

Good morning ladies and gentleman, thank you all for participating in yet another Braskem quarterly earnings conference call, this time to discuss the company's results in the second quarter of 2008;

First, I would like to remind you that this release is based on consolidated information that includes the full consolidation of the results of Ipiranga Química, Ipiranga Petroquímica and Copesul, with the respective elimination of the minority interests at all these companies, as well as the proportional consolidation (in accordance with CVM Instruction) of the interest in Cetrel S.A. - Empresa de Proteção Ambiental. To enable analysis of the results in relation to prior periods, data for the six-month period ended on June 30, 2007 are stated on a pro-forma basis.

Let's go now to the next slide, slide 3, where we will begin our comments...

Brazilian demand for thermoplastic resins (PE, PP and PVC) in the second quarter grew by 11% year on year, driven by the expansion in the Brazilian economy, especially in the automotive, construction and consumer electronics industries, as well as by the rebuilding of stocks in the petrochemical chain. Braskem strengthened its leadership position in the market, growing its domestic resin sales in the second quarter by 17% year on year to approximately 600 thousand tons.

The net financial result in the quarter was financial income of R\$407 million. This result was positively impacted by the effects from the appreciation in the Brazilian real against the U.S. Dollar in the quarter, for an impact in the foreign currency line of R\$593 million. Another factor in this result was the lower interest payments.

Braskem posted net income including minority interest of R\$383 million in the second quarter, growing by 36% year on year. The main driver of net income growth in the quarter was the better financial result.

Braskem carried out scheduled maintenance stoppages at its petrochemical centers in the Camaçari and southern petrochemical complexes, which account for 50% of our production capacity. The stoppages lasted an average of 35 days, and led to declines in production this year of 125,000 tons in ethylene and 60,000 tons in propylene. These scheduled stoppages made improvements to the plants that included: (i) an increase in annual ethylene capacity at the southern petrochemical complex of 25 thousand tons; (ii) increased productivity and production at Camaçari; and (iii) improved operational reliability, with our operations now assured for another 6 years.

As part of our program to integrate the petrochemical assets of the Ipiranga Group, we confirmed net present value of US\$1.1 billion in related synergy gains. We have been concentrating our efforts to accelerate the capture of synergies, and so far this year we have achieved annual and recurring gains in Ebitda of approximately R\$125 million. In addition, the company also captured more than R\$59 million in other annual and recurring cash gains. Let's go now to slide 4.

On May 30, Braskem announced approval of the integration of the interests held by Petroquisa in the capital of Copesul, Ipiranga Petroquímica, Ipiranga Química and Petroquímica Paulínia. As a result of this decision, Odebrecht signed a new shareholders' agreement with Petrobras that further reinforces the strategic alliance between the two companies. As a result of this agreement there was a capital increase at Braskem in the amount of R\$720.7 million through the issue of 46.9 million common shares and approximately 43 million class "a" preferred shares, with Petroquisa's interest in Braskem increasing from 6.8% to 23.1%;

On May 15, the companies agreed to the option to incorporate at Braskem, in a second phase, up to 100% of the shares in Petroquímica Triunfo, or an equivalent amount in cash. The potential incorporation would lead Petroquisa's interest in the total capital of Braskem to increase from 23% to 25%.

The transaction involving the acquisition of the petrochemical assets of the Ipiranga Group by Braskem and Petrobras was approved on July 9 by CADE, Brazil's anti-trust authority, which effectively concluded the evaluation process by all anti-trust agencies. In the same decision, CADE also approved the investment agreement with Petroquisa and Braskem;

Braskem is advancing in the technical and economic feasibility studies for the installation of a green polyethylene project at the southern petrochemical complex, with investment estimated at between R\$400 and R\$500 million. The plant will have annual production capacity of 200,000 tons and annual ethanol consumption of approximately 460 million liters, which will be sourced in the country's southeast region. The potential demand for green polyethylene already identified by Braskem is roughly three times higher than the plant's capacity, suggesting the opportunity for further investments in the production of polymers made from renewable raw materials;

On May 17, Braskem, Petrobras and Petroperu signed an agreement to assess the technical and economic feasibility of installing an integrated project for the production of 700,000 to 1.2 million tons of polyethylene, using as feedstock the natural gas available in Peru. Peru holds current and potential natural gas reserves that are rich in ethane, with levels above 10%.

The target markets of the new projects are countries along the western coast of the Americas. In addition, due to the easy access to the Pacific Ocean and the infrastructure already available in the region, the project could become an important export platform to Asian markets. Let's move on to slide 5,

Slide 5 shows the main indicators of Braskem's industrial performance:

In the second quarter, PP plants operated at a capacity utilization rate of 89%, while the PVC plants operated at a rate of 102%, confirming the trajectory of improvement in plant operability and making it possible to accompany the growth in the domestic PVC market. Meanwhile, the PE and ethylene plants operated at 73% and 74% capacity, respectively, mainly due to the scheduled maintenance stoppages at the two petrochemical centers, as we commented on earlier;

Resin production was 7% lower due to the lower availability of ethylene and propylene as a result of the scheduled maintenance stoppages. The investments made will increase ethylene capacity as well as expand PE capacity by 17,000 tons. In PVC, investments made at the Camaçari plant since 2007 will increase its capacity by 35,000 tons by the end of this year. Let's move on to slide 6,

Slide 6 shows the growth in Brazil's resin market as well as in Braskem's share of this market:

In the second quarter, domestic demand for thermoplastic resins (PE, PP and PVC) maintained the same growth trend observed in the first quarter, supported by economic growth and an increase in per-capita disposable income. In the second quarter, the level of resin demand in the market, as measured by domestic sales + sales with export incentives + imports, grew by 11% in relation to a year earlier, led by the growth of 27% in PVC demand. The tubes and connections, panels and shapes segments have registered very strong growth, reflecting the strong construction market, driven mainly by the growing use of credit in Brazil. Demand in the PE, PP and PVC market totaled 1.1 million tons in 2Q08.

Total sales volume of thermoplastic resins (domestic + export sales) at Braskem was 598 thousand tons in the second quarter. Domestic resin sales in the quarter increased by 17% year on year, outpacing the growth in Brazilian demand and strengthening Braskem's leadership position in the market. In this context, market share in the second quarter stood at 53%, growing by 4 percentage points in relation to the previous quarter. Let's go now to slide 7.

This slide, slide 7, presents the main factors impacting the variation in Ebitda in the second quarter against the same quarter of 2007.

Braskem's Ebitda in the quarter was R\$519 million, declining by R\$402 million from the Ebitda of R\$921 million in the second quarter of 2007;

The success of the commercial strategy aimed at keeping prices in the domestic market aligned with the prices practiced in international markets had a positive impact of R\$1.3 billion. The results of the program to cut fixed costs and capture synergies had a positive impacts of R\$67 million on fixed costs and SG&A expenses. The increase of 48% in the average price of naphtha in dollar terms between the quarters, from US\$670 to US\$990 per ton, was the main factor in the negative impact of R\$1.2 million in raw materials.

The variation in the average exchange rate between the periods, with the Brazilian real appreciating by 16% against the U.S. Dollar, had a net negative impact of R\$326 million, as shown on the slide. And the negative impact of R\$104 million basically consists of the reversal of the provision for PIS and Cofins taxes of R\$111 million in the second quarter of 2007. Let's go now to the next slide, slide 8.

Slide 8 lists the main factors impacting the variation in Ebitda in the quarter, this time in relation to the first quarter of this year. Braskem's Ebitda in the quarter of R\$519 million was R\$64 million lower than the Ebitda of R\$583 million in the first quarter of this year.

The higher basic chemical prices and the success of the commercial policy of keeping prices in the domestic market aligned with the prices practiced international markets had a positive impact of R\$166 million.

Domestic resin sales volume, which accounted for 55% of the revenue in the domestic market, grew by 17%, for a positive impact of R\$79 million, offsetting the drop in ethylene, propylene and aromatics volumes resulting from the scheduled stoppages in the south and in Bahia state in the quarter.

The increase of 18% in the average price of naphtha in dollar terms between the quarters, from US\$842 to US\$990 per ton, was the main factor in the negative impact of R\$193 million on raw materials.

The variation in the average exchange rate between the periods, with the Brazilian real appreciating by 5% against the U.S. Dollar, had a net negative impact of R\$61 million, as shown on the slide. Fixed costs and SG&A expenses had a negative contribution of R\$39 million, mainly due to higher selling expenses. Now to the next slide, slide 9.

Slide 9 presents a simplified income statement with the main lines from Braskem's results in the comparison periods. Basically, we have already commented on the performance in 2Q08, however, i would like to point out the following:

Braskem posted net revenue in the quarter of R\$ 4.4 billion, in line with the previous quarter. This variation is explained by: (i) the increase of 18% in domestic resin sales volume and (ii) the increase of 22% in liquid soda net revenue, reflecting better prices and sales volumes. However, these positive drivers were offset by: (i) a drop of 6% in sales

revenue from ethylene, propylene and aromatics, due to the lower production in the period of these products, primarily due to the scheduled maintenance stoppages. Compared with the second quarter of 2007, revenue fell by 11%, as a result of two main factors: (i) the decrease in revenue from aromatics, ethylene and propylene of R\$247 million, and (ii) the lower revenue from the processing of condensate, which had an impact of R\$283 million; Ebitda we already analyzed in detail on the two previous slides.

The consolidated net financial result in the quarter was financial income of R\$407 million, versus an expense of R\$59 million in the second quarter of 2007, representing an improvement of R\$466 million. This improvement was mainly due to the difference in foreign exchange variation between the periods and its impact on the financial result, as well as to the lower interest paid in the period. In relation to the first quarter of this year, the net financial result improved by R\$607 million. Once again, the primary factor was the lower impact of foreign exchange variation between the two periods, since the appreciation in the Brazilian real against the U.S. Dollar in the quarter was only 9%, versus only 1% in 1Q08.

Starting this quarter, the difference between net income before minority interest and net income includes only the minority interest in Cetrel. The interests of Petrobras in the petrochemical assets of the Ipiranga Group were incorporated at the end of May. Net income in the quarter was R\$383 million, heavily impacted by the foreign-currency variation in the period. Year to date, Braskem recorded net income of R\$465 million, compared with R\$408 million in the same six-month period of last year. Let's move on to slide 10.

Slide 10 presents an amortization schedule of Braskem's debt, its allocation by currency and the cash position on June 30, 2008. On June 30, 2008, Braskem's gross debt stood at R\$8.8 billion, 6% lower than at March 31, 2008, owing to the retirement of certain short-term loans and the positive impact of foreign-currency variation on the debt position. In the quarter, the company paid R\$300 million in dividends and R\$252 million was received from the sale of the interest in Petroflex. At the close of the quarter, the balance of cash and cash equivalents was down 5% at R\$1.8 billion, impacted primarily by the payment of R\$300 million in dividends and the realization of R\$532 million in investments. These two effects were partially mitigated by the receipt of R\$252 mm from the sale of Petroflex.

The average debt term returned to around 10.5 years as a result of the substitution of part of the bridge loan due in 2008 with the US\$500 million bond issue coming due in 2018. Braskem continues to work to substitute the remainder of this bridge loan with structured operations that will lengthen even further the average term of its debt, which already has an annual payment profile that is adequate for the company's cash generation;

At the end of June, 70% of debt was pegged to the U.S. Dollar.

Despite the reduction in net debt, the company's financial leverage as measured by the ratio of net debt to Ebitda in the last 12 months, which stood at 2.56 times in the first quarter, rose to 2.78 times in the second quarter, mainly reflecting the decline in Ebitda over the last 12 months. Let's go now to the final slide, slide 11.

This last slide presents our outlook for 2008. The global macroeconomic scenario continues to be positively influenced by emerging markets, especially the strong levels of growth in BRIC countries (Brazil, Russia, India and China), led by China, which registered strong growth of 10% in the first quarter of this year. On the other hand, the expectation persists of a slowdown in the U.S. Economy. The combination of these factors should result in global economic growth of approximately 4% in 2008.

The petrochemical sector continues to present high spreads for thermoplastic resins in relation to petrochemical naphtha, despite the expectation of new ethylene capacity coming on line over the next few years. The continuation of high spreads is mainly

explained by: (i) delays in the startup of new capacity in Iran; (ii) uncertainties concerning other startups of new capacity, in view of the strong global demand for resources and engineering services for large-scale projects and a considerable increase in the value of investments; (iii) continued strong demand for resins in Asian and Latin America; and (iv) the closure of less-competitive capacity and a reduction in ethylene capacity utilization by major players in the global petrochemical industry in regions with slower demand growth, such as Europe and the United States.

In this context, Braskem believes that the startup of new capacity will take place at a more gradual pace than previously estimated by the market, allowing the spread between resin and naphtha prices to remain high through 2008.

Braskem expects Brazilian GDP to grow by 4.5% in 2008 driven by stronger domestic demand, as a result of the higher disposable income and the greater availability of credit at competitive rates and longer terms.

Under these assumptions, and in view of the growth observed in the first half of the year, the Brazilian market for thermoplastics resins should grow between 10% and 12% in 2008, with significant demand from the construction, automotive, consumer electronics and agribusiness industries, among others. Braskem expects to benefit from this environment, drawing on its market leadership and unique range of products and services based on the latest technology and innovation, always pursuing the highest levels of profitability for its assets. The scenario in the second half of the year appears especially favorable, since Braskem projects high capacity utilization rates at its 4 basic petrochemical production units, accompanied by productivity and efficiency gains from the scheduled maintenance stoppages carried out in 2Q08 and the scheduled stoppages expected at integrated and non-integrated PE and PP producers in the period.

On the strategic front, Braskem plans to conclude the process to acquire the petrochemical assets of the Ipiranga Group, with the incorporation of these assets by yearend 2008 and the capture of synergies worth net present value of US\$1.1 billion through initiatives that should be concluded over the next 24 months.

Among the expansion projects designed to increase competitiveness by gaining access to competitively priced raw materials are two joint ventures with Pequiven in Venezuela. During 2008, these joint ventures, especially Propilsur (the PP project), will work to structure their project finance, in collaboration with export credit agencies, development banks and private banks, and to complete the studies and engineering plans for the two projects. Braskem and Pequiven will make a final investment decision once these studies are complete, with the studies related to the PP project expected before the close of this year. Now let's open the question and answer session...

**Hassan Ahmed, HSBC:**

Good morning, guys, or, I guess, good afternoon to you. Over the June–July time period, we heard a couple of chemical companies, actually quite a few chemical companies – be they Dow or Eastman or Huntsman, and even Braskem – come out and announce fairly aggressive price hikes. So, my question is two-fold. First, how are the buyers essentially reacting to these price hikes? And secondly, will these hikes stick in the current declining energy price environment?

**Bernardo Gradin:**

Good morning. The prices we announced in Brazil back in May were 20% in the following two months; today we have 17%, in USD terms, already implemented. The second part of



the question, we understand that there is a strong demand sustained for the 3Q in Brazil, so the domestic demand is here. There is a stoppage of Quattor that will happen also on the 3Q. So, our strategy on the 2Q was to position ourselves on the market share, preparing ourselves for the 2H.

So, we will remain focused on the spread margins, we will remain focused on sustaining the hiked prices that we obtained in the end of July; there is still some effort for August, but our focus will remain on the spreads.

**Hassan Ahmed:**

Right. So, from the sound of it, it seems that margins should expand fairly nicely sequentially from the 2Q to the 3Q.

**Bernardo Gradin:**

We are confident that the 3Q will be attractive. I will not put adjectives on how the margins will be, but we are very much confident that this quarter will be an opportunity for Braskem.

**Hassan Ahmed:**

Superb. Thank you very much.

**Frank McGann, Merrill Lynch:**

I would like to ask two questions. One is in terms of the competitive outlook in Brazil, particularly with regard to imports where you are seeing, particularly in markets like PVC where perhaps there is more product available coming from the United States and other markets, which I believe you highlighted earlier.

And then, secondly, the status of the negotiations with Petrobras for potentially a discount in terms of naphtha; what types of terms are you looking for there. And thirdly, if you are able to secure that, how much, if any, would you have to pass along potentially to your own customers?

**Braskem:**

Let me start with the first question. Yes, there has been an import pressure – not only in PVC but also in polypropylene. PVC we see a decline on the imports, we did imports ourselves on the 2Q and we understand there are some logistical barriers for much higher expansion of imports on a sustainable basis in Brazil.

The second question: negotiations with Petrobras are not easy. They are complex. And we have a very important momentum today; we have new circumstances. First, Petrobras has a societary goal on the petrochemical sector, different from the past. There is a consolidation of the Brazilian petrochemical industry into large groups. We have to think of the future, and we have to involve the entire chain on becoming a global competitive player, and not only a strong domestic original player.

So, the idea on the new negotiation of a contract that, after 30 years, expired in the end of June, is of bringing a concept of integrated chain and a concept of international competitiveness on the entire chain. So, the contract would comprehend much more than just prices, and we are not talking about discounts, we are talking about a structural aspect for the new contract that would comprehend the entire chain.

So, we are talking about export policy, quality of naphtha, raw material and products for the entire chain; synergies between the refineries and the crackers; payment terms of working capital in the entire chain; potential joint investments for incremental raw material solutions; and, of course, price conditions.

It is a complex negotiation, we estimate that such negotiation will endure for the next semester. We are optimistic that, by the end of the year, we will have a solution but, again, it is a long-term concept that we have been discussing; our intentions with the negotiations are, at first, to have the right concept for the future, and then come into the details.

**Frank McGann:**

Thank you very much.

**Denis Parisien, Santander:**

Good morning. Thanks for the call. I am wondering, two questions if I may. One: I think you mentioned the possibility of financing the remainder of the bridge loan restructure transactions, I was wondering if you could give us some color on that. Are you talking about new FDICs or export prepayments or something else? If you can give us any color on timing, size, and the type of transaction.

And secondly, if you could give us some more color on your comments at the end of your presentation regarding the delays of upcoming capacity expansions in Iran, some capacity shutdowns elsewhere in the world. In the past you have given us some pretty good color in terms of what you thought the global capacity utilization was, and some more long-range views on capacity utilization and spreads going out maybe beyond the next six months, but into 2009 and 2010. Thanks very much.

**Carlos Fadigas:**

Hi, Denis. Just to comment on the refinancing of the bridge loan, just to remind you we borrowed a bridge loan of US\$1.2 billion last year, we have already refinanced US\$500 million of this bridge loan with a bond we issued last May, and we are right now finalizing a transaction, it is going to be an export prepayment of an amount of US\$500 million. This transaction is going to be led by the three banks that lent us the bridge loan – Citibank, Calyon, and ABN AMRO, now in Brazil, ABN AMRO/Santander in Brazil – and we are bringing this transaction to the market actually at the end of this week, beginning of next week.

It is a five-year transaction with a three-year grace period and we are right now inviting a group of banks to join this transaction, as MLAs, and we hope to have the whole thing finalized within the next 45 days.

With these two transactions, with the bond and the export prepayment, we will probably refinance US\$1 billion out of the US\$1.2 billion; we still have something around a year and a half to refinance the remaining US\$200 million and we have not defined how we want to do that right now. We still have some time, we are going to wait to see how the market evolves over the end of this year to see what we do with the remaining US\$200 million.

But just to put in perspective, with an EBITDA of around US\$1.5 billion, US\$1.6 billion with a cash position of more than US\$1 billion, US\$200 million is really not a big issue to be refinanced or to be repaid out of the bridge loan.

I will pass on to Bernardo to comment on the cycle and additional capacity.

**Bernardo Gradin**

Hello, good morning. The forecast we have for 2009 based on ethylene capacity and information we have from our consultants and our main clients is that there should be an increase of 9 million tons on the supply side, and that may be, I will talk about a quarter or so. So, we will prepare ourselves for a mid cycle happening next year; in preparing ourselves. I am talking about concentrating on setting up the synergies, an eye on cost reductions, and a positioning on the domestic market for the next year.

We also understand that such mid cycle is expected. We think that it will be milder than we originally thought; I am talking about two years ago. But we will keep our teams focused on cost reduction, in the American economy, and how China and the emerging markets will sustain growth on the demand side.

**Denis Parisien:**

And margins next year? Can you give us a little bit of color there, how much it might compress even though a milder mid cycle event? But any color in terms of where we might end up, on average, in 2009?

**Carlos Fadigas:**

It is hard to forecast average margin for the next year. What we have in our hands is the operational rate for next year that has been revised upwards year after year. So, now are probably looking into 89%, 88%, probably even better than that operating rate. That translates into better than mid cycle profitability.

Another important point is that, as you probably know, logistics issues play in our favor. Most of this additional capacity coming on stream in the Middle-East started in the demand in Asia. So, to a certain extent, the South American market is protected by additional costs of transportation and other difficulties to move products into Brazil that in the end of the day translates into better margins that Braskem has had over the last several years.

On top of that, the additional demand on domestic market is very strong; as you know, Brazil is growing between 4.5% and maybe 5%, for the next year maybe lower than that but the Brazilian domestic market has a very different dynamic right now than the development economies, and it should help us sustain margins.

And finally, although we see some economic slowdown in the central economies, mainly United States and Eastern Europe, we are also seeing the emerging economies quite strong, namely India, China and, again, Brazil. So, with the combination of all these effects we are hoping to try to keep the margins at mid to better than mid type of profitability.

But, again, it is hard to give a number because it is always going to vary also with the price of oil and with the price of naphtha as a consequence of that.

**Braskem 2:**

I think that next quarter, it will be more clear on the expectations that we may draw for the next year.

**Denis Parisien:**



Great. Thank you very much, gentlemen.

**Filipe Santos, Raymond James:**

Just one general question about the green polymer. How do you see the demand of the market? How do you see the development of the investment? Thank you.

**Braskem:**

Thank you. The investments are on the final estimates for the presentation for the Board. We expect to present the project to the Board next month. The initial numbers are very attractive. The numbers that we have from the demand side are over three times the capacity that we intend to offer at the end of 2010.

We are very optimistic about the project and a premium that we will be able to charge in the international prices for the first three or four years of the project.

**Filipe Santos:**

Thank you.

**Gustavo Gattass, UBS:**

Good afternoon, guys. I have two quick questions. The first one, Bernardo, I just wanted to go back to the point you made on the price increases, just to clarify it. You mentioned that you had already captured 17% out of the 20% that you were looking for a price increase. I just really wanted to check is that 17% in local currency or it is in USD? If it is in USD, what is your base? Is the base of May or June that you are looking at?

**Bernardo Gradin:**

In local currency, the prices went up 7.5% combining the two months. In USD terms, it went 17% and the base was May.

**Gustavo Gattass:**

OK, perfect. The second question that I had regards ethanol and the financials for this green polyethylene unit. Do you already have a view on how you are going to contract the ethanol? If it is going to be a long-term price that has any relation to naphtha, or if it is going to be domestic ethanol prices?

**Braskem:**

That is a very important question and the alternatives are being presented to the Board next month. There are advantages and disadvantages of having the prices linked to naphtha; we have negotiations with potential suppliers on both aspects. On having a fixed price contract based on costs, and another alternative of having prices of ethanol linked to oil.

Such decision will be made next month, and also on the next quarter I will be able to clarify that for you.

**Gustavo Gattass:**

OK, perfect. Thank you.

**Valter Bianchi, Fundamenta:**

Good afternoon, gentlemen. Just to come back about this price increase, you had a price drop in polypropylene and polyethylene from the 1Q to the 2Q of around 5% or 6%, especially the polypropylene price. And you have mentioned a 2% increase in June and a 4% increase in July, a total of 7.5%. Could you please tell us what exactly will be the level of the 3Q price comparing to the 2Q and to the 1Q prices?

**Carlos Fadigas:**

The line was not very good and what I understood is that you want us to comment on the prices for the 3Q comparing to the 2Q. Is that correct?

**Valter Bianchi:**

That is right. Compare to the 2Q08 and 1Q08.

**Carlos Fadigas:**

OK. Let me clarify some aspects on pricing on the side of Braskem. We have the opportunity to discuss pricing with you guys every 90 days, and that is when we outline our strategy for the quarter that is beginning, the quarter ahead of us.

The point is: you have to bear in mind that we have to adjust prices to exchange rate fluctuations – that is exactly what happened in the end of the 1Q, when we said that we wanted to increase prices for 20%, and right after that the Brazilian Real got stronger by 10%.

So, we have the Brazilian prices to the exchange rate, once we have always said that this is an international market and Braskem realigns its prices to the international price. That is why we have to keep an eye on the exchange rate.

Another important thing is that we also have to keep an eye on ethylene on the international price as well. So, realigning prices with the international prices has to take into consideration what is going to happen with prices internationally.

And thirdly, we also have to keep an eye on cost of raw material; so, it is very hard to comment on the prices on a quarterly basis as we actually manage that almost on a weekly basis, and we have to adjust the dynamic of inflow of products coming through import to the growth of the Brazilian domestic market.

What we are doing right now, we are realigning our prices with international prices, we are getting back to the level of profitability we have had in the past. If you look at average spreads and average margins of Braskem, you see that Braskem from 2003 to 2007 had an 18% EBITDA margin. Naturally we went through some squeezes in margin, because of the very sharp increase in naphtha prices.

So, as we see prices of oil and naphtha stabilizing and as we have now time to catch up with the recent increases in naphtha prices, that is what we want to do. We want to get back to the level of profitability that we have always had.

How is this going to translate into prices in Reais? It is very hard to say because of the things that I mentioned, exchange rate, prices of resin internationally, price of raw material. That is probably the main guidance we can give you. We are trying to get back to the level of profitability, I do not think that it is going to happen over the next 90 days,

because it is going to take some more time to implement an increase in prices to get where we want to be. And we simply cannot give you a number in percentage points of prices in Brazilian Reais because of these factors.

**Bernardo Gradin:**

Valter, I understand the concerns you have on pricing, but allow me to tell you the way I see it and the way I would like to have my team seeing it is that we should be able to deliver sustainable and strong margins. So, it will be dynamic, not only in the near future, but also for the entire year, our focus will be on margins.

**Valter Bianchi:**

OK. Thank you very much.

**Operator:**

Being no further questions, this concludes today's Q&A session. I would like to invite Mr. Valverde to proceed with his closing statements. Please, go ahead sir.

**Luiz Valverde:**

I will pass to Bernardo Gradin.

**Bernardo Gradin:**

Ladies and gentlemen, thank you very much for participating in our conference call. I would like to thank you for following our Company. And as I said, we estimate that next quarter will be a good opportunity for us on the domestic market in terms of how we will sustain the market share. We are also optimistic about the quarter without an exaggeration; we do not think it will be an extraordinary quarter, we think that we will position ourselves in a quite strong way.

Thank you again, and we will see each other next quarter.

**Operator:**

This thus concludes Braskem's 2Q08 earnings conference call, audio conference for today. Thank you very much for your participation, and have a good day.

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