



MINISTRY OF JUSTICE
SECRETARIAT OF ECONOMIC LAW
COMPETITION DIVISION

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FOR IMMEDIATE RELEASE

**SDE OPENS FORMAL PROCEEDINGS TO INVESTIGATE ALLEGED
INTERNATIONAL CARTEL TO RIG BIDS, FIX PRICES, AND
ALLOCATE MARKETS FOR SALES OF MARINE HOSE**

BRASILIA — The Competition Division of the Secretariat of Economic Law, the Brazilian antitrust investigative body, has opened formal proceedings to investigate alleged international cartel to rig bids, fix prices and allocate markets for sales of marine hose.

Marine hose is a flexible rubber hose used to transport oil between tankers and storage facilities and buoys. Marine hose is purchased by companies such as Petrobras and Shell, that are involved in the off-shore extraction and transportation of petroleum products. It is estimated that from 2000 to 2005 the conspirators sold in Brazil approximately US\$48 million worth of marine hose and related products.

The proceedings were opened against (i) Bridgestone Corporation; (ii) Dunlop Oil and Marine Ltd.; (iii) Kleber (Trelleborg Industrie S.A.); (iv) ITR Oil and Gas Division/Pirelli (Grupo Parker Hannifin); (v) The Yokohama Rubber Co., Ltd.; (vi) Manuli Rubber Industries SpA; (vii) Sumitomo Rubber Industries, K.K.; (viii) Hewitt-Robins; (ix) Goodyear do Brasil Produtos de Borracha Ltda.; (x) Pagé Indústria de Artefatos de Borracha Ltda.; (xi) Flexomarine S.A.; (xii) Flexomarine Empreendimentos Ltda.; (xiii) Massimo Nebiolo; (xiv) Antônio Carlos Araes; (xv) Maria Lúcia Peixoto Ferreira Leite Ribeiro de Lima; and (xvi) Sílvio Rabello.

The investigation is based upon information provided to SDE by a leniency applicant and a dawn raid carried out by the agency earlier this year. The leniency beneficiary agreed to fully cooperate with the Brazilian authorities in exchange of full criminal and administrative immunity.

“This case demonstrates that Brazil is considered by major companies as a jurisdiction with ability to effectively crack cartels with effects in the country, reason why we were able to attract the leniency applicant”, said Ana Paula Martinez, Deputy Secretary of Economic Law and Director of the Competition Division of SDE. “Cartel prosecution has become a top priority in Brazil. There are a growing number of candidates to our leniency program, including members to international cartels. This reflects in the number of search warrants served: (i) in 2003, 2004 and 2005, 11 warrants were served and 2 people were temporarily arrested; (ii) in 2006, 19 warrants were served; (iii) and from January to September 2007, 84 warrants were served and 30 people were temporarily arrested.”

The fact that the Secretariat of Economic Law opened formal proceedings does not mean that all the companies and individuals under investigation are guilty of anticompetitive behavior. The SDE respects the rights of defense, in particular the right of companies to be heard during the antitrust proceedings.