

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
October 14, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of October, 2016

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

Executive Board Approves New Pricing Policy

Rio de Janeiro, October 14, 2016 – Petróleo Brasileiro S.A. – Petrobras informs that its Executive Board approved, yesterday, a new pricing policy for diesel and gasoline commercialized in its refineries.

The pricing policy principles are the following:

1. International price parity, which includes costs such as freight, internal transportation and port tariffs;
2. A margin that reflects the risks related to the operations such as foreign exchange rate and price volatility, demurrage and profit, besides taxes;
3. Market share;
4. Prices always above international parity.

The policy that will be implemented foresees assessments about price adjustments at least once a month. It is worth noticing that, as the price of these products will follow the trend of international prices, there might be maintenance, reduction or increase in the refinery gate prices.

The approval of a pricing policy and of the basic structure of Petrobras' products prices is a responsibility of the Executive Board, according to article 34 of the Company's bylaws. As approved by the Executive Board, the evaluation regarding the needs for adjustments in the refinery will be taken by a Committee, the Executive Group of Market and Prices, composed of the Company's CEO, the Chief Refining and Natural Gas Officer and the CFO.

To allow for greater flexibility in the commercial management of its oil products and encourage an increase in sales, Petrobras will also evaluate particular discounts in the price of diesel and gasoline in specific markets. Nevertheless, these discounts shall not result in prices below the Company's costs.

As the Brazilian law guarantees price freedom in the oil and oil products market, the price adjustments undertaken by Petrobras in the refinery gate may or may not be reflected in the final price to the consumer, which will depend on the pass through carried out by other players in the oil products chain, namely distribution companies and gas stations.

The Executive Group of Market and Prices decided, in its first meeting, to reduce diesel prices by 2.7% (Brazil average) and gasoline prices by 3.2% (Brazil average) in the refinery gate. These prices will be effective as of Saturday, October 15th.

www.petrobras.com.br/ir

Contacts:

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**Av. República do Chile, 65 – 10th floor, 1002 – B – 20031-912 – Rio de Janeiro, RJ |
Phone: 55 (21) 3224-1510 / 3224-9947**

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,” “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, 2015, and the Company’s other filings with the U.S. Securities and Exchange Commission.

The decision of the group considered the increasing import volumes, which have reduced Petrobras 'market share, and the seasonality of the international oil and oil products market.

Future price adjustments will be communicated through press releases and internal client communication channels.

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