

PETROBRAS INTERNATIONAL FINANCE CO

Form 424B2

January 21, 2011

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Filed pursuant to rule 424(b)(2)

Registration Statements Nos. 333-163665 and 333-163665-01

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Aggregate offering price	Amount of registration fee(1)
Debt securities	US\$6,000,000,000.00	US\$696,600.00
Guaranties		(2)

- (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 guaranties.

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 due 2016
U.S.\$2,500,000,000.00	5.375% Global Notes due 2021
U.S.\$1,000,000,000.00	6.750% Global Notes due 2041

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 (the 2041 Notes) (each a series and collectively the notes) are general, unsecured, unsubordinated obligations of Petrobras International Finance Company, or PifCo, a wholly-owned subsidiary of Petróleo Brasileiro S.A.-Petrobras, or Petrobras. The notes will be unconditionally and irrevocably guaranteed by Petrobras. The 2016 Notes will mature on January 27, 2016, and will bear interest at the rate of 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 mature on January 27, 2021, and will bear 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 Notes will mature on January 27, 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 July 27, 2011.

PifCo will pay additional amounts related to the deduction of certain withholding taxes in respect of certain payments on the notes. PifCo may redeem, in whole or in part, the notes at any 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 will also be redeemable without premium prior to maturity at PifCo's option solely upon the imposition of certain withholding taxes. See Description of the Notes-Optional Redemption-Redemption for Taxation Reasons.

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

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

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Initial price to the public(1):		
2016 Notes	99.663%	U.S.\$2,491,575,000
2021 Notes	99.801%	U.S.\$2,495,025,000
2041 Notes	99.288%	U.S.\$ 992,880,000
Underwriting discount:		
2016 Notes	0.250%	U.S.\$ 6,250,000
2021 Notes	0.300%	U.S.\$ 7,500,000
2041 Notes	0.350%	U.S.\$ 3,500,000
Proceeds, before expenses, to PifCo:		
2016 Notes	99.413%	U.S.\$2,485,325,000
2021 Notes	99.501%	U.S.\$2,487,525,000
2041 Notes	98.938%	U.S.\$ 989,380,000

(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 participants, including Clearstream 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 27, 2011.

Joint Bookrunners

BTG Pactual	Citi	HSBC	Itaú	J.P.Morgan	Santander
		<i>Co-managers</i>			
Credit Agricole CIB				Mitsubishi UFJ Securities	
		January 20, 2011			

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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 is offering and certain other matters relating to PifCo and Petrobras and their financial condition. The second part, the accompanying prospectus, gives more general information about securities that PifCo and Petrobras may offer from time to time. Generally, references to the prospectus mean this prospectus supplement and the accompanying prospectus combined. If the information in this prospectus supplement differs from the information in the accompanying prospectus, the information in this prospectus supplement supersedes the 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 prospectus we prepare or authorize. PifCo and Petrobras have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. Neither PifCo nor Petrobras is making an offer to sell the notes in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the relevant document.

In this prospectus supplement, unless the context otherwise requires or as otherwise indicated, references to Petrobras mean Petr leo Brasileiro S.A.-Petrobras and its consolidated subsidiaries taken as a whole, and references to PifCo mean Petrobras International Finance Company, a wholly-owned subsidiary of Petrobras, and its consolidated subsidiaries taken as a whole. Terms such as we, us and our generally refer to both Petrobras and PifCo, unless the context requires otherwise or as otherwise indicated.

FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this prospectus supplement are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are not based on historical facts and are not assurances of future results. Many of the forward-looking statements contained, or incorporated by reference, in this prospectus supplement may be identified by the use of forward-looking words, such as believe, expect, anticipate, should, planned, estimate and potential, among others. We have made 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, power generation, biofuels and other 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 to risks and uncertainties that are difficult to predict. Our actual results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of factors. These 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 exchange rates;

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 statements, please see Risk Factors in 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 statement. We undertake no obligation to 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 Exchange Commission (SEC):

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 May 19, 2010.

(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 August 31, 2010.

(3) The PifCo report on Form 6-K containing financial information for the nine-month period ended September 30, 2010, prepared in accordance with U.S. GAAP, 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 completion of the offering of the securities offered by this prospectus supplement, and any future reports of PifCo on Form 6-K furnished to the SEC during that period that are identified in those forms as being 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 May 19, 2010.

(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 August 31, 2010.

(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 condition and results of operations of 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 September 30, 2010 and for the nine-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 nine months ended September 30, 2010.

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

Reports furnished on May 17, 2010 and May 27, 2010, relating to the May 31, 2010 payment of interest on capital for the 2010 fiscal year in the amount of 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 on capital for the 2010 fiscal year in 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 Campos Basin.

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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 the amount of R\$0.20 per common and R\$0.20 per preferred share.

Report furnished on September 3, 2010, containing material information about Petrobras that was made available to potential investors in a preliminary prospectus supplement, dated as of September 3, 2010, that Petrobras filed with the SEC under Rule 424(b)(2) in connection with a global offering of its shares, 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 total estimated value R\$2.1 billion.

Report furnished on November 1, 2010, relating to the execution of an ethanol supply agreement with Toyota Tsusho Corporation with a total estimated value of US\$820 million.

Report furnished on November 12, 2010, relating to the execution of construction contracts in the amount of US\$3.46 billion providing for the construction of 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 year in amount of R\$0.14 per 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. (REFAP).

Report furnished on December 27, 2010, relating to the December 30, 2010 payment of interest on capital for the 2010 fiscal year in amount R\$0.20 per common 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 natural gas in Brazil and outside of 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, and transfer to Petrobras of certain exploration and production rights and related legal developments, and the global offering of Petrobras shares, including shares in the form of ADSs:

Report furnished on June 10, 2010, relating to the approval by the Brazilian Federal Senate of legislation regarding Petrobras' capitalization, the transfer to Petrobras of pre-salt oil and gas exploration and production rights and the introduction of a production-sharing regime for exploration and production activities in pre-salt and strategic areas.

Report furnished on June 23, 2010, relating to the approval by Petrobras' shareholders of amendments to Petrobras' bylaws to permit the capitalization transaction.

Report furnished on June 30, 2010, relating to the signature by the Brazilian president of legislation regarding Petrobras' capitalization and the transfer to 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 methodology for the valuation of the Brazilian federal treasury bills (*Letras Financeiras de emissão da Secretaria do Tesouro Nacional*, or LFTs) to be used by Petrobras' shareholders at their election to pay for shares, and delegating authority to the board of directors of Petrobras to establish the value of each series of LFTs used for this purpose.

Report furnished on September 7, 2010, containing English translations of the reservation forms for the priority subscription of Petrobras common shares and preferred shares.

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Report furnished on September 7, 2010, containing an English translation of the form of Assignment Agreement for the transfer of rights to explore and produce oil, natural gas and other fluid hydrocarbons in certain pre-salt areas among Petrobras, the Brazilian federal government and the National Petroleum, National 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 increase in the maximum amount of additional shares, including shares in the form of ADSs, that may be issued by Petrobras under Brazilian law in addition to those initially offered in the global 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 completion of the offering of the securities offered by this prospectus supplement, and any future reports of Petrobras on Form 6-K furnished to the SEC during that period that are identified in those forms 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 herein, will automatically update and supersede the information in this prospectus supplement. You should review the SEC filings and reports that we incorporate by reference to determine if any of the statements in this prospectus supplement, the accompanying prospectus or in any documents previously incorporated by reference have been modified or superseded.

Documents incorporated by reference in this prospectus supplement are available without charge. Each person to whom this prospectus supplement and the accompanying prospectus are delivered may obtain documents incorporated by reference herein by requesting them either in writing or orally, by telephone or by e-mail 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 of such materials can be obtained 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 information on the public reference room. We also file materials with the SEC electronically. The SEC maintains an Internet site that contains materials that we file electronically with the SEC. The address of the 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 supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information you should consider before investing in the notes. You should read carefully the entire prospectus supplement, the accompanying prospectus including Risk Factors and the documents incorporated by reference herein, which are described under 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 Petróleo Brasileiro S.A.-Petrobras and its consolidated subsidiaries taken as a whole, and references to PifCo mean Petrobras International Finance Company, a wholly-owned subsidiary of Petrobras, and its consolidated subsidiaries taken as a whole. Terms such as we, us and our generally refer to both Petrobras and PifCo, unless the context 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 oil products from third parties and sells to Petrobras. PifCo also purchases crude oil and oil products from Petrobras and sells them outside Brazil. Additionally, PifCo sells oil and oil products to and from third parties and related parties mainly outside Brazil. PifCo will gradually reduce both its sales of crude oil and oil products to Petrobras and its sales of crude oil and oil products to third parties, and will eventually cease these commercial operations altogether. At that time, PifCo will become a finance subsidiary functioning as a vehicle for Petrobras to raise capital for our operations outside of Brazil through the issuance of debt securities in the international capital markets, among other means. Petrobras' support of PifCo's debt obligations has been and will continue to be made through unconditional and irrevocable guaranties of payment.

PifCo engages in borrowings in international capital markets unconditionally guaranteed by Petrobras as part of Petrobras' strategy to expand its operations and 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 Petrobras' activities in Europe, the 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 sales of fuel oil;

Bear Insurance Company Limited, or BEAR, a Bermuda company that contracts insurance for Petrobras and its subsidiaries; and

Petrobras Singapore Private Limited, or PSPL, a company incorporated in Singapore to trade crude oil and oil products in connection with our trading 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 Town, Grand Cayman, Cayman 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 year ended December 31, 2009, 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 revenues of U.S.\$91.9 billion and 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 activities, which cover the following segments of its operations:

Exploration and Production. This is our principal business segment, and encompasses oil and natural gas exploration, development and production activities in Brazil, sales and transfers of crude oil in domestic and foreign markets, transfers of natural gas to the Gas and Power segment and sales of oil products produced at natural gas processing plants. According to the ANP, we were responsible for approximately 98.5% of Brazil's total production of oil and natural gas in 2009.

Refining, Transportation and Marketing. This segment comprises Petrobras' downstream activities in Brazil, including refining, logistics, transportation, export and purchase of crude oil, as well as the purchase and sale of oil products and ethanol. Additionally, this segment includes the petrochemical division, which includes investments in domestic petrochemical companies. As of December 31, 2009, we operated 92% of Brazil's total refining capacity.

Gas and Power. This segment consists primarily of the purchase, sale and transportation and distribution of natural gas produced in or imported into Brazil. This segment also includes Petrobras' participation in domestic natural gas transportation, natural gas distribution, thermoelectric power generation and two domestic fertilizer plants. The Gas and Power segment has included results from our fertilizer operations since January 1, 2010. In prior years, the results 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 owned subsidiary, Petrobras Distribuidora S.A. - BR (Petrobras Distribuidora), in Brazil. Petrobras Distribuidora is the largest oil products distributor in Brazil, with a market share of 38.6% and 38.7%, in 2009 and September 30, 2010, respectively, according to the ANP. As of September 30, 2010, Petrobras Distribuidora had approximately 7,000 service stations in Brazil.

International. This segment comprises Petrobras' international activities conducted in 25 countries outside Brazil, which include exploration and production, refining, transportation and marketing, distribution and gas and power.

Corporate. This segment includes activities not attributable to other segments, including corporate financial management, central administrative overhead and actuarial expenses related to Petrobras' pension and health care plans for inactive participants. Our Corporate segment also includes our bio-renewables 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 telephone number is (55-21) 3224-4477.

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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 due January 27, 2016, or the 2016 Notes.
The 2021 Notes	U.S.\$2,500,000,000.00 aggregate principal amount of 5.375% Global Notes due January 27, 2021, or the 2021 Notes.
The 2041 Notes	U.S.\$1,000,000,000.00 aggregate principal amount of 6.750% Global Notes due January 27, 2041, or the 2041 Notes (each of the 2016 Notes, the 2021 Notes and the 2041 Notes a series and collectively the notes).
Closing Date	January 27, 2011
Maturity Date	For the 2016 Notes: January 27, 2016. For the 2021 Notes: January 27, 2021. For the 2041 Notes: January 27, 2041.
Interest	For the 2016 Notes: The 2016 Notes will bear interest from January 27, 2011, the date of original issuance of the notes, at the rate of 3.875% per annum, payable semiannually in arrears on each interest payment date. For the 2021 Notes: The 2021 Notes will bear interest from January 27, 2011, the date of original issuance of the notes, at the rate of 5.375% per annum, payable semiannually in arrears on each interest payment date. For the 2041 Notes: The 2041 Notes will bear interest from January 27, 2011, the date of original issuance of the notes, at the rate of 6.750% per annum, payable semiannually in arrears on each interest payment date.
Interest Payment Dates	For the 2016 Notes: January 27 and July 27 of each year, commencing on July 27, 2011. For the 2021 Notes: January 27 and July 27 of each year, commencing on July 27, 2011. For the 2041 Notes: January 27 and July 27 of each year, commencing on July 27, 2011.
Denominations	PifCo will issue the notes only in denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in 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 corporate purposes and to finance Petrobras' planned capital expenditure under its 2010-2014 Business Plan while maintaining an adequate capital structure and staying within Petrobras' targeted financial leverage ratios in accordance with its 2010-2014 Business Plan. See Use of Proceeds.
Indenture	The notes offered hereby will be issued pursuant to an indenture between PifCo and The Bank of New York Mellon, a New York banking corporation, as trustee, dated as of December 15, 2006, as supplemented by the fifth supplemental indenture in the case of the 2016 Notes, by the sixth supplemental indenture in the case of the 2021 Notes, and by the seventh supplemental indenture in the case of the 2041 Notes, each dated as of the closing date, among PifCo, Petrobras and the trustee. When we refer to the indenture in this prospectus supplement, we are referring to the indenture as supplemented by each of the fifth supplemental indenture, the sixth supplemental indenture and the seventh supplemental indenture. See Description of the Notes.
Guaranties	The notes will be unconditionally guaranteed by Petrobras under the guaranties. See Description of the Guaranties.
Ranking	<p>The notes constitute general senior unsecured and unsubordinated obligations of PifCo which will at all times rank <i>pari passu</i> among themselves and with all other senior unsecured obligations of PifCo that are not, by their terms, expressly subordinated in right of payment to the notes.</p> <p>The obligations of Petrobras under the guaranties constitute general senior unsecured obligations of Petrobras which will at all times rank <i>pari passu</i> with all other senior unsecured obligations of Petrobras that are not, by their terms, expressly subordinated in right of payment to Petrobras' obligations under the guaranties.</p>
Optional Redemption	PifCo may redeem any of the notes at any time in whole or in part by paying the greater of the principal amount of such series of the notes and the relevant make-whole amount, plus, in each case, accrued interest, as described under Description of the Notes Optional Redemption.
Early Redemption at PifCo's Option Solely for Tax Reasons	The notes will be redeemable in whole at their principal amount, plus accrued and unpaid interest, if any, to the relevant date of redemption, at PifCo's option at any time only in the event of certain changes affecting taxation. See Description of the Notes Optional Redemption-Redemption for Taxation Reasons.
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 amounts are due;

maintain an office or agent in New York for the purpose of service of process and maintain a paying agent located in the United States;

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;

give notice to the trustee of any default or event of default under the indenture;

provide certain financial statements to the trustee;

take actions to maintain the trustee's or the holders' rights under the relevant transaction documents; and

replace the trustee upon any resignation or removal of the trustee.

In addition, the terms of the indenture will restrict the ability of PifCo and its subsidiaries, among other things, to:

undertake certain mergers, consolidations or similar transactions; and

create certain liens on its assets or pledge its assets.

PifCo's covenants are subject to a number of important qualifications and exceptions. See [Description of the Notes - Covenants](#)

(b) Petrobras

The terms of the guaranties will require Petrobras, among other things, to:

pay all amounts owed by it in accordance with the terms of the guaranties and the indenture;

maintain an office or agent in New York for the purpose of service of process;

ensure that its obligations under the guaranties will continue to be senior obligations of Petrobras;

give notice to the trustee of any default or event of default under the indenture; and

provide certain financial statements to the trustee.

In addition, the terms of the guaranties will restrict the ability of Petrobras and its subsidiaries, among other things, to:

undertake certain mergers, consolidations or similar transactions; and

create certain liens on its assets or pledge its assets.

Petrobras' covenants are subject to a number of important qualifications and exceptions. See [Description of the Guaranties-Covenants](#).

Events of Default

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

failure to pay principal on the notes of such series within three calendar days of its due date;

failure to pay interest on the notes of such series within 30 calendar days of any interest payment date;

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breach by PifCo of a covenant or agreement in the indenture or by Petrobras of a covenant or agreement in the guaranty for such series of the notes if not remedied within 60 calendar days;

acceleration of a payment on the indebtedness of PifCo, Petrobras or any material subsidiary that equals or exceeds U.S.\$100 million;

a final judgment against PifCo, Petrobras or any material subsidiary that equals or exceeds U.S.\$100 million;

certain events of bankruptcy, liquidation or insolvency of PifCo, Petrobras or any material subsidiary;

certain events relating to the unenforceability of the notes, the indenture or the guaranty for such series of the notes against PifCo or Petrobras;

Petrobras ceasing to own at least 51% of PifCo's outstanding voting shares.

The events of default are subject to a number of important qualifications and limitations. See Description of 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 the terms of the guaranties may be modified by Petrobras and the trustee, in some cases without the consent of the holders of the relevant series of the notes. See Description of Debt Securities-Special Situations-Modification and Waiver in the accompanying prospectus.

Clearance and Settlement

The notes will be issued in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its direct and indirect participants, including Clearstream Banking, *soci t  anonyme* and Euroclear S.A./N.V., as operator of the Euroclear System, and will trade in DTC's Same-Day Funds Settlement System. Beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances. For a description of certain 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 of the notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments, levies, imposts or charges whatsoever imposed, levied, collected, withheld or assessed by Brazil, the jurisdiction of PifCo's incorporation or any other jurisdiction in which PifCo appoints a paying agent under the indenture, or any political subdivision or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If PifCo is required by law to make such withholding or deduction, it will pay such additional amounts as are necessary to ensure that the holders receive the same amount as they would have received without

such withholding or deduction, subject to certain exceptions. In the event Petrobras is obligated to make payments to the holders under the guaranties, Petrobras will pay such additional amounts as are necessary to ensure that the holders receive the same amount as they would have received without such withholding or deduction, subject to certain exceptions. See Description of the Notes -Covenants-Additional Amounts.

Governing Law

The indenture, the notes, and the guaranties will be governed by, and construed in accordance with, the laws 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 York Stock Exchange.
Risk Factors	You should carefully consider the risk factors discussed beginning on page S-15 and the other information included or incorporated by reference in this prospectus supplement, before purchasing any notes.

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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 Depositary Shares (ADSs)) and 1,788,515,136 preferred shares (including preferred shares in the form of ADSs) in a global public offering consisting of a registered offering in Brazil and an international offering, which included a registered offering in the United States. On October 1, 2010, Petrobras issued an additional 75,198,838 common shares (including common shares in the form of ADSs) and 112,798,256 preferred shares (including preferred shares in the form of ADSs) pursuant to the exercise of the underwriters' over-allotment option. The aggregate proceeds of the global offering to Petrobras, after underwriting discounts and commissions and including the exercise of the underwriters' over-allotment option, was approximately U.S.\$70 billion. Petrobras applied the net proceeds from the global offering to pay the initial purchase price under the Assignment Agreement described below and to continue to develop all of its business segments in accordance with Petrobras' 2010-2014 Business Plan.

Assignment Agreement (*cessão onerosa*)

On September 3, 2010, Petrobras entered into an agreement with the Brazilian federal government (the Assignment Agreement), under which the government assigned to us the right to conduct research activities and the exploration and production of fluid hydrocarbons in specified pre-salt areas, subject to a maximum production of five billion barrels of oil equivalent. On September 7, 2010, Petrobras filed an English translation of the form of Assignment Agreement with the SEC in a report on Form 6-K, which is incorporated by reference in this prospectus supplement. For further information on the Assignment Agreement, see the Petrobras report on Form 6-K furnished to the SEC on September 3, 2010, containing material information about Petrobras that was made available to potential investors in the global offering, which is incorporated 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 on September 3, 2010 containing material information about Petrobras that was made available to potential investors in the global offering, both of which are incorporated by reference herein, include extensive risk factors relating to our business and to Brazil. You should carefully consider those risks and the risks described below, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the notes.

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 have the notes approved for listing 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 prospectus supplement. We cannot 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 resell the notes for an extended 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 Petrobras' ability to make payments to PifCo in U.S. Dollars.

The Brazilian government may impose temporary restrictions on the conversion of Brazilian currency into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Brazil. Brazilian law permits the Brazilian government to impose these restrictions whenever there is a serious imbalance in Brazil's 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 decide to take similar measures in the future. Similar restrictions, if imposed, could impair or prevent the conversion of payments under the guaranties from *reais* into U.S. Dollars and the remittance of the U.S. Dollars abroad. In the case that the PifCo noteholders receive payments in *reais* corresponding to the equivalent U.S. dollar amounts due under PifCo's notes, it may not be possible to convert these amounts into U.S. dollars. These restrictions, if imposed, could also prevent Petrobras from making funds available to PifCo in U.S. dollars 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 registration with the Central Bank of Brazil. The Central Bank of Brazil may nonetheless impose prior approval requirements on the remittance of U.S. Dollars abroad, which could cause delays in such 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 required to discharge its obligations only in *reais*. Under Brazilian exchange control regulations, an obligation to pay amounts denominated in a currency other than *reais*, which is payable in Brazil pursuant to a 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 the date of payment.

A finding that Petrobras is subject to U.S. bankruptcy laws and that any of the guaranties executed by it was a fraudulent conveyance could result in the relevant 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 that the guaranties are valid and 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, binding and enforceable against Petrobras in accordance with their terms. In the event that U.S. federal fraudulent conveyance or similar laws are applied to a guaranty, and Petrobras, at the time it issued 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 mature; and

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 claims of other creditors. Among other things, a legal challenge to a guaranty on fraudulent conveyance grounds may focus on the benefits, if any, realized by Petrobras as a result of PifCo's issuance of the series of the notes supported by such guaranty. To the extent that either guaranty is held to be a fraudulent conveyance or unenforceable for any other reason, the holders of the series of PifCo notes supported by such guaranty would not have a claim against Petrobras under such guaranty and will solely have a claim against PifCo. Petrobras cannot assure you that, after providing for all prior claims, there will be sufficient assets to satisfy the claims of the PifCo holders relating to any avoided portion of the 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 capital expenditure under its 2010-2014 Business Plan while maintaining an adequate capital structure and staying within Petrobras targeted financial leverage ratios in accordance with its 2010-2014 Business Plan.

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PifCo**

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

	As of September 30, 2010	
	Actual	As Adjusted for this Offering
	(Unaudited)	
	(U.S.\$ thousand)	
Short-term debt:		
Current portion of long-term debt	391,758	391,758
Total	391,758	391,758
Long-term debt:		
Total long-term debt (less current portion)	12,472,859	18,472,859
Stockholder's deficit:		
Capital stock ⁽¹⁾	300,050	300,050
Additional paid in capital	266,394	266,394
Accumulated deficit	(889,065)	(889,065)
Other comprehensive income (loss)	(27,698)	(27,698)
Total stockholder's deficit	(350,319)	(350,319)
Total capitalization	12,514,298	18,514,298

(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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Table of Contents**Petrobras**

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

	As of September 30, 2010	
	Actual	As Adjusted for this Offering (Unaudited) (U.S.\$ million)
Short-Term Debt:		
Short-term debt	12,521	12,521
Current portion of capital lease obligations	138	138
Total	12,659	12,659
Long-term debt:		
Foreign currency denominated	30,120	36,120
Local currency denominated	31,364	31,364
Total long-term debt	61,484	67,484
Capital lease obligations (less current portion)	155	155
Non-controlling interest	2,234	2,234
Total shareholders' equity (1)	174,580	174,580
Total capitalization	251,112	257,112

(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 value and in each case which have been authorized and issued. These figures include the common shares (including common shares in the form of American Depositary Shares (ADSs)) and preferred shares (including preferred shares in the form of ADSs) issued by Petrobras on September 29, 2010 in connection with Petrobras' global public offering.

Subsequent Events

On October 1, 2010, Petrobras issued an additional 75,198,838 common shares (including common shares in the form of ADSs) and 112,798,256 preferred shares (including preferred shares in the form of ADSs), pursuant to the exercise of the underwriters' over-allotment option, with the same prices and terms as the shares previously issued in Petrobras' global public offering. As a result of this issuance, Petrobras' total capital is currently comprised of 7,442,454,142 shares of common stock 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 from Société Générale. The loan 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 as of September 30, 2010) from 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 rate at the time of incurrence. Of the 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, 2010) was used to repay an 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 2020 and will bear interest at an initial 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 a line of credit with Standard 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 at the time of incurrence.

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Table of Contents**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 debt securities and the indenture set forth in the accompanying prospectus, which you should read in conjunction with this prospectus supplement. In addition, we urge you to read the indenture, the fifth supplemental indenture in connection with the 2016 Notes, the sixth supplemental indenture in connection with the 2021 Notes and the seventh supplemental indenture in connection with the 2041 Notes, because they, and not this description, will define your rights as holders of the 2016 Notes, the 2021 Notes and the 2041 Notes, respectively. If the description of the terms of the notes in this summary differs in any way from that in the accompanying prospectus, you should rely on this summary. You may obtain copies of the indenture, the fifth supplemental indenture, the sixth supplemental indenture and the seventh supplemental indenture upon written request to the 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 New York banking corporation, as trustee, as supplemented by the fifth supplemental indenture in the case of the 2016 Notes, the sixth supplemental indenture in the case of the 2021 Notes and the seventh supplemental indenture in the case of the 2041 Notes, each dated as of the closing date, which provide the specific terms of the notes offered by this prospectus supplement, including granting holders rights against Petrobras under the respective guaranties. Whenever we refer to the indenture in this prospectus supplement, we are referring to the indenture as supplemented by the fifth supplemental indenture in the case of the 2016 Notes, the sixth supplemental indenture in the case of the 2021 Notes and the seventh 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 maturity or early redemption and until all 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 excess thereof; and

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 *interest payment date*), commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that date; and

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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 Notes), interest will continue to 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 date when such amounts were due 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 PifCo's obligations under the 2016 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 maturity or early redemption and until all 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 excess thereof; and

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 interest payment date), commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that date; and

In the case of amounts not paid by PifCo under the indenture and the 2021 Notes (or Petrobras under the guaranty for the 2021 Notes), interest will continue to 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 date when such amounts were due 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 PifCo's obligations under the 2021 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 maturity or early redemption and until all 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 excess thereof; and

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 interest payment date), commencing on July 27, 2011 and the regular record date for any interest payment date will be the business day preceding that date; and

In the case of amounts not paid by PifCo under the indenture and the 2041 Notes (or Petrobras under the guaranty for the 2041 Notes), interest will continue to 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 date when such amounts were due 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 PifCo's obligations under the 2041 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 notes, or earlier or later by acceleration or otherwise, of all of PifCo's obligations now or hereafter existing under the indenture and the notes, whether for principal, interest, make-whole premium, fees, indemnities, costs, expenses or otherwise. The guaranties will be unsecured and will rank equally with all of Petrobras' other existing and future unsecured and unsubordinated debt including guaranties previously issued by Petrobras in connection with prior issuances of indebtedness. See Description of the Guaranties.

Depository with Respect to Global Notes

The notes will be issued in global registered form with The Depository Trust Company, or DTC, as depository. For further information in this regard, see Clearance 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 received such amounts from 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 due date and the trustee has not 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 calendar days (inclusive of any cure period contained in any such covenant or other term for compliance thereunder) after receiving a notice of default stating that it is in breach. The notice must be 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.\$100,000,000 (or its equivalent in another currency) or more is accelerated in accordance with the terms of that indebtedness, it being understood that prepayment or redemption by us or the 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 involving in the aggregate a liability (not paid or fully covered by insurance) of U.S.\$100,000,000 (or its equivalent in another currency) or more, and all such judgments or decrees have not been 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 due, is adjudicated or found bankrupt 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, composition, reorganization or any other similar laws, or files an application for the appointment of an administrator, receiver or other similar official in relation to PifCo, Petrobras or any material 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 a *concordata*, which is a type of liquidation agreement), or proceedings are initiated against PifCo, Petrobras or any material subsidiary under applicable bankruptcy, insolvency or intervention law or law with similar effect and is not discharged or removed within 90 calendar days, or an administrator, receiver or similar official is appointed in relation to, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, the whole or a substantial part of the undertakings or assets of PifCo, Petrobras or any material subsidiary and is not discharged or removed within 90 calendar days, or any events occur or action is 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 effect or binding and enforceable against PifCo or Petrobras, or it becomes unlawful for PifCo or Petrobras to perform any material obligation under any of the foregoing documents to which it is a party.

PifCo or Petrobras contests the enforceability of the notes, the indenture or the guaranties, or denies that it has liability under any of the foregoing documents to 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 otherwise) of and in PifCo.

For purposes of the events of default:

indebtedness means any obligation (whether present or future, actual or contingent and including any guaranty) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accounting principles in the United States, 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 than 10% of Petrobras total 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 amounts in the event withholding and other taxes are imposed in Brazil or the jurisdiction of incorporation of PifCo) on the notes in accordance with the notes and the indenture.

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 desirable in the normal conduct of business, activities or operations, unless PifCo's board of directors determines that preserving PifCo's corporate existence is no longer desirable in the conduct of PifCo's 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 notices to and demands upon it in 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 designation of the office without prior 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 *pari passu*, without any preferences among themselves, with all of its other present and future unsecured and unsubordinated obligations (other than obligations preferred by statute or by operation of law).

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 capital expenditure under its 2010-2014 Business Plan while maintaining an adequate capital structure and staying within Petrobras' targeted financial leverage ratios in accordance with its 2010-2014 Business 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 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 (without regard to any period of grace or requirement of notice provided under the indenture) and, if PifCo (or any obligor) are in default, specifying all the defaults and their nature and status of which the signers may have knowledge. Within 10 calendar days (or promptly with respect to certain events of default relating to PifCo's insolvency and in any event no later than 10 calendar days) after PifCo becomes aware or should reasonably become aware of the occurrence of any default or event of default under the indenture or the notes, it will notify the trustee in writing of the 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 reports publicly available in Brazil, 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 filing or the date the information is 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 certificate stating (i) that a review of PifCo's activities has been made during the period covered by such financial statements with a view to determining whether PifCo has kept, observed, performed and fulfilled its covenants and agreements under this indenture; and (ii) that no event of default, or event which with the giving of notice or passage of time or both would become an event of default, has occurred during that period or, if one or more have actually occurred, specifying all those events and what actions have been taken and will 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 of those will not constitute constructive notice of any information contained therein or determinable from information contained therein, including PifCo's compliance with any of its covenants under 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 in the indenture so that there will at 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 the notes or other amounts (including additional amounts), deposit with the trustee a sum sufficient to pay such principal, interest or other amounts (including additional amounts) so becoming due.

Additional Amounts

Except as provided below, PifCo or Petrobras, as applicable, will make all payments of amounts due under the notes and the indenture and each other document entered into in connection with the notes and the indenture without withholding or deducting any present or future taxes, levies, deductions or other governmental charges of any nature imposed by Brazil, the jurisdiction of PifCo's incorporation or any jurisdiction in which PifCo, appoints a paying agent under the indenture, or any political subdivision of such jurisdictions (the "taxing jurisdictions"). If PifCo or Petrobras, as applicable, is required by law to withhold or deduct any taxes, levies, deductions or other governmental charges, PifCo or Petrobras, as applicable, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay the holders any additional amounts necessary to ensure that they receive the same amount as they would have received without such 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 which may be payable as set forth in 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 governmental charge that is 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 payments on the notes, or enforcing any rights with respect to the notes (such as citizenship, nationality, residence, domicile, or existence of a business, a permanent establishment, a dependent agent, 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, residence, identity or connection with the taxing jurisdiction, if (x) such compliance is required by applicable law, regulation, administrative practice or treaty as a precondition to exemption from all or a part of the tax, levy, deduction or other governmental charge, (y) the holder is able to comply with such requirements

without undue hardship and (z) at least 30 calendar days prior to the first payment date with respect to which such requirements under the applicable law, regulation, administrative practice or treaty will apply, PifCo or Petrobras, as applicable, has notified all holders or the trustee that they will be required to comply with such requirements;

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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 the holder a payment under the notes and the indenture, provided that PifCo or Petrobras, as applicable, will pay additional amounts which a holder would have been entitled to had the notes 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 individual and are required to be made pursuant to Council Directive 2003/48/EC or other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000, on the 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 payment on the notes be made by, or presenting the relevant notes for payment to, another paying agent of PifCo located in a member state of the European Union; or

where the holder would have been able to avoid the tax, levy, deduction or other governmental charge by taking reasonable measures available to such holder.

PifCo shall promptly pay when due any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any taxing jurisdiction from any payment under the notes or under any other document or instrument referred in the indenture or from the execution, delivery, enforcement or registration of the notes or any other document or instrument referred to in the indenture. PifCo shall indemnify and make whole the holders for any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies payable by PifCo as provided in this paragraph paid by such holder. PifCo shall maintain a paying agent hereunder in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN council meeting of November 26-27, 2000, or any law implementing or 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 of its assets to secure (i) any of its indebtedness or (ii) the indebtedness of any other person, unless PifCo contemporaneously creates or permits such lien to secure equally and ratably its obligations under 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 resolution of the holders of such series 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, other than a PifCo permitted 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 other person, unless it contemporaneously creates or permits the lien to secure equally and ratably its obligations under each series of the notes and the indenture or PifCo provides such other 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. This covenant is subject to a number of important exceptions, including an exception that permits PifCo to grant liens in respect of indebtedness the principal amount of which, in the aggregate, together with all other liens not otherwise described in a specific exception, does not exceed 15% of PifCo's consolidated total assets (as determined in accordance with U.S. GAAP or 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 transfer substantially all of its properties, assets or revenues to any person or entity (other than a direct or indirect subsidiary of Petrobras) or permit any person (other than a direct or indirect subsidiary 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 is merged or that acquired or leased the property or assets of PifCo will assume (jointly and severally with PifCo unless PifCo will have ceased to exist as a result of that merger, consolidation or amalgamation), by a supplemental indenture (the form and substance of which will be previously approved by the trustee), all of PifCo's obligations under the indenture and the notes;

the successor company (jointly and severally with PifCo unless PifCo will have ceased to exist as part of the merger, consolidation or amalgamation) agrees to indemnify each holder against any tax, assessment or governmental charge thereafter imposed on the holder solely as a consequence of the consolidation, 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, and each supplemental indenture relating to the transaction, comply with the terms of the indenture dated as of December 15, 2006, and that all conditions precedent provided for in the indenture and relating 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 will have occurred and be 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 all of its properties, assets or 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 effect on PifCo and its subsidiaries taken as a whole, it being understood that if PifCo is not the surviving entity, PifCo will be required to 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 dispose of assets to, any person (other than PifCo or any of its subsidiaries or affiliates) in cases when the transaction would not have a material adverse effect on PifCo and its subsidiaries taken as a whole; or

any direct or indirect subsidiary of PifCo may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any other direct or 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 dissolution is in the best interests of Petrobras, and would not result in a material adverse effect on PifCo and its subsidiaries taken as a whole and if the liquidation or dissolution is part of a 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 any term, provision or condition of 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 series waive the compliance, but no waiver can operate except to the extent expressly waived, and, until a waiver becomes effective, PifCo's obligations and the duties of the trustee in respect of any such 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 repayment of money that has been borrowed or raised (including money raised by acceptances and all leases which, under generally accepted accounting principles in the United States, would be a capital 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 to provide funds for the payment of 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 including, without limitation, any 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 business or that of any subsidiary or lien in respect of taxes, assessments or other governmental charges that are not yet delinquent or that are being contested in good faith by appropriate proceedings;

(b) lien arising from PifCo's obligations under performance bonds or surety bonds and appeal bonds or similar obligations incurred in the ordinary course of business 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 on which that indebtedness was 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 those assets or to secure indebtedness incurred solely for the purpose of financing the acquisition of those assets, including any lien existing at the time of the acquisition of those assets, so long as the maximum amount so secured does not exceed the aggregate acquisition costs of all such assets or the aggregate indebtedness incurred solely for the acquisition of 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 as the lien is not created in 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 supplemental indenture in the case of the 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, on amounts of cash or cash 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 by any rating agency as a condition 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, renewals, refinancings, refundings or exchanges), in whole or in part, of or for any indebtedness secured by liens referred to in paragraphs (a) through (i) above (but not paragraph (c)), so long as the lien 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 paragraphs (a), (b) and (f), the 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 qualifying as PifCo permitted liens pursuant to another part of this definition of PifCo permitted liens, does not exceed 15% of PifCo's consolidated total assets (as determined in accordance with U.S. 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 (other than qualifying shares, if any) having by its terms ordinary voting power (not dependent on the happening of a contingency) to elect the board of directors (or equivalent controlling governing body) of that person, is at the time owned or controlled directly or indirectly by that corporate entity, by one or more wholly-owned subsidiaries of that corporate entity or by that 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 the benefit of any sinking fund-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 entitled to require us to repurchase 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 maturity, on at least 30 days but not 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 of the present values of each remaining scheduled payment of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual 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 Notes, plus 30 basis points with 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 case accrued interest on the 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 or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the 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 as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, 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 Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury 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 affiliates, which are primary United States government securities dealers and two other leading primary United States government securities dealers in New York City reasonably designated by us in writing; provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a **Primary Treasury Dealer**), we 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, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm New York time on the third business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to the redemption date on the notes to be redeemed on such date. If less than all of the notes of any series 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 and unpaid interest, if any, to the 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 application or interpretation of any laws or treaties, we would be required to pay additional amounts related to the deduction of certain withholding taxes in respect of certain payments on such series of the 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 the adoption of a successor entity. Such redemption shall not be available if the reincorporation was performed in anticipation of a change in, execution of or amendment to any laws or treaties or the official application or interpretation of any laws or treaties in such new jurisdiction of incorporation that would result in the obligation to pay additional amounts.

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 issuance, from time to time, of additional notes (also referred to as add-on notes) of the same series as those offered under this prospectus supplement. The ability to issue add-on notes is subject to several requirements, however, including that (i) no event of default under the indenture or event that with the passage of time or other action may become an event of default (such 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 notes will rank *pari passu* and have equivalent terms and benefits as the notes offered under this prospectus supplement except for the price to the public and the issue date. Any add-on notes with respect 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 matters in relation to the applicable 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 a currency (the judgment currency) other than U.S. Dollars (the denomination currency), PifCo will indemnify the relevant holder against any deficiency arising from any variation in rates of exchange between the date as of which the denomination currency is notionally converted into the judgment currency for the purposes of the judgment or order and the date of actual payment. This indemnity will constitute a separate and independent obligation from PifCo's other obligations under the indenture, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted from time to time and will continue in full force and effect notwithstanding any judgment or 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 above.

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 as registrar and paying agent with 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 paying agent in New York City 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 corporation or association resulting from any merger, conversion or consolidation to which the trustee shall be a party, or any corporation or association to which all or substantially all of the corporate trust business of the trustee may be sold or otherwise transferred, shall be the successor trustee hereunder without any further act.

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Table of Contents**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 the notes will not be entitled to have the notes registered in their names and will not be entitled to receive physical delivery of the notes in definitive (paper) form. Instead, upon issuance, all the notes will be represented by one or more fully registered global notes.

Each global note will be deposited directly with The Depository Trust Company, a securities depository, and will be registered in the name of DTC's nominee. Global notes may also be deposited indirectly with Clearstream, Luxembourg and Euroclear, as indirect participants of DTC. For background information regarding DTC and Clearstream, Luxembourg and Euroclear, see "Depository Trust Company" and "Clearstream, Luxembourg and Euroclear" below. No global note representing book-entry 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, DTC will be the only registered holder of the 2016 Notes, the 2021 Notes and the 2041 Notes and will be considered the sole representative of the beneficial owners of the notes for purposes of the indenture. For an explanation of the situations in which a global note will terminate and interests in it will be exchanged for physical certificates representing the notes, see "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 facilitate subsequent transfers. The book-entry system, which is also the system through which most publicly traded common stock is held in the United States, is used because it eliminates the need for physical movement of securities certificates. The laws of some jurisdictions, however, may require some purchasers to take physical delivery of their notes in definitive 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 references to "registered holders" of notes shall mean DTC, PifCo, Petrobras, the trustee and any paying agent, transfer agent or registrar may treat DTC as the absolute owner of the notes for all purposes.

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 States corporate debt obligations in DTC's Same-Day Funds Settlement System. Notes will be credited to the securities custody accounts of these DTC participants against payment in the same-day funds, for 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 rules. Secondary market trading will be settled using procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement System. If payment is made in U.S. Dollars, settlement will be free of payment. If payment is made in other than U.S. Dollars, separate payment arrangements outside of the DTC system must be made between the 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 notes held by that owner. Neither the Trustee, Registrar, Paying Agent, Transfer Agent nor we have any responsibility for any aspect of the actions of DTC or any of their direct or indirect participants. Neither the Trustee, Registrar, Paying Agent, Transfer Agent nor we have any responsibility for any aspect of the records kept by DTC or any of their direct or indirect participants. In addition, neither the Trustee, Registrar, Paying Agent, Transfer Agent nor we supervise DTC in any way. DTC and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Investors should be aware that DTC and its participants are not obligated to perform these procedures and may modify them or discontinue them at any time. The description of the clearing systems in this section reflects our understanding of the 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 transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of certificates.

Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is 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 participants.

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 Luxembourg and is subject to regulation by the Luxembourg Commission for the supervision of the financial sector (*Commission de surveillance du secteur financier*); it holds securities for its customers and facilitates the clearance and settlement of securities transactions among them, and does so through electronic book-entry transfers between the accounts of its customers, thereby eliminating the need for physical movement of certificates; it provides other services to its customers, including safekeeping, administration, clearance and settlement of internationally traded securities and lending and borrowing of securities; it interfaces with the domestic markets in over 30 countries through established depository and custodial relationships; its customers include worldwide securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other professional financial intermediaries; its U.S. customers are limited to securities brokers and dealers and banks; and indirect access to the Clearstream, Luxembourg system is also available to others that clear through Clearstream, Luxembourg customers or that have custodial relationships with its customers, such as banks, 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 and Finance Commission (*Commission Bancaire et Financière*) and the National Bank of Belgium (*Banque Nationale de Belgique*); it holds securities for its participants and facilitates the clearance and settlement of securities transactions among them; it does so through simultaneous electronic book-entry delivery against payments, thereby eliminating the need for physical movement of certificates; it provides other services to its participants, including credit, custody, lending and borrowing of securities and tri-party collateral management; it interfaces with the domestic markets of several countries; its customers include banks, including central banks, securities brokers and dealers, banks, trust companies and clearing corporations and certain other professional financial intermediaries; indirect access to the Euroclear system is also available to others that clear through Euroclear customers or that have custodial relationships with Euroclear customers; and all securities in Euroclear are held on a fungible basis, which means that 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 procedures that are applicable to securities in registered form. Notes will be credited to the securities custody accounts of Clearstream, Luxembourg and Euroclear participants on the business day following the settlement date for value on the settlement date. They will be credited either free of payment or against payment for value on the settlement date.

We understand that secondary market trading between Clearstream, Luxembourg and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear. Secondary market trading will be settled using procedures applicable to securities in registered form.

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

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream, Luxembourg and Euroclear on the same 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 receive a payment or delivery of the notes on a particular day may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream, Luxembourg or Euroclear is used.

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

Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the debt securities among participants of Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any 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 supplemental indenture and the notes offered by this prospectus supplement, Petrobras will guarantee the 2016 Notes, the 2021 Notes and the 2041 Notes (each, a guaranty and together, the guaranties) for the benefit of the holders.

The guaranties will provide that Petrobras will unconditionally and irrevocably guarantee the notes on the terms and conditions described below.

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

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for PifCo's obligations under the 2016 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 rank *pari passu* with all other senior unsecured obligations of Petrobras that are not, by their terms, expressly subordinated in right of payment to the obligations of Petrobras under the guaranties.

Nature of Obligation

Petrobras will unconditionally and irrevocably guarantee the full and punctual payment when due, whether at the maturity date of the notes, or earlier or later by acceleration or otherwise, of all of PifCo's obligations now or hereafter existing under the indenture and the notes, whether for principal, interest, make-whole premium, 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 PifCo to make, at the maturity date of the 2016 Notes, the 2021 Notes or the 2041 Notes, as applicable, or earlier upon any acceleration of the applicable notes in accordance with the terms of the indenture, any payment in respect of principal, interest or other amounts due under the indenture and the applicable series of the notes on the date any such payment is due. If PifCo fails to make payments to the trustee in respect of the guaranteed obligations, Petrobras will, upon notice from the trustee, immediately pay to the trustee such amount of the guaranteed obligations payable under the indenture and the notes. All amounts payable by Petrobras under the guaranties will be payable in U.S. Dollars and in immediately available funds to the trustee. Petrobras will not be relieved of its obligations under either guaranty unless and until the trustee receives all amounts required to be paid by Petrobras under such guaranty (and any related event of default under the indenture has been cured), including payment of the total non-payment overdue interest.

Events of Default

There are no events of default under the guaranties. The fifth supplemental indenture, the sixth supplemental indenture and the seventh supplemental indenture, however, contain events of default relating to Petrobras that may trigger an event of default and acceleration of the 2016 Notes, the 2021 Notes or the 2041 Notes. See "Description of Debt Securities-Default and Related Matters-Events of Default" in the accompanying prospectus. Upon any such acceleration (including any acceleration arising out of the 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 2041 Notes, as applicable, and the indenture, Petrobras will be obligated to make such payments pursuant to the relevant guaranty.

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For so long as any of the 2016 Notes, the 2021 Notes or 2041 Notes, as applicable, are outstanding and Petrobras has obligations under the guaranties, Petrobras will, 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 indenture in accordance with the 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, privileges, titles to property, franchises, concessions and the like necessary or desirable in the normal conduct of its business, activities or operations. However, this covenant will not require Petrobras to maintain 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 Petrobras taken as a whole or have a 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 or agency where notices to and demands upon Petrobras in respect of the guaranty for such series may be served. Initially this office will be located at Petrobras' existing principal U.S. office at 570 Lexington Avenue, 43rd Floor, New York, New York 10022-6837. Petrobras will agree not to change the designation of their office without prior written notice to the 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 obligations and will rank *pari passu*, without any preferences among themselves, with all other present and future senior unsecured and unsubordinated obligations of Petrobras (other than obligations preferred by statute or by operation of law) that are not, by their terms, expressly subordinated in right of payment to the obligations of Petrobras under the guaranties.

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 becomes aware, or should reasonably become aware, of the occurrence of any event of default or a default under the indenture, accompanied by a certificate of Petrobras setting forth the details of that event of 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 after the end of each fiscal quarter (other than the fourth quarter), its unaudited and consolidated balance sheet and statement of income calculated in accordance with U.S. GAAP or IFRS, if Petrobras adopts IFRS as its primary reporting or accounting standard in reports filed with the SEC, (ii) within 120 calendar days after the end of each fiscal year, its audited and consolidated balance sheet and statement of income calculated in accordance with U.S. GAAP or IFRS and (iii) such other financial data as the trustee may reasonably request.

Petrobras will provide, together with each of the financial statements delivered as described in the preceding paragraph, an officers' certificate stating that a review of Petrobras' and PifCo's activities has been made during the period covered by such financial statements with a view to determining whether Petrobras and PifCo have kept, observed, performed and fulfilled their covenants and agreements under the guaranties and the indenture, as applicable, and that no event of default has occurred during 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 trustee (for redelivery to all holders of the notes, upon written request, of the 2016 Notes, the 2021 Notes or the 2041 Notes, as applicable) all reports and other information it would be required to file with the SEC under the Exchange Act if it were subject to those regulations. If the SEC does not permit the filing described above, Petrobras will provide annual and interim reports and other information to the trustee within the same time periods that would be applicable if Petrobras were required and permitted to file these reports with the SEC.

Upon written request of any holder or The Depository Trust Company, the reports and other information described above shall be delivered to DTC at 55 Water Street, 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 of those shall not constitute constructive notice of any information contained in them or determinable from information contained therein, including Petrobras' compliance with any of its covenants in 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 its assets to secure (i) any of its indebtedness or (ii) the indebtedness of any other person, unless Petrobras contemporaneously creates or permits the lien to secure equally and ratably its obligations under the guaranties or Petrobras provides other security for its obligations under the guaranties as is duly approved by a resolution of the holders of each series of the notes in accordance with the indenture. In addition, Petrobras will not allow any of its material subsidiaries to create or permit any lien, other than a Petrobras permitted lien, on any of Petrobras' assets to secure (i) any of its indebtedness, (ii) any of the material subsidiary's indebtedness or (iii) the indebtedness of any other person, unless Petrobras contemporaneously creates or permits the lien to secure equally and ratably Petrobras' obligations under the guaranties or Petrobras provides such other security for its obligations under the guaranties as is duly approved by a resolution of the holders of each series of the notes in accordance with the indenture.

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 provide funds for the payment of 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.