PETROBRAS - PETROLEO BRASILEIRO SA
Form 424B2
September 28, 2010

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-163665

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Common Shares of Petróleo Brasileiro S.A. Petrobras(2)(3)	558,601,313	U.S.$17.24	U.S.$9,632,737,542.43	U.S.$686,814.19
Preferred Shares of Petróleo Brasileiro S.A. Petrobras(2)(3)	906,395,723	U.S.$15.30	U.S.$13,864,259,343.32	U.S.$988,521.69
Total	1,464,997,036	N/A	U.S.$23,496,996,885.75	U.S.$1,675,335.88

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

(2) The common shares and the preferred shares may be represented by American Depositary Shares, each of which represents two common shares or two preferred shares, as applicable, evidenced by American Depositary Receipts, issuable on deposit of common shares or preferred shares, as applicable. This includes shares offered and sold outside the United States pursuant to Regulation S of the Securities Act. Such shares, however, may be resold from time to time in the United States under circumstances requiring registration under the Securities Act.

(3) Includes 187,997.094 common and preferred shares, including shares in the form of ADSs that the international underwriters and the Brazilian underwriters may purchase to cover over-allotments, if any.

PROSPECTUS SUPPLEMENT
(To Prospectus dated December 11, 2009)

Petróleo Brasileiro S.A. Petrobras

2,293,907,960 Common Shares, including Common Shares in the form of American Depositary Shares
1,788,515,136 Preferred Shares, including Preferred Shares in the form of American Depositary Shares

We are offering 2,293,907,960 common shares and 1,788,515,136 preferred shares (together with the common shares, the shares) in a global offering that consists of an international offering outside Brazil and a concurrent offering in Brazil. Of the total number of shares we are offering, 3,007,953,468 common and preferred shares were first offered to our existing shareholders on a priority basis. The Brazilian federal government, our principal shareholder, and certain of its affiliates have agreed to purchase a total of 1,810,505,485 common shares and 994,917,669 preferred shares in the offering. The international offering includes a registered offering in the United States. The closings of the international and Brazilian offerings are conditioned upon each other.

In the international offering, the shares are being offered in the form of shares or in the form of American depositary shares (ADSs), each of which represents either two common shares (a common ADS) or two preferred shares (a preferred ADS). Shares sold in the international offering in the form of shares will be delivered in Brazil and paid for in *reais*.

The international underwriters named in this prospectus supplement are underwriting the sale of 134,648,375 common ADSs and 100,416,977 preferred ADSs. The Brazilian underwriters are underwriting the sale of 2,024,611,210 common shares and 1,587,681,182 preferred shares, including shares sold in the international offering in the form of shares.

Our common shares and preferred shares are listed on the São Paulo Stock Exchange (BM&FBOVESPA), under the ticker symbols PETR3 and PETR4, respectively. The closing prices of our common shares and preferred shares on BM&FBOVESPA on September 23, 2010 were R$30.25 per common share and R$26.80 per preferred share. The common ADSs and the preferred ADSs are listed on The New York Stock Exchange, or the NYSE, under the symbols PBR and PBRA, respectively. The closing prices on the NYSE on September 23, 2010 were U.S.$35.59 per common ADS and U.S.$31.48 per preferred ADS.

	Per Common ADS	**Per Common Share**	**Per Preferred ADS**	**Per Preferred Share**	**Total(1)**
Public offering price	U.S.$34.49	R$29.65	U.S.$30.59	R$26.30	U.S.$66,914,225,363.96
Underwriting discounts and commissions	U.S.$0.224	R$0.02(2)	U.S.$0.199	R$0.06(2)	U.S.$133,086,675.99
Proceeds, before expenses, to us	U.S.$34.27	R$29.63	U.S.$30.39	R$26.24	U.S.$66,781,138,688.97

(1) Amounts in *reais* have been translated into U.S. dollars at the selling rate reported by the Central Bank of Brazil as of September 23, 2010, or R$1.7194 to U.S.$1.00.
(2) Reflects underwriting discount of R$0.0 to shares sold to the Brazilian federal government and its affiliates and R$0.19 per common share and R$0.17 per preferred share sold to others.

We have granted the international underwriters and the Brazilian underwriters options for a period of up to 30 days beginning on September 24, 2010 with respect to this offering published in Brazil, to purchase additional ADSs or to place additional shares, in each case solely to cover over-allotments. These options are for an aggregate of up to an additional 187,997,094 common and preferred shares, including shares in the form of ADSs.

Investing in our shares and ADSs involves risks. See Risk Factors beginning on page S-32 of this prospectus supplement.

Delivery of the ADSs will be made through the book-entry facilities of The Depository Trust Company on or about September 29, 2010. Delivery of the shares will be made in Brazil through the book-entry facilities of the Brazilian Settlement and Custody Company (*Companhia Brasileira de Liquidação e Custódia*, or CBLC) on or about September 29, 2010.

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

Global Coordinators and Joint Bookrunners

BofA Merrill Lynch **Bradesco BBI** **Citi** **Banco Itaú BBA** **Morgan Stanley** **Santander**

Joint Bookrunners

BB Investimentos **BTG Pactual** **Credit Agricole CIB** **Credit Suisse** **Goldman, Sachs & Co.** **HSBC** **ICBC Internat**

Co-Managers

BBVA Securities **Deutsche Bank Securities** **Mitsubishi UFJ Securities** **Nomura** **Raymond James** **Scoti**

The date of this prospectus supplement is September 23, 2010

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

We are responsible for the information contained and incorporated by reference in this prospectus and in any related free-writing prospectus we prepare or authorize. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. Petrobras is not making an offer to sell the shares or ADSs in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date of the relevant document.

We are using this prospectus to offer our shares and ADSs outside Brazil. We are also offering our shares in Brazil by means of a Brazilian prospectus and accompanying reference form (*formulário de referência*) in Portuguese (the Brazilian offering documents). You should not rely on the Brazilian offering documents in making an investment decision in relation to our shares and ADSs.

In this prospectus supplement, unless the context otherwise requires or as otherwise indicated, references to Petrobras mean Petróleo Brasileiro S.A. Petrobras and its consolidated subsidiaries taken as a whole. Terms such as we, us and our generally refer to Petrobras, unless the context requires otherwise or as otherwise indicated.

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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, or incorporated by reference, in this prospectus supplement may be identified by the use of forward-looking words, such as believe, expect, anticipate, should, planned, estimate and potential, among others. We have made forward-looking statements tha address, among other things:

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

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

- our ability to obtain financing;
- general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates;
- global economic conditions;
- our ability to find, acquire or gain access to additional reserves and to develop our current reserves successfully;
- uncertainties inherent in making estimates of our oil and gas reserves, including recently discovered oil and gas reserves;
- competition;
- technical difficulties in the operation of our equipment and the provision of our services;
- changes in, or failure to comply with, laws or regulations;

receipt of governmental approvals and licenses;

international and Brazilian political, economic and social developments;

natural disasters, accidents, military operations, acts of terrorism or sabotage, wars or embargoes;

the cost and availability of adequate insurance coverage; and

other factors discussed below under Risk Factors.

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

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

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference into this prospectus supplement the following documents that we have filed with the Securities and Exchange Commission (SEC):

1. The combined Petrobras and Petrobras International Finance Company (PifCo) annual report on Form 20-F for the year ended December 31, 2009, filed with the SEC on May 19, 2010.

2. The combined Petrobras and PifCo annual report on Form 20-F/A for the year ended December 31, 2009, filed with the SEC on August 31, 2010.

3. Reports on Form 6-K furnished by Petrobras to the SEC on the dates indicated below, concerning our financial condition and results of operations for the period ended June 30, 2010:

Report furnished on August 25, 2010, containing (a) financial statements prepared in accordance with U.S. GAAP as of June 30, 2010 and for the six-month periods ended June 30, 2010 and 2009, and (b) an awareness letter of KPMG Auditores Independentes.

Report furnished on August 26, 2010, containing our release concerning our earnings and financial condition for the six months ended June 30, 2010.

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

Reports furnished on May 17, 2010 and May 27, 2010, relating to the May 31, 2010 payment of interest on capital for the 2010 fiscal year in the amount of R$1,755 million.

Report furnished on June 23, 2010, relating to Petrobras Business Plan for 2010-2014.

Report furnished on July 19, 2010, relating to the approval by Petrobras board of directors of an advance payment of interest on capital for the 2010 fiscal year in the amount of R$1,755 million.

Report furnished on August 13, 2010, relating to the shutdown of operations at the P-33 platform in the Marlim field of the Campos Basin.

Report furnished on August 30, 2010, relating to the August 31, 2010 payment of interest on capital for the 2010 fiscal year in the amount of R$0.20 per common and R$0.20 per preferred share.

5. Reports on Form 6-K, furnished to the SEC by Petrobras on the dates indicated below, concerning the capitalization of Petrobras, and transfer to Petrobras of certain exploration and production rights and related legal developments, and the global offering:

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

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

Report furnished on June 30, 2010, relating to the signature by the Brazilian president of legislation regarding Petrobras capitalization and the transfer to Petrobras of pre-salt oil and gas exploration and production rights.

Reports furnished on July 29, 2010 and August 12, 2010, relating to the approval by shareholders of the criteria and methodology for the valuation of the Brazilian federal treasury bills (*Letras Financeiras de emissão da Secretaria do Tesouro Nacional*, or LFTs) to be used by Petrobras shareholders at their

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election to pay for shares, and delegating authority to the board of directors of Petrobras to establish the value of each series of LFTs used for this purpose.

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

Report furnished on September 7, 2010, containing an English translation of the form of Assignment Agreement for the transfer of rights to explore and produce oil, natural gas and other fluid hydrocarbons in certain pre-salt areas among Petrobras, the Brazilian federal government and the National Petroleum, National Gas and Biofuels Agency (ANP).

Report on Form 6-K/A furnished on September 20, 2010, relating to the approval by Petrobras board of directors of an increase in the maximum amount of additional shares, including shares in the form of ADSs, that may be issued by Petrobras under Brazilian law in addition to those initially offered in the global offering.

6. Any future filings of Petrobras on Form 20-F made with the SEC after the date of this prospectus supplement and prior to the completion of the offering of the securities offered by this prospectus supplement, and any future reports of Petrobras on Form 6-K furnished to the SEC during that period that are identified in those reports 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 herein, will automatically update and supersede the information in this prospectus supplement. You should review the SEC filings and reports that we incorporate by reference to determine if any of the statements in this prospectus supplement, the accompanying prospectus or in any documents previously incorporated by reference have been modified or superseded.

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

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

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

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SUMMARY

This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information you should consider before investing in the shares and ADSs. You should read carefully the entire prospectus supplement, the accompanying prospectus including Risk Factors and the documents incorporated by reference herein, which are described under Incorporation of Certain Documents by Reference and Where You Can Find More Information.

In this prospectus supplement, unless the context otherwise requires or as otherwise indicated, references to Petrobras mean Petróleo Brasileiro S.A. Petrobras and its consolidated subsidiaries taken as a whole. Terms such as we , us and our generally refer to Petrobras, unless the context requires otherwise or as otherwise indicated.

Overview

We are the fourth-largest energy company in the world in terms of market value, with a market capitalization of U.S.$199.2 billion as of December 31, 2009, according to PFC Energy, an energy consultancy. We are also the largest holder of rights to explore oil and gas blocks in Brazil, according to the National Petroleum, Natural Gas and Biofuels Agency (ANP), with exploration rights to 225 blocks as of December 31, 2009. Our oil and natural gas production was 2.3 million barrels of oil equivalent per day for 2009, an increase of 4.3% over 2008, and 2.1 million barrels of oil equivalent per day for the first six months of 2010, an increase of 3.1% over the corresponding period of 2009. In 2009, we had sales of U.S.$115.9 billion and net income of U.S.$15.5 billion. In the first six months of 2010, we had sales of U.S.$71.5 billion, an increase of 43.4% over the corresponding period of 2009, and net income of U.S.$8.6 billion, an increase of 29.2% over the corresponding period of 2009.

We are world leaders in the exploration and production of oil from deep water and ultra-deep water reservoirs, accounting for approximately 20.0% of worldwide production from deep and ultra-deep water fields according to PFC Energy. We believe that our leading position is a result of the quality of our business initiatives, which reflect our ability to successfully develop and implement new technologies and procedures for the exploration and production of oil and natural gas. These initiatives contributed significantly to our current position as one of the most respected energy companies in the world, and an international leader in innovation and research.

Since 1963, we have fostered a culture of innovation, research and development through our research center, Cenpes (Leopoldo Américo Miguez de Mello Research and Development Center). We have, for example:

- introduced the world s first floating production, storage and offloading unit (FPSO) with a round hull in 2007, minimizing the effects of waves and increasing the safety of our operations;
- set the Brazilian record for ultra-deep water drilling, with a 6,915 meter (22,687 foot) deep well in the Santos Basin in 2005; and
- developed pioneering technology for the exploration and production of oil and natural gas in deep waters, placing us in a unique position worldwide, particularly with the discovery and development of deep water production fields in the Campos Basin. Our first great discovery in the Campos Basin the Garoupa field occurred in 1974, with commercial production beginning in 1979 through an early production system.

We are a state-controlled company active in the energy sector for 57 years, with a strategic presence in 27 countries across five continents as of June 30, 2010. Our integrated operations include exploration, production, refining, logistics, commercialization and transportation of oil, oil products and natural gas, in addition to electric power, biofuels and other renewable sources of energy. Our activities comprise five business segments and our corporate segment:

Exploration and Production. This is our principal business segment, and encompasses oil and natural gas exploration, development and production activities in Brazil, sales and transfers of crude oil in

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domestic and foreign markets, transfers of natural gas to the Gas and Power segment and sales of oil products produced at natural gas processing plants. According to the ANP, we were responsible for approximately 98.5% of Brazil s total production of oil and natural gas in 2009.

Refining, Transportation and Marketing. This segment comprises Petrobras downstream activities in Brazil, including refining, logistics, transportation, export and purchase of crude oil, as well as the purchase and sale of oil products and ethanol. Additionally, this segment includes the petrochemical division, which includes investments in domestic petrochemical companies. As of June 30, 2010, we operated 92.0% of Brazil s total refining capacity in Brazil.

Gas and Power. This segment consists primarily of the purchase, sale and transportation and distribution of natural gas produced in or imported into Brazil. This segment also includes Petrobras participation in domestic natural gas transportation, natural gas distribution, thermoelectric power generation and two domestic fertilizer plants. The Gas and Power segment has included results from our fertilizer operations since January 1, 2010. In prior years, the results from our fertilizer operations were included in our Refining, Transportation and Marketing segment.

Distribution. This segment encompasses the oil product and ethanol distribution activities conducted by Petrobras majority owned subsidiary, Petrobras Distribuidora S.A. BR (Petrobras Distribuidora), in Brazil. Petrobras Distribuidora is the largest oil products distributor in Brazil, with a market share of 38.6% and 38.7%, in 2009 and June 30, 2010, respectively, according to the ANP. As of June 30, 2010, Petrobras Distribuidora had approximately 7,000 service stations in Brazil.

International. This segment comprises Petrobras international activities conducted in 26 countries outside Brazil, which include exploration and production, refining, transportation and marketing, distribution and gas and power.

Corporate. This segment includes activities not attributable to other segments, including corporate financial management, central administrative overhead and actuarial expenses related to Petrobras pension and health care plans for inactive participants. Our Corporate segment also includes our bio-renewables operations, including the results of our subsidiary Petrobras Biocombustível.

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.

The following charts present the breakdown of our net operating revenues by business segment for 2009 and for the first six months of 2010. The percentages below represent the net operating revenues of our segments before eliminations, including sales to Petrobras and our affiliates and third parties.

For additional information about our business segments, see our annual report on Form 20-F for the year ended December 31, 2009 and Summary Consolidated Financial Data below.

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Our domestic oil and gas exploration and production is concentrated in basins located along the Brazilian coast and in the State of Amazonas, and our primary focus is on three major offshore basins: Campos, Santos and Espírito Santo, which also include pre-salt reservoirs.

Campos Basin. The Campos Basin is the most prolific oil and gas basin in Brazil as measured by proved hydrocarbon reserves and annual production. The Campos Basin is our largest oil- and gas-producing region, representing 84.2% of our total production in Brazil in 2009, and includes a vast portfolio of production projects still being developed. At December 31, 2009, we held proved crude oil reserves in the Campos Basin representing 90.0% of our total proved crude oil reserves in Brazil, and natural gas reserves in the Campos Basin representing 53.0% of our total natural gas proved reserves in Brazil. We expect our future new-source production projects in the Campos Basin to be in deep water oil fields, where we are currently developing eight major production projects. On September 1, 2008, we initiated production in the first exploratory well of the pre-salt layer of the Jubarte field in the Campos Basin. On May 29, 2010, we began pre-salt operations at an additional exploratory well in the Baleia Branca field in the Campos Basin.

Santos Basin. The Santos Basin is one of the most promising exploration areas offshore Brazil. In recent years, we made several shallow water discoveries in post-salt layers, particularly of natural gas, as well as deepwater discoveries of high quality crude oil in pre-salt layers. In May 2009, we initiated an extended well test (EWT) in the Tupi region using the FPSO Cidade de São Vicente, the first unit to produce oil from the pre-salt reservoirs of the Santos Basin.

Espírito Santo Basin. In recent years, we have discovered high quality light oil and natural gas in the post-salt layers of the Espírito Santo Basin. We intend to increase production from this basin in the near term, particularly of natural gas. For example, in 2009, we began operations in FPSO Cidade de São Mateus, with capacity to produce 25 thousand barrels of oil per day and 10 million cubic meters of natural gas per day. In addition to our recent discoveries in the post-salt layers, we are also concentrating our resources on the exploration of pre-salt reservoirs in the Espírito Santo Basin.

Pre-salt Reservoirs. In recent years, we have focused our offshore exploration efforts on pre-salt reservoirs located in a region approximately 800 km (497 miles) long and 200 km (124 miles) wide stretching from the Campos to the Santos basins. As of December 31, 2009, we have drilled 41 exploration wells in this region, 85.0% of which have yielded discoveries of hydrocarbon resources. Our existing concessions in this area cover approximately 24.0% (35,739 km^2 or 8.8 million acres) of the pre-salt areas, with an additional 4.0% (6,000 km^2 or 1.5 million acres) under concession to other oil companies for exploration. The remaining 72.0% (107,230 km^2 or 26.5 million acres) of the pre-salt region is not yet under government concession, and the licensing of new pre-salt concessions is contingent on the outcome of a regulatory review by the Brazilian federal government. As described below, we have concluded an agreement with the Brazilian federal government under which we will receive rights to explore and produce oil, natural gas and other fluid hydrocarbons in pre-salt areas not currently under concession. Under legislation currently under consideration in the Brazilian Congress, we would also become the exclusive operator in all pre-salt areas not yet under concession and would be granted a minimum interest to be established by the National Energy Policy Council (CNPE) that would be not less than 30% in all pre-salt blocks not yet under concession.

Other Basins. We hold exploration and production rights in the basins of Alagoas, Amazonas, Barreirinhas, Camamu-Almada, Ceará, Foz do Amazonas, Jequitinhonha, Mucuri, Pará-Maranhão, Parecis, Parnaíba, Pelotas, Pernambuco-Paraíba, Potiguar, Recôncavo, Rio do Peixe, São Francisco, Sergipe, Solimões and Tucano.

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The following table presents additional information regarding the basins in which we operate as of December 31, 2009.

		Exploration Blocks(1)		Production	Average Production	
Basin	Total Area	Quantity	Area	Fields	Oil	Natural Gas(2)
	(km^2)		(km^2)		(thousands of barrels per day)	(million cubic meters per day)
Campos	115,000	21	5,884	41	1,693.6	12.0
Santos	348,900	49	28,384	2	14.4	0.7
Espírito Santo	75,000	23	8,623	46	40.9	1.5
Others	3,047,100	132	94,226	229	221.9	6.4
Total	3,586,000	225	137,117	318	1,970.8	20.6

(1) Blocks in which we hold exploration and production rights.

(2) Natural gas production figures are the production volumes of natural gas available for sale, excluding flared and reinjected gas and gas consumed in our operations.

New Regulatory Model for the Oil and Gas Industry in Brazil

The Brazilian Congress is currently considering new oil and gas legislation that will set new rules for the exploration and production of oil and natural gas in Brazil. If approved, the new regulatory model contemplated by the legislation will allow us to be the exclusive operator in all pre-salt areas not yet under concession, which currently comprise 107,230 km^2 (26.5 million acres), in addition to other areas that the CNPE may deem strategic. The exploration and production rights for these blocks would either be granted to us on an exclusive basis or offered under public bids. If offered under public bids, we would be granted a minimum interest to be established by the CNPE that would not be less than 30%, with the additional right to participate in the bidding process in order to increase our interest in those areas. The proposed legislation was approved by the Brazilian Senate on June 10, 2010, and is currently being considered by the House of Representatives. If approved, the bill will be sent to the President for signature. The new legislation will then be implemented by the CNPE, the ANP and by other institutions in the Brazilian oil and gas sector.

Assignment Agreement

On September 3, 2010, we entered into an agreement with the Brazilian federal government (Assignment Agreement), under which the government assigned to us the right to conduct research activities and the exploration and production of fluid hydrocarbons in specified pre-salt areas, subject to a maximum production of five billion barrels of oil equivalent. On September 7, 2010, we filed an English translation of the form of Assignment Agreement with the Securities and Exchange Commission in a report on Form 6-K which is incorporated by reference in this prospectus supplement. The initial purchase price for our rights under the Assignment Agreement is R$74,807,616,407, which was equivalent to U.S.$42,533,327,500 as of September 1, 2010. The price was determined by negotiation between us and the Brazilian federal government, based on a number of factors, including the reports of independent experts obtained by us and by the ANP. The term of the Assignment Agreement is 40 years, which may be extended for an additional five years, upon our request, in certain specified cases. The Assignment Agreement is subject to a review process, which may result in the revision of the contract amount, the maximum production volume of five billion barrels of oil equivalent, the duration, and the minimum levels of goods and services to be acquired from Brazilian providers. See Recent Developments for more information.

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Our Competitive Strengths

We believe that our main competitive strengths are:

Dominant position in the exploration, production, supply, refining and distribution of oil and oil products in Brazil.

We hold a dominant position in the Brazilian oil and gas sector. Without taking into consideration the Assignment Agreement and the new regulatory model for the oil and gas industry in Brazil pending before the Brazilian Congress, we already had the largest number of exploration blocks in Brazil as of December 31, 2009, according to the ANP, representing 41.3% of the total area of all exploration blocks in Brazil. As of December 31, 2009, we had exploration and production rights in 576 of the 796 concession areas in Brazil, which produced a total of 2.1 million barrels of oil equivalent per day of oil and natural gas in 2009. As of June 30, 2010, we operated 92.0% of the total refining capacity in Brazil, through our 11 refineries, with a total refining capacity of 1.9 million barrels of oil per day. Our subsidiary Petrobras Distribuidora is the largest distributor of oil products in Brazil, with a market share of 38.7% on June 30, 2010, according to the ANP. As of June 30, 2010, Petrobras Distribuidora had a network of approximately 7,000 service stations.

Privileged access to new reserves and new proposed oil and gas regulations.

Under the Assignment Agreement, as described above, we will have rights to explore and produce oil, natural gas and other fluid hydrocarbons in certain pre-salt areas not under concession, up to the limit of 5 billion barrels or oil equivalent. In addition, the new regulatory model for the oil and gas industry, if approved, will introduce new rules for the exploration and production of oil and natural gas in Brazil in areas not under concession and will place us in a unique position in the energy sector. According to the proposed legislation, we will be the exclusive operator in all pre-salt areas not yet under concession, in addition to other areas the CNPE may deem strategic. The exploration and production rights for these blocks would either be granted to us on an exclusive basis or offered under public bids. If offered under public bids, we would be granted a minimum interest to be established by the CNPE that would not be less than 30.0%, with the additional right to participate in the bidding process in order to increase our interest in those areas.

Wide reserves base and expansion prospects.

As of December 31, 2009, we had estimated worldwide total proved reserves of 12.1 billion barrels of oil equivalent, of which 95.2% are located in Brazil. In addition, we have extensive interests in exploration areas in Brazil and abroad, which we and our partners constantly analyze in order to increase production capacity. As of December 31, 2009, the ratio of our proved reserves to production was 14 years. We believe that our proved reserves will allow us to (1) increase our production in a sustainable manner and (2) replace our imports of light oil with domestic production of high quality oil from recently discovered reservoirs. Our proved reserves base may significantly increase as a result of the exploration and production rights we hold over 85.6% of all pre-salt areas under concession from the Brazilian federal government, Law No. 12,276 and the potential enactment of the new regulatory model for the oil and gas industry in Brazil.

Leader in the exploration and production of oil in deep waters and ultra-deep waters.

We are the leaders in exploration and production of oil in deep and ultra-deep waters, accounting for approximately 20.0% of the world s deep and ultra-deep water production in 2009, according to PFC Energy. We believe that our leading position results from our advanced knowledge of drilling techniques, exploration and production in deep and ultra-deep waters that we have acquired over the last 38 years, as we have continually developed technologies and procedures to expand our business in the deep seas, including innovative technology to explore wells over 3,000 meters (9,843 feet) deep. Our expertise has resulted in high productivity and allowed us to reduce our lifting costs.

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Integrated large-scale production.

Our dominant market position in Brazil allows us to integrate our businesses efficiently and to benefit from our large-scale production, with significantly lower operating costs. Our business model is efficient due to:

- the fact that approximately 90.0% of our proved crude oil reserves and 53.0% of our proved natural gas reserves in 2009 were located in the Campos Basin, allowing us to concentrate the infrastructure necessary to support our activities in a single geographic area and reduce our exploration, development and production costs; and

- the balance among (1) our oil production, especially in the Campos Basin, which in 2009 comprised 85.9% of our total oil production from Brazil, (2) the location of our refineries, particularly in the southeast region of Brazil, which alone account for 63.4% of our total refining capacity in Brazil, and (3) the total demand for hydrocarbons in the Brazilian market which, according to the ANP, is concentrated in the south and southeast regions of Brazil with a combined 65.0% of total hydrocarbon demand in 2009.

We believe that the synergies resulting from our business model put us in a privileged position to compete efficiently with our domestic and international competitors.

Our Strategies

Under our 2010-2014 Business Plan, we plan to invest U.S.$224.0 billion between 2010 and 2014, of which 95.0% will be invested in projects in Brazil and 53.0% in exploration and production activities alone. This amount does not include our funding requirements to acquire our rights under the Assignment Agreement or the capital expenditures that will be required to explore and develop the areas covered by the Assignment Agreement. The chart below presents our detailed investment plans, based on our 2010-2014 Business Plan:

We carry out our activities in an integrated, profitable and sustainable manner, with an emphasis on social and environmental responsibility, in Brazil and in the other markets where we operate. Based on this principle, we plan to expand our operations in targeted oil, oil products and natural gas markets, in addition to petrochemicals, electric power, biofuels and other renewable energy sources, maintaining our tradition with respect to the development of innovative technologies and methodologies which we believe are pillars of our success in carrying out our activities and of the excellence of our operations in all business segments through the following strategies:

Increase our production and our oil and natural gas reserves.

Under our 2010-2014 Business Plan, we plan to increase our oil and natural gas production by (1) discovering and adding new reserves to our portfolio, (2) improving our revitalization and recuperation processes in existing fields, (3) developing our production in recently discovered areas, especially in the

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pre-salt areas of the Santos Basin, and (4) intensifying our exploration activities, expanding our exploratory frontiers both in Brazil and abroad, especially in the Gulf of Mexico, the west coast of Africa and Peru.

Without taking into consideration the Assignment Agreement, we estimate that our total oil and natural gas production will reach 3.9 million barrels of oil equivalent per day in 2014, including 3.0 million barrels of oil equivalent per day of oil from Brazil, 0.2 million barrels of oil equivalent per day of oil from outside Brazil, 0.6 million barrels of oil equivalent per day of natural gas from Brazil and 0.1 million barrels of oil equivalent per day of natural gas from outside Brazil. Under our 2010-2014 Business Plan, we believe that (1) until 2014, the increase in our production will come primarily from our production in post-salt areas, especially as a result of the development of projects in the Campos Basin and from investments we plan to make in infrastructure and production resources, and (2) beginning in 2014, production from pre-salt areas will account for a more significant portion of our total production, especially due to investments we plan to make in pre-salt areas between 2010 and 2014, particularly in the Santos Basin.

We plan to start up three large offshore production systems per year between 2010 and 2014 in the Campos, Santos and Espírito Santo basins, including in pre-salt areas. We plan to conduct an average of three extended well tests (EWTs) per year in pre-salt areas during the same period, and to build new vessels and acquire new equipment, including drilling rigs for ultra-deep water and support boats for the exploration and production of hydrocarbons.

Expand our refining capacity in Brazil, in order to handle the expected increase in our oil production and in domestic demand for oil products, including petrochemicals.

We intend to increase our refining, transportation and commercialization activities in Brazil, as well as our petrochemicals activities.

> *Refining, Transportation and Commercialization Activities.* We plan to (1) increase our refining capacity in order to meet the expected increase in our domestic oil production and domestic demand for oil products, (2) upgrade our existing refineries to improve quality, comply with stricter environmental regulations, and meet the needs of the markets in which we operate, particularly the Brazilian market, (3) increase our exports of high aggregate value oil products without sacrificing international quality standards, and (4) complete projects aimed at improving our operations and expanding our fleet of ships to transport oil and oil products. We believe that the expansion of our existing refineries, the start-up of operations of the Abreu e Lima refinery, the initial phase of the Premium I Refinery and the initial phase of the Rio de Janeiro Petrochemical Complex Comperj will result in a domestic production capacity for oil products of 2.3 million barrels of oil per day in 2014.

> *Petrochemicals.* We intend to expand our petrochemicals and biopolymer production, preferably through investments in companies operating in the petrochemical sector, particularly in Brazil.

Consolidate our position in the Brazilian natural gas market and expand our electric power and fertilizer businesses.

We believe that we are the leader in the Brazilian natural gas sector, in terms of production and commercialization. We intend to consolidate our position by increasing production to meet the estimated increase in natural gas demand between 2010 and 2014, which we estimate will reach 130.0 million cubic meters per day in 2014 as a result of an increase in the use of natural gas to generate electricity, produce fertilizers and supply end-users (vehicles, residences and commerce). We intend to allocate resources to (1) our infrastructure projects, for the expansion of our natural gas transportation network, (2) increase flexibility in the use of natural gas through chemical conversions into other substances, which will allow us to optimize production and increase our generation of electric power and production of fertilizers, and (3) increase our installed thermoelectric power generation capacity, which we estimate will reach 8.0

GW by 2014. We intend to expand our fertilizer production by building three new plants for the production of nitrogenates, particularly ammonia and urea, which we believe will produce a combined 1.4 million tons per year in 2014.

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Maintain our position as the largest oil products distribution company in Brazil.

We plan to ensure that Petrobras Distribuidora maintains its position as the largest oil products distribution company in Brazil. We will focus on projects to (1) maintain and expand Petrobras Distribuidora s service station network, (2) increase sales to retail markets, (3) improve our operations and logistics, and (4) improve our liquefied petroleum gas (LPG) business.

***Expand our participation in the biofuels business in Brazil and abroad*.**

We plan to increase our production and infrastructure for the commercialization of biofuels both in Brazil and for export abroad, especially by investing in companies operating in the biofuel sector, including ethanol.

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The Offering

Issuer	Petróleo Brasileiro S.A. Petrobras, or Petrobras.
Global offering	The global offering consists of the international offering and the Brazilian offering. The international offering and the Brazilian offering are being conducted concurrently, and the closing of each is conditioned upon the closing of the other.
International offering	The international offering is being conducted outside Brazil and includes an offering registered with the SEC. The international underwriters named elsewhere in this prospectus supplement are underwriting the sale of 134,648,375 common ADSs and 100,416,977 preferred ADSs. The international underwriters are also acting as placement agents on behalf of the Brazilian underwriters for sales of shares in the form of shares to investors outside Brazil.
U.S. registered offering	The ADSs sold as part of the international offering and the shares sold in the form of shares to investors outside Brazil, are being sold by means of this prospectus supplement in an offering registered with the SEC.
Brazilian offering	The Brazilian underwriters are underwriting the sale of common shares and preferred shares, including shares sold in the international offering to investors outside Brazil. The offering to investors in Brazil is exempt from registration with the SEC under Regulation S.
Common ADSs	Each common ADS represents two common shares. Common ADSs will be evidenced by American depositary receipts, or ADRs.
Preferred ADSs	Each preferred ADS represents two preferred shares. Preferred ADSs will be evidenced by ADRs.
Purchases of common shares and preferred shares	The shares purchased in share form by investors outside Brazil will be delivered in Brazil and paid for in *reais*. Any investor outside Brazil purchasing these shares must be authorized to invest in Brazilian securities pursuant to the applicable rules and regulations of the Brazilian National Monetary Council (*Conselho Monetário Nacional*, or CMN), the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), and the Central Bank of Brazil (*Banco Central do Brasil*).
Offering Price	The public offering prices in the global offering are set forth on the cover page of this prospectus supplement, in U.S. dollars per ADS and Brazilian *reais* per share. The public offering prices were approximately equivalent to each other at the exchange rates prevailing on September 23, 2010.
Priority subscription	Each of our existing shareholders as of September 10, 2010 was given the opportunity to subscribe shares in the Brazilian offering on a priority

basis. 1,739,259,091 common shares and 1,268,694,377 preferred shares were first offered to our existing shareholders pursuant to the priority subscription. Priority subscriptions were allocated based on the number of shares each shareholder owned as of September 17, 2010.

The price of the shares subscribed pursuant to the priority subscription is the public offering price in the Brazilian offering, set forth on the cover page of this prospectus supplement. A shareholder that participated in the priority subscription has agreed to pay for the shares at the public offering price either (i) in cash in *reais* or (ii) using Brazilian treasury securities (*Letras Financeiras de emissão da Secretaria do Tesouro Nacional,* or LFTs) of specified series. The eligible series of LFTs are those maturing on September 7, 2014, March 7, 2015, September 7, 2015 and September 7, 2016. Each eligible series of LFTs will be valued at the market value of such series as reported by the Brazilian Financial and Capital Markets Association (*Associação Brasileira das Entidades do Mercado*, or ANBIMA) on September 24, 2010, adjusted at the interest rate of the Brazilian Special Clearance and Custody System (*Sistema Especial de Liquidação e Custódia*, or the SELIC) of that same day for the three business days through settlement.

A shareholder did not know the price per share at the time such holder committed to subscribe shares in the priority subscription. A shareholder consequently could not have known the cost of avoiding dilution of its interest in us, and a shareholder also could not have estimated the book value dilution that resulted from the public offering price.

Priority subscription was not available to holders of ADSs. An ADS holder that wished to be eligible for priority subscription was required to make the necessary arrangements to cancel such holder s ADSs and take delivery of the underlying shares in a Brazilian account. A holder of our shares located outside Brazil was required to make certain representations concerning compliance with local law in the holder s jurisdiction in order to participate in the priority subscription. The priority subscription was not available to a shareholder if the subscription would violate local laws of the shareholder s jurisdiction. It was each shareholder s responsibility to determine its eligibility under local laws of its jurisdiction.

Brazilian federal government participation in the global offering

The Brazilian federal government, our principal shareholder, and BNDES Participações S.A., FPS/BNDES, and the Brazilian sovereign wealth fund (FFIE), which are affiliates of the government, have agreed to purchase a total of 1,810,505,485 common shares and 994,917,669 preferred shares in the offering. In the aggregate, the Brazilian federal government and these entities will own approximately 64% of our common shares and 48% of our total outstanding shares after the offering.

The government and the government-related entities will pay the same prices per common share and per preferred share as others purchasing in the Brazilian offering, for an aggregate total of R$79,847,822,325. The amount is more than sufficient to pay the

	initial purchase price of R$74,807,616,407 under the Assignment Agreement. The government will pay for all the shares it subscribes by delivering newly issued eligible LFTs that are fungible with the previously issued LFTs of the same series and will accept such LFTs toward the payment of the initial purchase price under the Assignment Agreement, applying the same valuation of the LFTs we use in the global offering. See The Global Offering.
Over-allotment options	We have granted the international underwriters and the Brazilian underwriters options for a period of up to 30 days beginning September 24, 2010 with respect to this offering published in Brazil, to purchase additional ADSs or to place additional shares, in each case solely to cover over-allotments. These options are for an aggregate of up to an additional 187,997,094 common and preferred shares, including shares in the form of ADSs.
Use of proceeds	The aggregate proceeds of the global offering, net of fees and expenses, including underwriting discounts and commissions, will be approximately R$114.5 billion (U.S.$66.6 billion), assuming no exercise of the over-allotment options, or approximately R$119.7 billion (U.S.$69.6 billion) if the over-allotment options are exercised in full. Our proceeds from this offering will include cash and LFTs. The Brazilian federal government will, and other shareholders participating in the priority subscription may, pay for our shares with LFTs. We will apply all the LFTs we receive from the Brazilian federal government towards the payment of the initial purchase price under the Assignment Agreement, but it is possible that after such application we will retain part of the net proceeds in the form of LFTs. We intend to use the net proceeds from this offering (1) to pay the initial purchase price under the Assignment Agreement and (2) to continue to develop all of our business segments. Specifically, we plan to allocate the net proceeds from this offering as follows: approximately 65.3% (including all of the LFTs we receive from the Brazilian federal government) to pay the initial purchase price under the Assignment Agreement; and approximately 34.7% to finance investments under our 2010-2014 Business Plan while maintaining an adequate capital structure and staying within our targeted financial leverage ratios. We expect to meet our aggregate funding needs with a combination of the net proceeds from the global offering, proceeds from other financings and cash flow generated by our operations.

Share capital before and after the global offering	Our share capital consists of 5,073,347,344 common shares and 3,700,729,396 preferred shares. Immediately after the global offering, we will have 7,367,255,304 common shares and 5,489,244,532 preferred shares outstanding, assuming no exercise of the over-allotment options.

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Distributions	Under Brazilian law and our bylaws, we are required to distribute to our shareholders an annual amount equal to not less than 25% of our adjusted net profits, as calculated under Brazilian GAAP and adjusted as required by Law No. 6,404, dated December 15, 1976, as amended, which we refer to as the Brazilian Corporation Law, (which may differ significantly from net income under U.S. GAAP), unless our board of directors advises our shareholders at our shareholders meeting that payment of the mandatory dividend for the preceding year is inadvisable in light of our financial condition and our shareholders approve that recommendation. Holders of preferred shares are entitled to minimum annual dividends equal to the greater of (i) 5% of their pro rata share of our paid-in capital or (ii) 3% of the book value of their preferred shares. To the extent that we declare dividends with respect to any year in amounts which exceed the minimum preferential dividends on preferred shares, holders of common shares and preferred shares will receive the same additional dividend amount per share. The holders of ADRs will be entitled to receive dividends to the same extent as the holders of our shares, subject to deduction of any applicable fees and charges.
Voting Rights	Holders of common shares are entitled to one vote per share at meetings of our shareholders. The Brazilian federal government is required by law to own at least a majority of our voting stock. Pursuant to our bylaws, our preferred shares generally do not have voting rights, except in the event of specified dividend arrearages or if we enter a liquidation. Holders of ADSs do not have voting rights but may instruct the ADS depositary how to vote the shares underlying their ADSs under the circumstances described in the applicable deposit agreement.
Listings	Our common shares and preferred shares are publicly traded in Brazil on the São Paulo Stock Exchange (BM&FBOVESPA), under the symbols PETR3 and PETR4, respectively. Our common ADSs and preferred ADSs trade on the New York Stock Exchange (NYSE) under the symbols PBR and PBRA, respectively. Our common shares and preferred shares trade on the Mercado de Valores Latinoamericanos en Euros (LATIBEX), under the symbols XPBR and XPBRA, respectively. Our common shares and preferred shares are listed on the *Bolsa de Comercio de Buenos Aires* (BCBA) under the ticker symbols APBR and APBRA, respectively.
Lock-up agreements	

We and each of our directors and executive officers who holds more than 100 shares of our share capital have agreed, subject to certain exceptions, for a period of 90 days from the date of this prospectus supplement not to directly or indirectly offer or sell any

	shares or ADSs, without the prior written consent of the underwriters. For further information, see Underwriting.
ADR depositary	JPMorgan Chase Bank, N.A.
Risk factors	Investors should consider the risk factors discussed beginning on page S-32 and the other information included or incorporated by reference in this prospectus supplement, before investing in our shares or the ADSs.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The tables below present our summary consolidated financial data at and for the periods indicated under U.S. GAAP. The annual data in the table below have been derived from our audited financial statements. Our audited financial statements as of December 31, 2008 and 2009 and for the years ended December 31, 2007, 2008 and 2009, appear in our annual report on Form 20-F for the year ended December 31, 2009, incorporated by reference into this prospectus supplement. The data at June 30, 2010 and for the six months ended June 30, 2009 and 2010 have been derived from our unaudited interim financial statements, incorporated by reference into this prospectus supplement, which in the opinion of management, reflect all adjustments which 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, 2010 are not necessarily indicative of the operating results to be expected for the entire year. You should read the information below in conjunction with our audited and unaudited consolidated financial statements and notes thereto, which are incorporated by reference into this prospectus supplement.

Income Statement Data

	For the Year Ended December 31,					For the Six Mont Ended June 30	
	2009	2008	2007	2006	2005	2010	
	(In U.S.$ million, except for share and per share data)						
g	91,869	118,257	87,735	72,347	56,324	57,183	
come(1)	21,869	25,294	20,451	19,844	15,085	12,425	
for the able to	15,504	18,879	13,138	12,826	10,344	8,563	
verage hares (3)	5,073,347,344	5,073,347,344	5,073,347,344	5,073,347,344	5,073,347,344	5,073,347,344	5,07
	3,700,729,396	3,700,729,396	3,700,729,396	3,699,806,288	3,698,956,056	3,700,729,396	3,70
come d ares	2.49	2.88	2.33	2.26	1.72	1.42	
d DSs(4)	4.98	5.76	4.66	4.52	3.44	2.84	
luted :(2)(3) d ares	1.77	2.15	1.50	1.46	1.18	0.98	
d DSs(4)	3.54	4.30	3.00	2.92	2.36	1.96	
nds d ares	0.59	0.47	0.35	0.42	0.34	0.27	
	1.18	0.94	0.70	0.84	0.68	0.54	

d
DSs(4)

(1) Beginning in 2008, we have accounted for employee benefit expenses for non-active participants as part of operating expenses rather than non-operating expenses. This reclassification had no effect on our consolidated net income, other than disclosure of our consolidated statements of income. Operating income amounts for all periods give effect to this reclassification.

(2) Our net income represents our income from continuing operations.

(3) We carried out a two-for-one stock split on April 25, 2008. Share and per share amounts for all periods give effect to the stock split.

(4) We carried out a four-for-one reverse stock split in July 2007 and changed the ratio of underlying shares to American Depositary Shares from four shares for each ADS to two shares for each ADS. Per share amounts for all periods give effect to the stock split.

(5) Represents dividends paid during the period.

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Balance Sheet Data

	As of December 31,					As of June 30,
	2009	2008	2007	2006	2005	2010
	(In U.S.$ million)					
Assets:						
Total current assets	42,644	26,758	29,140	30,955	25,784	40,282
Property, plant and equipment, net	136,167	84,719	84,282	58,897	45,920	147,083
Investments in non-consolidated companies and other investments	4,350	3,198	5,112	3,262	1,810	5,466
Total non-current assets	17,109	11,020	11,181	5,566	5,124	17,733
Total assets	200,270	125,695	129,715	98,680	78,638	210,564
Liabilities and shareholders equity:						
Total current liabilities	30,965	24,756	24,468	21,976	18,161	34,660
Total long-term liabilities(1)	25,736	17,731	21,534	16,829	12,747	26,483
Long-term debt(2)	48,149	20,640	16,202	13,610	13,739	50,477
Total liabilities	104,850	63,127	62,204	52,415	44,647	111,620
Shareholders equity						
Shares authorized and issued:						
Preferred shares	15,106	15,106	8,620	7,718	4,772	17,157
Common shares	21,088	21,088	12,196	10,959	6,929	22,584
Capital reserve and other comprehensive income	57,864	25,715	44,363	25,622	21,216	57,780
Petrobras shareholders equity	94,058	61,909	65,179	44,299	32,917	97,521
Noncontrolling interest	1,362	659	2,332	1,966	1,074	1,423
Total equity	95,420	62,568	67,511	46,265	33,991	98,944
Total liabilities and shareholders equity	200,270	125,695	129,715	98,680	78,638	210,564

(1) Excludes long-term debt.

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

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Selected Income Statement Data by Segment

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2009	2008	2007	2010	2009
	(In U.S.$ million)				
Net operating revenues:					
Exploration and Production	38,777	59,024	41,991	26,100	15,028
Supply	74,621	96,202	69,549	47,296	32,238
Gas and power	5,652	8,802	4,912	3,466	2,883
Distribution	29,672	30,892	23,320	17,229	12,627
International	10,197	10,940	9,101	6,391	3,995
Corporate					