Petróleo Brasileiro S.A. – PETROBRAS

Antitrust Code of Conduct

It is Petróleo Brasileiro S.A. – PETROBRAS policy to take business decisions in the best interest of the Company, in a completely independent manner, vis a vis its competitors, and in compliance with the rules for the protection of free competition.

The present document, which has been approved by PETROBRAS Executive Board on April 25, 2013, contains a summary of the applicable law in order to provide general guidance to managers and employees of the Company, in line with the Company's Code of Ethics – without prejudice to the necessary legal advice in specific situations – as well as sets out internal control procedures to ensure compliance with the principles and rules established.

PETROBRAS is convinced that respect for the laws which protect competition or antitrust is fundamental to guard and broaden the principles and socio-economic objectives of the National Energy Policy, all in conformity with the legislation pertaining to the oil, gas and energy sectors.

Rio de Janeiro, May, 2013.

Maria das Graças Silva Foster
President

I. Contents and Scope

This Code embodies PETROBRAS commitment regarding the strict compliance with the Brazilian competition or antitrust laws as well as those competition or antitrust laws of such foreign jurisdictions where it conducts business.

It is an individual obligation applying to all PETROBRAS administrators, employees and service providers to comply with the provisions of this Antitrust Code of Conduct.

Any violation of this Code and the guidelines established herein will subject those responsible for such violation to the relevant disciplinary and legal sanctions and may even lead to the dismissal of administrators and the imposition of the applicable labor penalties.

The purpose of this Code is to ensure that the administrators, managers, employees and all personnel hired by the Company hold a general knowledge of the relevant legislation in order to avoid the risk that specific situations which would require preventive and corrective actions are not timely identified or are brought to the attention of the Legal Department for guidance on the adoption of the appropriate measures, belatedly. In case there are any doubts regarding the Antitrust Law rules and the practical application of such legislation, the Legal Department must be previously consulted.

Compliance with the rules of this Code of Conduct is essential to avoid that penalties are imposed on PETROBRAS for breach of the Antitrust Law, as well as to prevent the Company to suffer from anticompetitive practices carried out by other agents.

In particular, concrete situations that may require assessment of possible antitrust implications notably involve markets where the Company holds a dominant position. The reason for this is that antitrust law imposes strict standards of conduct on companies that hold dominant positions in markets for products or services.

In Brazil, it is assumed that a company holds a dominant position if the company, or group of companies, is able to alter the market relations unilaterally or in a coordinated manner, or if it holds 20% or more of the market share. It is allowed for such company however, to provide evidence to the contrary.

Thus, without prejudice to the legal and statutory duties of the Board of Directors, the Executive Board and the competent managers must monitor and keep themselves informed of the Company's competitive strategies and of those of the other economic agents in the sector, as well as their implementation in the markets where there is dominance.

II. Overview

A. Objectives of the Antitrust Policy and Law

The protection of free competition ensures that consumers have access to goods and services with the best quality and lowest possible price, forcing companies to invest continually in the quality of its products and in the efficiency of their productive processes. The restriction of competition has its negative effects not only on consumers but also on the economy as a whole, which is prevented from attaining efficiency.

Although Brazil has had an antitrust and competition law since 1962, the policies of state intervention in the economy in various sectors, such as the oil industry, particularly those regarding price control practices, made the free market protection rules become inapplicable, since the market was, after all, under State control.

With the movement of deregulation and liberalization of the goods and services markets, as from the 1990s, which allowed for the establishment of a regime of free pricing, and especially after the enactment of Law No. 8884, on June 11, 1994, the protection of the competition has become one of the cornerstones of the Economic Policy, besides the Fiscal, Monetary and Exchange Policies.

The market for oil and its derivatives also went through these changes with the enactment of the Amendment No. 9 to the Brazilian Constitution, dated as from

November 9, 1995, and the passing of legal documents relating to the oil, gas and energy sectors, which promoted a progressive liberalization of prices and the establishment of a regime of free competition in these sectors of the economy.

Currently the Brazilian Antitrust Law , Law No. 12.529/2011, provides for the prevention and prosecution of violations of the economic order, grounded on the constitutional principles of free enterprise and free competition, the social function of property, consumer protection and prosecutionof the abuse of economic power.

B. Liability for Violations

Disputes regarding antitrust matters may result in great losses of time and resources for the companies. Non-compliance with the antitrust laws may subject the company to administrative liability for infringement of the economic order, which results, among other legal sanctions, in the imposition of heavy fines and civil liability for damages and losses.

Executives and employees involved may bear not only both administrative and civil individual liability, but also depending on the offense committed criminal liability.

III. Antitrust Law

A. Institutional Aspects and Scope

As far as antitrust or competition legislation is concerned, Law No. 12.529/2011 is the main document in Brazil. The Brazilian System for the Protection of the Competition (Sistema Brasileiro de Defesa da Concorrência or SBDC), is responsible for the administrative enforcement of the law and is comprised of the Administrative Council for Economic Defense (Conselho Administrativo de Defesa Econômica or CADE) , a federal agency under the Ministry of Justice, and the Secretariat for Economic Monitoring (Secretaria de Acompanhamento Econômico or SEAE), a federal ministerial body under the Ministry of Finance.

The CADE has the authority to hear cases and adjudicate disputes within the SBDC, and comprises the Administrative Tribunal for the Economic Defense

(Tribunal Administrativo de Defesa Econômica or TADE), the General Superintendence (Superintendência-Geral or SG) and the Department of Economic Studies (Departamento de Estudos Econômicos or DEE).

The TADE has the main authority to examine acts of economic concentration and it rules upon the administrative proceedings to impose sanctions for infringements of the economic order. On the other hand, the GS's main powers are to instruct acts of economic concentration and to investigate breaches of the economic order, whilst the DEE, in turn, is responsible for preparing studies and providing economic advice to give support to TADE and to SG.

As per the terms of art.10, of Law No. 9.478/97, should the National Petroleum, Natural Gas and Biofuel Agency (Agência Nacional do Petróleo, Gás Natural e Biocombustíveis or ANP), in the exercise of its powers, learn of any facts which may be deemed evidence of breach of the economic order, the agency shall immediately inform such fact to the CADE, so that it may adopt the appropriate measures under the relevant legislation.

The same article establishes, in its sole paragraph, that regardless of the aforementioned communication, the CADE shall notify the ANP of the terms of its decision to apply sanctions for breach of the economic order committed by companies or individuals in the performance of activities related to the national supply of fuels so that the agency may take the pertinent legal measures within its powers. Among the legal consequences of conviction for violation of the economic order, the termination of the operating authorization with the ANP may be mentioned.

Brazilian law also provides for the criminalization of various types of antitrust infringement, pursuant to Law No. 8137, from December 27, 1990, which defines, among others, the crimes against the economic order. The enforcement of such law is attributed to the Federal and State Public Prosectuors, according to their respective competences, within the Judiciary.

It is noteworthy that several cases of cartel formation, especially as far as retailing automotive fuels are concerned, have been subject to criminal prosecution.

It should also be pointed out that the Law 12.529/2011, according to its art. 31, is applicable to individuals or to legal entities of public or private law, as well as any associations of persons or entities, existing either in fact or at law, notwithstanding temporarily, whether or not engaged in their activities under a legal monopoly. There is no provision for antitrust immunity for any sector of the economy under Brazilian law.

The aforementioned law also sets out joint and several liability of the company and its managers or administrators (art.32), of the companies, affiliated companies and entities comprising the economic group, in fact or at law (art. 33), as well as the possibility of attaining individual personal property of the breaching party, as a result of piercing the corporate veil of the company for infringement of the economic order (art. 34). The prosecution for breach of the economic order does not exclude sanctions which might be imposed for other offenses provided for at law (art. 35).

In areas under the jurisdiction of regulatory agencies, the Antitrust Law will also apply, albeit secondarily, except when the antitrust provisions conflict with the relevant regulatory provisions, in which case the latter will prevail. This is what happens, as a rule, in cases of regulation of prices, quantities or conditions for entry into the regulated market.

B. Concentration Acts

The Antitrust Law has imposed a preventive regime for economic concentration control ("concentration acts"), involving companies that meet certain requirements according to their economic dimensions.

According to the legal criterion , the parties involved in the operation of the economic concentration acts in which, cumulatively, (i) revenues of at least one of the groups involved in the concentration act is greater than or equal to R$750,000,000.00 (seven hundred and fifty million reais) in the year preceding the operation, and (ii) revenues of the other group involved is at least R$ 75,000,000.00 (seventy five million reais) in the year preceding the operation (art. 88, § 1 of Law No. 12.529/11 and Interministerial Ordinance No. 994/2012), must compulsorily submittd the act to CADE.

As for the nature of the operation which is subject to the control of CADE, the following cases are defined by law (art. 90) as concentration acts:

-acts which involve the merge of 2 (two) or more previously independent companies;

-acts in which 1 (one) or more companies acquire, directly or indirectly, through the purchase or exchange of shares, equity interests , bonds or securities convertible into shares, or assets, either tangible or intangible, by means of a contract or any other form or manner, control or participation in one or other companies;

-acts through which 1 (one) or more companies incorporate another company or other companies;

or

-acts through which 2 (two) or more companies enter into an association agreement, a consortium or a *joint venture*, unless such agreement is aimed at participating in public bidding rounds (including the agreements arising therefrom).

It is important to highlight that submission of the concentration act to the analysis of CADE is obligatorily previous to the performance of the act. According to such rule, the concentration acts in which the Company is involved may only be concluded after the parties to the act obtain the relevant approval from CADE, and the competitive conditions among the respective companies must be preserved until the final judgment. Any act contrary to such rule may be considered null and void, a fine of (R$ 60 thousand to R$ 60 millions) may be imposed and administrative proceedings may be initiated for investigation of a possible infringement of the economic order.

Thus, while the operations are not authorized by the CADE, their effects must remain legally suspended and, to this effect, an article providing for a condition precedent must be inserted in the formal instrument which binds the parties.

Furthermore, as a result of the statutory duty to preserve the competitive

conditions existing between the parties, the physical structures and competitive conditions must be kept unchanged until the final evaluation of CADE. Therefore, any acts which might be considered as a premature coordination between the parties, such as the transfer of assets, the integration of operations, the use of synergies, the exercise of influence from one party over the other and exchange of competitively sensitive information not strictly necessary for the execution of the formal instrument which binds the parties are whatsoever prohibited.

According to §6º of art.88, from the Law No. 12.529/2011, the CADE may authorize such concentration acts which may restrict competition, provided that the strictly necessary limits to reach the following objectives are observed: I - cumulatively or alternatively: a) to increase productivity or competitiveness; b) to improve the quality of goods and service; or c) to promote efficiency and technological or economic development; and II – if a relevant part of the resulting benefits are passed on to consumers.

The Guide for the Economic Analysis of Horizontal Concentration Acts, approved by Joint Ordinance SEAE / SDE No. 50, from August 1, 2001, constitutes the basic reference of the procedure for applying the concentrations control regime of the Law No. 12.529/2011.

C. Violations of the Economic Order

Art. 36, from Law No. 12.529/2011, defines as a violation of the economic order any act which has the purpose to or which can produce the following effects: I - limit, defraud or in any way hinder free competition or free enterprise; II - control a relevant market of goods or services; III - increase the profits arbitrarily; or IV – abuse a dominant position.

The same article points out that when a company conquers the market as a result of a natural process grounded on the major efficiency of the economic agent in relation to its competitors, such situation is not captured by the offence referred to in item II (§ 1). In other words, the mere fact that a company is dominant, because of its internal or organic growth, does not imply any infringement.

A dominant position is always presumed when a company or group of companies is able to alter unilaterally or in a coordinated manner the market conditions or when it controls 20% (twenty percent) or more of the relevant market. Such percentage may be changed by the CADE for certain specific sectors of the economy (§2º).

In this respect, the Law describes (§3º), by way of example, conducts that constitute violations of the economic order, provided that their scope is to produce some of the anticompetitive effects specified in art. 36 or that they may otherwise produce such effects.

Among the list of conducts, one may find , for example, horizontal practices regarding the formation of cartels, such as fixing prices, dividing markets or establishing agreed quotas with the competitor, obtaining or influencing the adoption of uniform business conduct among competitors and obtaining previously agreement on prices or adjusting advantages in public bidding rounds, as well as vertical practices such as fixing of resale prices, territorial and client based restraints, exclusivity agreements, refusal to negotiate, tie-in sales, price discrimination, predatory pricing and abuse of industrial property, intellectual, technology or trademark rights.

D. Principle of Reasonableness or Rule of Reason

In general, the criminalization of a conduct as an economic order offense requires that the infringing company holds a dominant position in a properly defined relevant market. In fact, absent the requirement of dominance, there would be no possibility of damages to the competition, therefore antitrust law would be inapplicable.

The term relevant market may be defined as the group of products or services and the geographic area for which the sale of these products and services is economically feasible. According to the "hypothetical monopolist" test, the relevant market is defined as the smallest products or services group and the smallest geographic area necessary for a supposed monopolist to be able to impose a "small but significant and non-transitory" increase in prices.

Except for the classic cartels cases – defined in items I and II of § 3, art. 36, of Law No. 12.529/2011 – an act can only be regarded as anticompetitive after a review of its reasonableness in the economic context where it is performed, so that it may be examined whether the conduct had the purpose or the effect of impairing the competitive relationships established in the affected market, producing, albeit potentially, one of the adverse effects specified in the chapeau of that article.

By definition, those conducts which have a negative balance considering their negative and positive impacts on the competition (net effect), reducing efficiency and economic welfare (see Guidelines for Economic Analysis of Horizontal Concentration Acts, approved by Ordinance SEAE/SDE No. 50, from August 1, 2001), are harmful to the competition.

In this sense, the principle of reasonableness or the rule of reason, which informs the application of Law No. 12.529/2011 as far as conduct and control of economic concentrations are concerned, involves a complex analysis of cost and benefit of the practices which restrict competition. Those practices which generate countervailing efficiency, promoting the economic welfare in general, are admissible, even if anticompetitive. Note that the criteria set out in § 6 of art. 88 of the referred law (see item B above) for the analysis of concentration acts are applicable, by analogy, to the analysis of the cost-benefit of conducts specified in art. 36, which may or may not constitute a violation of the economic order.

It should be noted that CADE Resolution No. 20, dated June 9, 1999, clarifies the criteria for the application of the Antitrust Law in respect of violations of the economic order, and it is a guide for the evaluation of the legality of business practices subject to the law referred to before.

E. Dominant Position

Antitrust laws impose strict standards of conduct for companies that occupy a dominant position in product or service markets. In Brazil, as mentioned before, dominance is presumed if a company or group of companies is able to alter market conditions unilaterally or in a coordinated manner or if it controls 20% (twenty percent) or more of the relevant market, although this percentage may be modified by CADE for specific sectors of the economy (§ 2).

Notwithstanding the Company's policy to conduct its business according to the highest ethical standards, in situations of market dominance, it is particularly important that the Company avoids practices that may be regarded as designed to exclude or eliminate competitors illicitly.

It is important to note, however, that, under the terms of antitrust or competition law, the condition of dominance that can be experienced by the Company in any market does not restrict its subjective right to adopt legitimate competitive strategies and be an effective rival of its current or potential competitors.

IV. Legal Advice and Periodical Review

In light of the complexity of antitrust analysis, the Company must obtain previous legal advice whenever its commercial policies and practices or those of third parties to the detriment of the Company are likely to fall into any of the categories of events defined as breaches of the economic order, especially including, but no limited to, the cases specified in this document. It is noteworthy that if there is an investigation, the fact that the pertinent area of the Company has consulted with Petrobras Legal Department before taking the relevant decision, strengthens the Company's position with respect to its defense.

In addition, the Company must periodically review the policies and business practices in force for its various target markets in light of the antitrust laws.

V. Relations with Competitors

A. Prohibited Contacts and Agreements

No discussion or exchange of information whatsoever with any representative of a company competing with Petrobras related to past, current and future prices, pricing policies, discounts and promotions, royalties, sales terms and conditions, costs, choice of customers, territorial markets, production quotas, sharing of markets or customers, may be held.

Therefore, any agreement concerning such matters cannot be concluded. This includes not only oral and written contracts, but also "gentlemen agreements" or

understandings of any kind. A simple exchange of information in this area, even when related to prices effectively estimated in the market may create a presumption of a cartel agreement, especially in concentrated markets. An administrator or employee of the Company shall not accept an invitation or remain in meetings where these matters are being dealt with and should move away from these discussions, recording such conduct in the minutes of the respective meeting, when these matters are raised by third parties.

It is contrary to the policy of the Company to send or to receive any kind of information about prices from or to competitors, except if the price list, prepared independently, has been published and circulated in the market to the clients according to the normal mechanisms of Company or its competitor, as the case may be.

When a competitor is a customer or a supplier of the Company, it is allowed to discuss and agree on prices for the products that will be bought or sold by such competitor.

Notwithstanding, it is not permitted to discuss and agree with a competitor prices related to other products or to the Company's or the competitor's transactions with third parties. It is not allowed to discuss or agree upon resale prices with the competitor either.

B. Pricing and Trade Policies

Prices and trade policies practiced by the Company should be established independently, taking into account the costs of the Company, the conditions of the national or international market, as applicable, and competitiveness of the prices.

VI. Relations with Associations, Unions, Federations and Confederations of Companies

As a rule, associations, unions, federations and confederations of companies play a legitimate and relevant role in the industry. Nevertheless, because they bring competitors together, such entities pose a potential risk of antitrust liability. That is why the involvement of the Company with such entities must be

surrounded by the necessary precautions.

Membership of the Company to those entities is subject to prior approval of the Executive Board. The type of entity, its objectives, its members, the admission rules, its history, activities and methods of operation must be taken into account.

Periodically, the Executive Board shall reconsider the convenience of membership of the Company to the entities in question, making the Board of Directors aware of the result of this analysis.

The relevant administrators or managers shall consider the convenience of their or the Company's employees' participation in the meetings of any of the above entities, the agendas of which must have been defined in advance. Sending any data from the Company to such entities must also be subject to prior careful scrutiny, and it is forbidden to send information about prices or quantities of products manufactured or marketed by the Company, unless there is a favorable legal opinion to this effect issued by Petrobras Legal Department.

The Company must maintain, during the term established in the relevant laws, a file concerning each of the entities to which Petrobras is a member as well as concerning the matters discussed, especially in the meetings where the Company's personnel is present.

VII. Relations with Customers and Suppliers

A. Independent Action

Subject to any restrictions arising from the Brazilian competition or antitrust law and from the foreign jurisdictions in which it operates, as well as the applicable rules with respect to the tender of its contracts according to the specific case, the Company is free to choose its customers and suppliers, and must do so independently.

Any understanding or agreement with a party, written or oral , which has the purpose to do or refrain from doing business with a third party, is contrary to this Code. For example, it will most likely be considered illegal for a company to arrange with its competitors to boycott a supplier in order to try to force him

lower his prices, save that exclusivity agreements or other arrangements of a similar nature compatible with the antitrust laws, according to the specific analysis of each case, may be admitted.

It is forbidden for the Company to get involved in mediating trade disputes between its customers - save for the exercise in the Company's own right - or in any discussion or private plan to restrict competition, regardless of the market in question.

B. Refusal to Negotiate

The Company is usually free to refuse businesses that are contrary to legitimate commercial interests such as, for example, to protect itself against credit risk, environmental risks, business reputation risks, among others.

However, there are certain cases in which antitrust law imposes mandatory negotiations. Considering that the law does not exhaustively define the cases in which a company has to enter into such mandatory negotiations, but, reversely, each case is examined individually, Petrobras Legal Department must be consulted prior to any decision by the Company to refuse to negotiate with a client or potential client, except in the cases for which orientation has been issued previously.

C. New Distribution or Supply Agreements

To minimize antitrust risks, it is mandatory that Petrobras Legal Department be consulted prior to the execution, by the Company, of distribution or supply agreements different than those approved as standards.

D. Sale of Products

The Company shall adopt, with independence, commercial and prices policies concerning the products offered by it.

No product of the Company can have its sale conditioned on the purchase of another product of the Company or on the "not-purchasing" of a product from a competitor, except in cases which are compatible with the antitrust or competition

law, to be considered on a case by case basis.

E. Resale Prices and Conditions

Fixing of resale prices occurs when one company controls or attempts to control the price whereby its client or distributor resells the products/services to consumers.

As a general rule, the Company is prohibited to suggest to its clients resale prices, discounts, payment terms, minimum or maximum amounts, profit margin or any other marketing conditions related to their businesses with third parties.
The cases in which such practices may be admitted under the antitrust laws must be previously examined by Petrobras Legal Department.

F. Company Purchases

It is forbidden to condition the purchase of products from a supplier on such supplier's acquiring, in turn, certain products from the Company, except in cases where this is compatible with the antitrust laws, which must be subject to a specific opinion from Petrobras Legal Department.

It is worth highlighting that the acquisition of goods and services through a tender process, when applicable, does not imply that the rules relating to the Antitrust Law will not be applicable. Accordingly, in the Company purchases subject to tender for the award of the respective contract, the principles and rules of the Antitrust Law must be applied, in order to obtain the most advantageous contract for PETROBRAS.

G. Price Discrimination and Sales Conditions

The antitrust laws provide that it may constitute an infringement of the economic order to discriminate buyers or suppliers of goods or services by means of fixing different prices, sales operational conditions or services delivery.

Although a different price or a discount may be admitted by the antitrust laws in certain cases to compete with the offer of other competitors or to reflect possible

cost savings, such situations require specific analysis.

The pricing policies of the Company for its various products and their future amendments must be previously revised by the Petrobras Legal Department, including as to discounts and sales promotions.

VIII. Relations with Subsidiaries, Controlled Entities and Associates[1]

The Company will not offer undue privileges to its subsidiaries, controlled entities and associates related to prices, discounts or other benefits which are not justifiable under the Antitrust Law, without prejudice to other applicable laws.

IX. Antitrust Information Requirements and Investigations

It is Petrobras corporate policy to cooperate with investigations by domestic and foreign antitrust authorities. This, however, shall not be deemed a waiver of any rights, lawsuits or claims from the Company to defend its interests and rights.

Requests for information made to the company by antitrust authorities or any others should be answered after couselling from Petrobras Legal Department.

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[1] An Associate is defined, according to the Brazilian Corporations Law, law nº 6.404, of December 15, 1976, as an entity:

Art. 243. [...]

§ 1o [...] in which its investor has "Significant Influence". (as amended by Law nº 11.941, 2009)

[...]

§ 4º "Significant Influence" means the power, whether owned or exercised by the investor, to participate in the decisons regarding the financial or operational policies of the entity in which it invests, without controlling such entity. (as amended by Law nº 11.941, 2009)

§ 5o An investor who is the owner of 20% or more of the outstanding voting stock of an entity shall be presumed to have Significant Influence over the entity, without controlling such entity. (as amended by Law nº 11.941, 2009) **[free translation]**

X. Misconduct, Documentation and Internal Audit

In compliance with this Code, it is important not only to avoid potential infringements of the antitrust laws, but also any behavior that may be considered inappropriate, suggesting non-complience with the legislation.

Accordingly, administrators, managers, employees and any other personnel hired by the Company must avoid witnessing or engaging in improper discussions which are contrary to the principles and rules laid down in this Antitrust Code of Conduct and must immediately and unequivocally move away from such discussions.

In the context of investigation of cartels, the exchange of information between competitors is forbidden, especially if communications have the following subjects as scope:

- Prices, sales conditions, discounts;
- Plans for increasing or reducing the prices;
- Margin of products price;
- Sales volume for products or services;
- Division of the Market (geographic or customers);
- Information about strategic plans of the companies;
- Matters relating to prices and commercial terms of the suppliers or specific customers;
- Any other information of confidential nature.

Without prejudice to the protection of the secrets of the Company, communications or correspondence should not be treated surreptitiously by the administrators and employees of the Company, nor conducted furtively or containing language that may be misunderstood by third parties who might become aware of their content.

The sources of information about the competition and about the business decisions of the Company should be consistently documented according to the Company's internal rules in force. Misunderstandings must be avoided and corrected when necessary.

The Company must ensure that its files are true and do not contain ambiguous words which can have unintended meanings. Regular and extraordinary internal audit work must ensure compliance with the aforementioned rules and the other provisions of this Code.

XI. Confidential Communication

Any violations of the provisions of this Code must be reported and may, at the discretion of the person concerned, be directed to such person's immediate boss or superior or directly to the Legal Department, provided that the confidentiality of the communications shall be maintained , in accordance with the internal rules of the Company and applicable laws.

XII. Supplementary Provisions

The Executive Board is responsible for complying with and enforcing the provisions of this Antitrust Code of Conduct, and it shall approve the regulations, complementary guidelines and internal control procedures and training required for the full compliance of the present Code.

XIII. Amendments of the Code of Competitive Conduct

Any amendments to this Code shall be approved by the Executive Board.