

## **We adopted a new diesel and gasoline pricing policy**

14.out.2016

The new policy will be based on two factors: parity with the international market - also known as PPI and which includes costs such as ship freight, internal transport costs and port fees - plus a margin that will be applied to remunerate risks inherent to the operation, such as, for example, volatility of the exchange rate and prices on stays in ports and profit, in addition to taxes. The executive board defined that we will not practice prices below this international parity.

The main difference compared to what happens today is the deadline for adjustments in relation to the international market. The new policy provides for assessments for price revisions at least once a month. It is important to point out that, as the value of these fuels will follow the trend of the international market, there may be maintenance, reduction or increase in prices practiced in refineries.

The need for adjustments in fuel values at refineries will be taken care of by the Markets and Prices Executive Group, formed by the company's president, the director of Refining and Natural Gas and the director of Finance and Investor Relations.

The first assessment made by the executive group indicated the need to reduce diesel by 2.7% and gasoline by 3.2% at the refinery. These prices will be in effect for sales made from midnight on Saturday, 10/15.

To allow greater flexibility in the commercial management of derivatives and stimulate sales increases, we will also consider granting specific discounts for diesel and gasoline in specific markets. Under no circumstances will these discounts be below the company's costs.

The executive committee's decision took into account the growing volume of imports, which reduces Petrobras' participation, and also the seasonality of the world oil market. The increase in external purchases has been observed especially in the case of diesel, where the entry of products already accounts for 14% of the country's demand. In the case of gasoline, imports grew 28% per month between March and September of that year.

As Brazilian law guarantees freedom of pricing in the fuel and derivatives market, revisions made by Petrobras at refineries may or may not be reflected in the final consumer price. This will depend

on transfers made by other members of the oil chain, especially distributors and gas stations. If the adjustment made today is fully passed on, diesel could drop 1.8% or about R\$ 0.05 per liter, and gasoline 1.4% or R\$ 0.05 per liter.