



Petrobras Announces Redemption of Three Series of Notes

Rio de Janeiro, Brazil – May 23, 2017 – Petróleo Brasileiro S.A. – Petrobras (“Petrobras”) (NYSE: PBR) announces that its wholly-owned subsidiary Petrobras Global Finance B.V. (“PGF”) has delivered notices of redemption to the holders of the outstanding 2.750% Global Notes due 2018 (“2.750% Notes”), 5.875% Global Notes due 2018 (“5.875% Notes”) and 4.875% Global Notes due 2018 (“4.875% Notes” and, together with the 2.750% Notes and the 5.875% Notes, the “Notes”).

Title of Security	CUSIP	ISIN	Common Code	Aggregate Principal Amount to be Redeemed ⁽¹⁾
2.750% Global Notes due 2018	N/A	XS0982711631	098271163	€539,664,000
5.875% Global Notes due 2018	71645WAM3	US71645WAM38	N/A	US\$545,028,000
4.875% Global Notes due 2018	N/A	XS0716979249	071697924	€573,777,000

⁽¹⁾ Aggregate principal amount outstanding as of the date of this announcement.

The redemption date for the Notes will be June 22, 2017 (“Redemption Date”).

The redemption price for the 2.750% Notes will be the greater of (A) 100% of the principal amount of such Notes and (B) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on an annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Bund Rate plus 30 basis points (the “2.750% Notes Redemption Price”), plus in the case of each of clauses (A) and (B) above, accrued interest on the principal amount of such Notes from January 15, 2017 to (but not including) the Redemption Date. The 2.750% Notes Redemption Price will be determined and communicated to holders of the 2.750% Notes on the third Business Day preceding the Redemption Date.



The redemption price for the 5.875% Notes will be the greater of (A) 100% of the principal amount of such Notes and (B) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at, in each case, the Treasury Rate plus 25 basis points (the "5.875% Notes Redemption Price"), plus in the case of each of clauses (A) and (B) above, accrued interest on the principal amount of such Notes from March 1, 2017 to (but not including) the Redemption Date. The 5.875% Notes Redemption Price will be determined and communicated to holders of the 5.875% Notes on the third Business Day preceding the Redemption Date.

The redemption price for the 4.875% Notes will be the greater of (A) 100% of the principal amount of such Notes and (B) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on an annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Bund Rate plus 55 basis points (the "4.875% Notes Redemption Price" and, together with the 2.750% Redemption Price and the 5.875% Notes Redemption Price, the "Redemption Prices"), plus in the case of each of clauses (A) and (B) above, accrued interest on the principal amount of such Notes from March 7, 2017 to (but not including) the Redemption Date. The 4.875% Notes Redemption Price will be determined and communicated to holders of the 4.875% Notes on the third Business Day preceding the Redemption Date.

Payment on the 5.875% Notes will be made prior to 3:00 pm New York time and payment on the 2.750% Notes and the 4.875% Notes will be made prior to 12:00 pm London time, in each case on the business day preceding the Redemption Date by credit to the account of The Bank of New York Mellon, the trustee for the Notes (the "Trustee"), as paying agent for the Notes. For the 2.750% Notes, the Trustee will cause funds to be paid to The Bank of New York Mellon, London Branch, as common depositary for Clearstream and Euroclear, for further payment to its participants. For the 5.875% Notes, the Trustee will cause funds to be paid to The Depository Trust Company for further payment to its participants. For the 4.875% Notes, the Trustee will cause funds to be paid to The Bank of New York Depository (Nominees) Limited, as common depositary for Clearstream and Euroclear, for further payment to its participants.

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FORWARD-LOOKING STATEMENTS

This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as "believe," "expect," "estimate," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. There is no assurance that the expected events, trends or results will actually occur. We 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.

The Company's actual results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of assumptions and factors. These factors include, but are not limited to, the following: (i) failure to comply with laws or regulations, including fraudulent activity, corruption, and bribery; (ii) the outcome of ongoing corruption investigations and any new facts or information that may arise in relation to the "Lava Jato Operation"; (iii) the effectiveness of the Company's risk management policies and procedures, including operational risk; and (iv) litigation, such as class actions or proceedings brought by governmental and regulatory agencies. A description of other factors can be found in the Company's Annual Report on Form 20-F for the year ended December 31, 2016, and the Company's other filings with the U.S. Securities and Exchange Commission.



On the Redemption Date, the Redemption Prices, plus accrued interest, will become due and payable. Interest on the Notes will cease to accrue on and after the Redemption Date. Upon the redemption, the 5.875% Notes will cease to be listed on the New York Stock Exchange, the 2.750% Notes and the 4.875% Notes will cease to be listed on the Luxembourg Stock Exchange, and the Notes and the related guarantees by Petrobras will be cancelled and any obligation thereunder extinguished.

Because all of the Notes are held in book-entry form, payment of the Redemption Prices will be made directly to the registered holders.

PGF intends to fund the amounts necessary to redeem the Notes with the proceeds of its previously announced notes offering completed on May 22, 2017.

For more information, please contact PGF by contacting Larry Carris Cardoso, Finance Department, General Manager of Corporate Finance (telephone: +55 (21) 3224-1510/3224-9947; fax: +55 (21) 3224-1401; e-mail: petroinvest@petrobras.com.br) if you have any questions regarding this notice.

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended that are not based on historical facts and are not assurances of future results. No assurance can be given that the transactions described herein will be consummated or as to the ultimate terms of any such transactions. All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this press release. Petrobras undertakes 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.