BRAZILIAN PETROLEUM CORP
Form 6-K
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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, 2007

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____

PETROBRAS ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2007

(Rio de Janeiro November 9, 2007) PETRÓLEO BRASILEIRO S.A. Petrobras announces today its consolidated results expressed in millions of Brazilian Reais, in accordance with generally accepted accounting practices in Brazil (BR GAAP).

On September 30, 2007, the Company s market capitalization totaled R$ 285,333 million. The Petrobras System invested R$30,606 million in the third quarter, 35% up year-on-year, with an emphasis on the expansion of future oil and natural gas production in Brazil (R$ 14,295 million). In order to sustain production growth, in the next three months three major production systems will begin operations through platforms P-52, P-54 and FPSO-Cidade de Vitória adding a joint production capacity of 460 thousand barrels per day. There is also the project to expand natural gas production in the Peroá field, in Espírito Santo, to 8 million m^3 per day.

- Petrobras posted a 3Q-2007 consolidated net income of R$ 5,528 million, 22% down year-on-year due to the foreign exchange losses variation on net dollar- denominated assets, reflecting the appreciation of the Real against the US dollar, lower provisions for interest on equity and expenses arising from the amendments to the pension plan regulations.

- Domestic oil and NGL production averaged 1,797 thousand barrels/day in the third quarter, 1% up on the 3Q-2006. The P-50, FPSO-Capixaba, P-34 and FPSO- Cidade do Rio de Janeiro platforms produced 1.480 more than last year, which was partially offset by the natural decline from mature fields and the occurrence of operational problems.

- Domestic production of oil products increased by 3% over the 3Q-2006, thanks to Refap s new converters and the greater operational reliability of the refineries.

- Distribution Segment recorded record sales of 9.4 million m^3 in the 3Q-2007, 12% up year-on-year.

- On September 21, 2007, the Board of Directors approved the advance payment to shareholders of R$ 2,194 million in the form of interest on equity. The first installment of this amount, already provisioned in the 2Q-2007, will be available to shareholders until January 31, 2008, and the second installment until March 31, 2008, based on shareholding positions on August 17 and October 5, 2007, respectively.

- The acquisition of R$ 2,909 million in long-term securities to set against the liabilities with Petros recognized in the balance sheet, reduced cash and cash equivalents by 20% over the June 30, 2007 figure.

- Value added by the Petrobras System totaled R$ 90,358 million, R$ 52,340 million of which went to government participations and federal, state, and municipal taxes; R$ 10,084 million to suppliers and financial institutions for financial charges, rent and charters; R$ 17,914 million to shareholders; and R$ 10,020 million to salaries, bonuses and benefits.

This document is divided into five topics:

PETROBRAS SYSTEM

Comment from the Chief Executive Officer, José Sergio Gabrielli de Azevedo

Shareholders and investors before making comments on the third quarter 2007 achievements, I would like to highlight the result of the recent evaluation carried out at the Tupi area, located in the Santos Basin s pre-salt. With a recoverable oil volume estimated at 5 to 8 billion barrels of oil and natural gas, this discovery confirms a historical moment for oil exploration in Brazil. The estimated pre-salt oil potential in the Southern and Southeastern Brazilian basins may rank Brazil among the countries in the world that hold major oil and gas reserves, indicating a promising future for Petrobras and for the Country.

With regard to the third quarter 2007, it was one of major challenges and achievements. In the first nine months of 2007, we invested R$30,060 million with a view to the future expansion of our oil, natural gas, energy production capacity and to consolidate our market share. This capital expenditure represented a growth of 35% over the same period last year. In the third quarter, Petrobras reported a net income of R$ 5,528 million and R$ 16,459 million for the accumulated nine months of 2007. For our shareholders, the company s value recently surpassed $ 200 billion, and common and preferred share prices had appreciated 49.28 % and 40.92 % respectively, in the first nine months of the year.

The total average production of oil, LNG and natural gas in the quarter reached 2,309 thousand bpd, slightly higher than for the same period in 2006. Forecasted growth in production has been affected by some problems of an operational nature such as maintenance downtime at platforms and delays in the commissioning of some production projects. However, we are expecting to begin operations at several units in Brazil that should deliver a further 460 thousand bpd of production capacity during the course of 2008. In this context the following units will be particularly critical: P-52, FPSO Cidade de Vitória and P-54.

The exploratory advancements made off the Brazilian coast, which suggest a promising horizon for the Company, must be highlighted. In addition to the pre-salt discoveries made in the Santos Basin, in blocks BM-S-9 and BM-S-11, we declared the Xerelete field, in the Campos Basin, as commercial. There, preliminary geological studies indicate the accumulation may reach an in-place volume of nearly 1.4 billion barrels of oil equivalent.

In the international area, I would like to mention Petrobras success in the auctions promoted by the Minerals Management Service (MMS) in the Western Gulf of Mexico where we successfully bid for 34 exploratory blocks in the Lease Sale 204 and subsequently a further 26 in the Lease Sale 205. We are now involved in a total of 338 blocks in the area, of which 200 operated by Petrobras. And in Colombia, we were the winning bidders in four blocks in the Ronda Caribe 2007 auction, in the case of two, RC-06 and RC-07, as operator.

Another important event during the quarter was the approval of the Petrobras Strategic Plan 2020 and the Business Plan 2008-2012. The Company s aggressive growth targets were maintained and the challenges in the development in the gas and biofuel markets increased. The Plan maintains the strategy of expanding our business in the oil, oil products, petrochemicals, energy, biofuels and distribution profitably and on the basis of integrated growth and social and environmental responsibility.

In this context, we have signed a share purchase and sale contract for the acquisition of the entire capital stock of Suzano Petroquímica S.A. In line with its strategic plan, Petrobras has been investing selectively in the Brazilian and Southern Cone petrochemical sector in projects that add value to oil, natural gas and refining flows, operating on an integrated basis. Given the scenario of consolidation in the industry internationally and the integration with the chain of available raw materials, strategically, the outlook is for a highly competitive market with the big players operating on a worldwide scale. The acquisition of these assets will add value to the

PETROBRAS SYSTEM

portfolio of participations in petrochemical businesses as these increasingly contribute to the consolidation of the Southeastern Petrochemical Complex, the integration with new petrochemical projects such as Comperj, and assisting the Brazilian petrochemical sector in becoming more competitive in this new scenario.

During the quarter, we announced the distribution of interest on own capital on two different occasions for a gross value of R$ 0.50 per common and preferred share with payout to our shareholders scheduled to take place by January 31 and March 31 2008, respectively.

As part of the process of upgrading the Company s Complementary Pension Plan Model, making it more attractive, sustainable and an important employee benefit, we have made progress towards the conclusion of renegotiations, approving changes to the Petros Plan s regulations. The new regulations resulting from the approved changes no longer link benefit readjustments to the sponsors salary scales, while making the values of the benefits paid by Petros independent of those paid by the government social security scheme. Members benefits will be readjusted by the inflation index adopted by Petros, currently the IPCA. This will result in a considerable improvement in the Plan s predictability.

Moody s Investor Services announced an increase in Petrobras and PIFCo s foreign currency debt rating from Baa2 to Baa1. This upgrading reflects an improvement in the evaluation of Brazil, Petrobras principal theater of operations. Taking advantage of this favorable scenario, we concluded a bond issue of the Global Notes type in the international capital markets for US$ 1 billion through our PIFCo subsidiary, maturing on March 1 2018. This issue is in line with Petrobras strategies of accessing the long-term capital markets to refinance the prepayment of old debt and to reduce the Company s cost of capital. The offering was placed with more than 120 investors, the majority dedicated to the fixed income market in investment grade companies.

For the second time, we have been chosen as a component of the Dow Jones Sustainability World Index *(DJSI)*, the most prestigious sustainability index in the world and used as an analytical parameter by socially and environmentally responsible investors. In addition, we were also winners of the British magazine *Petroleum Economist* annual award scheme, known as the Petroleum Economist Awards 2007, in the Investor Communications Team of Year 2006 category.

As to recent events in the Brazilian natural gas market, I would like to point out that Petrobras temporarily limited the supply of gas to the distributors in order to meet commitments under other contracts and the agreement signed by Petrobras with the National Electricity Energy Agency (Aneel) for guaranteeing the generation of electricity from the natural gas-fired plants. We are in the process of finding a solution to this situation whereby the provincial state distributors would be signatories to different types of contract. Under these instruments, a certain quantity of gas could be supplied on an assured basis and a certain amount on a flexible basis, enabling us to plan the supply of this raw material adequately but always with a firm commitment to honor all our assured energy supply contracts with our customers.

Finally, I would like to reiterate our intention, disposition and technical capability in overcoming the challenges that we face. For us at Petrobras, the results achieved during the quarter are the fruit of work focused on the quality, transparency and diligence with which we have conducted our activities thus consolidating a base for the Company s sustainable growth.

PETROBRAS SYSTEM Financial Performance

Net Income and Consolidated Economic Indicators

Petrobras posted a consolidated year-to-date net income of R$16,459 million, 21% lower than in the first nine months of 2006.

	Third Quarter			R$ million	Jan-Sep		
2Q-2007	2007	2006	Δ%		2007	2006	Δ%
53.633	**56.572**	**55.846**	1	**Gross Operating Revenues**	**160.332**	**152.247**	5
41.798	**44.469**	**43.363**	3	**Net Operating Revenues**	**125.161**	**117.198**	7
11.535	**10.272**	**10.303**	0	**Operating Profit** (1)	**30.389**	**33.580**	(10)
(1.056)	**(1.077)**	**(674)**	60	**Financial Result**	**(3.083)**	**(1.260)**	145
6.800	**5.528**	**7.085**	(22)	**Net Income**	**16.459**	**20.719**	(21)
1,55	**1,26**	**1,61**	(22)	**Net Income per Share**	**3,75**	**4,72**	(21)
244.659	**285.333**	**190.144**	50	**Market Value (Parent Company)**	**285.333**	**190.144**	50
41	**39**	**37**	2	**Gross Margin (%)**	**40**	**42**	(2)
28	**23**	**24**	(1)	**Operating Margin (%)**	**24**	**29**	(5)
16	**12**	**16**	(4)	**Net Margin (%)**	**13**	**18**	(5)
14.190	**13.061**	**12.912**	1	**EBITDA R$ million** (2)	**38.243**	**40.639**	(6)
				Financial and Economic Indicators			
68,76	**74,87**	**69,49**	8	**Brent (US$/bbl)**	**67,13**	**66,96**	0
1,9831	**1,9179**	**2,1710**	(12)	**US Dollar Average Price - Sale (R$)**	**2,0024**	**2,1831**	(8)
1,9262	**1,8389**	**2,1742**	(15)	**US Dollar Last Price - Sale (R$)**	**1,8389**	**2,1742**	(15)

(1) Operating income before financial result, equity balance and taxes.
(2) Operating income before financial result, equity balance and depreciation/amortization

	Third Quarter			R$ million	Jan-Sep		
2Q-2007	2007	2006	Δ%		2007	2006	Δ %
10.376	**8.993**	**9.684**	(7)	Operating Income as per Brazilian Corporate Law	**26.917**	**32.067**	(16)
1.056	1.077	674	60	(-) Financial Result	3.083	1.260	145
103	202	(55)	(467)	(-) Equity Income Result	389	253	54
11.535	**10.272**	**10.303**	-	**Operating Profit**	**30.389**	**33.580**	(10)
2.655	2.789	2.609	7	Depreciation / Amortization	7.854	7.059	11
14.190	**13.061**	**12.912**	1	**EBITDA**	**38.243**	**40.639**	(6)

34	**29**	**30**	(3)	**EBITDA Margin (%)**	**31**	**35**	(11)

4

PETROBRAS SYSTEM Financial Performance

The year-on-year reduction in 9M-2007 consolidated net income reflected the expenses related to the Petros Plan regulation amendments and the impact of the appreciation of the Real on export prices and net dollar-denominated assets. These and other factors are listed below:

A R$ 700 million growth in gross profit:

. Main Items		Net Revenues	Cost of Goods Sold	Gross Profit
. Domestic Market:	- effect of volumes sold	1.809	(959)	850
	- effect of prices	(197)	-	(197)
. Intl. Market:	- effect of export volumes	3.975	(1.744)	2.231
	- effect of export price	(2.521)	-	(2.521)
. Increase in expenses: (*)		-	(385)	(385)
. Extraordinary items:	- adjustment to special participations (1)	-	426	426
	- expenses with re-injected gas(2)	-	408	408
. Increase in profitability of Distribution Segment		404	(113)	291
. Increase in operations of commercialization abroad		1.260	(1.047)	213
. Decrease in international sales		6.293	(6.306)	(13)
. FX effect on controlled companies abroad		(2.497)	2.031	(466)
. Others		(563)	426	(137)
		7.963	(7.263)	700

(*) Expenses Composition:	Value
- domestic government take	2.138
- third-party services	413
- transportation: maritime and pipelines (3)	(163)
- non-oil products, including alcohol	(330)
- salaries, benefits and charges	(383)
- materials, services and depreciation	(808)
- import of gas, crude oil and oil products(4)	(1.252)
	(385)

(1) New ANP interpretation of the deductibility of project finance expenses related to the Marlim field when calculating 2006 special participations.
(2) Adjustment, in 2006, of expenses from gas produced and reinjected in reservoirs in the Solimões, Campos and Espírito Santo Basin.
(3) Expenditures on cabotage, terminals and pipelines.
(4) CIF values.

An increase in the following expenses:

Selling expenses (R$ 252 million) to meet increased export volume (R$ 158 million) and operations abroad (R$ 104 million), R$ 74 million of which in off-shore operations, offset by the reduction in distribution expenditure (R$ 74 million);

General and administrative expenses (R$ 791 million) from personnel in Brazil (R$ 265 million) and abroad (R$ 72 million); greater expenditure on third-party services (R$ 242 million), especially IT and consulting services; and new companies abroad (R$ 43 million);

Exploration costs (R$ 280 million), related to higher expenditure in Brazil (R$ 84 million) and abroad (R$ 362 million) and the monetary restatement of provisions for abandonment (R$ 49 million), offset by the reduction in the write-off of dry wells in the US and Bolivia in 2007 (R$ 211 million);

R&D (R$ 109 million), most of which went to projects in ANP-accredited universities and institutes (R$ 59 million) and personnel (R$ 43 million);

The Pension and Health Plan (R$ 598 million), due to the amendments to the Petros Plan regulations;

Other operating expenses (R$ 1,817 million), especially from the amendments to the Petros Plan (R$ 1,051 million) and the Collective Bargaining Agreements (R$ 287 million); contractual charges related to natural gas and electricity supply (R$ 263 million); and the addition to the provisions for legal contingencies (R$ 125 million), offset by the recovery of ICMS tax credits (R$ 101 million), pursuant to the agreement with the Ceará State Finance Department.

A negative impact of R$ 1,823 million on the net financial result, due to:

The appreciation of the Real and the increase in dollar credit exposure, especially in operations between Petrobras and its overseas subsidiaries (R$ 2,566 million);

Part of this impact was offset by the reduction in financial expenses (R$ 742 million), reflecting the restructuring of the debt profile and increased financing for ongoing projects, resulting in higher interest capitalization.

Recognition of exchange losses from the conversion of foreign subsidiaries shareholders equity (R$ 137 million), reflected in the Special Participations result.

PETROBRAS SYSTEM Financial Performance

Net income for the 3Q-2007 totaled R$ 5,528 million,19% down on the R$ 6,800 million declared in the 2Q-2007, due to the expenses related to the Petros Plan regulation amendments and oil product imports. These and other factors are listed below:

R$ 104 million reduction in gross profit:

Changes 3Q-2007 X 2Q-2007
MAIN INFLUENCES

Main Items		R$ million		
		Net Revenues	Cost of Goods Sold	Gross Profit
. Domestic Market:	- effect of volumes sold	1.123	(709)	414
	- effect of prices	473	-	473
. Intl. Market:	- effect of export volumes	626	(294)	332
	- effect of export price	372	-	372
. Increase in expenses: (*)		-	(1.281)	(1.281)
. Increase in profitability of Distribution Segment		216	(138)	78
. Decrease in operations of commercialization abroad		654	(1.001)	(347)
. Decrease in international sales		169	(434)	(265)
. FX effect on controlled companies abroad		(888)	1.198	310
. Others		(74)	(116)	(190)
		2.671	(2.775)	(104)

(*) Expenses Composition:	Value
- materials, services and depreciation	457
- third-party services	133
- salaries, benefits and charges	85
- transportation: maritime and pipelines (1)	(5)
- domestic government take	(65)
- non-oil products, including alcohol	(80)
- import of gas, crude oil and oil products(2)	(1.806)
	(1.281)

(1) Expenditures on cabotage, terminals and pipelines.
(2) CIF value.

Growth in operating expenses, due to:

Selling expenses (R$ 192 million) thanks to higher sales volume;

The Pension and Health Plan (R$ 695 million) due to the commitments related to the Reciprocal Obligation Agreement (R$ 697 million).

PETROBRAS SYSTEM Operating Performance

Physical Indicators

	Third Quarter				Jan-Sep		
2Q-2007	2007	2006	Δ %		2007	2006	Δ %
				Exploration & Production - Thousand bpd/day			
				Domestic Production			
1.789	1.797	1.779	1	Oil and LNG	1.796	1.763	2
269	271	276	(2)	Natural Gas **(1)**	271	276	(2)
2.058	**2.068**	**2.055**	1	**Total**	**2.067**	**2.039**	1
				Consolidated - International Production			
117	111	124	(10)	Oil and LNG	113	135	(16)
112	114	105	9	Natural Gas **(1)**	110	100	10
229	**225**	**229**	(2)	**Total**	**223**	**235**	(5)
16	**16**	**17**		**Non Consolidated - Internacional Production (2)**	**16**	**11**	
245	**241**	**246**	(2)	**Total International Production**	**239**	**246**	(3)
2.303	**2.309**	**2.301**	-	**Total production**	**2.306**	**2.285**	1

(1)Does not include liquified gas and includes re-injected gas
(2) Non consolidated companies in Venezuela.

				Refining, Transport and Supply - Thousand bpd			
410	412	373	10	**Crude oil imports**	387	357	8
159	201	137	47	**Oil products imports**	153	114	34
569	613	510	20	**Import of crude oil and oil products**	540	471	15
321	392	355	10	**Crude oil exports**	364	295	23
271	278	221	26	**Oil products exports**	265	257	3
592	670	576	16	**Export of crude oil and oil products** (3)	629	552	14
23	**57**	**66**	**(14)**	**Net exports (imports) crude oil and oil products**	**89**	**81**	**10**
157	180	170	6	**Import of gas and others**	161	156	3
3	8 (3)	6	33	**Other exports**	4(3)	5	(20)
2.074	**2.027**	**1.849**	10	**Output of oil products**	**2.046**	**1.888**	8
1.796	1.806	1.753	3	**Brazil**	1.794	1.786	-
278(4)	221	96	130	**International**	252	102	147
2.227	**2.167**	**2.115**	2	**Primary Processed Installed Capacity**	**2.167**	**2.115**	2
1.986	1.986	1.986	-	**Brazil** (5)	1.986	1.986	-
241(4)	181	129	40	**International**	181	129	40

				Use of Installed Capacity (%)			
89	91	89	2	**Brazil**	90	90	-
85[4]	93	74	19	**International**	85	79	6
78	78	79	(1)	**Domestic crude as % of total feedstock processed**	78	80	(2)

(3) Volumes of oil and oil products exports include ongoing exports.
(4) Change due to the consolidation of the Bolivia refinery data, through 06/25/07 (the sale date).
(5) As per ownership recognized by the ANP.

Sales Volume - Thousand bpd							
1.709	**1.765**	**1.726**	2	**Total Oil Products**	**1.706**	**1.669**	2
51	63	55	15	Alcohol, Nitrogens and others	57	43	33
234	258	250	3	Natural Gas	239	240	-
1.994	**2.086**	**2.031**	3	**Total domestic market**	**2.002**	**1.952**	3
595	**676**	**582**	16	**Exports**	**632**	**557**	13
619	**592**	**509**	16	**International Sales**	**622**	**468**	33
1.214	**1.268**	**1.091**	16	**Total international market**	**1.254**	**1.025**	22
3.208	**3.354**	**3.122**	7	**Total**	**3.256**	**2.977**	9

8

PETROBRAS SYSTEM Operational Performance

Price and Cost Indicators

	Third Quarter				Jan-Sep		
2Q-2007	2007	2006	Δ %		2007	2006	Δ %
Average Oil Products Realization Prices							
155,44	155,97	157,31	(1)	**Domestic Market (R$/bbl)**	154,21	155,27	(1)
Average sales price - US$ per bbl							
				Brazil			
57,04	64,42	58,69	10	**Crude Oil (US$/bbl)** (6)	56,52	56,88	(1)
36,16	36,98	15,70	136	**Natural Gas (US$/bbl)** (7)	35,25	15,62	126
				International			
46,92 (8)	54,12	48,29	12	**Crude Oil (US$/bbl)**	47,59	44,32	7
16,82 (8)	16,06	13,72	17	**Natural Gas (US$/bbl)**	15,76	12,55	26

(6) Average of the exports and the internal transfer prices from E&P to Supply.
(7) Internal transfer prices from E&P to Gas & Energy. The increase in the 1Q07 due to new methodology that takes in consideration the international natural gas prices as one of the variables.
(8) Revision of the volumes in Bolivia derived from the new operation agreements.

Costs - US$/barrel							
				Lifting cost:			
				Brazil			
7,33	7,65	6,64	15	**without government participation**	7,40	6,36	16
17,95	20,13	18,08	11	**with government participation** (9)	18,12	17,66	3
4,19	4,20	3,11	35	**International**	4,10	3,05	34
				Refining cost			
2,69	2,55	2,48	3	**Brazil** (10)	2,59	2,15	20
2,83 (4)	3,34	1,57	113	**International**	2,83	1,49	90
552	647	493	31	**Corporate Overhead (US$ million) Parent Company** (10)	1.729	1.339	29
Costs - US$/barrel							
				Lifting cost			
				Brazil			
14,45	14,66	14,26	3	**without government participation**	14,77	13,76	7
35,03	37,92	39,60	(4)	**with government participation** (9)	35,71	38,33	(7)
				Refining cost			
5,31	4,91	5,39	(9)	**Brazil** (10)	5,19	4,70	10

(9) Lifting costs with government take had its historical data adjusted, as already informed at the 4Q06 Report.
(10) The company, in order to achieve higher indicators aderence to it managilial and operational models, revised the definitions of these indicators, recalculating previous period, as already informed at the 4Q06 Report.

PETROBRAS SYSTEM Operational Performance

Exploration and Production thousand barrels/day

Year-to-date domestic oil and NGL production increased by 2% (33 thousand barrels/day) over the 9M-2006 due to the operational start-up of the platforms P-50 (East Albacora), FPSO-Capixaba (Golfinho), P-34 (Jubarte), and FPSO-Cidade do Rio de Janeiro (Espadarte) which jointly added around 200 thousand barrels/day, more than offsetting the natural decline in production.

Third-quarter domestic oil and NGL production remained virtually flat over the 2Q-2007.

Year-to-date consolidated international oil production fell 16% over the 9M-2006, due to the exclusion of Venezuelan output as of April/06.

Third-quarter consolidated international oil output dropped 5% over the 2Q-2007, due to storm-driven production stoppages in the United States.

PETROBRAS SYSTEM Operational Performance

Refining, Transportation and Supply thousand barrels/day

The year-to-date volume of processed crude in domestic refineries (primary processing) edged up by 1% over the 9M-2006. Despite the higher number of programmed stoppages in the refineries, the new Refap converters, which started up in the 3Q-2006, allowed this volume to move up. The refineries were also more operationally reliable.

Domestic processed crude in the 3Q-2007 also inched up by 1% over the previous quarter, chiefly due to the lower number of scheduled maintenance stoppages.

In the first nine months, processed crude in the overseas refineries (primary processing) jumped by 93% year-on-year, due to the inclusion of the Pasadena refinery (USA) as of October/06 and the upturn in Argentinean refining capacity, offset by the sale of the Bolivian refineries in June/07.

In relation to the previous quarter, total processed throughput in the overseas refineries dropped by 18%, thanks to the above-mentioned sale of the Bolivian refineries.

Costs

Lifting Cost (US$/barrel)

The year-to-date unit lifting cost in Brazil, excluding government participations, increased by 16% in relation to the first nine months of 2006. Excluding the impact of the appreciation of the Real, the unit lifting cost climbed by 10%, pushed by higher operating expenses due to the heating up of the industry and the increase in the workforce needed to operate new projects.

In comparison with the 2Q-2007, the third-quarter unit domestic lifting cost, excluding government participations, climbed by 4%. Excluding the effects of the period appreciation of the Real, the unit lifting cost would have increased by 2%, mainly due to greater use of services and support vessels related to well maintenance.

Including government participations, the year-to-date lifting cost recorded a 3% year-on-year increase. Excluding the impact of the appreciation of the Real, the unit lifting cost dipped by 0.4% .

Including government participations, the domestic unit lifting cost in the third quarter rose by 12% over the 2Q-2007, due to the upturn in the domestic oil reference price.

The year-to-date international unit lifting cost climbed 34% over the 9M-2006, due to higher oil industry costs, the return to normal operations, which had been jeopardized by the partial production stoppage in 2006; the operational start-up of the Cottonwood field in February/07, with its greater average costs; and maintenance services and the recovery of mature wells in Angola.

Compared to the 2Q-2007, the third-quarter international unit lifting cost remained virtually flat.

PETROBRAS SYSTEM Operational Performance

Refining Costs (US$/Barrel)

Domestic unit refining costs moved up 20% year-on-year in the first nine months of 2007 due to increased operating expenses, linked to higher quality products, plus environmental and market demands, as well as the increased number of scheduled maintenance stoppages. Excluding the impact of the appreciation of the Real on Real-denominated refining costs, these costs would have climbed by 12%.

In the third quarter, the domestic unit refining cost fell 5% over the 2Q-2007, reflecting the reduction in programmed stoppages and the increase in processed crude.

Average unit international refining costs climbed 90% year-on-year in the first nine months, due to the inclusion of the Pasadena refinery (USA).

In quarter-over-quarter terms, average unit international refining costs increased by 18% in the 3Q-2007 due to scheduled and unscheduled stoppages in the USA and the sale of the Bolivian refineries.

PETROBRAS SYSTEM Operational Performance

Corporate Overhead Parent Company (US$ million)

In comparison with the same period in 2006, year-to-date corporate overhead climbed by 29%. If we exclude the impact of the appreciation of the Real, overhead rose by 18%. This increase reflected the growth in the Company s activities, reflected in higher personnel costs, due to the bigger workforce, as well as expenses from third-party services.

In the third quarter, corporate overhead grew by 17% over the 2Q-2007, primarily due to higher expenses from personnel and materials, as well as the impact of the 3Q-2007 appreciation of the Real.

Sales Volume thousand barrels/day

Domestic sales volume in the first nine months moved up 3% year-on-year, led by diesel, LPG, aviation fuel and fuel oil, reflecting population growth, higher earnings among the less favored income groups, increased demand from the manufacturing industry and the expansion of tourism, in turn leveraged by the appreciation of the Real against the dollar.

Export volume rose by 13%, thanks to increased production and the reduced share of domestic crude oil in total processed throughput.