

(A free translation of the original in Portuguese)

**Braskem S.A.**  
**and Subsidiaries**  
**Quarterly Information (ITR) at**  
**March 31, 2010**  
**and Review Report of**  
**Independent Accountants**

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## **Review Report of Independent Accountants**

To the Management and Stockholders  
Braskem S.A.

- 1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Braskem S.A. and subsidiaries (parent company and consolidated), for the quarter ended March 31, 2010, comprising the balance sheets and the statements of operations, of changes in stockholders' equity and of cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the IBRACON - Institute of Independent Auditors of Brazil, in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of Quarterly Information, in accordance with the standards issued by the Brazilian Securities Commission (CVM).
- 4 As mentioned in Note 2, the Brazilian Securities Commission (CVM) approved several Pronouncements, Interpretations and Technical Guidance issued by the Brazilian Accounting Pronouncements Committee (CPC), effective as from 2010, which changed the accounting practices adopted in Brazil. As permitted by CVM Resolution 603/09, management elected to present its Quarterly Information using the same accounting standards adopted in Brazil until December 31, 2009. As required by that Resolution, the Company disclosed this fact in Note 2 to the ITR, together with a description of the main changes that may impact its year-end financial statements, and an explanation of the reasons that prevent it from estimating their possible effects on stockholders' equity and the statement of operations.
- 5 At March 31, 2010, Braskem S.A. and subsidiaries have an accumulated Value-added Tax on Sales and Services (ICMS) balance recoverable essentially arising from the difference between the rates applicable to incoming and outgoing inputs and products, domestic sales with tax deferral incentive, and export sales. The realization of such credits, which amount to R\$ 1,001,132 thousand at March 31, 2010 (consolidated - R\$ 1,012,205 thousand), depends on the successful implementation by Braskem S.A. management of the actions described in Note 9. The Quarterly Information (ITR) of Braskem S.A. and subsidiaries at March 31, 2010 does not include any adjustments relating to the recovery of these credits as a result of their future realization.
- 6 As described in Notes 1(b) and 27 to the Quarterly Information (ITR), the Company and its subsidiaries are currently undergoing a business and corporate restructuring process that includes (i) capital increase of R\$ 2,378,742 thousand, which was concluded on April 14, 2010; (ii) acquisition of assets of the polypropylene division of Sunoco Inc. in the United States, concluded on April 1, 2010; and (iii) acquisition of 60% of the shares of Quattor Participações S.A., concluded on April 27, 2010. This process may entail economic and/or corporate impacts on Braskem S.A. and its subsidiaries, and will determine the direction of the development both of their operations and those of the acquired companies.

- 7 The Quarterly Information (ITR) mentioned in paragraph 1 above also includes comparative accounting information relating to the results of operations for the quarter ended March 31, 2009, obtained from the corresponding ITR for that quarter, and to the balance sheet at December 31, 2009, obtained from the financial statements for the year then ended. The limited review of the Quarterly Information for the quarter ended March 31, 2009 and the audit of the financial statements for the year ended December 31, 2009 were conducted by other independent auditors, who issued, respectively: (a) an unqualified limited review report dated May 4, 2009, including emphasis of matter paragraphs on: (i) realization of the ICMS balance recoverable; (ii) involvement of Braskem S.A. and merged entities in significant lawsuits that include those related to exemption of payment of social contribution on net income; (iii) recognition of Excise Tax (IPI) credits that were offset against IPI itself and other federal taxes; (iv) restatement of comparative figures relating to the statements of operations and cash flows as a result of changes in accounting practices; and (b) unqualified opinion dated February 12, 2010, except for the matters mentioned in Notes 34(c), (d) and (e) to the financial statements which were dated March 2, 2010, with emphasis of matter paragraphs on: (i) restatement of prior-year figures presented for comparison purposes; and (ii) announcement of the completion of the negotiations to acquire Quattor Participações S.A. ("Quattor") and assets of the polypropylene division of Sunoco, Inc. ("Sunoco").

Salvador, May 13, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 "F" BA

Felipe Edmond Ayoub  
Contador CRC 1SP187402/O-4 "S" BA

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Braskem S.A.

ITR – Quarterly Information – Base Date 3/31/2010

Unaudited

## Balance Sheet

|  |                  | Parent company |            | Consolidated |            |
|--|------------------|----------------|------------|--------------|------------|
| Assets                                       | Note             | Mar/2010       | Dec/2009   | Mar/2010     | Dec/2009   |
| Current assets                               |                  |                |            |              |            |
| Cash and cash equivalents                    | 4                | 1,891,832      | 2,262,804  | 2,692,282    | 2,663,642  |
| Marketable securities                        | 5                | 599,480        | 466,389    | 599,774      | 466,820    |
| Trade accounts receivable                    | 6                | 1,649,068      | 1,040,212  | 1,721,702    | 1,297,090  |
| Inventories                                  | 7                | 1,750,814      | 1,769,798  | 1,907,836    | 1,919,124  |
| Taxes recoverable                            | 9                | 409,900        | 482,494    | 431,199      | 505,854    |
| Deferred income tax and social contribution  | 18 (b)           | 54,546         | 55,972     | 57,285       | 59,164     |
| Dividends and interest on capital receivable |                  | 6,920          | 3,736      |              |            |
| Prepaid expenses                             |                  | 8,756          | 22,085     | 8,920        | 22,295     |
| Other accounts receivable                    |                  | 123,376        | 120,518    | 130,606      | 113,336    |
|  |                  | 6,494,692      | 6,224,008  | 7,549,604    | 7,047,325  |
| Non-current assets                           |                  |                |            |              |            |
| Long-term receivables                        |                  |                |            |              |            |
| Marketable securities                        | 5                | 16,499         | 15,811     | 18,520       | 17,786     |
| Hedge accounting transactions                | 22 (f.3, i, i.b) |                | 5,334      |              | 5,334      |
| Trade accounts receivable                    | 6                | 61,487         | 58,343     | 61,927       | 58,783     |
| Inventories                                  | 7                | 28,997         | 29,273     | 28,997       | 29,273     |
| Taxes recoverable                            | 9                | 1,335,613      | 1,253,889  | 1,343,342    | 1,259,801  |
| Deferred income tax and social contribution  | 18 (b)           | 846,649        | 871,269    | 856,010      | 881,173    |
| Judicial deposits and compulsory loan        | 10               | 137,495        | 147,327    | 144,862      | 154,592    |
| Related parties                              | 8 (a)            | 89,568         | 70,054     | 109,332      | 100,725    |
| Other accounts receivable                    |                  | 170,748        | 67,770     | 172,190      | 69,229     |
|  |                  | 2,687,056      | 2,519,070  | 2,735,180    | 2,576,696  |
| Investments in subsidiaries                  | 11               | 843,058        | 518,909    | 3,860        |            |
| Investments in associated companies          | 11               | 24,150         | 20,684     | 24,150       | 20,684     |
| Other investments                            |                  | 6,575          | 6,575      | 7,232        | 8,622      |
| Property, plant and equipment                | 12               | 9,841,875      | 9,850,672  | 10,028,222   | 10,044,161 |
| Intangible assets                            | 13               | 2,338,875      | 2,341,035  | 2,333,681    | 2,335,955  |
| Deferred charges                             | 14               | 65,969         | 70,980     | 66,581       | 71,618     |
|  |                  | 15,807,558     | 15,327,925 | 15,198,906   | 15,057,736 |
| Total assets                                 |                  | 22,302,250     | 21,551,933 | 22,748,510   | 22,105,061 |

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| (continued)                                       |                  |                |             |              |             |
|---|------------------|----------------|-------------|--------------|-------------|
| Liabilities and stockholders' equity              | Note             | Parent company |             | Consolidated |             |
|   |                  | Mar/2010       | Dec/2009    | Mar/2010     | Dec/2009    |
| <b>Current liabilities</b>                        |                  |                |             |              |             |
| Suppliers   |                  | 4,174,908      | 3,311,103   | 4,575,723    | 3,823,451   |
| Loans and financing                               | 15               | 1,086,718      | 1,518,159   | 1,049,001    | 1,504,063   |
| Debentures  | 16               | 312,370        | 316,729     | 312,370      | 316,729     |
| Hedge accounting transactions                     | 22 (f.3, i, i.b) | 12,745         | 10,805      | 57,238       | 52,559      |
| Salaries and social charges                       |                  | 288,337        | 258,419     | 298,211      | 270,029     |
| Taxes payable                                     | 17               | 889,496        | 1,144,878   | 899,727      | 1,155,396   |
| Dividends and interest on capital                 |                  | 1,829          | 2,863       | 1,908        | 2,863       |
| Advances from customers                           |                  | 54,086         | 28,442      | 55,216       | 29,829      |
| Related parties                                   | 8 (a)            | 68,324         | 66,798      |              |             |
| Other accounts payable                            | 19               | 143,757        | 116,815     | 171,602      | 135,450     |
|   |                  | 7,032,570      | 6,775,011   | 7,420,996    | 7,290,369   |
| <b>Non-current liabilities</b>                    |                  |                |             |              |             |
| Long-term liabilities                             |                  |                |             |              |             |
| Suppliers   |                  | 23,140         | 23,140      | 23,168       | 23,229      |
| Loans and financing                               | 15               | 7935,295       | 7,427,865   | 7,949,120    | 7,439,293   |
| Debentures  | 16               | 500,000        | 500,000     | 500,000      | 500,000     |
| Hedge accounting transactions                     | 22 (f.3, i, i.b) | 2,773          |             | 52,330       | 31,579      |
| Taxes payable                                     | 17               | 1,228,166      | 986,384     | 1,234,430    | 992,915     |
| Related parties                                   | 8 (a)            | 8,568          | 11,397      |              |             |
| Long-term incentives                              |                  | 12,166         | 7,709       | 12,166       | 7,709       |
| Deferred income tax and social contribution       | 18 (b)           | 742,512        | 848,824     | 742,527      | 848,839     |
| Private pension plans                             | 26               | 23,208         | 23,208      | 23,208       | 23,208      |
| Other accounts payable                            | 19               | 168,310        | 194,447     | 177,047      | 205,996     |
|   |                  | 10,644,138     | 10,022,974  | 10,713,996   | 10,072,768  |
| <b>Stockholders' equity</b>                       |                  |                |             |              |             |
| Capital   | 20               | 5,473,181      | 5,473,181   | 5,473,181    | 5,473,181   |
| Capital reserves                                  |                  | 428,575        | 428,575     | 428,575      | 428,575     |
| Carrying value adjustments                        |                  | (79,012)       | (66,177)    | (79,012)     | (66,177)    |
| Treasury stock                                    |                  | (11,932)       | (11,932)    | (11,932)     | (11,932)    |
| Accumulated deficit                               |                  | (1,061,871)    | (1,069,699) | (1,073,895)  | (1,081,723) |
| Loss for the period                               |                  | (123,399)      |             | (123,399)    |             |
|   |                  | 4,625,542      | 4,753,948   | 4,613,518    | 4,741,924   |
| <b>Total liabilities and stockholders' equity</b> |                  | 22,302,250     | 21,551,933  | 22,748,510   | 22,105,061  |

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| Statement of operations   | Note   | Parent company   |                  | Consolidated     |                  |
|---|--------|------------------|------------------|------------------|------------------|
|   |        | Mar/2010         | Mar/2009         | Mar/2010         | Mar/2009         |
| <b>Gross sales</b>  |        |                  |                  |                  |                  |
| Domestic market   |        | 3,963,402        | 2,834,072        | 4,116,670        | 3,197,914        |
| Foreign market  |        | 1,111,757        | 780,869          | 1,513,386        | 829,069          |
| Taxes, freights and returns                                       |        | (1,121,243)      | (821,009)        | (1,164,270)      | (872,228)        |
| <b>Net sales</b>  |        | <b>3,953,916</b> | <b>2,793,932</b> | <b>4,465,786</b> | <b>3,154,755</b> |
| Cost of sales   |        | (3,220,433)      | (2,425,113)      | (3,672,866)      | (2,769,403)      |
| <b>Gross profit</b>   |        | <b>733,483</b>   | <b>368,819</b>   | <b>792,920</b>   | <b>385,352</b>   |
| <b>Income (expenses)</b>  |        |                  |                  |                  |                  |
| Selling   |        | (37,432)         | (42,517)         | (49,691)         | (55,860)         |
| Distribution  |        | (65,981)         | (64,676)         | (65,981)         | (64,676)         |
| General and administrative  |        | (135,401)        | (85,493)         | (147,255)        | (96,894)         |
| Research and development  |        | (9,832)          | (13,203)         | (11,261)         | (13,203)         |
| Equity in the results of investees                                | 11 (c) | 23,682           | (37,758)         | 6,612            | (7,818)          |
| Depreciation and amortization                                     |        | (26,758)         | (20,464)         | (28,357)         | (22,099)         |
| Proceeds from fixed assets and other disposals                    |        | (4,316)          | (754)            | (4,341)          | (835)            |
| Other operating income (expenses), net                            | 24     | (7,927)          | 115,761          | (8,229)          | 117,166          |
|   |        | (263,965)        | (149,104)        | (308,503)        | (144,219)        |
| <b>Operating profit before financial result</b>                   |        | <b>469,518</b>   | <b>219,715</b>   | <b>484,417</b>   | <b>241,133</b>   |
| <b>Financial result</b>   | 23     |                  |                  |                  |                  |
| Financial expenses  |        | (735,694)        | (222,560)        | (762,588)        | (243,206)        |
| Financial income  |        | 101,141          | 34,982           | 117,426          | 34,664           |
|   |        | (634,553)        | (187,578)        | (645,162)        | (208,542)        |
| <b>Profit (loss) before taxation</b>                              |        | <b>(165,035)</b> | <b>32,137</b>    | <b>(160,745)</b> | <b>32,591</b>    |
| Income tax and social contribution – current                      | 18 (a) | (36,293)         | (1,255)          | (39,692)         | (3,393)          |
| Income tax and social contribution – deferred                     | 18 (b) | 77,929           | (21,147)         | 77,038           | (19,463)         |
|   |        | 41,636           | (22,402)         | 37,346           | (22,856)         |
| <b>Net income (loss) for the period</b>                           |        | <b>(123,399)</b> | <b>9,735</b>     | <b>(123,399)</b> | <b>9,735</b>     |
| Outstanding shares at the end of the period (in thousands)        |        | 520,928          | 507,541          |                  |                  |
| <b>Net income (loss) per share at the end of the period - R\$</b> |        | <b>(0.2369)</b>  | <b>0.01918</b>   |                  |                  |

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| Statement of cash flows   | Parent company   |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | Mar/2010         | Mar/2009         | Mar/2010         | Mar/2009         |
|   |                  | Restated         |                  | Restated         |
| Net income (loss) before taxation   | (165,035)        | 32,137           | (160,745)        | 32,591           |
| Adjustments to reconcile net income (loss)  |                  |                  |                  |                  |
| Depreciation, amortization and depletion  | 243,627          | 204,035          | 246,685          | 208,236          |
| Equity in the results of investees  | (23,682)         | 37,758           | (6,612)          | 7,818            |
| Loss (gain) on change in interest in investments and other  | (1,452)          | (873)            |                  |                  |
| Provision for loss and write-offs (investments, property, plant and equipment, intangible assets, deferred charges) | 9,378            | 2,338            | 9,691            | 885              |
| Interest, monetary and exchange variations, net   | 519,045          | 157,797          | 513,103          | 156,416          |
| <b>Cash generation before changes in operating working capital</b>  | <b>581,881</b>   | <b>433,192</b>   | <b>602,122</b>   | <b>405,946</b>   |
| Changes in operating working capital  |                  |                  |                  |                  |
| Marketable securities   | (124,620)        | (50,675)         | (124,666)        | (296)            |
| Trade accounts receivable   | (250,767)        | (263,761)        | (66,534)         | (372,190)        |
| Inventories   | 27,896           | 670,530          | 20,607           | 687,079          |
| Taxes recoverable   | (4,225)          | (67,008)         | (3,928)          | (72,687)         |
| Prepaid expenses  | 13,329           | (12,550)         | 13,390           | (11,812)         |
| Other accounts receivable   | (113,850)        | (42,953)         | (101,806)        | (51,843)         |
| Suppliers   | 863,805          | (891,751)        | 754,457          | (501,716)        |
| Taxes payable   | (211,990)        | 5,129            | (215,885)        | 11,739           |
| Long-term incentives  | 4,457            | (5,184)          | 4,457            | (5,184)          |
| Advances from customers   | 25,642           | 37,600           | 25,387           | 40,685           |
| Interest paid   | (101,960)        | (179,360)        | (147,949)        | (187,655)        |
| Income tax and social contribution paid   | (4,905)          | (3,046)          | (4,905)          | (3,116)          |
| Other accounts payable  | 36,492           | (6,061)          | 42,929           | (6,024)          |
| <b>Net cash provided by (used in) operating activities</b>  | <b>741,185</b>   | <b>(375,898)</b> | <b>797,676</b>   | <b>(67,074)</b>  |
| Proceeds from the sale of permanent assets  | 706              | 1,533            | 717              | 1,533            |
| Additions to investments  | (312,457)        | (8,325)          |                  | (4,980)          |
| Additions to property, plant and equipment  | (246,056)        | (114,434)        | (259,940)        | (117,286)        |
| Additions to intangible assets  |                  |                  | (58)             | (2,132)          |
| <b>Cash used in investing activities</b>  | <b>(557,807)</b> | <b>(121,226)</b> | <b>(259,281)</b> | <b>(122,865)</b> |
| Short-term debt   |                  |                  |                  |                  |
| New loans   | 29,650           | 420,872          | 29,964           | 421,025          |
| Repayment of loans  | (1,199,853)      | (772,497)        | (1,160,239)      | (823,139)        |
| Long-term debt  |                  |                  |                  |                  |
| New loans   | 619,018          | 606,891          | 620,539          | 607,694          |
| Related parties   |                  |                  |                  |                  |
| New loans   | 22,356           |                  |                  |                  |
| Repayment of loans  | (25,425)         | (504)            |                  |                  |
| Dividends paid and prescribed   | (96)             | 25               | (19)             | 152              |
| Other   |                  |                  |                  | 5,455            |
| <b>Cash provided by (used in) financing activities</b>  | <b>(554,350)</b> | <b>254,787</b>   | <b>(509,755)</b> | <b>211,187</b>   |
| <b>Increase (decrease) in cash and cash equivalents</b>   | <b>(370,972)</b> | <b>(242,337)</b> | <b>28,640</b>    | <b>21,248</b>    |
| Represented by  |                  |                  |                  |                  |
| Cash and cash equivalents at the beginning of the period  | 2,262,804        | 2,199,862        | 2,663,642        | 2,611,600        |
| Cash and cash equivalents at the end of the period  | 1,891,832        | 1,957,525        | 2,692,282        | 2,632,848        |
| <b>Increase (decrease) in cash and cash equivalents</b>   | <b>(370,972)</b> | <b>(242,337)</b> | <b>28,640</b>    | <b>21,248</b>    |

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Statement of changes in stockholders' equity

|                                | Note   | Capital          | Capital reserves |               | Treasury Stock  | Retained earnings (accumulated deficit) | Carrying value adjustments | Total            |
|--------------------------------|--------|------------------|------------------|---------------|-----------------|---|----------------------------|------------------|
|                                |        |                  | Tax incentives   | Other         |                 |   |                            |                  |
| <b>At December 31, 2008</b>    |        | <b>5,375,802</b> | <b>407,410</b>   | <b>554</b>    |                 | <b>(1,989,785)</b>                      | <b>(102,100)</b>           | <b>3,691,881</b> |
| Capital increase               | 20 (a) | 97,379           |                  |               |                 |   |                            | 97,379           |
| Prescribed dividends           |        |                  |                  |               |                 | 2,858                                   |                            | 2,858            |
| Treasury stock                 | 20 (c) |                  |                  |               | (11,932)        |   |                            | (11,932)         |
| Transfer to reserve            |        |                  |                  | 20,611        |                 |   |                            | 20,611           |
| Carrying value adjustments     | 20 (e) |                  |                  |               |                 |   | 35,923                     | 35,923           |
| Net income for the year        |        |                  |                  |               |                 | 917,228                                 |                            | 917,228          |
| <b>At December 31, 2009</b>    |        | <b>5,473,181</b> | <b>407,410</b>   | <b>21,165</b> | <b>(11,932)</b> | <b>(1,069,699)</b>                      | <b>(66,177)</b>            | <b>4,753,948</b> |
| Prescribed dividends           |        |                  |                  |               |                 | 936                                     |                            | 936              |
| Write-off of negative goodwill |        |                  |                  |               |                 | 6,892                                   |                            | 6,892            |
| Carrying value adjustments     | 20 (e) |                  |                  |               |                 |   | (12,835)                   | (12,835)         |
| Loss for the period            |        |                  |                  |               |                 | (123,399)                               |                            | (123,399)        |
| <b>At March 31, 2010</b>       |        | <b>5,473,181</b> | <b>407,410</b>   | <b>21,165</b> | <b>(11,932)</b> | <b>(1,185,270)</b>                      | <b>(79,012)</b>            | <b>4,625,542</b> |



**ALL AMOUNTS STATED IN THOUSANDS OF REAIS, UNLESS OTHERWISE INDICATED**

**1 Operations**

- (a) Braskem S.A. (“Braskem” or the “Company”) is a publicly-held corporation headquartered in Camaçari, State of Bahia, with 17 production units located in the States of Alagoas, Bahia, São Paulo and Rio Grande do Sul, that manufacture basic petrochemicals such as ethane, propane and benzene, in addition to gasoline and GLP (cooking gás). In the thermoplastic resin segment, the units produce polyethylene, polypropylene and PVC. Additionally, Braskem imports and exports chemicals, petrochemicals and fuels and produces and supplies inputs used by companies located at the Northeast and Southern Petrochemical Complexes, such as steam, water, compressed air and, electric energy. The Company also provides a number of services to and holds interests in other companies, as partner or stockholder. Braskem’s parent company is Odebrecht S.A. which at March 31, 2010 holds 66.8% of the voting capital, through its subsidiary BRK Investimentos Petroquímicos S.A. (“BRK”).

In January 2010, the Company ceased the activities of its plant located in São Paulo, where PVC specialty resins were manufactured. The main raw material of this unit was MVC (vynyl monochloride) that was transferred from the Braskem plant located in Camaçari, State of Bahia. The logistics required to make this basic input available in São Paulo was considered as unfeasible. To carry on the sales of this PVC resin, the Company made an agreement with Mexichem Colombia S.A. to import the product. The São Paulo unit is being maintained as a product distribution center with capacity to store and dispatch other Braskem resins in addition to PVC specialties. On December 31, 2009, management decided to fully provide the net book value of machinery and equipment in the amount of R\$ 25,000, as it is not possible to forecast the cash flows from a potential resumption of the production or sale of the assets.

**(b) Corporate restructuring**

Since its formation on August 16, 2002, the Company and its subsidiaries have undergone a major corporate restructuring process, disclosed to the market through material event notices. The main developments in 2009 and 2010 can be summarized as follows:

**b.1** – The Extraordinary Stockholders’ Meetings of Braskem and Petroquímica Triunfo S.A (“Triunfo”) held on April 30 and May 5, 2009, respectively, approved the merger of Triunfo into the Company. This represented the last stage of the agreement entered into on November 30, 2007 among Petrobras - Petróleo Brasileiro S.A. (“Petrobras”), Petrobras Química S.A. (“Petroquisa”), Odebrecht S.A. (“Odebrecht”) and Nordeste Química S.A. (“Norquisa”). The merged net assets of Triunfo at book value amounted to R\$117,990. Of this total, R\$ 97,379 was appropriated to a capital increase of the Company (Note 20(a)), and R\$ 20,611 was allocated to the capital reserve account. A total of 13,387,157 Braskem class “A” preferred shares was issued and delivered to Triunfo stockholders, at the ratio of 0.210428051882238 Braskem class “A” preferred share to one (1) Triunfo common or class “A” preferred share.

Upon completion of this transaction, Petrobras, through its subsidiary Petroquisa, holds 59,014,254 common and 72,966,174 class “A” preferred shares of Braskem, corresponding to 25.3% and 31.0% of the Company’s total and voting capital, respectively.

**b.2** – On January 22, 2010, the Company announced the completion of the negotiations that will result in the acquisition of Quattor Participações S.A. (“Quattor”), under an Investment Agreement entered into on that date among Odebrecht, Petrobras, Braskem and Unipar – União de Indústrias Petroquímicas S.A. (“Unipar”). The Agreement will enable Petrobras to consolidate its main petrochemical assets in Braskem, which will continue to be a publicly-held company with enhanced ability to compete globally. The Investment Agreement implementation schedule is as follows:

- (i) In December 2009, the holding company BRK was organized, in order to subsequently hold 100% of Braskem common shares owned by Odebrecht and Petrobras.
- (ii) In March and April 2010, Odebrecht and Petrobras increased BRK's capital by R\$ 3,500,000, through the payment in cash of new shares.
- (iii) Braskem capital increase in April 2010, as a private subscription of common and class "A" preferred shares, at an issue price of R\$ 14.40 per share. Such price was determined based on the average closing quotations of class "A" preferred shares at BOVESPA sessions between December 30, 2009 and January 21, 2010.
- (iv) Acquisition by Braskem, in April 2010, of 100% of Quattor shares held by Unipar, corresponding to 60% of Quattor's total and voting capital. From then on, Braskem holds the share control of Quattor and its subsidiaries and will consolidate the results of these new subsidiaries as from April 2010.
- (v) Acquisition by Braskem, in May 2010, of 100% of shares in Unipar Comercial e Distribuidora S.A. ("Unipar Comercial") held by Unipar - União de Indústrias Petroquímicas S.A. ("Unipar")
- (vi) Acquisition by Braskem, in May 2010, of 66% of the total and voting shares of Polibutenos S.A. Indústrias Químicas ("Polibutenos") held by Unipar and Chevron Oronite do Brasil Ltda. The remaining total and voting shares (33%) of Polibutenos are held by Quattor.
- (vii) Merger into Braskem, during the second quarter of 2010, of the remaining shares issued by Quattor.
- (viii) Public offer scheduled for the second quarter of 2010 for the acquisition of the outstanding shares of Quattor Petroquímica.

Additionally, an Association Agreement entered into among Petrobras, Odebrecht and Braskem grants Braskem the right of first refusal to participate as partner in projects at the Petrochemical Complex of the State of Rio de Janeiro (Comperj) and the Petrochemical Complex of Suape, in Pernambuco. These projects are already underway and are expected to increase the offer of basic petrochemicals and resins in Brazil.

The Investment Agreement has been submitted to the Administrative Council for Economic Defense – CADE, accompanied by a voluntary offer of an Agreement for Deal Reversal - APRO.

## **2 Presentation of the Quarterly Information**

The individual and consolidated Quarterly Information was prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporation Law, pronouncements, guidelines and interpretations of the Accounting Pronouncements Committee ("CPC"), and the rules of the Brazilian Securities Commission ("CVM"). As permitted by CVM Deliberation 603 of November 10, 2009, the Company elected to present the Quarterly Information for the period ended March 31, 2010 in accordance with the accounting rules in effect on December 31, 2009.

In the preparation of the Quarterly Information for 2010 and 2009, the Company adopted the amendments to the corporate legislation introduced by Law 11638 of December 28, 2007 ("Law 11638/07"), with the respective amendments introduced by Provisional Measure 449/08, converted into Law 11941 of May 27, 2009 ("Law 11941/09"). Laws 11638/07 and 11941/09 amend Law 6404/76 (Brazilian Corporation Law) as regards aspects related to the preparation and disclosure of the financial statements and their main purpose was to amend the Brazilian Corporation Law in order to harmonize the accounting practices adopted in Brazil with the International Financial Reporting Standards issued by the International Accounting Standards Board – IASB.

CPC pronouncements that affected the Quarterly Information are described below:

| CPC<br>Pronouncement | Subject matter   | Approval by CVM |               |
|----------------------|--|-----------------|---------------|
|                      |  | Deliberation    | Approval date |
| CPC 01               | Impairment of assets   | 527/07          | 11/01/2007    |
| CPC 02R              | Effects of changes in exchange rates and translation of financial statements | 534/08          | 1/29/2008     |
| CPC 03R              | Statement of cash flows  | 547/08          | 8/13/2008     |
| CPC 04               | Intangible assets  | 553/08          | 11/12/2008    |
| CPC 05               | Disclosures about related parties  | 560/08          | 12/11/2008    |
| CPC 06               | Leasing  | 554/08          | 11/12/2008    |
| CPC 07               | Government grants and subsidies  | 555/08          | 11/12/2008    |
| CPC 08               | Transaction costs and premiums on the issue of securities                    | 556/08          | 11/12/2008    |
| CPC 09               | Statement of value added   | 557/08          | 11/12/2008    |
| CPC 12               | Adjustment to present value  | 564/08          | 12/17/2008    |
| CPC 13               | First-time adoption of Law 11638/07 and Law 11941/09                         | 565/08          | 12/17/2008    |
| CPC 14               | Financial instruments: recognition, measurement and disclosure               | (*)             | 12/17/2008    |

(\*) CPC guidance “OCPC” 03 approved by Circular Letter/CVM/SNC/SEP 03/2009 on 11/19/09 superseded CPC 14.

During 2009, new pronouncements and technical interpretations relating to the convergence with international accounting standards were issued by CPC and approved by CVM. The adoption of these standards is mandatory in 2010, with retroactive effect to 2009 for comparison purposes.

As a result of the new CPCs and convergence to IFRS, the Company is in the final stages of the preparation of the opening balance sheet as of December 31, 2008, in accordance with such rules, and restating all months of 2009. The main impacts identified to date, yet to be reviewed by the independent auditors, include:

- (i) restatement of property, plant and equipment for 1996 and 1997;
- (ii) write-off of deferred charges and certain amounts classified as intangible assets;
- (iii) adjustment to the defined benefit pension plan; and
- (iv) deferred income tax and social contribution on initial adjustments.

As to the restatement of the months of 2009, the event that may bring about the most significant impact, in addition to those mentioned with respect to the opening balance sheet, is the new measurement of business combinations involving the recent acquisitions by the Company, such as the purchase of Triunfo (Note 1.b.1). This transaction was originally accounted for at book value and the Company is presently completing the determination of the fair values of assets and liabilities of the acquired company.

Braskem carried out two further business combinations in April 2010 (Note 27), involving companies in Brazil and the United States. For these acquired companies, Braskem has started to implement projects to prepare financial statements in accordance with international standards and, at the same time, has engaged a specialized firm to evaluate the fair values of their assets and liabilities.

Given the recent business combinations, their complexity and the need to adopt consistent accounting practices for the Company and its new subsidiaries, it is not possible at this time to assess the effects of the new accounting rules and IFRS on the Company stockholders' equity and results of operations.

Pronouncements and technical interpretations that will impact the Company Quarterly Information upon the first-time adoption of accounting pronouncements issued in 2009 are listed below:

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Braskem S.A.

ITR – Quarterly Information – Base Date 3/31/2010

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## Pronouncements:

| CPC Pronouncement | Subject matter  | Approval by CVM |               |
|-------------------|---|-----------------|---------------|
|                   |   | Deliberation    | Approval date |
| CPC 15            | Business combinations   | 580/09          | 7/31/2009     |
| CPC 16            | Inventories   | 575/09          | 6/5/2009      |
| CPC 18            | Investment in associated companies  | 605/09          | 11/26/2009    |
| CPC 19            | Investment in joint ventures  | 606/09          | 11/26/2009    |
| CPC 20            | Borrowing costs   | 577/09          | 6/5/2009      |
| CPC 21            | Interim financial reporting   | 581/09          | 7/31/2009     |
| CPC 22            | Segment information   | 582/09          | 7/31/2009     |
| CPC 23            | Accounting policies, changes in accounting estimates and error correction | 592/09          | 9/15/2009     |
| CPC 24            | Subsequent events   | 593/09          | 9/15/2009     |
| CPC 25            | Provisions, contingent liabilities and assets                             | 594/09          | 9/15/2009     |
| CPC 26            | Presentation of financial statements                                      | 595/09          | 9/15/2009     |
| CPC 27            | Property, plant and equipment   | 583/09          | 7/31/2009     |
| CPC 30            | Revenues  | 597/09          | 9/15/2009     |
| CPC 31            | Non-current assets held for sale and discontinued operations              | 598/09          | 9/15/2009     |
| CPC 32            | Taxes on profit   | 599/09          | 9/15/2009     |
| CPC 33            | Employee benefits   | 600/09          | 10/7/2009     |
| CPC 35            | Separate financial statements   | 607/09          | 11/26/2009    |
| CPC 36            | Consolidated financial statements   | 608/09          | 11/26/2009    |
| CPC 37            | First-time adoption of International Financial Reporting Standards        | 609/09          | 12/22/2009    |
| CPC 38 (i)        | Financial instruments: recognition and measurement                        | 604/09          | 11/19/2009    |
| CPC 39 (i)        | Financial instruments: presentation                                       | 604/09          | 11/19/2009    |
| CPC 40 (i)        | Financial instruments: disclosure   | 604/09          | 11/19/2009    |
| CPC 43            | First-time adoption of technical pronouncements 15 to 40                  | 610/09          | 12/22/2009    |

(i) CVM Deliberation 604, of 11/19/09, revoked CPC 14.

## Technical interpretations:

| ICPC Technical Interpretation | Subject matter  | Approval by CVM |               |
|-------------------------------|---|-----------------|---------------|
|                               |   | Deliberation    | Approval date |
| ICPC-03                       | Leasing operations  | 613/09          | 12/22/2009    |
| ICPC-04                       | Share-based payment   | 614/09          | 12/22/2009    |
| ICPC-05                       | Group and treasury stock transactions   | 615/09          | 12/22/2009    |
| ICPC-06                       | Hedge of net investment in a foreign operation  | 616/09          | 12/22/2009    |
| ICPC-08                       | Accounting for dividend payment proposal  | 601/09          | 10/7/2009     |
| ICPC-09                       | Individual, separate, consolidate financial statements and application of the equity method of accounting | 618/09          | 12/22/2009    |
| ICPC-10                       | Property, plant and equipment and investment properties   | 619/09          | 12/22/2009    |
| ICPC-11                       | Customer assets received as consideration   | 620/09          | 12/22/2009    |
| ICPC-12                       | Changes in liabilities for decommissioning  | 621/09          | 12/22/2009    |

**(a) Petroquímica Triunfo**

In the comparison between the Quarterly Information for the periods ended March 31, 2010 and 2009, the merger of Triunfo (Note 1(b.1)), which took place in the second quarter of 2009, must be considered. The statement of operations of Triunfo at March 31, 2009 can be summarized as follows:

| <b><u>Statement of operations</u></b>            | <b>1/1/2009 to<br/>3/31/2009</b> |
|--|----------------------------------|
| Gross sales and/or services                      | 131,674                          |
| Deductions                                       | (26,493)                         |
| Net revenues                                     | 105,181                          |
| Cost of products sold                            | (92,037)                         |
| Gross profit                                     | 13,144                           |
| Operating expenses/ income                       | (13,406)                         |
| Selling  | (5,567)                          |
| General and administrative                       | (8,501)                          |
| Financial  | 662                              |
| Loss before income tax and social contribution   | (262)                            |
| Provision for income tax and social contribution | 41                               |
| Loss for the period                              | (221)                            |

**(b) Transitional Tax System (RTT)**

The amounts presented in the Quarterly Information as of March 31, 2010 and 2009 consider the adoption of RTT by the Company and its subsidiaries headquartered in Brazil, as permitted by Law 11941/09, the purpose of which is to maintain the tax neutrality of the amendments to the Brazilian corporate legislation introduced by Law 11638/07 and Law 11941/09. The permanent option for RTT was made upon submission of the Corporate Income Tax Return (DIPJ) for calendar year 2008. The transitional tax effects, wherever applicable, generated as a result to the adhesion to RTT, are included in deferred income tax and social contribution (Note 18(b)).

**(c) Presentation of the statement of operations and statement of cash flows – 1st quarter of 2009**

(i) CPC 2R – The statements of operations and of cash flows, foreign subsidiaries that are considered extensions of the parent company were previously included in the financial statements of the Company, as required by item 4 of CPC 2. As this requirement was eliminated in the revised version of the pronouncement, known as CPC 2R, the Company is presenting information for the first quarter of 2009, for comparison purposes, excluding its foreign subsidiaries.

(ii) CPC 3R – The Company is restating its statement of cash flows to improve presentation.

### 3 Significant Accounting Practices

No significant changes occurred in the accounting practices adopted to prepare the Quarterly Information in relation to those used in the financial statements for the year ended December 31, 2009.

#### (a) Consolidated Quarterly Information

The consolidated Quarterly Information was prepared in accordance with the consolidation principles established in the Brazilian Corporation Law and supplementary rules of CVM and comprise the Quarterly Information of the Company and its subsidiaries, jointly-controlled entities and special purpose entity where the Company, directly and indirectly, has shareholding control or control over activities, as described below:

|   |       | Interest in total capital - % |          |          |          |
|---|-------|-------------------------------|----------|----------|----------|
|   |       | Head office<br>(country)      | Mar/2010 | Dec/2009 | Mar/2009 |
| <b>Subsidiaries</b>   |       |                               |          |          |          |
| Braskem America Inc. (“Braskem America”)                              |       | USA                           | 100.00   | 100.00   | 100.00   |
| Braskem Distribuidora Ltda.(“Braskem Distribuidora”) and subsidiaries |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Braskem Europe B.V. (“Braskem Europa”)                                |       | Holland                       | 100.00   | 100.00   | 100.00   |
| Braskem Finance Limited (“Braskem Finance”)                           |       | Cayman Islands                | 100.00   | 100.00   | 100.00   |
| Braskem Incorporated (“Braskem Inc”)                                  |       | Cayman Islands                | 100.00   | 100.00   | 100.00   |
| Braskem Participações S.A. (“Braskem Participações”)                  |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Braskem Petroquímica S.A. (“IPQ Argentina”)                           |       | Argentina                     | 100.00   | 100.00   | 100.00   |
| Braskem Petroquímica Chile Limitada (“Braskem Chile”)                 |       | Chile                         | 100.00   | 100.00   | 100.00   |
| CCI - Comercial Importadora S.A. (“CCI”)                              | (iii) | Brazil                        |          |          | 100.00   |
| Companhia Alagoas Industrial - CINAL (“CINAL”)                        |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Copesul International Trading INC. (“CITI”)                           | (i)   | British Virgin Islands        |          |          | 100.00   |
| Grust Holdings S.A. (“Grust”)   | (ii)  | Brazil                        |          |          | 100.00   |
| Ideom Tecnologia Ltda. (“Ideom”)                                      |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Braskem Chile Limitada (“IPQ Chile”)                                  |       | Chile                         | 100.00   | 100.00   | 100.00   |
| IQ Soluções & Químicas S.A.(“Quantiq”) and subsidiary                 |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| ISATEC–Pesquisa, Desenv. e Análises Quim.Ltda. (“ISATEC”)             |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Natal Trading   | (i)   | British Virgin Islands        |          |          | 100.00   |
| Politeno Empreendimentos Ltda. (“Politeno Empreendimentos”)           |       | Brazil                        | 100.00   | 100.00   | 100.00   |
| Varient Distribuidora de Resinas Ltda. (“Varient”)                    | (vi)  | Brazil                        | 100.00   | 100.00   |          |
| <b>Jointly-controlled entities</b>                                    |       | (iv)                          |          |          |          |
| CETREL S.A. – Empresa de Proteção Ambiental ("CETREL")                |       | Brazil                        | 53.83    | 53.66    | 54.09    |
| Polietilenos de America S.A.(“POLIMERICA”)                            |       | Venezuela                     | 49.00    | 49.00    |          |
| Polipropileno Del Sur S.A. (“PROPILSUR”)                              |       | Venezuela                     | 49.00    | 49.00    |          |
| <b>Special Purpose Entity (“EPE”)</b>                                 |       |                               |          |          |          |
| Fundo de Investimento Multimercado Crédito Privado Sol (“FIQ Sol”)    | (v)   | Brazil                        | 100.00   | 100.00   | 100.00   |

- (i) Subsidiaries merged into Braskem Inc. in December 2009
- (ii) Company wound up in June 2009
- (iii) Company merged into Braskem Importação e Exportação Ltda. ("Braskem Importação") in September 2009
- (iv) Proportionately consolidated investments, pursuant to CVM Instruction 247/96
- (v) Fund consolidated pursuant to CVM Instruction 408/04
- (vi) Company organized in September 2009, formerly Quantiq

Intercompany investments, equity in the results of investees, as well as assets and liabilities balances, revenues and expenses and unrealized profits were eliminated on consolidation.

Goodwill attributed to the fair value of property, plant and equipment was reclassified to the account of the specific underlying asset, pursuant to CVM Instruction 247/96.

As provided in paragraph 1 of article 23 of CVM Normative Instruction 247/96, the Company has not proportionately consolidated the Quarterly Information of the jointly-controlled entity Refinaria de Petróleo Rio-Grandense S.A. (“RPR”). Information for this subsidiary is not expected to significantly alter the Company consolidated Quarterly Information.

**(b) Reconciliation of stockholders’ equity between parent company and consolidated**

|   | Stockholders’ equity |                  |
|---|----------------------|------------------|
|   | Mar/2010             | Dec/2009         |
| <b>Parent company</b>   | 4,625,542            | 4,753,948        |
| Exclusion of gain on sale of investment among related parties                         | (38,476)             | (38,476)         |
| Reversal of amortization of goodwill on the sale of investments among related parties | 26,452               | 26,452           |
| <b>Consolidated</b>   | <u>4,613,518</u>     | <u>4,741,924</u> |

**4 Cash and Cash Equivalents**

|                       | Parent company   |                  | Consolidated     |                  |
|-----------------------|------------------|------------------|------------------|------------------|
|                       | Mar/2010         | Dec/2009         | Mar/2010         | Dec/2009         |
| Cash and banks        | 317,497          | 140,800          | 793,713          | 314,484          |
| Financial investments |                  |                  |                  |                  |
| Domestic              | 1,306,900        | 1,524,966        | 1,344,973        | 1,558,198        |
| Foreign               | 267,435          | 597,038          | 553,596          | 790,960          |
|                       | <u>1,891,832</u> | <u>2,262,804</u> | <u>2,692,282</u> | <u>2,663,642</u> |

Domestic financial investments are mainly represented by quotas in Braskem’s exclusive fund (FIQ Sol) which, in turn, holds fixed-income instruments and time deposits. Foreign investments consist of sovereign fixed-income instruments or instruments issued by first-tier financial institutions with high liquidity. All financial investments were classified as held for trading and are stated at fair value, the variations of which are taken to the results of operations.

**5 Marketable Securities**

|   | Parent company |                | Consolidated   |                |
|---|----------------|----------------|----------------|----------------|
|   | Mar/2010       | Dec/2009       | Mar/2010       | Dec/2009       |
| <b>Current assets</b>                     |                |                |                |                |
| U.S. Treasury bonds                       | 284,900        | 261,453        | 285,194        | 261,884        |
| Shares held for trading                   | 85             | 25,761         | 85             | 25,761         |
| Investments in FIQ Sol – held for trading | 314,495        | 179,175        | 314,495        | 179,175        |
|   | <u>599,480</u> | <u>466,389</u> | <u>599,774</u> | <u>466,820</u> |
| <b>Non-current assets</b>                 |                |                |                |                |
| Subordinated investment fund quotas       | 16,499         | 15,811         | 16,499         | 15,810         |
| Other                                     |                |                | 2,021          | 1,976          |
|   | <u>16,499</u>  | <u>15,811</u>  | <u>18,520</u>  | <u>17,786</u>  |
| <b>Total</b>                              | <u>615,979</u> | <u>482,200</u> | <u>618,294</u> | <u>484,606</u> |

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U.S. Treasury bonds were classified as available-for-sale, and earn average interest of 0.93% p.a. The changes in fair value are recorded in “carrying value adjustments”, in stockholders’ equity (Note 20(e)).

## 6 Trade Accounts Receivable

|                                      | Parent company   |                  | Consolidated     |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | Mar/2010         | Dec/2009         | Mar/2010         | Dec/2009         |
| Customers                            |                  |                  |                  |                  |
| Domestic market                      | 1,333,459        | 1,031,542        | 1,422,438        | 1,082,902        |
| Foreign market                       | 586,669          | 633,985          | 586,702          | 855,754          |
| Advances on exchange bills delivered |                  | (361,938)        |                  | (361,938)        |
| Allowance for doubtful accounts      | (209,573)        | (205,034)        | (225,511)        | (220,845)        |
| Total                                | <u>1,710,555</u> | <u>1,098,555</u> | <u>1,783,629</u> | <u>1,355,873</u> |
| Current assets                       | 1,649,068        | 1,040,212        | 1,721,702        | 1,297,090        |
| Non-current assets                   | 61,487           | 58,343           | 61,927           | 58,783           |

## 7 Inventories

|  | Parent company   |                  | Consolidated     |                  |
|--|------------------|------------------|------------------|------------------|
|  | Mar/2010         | Dec/2009         | Mar/2010         | Dec/2009         |
| Finished products and work in process          | 974,675          | 971,296          | 1,086,481        | 1,079,659        |
| Raw materials, production inputs and packaging | 422,482          | 360,810          | 444,715          | 377,226          |
| Maintenance materials (i)                      | 359,941          | 363,709          | 362,388          | 366,543          |
| Advances to suppliers                          | 6,454            | 8,700            | 6,748            | 8,930            |
| Imports in transit and other                   | 16,259           | 94,556           | 36,501           | 116,039          |
| Total  | <u>1,779,811</u> | <u>1,799,071</u> | <u>1,936,833</u> | <u>1,948,397</u> |
| Current assets                                 | 1,750,814        | 1,769,798        | 1,907,836        | 1,919,124        |
| Non-current assets (i)                         | 28,997           | 29,273           | 28,997           | 29,273           |

(i) Based on the consumption history, part of inventories of maintenance materials was classified in long-term receivables.



**8 Related parties****(a) Parent company**

|  | Assets and liabilities balances Mar/2010 |        |               |       |  |                  |       |                  |       |                 |
|--|--|--------|---------------|-------|--|------------------|-------|------------------|-------|-----------------|
|  | Assets                                   |        |               |       |  | Liabilities      |       |                  |       |                 |
|  | Current                                  |        | Non-current   |       |  | Current          |       | Non-current      |       |                 |
|  |  |        |               |       |  |                  |       |                  |       | Related parties |
| <b>Subsidiaries</b>                    |  |        |               |       |  |                  |       |                  |       |                 |
| Braskem Chile                          | 245                                      | (i)    |               |       |  |                  |       |                  |       |                 |
| Braskem Distribuidora                  |  |        | 10,338        | (x)   |  | 13,138           | (xv)  |                  |       |                 |
| Braskem Europa                         | 50,768                                   | (i)    |               |       |  |                  |       |                  |       |                 |
| Braskem Importação                     |  |        |               |       |  |                  |       |                  |       | 111 (x)         |
| Braskem Inc.                           |  |        | 5,751         | (xi)  |  | 111,317          | (xiv) | 1,689,694        | (xvi) | 75,163 (xiii)   |
| Braskem Participações                  | 96                                       | (ii)   |               |       |  |                  |       |                  |       |                 |
| CINAL                                  | 32                                       | (i)    | 986           | (x)   |  | 69               | (xv)  |                  |       |                 |
| Ideom                                  |  |        | 3,216         | (x)   |  |                  |       |                  |       |                 |
| IPQ Argentina                          | 16,939                                   | (i)    |               |       |  |                  |       |                  |       |                 |
| IPQ Chile                              | 128                                      | (ii)   |               |       |  |                  |       |                  |       |                 |
| ISATEC                                 |  |        | 1,148         | (x)   |  |                  |       |                  |       |                 |
| Lantana                                |  |        | 51            | (x)   |  |                  |       |                  |       |                 |
| Politeno Empreendimentos               |  |        | 22            | (x)   |  |                  |       |                  |       |                 |
| Quantiq                                | 10,003                                   | (iii)  | 17,425        | (x)   |  |                  |       |                  |       |                 |
| Varient                                | 24,788                                   | (iv)   |               |       |  |                  |       |                  |       | 1,618 (x)       |
|  | <b>102,999</b>                           |        | <b>38,937</b> |       |  | <b>124,524</b>   |       | <b>1,689,694</b> |       | <b>76,892</b>   |
| <b>Jointly-controlled entities</b>     |  |        |               |       |  |                  |       |                  |       |                 |
| CETREL                                 | 1,913                                    | (v)    |               |       |  | 1,516            | (xv)  |                  |       |                 |
| RPR                                    | 1,304                                    | (i)    |               |       |  | 16,155           | (xv)  |                  |       |                 |
|  | <b>3,217</b>                             |        |               |       |  | <b>17,671</b>    |       |                  |       |                 |
| <b>Associated company</b>              |  |        |               |       |  |                  |       |                  |       |                 |
| Borealis                               | 2,741                                    | (vi)   |               |       |  |                  |       |                  |       |                 |
|  | <b>2,741</b>                             |        |               |       |  |                  |       |                  |       |                 |
| <b>Related companies</b>               |  |        |               |       |  |                  |       |                  |       |                 |
| Construtora Norberto Odebrecht ("CNO") |  |        |               |       |  | 1,165            | (xv)  |                  |       |                 |
| Petrobras                              | 44,151                                   | (vii)  | 50,631        | (xii) |  | 672,782          | (xv)  | 21,386           | (xv)  |                 |
| Refinaria Alberto Pasqualini ("REFAP") |  |        |               |       |  | 138,313          | (xv)  |                  |       |                 |
| Other                                  | 5,945                                    | (viii) |               |       |  |                  |       |                  |       |                 |
|  | <b>50,096</b>                            |        | <b>50,631</b> |       |  | <b>812,260</b>   |       | <b>21,386</b>    |       |                 |
| <b>EPE</b>                             |  |        |               |       |  |                  |       |                  |       |                 |
| FIQ Sol                                | 1,412,174                                | (ix)   |               |       |  |                  |       |                  |       |                 |
|  | <b>1,412,174</b>                         |        |               |       |  |                  |       |                  |       |                 |
| <b>At March 31, 2010</b>               | <b>1,571,227</b>                         |        | <b>89,568</b> |       |  | <b>954,455</b>   |       | <b>1,711,080</b> |       | <b>76,892</b>   |
| <b>At December 31, 2009</b>            | <b>1,603,278</b>                         |        | <b>70,054</b> |       |  | <b>1,308,584</b> |       | <b>1,673,501</b> |       | <b>78,195</b>   |

(i) "Trade accounts receivables"

(ii) "Other accounts receivable"

(iii) Amount in "trade accounts receivable": R\$ 6,240 and in "dividends and interest on capital receivable": R\$ 3,763

(iv) Amount in "trade accounts receivable": R\$ 23,532 and in "dividends and interest on capital receivable": R\$ 1,256

(v) Amount in "trade accounts receivable": R\$ 12 and in "dividends and interest on capital receivable": R\$ 1,901

(vi) Amount in "trade accounts receivable": R\$ 2,554 and in "other accounts receivable": R\$ 187

(vii) Amount in "trade accounts receivable": R\$ 36,233 and in "other accounts receivable": R\$ 7,918

(viii) Amount in "trade accounts receivable": R\$ 5,842 and in "other accounts receivable": R\$ 103

(ix) Amount in "cash and cash equivalents": R\$ 1,097.679 and in "marketable securities": R\$ 314,495

(x) Amounts relating to current accounts bearing interest at 100% of CDI

(xi) Amount relating to a loan bearing interest at 100% of CDI

(xii) Amount relating to a loan bearing interest at TJLP + 2% p.a.

(xiii) R\$ 68,324 in current liabilities relates to notes payable remunerated at exchange variation + 3-month Libor + interest of 1.6% p.a. and R\$ 6,839 in non-current liabilities relates to current account balance bearing interest of 100% of CDI

(xiv) Amount in "suppliers": R\$ 48,518, and in "loans and financing": R\$ 62,799, remunerated at exchange variation + interest between 7.65% and 11.0% p.a.

(xv) "Suppliers"

(xvi) Amount in "loans and financing": R\$ 1,689,694, remunerated at exchange variation + interest between 7.65% and 11.0% p.a.

In consolidated non-current assets, the "related parties" amount of R\$ 109,332 comprises R\$ 50,631 for a loan to Petrobras remunerated at TJLP + interest of 2% p.a. and R\$ 58,701 for credits receivable from Propilsur, a company that is proportionately consolidated by Braskem.

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## Parent company (continued)

| Statement of operations – Jan to Mar/010                    |                |   |                                  |  |
|---|----------------|---|----------------------------------|--|
|   | Product sales  | Raw materials, services and utility purchases | Financial income/ (expenses) (i) | Production cost/ general & adm. expenses |
| <b>Subsidiaries</b>   |                |   |                                  |  |
| Braskem Argentina   | 14,054         |   | 2,116                            |  |
| Braskem Chile   | 245            |   | 480                              |  |
| Braskem Distribuidora                                       |                | 919   | 185                              |  |
| Braskem Europa  | 43,781         |   | (5,245)                          |  |
| Braskem Importação  |                |   | (2)                              |  |
| Braskem Inc.  |                | 210,711                                       | (41,091)                         |  |
| CINAL   | 88             | 4,173   | 12                               |  |
| Ideom   |                |   | 49                               |  |
| IPQ Argentina   |                |   | (180)                            |  |
| IQAG – Armazéns Gerais Ltda. ("IQAG")                       |                | 2   |                                  |  |
| ISATEC  |                |   | 18                               |  |
| Quantiq   | 19,528         | 21  | 220                              |  |
| Varient   | 35,728         |   | (85)                             |  |
|   | <b>113,424</b> | <b>215,826</b>                                | <b>(43,523)</b>                  |  |
| <b>Jointly-controlled entities</b>                          |                |   |                                  |  |
| CETREL  | 34             | 2,574   |                                  |  |
| RPR   | 79,746         | 20,844  |                                  |  |
|   | <b>79,780</b>  | <b>23,418</b>                                 |                                  |  |
| <b>Associated company</b>                                   |                |   |                                  |  |
| Borealis  | 34,418         | 5   |                                  |  |
|   | <b>34,418</b>  | <b>5</b>                                      |                                  |  |
| <b>Post-employment benefit plans</b>                        |                |   |                                  |  |
| Fundação Petrobras de Seguridade Social ("PETROS")          |                |   |                                  | 1,169                                    |
| Odeprev – Odebrecht Previdência ("ODEPREV")                 |                |   |                                  | 1,884                                    |
| Triunfo Vida  |                |   |                                  | 81                                       |
|   |                |   |                                  | <b>3,134</b>                             |
| <b>Related parties</b>                                      |                |   |                                  |  |
| CNO   |                | 4,188   |                                  |  |
| Odebrecht Plantas Industriais e Participações S.A. ("OPIP") |                | 32,005  |                                  |  |
| Petrobras   | 130,493        | 1,278,276                                     | 979                              |  |
| Petrobras International Finance ("PIFCo")                   |                |   | (567)                            |  |
| REFAP   |                | 317,327                                       |                                  |  |
|   | <b>130,493</b> | <b>1,631,796</b>                              | <b>412</b>                       |  |
| <b>At March 31, 2010</b>                                    | <b>358,115</b> | <b>1,871,045</b>                              | <b>(43,111)</b>                  | <b>3,134</b>                             |
| <b>At March 31, 2009</b>                                    | <b>453,349</b> | <b>1,133,402</b>                              | <b>26,130</b>                    | <b>4,043</b>                             |

(i) Includes exchange variation effect

The transactions between the Company and related parties are carried out at normal market prices and conditions, considering:

- for purchases of naphtha from Petrobras and REFAP, the international market prices for naphtha and other petroleum derivatives considering quality of parafinicity and contaminants of naphtha delivered; and
- for sales to subsidiaries abroad, a 180-day payment term, longer than the term offered to other customers.

**(b) Key management personnel**

The Company considers as “key management personnel” the members of its board of directors and executive board, which comprises the chief executive officer and vice presidents.

| <b>Statement of operations</b>                | <b>Parent company</b> |                 | <b>Consolidated</b> |                 |
|---|-----------------------|-----------------|---------------------|-----------------|
|   | <b>Mar/2010</b>       | <b>Mar/2009</b> | <b>Mar/2010</b>     | <b>Mar/2009</b> |
| <b>Remuneration</b>                           |                       |                 |                     |                 |
| Short-term benefits to employees and managers | 2,371                 | 2,595           | 2,378               | 2,615           |
| Post-employment benefits                      | 30                    | 58              | 30                  | 58              |
| Employment contract termination benefits      |                       | 36              |                     | 36              |
| Long-term incentives                          | 44                    | 267             | 44                  | 267             |
| <b>Total</b>                                  | <b>2,445</b>          | <b>2,956</b>    | <b>2,452</b>        | <b>2,976</b>    |

| <b>Balance sheet accounts – parent company/ consolidated</b> | <b>Mar/2010</b> | <b>Dec/2009</b> |
|--|-----------------|-----------------|
| Long-term incentives   | 4,107           | 2,604           |
| <b>Total</b>   | <b>4,107</b>    | <b>2,604</b>    |

**9 Taxes Recoverable**

|   | <b>Parent company</b> |                  | <b>Consolidated</b> |                  |
|---|-----------------------|------------------|---------------------|------------------|
|   | <b>Mar/2010</b>       | <b>Dec/2009</b>  | <b>Mar/2010</b>     | <b>Dec/2009</b>  |
| Excise tax (IPI)  | 25,303                | 24,698           | 25,830              | 25,643           |
| Value-added tax (ICMS) (a)  | 1,001,132             | 1,059,900        | 1,012,205           | 1,069,116        |
| Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) | 245,329               | 201,871          | 246,482             | 203,813          |
| PIS - Decrees-law 2445 and 2449/88  | 55,194                | 55,194           | 55,194              | 55,194           |
| Income tax and social contribution  | 261,872               | 254,497          | 273,412             | 266,232          |
| Tax on net income (ILL)   | 59,856                | 59,510           | 59,856              | 59,510           |
| Other   | 96,827                | 80,713           | 101,562             | 86,147           |
| <b>Total</b>  | <b>1,745,513</b>      | <b>1,736,383</b> | <b>1,774,541</b>    | <b>1,765,655</b> |
| Current assets  | 409,900               | 482,494          | 431,199             | 505,854          |
| Non-current assets  | 1,335,613             | 1,253,889        | 1,343,342           | 1,259,801        |

**(a) ICMS**

The Company has accumulated ICMS tax credits during past years, basically due to capital expenditures, domestic shipments of products with incentives (entitled to deferred taxation), and export sales. The States of Bahia and Rio Grande do Sul account for the higher share in these tax credits, as most business units are located there.

Management has prioritized a number of actions aimed at optimizing the use of such credits and, currently, no losses are expected from their realization. Actions taken by management include:

- agreement with the Rio Grande do Sul State authorities maintaining the full deferral of ICMS on naphtha imports and capping the use of accumulated ICMS tax credits at a monthly average of R\$ 8,250 for offset against monthly balances due by the units located in that State;
- maintaining the increased percentage reduction in the tax basis of ICMS levied in the State of Bahia on imported petrochemical naphtha (down to an effective rate of 5.8%), as per paragraphs 9 and 10, article 347 of the Bahia State ICMS regulations (Decree 11059 of May 19, 2008);
- agreement executed with the State of Bahia in November 2009, without affecting the previous item, to ensure the applicability of State Decree 11807, of October 27, 2009, to gradually reduce the ICMS effective rate on national naphtha acquired in that State from 17% to 0% by March 2011. At March 31, 2010, the ruling rate is 10%;
- agreement with the Rio Grande do Sul State to use R\$ 9,600 per year of the credit balance to pay acquisitions of assets for investments in that State;
- imports of inputs under specific prerogatives established in the customs legislation, thus ensuring a lower generation of ICMS credits;
- maintaining the increased ICMS calculation basis on sales of fuels to industrial refiners, from 40% to 100%, pursuant to article 347 of the Bahia State ICMS regulations; and
- replacing co-product exports with domestic transactions.

Considering the tax rule that limits the short-term use of ICMS credits from capital expenditures and management's projections regarding the term for realization of the other credits, at March 31, 2010, the amount of R\$ 796,010 for parent company and consolidated (2009 – R\$ 703,313, parent company and consolidated) was recorded in non-current assets.

## 10 Judicial Deposits and Compulsory Loan – Non-current Assets

|                               | Parent company |                | Consolidated   |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | Mar/2010       | Dec/2009       | Mar/2010       | Dec/2009       |
| <b>Judicial deposits</b>      |                |                |                |                |
| Tax contingencies             | 75,804         | 83,108         | 79,785         | 87,030         |
| Labor and other contingencies | 57,875         | 60,403         | 61,095         | 63,578         |
| <b>Compulsory loan</b>        |                |                |                |                |
| Eletrobrás (Note 5)           | 3,816          | 3,816          | 3,982          | 3,984          |
|                               | <u>137,495</u> | <u>147,327</u> | <u>144,862</u> | <u>154,592</u> |

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## 11 Investments

### (a) Information on investments

|  |       | Interest in<br>total capital<br>(%) | Adjusted net income<br>(loss) for the period |          | Adjusted<br>stockholders' equity<br>(net capital deficiency) |          |
|--|-------|-------------------------------------|--|----------|--|----------|
| (a.1) Parent company investments                                     |       | Mar/2010                            | Mar/2010                                     | Mar/2009 | Mar/2010   | Dec/2009 |
| <b>Subsidiaries</b>  |       |                                     |  |          |  |          |
| Braskem America  |       | 100.00                              | (1,498)                                      | 1,677    | 309,411  | 3,821    |
| Braskem Argentina  | (ii)  |                                     |  | (639)    |  |          |
| Braskem Chile  |       | 100.00                              | (463)  | 1,202    | 4,526  | 4,989    |
| Braskem Distribuidora  |       | 100.00                              | 1,546  | (1,292)  | 90,673   | 89,127   |
| Braskem Europa   |       | 100.00                              | 5,700  | 121      | 120,526  | 114,826  |
| Braskem Finance  |       | 100.00                              | (867)  | (467)    | 31,830   | 32,697   |
| Braskem Inc.   |       | 100.00                              | 6,991  | 14,250   | 12,656   | 15,679   |
| Braskem Participações  |       | 100.00                              | (1,378)                                      |          | 953  | 2,331    |
| CCI  | (i)   |                                     |  | 2        |  |          |
| CINAL  |       | 100.00                              | 989  | 228      | 29,308   | 28,319   |
| CITI   | (iii) |                                     |  | (48,702) |  |          |
| Ideom  | (iv)  | 99.90                               | (1,491)                                      |          | (3,460)  | (1,969)  |
| IPQ Argentina  |       | 96.77                               | 830  | (1,533)  | 9,030  | 8,200    |
| IPQ Chile  |       | 99.02                               | (18)   | 133      | 1,463  | 1,481    |
| IQAG   |       | 0.12                                | 183  | 151      | 1,064  | 881      |
| ISATEC   |       | 100.00                              | (392)  | (650)    | 1,525  | 1,917    |
| Natal Trading  | (iii) |                                     |  | (133)    |  |          |
| Politeno Empreendimentos   |       | 100.00                              | (24)   | 367      | (15)   | 9        |
| Quantiq  |       | 100.00                              | 4,918  | 1,802    | 99,135   | 94,244   |
| Varient  |       | 100.00                              | 564  |          | 13,315   | 14,007   |
| <b>Jointly-controlled entities</b>                                   |       |                                     |  |          |  |          |
| CETREL   |       | 53.83                               | 6,508  | 6,457    | 235,696  | 226,179  |
| RPR  |       | 33.20                               | 13,565                                       | 10,380   | 11,625   | (14,193) |
| <b>Associated companies</b>  |       |                                     |  |          |  |          |
| Borealis   |       | 20.00                               | 4,838  | 494      | 120,750  | 103,422  |
| CODEVERDE  |       | 35.75                               | (2)  | (448)    | 94,366   | 102,182  |
| Sansuy Administração, Participação,<br>Representação e Serviços Ltda |       | 20.00                               | (9)  | (8)      | 1,976  | 1,986    |

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|                                 |      | Interest in<br>total capital<br>(%) | Adjusted net income (loss)<br>for the period |          | Adjusted stockholders' equity<br>(net capital deficiency) |          |
|---------------------------------|------|-------------------------------------|--|----------|---|----------|
|                                 |      |                                     | Mar/2010                                     | Mar/2009 | Mar/2010  | Dec/2009 |
| (a.2) Subsidiaries' investments |      |                                     |  |          |   |          |
| Braskem Distribuidora           |      |                                     |  |          |   |          |
| Braskem Argentina               | (ii) |                                     |  | (639)    |   |          |
| Braskem Importação              |      | 100.00                              | 3  | 5        | 189   | 186      |
| IPQ Argentina                   |      | 0.06                                | 830  | (1,533)  | 9,030   | 8,200    |
| Lantana                         |      | 96.35                               | 1,873  | (37)     | 83,814  | 81,941   |
| Braskem Participações           |      |                                     |  |          |   |          |
| Ideom                           | (iv) | 0.10                                | (1,491)                                      |          | (3,460)   | (1,969)  |
| Braskem Inc                     |      |                                     |  |          |   |          |
| Lantana                         |      | 3.65                                | 1,873  | (37)     | 83,814  | 81,941   |
| Quantiq                         |      |                                     |  |          |   |          |
| IQAG                            |      | 99.88                               | 183  | 151      | 1,064   | 881      |
| IPQ Chile                       |      |                                     |  |          |   |          |
| IPQ Argentina                   |      | 3.17                                | 830  | (1,533)  | 9,030   | 8,200    |
| Braskem Europa                  |      |                                     |  |          |   |          |
| Jointly-controlled entities     |      |                                     |  |          |   |          |
| Propilsur                       | (v)  | 49.00                               | (1,336)                                      |          | (4,229)   | (5,288)  |
| Polimerica                      | (vi) | 49.00                               | (940)  |          | (4,685)   | (5,760)  |

(i) Company merged into Braskem Importação in September 2009.

(ii) Company merged into IPQ Argentina in August 2009.

(iii) Company merged into Braskem Inc. in December 2009.

(iv) Company located at the Camaçari Petrochemical Complex providing applied research services for the chemical and petrochemical, plastic materials and textile industries.

(v) Company located at the oil and petrochemical industrial complex "Major General José Antônio Anzoátegui", Venezuela, engaged in the construction, operation and maintenance of a petrochemical pole comprised of plants for the production of polyethylene, in addition to other petrochemicals, and marketing, provision of services and holding interests in other companies.

(vi) Company located at the oil and petrochemical industrial complex "Major General José Antônio Anzoátegui", Venezuela, engaged in the construction, operation and maintenance of a petrochemical pole comprised of plants for the production of first- and second-generation petrochemical thermoplastic products, including propylene, polypropylene and other petrochemicals, marketing, provision of services and holding interests in other companies.

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**(b) Changes in investments in subsidiaries, jointly-controlled entities and associated companies**

|   | Balance at<br>12/31/2009 | Capital<br>increase<br>(decrease) | Dividends &    | Equity in<br>the results | Amortization<br>of goodwill | Indrease in<br>interest | Carrying<br>value<br>adjustment | Provision<br>for<br>losses | Balance at<br>3/31/2010 |
|---|--------------------------|-----------------------------------|----------------|--------------------------|-----------------------------|-------------------------|---------------------------------|----------------------------|-------------------------|
| <b>Subsidiaries and<br/>jointly-controlled entities</b> |                          |                                   |                |                          |                             |                         |                                 |                            |                         |
| <b>Subsidiaries in Brazil</b>                           |                          |                                   |                |                          |                             |                         |                                 |                            |                         |
| Braskem Distribuidora                                   | 89,127                   |                                   |                | 1,546                    |                             |                         |                                 |                            | 90,673                  |
| Braskem Participações                                   | 2,331                    |                                   |                | (1,378)                  |                             |                         |                                 |                            | 953                     |
| CETREL  | 115,993                  | 5,369                             | (1,901)        | 3,129                    | (464)                       | 1,452                   |                                 |                            | 123,578                 |
| CINAL   | 19,588                   |                                   |                | 989                      |                             |                         |                                 |                            | 20,577                  |
| Quantiq   | 94,244                   |                                   | (27)           | 4,918                    |                             |                         |                                 |                            | 99,135                  |
| Politeno Empreendimentos                                | 9                        |                                   |                |                          |                             |                         |                                 | (9)                        |                         |
| ISATEC  | 1,917                    |                                   |                | (392)                    |                             |                         |                                 |                            | 1,525                   |
| Ideom   |                          |                                   |                |                          |                             |                         |                                 |                            |                         |
| Varient   | 14,007                   |                                   | (1,256)        | 564                      |                             |                         |                                 |                            | 13,315                  |
| RPR   |                          |                                   |                | 2,144                    |                             |                         | 1,716                           |                            | 3,860                   |
|   | <b>337,216</b>           | <b>5,369</b>                      | <b>(3,184)</b> | <b>11,520</b>            | <b>(464)</b>                | <b>1,452</b>            | <b>1,716</b>                    | <b>(9)</b>                 | <b>353,616</b>          |
| <b>Foreign subsidiaries</b>                             |                          |                                   |                |                          |                             |                         |                                 |                            |                         |
| Braskem America (i)                                     | 3,821                    | 307,088                           |                | (1,498)                  |                             |                         |                                 |                            | 309,411                 |
| Braskem Europa  | 114,826                  |                                   |                | 5,700                    |                             |                         |                                 |                            | 120,526                 |
| Braskem Inc   | 15,679                   |                                   |                | 6,991                    |                             |                         | (10,014)                        |                            | 12,656                  |
| Braskem Finance   | 32,697                   |                                   |                | (867)                    |                             |                         |                                 |                            | 31,830                  |
| Braskem Chile   | 4,989                    |                                   |                | (463)                    |                             |                         |                                 |                            | 4,526                   |
| IPQ Argentina   | 8,200                    |                                   |                | 830                      |                             |                         |                                 |                            | 9,030                   |
| IPQ Chile   | 1,481                    |                                   |                | (18)                     |                             |                         |                                 |                            | 1,463                   |
|   | <b>181,693</b>           | <b>307,088</b>                    |                | <b>10,675</b>            |                             |                         | <b>(10,014)</b>                 |                            | <b>489,442</b>          |
| <b>Total subsidiaries</b>                               | <b>518,909</b>           | <b>312,457</b>                    | <b>(3,184)</b> | <b>22,195</b>            | <b>(464)</b>                | <b>1,452</b>            | <b>(8,298)</b>                  | <b>(9)</b>                 | <b>843,058</b>          |
| <b>Associated companies</b>                             |                          |                                   |                |                          |                             |                         |                                 |                            |                         |
| Borealis  | 20,684                   |                                   |                | 3,466                    |                             |                         |                                 |                            | 24,150                  |
| <b>Total associated companies</b>                       | <b>20,684</b>            |                                   |                | <b>3,466</b>             |                             |                         |                                 |                            | <b>24,150</b>           |

(i) Capital increase in March 2010, for the future acquisition of Sunoco Chemicals Inc. (Note 27(a))

**(c) Breakdown of equity in the results of investees**

|  | <b>Parent company</b> |                 | <b>Consolidated</b> |                 |
|--|-----------------------|-----------------|---------------------|-----------------|
|  | <b>Mar/2010</b>       | <b>Mar/2009</b> | <b>Mar/2010</b>     | <b>Mar/2009</b> |
| Equity in the results of subsidiaries<br>and jointly-controlled entities | 22,195                | (31,815)        | 3,610               | (2,350)         |
| Equity in the results of associated companies                            | 3,466                 |                 | 3,466               |                 |
| Amortization of goodwill   | (464)                 | (5,468)         | (464)               | (5,468)         |
| Provision for loss on investments  | (1,515)               | (475)           |                     |                 |
|  | <b>23,682</b>         | <b>(37,758)</b> | <b>6,612</b>        | <b>(7,818)</b>  |

**12 Property, Plant and Equipment****Consolidated**

|                                     | <b>Mar/2010</b>   |   | <b>Dec/2009</b>   | <b>Average annual depreciation/depletion rates (%)</b> |
|-------------------------------------|-------------------|---|-------------------|--|
|                                     | <b>Cost</b>       | <b>Accumulated depreciation/depletion</b> | <b>Net</b>        |  |
| Land                                | 82,025            |   | 82,025            |  |
| Buildings and improvements          | 1,451,995         | (577,141)                                 | 874,854           | 3.0  |
| Machinery, equipment and facilities | 12,945,596        | (5,179,996)                               | 7,765,600         | 6.9  |
| Mines and wells                     | 24,320            | (9,082)                                   | 15,238            | 9.0  |
| Furniture and fixtures              | 120,048           | (58,086)                                  | 61,962            | 10.0   |
| IT equipment                        | 136,623           | (92,125)                                  | 44,498            | 20.0   |
| Projects in progress                | 1,018,825         |   | 1,018,825         |  |
| Laboratory/security equipment       | 104,618           | (25,728)                                  | 78,890            | 10.0   |
| Other                               | 162,397           | (76,067)                                  | 86,330            | 20.0   |
|                                     | <u>16,046,447</u> | <u>(6,018,225)</u>                        | <u>10,028,222</u> |  |
| <b><u>Parent company</u></b>        | <u>15,701,133</u> | <u>(5,859,258)</u>                        | <u>9,841,875</u>  | <u>9,850,672</u>                                       |

On-going projects mainly represent projects for expanding the capacity of the industrial units and operational improvements to increase the working life of machines and equipment and projects in the areas of health, safety and environment.

**13 Intangible Assets****Consolidated**

|  | <b>Mar/2010</b>  |                                 | <b>Dec/2009</b>  | <b>Average annual amortization rates (%)</b> |
|--|------------------|---------------------------------|------------------|--|
|  | <b>Cost</b>      | <b>Accumulated amortization</b> | <b>Net</b>       |  |
| Goodwill attributed to expected future profitability | 3,211,501        | (1,130,794)                     | 2,080,707        | (i)  |
| Trademarks and patents                               | 81,846           | (26,132)                        | 55,714           | 5.2  |
| Software and rights of use                           | 294,377          | (97,117)                        | 197,260          | 12.7   |
|  | <u>3,587,724</u> | <u>(1,254,043)</u>              | <u>2,333,681</u> |  |
| <b><u>Parent company</u></b>                         | <u>3,588,087</u> | <u>(1,249,212)</u>              | <u>2,338,875</u> | <u>2,341,035</u>                             |

- (i) Goodwill attributed to expected future profitability was amortized up to December 31, 2008, within a maximum period of 10 years. As from 2009, this type of goodwill is no longer systematically amortized, being subject to the annual impairment test, pursuant to CPC 01.



**14 Deferred Charges**

The balance at March 31, 2010 relates to expenses incurred during the construction period of industrial plants (pre-operating expenses), that are amortized over five years. The Company elected to maintain the balance at December 31, 2008 up to its full amortization, subject to review for impairment, as provided in article 299-A of Law 6404/76, introduced by article 25 of Law 11941/09.

**15 Loans and Financing**

|  |            |  | <b>Consolidated</b> |                 |
|--|------------|--|---------------------|-----------------|
|  |            |  | <b>Mar/2010</b>     | <b>Dec/2009</b> |
| <b>Annual financial charges</b>        |            |  |                     |                 |
| <b><u>Foreign currency</u></b>         |            |  |                     |                 |
| Eurobonds                              | Note 15(a) |  | 2,314,074           | 2,250,037       |
| Advances on foreign exchange contracts | Dec/09     | US\$ exchange variation + average interest of 6.61%                        |                     | 1,098           |
| Export prepayments                     | Note 15(b) |  | 2,740,373           | 2,669,597       |
| Medium-Term Notes                      |            | US\$ exchange variation + average interest of 11.75%                       | 455,132             | 457,748         |
| Raw material financing                 | Mar/10     | US\$ exchange variation + average interest of 2.57%                        | 16,509              |                 |
|  | Dec/09     | US\$ exchange variation + average interest of 4.08%                        |                     | 16,077          |
| BNDDES                                 | Mar/10     | Average interest of 7.30% + post-fixed monetary restatement (UMBNDDES) (i) | 12,406              |                 |
|  | Mar/10     | US\$ exchange variation + average interest of 6.11%                        | 186,427             |                 |
|  | Dec/09     | Average interest of 7.52% + post-fixed monetary restatement (UMBNDDES) (i) |                     | 14,565          |
|  | Dec/09     | US\$ exchange variation + average interest of 6.26%                        |                     | 181,293         |
| Working capital                        |            | US\$ exchange variation + average interest of 7.64%                        | 691,194             | 674,373         |
| Project financing (NEXI)               |            | YEN exchange variation + interest of 0.95% above TIBOR (Note 15(c))        | 94,155              | 101,895         |
| Transaction costs, net                 | Note 15(h) |  | (26,285)            | (28,041)        |
| <b><u>Local currency</u></b>           |            |  |                     |                 |
| Working capital                        | Mar/10     | Post-fixed monetary restatement (117.5% of CDI)                            | 604,175             |                 |
|  | Dec/09     | Post-fixed monetary restatement (from 92% to 119.09% of CDI)               |                     | 687,638         |
|  |            | Fixed interest of 9.93% + TR   | 81,407              | 79,473          |
| FINAME                                 | Mar/10     | Average interest of 4.64% + TJLP   | 190                 |                 |
|  | Dec/09     | Average interest of 4.68% + TJLP   |                     | 260             |
| BNDDES                                 |            | Average fixed interest of 2.83% + TJLP                                     | 1,347,923           | 1,374,259       |
| BNB                                    | Mar/10     | Average interest of 9.02%  | 410,526             |                 |
|  | Dec/09     | Fixed interest of 9.47%  |                     | 389,582         |
| FINEP                                  |            | Post-fixed monetary restatement (TJLP)                                     | 78,785              | 84,246          |
| Transaction costs, net                 | Note 15(h) |  | (8,870)             | (10,744)        |
| Total                                  |            |  | 8,998,121           | 8,943,356       |
| Current liabilities                    |            |  | (1,049,001)         | (1,504,063)     |
| Non-current liabilities                |            |  | 7,949,120           | 7,439,293       |

(i) UMBNDES = BNDES monetary unit.

**(a) Eurobonds**

The breakdown of eurobond transactions is as follows:

| <b>Issue date</b> | <b>Issue amount<br/>US\$ thousand</b> | <b>Maturity</b> | <b>Interest<br/>(% p.a.)</b> | <b>Parent company / consolidated</b> |                  |
|-------------------|---------------------------------------|-----------------|------------------------------|--------------------------------------|------------------|
|                   |                                       |                 |                              | <b>Mar/2010</b>                      | <b>Dec/2009</b>  |
| Jul/1997          | 250,000                               | Jun/2015        | 9.38                         | 275,475                              | 263,198          |
| Jun/2005          | 150,000                               | None            | 9.75                         | 268,225                              | 262,231          |
| Apr/2006          | 200,000                               | None            | 9.00                         | 362,510                              | 354,409          |
| Sep/2006          | 275,000                               | Jan/2017        | 8.00                         | 496,740                              | 495,216          |
| Jun/2008          | 500,000                               | Jun/2018        | 7.25                         | 911,124                              | 874,983          |
| <b>Total</b>      | <b>1,375,000</b>                      |                 |                              | <b>2,314,074</b>                     | <b>2,250,037</b> |

**(b) Export prepayments**

The breakdown of export prepayments is as follows:

| <b>Date</b>  | <b>Initial<br/>transaction<br/>amount<br/>US\$ thousand</b> | <b>Maturity</b> | <b>Charges (% p.a.)</b>                  | <b>Consolidated</b> |                  |
|--------------|---|-----------------|--|---------------------|------------------|
|              |   |                 |  | <b>Mar/2010</b>     | <b>Dec/2009</b>  |
| Jul/05       | 10,000  | Jun/10          | US\$ FX variation + 6-month Libor + 2.05 | 3,587               | 3,486            |
| Jul/06       | 95,000  | Jun/13          | US\$ FX variation + 6-month Libor + 1.00 | 70,551              | 74,148           |
| Jul/06       | 75,000  | Jul/14          | US\$ FX variation + 6-month Libor + 0.78 | 115,772             | 119,718          |
| Mar/07       | 35,000  | Mar/14          | US\$ FX variation + 6-month Libor + 1.60 | 62,339              | 61,298           |
| Apr/07       | 150,000   | Apr/14          | US\$ FX variation + 6-month Libor + 0.77 | 270,415             | 262,749          |
| Oct/07       | 315,525   | Jan/10          | US\$ FX variation + 4-month Libor + 1.00 |                     | 545,210          |
| Nov/07       | 150,000   | Nov/13          | US\$ FX variation + 6-month Libor + 1.40 | 268,882             | 261,822          |
| Oct/08       | 725,000   | Oct/13          | US\$ FX variation + 5.6                  | 1,305,807           | 1,269,210        |
| May/09       | 20,000  | Jan/11          | US\$ FX variation + 6-month Libor + 4.00 | 36,253              | 36,315           |
| Aug/09       | 20,000  | Jul/11          | US\$ FX variation + 6-month Libor + 5.00 | 35,876              | 35,641           |
| Mar/10       | 100,000   | Mar/15          | US\$ FX variation + 6-month Libor + 2.50 | 178,404             |                  |
| Mar/10       | 150,000   | Mar/15          | US\$ FX variation + 6-month Libor + 2.50 | 267,606             |                  |
| Mar/10       | 70,000  | Mar/15          | US\$ FX variation + 6-month Libor + 2.50 | 124,881             |                  |
| <b>Total</b> | <b>1,915,525</b>  |                 |  | <b>2,740,373</b>    | <b>2,669,597</b> |

**(c) Project financing**

In March and September 2005, the Company obtained loans in Japanese currency from Nippon Export and Investment Insurance ("NEXI"), in the amount of YEN 5,256,500 thousand - R\$ 136,496, and YEN 6,628,200 thousand - R\$ 141,529, respectively. The principal is being paid in 11 installments commencing in March 2007, with final maturity in June 2012.

As described in Note 22(f.3), the Company entered into swap contracts for the total amount of this debt, so that the annual financial cost of the tranche drawn down in March 2005 is 101.59% of CDI while that of the tranches drawn down in September 2005 is 104.29% and 103.98% of CDI. The swap contracts were entered into with first tier foreign banks and their maturities, currencies, rates and amounts are perfectly matched to the financing contracts. The effect of this swap contract is recorded in financial results (Note 23).

**(d) Repayment schedule**

Long-term loans and financing mature as follows:

|                     | <b>Consolidated</b> |                  |
|---------------------|---------------------|------------------|
|                     | <b>Mar/2010</b>     | <b>Dec/2009</b>  |
| 2011                | 901,188             | 1,132,504        |
| 2012                | 1,289,317           | 1,260,262        |
| 2013                | 1,462,903           | 1,209,739        |
| 2014                | 1,055,410           | 809,365          |
| 2015                | 489,834             | 351,237          |
| 2016 and thereafter | 2,750,468           | 2,676,186        |
|                     | <u>7,949,120</u>    | <u>7,439,293</u> |

**(e) Guarantees**

The Company has provided guarantees as stated below:

**Parent company**

|                           | <b>Maturity</b> | <b>Guaranteed total</b> | <b>Financing amount</b> | <b>Guarantees</b>   |
|---------------------------|-----------------|-------------------------|-------------------------|---|
| BNB                       | Jun/16          | 206,718                 | 206,718                 | Mortgage of plants, pledge of machinery and equipment and bank surety       |
| BNDES                     | Jul/17          | 1,532,806               | 1,532,806               | Mortgage of plants, land and property and pledge of machinery and equipment |
| NEXI                      | Jun/12          | 94,155                  | 94,155                  | Insurance policy  |
| Working capital financing | Mar/13          | 181,252                 | 604,175                 | Pledge of receivables   |
| FINEP                     | Oct/15          | 78,785                  | 78,785                  | Bank surety   |
| Prepayments               | Mar/14          | 62,339                  | 62,339                  | Mortgage and land guarantee   |
|                           |                 | <u>2,156,055</u>        | <u>2,578,978</u>        |   |

**(f) Capitalized interest**

The Company adopts the accounting practice of capitalizing interest on financing during the period of asset construction. The Company's policy is to apply the average weighted financial charges rate on the debt, including exchange and monetary variation, to the balance of projects in progress. The average rate used in the period was 3.90% p.a. (Mar/2009: -0.39% p.a.), including exchange and monetary variations. Amounts capitalized in the quarters are shown below:

|                          | Expenses (income) |          |
|--------------------------|-------------------|----------|
|                          | Consolidated      |          |
|                          | Mar/2010          | Mar/2009 |
| Gross financial charges  | 354,759           | 111,207  |
| (-) Capitalized interest | (31,582)          | (4,482)  |
| Net financial charges    | 323,177           | 106,725  |

**(g) Loan covenants**

Certain loan agreements entered into by the Company and its subsidiaries establish limits for certain ratios involving the ability to incur debts and pay interest.

The first ratio imposes limits on the Company's and its subsidiaries indebtedness based on their ability to generate EBITDA. This is calculated by dividing the Company's consolidated net debt by its consolidated EBITDA for the last twelve months. This ratio is calculated in reais or dollars, depending on contract terms. If calculated in dollars, the closing PTAX (exchange rate disclosed by the Brazilian Central Bank) is applied to compute the net debt and the average R\$/US\$ rate for the last four quarters is used to calculate the EBITDA.

The second ratio to be found in the Company's and its subsidiaries' contracts is the division of the consolidated EBITDA by net interest, which represents the difference between interests paid and received. This ratio is verified on a quarterly basis and is only calculated in US dollars.

Below is a summary of the outstanding transactions and their limiting covenants:

| Transaction               | Ratio/Limit                | Currency |
|---------------------------|----------------------------|----------|
| <b>Debentures</b>         | Net debt/EBITDA < 4.5      | R\$      |
| <b>Nexi financing</b>     | Net debt/EBITDA < 4.5      | US\$     |
|                           | EBITDA /Net interest > 1.5 |          |
| <b>Medium-Term Notes</b>  | Net debt/EBITDA < 4.5      | R\$      |
| <b>Export prepayments</b> | Net debt/EBITDA < 4.5      | US\$     |
|                           | EBITDA/Net interest > 2.0  |          |

EBITDA for these transactions is calculated as follows:

| Consolidated  |   |
|---|---|
| <b>Debentures</b>                                     | <b>EBITDA = GP (-) GAS (+) DAC (+/-) OIE</b>                                    |
| <b>Nexi, Export prepayments and Medium-Term Notes</b> | <b>EBITDA = GP (-) GAS (+) DAC (+/-) OIE (+) DIOC</b>                           |
| GP=Gross profit                                       | OIE=Other operating income and expenses   |
| GAS=General, administrative and selling expenses      | DIOC=Dividends and interest on capital received from non-consolidated companies |
| DAC=Depreciation allocated to cost of sales           |   |

(A free translation of the original in Portuguese)

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The penalty for non-compliance with these covenants is the possibility of accelerated debt maturity, except for the Debentures and Medium-term Notes. In these cases, the debt maturity can only be accelerated should a new debt be issued and the ratio, after the issue, is above 4.5.

As of March 31, 2010 the Company has complied with all commitments assumed.

#### (h) Transaction costs (consolidated)

Costs incurred to structure certain financing transactions were considered as part of the transaction costs, pursuant to CPC 08. Changes in such costs are as follows:

|                                | Mar/2010           |               |                 |               | Dec/2009           |               |                 |               |
|--------------------------------|--------------------|---------------|-----------------|---------------|--------------------|---------------|-----------------|---------------|
|                                | Export prepayments | Eurobonds     | Working capital | Total         | Export prepayments | Eurobonds     | Working capital | Total         |
| At the beginning of the period | 17,534             | 10,507        | 10,744          | 38,785        | 30,043             | 15,763        |                 | 45,806        |
| Costs incurred                 |                    |               |                 |               |                    |               | 15,959          | 15,959        |
| Amortization                   | (1,446)            | (310)         | (1,874)         | (3,630)       | (12,509)           | (5,256)       | (5,215)         | (22,980)      |
| At the end of the period       | <u>16,088</u>      | <u>10,197</u> | <u>8,870</u>    | <u>35,155</u> | <u>17,534</u>      | <u>10,507</u> | <u>10,744</u>   | <u>38,785</u> |

The amounts to be recognized in future statements of operations are as follows:

|                     | Mar/2010           |               |                 |               |
|---------------------|--------------------|---------------|-----------------|---------------|
|                     | Export prepayments | Eurobonds     | Working capital | Total         |
| 2010                | 4,335              | 926           | 4,757           | 10,018        |
| 2011                | 5,587              | 1,236         | 2,893           | 9,716         |
| 2012                | 4,239              | 1,236         | 1,185           | 6,660         |
| 2013                | 1,927              | 1,236         | 35              | 3,198         |
| 2014 and thereafter |                    | 5,563         |                 | 5,563         |
|                     | <u>16,088</u>      | <u>10,197</u> | <u>8,870</u>    | <u>35,155</u> |

#### 16 Debentures (public issues of non-convertible debentures)

| Issue | Unit value | Maturity | Interest      | Payment of interest            | Parent company/ consolidated |                |
|-------|------------|----------|---------------|--------------------------------|------------------------------|----------------|
|       |            |          |               |                                | Mar/2010                     | Dec/2009       |
| 13th  | R\$ 10     | Jun/2010 | 104.1% of CDI | Semi-annually as from Dec/2005 | 308,623                      | 302,261        |
| 14th  | R\$ 10     | Sep/2011 | 103.5% of CDI | Semi-annually as from Mar/2007 | 503,747                      | 514,468        |
|       |            |          |               |                                | <u>812,370</u>               | <u>816,729</u> |

**17 Taxes Payable**

|   |       | Parent company |           | Consolidated |           |
|---|-------|----------------|-----------|--------------|-----------|
|   |       | Mar/2010       | Dec/2009  | Mar/2010     | Dec/2009  |
| <b>Current liabilities</b>                                    |       |                |           |              |           |
| IPI   |       | 33,761         | 30,649    | 33,987       | 31,180    |
| PIS and COFINS  |       | 14,868         | 14,469    | 16,332       | 14,866    |
| Income tax and social contribution                            |       | 9,373          | 14,712    | 13,876       | 16,878    |
| ICMS  |       | 41,318         | 38,040    | 44,293       | 42,687    |
| Tax Recovery Program – Law 11941/09                           | (iv)  | 84,268         | 57,309    | 84,268       | 57,309    |
| Tax Recovery Program – PM 470/09                              | (iii) | 683,784        | 958,052   | 683,784      | 958,052   |
| PAES - Law 10684/03   | (ii)  | 5,108          | 7,222     | 5,315        | 7,267     |
| Other   |       | 17,016         | 24,425    | 17,872       | 27,157    |
| Total   |       | 889,496        | 1,144,878 | 899,727      | 1,155,396 |
| <b>Non-current liabilities</b>                                |       |                |           |              |           |
| IPI – consumption materials and property, plant and equipment |       |                | 46,706    |              | 46,706    |
| COFINS - Law 9718/98  | (i)   |                | 50,926    | 3,729        | 54,601    |
| Education contribution, SAT and INSS                          |       | 40,086         | 40,086    | 41,268       | 41,254    |
| Tax Recovery Program - Law 11941/09                           | (iv)  | 1,172,792      | 795,177   | 1,172,792    | 795,177   |
| PAES - Law 10684/03   | (ii)  | 34,768         | 33,621    | 35,315       | 34,386    |
| Other   |       | 52,987         | 81,063    | 56,782       | 84,975    |
| Subtotal  |       | 1,300,633      | 1,047,579 | 1,309,886    | 1,057,099 |
| (-) Judicial deposits   | (v)   | (72,467)       | (61,195)  | (75,456)     | (64,184)  |
| Total   |       | 1,228,166      | 986,384   | 1,234,430    | 992,915   |

**(i) COFINS – Law 9718 of 1998**

The amounts in non-current liabilities at December 31, 2009 related to lawsuits brought by the Company and merged companies to challenge the constitutionality of the COFINS tax rate increase from 2% to 3%, instituted by Law 9718/98. The Federal Supreme Court (STF) decided in November 2005 favorably to the legality of said increase and the STF itself revisited this matter in terms of the general implications of the unconstitutionality and reiterated its ruling. In view of this, as disclosed in the financial statements as of December 31, 2009, in 2010 the Company included in the installment program of Law 11941/09 the amounts under discussion.

**(ii) Exceptional Tax Installment Program - PAES - Law 10684/03**

Merged companies IPQ and Trikem, as well as subsidiary CINAL, adhered to the PAES program instituted by Federal Law 10684/03.

IPQ adhered to this installment payment program, after cancellation of supporting certificates (DCC's) originated from acquisition and offsetting of third-party credits. For its part, Trikem opted for the program after filing for voluntary termination of the lawsuit challenging the COFINS tax rate increase from 2% to 3% (instituted by Law 9718 of 1998).

Even though the Company had met all legal requirements and payments were being made as and when due, the National Treasury Attorney's Office (PFN) excluded Trikem from PAES on two different occasions, and the Company obtained court relief reinstating it in these two events.

The Company opted to exercise the right granted under Law 11941/2009 for installment payment of the outstanding PAES debt, thus terminating all litigations related to its exclusion from the former program.

**(iii) Installment Payment Program under Provisional Measure (PM) 470/09**

In reliance on the opinion of its outside legal advisors and in view of the benefits offered under PM 470 of October 13, 2009, management filed for voluntary termination of the lawsuits and administrative appeals by which the Company sought acknowledgment of the tax credits deriving from the acquisition of inputs taxed at a zero rate as well as IPI credit on exports and confirmed its adherence to the tax installment program introduced by said Provisional Measure.

In the first quarter of 2010, the activity under this program, to be settled in twelve monthly payments, was as follows:

|  |                |
|--|----------------|
| Installment program balance at December 31, 2009 | 958,052        |
| (-) Installments paid                            | (291,304)      |
| (+) Interest at the benchmark rate (SELIC)       | 17,036         |
| Installment program balance at March 31, 2010    | <u>683,784</u> |

As established by the Provisional Measure, the Company will no longer be entitled to any arrears charges relief in the following events: (i) if it fails to pay 3 installments, whether consecutive or not, or (ii) if it fails to pay up to 2 installments, even when all other ones have been paid. In the second case, to avoid the loss, the Company must settle them before paying the last installment.

**(iv) Installment Payment Program under Law 11941/09**

Law 11941 of May 27, 2009 laid down the conditions for adherence to the federal tax installment program. These conditions comprise, among others: (i) a payment term of up to 180 months; (ii) variable discounts in fines, interest and charges, depending on the payment term; (iii) the possibility of using the balance of income tax and social contribution losses to settle fines and interest. Braskem adhered to this installment payment program in the manner prescribed by said law, and has been paying the respective installments (at the minimum values) since November 30, 2009. During 2010, the Federal Revenue Secretariat is expected to make available the debt consolidation software, which should confirm the amounts recorded.

Based on an analysis by its outside legal advisors of the chances of success in the lawsuits and administrative proceedings to which it is a party, the Company chose to include the following taxes in this installment program: i) Social contribution in the amount of R\$ 1,012,235; ii) IPI credit on acquisition of consumption materials and property, plant and equipment, in the amount of R\$ 91,461; iii) COFINS derived from the judicial dispute over the rate increase from 2% to 3% under Law 9718/98, in the amount of R\$ 61,570; and iv) other taxes in the amount of R\$ 55,446. Management elected the 180-month payment term.

The amounts under this program are as follows:

|  |                  |
|--|------------------|
| <b>Balance of installment program at December 31, 2009</b> | 852,486          |
| (+) New taxes and arrears charges included in the program  | 368,226          |
| (-) Minimum payments                                       | (27)             |
| (+) Interest at the SELIC rate                             | 36,375           |
| <b>Balance of installment program at March 31, 2010</b>    | <u>1,257,060</u> |
| Current liabilities  | 84,268           |
| Non-current liabilities                                    | 1,172,792        |

As established by the law, the Company will no longer be entitled to any arrears charges relief if it fails to pay three installments, whether consecutive or not.

## 18 Income Tax (IR) and Social Contribution (CSL)

### (a) Reconciliation of income tax and social contribution effects on results of operations

|   | Parent company  |                 | Consolidated    |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | Mar/2010        | Mar/2009        | Mar/2010        | Mar/2009        |
| Income (loss) before income tax, social contribution and non-controlling shareholders           | (165,035)       | 32,137          | (160,745)       | 32,591          |
| Income tax and social contribution (expense) benefit at the rate of 34%                         | 56,112          | (10,926)        | 54,653          | (11,081)        |
| Income tax and social contribution on equity in the results of investees                        | 8,725           | (7,954)         | 9,401           | (7,954)         |
| Tax effects of exemption from social contribution   |                 | 2,892           |                 | 2,892           |
| Other permanent differences   | 2,700           | (941)           | (827)           | (2,924)         |
| Effects of non-recognition of income tax on tax losses  |                 | (37,661)        |                 | (37,661)        |
| Effects of installment programs (Note 17)   | 22,273          |                 | 22,273          |                 |
| Activity in Part B of Taxable Income Control Register (LALUR) without recording deferred IR/CSL | (6,330)         | 7,861           | (6,344)         | 13,081          |
| RTT (Note 2(b))   | (2,676)         | 25,515          | (2,676)         | 22,515          |
| Other   | 67              | 67              | 67              | 67              |
| Prior year adjustments  | (3,356)         | (1,255)         | (3,356)         | (1,791)         |
| Tax benefits (SUDENE and PAT)   |                 |                 | 34              |                 |
| Social contribution – installment program Law 11941/09  | <u>(35,879)</u> |                 | <u>(35,879)</u> |                 |
| Effect of income tax and social contribution on results of operations                           | <u>41,636</u>   | <u>(22,402)</u> | <u>37,346</u>   | <u>(22,856)</u> |
| <b>Breakdown of IRPJ and CSL:</b>   |                 |                 |                 |                 |
| Current   | (3,712)         | (1,255)         | (7,111)         | (3,393)         |
| CSL – installment program Law 11941/09  | <u>(35,879)</u> |                 | <u>(35,879)</u> |                 |
| Deferred IR and CSL   | 81,227          | (21,147)        | 80,336          | (19,463)        |
| Total income tax and social contribution in results of operations                               | <u>41,636</u>   | <u>(22,402)</u> | <u>37,346</u>   | <u>(22,856)</u> |

As the Company recorded tax losses in the first quarter of 2010, no income tax exemption/abatement benefit occurred during the period. The tax losses were essentially due to the adoption of the cash basis for the taxation of exchange variation gains and amortization of goodwill based on expected future profitability.



**(b) Breakdown of deferred income tax and social contribution**

| <b>Breakdown of deferred income tax</b>          | <b>Parent company</b> |                 | <b>Consolidated</b> |                 |
|--|-----------------------|-----------------|---------------------|-----------------|
|  | <b>Mar/2010</b>       | <b>Dec/2009</b> | <b>Mar/2010</b>     | <b>Dec/2009</b> |
| <b>Assets</b>                                    |                       |                 |                     |                 |
| Tax losses                                       | 455,750               | 453,764         | 455,750             | 455,850         |
| Amortized goodwill                               | 110,907               | 122,151         | 110,907             | 122,151         |
| Temporary provisions                             | 73,859                | 79,480          | 75,235              | 89,724          |
| Transitional Tax System (RTT)                    | 12,044                | 13,002          | 12,044              | 13,002          |
| Other temporary differences                      | 15,484                | 19,827          | 26,208              | 19,827          |
|  | <u>668,044</u>        | <u>688,224</u>  | <u>680,144</u>      | <u>700,554</u>  |
| Current assets                                   | 54,546                | 55,972          | 57,285              | 59,164          |
| Non-current assets                               | 613,498               | 632,252         | 622,859             | 641,390         |
| Total  | <u>668,044</u>        | <u>688,224</u>  | <u>680,144</u>      | <u>700,554</u>  |
| <b>Liabilities</b>                               |                       |                 |                     |                 |
| RTT  | 157,252               | 131,996         | 157,252             | 131,996         |
| Exchange variations                              | 383,880               | 487,198         | 383,880             | 487,198         |
| Other temporary differences                      | 6,572                 | 6,720           | 6,587               | 6,735           |
|  | <u>547,704</u>        | <u>625,914</u>  | <u>547,719</u>      | <u>625,929</u>  |
| Non-current liabilities                          | 547,704               | 625,914         | 547,719             | 625,929         |
| Total  | <u>547,704</u>        | <u>625,914</u>  | <u>547,719</u>      | <u>625,929</u>  |
| <b>Breakdown of deferred social contribution</b> |                       |                 |                     |                 |
|  | <b>Parent company</b> |                 | <b>Consolidated</b> |                 |
|  | <b>Mar/2010</b>       | <b>Dec/2009</b> | <b>Mar/2010</b>     | <b>Dec/2009</b> |
| <b>Assets</b>                                    |                       |                 |                     |                 |
| Tax losses                                       | 163,146               | 163,535         | 163,160             | 163,634         |
| Amortized goodwill                               | 40,746                | 44,818          | 40,746              | 44,818          |
| Temporary provisions                             | 24,559                | 28,612          | 25,054              | 29,279          |
| RTT  | 932                   | 314             | 932                 | 314             |
| Other temporary differences                      | 3,768                 | 1,738           | 3,259               | 1,738           |
|  | <u>233,151</u>        | <u>239,017</u>  | <u>233,151</u>      | <u>239,783</u>  |
| Non-current assets                               | 233,151               | 239,017         | 233,151             | 239,783         |
| Total  | <u>233,151</u>        | <u>239,017</u>  | <u>233,151</u>      | <u>239,783</u>  |
| <b>Liabilities</b>                               |                       |                 |                     |                 |
| RTT  | 56,611                | 47,519          | 56,611              | 47,519          |
| Exchange variations                              | 138,197               | 175,391         | 138,197             | 175,391         |
|  | <u>194,808</u>        | <u>222,910</u>  | <u>194,808</u>      | <u>222,910</u>  |
| Non-current liabilities                          | 194,808               | 222,910         | 194,808             | 222,910         |
| Total  | <u>194,808</u>        | <u>222,910</u>  | <u>194,808</u>      | <u>222,910</u>  |

**(c) Social Contribution on Net Income (CSL)**

On December 31, 2009, the Company, based on the opinion of its legal advisors, announced its decision to exercise the right granted by Law 11941/09 to pay in installments the CSL amounts due by merged companies Trikem and Polialden that were previously the subject matter of lawsuits involving the constitutionality of Law 7689/88.

It should be noted that the Company, always based on the opinion of its legal advisors, decided to exclude from the installment program those amounts related to isolated fines. In this connection, the Taxpayers' Council has consistently rendered decisions (including on lawsuits to which the Company is a party) stating that simultaneously imposing an isolated and a regular fine on the same taxable event is illegal. Fines being contested amount to R\$ 117,001 at March 31, 2010.

Furthermore, considering that the federal government did not file a suit to set aside the judgment in the case of OPP Química, management understands that, from a juridical viewpoint, the first final decision favorable to the company still holds. Accordingly, assessment notices drawn up by the Federal Revenue against OPP Química will also not be included in the installment program. The amount involved, updated for monetary restatement and the benchmark interest rate is R\$ 218,990.

Finally, the Company is still entertaining the possibility of challenging in court the validity of regular fines imposed by the tax authorities. Management, based on the opinion of its legal advisors, understands that until such time as its request to withdraw from the legal actions at the administrative and judicial levels is formally acknowledged, the payments to be made to the federal government are not overdue. These amounts equal R\$ 176,374.

**(d) Tax Incentives**

**(d.1) Income tax**

Until calendar year 2011, the Company has the right to reduce by 75% the income tax on the profit arising from sales of basic petrochemicals and utilities produced at the Camaçari plant. The three polyethylene plants at Camaçari are entitled to this same reduction until base years 2011, 2012 and 2016. The PVC plant in Camaçari will also enjoy this benefit until base year 2013.

Caustic soda, chlorine, dichloroethane and caprolactam production activities are entitled to a 75% reduction in the income tax rate until base year 2012.

**(d.2) Value-added tax on sales and services (VAT) - ICMS**

The Company has ICMS tax incentives granted by the State of Alagoas under the Integrated Development Program for the State of Alagoas (PRODESIN). This incentive is designed to foster the installation and expansion of industrial facilities in the State, and is credited to "Other operating income" in the results of operations for the year.

**19 Other Accounts Payable**

|  | Parent company |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | Mar/2010       | Dec/2009       | Mar/2010       | Dec/2009       |
| Credit notes   | 2,885          | 1,249          | 2,885          | 1,249          |
| Commissions/customer bonuses                           | 11,568         | 17,621         | 11,568         | 17,621         |
| Insurance premiums                                     | 11,580         | 15,575         | 11,590         | 15,584         |
| Provision for restoration of environmental damages (i) | 52,453         | 57,797         | 52,453         | 57,797         |
| Market value of derivative instruments                 | 22,558         | 27,108         | 22,558         | 27,108         |
| Sundry judicial provisions (ii)                        | 84,138         | 83,998         | 85,239         | 85,203         |
| Advances from customers                                | 19,429         | 37,990         | 19,429         | 37,990         |
| Leasing agreements                                     | 16,675         | 18,741         | 16,675         | 18,741         |
| Other accounts payable                                 | 90,781         | 51,183         | 126,252        | 80,153         |
| Total  | <u>312,067</u> | <u>311,262</u> | <u>348,649</u> | <u>341,446</u> |
| Current liabilities                                    | 143,757        | 116,815        | 171,602        | 135,450        |
| Non-current liabilities                                | 168,310        | 194,447        | 177,047        | 205,996        |

- (i) The Company has a provision for future expenditures for the restoration of environmental damages at some of its plants.
- (ii) Based on the opinion of its outside legal advisors, the Company provides for litigation involving amounts that are considered as a probable loss. The provision for civil and labor claims is computed based on the amounts claimed by the authors and the historic percentage of the Company to settle such suits (Note 21).

The breakdown of the provisions is shown below:

|                     | Parent company |               | Consolidated  |               |
|---------------------|----------------|---------------|---------------|---------------|
|                     | Mar/2010       | Dec/2009      | Mar/2010      | Dec/2009      |
| Labor claims        | 23,943         | 23,943        | 25,044        | 25,148        |
| Tax lawsuits        | 50,382         | 50,242        | 50,382        | 50,242        |
| Civil claims        | 1,695          | 1,695         | 1,695         | 1,695         |
| Other contingencies | 8,118          | 8,118         | 8,118         | 8,118         |
|                     | <u>84,138</u>  | <u>83,998</u> | <u>85,239</u> | <u>85,203</u> |

**20 Stockholders' Equity****(a) Capital**

At March 31, 2010, subscribed and paid-up capital is R\$ 5,473,181, comprising 520,928,154 shares with no par value, of which 190,462,446 are common, 329,871,890 are class "A" preferred, and 593,818 are class "B" preferred shares.

In May 2009, on account of the merger of Triunfo (Note 1 (b.1)), the Company's capital was increased by R\$ 97,379, from R\$ 5,375,802 to R\$ 5,473,181, through the issue of 13,387,157 class "A" preferred shares.

The Extraordinary Shareholders' Meeting held on February 25, 2010, authorized capital increases, irrespective of a bylaw amendment, up to the limit of 1,152,937,970 shares, being 535,661,731 common, 616,682,421 class "A" preferred, and 593,818 class "B" preferred shares. In any event, the number of preferred shares with no or limited rights to vote must not exceed 2/3 of the Company's total capital.

**(b) Rights attaching to shares**

Preferred shares carry no voting rights, but they have priority to a minimum non-cumulative annual dividend of 6% per annum on their unit value, if profits are available for distribution. Only Class “A” preferred shares are on a par with common shares for entitlement to remaining profits; dividends are available to common shares only after the priority dividend has been paid to preferred shares. Further, only Class “A” preferred shares rank equally with common shares in the distribution of shares resulting from capitalization of other reserves. Only Class “A” preferred shares are convertible into common shares, by resolution of the majority of voting shares at general meetings. Class “B” preferred shares may be converted into Class “A” preferred shares at a ratio of two Class “B” preferred shares to each Class “A” preferred share, upon written notice to the Company at any time (after expiration of the non-convertibility period prescribed in special legislation that authorized the issuance and payment of such shares by using tax incentive funds).

If the Company is wound up, Class “A” and “B” preferred shares are accorded priority treatment in repayment of capital.

Shareholders are entitled to a minimum mandatory dividend of 25% of the net profits for the year, adjusted in accordance with the requirements of Brazilian Corporation Law.

According to the Memorandums of Understanding for the Shareholders Agreement, the Company is required to distribute dividends not lower than 50% of the annual net profits, to the extent that the reserves necessary for its effective operation in the ordinary course of business are maintained at a sufficient level.

Under the terms of the U.S. dollar-denominated Medium-Term Notes (Note 15), the payment of dividends or interest on capital is limited to twice the minimum dividends due under the Company’s bylaws.

**(c) Treasury stock**

At March 31, 2010, treasury stock corresponded to 1,506,060 class “A” preferred shares in the amount of R\$ 11,932, as a result of the interest in Braskem previously held by merged company Trikem. The total value of such shares is R\$ 19,714, based on the average quotation of the stock exchange session on March 31, 2010.

**(d) Appropriation of net income**

According to the Company’s bylaws, net income for the year, adjusted in accordance with Law 6404/76, is appropriated as follows: (i) 5% for constituting the legal reserve, not to exceed 20% of the capital; (ii) 25% for payment of non-cumulative mandatory dividends, with due regard for the legal and statutory priorities of the preferred shares. When the amount of the priority dividend paid to the preferred shares equals or exceeds 25% of the net result for the year, calculated as per article 202 of the Brazilian Corporation Law, this characterizes full payment of the mandatory dividend. Where there are amounts in addition to the mandatory dividend following payment of the priority dividend, these will be applied: (i) in payment to the common shares of a dividend up to the limit of the priority dividend of the preferred shares; (ii) if a balance still remains, in the distribution of an additional dividend to the common and the Class “A” preferred shares in equal conditions, so that each common or preferred share of that class receives the same dividend. Net income for 2009 was used to absorb part of the accumulated deficit and, for this reason, management did not distribute any amount by way of dividends or interest on capital for that year.

**(e) Carrying value adjustments**

This account was introduced by Law 11638/07 to recognize stockholders' equity amounts which have not yet been recorded in the statement of operations but will be in the future. The account includes the following amounts:

|   | <u>Mar/2010</u> | <u>Dec/2009</u> |
|---|-----------------|-----------------|
| Financial assets classified as available-for-sale, net of income tax and social contribution (Note 5) | 4,459           | 1,127           |
|   | <u>4,459</u>    | <u>1,127</u>    |
| Hedge transactions (Note 22, f.3 (iii))   |                 |                 |
| Braskem S.A.  | (11,296)        | (3,427)         |
| Braskem Inc.  | (72,175)        | (63,877)        |
|   | <u>(83,471)</u> | <u>(67,304)</u> |
|   | <u>(79,012)</u> | <u>(66,177)</u> |

**21 Contingencies****(a) Labor and social security**Collective Bargaining Agreement – Section 4

The Petrochemical, Plastics, Chemicals and Related Industry Workers Union in the State of Bahia (SINDIQUÍMICA) and the Employers' Association of the Petrochemical and Synthetic Resins Industries in the State of Bahia (SINPEQ) are disputing in court the validity of a wage and salary indexation clause contained in the collective bargaining agreement, given the issue of public policy involved, namely, the adoption of an economic stabilization plan in 1990 that put a limit on wage adjustments. The Company ran plants in the region in 1990, and is a member of SINPEQ.

The employees' labor union seeks retroactive adjustment of wages and salaries. In December 2002, the STF confirmed a previous decision of the Superior Labor Court (TST), determining that economic policy legislation should prevail over collective bargaining agreements and, as such, no adjustment was due. In 2003, SINDIQUÍMICA appealed this decision by means of a motion for clarification, which was rejected by unanimous opinion on May 31, 2005.

On October 24, 2005, SINDIQUÍMICA filed a further appeal. This plea was forwarded to the General Prosecutor Office of the Republic, which rendered an opinion fully favorable to SINPEQ in November 2006. Judgment of this appeal started on June 28, 2007, but was adjourned as one of the judges asked for further access to the case records.

In reliance on the opinion of its legal advisors, Management believes that SINPEQ is likely to prevail in this suit and, as such, no amount was provided.

National Social Security Institute - INSS

The Company is party to several social security disputes in the administrative and judicial spheres, totaling R\$ 278,875 (updated by the SELIC rate) as of March 31, 2010.

In reliance on the legal advisors' opinion that the Company stands possible chances of success in these cases, Management believes that nothing is payable in connection with assessments raised against it and, as such, no amount was provided.

Other labor and social security contingencies

- In the second quarter of 2005, the Chemical and Petrochemical Industry Workers Unions in Triunfo (RS) and Camaçari (BA) filed several lawsuits for recovery of unpaid overtime. The Company has presented its defense to the claims, and – in reliance on the legal advisors' opinion – the Company's Management does not expect any losses to arise from the final outcome thereof.
- As of March 31, 2010, the Company and its subsidiaries are defendants in 1,438 suits for damages and labor claims (already including those mentioned above), totaling approximately R\$ 479,294 (Dec/09 - R\$ 420,638). According to the opinion of legal advisors, most of these suits are likely to be found for the Company. For the cases entailing a probable loss, the Company and its subsidiaries have provisioned R\$ 25,044.

**(b) Tax**

(i) Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSL)

In 1995, the Federal Revenue Secretariat (SRF) served notice on merged company Copesul, which had recorded IRPJ and CSL credits for the 1994 base period, relating to monetary adjustment of balance sheet items and equity accounting results due to the accounting for dividends distributed by a subsidiary abroad. The current value involved in this dispute is R\$ 21,812. The appeal lodged by the National Treasury at the Higher Tax Appeals Chamber (CSRF) is pending judgment. According to the Company's legal advisors, the likelihood of a favorable outcome in this case is possible.

(ii) IPC/BTNF - Law 8200/91

In 1995, merged company Copesul was assessed by SRF on the alleged underpayment of income tax (IR) and social contribution on net income (CSL) during 1992 to 1994, as the company availed itself of differences between the IPC/BTNF indices without the restrictions imposed by Law 8200/91. The assessment notice was judged valid in 1996. From then on, the Treasury Attorney's Office had powers to file a tax foreclosure suit to collect the debt in question.

However, by virtue of a preliminary injunction awarded in a suit intended to prevent the Federal Revenue Secretariat from demanding IR and CSL for fiscal year 1995 and following years, the Federal Government understood that the above-mentioned debts could not be collected. In 2006, although the period of limitation had already lapsed, the National Treasury filed a tax foreclosure suit to collect the amounts.

Braskem filed a writ of mandamus to cancel the tax foreclosure and was awarded a favorable decision by the Regional Federal Court – 4th region. The National Treasury appealed to the Superior Court of Justice (STJ). Braskem has already one favorable vote dismissing the Treasury's appeal.

Based on the opinion of its outside legal advisors, the Company understands that the chances of a favorable outcome are probable and, as such, no provision was recorded.

**(c) Other court disputes involving the Company and its subsidiaries**

Civil matters

The Company is defendant in civil lawsuits filed by the controlling owner of a former caustic soda distributor and a carrier that rendered services to the latter, totaling R\$ 30,312 at March 31, 2010. These plaintiffs seek redress for damages caused by the Company's alleged non-fulfillment of the distributor agreement. In reliance on the opinion of the legal advisors representing the Company in these lawsuits, management believes that it is possible that the cases will be rejected by the courts, and for this reason the respective amounts have not been provided.

Corporate matters

Some holders of preferred shares issued under tax incentive programs sued the merged companies Nitrocarbano, OPP Química, Salgema, Trikem, Polialden and Politeno, claiming entitlement to profits remaining after payment of the priority dividend, on equal footing with the holders of common shares and/or Class ‘A’ preferred shares (if applicable), as well as entitlement to voting rights until the distribution of dividends on that basis is resumed. The amount involved in those suits, all with possible chances of success, total R\$ 14,719.

**22 Financial Instruments****Non-derivative financial instruments**

At March 31, 2010 and December 31, 2009, Braskem and its subsidiaries had the following non-derivative financial instruments, as defined in OCPC 03.

|   | <b>Book value</b> |                  | <b>Fair value</b> |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | <b>Mar/2010</b>   | <b>Dec/2009</b>  | <b>Mar/2010</b>   | <b>Dec/2009</b>  |
| <b>Cash and cash equivalents (Note 4)</b> |                   |                  |                   |                  |
| <b>Financial investments in Brazil</b>    |                   |                  |                   |                  |
| Investments in FIQ Sol                    | 1,097,678         | 1,239,279        | 1,097,678         | 1,239,279        |
| Fixed-income securities                   | 247,295           | 318,919          | 247,295           | 318,919          |
|   | <b>1,344,973</b>  | <b>1,558,198</b> | <b>1,344,973</b>  | <b>1,558,198</b> |
| <b>Financial investments abroad</b>       |                   |                  |                   |                  |
| Investment funds in foreign currency      | 52,942            | 58,447           | 52,942            | 58,447           |
| Time deposits                             | 500,654           | 732,513          | 500,654           | 732,513          |
|   | <b>553,596</b>    | <b>790,960</b>   | <b>553,596</b>    | <b>790,960</b>   |
| <b>Marketable securities (Note 5)</b>     |                   |                  |                   |                  |
| U.S. Treasury bonds                       | 285,194           | 261,884          | 284,900           | 261,884          |
| Shares held for trading                   | 85                | 25,761           | 85                | 25,761           |
| Investments in FIQ Sol                    | 314,495           | 179,175          | 314,495           | 179,175          |
|   | <b>599,774</b>    | <b>466,820</b>   | <b>599,480</b>    | <b>466,820</b>   |
| <b>Loans and financing (Note 15)</b>      |                   |                  |                   |                  |
| <b>Foreign currency</b>                   |                   |                  |                   |                  |
| Advances on foreign exchange contracts    |                   | 1,098            |                   | 1,098            |
| Working capital                           | 691,194           | 674,373          | 691,194           | 674,373          |
| BNDES                                     | 198,833           | 195,858          | 198,833           | 195,858          |
| Eurobonds                                 | 2,314,074         | 2,250,037        | 2,486,507         | 2,426,823        |
| Raw material financing                    | 16,509            | 16,077           | 16,509            | 16,077           |
| Medium-Term Notes                         | 455,132           | 457,748          | 564,608           | 559,759          |
| Export prepayments                        | 2,740,373         | 2,669,597        | 2,740,373         | 2,669,597        |
| Project financing (NEXI)                  | 94,155            | 101,895          | 94,155            | 101,895          |
|   | <b>6,510,270</b>  | <b>6,366,683</b> | <b>6,792,179</b>  | <b>6,645,480</b> |
| <b>Local currency</b>                     |                   |                  |                   |                  |
| Working capital                           | 685,582           | 767,111          | 685,582           | 767,111          |
| FINAME                                    | 190               | 260              | 190               | 260              |
| BNDES                                     | 1,347,923         | 1,374,259        | 1,347,923         | 1,374,259        |
| BNB                                       | 410,526           | 389,582          | 410,526           | 389,582          |
| FINEP                                     | 78,785            | 84,246           | 78,785            | 84,246           |
|   | <b>2,523,006</b>  | <b>2,615,458</b> | <b>2,523,006</b>  | <b>2,615,458</b> |
| <b>Debentures (Note 16)</b>               |                   |                  |                   |                  |
| Debentures                                | 812,370           | 816,729          | 808,130           | 810,016          |
|   | <b>812,370</b>    | <b>816,729</b>   | <b>808,130</b>    | <b>810,016</b>   |

- **Risks and derivative financial instruments**

- (a) **Risk management**

The Company is exposed to market risk arising from variations in commodity prices, foreign exchange rates and interest rates, and to credit risk arising from the possibility of default by its counterparties in financial investments, accounts receivable and derivatives.

The Company adopts procedures for managing market and credit risks, in line with a Financial Management Policy and a Risk Management Policy. The aim of risk management is to protect the Company's cash flow and reduce the threats to financing its operating working capital and investment programs.

- (b) **Exposure to foreign exchange risks**

The Company has commercial transactions denominated in, or indexed to, foreign currencies. The prices of the Company's inputs and products are denominated in or strongly influenced by international commodity quotations, which are usually denominated in U.S. dollars. Furthermore, the Company has long-term borrowing in foreign currencies, which leads to exposure to the variation in the foreign exchange rates between the real and the foreign currencies. The Company manages its foreign currencies exposure using a combination of foreign currency debt, foreign currency investments and derivatives. The Company's foreign exchange risk management policy contemplates maximum and minimum cover limits which must be obeyed, and which are continually monitored.

- (c) **Exposure to interest rate risks**

The Company is exposed to the risk that variations in floating interest rates lead to an increase in financial expenses with future interest payments. The floating-rate foreign currency debt is subject mainly to fluctuations in Libor. Domestic currency debt is subject mainly to the variation of the Long-term Interest Rate (TJLP), fixed rates in Reais and daily variation of the CDI rate.

- (d) **Exposure to commodity risks**

The Company is exposed to variation in the prices of various petrochemical commodities, especially its main raw material, naphtha. The Company seeks to pass on the price oscillations of this raw material caused by fluctuations in international prices. However, part of its sales may be made using fixed-price contracts or within a maximum and/or minimum floating range. These contracts may be commercial agreements or derivative contracts associated to forward sales. At March 31, 2010, the Company had no outstanding contracts of a derivative nature.



**(e) Exposure to credit risks**

The operations that subject the Company and its subsidiaries to concentration of credit risk are mainly bank accounts, financial investments and other accounts receivables, exposing the Company to the risk of the financial institution or customer involved. In order to manage this risk, the Company keeps its bank accounts and financial investments with large financial institutions, weighting the concentrations in line with the institutions' ratings and the prices observed in the Credit Default Swaps (CDS) market, as well as entering into netting agreements that minimize the overall credit risk arising from the various financial transactions carried out among the parties.

In regard to customer credit risk, the Company protects itself by making detailed analyses before granting credit and by obtaining real guarantees and sureties, when deemed necessary.

**(f) Derivative instrument transactions**

The Company uses derivative financial instruments for the following purposes:

**f.1) Hedging:** Hedging activities are executed in line with the Company's policies. The financial management policy includes a continuous short-term hedge program for foreign exchange risk arising from its transactions and financial items. Other market risks are covered on a case-by-case basis. In general, the Company assesses the need for hedging when analyzing prospective transactions and seeks to undertake a made-to-measure hedge for the transactions under consideration, in addition to maintaining the hedge for the entire period of the transaction being covered.

The Company may elect to designate derivatives as hedges for accounting purposes pursuant to OCPC 03. Designation of the hedge is not mandatory. The Company will usually elect to designate derivatives as a hedge when it is expected that the application of hedge accounting will significantly improve the understanding of the offsetting effect of the derivatives on the variations of the items being hedged.

At March 31, 2010, the Company had financial derivative contracts with a total nominal amount of R\$ 2,385,688 (Dec 2009 - R\$ 2,382,262), of which R\$ 279,655 relates to hedge transactions for the financing of projects and R\$ 2,106,033 relates to export prepayment transactions (see f, f.3 (i.a) and (i.b) below). There were no derivatives used for other purposes.

**f.2) Modifying the return on other instruments:** The Company may use and has used derivatives to modify the return on investments or the interest rate or the indexation of financial liabilities, based on judgments made regarding the most appropriate conditions for the Company. When the modified return risk using derivatives is substantially lower for the Company, the transaction is considered hedged. When the Company uses derivatives to modify investment returns, it seeks to match the obligations it will have by virtue of the derivative with the rights represented by the investments. When it uses derivatives to modify the interest rate or indexation on liabilities, it seeks to match the rights it will have by virtue of the derivative with the obligations represented by the liabilities. These transactions involving modification of investment returns or interest rates or indexation on financial commitments are undertaken for an amount not exceeding that of the underlying investment or commitment. The Company does not leverage its positions using derivatives. At March 31, 2010 and 2009, the Company had no transactions of this nature.

**f.3) Monetization of certain risks:** The Company may use derivatives to monetize certain risks it considers acceptable on account of its exporting profile. By monetizing a risk, Braskem receives financial income in exchange for compensating the counterparty should a specific event occur. As of March 31, 2010 and 2009, the Company had no transactions with that purpose.

All derivative financial instruments held as of March 31, 2010 were entered into on the OTC market with large financial counterparties and supported by global derivative agreements in Brazil and abroad.

The derivative financial instruments are shown on the balance sheet at their fair value, as assets or liabilities, should the fair value represent a positive or negative balance for the Company, respectively. The derivative financial instruments must be classified as “trading instruments”. The periodic variances in the fair value of the derivatives are recognized as financial revenue or expense in the same period in which they occur, except when the derivative is designated and qualifies for cash flow hedge accounting in the period in question.

The fair value of the derivatives is obtained:

- a) from public sources in the case of exchange-traded derivatives;
- b) using discounted cash flow models when the derivative is a forward purchase or sale or a swap contract; and
- c) using option contract valuation models, such as the Black-Scholes model, when the derivative contains option features.

The valuation assumptions (model “inputs”) are obtained from sources that reflect the most current observable market prices, particularly interest rate curves and forward currency prices disclosed on the Mercantile and Futures Exchange, spot foreign exchange rates disclosed by the Brazilian Central Bank, and international interest rate curves disclosed by well-know quotation services like Bloomberg or Reuters.

(A free translation of the original in Portuguese)

Braskem S.A.

ITR – Quarterly Information – Base Date 3/31/2010

Unaudited

At March 31, 2010, the Company had no derivatives that required non-observable prices for calculating their fair value.

The table below shows all the derivative financial instruments existing as of March 31, 2010. The “Receipts (payments)” column shows the amounts received or paid for the settlements during 2009, while the “Income (expense)” column shows the effect recognized in financial income or expense associated with the settlements and the variance in the fair value of the derivatives for the period ended March 31, 2010:

**Consolidated**

| <b>Identification</b>                              |      | <b>Notional value</b> | <b>Maturity</b> | <b>Fair value Dec/2009</b> | <b>Loss (gain)</b> | <b>Receipts (payments)</b> | <b>Carrying value adjustment</b> | <b>Fair value Mar/2010</b> |
|--|------|-----------------------|-----------------|----------------------------|--------------------|----------------------------|----------------------------------|----------------------------|
| <b><u>Derivative transaction</u></b>               |      |                       |                 |                            |                    |                            |                                  |                            |
| YEN-CDI swap                                       |      |                       |                 |                            |                    |                            |                                  |                            |
| (Note 22, f.3i (i.a))                              | (*)  | 279,655               | Jun/2012        | 27,108                     | 592                | (5,142)                    |                                  | 22,558                     |
|  |      |                       |                 | <b>27,108</b>              | <b>592</b>         | <b>(5,142)</b>             |                                  | <b>22,558</b>              |
| Non-current liabilities (“Other accounts payable”) |      |                       |                 | 27,108                     |                    |                            |                                  | 22,558                     |
|  |      |                       |                 | <b>27,108</b>              |                    |                            |                                  | <b>22,558</b>              |
| <b><u>Hedge accounting transactions</u></b>        |      |                       |                 |                            |                    |                            |                                  |                            |
| Interest rate swap                                 |      |                       |                 |                            |                    |                            |                                  |                            |
| (Libor-fixed)                                      | (**) | TUS\$ 725,000         | Oct/2013        | 73,333                     |                    |                            | 20,717                           | 94,050                     |
| Interest rate swap                                 |      |                       |                 |                            |                    |                            |                                  |                            |
| (Libor-fixed)                                      | (**) | TUS\$ 457,500         | Jul/2014        | 5,471                      |                    |                            | 10,047                           | 15,518                     |
|  |      |                       |                 | <b>78,804</b>              |                    |                            | <b>30,764</b>                    | <b>109,568</b>             |
| Non-current assets                                 |      |                       |                 | (5,334)                    |                    |                            |                                  |                            |
| Current liabilities                                |      |                       |                 | 52,559                     |                    |                            |                                  | 57,238                     |
| Non-current liabilities                            |      |                       |                 | 31,579                     |                    |                            |                                  | 52,330                     |
|  |      |                       |                 | <b>78,804</b>              |                    |                            |                                  | <b>109,568</b>             |

(\*) Exchange hedge of NEXI financing

(\*\*) Interest rate hedge (designated for hedge accounting)

**i) Derivatives outstanding at March 31, 2010**

As of March 31, 2010, the Company and its subsidiaries had the following derivative financial instruments:

**i.a) Project financing (NEXI)-linked swaps**

At March 31, 2010, the Company has four currency swap contracts with a total nominal value of R\$ 279,655, contracted for hedging the financing in Yen with floating interest rates and maturing in March and June 2012. The purpose of these swaps is to offset the fluctuation risk in the Yen-Real foreign exchange rate arising from the financing, and to offset the risk of variation in future expenses arising from interest payments. The term, amount, settlement dates and yen interest rates of the swaps are matched to the terms of the financing. The Company intends to hold these swaps until the financing is settled.

The characteristics of each swap are listed below:

| <b>Identification</b> | <b>Notional value</b> | <b>Interest rate</b> | <b>Maturity</b> | <b>Fair value</b> |                 |
|-----------------------|-----------------------|----------------------|-----------------|-------------------|-----------------|
|                       |                       |                      |                 | <b>Mar/2010</b>   | <b>Dec/2009</b> |
| Swap NEXI I           | 28,987                | 104.29%CDI           | Jun/12          | 1,984             | 1,907           |
| Swap NEXI II          | 136,495               | 101.85%CDI           | Mar/12          | 13,493            | 18,449          |
| Swap NEXI III         | 91,851                | 103.98%CDI           | Jun/12          | 5,904             | 5,635           |
| Swap NEXI IV          | 22,322                | 103.98%CDI           | Jun/12          | 1,177             | 1,117           |
|                       | <u>279,655</u>        |                      |                 | <u>22,558</u>     | <u>27,108</u>   |

These contracts may require Braskem to make guarantee deposits under certain conditions. At March 31, 2010, Braskem had no guarantee deposits outstanding in regard to these derivatives. The counterparties in these transactions are prime banks with 'A' credit ratings or better from rating agencies Moody's, Standard & Poor's or Fitch, which is in accordance with the discount rates used to reflect the counterparty credit risk.

The Company elected not to designate these swaps as hedges for accounting purposes, since the main risk protected, foreign exchange rate variation, is satisfactorily represented by the simultaneous results of foreign exchange variation of the financing and variation in the fair value of the derivative. As a result, the periodic variation in the fair value of the swaps is recorded as financial income or expense in the same period in which they occur. In the first quarter of 2010, the Company recognized financial expense of R\$ 592 (financial expense of R\$ 16,013 in the first quarter of 2009) relating to changes in the fair value of these swaps.

**i.b) Export prepayment-linked interest rate swaps**

At March 31, 2010, the Company and its subsidiary Braskem Inc. had sixteen interest rate swap contracts with a total nominal value of US\$ 1,182,500 thousand, which they entered into to hedge export prepayment debt contracted in U.S. dollars and at (Libor-based) floating interest rates in October 2008 and April 2009, maturing in October 2013 and July 2014 (Note 15(b)). Under these swaps, the Company receives floating rates (Libor) and pays fixed rates periodically, in a manner that matches the prepayment debt cash flow. The objective of these swaps is to offset the variation in future financial debt expenses caused by Libor rate fluctuation. The terms, amount, settlement dates and floating interest rates match those of the debt. The Company intends to hold these swaps until the financing is settled.

These swaps were designated as cash flow hedges of the fluctuating Libor risk on specified debt, for the purposes of hedge accounting. The changes in the fair value of the derivatives designated as cash flow hedges that are highly effective in offsetting cash flow variations in the hedged item are recognized in the shareholders' equity under Carrying value adjustments up to the date on which the respective variation of the hedged item impacts the result. The impact of Libor on the hedged item is expected to impact the results of the Company and its subsidiary in each debt interest appropriation period, beginning on the disbursement date and continuing to its maturity date.

The Company tests the effectiveness of these hedges on the closing date of each reporting period using the accrued monetary offset method. Under this method, the hedge is considered effective if the cash flow variation of the derivatives is between 80% and 125% of the variation of the hedged item caused by the risk being covered. The effectiveness test on March 31, 2010 showed that the derivatives were effective in offsetting the variations in the hedged item caused by Libor fluctuations during the period from the time they were contracted until the end of the reporting period, and that all other conditions that qualify these instruments for hedge accounting were met. As a result, the effective portion of the variation in the fair value of the derivatives, in the amount of R\$ 30,764 (Note 22, f.3 (iii)), was recorded as Carrying value adjustments. The Company reclassified from that account to financial expense the amount of R\$ 14,597, relating to the portion of the offsetting effect of derivatives on the hedged item in the period ended March 31, 2010. The characteristics of the swap transactions, by company, are listed below:

- Braskem Inc.:

| Identification | Notional value<br>US\$ thousand | Interest rate           | Maturity | Fair value    |               |
|----------------|---------------------------------|-------------------------|----------|---------------|---------------|
|                |                                 |                         |          | Mar/2010      | Dec/2009      |
| Swap EPP I     | 100,000                         | 3.9100                  | Oct/13   | 13,299        | 10,432        |
| Swap EPP II    | 100,000                         | 3.9100                  | Oct/13   | 13,299        | 10,432        |
| Swap EPP III   | 100,000                         | 3.9525                  | Oct/13   | 13,526        | 10,652        |
| Swap EPP IV    | 25,000                          | 3.8800                  | Oct/13   | 3,285         | 2,569         |
| Swap EPP V     | 50,000                          | 3.5675                  | Oct/13   | 5,735         | 4,329         |
| Swap EPP VI    | 100,000                         | 3.8800                  | Oct/13   | 13,139        | 10,276        |
| Swap EPP VII   | 50,000                          | 3.5800                  | Oct/13   | 5,769         | 4,362         |
| Swap EPP VIII  | 100,000                         | 3.8225                  | Oct/13   | 12,832        | 9,979         |
| Swap EPP IX    | 100,000                         | 3.8850                  | Oct/13   | 13,166        | 10,302        |
|                | <u>725,000</u>                  |                         |          | <u>94,050</u> | <u>73,333</u> |
|                |                                 | Current liabilities     |          | 44,494        | 41,754        |
|                |                                 | Non-current liabilities |          | 49,556        | 31,579        |

- Braskem S.A.

| Identification | Notional value<br>US\$ thousand | Interest rate           | Maturity | Fair value    |              |
|----------------|---------------------------------|-------------------------|----------|---------------|--------------|
|                |                                 |                         |          | Mar/2010      | Dec/2009     |
| Swap EPP X     | 35,000                          | 2.5000                  | Mar/14   | 1,241         | 1,108        |
| Swap EPP XI    | 75,000                          | 1.9500                  | Jul/14   | 648           | 2,114        |
| Swap EPP XII   | 100,000                         | 2.1200                  | Nov/13   | 3,213         | 133          |
| Swap EPP XIII  | 50,000                          | 2.1500                  | Nov/13   | 1,687         | (94)         |
| Swap EPP XIV   | 50,000                          | 2.6400                  | Apr/14   | 2,798         | 740          |
| Swap EPP XV    | 100,000                         | 2.6200                  | Apr/14   | 5,488         | 448          |
| Swap EPP XVI   | 47,500                          | 1.6700                  | Jun/13   | 443           | 1,022        |
|                | <u>457,500</u>                  |                         |          | <u>15,518</u> | <u>5,471</u> |
|                |                                 | Current liabilities     |          | 12,745        | 10,805       |
|                |                                 | Non-current liabilities |          | 2,773         |              |
|                |                                 | Non-current assets      |          |               | (5,334)      |

The “Interest rate” column shows the contractual fixed rate which the Company pays in exchange for receiving Libor.

These contracts may require the Company and its subsidiary to make guarantee deposits under certain conditions. At March 31, 2010, the Company and its subsidiary had no guarantee deposits outstanding in regard to these derivatives. The counterparties in these transactions are prime banks with “A” credit ratings or better from the agencies Moody’s, Standard & Poor’s or Fitch, which is in accordance with the discount rates used to reflect the counterparty credit risk.

The value at risk of derivatives held by the Company at March 31, 2010, defined as the greatest loss that may result, in one month, in 95% of the instances, under normal market conditions, was estimated by the Company at US\$ 122,118 thousand for EPP and R\$ 22,151 for NEXI swaps.

## ii) Exposure by counterparty

Outstanding exposure of the Company to the risk of counterparty default in derivative financial instruments is listed in the table below, taking into account the market values of the derivatives plus the guarantees:

| Counterparty  | Principal        | Exposure Mar/2010 |
|---------------|------------------|-------------------|
| Barclays      | 84,598           | (444)             |
| BBVA          | 356,200          | (26,598)          |
| BES           | 445,250          | (10,230)          |
| Calyon        | 311,675          | (22,546)          |
| Citibank      | 292,274          | (20,221)          |
| Deutsche Bank | 151,385          | (3,959)           |
| HSBC          | 133,575          | (648)             |
| JP Morgan     | 136,496          | (13,492)          |
| Santander     | 474,237          | (33,751)          |
|               | <u>2,385,690</u> | <u>(131,889)</u>  |

In order to manage the credit risk, the Company considers the rating and the prices on the Credit Default Swaps market relating to its counterparties in derivatives, and also enters into netting agreements that minimize the total credit risk arising from the different financial transactions carried out between the parties.

### (iii) Components of Carrying Value Adjustments account due to hedge transactions

The Company has designated certain derivatives as cash flow hedges, thus giving rise to movements on the Carrying Value Adjustments account (Note 20(e)). The appropriation of interest accruing in the period is made to interest expense in the financial expenses group. The summary of changes is presented below:

|                        | Balance<br>Dec/2009 | Appropriation of<br>accrued interest | Movement in<br>effective<br>portion of hedge | Balance<br>Mar/2010 |
|------------------------|---------------------|--------------------------------------|--|---------------------|
| Swaps EPP Braskem Inc. | (63,877)            | 12,419                               | (20,717)                                     | (72,175)            |
| Swaps EPP Braskem S.A. | (3,427)             | 2,178                                | (10,047)                                     | (11,296)            |
|                        | <b>(67,304)</b>     | <b>14,597</b>                        | <b>(30,764)</b>                              | <b>(83,471)</b>     |

### (g) Sensitivity analysis

Financial instruments, including derivatives, are subject to variations in their fair value arising from the fluctuations in commodity prices, foreign exchange rates, interest rates, shares and shares indices, price indices and other variables. The sensitivity analysis of derivative and non-derivative financial instruments to these variables is shown below:

#### i) Risk selection

The Company selected the three market risks that may most affect the value of the financial instruments it holds, being: a) the US dollar-real foreign exchange rate; b) the Yen-Real foreign exchange rate; c) the Libor floating interest rate.

For the purposes of the risk sensitivity analysis, the Company shows currency exposures as if they were independent, that is, without reflecting in the exposure to one foreign exchange rate the risk of variation in other foreign exchange risks that might be indirectly influenced by it.

**ii) Scenario selection**

Pursuant to CVM Instruction 475/08, the Company includes three scenarios in the sensitivity analysis, one of which is probable and the other two representing scenarios with adverse effects for the Company. In preparing the adverse scenarios, the Company considered only the impact of the variables on the financial instruments, including derivatives, and on the hedged items. It did not take into account the overall impact on the Company's operations, such as that involving a change in the valuation of inventories and future income and expenses. Since the Company manages its exchange exposure on a net basis, adverse effects verified when the US dollar rises against the *Real* can be offset by the opposite effects on the operating results of the Company.

The probable scenario considered was the one published by the FOCUS study disclosed by the Brazilian Central Bank on March 31, 2010. In the case of the interest rate variables not included in the FOCUS study, the probable scenario taken into account was the percentage variation of the CDI. In the case of the foreign exchange rate variables not included in the FOCUS study, the probable scenario taken into account was the percentage variation of the US dollar against the Brazilian Real.

The possible and extreme adverse scenarios for the US Dollar-Real foreign exchange rate considered a rise of 25% and 50%, respectively, in the quotation of the Real in relation to the dollar at end of the first quarter of 2010.

The possible and extreme adverse scenarios for the Yen-Real exchange rate considered, respectively, a rise of 25% and 50%, in relation to its level at the end of the first quarter of 2010.

The possible and extreme scenarios for the Libor interest rate considered a decrease of 25% and 50%, respectively, for the Libor quotation compared to its level at the end of the first quarter of 2010.

The sensitivity results in the tables below show the variations in the value of the financial instruments in each scenario, with the exception of table (v), which shows the variations in future cash flows.

**iii) Sensitivity to the U.S. Dollar-Real foreign exchange rate**

The sensitivity of each financial instrument, including derivatives and the items they cover, to variations in the U.S. Dollar-Real foreign exchange rate is shown in the table below:

| <b>Instrument</b>                                  | <b>Probable</b> | <b>Possible adverse<br/>(25%)</b> | <b>Extreme adverse<br/>(50%)</b> |
|--|-----------------|-----------------------------------|----------------------------------|
| BND\$  | (16,352)        | (383,202)                         | (766,403)                        |
| Eurobonds  | (24,687)        | (578,519)                         | (1,157,037)                      |
| Raw material financing                             | (176)           | (4,127)                           | (8,255)                          |
| Investment funds in foreign currency               | 552             | 12,938                            | 25,877                           |
| Medium-Term Notes                                  | (4,855)         | (113,783)                         | (227,566)                        |
| Export prepayments                                 | (4,855)         | (113,783)                         | (227,566)                        |
| Time deposits                                      | 5,341           | 125,164                           | 250,327                          |
| U.S. Treasury bonds                                | 3,039           | 71,225                            | 142,450                          |
| Export prepayment debt, plus hedge,<br>as follows: |                 |                                   |                                  |
| Prepayment debt                                    | (22,222)        | (520,753)                         | (1,041,506)                      |
| Swap EPP (see f, f.3, i.b)                         | 22,346          | 523,652                           | 1,047,304                        |

**iv)**



**iv) Sensitivity to the Yen-Real foreign exchange rate**

The sensitivity of each financial instrument, including derivatives and the items they cover, to variation in the Yen-Real foreign exchange rate is shown in the table below:

| <b>Instrument</b>                                 | <b>Probable</b> | <b>Possible adverse<br/>(25%)</b> | <b>Extreme adverse<br/>(50%)</b> |
|---|-----------------|-----------------------------------|----------------------------------|
| Project financing (NEXI), plus swaps, as follows: |                 |                                   |                                  |
| Debt (NEXI)                                       | (1,004)         | (23,539)                          | (47,078)                         |
| Swaps (NEXI) (Note f.3 (i.a))                     | 1,224           | 28,667                            | 57,354                           |

**v) Sensitivity of future cash flows to floating Libor interest rates**

The sensitivity of future interest income and expenses of each financial instrument, including the effect of derivatives and the items they cover, is shown in the table below. The figures represent the impact on financial income (expenses) taking into account the average term of the respective instrument.

| <b>Instrument</b>                               | <b>Probable</b> | <b>Possible adverse<br/>(25%)</b> | <b>Extreme adverse<br/>(50%)</b> |
|---|-----------------|-----------------------------------|----------------------------------|
| Working capital/ Structured transactions        | (264)           | (4,039)                           | (8,041)                          |
| Raw material financing                          | (1)             | (16)                              | (33)                             |
| Export prepayment debt, plus hedge, as follows: |                 |                                   |                                  |
| Prepayment debt                                 | (446)           | (6,835)                           | (13,623)                         |
| Swap EPP (Note f.3(i.b))                        | 446             | 6,835                             | 13,623                           |

**23 Financial Income (Expenses)**

|   | Parent company   |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | Mar/2010         | Mar/2009         | Mar/2010         | Mar/2009         |
| <b>Financial income</b>                     |                  |                  |                  |                  |
| Interest income                             | 39,909           | 59,807           | 39,635           | 61,453           |
| Monetary variation                          | 20,270           | 27,855           | 21,215           | 27,793           |
| Exchange variation                          | 39,056           | (54,691)         | 53,048           | (56,249)         |
| Other                                       | 1,906            | 2,011            | 3,528            | 1,667            |
|   | <u>101,141</u>   | <u>34,982</u>    | <u>117,426</u>   | <u>34,664</u>    |
| <b>Financial expenses</b>                   |                  |                  |                  |                  |
| Interest expenses                           | (154,442)        | (208,590)        | (143,879)        | (175,855)        |
| Monetary variation                          | (50,599)         | (50,427)         | (50,601)         | (49,939)         |
| Exchange variation                          | (210,278)        | 141,452          | (227,701)        | 118,915          |
| Losses on derivative transactions           |                  | (16,014)         |                  | (16,014)         |
| Interest on tax debts – SELIC (i)           | (262,577)        | (18,616)         | (262,876)        | (18,617)         |
| Tax expenses on financial transactions      | (3,490)          | (11,802)         | (3,829)          | (12,421)         |
| Discounts granted                           | (2,005)          | (29,517)         | (13,942)         | (42,744)         |
| Borrowing transaction costs – amortization  | (2,101)          | (632)            | (3,630)          | (2,670)          |
| Adjustment to present value – appropriation | (34,675)         | (19,067)         | (38,758)         | (32,439)         |
| Other                                       | (15,527)         | (9,347)          | (17,372)         | (11,422)         |
|   | <u>(735,694)</u> | <u>(222,560)</u> | <u>(762,588)</u> | <u>(243,206)</u> |
| <b>Financial income (expenses), net</b>     | <u>(634,553)</u> | <u>(187,578)</u> | <u>(645,162)</u> | <u>(208,542)</u> |

(i) Includes interest on tax debts included in installment programs. (Note 17(iii) (iv))

**24 Other Operating Income (Expenses)**

In the first quarter of 2009, the Company recognized R\$ 96,562 resulting from the favorable outcome on a lawsuit filed by merged company Copesul to challenge the increase in the PIS and COFINS calculation basis established by Law 9718/98.

**25 Insurance Coverage**

Braskem and its subsidiaries, pursuant to the policy approved by the Board of Directors, have an extensive risk management program. Under the program, BCM (Business Continuity Management), which enables improvements in the continuing operations of the industrial units as a whole, thus enhancing their risk classification, was resumed in the first quarter of 2010. Currently, 90% of Braskem's value at risk is rated as "above standard" based on criteria generally accepted in the insurance market.

The insurance program provides coverage for all insurable corporate assets, as well as for potential losses involving interruption of production, by means of an "all risks" policy. This policy stipulates the amount of indemnity for maximum probable damage, considered sufficient to cover possible events, bearing in mind the nature of the Company's activity and the advice of its insurance consultants. The current policy was renewed for 18 months through October 8, 2011 and includes the following coverage:

|   | <b>Braskem</b><br><b>US\$ (000)</b> | <b>Quantig</b><br><b>R\$</b> |
|---|-------------------------------------|------------------------------|
| Minimum limit of indemnification for inventories, property, plant and equipment, and loss of profits, per event | 2,000,000                           | 71,751                       |
| Insured assets and loss of profits  | 17,079,743                          | 7,751                        |

Additionally, the Company takes out transportation, group life, sundry risks and vehicle insurance. The risk assumptions adopted are not part of the scope of the audit, and consequently have not been examined by our independent auditors.

## 26 Private Pension Plans

The actuarial obligations relating to the pension and retirement plans are assessed and accounted for in conformity with the procedures established by CVM Deliberation 371/2000.

### (a) ODEPREV

The Company has a defined-contribution plan for its employees. The plan is managed by ODEPREV - Odebrecht Previdência which was set up by Odebrecht S.A. as a private pension entity. ODEPREV offers its participants, employees of the sponsoring companies, the Optional Plan, a defined-contribution plan, under which monthly and sporadic participant contributions and monthly and annual sponsor contributions are accumulated and managed in individual retirement savings accounts.

As of March 31, 2010, the number of active participants in ODEPREV is 3,057 (Mar/09 – 2,648) and the Company's and employees' contributions amounted to R\$ 1,884 (first quarter of 2009 – R\$ 1,729) and R\$ 4,908 (first quarter of 2009– R\$ 4,276), respectively.

### (b) PETROS - Fundação PETROBRAS de Seguridade Social

#### • PETROS Braskem Plan

On June 30, 2005, the Company informed PETROS – Fundação Petrobras de Seguridade Social of its intention to withdraw sponsorship of the defined benefit plan (Plano Petros Braskem). Such withdrawal was ratified by the Supplementary Pensions Department (an entity of the Ministry of Social Security, whose role is to regulate and supervise private pension plans), on April 29, 2009. The financial settlement of the Plan took place during 2009, with 100% of the individual withdrawal reserves being made available to participants. More than 99% of the participants exercised their option to use the funds in accordance with the alternatives available.

The sponsorship withdrawal process will be completed in 2010 with the payment of the surplus of the plan, after deduction of administrative expenses and payment to the remaining participants.

#### • PETROS Copesul Plan

Braskem and part of its employees originally hired by merged company Copesul are sponsors of PETROS, in defined benefit retirement plans.

At March 31, 2010, participants comprise 283 active employees (Mar/09 - 358) and the Company's and employees' contributions were R\$ 1,169 (first quarter of 2009 – R\$ 1,156) and R\$ 801 (first quarter of 2009 – R\$ 1,238), respectively.

As contemplated in the regulations of PETROS and applicable legislation, in the event there is a significant insufficiency in technical reserves, the sponsors and participants will contribute additional funds, or benefits under the plan will be adapted to the resources available. Until the end of the first quarter of 2010, no supplementary contribution was required.

**(c) COPESULPREV – Plano Copesul de Previdência Complementar**

The Board of Directors of Copesul, in May 2003, approved the institution of the Copesul Supplementary Pension Plan known as COPESULPREV, a defined contribution private pension plan. This plan seeks to meet the needs of employees not covered by the former PETROS plan, now closed to new entrants. The plan is administered through PETROS in an independent manner, with no links to any other pension plan managed by that entity today, in compliance with the provisions of Supplementary Law 109/2001.

As the Company withdraw as a sponsor in August 2009, no contributions to the plan were made in 2010 (first quarter of 2009 – Company's and employees' contributions of R\$ 401 and R\$ 324, respectively).

**(d) Fundação Francisco Martins Bastos – FFMB**

Since the merger of IPQ, the Company is a sponsor of Fundação Francisco Martins Bastos - FFMB, a private supplementary pension plan that was set up to manage and operate the defined benefit pension plan for the Ipiranga Group employees.

In June 2009, the Company formally notified FFMB of its withdrawal from the Benefit Plan and related amendments, in accordance with the Foundation's bylaws. The calculation of the participants' mathematical reserves was completed in November 2009, when the corresponding withdrawal process was submitted to the approval of the Supplementary Pensions Department.

Due to the Company's withdrawal as a sponsor in June 2009, no contributions were made to the plan in 2010 (first quarter of 2009 – Company's and employees' contributions of R\$ 757 and R\$ 205, respectively).

**(e) Triunfo Vida**

Since the merger of Petroquímica Triunfo, the Company is a sponsor of Triunfo Vida, a private supplementary pension entity, designed to manage and operate the defined contribution pension plan for Petroquímica Triunfo employees.

At March 31, 2010, participants in this plan comprise 123 active employees. The Company's and employees' contributions amounted to R\$ 81 (first quarter of 2009 - none) and R\$ 126 (first quarter of 2009 – R\$ 158), respectively.

## 27 Subsequent Events

### (a) Acquisition of Sunoco Chemicals Inc.

As described in a relevant event notice published in February 2010, Braskem and Sunoco, Inc., a U.S. oil company, entered into an agreement for the acquisition by the Company, through its subsidiary Braskem America, of assets associated with the polypropylene business owned by Sunoco Chemicals Inc. in the United States. The acquisition was completed on April 1, 2010, upon full payment of the purchase price, in the amount of US\$ 350 million. Following the acquisition, the name of the new subsidiary of Braskem in the United States was changed to Braskem PP Americas (“PP Americas”).

PP Americas has a production capacity of 950 thousand metric tons/year of polypropylene at 3 plants located in La Porte (State of Texas), Marcus Hook (State of Pennsylvania), and Neal (State of West Virginia), as well as a technology center in Pittsburgh (State of Pennsylvania). The three plants account for 13% of the installed polypropylene production capacity in the United States. The headquarters of PP Americas is located in the city of Philadelphia (State of Pennsylvania).

### (b) Capital increase

As part of the Investment Agreement referred to in Note 1.b.2, the Board of Directors of the Company, at a meeting held on March 3, 2010, and in accordance with its powers, authorized the issue of 250,000,000 common and 62,500,000 class “A” preferred shares to be exclusively subscribed by Company stockholders.

On April 14, 2010, the Board of Directors ratified the subscription and payment of 243,206,530 common and 16,697,781 class “A” preferred shares, and the consequent cancellation of 6,793,470 common and 45,802,219 class “A” preferred shares. Proceeds from the issue totaled R\$ 3,742,622, of which R\$ 1,363,880 was allocated to the capital reserve account and R\$ 2,378,742 to capital stock, which went from R\$ 5,473,181 to R\$ 7,851,923, comprising 780,832,465 shares, being 433,668,976 common, 346,569,671 class “A” preferred, and 593,818 class “B” preferred shares.

### (c) Acquisition of Quattor Participações S.A.

As part of the Investment Agreement referred to in Note 1.b.2, on April 27, 2010 the Company acquired the equivalent to 60% of the total and voting capital of Quattor Participações S.A. (“Quattor”) owned by Unipar. The price paid for the shares was R\$ 659,454. Additionally, the Company assumed Unipar’s undertaking with respect to the option held by BNDES Participações S.A. (“BNDESPAR”) to sell shares representing 25% of the total and voting capital of a Quattor subsidiary named Rio Polimeros S.A.

As a result of the change in control over Quattor, the Company will initiate in the second quarter of 2010 a public offer process (“OPA”) for the acquisition of 7,688 common and 1,542,006 preferred shares held by minority stockholders of Quattor’s subsidiary named Quattor Petroquímica S.A.. The shares included in the OPA correspond to 0.68% of the total capital of Quattor Petroquímica.

### (d) Investments in Venezuela

Braskem and Pequiven have agreed to evaluate a new structure for their petrochemical projects in Venezuela, through jointly-controlled entities Propilsur and Polimerica (Note 11(a.2)), in order to adjust their characteristics to the new reality of the international market. The main changes are expected to be introduced in the polypropylene plan project under the responsibility of Propilsur. The location and size of this plant would be altered so as to maintain the implementation schedule and reduce investments required by approximately 60%.

The original Propilsur project contemplated the building of a dehydrogenation unit to convert propane into the raw material propene. This unit would be integrated with a polypropylene plant with a production capacity of 450 thousand metric tons/year, to be built at the Jose Industrial Complex in the State of Anzoátegui.

Due to the downturn in the international credit markets since the beginning of the 2008 crisis, as well as the costs of the original project, estimated at around US\$ 1.0 billion, in December 2009 the state-owned Venezuelan oil company PDVSA presented an alternative raw material supply source – the Refining Complex of Paraguaná, in the State of Falcón. Pequiven and Braskem then agreed to evaluate the feasibility of a change in the polypropylene plant location.

It is expected that the raw material supplied by PDVSA will be sufficient to build a plant with a capacity of 300 thousand metric tons/year of polypropylene production, thus making the investment in the intermediate propane dehydrogenation unit unnecessary. Accordingly, the total estimated investment would decline to approximately US\$ 500 million. Studies on the new configuration of the Propilsur project will begin in the second quarter of 2010, while the start-up is still expected to occur in 2013, should the conditions proposed by Pequiven, PDSA and the Venezuelan government be confirmed.

With the new configuration and change in the polypropylene project location, combined with the possibility of future offer of ethane gas and/or other raw material sources by the PDVSA Refining complex in Paraguaná, Pequiven and Braskem also agreed to postpone for one year the Polimérica project, originally intended to be built at the Jose Petrochemical Complex. This project entails the implementation of three polyethylene production units with an approximate capacity of 1.1 million metric tons/year, that would be integrated to a ethene production unit of 1.3 million metric tons/year, with an investment of some US\$ 3 billion.

Such postponement will enable the evaluation of the conditions and possibilities of raw material supply by the project by the Paraguaná Complex, as this option could be more competitive than the original one. Should this decision prevail, the units could commence operations in 2015.

Given the prospects of development of the projects, no provision was recorded for loss of the amounts already invested.

(e) Absorption of accumulated deficit

At the General Stockholders' Meeting held on April 30, 2010, the absorption of R\$ 1,061,871 from the balance of the accumulated deficit account was approved, through the use of capital reserves.

(f) Acquisition of 100% of Unipar Comercial and 33.3% of Polibutenos

As part of the Investment Agreement announced on January 22, 2010 (Note 1 (b.2)), on May 10, 2010, the Company acquired 12,600,000 common shares of Unipar Comercial held by Unipar, representing 100% of the voting capital of Unipar Comercial. Also on May 10, 2010, the Company acquired 282,448,478 common shares of Polibutenos held by Unipar, representing 33.3% of the voting capital, and as a result Braskem now directly and indirectly holds 66.6% of the voting and total capital of that company.