PETROBRAS - PETROLEO BRASILEIRO SA
Form 424B3
August 17, 2018
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Filed pursuant to Rule 424(b)(3)
Registration Statement Nos. 333-226375 and 333-226375-01

PROSPECTUS

Petrobras Global Finance B.V.

Offers to Exchange

U.S.$3,759,866,000 aggregate principal amount of 5.299% Global Notes Due 2025

U.S.$5,836,134,000 aggregate principal amount of 5.999% Global Notes Due 2028

Unconditionally guaranteed by

Petróleo Brasileiro S.A. Petrobras

(Brazilian Petroleum Corporation Petrobras)

Terms of the exchange offers:

We are offering to exchange securities that we sold in private offerings, or the Old Securities, for an equal principal amount of new registered securities, or the New Securities.

The exchange offers commence on August 17, 2018 and expire at 5:00 p.m., New York City time, on September 20, 2018, unless we extend them.

You may withdraw a tender of Old Securities at any time prior to the expiration of the exchange offers.

Subject to the conditions described herein, all Old Securities that are validly tendered and not validly withdrawn will be exchanged.

The exchange of Old Securities should not be a taxable exchange for United States federal income tax purposes. See Taxation United States Federal Income Taxation. For a discussion of certain Dutch and Brazilian tax considerations, see Taxation Dutch Tax Considerations and Taxation Brazilian Tax

Considerations, respectively.

We will not receive any proceeds from the exchange offers. The Old Securities surrendered and exchanged for New Securities will be retired and canceled. Accordingly, the issuance of the New Securities will not result in any increase in our outstanding indebtedness.

The terms of the New Securities to be issued are identical to the Old Securities issued by Petrobras Global Finance B.V., except for terms with respect to additional interest payments, registration rights and legends reflecting transfer restrictions.

The New Securities will be unconditionally and irrevocably guaranteed by Petróleo Brasileiro S.A. Petrobras.

The New Securities are expected to be listed on the Official List of the Luxembourg Stock Exchange and to trade on the EuroMTF Market of such exchange. Application will be made to the Luxembourg Stock Exchange for listing of the New Securities. We also intend to apply to have the New Securities approved for listing on the New York Stock Exchange, or the NYSE.

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Each broker-dealer participating in the exchange offers must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the New Securities received in exchange for Old Securities that were acquired as a result of market-making activities or other trading activities. By acknowledging this obligation and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of New Securities received in exchange for Old Securities where the broker-dealer acquired the Old Securities as a result of market-making activities or other trading activities. We have agreed to make this prospectus available to any broker-dealer for up to 180 days after the registration statement is declared effective (subject to extension under certain circumstances) for use in connection with any such resale. See Plan of Distribution.

We are not making an offer to exchange securities in any jurisdiction where the offer is not permitted.

Investing in the New Securities issued in the exchange offers involves certain risks. See Risk Factors beginning on page 13.

Neither the U.S. Securities and Exchange Commission, or the SEC, nor any state securities commission in the United States of America, or the United States, has approved or disapproved the securities to be distributed in the exchange offers, nor have they determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

August 17, 2018

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ABOUT THIS PROSPECTUS

In this prospectus, 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 refe to both Petrobras and PGF, unless the context requires otherwise or as otherwise indicated.

We are responsible for the information contained and incorporated by reference in this prospectus. 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 of the New Securities in any jurisdiction where the offer is not permitted.

You should not assume that the information in this prospectus or any document incorporated by reference is accurate as of any date other than the date of the relevant document.

References herein to *reais* or R$ are to the lawful currency of Brazil. References herein to U.S. dollars or U.S.$ ar the lawful currency of the United States.

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FORWARD-LOOKING STATEMENTS

Some of the information contained or incorporated by reference in this prospectus are forward-looking statements 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 may be identified by the use of forward-looking words, such as believe, expect, estimate, anticipate, intend, plan, aim, will, may, should, could, would, 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;
- the impact, including cost, of acquisitions and divestments; and
- the proposed settlement of pending litigation.

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;

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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 and in documents incorporated by reference in this 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. 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

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and certain later information that we file with the SEC will automatically update and supersede earlier information filed with the SEC or included in this prospectus. Petrobras is incorporating by reference into this prospectus the following documents that it has filed with the SEC:

1. The Petrobras Annual Report on Form 20-F for the year ended December 31, 2017 (the 2017 Form 20-F) filed with the SEC on April 18, 2018.

2. The Petrobras Reports on Form 6-K furnished to the SEC on August 3, 2018, containing Petrobras s financial statements and financial information and results in U.S. dollars as of June 30, 2018 and for the six-month periods ended June 30, 2018 and 2017, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS.

3. The Petrobras Report on Form 6-K furnished to the SEC on May 17, 2018, regarding Petrobras s oil and natural gas production for the month of April, 2018.

4. The Petrobras Report on Form 6-K furnished to the SEC on May 22, 2018, announcing the election of Mr. Rafael Mendes Gomes as Chief Governance and Compliance Executive Officer of Petrobras.

5. The Petrobras Reports on Form 6-K furnished to the SEC on May 24, May 28, June 1 and August 7, 2018 relating to the reductions of the price of diesel.

6. The Petrobras Report on Form 6-K furnished to the SEC on June 1, 2018, announcing the resignation of Mr. Pedro Parente as Chief Executive Officer of Petrobras.

7. The Petrobras Report on Form 6-K furnished to the SEC on June 4, 2018, announcing the election of Mr. Ivan de Souza Monteiro as Chief Executive Officer of Petrobras.

8. The Petrobras Report on Form 6-K furnished to the SEC on June 18, 2018, regarding Petrobras s oil and natural gas production for the month of May 2018.

9. The Petrobras Report on Form 6-K furnished to the SEC on June 25, 2018, announcing the final approval of the agreement to settle the class action in the United States.

10. The Petrobras Report on Form 6-K furnished to the SEC on June 27, 2018, announcing the election of Mr. Rafael Salvador Grisolia as Chief Financial and Investor Relations Officer of Petrobras.

11. The Petrobras Report on Form 6-K furnished to the SEC on July 17, 2018, regarding Petrobras s oil and natural gas production for the month of June, 2018.

12. The Petrobras Report on Form 6-K furnished to the SEC on August 6, 2018, regarding Petrobras s pre-payment of bank debts.

13. The Petrobras Report on Form 6-K furnished to the SEC on August 9, 2018, regarding amounts recovered by Petrobras in connection with Operation Car Wash.

14. Any future annual reports of Petrobras on Form 20-F filed with, and all reports on Form 6-K that are designated in such reports as being incorporated by reference into this prospectus furnished to, the SEC after the date of this prospectus and prior to the termination of the exchange offers.

In addition, all reports and other documents filed by us with the SEC after the date of this registration statement and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference herein.

We will provide without charge to any person to whom a copy of this prospectus is delivered, upon the written or oral request of any 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 19th Floor, 20031-912 Rio de Janeiro, RJ, Brazil, Attn: Larry Carris Cardoso, Finance Department, Loans and Financing Administration General Manager (telephone: +55 (21) 3224-1510/3224-9947; fax: +55 (21) 3224-1401; e-mail: petroinvest@petrobras.com.br).

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement with the SEC on Form F-4 under the Securities Act relating to the New Securities offered by this prospectus. This prospectus, which is a part of that registration statement, does not contain all of the information set forth in the registration statement. For more information with respect to our company and the securities offered by this prospectus, you should refer to the registration statement and to the exhibits filed with it. Statements contained or incorporated by reference in this prospectus regarding the contents of any contract or other document are not necessarily complete, and, where the contract or other document is an exhibit to the registration statement or incorporated or deemed to be incorporated by reference, each of these statements is qualified in all respects by the provisions of the actual contract or other document.

We are subject to the information requirements of the Exchange Act, applicable to a foreign private issuer, and accordingly file or furnish reports, including annual reports on Form 20-F, reports on Form 6-K, and other information with the SEC. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any filings we make electronically will be available to the public over the Internet at the SEC s web site at http://www.sec.gov. These reports and other information may also be inspected and copied at the offices of the New York Stock Exchange, 11 Wall St, New York, NY 10005.

ELECTRONIC DELIVERY OF DOCUMENTS

We are delivering copies of this prospectus in electronic form through the facilities of The Depository Trust Company, or DTC. You may obtain paper copies of the prospectus by contacting the Luxembourg listing agent at its address specified on the inside back cover of this prospectus. By participating in the exchange offers, you will be consenting to electronic delivery of these documents.

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PROSPECTUS SUMMARY

This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus. This summary is not complete and does not contain all of the information you should consider before participating in the exchange offers. You should read carefully the entire 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.

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 2, 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 Weena 762, 3014 DA Rotterdam, The Netherlands, and our 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, 2017 and 2016, Petrobras had sales revenues of U.S.$88.8 billion and U.S.$81.4 billion, gross profit of U.S.$28.7 billion and U.S.$26.0 billion, and net loss attributable to shareholders of Petrobras of U.S.$91.0 million and U.S.$4.8 billion, respectively. In 2017, Petrobras s average domestic daily oil production was 2.15 mmbbl/d, which represented 82% of Brazil s total oil production (based on production data issued by the National Petroleum, Natural Gas and Biofuels Agency). Petrobras engages in a broad range of activities, which cover the following segments of its operations:

Exploration and Production: this segment covers the activities of exploration, development and production of crude oil, LNG (liquefied natural gas) and natural gas in Brazil and abroad, for the primary purpose of supplying our domestic refineries and selling surplus crude oil and oil products produced in the 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 segment covers the activities of refining, logistics, transport and trading of crude oil and oil products in Brazil and abroad, exports of ethanol, extraction and processing of shale, as well as holding interests in petrochemical companies in Brazil;

Gas and Power: this segment covers the activities of transportation and trading of natural gas produced in Brazil and abroad, imported natural gas, transportation and trading of LNG, generation and trading of electricity, as well as holding interests in transporters and distributors of natural gas and in thermoelectric power plants in Brazil, in addition to being responsible for the fertilizer business;

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Distribution: this segment covers the activities of Petrobras Distribuidora S.A., which sells oil products, ethanol and vehicle natural gas in Brazil. This segment also includes distribution of oil products operations abroad (South America); and

Biofuel: this business segment covers the activities of 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 Notes 4.2. and 29 to our audited consolidated financial statements included in the 2017 Form 20-F incorporated by reference herein.

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. 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.

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SUMMARY OF THE EXCHANGE OFFERS

Old Securities	On September 27, 2017, PGF issued (i) U.S.$3,759,866,000 aggregate principal amount of its 5.299% Global Notes due 2025, or the 2025 Old Notes, and (ii) U.S.$5,836,134,000 aggregate principal amount of its 5.999% Global Notes due 2028, or the 2028 Old Notes and, together with the 2025 Old Notes, the Old Securities. The 2025 Old Notes and the 2028 Old Notes are unconditionally and irrevocably guaranteed by Petrobras. The 2025 Old Notes and the 2028 Old Notes are unregistered and were issued by PGF as follows: U.S.$1,000,000,000 principal amount of 2025 Old Notes and U.S.$1,000,000,000 principal amount of 2028 Old Notes were issued by PGF in private placements to certain initial purchasers, who resold such 2025 Old Notes and 2028 Old Notes in offshore transactions and to qualified institutional buyers in transactions exempt from the registration requirements of the Securities Act, and U.S.$2,759,866,000 principal amount of 2025 Old Notes and U.S.$4,836,134,000 principal amount of 2028 Old Notes were issued by PGF as consideration in a private exchange offer conducted in reliance upon exemptions from the registration requirements of the Securities Act.
New Securities	We are offering new, registered 5.299% Global Notes due 2025, or the 2025 New Notes in exchange for the 2025 Old Notes, and new, registered 5.999% Global Notes due 2028, or the 2028 New Notes and, together with the 2025 New Notes, the New Securities, in exchange for the 2028 Old Notes. The New Securities will be unconditionally and irrevocably guaranteed by Petrobras.
Registration Rights Agreements	When PGF issued the two series of Old Securities, PGF and Petrobras entered into an exchange and registration rights agreement with the initial purchasers named therein, in which they agreed to use their commercially reasonable efforts to complete exchange offers of those Old Securities on or prior to a particular date.

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The Exchange Offers

Under the terms of the exchange offers, holders of each series of Old Securities are entitled to exchange Old Securities for an equal principal amount of New Securities with substantially identical terms, except for terms with respect to additional interest payments, registration rights and legends reflecting transfer restrictions.

The series of New Securities that PGF will issue in exchange for Old Securities will correspond to the series of Old Securities tendered as follows:

		CUSIP / ISIN	CUSIP / ISIN
New Securities	**Old Securities**	**Restricted Global Note**	**Regulation S Global Note**
2025 New Notes	2025 Old Notes	71647N AT6 / US71647NAT63	N6945A AJ6 / USN6945AAJ62
2028 New Notes	2028 Old Notes	71647N AW9 / US71647NAW92	N6945A AK3 / USN6945AAK36

You should read the discussion under the heading Description of the New Securities for further information about the New Securities and the discussion under the heading The Exchange Offers for more information about the exchange process.

Minimum Denomination

The Old Securities may be tendered only in a principal amount of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof.

Principal Amount Outstanding

As of the date of this prospectus, the following amounts of each series are outstanding:

U.S.$3,759,866,000 aggregate principal amount of 2025 Old Notes; and

U.S.$5,836,134,000 aggregate principal amount of 2028 Old Notes.

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Resale of New Securities	Based on an interpretation by the SEC staff set forth in no-action letters issued to third parties, we believe that you may offer the New Securities issued in the exchange offers for resale, resell them or otherwise transfer them without compliance with the registration and prospectus delivery provisions of the Securities Act, as long as: you are not a broker-dealer who purchased the Old Securities directly from us for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act; you are not an affiliate of PGF or of Petrobras, as that term is defined in Rule 405 of the Securities Act; and you are acquiring the New Securities in the ordinary course of your business, you are not participating in, and do not intend to participate in, a distribution of the New Securities and you have no arrangement or understanding with any person to participate in a distribution of the New Securities. If any statement above is not true and you transfer any New Security without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from the registration requirements of the Securities Act, you may incur liability under the Securities Act. We do not assume responsibility for or indemnify you against this liability. If you are a broker-dealer and receive New Securities for your own account in exchange for Old Securities that you acquired as a result of market making or other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the New Securities. We will make this prospectus available to broker-dealers for use in resales for 180 days after the expiration date of the exchange offers.
Consequences of Failure to Exchange Old Securities	If you do not exchange your Old Securities for New Securities, you will continue to hold your Old Securities. You will no longer be able to require that we register the Old Securities under the Securities Act. In addition, you will not be able to offer or sell the Old Securities unless: they are registered under the Securities Act; or you offer or sell them under an exemption from the requirements of, or in a transaction not subject to, the Securities Act.
Expiration Date	The exchange offers will expire at 5:00 p.m., New York City time, on September 20, 2018, unless we decide to extend the expiration date.

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Conditions to the Exchange Offers	We may terminate the exchange offers and refuse to accept any Old Securities for exchange if: there has been a change in applicable law or the SEC staff s interpretation of applicable law, and the exchange offers are not permitted under applicable law or applicable SEC staff interpretations of law; or there is a stop order in effect or threatened with respect to the exchange offers or the indenture governing those securities. We have not made the exchange offers contingent on holders tendering any minimum principal amount of Old Securities for exchange.
Certain Deemed Representations, Warranties and Undertakings	If you participate in the exchange offers, you will be deemed to have made certain acknowledgments, representations, warranties and undertakings. See The Exchange Offers Holders Deemed Representations, Warranties and Undertakings.
Procedure for Tendering Old Securities	If you wish to participate in the exchange offers, you must deliver electronically your acceptance together with your Old Securities through DTC s Automated Tender Offer Program, or ATOP, system. If you are not a direct participant in DTC, you must, in accordance with the rules of the DTC participant who holds your securities, arrange for a direct participant in DTC to submit your acceptance to DTC electronically
Withdrawal Rights	You may withdraw the tender of your Old Securities at any time prior to 5:00 p.m., New York City time, on the expiration date, unless we have already accepted your Old Securities. To withdraw, you must send a written notice of withdrawal to the exchange agent through the electronic submission of a message in accordance with the procedures of DTC s ATOP system by 5:00 p.m., New York City time, on the scheduled expiration date. We may extend the expiration date without extending withdrawal rights. If you are not a direct participant in DTC, you must, in accordance with the rules of the DTC participant who holds your securities, arrange for a direct participant in DTC to submit your written notice of withdrawal to DTC electronically by 5:00 p.m., New York City time, on the expiration date.
Acceptance of Old Securities and Delivery of New Securities	If all of the conditions to the exchange offers are satisfied or waived, we will accept any and all Old Securities that are properly tendered in the exchange offers prior to 5:00 p.m., New York City time, on the expiration date. We will deliver the New Securities promptly after the expiration of the exchange offers.

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Tax Considerations	The exchange of Old Securities for New Securities should not be a taxable exchange for United States federal income tax purposes. See Taxation United States Federal Income Taxation. For a discussion of certain Dutch and Brazilian tax considerations, see Taxation Dutch Tax Considerations and Taxation Brazilian Tax Considerations, respectively. You should consult your tax advisor about the tax consequences of the exchange offers as they apply to your individual circumstances.
Fees and Expenses	We will bear all expenses related to consummating the exchange offers and complying with the exchange and registration rights agreement.
Exchange Agent	The Bank of New York Mellon is serving as the exchange agent for the exchange offers. The exchange agent s address, telephone number and facsimile number are included under the heading The Exchange Offers The Exchange Agent; Luxembourg Listing Agent.
Risk Factors	Holders of Old Securities that do not exchange their Old Securities for New Securities will continue to be subject to the restrictions on transfer that are listed on the legends of those Old Securities. These restrictions will make the Old Securities less liquid. To the extent that Old Securities are tendered and accepted in the exchange offers, the trading market, if any, for the Old Securities would be reduced. We cannot promise that a market for the New Securities will be liquid or will continue to exist. Prevailing interest rates and general market conditions could affect the price of the New Securities. This could cause the New Securities to trade at prices that may be lower than their principal amount or their initial offering price. In addition to these risks, there are additional risk factors beginning on page 13.

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SUMMARY OF THE TERMS OF THE NEW SECURITIES

Issuer	Petrobras Global Finance B.V., or PGF.
2025 New Notes Offered	U.S.$3,759,866,000 aggregate principal amount of 5.299% Global Notes due 2025, or the 2025 New Notes.
2028 New Notes Offered	U.S.$5,836,134,000 aggregate principal amount of 5.999% Global Notes due 2028, or the 2028 New Notes.
Form and Terms	The form and terms of each series of New Securities are the same as the form and terms of the Old Securities of the corresponding series, except that: the New Securities will be registered under the Securities Act and therefore will not bear legends restricting their transfer; and holders of the New Securities will not be entitled to some of the benefits of the exchange and registration rights agreement. The New Securities will evidence the same debt as the Old Securities.
Maturity Date	For the 2025 New Notes: January 27, 2025. For the 2028 New Notes: January 27, 2028.
Interest	For the 2025 New Notes: The 2025 New Notes will bear interest from July 27, 2018, at the rate of 5.299% per annum, payable semi-annually in arrears on each interest payment date. For the 2028 New Notes: The 2028 New Notes will bear interest from July 27, 2018, at the rate of 5.999% per annum, payable semi-annually in arrears on each interest payment date. If your Old Securities are accepted for exchange, you will receive interest on the corresponding New Securities and not on such Old Securities. Any Old

	Securities not tendered will remain outstanding and continue to accrue interest according to their terms.
Interest Payment Dates	January 27 and July 27 of each year, commencing on January 27, 2019.
Denominations	PGF will issue the New Securities 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.
Luxembourg Paying Agent, Transfer Agent and Listing Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Codes	
(a) CUSIP	For the 2025 New Notes: 71647N AV1
	For the 2028 New Notes: 71647N AY5
(b) ISIN	For the 2025 New Notes: US71647NAV10
	For the 2028 New Notes: US71647NAY58

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Use of Proceeds	PGF will not receive any cash proceeds from the issuance of the New Securities.
Indentures	The 2025 New Notes will be issued pursuant to an indenture, dated September 27, 2017, among PGF, Petrobras, The Bank of New York Mellon, a New York banking corporation, as trustee, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer agent and paying agent.
	The 2028 New Notes will be issued pursuant to an indenture, dated September 27, 2017, among PGF, Petrobras, The Bank of New York Mellon, a New York banking corporation, as trustee, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer agent and paying agent.
Guaranties	The New Securities will be unconditionally guaranteed by Petrobras under the guaranties. See Description of the Guaranties.
Ranking	The New Securities constitute general senior unsecured and unsubordinated obligations of PGF that will at all times rank *pari passu* among themselves and with all other unsecured unsubordinated indebtedness issued from time to time by PGF.
	The obligations of Petrobras under the guaranties constitute general senior unsecured obligations of Petrobras that will at all times rank *pari passu* among themselves and 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.
Optional Redemption	PGF may redeem the New Securities of each series at any time in whole or in part by paying the greater of the principal amount of the New Securities of a series and the relevant make-whole amount, plus, in each case, accrued interest, as described under Description of the New Securities Optional Redemption Optional Redemption With Make-Whole Amount for the New Securities.
Early Redemption at PGF s Option Solely for Tax Reasons	The New Securities 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 New Securities Optional Redemption Redemption for Taxation Reasons.
Covenants	

(a) PGF

The terms of the indentures will require PGF, among other things, to:

pay all amounts owed by it under the indentures and the New Securities 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;

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ensure that the New Securities continue to be senior obligations of PGF;

use proceeds from the issuance of the New Securities for specified purposes; and

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

In addition, the terms of the indentures will restrict the ability of PGF 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.

PGF s covenants are subject to a number of important qualifications and exceptions. See Description of the New Securities 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 indentures;

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 New Securities:

failure to pay principal on the New Securities of such series within seven calendar days of its due date;

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

breach by PGF of a covenant or agreement in the indentures or by Petrobras of a covenant or agreement in the guaranties of the New

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	Securities 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 New Securities, the indentures or the guaranties of the New Securities 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 New Securities Events of Default.
Further Issuances	PGF reserves the right, from time to time, without the consent of the holders of the New Securities, to issue additional New Securities on terms and conditions identical to those of the New Securities, which additional New Securities shall increase the aggregate principal amount of, and shall be consolidated and form a single series with, the series of New Securities offered hereby. See Description of the New Securities.
Modification of Notes, Indentures and Guaranties	The terms of the indentures 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 New Securities. See Description of the New Securities Modification and Waiver and Description of the Guaranties Amendments.
Book Entry; Delivery and Form	The New Securities will be issued in book-entry form through the facilities of DTC for the accounts of its direct and indirect participants, including Clearstream Banking, *société 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 New Securities held in book-entry form will not be entitled to receive physical delivery of certificated New Securities except in certain limited circumstances. See Book Entry; Delivery and Form.
Withholding Taxes; Additional Amounts	Any and all payments of principal, premium, if any, and interest in respect of the New Securities 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 indentures, 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

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	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 New Securities-Covenants-Additional Amounts.
Governing Law	The indentures governing the New Securities, the New Securities 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 New Securities approved for listing on the Official List of the Luxembourg Stock Exchange and to trade on the EuroMTF Market of such exchange. PGF also intends to apply to have the New Securities approved for listing on the NYSE. We cannot assure you that these applications will be accepted.
Risk Factors	You should carefully consider the risk factors discussed beginning on page 13 the section entitled Risk Factors in Petrobras s 2017 Form 20-F, which is incorporated by reference in this prospectus, and the other information included or incorporated by reference in this prospectus, before deciding to invest in the New Securities.

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RISK FACTORS

Our 2017 Form 20-F 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 identified in prior years, 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, before making a decision to participate in the exchange offers and invest in the New Securities.

Risks Relating to the Exchange Offers

If holders of Old Securities do not participate in the exchange offers, the Old Securities will continue to be subject to transfer restrictions.

Holders of Old Securities that are not registered under the Securities Act who do not exchange their unregistered Old Securities for New Securities will continue to be subject to the restrictions on transfer that are listed on the legends of those Old Securities. These restrictions will make the Old Securities less liquid. To the extent that Old Securities are tendered and accepted in the exchange offers, the trading market, if any, for the Old Securities would be reduced.

Risks Relating to the New Securities

The market for the New Securities may not be liquid.

The New Securities are an issuance of new securities with no established trading market. PGF intends to have the New Securities approved for listing on the Official List of the Luxembourg Stock Exchange and to trade on the EuroMTF Market of such exchange. PGF also intends to apply to have the New Securities approved for listing on the NYSE. We can provide no assurance as to the liquidity of or trading markets for the New Securities. We cannot guarantee that holders of the New Securities will be able to sell their New Securities in the future. If a market for the New Securities does not develop, holders of the New Securities may not be able to resell the New Securities 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 New Securities prior to their maturity.

In addition, payments by Petrobras under the guaranties in connection with PGF s New Securities 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.

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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, Petrobras would be required to discharge its obligations only in *reais*. Under Brazilian exchange controls, 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, will be satisfied in *reais* at the rate of exchange in effect on the date of payment, as determined by the Central Bank of Brazil.

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 New Securities 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 reasonable 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 New Securities. To the extent that the guaranty is held to be a fraudulent conveyance or unenforceable for any other reason, the holders of the New Securities 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 New Securities will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the New Securities may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the New Securities, 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 New Securities.

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Dutch withholding tax risks related to the announced tax initiatives of the newly elected Dutch government

The Dutch government has recently announced a number of tax initiatives, including its intention to introduce a withholding tax on payments on interest commencing on January 1, 2021. Although no further details of this initiative have been announced (except that the bill of law is expected in September 2018), the Dutch government s announcements suggest that such withholding tax would be limited to payments on interest made, directly or indirectly, to recipients that (i) are affiliates of the person making the interest payments, and (ii) reside in a country with a low statutory tax rate or a country included on the EU list of non-cooperative countries.

Many aspects of this policy remain unclear, including the scope of any legislative proposal, which would likely be subject to long political debate in the Dutch parliament. We cannot provide any assurance on whether a wider application of the withholding tax would be introduced by the Dutch government, or if such withholding tax would apply to interest payments on the New Securities. If PGF is required to withhold taxes on payments of interest on the New Securities, PGF may be required to pay additional amounts to holders of the New Securities to account for such withholding taxes. Subject to certain conditions, if PGF is required to pay such additional amounts to holders of the New Securities, PGF would be permitted to redeem the New Securities at par prior to their stated maturity. If the New Securities are so redeemed, the yield on the New Securities would be lower than original expected. See Description of the New Securities Covenants Additional Amounts, and Description of the New Securities Optional Redemption Redemption for Taxation Reasons.

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 New Securities will depend on payments made to PGF by Petrobras and other subsidiaries of Petrobras under the loans made by PGF. The New Securities and all debt securities issued by PGF will be fully and unconditionally guaranteed by Petrobras. Petrobras s financial condition as well as Petrobras s financial support of PGF, directly affect PGF s operational results and debt servicing capabilities.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Securities under the exchange offers.

In consideration for issuing the New Securities as contemplated in this prospectus, we will receive in exchange an equal principal amount of Old Securities, which will be cancelled. Accordingly, the exchange offers will not result in any increase in our indebtedness.

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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 six-month periods ended June 30, 2018 and 2017, and the years ended December 31, 2017, 2016, 2015, 2014 and 2013, calculated using values derived from our financial statements prepared in accordance with IFRS.

	Six-month period ended June 30,		Year ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(U.S.$ million)		(U.S.$ million)				
Net income (loss) before income taxes	7,389	4,370	1,997	(3,665)	(9,748)	(8,824)	13,410
Share of results in equity-accounted investments	(244)	(386)	(673)	218	177	(218)	(507)
Dividend income on equity-accounted investments	486	180	452	473	259	387	146
Add fixed charges as adjusted (set forth below)	5,040	5,685	10,797	11,071	10,157	10,285	9,331
Adjustment of capitalized borrowing costs	(192)	(82)	(1,392)	(1,729)	(1,773)	(3,600)	(3,921)
Earnings	12,479	9,767	11,181	6,368	(928)	(1,970)	18,459
Interest expense:							
Debt interest and charges	3,611	3,931	7,388	7,764	6,858	6,734	5,491
Rental interest expense[1]	1,429	1,754	3,409	3,307	3,299	3,551	3,840
Fixed charges	5,040	5,865	10,797	11,071	10,157	10,285	9,331
Ratio (earnings divided by fixed charges)[2]	2.48	1.72	1.04	0.58	(0.09)	(0.19)	1.98

(1) One third of operating lease expenses.

(2) This calculation indicates a less than one-to-one coverage for the years ended December 31, 2016, 2015 and 2014 Earnings available for fixed charges were inadequate to cover total fixed charges for these years. The deficient amounts for the ratio were U.S.$4,703 million, U.S.$11,085 million and U.S.$12,255 million for 2016, 2015 and 2014, respectively.

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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 six-month periods ended June 30, 2018 and 2017 and the years ended December 31, 2017, 2016, 2015, 2014 and 2013, calculated using values derived from our financial statements prepared in accordance with IFRS.

	Six-month period ended June 30,		Year ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(U.S.$ million)		(U.S.$ million)				
Net income (loss) before income taxes	7,389	4,370	1,997	(3,665)	(9,748)	(8,824)	13,410
Share of results of equity-accounted investments	(244)	(386)	(673)	218	177	(218)	(507)
Dividend income on equity-accounted investments	486	180	452	473	259	387	146
Add fixed charges as adjusted (set forth below)	5,040	5,685	10,797	11,071	10,157	10,285	9,331
Adjustment of capitalized borrowing costs	(192)	(82)	(1,392)	(1,729)	(1,773)	(3,600)	(3,921)
Earnings	12,479	9,767	11,181	6,368	(928)	(1,970)	18,459
Interest expense:							
Debt interest and charges	3,611	3,931	7,388	7,764	6,858	6,734	5,491
Rental interest expense[1]	1,429	1,754	3,409	3,307	3,299	3,551	3,840
Fixed charges	5,040	5,865	10,797	11,071	10,157	10,285	9,331
Dividends declared on preferred shares	78						2,313
Fixed charges and preferred dividends	5,118	5,685	10,797	11,071	10,157	10,285	11,644
Ratio (earnings divided by fixed charges and preferred dividends)[2]	2.44	1.72	1.04	0.58	(0.09)	(0.19)	1.59

(1) One third of operating lease expenses.

(2) This calculation indicates a less than one-to-one coverage for the years ended December 31, 2016, 2015 and 2014 Earnings available for fixed charges were inadequate to cover total fixed charges for these years. The deficient amounts for the ratio were U.S.$4,703 million, U.S.$11,085 million and U.S.$12,255 million for 2016, 2015 and 2014, respectively.

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SELECTED FINANCIAL AND OPERATING INFORMATION

This prospectus incorporates by reference (i) our unaudited interim financial statements as of June 30, 2018 and for the six months ended June 30, 2018 and 2017, and (ii) our audited consolidated financial statements as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, which have been prepared in accordance with IFRS.

The selected financial and operating information as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, presented in the tables below have been derived from Petrobras s audited consolidated financial statements. Petrobras s audited consolidated financial statements as of and for the year ended December 31, 2017 were audited by KPMG Auditores Independentes. Petrobras s audited consolidated financial statements as of and for the years ended December 31, 2016, 2015, 2014 and 2013 were audited by PricewaterhouseCoopers Auditores Independentes. The selected financial data and operating information as of June 30, 2018 and for the six months ended June 30, 2018 and 2017 have been derived from Petrobras s unaudited interim financial statements, 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 six months ended June 30, 2018 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 financial statements and the accompanying notes incorporated by reference in this prospectus.

Balance Sheet Data

	As of June 30,		As of December 31,			
	2018	2017	2016	2015	2014	2013
	(U.S.$ million)		(U.S.$ million)			
Assets:						
Cash and cash equivalents	16,997	22,519	21,205	25,058	16,655	15,868
Marketable securities	1,053	1,885	784	780	9,323	3,885
Trade and other receivables, net	5,027	4,972	4,769	5,554	7,969	9,670
Inventories	9,216	8,489	8,475	7,441	11,466	14,225
Assets classified as held for sale	400	5,318	5,728	152	5	2,407
Other current assets	4,720	3,948	3,808	4,194	5,414	6,600
Long-term receivables	20,885	21,450	20,420	19,426	18,863	18,782
Investments	3,187	3,795	3,052	3,527	5,753	6,666
Property, plant and equipment	157,032	176,650	175,470	161,297	218,730	227,901
Intangible assets	2,004	2,340	3,272	3,092	4,509	15,419
Total assets	220,521	251,366	246,983	230,521	298,687	321,423
Liabilities and shareholders equity:						
Total current liabilities	21,954	24,948	24,903	28,573	31,118	35,226
Non-current liabilities[(1)]	36,460	42,871	36,159	24,411	30,373	30,839
Long-term debt[(2)]	87,557	102,045	108,371	111,482	120,218	106,235

Total liabilities	145,971	169,864	169,433	164,466	181,709	172,300
Equity						
Share capital (net of share issuance costs)	107,101	107,101	107,101	107,101	107,101	107,092
Reserves and other comprehensive income (deficit)[3]	(33,928)	(27,299)	(30,322)	(41,865)	9,171	41,435
Equity attributable to the shareholders of Petrobras	73,173	79,802	76,779	65,236	116,272	148,527
Non-controlling interests	1,377	1,700	771	819	706	596
Total shareholders equity	74,550	81,502	77,550	66,055	116,978	149,123
Total liabilities and shareholders equity	220,521	251,366	246,983	230,521	298,687	321,423

(1) Excludes non-current finance debt.
(2) Excludes current portion of long-term finance debt.
(3) Capital transactions, profit reserve and accumulated other comprehensive income (deficit).

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Income Statement Data

	For the Six Months Ended June 30,		For the Year Ended December 31,				
	2018	2017	2017[1]	2016[1]	2015[1]	2014[1]	2013
	(U.S.$ million, except for share and per share data)		(U.S.$ million, except for share and per share data)				
Sales revenues	46,365	42,560	88,827	81,405	97,314	143,657	141,462
Net income (loss) before finance income (expense), results in equity-accounted investments and income taxes	10,114	9,196	11,219	4,308	(1,130)	(7,407)	16,214
Net income (loss) attributable to the shareholders of Petrobras	4,939	1,513	(91)	(4,838)	(8,450)	(7,367)	11,094
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 and income taxes per:							
Common and preferred shares	0.78	0.70	0.86	0.33	(0.09)	(0.57)	1.24
Common and preferred ADS	1.56	1.40	1.72	0.66	(0.18)	(1.14)	2.48
Basic and diluted earnings (losses) per:							
Common and preferred shares	0.38	0.12	(0.01)	(0.37)	(0.65)	(0.56)	0.85
Common and preferred ADS	0.76	0.24	(0.02)	(0.74)	(1.30)	(1.12)	1.70
Cash dividends per[2]:							
Common shares	0.01						0.22

referred shares	0.01	0.41
Common ADS	0.02	0.44
referred ADS	0.02	0.82

(1) In 2014, we wrote off US$2,527 million of incorrectly capitalized overpayments. In 2017, 2016, 2015 and 2014, we recognized impairment losses of US$1,191 million, US$6,193 million, US$12,299 million and US$16,823 million, respectively. See Notes 3 and 14 to our audited consolidated financial statements included in the 2017 Form 20-F incorporated by reference herein for further information. In 2017, we recognized US$3,449 million as other expenses, due to the provision for legal proceedings relating to the agreement to settle our consolidated securities class action before the United States District Court for the Southern District of New York. For further information regarding our consolidated securities class action and other related provisions, see Note 30.4 to our audited consolidated financial statements included in the 2017 Form 20-F incorporated by reference herein.

(2) Pre-tax interest on capital proposed for the period. Amounts were translated from the original amounts in *reais* considering the balance sheet date exchange rate.

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CAPITALIZATION

The following table sets out the consolidated debt and capitalization of Petrobras as of June 30, 2018, including accrued interest.

	June 30, 2018 (U.S.$ million)
Finance lease obligations:	
Current portion of finance lease obligations	23
Non-current portion	173
Total finance lease obligations	196
Total debt:	
Current portion of total debt	3,959
Non-current portion of total debt	87,557
Total debt:	91,516
Foreign currency denominated	74,298
Local currency denominated	17,218
Total debt	91,516
Non-controlling interest	1,377
Petrobras s shareholders equity[1]	73,173
Total capitalization	166,262

(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.

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THE EXCHANGE OFFERS

This is a summary of the exchange offers and the material provisions of the exchange and registration rights agreement that we entered into on September 27, 2017 with the initial purchasers of the 2025 Old Notes and 2028 Old Notes. This section may not contain all the information that you should consider regarding the exchange offers and the exchange and registration rights agreement before participating in the exchange offers. For more detail, you should refer to the exchange and registration rights agreement, which we have filed with the SEC as an exhibit to the registration statement. You can obtain a copy of other documents by following the instructions under the heading Where You Can Find More Information.

Background and Purpose of the Exchange Offers

On September 27, 2017, PGF issued (i) U.S.$3,759,866,000 aggregate principal amount of its 5.299% Global Notes due 2025, or the 2025 Old Notes, and (ii) U.S.$5,836,134,000 aggregate principal amount of its 5.999% Global Notes due 2028, or the 2028 Old Notes and, together with the 2025 Old Notes, the Old Securities.

The 2025 Old Notes and the 2028 Old Notes are unregistered and were issued by PGF as follows:

- U.S.$1,000,000,000 principal amount of 2025 Old Notes and U.S.$1,000,000,000 principal amount of 2028 Old Notes were issued by PGF in private placements to certain initial purchasers, who resold such 2025 Old Notes and 2028 Old Notes in offshore transactions and to qualified institutional buyers in transactions exempt from the registration requirements of the Securities Act, and

- U.S.$2,759,866,000 principal amount of 2025 Old Notes and U.S.$4,836,134,000 principal amount of 2028 Old Notes were issued by PGF as consideration in a private exchange offer conducted in reliance upon exemptions from the registration requirements of the Securities Act.

As long as we determine that applicable law permits us to make the exchange offers, the exchange and registration rights agreement require that we use our commercially reasonable efforts to:

	Action	Date required for the Old Securities
1.	File, or cause to be filed, a registration statement for a registered exchange offer relating to new securities with terms substantially similar to the relevant series of Old Securities.	July 31, 2018
2.	Cause the registration statement to be declared effective by the SEC and promptly begin the exchange offer after the registration statement is declared effective.	August 31, 2018
3.	Issue the New Securities in exchange for Old Securities of the relevant series tendered in the exchange offers.	September 30, 2018

The exchange offers described in this prospectus will satisfy our obligations under the exchange and registration rights agreement relating to the Old Securities.

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General Terms of the Exchange Offers

We are offering, upon the terms and subject to the conditions set forth in this prospectus, to exchange the Old Securities for New Securities.

New Securities	Corresponding Old Securities
5.299% Global Notes due 2025	5.299% Global Notes due 2025

New Securities	Corresponding Old Securities
5.999% Global Notes due 2028	5.999% Global Notes due 2028

As of the date of this prospectus, the following amounts of each series are outstanding:

U.S.$3,759,866,000 aggregate principal amount of 2025 Old Notes; and

U.S.$5,836,134,000 aggregate principal amount of 2028 Old Notes.

Upon the terms and subject to the conditions set forth in this prospectus, we will accept for exchange all Old Securities that are validly tendered and not withdrawn before 5:00 p.m., New York City time, on the expiration date. We will issue New Securities of each series in exchange for an equal principal amount of outstanding Old Securities of the corresponding series accepted in the exchange offers. Holders may tender their Old Securities only in a principal amount of U.S.$2,000 and integral multiples of U.S.$1,000 in excess thereof. Subject to these requirements, you may tender less than the aggregate principal amount of any series of Old Securities you hold, as long as you appropriately indicate this fact in your acceptance of the exchange offers.

We are sending this prospectus to all holders of record of the 2025 Old Notes and the 2028 Old Notes as of August 17, 2018. However, we have chosen this date solely for administrative purposes, and there is no fixed record date for determining which holders of Old Securities are entitled to participate in the exchange offers. Only holders of Old Securities, their legal representatives or their attorneys-in-fact may participate in the exchange offers.

The exchange offers are not conditioned upon any minimum principal amount of Old Securities being tendered for exchange. However, our obligation to accept Old Securities for exchange is subject to certain conditions as set forth below under Conditions to the Exchange Offers.

Any holder of Old Securities that is an affiliate of PGF or an affiliate of Petrobras may not participate in the exchange offers. We use the term affiliate as defined in Rule 405 of the Securities Act.

We will have formally accepted validly tendered Old Securities when we give written notice of our acceptance to the exchange agent. The exchange agent will act as our agent for the purpose of receiving Old Securities from holders and delivering New Securities to them in exchange.

The New Securities issued pursuant to the exchange offers will be delivered as promptly as practicable following the expiration date. If we do not extend the expiration date, then we would expect to deliver the New Securities on or about September 24, 2018.

Resale of New Securities

Based on an interpretation by the SEC staff set forth in no-action letters issued to third parties, we believe that you may offer the New Securities issued in the exchange offers for resale, resell them or otherwise transfer them without compliance with the registration and prospectus delivery provisions of the Securities Act, as long as:

- you are not a broker-dealer who purchased the Old Securities directly from us for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act;

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you are not an affiliate of PGF or of Petrobras, as that term is defined in Rule 405 of the Securities Act; and

you are acquiring the New Securities in the ordinary course of your business, you are not participating in, and do not intend to participate in, a distribution of the New Securities and you have no arrangement or understanding with any person to participate in a distribution of the New Securities.

If you acquire New Securities in the exchange offers for the purpose of distributing or participating in a distribution of the New Securities or you have any arrangement or understanding with respect to the distribution of the New Securities, you may not rely on the position of the staff of the SEC enunciated in the no-action letters to Morgan Stanley & Co. Incorporated (available June 5, 1991) and Exxon Capital Holdings Corporation (available April 13, 1988), or interpreted in the SEC interpretative letter to Shearman & Sterling LLP (available July 2, 1993), or similar no-action or interpretative letters, and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

Each broker-dealer participating in the exchange offers must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the New Securities received in exchange for Old Securities that were acquired as a result of market-making activities or other trading activities. By acknowledging this obligation and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of New Securities received in exchange for Old Securities where the broker-dealer acquired the Old Securities as a result of market-making activities or other trading activities. We have agreed to make this prospectus available to any broker-dealer for up to 180 days after the registration statement is declared effective (subject to extension under certain circumstances) for use in connection with any such resale. See Plan of Distribution.

Expiration Date; Extensions; Amendments

The exchange offers will expire on September 20, 2018, at 5:00 p.m., New York City time, unless we extend the exchange offers. If we extend them, the exchange offers will expire on the latest date and time to which they are extended.

If we elect to extend the expiration date, we will notify the exchange agent of the extension by written notice and will make a public announcement regarding the extension prior to 9:00 a.m., New York City time, on the first business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, to:

delay accepting any Old Securities tendered,

extend the exchange offers, and

amend the terms of the exchange offers in any manner.

If we amend the terms of the exchange offers, we will promptly disclose the amendments in a new prospectus that we will distribute to the registered holders of the Old Securities. The term registered holder as used in this prospectus with respect to the Old Securities means any person in whose name the Old Securities are registered on the books of the trustee.

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Holders Deemed Representations, Warranties and Undertakings

By tendering your Old Securities pursuant to the terms of the exchange offers, you are deemed to make certain acknowledgments, representations, warranties and undertakings to the issuer and the exchange agent, including that, as of the time of your tender and on the settlement date:

1. any New Securities you receive in exchange for Old Securities tendered by you in the exchange offers will be acquired in the ordinary course of business by you;

2. you own, or have confirmed that the party on whose behalf you are acting owns, the Old Securities being offered, and have the full power and authority to offer for exchange the Old Securities offered by you, and that if the same are accepted for exchange by the issuer pursuant to the exchange offers, the issuer will acquire good and marketable title thereto on the settlement date, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind;

3. if you or any such other holder of Old Securities is not a broker-dealer, neither you nor such other person is engaged in, or intends to engage in, a distribution of the New Securities;

4. neither you nor any person who will receive the New Securities has any arrangement or understanding with any person to participate in a distribution of the New Securities;

5. you are not an affiliate of PGF or of Petrobras, as that term is defined in Rule 405 of the Securities Act;

6. if you or any such other holder of Old Securities is a broker-dealer, you will receive New Securities for your own account in exchange for Old Securities that were acquired by you as a result of market-making activities or other trading activities and acknowledge that you will deliver a prospectus in connection with any resale of such New Securities. However, by so acknowledging and by delivering a prospectus, you or such other person will not be deemed to admit that it is an underwriter within the meaning of the Securities Act;

7. the exchange offers are being made in reliance upon existing interpretations by the staff of the SEC set forth in interpretive letters issued to parties unrelated to the issuer that the New Securities issued in exchange for the Old Securities pursuant to the exchange offers may be offered for sale, resold and otherwise transferred by holders thereof (other than any such holder that is an affiliate of the issuer or of the guarantor within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Securities are acquired in the ordinary course of such holder s business and such holder has no arrangement or understanding with any person to participate in the distribution of such New Securities;

8. you acknowledge that your exchange offer constitutes an irrevocable offer to exchange the Old Securities specified therein for New Securities, on the terms and subject to the conditions of the exchange offers (and subject to the issuer s right to terminate or amend the exchange offers and to your right to withdraw your acceptance prior to 5:00 p.m., New York City time, on the expiration date, in either case in the manner specified in this prospectus);

9. all questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders will be determined by the issuer, in its sole discretion, which determination shall be final and binding;

10. you will, upon request, execute and deliver any additional documents deemed by the exchange agent or the issuer to be necessary or desirable to complete such exchange;

11. (a) if your Old Securities are held through an account at DTC, you have (1) delivered your Old Securities by book-entry transfer to the account maintained by the exchange agent at the book-entry

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transfer facility maintained by DTC and (2) you have transmitted your acceptance of the exchange offers to DTC electronically through DTC s ATOP system in accordance with DTC s normal procedures; or (b) if your Old Securities are held through an account at Euroclear or Clearstream Banking, société anonyme (Clearstream, Luxembourg), you have delivered or caused to be delivered instructions to Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their normal procedures, to take the steps referred to in clause (a) above with respect to your Old Securities; and

12. you authorize the exchange agent, DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, to take those actions specified in this prospectus with respect to the Old Securities that are the subject of the exchange offers.

Procedures for Tendering Old Securities

Old Securities can only be tendered by a financial institution that is a participant in the book-entry transfer system of DTC. All of the Old Securities are issued in the form of global securities that trade in the book-entry systems of DTC, Euroclear and Clearstream, Luxembourg.

If you are a DTC participant and you wish to tender your Old Securities in the exchange offers, you must:

1. transmit your Old Securities by book-entry transfer to the account maintained by the exchange agent at the book-entry transfer facility system maintained by DTC before 5:00 p.m., New York City time, on the expiration date; and

2. acknowledge and agree to be bound by the terms set forth under Holders Deemed Representations, Warranties and Undertakings through the electronic transmission of an agent s message via DTC s ATOP system.

The term agent s message means a computer-generated message that DTC s book-entry transfer facility has transmitted to the exchange agent and that the exchange agent has received. The agent s message forms part of a book-entry transfer confirmation, which states that DTC has received an express acknowledgment from you as the participating holder tendering Old Securities. We may enforce this agreement against you.

If you are not a direct participant in DTC and hold your Old Securities through a DTC participant or the facilities of Euroclear or Clearstream, Luxembourg, you or the custodian through which you hold your Old Securities must submit, in accordance with the procedures of DTC, Euroclear or Clearstream, Luxembourg computerized instructions to DTC, Euroclear or Clearstream, Luxembourg to transfer your Old Securities to the exchange agent s account at DTC and make, on your behalf, the acknowledgments, representations, warranties and undertakings set forth under Holders Deemed Representations, Warranties and Undertakings through the electronic submission of an agent s message via DTC s ATOP system.

You must be sure to take these steps sufficiently in advance of the expiration date to allow enough time for any DTC participant or custodian through which you hold your Old Securities, Euroclear or Clearstream, Luxembourg, as applicable, to arrange for the timely electronic delivery of your Old Securities and submission of an agent s message through DTC s ATOP system.

Delivery of instructions to Euroclear or Clearstream, Luxembourg does not constitute delivery to the exchange agent through DTC s ATOP system. You may not send any Old Securities or other documents to us.

If you are a beneficial owner whose Old Securities are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender Old Securities in the exchange offers, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf.

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Your tender of Old Securities and our acceptance of them as part of the exchange offers will constitute an agreement between you, PGF and Petrobras under which all of us accept the terms and conditions contained in this prospectus.

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance and withdrawal of Old Securities tendered for exchange, and our determinations will be final and binding. We reserve the absolute right to reject any and all Old Securities that are not properly tendered or any Old Securities which we cannot, in our opinion or that of our counsel, lawfully accept. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offers as to particular Old Securities or particular holders of Old Securities either before or after the expiration date.

Our interpretation of the terms and conditions of the exchange offers will be final and binding on all parties. Unless we waive them, any defects or irregularities in connection with tenders of Old Securities for exchange must be cured within a period of time that we will determine. While we will use reasonable efforts to notify holders of defects or irregularities with respect to tenders of Old Securities for exchange, we will not incur any liability for failure to give notification. We will not consider Old Securities to have been tendered until any defects or irregularities have been cured or waived.

Acceptance of Old Securities for Exchange; Delivery of New Securities

After all the conditions to the exchange offers have been satisfied or waived, we will accept any and all Old Securities that are properly tendered before 5:00 p.m., New York City time, on the expiration date. We will deliver the New Securities that we issue in the exchange offers promptly after expiration of the exchange offers. For purposes of the exchange offers, we will have formally accepted validly tendered Old Securities when we give written notice of acceptance to the exchange agent.

We will issue New Securities in exchange for Old Securities only after the exchange agent s timely receipt of:

- a confirmation of a book-entry transfer of the Old Securities into the exchange agent s DTC account; and
- an agent s message transmitted through DTC s ATOP system in which the tendering holder acknowledges and agrees to be bound by the terms set forth under Holders Deemed Representations, Warranties and Undertakings.

However, we reserve the absolute right to waive any defects or irregularities in any tenders of Old Securities for exchange. If we do not accept any tendered Old Securities for any reason, they will be returned, without expense to the tendering holder, as promptly as practicable after the expiration or termination of the exchange offers.

Withdrawal of Tenders

Unless we have already accepted the Old Securities under the exchange offers, you may withdraw your tendered Old Securities at any time before 5:00 p.m., New York City time, on the scheduled expiration date. We may extend the expiration date without extending withdrawal rights.

For a withdrawal to be effective, the exchange agent must receive a written notice through the electronic submission of an agent s message through, and in accordance with, the withdrawal procedures applicable to DTC s ATOP system, before we have accepted the Old Securities for exchange and before 5:00 p.m., New York City time, on the scheduled

expiration date. Notices of withdrawal must:

1. specify the name of the person who deposited the Old Securities to be withdrawn;

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2. identify the series of Old Securities to be withdrawn, including the principal amount of such Old Securities; and

3. be signed electronically by the holder in the same manner as the original signature by which the holder tendered the Old Securities.

We will determine in our sole discretion all questions relating to the validity, form, eligibility and time of receipt of withdrawal notices. We will consider Old Securities that are properly withdrawn as not validly tendered for exchange for purposes of the exchange offers. Any Old Securities that are tendered for exchange but are withdrawn will be returned to their holder, without cost, as soon as practicable after their valid withdrawal. You may retender any Old Securities that have been properly withdrawn at any time on or before the expiration date by following the procedures described under Procedures for Tendering Old Securities above.

If you are not a direct participant in DTC, you must, in accordance with the rules of the DTC participant who holds your Old Securities, arrange for a direct participant in DTC to submit your written notice of withdrawal to DTC electronically.

Conditions to the Exchange Offers

Notwithstanding any other terms of the exchange offers or any extension of the exchange offers, there are some circumstances in which we are not required to accept Old Securities for exchange or issue New Securities in exchange for them. In these circumstances, we may terminate or amend the exchange offers as described above before accepting Old Securities. We may take these steps if:

we determine that we are not permitted to effect the exchange offers because of any change in law or applicable interpretations by the SEC;

a stop order is in effect or has been threatened with respect to the exchange offers or the qualification of the indenture under the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act; provided that we use our commercially reasonable efforts to prevent the stop order from being issued, or if it has been issued, to have it withdrawn as promptly as practicable; or

we determine in our reasonable judgment that our ability to proceed with the exchange offers may be materially impaired because of changes in the SEC staff s interpretations.

If we determine, in good faith, that any of the foregoing conditions are not satisfied, we have the right to:

refuse to accept any Old Securities and return all tendered securities to the tendering holders;

extend the exchange offers and retain all Old Securities that were tendered prior to the expiration date, unless the holders exercise their right to withdraw them (see Withdrawal of Tenders); or

waive the unsatisfied conditions of the exchange offers and accept all validly tendered Old Securities that have not been withdrawn. If a waiver of this type constitutes a material change to the exchange offers, we will promptly disclose the waiver in a supplement to this prospectus that will be distributed to the registered holders. We may also extend the exchange offers for a period of time, depending on the waiver s significance and the manner in which it was disclosed to the registered holders, if the exchange offers would otherwise expire during that period.

Consequences of Failure to Exchange

You will not be able to exchange Old Securities for New Securities under the exchange offers if you do not tender your Old Securities by the expiration date. After the exchange offers expire, holders may not offer or sell their untendered Old Securities in the United States except in accordance with an applicable exemption from the registration requirements of the Securities Act. However, subject to some conditions, we have an obligation to file a shelf registration statement covering resales of untendered Old Securities, as discussed below under Shelf Registration Statement.

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The Exchange Agent

The Bank of New York Mellon is serving as the exchange agent for the exchange offers. All tendered Old Securities and other related documents should be directed to the exchange agent, by book-entry transfer as detailed under Procedures for Tendering Old Securities. You should address questions, requests for assistance and requests for additional copies of this prospectus and other related documents to the exchange agent as follows:

The Bank of New York Mellon

111 Sanders Creek Parkway

East Syracuse, New York 13057

United States of America

Attention: CT Reorg Unit-Petrobras Global Finance

Phone: +1 (315) 414-3034

Fees and Expenses

We will pay all expenses related to our performance of the exchange offers, including:

- all SEC registration and filing fees and expenses;
- all costs related to compliance with federal securities and state blue sky laws;
- all printing expenses;
- all fees and disbursements of our attorneys; and
- all fees and disbursements of our independent certified public accountants.

We will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offers. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses incurred in connection with the exchange offers.

Transfer Taxes

We will pay all transfer taxes incurred by you as a holder tendering your Old Securities for exchange under the exchange offers. However, you will be responsible for paying any applicable transfer taxes on those transactions if:

you instruct us to register the New Securities in someone else s name; or

you request that we return untendered or withdrawn Old Securities or Old Securities not accepted in the exchange offers to someone else.

Shelf Registration Statement

Under the exchange and registration rights agreement, we are obligated in some situations to file a shelf registration statement under the Securities Act covering holders resales of those Old Securities. We have agreed to use our commercially reasonable efforts to cause a shelf registration statement to become effective if:

1. we cannot file the exchange offer registration statement or issue the New Securities because the applicable exchange offers are no longer permitted by applicable law or applicable SEC policy;

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2. for any other reason, we fail to complete the exchange offers within the time period set forth in the exchange and registration rights agreement; or

3. any holder of the Old Securities notifies us less than 20 days after the exchange offers are completed that:

a change in applicable law or SEC policy prevents it from reselling the New Securities to the public without delivering a prospectus, and this prospectus is not appropriate or available for such resales;

it is an initial purchaser and owns Old Securities purchased directly from us or an affiliate of ours; or

a change in applicable law or SEC policy prevents the holders of a majority of the relevant series of Old Securities to resell to the public the New Securities acquired in the exchange offers without restriction under the Securities Act or applicable blue sky or state securities laws.

If we are obligated to file a shelf registration statement, we will at our own expense use our commercially reasonable efforts to file it, or cause it to be filed or amend or supplement an existing shelf registration statement under the Securities Act, no later than September 30, 2018 or within 30 days after the filing obligation arises; provided, however, that we will not be required to file a shelf registration statement or amend or supplement an existing shelf registration statement during any statutory or self-imposed blackout period.

We will use our commercially reasonable efforts to have the SEC declare the shelf registration statement effective within 60 days after we are required to file the shelf registration statement, and to keep the shelf registration statement effective and to amend and supplement the prospectus contained in it to permit any holder of securities covered by it to deliver that prospectus for use in connection with any resale until the earlier of one year after the effective date of the registration statement or such time as all of the securities covered by the shelf registration statement have been sold pursuant thereto or may be sold pursuant to Rule 144(d) under the Securities Act if held by a non-affiliate of the issuer. Nonetheless, we will not be required to cause the shelf registration statement to be declared effective by the SEC or keep it effective, supplemented or amended during any statutory or self-imposed blackout period.

In the event that a shelf registration statement is filed, we will provide each holder of Old Securities that cannot be transferred freely with copies of the prospectus that is part of the shelf registration statement, notify each holder when the shelf registration statement has become effective and take certain other actions that are required to permit unrestricted resales of the New Securities. A holder that sells Old Securities pursuant to the shelf registration statement will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with its sales and will be bound by the provisions of the exchange and registration rights agreement that are applicable to that holder (including certain indemnification rights and obligations).

In order to be eligible to sell its securities pursuant to the shelf registration statement, a holder must comply with our request for information about the holder which we may, as required by the SEC, include in the shelf registration statement within 15 calendar days after receiving our request.

Additional Interest

Under the exchange and registration rights agreement that we entered into on September 27, 2017, we must pay additional interest as liquidated damages to holders of Old Securities of the relevant series in the event of any of the following registration defaults:

1. we do not file the exchange offer registration statement or shelf registration statement in lieu thereof, on or before July 31, 2018;

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2. the exchange offer registration statement or shelf registration statement in lieu thereof is not declared effective by the SEC on or before August 31, 2018;

3. we fail to consummate the exchange offer by September 30, 2018;

4. a shelf registration statement required to be filed pursuant to the exchange and registration rights agreement is not filed on or before the date specified for its filing;

5. a shelf registration statement otherwise required to be filed is not declared effective on or before the date specified in the exchange and registration rights agreement; or

6. the shelf registration statement is declared effective but subsequently, subject to certain limited exceptions, ceases to be effective at any time that we and the guarantor are obligated to maintain its effectiveness.

After a registration default occurs, we will increase the interest rate on the 2025 Old Notes and the 2028 Old Notes, as applicable, by 0.25% per year over the rate stated on the face of the Old Securities for each 90-day period during which the registration default continues, up to a maximum increase of 1.00% per year over the original rate; *provided* that such additional interest will cease to accrue on the later of (i) the date on which the Old Securities of the relevant series become freely transferable pursuant to Rule 144 under the Securities Act and (ii) the date on which the the J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) is modified to permit the inclusion of freely transferable securities that have not been registered under the Securities Act. We call this increase in the interest rate additional interest. Our obligation to pay additional interest will cease once we have cured the registration defaults and the applicable interest rate on each affected series of Old Securities will revert to the original rate.

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DESCRIPTION OF THE NEW SECURITIES

This section of this prospectus summarizes the material terms of the indentures governing the New Securities and the New Securities of each series. It does not, however, describe all of the terms of the indentures and the New Securities of each series and is qualified in its entirety by reference to the provisions of the indentures and the New Securities of each series. We urge you to read the indentures in connection with the New Securities, because they will define your rights as holders of the New Securities. You may obtain copies of the indentures upon written request to the trustee and, for so long as the New Securities are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange, at the office of the paying agent in Luxembourg.

The Indentures

The 2025 New Notes will be issued pursuant to an indenture, dated September 27, 2017, among PGF, Petrobras, The Bank of New York Mellon, a New York banking corporation, as trustee, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer agent and paying agent.

The 2028 New Notes will be issued pursuant to an indenture, dated September 27, 2017, among PGF, Petrobras, The Bank of New York Mellon, a New York banking corporation, as trustee, and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg transfer agent and paying agent.

Each indenture provides the specific terms of the New Securities of each series, including granting holders rights against Petrobras under the guaranties.

The 2025 New Notes

The 2025 New Notes will be general, senior, unsecured and unsubordinated obligations of PGF having the following basic terms:

The title of the 2025 New Notes will be the 5.299% Global Notes due 2025;

The 2025 New Notes will:

- be issued in an aggregate principal amount of up to U.S.$3,759,866,000;
- mature on January 27, 2025;
- bear interest at a rate of 5.299% per annum from July 27, 2018, until maturity or early redemption and until all required amounts due in respect of the 2025 New 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 2025 New Notes will be paid in U.S. dollars;

Interest on the 2025 New Notes will be paid semi-annually on January 27 and July 27 of each year (each of which we refer to as an interest payment date), commencing on January 27, 2019 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 2025 New Notes (or Petrobras under the guaranty for the 2025 New Notes), interest will continue to accrue on such amounts at a default rate equal to

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0.5% in excess of the interest rate on the 2025 New 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 2025 New Notes or Petrobras s obligations under the guaranty for the 2025 New Notes.

The 2028 New Notes

The 2028 New Notes will be general, senior, unsecured and unsubordinated obligations of PGF having the following basic terms:

The title of the 2028 New Notes will be the 5.999% Global Notes due 2028;

The 2028 New Notes will:

be issued in an aggregate principal amount of up to U.S.$5,836,134,000;

mature on January 27, 2028;

bear interest at a rate of 5.999% per annum from July 27, 2018, until maturity or early redemption and until all required amounts due in respect of the 2028 New 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 2028 New Notes will be paid in U.S. dollars;

Interest on the 2028 New Notes will be paid semi-annually on January 27 and July 27 of each year (each of which we refer to as an interest payment date), commencing on January 27, 2019 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 2028 New Notes (or Petrobras under the guaranty for the 2028 New 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 2028 New 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 2028 New Notes or Petrobras s obligations under the guaranty for the 2028 New Notes.

Guaranties

Petrobras will unconditionally and irrevocably guarantee the full and punctual payment when due, whether at the maturity date of the New Securities, or earlier or later by acceleration or otherwise, of all of PGF s obligations now or hereafter existing under the indentures and the New Securities, 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.

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Depositary with Respect to Global Notes

The New Securities will be issued in global registered form with the Depository Trust Company, or DTC, as depositary. For further information in this regard, see Book Entry; Delivery and Form.

Events of Default

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

PGF does not pay the principal on the New Securities 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 New Securities of such series within 30 calendar days of their due date and the trustee has not received such amounts from Petrobras under the relevant guaranties 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 New Securities of such series issued under the indentures or guaranties 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 the New Securities.

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

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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 New Securities 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 New Securities 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 guaranties) 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 New Securities:

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 New Securities in accordance with the New Securities and the indentures.

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 New Securities 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 indentures and the New Securities may be served.

Initially, this office will be located at 570 Lexington Avenue, Suite 2401, 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.

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Ranking

PGF will ensure that the New Securities 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).

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 indentures or the New Securities 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 publicity 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 the indentures; 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.

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 indentures (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 indentures so that there will at all times be a trustee with respect to the New Securities.

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 New Securities 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.

For long as the New Securities are listed on the Official List of the Luxembourg Stock Exchange and trade on the EuroMTF Market of the Luxembourg Stock Exchange, PGF will also maintain a paying agent and a transfer agent in Luxembourg.

All payments on the New Securities will be subject in all cases to any applicable tax, fiscal or other laws and regulations in any jurisdictions, but without prejudice to the provisions of Additional Amounts. For the purposes of the preceding sentence, the phrase applicable tax, fiscal or other laws and regulations will include any obligation on us to withhold or deduct from a payment pursuant to Section 1471(b) of the Internal Revenue Code of

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1986, as amended (the Code), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto (collectively, FATCA).

Additional Amounts

Except as provided below, PGF or Petrobras, as applicable, will make all payments of amounts due under the New Securities and the indentures and each other document entered into in connection with the New Securities and the indentures 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 indentures, 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 New Securities will be deemed to refer to any additional amounts which may be payable as set forth in the indentures or in the New Securities.

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 New Securities or receiving principal or interest payments on the New Securities (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 (i) 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, (ii) the holder is able to comply with such requirements without undue hardship and (iii) 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;

the holder fails to present (where presentation is required) its New Securities within 30 calendar days after PGF has made available to the holder a payment under the New Securities and the indentures, *provided that* PGF or Petrobras, as applicable, will pay additional amounts which a holder would have been entitled

to had the New Securities 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, Financial Transactions Tax (FTT), use or sales taxes or any similar taxes, assessments or other governmental charges; 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.

PGF 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 are imposed by a taxing jurisdiction from any payment under

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the New Securities or under any other document or instrument referred to in the indentures or from the execution, delivery, enforcement or registration of the New Securities or any other document or instrument referred to in the indentures. PGF shall indemnify and make whole the holders of the New Securities for any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies payable by PGF as provided in this paragraph paid by such holder. As provided in Payments and Paying Agents, all payments in respect of the New Securities will be made subject to any withholding or deduction required pursuant to FATCA, and we will not be required to pay any additional amounts on account of any such deduction or withholding required pursuant to FATCA.

Negative Pledge

So long as any New Securities of a series remains outstanding, PGF will not create or permit any lien, other than a PGF permitted lien, on any of its assets to secure (i) any of its indebtedness or (ii) the indebtedness of any other person, unless PGF contemporaneously creates or permits such lien to secure equally and ratably its obligations under such series of the New Securities as is duly approved by a resolution of the holders of such series of the New Securities in accordance with the indentures. In addition, PGF will not allow any of its material subsidiaries, if any, to create or permit any lien, other than a PGF 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 New Securities and the indentures or PGF provides such other security for such series of the New Securities and the indentures as is duly approved by a resolution of the holders of such series of the New Securities in accordance with the indentures. This covenant is subject to a number of important exceptions, including an exception that permits PGF 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 20% of PGF s consolidated total assets (as determined in accordance with IFRS) at any time as at which PGF s balance sheet is prepared and published in accordance with applicable law.

Limitation on Consolidation, Merger, Sale or Conveyance

PGF will not, in one or a series of transactions, consolidate or amalgamate with or merge into any corporation or convey, lease, spin-off 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 PGF) to merge with or into it unless such consolidation, amalgamation, merger, lease, spin-off or transfer of properties, assets or revenues does not violate any provision of Dutch financial regulatory laws and:

- either PGF is the continuing entity or the person (the successor company) formed by the consolidation or into which PGF is merged or that acquired (through a transfer of assets, a spin-off or otherwise) or leased the property or assets of PGF will assume (jointly and severally with PGF unless PGF will have ceased to exist as a result of that merger, consolidation or amalgamation), by supplemental indentures, all of PGF s obligations under the indentures and the New Securities;

- the successor company (jointly and severally with PGF unless PGF 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, spin-off, transfer or lease with respect to the payment of principal of, or interest on,

the New Securities;

immediately after giving effect to the transaction, no event of default, and no default has occurred and is continuing;

PGF has delivered to the trustee a directors 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 indentures, and that all conditions precedent provided for in the indentures and relating to the transaction have been complied with; and

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PGF 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 indentures or the New Securities will have occurred and be continuing at the time of the proposed transaction or would result from the transaction:

PGF may merge, amalgamate or consolidate with or into, or convey, transfer, spin-off, lease or otherwise dispose of all or substantially all of its properties, assets or revenues to a direct or indirect subsidiary of PGF or Petrobras in cases when PGF is the surviving entity in the transaction and the transaction would not have a material adverse effect on PGF and its subsidiaries taken as a whole, it being understood that if PGF is not the surviving entity, PGF will be required to comply with the requirements set forth in the previous paragraph; or

any direct or indirect subsidiary of PGF may merge or consolidate with or into, or convey, transfer, spin-off, lease or otherwise dispose of assets to, any person (other than PGF or any of its subsidiaries or affiliates) in cases when the transaction would not have a material adverse effect on PGF and its subsidiaries taken as a whole; or

any direct or indirect subsidiary of PGF may merge or consolidate with or into, or convey, transfer, spin-off, lease or otherwise dispose of assets to, any other direct or indirect subsidiary of PGF or Petrobras; or

any direct or indirect subsidiary of PGF may liquidate or dissolve if PGF 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 PGF and its subsidiaries taken as a whole and if the liquidation or dissolution is part of a corporate reorganization of PGF or Petrobras.

PGF may omit to comply with any term, provision or condition set forth in certain covenants applicable to a series of the New Securities or any term, provision or condition of the indentures, if before the time for the compliance the holders of at least a majority of the principal amount of the outstanding New Securities of such series waive the compliance, but no waiver can operate except to the extent expressly waived, and, until a waiver becomes effective, PGF 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 guaranties) 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).

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.

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A PGF permitted lien means any:

(a) lien arising by operation of law, such as merchants , maritime or other similar liens arising in PGF 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 PGF s obligations under performance bonds or surety bonds and appeal bonds or similar obligations incurred in the ordinary course of business and consistent with PGF 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 PGF 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 PGF or another wholly-owned subsidiary;

(f) lien existing on any asset or on any stock of any subsidiary prior to the acquisition thereof by PGF or any subsidiary, so long as the lien is not created in anticipation of that acquisition;

(g) lien existing as of the date of the indentures;

(h) lien resulting from the indentures 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 PGF, 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 PGF permitted liens pursuant to another part of this definition of PGF permitted liens, does not exceed 20% of PGF s consolidated total assets (as determined in accordance with IFRS) at any date as at which PGF 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.

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Notices

For so long as New Securities in global form are outstanding, notices to be given to holders will be given to the trustee in accordance with its applicable policies in effect from time to time. If New Securities are issued in individual definitive form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail of such notices to holders of the New Securities at their registered addresses as they appear in the registrar s records.

From and after the date the New Securities are admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange and so long as it is required by the rules of such exchange, all notices to holders of New Securities will be published in English:

(1) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*);

(2) if such Luxembourg publication in not practicable, in one other leading English language newspaper being published on each day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions; or

(3) on the website of the Luxembourg Stock Exchange, *www.bourse.lu*.

Notices shall be deemed to have been given on the date of publication as aforesaid or, if published on different dates, on the date of the first such publication. In addition, notices will be mailed to holders of New Securities at their registered addresses.

Optional Redemption

PGF will not be permitted to redeem the New Securities before their stated maturity, except as set forth below. The New Securities will not be entitled to the benefit of any sinking fund (we will not deposit money on a regular basis into any separate account to repay your New Securities). In addition, you will not be entitled to require us to repurchase your New Securities from you before the stated maturity.

On and after the redemption date, interest will cease to accrue on the New Securities or any portion of the New Securities called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the business day prior to any 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 New Securities to be redeemed on such date. If less than all of the New Securities of any series are to be redeemed, the New Securities to be redeemed shall be selected by the trustee by such method as set forth in the indentures.

Optional Redemption With Make-Whole Amount for the New Securities

PGF will have the right at our option to redeem the New Securities, 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 (i) 100% of the principal amount of such New Securities and (ii) 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* 50 basis points with respect to the 2025 New Notes, and 50 basis points with respect to the 2028 New Notes, *plus* in each case accrued interest on the principal amount of such New Securities 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.

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 New Securities 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 New Securities.

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

Comparable Treasury Price means, with respect to any redemption date (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (ii) 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 Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective affiliates, which are primary United States government securities dealers, and two other leading primary United States

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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 p.m., New York City time on the third business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the New Securities or any portion of the New Securities 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 New Securities to be redeemed on such date. If less than all of the New Securities of any series are to be redeemed, the New Securities to be redeemed shall be selected by the trustee by such method as set forth in the indentures.

Redemption for Taxation Reasons

We have the option, subject to certain conditions, to redeem each series of the New Securities 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 applicable to PGF or Petrobras, 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 New Securities. See -Covenants Additional Amounts.

The optional tax redemption set forth in this prospectus shall apply with the reincorporation of PGF 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

Each 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 New Securities) of the same series as those offered under this prospectus. The ability to issue add-on New Securities is subject to several requirements, however, including that (i) no event of default under such 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, (ii) the add-on New Securities will rank *pari passu* and have equivalent terms and benefits as the New Securities of such series offered under this prospectus except for the price to the public and the issue date. and (iii) any add-on New Securities shall be issued under a separate CUSIP or ISIN number unless the add-on New Securities are issued pursuant to a qualified reopening of the original series, are otherwise treated as part of the same issue of debt instruments as the original series or are issued with no more than a *de minimis* amount of original discount, in each case for U.S. federal income tax purposes. Any add-on New Securities with respect to any series of the New Securities will be part of the same series as such New Securities that PGF is currently offering and the holders will vote on all matters in relation to the applicable New Securities as a single series.

Covenant Defeasance

We can make the deposit described below and be released from all or some of the restrictive covenants that apply to the New Securities of a series. This is called covenant defeasance. In that event, you would lose the

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protection of those restrictive covenants but would gain the protection of having money and securities set aside in trust to repay the New Securities of a series. In order to achieve covenant defeasance, we must do the following:

- We must irrevocably deposit in trust for the benefit of all direct holders of the New Securities of a series a combination of money and non-callable U.S. government or U.S. government agency debt securities or bonds that, in the opinion of a nationally recognized firm of independent accountants, will generate enough cash without reinvestment to make interest, principal and any other payments, including additional amounts, on the New Securities of such series on their various due dates.

- We must deliver to the trustee a legal opinion of our counsel confirming that under then current U.S. federal income tax law we may make the above deposit without causing you to be taxed on the New Securities of such series any differently than if we did not make the deposit and just repaid the New Securities of such series ourselves.

- If the New Securities of a series are listed on any securities exchange, we must deliver to the trustee a legal opinion of our counsel confirming that the deposit, defeasance and discharge will not cause the New Securities of such series to be delisted.

If we accomplish covenant defeasance, the following provisions of the relevant indenture and/or the New Securities of a series would no longer apply:

- Any of the covenants applicable to the series of New Securities described under Covenants. .

- The events of default relating to breach of those covenants being defeased and acceleration of the maturity of other debt, described under Events of Default.

If we accomplish covenant defeasance, you can still look to us for repayment of the New Securities if there were a shortfall in the trust deposit. In fact, if any event of default occurred (such as our bankruptcy) and the New Securities become immediately due and payable, there may be such a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Modification and Waiver

There are three types of changes we can make to the indentures and the New Securities.

Changes Requiring Your Approval. These are changes that cannot be made to the New Securities without the specific approval of each holder of New Securities of a series. These are the following types of changes:

- change the stated maturity of the principal, interest or premium on the New Securities of a series;

reduce any amounts due on the New Securities of a series;

change any obligation to pay the additional amounts described under Covenants Additional Amounts;

reduce the amount of principal payable upon acceleration of the maturity of the New Securities of a series following a default;

change the place or currency of payment on the New Securities of a series;

impair any of the conversion or exchange rights of the New Securities of a series;

impair any right to sue for payment, conversion or exchange;

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reduce the percentage of holders of New Securities of a series whose consent is needed to modify or amend the relevant indenture;

reduce the percentage of holders of New Securities of a series whose consent is needed to waive compliance with various provisions of the relevant indenture or to waive specified defaults; and

modify any other aspect of the provisions dealing with modification and waiver of the relevant indenture.

Changes Requiring a Majority Vote. These are changes to the indentures and the New Securities of a series that require a vote of approval by the holders of New Securities that together represent a majority of the outstanding principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes, amendments, supplements and other changes that would not adversely affect holders of the New Securities in any material respect. For example, this vote would be required for us to obtain a waiver of all or part of any covenants applicable to the New Securities or a waiver of a past default.

Changes Not Requiring Approval. These changes do not require any vote by holders of New Securities. This type is limited to clarifications of ambiguities, omissions, defects and inconsistencies, amendments, supplements and other changes that would not adversely affect holders of the New Securities of a series in any material respect, such as adding covenants, additional events of default or successor trustees.

When taking a vote and deciding how much principal amount to attribute to the New Securities of a series that we, any of our affiliates and any other obligor under the New Securities acquire or hold, will not be counted as outstanding when determining voting rights. In addition, New Securities will not be considered outstanding, and therefore will not be eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding New Securities that are entitled to vote or take other action under the indentures. In limited circumstances, the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding New Securities of that series on the record date and must be taken within 180 days following the record date or another period that we or, if it sets the record date, the trustee may specify. We may shorten or lengthen (but not beyond 180 days) this period from time to time.

Street name and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indentures or the New Securities of a series or request a waiver.

Conversion

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

Listing

PGF intends to apply to have the New Securities listed on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. We cannot assure you that this application will be accepted. Following the issuance of the New Securities, PGF will use its commercially reasonable efforts to obtain and maintain such admission to listing and trading; provided that if PGF is unable to list the New Securities on the

Official List of the Luxembourg Stock Exchange and/or the New Securities do not trade on the EuroMTF Market of the Luxembourg Stock Exchange, or if as a result of any applicable rule, requirement or legislation, PGF would be required to publish financial information either more regularly than it otherwise would be required to or according to accounting principles which are materially different from the accounting principles which Petrobras would otherwise use to prepare its published financial information, PGF may delist the New Securities in accordance with the rules of the Luxembourg Stock Exchange and it will use its commercially

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reasonable efforts to list and maintain a listing of the New Securities on a different section of the Luxembourg Stock Exchange or on such other listing authority, stock exchange and/or quotation system inside or outside the European Union as PGF may decide.

Currency Rate Indemnity

PGF has agreed that, if a judgment or order made by any court for the payment of any amount in respect of any New Securities is expressed in a currency (the judgment currency) other than U.S. dollars (the denomination currency), PGF will indemnify the relevant holder and the trustee 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 PGF s other obligations under the indentures, 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, Paying Agent and Transfer Agent

The Bank of New York Mellon, a New York banking corporation, is the trustee under the indentures and has been appointed by PGF as registrar, paying agent and transfer agent with respect to the New Securities. The address of the trustee is 240 Greenwich Street, 7E, New York, New York 10286. PGF will at all times maintain a paying agent in New York City until the New Securities are paid. The Bank of New York Mellon (Luxembourg) S.A. has been designated paying agent in Luxembourg with respect to the New Securities.

Any corporation or association into which the trustee or any agent named above 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 or any agent shall be a party, or any corporation or association to which all or substantially all of the corporate trust business of the trustee or any agent may be sold or otherwise transferred, shall be the successor trustee or relevant agent, as applicable, hereunder without any further act.

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DESCRIPTION OF THE GUARANTIES

General

Petrobras will unconditionally and irrevocably guarantee the New Securities (the guaranties) for the benefit of the holders 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 guaranties, 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 guaranties.

Despite the Brazilian government s ownership interest in Petrobras, the Brazilian government is not responsible in any manner for PGF s obligations under the New Securities, or Petrobras s 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.

In addition, Petrobras s obligations under the guaranties of the New Securities rank, and will rank, *pari passu* with its obligations in respect of outstanding and future guaranties of indebtedness issued by PGF.

Nature of Obligation

Petrobras will unconditionally and irrevocably guarantee (by way of a first demand guarantee) the full and punctual payment when due, whether at the maturity date of the New Securities, or earlier or later by acceleration or otherwise, of all of PGF s obligations now or hereafter existing under the indentures and the New Securities, 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 (thus waiving any benefits of order set forth under Brazilian law, including those established in articles 827, 834, 835, 838 and 839 of the Brazilian Civil Code, under article 794, caput, of the Brazilian Civil Procedure Code) upon failure of PGF to make, at the maturity date of the New Securities or earlier upon any acceleration or otherwise of the applicable New Securities in accordance with the terms of the indentures, any payment in respect of principal, interest or other amounts due under the indentures and the applicable series of the New Securities on the date any such payment is due. If PGF 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 indentures and the New Securities. 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 any guaranties unless and until the trustee receives all amounts required to be paid by Petrobras under such guaranties (and any related event of default under the indentures 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 indentures, however, contain events of default relating to Petrobras that may trigger an event of default and acceleration of the New Securities. See Description of the New Securities Events of Default. Upon any such acceleration (including any acceleration arising out of the insolvency or similar events relating to Petrobras), if PGF fails to pay all amounts then due under the New Securities and the indentures, Petrobras will be obligated to make such payments pursuant to the guaranties.

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Covenants

For so long as any of the New Securities, 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 Indentures

Petrobras will pay all amounts owed by it and comply with all its other obligations under the terms of the relevant guaranty and the indentures 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 New Securities.

Maintenance of Office or Agency

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 of such series may be served. Initially this office will be located at Petrobras s existing principal U.S. office at 570 Lexington Avenue, Suite 2401, 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.

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 statement of financial position and statement of income prepared in accordance with IFRS, and (ii) within 120 calendar days after the end of each fiscal year, its audited and consolidated statement of financial position and statement of income prepared in accordance with IFRS. 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 the Petrobras s obligation to deliver such statements and reports to the trustee. The trustee will have no obligation to determine if and when Petrobras s financial statements or reports, if any, are publicity available and accessible electronically.

Along with each such financial statement or report, if any, Petrobras will provide an officers certificate stating that a review of Petrobras s and PGF s activities has been made during the period covered by such financial statements with a view to determining whether Petrobras and PGF have kept, observed, performed and fulfilled their covenants and agreements under the guaranties and the indentures, 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 New Securities, upon written request) 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.

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 s 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

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 New Securities in accordance with the indentures. 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 s 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 s 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 New Securities in accordance with the indentures.

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.

indebtedness means any obligation (whether present or future, actual or contingent and including, without limitation, any guaranties) 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 country of incorporation of the relevant obligor, would constitute a capital lease obligation).

A lien means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance on any property or asset including, without limitation, any equivalent created or arising under applicable law.

A project financing of any project means the incurrence of indebtedness relating to the exploration, development, expansion, renovation, upgrade or other modification or construction of such project pursuant to which the providers of such indebtedness or any trustee or other intermediary on their behalf or beneficiaries designated by any such provider, trustee or other intermediary are granted security over one or more qualifying assets relating to such project for repayment of principal, premium and interest or any other amount in respect of such indebtedness.

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A qualifying asset in relation to any project means:

any concession, authorization or other legal right granted by any governmental authority to Petrobras or any of Petrobras s subsidiaries, or any consortium or other venture in which Petrobras or any subsidiary has any ownership or other similar interest;

any drilling or other rig, any drilling or production platform, pipeline, marine vessel, vehicle or other equipment or any refinery, oil or gas field, processing plant, real property (whether leased or owned), right of way or plant or other fixtures or equipment;

any revenues or claims that arise from the operation, failure to meet specifications, failure to complete, exploitation, sale, loss or damage to, such concession, authorization or other legal right or such drilling or other rig, drilling or production platform, pipeline, marine vessel, vehicle or other equipment or refinery, oil or gas field, processing plant, real property, right of way, plant or other fixtures or equipment or any contract or agreement relating to any of the foregoing or the project financing of any of the foregoing (including insurance policies, credit support arrangements and other similar contracts) or any rights under any performance bond, letter of credit or similar instrument issued in connection therewith;

any oil, gas, petrochemical or other hydrocarbon-based products produced or processed by such project, including any receivables or contract rights arising therefrom or relating thereto and any such product (and such receivables or contract rights) produced or processed by other projects, fields or assets to which the lenders providing the project financing required, as a condition therefore, recourse as security in addition to that produced or processed by such project; and

shares or other ownership interest in, and any subordinated debt rights owing to Petrobras by, a special purpose company formed solely for the development of a project, and whose principal assets and business are constituted by such project and whose liabilities solely relate to such project.

A Petrobras permitted lien means a:

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

(b) lien arising by operation of law, such as merchants , maritime or other similar liens arising in Petrobras 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;

(c) lien arising from Petrobras s obligations under performance bonds or surety bonds and appeal bonds or similar obligations incurred in the ordinary course of business and consistent with Petrobras s past practice;

(d) 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;

(e) lien granted upon or with respect to any assets hereafter acquired by Petrobras 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 will 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;

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

(g) lien existing on any asset or on any stock of any subsidiary prior to its acquisition by Petrobras or any subsidiary so long as that lien is not created in anticipation of that acquisition;

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

(i) lien existing as of the date of the indentures;

(j) lien resulting from the indentures, the New Securities and the guaranties, if any;

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

(l) 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 any lien referred to in paragraphs (a) through (k) above (but not paragraph (d)), *provided that* such 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), (c) and (g), the obligees meet the requirements of that paragraph, and in the case of paragraph (h), the indebtedness is incurred in connection with a project financing by Petrobras, any of Petrobras s subsidiaries or any consortium or other venture in which Petrobras or any subsidiary have any ownership or other similar interest; and

(m) lien in respect of indebtedness the principal amount of which in the aggregate, together with all liens not otherwise qualifying as Petrobras permitted liens pursuant to another part of this definition of Petrobras permitted liens, does not exceed 20% of Petrobras s consolidated total assets (as determined in accordance with IFRS) at any date as at which Petrobras 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.

A 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 statement of financial position prepared in accordance with IFRS).

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Limitation on Consolidation, Merger, Sale or Conveyance

Petrobras will not, in one or a series of transactions, consolidate or amalgamate with or merge into any corporation or convey, lease, spin-off 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 Petrobras) to merge with or into it unless:

- either Petrobras is the continuing entity or the person (the successor company) formed by such consolidation or into which Petrobras is merged or that acquired (through a transfer of assets, a spin-off or otherwise) or leased such property or assets of Petrobras will assume (jointly and severally with Petrobras unless Petrobras will have ceased to exist as a result of such merger, consolidation or amalgamation), by an amendment to the applicable guaranties, all of Petrobras s obligations under such guaranties;

- the successor company (jointly and severally with Petrobras unless Petrobras will have ceased to exist as part of such merger, consolidation or amalgamation) agrees to indemnify each holder against any tax, assessment or governmental charge thereafter imposed on such holder solely as a consequence of such consolidation, merger, conveyance, spin-off, transfer or lease with respect to the payment of principal of, or interest on, the New Securities;

- immediately after giving effect to the transaction, no event of default, and no default has occurred and is continuing; and

- Petrobras has delivered to the trustee an officers certificate and an opinion of counsel, each stating that that such merger, consolidation, sale, spin-off, transfer or other conveyance or disposition and the amendment to the applicable guaranty comply with the terms of the applicable guaranty and that all conditions precedent provided for in such guaranty and relating to such transaction have been complied with.

Notwithstanding anything to the contrary in the foregoing, so long as no default or event of default under the indentures or the New Securities has occurred and is continuing at the time of such proposed transaction or would result therefrom and Petrobras has delivered notice of any such transaction to the trustee:

- Petrobras may merge, amalgamate or consolidate with or into, or convey, transfer, spin-off, lease or otherwise dispose of all or substantially all of its properties, assets or revenues to a direct or indirect subsidiary of Petrobras in cases when Petrobras is the surviving entity in such transaction and such transaction would not have a material adverse effect on Petrobras and its subsidiaries taken as whole, it being understood that if Petrobras is not the surviving entity, Petrobras will be required to comply with the requirements set forth in the previous paragraph;

- any direct or indirect subsidiary of Petrobras may merge or consolidate with or into, or convey, transfer, spin-off, lease or otherwise dispose of assets to, any person (other than Petrobras or any of its subsidiaries

or affiliates) in cases when such transaction would not have a material adverse effect on Petrobras and its subsidiaries taken as a whole;

any direct or indirect subsidiary of Petrobras may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any other direct or indirect subsidiary of Petrobras; or

any direct or indirect subsidiary of Petrobras may liquidate or dissolve if Petrobras determines in good faith that such liquidation or dissolution is in the best interests of Petrobras, and would not result in a material adverse effect on Petrobras and its subsidiaries taken as a whole and if such liquidation or dissolution is part of a corporate reorganization of Petrobras.

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Amendments

The guaranties may only be amended or waived in accordance with their terms pursuant to a written document which has been duly executed and delivered by Petrobras and the trustee, acting on behalf of the holders of the New Securities of each series, as applicable. Because the guaranties form part of the indentures, they may be amended by Petrobras and the trustee, in some cases without the consent of the holders of the applicable New Securities. See Description of the New Securities Modification and Waiver.

Except as contemplated above, the indentures will provide that the trustee may execute and deliver any other amendment to the guaranties or grant any waiver thereof only with the consent of the holders of a majority in aggregate principal amount of the New Securities of each series then outstanding.

Governing Law

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

Jurisdiction

Petrobras has consented to the non-exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan, The City of New York, New York, United States and any appellate court from any thereof. Service of process in any action or proceeding brought in such New York State federal court sitting in New York City may be served upon Petrobras at Petrobras s New York office located at 570 Lexington Avenue, Suite 2401, New York, New York 10022-6837. The guaranties provide that if Petrobras no longer maintains an office in New York City, then it will appoint a replacement process agent within New York City as its authorized agent upon which process may be served in any action or proceeding.

Waiver of Immunities

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

Currency Rate Indemnity

Petrobras has agreed that, if a judgment or order made by any court for the payment of any amount in respect of any of its obligations under the guaranties is expressed in a currency (the judgment currency) other than U.S. dollars (the denomination currency), Petrobras will indemnify the relevant holder and the trustee 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 Petrobras s other obligations under the guaranties, 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.

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BOOK ENTRY; DELIVERY AND FORM

Book-Entry Issuance

Except under limited circumstances, all New Securities will be book-entry notes. This means that holders of Old Securities participating in the exchange offers will not be entitled to have the New Securities registered in their names and will not be entitled to receive physical delivery of the New Securities in definitive (paper) form. Instead, upon issuance, all the New Securities will be represented by one or more fully registered global notes. When we issue the global notes, DTC will use its book-entry registration and transfer system to credit the respective principal amounts of the New Securities represented by the global notes to the accounts of the participants designated by the holders of the Old Securities participating in the exchange offers.

Each global note will be deposited directly with The Depository Trust Company, a securities depositary, 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 The 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 New Securities and will be considered the sole representative of the beneficial owners of the New Securities for purposes of the indentures. In a few special situations described below, a global note will terminate and interests in it will be exchanged for physical certificates representing the New Securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to you. You must consult your bank or broker to find out how to have your interests in the securities transferred to your name, so that you will be a direct holder.

The special situations for termination of a global security representing the New Securities are:

- when the depositary notifies us that it is unwilling or unable to continue as depositary for such global note or the depositary ceases to be a clearing agent registered under the Exchange Act, at a time when such depositary is required to be so registered in order to act as depositary, and, in each case, we do not or cannot appoint a successor depositary within 90 days;

- when we notify the trustee that we wish to terminate the global note upon a change in tax law that would be adverse to us but for the termination of the global note; or

- when an event of default on the New Securities has occurred and has not been cured.

When a global security terminates, the depositary (and not us, the trustee, any warrant agent, any transfer agent or any registrar) is responsible for deciding the names of the institutions that will be the initial direct holders.

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 New Securities in definitive form. These laws may impair the ability of beneficial holders to transfer the New Securities.

In this prospectus, unless and until definitive (paper) notes are issued to the beneficial owners, all references to registered holders of New Securities shall mean DTC. PGF, Petrobras, the trustee and any paying agent, transfer agent, registrar or other agent may treat DTC as the absolute owner of the New Securities for all purposes.

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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 New Securities held by that owner. Neither the Trustee, Registrar, Paying Agent and 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 and 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 and 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.

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, dealers 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 depositary 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.

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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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TAXATION

The following is a summary of certain U.S. federal income, Brazilian and Dutch tax considerations that may be relevant to the exchange of Old Securities and ownership and disposition of the New Securities. This summary is based on the U.S. federal, Brazilian and Dutch tax laws in effect on the date of this prospectus. These laws are subject to change. Any change could apply retroactively and could affect the continued validity of the summary. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than Brazil, The Netherlands and the United States.

This summary does not describe all of the tax considerations that may be relevant to your situation, particularly if you are subject to special tax rules. Each holder or beneficial owner of Old Securities considering an exchange of Old Securities for New Securities should consult its own tax advisor as to the Brazilian, Dutch, U.S. or other tax consequences of the ownership and disposition of New Securities and the exchange of Old Securities for New Securities, including the effect of any foreign, state or local tax laws.

U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax considerations that may be relevant to investors considering the exchange offers. This summary addresses only investors that hold the New Securities as capital assets. The summary does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks or other financial institutions, tax-exempt entities, partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) or partners therein, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold the New Securities as a position in a straddle or conversion transaction, or as part of a synthetic security or other integrated financial transaction or persons that have a functional currency other than the U.S. dollar. In addition, the discussion does not address the alternative minimum tax, the U.S. federal estate and gift tax, the Medicare tax on net investment income or other aspects of U.S. federal income or state and local taxation that may be relevant to an investor. For purposes of this discussion, a U.S. Holder is a beneficial owner of a New Security that is, for U.S. federal income tax purposes, a citizen or resident of the United States, a domestic corporation or an entity otherwise subject to U.S. federal income taxation on a net income basis in respect of the New Security. A Non-U.S. Holder is a beneficial owner of a New Security that is not a U.S. Holder.

This summary is based on the Internal Revenue Code of 1986, as amended, existing, proposed and temporary U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as of the date hereof. All of the foregoing are subject to change (possibly with retroactive effect) or to differing interpretations, which could affect the U.S. federal income tax consequences described herein.

U.S. Holders that use an accrual method of accounting for tax purposes (accrual method holders) generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the book/tax conformity rule). The application of the book/tax conformity rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although it is not clear to what types of income the book/tax conformity rule applies. Accrual method holders should consult with their tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NEW SECURITIES, INCLUDING THE APPLICATION TO THEIR PARTICULAR CIRCUMSTANCES OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW, AS WELL AS THE

APPLICATION OF U.S. FEDERAL ESTATE, GIFT AND ALTERNATIVE MINIMUM TAX LAWS, THE MEDICARE TAX ON NET INVESTMENT INCOME, U.S. STATE AND LOCAL TAX LAWS AND FOREIGN TAX LAWS.

Exchange of Old Securities and New Securities

A U.S. Holder will not realize any gain or loss upon the exchange of its Old Securities for New Securities. The U.S. Holder s tax basis and holding period in the New Securities will be the same as its tax basis and holding period in the Old Securities.

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Payments of Interest and Additional Amounts

Payments of interest on a New Security (which may include additional amounts) generally will be taxable to a U.S. Holder as ordinary interest income when such interest is accrued or received, in accordance with the U.S. Holder s regular method of accounting for U.S. federal income tax purposes.

Interest income (including additional amounts) in respect of the New Security generally will constitute foreign-source income for purposes of computing the foreign tax credit allowable under the U.S. federal income tax laws. The limitation on foreign income taxes eligible for credit is calculated separately with respect to specific classes of income. Such income generally will constitute passive category income for foreign tax credit purposes for most U.S. Holders. The calculation and availability of foreign tax credits and, in the case of a U.S. Holder that elects to deduct all foreign income taxes for that taxable year, the availability of such deduction involves the application of complex rules that depend on the U.S. Holder s particular circumstances. In addition, foreign tax credits generally will not be allowed for certain short-term or hedged positions in the New Securities. U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits or deductions in respect of foreign taxes and the treatment of additional amounts.

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on interest income earned in respect of New Securities.

Amortizable Premium

If a U.S. Holder purchased an Old Security for an amount that was greater than the principal amount of the Old Security, the U.S. Holder will be considered to have purchased the security with amortizable bond premium. With some exceptions, the U.S. Holder may elect to amortize this premium (as an offset to interest income) over the remaining term of the New Security. If the U.S. Holder elects to amortize bond premium with respect to a New Security, the U.S. Holder must reduce its tax basis in the security by the amounts of the premium amortized in any year. If the U.S. Holder does not elect to amortize such premium, the amount of any premium will be included in the U.S. Holder s tax basis in the security when the security is disposed of. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by a U.S. Holder, and such election may be revoked only with the consent of the Internal Revenue Service (the IRS).

Market Discount

If a U.S. Holder purchased an Old Security at a price that is lower than its remaining redemption amount by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the New Security will be considered to have market discount. In such case, gain realized by the U.S. Holder on the disposition of the New Security generally will be treated as ordinary income to the extent of the market discount that accrued on both the Old Security and the New Security, treated as a single instrument, while held by the U.S. Holder. In addition, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the security. In general terms, market discount on a security will be treated as accruing ratably over the term of such security, or, at the U.S. Holder s election, under a constant-yield method.

A U.S. Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis) in lieu of treating a portion of any gain realized on a disposition as ordinary income. If the U.S. Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any such election, if made, applies to all market discount bonds acquired by the U.S. Holder on or after the first day of the taxable year to which such election applies and is revocable only with the consent of the IRS.

Sale or Disposition of New Securities

A U.S. Holder generally will recognize capital gain or loss upon the sale, exchange, retirement or other taxable disposition of a New Security in an amount equal to the difference between the amount realized upon such disposition (not including any amounts attributable to accrued and unpaid interest, which will be taxable as such) and such U.S. Holder s adjusted tax basis in the New Security. As discussed above, a U.S. Holder s tax basis in the New Security will equal the U.S. Holder s basis in the Old Security, which generally will equal such U.S. Holder s

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purchase price of the Old Security, reduced by any bond premium that the U.S. Holder amortized and increased by any market discount that the U.S. Holder previously included in income. Except as described under Market Discount above, gain or loss recognized by a U.S. Holder on the disposition of a New Security generally will be long-term capital gain or loss if, at the time of the disposition, the New Security has been held for more than one year (taking into account the holding period for the Old Security, as discussed above). The net amount of long-term capital gain recognized by an individual U.S. Holder generally is subject to tax at a reduced rate. The deductibility of capital losses is subject to limitations.

Capital gain or loss recognized by a U.S. Holder generally will be U.S.-source gain or loss. Consequently, if any such gain is subject to foreign withholding tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to the applicable limitation) against tax due on other income treated as derived from foreign sources. U.S. Holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the New Securities.

A Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on gain realized on the sale or other taxable disposition of New Securities.

Specified Foreign Financial Assets

Certain U.S. Holders that own specified foreign financial assets with an aggregate value in excess of US$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. Specified foreign financial assets include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the New Securities) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or in part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the New Securities, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Payments in respect of the New Securities that are paid within the United States or through certain U.S.-related financial intermediaries are subject to information reporting, and may be subject to backup withholding, unless the U.S. Holder (i) is a corporation (other than an S corporation) or other exempt recipient, and demonstrates this fact when so required, or (ii) provides a correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. The amount of any backup withholding collected from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder s U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, *provided that* certain required information is timely furnished to the IRS.

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

Brazilian Tax Considerations

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

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PROSPECTIVE HOLDERS OF NEW SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE CONSEQUENCES OF PURCHASING THE NEW SECURITIES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE OR OTHER DISPOSITION OF THE NEW SECURITIES OR COUPONS.

Payments in Respect of the New Securities, and Sale or Other Disposition of New Securities

Generally, an individual, entity, trust or organization that is domiciled for tax purposes outside Brazil (a Non-Resident) is subject to income tax in Brazil only when income is derived from a Brazilian source or when the transaction giving rise to such earnings involves assets located in Brazil. Therefore, based on the fact that PGF is considered to be domiciled abroad for tax purposes, any interest, gains, fees, commissions, expenses and any other income paid by PGF in respect of the New Securities it issues to Non-Resident holders should not be subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made by PGF with funds held outside of Brazil.

Any capital gains generated outside Brazil as a result of a transaction between two Non-Resident holders with respect to assets not located in Brazil are generally not subject to tax in Brazil. If the assets are located in Brazil, then capital gains realized thereon are subject to income tax, according to Law No. 10,833, enacted on December 29, 2003. Since the New Securities will be issued by a legal entity incorporated outside of Brazil and registered abroad, the New Securities should not fall within the definition of assets located in Brazil for purposes of Law No. 10,833, gains realized on the sale or other disposition of the New Securities made outside Brazil by a Non-Resident holder to another

Non-Resident should not be subject to Brazilian taxes. However, considering the general and unclear scope of this legislation and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that such interpretation of this law will prevail in the courts of Brazil. If the income tax is deemed to be due, the gains may be subject to income tax in Brazil, effective as from January 1, 2017, (as confirmed by Declaratory Act No. 3, of April 27, 2016), at progressive rates as follows: (i) 15% for the part of the gain that does not exceed R$5 million, (ii) 17.5% for the part of the gain that exceeds R$5 million but does not exceed R$10 million, (iii) 20% for the part of the gain that exceeds R$10 million but does not exceed R$30 million and (iv) 22.5% for the part of the gain that exceeds R$30 million; or 25.0% if such Non-Resident holder is located in a Low or nil tax jurisdiction as it will be further detailed below. A lower rate, however, may apply under an applicable tax treaty between Brazil and the country where the Non-Resident holder has its domicile.

Payments Made by Petrobras as Guarantor

In the event the issuer fails to timely pay any due amount, including any payment of principal, interest or any other amount that may be due and payable in respect of the New Securities, the guarantor will be required to assume the obligation to pay such due amounts. As there is no specific legal provision dealing with the imposition of withholding income tax on payments made by Brazilian sources to Non-Resident beneficiaries under guarantees and no uniform decision from the Brazilian courts, there is a risk that tax authorities will take the position that the funds remitted by the guarantor to the Non-Resident holders may be subject to the imposition of withholding income tax at a general 15% rate, or at a 25% rate, if the Non-Resident holder is located in a Low or nil tax jurisdiction.

Arguments exist to sustain that (a) payments made under the guarantee structure should be subject to imposition of withholding income tax according to the nature of the guaranteed payment, in which case only interest and fees should be subject to taxation at a rate of 15%, or 25%, in cases of beneficiaries located in Low or nil tax jurisdictions, as defined by the Brazilian legislation; or (b) payments made under guarantee by Brazilian sources to Non-Resident

beneficiaries should not be subject to the imposition of withholding income tax, to the extent that they should qualify as a credit transaction by the Brazilian party to the borrower. The imposition of withholding income tax under these circumstances has not been settled by the Brazilian courts.

If the payments with respect to the New Securities are made by Petrobras as a guarantor, then Non-Resident holders will be indemnified so that, after payment of applicable Brazilian taxes imposed by deductions or withholding with respect to principal or interest payable with respect to the New Securities, subject to certain exceptions, as mentioned in Description of the New Securities, a Non-Resident holder will receive an amount

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equal to the amount that such Non-Resident holder would have received if no such taxes were imposed. See Description of the New Securities.

Discussion on Low or nil tax jurisdictions

According to Law No. 9,430, dated December 27, 1996, as amended, a Low or nil tax jurisdiction is a country or location that (i) does not impose taxation on income, (ii) imposes income tax at a maximum rate lower than 20% or (iii) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment.

Additionally, on June 24, 2008, Law No. 11,727/08 created the concept of privileged tax regimes, which encompasses the countries and jurisdictions that (i) do not tax income or tax it at a maximum rate lower than 20%; (ii) grant tax advantages to a Non-Resident entity or individual (a) without the need to carry out a substantial economic activity in the country or a said territory or (b) conditioned to the non-exercise of a substantial economic activity in the country or a said territory; (iii) do not tax proceeds generated abroad or tax them at a maximum rate lower than 20% or (iv) restrict disclosure about the ownership of assets and ownership rights or restrict disclosure about economic transactions carried out.

On November 28, 2014, the Brazilian tax authorities issued Ordinance 488, which decreased, from 20% to 17%, the minimum threshold for certain specific cases. The reduced 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules to be established by the Brazilian tax authorities.

We consider that the best interpretation of the current Brazilian tax legislation, especially in regard to the abovementioned Law 11,727/08, should lead to the conclusion that the concept of privileged tax regimes should only apply for certain Brazilian tax purposes, such as transfer pricing and thin capitalization rules. According to this interpretation, the concept of privileged tax regimes should not be applied in connection with the taxation of payments related to the New Securities to Non-Residents. Regulations and non-binding tax rulings issued by Brazilian federal tax authorities seem to confirm this interpretation.

Notwithstanding the fact that such privileged tax regime concept was enacted in connection with transfer pricing rules and is also applicable to thin capitalization and cross-border interest deductibility rules, Brazilian tax authorities may take the position that such Privileged Tax Regime definition also applies to other types of transactions.

In the event that the privileged tax regime concept is interpreted to be applicable to transactions such as payments related to the New Securities to Non-Residents, this tax law would accordingly result in the imposition of taxation to a Non-Resident that meets the privileged tax regime requirements in the same way applicable to a resident located in a Low or nil tax jurisdiction. Prospective investors should therefore consult with their own tax advisors regarding the consequences of the implementation of Law No. 11,727, Normative Instruction No. 1,037/2010, as amended, and of any related Brazilian tax laws or regulations concerning Low or nil tax jurisdictions and privileged tax regimes.

Other Tax Considerations

Brazilian law imposes a Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários),* or IOF/Exchange, due on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Currently, the IOF/Exchange rate for almost all foreign currency exchange transactions is 0.38%. According to Section 15-B of the Decree No. 6,306, as amended, the settlement of exchange transactions in connection with foreign financing or loans, for both inflow and outflow of proceeds into and from Brazil, are subject to IOF/Exchange at a 0% rate. Currently, in the case of the settlement of

foreign exchange transactions (including simultaneous foreign exchange transactions), in connection with the inflow of proceeds to Brazil deriving from foreign loans, including those obtained through the issuance of securities in the international market, with the minimum average term not exceeding 180 days, the IOF/Exchange tax rate is 6% (this rate of 6% will be levied with penalties and interest in the case of financings or international

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bonds with a minimum average term longer than 180 days in which an early redemption occurs in the first 180 days). The Brazilian federal government is permitted to increase this rate at any time up to 25.0%. Any such increase in rates may only apply to future transactions.

In addition, the Brazilian tax authorities could argue that a Tax on Loan Transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários*), or IOF/Credit, due on loan transactions could be imposed upon any amount paid in respect of the New Securities by the guarantor under the guarantee given at a rate of up to 1.88% of the total amount paid.

Generally, there are no inheritance, gift, succession, stamp, or other similar taxes in Brazil with respect to the ownership, transfer, assignment or other disposition of the New Securities by a Non-Resident, except for gift and inheritance taxes imposed by some Brazilian states on gifts or bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states.

Dutch Tax Considerations

The following describes certain Dutch tax consequences for a holder who is neither a resident nor deemed to be a resident of The Netherlands for Dutch tax purposes in respect of the ownership, acquisition and disposal of the New Securities.

For the purpose of this section, Dutch Taxes shall mean taxes of whatever nature levied by or on behalf of The Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of The Netherlands located in Europe.

This section is intended as general information only, does not constitute tax or legal advice and it does not purport to describe all possible Dutch tax considerations or consequences that may be relevant to a holder and therefore should be treated with appropriate caution. This overview is based on the laws of The Netherlands currently in force and as applied on the date of this prospectus, which are subject to change, possibly also with retroactive or retrospective effect. PGF has not sought any ruling from the Dutch tax authorities (*belastingdienst*) with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the Dutch tax authorities will agree with such statements and conclusions.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE CONSEQUENCES OF PURCHASING THE NEW SECURITIES, INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF THE RECEIPT OF INTEREST AND THE SALE OR OTHER DISPOSITION OF THE NEW SECURITIES OR COUPONS.

For Dutch tax purposes, a holder of New Securities may include, without limitation:

- an owner of one or more New Securities who, in addition to the title to such New Securities, has an economic interest in such New Securities;

- a person or an entity that holds the entire economic interest in one or more New Securities;

a person or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more New Securities; and

a person who is deemed to hold an interest in New Securities, as referred to under any of the above, pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001, with respect to property that has been segregated, for example, in a trust or a foundation.

This section does not describe all the possible Dutch tax consequences that may be relevant to the holder of the New Securities who receives or has received any benefits from these New Securities as employment income, deemed employment income or otherwise as compensation.

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Dutch Individual and Corporate Income Tax

A holder of New Securities will not be treated as a resident of The Netherlands by reason only of the holding of a new security or the execution, performance, delivery and/or enforcement of the New Securities.

A holder who is not a resident of The Netherlands, nor deemed to be a resident, is not taxable on income derived from the New Securities and capital gains realized upon the disposal or redemption of the New Securities, except if:

(i) such holder derives profits from an enterprise, whether as entrepreneur (*ondernemer)* or pursuant to a co-entitlement to the net worth of the enterprise, other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a (deemed) permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) that is taxable in The Netherlands to which the New Securities are attributable;

(ii) the holder is an individual and derives benefits from miscellaneous activities (*overage werkzaamheden*) carried out in The Netherlands in respect of the New Securities, including without limitation activities which are beyond the scope of active portfolio investment activities;

(iii) the holder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in The Netherlands, other than by way of securities, and to which enterprise the New Securities are attributable; or

(iv) the holder is an individual and is entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities, and to which enterprise the New Securities are attributable.

Dutch Withholding Tax

All payments of interest and principal by PGF under the New Securities can be made free of withholding or deduction for any taxes of any nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, except where New Securities (i) are issued under such terms and conditions that such New Securities are capable of being classified as equity of PGF for Dutch tax purposes; (ii) actually function as equity of PGF within the meaning of article 10, paragraph 1, letter d, of the Dutch Corporate Income Tax Act 1969 or (iii) are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by PGF or by any entity related to PGF. The New Securities are not capable of being classified as equity of PGF for Dutch tax purposes if these New Securities have a maturity of less than 50 years, do not constitute obligations of PGF that are subordinated to the obligations of PGF vis-à-vis all its ordinary creditors or carry an interest that is not legally or factually dependent on the profits of PGF.

If withholding is required by law, additional amounts may be payable. See Description of the New Securities Additional Amounts.

Dutch Gift and Inheritance Taxes

No Dutch gift or inheritance taxes are due in respect of any gift of New Securities by, or inheritance of the New Securities on the death of a holder, except if:

(i) at the time of the gift or death of the holder, the holder is a resident, or is deemed to be a resident, of The Netherlands;

(ii) the holder dies within 180 days after the date of the gift of the New Securities and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, a resident of The Netherlands; or

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(iii) the gift of the New Securities is made under a condition precedent and the holder is a resident.

For purposes of Dutch gift and inheritance taxes, among others, a person that holds Dutch nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 10 years preceding the date of the gift or his/her death. Additionally, for purposes of Dutch gift tax, among others, a person not holding Dutch nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency

Other Taxes and Duties

No other Dutch taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable in The Netherlands by or on behalf of a holder of the New Securities by reason only of the purchase, ownership and disposal of the New Securities.

Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On July 21, 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard (the CRS).

As of June 26, 2018, 102 jurisdictions, including The Netherlands, have signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions, including The Netherlands, have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with tax residency in another CRS country. CRS includes a requirement to look through passive entities to report on the relevant controlling persons.

As of January 1, 2016, CRS and European Union Council Directive 2014/107/EU have been implemented in Dutch law. As a result, PGF will be required to comply with identification obligations (if any) starting in 2016, with reporting set to begin in 2017. Holders of New Securities may be required to provide additional information to PGF to enable it to satisfy any identification obligations under the Dutch implementation of the CRS. Prospective holders of the New Securities are advised to seek their own professional advice in relation to the CRS and European Union Council Directive 2014/107/EU.

The Proposed Financial Transactions Tax (FTT)

On February 14, 2013, the European Commission published a proposal (the Commission s Proposal) for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain, or the participating Member States. However, Estonia has since stated that it will not participate.

The Commission s Proposal has a very broad scope and could, if introduced in its current form, apply to certain dealings in the New Securities in certain circumstances. This could, accordingly, affect the market value of your New

Securities and/or limit your ability to resell your New Securities.

Under the Commission s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member states. Generally, it would apply to certain dealings in the New Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, established in a participating Member

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State in a broad range of circumstances, including (1) by transacting with a person established in a participating Member State or (2) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT remains subject to negotiation between the participating Member states and the legality of the proposal is uncertain. The FTT may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member states may decide to participate and/or certain of the participating Member states may decide to withdraw.

Prospective holders of the New Securities are advised to seek their own professional advice in relation to the FTT.

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PLAN OF DISTRIBUTION

Each broker-dealer participating in the exchange offers must deliver a prospectus meeting the requirements of the Securities Act and other applicable (European) prospectus legislation in connection with any resale of the New Securities received in exchange for Old Securities that were acquired as a result of market-making activities or other trading activities. By acknowledging this obligation and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of New Securities received in exchange for Old Securities where the broker-dealer acquired the Old Securities as a result of market-making activities or other trading activities. We have agreed to make this prospectus available to any broker-dealer for up to 180 days after the registration statement is declared effective (subject to extension under certain circumstances) for use in connection with any such resale.

Neither PGF nor Petrobras will receive any proceeds from any sale of New Securities by broker-dealers. New Securities that broker-dealers receive for their own account pursuant to the exchange offers may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Securities or a combination of such methods of resale, at market prices prevailing at the time of resale. These transactions may be at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such New Securities. Any broker-dealer that resells New Securities that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such New Securities may be deemed to be an underwriter within the meaning of the Securities Act and any profit on any such resale of New Securities and any commission or concessions that any such persons receive may be deemed to be underwriting compensation under the Securities Act. However, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incidental to the exchange offers, but we will not pay any broker-dealer commissions or concessions. We will indemnify the holders of the Old Securities, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

By accepting the exchange offers, each broker-dealer that receives New Securities in the exchange offers agrees that it will stop using the prospectus if it receives notice from us of any event which makes any statement in this prospectus false in any material respect or which requires any changes in this prospectus in order to make the statements true.

We are delivering copies of this prospectus in electronic form through the facilities of DTC. You may obtain paper copies of the prospectus by contacting the Luxembourg listing agent at its address specified on the inside back cover of this prospectus. By participating in the exchange offers, you will be consenting to electronic delivery of these documents.

The New Securities are new issues of securities with no established trading market. PGF intends to have the New Securities approved for listing on the Official List of the Luxembourg Stock Exchange and to trade on the EuroMTF Market of such exchange. PGF also intends to apply to have the New Securities approved for listing on the NYSE. We cannot assure you that these applications will be accepted or that an active market for the New Securities will exist at any time and, if any such market develops, we cannot assure you as to the liquidity of such a market.

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

Petrobras

Petrobras is a *sociedade de economia mista* (mixed-capital company), a public sector company with some private sector ownership, established under the laws of Brazil. All of its executive officers and directors and certain advisors named herein reside in Brazil. In addition, substantially all of its assets and those of its executive officers, directors and certain advisors named herein are located in Brazil. As a result, it may not be possible for investors to effect service of process upon Petrobras or its executive officers, directors and advisors named herein within the United States or other jurisdictions outside Brazil or to enforce against Petrobras or its executive officers, directors and advisers named herein judgments obtained in the United States or other jurisdictions outside Brazil. In addition, it may not be possible for you to enforce a judgment of a United States court for civil liability based upon the United States federal securities laws against any of those persons outside the United States.

Ms. Taísa Oliveira Maciel, Petrobras s general counsel, has advised Petrobras that, subject to the requirements described below, judgments of United States courts for civil liabilities based upon the United States federal securities laws may be enforced in Brazil. A judgment against Petrobras or the other persons described above obtained outside Brazil would be enforceable in Brazil, without reconsideration of the merits, only if the judgment satisfies certain requirements and receives confirmation from the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). The foreign judgment will only be confirmed if:

- it fulfills all formalities required for its enforceability under the laws of the country where the foreign judgment is granted;
- it is for the payment of a sum certain of money;
- it was issued by a competent court in the jurisdiction where the judgment was awarded after service of process was properly made in accordance with applicable law;
- it is not subject to appeal;
- it must be apostilled by a competent authority of the State from which the document emanates according to the Hague Convention of 5 October 1961 Abolishing the Requirement of Legalisation for Foreign Public Documents or, if such State is not signatory of the Hague Convention, it must be duly authenticated by a competent Brazilian consulate;
- it is authenticated by a Brazilian consular office in the country where it was issued, and is accompanied by a sworn translation into Portuguese, unless an exemption is provided by an international treaty to which Brazil is a signatory; and

it is not contrary to Brazilian national sovereignty, public policy or good morals.

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

Ms. Taísa Oliveira Maciel has also advised Petrobras that:

original actions based on the U.S. federal securities laws may be brought in Brazilian courts and that, subject to Brazilian public policy and national sovereignty, Brazilian courts may enforce liabilities in such actions against Petrobras, certain of its directors and officers and the advisors named herein;

if an investor resides outside Brazil and owns no real property in Brazil, he or she must provide a bond sufficient to guarantee court costs and legal fees, including the defendant s attorneys fees, as determined by the Brazilian court, in connection with litigation in Brazil, except: (1) when an

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exemption is provided by an international agreement or treaty that Brazil is a signatory; (2) in the case of claims for collection on a *título executivo extrajudicial* (an instrument which may be enforced in Brazilian courts without a review on the merits), in the case of the enforcement of a foreign judgment which has been confirmed by the Brazilian Superior Court of Justice; or (3) counterclaims as established, according to Article 83 of the Brazilian Code of Civil Procedure (*Código de Processo Civil*);

Brazilian law limits an investor s ability as a judgment creditor of Petrobras to satisfy a judgment against Petrobras by attaching its gas and oil reserves, as Petrobras does not own any of the crude oil and natural gas reserves in Brazil. Under Brazilian law, the Brazilian government owns all crude oil and natural gas reserves in Brazil;

a law has been enacted in Brazil to regulate judicial and extrajudicial reorganization and liquidation of business companies. Such law revoked the previous Brazilian Bankruptcy law. The new law is not applicable to mixed capital companies, such as Petrobras, and does not provide whether the federal government of Brazil is liable for Petrobras s obligations in the event of bankruptcy; and

certain of Petrobras s exploration and production assets may be subject to reversion to the Brazilian government under Petrobras s concession agreements. Such assets, under certain circumstances, may not be subject to attachment or execution.

PGF

PGF is duly incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands. All of the directors of PGF reside outside the United States. PGF has no assets and all or a substantial portion of the assets of PGF s directors are located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon PGF or such persons or to enforce, in the United States courts, judgment against PGF or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States.

PGF has been advised by its special Dutch counsel, Hogan Lovells International LLP, that a judgment rendered by a court in New York, or a Foreign Court, will not be recognized and enforced by the courts of The Netherlands for the reason that the United States and The Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. If a person has obtained a final and conclusive judgment for the payment of money rendered by the Foreign Court which is enforceable in the United States, or a Foreign Judgment, the person will be required to file its claim with the court of competent jurisdiction in The Netherlands. Such party may submit to the Dutch court the final judgement rendered by the U.S. court. The Dutch court will have discretion to attach such weight to this final judgment as it deems appropriate. The Dutch court can be expected to adjudicate substantial importance to such judgment without full re-examination or full re-litigation of the substantive matters adjudicated thereby (*marginale toetsing*), to the extent (i) the U.S. court had jurisdiction in the matter in accordance with standards which are generally accepted internationally, (ii) the proceedings before such court have complied with the principles proper procedure and fair trail, (iii) the judgment is final and conclusive in such a way that all appeals have been exhausted and no other remedy could be obtained from a competent judicial body and (iv) such judgment does not conflict with the public policy (*openbare orde*) of The Netherlands. The enforcement in a Dutch court of judgments rendered by a court in The United States is subject to the Dutch rules of civil procedure. Judgments may be rendered in a foreign currency but enforcement is executed in Euro at the applicable rate of exchange. Enforcement of obligations in The Netherlands will be subject to

the nature of remedies available in the Dutch courts. The taking of current proceedings in more than one jurisdiction may be disallowed by the Dutch courts, but such courts have the power to stay proceedings if concurrent proceedings are being brought elsewhere.

Subject to the foregoing and service of process in accordance with applicable treaties and rules, investors may be able to enforce in The Netherlands judgments in civil and commercial matters obtained from U.S. federal or state courts. However, no assurance can be given that those judgments will be enforceable and, in particular, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Netherlands. In addition, there can be no assurance that a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in The Netherlands and predicated solely upon U.S. federal securities laws.

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VALIDITY OF SECURITIES

Hogan Lovells International LLP, special Dutch counsel for PGF, will pass upon the validity of the New Securities and the indentures for PGF as to certain matters of Dutch law. Ms. Taísa Maciel, Petrobras s general counsel, will pass upon, for PGF and Petrobras, certain matters of Brazilian law relating to the New Securities, the indentures and the guaranties. The validity of the New Securities, the indentures and the guaranties will be passed upon for PGF and Petrobras by Cleary Gottlieb Steen & Hamilton LLP as to certain matters of New York law.

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EXPERTS

With respect to the unaudited interim financial information of Petrobras as of June 30, 2018 and for the six-month periods ended June 30, 2018 and 2017, incorporated by reference herein, KPMG Auditores Independentes reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Petrobras Form 6-K furnished to the SEC on August 3, 2018, and incorporated by reference herein, states that they did not audit and they do not express an opinion on that unaudited interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial information because that report is not a report or a part of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

The consolidated financial statements as of and for the year ended December 31, 2017, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2017 (which is included in Management s Report on Internal Control over Financial Reporting) incorporated herein by reference to the 2017 Form 20-F have been so incorporated in reliance on the report of KPMG Auditores Independentes, an independent registered public accounting firm given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements as of December 31, 2016 and for the years ended December 31, 2016 and 2015 incorporated herein by reference to the 2017 Form 20-F have been so incorporated in reliance on the report of PricewaterhouseCoopers Auditores Independentes, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Certain oil and gas reserve data incorporated by reference in this prospectus and the registration statement by reference to the 2017 Form 20-F were reviewed by DeGolyer and MacNaughton as indicated therein, in reliance upon the authority of such firm as expert in estimating proved oil and gas reserves.

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LISTING AND GENERAL INFORMATION

1. PGF intends to apply to have the New Securities listed on the Official List of the Luxembourg Stock Exchange and to trading on the EuroMTF Market of the Luxembourg Stock Exchange. We cannot assure you that this application will be accepted.

2. PGF expects the New Securities to be accepted for clearance and settlement through DTC, Euroclear and Clearstream at or prior to the settlement date of the exchange offers. The CUSIP and ISIN numbers for the New Securities are as follows:

	Global Note
2025 New Notes	
CUSIP	71647N AV1
ISIN	US71647NAV10
2028 New Notes	
CUSIP	71647N AY5
ISIN	US71647NAY58

3. We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the New Securities. Resolutions of PGF s board of managing directors, dated July 13, 2018, authorized the issuance of the New Securities. Resolutions of Petrobras s board of directors, dated July 26, 2018, authorized the execution and delivery of the guarantees.

4. Except as disclosed in this prospectus, since June 30, 2018, there has been no material adverse change (or any development or event involving a prospective change of which we are or might reasonably be expected to be aware) which is materially adverse to Petrobras s financial condition and that of its subsidiaries taken as a whole.

5. Except as described in this prospectus, including the documents incorporated by reference herein, there are no pending actions, suits or proceedings against or affecting Petrobras or any of its subsidiaries or any of its respective properties, which, if determined adversely to Petrobras or any such subsidiary, would individually or in the aggregate have an adverse effect on its financial condition and that of its subsidiaries taken as a whole or would adversely affect its ability to perform its obligations under the New Securities or which are otherwise material in the context of the issue of the New Securities, and, to the best of our knowledge, no such actions, suits or proceedings are threatened.

6. The New Securities will be fully and unconditionally guaranteed by Petrobras.

7.

PGF s registered office is located at Weena 762, 3014 DA Rotterdam, The Netherlands, and our telephone number is 31 (0) 10 206-7000. Petrobras principal executive office is located at Avenida República do Chile, 65 10th Floor, 20031-912 Rio de Janeiro, RJ, Brazil (telephones: 55-21-3224-1510 or 55-21-3224-9947).

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Issuer

Petrobras Global Finance B.V.

Weena 762, 3014 DA

Rotterdam

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GUARANTOR

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Avenida República do Chile, 65

20031-912 Rio de Janeiro

RJ, Brazil

INDENTURE TRUSTEE, REGISTRAR, PRINCIPAL PAYING AND TRANSFER AGENT

The Bank of New Mellon

240 Greenwich Street, Floor 7E,

New York, New York 10286

United States of America

LUXEMBOURG LISTING AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch

Vertigo Building-Polaris

2-4 rue Eugène Ruppert, L-2453

Grand Duchy of Luxembourg

EXCHANGE AGENT

The Bank of New Mellon

111 Sanders Creek Parkway

East Syracuse, New York 13057

United States of America

LEGAL ADVISORS

To the Issuer and Guarantor as to

U.S. Federal and New York Law:

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New York, New York 10006

United States of America

Dutch Law:

Hogan Lovells International LLP

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1077 ZX Amsterdam

The Netherlands

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