

SLIDE 2

GOOD MORNING LADIES AND GENTLEMAN,
THANK YOU ALL FOR PARTICIPATING IN YET ANOTHER BRASKEM QUARTERLY EARNINGS
CONFERENCE CALL. TODAY WE WILL BE COMMENTING ON OUR RESULTS FOR THE FOURTH
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, AS WELL AS THE PROPORTIONAL CONSOLIDATION (IN ACCORDANCE WITH CVM INSTRUCTION 247) OF THE INTEREST IN CETREL S.A. - EMPRESA DE PROTEÇÃO AMBIENTAL
- TO ENABLE ANALYSIS AGAINST PRIOR PERIODS, DATA FOR FISCAL YEAR 2007 ARE STATED ON A PRO-FORMA BASIS;
- IN ADDITION, THE DATA FOR 2007 AND 2008 ALREADY INCLUDE THE ADJUSTMENTS RESULTING FROM THE CHANGES IN BRAZILIAN CORPORATION LAW INTRODUCED BY LAW 11,638 OF 2007, WITH THE ENTIRE YEAR REFLECTED IN THE FOURTH-QUARTER FIGURES;
- LET'S GO TO THE NEXT SLIDE, SLIDE 3, WHERE WE WILL BEGIN OUR COMMENTS...

SLIDE 3

- THE LAST QUARTER OF 2008 WAS MARKED BY DETERIORATION IN THE GLOBAL CRISIS, WHICH BEGAN AS A FINANCIAL CRISIS AND SPREAD TO THE REAL ECONOMY DURING THE PERIOD.
- IN BRAZIL, THE MOST SIGNIFICANT DEVELOPMENT WAS THE DESTOCKING TREND IN THE PRODUCTION CHAIN, WITH INVENTORIES ENDING THE YEAR WELL BELOW NORMAL LEVELS. AS A RESULT, THE MARKET CONTRACTED BY 16% IN THE FOURTH QUARTER, WITH IMPORTS (ESPECIALLY IN OCTOBER AND NOVEMBER) CONTINUING TO REPRESENT A SIGNIFICANT PORTION OF THE MARKET, WITH A SHARE OF 28%.
- TO BRING ITS INVENTORY LEVELS IN LINE WITH DEMAND, BRASKEM GRADUALLY REDUCED THE CAPACITY UTILIZATION RATES OF ITS PLANTS, WITH ITS ETHYLENE UTILIZATION RATE ENDING THE YEAR AT 55%, AFTER AVERAGING 84% IN THE LAST QUARTER.
- THIS SITUATION LED TO NET REVENUE IN THE QUARTER OF R\$4.1 BILLION, WHICH WAS 18% LOWER THAN IN THE PREVIOUS QUARTER.
- EBITDA IN THE FOURTH QUARTER WAS R\$633 MILLION, FOR EBITDA MARGIN OF 15.4%. NOTE THAT THE EFFECTS FROM THE ADJUSTMENTS INTRODUCED BY LAW 11,638 OF 2007 RELATED TO OTHER PERIODS HAD A POSITIVE IMPACT ON EBITDA OF R\$74 MILLION.
- ON DECEMBER 17, 2008, THE BOARD OF DIRECTORS APPROVED THE INVESTMENT OF R\$500 MILLION TO BUILD THE GREEN PE PLANT AT THE TRIUNFO PETROCHEMICAL COMPLEX. IN JANUARY 2009, THE COMPANY RECEIVED THE ENVIRONMENTAL LICENSE TO BUILD THE FACILITY FROM FEPAM, THE ENVIRONMENTAL PROTECTION AGENCY OF RIO GRANDE DO SUL STATE, AND HAS ALREADY BEGUN CONSTRUCTION OF THE UNIT AND RESERVED THE FACILITY'S STRATEGIC EQUIPMENT, SUCH AS THE COMPRESSORS. FURTHERMORE, BRASKEM HAS ALSO SIGNED A COMMERCIAL AGREEMENT WITH TOYOTA TSUSHO TO SELL GREEN PE IN ASIA.
- LET'S GO NOW TO SLIDE 4

SLIDE 4

SLIDE 4 SHOWS THE GROWTH IN BRAZIL'S RESIN MARKET AS WELL AS IN BRASKEM'S SHARE OF THIS MARKET:

IN FISCAL YEAR 2008, DEMAND FOR THERMOPLASTIC RESINS IN THE BRAZILIAN MARKET GREW BY 3% VERSUS 2007, WITH PE AND PP VOLUMES REMAINING STABLE AND PVC VOLUMES GROWING BY 13%. DEMAND FOR THERMOPLASTIC RESINS IN 2008 WAS MARKED BY TWO DISTINCT PERIODS.

IN THE FIRST NINE MONTHS OF THE YEAR, DEMAND GREW IN LINE WITH HISTORICAL ELASTICITY TO BRAZIL GDP GROWTH, REGISTERING GROWTH OF 9% IN THE PERIOD. THE LAST QUARTER OF THE YEAR, HOWEVER, WAS IMPACTED BY THE STRONG DESTOCKING TREND IN THE PETROCHEMICAL PRODUCTION CHAIN, ESPECIALLY AMONG PE AND PP CONSUMERS. THIS TREND CAME IN RESPONSE TO THE SHARP SLOWDOWN IN GLOBAL ECONOMIC GROWTH AS WELL AS THE SIGNIFICANT DROPS IN INTERNATIONAL RESIN PRICES, AND ITS ISOLATED EFFECT REPRESENTED A SUBSTANTIAL CONTRACTION IN DEMAND OF APPROXIMATELY 6% ON AN ANNUALIZED BASIS; IN THIS SCENARIO, BRASKEM'S DOMESTIC RESIN SALES GREW BY 2% FOR PE AND PP AND BY 7% FOR PVC. IN THIS CONTEXT, BRASKEM'S SHARE OF THIS MARKET IN THE FULL YEAR WAS 51%, IN LINE WITH ITS SHARE IN 2007, EVEN THOUGH THE SHARE OF IMPORTS GREW BY 6 PERCENTAGE POINTS.

LET'S MOVE ON TO SLIDE 5, PLEASE...

SLIDE 5

SLIDE 5 SHOWS THE VARIATION IN EBITDA BETWEEN THE THIRD AND FOURTH QUARTERS OF 2008:

- GIVEN THE HIGH DOLLARIZATION OF OUR BUSINESS, THE WEAKENING OF THE BRAZILIAN REAL MADE A POSITIVE NET CONTRIBUTION OF R\$538 MILLION, WHICH WAS COMPOSED OF A POSITIVE IMPACT ON REVENUE OF R\$1,487 MILLION AND A NEGATIVE IMPACT ON COSTS OF R\$949 MILLION, THIS LATTER COMING MAINLY FROM NAPHTHA, WHICH IS QUOTED IN DOLLAR;
- THE DECLINE IN NAPHTHA PRICES DURING THE FOURTH QUARTER OF 62% MADE A CONTRIBUTION TO EBITDA OF R\$426 MILLION, DESPITE THE EFFECTS FROM THE HIGH COST OF INVENTORIES, WHICH CONTINUED TO PASS THROUGH HIGH RAW MATERIAL COSTS TO COGS. THIS AMOUNT INCLUDES THE R\$126 MILLION FROM THE ADJUSTMENT TO PRESENT VALUE OF NAPHTHA, AS EXPLAINED IN NOTE 3.2 (F1) TO THE FINANCIAL STATEMENTS FOR THE FULL YEAR;
- THE DECLINES IN INTERNATIONAL PRICES FOR RESINS AND BASIC PETROCHEMICALS IN THE EXPORT MARKET AND THE RELATED EFFECT – ALTHOUGH TO A LESSER DEGREE – ON THE DOMESTIC MARKET GENERATED A NEGATIVE IMPACT OF R\$848 MILLION;
- THE LOWER SALES VOLUME RESULTING FROM THE CONTRACTION IN DEMAND AND THE DESTOCKING TREND IN THE PRODUCTION CHAIN HAD A NEGATIVE EBITDA IMPACT OF R\$174 MILLION;
- IN LIGHT OF THESE IMPACTS, EBITDA FELL BY ONLY R\$50 MILLION BETWEEN THE TWO QUARTERS, FROM R\$683 MILLION IN THE THIRD QUARTER TO R\$633 MILLION IN THE FOURTH QUARTER.

LET'S GO NOW TO SLIDE 6,

SLIDE 6

SLIDE 6 PRESENTS BRASKEM'S NET FINANCIAL RESULT OVER THE QUARTERS:

- BRASKEM MAINTAINS A CONSERVATIVE RISK MANAGEMENT POLICY THAT INCLUDES STRICT RULES PROHIBITING SPECULATIVE TRADING AND SHORT SELLING. THEREFORE, BRASKEM HOLDS NO TARGET FORWARD OPERATIONS OR OPERATIONS INVOLVING OTHER SIMILAR DERIVATIVE INSTRUMENTS. WITH PRACTICALLY 100% OF REVENUE DIRECTLY OR INDIRECTLY PEGGED TO THE VARIATION IN THE U.S. DOLLAR AND APPROXIMATELY 85% OF COSTS PEGGED TO SAME CURRENCY AS WELL, THE COMPANY BELIEVES THAT MAINTAINING A SIGNIFICANT PORTION OF ITS DEBT ALSO IN U.S. DOLLAR CREATES A "NATURAL HEDGE". THIS POSITION IS BASED ON THE PRINCIPLE THAT THE COMPANY'S DEBT SHOULD ALWAYS BE DENOMINATED IN THE SAME CURRENCY AS ITS CASH FLOW. TO PROTECT CASH FLOW IN THE SHORT TERM, BRASKEM SEEKS TO BALANCE THE MATURITIES OF ITS DOLLAR-DENOMINATED LIABILITIES WITH ITS DOLLAR-DENOMINATED REVENUE PLUS ITS CASH INVESTMENTS IN THE SAME CURRENCY. NOTE THAT THE RESTRICTIONS ESTABLISHED BY THIS POLICY TO PROTECT CASH FLOW WERE DETERMINED AND APPROVED BY BRASKEM'S BOARD OF DIRECTORS IN 2004.

- ACCORDINGLY, AT THE CLOSE OF 2008, THE COMPANY HELD TWO DERIVATIVE TRANSACTIONS FOR HEDGING PURPOSES AND WITH MATURITIES, CURRENCIES, RATES AND AMOUNTS THAT ARE PERFECTLY ADEQUATE FOR THE ASSETS OR LIABILITIES BEING PROTECTED. THEREFORE, IN ANY GIVEN SCENARIO, NEGATIVE OR POSITIVE ADJUSTMENTS IN HEDGE POSITIONS WILL BE COUNTERBALANCED BY POSITIVE OR NEGATIVE ADJUSTMENTS IN THE PROTECTED ASSETS AND LIABILITIES.
- ANALYSIS OF THE NET FINANCIAL RESULT IN THE FOURTH QUARTER SHOWS THAT THE IMPACT FROM FOREIGN EXCHANGE VARIATION OF 20.3% IN THE QUARTER LED TO A FOREIGN EXCHANGE LOSS OF R\$1.948 BILLION IN THE PERIOD. IN ADDITION TO THE 74% OF DOLLAR-DENOMINATED DEBT, THESE LINES ALSO REFLECT DOLLAR EXPOSURE AT 84% OF SUPPLIERS, 23% OF ACCOUNTS RECEIVABLE AND 36% OF CASH;
- IT IS IMPORTANT TO BEAR IN MIND THAT THIS NEGATIVE FOREIGN EXCHANGE IMPACT IN THE FOURTH QUARTER DOES NOT HAVE A DIRECT CASH IMPACT IN THE NEAR TERM. THE AMOUNT REPRESENTS THE FOREIGN EXCHANGE IMPACTS, ESPECIALLY THOSE ON THE COMPANY'S DEBT, THAT WILL BE DISBURSED AS THE DEBT MATURES, WHICH HAS AN AVERAGE TERM OF 10.9 YEARS. GIVEN BRASKEM'S CASH GENERATION PROFILE, WHICH IS PEGGED TO THE U.S. DOLLAR, AND DESPITE THE NEGATIVE ACCOUNTING EFFECT IN THE SHORT TERM, A STRONGER BRAZILIAN REAL ULTIMATELY HAS A NET POSITIVE IMPACT ON THE COMPANY'S CASH FLOW IN THE MEDIUM TERM.
- IN THE FULL YEAR, FOREIGN EXCHANGE VARIATION HAD A NEGATIVE IMPACT OF R\$2.746 BILLION.

LET'S GO NOW TO SLIDE 7,

SLIDE 7

SLIDE 7 PRESENTS BRASKEM'S DEBT AMORTIZATION SCHEDULE, THE ALLOCATION OF DEBT BY CURRENCY AND THE CASH POSITION ON DECEMBER 31, 2008:

- ON DECEMBER 31, 2008, BRASKEM'S GROSS DEBT STOOD AT US\$12 BILLION, 18% HIGHER THAN AT SEPTEMBER 30, 2008, DUE TO THE IMPACT FROM THE FOREIGN EXCHANGE VARIATION OF 22.1% BETWEEN THE TWO DATES ON THE PORTION OF DEBT PEGGED TO THE U.S. DOLLAR;
- AT THE CLOSE OF THE FOURTH QUARTER, THE BALANCE OF CASH AND SHORT-TERM FINANCIAL INVESTMENTS STOOD AT R\$3 BILLION, DUE TO THE WORKING CAPITAL OPERATIONS CARRIED OUT IN THE QUARTER. AS A RESULT, NET DEBT, WHICH PREVIOUSLY STOOD AT R\$8.3 BILLION, INCREASED BY 8% TO R\$9.0 BILLION. TRANSLATED INTO DOLLAR TERMS, NET DEBT DECLINED BY 11% TO US\$3.9 BILLION, MAINLY REFLECTING THE HIGHER CASH BALANCE;
- THE AVERAGE TERM OF THE DEBT LENGTHENED FROM 10.5 YEARS AT THE END OF THE THIRD QUARTER TO 10.9 YEARS AT THE END OF THE YEAR. NOTE THAT WE BELIEVE OUR ANNUAL PAYMENT PROFILE IS PERFECTLY ADEQUATE FOR OUR LEVEL OF CASH FLOW;
- AT THE CLOSE OF 2008, THE PORTION OF DEBT DENOMINATED IN U.S. DOLLAR STOOD AT 74%;
- AS A RESULT OF THESE VARIATIONS, THE COMPANY'S FINANCIAL LEVERAGE, AS MEASURED BY THE RATIO OF NET DEBT TO EBITDA ON A TRAILING 12 MONTH BASIS AND IN U.S. DOLLAR, WHICH STOOD AT 3.06 TIMES IN THE THIRD QUARTER, IMPROVED TO 2.89 TIMES IN THE FOURTH QUARTER.

LET'S GO NOW TO SLIDE 8,

SLIDE 8

SLIDE 8 PRESENTS ESTIMATED CAPITAL EXPENDITURE FOR 2009 COMPARED WITH THE AMOUNTS INVESTED IN 2008.

IN 2008, INVESTMENTS TOTALED R\$2.5 BILLION, WHICH INCLUDED R\$1.1 BILLION IN ACQUISITIONS AND JOINT VENTURES.

BRASKEM EXPECTS TO INVEST A MAXIMUM OF R\$909 MILLION IN 2009, WHICH INCLUDES CAPACITY EXPANSIONS, NEW PROJECTS SUCH AS THE GREEN POLYETHYLENE PLANT AND SCHEDULED MAINTENANCE STOPPAGES. IN ADDITION, R\$199 MILLION WILL BE INVESTED IN PROJECTS IN VENEZUELA TO TAP RAW MATERIALS AT COMPETITIVE TERMS.

BRASKEM IS CONCENTRATING ITS RESOURCES ON PRIORITY PROJECTS THAT OFFER HIGH RETURNS AND RAPID PAYBACK, WHILE MAINTAINING ITS SOLID FINANCIAL POSITION AND CAPITAL DISCIPLINE DURING THESE TIMES OF GLOBAL TURBULENCE.

FURTHERMORE, BRASKEM REMAINS COMMITTED TO CUTTING COSTS AND FIXED EXPENSES WITH THE OBJECTIVE OF INCREASING ITS COMPETITIVENESS BY LOWERING PRODUCTION COSTS AND ADMINISTRATIVE EXPENSES.

LET'S GO NOW TO SLIDE 9,

SLIDE 9

ON THIS LAST SLIDE, WE PRESENT THE AREAS MANAGEMENT WILL BE FOCUSING ON IN 2009:

- BRASKEM HAS REAFFIRMED ITS COMMITMENT TO MAINTAINING ITS COMPETITIVENESS AND REMAINS FOCUSED ON CUTTING ITS FIXED COSTS AND EXPENSES.
- AS OF DECEMBER 2008, BRASKEM HAD ALREADY CAPTURED R\$174 MILLION IN EBITDA GAINS, WITH A FOCUS ON INITIATIVES INVOLVING THE COMMERCIAL AND SUPPLY-CHAIN AREAS. IN ADDITION TO THESE GAINS ON THE OPERATIONAL FRONT, BRASKEM ALSO CAPTURED ANNUAL GAINS WITH A CASH IMPACT OF R\$75 MILLION. IN 2009, WE WILL CONTINUE TO FOCUS ON INITIATIVES THAT SHOULD GENERATE THE REMAINING EXPECTED SYNERGY GAINS.
- BRASKEM HAS REAFFIRMED ITS FOCUS ON PRESERVING THE PROFITABILITY OF THE BUSINESS OVER THE COURSE OF THE PETROCHEMICAL CYCLE AND THE COMPETITIVENESS OF THE BRAZILIAN PETROCHEMICAL CHAIN. IN THIS CONTEXT, WE HAVE ALREADY RESUMED OPERATIONS AT PLANTS WHERE TEMPORARY PRODUCTION STOPPAGES WERE IMPLEMENTED IN THE FOURTH QUARTER, AND BY AROUND THE END OF THE FIRST QUARTER OF THIS YEAR WE EXPECT TO BE OPERATING AT CAPACITY UTILIZATION RATES THAT ARE NEAR NORMAL LEVELS.
- BRASKEM HAS ALREADY FINALIZED THE TERMS IN ITS NEGOTIATIONS WITH PETROBRAS FOR A NEW FORMULA FOR NAPHTHA PRICES, SUCCESSFULLY REACHING ITS OBJECTIVES OF REDUCING VOLATILITY OVER THE LONG TERM AND BRINGING THE PRICE IN LINE WITH THE NAPHTHA DELIVERED. THE CONTRACT IS IN THE FINAL REVISION PHASES AND ONCE IT IS SIGNED, BRASKEM WILL MAKE THE APPROPRIATE DISCLOSURE.
- ON THE GREEN PE PROJECT, BRASKEM IS BEGINNING CONSTRUCTION AND SHOULD SIGN SEVERAL LONG-TERM COMMERCIAL AGREEMENTS BEFORE YEAREND.

THAT CONCLUDES OUR PRESENTATION. LET'S GO NOW TO THE QUESTION AND ANSWER SESSION...

Denis Parisien, Santander:

Good afternoon. Thanks for the call. Could you just give a little additional color, please, on capacity utilization? Did you say that you are going to reach 100% capacity utilization by the end of the 1Q? And where is capacity utilization, where was it at the beginning of the 1Q, and where is it now?

And do you expect to maintain that capacity utilization throughout the year, given that you also have some maintenance stoppages? And maybe you could give a little bit more color there as well.

And my second question is on the financial side. You did a great job on working capital, and generating free cash flow. But yet your short-term debt increased by a pretty significant amount, cash also increased, but your net debt increased, your leverage increased, your coverage declined. I am just trying to figure out, given that you have generated free cash flow, what the financial strategy is there? Why increase short-term debt and cash? What exactly was meant to be achieved, or is that accidental? Just a little bit more color on your financial strategy and leverage would be appreciated. Thank you.

Bernardo Gradin:

Good afternoon, Denis. Thank you for your time and attention. Regarding the capacity utilization, we had a decrease in capacity utilization in November, basically for the stocking, the chain here, and mostly because the exports came really down in December and January.

So, capacity utilization of the crackers came down to 55% in December, remained at 55% in January, February we raised capacity utilization to close to 85%, and we are starting March over 90%. We do not believe we will reach 100%; we hoped, but we do not believe we will reach close to 100%, but it will be over 90%, which gives us a very good cash and profitable expectations on full operations.

The maintenance stoppages that we have this year are mainly on resins, and we should not have substantial decrease in production, because we have not only stocks, but also we understand that the cracker, the basic material will keep on good operation utilization from now until the end of the year.

Carlos Fadigas:

Regarding the increase in the short-term debt, meaning the debt that will mature in 2009, it came from two different sources. First, the new borrowing made close to the end of the year, with short-term maturity, and the fact that the exchange rate impacted on increasing the Real expression of the maturity in 2009.

So, where the short-term debt grew by R\$500 million to R\$600 million, the cash position grew 2x that. So, we came from around R\$1.8 billion to almost R\$3 billion. Regarding the financial strategy of the Company, it has a lot to do with what we have been doing over the last years, actually.

So, we have a long-term debt, 11 years average life. This debt is not concentrated in any specific year, so if you look at the debt maturing, you see that it is much lower than our EBITDA in all years. And net (...) for 2009, you can also count on the cash position we have. So, in all perspectives, we have a very solid financial position with R\$3 billion in cash. We could always add to that the cash generation for 2009. So, if we take the EBITDA from 2008 as a reference, we have R\$2.4 billion more that we can count on, and that compares with only R\$2.1 billion of debt maturing in 2009.

And let alone the fact that we can always renew debt, borrow new debt, and extend the maturity of the debt maturing in 2009, and also naturally increase the cash generation and generate more cash than we did last year.

Regarding leverage, as we have been emphasizing the fact that our business is USD denominated, that is the case for the selling prices of the products, that is the case for the raw material, that is the case for 85% of the cost of goods sold; and that is why we have been putting most of our debt in USD. I believe that the leverage should be measured in the comparison of net debt to EBITDA in USD.

And if you look at slide eight, there we present a net debt over EBITDA that came down from 3x, roughly 3x, to 2.89x; so we are now at around 2.9x and, again, we feel that is a comfortable leverage to have. And as we have reduced investments, as we have finished the consolidation of the industry in Brazil, what we believe will happen is that we will see a very quick deleverage of the Company over the next years, as we capture the benefits of the acquisition and as we have no significant investment to be made in the short term. And we are going to be ready with a deleveraged Company for new opportunities coming down the road.

Denis Parisien:

Thank you for the very detailed responses. Our model seems to have a couple of things that do not quite coincide with your numbers. So, we would appreciate it if we could speak to you offline later after the call. And we certainly appreciate your responsiveness. Thank you.

Eduardo Vieira, Credit Suisse:

Hi. Thanks for the call. Could you develop a bit more on your working capital structure going forward? I noticed inventories and a slight turnover increased considerably. Can you give us an idea of what will be a sustainable level to that? On the exploratory side, you did a negotiation with Petrobras for a longer term of payables. And where do you see those levels for working capital for 2009? Thank you.

Carlos Fadigas:

First of all, the increase in accounts payable, in suppliers, has to do with the exchange rate variation over payables pegged to the USD. So, this is mostly imported naphtha, so it is not naphtha bought from Petrobras. We currently have only 15 days to pay Petrobras. Once we finish the negotiations on naphtha price, we will start negotiations on trying to extend the payment terms with Petrobras, but currently we get better payment terms from imported naphtha.

This imported naphtha, the payables are denominated in USD and therefore the exchange rate variation led to an increase in the accounts payable to the suppliers.

On top of that, we have been able to negotiate in the 4Q better terms, even better terms in terms of imported naphtha, and we do expect to sustain the current levels at the imported naphtha, and hopefully include the payment terms with Petrobras leading to a better support from suppliers to Braskem, meaning more cash from suppliers in our hands.

Regarding inventories, the reduction in production level made in December and January were made to reduce inventories in the Company. We did (...) more naphtha in the end of the year, although we had the plants running at 55% utilization rate; that is because the price of naphtha was at very low levels.

But regarding the most important inventories, meaning the inventories in resins, we were focused in reducing inventories and freeing up more cash to the Company. So, the levels in accounts receivable, in accounts payable, we had by the end of the 4Q, in December, are sustainable, and we actually do hope to keep improving the Company's performance in working capital.

Eduardo Vieira:

OK. That is great, thanks. And if I may, what quarter do you expect to be the bottom in terms of margins in 2009? Is that the 1Q?

Carlos Fadigas:

It is very hard to forecast that, Eduardo. We do not give this kind of guidance and forecast. What I can tell you is that we do expect volume levels to improve over the year, and we do expect international margins to keep improving; and they have been improving since November last year.

So, therefore, we expect to have an upward trend in terms of EBITDA, but it is very hard to accurately determine what the bottom is, when it is going to happen; that is all forecast, it is our view.

Bernardo Gradin:

What I can add to that is that we believe that December and January were the bottom, as we never saw before.

Eduardo Vieira:

OK. That is good. Regarding funding for 2009, what fronts is the Company working on in terms of potential force that we might see? Is the Company not considering domestic or international markets? What are the alternatives, most laterals? Could you talk a little bit more about funding?

Carlos Fadigas:

First of all, we have a very comfortable position. Just to reemphasize that: R\$3 billion in cash, an EBITDA taking as reference 2008 of around R\$2.4 billion; so, if we add cash in our hands and the cash generation projected for the year, more than 2x what we need to repay debt.

Naturally, we are always working to improve the debt profile, paying the short-term debt and borrowing long-term debt. One very good example that I can give you is the transaction we are right now finalizing with Brazilian banks, Caixa Econômica Federal, of R\$600 million with four years to repay this line. So, that is an example of new borrowings we are making.

We do not need to access international market via bonds issues, and we are not expecting to do that. We actually have not seen that opportunity in the market in terms of level of the debt capital market, and we do not need. So, we are going to be focused on financing the projects we have, meaning the green polyethylene plant, and we are already discussing with the Brazilian Development Bank, the BNDES, to borrow money to support that investment.

We are focused on putting in place the financial package for the Venezuela project, and in that regard we are working with multilaterals, starting from Italy and from Germany, Inter-American Development Bank, Corporación Andina de Fomento, and again, BNDES. So, this will be the focus of the financial area, supporting the investments with the right funding, cheap long-term funding to support the investment, and always taking advantage of the opportunities that may arise in terms of borrowing new money in the domestic market to extend the debt's average life of Braskem. So, that is it.

Eduardo Vieira:

OK. Thank you very much for the thorough explanation, and thanks to all.

Juan Cavarez, Citigroup:

Hi, thank you. Just three very brief questions. The first one: could you just go over and remind us again what are the synergies you are expecting from Ipiranga and Copesul? How much of that will you see this year?

And could you also give us some details on getting a loan from Caixa Econômica Federal for R\$600 million, could you go over the terms of that loan, what is the rate there?

And also, could you give us some details on why your tax credit this quarter was so low? Thank you.

Bernardo Gradin:

Thank you, Juan. Very good questions. The first one, we are confident that we can capture R\$200 million this year from the synergies of the Ipiranga and Copesul integrations. We believe that we will accelerate in a very effective manner, especially from the 2Q to the end of the year.

Carlos Fadigas:

Regarding the Caixa Econômica Federal loan, it is a four-year transaction with one year grace period. So, the average life is around three years, the average life of this loan.

It is a Reais denomination credit line, and the cost has a reference to the Brazilian interest rate that we call CDI, and it is 117.5% of the CDI, meaning that it is roughly 1.2 p.p. above the CDI. And we also have a structuring fee that is going to be paid to Caixa Econômica Federal of 0.25%, paid upfront.

Regarding the tax credit, we had a very good tax credit on the 3Q08 and we were very conservative in accounting for a tax credit over the 4Q. The tax credit we get when we have an accounting loss like we had in the 4Q is the present value of the benefit of not paying income tax in the future, when the Company posts positive results.

We felt that we should keep some of these benefits to the future instead of accounting them all in 2008. So, we had around R\$500 million of tax benefits in the 3Q, and we felt it would be more conservative for us to account only for R\$12 million in the 4Q and save this benefit to be accounted in the future years.

Juan Cavarez:

Great. Thank you.

Christian Whamond, JCAM:

Hi. Could you update us on the status of the negotiations with Petrobras on the pricing for the naphtha and other feedstocks, please?

Bernardo Gradin:

Good afternoon, Christian. Thank you for the question. We believe that we will have the closure of the negotiations very soon, as soon as by March, and both teams, Petrobras and Braskem, firmly believe that we will be able to sign a contract in March.

I cannot disclose the details of the contract because we are bound for confidentiality in a contract clause. But I can tell you that of course we are very optimistic that this will not only give us a different view on how to prepare ourselves for the cycle but also to adjust to the entire chain a more predictable formula. So, I cannot give you details because I am bound but we are optimistic that not only we will sign the contract in March but that will be beneficial to Braskem.

Christian Whamond:

OK. I was not trying to go into details, but are you estimating what kind of impact it would have on your EBITDA line or your gross margin line?

Bernardo Gradin:

I cannot tell you that. I am sorry. I think that we will see that along the year, but by giving that information I would not only give guidance but also give an idea on how that contract rules. I am sorry.

Christian Whamond:

That is OK. I understand. Thank you.

Denis Parisien, Santander:

Hi. Thanks for taking my follow up. Can you give us a little bit of color on what you believe to be the inventory position of your clients, both domestically and in a foreign sphere? How do you see them as we stand now going into the end of the 1Q in terms of their inventories?

And can you give us an idea of what you believe the percentage of imports in Brazil will look like at the end of this year and therefore your market share might look like?

Bernardo Gradin:

Thank you, Denis. We believe that it always regards the segment we would be talking about, so there are segments and clients that are already on real demand, already destocked over the last three months, but there are also segments, especially agriculture and durables in Brazil, that still have some stocking and are still in the move of the stocking and probably will remain so until the end of March.

We think that we will only see real demand in Brazil for us in March, maybe April. But the positive side is that we saw, in spite of the decrease in demand in December and January, some segments replacing imports, especially because of the exchange rate variation advantage that Brazilian producers now have against the USD-based producers.

So, we think that in the same line we will have less import this year than what we had last year. We understand that there will be some additional offers from places that we did not see before, maybe because of a cash movement of the stocking also, maybe because other market are closed. But because of the crunch in the credit line for exports we think that in addition of course to the argument of having more a favorable exchange rate, we think that we will be better positioned than we were last year.

If you remember in the 1H08, when the exchange rate was R\$1.60/USD, we are talking about more than 50% increase from that time to today, we really had a hard time on competing on our exports and having a flow of imports. I think that changed substantially for this year. So, trying to give you an answer, we think that imports will be under 20% this year in Brazil.

Denis Parisien:

Under 20% by the end of this year?

Bernardo Gradin:

Yes.

Denis Parisien:

And you mentioned the difficulties in obtaining trade lines; does that also apply to Braskem? Does that apply to perhaps some smaller competitors that perhaps would have been exporting and, since they are not exporting, are increasing supply in the domestic market because they are having difficulty obtaining the working capital and trade lines to export? Is that what you meant by the potential for seeing some additional supply from areas where you did not see it before?

Bernardo Gradin:

Yes. We are not having problems on credit of our export lines; on the contrary, we were able to raise our capacity utilization exactly because we are able to export now more than we were able to export in November, December, and January.

We saw a constraint on the line for clients and smaller producers or companies that are in different conditions that Braskem is, and we are trying to take the advantage of enabling some of our clients to our own export lines for the manufactured products they have.

Denis Parisien:

Is that domestically, in foreign markets or both? Sorry.

Bernardo Gradin:

Both.

Denis Parisien:

Both. Is that becoming a serious problem in terms of constraints in demand, the credit available to your clients?

Carlos Fadigas:

If I can make comment on that, the main effect from that came last year; the destocking in the production chain came from the fact that they had to generate more cash because they had difficulty in accessing the credit market and that is one of the reason why the chain reduced inventories and therefore we saw a reduction in demand for resin.

So, I think that the worst is behind us now in terms of credit; I think that the worst effect has already been shown in the income statements of these companies and not Braskem, with the destocking; and we do expect now to have more credit lines available, not only to the big companies, but mainly to the smaller companies and to our clients and that could benefit Braskem, on the other hand, because we could see the return of the inventory level in the value chain coming back to the previous levels and more consumption of resin as a consequence of that.

Bernardo Gradin:

Adding to Fadigas's financial view, I would like to provide you with a more commercial view of that. We see that as a fantastic opportunity. A fantastic opportunity because yes, most small, medium, and even some large clients in Brazil saw a substantial constraint in credit in November, December, and also January, and Braskem was able to fulfill the needs of our clients on financing some of the production chain and that fidelized the clients substantially for January and February, and some contracts that we did not have before, we have now.

So, we saw that as an opportunity to add services to our client and to step in, in the chain, and we are seeing very positive consequences of that move. So, we see that more as an opportunity than as a problem for our clients and for us, of course.

Denis Parisien:

That is an interesting way to look at it, but does that not also imply that you are taking on more credit risk, that you are becoming a financial intermediary to some degree?

Carlos Fadigas:

Well, we have always provided some credit to the clients. So, we know the clients, we have a credit analysis area, because we have around R\$2 billion to R\$3 billion in accounts receivables from these clients, and what you have to bare in mind that we are the preferred creditor of all these companies. We supply them with the raw material they need to run their plants, to run their business. So, we have always a privileged position, one because we know their production level, we know the company, we know the volumes, and therefore their results, and second because they need to keep the relationship with us, not only to have access to products, but to keep their plants running. So, the risk is small in the sense that we always have the benefit of being the first one paid by the client.

And on top of that, you have to add the long-term relationship, the knowledge we have of their business, the knowledge we have of their management and so on, because simply that is our business. That is what we have to know to do business with them. So, we do not see a lot of risk there.

And again, coming from the financial side, I would add the fact that we have interest rates associated with the payment terms we give them, they are higher than the ones we have to pay when we discount these receivables with the financial market. Being a company of the size of Braskem, with the credit quality we have, we pay lower interest rates than they pay. So, there is also a positive spread between the cost we charge the client, the interest cost, and the one we pay to the banks.

So, the risk is not that high and the return is a very good one, on the commercial side, as Bernardo mentioned, as we get closer to the clients, and the financial side as well with the interest rates.

Denis Parisien:

Those were all very good points, but can you tell me: did your overdue or non-paid receivables increase in the 4Q and into the 1Q at all due to the financial dislocations?

Carlos Fadigas:

There is a natural trend in overdue and we know that for a long time, again by being in the business for a long time. The 4Q is always worse because we have the 13th salary in Brazil, which is an extra salary paid in December that put some pressure in the cash flow of the Company. And the pattern we are seeing this year is pretty much the same we saw last year, and these numbers are coming down again in the 1Q, as we saw in previous years.

So, again, there is some seasonality in these numbers, and the seasonality has shown up again naturally in December. And we do not see anything materially different than what we had in previous years.

We are monitoring this quite closely, and you are right, that is an area of attention, and we are paying quite close attention to that, but we have not seeing anything different from what we have seen before in this area, apart from the fact that we are closer to the clients and extending some more credit to them.

Denis Parisien:

Great. Thank you. If I might, one final question: what are you seeing on the supply side? Despite the downturn in the cycle, of course, it has been some projects that secularly structurally have been in a pipeline for some time, some of them meant to come on stream this year in Middle East, Africa; what do you see the supply side of the equation look like? Thanks.

Bernardo Gradin:

That is a very good question. We think that the new supply that will come from Middle East and Asia will happen, probably with a delay of three months or six months, but the plants will come; we are talking about maybe 14 million tons for the next year and a half or two years.

But we also see that a number of plants in Europe and in the United States are going idle, and we think that quite of few plants are not coming back. So, there will be some compensation I think on the supply side and we will see, maybe we will have a good surprise this year.

We are expecting the slowdown and we are expecting the cycle as we are doing our homework for the last two years, building cash and enforcing a closer and tightened relationship with our clients. You know that we have 75% of our sales in Brazil and in the region, so it is our natural homework to protect the relationship with the clients considering that we are very optimistic that Brazil is not detached or decoupled, but we think that Brazil will grow this year and the year's resin demand in Brazil will grow, and we think that, in that sense, we will be very well positioned.

Denis Parisien:

Thanks very much, guys.

Elana Slobodien, JPMorgan:

Hi. Just considering in the United States chemical's market things are so difficult, but I just want to get a felling for, and also in Brazil Braskem is loosing the volumes and demand coming down in the 4Q; I just wanted to get a felling for 2009 outlook as far as expectations for volume and demand.

Bernardo Gradin:

Thank you for your question. We expect demand in Brazil to grow 4% in average in the resins that we sell; we are talking in PE, PP an PVC, comparing to 2008.

Elana Slobodien:

OK. And do you have any felling for, I do not know if you can disclose, expected EBITDA or expected margins?

Bernardo Gradin:

I am sorry, but I cannot disclose that in terms of guidance.

Elana Slobodien:

OK. Thank you.

Operator:

That concludes the question and answer session for today. I will now hand the call over to Mr. Gradin for any final comments.

Bernardo Gradin:

I would to thank you again for your time and attention. I has been a very challenging time, we saw a crisis that I think very few of us have seen before, but Braskem has been preparing itself over the past two years for the downturn in the petrochemical cycle, prioritizing liquidity. And I believe that we are very well positioned, especially relative to other players in the industry, to face future uncertainties; we see more opportunities than crisis.

As I mentioned, of course by nature of our business, margins and earnings profile remain highly cyclical and exposed to not only the chemical cycle but also to the economical cycle. But being in Brazil and having 75% of revenues in the domestic market has been very positive to us because we are less affected by the global crisis.

Brazil has reserves of almost US\$200 billion, a healthy financial system, it became more competitive thanks to the devaluation of the Real, and the Government has been taking the right measures in terms of investing in infrastructure and stimulating credit. So, we are optimistic that in the next quarter we will see the main infrastructure, especially PVC consumption, coming in growth relative to last year.

We, at least in the region, have always tried to increase profitability in the entire production chain, and we believe that the market for resins will grow this year, as I mentioned, 4%. Our domestic demand has already shown signs of recovery in February and March, and of course it is accompanied to a timid still growth in credit, out of which should gain force in the 2Q of the year.

The relationship the Company built with its clients grew during the crisis period, and the global petrochemical cycle is, of course, showing that we have a downward trend, but the stoppages and closures of plants in Europe and in America, as mentioned I think for Denis, partially offset the fresh production capacity from the Middle East and Asia.

In 2008 we generated R\$2.4 billion and we were able not only to generate cash but also invest and still have by the end of the year R\$3 billion in our possession in cash. So, the advantage brought on by the devaluated Real, and with the increased competitiveness in import replacement potential should offset the declining spreads in international resins in Reais.

In light of all this, Braskem management is prepared for the current scenario; we also believe that the position Braskem has, not only in terms of solid cash position but leading the chemical sector in Brazil, and also of course in South America region, aligned with the vision of long term of the Odebrecht and Petrobras shareholders to affirm the strategic path that we established to ourselves, challenging ourselves to become one of the largest but mainly most profitable petrochemical companies in the world.

Thank you again for your attention. We hope that we were clear in our explanations and with all the observations that I made regarding the caution that we have for the cycle, we are very optimistic that we will have more opportunities than problems with the crisis that is in front of us. Thank you very much again.

Operator:

Thank you. This concludes today's Braskem's earnings conference call. You may disconnect your lines at this time, and have a good day.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of the company hosting this event, which was transcribed by MZ. Please, refer to the company's investor relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript."