PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
November 13, 2015

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 November, 2015

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 ___X___ 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___X____

THIRD QUARTER OF 2015 RESULTS

Reviewed by independent auditors, stated in millions of U.S. dollars, prepared in accordance with International

Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB.

Rio de Janeiro – November 12, 2015

Net income was US$ 971 million in Jan-Sep/2015, 59% lower than in Jan-Sep/2014. Loss of US$ 1,062 million in the 3Q-2015.

Operating income was US$ 9,382 million in Jan-Sep/2015, 80% higher than in Jan-Sep/2014.

Adjusted EBITDA was US$ 18,320 million in Jan-Sep/2015, 7% higher than in Jan-Sep/2014.

Net debt was US$ 101,273 million as of September 30, 2015, a 5% decrease when compared to December 31, 2014.

The average maturity of outstanding debt increased from 6.10 years as of December 31, 2014 to 7.49 years as of September 30, 2015.

Jan-Sep

971	2,355	(59)	**Consolidated net income (loss) attributable to the shareholders of Petrobras**	(1,062)	171	(721)	(2,150)

9,382	5,205	80	**Operating income**	1,637	3,087	(47)	(1,967)

18,320	17,085	7	**Adjusted EBITDA**	4,369	6,435	(32)	3,730

Net income was US$ 971 million in Jan-Sep/2015, 59% lower when compared to US$ 2,355 million in Jan-Sep/2014, mainly attributable to higher finance expenses in the Jan-Sep/2015 period. The 80% increase in operating income was mainly a result of higher margins in oil product sales in the domestic market and increased crude oil export volumes driven by a 7% increase in domestic crude oil production, despite a decrease in domestic demand.

Key events in Jan-Sep/2015:

- 6% increase of crude oil and natural gas production (in Brazil and abroad);
- Higher crude oil export volumes (60%, 132 thousand barrels/day);
- Lower domestic demand for oil products (8%, 195 thousand barrels/day);
- Lower import costs and production taxes; and
- Net finance expense was US$ 7,158 million, a 676% increase when compared to Jan-Sep/2014 as a result of foreign exchange losses and higher interest expense, attributable to an increase in the Company’s debt and a decrease in the level of capitalized borrowing costs, attributable to a lower balance of assets under construction.

Key events in the 3Q-2015, when compared to the 2Q-2015:

- 1% increase of crude oil and natural gas production (in Brazil and abroad);
- Increased domestic demand for oil products (1%, 32 thousand barrels/day);
- Lower crude oil export volumes (10%, 40 thousand barrels/day); and
- A US$ 1,257 million increase in net finance expense as a result of foreign exchange losses.

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FINANCIAL AND OPERATING HIGHLIGHTS

Main Items and Consolidated Economic Indicators

Jan-Sep

			Results and investments				
75,167	110,248	(32)	**Sales revenues**	23,179	26,021	(11)	38,844

22,842	25,531	(11)	**Gross profit**	6,695	8,320	(20)	8,985

9,382	5,205	80	**Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes**	1,637	3,087	(47)	(1,967)

(7,158)	(922)	(676)	**Net finance income (expense)**	(3,226)	(1,969)	(64)	(427)

971	2,355	(59)	**Consolidated net income (loss) attributable to the shareholders of Petrobras**	(1,062)	171	(721)	(2,150)

0.07	0.18	(61)	**Basic and diluted earnings (losses) per share [1]**	(0.09)	0.02	(550)	(0.16)

18,320	17,085	7	**Adjusted EBITDA – U.S.$ million [2]**	4,369	6,435	(32)	3,730

30	23	7	**Gross margin (%)** [3]	29	32	(3)	23

12	7	5	**Operating margin (%) 3**	7	12	(5)	1

1	2	(1)	**Net margin (%) [3]**	(5)	1	(6)	(6)

17,644	27,340	(35)	**Capital expenditures and investments**	5,443	5,968	(9)	9,250

Jan-Sep							
			Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes				
7,152	(10,889)	166	**. Refining, Transportation and Marketing**	1,292	2,595	(50)	(5,096)

5,612	20,210	(72)	**. Exploration & Production**	1,108	2,798	(60)	5,955

872	(907)	196	**. Gas & Power**	273	(135)	302	(1,534)

298	524	(43)	**. Distribution**	(100)	100	(200)	(128)

310	478	(35)	**. International**	(63)	233	(127)	(7)

(54)	(90)	40	**. Biofuel**	(19)	(21)	10	(30)

(4,639)	(4,213)	(10)	**. Corporate**	(1,224)	(1,944)	37	(1,574)

Jan-Sep

			Financial and economic indicators				
71.79	98.70	(27)	**Domestic basic oil products price (U.S.$/bbl)**	64.86	72.91	(11)	98.67

55.39	106.57	(48)	**Brent crude (U.S.$/bbl)**	50.26	61.92	(19)	101.85

Domestic Sales price

45.04	95.77	(53)	**. Crude oil (U.S.$/bbl)** [4]	39.76	52.14	(24)	90.73

37.45	48.76	(23)	**. Natural gas (U.S.$/bbl)**	35.47	39.29	(10)	49.28

3.17	2.29	38	**Average commercial selling rate for U.S. dollar (R$/U.S.$)**	3.54	3.07	15	2.27

3.97	2.45	62	**Period-end commercial selling rate for U.S. dollar (R$/U.S.$)**	3.97	3.10	28	2.45

49.6	4.6	45	**Variation of the period-end commercial selling rate for U.S. dollar (%)**	28.1	(3.3)	31	11.3

13.13	10.74	2	**Selic interest rate - average (%)**	13.99	13.14	1	10.90

2,232	2,115	6	**Total crude oil and NGL production (Mbbl/d)**	2,234	2,213	1	2,209

558	512	9	**Total natural gas production (Mbbl/d)**	566	552	3	537

2,790	2,627	6	**Total crude oil and natural gas production (Mbbl/d)**	2,800	2,765	1	2,746

3,836	3,951	(3)	**Total sales volume (Mbbl/d)**	3,889	3,904	−	4,143

[1]Net income (loss) per share calculated based on the weighted average number of shares.

[2] Adjusted EBITDA equals net income plus net finance income (expense); income taxes; depreciation, depletion and amortization; share of earnings in equity-accounted investments; impairment and *write-offs of overpayments incorrectly capitalized*. Adjusted EBITDA is not a measure defined by IFRS and it is possible that it may not be comparable to similar measures reported by other companies. It should not be considered as a substitute for income before taxes, finance income (expense), profit sharing and share of earnings in equity-accounted investments or as a better measure of liquidity than cash flow provided by operations, both of which are calculated in accordance with IFRS. The Company reports its Adjusted EBITDA to give additional information about its ability to pay debt, carry out investments and cover working capital needs. See Consolidated Adjusted EBITDA by Business Segment and a reconciliation of Adjusted EBITDA to net income on page 21.

[3] Gross margin equals sales revenues less cost of sales divided by sales revenues; Operating margin equals net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes, excluding *write-offs of overpayments incorrectly capitalized* divided by sales revenues; Net margin equals consolidated net income (loss) attributable to the shareholders of Petrobras divided by sales revenues.

[4] Average between the prices of exports and the internal transfer prices from Exploration & Production to Refining, Transportation and Marketing.

FINANCIAL AND OPERATING HIGHLIGHTS

RESULTS OF OPERATIONS - Jan-Sep/2015 compared to Jan-Sep/2014:

Virtually all revenues and expenses of our Brazilian operations are denominated and payable in Brazilian Reais. When the Brazilian Real depreciates relative to the U.S. dollar, as it did during Jan-Sep/2015 (a 38% depreciation), revenues and expenses decrease when translated into U.S. dollars. Nevertheless, the depreciation of the Brazilian Real against the U.S. dollar affects the line items discussed below in different ways.

Gross profit decreased by 11% (US$ 2,689 million) in Jan-Sep/2015 compared to Jan-Sep/2014, mainly due to:

Ø A 32% decrease in sales revenues (US$75,167 million in Jan-Sep/2015 compared to US$ 110,248 million in Jan-Sep/2014), resulting from:

- Lower crude oil and oil product export prices and decreased domestic price of naphta, jet fuel and fuel oil;

- Decreased domestic demand for oil products (8%), reflecting lower economic activity in Brazil;

- Decreased oil product exports (12%);

- Higher crude oil export volumes (60%) attributable to an increase in domestic crude oil production (7%) and to a decrease in feedstock processed by our domestic refineries (5%); and

- Higher diesel and gasoline prices, following a price increase in November 2014.

Sales revenues were 6% lower when expressed in Brazilian *Reais*. Foreign currency translation effects (depreciation of the Brazilian Real against the U.S. dollar) reduced sales revenues when expressed in U.S. dollars.

Ø A 38% decrease in cost of sales (US$ 52,325 million in Jan-Sep/2015 compared to US$ 84,717 million in Jan-Sep/2014), due to:

- Lower crude oil and oil product import costs, as well as lower production taxes;

- Decreased domestic demand for oil products;

- Lower share of crude oil imports on feedstock processing and a lower share of oil product imports in the sales mix; and

- Higher crude oil production costs.

Cost of sales was 15% lower when expressed in Brazilian *Reais*. Foreign currency translation effects (depreciation of the Brazilian Real against the U.S. dollar) reduced cost of sales when expressed in U.S. dollars.

Net income before finance expense, share of earnings in equity-accounted investments, profit sharing and income taxes was US$ 9,382 million in Jan-Sep/2015, US$ 4,177 million higher compared to US$ 5,205 million in Jan-Sep/2014 (an 80% increase), resulting from:

- Non-recurring events that affected net income in Jan-Sep/2014, including:

○ (i) write-off of overpayments incorrectly capitalized (US$ 2,527 million);

○ (ii) allowance for impairment of trade receivables from companies in the isolated electricity sector (US$ 1,651 million);

○ (iii) write-off of capitalized costs with respect to Premium I and Premium II refineries (US$ 1,190 million); and

○ (iv) expenses related to our Voluntary Separation Incentive Plan - PIDV (US$ 1,040 million).

- Translation effect: operating expenses, when translated into U.S. dollars, decreased in Jan-Sep/2015 when compared to Jan-Sep/2014 as a result of the depreciation of the Brazilian *Real* against the U.S. dollar;

- Lower write-offs of dry and/or subcommercial wells (US$ 819 million);

- Those effects were partially offset by higher tax expenses (US$ 1,892 million) mainly attributable to the Company’s decision to benefit from a tax amnesty program in 2015 (*Programa de Parcelamento Especial de Débitos Tributários*) – see note 20.2 to our 3Q-2015 Financial Statements;

- A lower gross profit;

- Higher legal proceedings expenses (US$ 819 million), mainly related to labour and tax claims and a non-recurring positive effect in Jan-Sep/2014 related to a legal proceeding with respect to recoverable taxes (PIS and COFINS overpaid on finance income);

- Higher pension and medical benefits expenses (retirees) in 2015 attributable to an increase in the Company’s net actuarial liability as a result of a decrease in real interest rates, following the Company’s interim valuation review of its pension and medical benefits in 2014 (US$ 248 million); and

- Impairment losses attributable to projects removed from the 2015-19 Business and Management Plan investment portfolio (US$ 419 million).

Net finance expense was US$ 7,158 million in Jan-Sep/2015, US$ 6,236 million higher than in Jan-Sep/2014 (US$ 922 million), resulting from:

- Foreign exchange losses caused by the impact of a 49.6% depreciation of the Brazilian *Real* against the U.S. dollar on the Company's net debt (compared to a 4.6% depreciation in Jan-Sep/2014), partially offset by our cash flow hedge;

- Foreign exchange losses caused by the impact of a 37.4% depreciation of the Brazilian *Real* against the Euro on the Company's net debt (compared to a 4.1% appreciation in Jan-Sep/2014); and

- Higher interest expenses due to:

i) an increase in the Company's debt;

ii) a decrease in the level of capitalized borrowing costs due to a lower balance of assets under construction, reflecting the relevant projects concluded during 2014 and the write-offs and impairment losses recognized in December 2014; and

iii) interest expenses on tax deficiency notices related to tax on financial operations (Imposto sobre Operações Financeiras - IOF) and withholding income tax.

Net income attributable to the shareholders of Petrobras was US$ 971 million in Jan-Sep/2015, compared to US$ 2,355 million in Jan-Sep/2014. This 59% decrease (US$ 1384 million) results mainly from:

- Higher net finance expenses; and

- A lower gross profit.

FINANCIAL AND OPERATING HIGHLIGHTS

NET INCOME BY BUSINESS SEGMENT

Petrobras is an integrated energy company and most of the crude oil and natural gas production from the Exploration & Production segment is transferred to other business segments of the Company. Our results by business segment include transactions carried out with third parties, transactions between companies of Petrobras's Group and transfers between Petrobras's business segments that are calculated using internal transfer prices defined through methodologies based on market parameters.

EXPLORATION & PRODUCTION

Jan-Sep

Net Income Attributable to the Shareholders of Petrobras	3,532	12,989	(73)

Net income was US$ 3,532 million in Jan-Sep/2015, a 73% decrease when compared to Jan-Sep/2014 (US$ 12,989 million), attributable to a decrease in crude oil sales/transfer prices.

The increase in crude oil volume transferred and lower write-offs of dry and/or subcommercial wells partially offset these effects.

The Jan-Sep/2014 period was affected by the Company’s Voluntary Separation Incentive Plan (PIDV) and the write-off of overpayments incorrectly capitalized.

Jan-Sep

Exploration & Production - Brazil (Mbbl/d) (*)

Crude oil and NGLs [5]	2,132	1,995	7

Natural gas [6]	469	418	12

Total	**2,601**	**2,413**	8

Crude oil and NGL production increased by 7% in Jan-Sep/2015 compared to Jan-Sep/2014 due to the start-ups of FPSOs Cidade de Mangaratiba (Iracema Sul area, Lula field) and Cidade de Ilhabela (Sapinhoá), Cidade de Itaguaí (Iracema Norte, Lula field) and P-61 (Papa-Terra), along with the continuing ramp-ups of P-55 and P-62 (both in Roncador field), P-58 (Parque das Baleias), and of FPSOs Cidade de Paraty (Lula NE) and Cidade de São Paulo (Sapinhoá). This increase was partially offset by the natural decline of production in fields.

The 12% increase in natural gas production is attributable to the production start-up of the units mentioned above and also to the higher productivity of Mexilhão platform and of FPSO Cidade de Santos (Uruguá-Tambaú), which were partially offset by the natural decline of production in fields.

(*) Not reviewed by independent auditor.

[5] NGL – Natural Gas Liquids.

[6] Does not include LNG. Includes gas reinjection.

FINANCIAL AND OPERATING HIGHLIGHTS

Jan-Sep

Lifting Cost [7] - Brazil (*)

U.S.$/barrel:

Excluding production taxes	12.40	14.70	(16)

Including production taxes	19.62	32.28	(39)

Lifting Cost - Excluding production taxes

Lifting cost excluding production taxes was 16% lower in Jan-Sep/2015 compared to Jan-Sep/2014. Excluding foreign exchange variation effects, lifting cost excluding production taxes increased by 4% due to higher well intervention expenses and higher engineering and subsea maintenance costs in the Campos Basin, partially offset by an increase in crude oil production.

Lifting Cost - Including production taxes

Lifting cost including production taxes was 39% lower in Jan-Sep/2015 compared to Jan-Sep/2014, due to lower production taxes (royalties and special participation charges) attributable to a decrease in the average reference price for domestic crude oil in U.S. dollars (a 52% decrease) reflecting lower international crude oil prices and decreased lifting cost mentioned above.

[(*)] Not reviewed by independent auditor.

[7] Crude oil and natural gas lifting cost.

FINANCIAL AND OPERATING HIGHLIGHTS

REFINING, TRANSPORTATION AND MARKETING

Jan-Sep

Net Income Attributable to the Shareholders of Petrobras	5,039	(7,582)	166

Earnings in Jan-Sep/2015 were a US$ 5,039 million gain, compared to a US$ 7,582 million loss in Jan-Sep/2014, attributable to a decrease in crude oil purchase/transfer costs, to a lower share of crude oil imports on feedstock processing, a lower share of oil product imports in our sales mix and diesel (5%) and gasoline (3%) price increases in November 2014.

The US$ 7,582 million loss in Jan-Sep/2014 reflects the non-recurring effect of write-off of overpayments incorrectly capitalized, the write-off of capitalized costs from Premium I and Premium II refineries and our 2014 Voluntary Separation Incentive Plan (PIDV).

Jan-Sep

Imports and Exports of Crude Oil and Oil Products (Mbbl/d) (*)

Crude oil imports	298	399	(25)

Oil product imports	292	414	(29)

Imports of crude oil and oil products	**590**	**813**	(27)

Crude oil exports [8]	351	219	60

Oil product exports	150	170	(12)

Exports of crude oil and oil products	**501**	**389**	29

Exports (imports) net of crude oil and oil products	**(89)**	**(424)**	79

Other exports	1	3	(67)

Crude oil exports were higher due to increased production.

Lower crude oil imports reflect a lower share of crude oil imports in feedstock processing.

Oil product imports decreased as a result of a lower domestic demand.

Oil product exports were lower due to a decrease in feedstock processed.

(*) Not reviewed by independent auditor.

[8] It includes crude oil export volumes made both by our Refining, Transportation and Marketing segment and by our Exploration & Production segment.

FINANCIAL AND OPERATING HIGHLIGHTS

Refining Operations (Mbbl/d) (*)	**Jan-Sep**		
Output of oil products	2,049	2,170	(6)
Reference feedstock [9]	2,176	2,102	4
Refining plants utilization factor (%) [10]	90	98	(8)
Feedstock processed (excluding NGL) - Brazil [11]	1,962	2,059	(5)
Feedstock processed - Brazil [12]	2,002	2,099	(5)
Domestic crude oil as % of total feedstock processed	86	82	4

Feedstock processed was 5% lower, reflecting a decrease in domestic demand, a scheduled stoppage in the distillation unit of Landulpho Alves Refinery (RLAM) and an unscheduled production suspension in REDUC, partially offset by the production start-up of RNEST in November 2014.

Refining Cost - Brazil (*)	**Jan-Sep**		
Refining cost (U.S.$/barrel)	2.52	2.96	(15)

Refining cost decreased by 15% in Jan-Sep/2015 when compared to Jan-Sep/2014, mainly due to a depreciation of the Brazilian Real against the U.S. dollar. Excluding foreign exchange variation effects, refining cost, in R$/barrel, increased by 18%, reflecting higher employee compensation costs attributable to the 2014 Collective Bargaining Agreement, along with a decrease in feedstock processed.

(*) Not reviewed by independent auditor.

[9] Reference feedstock or Installed capacity of primary processing considers the maximum sustainable feedstock processing reached at the distillation units at the end of each period, respecting the project limits of equipment and the safety, environment and product quality requirements. It is lower than the authorized capacity set by ANP (including temporary authorizations) and by environmental protection agencies.

[10] Refining plants utilization factor is the feedstock processed (excluding NGL) divided by the reference feedstock.

[11] Feedstock processed (excluding NGL) – Brazil is the volume of crude oil processed in the Company´s refineries and is factored into the calculation of the Refining Plants Utilization Factor.

[12] Feedstock processed - Brazil includes crude oil and NGL processing.

FINANCIAL AND OPERATING HIGHLIGHTS

GAS & POWER

Jan-Sep

Net Income Attributable to the Shareholders of Petrobras	576	(549)	205

Earnings were a US$ 576 million gain in Jan-Sep/2015 compared to a US$ 549 million loss in Jan-Sep/2014 mainly due to an increase in natural gas sales margins, resulting from higher natural gas prices (when expressed in Brazilian *Reais*) and lower natural gas import costs (LNG and Bolivian gas).

The net loss of US$ 549 million in Jan-Sep/2014 was due to impairment of trade receivables from companies in northern Brazil (operating in the isolated electricity system) and write-off of overpayments incorrectly capitalized.

Jan-Sep

Physical and Financial Indicators (*)

Electricity sales (Free contracting market - ACL) [13] - average MW	878	1,201	(27)

Electricity sales (Regulated contracting market - ACR) [14] - average MW	3,194	2,341	36

Generation of electricity - average MW	4,830	4,534	7

Imports of LNG (Mbbl/d)	112	128	(13)

Imports of natural gas (Mbbl/d)	202	206	(2)

Electricity price in the spot market - Differences settlement price (PLD) - US$/MWh [15]	101	287	(65)

Electricity sales to the Brazilian free contracting market (*Ambiente de Contratação Livre – ACL*) were 27% lower, attributable to the shift of a portion of our available capacity (1,049 average MW) to the Brazilian regulated market (*Ambiente de Contratação Regulada – ACR*).

Electricity generation was 7% higher due to an increase in the domestic demand for thermal power (coordinated and controlled by the Brazilian Electric System National Operator – *Operador Nacional do Sistema ONS*) and to an increase in the available capacity of the Petrobras's Thermal Power Plants Complex.

LNG imports decreased by 13% and natural gas imports from Bolivia were 2% lower, reflecting an increase in domestic natural gas supply attributable to a 12% increase in production.

Electricity prices in the spot market decreased by 65% as a result of changes in the spot market price regulation established by the Brazilian National Electricity Agency (*Agência Nacional de Energia Elétrica – ANEEL*), which reduced the maximum spot price after December 27, 2014.

[(*)] Not reviewed by independent auditor.

[13] ACL – *Ambiente de Contratação Livre* (Free contracting market).

[14] ACR - *Ambiente de Contratação Regulada* (Regulated contracting market).

[15] Differences settlement price is the price of electricity in the spot market and is computed based on weekly weighed prices per output level (light, medium and heavy), number of hour and submarket capacity.

FINANCIAL AND OPERATING HIGHLIGHTS

DISTRIBUTION

	Jan-Sep		
Net Income Attributable to the Shareholders of Petrobras	171	330	(48)

Net income was US$ 171 million in Jan-Sep/2015, a 48% decrease when compared to Jan-Sep/2014 (US$ 330 million), mainly due to lower average trade margins (9.1%) and to a decrease in sales volumes (5%).

The Jan-Sep/2014 period was affected by our Voluntary Separation Incentive Plan (PIDV).

Jan-Sep

Market Share (*) 16

35.6%	37.0%	(1)

Market share decreased mainly due to a general increase of the hydrated ethanol market (a 42.2% increase), in which Petrobras Distribuidora has a lower market share and to lower sales to the thermoelectric sector. Other players have also increased their competitiveness by importing gasoline and diesel and purchasing higher volumes of gasoline.

(*) Not reviewed by independent auditors. Our market share in the Distribution Segment in Brazil is based on estimates made by Petrobras Distribuidora.

[16] Beginning in 2015, our market share excludes sales made to wholesalers. Market share for prior periods was revised pursuant to the changes made by the Brazilian National Petroleum, Natural Gas and Biofuels Agency (ANP) and by the Brazilian Wholesalers and Fuel Traders Syndicate (Sindicom). Prior periods are presented based on the new methodology.

FINANCIAL AND OPERATING HIGHLIGHTS

INTERNATIONAL

As a result of the creation of the position of Chief Governance, Risk and Compliance Officer, which replaced the position of Chief International Officer in March 2015, the Company has approved adjustments to the structure of other business segments to allocate its international activities to those other segments. Considering the necessary steps to integrate the management of those activities, the Company is still presenting the results of international activities separately.

	Jan-Sep		
Net Income Attributable to the Shareholders of Petrobras	254	400	(37)

Net income was lower in Jan-Sep/2015 when compared to Jan-Sep/2014 due to higher selling expenses, write-off of exploration areas returned and impairment charges. In addition, the Company also recognized a gain on disposal of onshore E&P areas in Colombia in Jan-Sep/2014.

	Jan-Sep		
Exploration & Production-International (Mbbl/d)[17] (*)			
Consolidated international production			
Crude oil and NGLs	70	88	(20)
Natural gas	89	94	(5)
Total consolidated international production	159	182	(13)
Non-consolidated international production	30	32	(6)
Total international production	**189**	**214**	(12)

Consolidated international crude oil and NGL production decreased by 20%, reflecting the disposal of onshore areas in Peru in November 2014, in Colombia in April 2014 and in the Austral Basin in Santa Cruz, Argentina, in March 2015. These effects were partially offset by an increase in production due to the start-up of the Saint Malo field in December 2014 and the Lucius field in January 2015 in the United States.

Natural gas production decreased by 5% mainly due to the disposal of onshore assets in Peru, in November 2014, and in the Austral Basin in Argentina, in March 2015. These effects were partially offset by the production start-up of the Hadrian South field in the United States in the end of March 2015.

Jan-Sep

			International Sales price				
58.25	85.46	(32)	**. Crude oil (U.S.$/bbl)**	55.69	60.52	(8)	84.05

23.68	20.83	14	**. Natural gas (U.S.$/bbl)**	25.84	22.66	14	19.06

(*) Not reviewed by independent auditor.

[17] Some of the countries that comprise the international production are operating under the production-sharing model, with the production taxes charged in crude oil barrels.

FINANCIAL AND OPERATING HIGHLIGHTS

	Jan-Sep		
Lifting Cost - International (U.S.$/barrel) 18 (*)			
	7.73	8.55	(10)

International lifting cost was 10% lower, mainly in the United States, as a result of the production start-up of the Saint Malo, Lucius and Hadrian South fields that have lower-than-average lifting costs, and to the disposal of onshore assets in Peru and Colombia, which had higher-than-average lifting costs.

Jan-Sep

Refining Operations - International (Mbbl/d) (*)

Total feedstock processed [19]	136	168	(19)

Output of oil products	148	181	(18)

Reference feedstock [20]	230	230	−

Refining plants utilization factor (%) [21]	57	71	(14)

International feedstock processed was 19% lower due to the interruption of feedstock processing at the Okinawa Refinery in Japan since April 2015, and due to a maintenance scheduled stoppage in the Pasadena Refinery distillation unit in the United States from the beginning of March 2015 to mid-April 2015.

	Jan-Sep		
Refining Cost - International (U.S.$/barrel) (*)			
	4.01	3.81	5

International refining cost per unit was 5% higher, mainly due to higher employee compensation costs in Argentina and to the interruption of feedstock processing at the Okinawa Refinery in Japan since April 2015, which had lower-than-average costs per unit.

BIOFUEL

	Jan-Sep		
Net Income Attributable to the Shareholders of Petrobras	(145)	(101)	(44)

Biofuel losses were 44% higher in Jan-Sep/2015, when compared to Jan-Sep/2014, due to impairment losses in biofuel investees, reflecting changes in the Company’s 2015-2019 Business and Management Plan, partially offset by improved biodiesel trade margins attributable to higher average sales prices and increased sales volumes in 2015.

(*) Not reviewed by independent auditor.

[18] Crude oil and natural gas lifting cost.

[19] Total feedstock processed is the crude oil processed abroad at the atmospheric distillation plants, plus the intermediate products acquired from third parties and used as feedstock in other refining units.

[20] Reference feedstock is the maximum sustainable crude oil feedstock processing reached at distillation plants.

[21] Refining Plants Utilization Factor is the crude oil processed at the distillation plant divided by the reference feedstock.

FINANCIAL AND OPERATING HIGHLIGHTS

Sales Volumes – (Mbbl/d)[(*)]

	Jan-Sep		
Diesel	928	998	(7)
Gasoline	550	612	(10)
Fuel oil	106	117	(9)
Naphtha	143	167	(14)
LPG [22]	234	235	−
Jet fuel [23]	111	110	1
Others	182	210	(13)
Total oil products	2,254	2,449	(8)
Ethanol, nitrogen fertilizers, renewables and other products	123	94	31
Natural gas	438	442	(1)
Total domestic market	**2,815**	**2,985**	(6)
Exports	502	392	28
International sales	519	574	(10)
Total international market	**1,021**	**966**	6
Total	**3,836**	**3,951**	(3)

Our domestic sales volumes decreased by 6%, primarily due to:

- Diesel (a 7% decrease):

i) a lower consumption by infrastructure construction projects in Brazil;

ii) a higher share of diesel sales from other market players (based on diesel imports); and

iii) an increased percentage of mandatory biodiesel content requirement in diesel (diesel/biodiesel mix).

These effects were partially offset by an increase in the Brazilian diesel-moved light vehicle fleet (vans, pick-ups and SUVs).

- Gasoline (a 10% decrease):

i) an increase in the anhydrous ethanol content requirement for Type C gasoline (from 25% to 27%);

ii) a higher share of gasoline sales from other market players; and

iii) a decrease in the automotive gasoline-moved fleet.

- Naphtha (a 14% decrease): due to a lower demand by domestic customers, mainly Braskem; and

- Fuel oil (a 9% decrease): due to lower demand from thermoelectric and industrial sectors in several Brazilian states.

(*) Not reviewed by independent auditor.

[22] LPG – Liquified petroleum gas.

[23] Jet fuel.

FINANCIAL AND OPERATING HIGHLIGHTS

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Statement of Cash Flows – Summary[24]

Jan-Sep

25,957	**19,746**	**Adjusted cash and cash equivalents at the beginning of period [25]**	**29,536**	**21,254**	**30,130**

(9,302)	(3,878)	Government bonds and time deposits at the beginning of period	(3,375)	(10,515)	(3,733)

16,655	**15,868**	**Cash and cash equivalents at the beginning of period**	**26,161**	**10,739**	**26,397**

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19,336	20,747	Net cash provided by (used in) operating activities	6,147	7,450	10,353

(9,000)	(29,805)	Net cash provided by (used in) investing activities	(3,260)	1,710	(13,675)

(16,825)	(26,033)	Capital expenditures and investments in operating segments	(5,067)	(5,583)	(8,848)

215	584	Proceeds from disposal of assets (divestment)	4	31	133

7,610	(4,356)	Investments in marketable securities	1,803	7,262	(4,960)

10,336	**(9,058)**	**(=) Net cash flow**	**2,887**	**9,160**	**(3,322)**

(741)	17,445	Net financings	(3,288)	6,147	(2,197)

15,830	29,548	Proceeds from long-term financing	3,545	10,981	2,207

(16,571)	(12,103)	Repayments	(6,833)	(4,834)	(4,404)

−	(3,924)	Dividends paid to shareholders	−	−	(8)

119	(22)	Acquisition of non-controlling interest	(54)	35	(25)

(1,231)	(63)	Effect of exchange rate changes on cash and cash equivalents	(568)	80	(599)

25,138	**20,246**	**Cash and cash equivalents at the end of period [24]**	**25,138**	**26,161**	**20,246**

1,099	8,419	Government bonds and time deposits at the end of period	1,099	3,375	8,419

26,237	**28,665**	**Adjusted cash and cash equivalents at the end of period [25]**	**26,237**	**29,536**	**28,665**

As of September 30, 2015, the balance of cash and cash equivalents increased by 51% when compared to the balance as of December 31, 2014 and the balance of adjusted cash and cash equivalents[25] for the same period increased by 1% . Our principal uses of funds in Jan-Sep/2015 were for repayment of long-term financing (and interest payments) and for capital expenditures. We met these requirements with cash provided by operating activities of US$ 19,336 million and with proceeds from long-term financing of US$ 15,830 million.

Net cash provided by operating activities decreased by 7% in Jan-Sep/2015 when compared to Jan-Sep/2014, mainly due to a depreciation of the Brazilian *Real* against the U.S. dollar. Excluding foreign currency translation effects, net cash provided by operating activities increased by 29% when expressed in Brazilian *Reais*, reflecting higher diesel and gasoline prices, increased crude oil export volumes, lower production taxes and decreased crude oil and oil product imports costs, along with a higher share of domestic crude oil on feedstock processing and lower oil product imports.

Capital expenditures and investments in operating segments were 35% lower in Jan-Sep/2015 compared to Jan-Sep/2014, mainly due to a decrease in capital expenditures in our Refining, Transportation and Marketing (RTM) segment. The US$ 7,610 million of divestments in marketable securities relates to proceeds from the maturity of financial investments with maturities longer than three months, most of which were invested in other financial investments, with maturities of less than three months (classified as cash and cash equivalents).

Net cash flow was positive in Jan-Sep/2015 (US$ 10,336 million) compared to a negative net cash flow in Jan-Sep/2014 (US$ 9,058 million).

The Company raised long-term financing of US$ 15,830 million in Jan-Sep/2015, mainly through a US$ 5 billion funding agreement with the Chinese Development Bank (CDB), US$ 2 billion raised through the issuance of Global Notes maturing in 2115, and also through bilateral credit agreements with Brazilian banks. The average maturity of outstanding debt was 7.49 years as of September 30, 2015.

Repayments of interest and principal were US$ 16,571 million in Jan-Sep/2015, 37% higher than US$ 12,103 million in Jan-Sep/2014 and 41% higher in the 3Q-2015 when compared to 2Q-2015.

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[24] For more details, see the Consolidated Statement of Cash Flows on page 18.

[25] Our adjusted cash and cash equivalents include government bonds and time deposits from highly rated financial institutions abroad with maturities of more than 3 months from the date of acquisition, considering the expected realization of those financial investments in the short-term. This measure is not defined under the International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents computed in accordance with IFRS. It may not be comparable to adjusted cash and cash equivalents of other companies, however management believes that it is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.

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FINANCIAL AND OPERATING HIGHLIGHTS

Capital expenditures and investments

Jan-Sep

Exploration & Production	13,776	78	17,866	65	(23)

Refining, Transportation and Marketing	1,872	11	6,025	22	(69)

Gas & Power	618	3	1,812	7	(66)

International	991	6	984	4	1

Exploration & Production	845	85	863	88	(2)

Refining, Transportation and Marketing	112	11	91	9	23

Gas & Power	14	2	9	1	56

Distribution	18	2	17	2	6

Other	2	–	4	–	(50)

Distribution	163	1	310	1	(47)

Biofuel	18	–	11	–	64

Corporate	206	1	332	1	(38)

Total capital expenditures and investments	**17,644**	**100**	**27,340**	**100**	**(35)**

Pursuant to the Company’s strategic objectives, it operates through joint ventures in Brazil and abroad, as a concessionaire of oil and gas exploration, development and production rights.

The Company invested US$ 17,644 million in Jan-Sep/2015, primarily aiming at increasing crude oil and natural gas production.

FINANCIAL AND OPERATING HIGHLIGHTS

Consolidated debt

Current debt [26]	13,435	11,884	13
Non-current debt [27]	114,075	120,274	(5)
Total	127,510	132,158	(4)
Cash and cash equivalents	25,138	16,655	51
Government securities and time deposits (maturity of more than 3 months)	1,099	9,302	(88)
Adjusted cash and cash equivalents	26,237	25,957	1
Net debt [28]	101,273	106,201	(5)
Net debt/(net debt+shareholders' equity)	58%	48%	10
Total net liabilities [29]	208,242	272,730	(24)
Capital structure (Net third parties capital / total net liabilities)	65%	57%	8
Net debt/LTM Adjusted EBITDA ratio [30]	3.87	4.25	(9)
Average maturity of outstanding debt (years)	7.49	6.10	1.39

Summarized information on financing

Floating rate or fixed rate

Floating rate debt	63,717	65,494	(3)

Fixed rate debt	63,742	66,592	(4)

Total	**127,459**	**132,086**	(4)

Currency

Reais	20,280	23,425	(13)

US Dollars	94,808	95,173	–

Euro	8,859	9,719	(9)

Other currencies	3,512	3,769	(7)

Total	**127,459**	**132,086**	(4)

Maturity

2015	4,381	11,868	(63)

2016	12,653	12,572	1

2017	11,274	11,948	(6)

2018	16,018	17,789	(10)

2019	22,468	24,189	(7)

2020 and thereafter	60,665	53,720	13

Total	**127,459**	**132,086**	(4)

As of September 30, 2015, net debt in U.S. dollars was 5% lower when compared to December 31, 2014.

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[26] Includes finance lease obligations (Current debt: US$ 11 million on September 30, 2015 and US$16 million on December 31, 2014).

[27] Includes finance lease obligations (Non-current debt: US$ 40 million on September 30, 2015 and US$56 million on December 31, 2014).

[28] Net debt is not a measure defined in the International Standards -IFRS and should not be considered in isolation or as a substitute for total long-term debt calculated in accordance with IFRS. Our calculation of net debt may not be comparable to the calculation of net debt by other companies. Management believes that net debt is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.

[29] Total liabilities net of adjusted cash and cash equivalents.

[30] Beginning in the period ended June 30, 2015, the Company calculated its ratios including Adjusted EBITDA by adding the last four quarters (or Last Twelve Months - LTM Adjusted EBITDA), consistently with the market best practices. The Company previously annualized its Adjusted EBITDA by multiplying the year-to-date amount by the remaining period.

FINANCIAL AND OPERATING HIGHLIGHTS

FINANCIAL STATEMENTS

Income Statement - Consolidated[31]

Jan-Sep

75,167	110,248	**Sales revenues**	23,179	26,021	38,844

(52,325)	(84,717)	Cost of sales	(16,484)	(17,701)	(29,859)

22,842	25,531	**Gross profit**	6,695	8,320	8,985

(2,954)	(5,356)	Selling expenses	(1,087)	(1,265)	(2,959)

(2,622)	(3,430)	General and administrative expenses	(776)	(900)	(1,190)

(1,435)	(2,471)	Exploration costs	(630)	(462)	(1,017)

(553)	(812)	Research and development expenses	(157)	(199)	(292)

(2,413)	(521)	Other taxes	(861)	(1,289)	(243)

−	(2,527)	Write-off - overpayments incorrectly capitalized	−	−	(2,527)

(3,483)	(5,209)	Other income and expenses, net	(1,547)	(1,118)	(2,724)

(13,460)	(20,326)		(5,058)	(5,233)	(10,952)

9,382	**5,205**	**Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes**	**1,637**	**3,087**	**(1,967)**

982	1,297	Finance income	526	200	516

(4,904)	(2,791)	Finance expenses	(1,805)	(1,810)	(1,003)

(3,236)	572	Foreign exchange and inflation indexation charges	(1,947)	(359)	60

(7,158)	(922)	Net finance income (expense)	(3,226)	(1,969)	(427)

171	430	Share of earnings in equity-accounted investments	56	55	87

(61)	(338)	Profit-sharing	65	(9)	(56)

2,334	**4,375**	**Net income (loss) before income taxes**	**(1,468)**	**1,164**	**(2,363)**

(1,877)	(2,014)	Income taxes	49	(870)	(51)

457	**2,361**	**Net income (loss)**	**(1,419)**	**294**	**(2,414)**

Net income (loss) attributable to:

971	2,355	Shareholders of Petrobras	(1,062)	171	(2,150)

(514)	6	Non-controlling interests	(357)	123	(264)

457	**2,361**	**(1,419)**	**294**	**(2,414)**

[31] Beginning in 2014, the amount of inventory write-downs to net realizable value (market value) was reclassified from Other Income and Expenses to Cost of Sales.

FINANCIAL AND OPERATING HIGHLIGHTS

Statement of Financial Position – Consolidated

ASSETS

Current assets	**44,397**	**50,832**

Cash and cash equivalents	25,138	16,655

Marketable securities	1,102	9,323

Trade and other receivables, net	5,325	7,969

Inventories	8,202	11,466

Recoverable taxes	2,561	3,811

Assets classified as held for sale	74	5

Other current assets	1,995	1,603

Non-current assets	**190,082**	**247,855**

Long-term receivables	**17,414**	**18,863**

Trade and other receivables, net	4,283	4,832

Marketable securities	86	109

Judicial deposits	2,244	2,682

Deferred taxes	3,713	1,006

Other tax assets	2,688	4,008

Advances to suppliers	1,984	2,409

Other non-current assets	2,416	3,817

Investments	**4,024**	**5,753**

Property, plant and equipment	**165,590**	**218,730**

Intangible assets	**3,054**	**4,509**

Total assets	**234,479**	**298,687**

LIABILITIES

Current liabilities	**27,616**	**31,118**

Trade payables	6,706	9,760

Current debt	13,435	11,884

Taxes payable	3,526	4,311

Employee compensation (payroll, profit-sharing and related charges)	1,549	2,066

Pension and medical benefits	567	796

Liabilities associated with assets classified as held for sale	49	−

Other current liabilities	1,784	2,301

Non-current liabilities	**133,621**	**150,591**

Non-current debt	114,075	120,274

Deferred taxes	291	3,031

Pension and medical benefits	11,880	16,491

Provision for decommissioning costs	5,078	8,267

Provisions for legal proceedings	1,651	1,540

Other non-current liabilities	646	988

Shareholders' equity	**73,242**	**116,978**

Share capital (net of share issuance costs)	107,101	107,101

Profit reserves and others	(34,247)	9,171

Non-controlling interests	388	706

Total liabilities and shareholders' equity	**234,479**	**298,687**

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FINANCIAL AND OPERATING HIGHLIGHTS

Statement of Cash Flows – Consolidated

Jan-Sep

971	**2,355**	**Net income (loss) attributable to the shareholders of Petrobras**	**(1,062)**	**171**	**(2,150)**

18,365	**18,392**	**(+) Adjustments for:**	**7,209**	**7,279**	**12,503**

8,580	9,563	Depreciation, depletion and amortization	2,667	2,939	3,092

7,100	2,410	Foreign exchange and inflation indexation and finance charges	3,087	1,815	1,148

(514)	6	Non-controlling interests	(357)	123	(264)

(171)	(430)	Share of earnings in equity-accounted investments	(56)	(55)	(87)

−	2,527	Write-off - overpayments incorrectly capitalized	−	−	2,527

141	1,831	Allowance for impairment of trade receivables	153	289	1,738

274	1,669	(Gains) / losses on disposal / write-offs of non-current assets, returned areas and cancelled projects	345	70	1,794

1,011	966	Deferred income taxes, net	(278)	575	(48)

1,050	1,869	Exploration expenditures written-off	495	354	752

678	613	Impairment of property, plant and equipment, intangible and other assets	238	339	408

1,613	1,383	Pension and medical benefits (actuarial expense)	477	548	400

(379)	103	Inventories	510	(531)	2,175

64	(1,987)	Trade and other receivables, net	174	(135)	(622)

(839)	(491)	Trade payables	15	(59)	(575)

(510)	(578)	Pension and medical benefits	(135)	(230)	(182)

1,378	(112)	Taxes payable	(580)	1,845	755

(1,111)	(950)	Other assets and liabilities	454	(608)	(508)

19,336	**20,747**	**(=) Net cash provided by (used in) operating activities**	**6,147**	**7,450**	**10,353**

(9,000)	**(29,805)**	**(-) Net cash provided by (used in) investing activities**	**(3,260)**	**1,710**	**(13,675)**

(16,825)	(26,033)	Capital expenditures and investments in operating segments	(5,067)	(5,583)	(8,848)

215	584	Proceeds from disposal of assets (divestment)	4	31	133

7,610	(4,356)	Divestments (investments) in marketable securities	1,803	7,262	(4,960)

10,336	**(9,058)**	**(=) Net cash flow**	**2,887**	**9,160**	**(3,322)**

(622)	**13,499**	**(-) Net cash provided by (used in) financing activities**	**(3,342)**	**6,182**	**(2,230)**

15,830	29,548	Proceeds from long-term financing	3,545	10,981	2,207

(11,682)	(7,543)	Repayment of principal	(5,152)	(3,582)	(2,736)

(4,889)	(4,560)	Repayment of interest	(1,681)	(1,252)	(1,668)

–	(3,924)	Dividends paid to shareholders	–	–	(8)

119	(22)	Acquisition of non-controlling interest	(54)	35	(25)

(1,231)	(63)	Effect of exchange rate changes on cash and cash equivalents	(568)	80	(599)

8,483	**4,378**	**(=) Net increase (decrease) in cash and cash equivalents in the period**	**(1,023)**	**15,422**	**(6,151)**

16,655	15,868	Cash and cash equivalents at the beginning of period	26,161	10,739	26,397

25,138	20,246	Cash and cash equivalents at the end of period	25,138	26,161	20,246

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FINANCIAL AND OPERATING HIGHLIGHTS

SEGMENT INFORMATION

Consolidated Income Statement by Segment – Jan/Sep-2015

Sales revenues	**26,991**	**56,015**	**9,962**	**22,858**	**7,013**	**166**	**–**	**(47,838)**	**75,167**
Intersegments	26,575	18,700	1,593	433	383	154	–	(47,838)	–
Third parties	416	37,315	8,369	22,425	6,630	12	–	–	75,167
Cost of sales	(18,734)	(45,740)	(8,035)	(21,204)	(5,933)	(184)	–	47,505	(52,325
Gross profit	**8,257**	**10,275**	**1,927**	**1,654**	**1,080**	**(18)**	**–**	**(333)**	**22,842**
Expenses	**(2,645)**	**(3,123)**	**(1,055)**	**(1,356)**	**(770)**	**(36)**	**(4,639)**	**164**	**(13,46**
Selling, general and administrative expenses	(330)	(1,759)	(314)	(1,289)	(581)	(25)	(1,443)	165	(5,576)
Exploration costs	(1,324)	–	–	–	(111)	–	–	–	(1,435)
Research and development expenses	(218)	(91)	(45)	–	(2)	(8)	(189)	–	(553)
Other taxes	(117)	(608)	(316)	(8)	(83)	(1)	(1,280)	–	(2,413)
Other income and expenses, net	(656)	(665)	(380)	(59)	7	(2)	(1,727)	(1)	(3,483)
Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes	**5,612**	**7,152**	**872**	**298**	**310**	**(54)**	**(4,639)**	**(169)**	**9,382**
Net finance income (expense)	–	–	–	–	–	–	(7,158)	–	(7,158)
Share of earnings in equity-accounted investments	(170)	330	81	(12)	89	(110)	(37)	–	171
Profit-sharing	(9)	(24)	(3)	(21)	–	–	(4)	–	(61)
Net income (loss) before income	**5,433**	**7,458**	**950**	**265**	**399**	**(164)**	**(11,838)**	**(169)**	**2,334**

taxes									
Income taxes	(1,908)	(2,423)	(295)	(94)	(66)	19	2,833	57	(1,877)
Net income (loss)	**3,525**	**5,035**	**655**	**171**	**333**	**(145)**	**(9,005)**	**(112)**	**457**
Net income (loss) attributable to:									
Shareholders of Petrobras	3,532	5,039	576	171	254	(145)	(8,344)	(112)	971
Non-controlling interests	(7)	(4)	79	–	79	–	(661)	–	(514)
	3,525	**5,035**	**655**	**171**	**333**	**(145)**	**(9,005)**	**(112)**	**457**

Consolidated Income Statement by Segment – Jan/Sep-2014 32

Sales revenues	**51,835**	**86,649**	**13,336**	**31,827**	**11,005**	**192**	**–**	**(84,596)**	**110,248**

Intersegments	51,510	30,267	1,183	880	589	167	−	(84,596)	−

Third parties	325	56,382	12,153	30,947	10,416	25	−	−	110,248

Cost of sales	(26,503)	(91,682)	(11,735)	(29,231)	(9,854)	(230)	−	84,518	(84,717)

Gross profit	**25,332**	**(5,033)**	**1,601**	**2,596**	**1,151**	**(38)**	**−**	**(78)**	**25,531**

Expenses	**(5,122)**	**(5,856)**	**(2,508)**	**(2,072)**	**(673)**	**(52)**	**(4,213)**	**170**	**(20,326)**

Selling, general and administrative expenses	(276)	(2,293)	(1,886)	(1,925)	(590)	(36)	(1,952)	172	(8,786)

Exploration costs	(2,354)	−	−