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Registration Statemen

**CALCULATION OF REGISTRATION FEE**

| Title of each class of securities offered | Aggregate offering price |
|---|---|
| Debt securities | US$6,000,000,000.00 |
| Guaranties | — |

(1) The registration fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933.

(2) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the guarantees.

**PROSPECTUS SUPPLEMENT**
**(To Prospectus dated December 11, 2009)**

# Petrobras International Finance Company

**Unconditionally guaranteed by**

# Petróleo Brasileiro S.A.—Petrobras

**(Brazilian Petroleum Corporation-Petrobras)**

| | |
|---|---|
| **U.S.$2,500,000,000.00** | **3.875% Global Notes** |
| **U.S.$2,500,000,000.00** | **5.375% Global Notes** |
| **U.S.$1,000,000,000.00** | **6.750% Global Notes** |

The 3.875% Global Notes due 2016 (the "2016 Notes"), the 5.375% Global Notes due 2021 (the "2021 Notes") and the 6.750% Global Notes due 2041 collectively the "notes") are general, unsecured, unsubordinated obligations of Petrobras International Finance Company, or "PifCo," a wholly-owned s Petrobras, or "Petrobras." The notes will be unconditionally and irrevocably guaranteed by Petrobras. The 2016 Notes will mature on January 27, 2016, 3.875% per annum. Interest on the 2016 Notes is payable on January 27 and July 27 of each year, beginning on July 27, 2011. The 2021 Notes will matu interest at the rate of 5.375% per annum. Interest on the 2021 Notes is payable on January 27 and July 27 of each year, beginning on July 27, 2011. The 2041, and will bear interest at the rate of 6.750% per annum. Interest on the 2041 Notes is payable on January 27 and July 27 of each year, beginning on

PifCo will pay additional amounts related to the deduction of certain withholding taxes in respect of certain payments on the notes. PifCo may redeem, i time by paying the greater of the principal amount of the notes and the applicable "make-whole" amount, plus, in each case, accrued interest. The notes premium prior to maturity at PifCo's option solely upon the imposition of certain withholding taxes. See "Description of the Notes-Optional Redemptio

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PifCo intends to apply to have the notes approved for listing on the New York Stock Exchange, or the "NYSE."

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**See "Risk Factors" on page S-15 to read about factors you should consider before buying the notes offered in this prospectus supplement and th**

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or d**

**supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

| | |
|---|---|
| Initial price to the public(1): | |
| 2016 Notes | |
| 2021 Notes | |
| 2041 Notes | |
| Underwriting discount: | |
| 2016 Notes | |
| 2021 Notes | |
| 2041 Notes | |
| Proceeds, before expenses, to PifCo: | |
| 2016 Notes | |
| 2021 Notes | |
| 2041 Notes | |

(1) Plus accrued interest from January 27, 2011, if settlement occurs after that date.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company and its direct and indirect
Banking, *société anonyme* and Euroclear S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about January

*Joint Bookrunners*

**BTG Pactual** **Citi** **HSBC** **Itaú** **J.P.Morgan**

*Co-managers*

**Credit Agricole CIB** **Mi**

**January 20, 2011**

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**PROSPECTUS SUPPLEMENT**



**PROSPECTUS**

Incorporation of Certain Documents by Reference

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the notes PifCo matters relating to PifCo and Petrobras and their financial condition. The second part, the accompanying prospectus, gives more general PifCo and Petrobras may offer from time to time. Generally, references to the prospectus mean this prospectus supplement and the accon the information in this prospectus supplement differs from the information in the accompanying prospectus, the information in this prosp information in the accompanying prospectus.

We are responsible for the information contained and incorporated by reference in this prospectus and in any related free-writing pros PifCo and Petrobras have not authorized anyone to give you any other information, and we take no responsibility for any other informati Neither PifCo nor Petrobras is making an offer to sell the notes in any jurisdiction where the offer is not permitted. You should not assun prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the

In this prospectus supplement, unless the context otherwise requires or as otherwise indicated, references to "Petrobras" mean Petróle consolidated subsidiaries taken as a whole, and references to "PifCo" mean Petrobras International Finance Company, a wholly-owned s consolidated subsidiaries taken as a whole. Terms such as "we," "us" and "our" generally refer to both Petrobras and PifCo, unless the co otherwise indicated.

## FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this prospectus supplement are forward-looking statements within the meaning Act of 1933, as amended, or the "Securities Act," and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchang historical facts and are not assurances of future results. Many of the forward-looking statements contained, or incorporated by reference, be identified by the use of forward-looking words, such as "believe," "expect," "anticipate," "should," "planned," "estimate" and "potent forward-looking statements that address, among other things:

- our marketing and expansion strategy;
- our exploration and production activities, including drilling;
- our activities related to refining, import, export, transportation of petroleum, natural gas and oil products, petrochemicals, pow sources of renewable energy;
- our projected and targeted capital expenditures and other costs, commitments and revenues;
- our liquidity and sources of funding;
- development of additional revenue sources; and
- the impact, including cost, of acquisitions.

Our forward-looking statements are not guarantees of future performance and are subject to assumptions that may prove incorrect and difficult to predict. Our actual results could differ materially from those expressed or forecast in any forward-looking statements as a resu factors include, among other things:

- our ability to obtain financing;

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- general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing ex
- our ability to find, acquire or gain access to additional reserves and to develop our current reserves successfully;
- global economic conditions;
- our ability to find, acquire or gain access to additional reserves and to develop our current reserves successfully;
- uncertainties inherent in making estimates of our oil and gas reserves, including recently discovered oil and gas reserves;
- competition;
- technical difficulties in the operation of our equipment and the provision of our services;
- changes in, or failure to comply with, laws or regulations;
- receipt of governmental approvals and licenses;
- international and Brazilian political, economic and social developments;
- natural disasters, accidents, military operations, acts of terrorism or sabotage, wars or embargoes;
- the cost and availability of adequate insurance coverage; and
- other factors discussed below under “Risk Factors.”

For additional information on factors that could cause our actual results to differ from expectations reflected in forward-looking stater this prospectus supplement and in documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

All forward-looking statements attributed to us or a person acting on our behalf are qualified in their entirety by this cautionary statem publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason

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## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference into this prospectus supplement the following documents that we have filed with the Securities and

### PifCo

(1) The combined Petrobras and PifCo Annual Report on Form 20-F for the year ended December 31, 2009, filed with the SEC on Ma

(2) The combined Petrobras and PifCo Annual Report on Form 20-F/A for the year ended December 31, 2009, filed with the SEC on

(3) The PifCo report on Form 6-K containing financial information for the nine-month period ended September 30, 2010, prepared in furnished to the SEC on November 23, 2010.

(4) Any future filings of PifCo on Form 20-F made with the SEC after the date of this prospectus supplement and prior to the complet offered by this prospectus supplement, and any future reports of PifCo on Form 6-K furnished to the SEC during that period that are iden incorporated into this prospectus supplement or the accompanying prospectus.

### Petrobras

(1) The combined Petrobras and PifCo Annual Report on Form 20-F for the year ended December 31, 2009, filed with the SEC on Ma

(2) The combined Petrobras and PifCo Annual Report on Form 20-F/A for the year ended December 31, 2009, filed with the SEC on

(3) Reports on Form 6-K/A and Form 6-K furnished by Petrobras to the SEC on the dates indicated below, concerning the financial co Petrobras for the nine-month period ended September 30, 2010:

- Report furnished on November 24, 2010, containing financial statements prepared in accordance with U.S. GAAP as of Septer month periods ended September 30, 2010 and 2009.
- Report furnished on November 24, 2010, containing our release concerning Petrobras' earnings and financial condition for the 2010.

(4) Reports on Form 6-K, furnished to the SEC by Petrobras on the dates indicated below, concerning other recent developments in ou

- Reports furnished on May 17, 2010 and May 27, 2010, relating to the May 31, 2010 payment of interest on capital for the 201 R$1,755 million.
- Report furnished on June 23, 2010, relating to Petrobras' Business Plan for 2010-2014.
- Report furnished on July 19, 2010, relating to the approval by Petrobras' board of directors of an advance payment of interest the amount of R$1,755 million.
- Report furnished on August 13, 2010, relating to the shutdown of operations at the P-33 platform in the Marlim field of the Ca

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- Report furnished on August 30, 2010, relating to the August 31, 2010 payment of interest on capital for the 2010 fiscal year in and R$0.20 per preferred share.
- Report furnished on September 3, 2010, containing material information about Petrobras that was made available to potential i prospectus supplement, dated as of September 3, 2010, that Petrobras filed with the SEC under Rule 424(b)(2) in connection w including shares in the form of American Depositary Shares (ADSs).
- Report furnished on October 25, 2010, relating to the execution of an ethanol supply contract with Açúcar Guarani S.A. with a R$2.1 billion.
- Report furnished on November 1, 2010, relating to the execution of an ethanol supply agreement with Toyota Tsusho Corpora US$820 million.
- Report furnished on November 12, 2010, relating to the execution of construction contracts in the amount of US$3.46 billion p production units for the development of the Santos Basin pre-salt areas.
- Report furnished on November 24, 2010, relating to the November 30, 2010 payment of interest on capital for the 2010 fiscal y common and R$0.14 per preferred shares (R$0.28 per ADR).
- Report furnished on December 22, 2010, relating to Petrobras' acquisition of a 30% stake in Refinaria Alberto Pasqualini S.A.
- Report furnished on December 27, 2010, relating to the December 30, 2010 payment of interest on capital for the 2010 fiscal y and R$0.20 per preferred shares (R$0.40 per ADR).
- Report furnished on January 18, 2011, relating to Petrobras' 2010 year-end volumes of proved reserves of oil, condensate and n Brazil, calculated in accordance with the SEC rules for estimating and disclosing oil and gas reserve quantities.

(5) Reports on Form 6-K, furnished to the SEC by Petrobras on the dates indicated below, concerning the capitalization of Petrobras, exploration and production rights and related legal developments, and the global offering of Petrobras shares, including shares in the form

- Report furnished on June 10, 2010, relating to the approval by the Brazilian Federal Senate of legislation regarding Petrobras' Petrobras of pre-salt oil and gas exploration and production rights and the introduction of a production-sharing regime for expl pre-salt and strategic areas.
- Report furnished on June 23, 2010, relating to the approval by Petrobras' shareholders of amendments to Petrobras' bylaws to transaction.
- Report furnished on June 30, 2010, relating to the signature by the Brazilian president of legislation regarding Petrobras' capit Petrobras of pre-salt oil and gas exploration and production rights.
- Reports furnished on July 29, 2010 and August 12, 2010, relating to the approval by shareholders of the criteria and methodolo Brazilian federal treasury bills (*Letras Financeiras de emissão da Secretaria do Tesouro Nacional*, or LFTs) to be used by Pet election to pay for shares, and delegating authority to the board of directors of Petrobras to establish the value of each series of
- Report furnished on September 7, 2010, containing English translations of the reservation forms for the priority subscription o preferred shares.

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- Report furnished on September 7, 2010, containing an English translation of the form of Assignment Agreement for the transf oil, natural gas and other fluid hydrocarbons in certain pre-salt areas among Petrobras, the Brazilian federal government and th Gas and Biofuels Agency (ANP).
- Report on Form 6-K/A furnished on September 20, 2010, relating to the approval by Petrobras' board of directors of an increa additional shares, including shares in the form of ADSs, that may be issued by Petrobras under Brazilian law in addition to tho offering.

(6) Any future filings of Petrobras on Form 20-F made with the SEC after the date of this prospectus supplement and prior to the com securities offered by this prospectus supplement, and any future reports of Petrobras on Form 6-K furnished to the SEC during that perio as being incorporated into this prospectus supplement or the accompanying prospectus.

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## WHERE YOU CAN FIND MORE INFORMATION

Information that we file with or furnish to the SEC after the date of this prospectus supplement, and that is incorporated by reference h and supersede the information in this prospectus supplement. You should review the SEC filings and reports that we incorporate by refer statements in this prospectus supplement, the accompanying prospectus or in any documents previously incorporated by reference have b

Documents incorporated by reference in this prospectus supplement are available without charge. Each person to whom this prospectu accompanying prospectus are delivered may obtain documents incorporated by reference herein by requesting them either in writing or o from us at the following address:

Investor Relations Department
Petróleo Brasileiro S.A.-Petrobras
Avenida República do Chile, 65 — 22nd Floor
20031-912 — Rio de Janeiro — RJ, Brazil
Telephone: (55-21) 3224-1510/3224-9947
Email: petroinvest@petrobras.com.br

In addition, you may review copies of the materials we file with or furnish to the SEC without charge, and copies of all or any portion at the Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further informa We also file materials with the SEC electronically. The SEC maintains an Internet site that contains materials that we file electronically w SEC's website is http://www.sec.gov.

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## SUMMARY

*This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus sup prospectus. This summary is not complete and does not contain all of the information you should consider before investing in the notes entire prospectus supplement, the accompanying prospectus including "Risk Factors" and the documents incorporated by reference h "Incorporation of Certain Documents by Reference" and "Where You Can Find More Information."*

*In this prospectus supplement, unless the context otherwise requires or as otherwise indicated, references to "Petrobras" mean Pet and its consolidated subsidiaries taken as a whole, and references to "PifCo" mean Petrobras International Finance Company, a who Petrobras, and its consolidated subsidiaries taken as a whole. Terms such as "we", "us" and "our" generally refer to both Petrobras requires otherwise or as otherwise indicated.*

### PifCo

PifCo is a wholly-owned subsidiary of Petrobras, incorporated under the laws of the Cayman Islands. PifCo purchases crude oil and and sells to Petrobras. PifCo also purchases crude oil and oil products from Petrobras and sells them outside Brazil. Additionally, PifC from third parties and related parties mainly outside Brazil. PifCo will gradually reduce both its sales of crude oil and oil products to P and oil products to third parties, and will eventually cease these commercial operations altogether. At that time, PifCo will become a fi vehicle for Petrobras to raise capital for our operations outside of Brazil through the issuance of debt securities in the international cap Petrobras' support of PifCo's debt obligations has been and will continue to be made through unconditional and irrevocable guaranties

PifCo engages in borrowings in international capital markets unconditionally guaranteed by Petrobras as part of Petrobras' strategy facilitate its access to international capital markets.

In addition, a number of activities are conducted by four wholly-owned subsidiaries of PifCo, as set out below:

- Petrobras Europe Limited, or PEL, a United Kingdom company that acts as an agent and advisor in connection with Petrobra Middle East, the Far East and Africa;
- Petrobras Finance Limited, or PFL, a Cayman Islands company that carries out a financing program supported by future sale
- Bear Insurance Company Limited, or BEAR, a Bermuda company that contracts insurance for Petrobras and its subsidiaries;
- Petrobras Singapore Private Limited, or PSPL, a company incorporated in Singapore to trade crude oil and oil products in co activities in Asia.

PifCo's principal executive office is located at Harbour Place, 103 South Church Street, 4th Floor P.O. Box 1034GT-BWI, George T Islands, and its telephone number is (55-21) 3487-2375.

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**Petrobras**

Petrobras is one of the world's largest integrated oil and gas companies, engaging in a broad range of oil and gas activities. For the and the nine-month period ended September 30, 2010, Petrobras had sales of U.S.$115.9 billion and U.S.$110.4 billion, net operating U.S.$88.1 billion and net income of U.S.$15.5 billion and U.S.$13.3 billion, respectively. Petrobras engages in a broad range of activit segments of its operations:

- *Exploration and Production*. This is our principal business segment, and encompasses oil and natural gas exploration, develo in Brazil, sales and transfers of crude oil in domestic and foreign markets, transfers of natural gas to the Gas and Power segm produced at natural gas processing plants. According to the ANP, we were responsible for approximately 98.5% of Brazil's gas in 2009.
- *Refining, Transportation and Marketing*. This segment comprises Petrobras' downstream activities in Brazil, including refin export and purchase of crude oil, as well as the purchase and sale of oil products and ethanol. Additionally, this segment incl which includes investments in domestic petrochemical companies. As of December 31, 2009, we operated 92% of Brazil's t
- *Gas and Power*. This segment consists primarily of the purchase, sale and transportation and distribution of natural gas prod This segment also includes Petrobras' participation in domestic natural gas transportation, natural gas distribution, thermoele domestic fertilizer plants. The Gas and Power segment has included results from our fertilizer operations since January 1, 20 from our fertilizer operations were included in our Refining, Transportation and Marketing segment.
- *Distribution*. This segment encompasses the oil product and ethanol distribution activities conducted by Petrobras' majority Distribuidora S.A. — BR (Petrobras Distribuidora), in Brazil. Petrobras Distribuidora is the largest oil products distributor in 38.6% and 38.7%, in 2009 and September 30, 2010, respectively, according to the ANP. As of September 30, 2010, Petrobra approximately 7,000 service stations in Brazil.
- *International*. This segment comprises Petrobras' international activities conducted in 25 countries outside Brazil, which inc refining, transportation and marketing, distribution and gas and power.
- *Corporate*. This segment includes activities not attributable to other segments, including corporate financial management, ce and actuarial expenses related to Petrobras' pension and health care plans for inactive participants. Our Corporate segment a operations, including the results of our subsidiary Petrobras Biocombustível S.A.

Petrobras' principal executive office is located at Avenida República do Chile, 65 20031-912 - Rio de Janeiro RJ, Brazil, and its tel 4477.

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| | The Offering |
|---|---|
| Issuer | Petrobras International Finance Company, or "PifCo." |
| The 2016 Notes | U.S.$2,500,000,000.00 aggregate principal amount of 3.875% Global Notes "2016 Notes." |
| The 2021 Notes | U.S.$2,500,000,000.00 aggregate principal amount of 5.375% Global Notes "2021 Notes." |
| The 2041 Notes | U.S.$1,000,000,000.00 aggregate principal amount of 6.750% Global Notes "2041 Notes" (each of the 2016 Notes, the 2021 Notes and the 2041 Notes a "notes"). |
| Closing Date | January 27, 2011 |
| Maturity Date | For the 2016 Notes: January 27, 2016.<br>For the 2021 Notes: January 27, 2021.<br>For the 2041 Notes: January 27, 2041. |
| Interest | For the 2016 Notes: The 2016 Notes will bear interest from January 27, 201 the notes, at the rate of 3.875% per annum, payable semiannually in arrears<br><br>For the 2021 Notes: The 2021 Notes will bear interest from January 27, 201 the notes, at the rate of 5.375% per annum, payable semiannually in arrears<br><br>For the 2041 Notes: The 2041 Notes will bear interest from January 27, 201 the notes, at the rate of 6.750% per annum, payable semiannually in arrears |
| Interest Payment Dates | For the 2016 Notes: January 27 and July 27 of each year, commencing on Ju<br><br>For the 2021 Notes: January 27 and July 27 of each year, commencing on Ju<br><br>For the 2041 Notes: January 27 and July 27 of each year, commencing on Ju |
| Denominations | PifCo will issue the notes only in denominations of U.S.$2,000 and integral excess thereof. |
| Trustee, Registrar, Paying Agent and Transfer Agent | The Bank of New York Mellon. |

| Codes | |
|---|---|
| (a) Common Code | For the 2016 Notes: 056300856 |
| | For the 2021 Notes: 058524484 |
| | For the 2041 Notes: 058524689 |
| (b) ISIN | For the 2016 Notes: US71645WAT80 |
| | For the 2021 Notes: US71645WAR25 |
| | For the 2041 Notes: US71645WAS08 |
| (c) CUSIP | For the 2016 Notes: 71645W AT8 |
| | For the 2021 Notes: 71645W AR2 |
| | For the 2041 Notes: 71645W AS0 |

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|---|---|
| Use of Proceeds | PifCo intends to use the net proceeds from the sale of the notes for general c<br>Petrobras' planned capital expenditure under its 2010-2014 Business Plan w<br>capital structure and staying within Petrobras' targeted financial leverage ra<br>2014 Business Plan. See "Use of Proceeds." |
| Indenture | The notes offered hereby will be issued pursuant to an indenture between Pi<br>Mellon, a New York banking corporation, as trustee, dated as of December<br>fifth supplemental indenture in the case of the 2016 Notes, by the sixth supp<br>the 2021 Notes, and by the seventh supplemental indenture in the case of th<br>the closing date, among PifCo, Petrobras and the trustee. When we refer to<br>supplement, we are referring to the indenture as supplemented by each of th<br>the sixth supplemental indenture and the seventh supplemental indenture. S |
| Guaranties | The notes will be unconditionally guaranteed by Petrobras under the guaran<br>Guaranties." |
| Ranking | The notes constitute general senior unsecured and unsubordinated obligatio<br>times rank *pari passu* among themselves and with all other senior unsecure<br>not, by their terms, expressly subordinated in right of payment to the notes.<br><br>The obligations of Petrobras under the guaranties constitute general senior u<br>Petrobras which will at all times rank *pari passu* with all other senior unsec<br>are not, by their terms, expressly subordinated in right of payment to Petrob<br>guaranties. |
| Optional Redemption | PifCo may redeem any of the notes at any time in whole or in part by payin<br>amount of such series of the notes and the relevant "make-whole" amount,<br>interest, as described under "Description of the Notes — Optional Redempt |
| Early Redemption at PifCo's Option Solely for Tax Reasons | The notes will be redeemable in whole at their principal amount, plus accru<br>the relevant date of redemption, at PifCo's option at any time only in the ev<br>taxation. See "Description of the Notes — Optional Redemption-Redemptio |
| Covenants | The terms of the indenture will require PifCo, among other things, to: |
| (a) PifCo | • pay all amounts owed by it under the indenture and the notes when such<br>• maintain an office or agent in New York for the purpose of service of p<br>agent located in the United States;<br>• ensure that the notes continue to be senior obligations of PifCo; |

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| | |
|---|---|
| | • use proceeds from the issuance of the notes for specified purposes;<br>• give notice to the trustee of any default or event of default under the ind<br>• provide certain financial statements to the trustee;<br>• take actions to maintain the trustee's or the holders' rights under the rel<br>• replace the trustee upon any resignation or removal of the trustee.<br>In addition, the terms of the indenture will restrict the ability of PifCo and i things, to:<br>• undertake certain mergers, consolidations or similar transactions; and<br>• create certain liens on its assets or pledge its assets.<br>PifCo's covenants are subject to a number of important qualifications and e the Notes — Covenants" |
| (b) Petrobras | The terms of the guaranties will require Petrobras, among other things, to:<br>• pay all amounts owed by it in accordance with the terms of the guaranti<br>• maintain an office or agent in New York for the purpose of service of p<br>• ensure that its obligations under the guaranties will continue to be senio<br>• give notice to the trustee of any default or event of default under the ind<br>• provide certain financial statements to the trustee.<br>In addition, the terms of the guaranties will restrict the ability of Petrobras a things, to:<br>• undertake certain mergers, consolidations or similar transactions; and<br>• create certain liens on its assets or pledge its assets.<br>Petrobras' covenants are subject to a number of important qualifications and the Guaranties-Covenants." |

| | |
|---|---|
| Events of Default | The following events of default will be events of default with respect to eac<br>• failure to pay principal on the notes of such series within three calendar<br>• failure to pay interest on the notes of such series within 30 calendar day |

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| | |
|---|---|
| | • breach by PifCo of a covenant or agreement in the indenture or by Petro in the guaranty for such series of the notes if not remedied within 60 cal<br>• acceleration of a payment on the indebtedness of PifCo, Petrobras or an or exceeds U.S.$100 million;<br>• a final judgment against PifCo, Petrobras or any material subsidiary tha U.S.$100 million;<br>• certain events of bankruptcy, liquidation or insolvency of PifCo, Petrob<br>• certain events relating to the unenforceability of the notes, the indenture of the notes against PifCo or Petrobras;<br>• Petrobras ceasing to own at least 51% of PifCo's outstanding voting sha<br>The events of default are subject to a number of important qualifications an the Notes -Events of Default." |
| Modification of Notes, Indenture and Guaranties | The terms of the indenture may be modified by PifCo and the trustee, and th modified by Petrobras and the trustee, in some cases without the consent of of the notes. See "Description of Debt Securities-Special Situations-Modifi accompanying prospectus. |
| Clearance and Settlement | The notes will be issued in book-entry form through the facilities of The De "DTC," for the accounts of its direct and indirect participants, including Cle *anonyme* and Euroclear S.A./N.V., as operator of the Euroclear System, and Funds Settlement System. Beneficial interests in notes held in book-entry fo physical delivery of certificated notes except in certain limited circumstance factors relating to clearance and settlement, see "Clearance and Settlement." |
| Withholding Taxes; Additional Amounts | Any and all payments of principal, premium, if any, and interest in respect o clear of, and without withholding or deduction for, any taxes, duties, assess whatsoever imposed, levied, collected, withheld or assessed by Brazil, the ju incorporation or any other jurisdiction in which PifCo appoints a paying age political subdivision or any taxing authority thereof or therein, unless such w required by law. If PifCo is required by law to make such withholding or de additional amounts as are necessary to ensure that the holders receive the sa received without such withholding or deduction, subject to certain exceptio obligated to make payments to the holders under the guaranties, Petrobras w as are necessary to ensure that the holders receive the same amount as they |

| | |
|---|---|
| | such withholding or deduction, subject to certain exceptions. See “Descripti Additional Amounts.” |
| Governing Law | The indenture, the notes, and the guaranties will be governed by, and constr of the State of New York. |

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|---|---|
| Listing | PifCo intends to apply to have the notes approved for listing on the New Yo |
| Risk Factors | You should carefully consider the risk factors discussed beginning on page included or incorporated by reference in this prospectus supplement, before |

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## RECENT DEVELOPMENTS

### Global Offering of Shares

On September 29, 2010, Petrobras issued 2,293,907,960 common shares (including common shares in the form of American Deposita
1,788,515,136 preferred shares (including preferred shares in the form of ADSs) in a global public offering consisting of a registered offe
offering, which included a registered offering in the United States. On October 1, 2010, Petrobras issued an additional 75,198,838 comm
shares in the form of ADSs) and 112,798,256 preferred shares (including preferred shares in the form of ADSs) pursuant to the exercise
option. The aggregate proceeds of the global offering to Petrobras, after underwriting discounts and commissions and including the exerc
allotment option, was approximately U.S.$70 billion. Petrobras applied the net proceeds from the global offering to pay the initial purcha
Agreement described below and to continue to develop all of its business segments in accordance with Petrobras' 2010-2014 Business Pl

### Assignment Agreement (*cessão onerosa*)

On September 3, 2010, Petrobras entered into an agreement with the Brazilian federal government (the Assignment Agreement), unde
to us the right to conduct research activities and the exploration and production of fluid hydrocarbons in specified pre-salt areas, subject
billion barrels of oil equivalent. On September 7, 2010, Petrobras filed an English translation of the form of Assignment Agreement with
which is incorporated by reference in this prospectus supplement. For further information on the Assignment Agreement, see the Petrobr
the SEC on September 3, 2010, containing material information about Petrobras that was made available to potential investors in the glob
by reference in this prospectus supplement.

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## RISK FACTORS

Our annual report on Form 20-F for the year ended December 31, 2009, and the Petrobras report on Form 6-K furnished to the SEC o material information about Petrobras that was made available to potential investors in the global offering, both of which are incorporated extensive risk factors relating to our business and to Brazil. You should carefully consider those risks and the risks described below, as w included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to inv

### Risks Relating to PifCo's Debt Securities

***The market for the notes may not be liquid.***

The notes are not listed on any securities exchange and are not quoted through an automated quotation system. We intend to apply to on the New York Stock Exchange. We can make no assurance as to the liquidity of or trading markets for the notes offered by this prosp guarantee that holders will be able to sell their notes in the future. If a market for the notes does not develop, holders may not be able to period of time, if at all.

***Restrictions on the movement of capital out of Brazil may impair your ability to receive payments on the guaranties and restrict P to PifCo in U.S. Dollars.***

The Brazilian government may impose temporary restrictions on the conversion of Brazilian currency into foreign currencies and on t of proceeds from their investments in Brazil. Brazilian law permits the Brazilian government to impose these restrictions whenever there balance of payments or there are reasons to foresee a serious imbalance.

The Brazilian government imposed remittance restrictions for approximately six months in 1990. The Brazilian government could dec future. Similar restrictions, if imposed, could impair or prevent the conversion of payments under the guaranties from *reais* into U.S. Dol Dollars abroad. In the case that the PifCo noteholders receive payments in *reais* corresponding to the equivalent U.S. dollar amounts due possible to convert these amounts into U.S. dollars. These restrictions, if imposed, could also prevent Petrobras from making funds avail abroad, in which case PifCo may not have sufficient U.S. dollar funds available to make payment on its debt obligations.

In addition, payments by Petrobras under the guaranties in connection with PifCo's notes do not currently require approval by or regis Brazil. The Central Bank of Brazil may nonetheless impose prior approval requirements on the remittance of U.S. Dollars abroad, which payments.

***Petrobras would be required to pay judgments of Brazilian courts enforcing its obligations under the guaranties only in* reais.**

If proceedings were brought in Brazil seeking to enforce Petrobras' obligations in respect of the guaranties, Petrobras would be requir in *reais*. Under Brazilian exchange control regulations, an obligation to pay amounts denominated in a currency other than *reais*, which i decision of a Brazilian court, may be satisfied in *reais* at the rate of exchange, as determined by the Central Bank of Brazil, in effect on t

***A finding that Petrobras is subject to U.S. bankruptcy laws and that any of the guaranties executed by it was a fraudulent conveya PifCo holders losing their legal claim against Petrobras.***

PifCo's obligation to make payments on the notes is guaranteed by Petrobras. Petrobras has been advised by its external U.S. counsel enforceable in accordance with the laws of the State of New York.

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In addition, Petrobras has been advised by its general counsel that the laws of Brazil do not prevent the guaranties from being valid, bind Petrobras in accordance with their terms. In the event that U.S. federal fraudulent conveyance or similar laws are applied to a guaranty, a the relevant guaranty:

- was or is insolvent or rendered insolvent by reason of its entry into such guaranty;
- was or is engaged in business or transactions for which the assets remaining with it constituted unreasonably small capital; or
- intended to incur or incurred, or believed or believes that it would incur, debts beyond its ability to pay such debts as they matu
- in each case, intended to receive or received less than reasonably equivalent value or fair consideration therefor,

then Petrobras' obligations under such guaranty could be avoided, or claims with respect to such guaranty could be subordinated to the c other things, a legal challenge to a guaranty on fraudulent conveyance grounds may focus on the benefits, if any, realized by Petrobras as series of the notes supported by such guaranty. To the extent that either guaranty is held to be a fraudulent conveyance or unenforceable the series of PifCo notes supported by such guaranty would not have a claim against Petrobras under such guaranty and will solely have cannot assure you that, after providing for all prior claims, there will be sufficient assets to satisfy the claims of the PifCo holders relating relevant guaranty.

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## USE OF PROCEEDS

PifCo intends to use the net proceeds from the sale of the notes for general corporate purposes and to finance Petrobras' planned capit
Business Plan while maintaining an adequate capital structure and staying within Petrobras' targeted financial leverage ratios in accordan
Plan.

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## CAPITALIZATION

### PifCo

The following table sets out the consolidated debt and capitalization of PifCo under U.S. GAAP at September 30, 2010, excluding acc
give effect to the issue of the notes offered hereby.

| | A |
|---|---|
| Short-term debt: | |
| Current portion of long-term debt | 3 |
| Total | 3 |
| Long-term debt: | |
| Total long-term debt (less current portion) | 12,4 |
| Stockholder's deficit: | |
| Capital stock[1] | 3 |
| Additional paid in capital | 2 |
| Accumulated deficit | (8 |
| Other comprehensive income (loss) | ( |
| Total stockholder's deficit | (3 |
| **Total capitalization** | 12,5 |

(1) Comprising 300,050,000 shares of common stock, par value U.S.$1.00, which have been authorized and issued.

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**Petrobras**

The following table sets out the consolidated debt and capitalization of Petrobras under U.S. GAAP at September 30, 2010, excluding give effect to the issue of the notes offered hereby.

| | |
|---|---|
| Short-Term Debt: | |
| Short-term debt | |
| Current portion of capital lease obligations | |
| Total | |
| Long-term debt: | |
| Foreign currency denominated | |
| Local currency denominated | |
| Total long-term debt | |
| Capital lease obligations (less current portion) | |
| Non-controlling interest | |
| Total shareholders' equity (1) | |
| **Total capitalization** | |

(1) Comprising (a) 7,367,255,304 shares of common stock and (b) 5,489,244,532 shares of preferred stock, in each case with no par v been authorized and issued. These figures include the common shares (including common shares in the form of American Deposit shares (including preferred shares in the form of ADSs) issued by Petrobras on September 29, 2010 in connection with Petrobras'

**Subsequent Events**

On October 1, 2010, Petrobras issued an additional 75,198,838 common shares (including common shares in the form of ADSs) and 1 (including preferred shares in the form of ADSs), pursuant to the exercise of the underwriters' over-allotment option, with the same price previously issued in Petrobras' global public offering. As a result of this issuance, Petrobras' total capital is currently comprised of 7,442 and 5,602,042,788 shares of preferred stock.

On September 30, 2010, Petrobras Netherlands B.V.P (PNBV), a wholly-owned subsidiary of Petrobras, borrowed U.S.$500 million will mature in 2016 and will bear interest at an initial rate of Libor plus a spread reflecting the prevailing rate at the time of incurrence.

On November 16, 2010, Petrobras borrowed R$3,950 million (U.S.$2,278 million using the period-end *real*/U.S. dollar exchange rate Banco do Brasil S.A. The loan will mature in 2016 and will bear interest at an initial rate of CDI plus a spread reflecting the prevailing ra total amount borrowed, R$3,700 million (U.S.$2,134 million using the period-end *real*/U.S. dollar exchange rate as of September 30, 20 outstanding loan with Banco do Brasil S.A.

On November 17, 2010, PNBV borrowed U.S.$313 million from Citibank N.A. and Eksportfinans ASA. The loan will mature in 202 rate of Libor plus a spread reflecting the prevailing rate at the time of incurrence.

On January 6, 2011, Charter Development LLC, a consolidated special purpose entity of Petrobras, borrowed U.S.$750 million under
Chartered Bank. The loan will mature in 2018 and will bear interest at an initial rate of Libor plus a spread reflecting the prevailing rate a

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## DESCRIPTION OF THE NOTES

*The following description of the terms of the notes supplements and modifies the description of the general terms and provisions of de forth in the accompanying prospectus, which you should read in conjunction with this prospectus supplement. In addition, we urge you t supplemental indenture in connection with the 2016 Notes, the sixth supplemental indenture in connection with the 2021 Notes and the s connection with the 2041 Notes, because they, and not this description, will define your rights as holders of the 2016 Notes, the 2021 No respectively. If the description of the terms of the notes in this summary differs in any way from that in the accompanying prospectus, you may obtain copies of the indenture, the fifth supplemental indenture, the sixth supplemental indenture and the seventh supplemental inde trustee or with the SEC at the addresses set forth under "Where You Can Find More Information."*

### The Fifth Supplemental Indenture, the Sixth Supplemental Indenture and the Seventh Supplemental Indenture

PifCo will issue the notes under an indenture dated as of December 15, 2006 between PifCo and The Bank of New York Mellon, a Ne trustee, as supplemented by the fifth supplemental indenture in the case of the 2016 Notes, the sixth supplemental indenture in the case o supplemental indenture in the case of the 2041 Notes, each dated as of the closing date, which provide the specific terms of the notes offe including granting holders rights against Petrobras under the respective guaranties. Whenever we refer to the indenture in this prospectus indenture as supplemented by the fifth supplemental indenture in the case of the 2016 Notes, the sixth supplemental indenture in the case supplemental indenture in the case of the 2041 Notes.

### General

***The 2016 Notes***

The 2016 Notes will be general, senior, unsecured and unsubordinated obligations of PifCo having the following basic terms:

The title of the 2016 Notes will be the 3.875% Global Notes due 2016;

The 2016 Notes will:

- be issued in an aggregate principal amount of U.S.$2,500,000,00.00;
- mature on January 27, 2016;
  - bear interest at a rate of 3.875% per annum from January 27, 2011, the date of issuance of the 2016 Notes, until maturit required amounts due in respect of the 2016 Notes have been paid;
  - be issued in global registered form without interest coupons attached;
  - be issued and may be transferred only in principal amounts of U.S.$2,000 and in integral multiples of U.S.$1,000 in exc
  - be unconditionally guaranteed by Petrobras pursuant to a guaranty described below under "Guaranties."
- Interest on the 2016 Notes will be paid semiannually on January 27 and July 27 of each year (each of which we refer to as an " commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that

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- In the case of amounts not paid by PifCo under the indenture and the 2016 Notes (or Petrobras under the guaranty for the 2016 accrue on such amounts at a default rate equal to 0.5% in excess of the interest rate on the 2016 Notes, from and including the and owing and through and excluding the date of payment of such amounts by PifCo or Petrobras.

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for Pif Notes and Petrobras' obligations under the guaranty for the 2016 Notes.

***The 2021 Notes***

The 2021 Notes will be general, senior, unsecured and unsubordinated obligations of PifCo having the following basic terms:

The title of the 2021 Notes will be the 5.375% Global Notes due 2021;

The 2021 Notes will:

- be issued in an aggregate principal amount of U.S.$2,500,000,000.00;
- mature on January 27, 2021;
  - bear interest at a rate of 5.375% per annum from January 27, 2011, the date of issuance of the 2021 Notes, until maturit required amounts due in respect of the 2021 Notes have been paid;
  - be issued in global registered form without interest coupons attached;
  - be issued and may be transferred only in principal amounts of U.S.$2,000 and in integral multiples of U.S.$1,000 in exc
  - be unconditionally guaranteed by Petrobras pursuant to a guaranty described below under "Guaranties."
- Interest on the 2021 Notes will be paid semiannually on January 27 and July 27 of each year (each of which we refer to as an " commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that
- In the case of amounts not paid by PifCo under the indenture and the 2021 Notes (or Petrobras under the guaranty for the 2021 accrue on such amounts at a default rate equal to 0.5% in excess of the interest rate on the 2021 Notes, from and including the and owing and through and excluding the date of payment of such amounts by PifCo or Petrobras.

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for Pif Notes and Petrobras' obligations under the guaranty for the 2021 Notes.

***The 2041 Notes***

The 2041 Notes will be general, senior, unsecured and unsubordinated obligations of PifCo having the following basic terms:

The title of the 2041 Notes will be the 6.750% Global Notes due 2041;

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The 2041 Notes will:

- be issued in an aggregate principal amount of U.S.$1,000,000,000.00;
- mature on January 27, 2041;
  - bear interest at a rate of 6.750% per annum from January 27, 2011, the date of issuance of the 2041 Notes, until maturit required amounts due in respect of the 2041 Notes have been paid;
  - be issued in global registered form without interest coupons attached;
  - be issued and may be transferred only in principal amounts of U.S.$2,000 and in integral multiples of U.S.$1,000 in exc
  - be unconditionally guaranteed by Petrobras pursuant to a guaranty described below under "Guaranties."
- Interest on the 2041 Notes will be paid semiannually on January 27 and July 27 of each year (each of which we refer to as an " commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that
- In the case of amounts not paid by PifCo under the indenture and the 2041 Notes (or Petrobras under the guaranty for the 2041 accrue on such amounts at a default rate equal to 0.5% in excess of the interest rate on the 2041 Notes, from and including the and owing and through and excluding the date of payment of such amounts by PifCo or Petrobras.

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for Pif Notes and Petrobras' obligations under the guaranty for the 2041 Notes.

**Guaranties**

Petrobras will unconditionally and irrevocably guarantee the full and punctual payment when due, whether at the maturity date of the acceleration or otherwise, of all of PifCo's obligations now or hereafter existing under the indenture and the notes, whether for principal, fees, indemnities, costs, expenses or otherwise. The guaranties will be unsecured and will rank equally with all of Petrobras' other existin unsubordinated debt including guaranties previously issued by Petrobras in connection with prior issuances of indebtedness. See "Descri

**Depositary with Respect to Global Notes**

The notes will be issued in global registered form with The Depository Trust Company, or "DTC," as depositary. For further informat and Settlement."

**Events of Default**

The following events will be events of default with respect to each series of the notes:

- PifCo does not pay the principal on the notes of such series within three calendar days of its due date and the trustee has not re Petrobras under the relevant guaranty by the end of that three-day period.
- PifCo does not pay interest or other amounts, including any additional amounts, on the notes within 30 calendar days of their d received such amounts from Petrobras under the relevant guaranty by the end of that thirty-day period.

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- PifCo or Petrobras remains in breach of any covenant or any other term of the indenture or guaranty for such series for 60 cale period contained in any such covenant or other term for compliance thereunder) after receiving a notice of default stating that i sent by either the trustee or holders of 25% of the principal amount of such series of the notes.
- The maturity of any indebtedness of PifCo or Petrobras or a material subsidiary in a total aggregate principal amount of U.S.$1 another currency) or more is accelerated in accordance with the terms of that indebtedness, it being understood that prepaymen material subsidiary of any indebtedness is not acceleration for this purpose;
- One or more final and non-appealable judgments or final decrees is entered against PifCo, Petrobras or a material subsidiary in (not paid or fully covered by insurance) of U.S.$100,000,000 (or its equivalent in another currency) or more, and all such judg vacated, discharged or stayed within 120 calendar days after rendering of that judgment.
- PifCo, Petrobras or any material subsidiary stop paying or admits that it is generally unable to pay its debts as they become du or insolvent or is ordered by a court or passes a resolution to dissolve.
- PifCo, Petrobras or any material subsidiary commences voluntarily proceedings under any applicable liquidation, insolvency, other similar laws, or files an application for the appointment of an administrator, receiver or other similar official in relation t subsidiary, or any events occur or action is taken that has effects similar to those events or actions described in this paragraph.
- PifCo, Petrobras or any material subsidiary enters into any composition or other similar arrangement with its creditors (such as liquidation agreement), or proceedings are initiated against PifCo, Petrobras or any material subsidiary under applicable bankr law or law with similar effect and is not discharged or removed within 90 calendar days, or an administrator, receiver or simila or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, th undertakings or assets of PifCo, Petrobras or any material subsidiary and is not discharged or removed within 90 calendar days taken that has effects similar to those events or actions described in this paragraph.
- The notes of such series, the indenture, the relevant guaranty, or any part of those documents, ceases to be in full force and eff against PifCo or Petrobras, or it becomes unlawful for PifCo or Petrobras to perform any material obligation under any of the a party.
- PifCo or Petrobras contests the enforceability of the notes, the indenture or the guaranties, or denies that it has liability under a which it is a party.
- Petrobras fails to retain at least 51% direct or indirect ownership of the outstanding voting and economic interests (equity or ot

For purposes of the events of default:

- “indebtedness” means any obligation (whether present or future, actual or contingent and including any guaranty) for the paym has been borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accounting would be a capital lease obligation); and
- “material subsidiary” means a subsidiary of PifCo or Petrobras which on any given date of determination accounts for more th consolidated assets (as set forth on Petrobras’ most recent balance sheet prepared in accordance with U.S. GAAP).

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**Covenants**

PifCo will be subject to the following covenants with respect to the notes:

***Payment of Principal and Interest***

PifCo will duly and punctually pay the principal of and any premium and interest and other amounts (including any additional amoun other taxes are imposed in Brazil or the jurisdiction of incorporation of PifCo) on the notes in accordance with the notes and the indentur

***Maintenance of Corporate Existence***

PifCo will maintain its corporate existence and take all reasonable actions to maintain all rights, privileges and the like necessary or d business, activities or operations, unless PifCo's board of directors determines that preserving PifCo's corporate existence is no longer de business and is not disadvantageous in any material respect to holders.

***Maintenance of Office or Agency***

So long as notes are outstanding, PifCo will maintain in the Borough of Manhattan, the City of New York, an office or agency where respect of the indenture and the notes may be served.

Initially, this office will be located at 570 Lexington Avenue, New York, New York 10022-6837. PifCo will not change the designati written notice to the trustee and designating a replacement office in the same general location.

***Ranking***

PifCo will ensure that the notes will at all times constitute its general senior, unsecured and unsubordinated obligations and will rank among themselves, with all of its other present and future unsecured and unsubordinated obligations (other than obligations preferred by

***Use of Proceeds***

PifCo intends to use the net proceeds from the sale of the notes for general corporate purposes and to finance Petrobras' planned capit Business Plan while maintaining an adequate capital structure and staying within Petrobras' targeted financial leverage ratios in accordan Plan.

***Statement by Officers as to Default and Notices of Events of Default***

PifCo will deliver to the trustee, within 90 calendar days after the end of its fiscal year, an officer's certificate, stating whether or not PifCo is in default on any of the terms, provisions and conditions of the indenture or the notes (without regard to any period of grace or r under the indenture) and, if PifCo (or any obligor) are in default, specifying all the defaults and their nature and status of which the signe calendar days (or promptly with respect to certain events of default relating to PifCo's insolvency and in any event no later than 10 calen aware or should reasonably become aware of the occurrence of any default or event of default under the indenture or the notes, it will no occurrence of such default or event of default.

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***Provision of Financial Statements and Reports***

In the event that PifCo files any financial statements or reports with the SEC or publishes or otherwise makes such statements or repo United States or elsewhere, PifCo will furnish a copy of the statements or reports to the trustee within 15 calendar days of the date of fili published or otherwise made publicly available.

PifCo will provide, together with each of the financial statements delivered as described in the preceding paragraph, an officer's certi PifCo's activities has been made during the period covered by such financial statements with a view to determining whether PifCo has k fulfilled its covenants and agreements under this indenture; and (ii) that no event of default, or event which with the giving of notice or p become an event of default, has occurred during that period or, if one or more have actually occurred, specifying all those events and wh be taken with respect to that event of default or other event.

Delivery of these reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of any constructive notice of any information contained therein or determinable from information contained therein, including PifCo's compliar the indenture (as to which the trustee is entitled to rely exclusively on officer's certificates).

***Appointment to Fill a Vacancy in Office of Trustee***

PifCo, whenever necessary to avoid or fill a vacancy in the office of trustee, will appoint a successor trustee in the manner provided i all times be a trustee with respect to the notes.

***Payments and Paying Agents***

PifCo will, prior to 3:00 p.m., New York City time, on the business day preceding any payment date of the principal of or interest on (including additional amounts), deposit with the trustee a sum sufficient to pay such principal, interest or other amounts (including additi

***Additional Amounts***

Except as provided below, PifCo or Petrobras, as applicable, will make all payments of amounts due under the notes and the indentur into in connection with the notes and the indenture without withholding or deducting any present or future taxes, levies, deductions or ot nature imposed by Brazil, the jurisdiction of PifCo's incorporation or any jurisdiction in which PifCo, appoints a paying agent under the subdivision of such jurisdictions (the "taxing jurisdictions"). If PifCo or Petrobras, as applicable, is required by law to withhold or deduc other governmental charges, PifCo or Petrobras, as applicable, will make such deduction or withholding, make payment of the amount s governmental authority and pay the holders any additional amounts necessary to ensure that they receive the same amount as they would withholding or deduction. For the avoidance of doubt, the foregoing obligations shall extend to payments under the guaranties.

All references to principal, premium, if any, and interest in respect of the notes will be deemed to refer to any additional amounts whi the indenture or in the notes.

PifCo or Petrobras, as applicable, will not, however, pay any additional amounts in connection with any tax, levy, deduction or other imposed due to any of the following ("excluded additional amounts"):

- the holder has a connection with the taxing jurisdiction other than merely holding the notes, receiving principal or interest pay any rights with respect to the notes (such as citizenship, nationality, residence, domicile, or existence of a business, a permane a place of business or a place of management, present or deemed present within the taxing jurisdiction);
- any tax imposed on, or measured by, net income;
- the holder fails to comply with any certification, identification or other reporting requirements concerning its nationality, resid

the taxing jurisdiction, if (x) such compliance is required by applicable law, regulation, administrative practice or treaty as a pr
or a part of the tax, levy, deduction or other governmental charge, (y) the holder is able to comply with such requirements with
30 calendar days prior to the first payment date with respect to which such requirements under the applicable law, regulation, a
apply, PifCo or Petrobras, as applicable, has notified all holders or the trustee that they will be required to comply with such re

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- the holder fails to present (where presentation is required) its notes within 30 calendar days after PifCo has made available to t notes and the indenture, provided that PifCo or Petrobras, as applicable, will pay additional amounts which a holder would hav owned by such holder been presented on any day (including the last day) within such 30 calendar day period;
- any estate, inheritance, gift, value added, use or sales taxes or any similar taxes, assessments or other governmental charges;
- where such taxes, levies, deductions or other governmental charges are imposed on a payment on the notes to, or for, an indivi pursuant to Council Directive 2003/48/EC or other Directive implementing the conclusions of the ECOFIN Council meeting o taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such directive;
- where the holder could have avoided such taxes, levies, deductions or other governmental charges by requesting that a paymen presenting the relevant notes for payment to, another paying agent of PifCo located in a member state of the European Union;
- where the holder would have been able to avoid the tax, levy, deduction or other governmental charge by taking reasonable me

PifCo shall promptly pay when due any present or future stamp, court or documentary taxes or any other excise or property taxes, cha any taxing jurisdiction from any payment under the notes or under any other document or instrument referred in the indenture or from th or registration of the notes or any other document or instrument referred to in the indenture. PifCo shall indemnify and make whole the h stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies payable by PifCo as provided in this pa shall maintain a paying agent hereunder in a member state of the European Union that will not be obliged to withhold or deduct tax pursu Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of November 26-27, 2000, o complying with, or introduced in order to conform to, such Directive.

***Negative Pledge***

So long as any note of a series remains outstanding, PifCo will not create or permit any lien, other than a PifCo permitted lien, on any indebtedness or (ii) the indebtedness of any other person, unless PifCo contemporaneously creates or permits such lien to secure equally such series of the notes and the indenture or PifCo provides such other security for such series of the notes as is duly approved by a resol of the notes in accordance with the indenture. In addition, PifCo will not allow any of its material subsidiaries to create or permit any lien on any of its assets to secure (i) any of its indebtedness, (ii) any of the material subsidiary's indebtedness or (iii) the indebtedness of any contemporaneously creates or permits the lien to secure equally and ratably its obligations under each series of the notes and the indentur security for such notes as is duly approved by a resolution of the holders of such series of the notes in accordance with the indenture. Thi of important exceptions, including an exception that permits PifCo to grant liens in respect of indebtedness the principal amount of which other liens not otherwise described in a specific exception, does not exceed 15% of PifCo's consolidated total assets (as determined in ac IFRS) at any time as at which PifCo's balance sheet is prepared and published in accordance with applicable law.

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***Limitation on Consolidation, Merger, Sale or Conveyance***

PifCo will not, in one or a series of transactions, consolidate or amalgamate with or merge into any corporation or convey, lease or tra properties, assets or revenues to any person or entity (other than a direct or indirect subsidiary of Petrobras) or permit any person (other t of PifCo) to merge with or into it unless:

- either PifCo is the continuing entity or the person (the "successor company") formed by the consolidation or into which PifCo leased the property or assets of PifCo will assume (jointly and severally with PifCo unless PifCo will have ceased to exist as a or amalgamation), by a supplemental indenture (the form and substance of which will be previously approved by the trustee), a indenture and the notes;
- the successor company (jointly and severally with PifCo unless PifCo will have ceased to exist as part of the merger, consolida indemnify each holder against any tax, assessment or governmental charge thereafter imposed on the holder solely as a conseq conveyance, transfer or lease with respect to the payment of principal of, or interest, the notes;
- immediately after giving effect to the transaction, no event of default, and no default has occurred and is continuing;
- PifCo has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the transaction, and each s the transaction, comply with the terms of the indenture dated as of December 15, 2006, and that all conditions precedent provi to the transaction have been complied with; and
- PifCo has delivered notice of any such transaction to the trustee.

Notwithstanding anything to the contrary in the foregoing, so long as no default or event of default under the indenture or the notes w at the time of the proposed transaction or would result from the transaction:

- PifCo may merge, amalgamate or consolidate with or into, or convey, transfer, lease or otherwise dispose of all or substantially revenues to a direct or indirect subsidiary of PifCo or
- Petrobras in cases when PifCo is the surviving entity in the transaction and the transaction would not have a material adverse e taken as a whole, it being understood that if PifCo is not the surviving entity, PifCo will be required to comply with the require paragraph; or
- any direct or indirect subsidiary of PifCo may merge or consolidate with or into, or convey, transfer, lease or otherwise dispos than PifCo or any of its subsidiaries or affiliates) in cases when the transaction would not have a material adverse effect on Pif whole; or
- any direct or indirect subsidiary of PifCo may merge or consolidate with or into, or convey, transfer, lease or otherwise dispos indirect subsidiary of PifCo or Petrobras; or
- any direct or indirect subsidiary of PifCo may liquidate or dissolve if PifCo determines in good faith that the liquidation or dis Petrobras, and would not result in a material adverse effect on PifCo and its subsidiaries taken as a whole and if the liquidation corporate reorganization of PifCo or Petrobras.

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PifCo may omit to comply with any term, provision or condition set forth in certain covenants applicable to a series of the notes or an the indenture, if before the time for the compliance the holders of at least a majority in principal amount of the outstanding notes of such no waiver can operate except to the extent expressly waived, and, until a waiver becomes effective, PifCo's obligations and the duties of term, provision or condition will remain in full force and effect.

As used above, the following terms have the meanings set forth below:

"indebtedness" means any obligation (whether present or future, actual or contingent and including any guaranty) for the payment or borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accounting principles in the U lease obligation).

A "guaranty" means an obligation of a person to pay the indebtedness of another person including, without limitation:

- an obligation to pay or purchase such indebtedness;
- an obligation to lend money or to purchase or subscribe for shares or other securities or to purchase assets or services in order such indebtedness;
- an indemnity against the consequences of a default in the payment of such indebtedness; or
- any other agreement to be responsible for such indebtedness.

A "lien" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance on any property or asset i equivalent created or arising under applicable law.

A "PifCo permitted lien" means a:

(a) lien arising by operation of law, such as merchants', maritime or other similar liens arising in PifCo's ordinary course of busin in respect of taxes, assessments or other governmental charges that are not yet delinquent or that are being contested in good faith by

(b) lien arising from PifCo's obligations under performance bonds or surety bonds and appeal bonds or similar obligations incurre and consistent with PifCo's past practice;

(c) lien arising in the ordinary course of business in connection with indebtedness maturing not more than one year after the date o originally incurred and which is related to the financing of export, import or other trade transactions;

(d) lien granted upon or with respect to any assets hereafter acquired by PifCo or any subsidiary to secure the acquisition costs of t indebtedness incurred solely for the purpose of financing the acquisition of those assets, including any lien existing at the time of the as the maximum amount so secured does not exceed the aggregate acquisition costs of all such assets or the aggregate indebtedness in those assets, as the case may be;

(e) lien granted in connection with indebtedness of a wholly-owned subsidiary owing to PifCo or another wholly-owned subsidiary

(f) lien existing on any asset or on any stock of any subsidiary prior to the acquisition thereof by PifCo or any subsidiary, so long a anticipation of that acquisition;

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(g) lien existing as of the date of the fifth supplemental indenture in the case of the 2016 Notes, as of the date of the sixth supplem 2021 Notes, and as of the date of the seventh supplemental indenture in the case of the 2041 Notes;

(h) lien resulting from the indenture or the guaranties, if any;

(i) lien incurred in connection with the issuance of debt or similar securities of a type comparable to those already issued by PifCo equivalents on deposit in any reserve or similar account to pay interest on those securities for a period of up to 24 months as required to the rating agency rating those securities as investment grade;

(j) lien granted or incurred to secure any extension, renewal, refinancing, refunding or exchange (or successive extensions, renewa exchanges), in whole or in part, of or for any indebtedness secured by liens referred to in paragraphs (a) through (i) above (but not pa does not extend to any other property, the principal amount of the indebtedness secured by the lien is not increased, and in the case of obligees meet the requirements of the applicable paragraph; and

(k) lien in respect of indebtedness the principal amount of which in the aggregate, together with all other liens not otherwise qualif pursuant to another part of this definition of PifCo permitted liens, does not exceed 15% of PifCo's consolidated total assets (as deter GAAP) at any date as at which PifCo's balance sheet is prepared and published in accordance with applicable law.

A "wholly-owned subsidiary" means, with respect to any corporate entity, any person of which 100% of the outstanding capital stock any) having by its terms ordinary voting power (not dependent on the happening of a contingency) to elect the board of directors (or equi of that person, is at the time owned or controlled directly or indirectly by that corporate entity, by one or more wholly-owned subsidiarie corporate entity and one or more wholly-owned subsidiaries.

**Optional Redemption**

PifCo will not be permitted to redeem the notes before their stated maturity, except as set forth below. The notes will not be entitled to meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be enti your notes from you before the stated maturity.

***Optional Redemption With "Make-Whole" Amount***

PifCo will have the right at our option to redeem any of the notes in whole or in part, at any time or from time to time prior to their ma more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum o remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points with respect to the 2016 N respect to the 2021 Notes and plus 35 basis points with respect to the 2041 Notes (in each case, the "Make-Whole Amount"), plus in each principal amount of such notes to the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its prin Comparable Treasury Price for such redemption date.

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"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such notes.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Comparable Treasury Price" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotation excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer th Dealer Quotations, the average of all such quotations.

"Reference Treasury Dealer" means each of HSBC Securities (USA) Inc. and J.P. Morgan Securities LLC or, in each case, their affili States government securities dealers and two other leading primary United States government securities dealers in New York City reason provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principa Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York time on the third business day preceding such

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless w redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the red redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date. If le are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as set forth in the indenture.

***Redemption for Taxation Reasons***

We have the option, subject to certain conditions, to redeem each series of the notes in whole at their principal amount, plus accrued a relevant date of redemption, if and when, as a result of a change in, execution of, or amendment to, any laws or treaties or the official app laws or treaties, we would be required to pay additional amounts related to the deduction of certain withholding taxes in respect of certai notes. See "Description of Debt Securities-Special Situations-Optional Tax Redemption" in the accompanying prospectus.

The Optional Tax Redemption set forth in the accompanying prospectus shall apply with the reincorporation of PifCo being treated as Such redemption shall not be available if the reincorporation was performed in anticipation of a change in, execution of or amendment to application or interpretation of any laws or treaties in such new jurisdiction of incorporation that would result in the obligation to pay add

***Further Issuances***

The indenture by its terms does not limit the aggregate principal amount of securities that may be issued under it and permits the issua additional notes (also referred to as add-on notes) of the same series as those offered under this prospectus supplement. The ability to issu requirements, however, including that (i) no event of default under the indenture or event that with the passage of time or other action ma event being a "default") will have occurred and then be continuing or will occur as a result of that additional issuance and (ii) the add-on have equivalent terms and benefits as the notes offered under this prospectus supplement except for the price to the public and the issue d to either series of the notes will be part of the same series as such notes that PifCo is currently offering and the holders will vote on all m notes as a single series.

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**Covenant Defeasance**

Any restrictive covenants of the indenture may be defeased as described in the accompanying prospectus.

**Conversion**

The notes will not be convertible into, or exchangeable for, any other securities.

**Listing**

PifCo intends to apply to have the notes approved for listing on the NYSE.

**Currency Rate Indemnity**

PifCo has agreed that, if a judgment or order made by any court for the payment of any amount in respect of any notes is expressed in currency") other than U.S. Dollars (the "denomination currency"), PifCo will indemnify the relevant holder against any deficiency arisin exchange between the date as of which the denomination currency is notionally converted into the judgment currency for the purposes of of actual payment. This indemnity will constitute a separate and independent obligation from PifCo's other obligations under the indentu independent cause of action, will apply irrespective of any indulgence granted from time to time and will continue in full force and effec order for a liquidated sum or sums in respect of amounts due in respect of the relevant note or under any judgment or order described abo

**The Trustee and the Paying Agent**

The Bank of New York Mellon, a New York banking corporation, is the trustee under the indenture and has been appointed by PifCo respect to the notes. The address of the trustee is 101 Barclay Street, 4E, New York, New York, 10286. PifCo will at all times maintain a until the notes are paid.

Any corporation or association into which the trustee may be merged or converted or with which it may be consolidated, or any corpo any merger, conversion or consolidation to which the trustee shall be a party, or any corporation or association to which all or substantial business of the trustee may be sold or otherwise transferred, shall be the successor trustee hereunder without any further act.

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## CLEARANCE AND SETTLEMENT

### Book-Entry Issuance

Except under the limited circumstances described below, all notes will be book-entry notes. This means that the actual purchasers of t the notes registered in their names and will not be entitled to receive physical delivery of the notes in definitive (paper) form. Instead, up represented by one or more fully registered global notes.

Each global note will be deposited directly with The Depository Trust Company, a securities depositary, and will be registered in the notes may also be deposited indirectly with Clearstream, Luxembourg and Euroclear, as indirect participants of DTC. For background in Clearstream, Luxembourg and Euroclear, see "-Depository Trust Company" and "-Clearstream, Luxembourg and Euroclear" below. No notes may be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to another nominee of DTC. Thus, D holder of the 2016 Notes, the 2021 Notes and the 2041 Notes and will be considered the sole representative of the beneficial owners of th indenture. For an explanation of the situations in which a global note will terminate and interests in it will be exchanged for physical cert "Legal Ownership-Global Securities" in the accompanying prospectus.

The registration of the global notes in the name of DTC's nominee will not affect beneficial ownership and is performed merely to fac book-entry system, which is also the system through which most publicly traded common stock is held in the United States, is used beca physical movement of securities certificates. The laws of some jurisdictions, however, may require some purchasers to take physical deli form. These laws may impair the ability of beneficial holders to transfer the notes.

In this prospectus supplement, unless and until definitive (paper) notes are issued to the beneficial owners as described below, all refe notes shall mean DTC. PifCo, Petrobras, the trustee and any paying agent, transfer agent or registrar may treat DTC as the absolute owne

### Primary Distribution

***Payment Procedures***

Payment for the notes will be made on a delivery versus payment basis.

***Clearance and Settlement Procedures***

DTC participants that hold securities through DTC on behalf of investors will follow the settlement practices applicable to United Sta DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of these DTC participants against p payments in U.S. Dollars, on the settlement date.

### Secondary Market Trading

We understand that secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rul be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. If payn settlement will be free of payment. If payment is made in other than U.S. Dollars, separate payment arrangements outside of the DTC sy DTC participants involved.

### The Depository Trust Company

The policies of DTC will govern payments, transfers, exchange and other matters relating to the beneficial owner's interest in the note Trustee, Registrar, Paying Agent, Transfer Agent nor we have any responsibility for any aspect of the actions of DTC or any of their dire

the Trustee, Registrar, Paying Agent, Transfer Agent nor we have any responsibility for any aspect of the records kept by DTC or any of
In addition, neither the Trustee, Registrar, Paying Agent, Transfer Agent nor we supervise DTC in any way. DTC and their participants p
settlement functions under agreements they have made with one another or with their customers. Investors should be aware that DTC and
to perform these procedures and may modify them or discontinue them at any time. The description of the clearing systems in this sectio
rules and procedures of DTC as they are currently in effect. DTC could change its rules and procedures at any time.

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DTC has advised us as follows:

- DTC is:
  - a limited purpose trust company organized under the laws of the State of New York;
  - a member of the Federal Reserve System;
  - a "clearing corporation" within the meaning of the Uniform Commercial Code; and
  - a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act.
  - DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transac electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certific
- Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include partially owned by some of these participants or their representatives.
- Indirect access to the DTC system is also available to banks, brokers, dealer and trust companies that have relationships with p
- The rules applicable to DTC and DTC participants are on file with the SEC.

**Clearstream, Luxembourg and Euroclear**

Clearstream, Luxembourg has advised that: it is a duly licensed bank organized as a *société anonyme* incorporated under the laws of L regulation by the Luxembourg Commission for the supervision of the financial sector (*Commission de surveillance du secteur financier*) customers and facilitates the clearance and settlement of securities transactions among them, and does so through electronic book-entry t customers, thereby eliminating the need for physical movement of certificates; it provides other services to its customers, including safek and settlement of internationally traded securities and lending and borrowing of securities; it interfaces with the domestic markets in ove depositary and custodial relationships; its customers include worldwide securities brokers and dealers, banks, trust companies and clearin certain other professional financial intermediaries; its U.S. customers are limited to securities brokers and dealers and banks; and indirec Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationship brokers, dealers and trust companies.

Euroclear has advised that: it is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking (*Commission Bancaire et Financière*) and the National Bank of Belgium (*Banque Nationale de Belgique*); it holds securities for its partic and settlement of securities transactions among them; it does so through simultaneous electronic book-entry delivery against payments, t physical movement of certificates; it provides other services to its participants, including credit, custody, lending and borrowing of secur management; it interfaces with the domestic markets of several countries; its customers include banks, including central banks, securities companies and clearing corporations and certain other professional financial intermediaries; indirect access to the Euroclear system is als through Euroclear customers or that have custodial relationships with Euroclear customers; and all securities in Euroclear are held on a f specific certificates are not matched to specific securities clearance accounts.

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***Clearance and Settlement Procedures***

We understand that investors that hold their notes through Clearstream, Luxembourg or Euroclear accounts will follow the settlement securities in registered form. Notes will be credited to the securities custody accounts of Clearstream, Luxembourg and Euroclear partici the settlement date for value on the settlement date. They will be credited either free of payment or against payment for value on the settl

We understand that secondary market trading between Clearstream, Luxembourg and/or Euroclear participants will occur in the ordin rules and operating procedures of Clearstream, Luxembourg and Euroclear. Secondary market trading will be settled using procedures ap form.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving th Luxembourg and Euroclear on business days. Those systems may not be open for business on days when banks, brokers and other institu United States or Brazil.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembou business day as in the United States or Brazil. U.S. and Brazilian investors who wish to transfer their interests in the notes, or to make or the notes on a particular day may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, Luxembourg or Euroclear is used.

Clearstream, Luxembourg or Euroclear will credit payments to the cash accounts of participants in Clearstream, Luxembourg or Euro relevant systemic rules and procedures, to the extent received by its depositary. Clearstream, Luxembourg or the Euroclear, as the case m permitted to be taken by a registered holder under the indenture on behalf of a Clearstream, Luxembourg or Euroclear participant only in and procedures.

Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the debt securities a Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may dis time.

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## DESCRIPTION OF THE GUARANTIES

### General

In connection with the execution and delivery of the fifth supplemental indenture, the sixth supplemental indenture, the seventh suppl offered by this prospectus supplement, Petrobras will guarantee the 2016 Notes, the 2021 Notes and the 2041 Notes (each, a "guaranty" a the benefit of the holders.

The guaranties will provide that Petrobras will unconditionally and irrevocably guarantee the notes on the terms and conditions descri

The following summary describes the material provisions of the guaranties. You should read the more detailed provisions of the appli defined terms, for provisions that may be important to you. This summary is subject to, and qualified in its entirety by reference to, the p guaranty.

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for Pif Notes, the 2021 Notes or the 2041 Notes, as applicable, or Petrobras' obligations under the guaranties.

### Ranking

The obligations of Petrobras under the guaranties will constitute general unsecured obligations of Petrobras which at all times will ran unsecured obligations of Petrobras that are not, by their terms, expressly subordinated in right of payment to the obligations of Petrobras

### Nature of Obligation

Petrobras will unconditionally and irrevocably guarantee the full and punctual payment when due, whether at the maturity date of the acceleration or otherwise, of all of PifCo's obligations now or hereafter existing under the indenture and the notes, whether for principal, fees, indemnities, costs, expenses, tax payments or otherwise (such obligations being referred to as the "guaranteed obligations").

The obligation of Petrobras to pay amounts in respect of the guaranteed obligations will be absolute and unconditional upon failure of of the 2016 Notes, the 2021 Notes or the 2041 Notes, as applicable, or earlier upon any acceleration of the applicable notes in accordanc any payment in respect of principal, interest or other amounts due under the indenture and the applicable series of the notes on the date a fails to make payments to the trustee in respect of the guaranteed obligations, Petrobras will, upon notice from the trustee, immediately p guaranteed obligations payable under the indenture and the notes. All amounts payable by Petrobras under the guaranties will be payable available funds to the trustee. Petrobras will not be relieved of its obligations under either guaranty unless and until the trustee receives a Petrobras under such guaranty (and any related event of default under the indenture has been cured), including payment of the total non-p

### Events of Default

There are no events of default under the guaranties. The fifth supplemental indenture, the sixth supplemental indenture and the seventh contain events of default relating to Petrobras that may trigger an event of default and acceleration of the 2016 Notes, the 2021 Notes or Debt Securities-Default and Related Matters-Events of Default" in the accompanying prospectus. Upon any such acceleration (including insolvency or similar events relating to Petrobras), if PifCo fails to pay all amounts then due under the 2016 Notes, the 2021 Notes or the indenture, Petrobras will be obligated to make such payments pursuant to the relevant guaranty.

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**Covenants**

For so long as any of the 2016 Notes, the 2021 Notes or 2041 Notes, as applicable, are outstanding and Petrobras has obligations unde and will cause each of its subsidiaries, as applicable, to comply with the terms of the following covenants:

***Performance Obligations under the Guaranties and Indenture***

Petrobras will pay all amounts owed by it and comply with all its other obligations under the terms of the relevant guaranty and the in terms of those agreements.

***Maintenance of Corporate Existence***

Petrobras will maintain in effect its corporate existence and all necessary registrations and take all actions to maintain all rights, privil concessions and the like necessary or desirable in the normal conduct of its business, activities or operations. However, this covenant wil any such right, privilege, title to property or franchise if the failure to do so does not, and will not, have a material adverse effect on Petro materially adverse effect on the rights of the holders of the notes.

***Maintenance of Office or Agency***

So long as a series of the notes is outstanding, Petrobras will maintain in the Borough of Manhattan, The City of New York, an office demands upon Petrobras in respect of the guaranty for such series may be served. Initially this office will be located at Petrobras' existin Lexington Avenue, 43rd Floor, New York, New York 10022-6837. Petrobras will agree not to change the designation of their office with trustee and designation of a replacement office in the same general location.

***Ranking***

Petrobras will ensure at all times that its obligations under the guaranties will be its general senior unsecured and unsubordinated obli without any preferences among themselves, with all other present and future senior unsecured and unsubordinated obligations of Petrobr by statute or by operation of law) that are not, by their terms, expressly subordinated in right of payment to the obligations of Petrobras u

***Notice of Certain Events***

Petrobras will give written notice to the trustee, as soon as is practicable and in any event within ten calendar days after Petrobras bec become aware, of the occurrence of any event of default or a default under the indenture, accompanied by a certificate of Petrobras settin default or default and stating what action Petrobras proposes to take with respect to it.

***Provision of Financial Statements and Reports***

Petrobras will provide to the trustee, in English or accompanied by a certified English translation thereof, (i) within 90 calendar days (other than the fourth quarter), its unaudited and consolidated balance sheet and statement of income calculated in accordance with U.S. IFRS as its primary reporting or accounting standard in reports filed with the SEC, (ii) within 120 calendar days after the end of each fisc consolidated balance sheet and statement of income calculated in accordance with U.S. GAAP or IFRS and (iii) such other financial data request.

Petrobras will provide, together with each of the financial statements delivered as described in the preceding paragraph, an officers' c Petrobras' and PifCo's activities has been made during the period covered by such financial statements with a view to determining wheth observed, performed and fulfilled their covenants and agreements under the guaranties and the indenture, as applicable, and that no even such period.

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In addition, whether or not Petrobras is required to file reports with the SEC, Petrobras will file with the SEC and deliver to the truste the notes, upon written request, of the 2016 Notes, the 2021 Notes or the 2041 Notes, as applicable) all reports and other information it w SEC under the Exchange Act if it were subject to those regulations. If the SEC does not permit the filing described above, Petrobras will and other information to the trustee within the same time periods that would be applicable if Petrobras were required and permitted to fil

Upon written request of any holder or The Depository Trust Company, the reports and other information described above shall be del 25th Floor, New York, NY 10041, Attention: Proxy Department, or such other address as DTC may provide to the trustee in writing.

Delivery of these reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of any constructive notice of any information contained in them or determinable from information contained therein, including Petrobras' comp the guaranties (as to which the trustee is entitled to rely exclusively on officer's certificates).

***Negative Pledge***

So long as any note remains outstanding, Petrobras will not create or permit any lien, other than a Petrobras permitted lien, on any of indebtedness or (ii) the indebtedness of any other person, unless Petrobras contemporaneously creates or permits the lien to secure equall the guaranties or Petrobras provides other security for its obligations under the guaranties as is duly approved by a resolution of the holde accordance with the indenture. In addition, Petrobras will not allow any of its material subsidiaries to create or permit any lien, other than of Petrobras' assets to secure (i) any of its indebtedness, (ii) any of the material subsidiary's indebtedness or (iii) the indebtedness of any contemporaneously creates or permits the lien to secure equally and ratably Petrobras' obligations under the guaranties or Petrobras prov obligations under the guaranties as is duly approved by a resolution of the holders of each series of the notes in accordance with the inde

As used in this "Negative Pledge" section, the following terms have the respective meanings set forth below:

A "guaranty" means an obligation of a person to pay the indebtedness of another person including without limitation:

- an obligation to pay or purchase such indebtedness;
- an obligation to lend money, to purchase or subscribe for shares or other securities or to purchase assets or services in order to such indebtedness;
- an indemnity against the consequences of a default in the payment of such indebtedness; or
- any other agreement to be responsible for such indebtedness.

"Indebtedness" means any obligation (whether present or future, actual or contingent and including, without limitation, any guaranty) money which has been borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accou incorporation of the relevant obligor, would constitute a capital lease obligation).

A "lien" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance on any property or asset i equivalent created or arising under applicable law.

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A “project financing” of any project means the incurrence of indebtedness relating to the exploration, development, expansion, renova or construction of such project pursuant to which the providers of such indebtedness or any trustee or other intermediary on their behalf o such provider, trustee or other intermediary are granted security over one or more qualifying assets relating to such project for repayment or any other amount in respect of such indebtedness.

A “qualifying asset” in relation to any project means:

- any concession, authorization or other legal right granted by any governmental authority to Petrobras or any of Petrobras’ subs venture in which Petrobras or any subsidiary has any ownership or other similar interest;
- any drilling or other rig, any drilling or production platform, pipeline, marine vessel, vehicle or other equipment or any refiner real property (whether leased or owned), right of way or plant or other fixtures or equipment;
- any revenues or claims that arise from the operation, failure to meet specifications, failure to complete, exploitation, sale, loss authorization or other legal right or such drilling or other rig, drilling or production platform, pipeline, marine vessel, vehicle o or gas field, processing plant, real property, right of way, plant or other fixtures or equipment or any contract or agreement rela project financing of any of the foregoing (including insurance policies, credit support arrangements and other similar contracts performance bond, letter of credit or similar instrument issued in connection therewith;
- any oil, gas, petrochemical or other hydrocarbon-based products produced or processed by such project, including any receival therefrom or relating thereto and any such product (and such receivables or contract rights) produced or processed by other pro lenders providing the project financing required, as a condition therefore, recourse as security in addition to that produced or p
- shares or other ownership interest in, and any subordinated debt rights owing to Petrobras by, a special purpose company form project, and whose principal assets and business are constituted by such project and whose liabilities solely relate to such proje

A “Petrobras permitted lien” means a:

(a) lien granted in respect of indebtedness owed to the Brazilian government, *Banco Nacional de Desenvolvimento Econômico e S* agency or department of Brazil or of any state or region of Brazil;

(b) lien arising by operation of law, such as merchants’, maritime or other similar liens arising in Petrobras’ ordinary course of bus lien in respect of taxes, assessments or other governmental charges that are not yet delinquent or that are being contested in good faitl

(c) lien arising from Petrobras’ obligations under performance bonds or surety bonds and appeal bonds or similar obligations incu business and consistent with Petrobras’ past practice;

(d) lien arising in the ordinary course of business in connection with indebtedness maturing not more than one year after the date o originally incurred and which is related to the financing of export, import or other trade transactions;

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(e) lien granted upon or with respect to any assets hereafter acquired by Petrobras or any subsidiary to secure the acquisition costs indebtedness incurred solely for the purpose of financing the acquisition of those assets, including any lien existing at the time of the as the maximum amount so secured will not exceed the aggregate acquisition costs of all such assets or the aggregate indebtedness in those assets, as the case may be;

(f) lien granted in connection with the indebtedness of a wholly-owned subsidiary owing to Petrobras or another wholly-owned su

(g) lien existing on any asset or on any stock of any subsidiary prior to its acquisition by Petrobras or any subsidiary so long as tha of that acquisition;

(h) lien over any qualifying asset relating to a project financed by, and securing indebtedness incurred in connection with, the proj Petrobras, any of Petrobras' subsidiaries or any consortium or other venture in which Petrobras or any subsidiary has any ownership

(i) lien existing as of the date of the fifth supplemental indenture in the case of the 2016 Notes, as of the date of the sixth supplem 2021 Notes, and as of the date of the seventh supplemental indenture in the case of the 2041 Notes;

(j) lien resulting from the indenture, the notes, and the guaranties, if any;

(k) lien, incurred in connection with the issuance of debt or similar securities of a type comparable to those already issued by PifC equivalents on deposit in any reserve or similar account to pay interest on such securities for a period of up to 24 months as required to such rating agency rating such securities investment grade, or as is otherwise consistent with market conditions at such time, as suc demonstrated to the trustee;

(l) lien granted or incurred to secure any extension, renewal, refinancing, refunding or exchange (or successive extensions, renewa exchanges), in whole or in part, of or for any indebtedness secured by any lien referred to in paragraphs (a) through (k) above (but no lien does not extend to any other property, the principal amount of the indebtedness secured by the lien is not increased, and in the ca (g), the obligees meet the requirements of that paragraph, and in the case of paragraph (h), the indebtedness is incurred in connection Petrobras, any of Petrobras' subsidiaries or any consortium or other venture in which Petrobras or any subsidiary have any ownership

(m) lien in respect of indebtedness the principal amount of which in the aggregate, together with all liens not otherwise qualifying pursuant to another part of this definition of Petrobras permitted liens, does not exceed 15% of Petrobras' consolidated total assets (as U.S. GAAP or IFRS) at any date as at which Petrobras' balance sheet is prepared and published in accordance with applicable law.

A "wholly-owned subsidiary" means, with respect to any corporate entity, any person of which 100% of the outstanding capital stock any) having by its terms ordinary voting power (not dependent on the happening of a contingency) to elect the board of directors (or equi of that person is at the time owned or controlled directly or indirectly by that corporate entity, by one or more wholly-owned subsidiaries corporate entity and one or more wholly-owned subsidiaries.

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***Limitation on Consolidation, Merger, Sale or Conveyance***

Petrobras will not, in one or a series of transactions, consolidate or amalgamate with or merge into any corporation or convey, lease o properties, assets or revenues to any person or entity (other than a direct or indirect subsidiary of Petrobras) or permit any person (other t of Petrobras) to merge with or into it unless:

- either Petrobras is the continuing entity or the person (the "successor company") formed by such consolidation or into which P or leased such property or assets of Petrobras will assume (jointly and severally with Petrobras unless Petrobras will have ceas merger, consolidation or amalgamation), by an amendment to the applicable guaranty (the form and substance of which will be trustee), all of Petrobras' obligations under such guaranty;
- the successor company (jointly and severally with Petrobras unless Petrobras will have ceased to exist as part of such merger, agrees to indemnify each holder against any tax, assessment or governmental charge thereafter imposed on such holder solely consolidation, merger, conveyance, transfer or lease with respect to the payment of principal of, or interest on, the 2016 Notes, applicable;
- immediately after giving effect to the transaction, no event of default, and no default has occurred and is continuing;
- Petrobras has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the transaction and the guaranty comply with the terms of the applicable guaranty and that all conditions precedent provided for in such guaranty and been complied with; and
- Petrobras has delivered notice of any such transaction to the trustee.

Notwithstanding anything to the contrary in the foregoing, so long as no default or event of default under the indenture or the 2016 No Notes, as applicable, has occurred and is continuing at the time of such proposed transaction or would result therefrom and Petrobras has transaction to the trustee:

- Petrobras may merge, amalgamate or consolidate with or into, or convey, transfer, lease or otherwise dispose of all or substant revenues to a direct or indirect subsidiary of Petrobras in cases when Petrobras is the surviving entity in such transaction and s material adverse effect on Petrobras and its subsidiaries taken as whole, it being understood that if Petrobras is not the survivin to comply with the requirements set forth in the previous paragraph; or
- any direct or indirect subsidiary of Petrobras may merge or consolidate with or into, or convey, transfer, lease or otherwise dis than Petrobras or any of its subsidiaries or affiliates) in cases when such transaction would not have a material adverse effect o taken as a whole; or
- any direct or indirect subsidiary of Petrobras may merge or consolidate with or into, or convey, transfer, lease or otherwise dis indirect subsidiary of Petrobras; or
- any direct or indirect subsidiary of Petrobras may liquidate or dissolve if Petrobras determines in good faith that such liquidati interests of Petrobras, and would not result in a material adverse effect on Petrobras and its subsidiaries taken as a whole and i part of a corporate reorganization of Petrobras.

**Amendments**

The guaranties may only be amended or waived in accordance with their terms pursuant to a written document which has been duly e and the trustee, acting on behalf of the holders of the 2016 Notes, the 2021 Notes or the 2041 Notes, as applicable. Because the guarantie

may be amended by Petrobras and the trustee, in some cases without the consent of the holders of the applicable notes. See “Description
Situations-Modification and Waiver” in the accompanying prospectus.

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Except as contemplated above, the indenture will provide that the trustee may execute and deliver any other amendment to the guaran only with the consent of the holders of a majority in aggregate principal amount of the 2016 Notes, the 2021 Notes or 2041 Notes then ou

**Governing Law**

The guaranties will be governed by the laws of the State of New York.

**Jurisdiction**

Petrobras has consented to the non-exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the of New York, New York, United States and any appellate court from any thereof. Service of process in any action or proceeding brought court sitting in New York City may be served upon Petrobras at Petrobras' New York office located at 570 Lexington Avenue, 43rd Floo 6837. The guaranties provide that if Petrobras no longer maintains an office in New York City, then it will appoint a replacement process authorized agent upon which process may be served in any action or proceeding.

**Waiver of Immunities**

To the extent that Petrobras may in any jurisdiction claim for itself or its assets immunity from a suit, execution, attachment, whether judgment or otherwise, or other legal process in connection with the guaranties (or any document delivered pursuant thereto) and to the e may be immunity attributed to Petrobras, PifCo or their assets, whether or not claimed, Petrobras has irrevocably agreed with the trustee, to claim, and to irrevocably waive, the immunity to the full extent permitted by law.

**Currency Rate Indemnity**

Petrobras has agreed that, if a judgment or order made by any court for the payment of any amount in respect of any of its obligations in a currency (the "judgment currency") other than U.S. Dollars (the "denomination currency"), Petrobras will indemnify the trustee, on against any deficiency arising from any variation in rates of exchange between the date as of which the denomination currency is notiona currency for the purposes of the judgment or order and the date of actual payment. This indemnity will constitute a separate and indepen other obligations under the guaranties, will give rise to a separate and independent cause of action, will apply irrespective of any indulge will continue in full force and effect.

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## PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in the underwriting agreement dated January 20, 2011, by and among PifCo, Corp, with offices at 601 Lexington Ave., 57th Floor, New York, NY 10022, Citigroup Global Markets Inc., with offices at 388 Greenwi HSBC Securities (USA) Inc., with offices at 452 Fifth Avenue, New York, New York 10018, Itau BBA USA Securities, Inc., with office New York, NY 10153, J.P. Morgan Securities LLC, with offices at 270 Park Avenue, New York, New York 10017, Santander Investmer East 53rd Street, New York, New York 10022, Credit Agricole Securities (USA) Inc., with offices at 1301 Avenue of the Americas, New UFJ Securities (USA), Inc., with offices at 1633 Broadway, 29th Floor, New York, NY 10019, as underwriters, each underwriter has sev PifCo has agreed to sell to the underwriters, the number of notes set forth opposite the name of such underwriters below:

| Underwriters | Principal Amount of the 2016 Notes | Principal Amoun the 2021 Notes |
|---|---|---|
| BTG Pactual US Capital Corp | U.S. $ 400,000,000 | U.S. $ 400,000 |
| Citigroup Global Markets Inc. | 400,000,000 | 400,000 |
| HSBC Securities (USA) Inc. | 400,000,000 | 400,000 |
| Itau BBA USA Securities, Inc. | 400,000,000 | 400,000 |
| J.P. Morgan Securities LLC | 400,000,000 | 400,000 |
| Santander Investment Securities Inc. | 400,000,000 | 400,000 |
| Credit Agricole Securities (USA) Inc. | 50,000,000 | 50,000 |
| Mitsubishi UFJ Securities (USA), Inc. | 50,000,000 | 50,000 |
| Total | U.S. $2,500,000,000 | U.S. $2,500,000 |

The underwriting agreement provides that the obligation of the underwriters to pay for and accept delivery of the notes is subject to, a of certain legal opinions by its counsel. The underwriters are obligated to take and pay for all of the notes offered by this prospectus supp notes will initially be offered at the price indicated on the cover page of this prospectus supplement. After the initial offering of the notes selling terms may from time to time be varied by the underwriters.

The underwriting agreement provides that PifCo and Petrobras will indemnify the underwriters against certain liabilities, including lia and will contribute to payments the underwriters may be required to make in respect of the underwriting agreement.

PifCo has been advised by the underwriters that the underwriters intend to make a market in the notes as permitted by applicable laws are not obligated, however, to make a market in the notes and any such market-making may be discontinued at any time at the sole discre addition, such market-making activity will be subject to the limits imposed by the Exchange Act. Accordingly, no assurance can be given development or continuation of trading markets for, the notes.

In connection with this offering, certain persons participating in this offering may engage in transactions that stabilize, maintain or oth Specifically, the underwriters may bid for and purchase notes in the open market to stabilize the price of the notes. The underwriters may creating a short position, and may bid for and purchase notes in the open market to cover the short position. In addition, the underwriters in market-making transactions and impose penalty bids. These activities may stabilize and maintain the market price of the notes above n prevail. The underwriters are not required to engage in these activities, and may end these activities at any time.

The underwriters have from time to time in the past provided, and may in the future provide, investment banking, financial advisory a PifCo and their affiliates for which the underwriters have received or expect to receive customary fees.

The initial purchasers and/or their affiliates may acquire the notes for their own property accounts. Such acquisitions may have an effe the notes.

In compliance with FINRA guidelines, the maximum compensation to the underwriters or agents in connection with the sale of the no
supplement and the accompanying prospectus will not exceed 8% of the aggregate total offering price to the public of the notes as set for
prospectus supplement; however, it is anticipated that the maximum compensation paid will be significantly less than 8%.

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**European Economic Area**

In relation to each Member State that has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the pu subject of the offering contemplated by this prospectus may not be made in that Relevant Member State except that an offer to the public any notes may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in tha

- to any legal entity which is a qualified investor as defined in the Prospectus Directive.
- by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Direc consent of PifCo for any such offer; or
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directiv (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospective Directive, subject to relevant Dealer or Dealers nominated by the Issuer for any such offer;
- provided that no such offer of notes shall result in a requirement for the publication by PifCo or any underwriter of a prospectu Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any notes in any Relevant Member State mean and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to p be varied in that Member State by any measure implementing the Prospectus Directive, the expression Prospectus Directive means Direc thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

**Cayman Islands**

No invitation may be made to the public in the Cayman Islands to subscribe for any of the notes.

**United Kingdom**

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investm Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) order 2005 (the "Order") or (iii) high net worth com it may lawfully be communicated, following within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "re available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, r not a relevant person should not act or rely on this document or any of its contents.

The underwriters have represented and agreed that: (i) they have only communicated or caused to be communicated and will only com communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the UK Financial Servi "FSMA") received by them in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the notes the United Kingdom.

The notes are offered for sale in the United States and other jurisdictions where it is legal to make these offers. The distribution of this accompanying prospectus, and the offering of the notes in certain jurisdictions may be restricted by law. Persons into whose possession t accompanying prospectus come and investors in the notes should inform themselves about and observe any of these restrictions. This pro accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction

is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawf
solicitation.

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The underwriters have agreed that they have not offered, sold or delivered, and they will not offer, sell or deliver any of the notes, dir prospectus supplement, the accompanying prospectus or any other offering material relating to the notes, in or from any jurisdiction exce the best knowledge and belief of the underwriters, after reasonable investigation, result in compliance with the applicable laws and regul which will not impose any obligations on PifCo except as set forth in the underwriting agreement.

Neither PifCo nor the underwriters have represented that the notes may be lawfully sold in compliance with any applicable registratio jurisdiction, or pursuant to an exemption, or assumes any responsibility for facilitating these sales.

The expenses of the offering, excluding the underwriting discount, are estimated to be U.S.$500,000 and will be borne by PifCo.

The underwriters propose to offer the notes initially at the public offering price set forth on the cover page of this prospectus supplem a selling concession not in excess of 0.25% of the principal amount of the notes. After the initial public offering of the notes, the public o discount to dealers may be changed.

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## TAXATION

There currently are no income tax treaties between Brazil and the United States. Although the tax authorities of Brazil and the United that may culminate in such a treaty, we cannot assure you as to whether or when a treaty will enter into force or how it will affect holders

### U.S. Federal Income Tax Considerations

**TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTI DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS SUPPLEMENT IS NOT INTENDED OR WRITTEN CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS INCLUDED HEREIN F CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR C INDEPENDENT TAX ADVISOR.**

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a beneficial owner of a note that purposes, a citizen or resident of the United States, a domestic corporation or an entity otherwise subject to U.S. federal income taxation the note (a "U.S. Holder"). This summary addresses only U.S. Holders that purchase notes as part of the initial offering, and that hold suc summary does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks or other finan insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold the notes a conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a "functional curr "Non-U.S. Holder" is a beneficial owner of the notes (other than a partnership or other entity treated as a partnership for U.S. federal inc Holder.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the notes, then the tax treatment of generally will depend upon the status of the partner and the activities of the partnership. Such a partner or partnership should consult its c consequences of acquiring, owning and disposing of the notes.

This summary is based on the Code, existing, proposed and temporary U.S. Treasury regulations and judicial and administrative inter in effect and available on the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or to differing inter U.S. federal income tax consequences described herein.

**INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE A AND DISPOSITION OF THE NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR CIRCUMSTANCES O INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE APPLICATION OF U.S. FEDERAL ESTATE MINIMUM TAX LAWS, U.S. STATE AND LOCAL TAX LAWS AND FOREIGN TAX LAWS.**

***Payments of Interest and Additional Amounts***

Payments of interest on a note (which may include additional amounts) generally will be taxable to a U.S. Holder as ordinary interest accrued or received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Interest in generally will constitute foreign-source income for purposes of computing the foreign tax credit allowable under the U.S. federal income income taxes eligible for credit is calculated separately with respect to specific classes of income. Such income generally will constitute foreign tax credit purposes. The calculation and availability of foreign tax credits and, in the case of a U.S. Holder that elects to deduct fo of such deduction involves the application of complex rules that depend on the U.S. Holder's particular circumstances. In addition, foreig allowed for certain short-term or hedged positions in the notes.

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U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits or deductions in respect of foreign additional amounts.

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on interest income earned in respect of not effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States. Non-U.S. Holders should cons event interest income with respect to the notes is effectively connected with their trade or business in the United States.

***Sale or Disposition of Notes***

A U.S. Holder generally will recognize capital gain or loss upon the sale, exchange, retirement or other taxable disposition of a note i between the U.S. dollar value of the amount realized upon such disposition (other than amounts attributable to accrued but unpaid interes income) and such U.S. Holder's tax basis in the note as determined in U.S. dollars. A U.S. Holder's tax basis in the note will generally e price of the Note. Gain or loss realized by a U.S. Holder on the disposition of a Note generally will be long-term capital gain or loss if, a Note has been held for more than one year. The net amount of long-term capital gain realized by an individual U.S. Holder generally is s which rates currently are scheduled to increase on January 1, 2011. The deductibility of capital losses is subject to limitations. Capital ga Holder generally will be U.S.-source gain or loss. Consequently, if any such gain is subject to foreign withholding tax, a U.S. Holder ma against its U.S. federal tax liability unless such credit can be applied (subject to applicable limitation) against tax due on other income tre sources. U.S. Holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the notes.

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale or other taxabl (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States or (ii) in the cas such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditi should consult their own tax advisors in the event either of the foregoing conditions applies.

***Backup Withholding and Information Reporting***

Payments in respect of the notes that are paid within the United States or through certain U.S.-related financial intermediaries are subj may be subject to backup withholding, unless the U.S. Holder (i) is an exempt recipient, and demonstrates this fact when so required, or identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the ba amount of any backup withholding collected from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. may entitle the U.S. Holder to a refund, provided that certain required information is timely furnished to the Internal Revenue Service.

Although Non-U.S. Holders generally are exempt from backup withholding, a Non-U.S. Holder may, in certain circumstances, be req procedures to prove entitlement to this exemption.

In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. Holders who are individuals to rep interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial instit are U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the

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**Brazilian Tax Considerations**

The following discussion is a summary of the Brazilian tax considerations relating to an investment in the notes by a non-resident of B the tax laws of Brazil as in effect on the date of this prospectus supplement and is subject to any change in Brazilian law that may come i information set forth below is intended to be a general discussion only and does not address all possible tax consequences relating to an i

**PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE CONSEQUENCES OF PU INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE, RED OF THE NOTES OR COUPONS.**

Generally, an individual, entity, trust or organization domiciled for tax purposes outside Brazil, or a "Non-resident," is taxed in Brazil Brazilian sources or when the transaction giving rise to such earnings involves assets in Brazil. Therefore, any gains or interest (includin commissions, expenses and any other income paid by PifCo in respect of the notes issued by it in favor of Non-resident holders are not s

Interest, fees, commissions, expenses and any other income payable by Petrobras as guarantor resident in Brazil to a Non-resident are withheld at source. The rate of withholding income tax in respect of interest payments is generally 15%, unless (i) the holder of the notes haven jurisdiction" (that is deemed to be a country or jurisdiction which does not impose any tax on income or which imposes such tax a than 20% or where the local legislation imposes restrictions on disclosing the identities of shareholders, the ownership of investments, or earnings distributed to the Non-resident— "tax haven jurisdiction"), in which case the applicable rate is 25% or (ii) such other lower rate tax treaty between Brazil and another country where the beneficiary is domiciled. In case the guarantor is required to assume the obligati the notes, Brazilian tax authorities could attempt to impose withholding income tax at the rate of up to 25% as described above. Althoug provide a specific tax rule for such cases and there is no official position from tax authorities or precedents from the Brazilian court rega remittance of funds by Petrobras as a guarantor for the payment of the principal amount of the notes will not be subject to income tax in B the guarantor is making the payment does not convert the nature of the principal due under the notes into income of the beneficiary.

If the payments with respect to the notes are made by Petrobras, as provided for in the guaranties, the Non-resident holders will be inc all applicable Brazilian taxes collectable by withholding, deduction or otherwise, with respect to principal, interest and additional amoun (plus any interest and penalties thereon), a Non-resident holder will receive an amount equal to the amount that such Non-resident holde Brazilian taxes (plus interest and penalties thereon) were withheld. The Brazilian obligor will, subject to certain exceptions, pay addition withholding or deduction so that the Non-resident holder receives the net amount due.

Gains on the sale or other disposition of the notes made outside of Brazil by a Non-resident, other than a branch or a subsidiary of Bra resident are not subject to Brazilian income tax.

In addition, payments made from Brazil are subject to the tax on foreign exchange transactions (*IOF/Câmbio*), which is levied on the into foreign currency and on the conversion of foreign currency into Brazilian currency at a general rate of 0.38%. Other IOF/Cambio rat transactions. In any case, the Brazilian federal government may increase, at any time, such rate up to 25% but only with respect to future

Generally, there are no inheritance, gift, succession, stamp, or other similar taxes in Brazil with respect to the ownership, transfer, ass the notes by a Non-resident, except for gift and inheritance taxes imposed by some Brazilian states on gifts or bequests by individuals or Brazil to individuals or entities domiciled or residing within such states.

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**Cayman Islands Tax Considerations**

The Cayman Islands currently have no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inherit applicable to PifCo or any holder of notes issued by PifCo. Accordingly, payment of principal of (including any premium) and interest o not be subject to taxation in the Cayman Islands; no Cayman Islands withholding tax will be required on such payments to any holder of sale of notes will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to any double taxation treaties, ot agreement entered into between the governments of the United Kingdom and the Cayman Islands on June 15, 2009. The Cayman Islands into certain agreements with various governments in relation to information with respect to tax matters.

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of executed in or brought within (for example, for the purposes of enforcement) the jurisdiction of the Cayman Islands, in which case stamp of the notes may be payable on each Note (up to a maximum of 250 Cayman Islands Dollars ("CI$") (U.S.$312.50)) unless stamp duty o paid in respect of the entire issue of notes.

The foregoing conversions of Cayman Island Dollars to U.S. Dollars have been made on the currently applicable basis of U.S.$1.25 =

**European Union Savings Directive**

Under Council Directive 2003/48/EC (the "Directive") on the taxation of savings income, each Member State of the European Union authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitio Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Un recipient of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of w withholding is 20% and it will be increased to 35% with effect from 1 July 2011. The transitional period is to terminate at the end of the agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to ado provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to an in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of inform arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to an individual certain limited types of entity established in, one of those countries or territories.

A proposal for amendments to the Directive has been published, including a number of suggested changes which, if implemented, wo described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a Note were to be made by a person in a Member State or another country or territory which has opted for a withh in respect of, tax were to be withheld from that payment pursuant to the Directive or any law implementing or complying with, or introdu Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of s imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent in a Member State that will not be oblig pursuant to the Directive or any such law.

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**DIFFICULTIES OF ENFORCING CIVIL LIABILITIES AGAINST NON-U.S. PERSONS**

Petrobras is a *sociedade de economia mista* (mixed capital company), a public sector company with some private sector ownership, es and PifCo is an exempted limited liability company incorporated under the laws of the Cayman Islands. A substantial portion of the asse located outside the Unites States, and at any time all of their executive officers and directors, and certain advisors named in this prospect the United States. As a result, it may not be possible for you to effect service of process on any of those persons within the United States for you to enforce a judgment of a United States court for civil liability based upon the United States federal securities laws against any o States

For further information on potential difficulties in effecting service of process on any of those persons or enforcing judgments against States, see “Enforceability of Civil Liabilities” in the accompanying prospectus.

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## LEGAL MATTERS

Walkers, special Cayman Islands counsel for PifCo, will pass upon the validity of the notes and the indenture for PifCo as to certain m
Mr. Nilton Antonio de Almeida Maia, Petrobras' general counsel, will pass upon, for PifCo and Petrobras, certain matters of Brazilian la
indenture and the guaranties. The validity of the notes, the indenture and the guaranties will be passed upon for PifCo and Petrobras by C
LLP as to certain matters of New York law.

Mattos Filho Veiga Filho Marrey Jr. e Quiroga Advogados will pass upon the validity of the indenture and the guaranties for the unde
Brazilian law. Shearman & Sterling LLP will pass upon the validity of the notes, the indenture and the guaranties for the underwriters as
law.

## EXPERTS

The consolidated financial statements of Petrobras and its subsidiaries and of PifCo and its subsidiaries as of and for the years ended I
2007, and management's assessments of the effectiveness of internal control over financial reporting as of December 31, 2009, have bee
supplement by reference to the combined Petrobras and PifCo annual report on Form 20-F for the year ended December 31, 2009 in relia
Auditores Independentes, an independent registered public accounting firm, and upon the authority of KPMG Auditores Independentes a
auditing.

With respect to the unaudited interim financial information of Petrobras and PifCo for the nine-month periods ended September 30, 2
are incorporated by reference herein, KPMG Auditores Independentes has reported that it applied limited procedures in accordance with
of such information. However, its reports included in the Petrobras Form 6-K furnished to the SEC on November 24, 2010, and PifCo Fo
November 23, 2010, and incorporated by reference herein, state that it did not audit and it does not express an opinion on that interim fin
the degree of reliance on its reports on such information should be restricted in light of the limited nature of the review procedures applie
is not subject to the liability provisions of Section 11 of the Securities Act for its reports on the unaudited interim financial information b
"reports" or a "part" of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the

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P R O S P E C T U S

# Petróleo Brasileiro S.A. – Petrobras

**Debt Securities, Warrants,**
**Preferred Shares,**
**Preferred Shares represented by American Depositary Shares,**
**Common Shares,**
**Common Shares represented by American Depositary Shares,**
**Mandatory Convertible Securities and**
**Guaranties**

# Petrobras International Finance Company

**Debt Securities, accompanied by Guaranties of Petrobras**

**Debt Warrants, accompanied by**
**Guaranties of Petrobras**

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Petróleo Brasileiro S.A. – Petrobras may from time to time offer debt securities, warrants, preferred shares, common shares, mandatory convertible s
International Finance Company may issue debt securities accompanied by guaranties of Petrobras and debt warrants accompanied by guaranties of Petro
of the general terms that may apply to these securities and the general manner in which they may be offered. When we offer securities, the specific term
offering price, and the specific manner in which they may be offered, will be described in supplements to this prospectus.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these se
accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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December 11, 2009

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## ABOUT THIS PROSPECTUS

In this prospectus, unless the context otherwise requires, references to “Petrobras” mean Petróleo Brasileiro S.A. and its consolidated
references to “PifCo” mean Petrobras International Finance Company and its consolidated subsidiaries taken as a whole. Terms such as “
refer to Petróleo Brasileiro S.A. and Petrobras International Finance Company, unless the context requires otherwise.

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission (which we refer to
registration process. Under this shelf process, Petrobras may sell any combination of debt securities, warrants, preferred shares, common
convertible into its preferred or common shares, and PifCo may sell debt securities accompanied by guaranties of Petrobras and debt war
Petrobras in one or more offerings. Any preferred shares or common shares of Petrobras, in one or more offerings, may be in the form of
(which we refer to as ADSs) evidenced by American depositary receipts (which we refer to as ADRs).

This prospectus only provides a general description of the securities that we may offer. Each time we offer securities, we will prepare
containing specific information about the particular offering and the terms of those securities. We may also add, update or change other i
prospectus by means of a prospectus supplement or by incorporating by reference information we file with the SEC. The registration stat
includes exhibits that provide more detail on the matters discussed in this prospectus. Before you invest in any securities offered by this p
prospectus, any related prospectus supplement and the related exhibits filed with the SEC, together with the additional information descr
You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

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## FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this prospectus are forward-looking statements within the meaning of Section
as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are n
not assurances of future results. Many of the forward-looking statements contained in this prospectus may be identified by the use of forw
"believe," "expect," "anticipate," "should," "planned," "estimate" and "potential," among others. We have made forward-looking statem
things, our:

- regional marketing and expansion strategy;
- drilling and other exploration activities;
- import and export activities;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- liquidity; and
- development of additional revenue sources.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to
expressed or implied by these forward-looking statements. These factors include, among other things:

- our ability to obtain financing;
- general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing ex
- global economic conditions;
- our ability to find, acquire or gain access to additional reserves and to successfully develop our current ones;
- uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves;
- competition;
- technical difficulties in the operation of our equipment and the provision of our services;
- changes in, or failure to comply with, laws or regulations;
- receipt of governmental approvals and licenses;
- international and Brazilian political, economic and social developments;
- military operations, acts of terrorism or sabotage, wars or embargoes;
- the cost and availability of adequate insurance coverage; and
- other factors identified under "Risk Factors" in our reports filed with the SEC that are incorporated by reference in this prospe

These statements are not guaranties of future performance and are subject to certain risks, uncertainties and assumptions that are diffi
results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of factors, inclu
forth in any prospectus supplement and in documents incorporated by reference in this prospectus.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance
contained in this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a resul
events or for any other reason.

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## PETROBRAS

Petróleo Brasileiro S.A.—Petrobras was incorporated in 1953 and is one of the world's largest integrated oil and gas companies. Petro federal government, but its common and preferred shares are publicly traded. Petrobras engages in a broad range of oil and gas activities its operations:

- Exploration and Production—This segment encompasses oil and gas exploration, development and production activities in Bra in domestic and foreign markets, transfers of natural gas to the Gas and Energy segment and sales of oil products produced at
- Supply—This segment comprises Petrobras' downstream activities in Brazil, including refining, logistics, transportation, expo as the purchase and sale of oil products and ethanol. Additionally, this segment includes the petrochemical and fertilizers divis domestic petrochemical companies and two domestic fertilizer plants.
- Distribution—This segment encompasses the oil product and ethanol distribution activities conducted by Petrobras' majority c Distribuidora S.A.-BR, in Brazil.
- Gas and Energy—This segment consists primarily of the purchase, sale and transportation and distribution of natural gas produ This segment also includes Petrobras' participation in domestic natural gas transportation, natural gas distribution and thermoe
- International—This segment comprises Petrobras' international activities conducted in several countries, which include Explo (refining, petrochemicals and fertilizers), Distribution and Gas and Energy.
- Corporate—This segment includes financing activities not attributable to other segments, including corporate financial manag overhead and actuarial expenses related to Petrobras' pension and health care plans for non-active participants.

Petrobras' principal executive office is located at Avenida República do Chile, 65 20031-912—Rio de Janeiro—RJ, Brazil, and its tel 4477.

## PIFCO

PifCo is a wholly-owned subsidiary of Petrobras, incorporated under the laws of the Cayman Islands. PifCo is an exempted company PifCo purchases crude oil and oil products from third parties and sells them at a premium to Petrobras on a deferred payment basis. PifC products from Petrobras and sells them outside Brazil. Accordingly, intercompany activities and transactions, and therefore PifCo's finan operations, are affected by decisions made by Petrobras. Additionally, PifCo sells and purchases crude oil and oil products to and from th mainly outside Brazil. PifCo engages in borrowings in international capital markets supported by Petrobras, primarily through guaranties

PifCo's registered office is located at Harbour Place, 103 South Church Street, 4th Floor, PO Box 1034GT, George Town, Grand Cay telephone number is (55-21) 3487-2375.

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## THE SECURITIES

Petrobras may from time to time offer under this prospectus, separately or together:

- senior or subordinated debt securities that may be convertible into our common shares or preferred shares, which may be in the ADRs;
- securities that are mandatorily convertible into preferred or common shares (or ADSs representing our preferred or common sh
- common shares, which may be represented by ADSs;
- preferred shares, which may be represented by ADSs;
- warrants to purchase common shares, which may be represented by ADSs;
- warrants to purchase preferred shares, which may be represented by ADSs;
- warrants to purchase debt securities; and
- guaranties accompanying debt securities, including debt warrants, of PifCo.

PifCo may from time to time offer under this prospectus:

- senior or subordinated debt securities, accompanied by guaranties of Petrobras or other credit enhancements, including letters o other similar instruments; and
- warrants to purchase debt securities, accompanied by guaranties of Petrobras, including letters of credit, political risk insuranc

## LEGAL OWNERSHIP

In this prospectus and in any attached prospectus supplement, when we refer to the "holders" of securities as being entitled to specifie only the actual legal holders of the securities. While you will be the holder if you hold a security registered in your name, more often tha actually be either a broker, bank, other financial institution or, in the case of a global security, a depositary. Our obligations, as well as th warrant agent, any transfer agent, any registrar, any depositary and any third parties employed by us or the other entities listed above, run as holders of our securities, except as may be specifically provided for in a warrant agreement, warrant certificate, deposit agreement or o securities. For example, once we make payment to the registered holder, we have no further responsibility for the payment even if that re to pass the payment along to you as a street name customer but does not do so.

If we choose to issue preferred shares or common shares, they may be evidenced by ADRs and you will hold them indirectly through shares or common shares will be directly held by a depositary. Your rights and obligations will be determined by reference to the terms o copy of the deposit agreements, as amended from time to time, with respect to our preferred shares and common shares is on file with the reference in this prospectus. You may obtain copies of the deposit agreements from the SEC's Public Reference Room. See "Where You

### Street Name and Other Indirect Holders

Holding securities in accounts at banks or brokers is called holding in "street name." If you hold our securities in street name, we will or the financial institution that the bank or broker uses to hold the securities, as a holder. These intermediary banks, brokers, other financ

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depositaries pass along principal, interest, dividends and other payments, if any, on the securities, either because they agree to do so in th
they are legally required to do so. This means that if you are an indirect holder, you will need to coordinate with the institution through w
security in order to determine how the provisions involving holders described in this prospectus and any prospectus supplement will actu
the debt security in which you hold a beneficial interest in street name can be repaid at the option of the holder, you cannot redeem it you
described in the prospectus supplement relating to that security. Instead, you would need to cause the institution through which you hold
on your behalf. Your institution may have procedures and deadlines different from or additional to those described in the applicable pros

If you hold our securities in street name or through other indirect means, you should check with the institution through which you hol
out:

- how it handles payments and notices with respect to the securities;
- whether it imposes fees or charges;
- how it handles voting, if applicable;
- how and when you should notify it to exercise on your behalf any rights or options that may exist under the securities;
- whether and how you can instruct it to send you securities registered in your own name so you can be a direct holder as descril
- how it would pursue rights under the securities if there were a default or other event triggering the need for holders to act to pr

**Global Securities**

A global security is a special type of indirectly held security. If we choose to issue our securities, in whole or in part, in the form of gl
beneficial owners can only be indirect holders. We do this by requiring that the global security be registered in the name of a financial in
that the securities included in the global security not be transferred to the name of any other direct holder unless the special circumstance
financial institution that acts as the sole direct holder of the global security is called the "depositary." Any person wishing to own a secur
so indirectly through an account with a broker, bank or other financial institution that in turn has an account with the depositary. The pro
whether the securities will be issued only as global securities.

As an indirect holder, your rights relating to a global security will be governed by the account rules of your financial institution and o
laws relating to securities transfers. We will not recognize you as a holder of the securities and instead deal only with the depositary that

You should be aware that if our securities are issued only in the form of global securities:

- you cannot have the securities registered in your own name;
- you cannot receive physical certificates for your interest in the securities;
- you will be a street name holder and must look to your own bank or broker for payments on the securities and protection of yo
  securities;
- you may not be able to sell interests in the securities to some insurance companies and other institutions that are required by la
  form of physical certificates;

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- the depositary's policies will govern payments, dividends, transfers, exchange and other matters relating to your interest in the any warrant agent, any transfer agent and any registrar have no responsibility for any aspect of the depositary's actions or for i the global security. We, the trustee, any warrant agent, any transfer agent and any registrar also do not supervise the depositary
- the depositary will require that interests in a global security be purchased or sold within its system using same-day funds for se

In a few special situations described below, a global security representing our securities will terminate and interests in it will be excha representing the securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to you. You to find out how to have your interests in the securities transferred to your name, so that you will be a direct holder.

Unless we specify otherwise in the prospectus supplement, the special situations for termination of a global security representing our

- when the depositary notifies us that it is unwilling or unable to continue as depositary and we do not or cannot appoint a succe
- when we notify the trustee that we wish to terminate the global security; or
- when an event of default on debt securities has occurred and has not been cured. (Defaults are discussed later under "Descripti Default.")

The prospectus supplement may also list additional situations for terminating a global security that would apply to the particular serie prospectus supplement. When a global security terminates, the depositary (and not us, the trustee, any warrant agent, any transfer agent o deciding the names of the institutions that will be the initial direct holders.

**In the remainder of this document, "you" means direct holders and not street name or other indirect holders of securities. Indi previous subsection starting on page 5 entitled "Street Name and Other Indirect Holders."**

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## DESCRIPTION OF DEBT SECURITIES

*The following briefly summarizes the material provisions of the debt securities and the Petrobras or PifCo indenture that will govern pricing and related terms disclosed in the accompanying prospectus supplement. You should read the more detailed provisions of the ap defined terms, for provisions that may be important to you. You should also read the particular terms of a series of debt securities, which the applicable prospectus supplement. This summary is subject to, and qualified in its entirety by reference to, the provisions of such ind prospectus supplement relating to each series of debt securities.*

### Indenture

Any debt securities that we issue will be governed by a document called an indenture. The indenture is a contract entered into betwee currently The Bank of New York Mellon (formerly the Bank of New York). The trustee has two main roles:

- first, the trustee can enforce your rights against us if we default, although there are some limitations on the extent to which the described under "Default and Related Matters—Events of Default—Remedies if an Event of Default Occurs"; and
- second, the trustee performs administrative duties for us, such as sending interest payments to you, transferring your debt secu sending notices to you.

Each of the Petrobras and PifCo indentures and their associated documents contain the full legal text of the matters described in this s York law governs the indenture and the debt securities. We have filed a copy of the Petrobras indenture and PifCo indenture with the SE statement. We have consented to the non-exclusive jurisdiction of any U.S. federal court sitting in the borough of Manhattan in the City States and any appellate court from any thereof.

### Types of Debt Securities

Together or separately, we may issue as many distinct series of debt securities under our indentures as are authorized by the corporate applicable law and our corporate organizational documents to authorize the issuance of debt securities. Specific issuances of debt securit supplemental indenture, an officer's certificate or a document evidencing the authorization of any such corporate body. This section sum securities that are common to all series and to each of the Petrobras and PifCo indentures, unless otherwise indicated in this section and i relating to a particular series.

Because this section is a summary, it does not describe every aspect of the debt securities. This summary is subject to and qualified in provisions of the indenture, including the definition of various terms used in the indenture. For example, we describe the meanings for or have been given special meanings in the indenture. We also include references in parentheses to some sections of the indenture. Whenev defined terms of our indentures in this prospectus or in any prospectus supplement, those sections or defined terms are incorporated by re prospectus supplement.

We may issue the debt securities at par, at a premium or as original issue discount securities, which are debt securities that are offered to their stated principal amount. We may also issue the debt securities as indexed securities or securities denominated in currencies other or composite currencies, as described in more detail in the prospectus supplement relating to any such debt securities. We will describe t consequences and any other special considerations applicable to original issue discount, indexed or foreign currency debt securities in the (s).

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In addition, the material financial, legal and other terms particular to a series of debt securities will be described in the prospectus sup
Those terms may vary from the terms described here. Accordingly, this summary also is subject to and qualified by reference to the desc
described in the applicable prospectus supplement(s).

The prospectus supplement relating to a series of debt securities will describe the following terms of the series:

- the title of the debt securities of the series;
- any limit on the aggregate principal amount of the debt securities of the series (including any provision for the future offering
  series beyond any such limit);
- whether the debt securities will be issued in registered or bearer form;
- whether the debt securities will be accompanied by a guaranty or other credit enhancements, including letters of credit, politica
  instruments;
- the date or dates on which the debt securities of the series will mature and any other date or dates on which we will pay the pri
  series;
- the annual rate or rates, which may be fixed or variable, at which the debt securities will bear interest, if any, and the date or da
  accrue;
- the date or dates on which any interest on the debt securities of the series will be payable and the regular record date or dates w
  entitled to receive interest payments;
- the place or places where the principal and any premium and interest in respect of the debt securities of the series will be payal
- any period or periods during which, and the price or prices at which, we will have the option to redeem or repurchase the debt
  material terms and provisions applicable to our redemption or repurchase rights;
- whether the debt securities will be senior or subordinated securities;
- whether the debt securities will be our secured or unsecured obligations;
- any obligation we will have to redeem or repurchase the debt securities of the series, including any sinking fund or analogous
  during which, and the price or prices at which, we would be required to redeem or repurchase the debt securities of the series a
  provisions applicable to our redemption or repurchase obligations;
- if other than $1,000 or an even multiple of $1,000, the denominations in which the series of debt securities will be issuable;
- if other than U.S. dollars, the currency in which the debt securities of the series will be denominated or in which the principal
  debt securities of the series will be payable;
- if we or you have a right to choose the currency, currency unit or composite currency in which payments on any of the debt se
  the currency, currency unit or composite currency that we or you may elect, the period during which we or you must make the
  terms applicable to the right to make such elections;

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- if other than the full principal amount, the portion of the principal amount of the debt securities of the series that will be payab acceleration of the maturity of the debt securities of the series;
- any index or other special method we will use to determine the amount of principal or any premium or interest on the debt secu
- the applicability of the provisions described under “Defeasance and Discharge”;
- if we issue the debt securities of the series in whole or part in the form of global securities as described under “Legal Ownersh the depositary with respect to the debt securities of the series, and the circumstances under which the global securities may be other than the depositary or its nominee if other than those described under “Legal Ownership—Global Securities”;
- whether the debt securities will be convertible or exchangeable at your option or at our option into equity securities, and, if so, conversion or exchange;
- any covenants to which we will be subject with respect to the debt securities of the series; and
- any other special features of the debt securities of the series that are not inconsistent with the provisions of the indenture.

In addition, the prospectus supplement will state whether we will list the debt securities of the series on any stock exchange(s) and, if so,

## Additional Mechanics

***Form, Exchange and Transfer***

The debt securities will be issued, unless otherwise indicated in the applicable prospectus supplement, in denominations that are even registered form. (*Petrobras Section 3.02; PifCo Section 3.02*)

You may have your debt securities broken into more debt securities of smaller denominations or combined into fewer debt securities the total principal amount is not changed. This is called an exchange. (*Petrobras Section 3.05; PifCo Section 3.05*)

You may exchange or transfer your registered debt securities at the office of the trustee. The trustee will maintain an office in New Y our agent for registering debt securities in the names of holders and transferring registered debt securities. We may change this appointm service ourselves. The entity performing the role of maintaining the list of registered holders is called the “security registrar.” It will also debt securities. (*Petrobras Section 3.05; PifCo Section 3.05*)

You will not be required to pay a service charge to transfer or exchange debt securities, but you may be required to pay any tax or oth with the exchange or transfer. The transfer or exchange of a registered debt security will only be made if the security registrar is satisfied

If we designate additional transfer agents, they will be named in the prospectus supplement. We may cancel the designation of any pa may also approve a change in the office through which any transfer agent acts. (*Petrobras Section 10.02; PifCo Section 10.03*)

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If the debt securities are redeemable and we redeem less than all of the debt securities of a particular series, we may block the transfer order to freeze the list of holders to prepare the mailing during the period beginning 15 days before the day we mail the notice of redemp mailing. We may also refuse to register transfers or exchanges of debt securities selected for redemption. However, we will continue to p the unredeemed portion of any debt security being partially redeemed. (*Petrobras Section 3.05; PifCo Section 3.05*)

***Payment and Paying Agents***

If your debt securities are in registered form, we will pay interest to you if you are a direct holder listed in the trustee's records at the in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually abou due date, is called the "regular record date" and will be stated in the prospectus supplement. (*Petrobras Section 3.07; PifCo Section 3.07*

We will pay interest, principal, additional amounts and any other money due on the registered debt securities at the corporate trust off (which is currently located at 101 Barclay Street, 4E, New York, New York 10286, Attention: Global Trust Services - Americas) or at th Mellon Trust (Japan) Ltd., a bank established under the laws of Japan (which is currently located at Fokoku Seimei Building, 2-2-2 Uchi 100-8580, Japan). You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pa Interest on global securities will be paid to the holder thereof by wire transfer of same-day funds.

Holders buying and selling debt securities must work out between themselves how to compensate for the fact that we will pay all the the case of registered debt securities, the one who is the registered holder on the regular record date. The most common manner is to adju securities to pro-rate interest fairly between the buyer and seller. This pro-rated interest amount is called "accrued interest."

**Street name and other indirect holders should consult their banks or brokers for information on how they will receive paymen**

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corpor called "paying agents." We may also choose to act as our own paying agent. We must notify you of changes in the paying agents for the you hold. (*Petrobras Section 10.02; PifCo Section 10.03*)

***Notices***

We and the trustee will send notices only to direct holders, using their addresses as listed in the trustee's records. (*Petrobras Section 1*

Regardless of who acts as paying agent, all money that Petrobras pays to a paying agent that remains unclaimed at the end of two yea holders will be repaid to Petrobras. After that two-year period, direct holders may look only to Petrobras for payment and not to the trust anyone else. (*Petrobras Section 10.03*)

**Special Situations**

***Mergers and Similar Events***

Under the indenture, except as described below, we are generally permitted to consolidate or merge with another entity. We are also p substantially all of our assets to another entity or to buy or lease substantially all of the assets of another entity. No vote by holders of deb actions is required, unless as part of the transaction we make changes to the indenture requiring your approval, as described

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later under "—Modification and Waiver." We may take these actions as part of a transaction involving outside third parties or as part of a reorganization. We may take these actions even if they result in:

- a lower credit rating being assigned to the debt securities; or
- additional amounts becoming payable in respect of withholding tax, and the debt securities thus being subject to redemption at under "—Optional Tax Redemption."

We have no obligation under the indenture to seek to avoid these results, or any other legal or financial effects that are disadvantageou merger, consolidation or sale or lease of assets that is permitted under the indenture.

***Petrobras***

Petrobras may merge into or consolidate with or convey, transfer or lease its property to another entity, provided that it may not take a following conditions are met:

- If Petrobras merges out of existence or sell or lease its assets, the other entity must unconditionally assume its obligations on th obligation to pay the additional amounts described under "Payment of Additional Amounts." This assumption may be by way guaranty in the case of a sale or lease of substantially all of its assets.
- Petrobras must indemnify you against any tax, assessment or governmental charge or other cost resulting from the transaction. only arises if the other entity is organized under the laws of a country other than the United States, a state thereof or Brazil.
- Petrobras must not be in default on the debt securities immediately prior to such action and such action must not cause a defau test, a default would include an event of default that has occurred and not been cured, as described later under "Default and Re Default—What is An Event of Default?" A default for this purpose would also include any event that would be an event of def of default or existence of defaults for a specified period of time were disregarded.
- The entity to which Petrobras sells or leases such assets guaranties our obligations or the entity into which it merges or consoli supplement to the indenture, known as a supplemental indenture. In the supplemental indenture, the entity must promise to be indenture. Furthermore, in this case, the trustee must receive an opinion of counsel stating that the entity's guaranties are valid requirements applicable to the guaranties have been fulfilled and that the supplemental indenture complies with the Trust Inde guarantees our obligations must also deliver certain certificates and other documents to the trustee.
- Petrobras must deliver certain certificates, opinions of its counsel and other documents to the trustee.
- Petrobras must satisfy any other requirements specified in the prospectus supplement. (*Petrobras Section 8.01*)

***PifCo***

PifCo will not, in one or a series of transactions, consolidate or amalgamate with or merge into any corporation or convey, lease or properties, assets or revenues to any person or entity (other than a direct or indirect subsidiary of Petrobras) or permit any person (other t of PifCo) to merge with or into it unless:

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- either PifCo is the continuing entity or the person (the "successor company") formed by the consolidation or into which PifCo leased the property or assets of PifCo will assume (jointly and severally with PifCo unless PifCo will have ceased to exist as a or amalgamation), by a supplemental indenture (the form and substance of which will be previously approved by the trustee), indenture and the notes;
- the successor company (jointly and severally with PifCo unless PifCo will have ceased to exist as part of the merger, consolida indemnify each noteholder against any tax, assessment or governmental charge thereafter imposed on the noteholder solely as merger, conveyance, transfer or lease with respect to the payment of principal of, or interest, the notes;
- immediately after giving effect to the transaction, no event of default, and no default has occurred and is continuing;
- PifCo has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the transaction complies w that all conditions precedent provided for in the indenture and relating to the transaction have been complied with; and
- PifCo must deliver a notice describing that transaction to Moody's to the extent that Moody's is at that time rating the notes.

Notwithstanding anything to the contrary in the foregoing, so long as no default or event of default under the indenture or the notes continuing at the time of the proposed transaction or would result from the transaction:

- PifCo may merge, amalgamate or consolidate with or into, or convey, transfer, lease or otherwise dispose of all or substantially revenues to a direct or indirect subsidiary of PifCo or Petrobras in cases when PifCo is the surviving entity in the transaction a material adverse effect on PifCo and its subsidiaries taken as a whole, it being understood that if PifCo is not the surviving ent comply with the requirements set forth in the previous paragraph; or
- any direct or indirect subsidiary of PifCo may merge or consolidate with or into, or convey, transfer, lease or otherwise dispos than PifCo or any of its subsidiaries or affiliates) in cases when the transaction would not have a material adverse effect on Pif whole; or
- any direct or indirect subsidiary of PifCo may merge or consolidate with or into, or convey, transfer, lease or otherwise dispos indirect subsidiary of PifCo or Petrobras; or
- any direct or indirect subsidiary of PifCo may liquidate or dissolve if PifCo determines in good faith that the liquidation or dis Petrobras, and would not result in a material adverse effect on PifCo and its subsidiaries taken as a whole and if the liquidation corporate reorganization of PifCo or Petrobras.

It is possible that the U.S. Internal Revenue Service may deem a merger or other similar transaction to cause for U.S. federal income t securities for new securities by the holders of the debt securities. This could result in the recognition of taxable gain or loss for U.S. fede possible other adverse tax consequences.

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***Modification and Waiver***

There are three types of changes we can make to the indenture and the debt securities.

***Changes Requiring Your Approval.*** First, there are changes that cannot be made to your debt securities without your specific approva changes:

- change the stated maturity of the principal, interest or premium on a debt security;
- reduce any amounts due on a debt security;
- change any obligation to pay the additional amounts described under "Payment of Additional Amounts";
- reduce the amount of principal payable upon acceleration of the maturity of a debt security following a default;
- change the place or currency of payment on a debt security;
- impair any of the conversion or exchange rights of your debt security;
- impair your right to sue for payment, conversion or exchange;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with various provisions of th defaults; and
- modify any other aspect of the provisions dealing with modification and waiver of the indenture. (*Petrobras Section 9.02; PifC*

***Changes Requiring a Majority Vote.*** The second type of change to the indenture and the debt securities is the kind that requires a vot securities that together represent a majority of the outstanding principal amount of the particular series affected. Most changes fall into th changes, amendments, supplements and other changes that would not adversely affect holders of the debt securities in any material respe required for us to obtain a waiver of all or part of any covenants described in an applicable prospectus supplement or a waiver of a past d a waiver of a payment default or any other aspect of the indenture or the debt securities listed in the first category described previously b Requiring Your Approval" unless we obtain your individual consent to the waiver. (*Petrobras Sections 5.13 and 9.02; PifCo Sections 5.*

***Changes Not Requiring Approval.*** The third type of change does not require any vote by holders of debt securities. This type is limit omissions, defects and inconsistencies, amendments, supplements and other changes that would not adversely affect holders of the debt s such as adding covenants, additional events of default or successor trustees. (*Petrobras Section 9.01; PifCo Section 9.01*)

***Further Details Concerning Voting***. When taking a vote, we will use the following rules to decide how much principal amount to att

- For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the accelerated to that date because of a default.

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- Debt securities that we, any of our affiliates and any other obligor under the debt securities acquire or hold will not be counted as voting rights.
- For debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule prospectus supplement for that security.
- For debt securities denominated in one or more foreign currencies, currency units or composite currencies, we will use the U.S. do which such debt securities were originally issued.

Debt securities will not be considered outstanding, and therefore will not be eligible to vote, if we have deposited or set aside in trust redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described under "Defeasance and Dischar *PifCo Section 14.02*)

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debt securities t action under the indenture. In limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trus other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding record date and must be taken within 180 days following the record date or another period that we or, if it sets the record date, the trustee lengthen (but not beyond 180 days) this period from time to time. (*Petrobras Section 1.04; PifCo Section 1.04*)

**Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted the indenture or the debt securities or request a waiver.**

***Redemption and Repayment***

Unless otherwise indicated in the applicable prospectus supplement, your debt security will not be entitled to the benefit of any sinkin money on a regular basis into any separate custodial account to repay your debt securities. In addition, other than as set forth in "Optiona not be entitled to redeem your debt security before its stated maturity unless the applicable prospectus supplement specifies a redemption be entitled to require us to buy your debt security from you, before its stated maturity, unless the applicable prospectus supplement speci

If the applicable prospectus supplement specifies a redemption commencement date or a repayment date, it will also specify one or m prices, which may be expressed as a percentage of the principal amount of your debt security or by reference to one or more formulae us price(s). It may also specify one or more redemption periods during which the redemption prices relating to a redemption of debt securiti

If the applicable prospectus supplement specifies a redemption commencement date, we may redeem your debt security at our option we redeem your debt security, we will do so at the specified redemption price, together with interest accrued to the redemption date. If di different redemption periods, the price we pay will be the price that applies to the redemption period during which your debt security is r securities are redeemed, the trustee will choose the debt securities to be redeemed by lot, or in the trustee's discretion, pro rata. (*Petrobra Section 11.03*)

If the applicable prospectus supplement specifies a repayment date, your debt security will be repayable by us at your option on the sp specified repayment price(s), together with interest accrued and any additional amounts to the repayment date. (*Petrobras Section 11.04;*

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In the event that we exercise an option to redeem any debt security, we will give to the trustee and the holder written notice of the prin to be redeemed, not less than 30 days nor more than 60 days before the applicable redemption date. We will give the notice in the manne "Additional Mechanics—Notices."

If a debt security represented by a global security is subject to repayment at the holder's option, the depositary or its nominee, as the h can exercise the right to repayment. Any indirect holders who own beneficial interests in the global security and wish to exercise a repay timely instructions to their banks or brokers through which they hold their interests, requesting that they notify the depositary to exercise behalf. Different firms have different deadlines for accepting instructions from their customers, and you should take care to act promptly is given effect by the depositary before the applicable deadline for exercise.

**Street name and other indirect holders should contact their banks or brokers for information about how to exercise a repayme**

In the event that the option of the holder to elect repayment as described above is deemed to be a "tender offer" within the meaning of Exchange Act of 1934, we will comply with Rule 14e-1 as then in effect to the extent it is applicable to us and the transaction.

Subject to any restrictions that will be described in the prospectus supplement, we or our affiliates may purchase debt securities from from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or discretion, be held, resold or canceled.

***Optional Tax Redemption***

Unless otherwise indicated in a prospectus supplement, we may have the option to redeem, in whole but not in part, the debt securities execution of or amendment to any laws or treaties or the official application or interpretation of any laws or treaties, we would be require described later under "Payment of Additional Amounts." This applies only in the case of changes, executions or amendments that occur prospectus supplement for the applicable series of debt securities and in the jurisdiction where we are incorporated. If succeeded by anot jurisdiction will be the jurisdiction in which such successor entity is organized, and the applicable date will be the date the entity became *Section 11.08; PifCo Section 11.08*)

If the debt securities are redeemed, the redemption price for debt securities (other than original issue discount debt securities) will be debt securities being redeemed plus accrued interest and any additional amounts due on the date fixed for redemption. The redemption pr securities will be specified in the prospectus supplement for such securities. Furthermore, we must give you between 30 and 60 days' not securities.

***Conversion***

Your debt securities may be convertible into or exchangeable for shares of our capital stock at your option or at our option, which ma securities if your prospectus supplement so provides. If your debt securities are convertible or exchangeable, your prospectus supplemen whether conversion or exchange is at your option or at our option. Your prospectus supplement would also include provisions regarding securities to be received by you upon conversion or exchange.

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**Payment of Additional Amounts**

***Petrobras***

Brazil (including any authority therein or thereof having the power to tax) may require Petrobras to withhold amounts from payments interest on a debt security for taxes or any other governmental charges. If Brazil requires a withholding of this type, Petrobras is required below, to pay you an additional amount so that the net amount you receive will be the amount specified in the debt security to which you you to be entitled to receive the additional amount, you must not be a resident of Brazil.

Petrobras will ***not*** have to pay additional amounts under any of the following circumstances:

- The withholding is imposed only because the holder has some connection with Brazil other than the mere holding of the debt s relevant payment in respect of the debt security.
- In the case of Petrobras, the withholding is imposed due to the presentation of a debt security, if presentation is required, for pa after the security became due or after the payment was provided for.
- The amount is required to be deducted or withheld by any paying agent from a payment on or in respect of the debt security, if without such deduction or withholding by any other payment agent and Petrobras duly provides for such other paying agent.
- The withholding is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmen
- The withholding is for any taxes, duties, assessments or other governmental charges that are payable otherwise than by deduct on the debt security.
- The withholding is imposed or withheld because the holder or beneficial owner failed to comply with any of Petrobras' reques statutes, treaties, regulations or administrative practices of Brazil required as a precondition to exemption from all or part of su

  – to provide information about the nationality, residence or identity of the holder or beneficial owner; or

  – to make a declaration or satisfy any information requirements.
- The holder is a fiduciary or partnership or other entity that is not the sole beneficial owner of the payment in respect of which t laws of Brazil require the payment to be included in the income of a beneficiary or settlor of such fiduciary or a member of suc owner who would not have been entitled to such additional amounts had it been the holder of such debt security.
- Where any additional amounts are imposed on a payment on the debt securities to an individual and is required to be made pur directive on the taxation of savings income relating to the directive approved by the European Parliament on March 14, 2002, conclusions of the Economic and Financial Council of Ministers of the member states of the European Union (ECOFIN) Coun 27, 2000 or any law implementing or complying with, or introduced in order to conform to, any such directive.

The prospectus supplement relating to the debt securities may describe additional circumstances in which Petrobras would not be requ (*Petrobras Section 10.04*)

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***PifCo***

Except as provided below, PifCo will make all payments of amounts due under the notes and the indenture and each other document e
notes and the indenture without withholding or deducting any present or future taxes, levies, deductions or other governmental charges o
jurisdiction of PifCo's incorporation or any jurisdiction in which PifCo appoints a paying agent under the indenture, or any political subc
"taxing jurisdictions"). If PifCo is required by law to withhold or deduct any taxes, levies, deductions or other governmental charges, Pif
withholding, make payment of the amount so withheld to the appropriate governmental authority and pay the noteholders any additional
they receive the same amount as they would have received without such withholding or deduction.

PifCo will not, however, pay any additional amounts in connection with any tax, levy, deduction or other governmental charge tha
following ("excluded additional amounts"):

- the noteholder has a connection with the taxing jurisdiction other than merely holding the notes or receiving principal or intere
  citizenship, nationality, residence, domicile, or existence of a business, a permanent establishment, a dependent agent, a place
  management present or deemed present within the taxing jurisdiction);
- any tax imposed on, or measured by, net income;
- the noteholder fails to comply with any certification, identification or other reporting requirements concerning its nationality, r
  with the taxing jurisdiction, if (x) such compliance is required by applicable law, regulation, administrative practice or treaty a
  all or a part of the tax, levy, deduction or other governmental charge, (y) the noteholder is able to comply with such requireme
  (z) at least 30 calendar days prior to the first payment date with respect to which such requirements under the applicable law, r
  or treaty will apply, PifCo has notified all noteholders that they will be required to comply with such requirements;
- the noteholder fails to present (where presentation is required) its note within 30 calendar days after PifCo has made available
  the notes and the indenture, provided that PifCo will pay additional amounts which a noteholder would have been entitled to h
  noteholder been presented on any day (including the last day) within such 30 calendar day period;
- any estate, inheritance, gift, value added, use or sales taxes or any similar taxes, assessments or other governmental charges;
- where such taxes, levies, deductions or other governmental charges are imposed on a payment on the notes to an individual an
  to any European Union Council Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27,
  income, or any law implementing or complying with, or introduced in order to conform to, such directive;
- where the noteholder could have avoided such taxes, levies, deductions or other governmental charges by requesting that a pay
  presenting the relevant notes for payment to, another paying agent of PifCo located in a member state of the European Union;
- where the noteholder would have been able to avoid the tax, levy, deduction or other governmental charge by taking reasonabl
  noteholder.

PifCo undertakes that, if European Council Directive 2003/48/EC or any other Directive implementing the conclusions of ECOFIN
27, 2000 is brought into effect, PifCo will ensure that it maintains a paying agent in a member state of the European Union that will not b
pursuant to the Directive.

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PifCo will pay any stamp, administrative, excise or property taxes arising in a taxing jurisdiction in connection with the execution, registration of the notes and will indemnify the noteholders for any such stamp, administrative, excise or property taxes paid by notehold

## Restrictive Covenants

***Petrobras***

The Petrobras indenture does not contain any covenants restricting the ability of Petrobras to make payments, incur indebtedness, disp leaseback transactions, issue and sell capital stock, enter into transactions with affiliates, create or incur liens on Petrobras' property or e present business. Restrictive covenants, if any, with respect to any securities of Petrobras will be contained in the applicable supplementa applicable prospectus supplement with respect to those securities. (*Petrobras Section 10*)

***PifCo***

PifCo will be subject to the following covenants with respect to the notes:

***Ranking***

PifCo will ensure that the notes will at all times constitute its general senior, unsecured and unsubordinated obligations and will ra preferences among themselves, with all of its other present and future unsecured and unsubordinated obligations (other than obligations p of law). (*PifCo Section 10.04*)

***Statement by Officers as to Default and Notices of Events of Default***

PifCo (and each other obligor on the notes) will deliver to the trustee, within 90 calendar days after the end of its fiscal year, an off not to the best knowledge of its signers PifCo is in default on any of the terms, provisions and conditions of the indenture or the notes (w or requirement of notice provided under the indenture) and, if PifCo (or any obligor) are in default, specifying all the defaults and their n signers may have knowledge. Within 10 calendar days (or promptly with respect to certain events of default relating to PifCo's insolvenc calendar days) after PifCo becomes aware or should reasonably become aware of the occurrence of any default or event of default under notify the trustee of the occurrence of such default or event of default. (*PifCo Section 10.05*)

***Provision of Financial Statements and Reports***

In the event that PifCo files any financial statements or reports with the SEC or publishes or otherwise makes such statements or re the United States or elsewhere, PifCo will furnish a copy of the statements or reports to the trustee within 15 calendar days of the date of published or otherwise made publicly available.

PifCo will provide, together with each of the financial statements delivered as described in the preceding paragraph, an officer's ce PifCo's activities has been made during the period covered by such financial statements with a view to determining whether PifCo has k fulfilled its covenants and agreements under this indenture; and (ii) that no event of default, or event which with the giving of notice or p become an event of default, has occurred during that period or, if one or more have actually occurred, specifying all those events and wh be taken with respect to that event of default or other event.

Delivery of these reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of a constructive notice of any information contained in them or determinable from information contained in them, including PifCo's compli

under the indenture (as to which the trustee is entitled to rely exclusively on officer's certificates). (*PifCo Section 10.06*)

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Additional restrictive covenants with respect to securities of PifCo may be contained in the applicable supplemental indenture and prospectus supplement with respect to those securities.

## Defeasance and Discharge

The following discussion of full defeasance and discharge and covenant defeasance and discharge will only be applicable to your s choose to apply them to that series, in which case we will state that in the prospectus supplement. (*Petrobras Section 14.01; PifCo Sectio*

***Full Defeasance***

We can legally release ourselves from any payment or other obligations on the debt securities, except for various obligations describe if we, in addition to other actions, put in place the following arrangements for you to be repaid:

- We must irrevocably deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combina government or U.S. government agency debt securities or bonds that, in the opinion of a firm of nationally recognized indepen enough cash to make interest, principal and any other payments, including additional amounts, on the debt securities on their v
- We must deliver to the trustee a legal opinion of our counsel, based upon a ruling by the U.S. Internal Revenue Service or upo federal income tax law, confirming that under then current U.S. federal income tax law we may make the above deposit witho debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves.
- If the debt securities are listed on any securities exchange, we must deliver to the trustee a legal opinion of our counsel confirm and discharge will not cause the debt securities to be delisted. (*Petrobras Section 14.04; PifCo Section 14.04*)

If we ever did accomplish full defeasance as described above, you would have to rely solely on the trust deposit for repayment on the to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of ou ever become bankrupt or insolvent. However, even if we take these actions, a number of our obligations relating to the debt securities wi following obligations:

- to register the transfer and exchange of debt securities;
- to replace mutilated, destroyed, lost or stolen debt securities;
- to maintain paying agencies; and
- to hold money for payment in trust.

***Covenant Defeasance***

We can make the same type of deposit described above and be released from all or some of the restrictive covenants (if any) that appl particular series. This is called “covenant defeasance.” In that event, you would lose the protection of those restrictive covenants but wou money and securities set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

- We must irrevocably deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combina government or U.S. government agency debt securities

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or bonds that, in the opinion of a nationally recognized firm of independent accountants, will generate enough cash to make in payments, including additional amounts, on the debt securities on their various due dates.

- We must deliver to the trustee a legal opinion of our counsel confirming that under then current U.S. federal income tax law w without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the de
- If the debt securities are listed on any securities exchange, we must deliver to the trustee a legal opinion of our counsel confirm and discharge will not cause the debt securities to be delisted. (*Petrobras Section 14.04; PifCo Section 14.04*)

If we accomplish covenant defeasance, the following provisions of the indenture and/or the debt securities would no longer apply:

- Any covenants applicable to the series of debt securities and described in the applicable prospectus supplement.
- The events of default relating to breach of those covenants being defeased and acceleration of the maturity of other debt, descr Related Matters—Events of Default—What is An Event of Default?"

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust default occurred (such as our bankruptcy) and the debt securities become immediately due and payable, there may be such a shortfall. De default, you may not be able to obtain payment of the shortfall. (*Petrobras Sections 14.03 and 14.04; PifCo Sections 14.03 and 14.04*)

## Default and Related Matters

### *Ranking*

The applicable prospectus supplement will indicate whether the debt securities are subordinated to any of our other debt obligations a any of our assets. If they are not subordinated, they will rank equally with all our other unsecured and unsubordinated indebtedness. If th will effectively be subordinate to our secured indebtedness and to the indebtedness of our subsidiaries.

### *Events of Default*

You will have special rights if an event of default occurs and is not cured, as described later in this subsection.

***What Is an Event of Default?*** The term event of default means any of the following:

- We do not pay the principal or any premium on a debt security within 14 calendar days of its due date and in the case of PifCo payments from amounts on deposit, from Petrobras under a guaranty by the end of that fourteen-day period.
- We do not pay interest, including any additional amounts, on a debt security within 30 calendar days of its due date and in the received such payments from amounts on deposit, from Petrobras under a guaranty by the end of that thirty-day period.

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- We remain in breach of any covenant or any other term of the indenture for 60 calendar days after we receive a notice of defau notice must be sent by either the trustee or holders of 25% of the principal amount of debt securities of the affected series.
- In the case of any convertible security of Petrobras, it remains in default in the conversion of any security of such series for 30 default stating that it is in default. The notice must be sent by either the trustee or the holders of 25% of the principal amount o series.
- The maturity of any indebtedness of Petrobras or PifCo in a total aggregate principal amount of U.S.$100,000,000 or more is a terms of that indebtedness, considering that prepayment or redemption by us of any indebtedness is not acceleration for this pu
- In the case of PifCo, one or more final and non-appealable judgments or final decrees is entered against it involving an aggreg covered by insurance) valued at the equivalent of U.S.$100,000,000 or more, where such judgments or final decrees have not b within 120 calendar days after first being rendered.
- In the case of Petrobras, if it is adjudicated or found bankrupt or insolvent or it is ordered by a court or pass a resolution to diss
- We stop paying or we admit that we are generally unable to pay our debts as they become due, except in the case of a winding the purpose of and followed by a consolidation, merger, conveyance or transfer duly approved by the debt security holders.
- In the case of PifCo, if proceedings are initiated against it under any applicable liquidation, insolvency, composition, reorganiz under any other law for the relief of, or relating to, debtors, and such proceeding is not dismissed or stayed within 90 calendar
- An administrative or other receiver, manager or administrator, or any such or other similar official is appointed in relation to, o sequestration or other process is levied or put in force against, the whole or a substantial part of our undertakings or assets and within 90 calendar days.
- We voluntarily commence proceedings under any applicable liquidation, insolvency, composition, reorganization or any other composition or other similar arrangement with our creditors under applicable Brazilian law (such as a *concordata*, which is a t
- We file an application for the appointment of an administrative or other receiver, manager or administrator, or any such or othe or we take legal action for a readjustment or deferment of any part of our indebtedness.
- An effective resolution is passed for, or any authorized action is taken by any court of competent jurisdiction, directing our wi except for the purpose of and followed by a consolidation, merger, conveyance or transfer duly approved by the debt security h
- In the case of PifCo, if any event occurs that under the laws of any relevant jurisdiction has substantially the same effect as the immediately preceding paragraphs.
- In the case of PifCo, if the relevant indenture for the debt securities, in whole or in part, ceases to be in full force or enforceabl for PifCo to perform any material obligation under the indenture, or it contests the enforceability of or deny its liability under t

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- In the case of PifCo, if Petrobras fails to retain at least 51% direct or indirect ownership of PifCo's outstanding voting and eco otherwise.
- Any other event of default described in the applicable prospectus supplement occurs. (*Petrobras Section 5.01; PifCo Section 5*

For these purposes, "indebtedness" means any obligation (whether present or future, actual or contingent and including any guaranty) money which has been borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accou States, would be a capital lease obligation).

An event of default for a particular series of debt securities does not necessarily constitute an event of default for any other series of d indenture, although the default and acceleration of one series of debt securities may trigger a default and acceleration of another series of

***Remedies if an Event of Default Occurs.*** If an event of default has occurred and has not been cured, the trustee or the holders of 25% securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately declaration of acceleration of maturity. If an event of default occurs because of certain events in bankruptcy, insolvency or reorganizatio under Brazilian law, the principal amount of all the debt securities of that series will be automatically accelerated without any action by t person. A declaration of acceleration of maturity may be canceled by the holders of at least a majority in principal amount of the debt sec (*Petrobras Section 5.02; PifCo Section 5.02*)

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture the holders offer the trustee reasonably satisfactory protection from expenses and liability. This protection is called an "indemnity." (*Pet Section 6.03*) If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the r method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These same holders performing any other action under the indenture. (*Petrobras Section 5.12; PifCo Section 5.12*) Before you bypass the trustee and bring y legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- You must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request tha the default, and must offer satisfactory indemnity to the trustee against the cost and other liabilities of taking that action.
- The trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.
- The holders of a majority in principal amount of all outstanding debt securities of the relevant series must not have given the tr day period that is inconsistent with the above notice. (*Petrobras Section 5.07; PifCo Section 5.07*)

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date ar convertible or exchangeable into another security to bring a lawsuit for the enforcement of your right to convert or exchange your debt se conversion or exchange. (*Petrobras Section 5.08; PifCo Section 5.08*)

**Street name and other indirect holders should consult their banks or brokers for information on how to give notice or directio trustee and to make or cancel a declaration of acceleration.**

We will furnish to the trustee within 90 days after the end of our fiscal year every year a written statement of certain of our officers th of their knowledge, we are in compliance with the indenture and the debt securities or specify any default. In addition, we will notify the in the case of certain bankruptcy-related events of default) after becoming aware of the occurrence of any event of default. (*Petrobras Se*

**Regarding the Trustee**

We and some of our subsidiaries maintain banking relations with the trustee in the ordinary course of our business.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or ou specified period of time were disregarded, the trustee may be considered to have a conflicting interest with respect to the debt securities o Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be trustee.

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## DESCRIPTION OF MANDATORY CONVERTIBLE SECURITIES

We may issue mandatorily convertible securities under which holders receive a specified number of our common shares or preferred s price per mandatory convertible security and the number of common shares or preferred shares, as the case may be, that holders receive a mandatory convertible securities are issued or may be determined by reference to a specific formula set forth in the mandatory convertibl convertible securities also may require us to make periodic payments to the holders of the mandatory convertible securities, and such pay

The applicable prospectus supplement will describe the material terms of the mandatory convertible securities. Reference will be mad supplement to the mandatory convertible securities, and, if applicable, collateral, depositary or custodial arrangements, relating to the ma Material U.S. and Brazilian federal income tax considerations applicable to the holders of the mandatory convertible securities will also b prospectus supplement.

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## DESCRIPTION OF WARRANTS

We may issue warrants to purchase our debt securities, preferred shares (which may be in the form of ADSs) or common shares (whic
Warrants may be issued independently or together with any securities and may be attached to or separate from those securities. Each seri
a separate warrant agreement to be entered into by us and a bank or trust company, as warrant agent, all as will be set forth in the applica

### Debt Warrants

The following briefly summarizes the material terms that will generally be included in a debt warrant agreement. However, we may in
warrant agreement for any particular series of debt warrants and such other terms and all pricing and related terms will be disclosed in th
supplement. You should read the particular terms of any debt warrants that are offered by us and the related debt warrant agreement whic
in the applicable prospectus supplement. The prospectus supplement will also state whether any of the generalized provisions summarize
warrants being offered.

***General***

We may issue warrants for the purchase of our debt securities. As explained below, each debt warrant will entitle its holder to purchas
price set forth in, or to be determined as set forth in, the applicable prospectus supplement. Debt warrants may be issued separately or tog

The debt warrants are to be issued under debt warrant agreements to be entered into by us and one or more banks or trust companies,
set forth in the applicable prospectus supplement. At or around the time of an offering of debt warrants, a form of debt warrant agreemen
certificate representing the debt warrants, reflecting the alternative provisions that may be included in the debt warrant agreements to be
particular offerings of debt warrants, will be filed by amendment as an exhibit to the registration statement of which this prospectus form

***Terms of the Debt Warrants to Be Described In the Prospectus Supplement***

The particular terms of each issue of debt warrants, the debt warrant agreement relating to such debt warrants and such debt warrant c
warrants will be described in the applicable prospectus supplement. This description will include:

- the initial offering price;
- the currency, currency unit or composite currency in which the exercise price for the debt warrants is payable;
- the title, aggregate principal amount and terms of the debt securities that can be purchased upon exercise of the debt warrants;
- the title, aggregate principal amount and terms of any related debt securities with which the debt warrants are issued and the nu
  with each debt security;
- if applicable, whether and when the debt warrants and the related debt securities will be separately transferable;
- the principal amount of debt securities that can be purchased upon exercise of each debt warrant and the exercise price;

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- the date on or after which the debt warrants may be exercised and any date or dates on which this right will expire in whole or
- if applicable, a discussion of material U.S. federal and Brazilian income tax, accounting or other considerations applicable to t
- whether the debt warrants will be issued in registered or bearer form, and, if registered, where they may be transferred and reg
- the maximum or minimum number of debt warrants that you may exercise at any time; and
- any other terms of the debt warrants.

You may exchange your debt warrant certificates for new debt warrant certificates of different denominations but they must be exerci principal amount of debt securities. If your debt warrant certificates are in registered form, you may present them for registration of trans the debt warrant agent or any other office indicated in the applicable prospectus supplement. Except as otherwise indicated in a prospectu of debt warrants, holders of debt warrants will not be entitled to payments of principal or any premium or interest on the debt securities t exercise, or to enforce any of the covenants in the indenture relating to the debt securities that may be purchased upon such exercise.

***Exercise of Debt Warrants***

Unless otherwise provided in the applicable prospectus supplement, each debt warrant will entitle the holder to purchase a principal a an exercise price in each case that will be set forth in, or to be determined as set forth in, the applicable prospectus supplement. Debt war up to the close of business on the expiration date specified in the applicable prospectus supplement. After the close of business on the ex which we extend the expiration date, unexercised debt warrants will become void.

Debt warrants may be exercised as set forth in the prospectus supplement applicable to the particular debt warrants. Upon delivery of the debt warrant certificate properly completed and duly executed at the corporate trust office of the debt warrant agent or any other offic prospectus supplement, we will, as soon as practicable, forward the debt securities that can be purchased upon such exercise of the debt w them. If fewer than all of the debt warrants represented by the debt warrant certificate are exercised, a new debt warrant certificate will b unexercised debt warrants. Holders of debt warrants will be required to pay any tax or governmental charge that may be imposed in conn underlying debt securities in connection with the exercise of the debt warrants.

**Street name and other indirect holders of debt warrants should consult their bank or brokers for information on how to exerci**

***Modification and Waiver***

There are three types of changes we can make to the debt warrant agreement and the debt warrants of any series.

*Changes Requiring Your Approval.* First, there are changes that cannot be made to your debt warrants or the debt warrant agreement u without your specific approval. These are the following types of changes:

- any increase in the exercise price;
- any impairment of your ability to exercise the warrant;

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- any decrease in the principal amount of debt securities that can be purchased upon exercise of any debt warrant;
- any reduction of the period of time during which the debt warrants may be exercised;
- any other change that materially and adversely affects the exercise rights of a holder of debt warrant certificates or the debt sec such exercise; and
- any reduction in the number of outstanding unexercised debt warrants whose consent is required for any modification or amen Requiring a Majority Vote."

*Changes Requiring a Majority Vote*. The second type of change to the debt warrant agreement or debt warrants of any series is the kin by the holders of not less than a majority in number of the then outstanding unexercised debt warrants of that series. This category includ listed above under "Changes Requiring Your Approval" or changes that would not adversely affect holders of debt warrants or debt secu

*Changes Not Requiring Approval*. The third type of change does not require any vote or consent by the holders of debt warrant certifi clarifications and other changes that would not adversely affect such holders in any material respect.

**Street name and other indirect holders of debt warrants should consult their bank or brokers for information on how approva we seek to change your debt warrants or the debt warrant agreement under which they were issued or request a waiver.**

***Merger, Consolidation, Sale or Other Dispositions***

Unless otherwise indicated in a prospectus supplement, under the debt warrant agreement for each series of debt warrants, we may co lease all or substantially all of our assets to, or merge with or into, any other corporation or firm to the extent permitted by the indenture purchased upon exercise of such debt warrants. If we consolidate with or merge into, or sell, lease or otherwise dispose of all or substanti corporation or firm, that corporation or firm must become legally responsible for our obligations under the debt warrant agreements and substantially all of our assets, one way the other firm or company can become legally responsible for our obligations is by way of a full a obligations. If the other company becomes legally responsible by a means other than a guaranty, we will be relieved from all such obliga

***Enforceability of Rights; Governing Law***

The debt warrant agent will act solely as our agent in connection with the issuance and exercise of debt warrants and will not assume agency or trust for or with any holder of a debt warrant certificate or any owner of a beneficial interest in debt warrants. The holders of d consent of the debt warrant agent, the trustee, the holder of any debt securities issued upon exercise of debt warrants or the holder of any may, on their own behalf and for their own benefit, enforce, and may institute and maintain any suit, action or proceeding against us to e their rights to exercise debt warrants evidenced by their debt warrant certificates. Except as may otherwise be provided in the applicable of debt warrants and the related debt warrant agreement will be governed by the laws of the State of New York.

**Additional Terms of the PifCo Debt Warrants**

Debt securities to be issued by PifCo under the debt warrants and the PifCo debt warrant agreement will be guaranteed by Petrobras. Guaranties."

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## Equity Warrants

The following briefly summarizes the material terms that will generally be included in an equity warrant agreement. However, we ma equity warrant agreement for any particular series of equity warrants and such other terms and all pricing and related terms will be disclo supplement. You should read the particular terms of any equity warrants that are offered by us and the related equity warrant agreement detail in the applicable prospectus supplement. The prospectus supplement will also state whether any of the general provisions summari equity warrants being offered.

### *General*

We may issue warrants for the purchase of our equity securities (*i.e.*, our common shares and preferred shares, which may be in the fo each equity warrant will entitle its holder to purchase equity securities at an exercise price set forth in, or to be determined as set forth in, supplement. Equity warrants may be issued separately or together with equity securities.

We may issue equity warrants in connection with preemptive rights of our shareholders in connection with any capital increase, and i choose to issue equity warrants in uncertificated form to the extent permitted by Brazilian law. In addition, if any equity warrants are offe rights, we may exclude holders resident in the United States from that offering to the extent permitted by Brazilian law. Equity warrants in connection with preemptive rights) are to be issued under equity warrant agreements to be entered into by us and one or more banks o agent, all as will be set forth in the applicable prospectus supplement. At or around the time of an offering of equity warrants, a form of e a form of equity warrant certificate representing the equity warrants, reflecting the alternative provisions that may be included in the equ entered into with respect to particular offerings of equity warrants, will be filed by amendment as an exhibit to the registration statement part.

### *Terms of the Equity Warrants to Be Described in the Prospectus Supplement*

The particular terms of each issue of equity warrants, the equity warrant agreement (if any) relating to such equity warrants and the ec representing such equity warrants will be described in the applicable prospectus supplement. This description will include:

- the initial offering price;
- the currency, currency unit or composite currency in which the exercise price for the equity warrants is payable;
- the designation and terms of the equity securities (*i.e.*, preferred shares or common shares) that can be purchased upon exercis
- the total number of preferred shares or common shares that can be purchased upon exercise of each equity warrant and the exe
- the date or dates on or after which the equity warrants may be exercised and any date or dates on which this right will expire in
- the designation and terms of any related preferred shares or common shares with which the equity warrants are issued and the issued with each preferred share or common share;
- if applicable, whether and when the equity warrants and the related preferred shares or common shares will be separately trans

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- whether the equity warrants will be in registered or bearer form;
- if applicable, a discussion of material U.S. federal and Brazilian income tax, accounting or other considerations applicable to t
- any other terms of the equity warrants, including terms, procedures and limitations relating to the exchange and exercise of the

You may exchange your equity warrant certificates for new equity warrant certificates of different denominations but they must be ex principal amount of equity securities. If your equity warrant certificates are in registered form, you may present them for registration of t corporate trust office of the equity warrant agent or any other office indicated in the applicable prospectus supplement. Unless otherwise supplement, before the exercise of equity warrants, holders of equity warrants will not be entitled to receive dividends or exercise voting securities that can be purchased upon such exercise, to receive notice as shareholders with respect to any meeting of shareholders for the other matter, or to exercise any rights whatsoever as a shareholder.

Unless the applicable prospectus supplement states otherwise, the exercise price payable and the number of common shares or preferr upon the exercise of each equity warrant (other than equity warrants issued in connection with preemptive rights) will be subject to adjus the issuance of a stock dividend to holders of common shares or preferred shares or a stock split, reverse stock split, combination, subdiv shares or preferred shares. Instead of adjusting the number of common shares or preferred shares that can be purchased upon exercise of to adjust the number of equity warrants. No adjustments in the number of shares that can be purchased upon exercise of the equity warra cumulative adjustments require an adjustment of at least 1% of those shares. We may, at our option, reduce the exercise price at any time shares or ADSs upon exercise of equity warrants, but we will pay the cash value of any fractional shares otherwise issuable.

Notwithstanding the previous paragraph, if there is a consolidation, merger or sale or conveyance of substantially all of our property, equity warrant will have the right to the kind and amount of shares and other securities and property (including cash) receivable by a hol shares or preferred shares into which that equity warrant was exercisable immediately prior to the consolidation, merger, sale or conveya

***Exercise of Equity Warrants***

Unless otherwise provided in the applicable prospectus supplement, each equity warrant will entitle the holder to purchase a number o exercise price in each case that will be set forth in, or to be determined as set forth in, the prospectus supplement. Equity warrants may b close of business on the expiration date specified in the applicable prospectus supplement. After the close of business on the expiration d extend the expiration date, unexercised equity warrants will become void. Equity warrants for the purchase of preferred shares or commo of ADSs.

Equity warrants may be exercised as set forth in the prospectus supplement applicable to the particular equity warrants. Upon delivery delivery of the equity warrant certificate (if any) properly completed and duly executed at the corporate trust office of the equity warrant in the applicable prospectus supplement and satisfaction of any other applicable requirements specified in the applicable prospectus supp practicable, forward the equity securities that can be purchased upon such exercise of the equity warrants to the person entitled to them. I warrants represented by the equity warrant certificate are exercised, a new equity warrant certificate will be issued for the remaining equ warrants will be required to pay any tax or governmental charge that may be imposed in connection with transferring the underlying equi exercise of the equity warrants.

**Street name and other indirect holders of equity warrants should consult their bank or brokers for information on how to exer**

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***Modification and Waiver***

There are three types of changes we can make to the equity warrant agreement and the equity warrants of any series.

*Changes Requiring Your Approval.* First, there are changes that cannot be made to your equity warrants or the equity warrant agreem without your specific approval. These are the following types of changes:

- any increase in the exercise price;
- any impairment of your ability to exercise the warrant;
- any decrease in the total number of preferred shares or common shares that can be purchased upon exercise of any equity warr
- any reduction of the period of time during which the equity warrants may be exercised;
- any other change that materially and adversely affects the exercise rights of a holder of equity warrant certificates or the equity upon such exercise; and
- any reduction in the number of outstanding unexercised equity warrants whose consent is required for any modification or ame Changes Requiring a Majority Vote."

*Changes Requiring a Majority Vote.* The second type of change to the equity warrant agreement or equity warrants of any series is th approval by the holders of not less than a majority in number of the then outstanding unexercised equity warrants of that series. This cate than those listed above under "—Changes Requiring Your Approval" or changes that would not adversely affect holders of equity warra

*Changes Not Requiring Approval.* The third type of change does not require any vote or consent by the holders of equity warrant certi clarifications, amendments, supplement and other changes that would not adversely affect such holders in any material respect.

**Street name and other indirect holders of equity warrants should consult their bank or brokers for information on how appro we seek to change your equity warrants or the equity warrant agreement under which they were issued or request a waiver.**

***Merger, Consolidation, Sale or Other Dispositions***

Unless otherwise indicated in a prospectus supplement, under the equity warrant agreement for each series of equity warrants, we ma or lease all or substantially all of our assets to, or merge with or into, any other corporation or firm to the extent permitted by the terms o purchased upon exercise of such equity warrants. If we consolidate with or merge into, or sell, lease or otherwise dispose of all or substa corporation or firm, that corporation or firm must become legally responsible for our obligations under the equity warrant agreements an relieved from all such obligations.

***Enforceability of Rights; Governing Law***

The equity warrant agent will act solely as our agent in connection with the issuance and exercise of equity warrants and will not assu of agency or trust for or with any holder of an equity warrant certificate or any owner of a beneficial interest in equity warrants. The hold without the consent of the equity warrant agent, the holder of any equity securities issued upon exercise of equity warrants or the holder certificates, may, on their own behalf and for their own benefit, enforce, and may institute and maintain any suit, action or proceeding ag respect of, their rights to exercise equity warrants evidenced by their equity warrant certificates. Except as may otherwise be provided in

supplement, each issue of equity warrants and the related equity warrant agreement will be governed by the laws of the State of New Yo

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## DESCRIPTION OF THE GUARANTIES

The following description of the terms and provisions of the guaranties summarizes the general terms that will apply to each guaranty an issuance of debt securities or debt warrants by PifCo. When PifCo sells a series of its debt securities or debt warrants, Petrobras will e that series of debt securities or debt warrants for the benefit of the holders of that series of debt securities or debt warrants. You should re the applicable guaranty, including the defined terms, for provisions that may be important to you. This summary is subject to, and qualifi the provisions of such guaranty.

Pursuant to any guaranty, Petrobras will agree, from time to time upon the receipt of notice from the trustee that PifCo has failed to m series of debt securities and the PifCo indenture or under the debt warrants and the PifCo debt warrant agreement, to indemnify you for u whether those claims are in respect of principal, interest or any other amounts. The amount to be paid by Petrobras under the guaranty wi amount of those claims plus interest thereon from the date PifCo was otherwise obligated to make its payments under the PifCo indentur makes payment under the guaranty. Petrobras will be obligated to make these payments by the expiration of any applicable grace periods applicable terms of the debt securities or debt warrants. Petrobras may have the right to defer its obligation under the guaranty to make p circumstances described in the applicable prospectus supplement.

Only one guaranty will be issued by Petrobras in connection with the issuance of a series of debt securities or debt warrants by PifCo. an indenture under the Trust Indenture Act of 1939. Unless the applicable prospectus supplement states otherwise, The Bank of New Yo trustee under each guaranty.

A guaranty may include certain covenants and other provisions relating to Petrobras. The description of the applicable guaranty in the summarize the material provisions thereof and reference will be made to the guaranty.

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## DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

***General***

JPMorgan Chase Bank N.A. has agreed to act as the depositary for the American depositary shares. The depositary offices are located New York 10004. American depositary shares are frequently referred to as ADSs and represent ownership interests in securities that are ADSs are normally represented by certificates that are commonly known as American depositary receipts or ADRs. The depositary has a the depositary, to safekeep the securities on deposit under the applicable deposit agreement.

The depositary issues the ADSs under two amended and restated deposit agreements among us, the depositary and all registered holde issued thereunder. Each ADS represents an ownership interest in two common or two preferred shares, as the case may be, in each case o agent of the depositary, under the applicable deposit agreement. Each ADS will also represent any securities, cash or other property here depositary but which they have not distributed directly to you. Unless specifically requested, all ADSs are issued on the books of our dep periodic statements are mailed to holders entitled thereto reflecting their ownership interests in such ADSs. In our description, references ADRs shall include the statements you will receive which reflect your ownership of ADSs.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by havi on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly and, as such, Petrobras w holder." When Petrobras refers to "you," Petrobras assumes the reader owns ADSs and will own ADSs at the relevant time. If you hold t financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holde should consult with your broker or financial institution to find out what those procedures are.

If you become an owner of ADSs, you will become a party to the applicable deposit agreement and therefore will be bound by its term represents your ADSs. The applicable deposit agreement and the ADR specify Petrobras' rights and obligations as well as your rights an depositary. As an ADR holder you have agreed to appoint the depositary to act on your behalf in certain circumstances. The deposit agre by New York law. However, Petrobras' obligations to the holders of the preferred shares and common shares will continue to be governe be different from the laws in the United States. Because the depositary or its nominee will actually be the registered owner of the preferr must rely on it to exercise the rights of a shareholder on your behalf.

The following is a summary of the material terms of each of the two deposit agreements. Because it is a summary, it does not contain important to you. For more complete information, you should read the entire deposit agreement applicable to your ADSs and the form of such ADSs. You can read a copy of the deposit agreements, which were each filed as an exhibit to the Form F-6 registration statements p Commission. You may also obtain a copy of the deposit agreements at the SEC's Public Reference Room. See "Where You Can Find M

***Dividends and Distributions***

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it or other distributions it or the custodian receives on preferred shares or common shares or other deposited securities, after converting any and, in all cases, making any necessary deductions provided for in the applicable deposit agreement. You will receive these distributions underlying securities that your ADSs represent.

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Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following m

***Distributions of Cash.*** The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distri of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depo any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transfer to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a r approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and w (4) making any sale by public or private means in any commercially reasonable manner. If we shall have advised the depositary pursuant deposit agreement that any such conversion, transfer or distribution can be effected only with the approval or license of the Brazilian gov the depositary shall become aware of any other governmental approval or license required therefor, the depositary may, in its reasonable or license, if any, as we or our Brazilian counsel may reasonably instruct in writing or as the depositary may deem desirable including, w Bank registration. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or

***Distributions of Shares.*** In the case of a distribution in preferred shares or common shares, the depositary will issue additional ADRs representing the aggregate preferred shares or common shares deposited. Only whole new ADSs will be issued. Any shares which would sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.

The distribution of new ADRs or the modification of the ADS-to-share ratio upon a distribution of preferred shares or common shares expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay the taxes or gove may sell all or a portion of the new preferred shares or common shares so distributed.

No distribution of new ADRs as described above will be made if it would violate the U.S. securities laws, or any other law, or if it is n depositary does not distribute new ADRs as described above, it will use its best efforts to sell the preferred shares or common shares rece proceeds of the sale as in the case of a distribution of cash.

***Distributions of Rights.*** In the case of a distribution of rights to subscribe for additional preferred shares or common shares or other r satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the representing such rights. You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon

If we do not furnish such evidence, however, the depositary may:

- sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; o
- if it is not practicable to sell such rights, do nothing and allow such rights to lapse, in which case ADR holders will receive not

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

***Other Distributions.*** In the case of a distribution of securities or property other than those described above, the depositary may either property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or prop practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

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If the depositary determines that any distribution described above is not practicable with respect to any specific registered ADR holde method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or propert without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also repre

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will dealt with by the depositary in accordance with its then current practices. Subject to the other provisions of the applicable deposit agreem thereunder), the depositary shall cause any cash distribution that is paid in a currency other than U.S. dollars to be converted into U.S. do practicable under the circumstances after the receipt thereof. The distribution will be reduced by any applicable fees, expenses, taxes and holders under the terms of the applicable deposit agreement.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. T depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, preferred shares or common shar price, nor that any of such transactions can be completed within a specified time period.

***Issuance of ADSs upon Deposit of Preferred Shares or Common Shares***

The depositary will issue ADSs if you or your broker deposits preferred shares or common shares or evidence of rights to receive pref with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be will arrange with the underwriters named in the applicable prospectus supplement to deposit such shares.

Preferred shares or common shares deposited in the future with the custodian must be accompanied by certain delivery documentation that such shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited preferred shares or common shares (including those being deposited by or on our behalf in conn this prospectus relates) for the account of the depositary. ADR holders thus have no direct ownership interest in the preferred shares or c rights as are contained in the applicable deposit agreement. The custodian will also hold any additional securities, property and cash rece deposited preferred shares or common shares. The deposited preferred shares or common shares and any such additional items are referr

Upon each deposit of preferred shares or common shares, receipt of related delivery documentation and compliance with the other pro agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary w name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs is requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements fr the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's di certificated ADR be issued.

***Withdrawal of Shares Upon Cancellation of ADSs***

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the c depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying preferred shares or common shares to your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

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- temporary delays caused by closing our transfer books or those of the depositary or the deposit of preferred shares or common a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited

This right of withdrawal may not be limited by any other provision of the applicable deposit agreement.

***Record Dates***

The depositary may, or shall if required, in each case after consultation with us if practicable, fix record dates for the determination of will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of preferred shares or common shares,
- to give instructions for the exercise of voting rights at a meeting of holders of shares,
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the A
- to receive any notice or to act in respect of other matters

all subject to the provisions of the applicable deposit agreement.

***Voting Rights***

According to Petrobras' charter, preferred shares do not entitle the holder to vote except as provided by Brazilian law under limited ci default in the payment of dividends for three consecutive years. A holder of an ADR representing a common share will generally have th agreement to instruct the depositary to exercise the voting rights for the common shares represented by your ADRs. The voting rights of common shares are described in "Item 10. Memorandum and Articles of Association of Incorporation—Voting Rights" in the annual rep PifCo for the year ended December 31, 2008, which is incorporated by reference in this prospectus.

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to ex preferred shares or common shares that underlie your ADSs. As soon as practicable after receiving notice of any meeting or solicitation depositary will distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received how you may instruct the depositary to exercise the voting rights for the preferred shares or common shares which underlie your ADSs, i discretionary proxy to a person designated by us. For instructions to be valid, the depositary must receive them in the manner and on or b depositary will try, as far as is practical, subject to the provisions of and governing the underlying preferred shares or common shares or or to have its agents vote the preferred shares or common shares or other deposited securities as you instruct. The depositary will only vo instruct. The depositary will not itself exercise any voting discretion. To the extent such instructions are not so received by the depositary shall take such action as is necessary, upon our written request and subject to applicable law, and the terms and conditions of the deposit underlying preferred shares or common shares to be counted for the purposes of satisfying applicable quorum requirements.

Neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any v vote. There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or p through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

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***Reports and Other Communications***

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the applicable dep or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or E to the depositary, it will distribute the same to registered ADR holders.

***Fees and Charges***

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of pref issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering securities or whose ADRs are cancelled or reduced for any other reason, $5.00 for each 100 ADSs (or any portion thereof) issued, delive surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing preferred shares o surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split decla regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of U.S.$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of U.S.$0.02 or less per ADS (or portion thereof) for any cash distribution made pursuant to the applicable deposit agreer
- a fee of U.S.$0.02 per ADS (or portion thereof) per calendar year for services performed by the depositary in administering the against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be paya next succeeding provision);
- reimbursement of such fees, charges and expenses as are incurred by the depositary (including, without limitation, expenses in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation;
- any other charge payable by any of the depositary, any of the depositary's agents, including, without limitation, the custodian, agents in connection with the servicing of the preferred shares or common shares or other deposited securities (which charge s of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such hol from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount e and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities a securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled there
- stock transfer or other taxes and other governmental charges;

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- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with deposited securities; and
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agr the depositary and us. The charges described above may be amended from time to time by agreement between the depositary and us.

Our depositary reimburses us for certain expenses we incur that are related to our ADR programs, including investor relations expe listing fees. The amount of reimbursement available to us is not based upon the amounts of fees the depositary collects from investors. T issuance and cancellation of ADSs directly from investors depositing preferred shares or common shares or surrendering ADSs for the pu intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amoun portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash investors, or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide and expenses owing by such holder for those services or otherwise are paid.

***Payment of Taxes***

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, dep ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, o public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combin withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed proper private sale) to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depositary, its custodian and any of our or thei agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, addit arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

***Reclassifications, Recapitalizations and Mergers***

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancella deposited securities or (ii) any distributions not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidati bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

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If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute p each ADS will then represent a proportionate interest in such property.

***Amendments and Termination***

We may agree with the depositary to amend either deposit agreement and the ADSs issued thereunder without your consent for an given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes an transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices a ADR holders. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such each and any deposit agreement as so amended. Notwithstanding the foregoing, if any governmental body or regulatory body should ado which would require amendment or supplement of either or both deposit agreements or the forms of ADR to ensure compliance therewit amend or supplement a deposit agreement and the ADRs at any time in accordance with such changed laws, rules or regulations, which a effect before a notice is given or within any other period of time as required for compliance. No amendment, however, will impair your r receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

The depositary may, and shall at our written direction, terminate a deposit agreement and the ADRs by mailing notice of such term ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resig agreement, notice of such termination by the depositary shall not be provided to registered holders unless a successor depositary shall no agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of suc shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under such deposit agreement or removal was first provided to the depositary. After termination, the depositary's only responsibility will be (i) to deliver deposited securi their ADRs, and (ii) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six month depositary will sell the deposited securities which remain and hold the net proceeds of such sales (as long as it may lawfully do so), with the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to ac cash and for any obligations to the company under the indemnifications provisions of such deposit agreement.

***Limitations on Obligations and Liabilities***

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distr time to time, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or regis registration of transfers of preferred shares or common shares or other deposited securities upon any applicable register and (ii described in the applicable deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such othe limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, compliа regulations, provisions of or governing deposited securities and terms of the applicable deposit agreement and the ADRs issue may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the applicable deposit agreement and any reg informed of in writing by us which are deemed

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desirable by the depositary, the company or the custodian to facilitate compliance with any applicable rules or regulations of th
Comissão de Valores Mobiliários.

The issuance of ADRs, the acceptance of deposits of preferred shares or common shares, the registration, registration of transfer, split
withdrawal of preferred shares or common shares, may be suspended, generally or in particular instances, when the ADR register or any
closed or when any such action is deemed advisable by the depositary or, in order for us to comply with applicable law; provided that the
shares or common shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books
books or the deposit of preferred shares or common shares in connection with voting at a shareholders' meeting, or the payment of divid
and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited s

Each deposit agreement expressly limits the obligations and liability of the depositary, our respective agents and ourselves. Neither w
agent will be liable if:

- any present or future law, rule or regulation of the United States, the Federative Republic of Brazil or any other country, or of
authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securit
of our charter, any act of God, war, terrorism or other circumstance beyond our, the depositary's or our respective agents' cont
nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions and
delay, or subject any of us or them to any civil or criminal penalty in connection with, any act which the deposit agreement or
performed by us, the depositary or our respective agents (including, without limitation, voting);
- it exercises or fails to exercise discretion under a deposit agreement or the ADRs issued thereunder;
- it performs its obligations under a deposit agreement and/or the ADRs issued thereunder without gross negligence or bad faith
- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accounta
preferred shares or common shares for deposit, any registered holder of ADRs, or any other person believed by it to be compet
information; or
- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or p
parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respe
the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of a
ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and
liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for
behalf in connection with a deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to a deposit agr
information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, adminis
securities or other regulators.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited secur
such vote is cast or for the effect of any such vote. The depositary may rely upon our instructions or our Brazilian counsel's instructions
license of the Brazilian government or any agency thereof required for any currency conversion, transfer or distribution. Neither we nor t
their respective agents shall be liable to holders or beneficial owners of interests in ADSs for any indirect, special, punitive or consequen

The depositary may own and deal in any class of our securities and in ADSs.

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***Disclosure of Interest in ADSs***

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or lim such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect theree you to deliver your ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal with you directly as a hol shares and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

***Books of Depositary***

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable communicating with other holders in the interest of the business of our company or a matter relating to the deposit agreement. Such regis time, when deemed expedient by the depositary or requested by us. The depositary will maintain facilities for the delivery and receipt of

***Pre-Release of ADSs***

Unless requested in writing to cease doing so at least two business days prior to the proposed deposit, the depositary may issue ADSs shares or common shares (each such transaction a "pre-release") only if (i) such pre-released ADRs are fully collateralized (marked to m securities or such other collateral as the depositary deems appropriate held by the depositary for the benefit of registered holders of ADR constitute deposited securities held under the applicable deposit agreement, (ii) each recipient of pre-released ADRs represents and agree such recipient or its customer (a) beneficially owns such preferred shares or common shares, (b) assigns all beneficial right, title and inte holds such preferred shares or common shares for the account of the depositary and (d) will deliver such preferred shares or common sha practicable and promptly upon demand therefor and (iii) all pre-released ADRs evidence not more than 20% of all ADSs (excluding thos ADRs). The depositary may retain for its own account any compensation received by it in conjunction with the foregoing. Collateral pro the earnings thereon, shall be held for the benefit of the registered holders of ADRs (other than the applicant).

***Appointment***

In each deposit agreement, each registered holder of ADRs and each person holding an interest in ADSs, upon acceptance of any A issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs, and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions conte and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such a necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of s determinant of the necessity and appropriateness thereof.

***Governing Law***

Each deposit agreement and the ADRs issued thereunder shall be governed by and construed in accordance with the laws of the St agreement, we have submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process on

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## FORM OF SECURITIES, CLEARING AND SETTLEMENT

### Global Securities

Unless otherwise specified in the applicable prospectus supplement, the following information relates to the form, clearing and settlem debt securities.

We will issue the securities in global form, without interest coupons. Securities issued in global form will be represented, at least initi securities. Upon issuance, global securities will be deposited with the trustee as custodian for The Depository Trust Company, known as Cede & Co., as nominee of DTC. Ownership of beneficial interests in each global security will be limited to persons who have accounts DTC participants, or persons who hold interests through DTC participants. We expect that, under procedures established by DTC, owner global security will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global securities).

Beneficial interests in the global securities may be credited within DTC to Euroclear Bank S.A./N.V. and Clearstream, Luxembourg of the owners of such interests. We refer to Euroclear S.A./N.V. and Clearstream, Luxembourg Banking, *société anonyme* as "Euroclear respectively.

Investors may hold their interests in the global securities directly through DTC, Euroclear or Clearstream, Luxembourg, if they are pa indirectly through organizations that are participants in those systems.

Beneficial interests in the global securities may not be exchanged for securities in physical, certificated form except in the limited circ

#### *Book-Entry Procedures for Global Securities*

Interests in the global securities will be subject to the operations and procedures of DTC, Euroclear and Clearstream, Luxembourg. W of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are system and may be changed at any time. We are not responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers; banks and trust compan certain other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companie through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants

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beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee will be considered the sole owner or h by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security:

- will not be entitled to have securities represented by the global security registered in their names;
- will not receive or be entitled to receive physical, certificated securities; and
- will not be considered the registered owners or holders of the securities under the indenture for any purpose, including with res instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global security must rely on the procedures of DTC to exercise any right indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through wh

Payments of principal, premium, if any, and interest with respect to the securities represented by a global security will be made by the registered holder of the global security. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to global security, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supe DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global security will be governed by customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers betw Clearstream, Luxembourg will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg participants, on the ot DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream, Luxembourg. To deliver or receive an i Euroclear or Clearstream, Luxembourg account, an investor must send transfer instructions to Euroclear or Clearstream, Luxembourg, as and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Eu Luxembourg, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or rec global securities in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. E Luxembourg participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream, Luxe

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant that purchases an inte DTC participant will be credited on the business day for Euroclear or Clearstream, Luxembourg immediately following the DTC settlem Euroclear or Clearstream, Luxembourg from the sale of an interest in a global security to a DTC participant will be received with value d be available in the relevant Euroclear or Clearstream, Luxembourg cash account as of the business day for Euroclear or Clearstream, Lux settlement date.

DTC, Euroclear and Clearstream, Luxembourg have agreed to the above procedures to facilitate transfers of interests in the global sec settlement systems. However, the settlement systems

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are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee hav performance by DTC, Euroclear or Clearstream, Luxembourg or their participants or indirect participants of their obligations under the r operations.

***Certificated Securities***

Beneficial interests in the global securities may not be exchanged for securities in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global securities and a successor dep 90 days;
- DTC ceases to be registered as a clearing agency under the Securities Exchange Act of 1934 and a successor depositary is not
- we, at our option, notify the trustee that we elect to cause the issuance of certificated securities; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default w

In all cases, certificated securities delivered in exchange for any global security will be registered in the names, and issued in any appr the depository.

For information concerning paying agents for any securities in certificated form, see “Description of Debt Securities—Payment Provi

***Clearstream, Luxembourg and Euroclear***

Clearstream, Luxembourg has advised that: it is a duly licensed bank organized as a *société anonyme* incorporated under the laws of L regulation by the Luxembourg Commission for the supervision of the financial sector (*Commission de surveillance du secteur financier*) customers and facilitates the clearance and settlement of securities transactions among them, and does so through electronic book-entry t customers, thereby eliminating the need for physical movement of certificates; it provides other services to its customers, including safek and settlement of internationally traded securities and lending and borrowing of securities; it interfaces with the domestic markets in ove depositary and custodial relationships; its customers include worldwide securities brokers and dealers, banks, trust companies and clearin certain other professional financial intermediaries; its U.S. customers are limited to securities brokers and dealers and banks; and indirec Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationship brokers, dealers and trust companies.

Euroclear has advised that: it is incorporated under the laws of Belgium as a bank and is subject to regulation by the Belgian Banking (*Commission Bancaire et Financiére*) and the National Bank of Belgium (*Banque Nationale de Belgique*); it holds securities for its partic and settlement of securities transactions among them; it does so through simultaneous electronic book-entry delivery against payments, t physical movement of certificates; it provides other services to its participants, including credit, custody, lending and borrowing of secur management; it interfaces with the domestic markets of several countries; its customers include banks, including central banks, securities companies and clearing corporations and certain other professional financial intermediaries; indirect access to the Euroclear system is als through Euroclear customers or that have custodial relationships with Euroclear customers; and all securities in Euroclear are held on a f specific certificates are not matched to specific securities clearance accounts.

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***Clearance and Settlement Procedures***

We understand that investors that hold their debt securities through Clearstream, Luxembourg or Euroclear accounts will follow the s applicable to securities in registered form. Debt securities will be credited to the securities custody accounts of Clearstream, Luxembourg business day following the settlement date for value on the settlement date. They will be credited either free of payment or against payme

We understand that secondary market trading between Clearstream, Luxembourg and/or Euroclear participants will occur in the ordin rules and operating procedures of Clearstream, Luxembourg and Euroclear. Secondary market trading will be settled using procedures ap form.

You should be aware that investors will only he able to make and receive deliveries, payments and other communications involving th Clearstream, Luxembourg and Euroclear on business days. Those systems may not be open for business on days when banks, brokers an business in the United States or Brazil.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembou business day as in the United States or Brazil. U.S. and Brazilian investors who wish to transfer their interests in the debt securities, or to delivery of the debt securities on a particular day may find that the transactions will not be performed until the next business day in Luxe whether Clearstream, Luxembourg or Euroclear is used.

Clearstream, Luxembourg or Euroclear will credit payments to the cash accounts of participants in Clearstream, Luxembourg or Euro relevant systemic rules and procedures, to the extent received by its depositary. Clearstream, Luxembourg or the Euroclear, as the case m permitted to be taken by a holder under the indenture on behalf of a Clearstream, Luxembourg or Euroclear participant only in accordanc procedures.

Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the debt securities a Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may dis time.

***Same-Day Settlement and Payment***

The underwriters will settle the debt securities in immediately available funds. We will make all payments of principal and interest on available funds. Secondary market trading between participants in Clearstream, Luxembourg and Euroclear will occur in accordance wit procedures of Clearstream, Luxembourg and Euroclear and will be settled using the procedures applicable to securities in immediately av Luxembourg and Euroclear" above.

***Certificated Debt Securities***

We will issue debt securities to you in certificated registered form only if:

- the depositary is no longer willing or able to discharge its responsibilities properly, and neither the trustee nor we have appoint days; or
- we, at our option, notify the trustee that we elect to cause the issuance of certificated debt securities; or
- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default w

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If any of these three events occurs, the trustee will reissue the debt securities in fully certificated registered form and will recognize th certificated debt securities as holders under the indenture.

In the event that we issue certificated securities under the limited circumstances described above, then holders of certificated securitie in whole or in part upon the surrender of the certificate to be transferred, together with a completed and executed assignment form endor at the offices of the transfer agent in New York City. Copies of this assignment form may be obtained at the offices of the transfer agent we transfer or exchange a new debt security in certificated form for another debt security in certificated form, and after the transfer agent form, we will make available for delivery the new definitive debt security at the offices of the transfer agent in New York City. Alternati requesting the transfer or exchange, we will mail, at that person's risk, the new definitive debt security to the address of that person that i In addition, if we issue debt securities in certificated form, then we will make payments of principal of, interest on and any other amount to holders in whose names the debt securities in certificated form are registered at the close of business on the record date for these paym issued in certificated form, we will make payments of principal and any redemption payments against the surrender of these certificated paying agent in New York City.

Unless and until we issue the debt securities in fully-certificated, registered form,

- you will not be entitled to receive a certificate representing our interest in the debt securities;
- all references in this prospectus supplement or in the accompanying prospectus to actions by holders will refer to actions taken from their direct participants; and
- all references in this prospectus supplement or in the accompanying prospectus to payments and notices to holders will refer to depositary as the registered holder of the debt securities, for distribution to you in accordance with its policies and procedures.

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## PLAN OF DISTRIBUTION

At the time of offering any securities, we will supplement the following summary of the plan of distribution with a description of the terms and conditions thereof, set forth in a prospectus supplement relating to those securities.

Each prospectus supplement with respect to a series of securities will set forth the terms of the offering of those securities, including t underwriters or agents, the price of such securities and the net proceeds to us from such sale, any underwriting discounts, commissions o underwriters' or agents' compensation, any discount or concessions allowed or reallowed or paid to dealers and any securities exchanges listed.

We may sell the securities from time to time in their initial offering as follows:

- through agents;
- to dealers or underwriters for resale;
- directly to purchasers; or
- through a combination of any of these methods of sale.

In addition, we may issue the securities as a dividend or distribution or in a subscription rights offering to our existing security holder acting with us or on our behalf may also purchase securities and reoffer them to the public by one or more of the methods described abov connection with any offering of our securities through any of these methods or other methods described in the applicable prospectus supp

The securities we distribute by any of these methods may be sold to the public, in one or more transactions, either:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to prevailing market prices; or
- at negotiated prices.

We may solicit offers to purchase securities directly from the public from time to time. We may also designate agents from time to tir securities from the public on our behalf. The prospectus supplement relating to any particular offering of securities will name any agents will include information about any commissions we may pay the agents, in that offering. Agents may be deemed to be "underwriters" as Securities Act of 1933.

From time to time, we may sell securities to one or more dealers acting as principals. The dealers, who may be deemed to be "underw Securities Act of 1933, may then resell those securities to the public.

We may sell securities from time to time to one or more underwriters, who would purchase the securities as principal for resale to the commitment or best-efforts basis. If we sell securities to underwriters, we may execute an underwriting agreement with them at the time applicable prospectus supplement. In connection with those sales, underwriters may be deemed to have received compensation from us i discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agents. Underw

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through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriter purchasers for whom they may act as agents. The applicable prospectus supplement will include any required information about underwr underwriters, and any discounts, concessions or commissions underwriters allow to participating dealers, in connection with an offering

If we offer securities in a subscription rights offering to our existing security holders, we may enter into a standby underwriting agree standby underwriters. We may pay the standby underwriters a commitment fee for the securities they commit to purchase on a standby b standby underwriting arrangement, we may retain a dealer-manager to manage a subscription rights offering for us.

We may authorize underwriters, dealers and agents to solicit from third parties offers to purchase securities under contracts providing dates. The applicable prospectus supplement will describe the material terms of these contracts, including any conditions to the purchase required information about commissions we may pay for soliciting these contracts.

Underwriters, dealers, agents and other persons may be entitled, under agreements that they may enter into with us, to indemnificatio including liabilities under the Securities Act of 1933.

Each series of securities will be a new issue, and there will be no established trading market for any security prior to its original issue particular series of securities on a securities exchange or quotation system. No assurance can be given as to the liquidity or trading marke

## EXPENSES OF THE ISSUE

The following is a statement of expenses, other than underwriting discounts and commissions, in connection with the distribution of t amounts shown are estimates.

| | |
|---|---|
| Legal Fees and Expenses | |
| Accounting Fees and Expenses | |
| Printing and Engraving Expenses | |
| Miscellaneous | |
| Total | |

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## EXPERTS

The consolidated financial statements of Petrobras (and its subsidiaries) and PifCo (and its subsidiaries) as of and for the years ended 2006, and management's assessments of the effectiveness of internal control over financial reporting as of December 31, 2008, appearing PifCo Annual Report on Form 20-F for the year ended December 31, 2008, have been audited by KPMG Auditores Independentes, an in accounting firm, as set forth in their reports thereon included therein and incorporated herein by reference. Such consolidated financial st by reference in reliance upon such reports given on the authority KPMG Auditores Independentes as experts in accounting and auditing.

The unaudited consolidated financial information of Petrobras (and its subsidiaries) and PifCo (and its subsidiaries) as of and for the n September 30, 2009 and 2008, incorporated by reference herein, were reviewed by KPMG Auditores Independentes. KPMG Auditores I has applied limited procedures in accordance with professional standards for a review of such information. However, its reports included furnished to the SEC on November 27, 2009, and PifCo Form 6-K furnished to the SEC on November 27, 2009, and incorporated by refe audit and does not express an opinion on that interim financial information. Accordingly, the degree of reliance on such information shou limited nature of the review procedures applied. KPMG Auditores Independentes is not subject to the liability provisions of Section 11 o reports on the unaudited interim financial information because those reports are not "reports" or a "part" of the registration statement pre accountants within the meaning of Sections 7 and 11 of the Act.

The summary reports of DeGolyer and MacNaughton, independent petroleum engineering consultants, which are referenced in this pr this prospectus in reliance upon the authority of the firm as experts in estimating proved oil and gas reserves.

## VALIDITY OF SECURITIES

Mr. Nilton de Almeida Maia, Petrobras' general counsel, will pass upon the validity of the debt securities, warrants, preferred shares, convertible securities and guaranties for Petrobras as to certain matters of Brazilian law. Walkers, special Cayman Islands counsel to PifC the debt securities and debt warrants issued by PifCo as to certain matters of Cayman Islands law. The validity of the debt securities, war convertible securities will be passed upon by Cleary Gottlieb Steen & Hamilton LLP or any other law firm named in the applicable prosp matters of New York law.

## ENFORCEABILITY OF CIVIL LIABILITIES

### Petrobras

Petrobras is a *sociedade de economia mista* (mixed-capital company), a public sector company with some private sector ownership, e All of its executive officers and directors and certain advisors named herein reside in Brazil. In addition, substantially all of its assets and directors and certain advisors named herein are located in Brazil. As a result, it may not be possible for investors to effect service of proc officers, directors and advisors named herein within the United States or other jurisdictions outside Brazil or to enforce against Petrobras and advisers named herein judgments obtained in the United States or other jurisdictions outside Brazil.

Mr. Nilton de Almeida Maia, Petrobras' general counsel, has advised Petrobras that, subject to the requirements described below, judg civil liabilities based upon the United States federal securities laws may be enforced in Brazil. A judgment against Petrobras or the other outside Brazil would be enforceable in Brazil, without reconsideration of the merits, only if the judgment satisfies certain requirements a Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). The foreign judgment will only be confirmed if:

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- it fulfills all formalities required for its enforceability under the laws of the country where the foreign judgment is granted;
- it is for the payment of a sum certain of money;
- it was issued by a competent court in the jurisdiction where the judgment was awarded after service of process was properly m law;
- it is not subject to appeal;
- it is authenticated by a Brazilian consular office in the country where it was issued, and is accompanied by a sworn translation
- it is not contrary to Brazilian national sovereignty, public policy or good morals.

Notwithstanding the foregoing, no assurance can be given that such confirmation would be obtained, that the process described above manner or that a Brazilian court would enforce a monetary judgment for violation of the U.S. securities laws with respect to any securitie

Mr. Nilton de Almeida Maia has also advised Petrobras that:

- original actions based on the U.S. federal securities laws may be brought in Brazilian courts and that, subject to Brazilian publ Brazilian courts may enforce liabilities in such actions against Petrobras, certain of its directors and officers and the advisors n
- if an investor resides outside Brazil and owns no real property in Brazil, he or she must provide a bond sufficient to guarantee the defendant's attorneys' fees, as determined by the Brazilian court, in connection with litigation in Brazil, except in the case judgment which has been confirmed by the Brazilian Superior Court of Justice;
- Brazilian law limits an investor's ability as a judgment creditor of Petrobras to satisfy a judgment against Petrobras by attachin
- a new law has been enacted in Brazil to regulate judicial and extrajudicial reorganization and liquidation of business companie Brazilian Bankruptcy law. The new law is not applicable to mixed capital companies, such as Petrobras, and does not provide Brazil is liable for Petrobras' obligations in the event of bankruptcy;
- Brazilian law limits an investor's ability as a judgment creditor of Petrobras to satisfy a judgment against Petrobras by attachin
- according to recent changes to the Brazilian Corporate Law, mixed-capital companies such as Petrobras, are no longer protecte and its controlling shareholder, the federal government of Brazil, is no longer contingently liable for Petrobras' obligations; an
- certain of Petrobras' exploration and production assets may be subject to reversion to the Brazilian government under Petrobra assets, under certain circumstances, may not be subject to attachment or execution.

**PifCo**

PifCo is duly incorporated as an exempted limited liability company under the laws of the Cayman Islands. All of the directors and of or a substantial portion of the assets of PifCo and of such directors and officers are located outside of the United States. As a result, it ma

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effect service of process within the United States upon PifCo or such persons or to enforce, in the United States courts, judgment against judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States.

PifCo has been advised by its Cayman Islands counsel, Walkers, that although there is no statutory enforcement in the Cayman Island York, a judgment obtained in a foreign court (other than certain judgments of a superior court of any state of the Commonwealth of Aust enforced in the courts of the Cayman Islands without any re-examination of the merits at common law, by an action commenced on the f of the Cayman Islands, where the judgment (i) is final and conclusive; (ii) is one in respect of which the foreign court had jurisdiction ov Cayman Islands conflict of law rules; (iii) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or re circumstances, for in personam non-money relief; and (iv) was neither obtained in a manner, nor is of a kind enforcement of which is co public policy of the Cayman Islands. There is doubt, however, as to whether the courts of the Cayman Islands will (i) recognize or enforc predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or (ii) in original actions brou liabilities upon the civil liability provisions of the securities laws of the United states or any state thereof, on the grounds that such provis

A Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

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## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC on Form F-3 under the Securities Act of 1933 relating to the securities offered by
which is a part of that registration statement, does not contain all of the information set forth in the registration statement. For more infor
company and the securities offered by this prospectus, you should refer to the registration statement and to the exhibits filed with it. State
by reference in this prospectus regarding the contents of any contract or other document are not necessarily complete, and, where the con
exhibit to the registration statement or incorporated or deemed to be incorporated by reference, each of these statements is qualified in al
actual contract or other document.

We are subject to the information requirements of the United States Securities Exchange Act of 1934, as amended, or the Exchange A
issuer, and accordingly file or furnish reports, including annual reports on Form 20-F, reports on Form 6-K, and other information with t
any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain informati
Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Inter
www.sec.gov. These reports and other information may also be inspected and copied at the offices of the New York Stock Exchange, 20
York 10005.

Preferred shares and common shares of Petrobras, each represented by ADSs, are listed on the New York Stock Exchange under the s
respectively. Additional information concerning us and our securities may be available through the New York Stock Exchange.

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## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important informa those documents. The information incorporated by reference is considered to be part of this prospectus, and certain later information that automatically update and supersede earlier information filed with the SEC or included in this prospectus or a prospectus supplement. We following documents:

### PifCo

(1) The combined Petrobras and PifCo Annual Report on Form 20-F for the year ended December 31, 2008, filed with the SEC on

(2) The PifCo Report on Form 6-K containing financial information for the nine-month period ended September 30, 2009, prepare furnished to the SEC on November 27, 2009.

(3) Any future filings of PifCo on Form 20-F made with the SEC after the date of this prospectus and prior to the termination of th by this prospectus, and any future reports of PifCo on Form 6-K furnished to the SEC during that period that are identified in those fo prospectus.

### Petrobras

(1) The Petrobras Report on Form 6-K relating to Petrobras' Business Plan for 2009—2013, furnished to the SEC on January 26, 2

(2) The combined Petrobras and PifCo Annual Report on Form 20-F for the year ended December 31, 2008, filed with the SEC on

(3) The Petrobras Report on Form 6-K relating to the downgrade by Standard & Poor's of Petrobras' and PifCo's debt ratings, furn 2009.

(4) The Petrobras Report on Form 6-K relating to the approval by Petrobras' board of directors of an interest-on-own-capital paym of R$2.6 billion, furnished to the SEC on June 26, 2009.

(5) The Petrobras Report on Form 6-K relating to Petrobras' R$25 billion loan from the *Banco Nacional de Desenvolvimento Econ* Brazilian National Development Bank, furnished to the SEC on July 31, 2009.

(6) The Petrobras Report on Form 6-K relating to the approval by Petrobras' board of directors of an interest-on-own-capital paym the SEC on August 11, 2009.

(7) The Petrobras Report on Form 6-K relating to an increase in planned investments in the Abreu e Lima Refinery, furnished to th

(8) The Petrobras Report on Form 6-K outlining the new exploration and production regulatory model for the pre-salt layer and in furnished to the SEC on August 31, 2009.

(9) The Petrobras Report on Form 6-K relating to a new discovery in the central region of the Gulf of Mexico, furnished to the SE

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(10) The Petrobras Report on Form 6-K relating to Petrobras' strategy for the construction of drilling rigs in Brazil, furnished to th

(11) The Petrobras Report on Form 6-K relating to new discoveries in the Santos Basin Pre-Salt concession area, furnished to the S

(12) The Petrobras Report on Form 6-K relating to the approval by Petrobras' board of directors of an interest-on-own-capital pay of R$1.76 million, furnished to the SEC on September 22 2009.

(13) The Petrobras Report on Form 6-K relating to the settlement of a dispute with the National Petroleum, Natural Gas and Biofu of special government participation taxes on the Marlim field, furnished to the SEC on October 26, 2009.

(14) The Petrobras Report on Form 6-K relating to the signing of a U.S.$10 billion 10-year loan agreement with the China Develo export agreement with a subsidiary of China Petro-Chemical Corp (Sinopec), furnished to the SEC on November 4, 2009.

(15) The Petrobras Report on Form 6-K relating to clarifications on the proposed capitalization and transfer of rights to explore an pre-salt areas under discussion in the Brazilian Congress, furnished to the SEC on November 20, 2009.

(16) The Petrobras Report on Form 6-K relating to the payment of shareholder dividends for the 2009 fiscal year, furnished to the

(17) The Petrobras Reports on Form 6-K containing financial information for the nine-month period ended September 30, 2009, p GAAP, furnished to the SEC on November 27, 2009.

(18) The Petrobras Report on Form 6-K/A relating to the authorization granted by the ANP to Petrobras for drilling in the Santos B reserves for the proposed transfer of oil and natural gas exploration and production rights, furnished to the SEC on December 2, 2009

(19) The Petrobras Report on Form 6-K related to the execution of contracts for the construction of the Abreu and Lima Refinery i furnished to the SEC on December 3, 2009.

(20) Any future filings of Petrobras on Form 20-F made with the SEC after the date of this prospectus and prior to the termination offered by this prospectus, and any future reports of Petrobras on Form 6-K furnished to the SEC during that period that are identifie incorporated into this prospectus.

We will provide without charge to any person to whom a copy of this prospectus is delivered, upon the written or oral request of any the documents referred to above which have been or may be incorporated herein by reference, other than exhibits to such documents specifically incorporated by reference in such documents). Requests should be directed to Petrobras' Investor Relations Department l Chile, 65 — 22nd Floor, 20031-912—Rio de Janeiro, RJ, Brazil (telephone: 55-21-3224-1510).