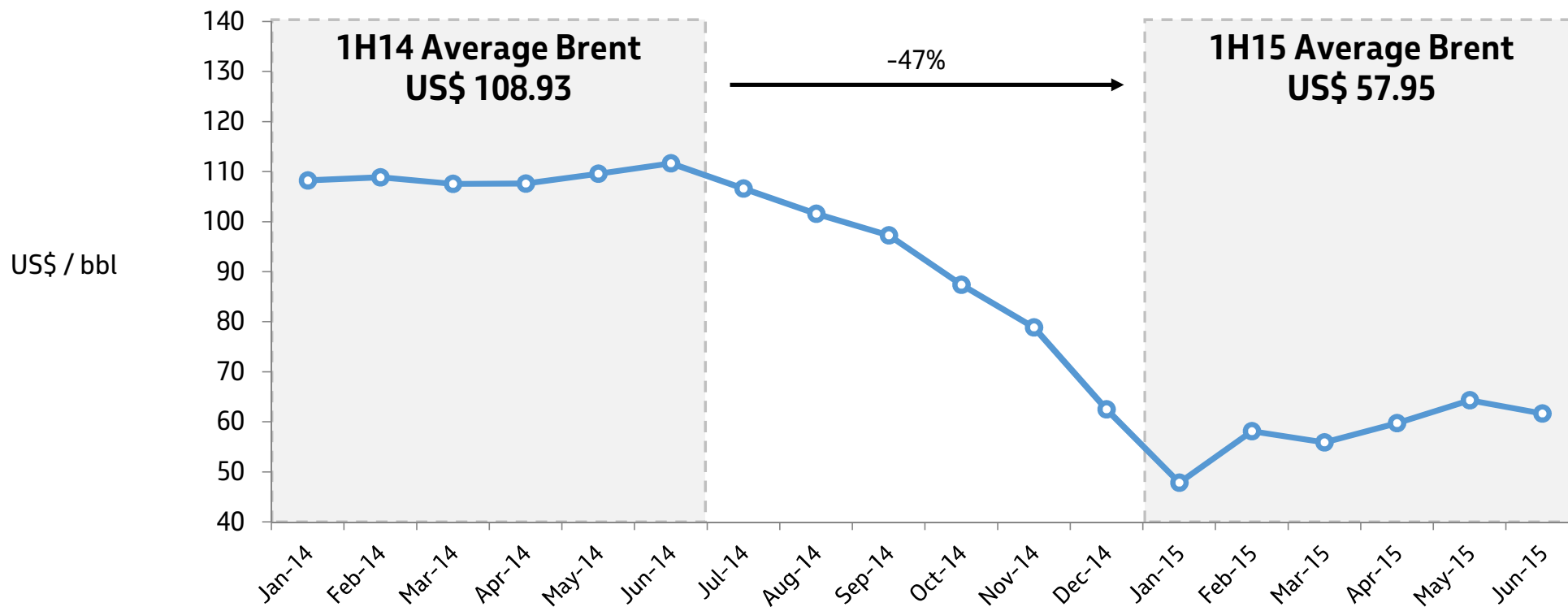
Exchange Rate



| FX (R\$/US\$) | 1Q4 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|---------------|------|------|------|------|------|------|
| Average | 2.37 | 2.23 | 2.27 | 2.54 | 2.87 | 3.07 |
| End of Period | 2.26 | 2.20 | 2.45 | 2.66 | 3.21 | 3.10 |

-3%

Oil Prices - Brent



| Average Brent | 1Q4 | 2Q14 | 3Q14 | 4Q14 | 1Q15 | 2Q15 |
|---------------|--------|--------|--------|--------|--------|--------|
| R\$ | 256.48 | 244.47 | 231.20 | 193.73 | 154.89 | 190.09 |
| US\$ | 108.22 | 109.63 | 101.85 | 76.27 | 53.97 | 61.92 |

+15%

1H15 Net Result: R\$ 5.9 Billion

| R\$ Billion | 1H15 | 1H14 | Δ% | |
|--|-------------|--------------|------------|--|
| Sales Revenues | 154.3 | 163.8 | ↓ | <ul style="list-style-type: none"> Lower prices, especially of exports Decrease of oil products sales volume |
| Cost of Sales | -106.3 | -125.9 | ↓ | |
| Gross Profit | 48.0 | 38.0 | 26 | <ul style="list-style-type: none"> Lower import costs Lower government take |
| Operational Expenses | -25.2 | -21.6 | ↑ | |
| Operating Income | 22.8 | 16.4 | 39 | <ul style="list-style-type: none"> IOF Tax liability - tax on intercompany financial operations (R\$ 3.1 Bn) Impairment (R\$ 1.3 Bn) |
| Financial Results | -11.7 | -1.1 | ↓ | |
| Share of earning in equity-accounted investments | 0.3 | 0.8 | ↓ | |
| Profit-sharing | -0.4 | -0.6 | ↓ | <ul style="list-style-type: none"> Higher exchange rate variation expenses Higher interest expenses |
| Net income before income taxes | 11.1 | 15.5 | -28 | |
| Income Taxes | -5.7 | -4.5 | ↑ | <ul style="list-style-type: none"> Interest on IOF tax expenses (R\$ 1.3 Bn) |
| Non-controlling interest | -0.4 | 0.6 | ↓ | |
| Net Income | 5.9 | 10.4 | -43 | <ul style="list-style-type: none"> Income tax provision on foreign profits (R\$ 1.1 Bn) |
| Adjusted EBITDA | 41.3 | 30.6 | 35 | |
| Investments | 36.2 | 41.5 | -13 | |
| Free Cash Flow* | 4.5 | -15.8 | 128 | |

* Free Cash Flow = Operating Cash Flow minus Investing Cash Flow

2Q15 Net Result: R\$ 0.5 Billion

| R\$ Billion | 2T15 | 1T15 | Δ% |
|--|-------------|-------------|------------|
| Sales Revenues | 79.9 | 74.4 | ↑ |
| Cost of Sales | -54.4 | -51.9 | ↑ |
| Gross Profit | 25.6 | 22.4 | 14 |
| Operational Expenses | -16.1 | -9.1 | ↑ |
| Operating Income | 9.5 | 13.3 | -29 |
| Financial Results | -6.0 | -5.6 | ↑ |
| Share of earning in equity-accounted investments | 0.2 | 0.2 | ↓ |
| Profit-sharing | 0.0 | -0.3 | ↓ |
| Net income before income taxes | 3.6 | 7.6 | -53 |
| Income Taxes | -2.7 | -3.0 | ↓ |
| Non-controlling interest | 0.4 | -0.8 | ↑ |
| Net Income | 0.5 | 5.3 | -90 |
| Adjusted EBITDA | 19.8 | 21.5 | -8 |
| Investments | 18.3 | 17.8 | 3 |
| Free Cash Flow* | 5.7 | -1.3 | 558 |

- Higher export volumes at higher prices
- Higher sales volumes of oil products

- Government take increase

- IOF Tax liability - tax on intercompany financial operations (R\$ 3.1 Bn)
- Impairment (R\$ 1.3 Bn)
- Higher exploratory costs
- 1Q15: reversal of provision for losses in the electricity sector (R\$ 1.3 Bn)

- Interest on IOF tax expenses (R\$ 1.3 Bn)
- Higher interest expenses
- Decrease of exchange rate variation expenses

*Free Cash Flow = Operating Cash Flow minus Investing Cash Flow

1H15 Highlights

- Higher oil, NGL and natural gas production (9%, 218 kboed)
- Operation start-up of Búzios extended well test
- Higher volumes of oil exports (107%, 178 kbpd)
- Lower costs of imports and government take
- Reversal of provision for losses in the electricity sector (R\$ 1.3 Bn)
- Free cash flow of R\$ 4.5 Bn

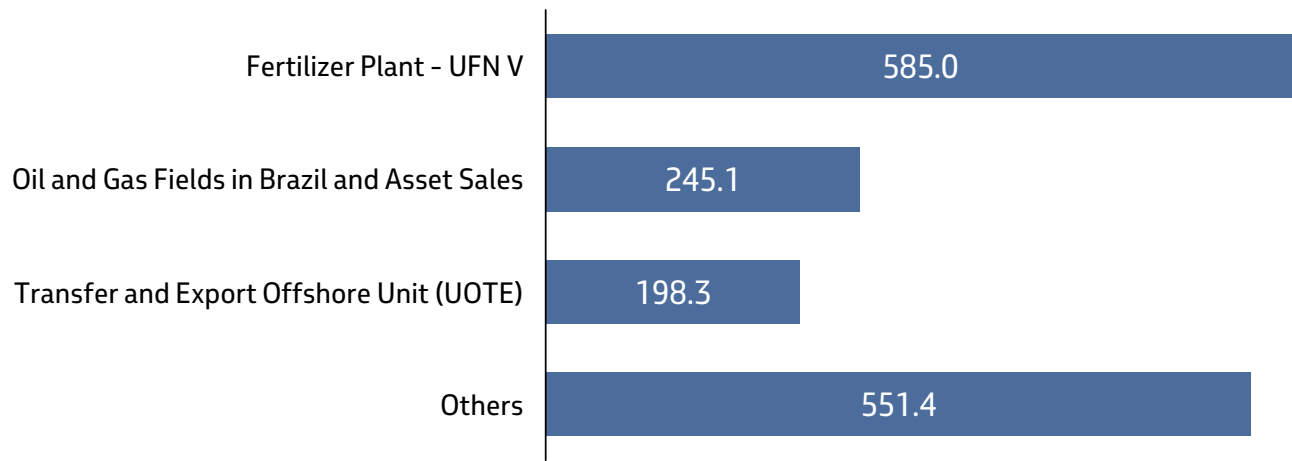
2Q15 Highlights

- Pre-salt oil and gas production was 926 kboed in June, above 900 kboed for the first time
- Increase of oil products production in Brazil (7%, 134 kbpd)
- Receipt of funds repatriated from “Lava Jato” Operation (R\$ 157 Million)
- Reimbursement related to insurance of accident in Chinook field, USA in 2011 (R\$ 259 Million)
- Provision of IOF tax liability (R\$ 3.1 Bn)
- Impairments on Gas and Power, Downstream and Exploration and Production (R\$ 1.3 Bn)

Impairment

R\$ 1,580 million

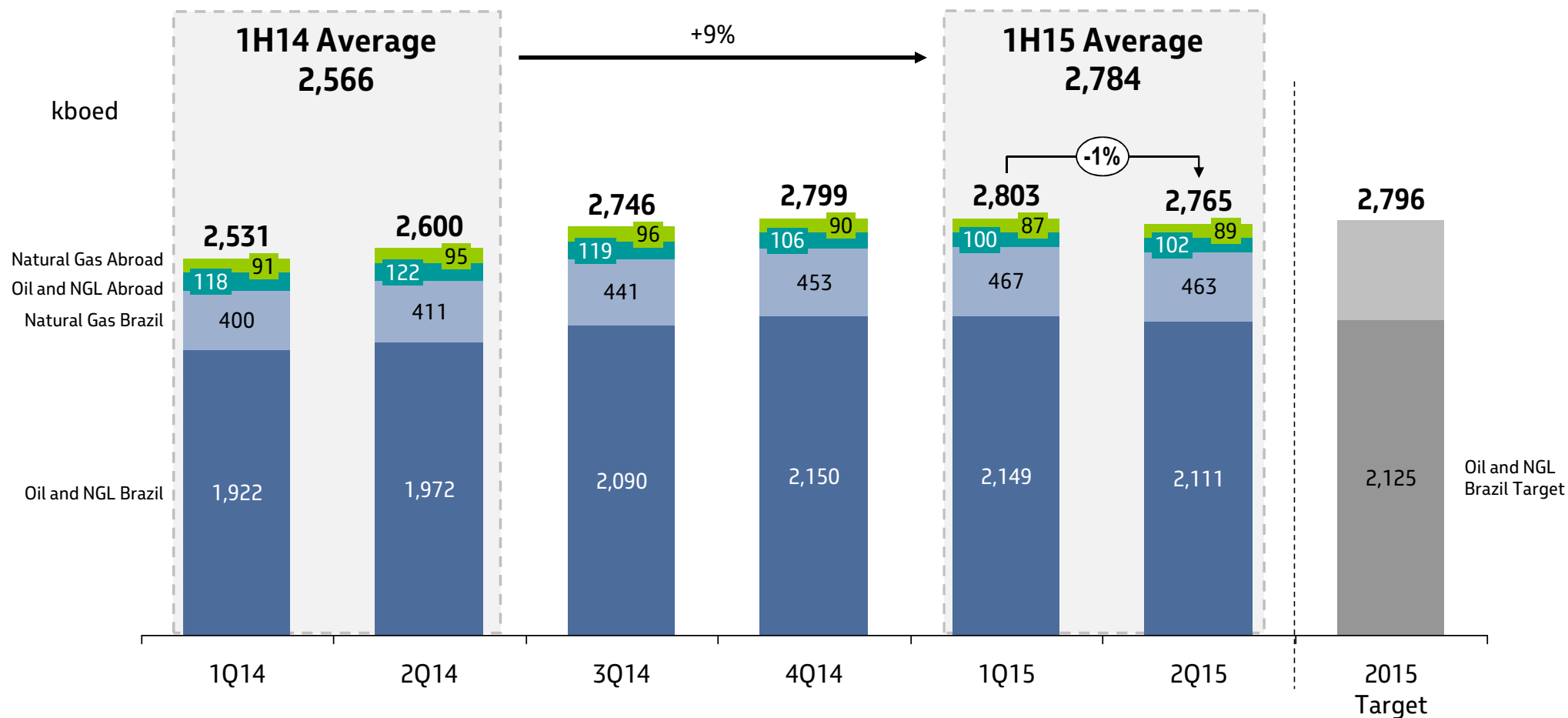
US\$ million



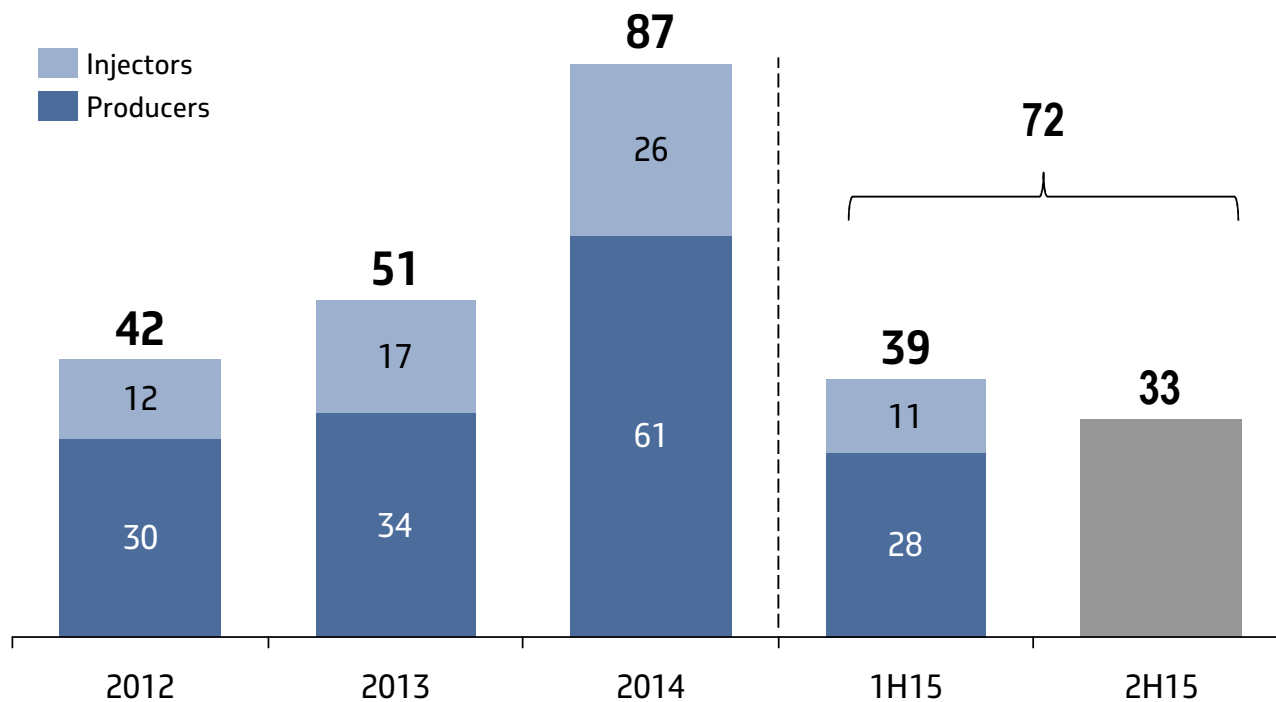
Allocated on operational expenses: R\$ 1,283 million
Allocated on equity-accounted investments: R\$ 294 million

Exploration and Production

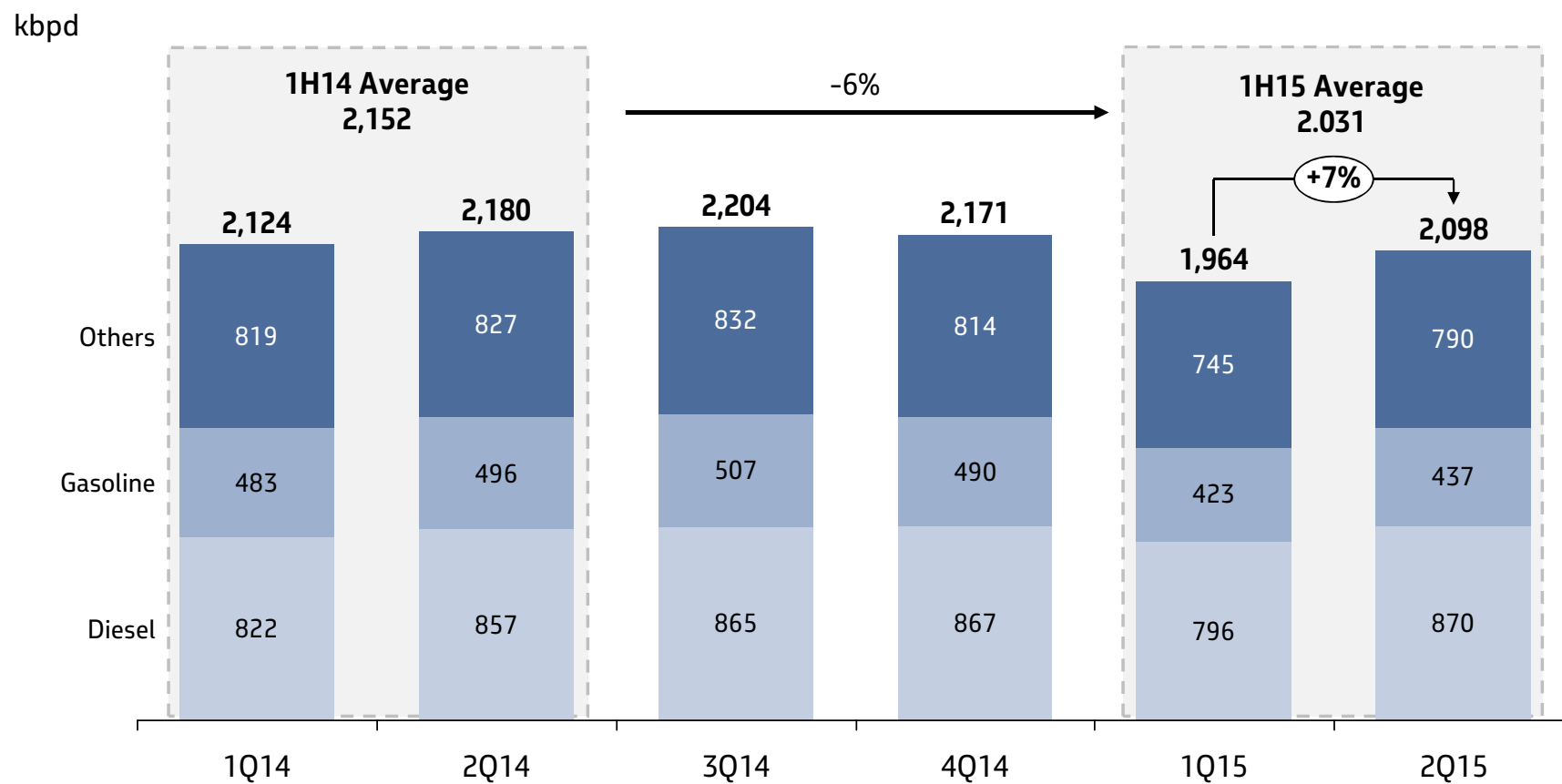
Oil and Gas Production - Brazil and Abroad



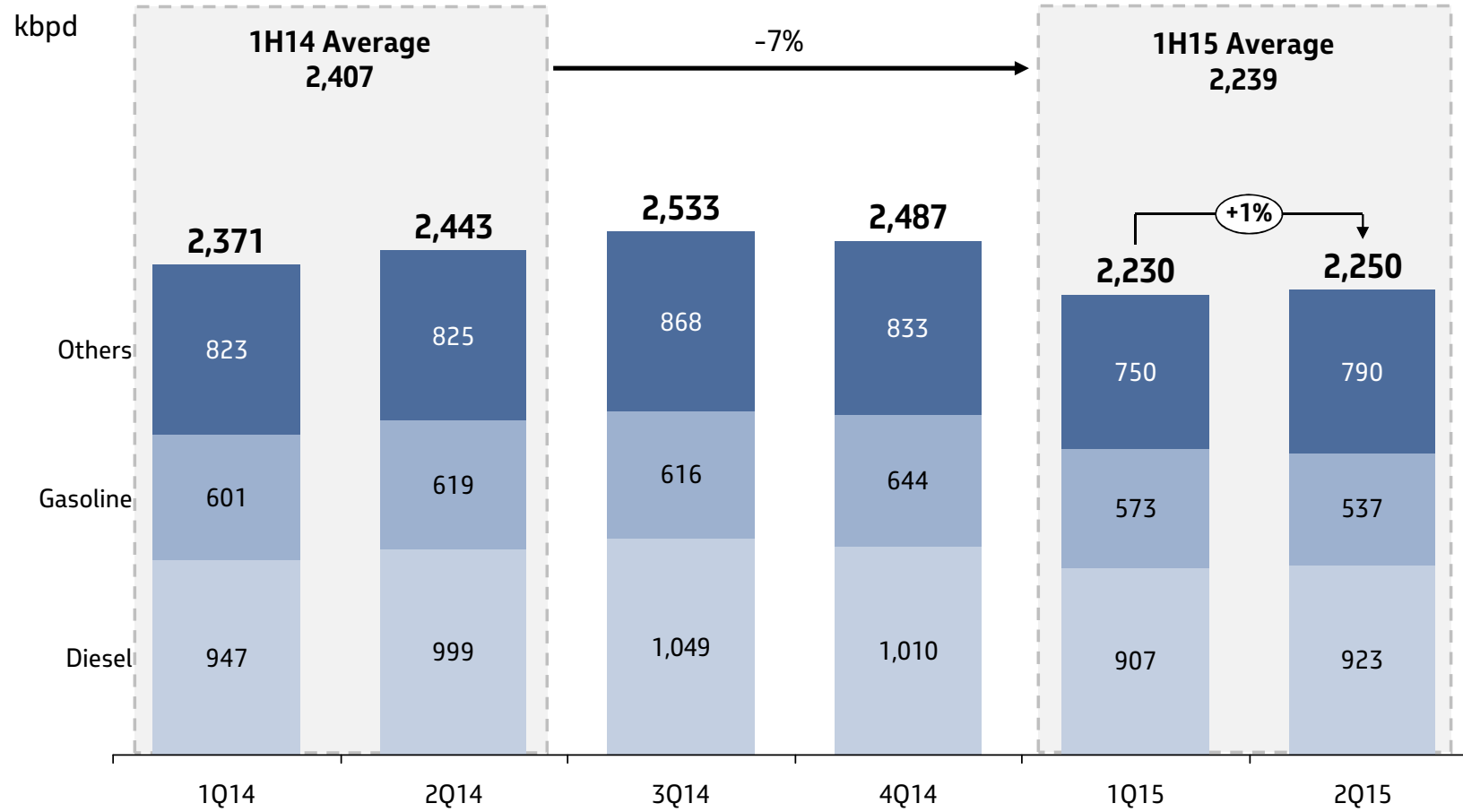
Connection of New Wells in Brazil



Oil Products Output in Brazil

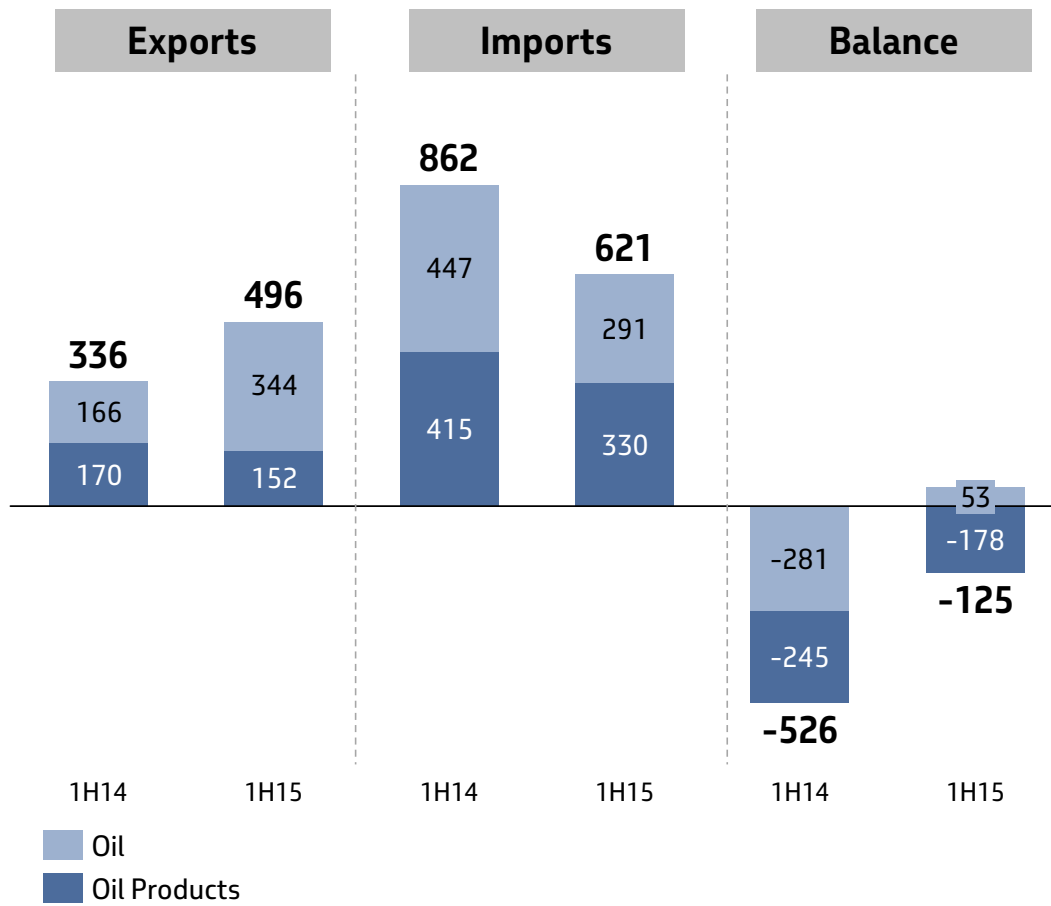


Sales Volume in Brazil

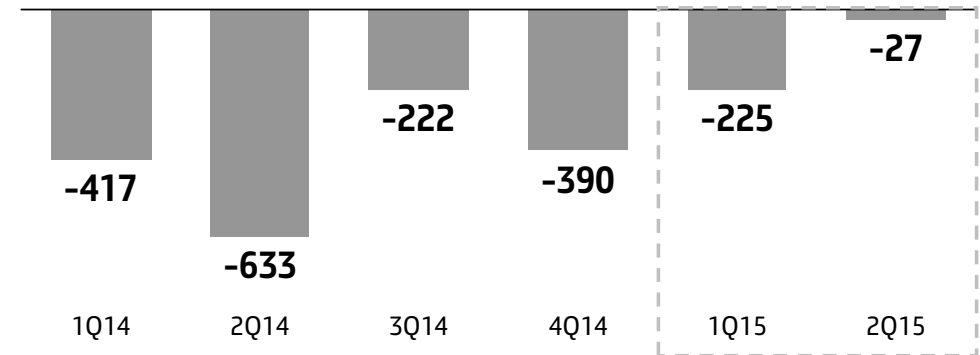


Downstream

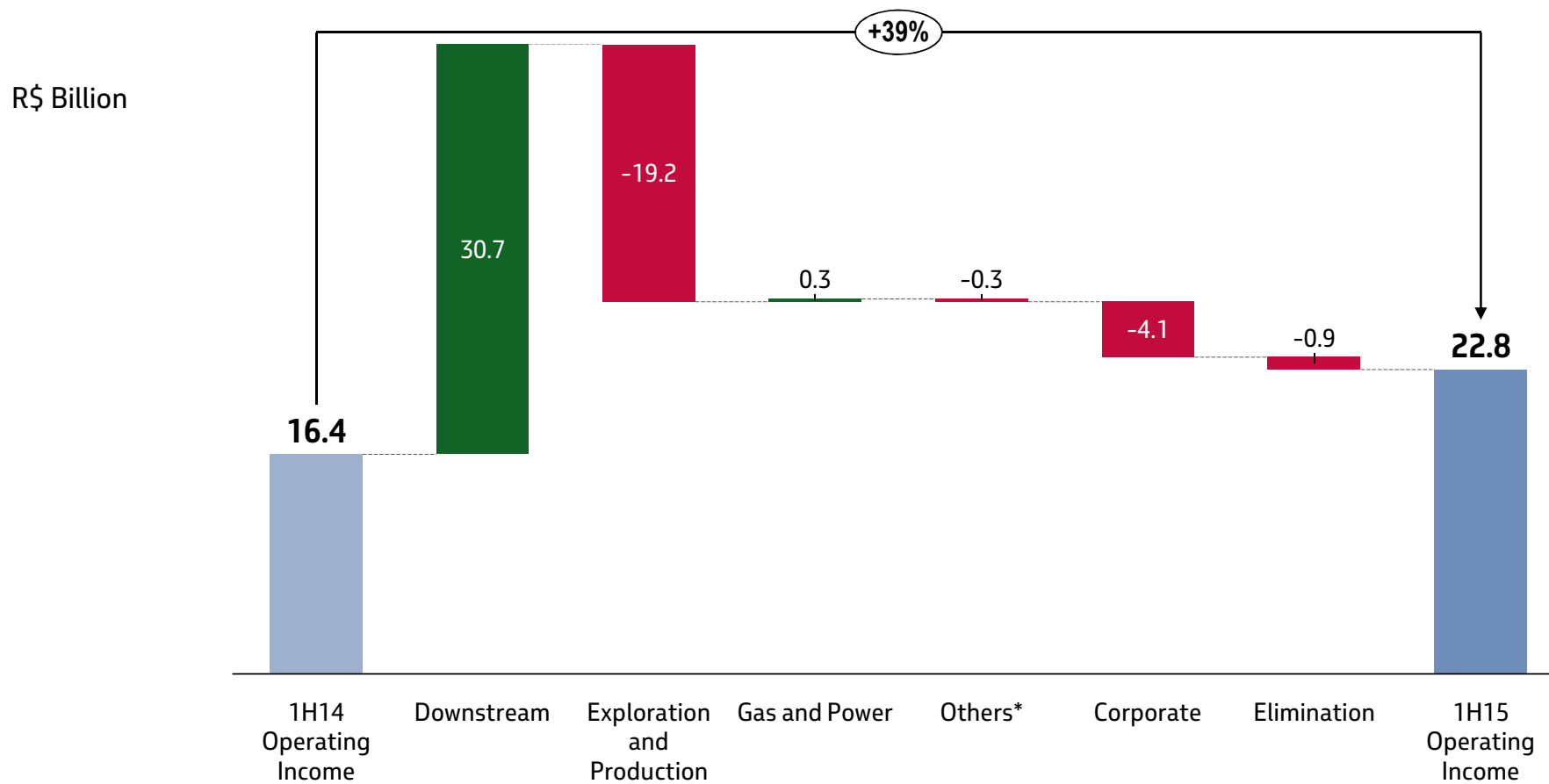
Balance: Oil and Oil Products (kbpd)



Balance Evolution (kbpd)

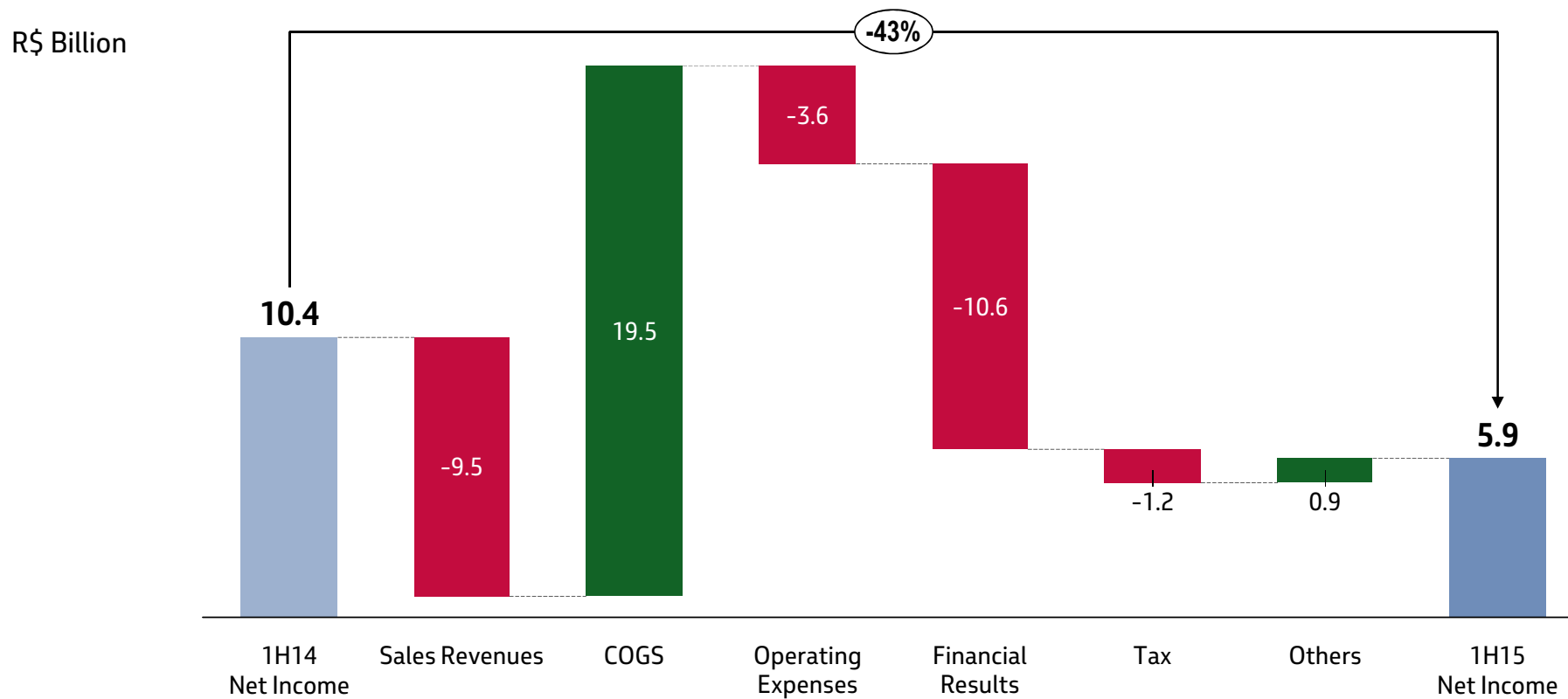


Operating Income Evolution per Segment 1H14 x 1H15

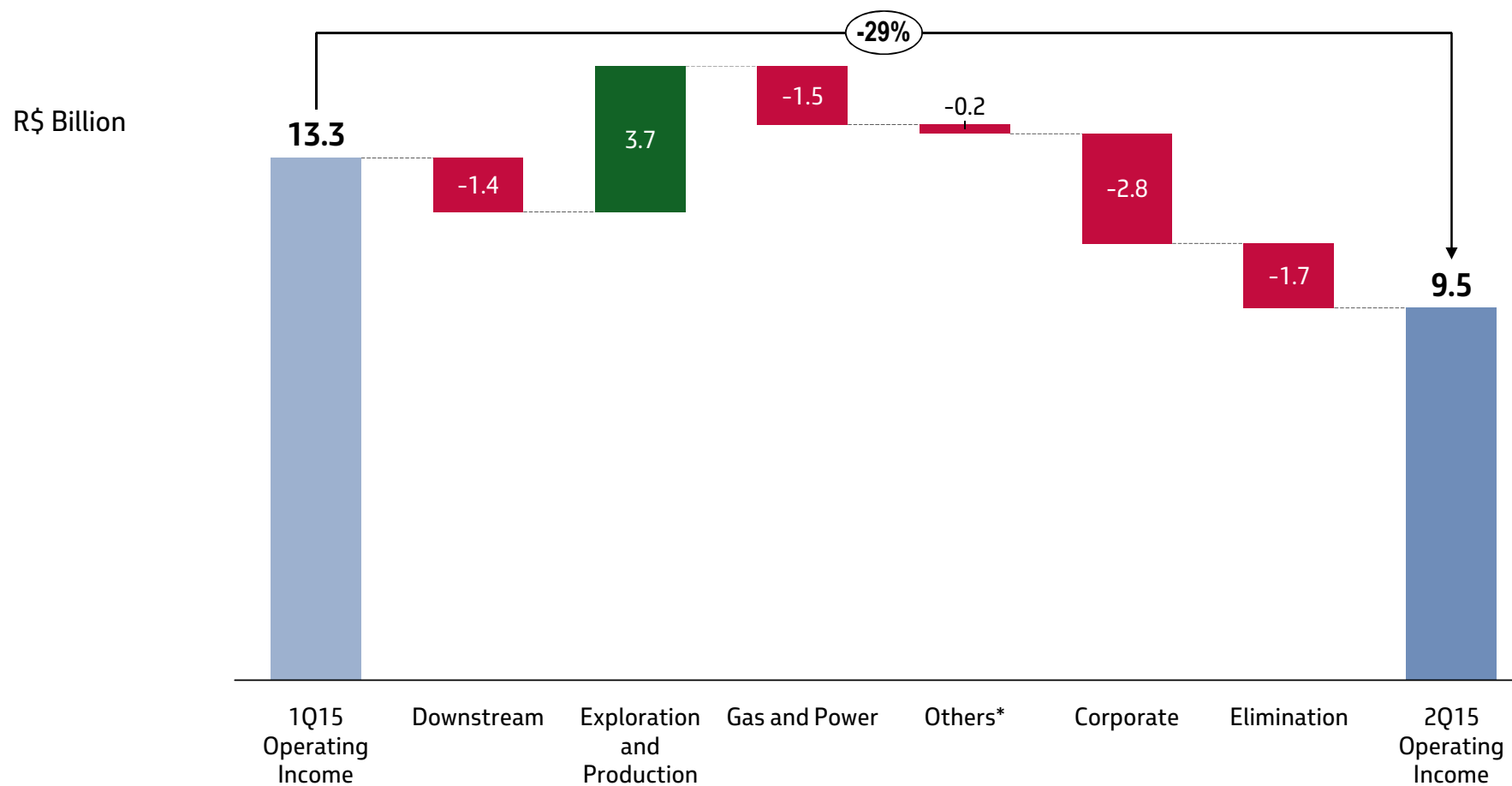


*Others: Distribution, Biofuels and International Activities.

Operating Income Evolution 1H14 x 1H15

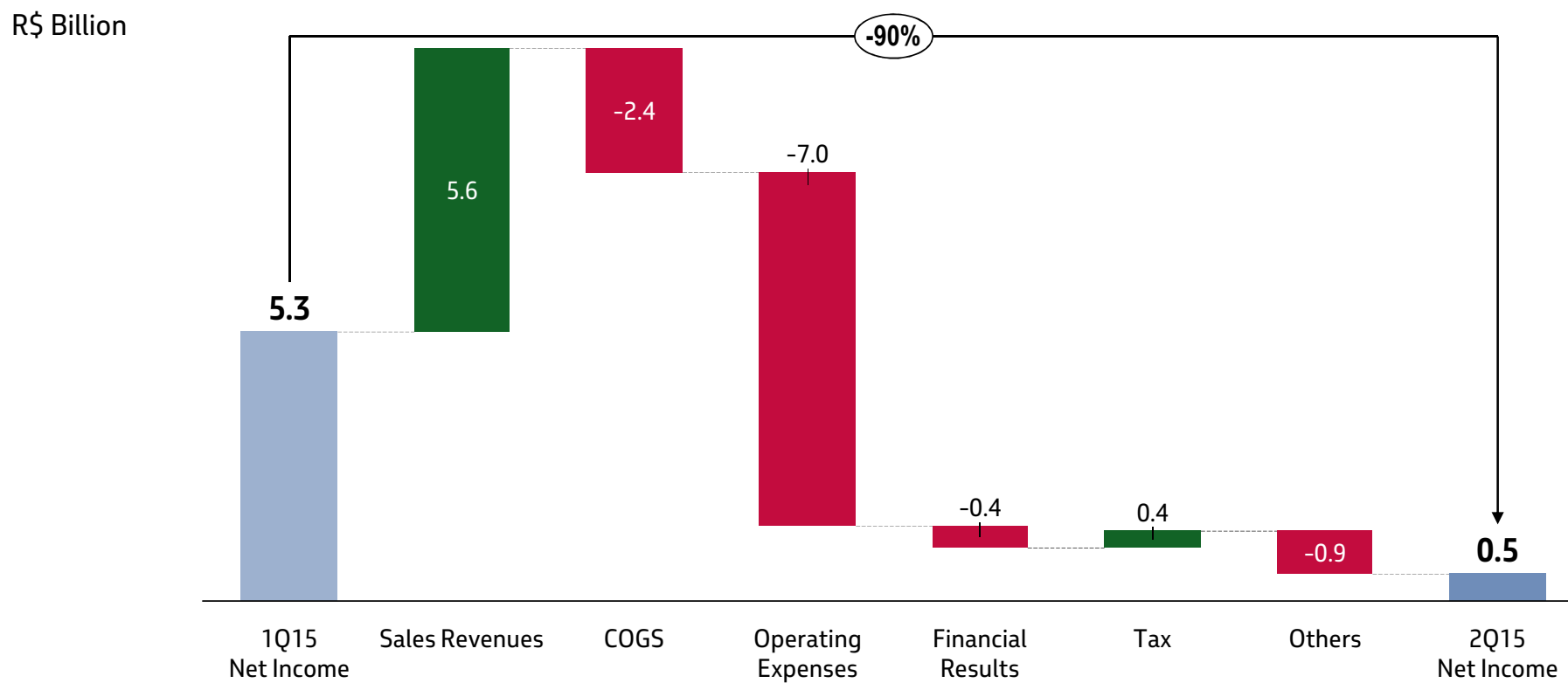


Operating Income Evolution per Segment 1Q15 x 2Q15



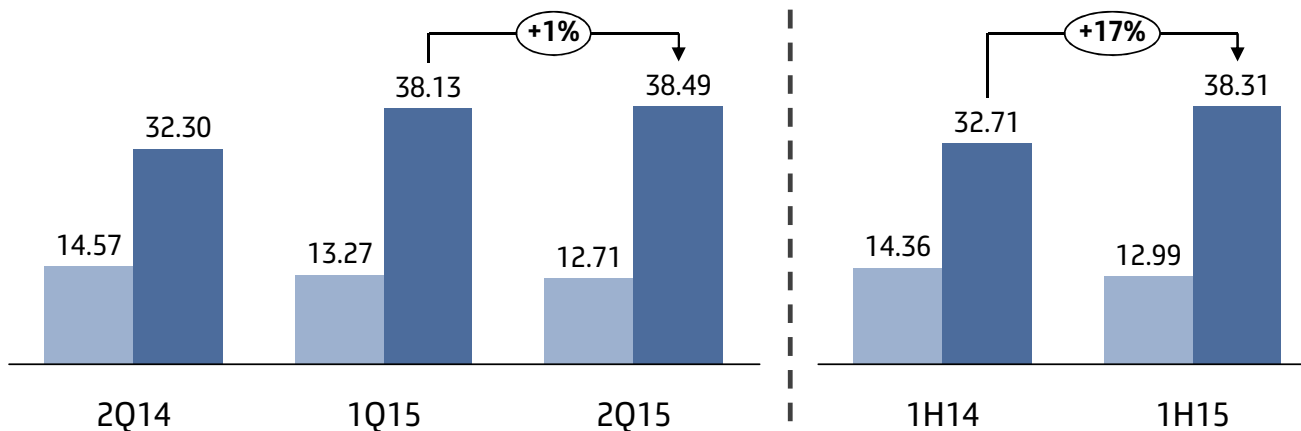
*Others: Distribution, Biofuels and International Activities.

Operating Income Evolution 1Q15 x 2Q15



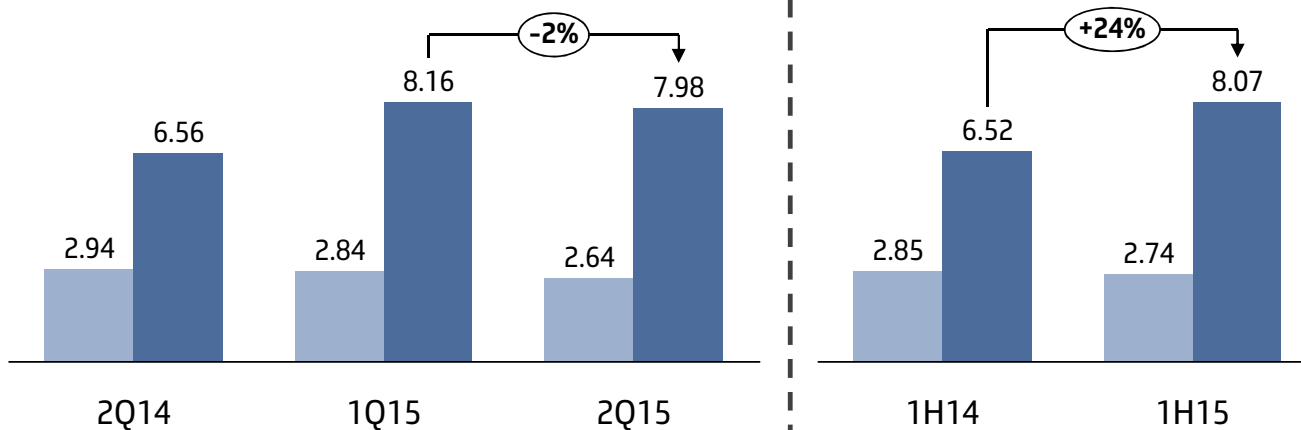
Costs Evolution

Lifting Cost*



Real devaluation and higher expenses with well intervention and subsea maintenance

Refining Cost



Lower throughput due to maintenance stoppages and higher personnel costs

US\$/boe R\$/boe

* Does not include government take

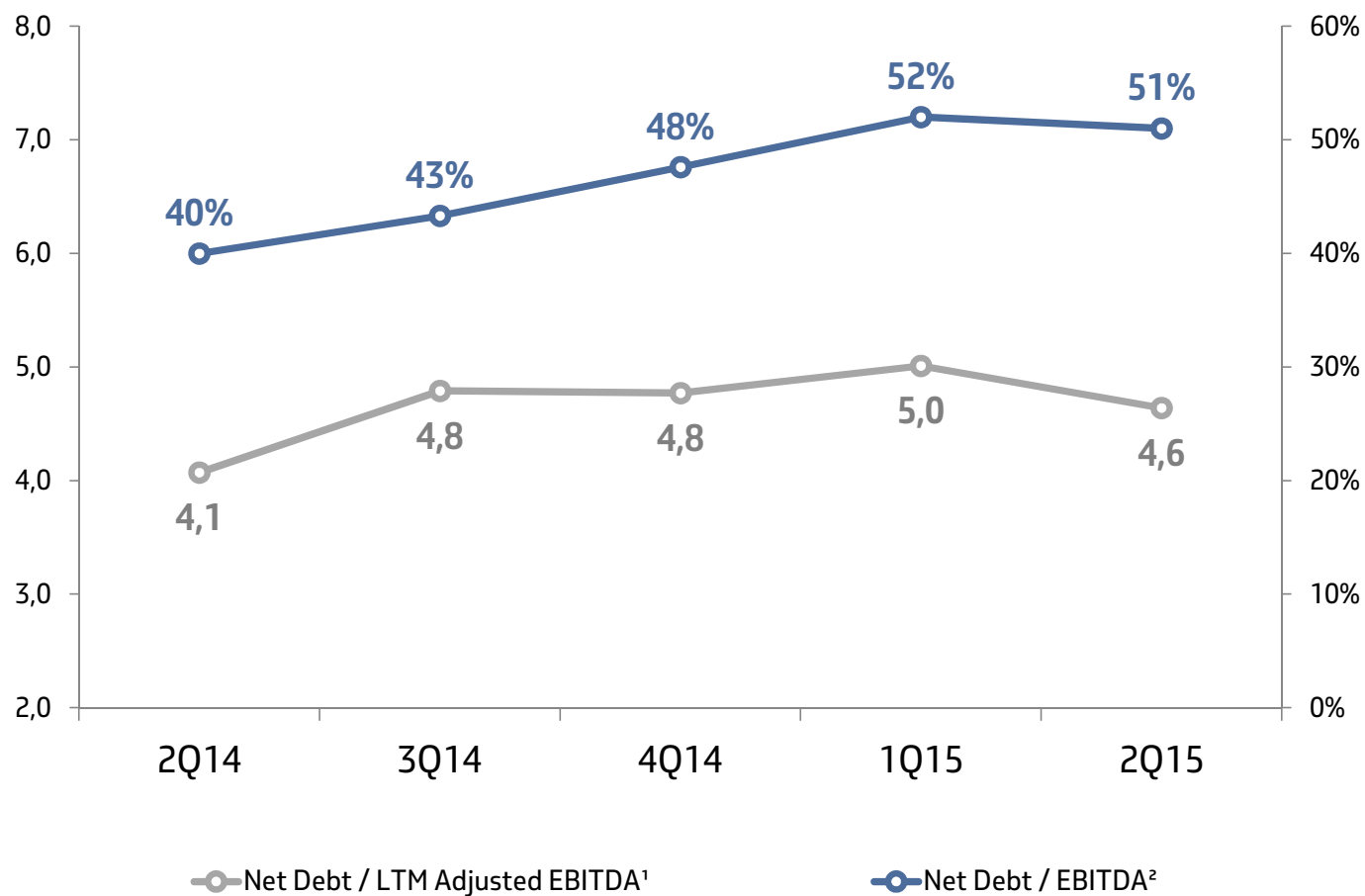
Indebtedness

| Indebtedness | | |
|--|------------|------------|
| Indebtedness (R\$ Billion) | 06/30/2015 | 12/31/2014 |
| Short-term Debt | 44,7 | 31.6 |
| Long-term Debt | 370.9 | 319.5 |
| Total Indebtedness | 415.5 | 351.0 |
| (-) Cash and Cash Equivalents ¹ | 91.6 | 68.9 |
| = Net Debt | 324.0 | 282.1 |
| Indebtedness (US\$ Billion) | | |
| Net Debt | 104.4 | 106.2 |

1) Includes government securities and time deposits (maturity longer than 90 days)

Note: Short-term debt in Dec/15 considers the debt position due in 2016 informed on the 2Q15.

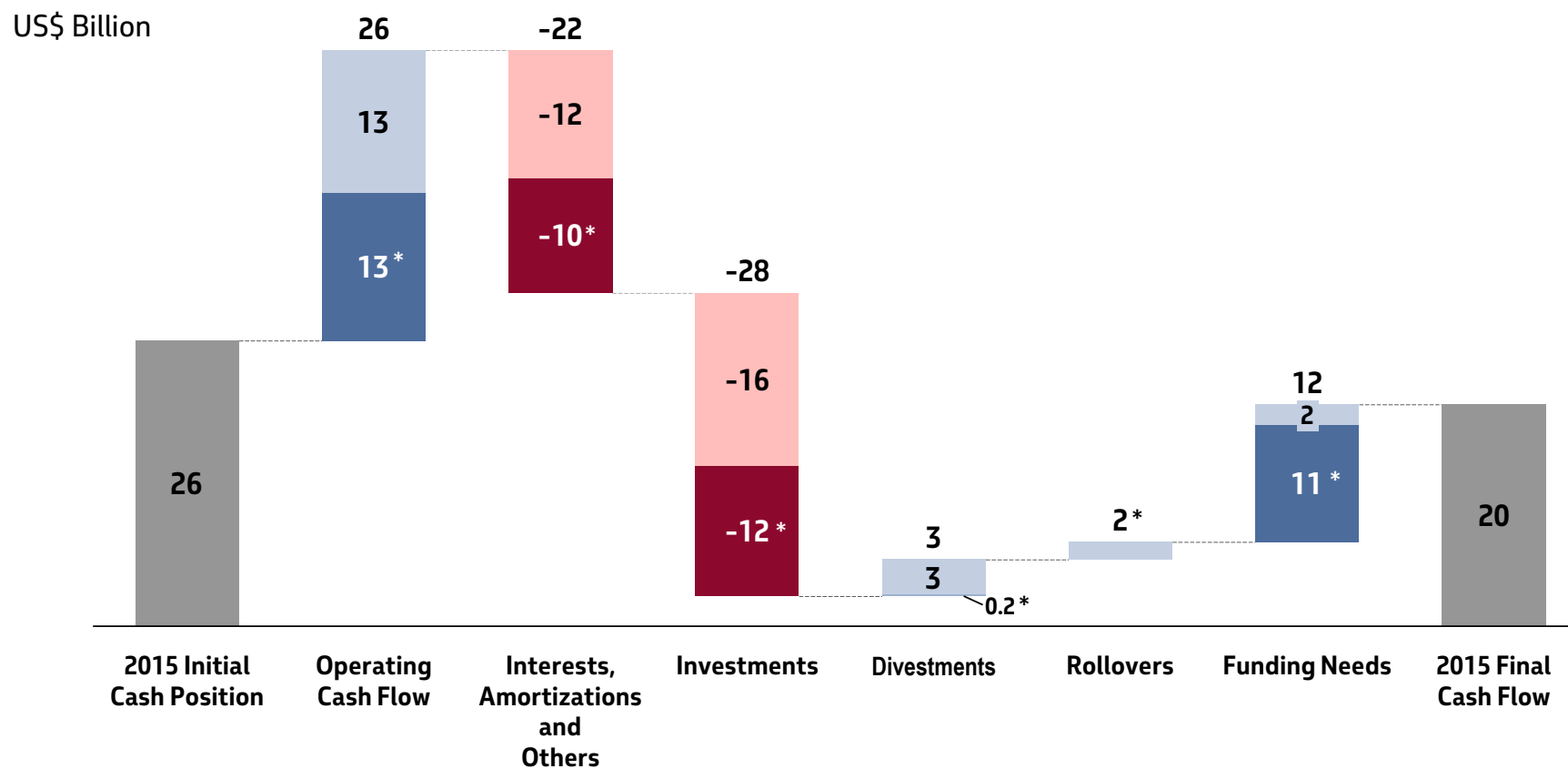
Financial Ratios - Indebtedness



1) As of the 2Q15, the adjusted EBITDA used to calculate the ratio is the sum of the last 12 months

2) Net Debt / (Net Debt + Shareholders Equity)

2015 Cash Flow



* Realized in 1H15

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1ST Quarter 2015
