

**PROTOCOL AND JUSTIFICATION OF MERGER OF SHARES ISSUED BY RIO
POLÍMEROS S.A. INTO BRASKEM S.A.**

Entered into by and between

BRASKEM S.A., a publicly-held joint-stock company, with its principal place of business at Rua Eteno nº 1.561, Pólo Petroquímico, City of Camaçari, State of Bahia, enrolled in the National Register of Legal Entities (CNPJ/MF) under No. 42.150.391/0001-70, herein represented pursuant to its bylaws (“BRASKEM”); and

RIO POLÍMEROS S.A., a closely-held joint-stock company, with its principal place of business in the city of Rio de Janeiro, State of Rio de Janeiro, at Av. Graça Aranha, 182 – 9º andar, enrolled in the National Register of Legal Entities (CNPJ/MF) under No. 01.202.799/0001-61, herein represented pursuant to its Bylaws (“RIOPOL”),

BRASKEM and RIOPOL are jointly referred to simply as “PARTIES”; and also, as INTERVENING CONSENTING PARTY:

QUATTOR PARTICIPAÇÕES S.A., a closely-held joint-stock company, with its principal place of business at Avenida Graça Aranha, nº 182, 9º andar, Centro, in the City of Rio de Janeiro, State of Rio de Janeiro, enrolled in the National Register of Legal Entities (CNPJ/MF) under No. 09.017.802/0001-89, herein represented pursuant to its bylaws (“QUATTOR”),

WHEREAS:

- (i) BRASKEM is a publicly-held company, with a share capital, totally subscribed and paid up, of eight billion, sixteen million, six hundred and sixty-six thousand, seven hundred and ninety-four reais and forty-seven centavos (R\$8,016,666,794.47), divided into seven hundred and ninety-eight million, eight hundred and thirty-two thousand, five hundred and fifty-two (798,832,552) shares, of which four hundred and fifty-one million, six hundred and sixty-nine thousand, sixty-three (451,669,063) are common shares, three hundred and forty-six million, five hundred and sixty-nine thousand, six hundred and seventy-one (346,569,671) are class “A” preferred shares and five hundred and ninety-three thousand, eight hundred and eighteen (593,818) are class “B” preferred shares.

- (ii) RIOPOL has a share capital, totally subscribed and paid up, of one billion, four hundred and sixty-nine million, eight hundred and six thousand, five hundred and eleven reais and sixty-three centavos (R\$1,469,806,511.63), divided into one billion, two hundred and seventy-one million, eight hundred and ninety eight thousand and thirty (1,271,898,030) shares, of which one billion, two hundred and seventy-one million, eight hundred and ninety-seven thousand, seven hundred and thirty (1,271,897,730) are common shares and three hundred (300) are preferred shares, all registered and without par value;
- (iii) prior to the Merger of Shares, as defined below, BRASKEM shall be the direct holder of 80.98% of the total voting capital of Riopol, due to (i) QUATTOR's capital reduction approved at the Extraordinary General Meeting held on June 29, 2010, upon which QUATTOR returned to BRASKEM, its only shareholder, the eight hundred and thirty-nine million, one hundred and ninety thousand, two hundred and fifty-five (839,190,255) common shares and one hundred and ninety (190) preferred shares issued by RIOPOL previously held by QUATTOR; and (ii) the acquisition, by BRASKEM, of one hundred and ninety million, seven hundred and eighty-four thousand, six hundred and seventy-four (190,784,674) common shares and thirty (30) preferred shares issued by RIOPOL, upon the exercise, by BNDES PARTICIPAÇÕES S.A. – BNDESPAR (“BNDESPAR”) of the put option set forth in the Rio Polímeros S.A. Share Purchase Agreement and Other Covenants (“Share Purchase Agreement”), which has as its subject matter the acquisition, by BRASKEM, as the undertaker of the obligations of UNIPAR – União de Indústrias Petroquímicas S.A., of 60% of the shares issued by RIOPOL held by BNDESPAR, it being certain that the other shares representing the total voting capital of RIOPOL are held by BRASKEM's controlled company, Quattor Petroquímica S.A. (“QUATTOR PETROQUÍMICA”), and by Petróleo Brasileiro S.A. – Petrobras (“Petrobras”), in the ratio of 9.02% and 10%, respectively;
- (iv) the Parties wish to promote the merger of RIOPOL's shares into BRASKEM, pursuant to article 252 of Law No. 6,404/76 (“Corporation Law”) for the reasons described herein, so that RIOPOL becomes a wholly-owned subsidiary of BRASKEM, and the shareholders of RIOPOL receive BRASKEM's shares, based on the Replacement Ratio set forth herein;

IN WITNESS WHEREOF, the Parties decide to enter into this Protocol and Justification of

Merger of Shares (“Protocol and Justification”), pursuant to articles 224, 225, 252 and 264 of the Corporation Law, under the following terms and conditions:

CLAUSE ONE – PROPOSED TRANSACTION AND JUSTIFICATION

1.1. Proposed Transaction. The transaction consists of the merger of all of the shares issued by RIOPOL into BRASKEM, with the subsequent conversion of RIOPOL into a wholly-owned subsidiary of BRASKEM, under the terms of article 252 of the Corporation Law (“Merger of Shares” or “Transaction”).

1.1.1. As a result of the Merger of Shares, RIOPOL’s shareholders shall receive, in replacement of the shares issued by RIOPOL held by them, the shares issued by BRASKEM, according to the Replacement Ratio set forth in Clause 2.1 below.

1.2. Justification of the Merger of Shares. The Transaction is being carried with the purpose of (i) increasing BRASKEM’s and RIOPOL’s competitiveness and efficiency, so that they may face the competition from international companies; (ii) simplifying BRASKEM’s and RIOPOL’s current corporate structure, through the migration of RIOPOL’s current shareholders to BRASKEM, preserving the legal entity, but reducing administrative costs.

CLAUSE TWO – REPLACEMENT RATIO

2.1. Replacement Ratio. As a result of the Merger of RIOPOL’s Shares, 0.010064743789 class “A” preferred share issued by BRASKEM shall be attributed to each one (1) common or preferred share issued by RIOPOL (“Replacement Ratio”). Possible fractions of BRASKEM’s shares resulting from the application of the Replacement Ratio shall not be taken into consideration and the respective shares shall not be issued.

2.2. Criteria used to Determine the Replacement Ratio. The Replacement Ratio set forth above was supported by BRASKEM’s and RIOPOL’s economic values calculated according to the criterion of discounted cash flow, in the case of BRASKEM, QUATTOR, QUATTOR PETROQUÍMICA, Quattor Química S.A. (“Quattor Química”) and RIOPOL, and according to the criterion of transaction multiples of comparable companies, in the case of IQ Soluções e Química S.A., Polibutenos S.A. Indústrias Químicas and Divisão Química, according to evaluations previously elaborated in an independent manner by Banco Bradesco BBI S.A., a financial institution enrolled in the National Register of Legal Entities (CNPJ/MF) under No.

06.271.464/0073-93, with its principal place of business at Av. Paulista nº 1.450, 8º andar, in the City and State of São Paulo (“Bradesco BBI”) on the base date of September 30, 2009, which can be found in Exhibit I hereto (“Economic and Financial Appraisal”). For the establishment of the Replacement Ratio, Braskem’s economic value per share was calculated considering the sum of Braskem’s economic value and the total amount of Braskem’s capital increase ratified on April 14, 2010, divided by the total number of shares of Braskem after the capital increase (except the treasury shares). The choice and retaining of Bradesco BBI shall be ratified by the shareholders of BRASKEM and RIOPOL.

2.2.1. The managements of Braskem and Riopol understand that the Merger of Shares is equitable for their respective shareholders, taking into consideration that the Transaction is a consequence of the independent negotiation entered into by and between Petróleo Brasileiro S.A. - Petrobras (“Petrobras”) and BRASKEM for the QUATTOR Merger of Shares.

CLAUSE THREE- CRITERIA FOR APPRAISAL OF BRASKEM’S AND RIOPOL’S SHARES

3.1. Economic and Financial Appraisal. Bradesco BBI appraised BRASKEM and RIOPOL, under the terms described in Clause 2.2 above, in order to determine the Replacement Ratio.

3.2. Equity Appraisal. The shares issued by RIOPOL have been appraised based on their equity value, pursuant to an appraisal report especially prepared on the base date of March 31, 2010 (“Base Date of the Merger of Shares”). In compliance with the legal requirements, the expert company PricewaterhouseCoopers Auditores Independentes, established in the City of São Paulo, State of São Paulo, at Av. Francisco Matarazzo, 1400, from the 7th to the 11th and from the 13th to the 20th floors, Torre Torino, secondarily registered in the Regional Accounting Council of the State of Rio de Janeiro under No. CRC2SP000160/O-5”F” RJ and in the CNPJ/MF under No. 61,562,112/0004-73 (“PwC”) was chosen to evaluate the shares issued by RIOPOL. The choice and retaining of PwC must be ratified by BRASKEM’s and RIOPOL’s shareholders. As set forth in the appraisal report in Exhibit II hereto (“Equity Report”), the shares issued by RIOPOL were appraised, on the Base Date of the Merger of Shares, at forty-two centavos and a fraction (R\$ 0.426114177517831) per share.

3.3. Appraisal of the Net Worth of RIOPOL and BRASKEM at Market Prices. Brazilian Securities Commission – CVM’s joint committee, at a meeting held on July 27, 2010, decided, answering the consultation made by BRASKEM and RIOPOL regarding the waiver of the elaboration of the report referred in article 264 of the Corporation Law, that it is not justifiable any action taken on the part of CVM in demanding the preparation of an appraisal report at market prices set forth in article 264 of the Corporation Law for the Merger of Shares, provided that Petrobras, the sole shareholder of Riopol, be in accordance with the Merger of Shares.

3.4. In compliance with the provisions in articles 12 and 13 of CVM Ruling No. 319/99, the financial statements that served as a basis for the Transaction have been audited by (i) KPMG Auditores Independentes, a company established in the City of São Paulo, State of São Paulo, at Rua Dr. Renato Paes de Barros, nº 33, enrolled in the National Register of Legal Entities (CNPJ/MF) under No. 57.755.217/0001-29, originally registered in the Regional Accounting Council of the State of São Paulo and secondarily registered in the State of Bahia under No. CRC 2SP014428/O-6-S-BA, in BRASKEM’s case; and (ii) PwC, in RIOPOL’s case. Such financial statements, the date base of which is December 31, 2009, shall be used to calculate the possible share refund amount resulting from the exercise of the right to withdraw related to the Merger of Shares.

CLAUSE FOUR - SHARES OF A COMPANY HELD BY THE OTHER AND TREASURY SHARES

4.1. Treatment of the Shares of a Company Held by the Other. As of the date of the extraordinary general meeting of RIOPOL that resolves on the Merger of Shares, there will be no shares issued by BRASKEM held by RIOPOL. On that date, BRASKEM shall hold, directly or indirectly, one billion, one hundred and forty-four million, seven hundred and seven thousand, nine hundred and forty-seven (1,144,707,947) common shares and two hundred and eighty (280) preferred shares issued by RIOPOL, which shall still be held by BRASKEM after the Merger of Shares. The possible reciprocal interest, due to the ownership of the shares of BRASKEM by Quattor Petroquímica as a result of the corporate reorganization, if any, shall be eliminated within the legal term, pursuant to article 244, paragraph 5, of the Corporation Law.

4.2. Treatment of the Treasury Shares. RIOPOL does not have treasury shares issued thereby.

CLAUSE FIVE – INCREASE OF BRASKEM’S SHARE CAPITAL

5.1. Increase of BRASKEM's Share Capital. The Merger of Shares shall result in BRASKEM's share capital increase and reserves in the amount of one hundred and three million, eighty-six thousand, seven hundred and sixty-five Reais and eleven centavos (R\$ 103,086,765.11) according to the Equity Report, to be subscribed and paid up by RIOPOL's shareholders, of which twenty-two million, two hundred and eighty-five thousand, thirty-one Reais and seventy-seven centavos (R\$22,285,031.77) are intended for the share capital and eighty million, eight hundred and one thousand, seven hundred and thirty-three Reais and thirty-four centavos (R\$80,801,733.34) are intended for the capital reserve. Pursuant to the Replacement Ratio defined in Clause 2.1, two million, four hundred and thirty-four thousand, eight hundred and ninety (2,434,890) class "A" preferred shares, registered and without par value, shall be issued by BRASKEM ("Shares").

5.2. BRASKEM's share Capital after the Transaction. As a result of the aforementioned capital increase, BRASKEM's share capital shall be of eight billion, thirty eight million, nine hundred and fifty-one thousand, eight hundred and twenty-six reais and twenty-four centavos (R\$8,038,951,826.24), divided into eight hundred and one million, two hundred and sixty-seven thousand, four hundred and forty-two (801,267,442) shares, of which four hundred and fifty-one million, six hundred and sixty-nine thousand, sixty-three (451,669,063) are common shares, three hundred and forty-nine million, four thousand, five hundred and sixty-one (349,004,561) are class "A" preferred shares, and five hundred and ninety-three thousand, eight hundred and eighteen (593,818) are class "B" preferred shares, registered and without par value, so that Article 4 of BRASKEM's bylaws shall henceforth have the following wording: "*Article 4 – The Share Capital is of eight billion, thirty eight million, nine hundred and fifty-one thousand, eight hundred and twenty-six Reais and twenty-four centavos (R\$8,038,951,826.24), divided into eight hundred and one million, two hundred and sixty-seven thousand, four hundred and forty-two (801,267,442) shares, of which four hundred and fifty-one million, six hundred and sixty-nine thousand, sixty-three (451,669,063) are common shares, three hundred and forty-nine million, four thousand, five hundred and sixty-one (349,004,561) are class "A" preferred shares and five hundred and ninety-three thousand, eight hundred and eighteen (593,818) are class "B" preferred shares.*"

5.3. The Shares shall be paid up with the common and preferred shares issued by RIOPOL and shall be attributed to the shareholders of RIOPOL, pursuant to the Replacement Ratio mentioned in Clause 2.1.

CLAUSE SIX – TYPE AND CHARACTERISTICS OF BRASKEM’S SHARES TO BE DELIVERED TO RIOPOL’S SHAREHOLDERS

6.1. The shareholders of common and preferred shares issued by RIOPOL shall receive class “A” preferred shares issued by BRASKEM in a number established on the basis of the Replacement Ratio set out in clause 2.1 above. The class “A” preferred shares issued by BRASKEM due to the Merger of Shares shall grant the same rights granted by other class “A” preferred shares of BRASKEM, including the full receipt of dividends and/or interest on net equity declared by BRASKEM from the date on which the Merger of Shares is approved.

CLAUSE SEVEN – RIGHT TO WITHDRAW AND SHARE REFUND AMOUNT

7.1. Right to Withdraw of the Shareholders of BRASKEM and RIOPOL. Pursuant to the provisions in articles 137 and 252, paragraphs 1 and 2 of the Corporation Law, the holders of common shares and class “B” preferred shares of BRASKEM and the holders of common and preferred shares issued by RIOPOL which dissent from the Merger of Shares shall be ensured the right to withdraw.

7.1.1. The holders of class “A” preferred shares of BRASKEM shall not have the right to withdraw due to the BRASKEM class “A” preferred shares liquidity and dilution in the market.

7.1.2. Payment of the refund by BRASKEM and by RIOPOL shall be conditioned on the execution of the Transaction, as established in article 230 of the Corporation Law, and shall be made after lapse of the legal timeframe for exercise of the right to withdraw. Refund of the amount of the shares shall only be assured in relation to the shares provably held by the shareholder, on the date of publication of the Material Fact which informs the market about the Merger of Shares, pursuant to article 137, paragraph 1 of the Corporation Law.

7.1.3. Although the shareholders of RIOPOL’s shares have the right to withdraw from the Merger of Shares, it is not expected that there is a right to withdraw by RIOPOL’s minority shareholder.

7.2 Refund Amount for BRASKEM’s Shareholders. The dissenting shareholders at the BRASKEM’s meeting approving the Merger of Shares, which hold common shares and

class “B” preferred shares, shall be entitled to a refund related to their shares, in the equity amount of nine Reais, fifteen centavos and a fraction (R\$9.15237722) per share, according to the latest balance sheet of BRASKEM drawn up on December 31, 2009.

CLAUSE EIGHT - APPROVAL BY THE GENERAL SHAREHOLDERS' MEETINGS OF BRASKEM AND RIOPOL.

8.1. General Meetings. For approval of the Merger of Shares, the respective extraordinary general meetings of the shareholders of BRASKEM and RIOPOL shall be held.

CLAUSE NINE – MISCELLANEOUS

9.1. No Succession. After the implementation of the Merger of Shares, BRASKEM shall not absorb the properties, rights, assets, obligations and liabilities of RIOPOL, which shall continue to exist for all legal purposes and effects, and shall keep the integrity of its corporate entity, without any succession of the mergee by the mergor.

9.2. Documents Available to the Shareholders. According to the provisions in article 3 of CVM Ruling No. 319/99, all the documents mentioned in this Protocol and Justification shall be available to the shareholders of BRASKEM and RIOPOL as from the date of publication of the call notices for the extraordinary general meeting of BRASKEM and RIOPOL, and may be consulted at the following addresses: at the headquarters (as informed in the preamble hereof) and in the website of BRASKEM (www.braskem.com.br/ri), at the headquarters and websites of the Securities Commission – CVM and the São Paulo Stock, Commodities and Futures Exchange – BM&FBOVESPA.

9.3. Treatment of Future Equity Variation. Since this transaction is the Merger of Shares, all equity variations shall be registered in the accounting book of the company which presented such variation, as both shall survive the Transaction.

9.4. Transaction's Costs. It is estimated that the total cost for the Merger of Shares shall be of seven hundred thousand Reais (R\$ 700,000.00) including expenses with publications, issuance of appraisal reports, fees of auditors, appraisers, advisers and attorneys, and other expenses in connection therewith.

9.5. Notice of the Merger of Shares to Authorities. Any communication to be provided in connection with the Merger of Shares shall be submitted to the competent governmental authorities under the applicable law.

9.6 Effectiveness of Valid Clauses. If any clause, provision, term or condition of this Protocol and Justification is deemed to be invalid or ineffective, the other clauses, provisions, terms and conditions that were not affected by such invalidity or ineffectiveness shall remain unchanged, and the valid and effective portion of this Protocol and Justification shall remain in full force.

9.7. Jurisdiction. The parties elect the Court of the Judicial District of Camaçari, State of Bahia, to settle all matters arising out of this Protocol and Justification, to the exclusion of any other court, however privileged it might be.

IN WITNESS WHEREOF, the parties sign this Protocol and Justification in three (3) counterparts of identical form and content, to one sole effect, in the presence of the two undersigned witnesses.

São Paulo, August 9, 2010

BRASKEM S.A.

RIO POLÍMEROS S.A.

QUATTOR PARTICIPAÇÕES S.A.

Witnesses:

Name:

ID:

Name:

ID:

EXHIBIT I
ECONOMIC AND FINANCIAL APPRAISAL REPORT

EXHIBIT II
EQUITY APPRAISAL REPORT