

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of September, 2010

Commission File Number 1-15106

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

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

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

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

Form 20-F Form 40-F

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

Yes No

(A free translation of the original report in Portuguese)

FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

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

Corporation Law

COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

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

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

1.01 - IDENTIFICATION

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

01.02 - HEAD OFFICE

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

01.03 - DIRECTOR OF INVESTOR RELATIONS (BUSINESS ADDRESS)

1 - NAME

Almir Guilherme Barbassa

2 - ADDRESS

Av. República do Chile, 65 - 23rd floor

4 - CEP (ZIP CODE)

20031-912

5 - CITY

Rio de Janeiro

3 - QUARTER OR DISTRICT

Centro

6 - STATE

RJ

7 - AREA CODE

021

8 - PHONE NUMBER

3224-2040

9 - PHONE NO.

3224-2041

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11 - TELEX

12 - AREA

CODE

021

13 - FAX No.

3224-9999

14 - FAX No.

3224-6055

15 - FAX No.

3224-7784

16 - E-MAIL

barbassa@petrobras.com.br

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANTS

CURRENT FISCAL YEAR

1 - 2 - ENDING

BEGINNING

01/01/2010 12/31/2010

CURRENT QUARTER

3 - 4 - QUARTER BEGINNING

2 04/01/2010

5 - END

06/30/2010

PREVIOUS QUARTER

6 - 7 - BEGINNING 8 - END QUARTER

4 10/01/2009 12/31/2009

9- NAME OF INDEPENDENT ACCOUNTING FIRM

KPMG Auditores Independentes

11- NAME OF THE LEAD PARTNER

Manuel Fernandes Rodrigues de Sousa

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10- CVM CODE

00418-9

12- CPF

(Taxpayers registration)

783.840.017-15

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01.05 - CURRENT BREAKDOWN OF PAID-IN CAPITAL

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

01.06 CHARACTERISTICS OF THE COMPANY

1 TYPE OF COMPANY
Commercial, Industrial and Other

2 SITUATION
Operational

3 TYPE OF SHARE CONTROL
State Holding Company

4 ACTIVITY CODE
1010 Oil and Gas

5 MAIN ACTIVITY

Prospecting Oil/Gas, Refining and Energy Activities

6 TYPE OF CONSOLIDATION

Total

7 TYPE OF ACCOUNTANT'S REPORT

Unqualified review opinion

01.07 CORPORATIONS/PARTNERSHIPS EXCLUDED FROM THE CONSOLIDATED STATEMENTS

1 ITEM 2 CNPJ (TAXPAYERS RECORD NUMBER) 3 NAME

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

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

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COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

IDENTIFICATION

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01.09 SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

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

1.10 - INVESTOR RELATIONS DIRECTOR

1 - DATE 2 - SIGNATURE
08/13/2010

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

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

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

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Corporation Law

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

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

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Corporation Law**COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY****01.01 - IDENTIFICATION**

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

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

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

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

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

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

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

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

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

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

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1 - CVM CODE 00951-2	2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS	3 - CNPJ (TAXPAYERS RECORD NUMBER) 33.000.167/0001-01
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04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

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

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

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

1 - CVM CODE 00951-2	2 - NAME OF THE COMPANY PETRÓLEO BRASILEIRO S.A. - PETROBRAS	3 - CNPJ (TAXPAYERS RECORD NUMBER) 33.000.167/0001-01
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04.01 - STATEMENT OF CASH FLOWS - INDIRECT METHOD (IN THOUSAND OF REAIS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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FEDERAL PUBLIC SERVICE

BRAZILIAN SECURITIES COMMISSION (CVM)

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COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

01.01 IDENTIFICATION

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

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

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

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

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

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

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

BRAZILIAN SECURITIES COMMISSION (CVM)

**ITR - QUARTERLY INFORMATION - As of -
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COMMERCIAL, INDUSTRIAL & OTHER TYPES OF COMPANY

01.01 - IDENTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A free translation from the original in Portuguese)

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

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

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

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06.01 - NOTES TO QUARTERLY INFORMATION

1 The Company and its operations

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

2 Presentation of the financial statements

Consolidated financial statements

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

Individual financial statements

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

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

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

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06.01 - NOTES TO QUARTERLY INFORMATION

Financial statements for 2009

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

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

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

3 Adoption of international accounting standards

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

3.1 Transition of the accounting practices

a) Exchange variations recorded in a specific shareholders equity account

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

b) Capitalization of loan costs

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

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c) Business combinations

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

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

d) Provision for abandonment of wells and dismantling of areas

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

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

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

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06.01 - NOTES TO QUARTERLY INFORMATION

e) Post-retirement benefits

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

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

f) Deferred expenses and revenues

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

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

g) Public service concessions

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

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h) Reclassifications

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

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

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06.01 - NOTES TO QUARTERLY INFORMATION

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

3.2.1 Consolidated balance sheets

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

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

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

(*) Date of initial adoption

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

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

(*) Date of initial adoption

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3.2.2 Reconciliation of consolidated shareholders equity

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

(*) Date of initial adoption

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3.2.3 Consolidated income statement

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

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

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3.2.4 Reconciliation of consolidated net income

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

3.2.5 Consolidated cash flows

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

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

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

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

(*) Date of initial adoption

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

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

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

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

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

4 Description of significant accounting policies

4.1 Changes in accounting practices

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

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

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

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

4.2.1 Functional currency

The Company's functional currency is the Real.

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

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

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4.2.2 Accounting estimates

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

4.2.3 Statement of income

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

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

3.2.5 Consolidated cash flows

4.2.4 Cash and cash equivalents

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

4.2.5 Marketable securities

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

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

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

4.2.6 Inventories

Inventories are presented as follows:

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

4.2.7 Corporate investments

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

4.2.8 Property, plant and equipment

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

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

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

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

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

4.2.9 Intangible assets

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

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

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

4.2.10 Deferred charges

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

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4.2.11 Decrease to recoverable value Impairment

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

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

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

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

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

4.2.12 Loans and financing

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

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

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

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4.2.14 Abandonment of wells and dismantling of areas

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

4.2.15 Derivative financial instruments and hedge operations

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

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

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

4.2.16 Income tax and social contribution

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

4.2.17 Employee benefits

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

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

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

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

4.2.18 Government subsidies and assistance

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

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

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

5 Cash and cash equivalents

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

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

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

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

non-current liabilities.

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6 Trade accounts receivable

6.1 Trade accounts receivable, net

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

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

6.2 Changes in the allowance for doubtful accounts

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

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

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7 Related party transactions

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

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

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7.1 Assets

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

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

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

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

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R\$ thousand Interest rates for active loans

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

Bolivia-Brazil gas pipeline

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

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

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

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

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7.2 Liabilities

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

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

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

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7.3 Results

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

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

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

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7.4 Guarantees obtained and granted

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

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

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

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

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

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

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

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

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

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7.5 Transactions with affiliated companies, government entities and pension funds

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

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

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

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

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The balances are classified in the Balance Sheet as follows:

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

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

7.6 Remuneration of the Company's key personnel

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

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8 Inventories

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

(*) Includes imports in transit.

9 Petroleum and alcohol accounts - STN

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

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

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10 Marketable securities

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

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

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

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

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

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

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11 Project financing

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

11.1 Specific purpose entities

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

a) Projects with assets in operation

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

Project

Description

Main guarantees

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

Others

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

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

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b) Project financing in progress

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

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

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

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

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c) Project concluded with the exercise of the purchase option

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

11.2 Reimbursements receivable and Ventures under negotiation

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

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

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

12 Deposits in court

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

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

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

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13 Investments

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

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

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

Jointly controlled subsidiaries

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

Affiliated companies

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

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

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13.2 Investments (Consolidated)

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

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

13.3 Investments in listed companies

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

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

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

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

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

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13.4 Other information

a) Investments abroad

Acquisition of the entire Pasadena Refinery

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

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

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

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

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

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

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

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

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

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

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

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

Sale option of the Nansei Sekiyu refinery

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

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

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

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

b) Investments in Brazil

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Petrobras Biocombustível acquires an interest in an ethanol refinery

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

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

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

Investment in Açúcar Guarani S.A.

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

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

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

Acquisition of Gás Brasileiro Distribuidora S.A.

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

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

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

New partnership in the ethanol market

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

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

c) Specific purpose entities

Transportadora Urucu Manaus S.A - TUM

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

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Cayman Cabiunas Investment Co. Ltd.

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

NovaMarlim Participações S.A.

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

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

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

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

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

Manaus Geração Termoelétrica Participações Ltda. - Project Amazônia

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

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

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14 Property, plant and equipment

14.1 By type of asset

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

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

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

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

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

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

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

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

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

14.2 Depreciation

Depreciation is presented as follows:

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

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14.3 Decrease to recoverable value of assets (Impairment)

Gas & Energy

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

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

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

International

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

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15 Intangible assets

15.1 By type of asset

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

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

15.2 Devolução à ANP de áreas na fase de exploração

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

- Blocks Exclusive concession of Petrobras:

There were no returns.

- Blocks in partnership returned by their respective operators:

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

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

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

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15.4 Concession of services for distribution of piped natural gas

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

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

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

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

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

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16 Financing

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

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

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	R\$ thousand			
	Parent company			
	Current		Non-current	
	06.30.2010	12.31.2009	06.30.2010	12.31.2009
Foreign				
Financial institutions	236,069	255,425	13,034,180	5,855,615
Subtotal	236,069	255,425	13,034,180	5,855,615
In Brazil				
Export Credit Notes	3,973,070	1,099,897	6,564,779	6,177,294
National Bank for Economic and Social Development - BNDES	196,807	190,571	8,924,180	8,631,698
Debentures	1,705,246	1,492,576	1,671,678	1,631,833
FINAME	74,154	77,431	225,763	101,593
Bank Credit Certificate	3,615,025	7,083		3,605,934
Subtotal	9,565,015			