

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 424B2  
May 17, 2016

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Registration Statement Nos. 333-206660 and 333-206660-01

**PRELIMINARY PROSPECTUS SUPPLEMENT  
(SUBJECT TO COMPLETION)  
DATED MAY 17, 2016**

**PROSPECTUS SUPPLEMENT  
(To Prospectus dated August 28, 2015)**

**Petrobras Global Finance B.V.**

**Unconditionally guaranteed by**

**Petróleo Brasileiro S.A. — Petrobras**

**(Brazilian Petroleum Corporation — Petrobras)**

**U.S.\$      % Global Notes due 20**

**U.S.\$      % Global Notes due 20**

The % Global Notes due 20 (the “20 Notes”) and the % Global Notes due 20 (the “20 Notes”) and together with the 20 Notes, each a “series”, and collectively, the “notes”), are general, unsecured, unsubordinated obligations of Petrobras Global Finance B.V., or “PGF,” a wholly-owned subsidiary of Petróleo Brasileiro S.A.-Petrobras, or “Petrobras.” The Notes will be unconditionally and irrevocably guaranteed by Petrobras. The 20 Notes will mature on , and will bear interest at the rate of % per annum. The 20 Notes will mature on , and will bear interest at the rate of % per annum. Interest on the Notes is payable on and of each year, beginning on .

PGF will pay additional amounts related to the deduction of certain withholding taxes in respect of certain payments on the Notes. PGF 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 PGF’s option solely upon the imposition of certain withholding taxes. See “Description of the Notes—Optional Redemption—Redemption for Taxation Reasons.”

ANY OFFER OR SALE OF NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA THAT HAS IMPLEMENTED DIRECTIVE 2003/71/EC, AS AMENDED, (THE “PROSPECTUS DIRECTIVE”) MUST BE ADDRESSED TO QUALIFIED INVESTORS (AS DEFINED IN THE PROSPECTUS DIRECTIVE).

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PGF intends to apply to have the Notes approved for listing on the New York Stock Exchange, or the “NYSE.”

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See “Risk Factors” beginning 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.

	<u>Initial price to the public(1):</u>		<u>Underwriting discount:</u>		<u>Proceeds, before expenses, to PGF:</u>	
	Per Note	Total	Per Note	Total	Per Note	Total
20 Notes	%	U.S.\$	%	U.S.\$	%	U.S.\$
20 Notes	%	U.S.\$	%	U.S.\$	%	U.S.\$

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(1) Plus accrued interest from , 2016, 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, *soci t  anonyme*, and Euroclear S.A./N.V., as operator of the Euroclear System, against payment in New York, New York on or about , 2016.

*Joint Bookrunners*

**BB Securities**

**BofA Merrill Lynch**

**J.P. Morgan**

**Santander**

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## PROSPECTUS

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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 PGF is offering and certain other matters relating to PGF and Petrobras and Petrobras's financial condition. The second part, the accompanying prospectus, gives more general information about securities that PGF 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 supplement and in any related free-writing prospectus we prepare or authorize. PGF 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 PGF 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 Petróleo Brasileiro S.A. Petrobras and its consolidated subsidiaries taken as a whole, and references to "PGF" mean Petrobras Global Finance B.V., a wholly-owned subsidiary of Petrobras. Terms such as "we," "us" and "our" generally refer to both Petrobras and PGF, unless the context requires otherwise or as otherwise indicated.

References herein to "*reais*" or "R\$" are to the lawful currency of Brazil. References herein to "U.S. dollars" or "U.S.\$" are to the lawful currency of the United States. References herein to "euros" or "€" are to the lawful currency of the member states of the European Monetary Union that have adopted or will adopt the single currency in accordance with the Treaty Establishing the European Community, as amended by the Treaty on European Union.

## FORWARD-LOOKING STATEMENTS

Some of the information contained 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 (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (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,” “estimate,” “anticipate,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “potential” and similar expressions.

**Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. There is no assurance that the expected events, trends or results will actually occur.**

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 oil, 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;
- our pricing strategy and development of additional revenue sources; and
- the impact, including cost, of acquisitions and divestments.

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 assumptions and factors. These factors include, but are not limited to, the following:

- our ability to obtain financing;
  
- general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates;
  
- 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, including with respect to fraudulent activity, corruption and bribery;
- receipt of governmental approvals and licenses;
- international and Brazilian political, economic and social developments;
- natural disasters, accidents, military operations, acts of sabotage, wars or embargoes;
- the cost and availability of adequate insurance coverage;
- our ability to successfully implement assets sales under our divestment program;
- the outcome of ongoing corruption investigations and any new facts or information that may arise in relation to the “Lava Jato investigation;”
- the effectiveness of our risk management policies and procedures, including operational risks;
- litigation, such as class actions or enforcement or other proceedings brought by governmental and regulatory agencies; 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 expressly qualified in their entirety by this cautionary statement, and you should not place undue reliance on any forward-looking statement included in this prospectus supplement or the accompanying prospectus. 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

Petrobras is incorporating by reference into this prospectus supplement the following documents that it has filed with the Securities and Exchange Commission (“SEC”):

- (1) The Petrobras Annual Report on Form 20-F for the year ended December 31, 2015 (the “2015 Form 20-F”) filed with the SEC on April 28, 2016.
- (2) The Petrobras Report on Form 6-K furnished to the SEC on May 17, 2016 containing the Awareness Letter furnished by PricewaterhouseCoopers Auditores Independentes with respect to financial information as of and for the three month periods ended March 31, 2016 and 2015, included in our quarterly report Form 6-K for the quarter ended March 31, 2016.
- (3) The Petrobras Reports on Form 6-K filed with the SEC on May 13, 2016, containing financial information, in U.S. dollars, as of and for the three-month periods ended March 31, 2016 and 2015, prepared in accordance with International Financial Reporting Standards (“IFRS”).
- (4) The Petrobras Reports on Form 6-K filed with the SEC on May 4, 2016, May 13, 2016 and May 16, 2016, regarding the sale of Petrobras Argentina.
- (5) The Petrobras Report on Form 6-K filed with the SEC on May 13, 2016 regarding the sale of Nova Transportadora do Sudeste.
- (6) The Petrobras Report on Form 6-K filed with the SEC on May 9, 2016 regarding the signing of a term sheet containing the terms and conditions for a financing contract with China Exim Bank and that the facility is under negotiation.
- (7) The Petrobras Report on Form 6-K filed with the SEC on May 9, 2016 regarding its total oil and natural gas production in April, 2016.
- (8) The Petrobras Report on Form 6-K filed with the SEC on May 5, 2016 regarding the new composition of its statutory audit committee.

(9) The Petrobras Report on Form 6-K filed with the SEC on May 4, 2016 regarding the sale of certain distribution assets in Chile.

(10) The Petrobras Report on Form 6-K filed with the SEC on May 2, 2016 regarding the election of the board of directors of Petrobras Distribuidora and the extension of the interim chief executive officer's mandate.

(11) The Petrobras Report on Form 6-K filed with the SEC on April 29, 2016 amending the bylaws of Petrobras.

We will provide without charge to any person to whom a copy of this prospectus supplement is delivered, upon the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to Petrobras's Investor Relations Department located at Avenida República do Chile, 65 — 4<sup>th</sup> Floor, 20031-912—Rio de Janeiro, RJ, Brazil (telephones: 55-21-3224-1510 or 55-21-3224-9947).

## WHERE YOU CAN FIND MORE INFORMATION

Information that Petrobras files with or furnishes 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 Petrobras incorporates 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 — 4<sup>th</sup> Floor  
20031-912 — Rio de Janeiro — RJ, Brazil  
Telephone: (55-21) 3224-1510/3224-9947  
E-mail: petroinvest@petrobras.com.br

In addition, you may review copies of the materials Petrobras files with or furnishes to the SEC without charge, and copies of all or any portion of such materials can be obtained at the SEC's 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 about the Public Reference Room. Petrobras also files materials with the SEC electronically. The SEC maintains an Internet site that contains materials that Petrobras files electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>.

## 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 “PGF” mean *Petrobras Global Finance B.V.*, a wholly-owned subsidiary of Petrobras. Terms such as “we”, “us” and “our” generally refer to both Petrobras and PGF, unless the context requires otherwise or as otherwise indicated.*

## PGF

PGF is a wholly-owned finance subsidiary of Petrobras, incorporated under the laws of The Netherlands as a private company with limited liability on August 29, 2012. PGF is an indirect subsidiary of Petrobras, and all of PGF’s shares are held by Petrobras’s Dutch subsidiary Petrobras International Braspetro B.V. PGF’s business is to issue debt securities in the international capital markets to finance Petrobras’s operations. PGF does not currently have any operations, revenues or assets other than those related to the issuance, administration and repayment of its debt securities. All debt securities issued by PGF are fully and unconditionally guaranteed by Petrobras. PGF was incorporated for an indefinite period of time.

Petrobras uses PGF as its main vehicle to issue securities in the international capital markets. PGF’s first offering of notes fully and unconditionally guaranteed by Petrobras occurred in September 2012. In December 2014, PGF assumed the obligations of Petrobras’s former finance subsidiary Petrobras International Finance Company S.A. (“PifCo”) under all then outstanding notes originally issued by PifCo, which continue to benefit from Petrobras’s full and unconditional guarantee.

PGF’s registered office is located at Weenapoint Toren A, Weena 722, 3014 DA Rotterdam, The Netherlands, and its telephone number is 31 (0) 10 206-7000.

## Petrobras

Petrobras is one of the world’s largest integrated oil and gas companies, engaging in a broad range of oil and gas activities. Petrobras is a *sociedade de economia mista*, organized and existing under the laws of Brazil. For the years ended December 31, 2014 and 2015, Petrobras had sales revenues of U.S.\$143.7 billion and U.S.\$97.3 billion, gross profit of U.S.\$34.2 billion and U.S.\$29.8 billion and net loss attributable to shareholders of Petrobras of U.S.\$7.4 billion and U.S.\$8.5 billion, respectively. For the three-month period ended March 31, 2016, Petrobras had sales revenues of U.S.\$18.0 billion, gross profit of U.S.\$5.4 billion and net loss attributable to shareholders of Petrobras of U.S.\$318 million. In 2015, Petrobras’s average domestic daily oil and NGL (natural gas liquid) production was 2,128 mbbbl/d, which represented more than 90% of Brazil’s total oil and NGL production. Petrobras engages in a broad range of activities, which cover the following segments of its operations:

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*Exploration and Production:* this business segment covers exploration, development and production of crude oil, NGL and natural gas in Brazil and abroad, for the primary purpose of supplying our domestic refineries and the sale of surplus crude oil and oil products produced in our natural gas processing plants to the domestic and foreign markets. Our exploration and production segment also operates through partnerships with other companies;

- *Refining, Transportation and Marketing:* this business segment covers refining, logistics, transportation and trading of crude oil and oil products in Brazil and abroad, exporting of ethanol, extraction and processing of shale, as well as holding equity interest in petrochemical companies in Brazil;

- *Gas and Power:* this business segment covers transportation, trading of natural gas produced in Brazil and abroad, imported natural gas, transportation and trading of NGL, generation and trading of electricity, as well as holding equity interest in (i) transporters and distributors of natural gas and (ii) thermoelectric power plants in Brazil, in addition to being responsible for our fertilizer business;
- *Distribution:* this business segment covers activities of Petrobras Distribuidora S.A., which operates through its own retail network and wholesale channels to sell oil products, ethanol and vehicle natural gas in Brazil to retail, commercial and industrial customers, as well as other fuel wholesalers. This segment also includes distribution of oil products operations abroad (South America); and
- *Biofuel:* this business segment covers production of biodiesel and its co-products, as well as ethanol-related activities such as equity investments, production and trading of ethanol, sugar and the surplus electric power generated from sugarcane bagasse.

Additionally, we have a Corporate segment that has activities that are not attributed to the other business segments, notably those related to corporate financial management, corporate overhead and other expenses, including actuarial expenses related to the pension and medical benefits for retired employees and their dependents. For further information regarding our business segments, see Note 4.2. to our audited consolidated financial statements for the year ended December 31, 2015.

Petrobras's principal executive office is located at Avenida República do Chile, 65, 20031-912 - Rio de Janeiro RJ, Brazil, its telephone number is (55-21) 3224-4477, and our website is [www.petrobras.com.br](http://www.petrobras.com.br). The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this prospectus supplement.



**The Offering**

Issuer Petrobras Global Finance B.V., or “PGF.”  
 The 20 Notes U.S.\$ aggregate principal amount of % Global Notes due , or the “20 Notes.”  
 The 20 Notes U.S.\$ aggregate principal amount of % Global Notes due , or the “20 Notes.”  
 Issue Price For the 20 Notes: % of the aggregate principal amount.

For the 20 Notes: % of the aggregate principal amount.

Closing Date , 2016.  
 Maturity Date For the 20 Notes: , .

For the 20 Notes: , .

Interest For the 20 Notes: The 20 Notes will bear interest from , the date of original issuance of the notes, at the rate of % per annum, payable semi-annually in arrears on each interest payment date.

For the 20 Notes: The 20 Notes will bear interest from , the date of original issuance of the notes, at the rate of % per annum, payable semi-annually in arrears on each interest payment date.

Interest Payment Dates and of each year, commencing on , 2016.

Denominations PGF 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) ISIN For the 20 Notes:

(b) CUSIP For the 20 Notes:  
 For the 20 Notes:

For the 20 Notes:

Use of Proceeds PGF intends to use all or a portion of the net proceeds from the sale of the notes to repurchase its 3.500% Global Notes due 2017, 3.250% Global Notes due 2017, Floating Rate Global Notes due 2017, 2.750% Global Notes due 2018, 5.875% Global Notes due 2018, 4.875% Global Notes due 2018, 7.875% Global Notes due 2019, 3.000% Global Notes due 2019, Floating Rate Global Notes due 2019, and 3.25% Global Notes due 2019 notes, or the “Waterfall Notes,” which, together with PGF’s 8.375% Global Notes due 2018,

or the “2018 Notes,” we refer to collectively as the “Old Notes,” in each case, that we accept for purchase under the tender offer and consent solicitation described below, and to use any remaining net proceeds for general corporate purposes. See “Use of Proceeds.”

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**Tender Offer and Consent Solicitation** Concurrently with this offering, we have announced our current intention to make a cash tender offer and consent solicitation, or the “Tender Offer and Consent Solicitation,” on the terms and subject to the conditions included in an offer to purchase and consent solicitation statement, or the “Offer to Purchase and Consent Solicitation Statement,” that will be made available to eligible holders of Old Notes upon the commencement of the Tender Offer and Consent Solicitation. In conjunction with the tender offer of the 2018 Notes, PGF is soliciting consents from holders of the 2018 Notes to certain amendments to the indenture under which the 2018 Notes were issued, or the “2018 Notes Indenture,” and the related guaranty by Petrobras, or the “2018 Notes Guaranty,” which will result in the elimination of certain covenants and related provisions in the 2018 Notes Indenture and the 2018 Notes Guaranty. The tender offer of the 2018 Notes is conditioned upon, among other customary conditions, the tender of an aggregate principal amount of 2018 Notes representing not less than a majority of the aggregate principal amount of all outstanding 2018 Notes. The tender offer of the Waterfall Notes is conditioned upon, among other customary conditions, the closing of the sale of the 20 Notes and 20 Notes offered hereby. BB Securities Limited, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Santander Investment Securities Inc. are acting as dealer managers in the Tender Offer and Consent Solicitation.

Although we currently intend to consummate the Tender Offer, we cannot guarantee that the Tender Offer and Consent Solicitation will be consummated on the terms contained in the Offer to Purchase and Consent Solicitation or, if consummated, the number of Old Notes that will be tendered.

This offering is not conditioned on the successful consummation of the Tender Offer and Consent Solicitation.

This prospectus supplement is not an offer to purchase or a solicitation of an offer to sell the Old Notes. The Tender Offer and Consent Solicitation will be made only by and pursuant to the terms of the Offer to Purchase and Consent Solicitation, as may be amended or supplemented from time to time in our sole discretion.

**Indenture** The Notes offered hereby will be issued pursuant to an indenture between PGF and The Bank of New York Mellon, a New York banking corporation, as trustee, dated as of August 29, 2012, as supplemented by the twenty-first supplemental indenture in the case of the 20 Notes and by the twenty-second supplemental indenture in the case of the 20 Notes, each dated as of the closing date, among PGF, Petrobras and The Bank of New York Mellon, as trustee. See “Description of the Notes.”

**Guaranties** The Notes will be unconditionally guaranteed by Petrobras under the guaranties. See “Description of the Guaranties.”

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Ranking	<p>The Notes constitute general senior unsecured and unsubordinated obligations of PGF that will at all times rank <i>pari passu</i> among themselves and with all other unsecured unsubordinated indebtedness issued from time to time by PGF.</p> <p>The obligations of Petrobras under the guaranties constitute general senior unsecured obligations of Petrobras that 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’s obligations under the guaranties.</p>
Optional Redemption	<p>PGF may redeem 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— Optional Redemption With ‘Make-Whole’ Amount for the Notes.”</p>
Early Redemption at PGF’s Option Solely for Tax Reasons	<p>The Notes will be redeemable in whole at their principal amount, plus accrued and unpaid interest, if any, to but excluding the relevant date of redemption, at PGF’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.”</p>
Covenants (a) PGF	<p>The terms of the indenture will require PGF, among other things, to:</p> <ul style="list-style-type: none"> <li>• pay all amounts owed by it under the indenture and the Notes when such amounts are due;</li> <li>• 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;</li> <li>• ensure that the Notes continue to be senior obligations of PGF;</li> <li>• use proceeds from the issuance of the Notes for specified purposes;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• replace the trustee upon any resignation or removal of the trustee.</li> </ul> <p>In addition, the terms of the indenture will restrict the ability of PGF and its subsidiaries, among other things, to:</p> <ul style="list-style-type: none"> <li>• undertake certain mergers, consolidations or similar transactions; and</li> <li>• create certain liens on its assets or pledge its assets.</li> </ul> <p>PGF’s covenants are subject to a number of important qualifications and exceptions. See “Description of the Notes—Covenants”.</p>

(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; and
- make available 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's 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 seven 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;
- breach by PGF 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 PGF or Petrobras or any material subsidiary that equals or exceeds U.S.\$200 million;
- certain events of bankruptcy, reorganization, liquidation, insolvency, moratorium or intervention law or law with similar effect of PGF or 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 PGF or Petrobras; and
- Petrobras ceasing to own at least 51% of PGF'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."

Further Issuances	PGF reserves the right, from time to time, without the consent of the holders of the Notes, to issue additional Notes on terms and conditions identical to those of the Notes, which additional Notes shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the series of Notes offered hereby. PGF may also issue other securities under the indenture which have different terms and conditions from the Notes. See “Description of the Notes.”
Modification of Notes, Indenture and Guaranties	The terms of the indenture may be modified by PGF 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, <i>société anonyme</i> , 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 PGF’s incorporation (currently The Netherlands) or any other jurisdiction in which PGF 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 PGF 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.
Listing	PGF intends to have the Notes approved for listing on the NYSE.
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.





## **RECENT DEVELOPMENTS**

### **Recent developments relating to the political environment in Brazil**

On May 12, 2016, the Brazilian Senate voted to proceed with an impeachment trial against President Dilma Rousseff, thereby suspending Ms. Rousseff from the Presidency for an interim period of up to 180 days while her trial is held. As a result, Vice President Michel Temer has assumed the role of acting President. If the Senate convicts Ms. Rousseff, Mr. Temer will retain the presidency for the remainder of her term ending on December 31, 2018, subject to ongoing proceedings in Brazil's superior electoral court (Tribunal Superior Eleitoral). If the Senate acquits Ms. Rousseff, she will return to office. There can be no assurance as to whether the change in government will affect government policy toward Petrobras or lead to changes in its senior management. Mr. Temer has announced a reorganization of cabinet ministries and other government agencies. Political uncertainty and instability as result of the impeachment proceeding, as well as potential changes in government policies or regulations by Mr. Temer's administration, could have a material adverse effect on our business, results of operations and financial condition. See "Risk Factors—Risks Relating to Brazil—Brazilian political and economic conditions and investor perception of these conditions have a direct impact on our business and our access to capital, and may have a material adverse effect on us," in our 2015 Form 20-F incorporated by reference in this prospectus supplement.

### **Recent developments relating to governmental investigations**

Since 2015, there have been reports of investigations by federal and state agencies, including the Brazilian consumer protection agency, the Brazilian Federal Police, the Public Prosecutor's Office and CADE, the principal Brazilian antitrust authority, relating to alleged overcharging and possible price fixing by gas station operators. These investigations have led to the arrest and temporary detention of several individuals involved with certain gas station operators and distributors, including the arrest in November 2015 of a sales manager at BR Distribuidora who has since been suspended from his duties by order of the court overseeing the investigations. On May 6, 2016 authorities announced the launch of the second phase of the investigations. While no indictment or charges have been brought against any individuals or companies, we are conducting an internal investigation into whether any of our personnel, franchisees or customers are involved in this matter and into any potential criminal, administrative or civil liability. We are cooperating with all relevant authorities looking into this matter. We are unable at this time to predict the outcome of any external or internal investigation in this matter. If the investigations determine that price fixing occurred, material fines or penalties could be imposed on any participants. See "Risk Factors—Compliance and Control Risks—We are exposed to behaviors incompatible with our ethics and compliance standards, and failure to timely detect or remedy any such behavior may have a material adverse effect on our results of operations and financial condition," in our 2015 Form 20-F incorporated by reference in this prospectus supplement.

## **RISK FACTORS**

Our annual report on Form 20-F for the year ended December 31, 2015 includes extensive risk factors relating to our operations, our compliance and control risks (including those related to material weaknesses in our internal control over financial reporting, the ongoing Lava Jato investigation and uncertainty relating to our methodology to estimate the incorrectly capitalized overpayments uncovered in the context of the Lava Jato investigation), our relationship with the Brazilian federal government, 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 in this prospectus supplement and the accompanying prospectus, before making a decision to invest in the Notes.

### **Risks Relating to PGF's Debt Securities**

#### ***The market for the Notes may not be liquid.***

The Notes are an issuance of new securities with no established trading market. We intend to apply to list the Notes on the NYSE. 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 of the Notes will be able to sell their Notes in the future. If a market for the Notes does not develop, holders of the Notes 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's ability to make payments to PGF in U.S. dollars.***

In the past, the Brazilian economy has experienced balance of payment deficits and shortages in foreign exchange reserves, and the government has responded by restricting the ability of Brazilian or foreign persons or entities to convert *reais* into foreign currencies. The government may institute a restrictive exchange control policy in the future. Any restrictive exchange control policy could prevent or restrict our access to U.S. dollars, and consequently our ability to meet our U.S. dollar obligations under the guaranties and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Brazilian economy. In the event that any such restrictive exchange control policies were instituted by the Brazilian government, we may face adverse regulatory consequences in The Netherlands that may lead us to redeem the Notes prior to their maturity.

In addition, payments by Petrobras under the guaranties in connection with PGF'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, 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's obligations in respect of the guaranties, including in case of bankruptcy, 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. Further authorization by the Central Bank of Brazil would be required for the conversion of such *real*-denominated amount into foreign currency and for its remittance abroad.

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***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 PGF holders losing their legal claim against Petrobras.***

PGF's obligation to make payments on the Notes is supported by Petrobras's obligation under the corresponding guaranty. Petrobras has been advised by our external U.S. counsel that the guaranty is valid and enforceable in accordance with the laws of the State of New York and the United States. In addition, Petrobras has been advised by our general counsel that the laws of Brazil do not prevent the guaranty from being valid, binding and enforceable against Petrobras in accordance with its terms. In the event that U.S. federal fraudulent conveyance or similar laws are applied to the guaranty, and Petrobras, at the time it entered into the relevant guaranty:

- was or is insolvent or rendered insolvent by reason of our entry into such guaranty;
- was or is engaged in business or transactions for which the assets remaining with Petrobras constituted unreasonably small capital; or
- intended to incur or incurred, or believed or believe that Petrobras would incur, debts beyond Petrobras's 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's obligations under the guaranty could be avoided, or claims with respect to that agreement could be subordinated to the claims of other creditors. Among other things, a legal challenge to the guaranty on fraudulent conveyance grounds may focus on the benefits, if any, realized by Petrobras as a result of the issuance of the Notes. To the extent that the guaranty is held to be a fraudulent conveyance or unenforceable for any other reason, the holders of the Notes would not have a claim against Petrobras under the relevant guaranty and would solely have a claim against PGF. Petrobras cannot ensure that, after providing for all prior claims, there will be sufficient assets to satisfy the claims of the noteholders relating to any avoided portion of the guaranty.

***We cannot assure you that the credit ratings for the Notes will not be lowered, suspended or withdrawn by the rating agencies.***

The credit ratings of the Notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the Notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Notes.

**Risks Relating to PGF and Petrobras**

*PGF's operations and debt servicing capabilities are dependent on Petrobras.*

PGF's financial position and results of operations are directly affected by Petrobras's decisions. PGF is an indirect, wholly-owned finance subsidiary of Petrobras incorporated in The Netherlands as a private company with limited liability. PGF does not currently have any operations, revenues or assets other than those related to its primary business of raising money for the purpose of on-lending to Petrobras and other subsidiaries of Petrobras. PGF's ability to satisfy its obligations under the Notes will depend on payments made to PGF by Petrobras and other subsidiaries of Petrobras under the loans made by PGF. The Notes and all debt securities issued by PGF will be fully and unconditionally guaranteed by Petrobras. Petrobras's financial condition and results of operations, as well as Petrobras's financial support of PGF, directly affect PGF's operational results and debt servicing capabilities.

## USE OF PROCEEDS

The net proceeds from the sale of the Notes, after payment of underwriting discounts but before expenses, are expected to be approximately U.S.\$        million. PGF intends to use all or a portion of the net proceeds from the sale of the notes to repurchase its 3.500% Global Notes due 2017, 3.250% Global Notes due 2017, Floating Rate Global Notes due 2017, 2.750% Global Notes due 2018, 5.875% Global Notes due 2018, 4.875% Global Notes due 2018, 7.875% Global Notes due 2019, 3.000% Global Notes due 2019, Floating Rate Global Notes due 2019, and 3.25% Global Notes due 2019, which we refer to as the Waterfall Notes, in each case, that PGF accepts for purchase under the Tender Offer and Consent Solicitation, and to use any remaining net proceeds for general corporate purposes.

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**RATIO OF EARNINGS TO FIXED CHARGES**

The following table contains the consolidated ratios of earnings to fixed charges of Petrobras for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 and the three-month periods ended March 31, 2016 and 2015, determined in accordance with IFRS.

	2015	Year ended December 31,				Three-months	
		2014	2013	2012	2011	ended March 31, 2016	2015
	(U.S.\$ million)						(Unaudited)
Net income (loss) before income taxes	(9,748)	(8,824)	13,410	14,493	26,724	(40)	2,638
Share of results in equity-accounted investments	177	(218)	(507)	(43)	(230)	(99)	(60)
Dividend income on equity-accounted investments	259	387	146	241	411	4	3
Add fixed charges as adjusted (set forth below)	10,57	10,285	9,331	8,615	7,114	2,422	2,810
Less capitalized borrowing costs	(1,773)	(3,600)	(3,921)	(3,807)	(4,403)	(377)	(506)
Earnings	(928)	(1,970)	18,459	19,499	29,616	1,910	4,885
Interest expense:							
Debt interest and charges	6,858	6,734	5,491	5,152	4,866	1,734	1,616
Rental interest expense(1)	3,299	3,551	3,840	3,463	2,248	688	1,194
Fixed charges	10,157	10,285	9,331	8,615	7,114	2,422	2,810
Ratio (earnings divided by fixed charges)(2)	(0.09)	(0.19)	1.98	2.26	4.16	0.79	1.74

(1) One third of operating lease expenses.

(2) This calculation indicates a less than one-to-one coverage for the year ended December 31, 2015, 2014 and the first quarter of 2016. Earnings available for fixed charges were inadequate to cover total fixed charges. The deficient amounts for the ratio were U.S.\$11,085 million, U.S.\$ 12,255 million and U.S.\$ 512 million for 2015, 2014 and the first quarter of 2016, respectively.





**RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS**

The following table contains the consolidated ratios of earnings to fixed charges and preferred dividends of Petrobras for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 and the three-month periods ended March 31, 2016 and 2015, determined in accordance with IFRS.

	2015	Year ended December 31,				Three-months		
		2014	2013	2012	2011	ended March 31, 2016	2015	
	(U.S.\$ million)						(Unaudited)	
Net income (loss) before income taxes	(9,748)	(8,824)	13,410	14,493	26,724	(40)	2,638	
Share of results of equity-accounted investments	177	(218)	(507)	(43)	(230)	(99)	(60)	
Dividend income on equity-accounted investments	259	387	146	241	411	4	3	
Add fixed charges as adjusted (set forth below)	10,157	10,285	9,331	8,615	7,114	2,422	2,810	
Less capitalized borrowing costs	(1,773)	(3,600)	(3,921)	(3,807)	(4,403)	(377)	(506)	
Earnings	(928)	(1,970)	18,459	19,499	29,616	1,910	4,885	
Interest expense:								
Debt interest and charges	6,858	6,734	5,491	5,152	4,866	1,734	1,616	
Rental interest expense(1)	3,299	3,551	3,840	3,463	2,248	688	1,194	
Fixed charges	10,157	10,285	9,331	8,615	7,114	2,422	2,810	
Dividends declared on preferred shares	-	-	2,313	2,699	2,965	-	-	
Fixed charges and preferred dividends	10,157	10,285	11,644	11,314	10,079	2,422	2,810	
Ratio (earnings divided by fixed charges and preferred dividends)(2)	(0.09)	(0.19)	1.59	1.72	2.94	0.79	1.74	

(1) One third of operating lease expenses.

(2) This calculation indicates a less than one-to-one coverage for the year ended December 31, 2015, 2014 and the first quarter of 2016. Earnings available for fixed charges were inadequate to cover total fixed charges. The deficient amounts for the ratio were U.S.\$11,085 million, U.S.\$ 12,255 million and U.S.\$ 512 million for 2015, 2014 and the first quarter of 2016, respectively

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## SELECTED FINANCIAL AND OPERATING INFORMATION

This prospectus supplement incorporates by reference the Audited Financial Statements, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The selected financial and operating information presented in the tables below have been derived from Petrobras's audited consolidated financial statements, which were audited by KPMG Auditores Independentes as of and for the year ended December 31, 2011 and by PricewaterhouseCoopers Auditores Independentes as of and for the years ended December 31, 2015, 2014, 2013 and 2012. The data as of March 31, 2015 and for the three months ended March 31, 2016 and 2015 have been derived from Petrobras's unaudited interim financial statements, incorporated by reference into this prospectus supplement, which in the opinion of management, reflect all adjustments that are of a normal recurring nature necessary for a fair presentation of the results for such periods. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the operating results to be expected for the entire year. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, Petrobras's audited consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement.

### Balance Sheet Data

	As of December 31,					As of March 31,
	2015	2014	2013	2012	2011	2016 (U.S.\$ million)
						(Unaudited)
<b>Assets:</b>						
Cash and cash equivalents	25,058	16,655	15,868	13,520	19,057	21,855
Marketable securities	7,809,323		3,885	10,431	8,961	767
Trade and other receivables, net	5,803,796	9,969	9,670	11,099	11,756	5,301
Inventories	7,441,111,466		14,225	14,552	15,165	8,176
Assets classified as held for sale	1,525		2,407	143	-	9
Other current assets	4,194,541		6,600	8,049	9,653	4,986
Long-term receivables	19,177,18,863		18,782	18,856	18,962	19,000
Investments	3,527,573		6,666	6,106	6,530	3,994
Property, plant and equipment	161,297,218,730		227,901	204,901	182,918	173,993
Intangible assets	3,092	4,509	15,419	39,739	43,412	3,332
<b>Total assets</b>	<b>230,521</b>	<b>298,687</b>	<b>321,423</b>	<b>327,396</b>	<b>316,414</b>	<b>241,413</b>
<b>Liabilities and shareholders' equity:</b>						
Total current liabilities	28,573	31,118	35,226	34,070	36,364	30,193
Non-current liabilities(1)	24,411	130,373	30,839	42,976	34,744	27,419

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Long-term debt(2)	111,482	120,218	106,235	88,484	72,718	108,949
Total liabilities	164,466	181,709	172,300	165,530	143,826	166,561
<b>Shareholders' equity</b>						
Share capital (net of share issuance costs)	107,101					107,101
		107,101	107,092	107,083	107,076	
Reserves and other comprehensive income (deficit)(3)	(41,865)					(33,293)
		9,171	41,435	53,631	64,240	
Shareholders' equity attributable to the shareholders of Petrobras	65,236	116,272	148,527	160,714	171,316	73,808
Non-controlling interests	819	706	596	1,152	1,272	1,044
Total shareholders' equity	66,055	116,978	149,123	161,866	172,588	74,852
Total liabilities and shareholders' equity	230,521	298,687	321,423	327,396	316,414	241,413

(1) Excludes long-term debt.

(2) Excludes current portion of long-term debt.

(3) Change in interest in subsidiaries, profit reserve and accumulated other comprehensive income (deficit).

**Income Statement Data**

	<b>For the Year Ended December 31,</b>					<b>For the Three-Months Ended March 31,</b>	
	<b>2015(1)</b>	<b>2014(1)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2016</b>	<b>2015</b>
	<b>(U.S.\$ million, except for share and per share data)</b>					<b>(U.S.\$ million) (Unaudited)</b>	
Sales revenues	97,314	143,657	141,462	144,103	145,915	17,989	25,967
Net income (loss) before finance income (expense), share of earnings in equity-accounted investments, profit sharing and income taxes	(1,130)	(6,963)	16,214	16,900	27,285	2,084	4,541
Net income (loss) attributable to the shareholders of Petrobras	(8,450)	(7,367)	11,094	11,034	20,121	(318)	1,862
Weighted average number of shares outstanding:							
Common	7,442,454,142	7,442,454,142	7,442,454,142	7,442,454,142	7,442,454,142	7,442,454,142	7,442,454,142
Preferred	5,602,042,788	5,602,042,788	5,602,042,788	5,602,042,788	5,602,042,788	5,602,042,788	5,602,042,788
Net income (loss) before financial results, profit sharing and income taxes per:							
Common and Preferred shares	(0.09)	(0.53)	1.24	1.30	2.09	0.16	0.35
Common and Preferred ADS	(0.18)	(1.06)	2.48	2.60	4.18	0.32	0.70
Basic and diluted earnings (losses) per:							
Common and Preferred shares	(0.65)	(0.56)	0.85	0.85	1.54	(0.02)	0.14
Common and Preferred ADS	(1.30)	(1.12)	1.70	1.70	3.08	0.04	0.28
Cash dividends per(2):							
Common shares	-	-	0.22	0.24	0.53	-	-
Preferred shares	-	-	0.41	0.48	0.53	-	-
Common ADS	-	-	0.44	0.48	1.06	-	-
Preferred ADS	-	-	0.82	0.96	1.06	-	-

- (1) In 2014, we wrote off U.S.\$2,527 million of incorrectly capitalized overpayments. In 2015 and 2014, we recognized impairment losses of U.S.\$12,299 million and U.S.\$16,823 million, respectively. See Notes 3 and 14 to our audited consolidated financial statements for the years ended December 31, 2015 and December 31, 2014, respectively, for further information..
- (2) Pre-tax interest on capital and/or dividends proposed for the year. Amounts were translated from the original amounts in *reais* considering the balance sheet date exchange rate.

**CAPITALIZATION**

The following table sets out the consolidated debt and capitalization of Petrobras under IFRS as of March 31, 2016, including accrued interest, as adjusted to give effect to the issue of the Notes offered hereby and the receipt of proceeds therefrom, after deduction of commissions and expenses we must pay in connection with this offering, and the use of net cash proceeds necessary to pay U.S.\$ million to repurchase Old Notes in the Tender Offer and Consent Solicitation announced concurrently with this offering.

	<b>As of March 31, 2016</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(U.S.\$ million)</b>	
	<b>(Unaudited)</b>	
Finance lease obligations:		
Current portion of finance lease obligations	14	14
Non-current portion	42	42
Total finance lease obligations	56	56
Total debt:		
Current portion of total debt	17,442	
Non-current portion of total debt	108,949	
Total debt	126,391	
Foreign currency denominated	103,608	
Local currency denominated	22,783	22,783
Total debt	126,391	
Non-controlling interest	1,044	1,044
Petrobras's shareholders' equity(1)	73,808	73,808
<b>Total capitalization</b>	<b>201,299</b>	

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(1) Comprising (a) 7,442,454,142 shares of common stock and (b) 5,602,042,788 shares of preferred stock, in each case with no par value and in each case which have been authorized and issued.

## 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 twenty-first supplemental indenture in connection with the 20 Note and the twenty-second supplemental indenture in connection with the 20 Notes, because they will define your rights as holders of the 20 Notes and the 20 Notes, respectively. If the description of the terms of the Notes in this prospectus supplement differs in any way from that in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. You may obtain copies of the indenture, the twenty-first supplemental indenture and the twenty-second 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 Twenty-First Supplemental Indenture and the Twenty-Second Supplemental Indenture**

PGF will issue the Notes under an indenture dated as of August 29, 2012 between PGF and The Bank of New York Mellon, a New York banking corporation, as trustee, as supplemented by the twenty-first supplemental indenture in the case of the 20 Notes and the twenty-second supplemental indenture in the case of the 20 Notes, each dated as of the closing date, among PGF, Petrobras and The Bank of New York Mellon, as trustee, which provide the specific terms of the Notes offered by this prospectus supplement, including granting holders rights against Petrobras under the guaranties. Whenever we refer to the indenture in this prospectus supplement, we are referring to the indenture as supplemented by the twenty-first supplemental indenture in the case of the 20 Notes and the twenty-second supplemental indenture in the case of the 20 Notes.

### **20 Notes**

The 20 Notes will be general, senior, unsecured and unsubordinated obligations of PGF having the following basic terms:

The title of the 20 Notes will be the % Global Notes due ;

The 20 Notes will:

- be issued in an aggregate principal amount of U.S.\$ ; and
- mature on , .
- bear interest at a rate of % per annum from , the date of issuance of the 20 Notes, until maturity or early redemption and until all required amounts due in respect of the 20 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”;



All payments of principal and interest on the 20 Notes will be paid in U.S. dollars;

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Interest on the 20 Notes will be paid semi-annually on \_\_\_\_\_ and \_\_\_\_\_ of each year (each of which we refer to as an “interest payment date”), commencing on \_\_\_\_\_ 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 PGF under the indenture and the 20 Notes (or Petrobras under the guaranty for the 20 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 20 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 PGF or Petrobras.

Despite the Brazilian government’s ownership interest in Petrobras, the Brazilian government is not responsible in any manner for PGF’s obligations under the 20 Notes or Petrobras’s obligations under the guaranty for the 20 Notes.

## **20 Notes**

The 20 Notes will be general, senior, unsecured and unsubordinated obligations of PGF having the following basic terms:

The title of the 20 Notes will be the \_\_\_\_\_ % Global Notes due \_\_\_\_\_ ;

The 20 Notes will:

- be issued in an aggregate principal amount of U.S.\$ \_\_\_\_\_ ; and
- mature on \_\_\_\_\_ , .
- bear interest at a rate of \_\_\_\_\_ % per annum from \_\_\_\_\_ , the date of issuance of the 20 Notes, until maturity or early redemption and until all required amounts due in respect of the 20 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”;

All payments of principal and interest on the 20 Notes will be paid in U.S. dollars;

Interest on the 20 Notes will be paid semi-annually on \_\_\_\_\_ and \_\_\_\_\_ of each year (each of which we refer to as an “interest payment date”), commencing on \_\_\_\_\_ 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 PGF under the indenture and the 20 Notes (or Petrobras under the guaranty for the 20 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 20 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 PGF or Petrobras.

Despite the Brazilian government's ownership interest in Petrobras, the Brazilian government is not responsible in any manner for PGF's obligations under the 20 Notes or Petrobras's obligations under the guaranty for the 20 Notes.

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## **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 PGF'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's 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 the each series of the Notes:

- PGF does not pay the principal on the Notes of such series within seven 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 seven-day period.
  
- PGF 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 30-day period.
  
- PGF or Petrobras remains in breach of any covenant or any other term in respect of the Notes of such series issued under the indenture or guaranty for such series for 60 calendar days 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 PGF or Petrobras or a material subsidiary in a total aggregate principal amount of U.S.\$200,000,000 (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 a material subsidiary of any indebtedness is not acceleration for this purpose.

- PGF or Petrobras or any material subsidiary stops paying or is generally unable to pay its debts as they become due, except in the case of a winding-up, dissolution or liquidation for the purpose of and followed by a consolidation, spin-off, merger, conveyance or transfer duly approved by the note holders of that series.
- In the case PGF or Petrobras or any material subsidiary, if proceedings are initiated against it under any applicable liquidation, insolvency, composition, reorganization, winding up or any other similar laws, or under any other law for the relief of, or relating to, debtors, and such proceeding is not dismissed or stayed within 90 calendar days.
- An administrative or other receiver, manager or administrator, or any such or other similar official is appointed in relation to, or a distress, execution, attachment, sequestration or other process is levied or put in force against, the whole or a substantial part of the undertakings or assets of PGF or Petrobras or any material subsidiary and is not discharged or removed within 90 calendar days.

- PGF or Petrobras or any material subsidiary voluntarily commences proceedings under any applicable liquidation, insolvency, composition, reorganization or any other similar laws, PGF or Petrobras or any material subsidiary enters into any composition or other similar arrangement with our creditors under applicable Brazilian law (such as a *recuperação judicial or extrajudicial*, which is a type of liquidation agreement).
- PGF or Petrobras or any material subsidiary files an application for the appointment of an administrative or other receiver, manager or administrator, or any such or other similar official, in relation to PGF or Petrobras or any material subsidiary, or PGF or Petrobras or any material subsidiary takes legal action for a readjustment or deferment of any part of our indebtedness.
- An effective resolution is passed, or any authorized action is taken by any court of competent jurisdiction, directing PGF or Petrobras or any material subsidiary's winding-up, dissolution or liquidation, except for the purpose of and followed by a consolidation, merger, conveyance or transfer duly approved by the note holders of that series.
- The Notes of such series, the indenture, the relevant guaranty or any part of those documents cease to be in full force and effect or binding and enforceable against PGF or Petrobras, or it becomes unlawful for PGF or Petrobras to perform any material obligation under any of the foregoing documents to which it is a party.
- PGF or Petrobras contests the enforceability of the Notes of such series, the indenture or the relevant guaranty, 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 PGF.

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 IFRS, would be a capital lease obligation).

- “material subsidiary” means a subsidiary of Petrobras which on any given date of determination accounts for more than 15% of Petrobras’s total consolidated assets (as set forth on Petrobras’s most recent balance sheet prepared in accordance with IFRS).

## **Covenants**

PGF will be subject to the following covenants with respect to the Notes:

### ***Payment of Principal and Interest***

PGF 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 PGF) on the Notes in accordance with the Notes and the indenture.

### ***Maintenance of Corporate Existence***

PGF 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 PGF’s board of directors determines that maintaining such rights and privileges is no longer desirable in the conduct of PGF’s business and is not disadvantageous in any material respect to holders.

### ***Maintenance of Office or Agency***

So long as Notes are outstanding, PGF 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, 43<sup>rd</sup> Floor, New York, New York 10022-6837. PGF 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***

PGF 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***

PGF intends to use all or a portion of the net proceeds from the sale of the Notes to repurchase its 3.500% Global Notes due 2017, 3.250% Global Notes due 2017, Floating Rate Global Notes due 2017, 2.750% Global Notes due 2018, 5.875% Global Notes due 2018, 4.875% Global Notes due 2018, 7.875% Global Notes due 2019, 3.000% Global Notes due 2019, Floating Rate Global Notes due 2019, and 3.25% Global Notes due 2019 notes, which we refer to as the Waterfall Notes, in each case, that PGF accepts for purchase under the Tender Offer and Consent Solicitation, and to use any remaining net proceeds for general corporate purposes.

### ***Statement by Managing Directors as to Default***

PGF will deliver to the trustee, within 90 calendar days after the end of its fiscal year, a directors' certificate, stating whether or not to the best knowledge of its signers thereof there is an event of default in connection with the performance and observance of any of the terms, provisions and conditions of the indenture or the Notes and, if there is such an event of default by PGF, specifying all such events of default and their nature and status of which the signers may have knowledge.

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

In the event that PGF files any financial statements or reports with the SEC or publishes or otherwise makes such statements or reports publicly available in The Netherlands, the United States or elsewhere, PGF 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. As long as the financial statements or reports are publicly available and accessible electronically by the trustee, the filing or electronic publication of such financial statements or reports will comply with PGF's obligation to deliver such statements and reports to the trustee. PGF will provide to the trustee with prompt written notification at such time that PGF becomes or ceases to be a reporting company. The trustee will have no obligation to determine if and when PGF's financial statements or reports, if any, are publicly available and accessible electronically.

Along with each such financial statement or report, if any, PGF will provide a directors' certificate stating (i) that a review of PGF's activities has been made during the period covered by such financial statements with a view to determining whether PGF has kept, observed, performed and fulfilled its covenants and agreements under this



indenture; and (ii) that no 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.

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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 in them or determinable from information contained in them, including PGF's compliance with any of its covenants under the indenture (as to which the trustee is entitled to rely exclusively on directors' certificates).

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

PGF, 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***

PGF 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, PGF 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 PGF's incorporation (currently The Netherlands) or any jurisdiction in which PGF appoints a paying agent under the indenture, or any political subdivision of such jurisdictions (the "taxing jurisdictions"). If PGF or Petrobras, as applicable, is required by law to withhold or deduct any taxes, levies, deductions or other governmental charges, PGF 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.

PGF 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 or receiving principal or interest payments on 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, PGF 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 PGF has made available to the holder a payment under the Notes and