NEXTEL PARTNERS INC
Form 424B3
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Filed pursuant to Rule 424(b)(3)
Registration Statement No. 333-106352

PROSPECTUS

$175,000,000
(aggregate principal amount)

1 1/2% Convertible Senior Notes Due 2008
and
Class A Common Stock Issuable Upon Conversion of the Notes

This prospectus covers resales from time to time by certain selling securityholders of our 1 1/2% convertible senior notes due 2008 and the shares of our Class A common stock issued upon conversion of the notes (23,084,022 shares at the current conversion price). The selling security holders may offer the securities at fixed prices, at prevailing market prices at the time of sale, at varying prices or negotiated prices. We will not receive any proceeds from the selling security holders' sales of these securities.

The Notes

Interest is payable at 1 1/2% per annum on the principal amount, payable semi-annually in arrears in cash on May 15 and November 15 of each year, beginning November 15, 2003.

Holders may convert the notes into our Class A common stock at any time before November 15, 2008 at a conversion price of $7.58 per share, subject to adjustment in specified events. Changes in the conversion price, if any, and the number of shares issuable upon conversion as a result of any change, will be set forth in a supplement to this prospectus.

There is currently no established market for trading in the notes.

The Class A Common Stock

Our Class A common stock is listed on the Nasdaq National Market under the symbol "NXTP."

On November 3, 2003, the last reported sale price of our Class A common stock was $12.79.

As a prospective purchaser of these securities, you should carefully consider the discussion of "Risk Factors" that begins on page 9 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved the notes or Class A common stock to be distributed under this prospectus, nor have any of these organizations determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 3, 2003

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As used in this prospectus, "Nextel Partners," "company," "we," "our," "ours" and "us" refer to Nextel Partners, Inc., except where the context otherwise requires or as otherwise indicated. This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. You may obtain documents that we filed with the Securities and Exchange Commission and incorporated by reference into this prospectus by requesting the documents, in writing or by telephone, from the Securities and Exchange Commission or from:

Nextel Partners, Inc.
4500 Carillon Point
Kirkland, Washington 98033
Attention: Investor Relations
Telephone: (425) 576-3600

See "Where You Can Find More Information."

We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You should not rely on any unauthorized information. This prospectus does not offer to sell or buy any securities in any jurisdiction in which it is unlawful to do so. The information in this prospectus is current as of the date on the cover of this prospectus.

"Nextel", "Nextel Direct Connect" and "Nextel Online Services" are trademarks or service marks of Nextel Communications, Inc. "Motorola" and "iDEN" are trademarks or service marks of Motorola, Inc.

SUMMARY

This summary contains basic information about us and this offering. Because it is a summary, it does not contain all of the information that you should consider before investing. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and our consolidated financial statements and the notes thereto, before making an investment decision.

Nextel Partners

Overview

We provide digital mobile communications services using the Nextel brand name in mid-sized and tertiary markets throughout the United States. We offer digital cellular services; Direct Connect® (the long-range digital walkie-talkie service); wireless data services, including email; text messaging; and Nextel Online Services®, which provide wireless access to the Internet and an organization's internal databases and other applications. We hold licenses for wireless frequencies in markets where approximately 53 million people, or Pops, live and work. We have constructed and operate a digital mobile network compatible with the digital mobile network constructed and operated by Nextel Communications, Inc. ("Nextel") in targeted portions of these markets, including 13 of the top 100 metropolitan statistical areas and 57 of the top 200 metropolitan statistical areas in the United States ranked by population. Our combined Nextel Digital Mobile Network constitutes one of the largest fully integrated digital wireless communications systems in the United States, currently covering 198 of the top 200 metropolitan statistical areas in the United States. As of June 30, 2003, our portion of the Nextel Digital Mobile Network covered approximately 37 million Pops and we had approximately 1,053,600 digital handsets in service in our markets.

Our relationship with Nextel was created to accelerate the build-out and expand the reach of the Nextel Digital Mobile Network. In January 1999, we entered into a joint venture agreement with Nextel WIP Corp. ("Nextel WIP"), an indirect wholly owned subsidiary of Nextel. Nextel, through Nextel WIP, contributed to us cash and licenses for wireless frequencies and granted us the exclusive right to use the Nextel brand name in exchange for ownership in us and our commitment to build out our compatible digital mobile network in selected markets and corridors, in most cases adjacent to operating Nextel markets. As of June 30, 2003, Nextel WIP owned 31.5% of our common stock and is our largest stockholder. By the end of 2002, we had successfully built all of the markets we were initially required to build under our 1999 agreement with Nextel. Since 1999 we have exercised options to expand our network into additional markets. By June 30, 2003, we had completed the construction of all of these additional markets. Through our affiliation with Nextel our customers have seamless nationwide coverage on the entire Nextel Digital Mobile Network.

Our senior management team has substantial operating experience, with most members averaging over 16 years in the telecommunications industry. Most members of senior management have significant experience working at AT&T Wireless, McCaw Cellular and/or Nextel. Key stockholders, in addition to Nextel WIP, include Credit Suisse First Boston through DLJ Merchant Banking Partners II, L.P. and certain of its affiliates ("DLJ Merchant Banking"), Madison Dearborn Partners, Cascade Investments (an investment company controlled by William H. Gates III), Motorola and Eagle River Investments (an investment company controlled by Craig O. McCaw).

We offer a package of wireless voice and data services under the Nextel brand name targeted primarily to business users. We currently offer the following four services, fully integrated and accessible through a single wireless handset:

- digital mobile telephone service, including advanced calling features such as speakerphone, conference calling, voicemail, call forwarding and additional line service;

- Direct Connect, sometimes referred to as the long-range walkie-talkie feature, which allows customers to contact each other instantly on private one-to-one calls on a nationwide basis or on group calls involving up to 100 customers in the same geographical region;

- two-way messaging, which allows customers to receive and send short numeric and text messages from their handset; and

- Internet services, marketed as Nextel Online Services, which provide customers with Internet-ready handsets access to the World Wide Web and web-based applications such as email, address books, calendars and advanced Java enabled business applications.

Strategy

Provide Differentiated Package of Wireless Services. Along with Nextel, we provide digital mobile telephone service, Direct Connect, two-way text and numeric messaging and Internet services fully integrated in a single wireless device with no roaming charges nationwide. We believe this "four-in-one" offering is particularly attractive to business users. We further believe that for customers who desire multiple wireless services, the convenience of combining multiple wireless communications options in a single handset for a single package price with a single billing statement is an important feature that helps distinguish us from many of our competitors.

Deliver Unparalleled Customer Service. In addition to our four-in-one service offering, our goal is to differentiate ourselves by providing the highest quality customer service in the industry, including low rates of dropped and blocked calls. In 2002, a significant part of our employees' bonus was tied to achieving a targeted level of customer satisfaction as measured in monthly surveys conducted by an outside vendor. We believe that this monetary bonus helped focus our entire company on achieving our customer service business objective, and we are providing a similar incentive to our employees in 2003.

Target Business Customers. We focus on business customers, particularly those customers who employ a mobile workforce. We have initially concentrated our sales efforts on a number of distinct groups of mobile workers, including personnel in the transportation, delivery, real property and facilities management, construction and building trades, landscaping, government, public safety and other service sectors. We expect to gradually expand our target customer groups to include additional industry groups. We believe this focus on business customers has resulted in higher monthly average revenue per unit, or ARPU, and lower average monthly service cancellations than industry averages. For second quarter 2003, our ARPU was $66 (or $75, including roaming revenues received from Nextel) compared to an industry average of $48 for 2002. In addition, the average monthly rate at which our customers canceled service with us, or "churn," was approximately 1.6% during the same quarter compared to an industry average of over 2%. Our second quarter 2003 ARPU and churn rate equate to lifetime revenue per subscriber, or LRS, of approximately $4,125, which we believe is one of the highest in the industry. See "Reconciliations of Non-GAAP Financial Measures" for more information regarding our use of ARPU and LRS as non-GAAP financial measures.

Maintain a Robust, Reliable Network. Our objective is to maintain a robust and reliable network in our markets that covers all key population areas in that market and operates seamlessly with Nextel's network. We have constructed our portion of the Nextel Digital Mobile Network using the same Motorola-developed iDEN technology used by Nextel. As required, we built and now operate our portion of the Nextel Digital Mobile Network in accordance with Nextel's standards, which enables both companies to achieve a consistent level of service throughout the United States. Our customers have access to digital quality and advanced features whether they are using our or Nextel's portion of the Nextel Digital Mobile Network. This contrasts with the hybrid analog/digital networks of cellular competitors, which do not support all features in the analog-only portions of their networks.

Maintain Effective Pricing Strategy with Focus on Mid-Sized and Tertiary Markets. We operate in mid-sized and tertiary markets, which we believe have demographics similar to markets served by Nextel. We believe our targeted customer base in these markets has historically been underserved and thus finds our differentiated service offering very attractive. We believe our focus on high quality, underserved customers, coupled with our differentiated service offering, helps allow us to rapidly increase penetration within our targeted customer base while maintaining an effective pricing strategy.

Recent Developments

In October 2003 we delivered a notice to Nextel WIP stating our intent to redeem all of the shares of our oustanding Series B Preferred Stock currently held by Nextel WIP. We intend to consummate the redemption in the fourth quarter of 2003. As of September 30, 2003, the redemption value of the Series B Preferred Stock was approximately $38.3 million. Following such redemption, we will no longer have any shares of preferred stock outstanding.

On October 22, 2003, we reported Adjusted EBITDA of $55.8 million for the quarter ended September 30, 2003, a $47.9 million increase as compared to Adjusted EBITDA of $7.9 million in the same quarter of 2002. Service revenues for the period grew 49% over the same period in the prior year to $260.7 million. Net loss decreased $42.9 million for the quarter ended September 30, 2003 to $22.0 million as compared to $64.9 million in the same period in the prior year. We also reported net cash provided by operating activities of $50.1 million for the quarter ended September 30, 2003, as compared to using $22.1 million of net cash in the same quarter in 2002. We added 91,100 subscribers during the third quarter of 2003 to end the period with 1,144,700 digital subscribers, an increase of 46%, or 360,000, from the 784,700 subscribers at the end of the prior year's third quarter. ARPU increased $4 from $66 in the second quarter to $70 in the third quarter of 2003 and remained one of the highest in the wireless industry. The average monthly churn rate during the third quarter of 2003 improved to 1.5%. See "Reconciliations of Non-GAAP Financial Measures (Unaudited)" for more information regarding our use of Adjusted EBITDA and ARPU as non-GAAP financial measures.

On October 30, 2003, we filed a registration statement with the Securities and Exchange Commission for a public offering of 33 million shares of our Class A common stock. Of that amount, 10 million shares will be newly issued Class A common stock offered by us. The remaining 23 million shares of Class A common stock will be offered by DLJ Merchant Banking Partners II, L.P., Madison Dearborn Capital Partners II, L.P. and Motorola, Inc. (collectively, the "selling stockholders"). In addition, certain of the selling stockholders have granted the underwriters an option to purchase up to an additional 4.95 million shares of Class A common stock to cover over-allotments. We intend to use the proceeds of the offering to redeem approximately $67.7 million of the outstanding principal amount of our 12 1/2% senior discount notes and for general corporate purposes. We will not receive any of the proceeds from the shares offered by the selling stockholders.

Reconciliations of Non-GAAP Financial Measures (Unaudited)

The information presented in this prospectus and incorporated by reference herein includes financial information prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, as well as other financial measures that may be considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. As described more fully below, management believes these non-GAAP measures provide meaningful additional information about our performance and on our ability to service our long-term debt and other fixed obligations, and to fund our continued growth. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

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ARPU Average Revenue per Unit

ARPU is an industry term that measures total service revenues per month from our subscribers divided by the average number of subscribers in commercial service during the period. ARPU, itself, is not a measurement determined under GAAP in the United States of America and may not be similar to ARPU measures of other companies; however, ARPU uses GAAP measures as the basis for calculation. We believe that ARPU provides useful information concerning the appeal of our rate plans and service offerings and our performance in attracting high value customers. The following schedule reflects the ARPU calculation and provides a reconciliation of service revenues used for the ARPU calculation to service revenues reported on our Consolidated Statements of Operations, which we believe is the most directly comparable GAAP measure to the service revenues measure used for the ARPU calculation:

	Year Ended December 31,			Six Months Ended June 30,		Three Months Ended June 30,		
ARPU (without roaming revenues)	**2000**	**2001**	**2002**	**2002**	**2003**	**2002**	**2003**	**Three Months Ended September 30, 2003**
	(dollars and units in thousands, except for ARPU)							
Service revenues (as reported on Consolidated Statements of Operations)	$ 130,125	$ 363,573	$ 646,169	$ 281,082	$ 427,049	$ 153,418	$ 226,507	$ 260,650
Add: activation fees deferred and recognized for SAB 101	1,355	2,398	3,197	1,918	1,196	1,018	574	
Less: activation fees recognized for SAB No. 101								(1,123)
Add: activation fees reclassified for EITF No. 00-21[(1)]								2,100
Less: roaming and other revenues	(25,671)	(58,545)	(80,452)	(35,756)	(49,866)	(20,218)	(26,917)	(32,622)
Service revenues for ARPU	$ 105,809	$ 307,426	$ 568,914	$ 247,244	$ 378,379	$ 134,218	$ 200,164	$ 229,005
Average units (subscribers)	123	360	694	604	963	653	1,005	1,096
ARPU	$ 71	$ 71	$ 68	$ 68	$ 65	$ 69	$ 66	$ 70

ARPU (including roaming revenues)	Year Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2002	Six Months Ended June 30, 2002	Six Months Ended June 30, 2003	Three Months Ended June 30, 2002	Three Months Ended June 30, 2003	Three Months Ended September 30, 2003
			(dollars and units in thousands, except for ARPU)					
Service revenues (as reported on Consolidated Statements of Operations)	$ 130,125	$ 363,573	$ 646,169	$ 281,082	$ 427,049	$ 153,418	$ 226,507	$ 260,650
Add: activation fees deferred and recognized for SAB 101	1,355	2,398	3,197	1,918	1,196	1,018	574	
Less: activation fees recognized for SAB No. 101								(1,123)
Add: activation fees reclassified for EITF No. 00-21(1)								2,100
Less: other revenues	(986)	(458)	(981)	(406)		(221)		
Service plus roaming revenues for ARPU	$ 130,494	$ 365,513	$ 648,385	$ 282,594	$ 428,245	$ 154,215	$ 227,081	$ 261,627
Average units (subscribers)	123	360	694	604	963	653	1,005	1,096
ARPU, including roaming revenues	$ 88	$ 85	$ 78	$ 78	$ 74	$ 79	$ 75	$ 80

(1) On July 1, 2003, we adopted Emerging Issues Task Force, or EITF, Issue No. 00-21, "*Accounting for Revenue Arrangements with Multiple Deliverables*," and elected to apply the provisions prospectively to our existing customer arrangements. Going forward, each month we will recognize the activation fees, phone equipment revenues and equipment costs that had been previously deferred in accordance with SAB No. 101. Under the provisions of SAB No. 101, "*Revenue Recognition in Financial Statements*," we accounted for the sale of our phone equipment and the subsequent service to the customer as a single unit of accounting due to the fact that our wireless service is essential to the functionality of our phones. Accordingly,

we recognized revenue from the phone equipment sales and an equal amount of the cost of phone equipment revenues over the expected customer relationship period, when title to the phone passed to the customer. Under EITF Issue No. 00-21, we are no longer required to consider whether a customer is able to realize utility from the phone in the absence of the undelivered service. Given that we meet the criteria stipulated in EITF Issue No. 00-21, we account for the sale of a phone as a unit of accounting separate from the subsequent service to the customer. Accordingly, we recognize revenue from phone equipment sales and the related cost of phone equipment revenues when title to the phone equipment passes to the customer for all arrangements entered into beginning in the third quarter of 2003.

LRS Lifetime Revenue per Subscriber

LRS is an industry term calculated by dividing ARPU (see above) by the subscriber churn rate. The subscriber churn rate is an indicator of subscriber retention and represents the monthly percentage of the subscriber base that disconnects from service. Subscriber churn is calculated by dividing the number of handsets disconnected from commercial service during the period by the average number of handsets in commercial service during the period. LRS, itself, is not a measurement determined under GAAP in the United States of America and may not be similar to LRS measures of other companies; however, LRS uses GAAP measures as the basis for calculation. We believe that LRS is an indicator of the expected lifetime revenue of our average subscriber, assuming that churn and ARPU remain constant as indicated. We also believe that this measure, like ARPU, provides useful information concerning the appeal of our rate plans and service offering and our performance in attracting and retaining high value customers. The following schedule reflects the LRS calculation:

Year Ended December 31,

	Year Ended December 31, 2000	2001	2002	Three Months Ended June 30, 2003
	(dollars in thousands)			
ARPU	$ 71	$ 71	$ 68	$ 66
Churn	1.7%	1.6%	1.6%	1.6%
Lifetime revenue per subscriber	$ 4,176	$ 4,438	$ 4,250	$ 4,125

Adjusted EBITDA

The terms "EBITDA" refers to a financial measure that is defined as earnings (loss) before interest, taxes, depreciation and amortization; we use the term "Adjusted EBITDA" to reflect that our financial measure also excludes cumulative effect of change in accounting principle, loss from disposal of assets, gain (loss) from early extinguishment of debt and stock-based compensation. However, Adjusted EBITDA is not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA should not be construed as a substitute for operating income or as a better measure of liquidity than cash flow from operating activities, which are determined in accordance with GAAP. We have presented Adjusted EBITDA to provide additional information with respect to our ability to meet future debt service, capital expenditure and working capital requirements. The following schedule reconciles

Adjusted EBITDA to net cash provided by (used in) operating activities reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,			Six Months Ended June 30,		Three Months Ended September 30,	
	2000	2001	2002	2002	2003	2002	2003
	(dollars in thousands)						
Net cash provided by (used in) operating activities (as reported on Consolidated Statements of Cash Flows)	$ (116,028)	$ (153,894)	$ (116,469)	$ (93,789)	$ (20,659)	$ (22,070)	$ 50,111
Adjustments to reconcile to Adjusted EBITDA:							
Cash paid interest expense, net of capitalized amount	43,176	70,138	98,777	$ 48,105	$ 51,359	29,183	42,317
Interest income	(63,132)	(32,473)	(7,091)	(4,518)	(1,282)	(1,554)	(648)
Change in working capital	42,232	31,353	27,407	26,573	31,283	2,306	(36,008)
Adjusted EBITDA income (loss)	$ (93,752)	$ (84,876)	$ 2,624	$ (23,629)	$ 60,701	$ 7,865	$ 55,772

Net Capital Expenditures

Net capital expenditures exclude capitalized interest and are offset by net proceeds from the sale and lease-back transactions of telecommunication towers and related assets to third parties accounted for as operating leases. Net capital expenditures as defined are not a measure determined under GAAP in the United States of America and may not be comparable to similarly titled measures reported by other companies. Net capital expenditures should not be construed as a substitute for capital expenditures reported on our Consolidated Statements of Cash Flows, which is determined in accordance with GAAP. We report net capital expenditures in this manner because we believe it reflects the net cash used by us for capital expenditures and to satisfy the reporting requirements for our debt covenants. The following schedule reconciles net capital expenditures to capital expenditures reported on our Consolidated Statements of Cash Flows, which we believe is the most directly comparable GAAP measure:

	Year Ended December 31,			Six Months Ended June 30,	
	2000(1)	2001(1)	2002(1)	2002	2003
	(dollars in thousands)				
Capital expenditures (as reported on Consolidated Statements of Cash Flows)	$ 264,513	$ 398,611	$ 274,911	$ 148,054	$ 84,824
Less: cash paid portion of capitalized interest	(5,545)	(5,449)	(1,993)	(1,103)	(676)
Less: cash proceeds from sale and lease-back transactions accounted for as operating leases	(9,259)	(10,425)	(2,562)	(1,848)	(6,250)
Change in capital expenditures accrued or unpaid	53,864	(8,736)	(19,515)	(6,027)	10,768
Net capital expenditures	$ 303,573	$ 374,001	$ 250,841	$ 139,076	$ 88,666

(1) Certain amounts have been conformed to the current year presentation.

Corporate Information

We were incorporated in the State of Delaware in July 1998. Our principal executive offices are located at 4500 Carillon Point, Kirkland, Washington 98033. Our telephone number is 425-576-3600.

The Notes

Securities Offered	$175,000,000 principal amount of 1 1/2% Convertible Senior Notes due 2008.
Maturity Date	November 15, 2008.
Interest	1 1/2% per annum on the principal amount, payable semi-annually in arrears in cash on May 15 and November 15 of each year, beginning November 15, 2003.
Conversion	You may convert the notes into shares of our Class A common stock at a conversion rate of 131.9087 shares per $1,000 principal amount of notes, subject to adjustment, prior to the close of business on the final maturity date.
Redemption	We may not redeem any of the notes at our option prior to their maturity.
Ranking	The notes will be senior unsecured debt and will rank on a parity with all of our other existing and future senior unsecured debt and prior to all of our subordinated debt.
Fundamental Change	If a fundamental change (as described under "Description of Notes Redemption at Option of the Holder") occurs prior to maturity, you may require us to purchase all or part of your notes at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest.
Nasdaq National Market Symbol	NXTP.
Risk Factors	You should read the "Risk Factors" section beginning on page 9 of this prospectus as well as the other cautionary statements throughout the entire prospectus, to ensure that you understand the risks associated with an investment in the notes and Class A common stock.

For a more complete description of the terms of the notes, see "Description of Notes." For a more complete description of the Class A common stock, see "Description of Capital Stock."

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for each of the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2000	**2001**	**2002**	**2002**	**2003**
			(unaudited)		
			(dollars in thousands)		
Ratio of earnings (loss) to fixed charges(1)					

(1) Earnings (loss) represent earnings (loss) before deferred income tax provision and cumulative effect of change in accounting principle and fixed charges (excluding capitalized interest). Fixed charges consist of interest (including capitalized interest), amortization of deferred financing costs and the estimated portion of rental expense that is representative of the interest factor. For the years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2002 and 2003, earnings were insufficient to cover charges by $280,852, $298,494, $267,529, $152,440, $153,109, respectively. The difference between the deficiency disclosed above and the net loss before deferred income tax provision and cumulative effect of change in accounting principle in all periods presented represents interest capitalized by us.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the notes and our Class A common stock could decline due to any of these risks, and you may lose all or part of your investment.

This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus.

We have a history of operating losses, may incur operating losses in the future and may not be able to generate the earnings necessary to fund our operations, sustain the continued growth of our business or repay our debt obligations.

We did not commence commercial operations until January 29, 1999, and the portion of the Nextel Digital Mobile Network we began operating on that date only had a few months of operating history. Since then, we have had a history of operating losses, and, as of June 30, 2003, we had an accumulated deficit of approximately $1.1 billion. We may incur operating losses in the future. We cannot assure you that we will become profitable or sustain profitability in the future. If we fail to achieve significant and sustained growth in our revenues and earnings from operations, we will not have sufficient cash to fund our current operations, sustain the continued growth of our business or repay our debt

obligations, including the notes. In addition, the slowdown in the U.S. economy generally has added economic and consumer uncertainty that could adversely affect our revenue growth. Our failure to fund our operations or continued growth would have an adverse impact on our financial condition, and our failure to make any required payments would result in defaults under all of our debt agreements, which could result in the cessation of our business.

If Nextel experiences financial or operational difficulties, our business may be adversely affected.

Our business plan depends, in part, on Nextel continuing to build and sustain customer support of its brand and the Motorola iDEN technology. If Nextel encounters financial problems or operating difficulties relating to its portion of the Nextel Digital Mobile Network or experiences a significant decline in customer acceptance of its products or the Motorola iDEN technology, our affiliation with and dependence on Nextel may adversely affect our business, including the quality of our services, the ability of our customers to roam within the entire network and our ability to attract and retain customers. Additional information regarding Nextel, its domestic digital mobile network business and the risks associated with that business can be found in Nextel's Annual Report on Form 10-K for the year ended December 31, 2002, as well as Nextel's other filings made under the Securities Act and the Securities Exchange Act (SEC file number 0-19656).

Our highly leveraged capital structure and other factors could limit our ability to obtain additional financing and our growth opportunities and could adversely affect our ability to fulfill our obligations on the notes.

The total of our non-current portion of our outstanding debt and mandatorily redeemable preferred stock outstanding is approximately $1.7 billion as of June 30, 2003 and greatly exceeds the level of our revenues and stockholders' equity. As of June 30, 2003, the non-current portion of total long-term debt outstanding included $371.4 million outstanding under our credit facility, $21.3 million of 14% senior discount notes outstanding at their accreted value, $390.0 million of 11% senior notes outstanding, $212.2 million of 12$^{1}/_{2}$% senior discount notes outstanding at their accreted value,

$175.0 million of 1$^{1}/_{2}$% convertible senior notes outstanding, $450.0 million of 8$^{1}/_{8}$% senior notes outstanding and $22.6 million of capital lease obligations. We also had approximately $37.1 million of mandatorily redeemable preferred stock outstanding, including accrued dividends. In aggregate, this indebtedness represented approximately 105% of our total book capitalization at that date.

Our large amount of outstanding indebtedness, and the fact that we may need to incur additional debt in the future, could significantly impact our business for the following reasons:

- it limits our ability to obtain additional financing, if needed, to continue the build-out of or implement any enhancement of our portion of the Nextel Digital Mobile Network, including any enhanced iDEN services to expand wireless voice capacity, enhanced data services or potential "third generation" or "3G" mobile wireless services, to cover our cash flow deficit or for working capital, other capital expenditures, debt service requirements or other purposes;

- it will require us to dedicate a substantial portion of our operating cash flow to fund interest expense on our credit facility and other indebtedness, reducing funds available for our build-out, operations or other purposes;

- it makes us vulnerable to interest rate fluctuations because our credit facility term loan bears interest at variable rates; and

- it limits our ability to compete with competitors who are not as highly leveraged, especially those who may be able to price their service packages at levels below those, which we can or are willing to match.

Our ability to make payments on our indebtedness, including these notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Based on our current level of operations and anticipated cost savings and operating improvements, we believe our cash flow from operations, available cash and available borrowings under our credit facility will be adequate to meet our estimated capital requirements to build out our portion of the Nextel Digital Mobile Network using the current 800 MHz iDEN system.

We cannot be sure, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our credit facility in an amount sufficient to enable us to pay our indebtedness, including these notes, our obligations under our credit facility or our existing senior discount notes and senior notes, or to fund our other liquidity needs. In addition, if our indebtedness cannot be repaid at maturity or refinanced, we will not be able to meet our obligations under our debt agreements, including these notes, which could result in the cessation of our business.

If we default on our debt or if we were liquidated, the value of our assets may not be sufficient to satisfy our obligations, including these notes. We have a significant amount of intangible assets, such as licenses granted by the FCC. The value of these licenses will depend significantly upon the success of our business and the growth of the SMR and wireless communication industry in general.

General conditions in the wireless communications industry or specific competitors' results, including potential slowing of new subscriber additions, declining ARPU or increased customer dissatisfaction, may adversely affect the market price of our notes and Class A common stock and, as a result, could impair our ability to raise additional capital through the sale of our equity or debt securities. In addition, the fundraising efforts of Nextel or any of its affiliates may also adversely affect our ability to raise additional funds.

Under certain circumstances, Nextel WIP has the ability to purchase, and a majority of our Class A stockholders can cause Nextel WIP to purchase, all of our outstanding Class A common stock.

Under our restated certificate of incorporation and our operating agreements, in certain circumstances and subject to certain limitations, Nextel WIP has the ability to purchase, or to cause and fund redemption by us of, all of the outstanding shares of our Class A common stock, including any shares of Class A common stock issuable upon conversion of the notes. In addition, under the provisions of our restated certificate of incorporation, upon the occurrence of certain events, the holders of a majority of our outstanding Class A common stock can require Nextel WIP to purchase, or cause and fund a redemption by us of, all of the outstanding shares of our Class A common stock, including any shares of Class A common stock issuable upon conversion of the notes. The circumstances that could trigger Nextel WIP's purchase right include the occurrence of January 29, 2008 (subject to certain postponements by our board of directors); a failure by us to implement certain required changes to our business; a failure by Nextel WIP to fund certain changes to the digital transmission technology; or termination of our operating agreements with Nextel WIP as a result of our breach. The circumstances that could trigger our stockholders' put right include a change of control of Nextel; failure by us in certain circumstances to implement changes to our business; or termination of our operating agreements with Nextel WIP as a result of a breach by Nextel WIP.

Any failure to integrate our portion of the Nextel Digital Mobile Network with Nextel's portion effectively or on schedule would have an adverse effect on our results of operations.

Pursuant to our operating agreements with Nextel WIP, Nextel WIP provides us with important services and assistance, including a license to use the Nextel brand name and the sharing of switches that direct calls to their destinations. Any interruption in the provision of these services could delay or prevent the successful integration of our portion of the Nextel Digital Mobile Network with Nextel's portion, which is essential to the overall success of our business.

Moreover, our business plan depends on our ability to implement integrated customer service, network management and billing systems with Nextel's systems to allow our respective portions of the Nextel Digital Mobile Network to operate together, and provide our and Nextel's customers with seamless service. Integration requires that numerous and diverse computer hardware and software systems work together. Any failure to integrate these systems effectively or on schedule may have an adverse effect on our results of operations.

Difficulties in constructing and operating our portion of the Nextel Digital Mobile Network could increase the estimated costs and delay the continued expansion of the network, which would adversely affect our ability to generate revenue.

The continued operation of our portion of the Nextel Digital Mobile Network involves a high degree of risk. Before we are able to build additional cell sites in our markets to expand coverage, fill in gaps in coverage or increase capacity, we will need to:

- select and acquire appropriate sites for our transmission equipment, or cell sites;
- purchase and install low-power transmitters, receivers and control equipment, or base radio equipment;

- build out the physical infrastructure;
- obtain interconnection services from local telephone service carriers on a timely basis; and
- test the cell site.

Our ability to perform these necessary steps successfully may be hindered by, among other things, any failure to:

- lease or obtain rights to sites for the location of our base radio equipment;
- obtain necessary zoning and other local approvals with respect to the placement, construction and modification of our facilities;
- acquire additional necessary radio frequencies from third parties or exchange radio frequency licenses with Nextel WIP;
- commence and complete the construction of sites for our equipment in a timely and satisfactory manner; and
- obtain necessary approvals, licenses and permits from federal, state and local agencies, including land use regulatory approvals and approval from the Federal Aviation Administration and Federal Communications Commission with respect to the transmission towers that we will be using.

Before fully implementing our portion of the Nextel Digital Mobile Network in a new market area or expanding coverage in an existing market area, we must complete systems design work, find appropriate sites and construct necessary transmission structures, receive regulatory approvals, free up frequency channels now devoted to non-digital transmissions and begin systems optimization. These processes may take weeks or months to complete and may be hindered or delayed by many factors, including unavailability of antenna sites at optimal locations, land use and zoning controversies and limitations of available frequencies. In addition, we may experience cost overruns and delays not within our control caused by acts of governmental entities, design changes, material and equipment shortages, delays in delivery and catastrophic occurrences. Any failure to construct our portion of the Nextel Digital Mobile Network on a timely basis may affect our ability to provide the quality of services in our markets consistent with our current business plan, and any significant delays could have a material adverse effect on our business.

If we do not offer services that Nextel WIP requires us to offer or we fail to meet performance standards, we risk termination of our agreements with Nextel WIP, which would eliminate our ability to carry out our current business plan and strategy.

Our operating agreements with Nextel WIP require us to construct and operate our portion of the Nextel Digital Mobile Network to specific standards, and to offer certain services by Nextel and its domestic subsidiaries. Our failure to satisfy these obligations could constitute a material default under the operating agreements that would give Nextel WIP the right to terminate these agreements, and would terminate our right to use the Nextel brand. The non-renewal or termination of the Nextel WIP operating agreements would eliminate our ability to carry out our current business plan and strategy and would adversely affect our financial condition.

We may be required to implement material changes to our business operations to the extent these changes are adopted by Nextel, which may not be beneficial to our business.

If Nextel adopts material changes to its operations, our operating agreements with Nextel WIP give it the right to require us to make similar changes to our operations. The failure to implement required changes could, under certain circumstances, trigger the ability of Nextel WIP to terminate their operating agreements with us, which could result in the adverse effects described above. Even if the required change is beneficial to Nextel, the effect on our business may vary due to differences in markets and customers. We cannot assure you that such changes would not adversely affect our business plan.

The transmission technology used by us and Nextel is different from that used by most other wireless carriers, and, as a result, we might not be able to keep pace with industry standards if more widely used technologies advance.

The Nextel Digital Mobile Network uses scattered, non-contiguous radio spectrum near the frequencies used by cellular carriers. Because of their fragmented character, these frequencies traditionally were only usable for two-way radio calls, such as those used to dispatch taxis and delivery vehicles. Nextel became able to use these frequencies to provide a wireless telephone service competitive with cellular carriers only when Motorola developed a proprietary technology it calls "iDEN." We, Nextel, and Southern LINC are currently the only major U.S. wireless service providers utilizing iDEN technology on a nationwide basis, and iDEN phones are not currently designed to roam onto other domestic wireless networks.

Our operating agreements with Nextel WIP require us to use the iDEN technology in our system and prevent us from adopting any new communications technologies that may perform better or are available at a lower cost without Nextel WIP's consent.

Future technological advancements may enable other wireless technologies to equal or exceed our current levels of service and render iDEN technology obsolete. If Motorola is unable to upgrade or improve iDEN technology or develop other technology to meet future advances in competing technologies on a timely basis, or at an acceptable cost, because of the restrictive provisions in our operating agreements with Nextel WIP, we will be less able to compete effectively and could lose customers to our competitors, all of which would have an adverse effect on our business and financial condition.

We are dependent on Motorola for telecommunications equipment necessary for the operation of our business, and any failure of Motorola to perform would adversely affect our operating results.

Motorola is currently our sole-source supplier of transmitters used in our network and wireless telephone equipment used by our customers, and we rely, and expect to continue to rely, on Motorola to manufacture a substantial portion of the equipment necessary to construct our share of the Nextel Digital Mobile Network. We expect that for the next few years, Motorola, and other manufacturers who are licensed by Motorola, will be the only manufacturers of wireless telephones that are compatible with the Nextel Digital Mobile Network. If Motorola becomes unable to deliver such equipment, or refuses to do so on reasonable terms, then we may not be able to service our existing subscribers or add new subscribers and our business would be adversely affected. Motorola and its affiliates engage in wireless communications businesses and may in the future engage in additional businesses that do or may compete with some or all of the services we offer. We cannot assure you that any potential conflict of interest between us and Motorola will not adversely affect our ability to obtain equipment in the future. In addition, the failure by Motorola to deliver necessary technology improvements and enhancements and system infrastructure and subscriber equipment on a timely, cost-effective basis would have an adverse effect on our growth and operations. We generally have been able to obtain adequate quantities of base radios and other system infrastructure equipment from Motorola, and adequate volumes and mix of wireless telephones and related accessories from Motorola, to meet subscriber and system loading rates, but we cannot be sure that equipment quantities will be sufficient in the future. Additionally, in the event of shortages of that equipment, our agreements with Nextel WIP provide that available supplies of this equipment would be allocated proportionately between Nextel and us.

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Costs and other aspects of a future deployment of advanced digital technology could adversely affect our operations and growth.

Based on our current outlook and the current outlook of Nextel, we anticipate eventually deploying advanced digital technology that will allow high capacity wireless voice and high-speed data transmission, and potentially other advanced digital services. The technology that we would deploy to provide these types of broadband wireless services is sometimes referred to as "third-generation" or "3G." We and Nextel are focusing activities on maximizing our ability to offer 3G capabilities while continuing to fully utilize our iDEN digital mobile network. Significant capital expenditures would be required in implementing this 3G technology, and we cannot assure you that we will have the financial resources necessary to fund these expenditures or, if we do implement this technology, that it would provide the advantages that we would expect. Moreover, it may be necessary to acquire additional frequencies to implement 3G technologies, and we cannot be sure that we will be able to obtain such spectrum on reasonable terms, if at all. The actual amount of the funds required to finance and implement this technology may significantly exceed our current estimate. Further, any future implementation could require additional unforeseen capital expenditures in the event of unforeseen delays, cost overruns, unanticipated expenses, regulatory changes, engineering design changes, equipment unavailability and technological or other complications. In addition, there are several types of 3G technologies that may not be fully compatible with each other or with other currently deployed digital technologies. If the type of technology that we either choose to deploy or are required to deploy to maintain

compatibility with the technology chosen by Nextel does not gain widespread acceptance or perform as expected, or if our competitors develop 3G technology that is more effective or economical than ours, our business would be adversely affected.

We may not be able to obtain additional spectrum, which may adversely impact our ability to implement our business plan.

We may seek to acquire additional spectrum, including through participation as a bidder, or member of a bidding group in government-sponsored auctions of spectrum. We may not be able to accomplish any spectrum acquisition or the necessary additional capital for that purpose may not be available on acceptable terms, or at all. If sufficient additional capital is not available, to the extent we are able to complete any spectrum acquisition, the amount of funding available to us for our existing businesses would be reduced. Even if we are able to acquire spectrum, we may still require additional capital to finance the pursuit of any new business opportunities associated with our acquisitions of additional spectrum, including those associated with the potential provision of any new "third-generation" or "3G" wireless services. This additional capital may not be available.

Our future performance will depend on our and Nextel's ability to succeed in the highly competitive wireless communications industry.

Our ability to compete effectively with established and prospective wireless communications service providers depends on many factors, including the follow992

438,845

-4%

66,973

14,436

364%

116,334

-42%

81,409

154,249

-47%

Sales over Supply (SoS)

10.5%

8.0%

250 bps

9.8%

70 bps

16.9%

15.9%

100 bps

1,498

1,847

-19%

1,504

0%

3,345

2,028

65%

Net Revenue

348,392

340,058

2%

397,907

-12%

688,450

724,657

-5%

127,101

125,502

1%

151,456

-16%

252,603

267,976

-6%

Adjusted Gross Margin[1]

36.5%

36.9%

-40 bps

38.1%

160 bps

36.7%

37.0%

-30 bps

52,400

58,289

-10%

83,353

-37%

110,689

138,163

-20%

Adjusted EBITDA Margin[2]

15.0%

17.1%

-210 bps

20.9%

-590 bps

16.1%

19.1%

-480 bps

8,452

20,205

-58%

17,132

-51%

28,657

14,801

94%

Backlog Revenues

664,074

742,154

-11%

1,298,089

-49%

664,074

1,298,089

-49%

265,190

294,093

-10%

470,361

-44%

265,190

470,361

-44%

Backlog Margin[3]

39.9%

39.6%

30 bps

36.2%

370 bps

39.9%

36.2%

370 bps

1) Adjusted by capitalized interests.

2) Adjusted by expenses with stock option plans (non-cash), minority. EBITDA from Gafisa segment does not consider the equity income from Alphaville.

3) Backlog results net of PIS/COFINS taxes – 3.65%, and excluding the impact of PVA (Present Value Adjustment) method according to Law 11,638.

Solid second quarter topline performance reflects maintenance in the level of revenues, supported by inventory sales, which represented 72.3% of net sales in the second quarter and 80.7% in 6M15. Another point worth highlighting is the reduction in selling, general and administrative expenses, which were 4.9% lower q-o-q and 12.5% lower y-o-y. This reflects ongoing efforts in the Gafisa segment to increase efficiencies and improve cost management.

2Q15 adjusted gross margin ended at 36.5%, in line with the average levels reported in previous quarters and marginally lower y-o-y, due to a higher recognition of swaps in the period. These profitability levels support the stability of the gross margin in the Gafisa segment, and also highlight the solid performance of the Gafisa segment projects, resulting from the continuous evolution of the Company's business cycle.

Net Income

Net income for the period was R$8.5 million, compared to R$17.1 million in the 2Q14. This decrease is due to a a slight reduction in gross margin, a higher volume of other operating expenses, and the lower contribution of AUSA equity income. 6M15 net income reached R$28.7 million compared to R$14.8 million in 6M14. Excluding the R$5.2 million in equity income from Alphaville, the Gafisa segment's net income in 2Q15 was R$3.3 million, compared to R$8.7 million recorded in 2Q14. In 6M15, net income was R$6.5 million, compared to R$9.8 million in the previous year.

Table 3 – Gafisa Segment – Net Income (R$ Million)

	127.1	125.5	151.5	252,6	268,0
Adjusted Gross Margin	36.5%	36.9%	38.1%	36.7%	37%
	8.5	**20.2**	**17.1**	**28.7**	**14.8**
Equity Income from Alphaville[1]	5.2	17.0	8.4	22.2	5.0
	3.3	**3.2**	**8.7**	**6.5**	**9.8**

TENDA SEGMENT

Evolution in Revenue Levels and Increased Profitability Anchored in Operational Consolidation of the New Model

Table 4. Tenda Segment – Operating and Financial Highlights – (R$000 and % Tenda)

	229,366	238,354	-4%	99,011	132%	467,720	280,456	67%
Net pre-sales	289,946	243,537	19%	181,728	60%	533,483	233,495	129%
	41,028	45,280	-9%	42,299	-3%	86,308	62,555	38%
Sales over Supply (SoS)	28.2%	23.3%	490 bps	20.8%	740 bps	41.9%	25.2%	1670 bps
	1,240	1,687	-27%	2,185	-43%	2,927	3,457	-15%
Net Revenue	243,137	179,443	35%	176,923	37%	422,580	282,874	49%
	73,285	53,800	36%	**53,805**	36%	127,085	69,368	83%
Adjusted Gross Margin[1]	30.1%	30.0%	**10 bps**	**30.4%**	-30 bps	30.1%	24.5%	560 bps
	15,221	21,114	**-28%**	**(1,907)**	898%	36,335	(26,820)	235%
Adjusted EBITDA Margin[2]	6.3%	11.8%	**-550 bps**	**-1.1%**	740 bps	8.6%	-9.5%	1,810 bps
	20,035	11,446	**75%**	**(17,983)**	211%	31,481	(55,443)	157%
Backlog Revenues	237,309	188,447	**26%**	**207,912**	14%	237,309	207,912	14%
	99,048	73,474	35%	61,563	61%	99,048	61,563	61%
Backlog Margin[3]	41.7%	39.0%	**270 bps**	**29.6%**	1,210 bps	41.7%	29.6%	1,210 bps

1) Adjusted by capitalized interests.

2) Adjusted by expenses with stock option plans (non-cash), minority. Tenda does not hold equity in Alphaville.

3) Backlog results net of PIS/COFINS taxes – 3.65%, and excluding the impact of PVA (Present Value Adjustment) method according to Law 11,638.

The second quarter of the year marked another step towards the consolidation of Tenda's operational cycle, supported by an increase in the number of launches in the segment and a reduction in cancellations since the implementation of changes in the sales process (August/2014). As a result, the financial results of the Tenda segment improved significantly.

Tenda recorded a strong increase in adjusted gross profit in the quarter, reaching R$73.3 million in 2Q15. In addition, the adjusted gross margin remained stable between 28 - 30%, which is in line with the range observed since 2Q14. This reflects the operational consolidation of projects executed under the New Model, which has demonstrated improved performance and profitability, combined with the decreasing contribution of legacy projects in the segment's revenue mix.

Furthermore, as observed in sequential quarters, adjustments in the cost and expense structure to Tenda's business cycle positively impacted the quarter's results. General and administrative expenses decreased by 13.6% compared to the prior year. Importantly, the Tenda segment achieved a reduction in selling expenses despite an increase in the number of launches and gross sales, of 131.7% and 14.8%, respectively, versus the year-ago period.

Net Income

In 2Q15 the Tenda segment achieved net income of R$20.0 million, substantially higher than net income of R$11.4 million in 1Q15 and a net loss of R$18.0 million in 2Q14. In 6M15, net income was R$31.4 million, compared to a net loss of R$55.4 million in the previous year, reflecting the improved operating and financial performance of the Tenda segment. Table 5 – Tenda Segment – Net Income (R$ Million)

	73.3	53.8	53.8	127.1	69.4
Adjusted Gross Margin	30.1%	30.0%	30.4%	30.1%	24.5%
	20.0	11.4	(18.0)	31.4	(55.4)

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RECENT EVENTS

UPDATED STATUS OF THE SPIN-OFF PROCESS AND RECENT DEVELOPMENTS

In the 2Q15, the Company progressed with the evaluation of the potential separation of the Gafisa and Tenda business units. Since commencing the spin-off process in February 2014, a variety of activities have been executed in order to make the two business units independent of one another from both an operational perspective, as well as a capital structure perspective. We highlight the following actions that have already been completed: (i) separation of the administrative structures, with implementation of the necessary changes required to processes and systems, (ii) definition of policies and corporate governance, (iii) preparation for Tenda's shares to be traded on the market, and (iv) performance of due diligence and studies of the various impacts the separation could have on operational, organizational, financial and market-related aspects of the two Companies.

Over the last quarter, the Company advanced the separation procedures related to Information Technology (IT), one of the last remaining joint administrative structures. Currently, besides the IT area, the only business units operating on a joint basis are those that will split at the time of the official separation. These business units include Investor Relations, Corporate Legal, Internal Audit and Internal Controls.

Definition of the appropriate capital structure is one main processes that is still ongoing. The Company continues to work with financial institutions in order to achieve the conditions deemed necessary for the desired capital structure model, which takes into consideration the business cycles of each of the business units.

As previously communicated in a Material Fact released to the market on April 29, these discussions are ongoing and are taking longer than had been initially expected. As a result, and considering that the achievement of an appropriate capital structure is a necessary step in the separation process, it is not yet possible to determine when the potential separation will be concluded, and it is possible that the process could extend into 2016.

Additionally, in the same Material Fact, the Company informed the market that it had been contacted by groups interested in evaluating the potential acquisition of an equity stake in Gafisa and Tenda, either together or separately. During the last quarter, there has been no change in this subject.

The Administrations of Gafisa and Tenda, in accordance with their fiduciary duties, will evaluate any proposals that could result in the creation of value for the Companies and will communicate to their shareholders and the market in general any evolution in these discussions through presentation of a formal proposal.

The Company will keep its shareholders and the market informed of any developments related to the subjects mentioned above.

GAFISA SEGMENT

Focuses on residential developments within the upper, upper-middle, and middle-income segments, with average unit prices above R$250,000.

Operating Results

Launches and Pre-Sales

Second quarter 2015 launches totaled R$252.6 million, representing 2 projects/phases located in the city of São Paulo. The sales speed of these launches reached 24.4%. In the first 6M15, the Gafisa segment totaled R$ 327.8 million in launches, representing 41.2% of consolidated launches.

The Gafisa segment's 2Q15 gross pre-sales totaled R$357.8 million. Dissolutions reached R$115.6 million and net pre-sales reached R$242.2 million, an increase of 34.7% compared to 1Q15 and stable compared to the previous year. In the first half of the year, the volume of dissolutions was R$ 240.5 million and net sales ended the 6M15 at R$422.0 million. In the quarter, the sales over supply (SoS) of the Gafisa segment was 10.5%, higher than that of 1Q15 and the previous year.

The Company continues to concentrate its efforts on the sale of remaining units. As a result, approximately 53.0% of net sales during the period related to projects launched through 2013, resulting in an improvement in the inventory profile of the Gafisa segment.

Table 6. Gafisa Segment – Launches and Pre-sales (R$000)

	252,585	75,227	236%	314,733	-20%	327,812	668,667	-51%
Pre-Sales	242,185	179,807	35%	251,290	-4%	421,992	438,845	-4%

Sales over Supply (SoS)

The sales velocity was 10.5% in 2Q15, above the 8.0% recorded in 1Q15 and above 9.8% in the previous year. On a trailing 12 month basis, Gafisa's SoS reached 27.7%.

Dissolutions

The weak economic conditions during the first half of 2015 directly affected consumer confidence and, accordingly, the level of dissolutions. This scenario has persisted since the end of 2014. Due to the challenging operating environment, the level of dissolutions in the Gafisa segment reached R$115.6 million in 2Q15, a decrease compared to R$124.8 million in 1Q15 and R$119.9 million in the previous year. It is also worth noting that the level of dissolutions in 6M15 has also been impacted by the increased volume of deliveries in the quarter. 1,498 units were delivered in this 2Q15, corresponding to R$777.3 million in PSV; in the first half of the year deliveries totaled 3,165 units and R$1.3 billion in PSV.

Over the last three years, the Company has been working on initiatives to achieve a higher quality of credit analysis in its sales. In doing so, the Company hopes to reduce the level of dissolutions throughout the construction and delivery cycle. A comprehensive approach in the credit review process at the time of the sale has generated greater efficiency in the process of transferring Gafisa customers to financial institutions. This progress has occurred despite deteriorating macroeconomic conditions, especially from the second half of 2014.

In 2Q15, 486 Gafisa units were cancelled and 253 units were already resold in the period.

Inventory

Gafisa is maintaining its focus on inventory reduction initiatives. Projects launched until 2014 represented 72.3% of net sales in the period. In 6M15, inventory as a percentage of sales reached 80.7%. The market value of the Gafisa segment inventory remained stable compared at R$2.1 billion compared to the previous quarter. Finished units outside of core markets accounted for R$105.4 million, or 5.1% of total inventory.

Table 7. Gafisa Segment – Inventory at Market Value (R$000)

	1,467,350	252,585	90,578	301,659	26,210	1,482,644	1.0%
Rio de Janeiro	488,251	-	19,680	43,308	22,334	496,985	-0.3%
	115,036	-	5,389	12,864	2,126	105,435	-8.3%
Total	2,070,637	252,585	115,647	357,832	6,001	2,075,036	0.2%

* The period adjustments are a reflection of updates related to the project scope, release date and inflationary update in the period.

During the same period, finished units comprised R$410.7 million, or 19.8% of total inventory. Inventory from projects launched outside core markets, currently exclusively comprised of finished units, represent R$105.4 million, down 52.3% when compared to the R$220.9 million recorded last year and down 8.3% from 1Q15. The Company estimates that by early 2016, it will have monetized a large portion of its inventory in non-core markets, based on the sales rate observed in these markets over the past few quarters.

The inventory of completed units increased as a result of more deliveries of corporate projects during the quarter, representing approximately R$474.7 million or 61.1% of PSV delivered. The increase was due to lower liquidity levels for these types of projects.

It is worth noting that the largest share of Gafisa’s inventory, approximately 59% or R$1.2 billion, is concentrated in projects that are to be delivered in the second quarter of 2016. This will be reflected in the sale of inventory in the coming quarters, rather than finished units.

Table 8. Gafisa Segment – Inventory at Market Value – Construction Status (R$000)

	253,797	-	920,704	221,013	87,130	1,482,644
Rio de Janeiro	-	41,492	113,277	114,049	218,141	486,958
	-	-	-	-	105,435	105,435
Total	253,797	41,492	1,033,980	335,062	410,705	2,075,036

1) Inventory at market value includes projects in partnership. This indicator is not comparable to the accounting inventory, due to the implementation of new accounting practices on behalf of CPCs 18, 19 and 36.

Landbank

The Gafisa segment land bank, with a PSV of approximately R$5.9 billion, is comprised of 30 potential projects/ phases, amounting to nearly 10.8 thousand units, of which 77% are located in São Paulo and 23% in Rio de Janeiro. The largest portion of land acquired through swap agreements is in Rio de Janeiro, impacting the total percentage of land acquired, which reached 59%.

Table 9. Gafisa Segment – Landbank (R$000)

	4,532,063	45.9%	45.0%	0.9%	9,063	11,117
Rio de Janeiro	1,339,778	84.2%	84.2%	0.0%	1,741	2,142
	5,871,842	**58.6%**	**58.0%**	**0.6%**	**10,805**	**13,259**

Table 10. Gafisa Segment – Changes in the Landbank (1Q15 x 2Q15 - R$000)

	4,802,512	-	252,585	-	(17,863)	4,532,063
Rio de Janeiro	1,315,335	85,872	-	(58,370)	(3,058)	1,339,778
	6,117,847	**85,872**	**252,585**	**(58,370)**	**(20,922)**	**5,871,842**

The adjustments of the quarter reflect updates related to project scope, expected launch date, and inflationary adjustments to the land bank during the period.

Gafisa Vendas

During 6M15, Gafisa Vendas, the Company's independent sales unit, with operations in São Paulo and Rio de Janeiro, accounted for 63% of gross sales of the quarter. Gafisa Vendas currently has a team of 700 highly trained, dedicated consultants, in addition to an online sales force.

Delivered Projects

During 2Q15, Gafisa delivered 5 projects/phases totaling 1,498 units and accounting for R$777.3 million in PSV. In 6M15, 14 projects / phases were delivered, representing 3,345 units and R$ 1.3 billion in PSV.

Currently, Gafisa has 30 projects under construction, all of them on schedule in regards to the Company's business plan.

Transfers

Over the past few years, the Company has been taking steps to improve the performance of its receivables / transfer process, in an attempt to achieve higher rates of return on invested capital. Currently, our plan is to transfer 90% of eligible units up to 90 days after the delivery of the project. In accordance with this policy, transfers reached R$169.8 million in PSV in the second quarter.

Of second quarter deliveries, of R$777.3 million, 61.1% comprised corporate projects. Financing arrangements for corporate projects differ from that of residential projects, resulting in a smaller contribution to transfer volumes, which impacted cash generation in the quarter.

Table 11. Gafisa Segment – Delivered Project

	169,829	198,014	-14%	210,677	-19%	367,843	442,753	-17%
Delivered Projects	5	9	0%	8	-38%	14	12	-17%
	1,498	1,847	-19%	1,504	0%	3,345	2,038	65%
Delivered PSV²	777,258	**569,459**	36%	454,880	**71%**	**1,346,717**	**913,300**	47%

1) PSV refers to potential sales value of the units transferred to financial institutions.

2) PSV = Potential sales value of delivered units.

Financial Results

Revenues

2Q15 net revenues for the Gafisa segment totaled R$348.4 million, an increase of 2.5% q-o-q and a decrease of 12.4% y-o-y. The decrease compared to the 2Q14 is related to projects whose construction works are more advanced.

In 2Q15, approximately 99.6% of Gafisa segment revenues were derived from projects located in Rio de Janeiro/São Paulo, while 0.4% were derived from projects in non-core markets. The table below provides additional details.

Table 12. Gafisa Segment – Revenue Recognition (R$000)

	66,973	27.7%	-	0%	-	-	-	-
2014	57,530	23.8%	54,173	15.5%	116,334	46.3%	5,711	1.4%
	39,878	16.5%	76,279	21.9%	11,977	4.8%	63,529	16.0%
≤ 2012	77,804	32.1%	217,939	62.6%	122,979	48.9%	328,667	82.6%
	242,185	100%	348,391	100%	251,290	100%	397,907	100%
SP + RJ	234,710	96.9%	346,948	99.6%	216,338	86.1%	388,504	97.6%
	7,475	**3.1%**	**1,443**	**0.4%**	**34,952**	**13.9%**	**9,402**	**2.4%**

Gross Profit & Margin

Gross profit for the Gafisa segment in 2Q15 was R$90.3 million, compared to the R$98.1 million in 1Q15, and R$119.1 million in the prior year period. The second quarter gross margin of 25.9% was impacted by an R$11.0 million increase in revenue from projects comprising a higher number of swapped units. In keeping with accounting rules, the gross margin on these projects is lower initially, before normalizing over time.

Excluding financial impacts, the adjusted gross margin reached 36.5% in 2Q15 compared to 36.9% in the 1Q15 and 38.1% in the prior year, reaffirming the maintenance in the levels of profitability in the Gafisa segment. This is a result of the strategic consolidation in the metropolitan regions of São Paulo and Rio de Janeiro and the completion of older projects in other non-core markets.

The table below contains more details on the breakdown of Gafisa's gross margin in 2Q15.

Table 13. Gafisa Segment – Gross Margin (R$000)

	348,392	340,058	2%	397,907	-12%	688,450	724,657	-5%
Gross Profit	90,268	98,147	-8%	119,135	-24%	188,415	208,025	-9%
	25.9%	28.9%	-300 bps	29.9%	-400 bps	27.4%	28.7%	130 bps
(-) Financial Costs	(36,833)	(27,355)	35%	(32,321)	14%	(64,188)	(59,961)	7%
	127,101	125,502	1%	151,456	-16%	252,603	267,986	-6%
Adjusted Gross Margin	36.5%	36.9%	-40 bps	38.1%	**-160 bps**	**36.7%**	**37.0%**	-30 bps

Table 14. Gafisa Segment – Gross Margin Composition (R$000)

	346,948	1,443	348,391
Adjusted Gross Profit	127,144	(43)	127,101
	36.6%	-3.0%	36.5%

Selling, General and Administrative Expenses (SG&A)

SG&A expenses totaled R$50.4 million in the 2Q15, a decrease of 15.7% y-o-y and an increase of 17.4% q-o-q. This came as a result of a higher level of selling expenses due to the higher volume of launches compared to 1Q15 and the additional marketing effort required in the current market scenario. In the first half, these expenses totaled R$93.4 million, 16.1% below the R$111.3 million the previous year.

Selling expenses decreased 19.2% compared to 2Q14 and increased by 63.0% from 1Q15, also due to the partial recognition of expenses related to the launch held at the end of 1Q15, which were recorded in 2Q15. For the first half of the year, selling expenses decreased by 21.8% compared to the same period last year.

The segment's general and administrative expenses reached R$27.5 million in 2Q15, a decrease of 4.9% compared to the previous quarter and 12.5% y-o-y. In 6M15, general and administrative expenses reached R$56.4 million compared to R$63.9 million in 6M14.

The reduction in the level of SG&A expenses in the Gafisa segment reflects the Company's commitment to improve operational efficiency and achieve a level of costs and expenses that are appropriate for the current status of the business cycle and business outlook.

Table 15. Gafisa Segment – SG&A Expenses (R$000)

	22,976	14,092	63%	28,425	-19%	37,068	47,420	-22%
G&A Expenses	27,466	28,887	-5%	31,406	-13%	56,351	63,855	-12%
	50,442	**42,979**	17%	**59,831**	**-16%**	**93,419**	**111,275**	-16%
Launches	252,585	75,227	236%	314,733	-20%	327,812	668,667	-51%
	242,185	179,807	35%	251,290	-4%	421,992	438,845	-4%
Net Revenue	348,392	340,058	2%	397,907	-12%	688,450	724,657	-5%

Other Operating Revenues/Expenses reached R$21.4 million in 2Q15, a decrease of 25.0% compared to the 1Q15, and a decrease of 12.2% compared to the previous year.

It is worth noting that if the impact of R$ 13.9 million recorded in 2Q14 related to the provisioning of Alphaville's stock option plan is excluded, this item would have shown an increase of 88.5% over the same period last year, totaling R$49.9 million in 6M15.

This increase reflects the higher level of litigation expenses related to increased deliveries of older projects held in 2012, 2013 and 2014.

The Company continues to be more proactive and to mitigate risks associated with potential contingencies. Taking such approach into consideration, this line had a R$ 11.5 million impact in 2Q15.

The table below contains more details on the breakdown of this expense.

Table 16. Gafisa Segment – Other Operating Revenues/ Expenses (R$000)

	(24,622)	(19,965)	23%	(10,667)	131%	(44,587)	(26,669)	67%
Expenses w/ updating the balance of the stock options program for AUSA shares	-	-	-	(13,863)	-	-	(13,863)	-
	3,244	(8,556)	138%	179	1.712%	(5,312)	192	-2,867%
Total	**(21,378)**	**(28,521)**	**-25%**	**(24,351)**	**-12%**	**(49,899)**	**(40,340)**	**24%**

A higher volume of deliveries over the past three years, due to the delivery of delayed projects in discontinued markets, led to an increase in the level of contingencies. The Gafisa segment has since concentrated its operations only in the metropolitan regions of São Paulo and Rio de Janeiro. This new strategic positioning, combined with improved internal processes, is expected to result in fewer future legal claims and a subsequent decrease in the amount of expenses related to contingencies.

Adjusted EBITDA

Adjusted EBITDA for the Gafisa segment totaled R$52.4 million in 2Q15, a decrease of 37.1% compared to R$83.4 million in the prior year period and down 10.1% compared to R$58.3 million recorded in 1Q15. Adjusted EBITDA for the period was R$110.7 million compared to R$138.2 million in 1H14. Y-o-Y, 2Q15 EBITDA was impacted by the following factors: (i) especially due to a decrease in revenues; (ii) slight decrease in the level of gross margin; and (iii) the addition of R$14.0 million in expenses related to contingencies, recognized as Other Revenues/Expenses. It is worth noting that adjusted EBITDA for the Gafisa segment does not include equity income from Alphaville.

The adjusted EBITDA margin, using the same criteria, declined to 15.0%, compared with a margin of 20.9% in the previous year, and 17.1% in 1Q15. In 6M15, the EBITDA margin reached 16.1% versus 19.1% the previous year.

Table 17. Gafisa Segment – Adjusted EBITDA (R$000)

	8,452	20,205	-58%	**17,132**	-51%	28,656	**14,801**	94%
(+) Financial Results	2,966	9,744	-70%	4,405	-33%	12,710	12,229	4%
	278	7,350	-96%	7,208	-96%	7,628	11,230	-32%
(+) Depreciation & Amortization	8,079	8,279	-2%	11,311	-29%	16,358	22,517	-27%
	36,833	27,355	35%	32,321	14%	64,187	59,961	7%
(+) Expense w Stock Option Plan	1,850	2,090	-11%	20,809	-91%	3,940	24,379	-84%
	(848)	228	-472%	(1,441)	-41%	(620)	(1,989)	-69%
(-) Alphaville Effect Result	(5,210)	(16,960)	-69%	(8,392)	-38%	(22,170)	(4,965)	242%
	52,400	58,289	-10%	**83,353**	-37%	110,689	**138,163**	-16%
Net Revenue	**348,392**	340,058	2%	**397,907**	-12%	688,450	**724,657**	94%
	15.0%	17.1%	-210 bps	**20.9%**	**-590 bps**	**16.1%**	**19.1%**	-230 bps

1) EBITDA is adjusted by expenses associated with stock option plans, as this is a non-cash expense.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R$265.2 million in 2Q15. The consolidated margin for the quarter was 39.9%, an increase of 370 bps compared to the result posted last year.

Table 18. Gafisa Segment – Results to be recognized (REF) (R$000)

	664.074	742,154	-11%	1,298,089	-49%
Costs to be recognized (units sold)	(398.884)	(448,061)	-11%	(827,728)	-52%
	265.190	**294,093**	-10%	470,361	-44%
Backlog Margin	**39,9%**	**39.6%**	30 bps	36.2%	370 bps

TENDA SEGMENT

Focuses on affordable residential developments, classified within the Range II of Minha Casa, Minha Vida Program.

Operating Results

Launches and Sales

Second quarter launches totaled R$229.4 million and included 6 projects/phases in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul, Bahia and Pernambuco. The Tenda segment accounted for 47.6% of launches in the quarter. In the first six months of the year, launch volumes reached R$ 467.7 million.

During 2Q15, gross sales reached R$343.7 million and dissolutions were R$53.8 million, totaling net pre-sales of R$289.9 million, an increase of 19.1% compared to the previous quarter and an increase of 59.6% y-o-y. In 6M15, the volume of dissolutions was R$110.1 million and net pre-sales totaled R$533.5 million, 128.5% higher in comparison to 6M14.

Sales from units launched during 2Q15 accounted for 14.2% of total sales.

Table 19. Tenda Segment – Launches and Pre-sales (R$000)

	229,366	238,354	-4%	99,011	132%	467,720	280,456	67%
Pre-Sales	289,946	243,537	19%	181,728	60%	533,483	233,495	129%

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Sales over Supply (SoS)

In 2Q15, sales velocity (sales over supply) was 28.2%, and on a trailing 12 month basis, Tenda SoS ended 2Q15 at 48.5%.

Below is a breakdown of Tenda SoS, broken down by both legacy and New Model projects throughout 2Q15.

Table 20. SoS Gross Revenue (Ex-Dissolutions)

	25.3%	11.8%	18.8%	30.9%	35.2%
Legacy Projects	17.7%	-2.0%	5.0%	7.0%	12.0%
	20.8%	**4.8%**	**13.3%**	**23.3%**	**28.2%**

Table 21. SoS Net Revenue

	32.2%	20.3%	22.0%	32.7%	37.4%
Legacy Projects	35.8%	28.3%	17.5%	20.1%	24.3%
	34.3%	**24.4%**	**20.2%**	**28.6%**	**33.4%**

Dissolutions

The level of dissolutions in the Tenda segment totaled R$53.8 million in 2Q15, down 4.6% from 1Q15 and down 54.3% compared to 2Q14.

As expected, the amendment in new sales processing, established in August 2014, reduced the level of dissolutions during the period. Approximately 71% of the dissolutions in the period were related to old projects.

Table 22. PSV Dissolutions – Tenda Segment (R$ thousand and % of gross sales by model)

	24,977	21.5%	31,640	42.1%	18,003	14.3%	12,594	4.2%	15,648	4.5%
Legacy Projects	92,637	50.6%	114,697	107.1%	48,281	71.7%	43,737	14.6%	38,115	11.1%
	117,614	39.3%	146,337	80.3%	66,285	34.4%	56,332	18.8%	53,763	15.6%

Table 23. Tenda Segment – Net Pre-sales by Market (R$ million)

Gross Sales	-	-	-	-	13.6	57.0	59.7	84.5	94.3	116.3	75.2	125.6	232.6
	-	-	-	-	-	(2.1)	(7.4)	(6.3)	(34.2)	(25.1)	(31.6)	(18.0)	(12.6)
Net Sales	-	-	-	-	13.6	54.9	52.3	78.2	60.2	91.2	43.5	107.6	220.0
Gross Sales	249.1	344.9	293.8	287.9	225.6	270.7	223.9	154.2	150.6	183.0	107.1	67.3	67.3
	(339.6)	(329.1)	(263.7)	(317.6)	(232.5)	(155.7)	(126.0)	(68.8)	(159.0)	(92.5)	(114.7)	(48.3)	(43.7)
Net Sales	(90.4)	15.7	30.0	(29.7)	(6.9)	115.0	97.9	85.4	(8.4)	90.6	(7.6)	19.0	23.5
Dissolutions (Units)	3.157	2.984	2.202	2.509	1.700	1.172	924	491	1.270	820	948	428	367
	249.1	344.9	293.8	287.9	239.3	327.7	283.6	238.7	244.9	299.3	182.2	192.9	299.9
Dissolutions	(339.6)	(329.1)	(263.7)	(317.6)	(232.5)	(157.8)	(133.5)	(75.1)	(193.2)	(117.6)	(146.3)	(66.3)	(56.3)
	(90.4)	15.7	30.0	(29.7)	6.8	169.8	150.1	163.6	51.8	181.7	35.9	126.6	243.5
Total (R$)	**(90.4)**	**15.7**	**30.0**	**(29.7)**	**6.8**	**169.8**	**150.1**	**163.6**	**51.8**	**181.7**	**35.9**	**126.6**	**243.5**
	(95.7)	**21.5**	**8.0**	**(3.6)**	**36.2**	**142.6**	**119.2**	**122.4**	**57.2**	**151.4**	**39.0**	**116.7**	**217.7**
Out of MCMV	**6.3**	**(5.7)**	**22.1**	**(26.0)**	**(29.4)**	**29.2**	**30.9**	**41.2**	**(5.4)**	**30.3**	**(3.1)**	**9.9**	**25.8**

Tenda remains focused on the completion and delivery of legacy projects and is dissolving contracts with ineligible clients, so as to sell the units to new qualified customers.

Tenda had 373 units cancelled and returned to inventory in the second quarter, and 167 units which were already in inventory were resold to qualified customers during the same period. The sale and transfer process plays an important role in the New Tenda Business Model. It is expected that within a period of up to 90 days, the effective sale and transfer process will be complete.

Tenda Segment Transfers

In the 2Q15, 2,019 units were transferred to financial institutions, representing R$254.0 million in net pre-sales.

Table 24. Tenda Segment – PSV Transferred – Tenda (R$000)

	-	26,609	52,466	42,921	49,776	69,563	59,736	67,621	114,939	200,902
Legacy Projects	274,358	249,699	230,613	145,038	139,721	154,155	100,361	74,773	59,110	53,112
	274,358	276,308	283,079	187,959	189,497	223,717	160,097	142,393	174,049	254,014

1) PSV transferred refers to the conclusion of the transfer operation. 2) PSV = Potential sales volume of the units.

Tenda Segment Delivered Projects

During 2Q15, Tenda delivered 5 projects/phases and 1,240 units, reaching a PSV of R$177.2 million, ending 6M15 with 2,927 units delivered and a PSV of R$ 393.5 million. It is worth noting that there are only two remaining construction sites from Tenda’s legacy projects, with 640 remaining units to be delivered in the next months.

Inventory

The market value of Tenda inventory was R$738.4 million at the end of the 2Q15, down 8.1% when compared to R$803.5 million at the end of 4Q14. Inventory related to the remaining units for the Tenda segment totaled R$272.9 million or 37.0% of the total, down 12.5% versus 1Q15 and 35.3% as compared to 2Q14. During the quarter, inventory comprising units within the Minha Casa Minha Vida program totaled R$596.5 million, or 80.8% of total inventory, while units outside the program totaled R$141.8 million, a decrease of 18.8% q-o-q and 30.0% y-o-y.

Table 25. Tenda Segment – Inventory at Market Value (R$000) – by Region

	238,898	26,487	10,174	(104,321)	7,047	178,284	-25.4%
Rio Grande do Sul	19,805	46,400	6,814	(29,474)	(144)	43,401	119.1%
	201,420	40,292	9,371	(81,920)	(5,431)	163,732	-18.7%
Bahia	129,260	69,660	4,297	(56,410)	2,699	149,507	15.7%
	52,603	46,527	1,962	(23,446)	(3,579)	74,068	40.8%
Minas Gerais	94,900	-	12,973	(38,335)	(4,820)	64,718	-31.8%
	66,609	-	8,171	(9,802)	(331)	64,648	-2.9%
Total Tenda	**803,495**	229,366	53,763	(343,709)	(4,557)	**738,358**	-8.1%
	628,909	229,366	26,221	(286,255)	(1,709)	596,533	-5.1%
Out of MCMV	174,586	-	27,542	(57,454)	(2,848)	141,825	-18.8%

[1] The quarter adjustments reflect updates related to project scope, expected launch date and inflationary adjustments to landbank during the period.

Table 26. Tenda Segment – Inventory at Market Value (R$000) – Construction Status

	158,791	192,052	84,680	27,961	2,020	465,505
Legacy – MCMV	-	-	58,751	134	72,143	131,027
	-	-	-	7,397	134,428	141,825
Total Tenda	**158,791**	192,052	143,431	35,492	208,591	738,358

1) Inventory at market value includes projects in partnership. This indicator is not comparable to the accounting inventory, due to the implementation of new accounting practices on behalf of CPC's 18, 19 and 36.

Tenda Segment Landbank

The Tenda segment land bank, with a PSV of approximately R$4.0 billion, is comprised of 110 different projects/phases, of which 18% are located in São Paulo, 12% in Rio Grande do Sul, 29% in Rio de Janeiro, 5% in Minas Gerais, 30% in Bahia, and 6% in Pernambuco. In total these amount to more than 28,000 units.

Table 27. Tenda Segment – Landbank (R$000)

	714,679	0.0%	0.0%	0.0%	4,612	4,612
Rio Grande do Sul	471,559	16.3%	0.0%	16.3%	3,340	3,340
	1,176,586	17.4%	17.4%	0.0%	8,105	8,223
Bahia	1,199,945	11.5%	11.5%	0.0%	9,499	9,560
	242,818	15.5%	15.5%	0.0%	1,863	1,888
Minas Gerais	191,035	56.4%	56.4%	0.0%	1,190	1,272
	3,996,623	**15.2%**	**12.4%**	**2.7%**	28,609	28,895

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Table 28. Tenda Segment – Changes in the Landbank (1Q15 x 2Q15 - R$000)

	663,898	80,959	26,487	(3,690)	714,679
Rio Grande do Sul	518,399	-	46,400	(440)	471,559
	1,136,324	81,337	40,292	(782)	1,176,586
Bahia	1,278,855	-	69,660	(9,250)	1,199,945
	285,985	-	46,527	3,360	242,818
Minas Gerais	191,035	-	-	-	191,035
	4,074,495	**162,296**	**229,366**	**(10,802)**	**3,996,623**

In 2Q15, the Company acquired 4 new land plots with potential PSV of R$162.3 million, representing an acquisition cost of R$20.2 million. The acquisition was financed by 54% cash and 46% swap agreements.

New Model Update and Turnaround

During 2015, Tenda launched projects under its New Business Model, which is based on three pillars: operational efficiency, risk management, and capital discipline.

Currently, the Company continues to operate in six macro regions: São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador and Recife, with a total of 33 projects and a launched PSV of R$1,394.9 million to date. Below is a brief description of the performance of these projects, except for projects launched at the end of 2Q15.

It is worth noting that the Tenda segment has delivered 11 projects, totaling 3,539 units and R$467.5 million in PSV, all of them attaining the performance and profitability drivers established for the New Model.

Table 29. Tenda – New Model Monitoring 2013, 2014 and 2015

	mar/13	mar/13	may/13	jul/13	aug/13	nov/13	dec/13
State	SP	BA	SP	BA	SP	RJ	SP
	580	440	240	339	260	300	300
Total PSV (R$000)	67.8	45.9	33.1	37.9	40.9	40.4	48.0
	580	436	240	334	260	290	299
% Sales	100%	99%	100%	99%	100%	97%	100%
	14%	6%	8%	5%	12%	6%	10%
Transferred	580	435	240	321	260	206	298
	100%	99%	100%	95%	100%	69%	99%
Work Progress	100%	100%	100%	100%	100%	100%	100%

	fev/14	mar/14	mar/14	apr/14	may/14	mai/14	aug/14	sep/14	oct/14	nov/14	dec/14	dec
State	BA	RJ	PE	SP	RJ	MG	RJ	BA	SP	SP	SP	B
	340	440	432	100	259	432	312	340	200	160	260	30
Total PSV (R$ 000)	42.4	63.8	58.8	16.4	38.6	60.4	49.6	41.7	31.0	28.8	41.6	36
	335	412	417	96	140	336	252	295	193	150	250	15
% Sales	99%	94%	97%	96%	54%	78%	81%	87%	97%	94%	96%	51
	5%	6%	7%	9%	4%	6%	7%	10%	13%	12%	15%	8
Transferred	315	317	322	98	45	266	137	197	173	127	219	12
	93%	72%	75%	98%	17%	62%	44%	58%	87%	79%	84%	43
Work Progress	100%	100%	68%	100%	15%	28%	88%	76%	100%	81%	49%	12

							Vida Alegre F1	**Flor de Liz**	**Vila Atlantica F2**	**Mar de Abrantes**	**Pq. Rio Maravilh F2**
	jan/15	feb/15	feb/15	mar/15	mar/15	mar/15	abr/15	mai/15	jun/15	jun/15	jun/15
State	SP	RJ	PE	SP	SP	BA	RS	SP	BA	BA	RJ
	280	220	304	200	220	440	320	180	200	360	280
Total PSV (R$ 000)	46.9	33.7	39.2	33.7	33.6	51.2	46.4	26.5	25.7	43.9	40.3
	243	39	98	58	202	54	132	60	-	-	-
% Sales	87%	18%	32%	29%	92%	12%	41%	33%	-	-	-
	16%	4%	8%	8%	26%	4%	21%	17%	-	-	-
Transferred	215	0	49	26	129	29	54	20	-	-	-
	77%	0%	16%	13%	59%	7%	17%	11%	-	-	-
Work Progress	4%	2%	2%	2%	49%	2%	6%	4%	-	-	-

The run-off of legacy projects is on schedule and expected to be concluded in 2015, with all remaining units to be delivered within the coming months.

Financial Result

Revenues

Tenda's net revenues in 2Q15 totaled R$243.1 million, an increase of 35.5% compared with 1Q15, demonstrating an increased volume of net sales as a result of the lower level of dissolutions in the period. As shown in the table below, revenues from new projects accounted for 73.3% of Tenda's revenues in 2Q15, while revenues from older projects accounted for the remaining 26.7%.

Table 30. Tenda – Pre-Sales and Recognized Revenues (R$000)

	107,472	37.1%	24,904	10.2%	-	-	-	-
2014	144,079	49.7%	145,771	60.0%	42,641	23.5%	5,252	3.0%
	1,294	0.4%	7,566	3.1%	48,527	26.7%	63,510	35.9%
≤ 2012	37,101	12.8%	64,894	26.7%	90,561	49.8%	111,652	63.1%
	-	0%	-	0%	-	-	(3,491)	-2.0%
Total	**289,946**	**100%**	**243,137**	**100%**	**181,728**	**100.0%**	**176,923**	**100.0%**
	37,101	12.8%	64,894	26.7%	90,561	49.8%	108,161	61.1%
New Model	252,845	87.2%	178,242	73.3%	91,167	50.2%	68,762	38.9%

Gross Profit & Margin

Gross profit in 2Q15 totaled R$68.3 million, compared to R$51.1 million in 1Q15, and R$45.8 million in the 2Q14. Gross margin for the quarter reached 28.1%, compared to 28.5% in 1Q15 and 25.9% in 2Q14. The year-over-year improvement in gross margin is due to the increased participation of projects launched under the New Business Model, which are more profitable. Both the reduction in volume of older projects, with only two projects still under development (to be delivered in the coming months), and the increase in the number of projects launched under the New Model, contributed to the improved results.

Tenda's adjusted gross margin ended 2Q15 at 30.1%, in line with the 30.0% recorded in 1Q15, and the 30.4% in 2Q14. During 6M15, Tenda's adjusted gross margin was 30.1%, above 24.5% in 6M14.

The table below shows Tenda's gross margin breakdown in 2Q15. It is worth noting that the gross margin for the first projects under Tenda's New Business Model also benefits from the use of older land bank, resulting in increased profitability.

Table 31. Tenda – Gross Margin (R$000)

	243,137	179,443	35%	176,923	37%	422,580	282,874	49%

Gross Profit	68,275	51,053	34%	45,769	49%	119,328	54,227	120%
	28.1%	28.5%	-40 bps	25.9%	220 bps	28.2%	19.2%	900 bps
(-) Financial Costs	(5,010)	(2,747)	82%	(8,036)	-38%	(7,757)	(15,141)	-49%
	73,285	53,800	36%	53,805	36%	127,085	69,368	83%
Adjusted Gross Margin	30.1%	30.0%	10 bps	30.4%	-30 bps	30.1%	24.5%	560 bps

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Selling, General and Administrative Expenses (SG&A)

During 2Q15, selling, general and administrative expenses totaled R$39.3 million, a 41.2% decrease compared to R$27.8 million in 1Q15, and stable y-o-y. In 6M15, SG&A totaled R$67.1 million, a 4.8% reduction from 6Q14

Selling expenses totaled R$17.7 million in 2Q15, a 20.4% increase y-o-y and a 35.6% increase q-o-q, due to the ongoing expansion in launch volume and gross sales of the Tenda segment. In 6M15, selling expenses increased 16.0% year-over-year to R$ 30.7 million.

In regards to G&A expenses, there was a reduction of 13.6% y-o-y and an increase of 46.1% q-o-q. This was mainly driven by the reversal of the residual balance of the Profit Sharing provision of R$5.6 million, which was accrued during 2014 and reversed in 1Q15. YTD, general and administrative expenses totaled R$36.4 million, 17.3% below the R$ 44.0 million recorded in 6M14.

Another step taken by the Tenda segment to improve its operational and financial cycle is a reduction in the cost structure to a level more compatible with the current stage of the Company's business model, in order to achieve better profitability.

Table 32. Tenda – SG&A Expenses (R$000)

	17,659	13,021	36%	14,668	20%	30,680	26,455	16%
General & Admin Expenses	21,604	14,783	46%	25,012	-14%	36,387	43,982	-17%
	39,263	**27,804**	41%	**39,680**	**-1%**	**67,067**	**70,437**	-5%
Launches	229,366	238,354	-4%	99,011	132%	467,720	280,456	67%
	289,946	243,537	19%	181,728	60%	533,483	233,495	128%
Net Revenue	243,137	179,443	35%	176,923	37%	422,580	282,874	49%

Other Operating Revenues/ Expenses totaled R$11.7 million, a decrease of 22.0% compared to the 2Q14 and an increase of 131.9% compared to 1Q15, mainly due to the write-off of assets related to the revision work of Tenda's legal deposits. The table below contains details on the breakdown of this expense.

Table 33. Tenda Segment – Other Revenues/Operating Expenses (R$000)

	(4,796)	(6,105)	-21%	(14,981)	-68%	(10,901)	(25,127)	-57%
Other	(6,877)	1,071	-742%	13	-53,000%	(5,806)	156	-3,822%
	(11,673)	**(5,034)**	**132%**	**(14,968)**	**-22%**	**(16,707)**	**(24,971)**	**-33%**

Over the past two years, the strong volume of deliveries related to delayed projects resulted in increased contingencies in the Tenda segment. The Company expects to see a reduction in the volume of such expenses over the coming years based on the delivery of the final legacy projects over the coming months and the increased contribution of New Model projects demonstrating strong operational performance.

Adjusted EBITDA

Adjusted EBITDA was positive R$15.2 million in 2Q15, compared to negative R$1.9 million last year and positive R$21.1 million in 1Q15, impacted by higher selling, general and administrative expenses, and also by an increase in other operating expenses q-o-q, due to non-recurring adjustments. In the first half, adjusted EBITDA was positive R$36.3 million against a negative result of R$26.8 million in the previous year.

The increasing participation of projects under the New Model in Tenda's revenue mix, due to the conclusion of old projects and increase in launches since 2013, has resulted in improved gross margins in recent quarters. Combined with the better performance of and efficiencies in Tenda's cost structure, this resulted in a significant increase in EBITDA in the Tenda segment during the period.

Adjusted EBITDA margin reached 6.3% in 2Q15 and 8.6% in 1H15.

Table 34. Tenda – Adjusted EBITDA (R$000)

	20,035	**11,446**	**75%**	**(17,983)**	**211%**	**31,481**	**(55,443)**	**157%**
(+) Financial Results	(5,651)	(1,528)	270%	(1,333)	324%	(7,179)	(1,243)	478%
	(6,032)	4,810	-225%	4,464	-235%	(1,222)	7,039	-117%
(+) Depreciation & Amortization	3,482	3,390	3%	4,666	-25%	6,872	7.482	-8%
	5,010	2,747	82%	8,036	-38%	7,757	15,141	-49%
(+) Expenses with Stock Option Plan	533	527	1%	6	8,783%	1,061	25	4,144%
	(2,156)	(278)	676%	237	-1,010%	(2,434)	179	-1,460%
Adjusted EBITDA	**15,221**	**21,114**	**-28%**	**(1,907)**	**898%**	**36,335**	**(26,820)**	**235%**
	243,137	**179,443**	**35%**	**176,923**	**37%**	**422,580**	**282,874**	**49%**
Adjusted EBITDA Margin	**6.3%**	**11.8%**	**-550 bps**	**-1.1%**	**740 bps**	**8.6%**	**-9.5%**	**1,810 bps**

11) EBITDA is adjusted by expenses associated with stock option plans, as this is a non-cash expense.

2) Tenda does not hold equity interest in Alphaville. In 4Q13, the result of the sale of the participation in Alphaville, which was allocated to Tenda, was excluded.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method was R$99.0 million in 2Q15. The consolidated margin for the quarter was 41.7%.

Table 35. Results to be recognized (REF) (R$000)

	237.309	188.447	26%	207.912	14%
Costs to be recognized (units sold)	(138.261)	(114.973)	20%	(146.349)	-6%
	99.048	**73.474**	**35%**	**61.563**	**61%**
Backlog Margin	**41,7%**	**39,0%**	**270 bps**	**29,6%**	**1.210 bps**

Balance Sheet and Consolidated Financial Results

Cash and Cash Equivalents

On June 30, 2015, cash and cash equivalents, and securities, totaled R$876.8 billion.

Accounts Receivable

At the end of the 2Q15, total consolidated accounts receivable decreased 20.7% y-o-y to R$2.8 billion, and remained stable compared to 1Q15. The Gafisa and Tenda segments have approximately R$524.5 million in accounts receivable from finished units, out of which R$226.7 million is currently being transferred to financial institutions.

Table 36. Total Receivables (R$000)

	935,530	965,855	-3%	1,563,052	-40%
Receivables from PoC – ST (on balance sheet)	1,464,279	1,476,007	-1%	1,709,718	-14%
	450,243	417,746	8%	322,356	40%
Total	**2,850,052**	**2,859,608**	**0%**	**3,595,126**	**-21%**

Notes: ST – Short term | LT- Long term | PoC – Percentage of Completion Method.

Receivables from developments: accounts receivable not yet recognized according to PoC and BRGAAP.

Receivables from PoC: accounts receivable already recognized according to PoC and BRGAAP.

Cash Generation

The Company's operating cash generation reached R$13.1 million in 2Q15. The Gafisa segment contributed cash generation of R$7.4 million, considering the impact of the bonus payment and profit sharing from the prior year, which is always verified during the second half of the year. It was also impacted by slightly lower transfer volumes compared to the prior quarter, resulting from the delivery of more corporate projects in this semester. The volume of transferring/receiving process of units sold to financing agents reached R$169.8 million during the period, and R$367.8 million YTD. The Tenda segment generated R$5.7 million in cash, with R$180.7 million transferred in 2Q15 and R$285.0 million in 6M15. In 1H15, the Company generated operating cash of R$19.4 million.

While consolidated operating cash generation reached R$13.1 million, the Company ended 2Q15 with operating cash consumption of R$28.1 million, and consumption of R$97.8 million in 1H15. It is worth highlighting that this result does not include the R$22.1 million used in the share buyback program during the quarter.

Table 37. Cash Generation (R$000)

	1,157,254	**1,116,169**	**876,813**
Change in Availabilities(1)		(41,085)	(239,356)
	2,597,554	**2,651,383**	**2,440,095**
Change in Total Debt + Inventor Obligations (2)		53,829	(211,288)
	426,509	**208,740**	**208,740**
Change in Other Investments (3)		25,162	-
		(69,753)	**(28,068)**
Cash Generation Final		**(69,753)**	**(97,821)**

*The 4Q14 data refers only to the final balance of the period in order to help in the reconciliation of the balance changes in 2015.

Liquidity

At the end of June 2015, the Company’s Net Debt/Equity ratio reached 50.4%, stable compared to 50.0% in the previous quarter. Excluding project finance, the Net Debt/Equity ratio was negative 11.7%.

The Company's consolidated gross debt reached R$2.4 billion at the end of 2Q15, a decrease of 7.8% compared to 1Q15 and 9.0% y-o-y. In the 2Q15, the Company amortized R$411.3 million in debt, of which R$269.5 million was project finance and R$141.8 million was corporate debt. However, around R$122.7 million was released, allowing for a net amortization of R$284.5 million. For the 6M15, approximately 55.5% of gross debt with maturity scheduled for 2015 was amortized. During the first half, new releases of R$275.8 million were held, of which R$220.8 million comprised project debt and R$55 million corporate debt, thus allowing for a net amortization in the first six months of R$ 313.0 million.

Table 38. Debt and Investor Obligations (R$000)

	784,992	914,209	-14%	925,850	-15%
Debentures – Working Capital (B)	360,025	356,359	1%	310,052	16%
	1,142,459	1,103,283	4%	1,012,618	13%
Working Capital (D)	145,324	264,102	-45%	424,669	-66%
	2,432,800	**2,637,953**	**-8%**	**2,673,189**	**-9%**
Investor Obligations (F)	7,296	13,430	-46%	14,662	-50%
	2,440,096	**2,651,383**	**-8%**	**2,687,851**	**-9%**
Cash and Availabilities (H)	**876,813**	**1,116,168**	**-21%**	**1,279,568**	**-31%**
	1,563,283	**1,535,215**	**2%**	**1,408,283**	**11%**
Equity + Minority Shareholders (J)	**3,099,492**	**3,070,891**	**1%**	**3,138,131**	**-1%**
	50.4%	**50.0%**	**40 bps**	**44.9%**	**550 bps**
(Net Debt – Proj Fin) / Equity (I)-((A)+(C))/(J) = (L)	**-11.7%**	**-15.7%**	**-400 bps**	**-16.9%**	**-520 bps**

The Company ended the second quarter of 2015 with R$1.1 billion in total debt due in the short term. It should be noted, however, that 72.5% of this volume relates to debt linked to the Company's projects. Currently, the average cost of consolidated debt is 13.49% p.y., or 99.38% of the CDI.

Table 39. Debt Maturity (R$000)

	TR + 9.08% - 9.8247%	784,992	310,659	324,555	149,778	-	-
Debentures – Working Capital (B)	CDI + 1.90% - 1.95% / IPCA + 7.96% - 8.22%	360,025	165,769	26,694	64,402	83,886	19,274
	TR + 8.30% - 11.00% / 117.0% CDI / 12.87%	1,142,459	465,997	520,337	117,590	36,542	1,993
Working Capital (D)	CDI + 2.20% / 117.9% CDI	145,324	124,326	20,998	-	-	-
		2,432,800	**1,066,751**	**892,584**	**331,770**	**120,428**	**21,267**
Investor Obligations (F)	CDI + 0.59%	7,296	5,016	2,280	-	-	-
		2,440,096	**1,071,767**	**894,864**	**331,770**	**120,428**	**21,267**
% Total Maturity per period		-	43.9%	36.7%	13.6%	4.9%	0.9%
		-	72.5%	94.4%	80.6%	30.3%	9.4%
Volume of maturity of Corporate debt as % of total debt ((B)+(D) + (F))/ (G)		**-**	27.5%	5.6%	19.4%	69.7%	90.6%
		21.0% / 79.0%	**-**	**-**	**-**	**-**	**-**

Financial Result

Revenue

On a consolidated basis, net revenue in the 2Q15 totaled R$591.5 million, up 13.9% over the 1Q15 and up 2.9% from 2Q14. In the quarter, the Gafisa segment represented 58.9% of consolidated revenues, while Tenda accounted for the remaining 41.1%. In 6M15, consolidated net revenue reached R$1.1 billion, in line with previous year.

Gross Profit & Margin

Gross profit in 2Q15 was R$158.5 million, compared to R$149.2 million in 1Q15, and R$164.9 million in the prior year quarter. Gross margin for the quarter reached 26.8%, a decline when compared to prior periods.

Adjusted gross profit reached R$200.4 million, with a margin of 33.9%, compared to 34.5% in the 1Q15 and 35.7% in the previous year. Supported by stable results in the Gafisa segment, and the higher volume and consolidation of Tenda's New Business Model operations, the Company has been able to maintain its adjusted gross margin at a healthy level throughout the past few quarters.

The gross margin has improved during the last two years as Gafisa and Tenda legacy projects have been concluded, reducing their impact on the Company's results. At the same time, the contribution of more profitable projects launched in core markets and under the Tenda segment's New Model has increased during recent quarters.

Table 40. Gafisa Group – Gross Margin (R$000)

	591,529	519,501	14%	574,830	3%	1,111,030	1,007,531	10%
Gross Profit	158,543	149,200	6%	164,904	-4%	307,743	262,252	17%
	26.8%	28.7%	-190 bps	28.7%	-190 bps	27.7%	26.0%	170 bps
(-) Financial Costs	(41,843)	(30,102)	39%	(40,357)	4%	(71,945)	(75,102)	-4%
	200,386	179,302	12%	205,261	-2%	379,688	337,354	12%
Adjusted Gross Margin	33.9%	34.5%	-60 bps	35.7%	-180 bps	34.2%	33.5%	70 bps

Selling, General and Administrative Expenses (SG&A)

SG&A expenses totaled R$89.7 million in 2Q15, up 26.7% q-o-q, due to the higher volume of launches and gross sales in the period, resulting in higher marketing expenses. Compared to the 2Q14, there was a 9.9% reduction. In the 6M15, selling, general and administrative expenses totaled R$160.5 million, 11.7% lower than 1H14.

Table 41. Gafisa Group – SG&A Expenses (R$000)

	40,635	27,113	50%	43,093	-6%	67,748	73,875	-8%
General and Admin Expenses	49,070	43,670	12%	56,418	-13%	92,738	107,837	-14%
	89,705	**70,783**	**27%**	**99,511**	**-10%**	**160,486**	**181,712**	**-12%**
Launches	481,951	313,581	54%	413,744	16%	795,532	949,123	-16%
	532,131	423,344	26%	433,018	23%	955,475	672,341	42%
Net Revenue	591,529	519,501	14%	574,830	3%	1,111,030	1,007,531	10%

Given the substantial decrease in the volume of legacy projects and current market conditions, the Company is seeking to streamline its cost and expense structure and SG&A. In the coming quarters, the Company is looking to improve productivity and increase the efficiency and assertiveness of its operations.

The Other Operating Revenues/ Expenses line totaled an expense of R$33.1 million, down 1.5% compared to the 1Q15, and up 15.9% compared to the previous year. In 6M15, this line reached R$66.6 million.

The table below contains more details on the breakdown of this expense.

Table 42. Gafisa Group – Other Operating Revenues/ Expenses (R$000)

	(29,418)	(26,070)	13%	(25,648)	15%	(55,488)	(51,796)	7%
Expenses w/ upgrading the balance of the stock options program for AUSA shares	-	-	-	(13,863)	-	-	(13,863)	-
	(3,633)	(7,485)	-51%	192	-1,992%	(11,118)	348	-3,295%
Total	**(33,051)**	**(33,555)**	**-2%**	**(39,319)**	**-16%**	**(66,606)**	**(65,311)**	**2%**

Consolidated Adjusted EBITDA

Consolidated adjusted EBITDA, including Alphaville equity income, totaled R$72.8 million in 2Q15, down from R$96.4 million in 1Q15 and R$89.8 million in the prior-year period. Consolidated adjusted EBITDA margin using the same criteria was 12.3%, compared with a 15.6% margin reported in the previous year and 18.6% reported in 1Q15. In 6M15, consolidated EBITDA reached R$169.2 million, with a 15.2% margin.

Table 43. Gafisa Group – Consolidated Adjusted EBITDA (R$000)

	28,487	**31,651**	**-10%**	**(851)**	**3,447%**	**60,137**	**(40,642)**	**248%**
(+) Financial Results	(2,685)	8,216	-133%	3,072	-187%	5,531	10,986	-50%
	(5,754)	12,160	-147%	11,672	-149%	6,406	18,269	-65%
(+) Depreciation & Amortization	11,561	11,669	-1%	15,977	-28%	23,230	29,999	-23%
	41,843	30,102	39%	40,357	4%	71,945	75,102	-4%
(+) Expenses with Stock Option Plan	2,383	2,617	-9%	20,815	-89%	5,001	24,404	-80%
	(3,004)	(50)	-5,908%	(1,204)	-150%	(3,055)	(1,810)	-69%
Adjusted EBITDA	**72,831**	**96,363**	**-24%**	**89,838**	**-19%**	**169,194**	**116,308**	**45%**
	591,529	**519,501**	**14%**	**574,830**	**3%**	**1,111,030**	**1,007,531**	**10%**
Adjusted EBITDA Margin	**12.3%**	**18.6%**	**-630 bps**	**15.6%**	**-330 bps**	**15.2%**	**11.5%**	**370 bps**

1) EBITDA adjusted by expenses associated with stock option plans. as this is a non-cash expense.

2) Consolidated EBITDA considers the equity income from Alphaville.

Depreciation and Amortization

Depreciation and amortization in the 2Q15 reached R$11.6 million, stable compared to 1Q15 and down 27.6% compared to R$16.0 million recorded in 2Q14, due to the lower expense from the depreciation of sales booths, used by developers to market projects, in the period. In 1H15, this line totaled R$23.2 million compared to R$30.0 million reported in the previous year.

Financial Results

Net financial result was positive R$2.7 million in the 2Q15, higher than a negative result of R$3.1 million in 1Q15. Financial revenues totaled R$44.3 million, a 16.6% y-o-y increase due to the higher annual interest rate registered in the period. Financial expenses reached R$41.6 million, compared to R$41.0 million in 2Q14, impacted by the decrease in the level of gross indebtness in the period. YTD, the net financial result was negative
R$ 5.5 million, compared to a net loss of R$ 11.0 million in the same period last year.

Taxes

Income taxes, social contribution and deferred taxes for 2Q15 amounted to a credit of R$5.8 million, due to the constitution of deferred income tax in the amount of R$8.9 million in a subsidiary. In the first half, income tax and social contribution totaled R$6.4 million.

Net Income

Gafisa Group ended the 2Q15 with a net profit of R$28.5 million. Excluding the equity income from AUSA, the Company recorded net income of R$23.3 million in the quarter, compared to a net loss of R$9.2 million recorded in 2Q14 and R$14.7 million in 1Q15. In 6M15, net income was positive R$ 60.1 million, including Alphaville's equity income, compared to a net loss of R$ 40.6 million in the same period last year.

Table 44. Consolidated – Net Income (R$000)

	591,529	519,501	14%	574,830	3%	1,111,030	1,007,531	10%
Gross Profit	**158,543**	**149,200**	**6%**	**164,904**	**-4%**	**307,743**	**262,252**	**17%**
	26.8%	28.7%	-190 bps	28.7%	-190 bps	27.7%	26.0%	170 bps
Adjusted Gross Profit[1]	**200,386**	**179,302**	**12%**	**205,261**	**-2%**	**379,688**	**337,354**	**13%**
	33.9%	*34.5%*	*-60 bps*	*35.7%*	*-180 bps*	*34.2%*	*33.5%*	*70 bps*
	72,831	**96,363**	**-24%**	**89,838**	**-19%**	**169,194**	**116,308**	**45%**
	12.3%	*18.6%*	*-630 bps*	*15.6%*	*-330 bps*	*15.2%*	*11.5%*	*370 bps*
Net Income (ex- the sale of AUSA)	**28,487**	**31,651**	**-10%**	**(851)**	**-3.447%**	**60,137**	**(40,642)**	**248%**
	(5,210)	(16,960)	-69%	(8,392)	-38%	(22,170)	(4,965)	347%
Net Income (ex- AUSA Sale and Equity Income)	**23,277**	**14,691**	**58%**	**(9,243)**	**352%**	**37,967**	**(45,607)**	**183%**

1) Adjusted by capitalized interests.

2) EBITDA adjusted by expenses associated with stock option plans. as this is a non-cash expense.

3) Consolidated EBITDA includes the impact of Alphaville equity income.

Backlog of Revenues and Results

The backlog of results to be recognized under the PoC method reached R$364.2 million in the 2Q15. The consolidated margin for the quarter was 40.4%.

Table 45. Gafisa Group – Results to be recognized (REF) (R$000)

	901,383	930,601	-3%	1,506,001	-40%
Costs to be recognized (units sold)	(537,145)	(563,034)	-5%	(974,077)	-45%
	364,238	**367,567**	**-1%**	**531,924**	**-32%**
Backlog Margin	**40.4%**	**39.5%**	**90 bps**	**35.3%**	**510 bps**

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Alphaville net revenues reached R$ 507 million in 6M15

São Paulo, August 7th, 2015 – Alphaville Urbanismo SA releases its results for the 2nd quarter of the year (2Q and 6M).

Financial Results

In the second quarter of 2015, net revenues were R$ 267 million, 22.1% above the same period of 2014 and 11.6% higher than 1Q15. Net income was R$ 17 million, 33.2% lower than 2Q14 and 50.7% lower than the previous quarter.

Net Revenue	267	219	22.1%	240	11.6%
Net Income	17	26	-33.2%	35	-50.7%
Margin	6%	12%		15%	

In the first six months of the year, net revenues totaled R$ 507 million, 36.7% higher than 6M14. Net profit in the quarter was R$ 53 million, representing an increase 209.4% million considering 2Q14.

Net Revenue	507	371	36.7%
Net Income	53	17	209.4%
Margin	10%	5%	

For further information, please contact our Investor Relations team at ri@alphaville.com.br or +55 11 3038-7164

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Financial Statements Gafisa Segment

	348,392	340,058	2%	397,907	-12%	688,450	724,657	-5%
Operating Costs	(258,124)	(241,911)	7%	(278,772)	-7%	(500,035)	(516,632)	-3%
	90,268	98,147	-8%	119,135	-24%	188,415	208,025	-9%
Gross Margin	25.9%	28.9%	-300 bps	29.9%	-400 bps	27.4%	28.7%	-130 bps
	(79,420)	(60,622)	63%	(91,831)	-14%	(140,040)	(171,752)	-18%
Selling Expenses	(22,976)	(14,092)	63%	(28,425)	-19%	(37,068)	(47,420)	-22%
	(27,466)	(28,885)	-5%	(31,406)	-13%	(56,351)	(63,855)	-12%
Other Operating Revenues/Expenses	(21,378)	(28,521)	-25%	(24,351)	-12%	(49,899)	(40,340)	24%
	(8,079)	(8,279)	-2%	(11,311)	-29%	(16,358)	(22,517)	-27%
Equity income	479	19,157	-97%	3,662	-87%	19,636	2,380	725%
	10,848	37,527	-71%	27,304	-60%	48,375	36,273	33%
Financial Income	19,978	19,277	4%	24,160	-17%	39,255	55,320	-29%
	(22,944)	(29,021)	-21%	(28,565)	-20%	(51,965)	(67,549)	-23%
Net Income Before Taxes on Income	7,882	27,783	-72%	22,899	-66%	35,665	24,044	48%
	(1,028)	(2,012)	256%	(91)	7762%	(3,866)	(383)	909%
Income Tax and Social Contribution	750	(5,338)	-229%	(7,117)	-197%	(3,762)	(10,847)	-65%
	7,604	20,433	-63%	15,691	-52%	28,037	12,814	119%
Minority Shareholders	(848)	228	-472%	(1,441)	-41%	(619)	(1,989)	-69%
	8,452	20,205	-58%	17,132	-51%	28,656	14,803	94%

Financial Statements Tenda Segment

	243,137	179,443	35%	176,923	37%	422,580	282,874	49%
Operating Costs	(174,862)	(128,390)	36%	(131,154)	33%	(303,252)	(228,647)	33%
	68,275	51,053	34%	45,769	49%	119,328	54,227	120%
Gross Margin	*28.1%*	*28.5%*	*-40 bps*	*25.9%*	*220 bps*	*28.2%*	*19.2%*	*900 bps*
	(62,079)	(36,603)	70%	(60,384)	3%	(98,682)	(103,695)	-5%
Selling Expenses	(17,659)	(13,021)	36%	(14,668)	20%	(30,680)	(26,455)	16%
	(21,604)	(14,783)	46%	(25,012)	-14%	(36,387)	(43,982)	-17%
Other Operating Revenues/Expenses	(11,673)	(5,034)	132%	(14,968)	-22%	(16,707)	(24,971)	-33%
	(3,482)	(3,390)	3%	(4,666)	-25%	(6,872)	(7,482)	-8%
Equity income	(7,661)	(375)	1943%	(1,070)	616%	(8,036)	(805)	898%
	6,196	14,450	-57%	(14,615)	-142%	20,646	(49,468)	-142%
Financial Income	24,292	13,335	82%	13,805	76%	37,627	26,841	40%
	(18,641)	(11,807)	58%	(12,472)	49%	(30,448)	(25,598)	19%
Net Income Before Taxes on Income	11,847	15,978	-26%	(13,282)	-189%	27,825	(48,225)	-158%
	7,154	(3,288)	-318%	(1,771)	-504%	3,866	(1,012)	-482%
Income Tax and Social Contribution	(1,122)	(1,522)	-26%	(2,693)	-58%	(2,644)	(6,027)	-56%
	17,879	11,168	60%	(17,746)	-201%	29,047	(55,264)	-153%
Minority Shareholders	(2,156)	(278)	676%	237	-1.010%	(2,434)	179	1.460%
	20,035	11,446	75%	(17,983)	-211%	31,481	(55,443)	-157%

Consolidated Financial Statements

	591,529	519,501	14%	574,830	3%	1,111,030	1,007,531	10%
Operating Costs	(432,986)	(370,301)	17%	(409,926)	6%	(803,287)	(745,279)	8%
	158,543	149,200	6%	164,904	-4%	307,743	262,252	17%
Gross Margin	*26.8%*	*28.7%*	*-190 bps*	*28.7%*	*-190 bps*	*27.7%*	*26.0%*	*170 bps*
	(141,499)	(97,225)	46%	(152,215)	-7%	(238,722)	(275,447)	-13%
Selling Expenses	(40,635)	(27,113)	50%	(43,093)	-6%	(67,748)	(73,875)	-8%
	(49,070)	(43,668)	12%	(56,418)	-13%	(92,738)	(107,837)	-14%
Other Operating Revenues/Expenses	(33,051)	(33,555)	-2%	(39,319)	-16%	(66,606)	(65,311)	2%
	(11,561)	(11,669)	-1%	(15,977)	-28%	(23,230)	(29,999)	-23%
Equity pickup	(7,182)	18,782	-138%	2,592	-377%	11,600	1,575	637%
Operational Result	17,044	51,977	-67%	12,689	34%	69,021	(13,195)	-623%
	44,270	32,612	36%	37,965	17%	76,882	82,161	-6%
Financial Expenses	(41,585)	(40,828)	2%	(41,037)	1%	(82,413)	(93,147)	-12%
	19,729	43,761	-55%	9,617	105%	63,490	(24,181)	-363%
Deferred Taxes	6,126	(5,300)	-100%	(1,862)	-100%	826	(1,395)	-100%
	(372)	(6,860)	-184%	(9,810)	-159%	(7,232)	(16,874)	-62%
Net Income After Taxes on Income	25,483	31,601	-19%	(2,055)	-1,340%	57,084	(42,450)	-234%
Minority Shareholders	(3,004)	(50)	5,908%	(1,204)	150%	(3,053)	(1,810)	69%
	28,487	31,651	-10%	(851)	-3,447%	60,137	(40,640)	-248%

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Balance Sheet Gafisa Segment

Cash and cash equivalents	541,684	680,412	-20%	661,449	-18%
	1,030,823	1,074,721	-4%	1,285,496	-20%
Properties for sale	1,133,046	1,225,675	-8%	1,050,259	8%
	225,848	199,545	13%	256,083	-12%
Deferred selling expenses	4,406	8,584	-49%	19,024	0%
	6,074	6,074	0%	7,747	-22%
	2,941,881	**3,195,011**	**-8%**	**3,280,058**	**-10%**
Receivables from clients	410,855	384,928	7%	298,596	38%
	715,740	572,410	25%	467,708	53%
	171,972	163,184	5%	221,212	-22%
	1,298,567	**1,120,522**	**16%**	**987,516**	**31%**
	60,195	59,949	0%	63,149	-5%
Investments	1,963,775	1,947,616	1%	1,989,855	-1%
Total Assets	**6,264,418**	**6,323,098**	**-1%**	**6,320,578**	**-1%**
Loans and financing	582,668	537,032	8%	548,548	6%
	268,943	329,876	-18%	254,466	6%
Obligations for purchase of land and clients	228,010	274,886	-1%	293,195	-7%
	76,943	81,459	-6%	55,888	38%
Taxes and contributions	60,640	65,117	-7%	59,857	1%
	5,016	8,717	-42%	7,517	-33%
Other	433,116	395,181	10%	364,314	19%
	1,655,336	**1,692,268**	**0%**	**1,583,785**	**7%**
Loans and financings	668,119	796,607	-16%	756,049	-12%
	568,589	541,712	5%	582,508	-2%
Obligations for purchase of land and clients	117,839	61,234	21%	66,983	11%
	28,589	27,560	4%	44,667	-36%
Provision for contingencies	75,190	75,190	0%	67,745	11%
	4,713	4,713	0%	7,145	-34%
Other	45,109	53,911	-16%	74,555	-39%
	1,508,148	**1,560,927**	**-6%**	**1,599,652**	**-8%**

Shareholders' Equity	3,097,879	3,066,949	1%	3,116,181	-1%
	3,055	2,954	3%	20,960	-85%
	3,100,934	**3,069,903**	**1%**	**3,137,141**	**-1%**
	6,264,418	**6,323,098**	**-1%**	**6,320,578**	**-1%**

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Balance Sheet Tenda Segment

Cash and cash equivalents	335,129	435,756	-23%	618,118	-46%
	433,456	401,285	8%	424,221	2%
Properties for sale	487,252	563,291	-13%	527,646	-8%
	132,872	117,337	13%	131,917	1%
Land for sale	117,452	107,415	9%	98,564	19%
	1,506,161	**1,625,084**	**-7%**	**1,800,466**	**-16%**
Receivables from clients	39,388	32,818	20%	23,760	66%
	179,759	196,378	-8%	110,772	62%
	64,441	72,751	-11%	86,016	-25%
	283,588	**301,947**	**-6%**	**220,549**	**29%**
	38,018	33,935	12%	39,429	-4%
Investments	155,891	188,315	-17%	193,544	-19%
Total Assets	**1,983,658**	**2,149,281**	**-8%**	**2,253,987**	**-12%**
Loans and financing	7,655	9,084	-16%	74,395	-90%
	207,485	198,979	4%	98,928	110%
Obligations for purchase of land and clients	158,181	223,977	-29%	71,442	121%
	32,074	20,932	53%	20,732	55%
Taxes and contributions	73,227	71,763	2%	90,748	-19%
	94,995	168,783	-44%	317,403	-70%
	573,617	**693,518**	**-17%**	**673,648**	**-15%**
Loans and financings	29,341	24,663	19%	58,295	-50%
	100,000	200,000	-50%	300,000	-67%
Obligations for purchase of land and clients	57,809	14,824	290%	3,175	1,721%
	4,493	11,603	-61%	10,643	-58%
Provision for contingencies	57,707	68,154	-15%	65,783	-12%
	35,695	29,935	19%	67,853	-47%
	285,045	**349,179**	**-18%**	**505,749**	**-44%**
Shareholders' Equity	1,091,018	1,070,450	2%	1,049,799	4%
	33,978	36,134	-6%	24,791	37%
	1,124,996	**1,106,584**	**2%**	**1,074,590**	**5%**

1,983,658	**2,149,281**	**-8%**	**2,253,987**	**-12%**

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Consolidated Balance Sheets

Cash and cash equivalents	876,813	1,116,168	-21%	1,279,568	-31%
	1,464,279	1,476,007	-1%	1,709,718	-14%
Properties for sale	1,620,297	1,788,967	-9%	1,684,216	3%
	322,469	295,846	9%	217,263	48%
Prepaid expenses and others	10,293	15,322	-33%	26,223	-61%
	123,526	113,489	9%	-	16%
	4,417,677	**4,805,799**	**-8%**	**4,916,988**	**-10%**
Receivables from clients	450,243	417,746	8%	322,356	40%
	895,500	768,789	16%	578,480	55%
Other	221,448	220,969	0%	292,260	-24%
	1,567,191	**1,407,504**	**11%**	**1,193,096**	**31%**
Intangible	123,689	119,360	4%	145,657	-15%
	963,989	1,001,235	-4%	1,032,662	-7%
Total Assets	**7,072,546**	**7,333,898**	**-4%**	**7,288,403**	**-3%**
Loans and financing	590,323	546,115	8%	622,942	-5%
	476,428	528,856	-10%	353,394	35%
Obligations for purchase of land and clients	386,192	498,857	-14%	364,637	18%
	109,017	102,391	6%	76,619	42%
Taxes and contributions	107,483	110,933	-3%	117,728	-9%
	5,016	8,717	-42%	7,517	-33%
Other	524,128	575,615	-9%	551,057	-5%
	2,198,587	**2,371,484**	**-5%**	**2,093,894**	**7%**
Loans and financings	697,460	821,270	-15%	814,345	-14%
	668,589	741,712	-10%	882,508	-24%
Obligations for purchase of land and clients	175,649	76,059	73%	70,158	88%
	33,081	39,164	-16%	55,310	-40%
Provision for contingencies	139,208	143,990	-3%	133,528	4%
	2,280	4,713	-52%	7,145	-68%
Other	58,200	64,615	-10%	93,384	-38%
	1,774,467	**1,891,523**	**-8%**	**2,056,378**	**-16%**

Shareholders' Equity	3,097,881	3,066,952	1%	3,116,182	-1%
	1,611	3,939	-59%	21,949	-93%
	3,099,492	**3,070,891**	**1%**	**3,138,131**	**-1%**
	7,072,546	**7,333,898**	**-4%**	**7,288,403**	**-3%**

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Cash Flow

	19,729	**9,617**	**63,490**	**(24,181)**
Expenses (income) not affecting working capital	91,830	114,614	**136,363**	179,067
	11,561	15,977	23,230	29,999
Impairment allowance	4,375	2,673	4,375	379
	2,383	20,816	5,001	24,405
Penalty fee over delayed projects	1,136	(63)	(943)	(675)
	21,249	46,668	37,663	70,624
Equity pickup	7,182	(2,592)	(11,600)	(1,575)
	842	482	1,058	2,197
Warranty provision	1,904	(7,479)	8,829	(10,957)
	29,418	25,647	55,488	51,796
Profit sharing provision	9,124	11,636	12,038	16,425
	(1,122)	1,280	(805)	(3,306)
Writeoff of Investments	2,188	-	(2,317)	-
	1,590	(431)	4,346	(245)
Clients	(12,739)	365	(78,034)	179,022
	14,566	(4,291)	(43,117)	(81,378)
Other receivables	(26,134)	(10,634)	(11,403)	(2,398)
	5,030	4,107	5,150	8,964
Obligations on land purchases	(13,082)	(8,219)	(29,902)	(53,554)
	(3,450)	(4,816)	(6,941)	(31,088)
Accounts payable	6,627	(61,917)	13,886	(2,723)
	(21,686)	(44,962)	(17,397)	(45,826)
Other accounts payable	(49,627)	13,460	(61,512)	(29,995)
	(11,536)	(18,699)	(10,022)	(51,270)
Paid taxes	5,754	-	(6,406)	(84,682)
	5,282	**(11,375)**	**(45,845)**	**(40,042)**
Investments activities				
	(16,732)	(22,390)	(22,383)	(35,128)
Redemption of securities. restricted securities and loans	952,732	1,428,966	2,133,082	2,544,749
	(783,891)	(1,199,724)	(1,808,307)	(1,880,258)
Investments increase	(787)	9,934	(962)	4,420
	-	57,676	-	60,301
Cash used in investing activities	**151,322**	**274,262**	**301,430**	**694,084**
Contributions from venture partners	(6,134)	(8,554)	(3,734)	(109,018)
	182,351	203,522	382,672	378,913
Repayment of loans and financing	(408,754)	(520,835)	(574,060)	(835,874)

	-	(3,186)	(22,135)	(51,354)
Dividend payments	-	-	-	(117,125)
	4,825	4,642	5,412	(6,598)
Sale of treasury shares	1,811	13,480	1,810	13,480
	(1,217)	(6,570)	(1,216)	(6,570)
Net cash provided by financing activities	**(227,118)**	**(317,501)**	**(211,251)**	**(734,146)**
	(70,514)	**(54,414)**	**44,334**	**(80,104)**
At the beginning of the period	224,743	189,503	109,895	215,193
	154,229	135,089	154,229	135,089
Net increase (decrease) in cash and cash equivalents	**(70,514)**	**(54,414)**	**44,334**	**(80,104)**

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About Gafisa

Gafisa is one Brazil's leading residential and commercial properties development and construction companies. Founded over 60 years ago, the Company is dedicated to growth and innovation oriented to enhancing the well-being, comfort and safety of an increasing number of households. More than 15 million square meters have been built, and approximately 1,100 projects delivered under the Gafisa brand - more than any other company in Brazil. Recognized as one of the foremost professionally managed homebuilders, Gafisa's brand is also one of the most respected, signifying both quality and consistency. In addition to serving the upper-middle and upper class segments through the Gafisa brand, the Company also focuses on low income developments through its Tenda brand. And,, it participates through its 30% interest in Alphaville, a leading urban developer, in the national development and sale of residential lots. Gafisa S.A. is a Corporation traded on the Novo Mercado of the BM&FBOVESPA (BOVESPA:GFSA3) and is the only Brazilian homebuilder listed on the New York Stock Exchange (NYSE:GFA) with an ADR Level III, which ensures best practices in terms of transparency and corporate governance.

This release contains forward-looking statements about the business prospects, estimates for operating and financial results and Gafisa's growth prospects. These are merely projections and, as such, are based exclusively on the expectations of management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors; therefore, they are subject to change without prior notice.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
Date: August 7, 2015

Gafisa S.A.

By: /s/ Sandro Gamba

Name: Sandro Gamba
Title: Chief Executive Officer