

BRAZILIAN PETROLEUM CORP

Form 424B2

January 08, 2008

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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Filed pursuant to Rule 424(b)(2)
Registration Statement No. 333-139459**

**SUBJECT TO COMPLETION, DATED JANUARY 8, 2008
PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated December 18, 2006)**

**U.S.\$
Petrobras International Finance Company**

Payments supported by a standby purchase agreement provided by

Petróleo Brasileiro S.A. PETROBRAS

**(BRAZILIAN PETROLEUM CORPORATION PETROBRAS)
5.875% Global Notes due 2018**

The notes are general, unsecured, unsubordinated obligations of Petrobras International Finance Company, or PifCo, will mature on March 1, 2018, and will bear interest at the rate of 5.875% per annum. Interest on the notes is payable on March 1 and September 1 of each year, beginning on March 1, 2008. PifCo will pay additional amounts related to the deduction of certain withholding taxes in respect of certain payments on the notes. The notes will have the benefit of credit support provided by Petróleo Brasileiro S.A. PETROBRAS, or Petrobras, under the terms of an amended and restated standby purchase agreement, which will obligate Petrobras to purchase from the noteholders their rights to receive payments in respect of the notes from PifCo in the event of nonpayment by PifCo. PifCo may redeem, in whole or in part, the notes at any time by paying the greater of the principal amount of the notes and the applicable make-whole amount, plus, in each case, accrued interest. The notes will also be redeemable without premium prior to maturity at PifCo's option solely upon the imposition of certain withholding taxes. See Description of the Notes Optional Redemption.

The notes will be consolidated, form a single series, and be fully fungible with PifCo's outstanding U.S.\$1,000,000,000 5.875% Global Notes due 2018 issued on November 1, 2007, or the original notes. After giving effect to this offering, the total amount outstanding of PifCo's 5.875% Global Notes due 2018 will be US\$. Subject to market conditions, PifCo reserves the right to increase the issue size by up to U.S.\$25,000,000, during Asian market hours on January 9, 2008.

The original notes are, and the notes will be, listed on the New York Stock Exchange, or the NYSE, under the symbol PBR/18.

See Risk Factors on page S-12 to read about factors you should consider before buying the notes offered in this prospectus supplement and the accompanying prospectus.

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

	Per Note	Total
Initial price to the public(1)		U.S.\$
Underwriting discount		U.S.\$
Proceeds, before expenses, to PifCo		U.S.\$

- (1) The initial price includes accrued interest from and including November 1, 2007, the date of issuance of the original notes, to the date of delivery of the notes. Interest on the notes will accrue from November 1, 2007, the date of issuance of the original notes.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on or about January , 2008.

Joint Bookrunners

Citi

HSBC

Co-manager

BNP PARIBAS

January , 2008

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the notes PifCo is offering and certain other matters relating to PifCo and Petrobras and their financial condition. The second part, the accompanying prospectus, gives more general information about securities that PifCo and Petrobras may offer from time to time. Generally, references to the prospectus mean this prospectus supplement and the accompanying prospectus combined. If the description of the notes in this prospectus supplement differs from the description in the accompanying prospectus, the description in this prospectus supplement supersedes the description in the accompanying prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus. PifCo and Petrobras have not authorized anyone to provide you with different information. Neither PifCo nor Petrobras is making an offer to sell the notes in any state or country where the offer is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the relevant document.

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

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

Petrobras is a *sociedade de economia mista* (mixed-capital company), a public sector company with some private sector ownership, established under the laws of Brazil, and PifCo is an exempted limited liability company incorporated under the laws of the Cayman Islands. A substantial portion of the assets of Petrobras and PifCo are located outside the United States, and at any time all of their executive officers and directors, and certain advisors named in this prospectus supplement, may reside outside the United States. As a result, it may not be possible for you to effect service of process on any of those persons within the United States. 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. For further information on potential difficulties in effecting service of process on any of those persons or enforcing judgments against any of them outside the United States, see *Difficulties of Enforcing Civil Liabilities Against Non-U.S. Persons* in the accompanying prospectus.

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FORWARD-LOOKING STATEMENTS

Many statements made or incorporated by reference in this prospectus supplement are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are not based on historical facts and are not assurances of future results. Many of the forward-looking statements contained in this prospectus supplement may be identified by the use of forward-looking words, such as believe, expect, anticipate, should, planned, and potential, among others. We have made forward-looking statements that address, among other things, our:

regional marketing and expansion strategy;

drilling and other exploration activities;

import and export activities;

projected and targeted capital expenditures and other costs, commitments and revenues;

liquidity; and

development of additional revenue sources.

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

our ability to obtain financing;

general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates;

our ability to find, acquire or gain access to additional reserves and to successfully develop our current ones;

uncertainties inherent in making estimates of our reserves including recently discovered reserves;

competition;

technical difficulties in the operation of our equipment and the provision of our services;

changes in, or failure to comply with, governmental regulations;

receipt of governmental approvals and licenses;

international and Brazilian political, economic and social developments;

military operations, terrorist attacks, wars or embargoes; and

the costs and availability of adequate insurance coverage.

These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of factors, including those in Risk Factors set forth in this prospectus supplement and in documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

All forward-looking statements attributed to us or a person acting on our behalf are expressly qualified in their entirety by this cautionary statement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

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

PIFCo

- (1) The combined Petrobras and PifCo Annual Report on Form 20-F/A for the year ended December 31, 2006, filed with the SEC on June 26, 2007, as amended on June 28, 2007.
- (2) The PifCo Report on Form 6-K containing financial information for the nine-month period ended September 30, 2007, prepared in accordance with U.S. GAAP, furnished to the SEC on November 29, 2007.
- (3) Any future filings of PifCo on Form 20-F made with the SEC after the date of this prospectus supplement and prior to the termination of the offering of the securities offered by this prospectus supplement, and any future reports of PifCo on Form 6-K furnished to the SEC during that period that are identified in those forms as being incorporated into this prospectus supplement or the accompanying prospectus.

PETROBRAS

- (1) The combined Petrobras and PifCo Annual Report on Form 20-F/A for the year ended December 31, 2006, filed with the SEC on June 26, 2007, as amended on June 28, 2007.
- (2) The Petrobras Report on Form 6-K relating to the transfer of refineries in Bolivia to YPF, furnished to the SEC on June 27, 2007.
- (3) The Petrobras Report on Form 6-K relating to Petrobras clarifications concerning its activities in Ecuador, furnished to the SEC on July 6, 2007.
- (4) The Petrobras Reports on Form 6-K relating to the special participation contribution of Petrobras, furnished to the SEC on July 24, 25 and 26, 2007.
- (5) The Petrobras Reports on Form 6-K relating to the acquisition of Suzano Petroquímica S.A., furnished to the SEC on August 3 and 6, 2007, September 28, 2007, October 30, 2007, November 13, 2007, and December 3, 2007.
- (6) The Petrobras Report on Form 6-K relating to the Petrobras Strategic Plan 2020 and Business Plan 2008-2012, furnished to the SEC on August 15, 2007.
- (7) The Petrobras Report on Form 6-K relating to the Petrobras Complementary Pension Plan, furnished to the SEC on August 20, 2007.
- (8) The Petrobras Report on Form 6-K relating to the suit filed against the National Petroleum Agency, furnished to the SEC on September 14, 2007.
- (9) The Petrobras Report on Form 6-K relating to clarifications in the application of the ICMS tax to Petrobras, furnished to the SEC on October 3, 2007.

(10) The Petrobras Reports on Form 6-K relating to the acquisition of the Juiz de Fora thermoelectric plant, furnished to the SEC on October 5, 2007, and December 28, 2007.

(11) The Petrobras Report on Form 6-K relating to its successful bidding on 26 blocks for oil and gas activities in the U.S. Gulf of Mexico Lease Sale, furnished to the SEC on October 5, 2007.

(12) The Petrobras Report on Form 6-K relating to Petrobras' new oil production operations in deep waters in Northeast Brazil, furnished to the SEC on October 12, 2007.

(13) The Petrobras Report on Form 6-K relating to the acquisition of a Japanese refinery and Japanese terminal capacity, furnished to the SEC on November 13, 2007.

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- (14) The Petrobras Reports on Form 6-K containing financial information for the nine-month period ended September 30, 2007, prepared in accordance with U.S. GAAP, furnished to the SEC on November 29, 2007.
- (15) The Petrobras Report on Form 6-K relating to the integration at Braskem S.A. of petrochemical assets owned by Petrobras and Petrobras Química S.A. Petroquisa (Petroquisa), furnished to the SEC on December 3, 2007.
- (16) The Petrobras Report on Form 6-K relating to the establishment of a Petrochemical Corporation between Petrobras, Petroquisa, and the União de Indústrias Petroquímicas S.A., furnished to the SEC on December 3, 2007.
- (17) The Petrobras Report on Form 6-K relating to Petrobras incorporation of a mixed corporation in Brazil with Petróleos de Venezuela S.A., furnished to the SEC on December 14, 2007.
- (18) The Petrobras Report on Form 6-K relating to Petrobras investments in Bolivia, furnished to the SEC on December 19, 2007.
- (19) The Petrobras Report on Form 6-K relating to Petrobras forecast for investments by business area in 2008, furnished to the SEC on December 21, 2007.
- (20) The Petrobras Report on Form 6-K relating to the purchase of Petrobras Energía Perú S.A.'s joint stock in Petrobras Energía S.A. PESA, furnished to the SEC on December 24, 2007.
- (21) The Petrobras Report on Form 6-K relating to the construction of a gas pipeline between the Southeast and the Northeast regions of Brazil, furnished to the SEC on December 27, 2007.
- (22) The Petrobras Report on Form 6-K relating to the approval by Petrobras board of directors of an interest-on-own-capital payment to shareholders in the amount of R\$1.316 million, furnished to the SEC on December 27, 2007.
- (23) Any future filings of Petrobras on Form 20-F made with the SEC after the date of this prospectus supplement and prior to the termination of the offering of the securities offered by this prospectus supplement, and any future reports of Petrobras on Form 6-K furnished to the SEC during that period that are identified in those forms as being incorporated into this prospectus supplement or the accompanying prospectus.

WHERE YOU CAN FIND MORE INFORMATION

Information that we file with or furnish to the SEC after the date of this prospectus supplement, and that is incorporated by reference, will automatically update and supersede the information in this prospectus supplement. This means that you should look at all of the SEC filings and reports that we incorporate by reference to determine if any of the statements in this prospectus supplement, the accompanying prospectus or in any documents previously incorporated by reference have been modified or superseded.

Documents incorporated by reference in this prospectus supplement are available without charge. Each person to whom this prospectus supplement and the accompanying prospectus are delivered may obtain documents incorporated by reference by requesting them either in writing or orally, by telephone or by e-mail from us at the following address:

Investor Relations Department
Petróleo Brasileiro S.A. Petrobras
Avenida República do Chile, 65 22nd Floor
20031-912 Rio de Janeiro RJ, Brazil

Edgar Filing: BRAZILIAN PETROLEUM CORP - Form 424B2

Telephone: (55-21) 3224-1510/3224-9947

Email: petroinvest@petrobras.com.br

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

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SUMMARY OF THE OFFERING

*This summary of the offering made by PifCo highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference, which are described under *Incorporation of Certain Documents by Reference* and *Where You Can Find More Information*.*

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

PifCo

PifCo is a wholly-owned subsidiary of Petrobras, incorporated under the laws of the Cayman Islands. PifCo was formed to facilitate and finance the import of crude oil and oil products by Petrobras into Brazil. Accordingly, its primary purpose is to act as an intermediary between third-party oil suppliers and Petrobras by engaging in crude oil and oil product purchases from international suppliers and reselling crude oil and oil products in U.S. Dollars to Petrobras on a deferred payment basis, at a price which includes a premium to compensate PifCo for its financing costs. PifCo is generally able to obtain credit to finance purchases on the same terms granted to Petrobras, and it buys crude oil and oil products at the same price that suppliers would charge Petrobras directly.

As part of Petrobras' strategy to expand its international operations and facilitate its access to international capital markets, PifCo engages in borrowings in international capital markets supported by Petrobras, primarily through standby purchase agreements.

In addition, PifCo engages in a number of activities that are conducted by four wholly-owned subsidiaries:

Petrobras Europe Limited, or PEL, a United Kingdom company that acts as an agent and advisor in connection with Petrobras' activities in Europe, the Middle East, the Far East and North Africa;

Petrobras Finance Limited, or PFL, a Cayman Islands company that carries out a financing program supported by future sales of fuel oil;

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

Petrobras Singapore Private Limited, or PSPL, a company incorporated in Singapore to trade crude oil and oil products in connection with our trading activities in Asia. This company initiated its operations in July 2006.

Since 2004, as part of Petrobras' restructuring of its offshore subsidiaries in order to centralize trading operations, PifCo has engaged in limited exports of oil and oil products and has begun to store oil and oil products in Asia.

PifCo's principal executive office is located at Harbour Place, 103 South Church Street, 4th Floor, P.O. Box 1034GT-BWI, George Town, Grand Cayman, Cayman Islands, B.W.I., and its telephone number is (55-21) 2240-1258.

Petrobras

Petrobras is one of the world's largest integrated oil and gas companies, engaging in a broad range of oil and gas activities. For the year ended December 31, 2006 and the nine-month period ended September 30, 2007, Petrobras had sales of products and services of U.S.\$93.9 billion and U.S.\$80.0 billion, net operating revenues of

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U.S.\$72.3 billion and U.S.\$62.4 billion and net income of U.S.\$12.8 billion and U.S.\$10.3 billion, respectively. Petrobras engages in a broad range of activities, which cover the following segments of its operations:

Exploration and Production This segment encompasses exploration, development and production activities in Brazil.

Supply This segment encompasses refining, logistics, transportation and the purchase of crude oil, as well as the purchase and sale of oil products and fuel alcohol. Additionally, this segment includes Petrobras petrochemical and fertilizers division, which includes investments in domestic petrochemical companies and Petrobras two domestic fertilizer plants.

Distribution This segment encompasses oil product and fuel alcohol distribution activities conducted by Petrobras majority owned subsidiary, Petrobras Distribuidora S.A.-BR, in Brazil.

Natural Gas and Power This segment encompasses the purchase, sale and transportation of natural gas produced in or imported into Brazil. This segment includes Petrobras domestic electric energy commercialization activities as well as investments in domestic natural gas transportation companies, state owned natural gas distributors and thermal electric companies.

International This segment encompasses international activities conducted in 27 countries, which include Exploration and Production, Supply, Distribution, Gas and Power.

Corporate This segment includes those activities not attributable to other segments, including corporate financial management, overhead related with central administration and other expenses, which include actuarial expenses related to Petrobras pension and health care plans for non-active participants.

Petrobras principal executive office is located at Avenida República do Chile, 65 20031-912 Rio de Janeiro RJ, Brazil, and its telephone number is (55-21) 3224-4477.

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The Offering

Issuer	Petrobras International Finance Company, or PifCo.
The Notes	U.S.\$ aggregate principal amount of 5.875% Global Notes due March 1, 2018, or the notes. Subject to market conditions, PifCo reserves the right to increase the issue size by up to U.S.\$25,000,000, during Asian market hours on January 9, 2008.
Closing Date	January , 2008.
Maturity Date	March 1, 2018.
Fungibility	The notes will be consolidated, form a single series, and be fully fungible with PifCo s outstanding U.S.\$1,000,000,000 5.875% Global Notes due 2018 issued on November 1, 2007 (Common Code 032961614, ISIN US71645WAM38 and CUSIP 71645WAM3). After giving effect to the offering, the total amount outstanding of PifCo s 5.875% Global Notes due 2018 will be U.S.\$.
Interest	The notes will bear interest from November 1, 2007, the date of issuance of the original notes, at the rate of 5.875% per annum, payable semiannually in arrears on each interest payment date.
Interest Payment Dates	March 1 and September 1 of each year, commencing on March 1, 2008.
Denominations	PifCo will issue the Global Notes only in denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 in excess thereof.
Trustee, Registrar, Transfer Agent and Paying Agent	The Bank of New York.
Codes	
(a) Common Code	032961614.
(b) ISIN	US71645WAM38.
(c) CUSIP	71645WAM3.
Use of Proceeds	PifCo intends to use the net proceeds from the sale of the notes for general corporate purposes, which may include the financing of the purchase of oil product imports and the repayment of existing trade-related debt and inter-company loans. PifCo may also lend some portion of the net proceeds to Petrobras, which Petrobras would use for general corporate purposes. See Use of Proceeds.
Indenture	

The notes offered hereby will be issued pursuant to an indenture between PifCo and The Bank of New York, a New York banking corporation, as trustee, dated as of December 15, 2006, as supplemented by the amended and restated first supplemental indenture, dated as of the closing date of the current offering, among PifCo, Petrobras and the trustee. When we refer to the indenture in this prospectus supplement, we are referring to the indenture as supplemented by the amended and restated first supplemental indenture. See Description of the Notes.

Amended and Restated Standby Purchase Agreement

The notes will have the benefit of credit support in the form of an amended and restated standby purchase agreement, dated as of the closing date of the current offering, under which Petrobras will be

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obligated to make certain payments to the trustee in the event PifCo fails to make required payments of principal, interest and other amounts due under the notes and the indenture. Under the standby purchase agreement, Petrobras will be required to purchase from the holders of the notes, and in consideration pay to the trustee amounts in respect of, the noteholders right to receive (i) the amount of any interest or other amounts not paid by PifCo in accordance with the terms of the notes and the indenture, (ii) the entire principal amount of the notes in the event PifCo fails to make any required payment of principal at the maturity of the notes or earlier upon any redemption, repurchase or acceleration of the notes prior to the maturity date, (iii) the entire principal amount of the notes in the event that a holder of a note requires PifCo to repurchase such note in accordance with the terms of the indenture and (iv) interest on all of the foregoing amounts at the rate of 1% above the note rate, which we refer to as the default rate, for payments beyond the date that PifCo was required to make such payments under the indenture. See The Standby Purchase Agreement.

Ranking

The notes constitute general senior unsecured and unsubordinated obligations of PifCo which will at all times rank *pari passu* among themselves and with all other senior unsecured obligations of PifCo that are not, by their terms, expressly subordinated in right of payment to the notes.

The obligations of Petrobras under the amended and restated standby purchase agreement constitute general senior unsecured obligations of Petrobras which will at all times rank *pari passu* with all other senior unsecured obligations of Petrobras that are not, by their terms, expressly subordinated in right of payment to Petrobras obligations under the amended and restated standby purchase agreement.

Optional Redemption

PifCo may redeem any of the notes at any time in whole or in part by paying the greater of the principal amount of the notes and a make-whole amount, plus, in each case, accrued interest, as described under Description of the Notes Optional Redemption.

Early Redemption at PifCo's Option Solely for Tax Reasons

The notes will be redeemable in whole at their principal amount, plus accrued and unpaid interest, if any, to the date of redemption, at PifCo's option at any time only in the event of certain changes affecting taxation. See Description of the Notes Optional Redemption.

Covenants

The terms of the indenture will require PifCo, among other things, to:

pay all amounts owed by it under the indenture and the notes when such amounts are due;

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

ensure that the notes continue to be senior obligations of PifCo;

use proceeds from the issuance of the notes for specified purposes;

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

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provide certain financial statements to the trustee;

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

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

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

undertake certain mergers, consolidations or similar transactions; and

create certain liens on its assets or pledge its assets.

Similar covenants and some additional covenants apply to Petrobras under the amended and restated standby purchase agreement.

These covenants are subject to a number of important qualifications and exceptions. See Description of the Notes' Covenants and The Standby Purchase Agreement.

Events of Default

failure to pay principal within three calendar days of its due date;

failure to pay interest within 30 calendar days of any interest payment date;

breach of a covenant or agreement in the indenture or the amended and restated standby purchase agreement by PifCo and Petrobras, respectively if not remedied within 60 calendar days;

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

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

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

certain events relating to the unenforceability of the notes, the indenture or the amended and restated standby purchase agreement against PifCo or Petrobras;

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

The events of default are subject to a number of important qualifications and limitations. See [Description of the Notes](#) [Events of Default](#).

Modification of Notes, Indenture
and [Standby Purchase Agreement](#)

The terms of the indenture may be modified by PifCo and the trustee, and the terms of the amended and restated standby purchase agreement may be modified by Petrobras and the trustee, in some cases without the consent of the holders of the notes. See [The Standby Purchase Agreement](#) in this prospectus supplement and [Description of Debt Securities](#) [Special Situations](#) [Modification and Waiver](#) in the accompanying prospectus.

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Clearance and Settlement	The notes will be issued in book-entry form through the facilities of The Depository Trust Company, or DTC, for the accounts of its participants, and will trade in DTC's Same-Day Funds Settlement System. Beneficial interests in notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see Clearance and Settlement.
Withholding Taxes; Additional Amounts	Any and all payments of principal, premium, if any, and interest in respect of the notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments, levies, imposts or charges whatsoever imposed, levied, collected, withheld or assessed by Brazil, the jurisdiction of PifCo's incorporation or any other jurisdiction in which PifCo appoints a paying agent under the indenture, or any political subdivision or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If PifCo is required by law to make such withholding or deduction, it will pay such additional amounts as necessary to ensure that the noteholders receive the same amount as they would have received without such withholding or deduction, subject to certain exceptions. In the event Petrobras is obligated to make payments to the noteholders under the amended and restated standby purchase agreement, Petrobras will pay such additional amounts necessary to ensure that the noteholders receive the same amount as they would have received without such withholding or deduction, subject to certain exceptions. See Description of the Notes Covenants Additional Amounts and The Standby Purchase Agreement.
Governing Law	The indenture, the notes and the amended and restated standby purchase agreement will be governed by, and construed in accordance with, the laws of the State of New York.
Listing	The original notes are, and the notes will be, listed on the NYSE under the symbol PBR/18.
Risk Factors	You should carefully consider the risk factors discussed beginning on page S-12 before purchasing any notes.

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RISK FACTORS

Our annual report on Form 20-F for the year ended December 31, 2006, which is incorporated by reference herein, includes extensive risk factors relating to our business and to Brazil. You should carefully consider those risks and the risks described below, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the Global Notes.

Risks Relating to PifCo's Debt Securities

The market for the notes may not be liquid.

The original notes are, and the notes will be, listed on the NYSE but we can make no assurance as to the liquidity of or trading markets for the notes. We cannot guarantee that the holders of the notes will be able to sell their notes in the future. If a market for the notes does not develop, holders of the notes may not be able to resell the notes for an extended period of time, if at all.

Restrictions on the movement of capital out of Brazil may impair your ability to receive payments on the amended and restated standby purchase agreement.

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

The Brazilian government imposed remittance restrictions for approximately six months in 1990. Similar restrictions, if imposed, could impair or prevent the conversion of payments under the amended and restated standby purchase agreement from *reais* into U.S. dollars and the remittance of the U.S. dollars abroad. The Brazilian government could decide to take similar measures in the future. We cannot assure you that the Brazilian government will not take similar measures in the future.

Enforcement of Petrobras obligations under the amended and restated standby purchase agreement might take longer than expected.

Petrobras will enter into standby purchase agreements in support of PifCo's obligations under its notes and indentures. Petrobras' obligation to purchase from the PifCo noteholders any unpaid amounts of principal, interest and other amounts due under the PifCo notes and the indenture applies, subject to certain limitations, irrespective of whether any such amounts are due at maturity of the PifCo notes or otherwise.

Petrobras has been advised by its counsel that the enforcement of the amended and restated standby purchase agreement in Brazil against it, if necessary, will occur under a form of judicial process that, while similar, has certain procedural differences from those applicable to enforcement of a guarantee and, as a result, the enforcement of the amended and restated standby purchase agreement may take longer than would otherwise be the case with a guarantee.

Petrobras may not be able to pay its obligations under the amended and restated standby purchase agreement in U.S. Dollars.

If Petrobras is required to make payments under the amended and restated standby purchase agreement, Central Bank of Brazil approval will be necessary. Any approval from the Central Bank of Brazil may only be requested when such

payment is to be remitted abroad by Petrobras, and will be granted by the Central Bank of Brazil on a case-by-case basis. It is not certain that any such approvals will be obtainable at a future date. In case the PifCo noteholders receive payments in *reais* corresponding to the equivalent U.S. Dollar amounts due under PifCo's notes, it may not be possible to convert these amounts into U.S. Dollars. Petrobras will not need any prior or subsequent approval from the Central Bank of Brazil to use funds it holds abroad to comply with its obligations under the amended and restated standby purchase agreement.

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Petrobras would be required to pay judgments of Brazilian courts enforcing its obligations under the amended and restated standby purchase agreement only in reais.

If proceedings were brought in Brazil seeking to enforce Petrobras' obligations in respect of the amended and restated standby purchase agreement, Petrobras would be required to discharge its obligations only in *reais*. Under the Brazilian exchange control limitations, an obligation to pay amounts denominated in a currency other than *reais*, which is payable in Brazil pursuant to a decision of a Brazilian court, may be satisfied in *reais* at the rate of exchange, as determined by the Central Bank of Brazil, in effect on the date of payment.

A finding that Petrobras is subject to U.S. bankruptcy laws and that the amended and restated standby purchase agreement executed by it was a fraudulent conveyance could result in PifCo noteholders losing their legal claim against Petrobras.

PifCo's obligation to make payments on the PifCo notes is supported by Petrobras' obligation under the amended and restated standby purchase agreement to make payments on PifCo's behalf. Petrobras has been advised by its external U.S. counsel that the amended and restated standby purchase agreement is valid and enforceable in accordance with the laws of the State of New York. In addition, Petrobras has been advised by its general counsel that the laws of Brazil do not prevent the amended and restated standby purchase agreement 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 amended and restated standby purchase agreement, and Petrobras, at the time it entered into the amended and restated standby purchase agreement:

was or is insolvent or rendered insolvent by reason of its entry into the amended and restated standby purchase agreement;

was or is engaged in business or transactions for which the assets remaining with it constituted unreasonably small capital; or

intended to incur or incurred, or believed or believes that it would incur, debts beyond its ability to pay such debts as they mature; and

in each case, intended to receive or received less than reasonably equivalent value or fair consideration therefore,

then Petrobras' obligations under the amended and restated standby purchase agreement could be avoided, or claims with respect to the amended and restated standby purchase agreement could be subordinated to the claims of other creditors. Among other things, a legal challenge to the amended and restated standby purchase agreement on fraudulent conveyance grounds may focus on the benefits, if any, realized by Petrobras as a result of PifCo's issuance of these notes. To the extent that the amended and restated standby purchase agreement is held to be a fraudulent conveyance or unenforceable for any other reason, the holders of the PifCo notes would not have a claim against Petrobras under the amended and restated standby purchase agreement and will solely have a claim against PifCo. Petrobras cannot assure you that, after providing for all prior claims, there will be sufficient assets to satisfy the claims of the PifCo noteholders relating to any avoided portion of the amended and restated standby purchase agreement.

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USE OF PROCEEDS

PifCo intends to use the net proceeds from the sale of the notes for general corporate purposes, which may include the financing of the purchase of oil product imports and the repayment of existing trade-related debt and inter-company loans. PifCo may also lend some portion of the net proceeds to Petrobras, which Petrobras would use for general corporate purposes.

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The following table sets out the consolidated debt and capitalization of PifCo as of September 30, 2007, excluding accrued interest, and as adjusted to give effect to the issue of the original notes and as further adjusted to give effect to the issue of the notes. There have been no material changes in the consolidated capitalization of PifCo since September 30, 2007.

		As of September 30, 2007	
		As Adjusted for	
		the	
	Actual	November 1,	As Adjusted for
		2007 Offering	this Offering
		(In millions of U.S. dollars)	
Short-term debt:			
Short-term debt	\$ 52.3	\$ 52.3	\$ 52.3
Current portion of long-term debt	1,001.2	1,001.2	1,001.2
Notes payable related parties	199.9	199.9	199.9
Total	1,253.4	1,253.4	1,253.4