Braskem was established on August 16, 2002 and since then, on average, Company net revenue was increased by 20% every year, which resulted also from successive acquisitions. Braskem origin is linked to the merger of six Odebrecht Organization and Mariani Group companies: Copene, OPP Química, Trikem, Polialden, Propet and Nitrocarbono. During seven years, new acquisitions were made targeting the consolidation of the Brazilian petrochemical industry. In 2006, the Company acquired Políteno, a polyethylene producer with plants in Camaçari, in the state of Bahia. In 2007, the petrochemical assets owned by the Ipiranga Group were acquired, including the controlling interest in the capital of Copesul, with industrial units headquartered in Triunfo, in Rio Grande do Sul.

In 2009, Petroquímica Triunfo was incorporated to Braskem, as part of the Investment Agreement executed two years before by Odebrecht and Petrobras, reinforcing the strategic alliance between the two major Shareholders of our company. Also in 2009, in partnership with Petrobras, Braskem looked into and structured the acquisition of Quattor and the deal was closed in January 2010. Nowadays, this is the largest producer of thermoplastic resins in the Americas, having polyethylene (PE), polypropylene (PP) and PVC as company core businesses, and standing now in the 8th position of the global ranking of petrochemical companies.

International expansion has always guided Braskem businesses. The Company has always prospected new business opportunities in Latin American countries, and looked for raw material diversification. The acquisition of Sunoco Chemicals, in the United States, negotiated in 2009 and closed in February 2010, represents the first of Braskem industrial operations outside Brazil.

Braskem has clients in about 60 countries, in all continents, served by Company offices in the United States, Argentina, Chile, Netherlands and Venezuela working in an integrated way. Soon Braskem will also be represented in Mexico, Colombia and Asia. Exports of thermoplastic resins and Company basic petrochemicals produced a net revenue of US$ 2.1 billion.

The actions of our Members are governed by the ethical, moral and conceptual principles laid out by the TEO – Odebrecht Entrepreneurial Technology and principles expressed in the Public Commitment undertaken when Braskem was established, stating the values and principles that guide Company actions towards Clients, Shareholders, Members and Suppliers, as well as the fundamental commitment with sustainable development.

Centered on entrepreneurship skills and on education by and for work, the TEO values the strengths of human beings, among which are the willingness to serve, the capacity and the wish to evolve, and the desire to go beyond achieved results. Trust and partnership constitute the basis of the relationship between leaders and subordinates, who are involved in the design and in the implementation of the work and generated results. According to the TEO, Company hierarchy is established starting from Clients. Other pillars of our corporate culture are Shareholders’ return on investment and reinvestment of results, targeting new work opportunities, the development of communities and adding value to Company assets.

Braskem growth strategy is based on growing competitiveness and technological autonomy, aligned to the commitment to sustainable development promotion.
Business Model

Braskem was the first among Brazilian petrochemical companies to integrate the operations of the first and second generation of the petrochemical industry. The first generation produces basic raw materials such as ethylene, propylene and chlorine that are critical to the second generation, the generation of the thermoplastic resins (PP, PE and PVC), to be subsequently used by the transformation industry to manufacture consumption goods that are present in all areas of modern life. An industry integrated at the production chain level enjoys competitive advantages, among which are production scale and operational efficiency. Being able to rely on a diversified and competitive base of raw materials is critical in our industry. The thermoplastic resins produced by Braskem are manufactured from petroleum (naphtha and refinery gas) and, after the Quattor acquisition, natural gas was added to Company energy matrix. Additionally, when the Green Ethylene plant reaches the commercial scale stage of operations, by the end of the third quarter of 2010, Braskem will have taken a significant leap, becoming the global leader of polyethylene production from renewable raw material. Thus, Braskem confirms its innovative and pioneering action and corporate commitment with sustainable development, inherent to corporate business culture and reaffirmed by the 2020 Vision.

Braskem Operations

Braskem has three business units: Basic Petrochemicals - Unib, Polymers - UNPol and the International unit. Each business unit has autonomy to coordinate its own industrial, commercial, marketing, supply, exporting, human resources, planning and control activities, thus enabling a swift decision making process.

BASIC PETROCHEMICALS UNIT

This unit produces first generation ethylene, propylene, intermediate chemicals and aromatics. Ethylene, for example, is used to produce polyethylene and PVC and propylene is the raw material used to manufacture propylene. The Unib plants are established in the states of Bahia (Camaçari) and Rio Grande do Sul (Triunfo).

In March 2009, Unib-RS quality control analysis laboratory was ISO 17025 certified. This is the standard that certifies the reliability of the plant’s technical management processes. Working with a team of 38 people, the laboratory conducts about 18 thousand tests analyzing the quality of our naphtha and its end products (ethylene, propylene, solvents etc.), and also the ecological efficiency index.

ISO 17025

POLYMER UNIT

The polymer manufacturing units are located in the four states where Braskem has operations: Alagoas (Maracaju and Marechal Deodoro), Bahia (Camaçari), São Paulo (São Paulo and Paulínia) and Rio Grande do Sul (Triunfo). These are the second generation plants of the petrochemical resin chain, producing polyethylene (low density, low linear density and ultra high molecular weight products), polypropylene, PVC, chlorine, soda and other products. UNPol is developing the green polymer business (resin research and resin production from sugar cane ethanol).

Examples of applications

Polyethylene: this is the raw material used mostly to produce packaging for the food, personal hygiene and domestic industries, in the form of bags and films. There are several polyethylene families: high density, low density, linear low density and ultra high molecular weight (UTEC®), the engineering plastic produced by Braskem almost fully destined to the exports market.

Polypropylene: this resin has multiple applications in flexible (BOPP) and rigid packaging, disposable packaging, bags (taffa), and also in the automotive industry and agribusinesses, among others.

PVC: largely used by the construction industry in pipes and connections, in saline solution and blood storage bags and credit and debit cards, for example. PVC application in the frame and pre-fabricated home segment is now growing. The use of PVC profiles is a new solution, integrated to the PVC Concrete Construction System that allows fast construction of buildings in modules, at competitive costs. When mounted, PVC panels are filled with concrete forming solid walls. Civil construction consumes 66% of the Brazilian PVC production.

Chlorine: used to manufacture PVC, agricultural pesticides, pharmaceutical products, hospital cleaning and water treatment products.

Soda: this is an input used to manufacture soap, paper, pulp, aluminum and other products.

INTERNATIONAL

This is the area of the Company that prospects new businesses and opportunities in the international market, and answers for the development of Braskem internationalization greenfield projects (Please refer to International Expansion, on page 34). International area management includes projects developed in Mexico, Venezuela, Peru and Bolivia.
PERFORMANCE

Performance (t) 2009 2008 Var. (%)

Thermoplastic resins (A) (B) (A) / (B)
Domestic market sales
PE 1,056,941 1,083,731 (2)
PP 698,494 642,871 9
PVC 457,430 496,266 (8)
Total resins 2,212,864 2,222,869 (0)

International market sales
PE 720,383 473,656 52
PP 228,363 99,395 130
PVC 40,262 18,474 118
Total resins 989,007 591,525 67

Total sales
PE 1,777,324 1,557,388 14
PP 926,856 742,266 25
PVC 497,691 514,740 (3)
Total resins 3,201,872 2,814,394 14

Production
PE 1,740,670 1,586,963 10
PP 896,868 751,506 25
PVC 478,077 522,441 (8)
Total resins 3,119,614 2,860,910 10

* BTX – butane, toluene, orthoxylene and paraxylene

** Notes:
- AMBE: plants converted into ETBE and MTBE production was discontinued by Braskem in 2009.
- PVC Specialist*: 2009 was the last year of plant operation. In November, Braskem started to import this product from Colombia.

Braskem laboratories develop new resins increasing the diversity of uses and applications offered to our Clients.

BAHIA (CAMAÇARI)

Basic Petrochemicals Unit
- Ethylene
- Propylene
- Butadiene
- MTBE*
- ETBE
- Butene-1
- Isoprene
- Dicyclopentadiene
- Copolymer 1
- Benzene
- Toluene
- Mixed Xylene
- Ortho-Xylene
- Solvent
- Paraxylene
- Automotive gasoline
- LPG

Polymer Unit
- HDPE, LDPE, UHMW-PE
- PP
- PVC
- Caprolactam*
- Cycloexane
- Cyclohexanone
- Chlorine
- Soda
- Ammonium Sulfate

ALAGOAS (MARECHAL DEODORO AND MACEIÓ)

Polymer Unit
- PVC
- EDC
- Chlorine
- Caustic Soda

PERFORMANCE

Performance (t) 2009 2008 Var. (%)

Basic petrochemicals (A) (B) (A) / (B)
Total sales
Ethylene 286,969 252,502 14
Propylene 517,177 370,644 40
BTX* 955,451 782,405 22

Production
Ethylene 2,255,963 2,116,924 14
Propylene 1,133,478 1,032,376 10
BTX* 972,860 845,102 15

* BTX – butane, toluene, ortho-xylene and para-xylene
Publicly Traded Company

Braskem is a publicly traded company with stocks listed in the São Paulo Stock Exchange (Bovespa), where Braskem participates in Level 1 of Corporate Governance. Company shares are also listed in the New York Stock Exchange (NYSE) and Madrid (Latibex Index), where stocks of Latin American companies are traded in Euros at the Madrid Stock Exchange.

For the fifth consecutive year the Company participates in the Bovespa Sustainability Index (ISE). The ISE comprises stock issued by companies recognized by their responsible social and environmental performance and by their profitability. The new portfolio will be effective until November 2010.

Braskem's major shareholder is Odebrecht S.A., the Odebrecht Organization holding, but Petrobras also owns a significant interest in company capital. The outstanding shares in the market correspond to 39.9% of the total of shares issued by the Company. The table below presents Braskem ownership on December 31, 2009.

<table>
<thead>
<tr>
<th>Shareholding 31/dec/09</th>
<th>% Voting Capital</th>
<th>% Total Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRK</td>
<td>93.1%</td>
<td>34.2%</td>
</tr>
<tr>
<td>Odebrecht</td>
<td>0.0%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Petroquisa</td>
<td>0.0%</td>
<td>14.0%</td>
</tr>
<tr>
<td>ENDESHAR</td>
<td>0.0%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Others</td>
<td>8.7%</td>
<td>33.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

BRK: Odebrecht 66.8%-Odebrecht and Petrobrasa 33.2% (before capital increase) Others includes treasury shares.

Action strategy

Braskem actions are focused on preservation of operational profitability, development of new technologies and innovation and maintenance of long term relationships with clients, always committed with strengthening the competitiveness of the petrochemical chain.

Contribution to the three aspects of sustainable development – economic, social and environmental aspects – is the key priority of our business strategy. Since it was established in 2002, Braskem invests in clean production systems, increased ecological efficiency and works on the development of products from renewable raw materials. The evolution of ecological efficiency indicators since 2002 was quite expressive.

¢ Waste generation decreased by 61%  
¢ Energy consumption decreased by 12%  
¢ Water consumption decreased by 19%  
¢ Effluent volume decreased by 40%  
¢ Release of the first certified green polyethylene in the world (based on the pilot plant)  
¢ Production of green butene and green propylene, certified by an international laboratory  
¢ Industrial units certified under ISO 9001, 14001 and OHSAS 18001 standards. The certification body is Bureau Veritas Quality International (BVQI). A two-year period is forecasted for certification of all its industrial plants, thus setting up the Company Integrated Management System. The table below lists the standards complied with and certified units.

<table>
<thead>
<tr>
<th>Certified Units</th>
<th>ISO NBR 9001: 08 Quality</th>
<th>ISO NBR 14001:04 Environment</th>
<th>OHSAS NBR 18001:07 Health and Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Unib – BA</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Unib – RS</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Vinyl Products</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Compunfus</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Alagoas Ambiental</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poliolefinas – BA</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Poliolefinas – RS</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>PP2 / PE5</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>PEX***</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes Gas and Liquid Terminal/Tegol and Raw Materials Terminal (TMP)  
** Certification in progress  
*** Petroquimica Triunfo is yet to be integrated to the SGI – the Integrated Management System.

Production Chain

The so-called Agreement of Results was made official in March 2009, and signed by the Government of the state of Alagoas and by the institutions engaged in strengthening the industrial segment of the chemistry and plastic industries in that state, concentrated at the Marechal Deodoro Complex, 12 km from Maceió. The ability to attract industrial establishments to the region generates new jobs, family income and revenue both to the municipalities and the State.

The institutions are organized in a specific sector Forum. Among them are the Federation of Industries of the State of Alagoas, the National Confederation of Industries, Senai (National Industrial Training Service), Sebrae (Brazilian Service of Support to Small and Medium Size Companies), the Federal University of the State of Alagoas, and associations representing industrial districts and workers. Braskem has also joined this Forum.

The efforts made to attract new industrial establishments started three years ago, with special incentives being offered, as for example, credit, assignment of industrial areas at subsidized prices and tax incentives. The region ensures the availability of raw material, other inputs and strategic locations, thus facilitating transportation and production flow to the consumer market of the North and Northeast regions. In order to ensure training and qualification of the local teams, a Plastic Technology Center is now being established with financial support from the state government and the members of the Chemistry and Plastic Production Chain Forum. The official opening of this Center is scheduled for August 2010.
New Triunfo (Rio Grande do Sul) unit: start-up scheduled for the second half of 2010

Voluntary commitments
Some of Braskem voluntary commitments are described below:

› Responsible Care: a voluntary initiative established by the global chemical industry through the ICCA (International Council of Chemical Associations). In Brazil, Responsible Care was officially adopted by the Brazilian Chemical Industry Association-Abiquim, in April 1992. As of 1998 adherence to the program became mandatory for all Abiquim members. Responsible Care seeks to improve the environmental management of chemical companies and its chain. Among observed items are the safety of manufacturing units and their processes and products, as well as workers’ health and environmental protection.

› International Declaration on Cleaner Production: Braskem was the first Brazilian company to sign the statement in 2004. The Statement is part of the United Nations Environment Program and targets the dissemination of environmentally clean production policies, as well as improved sustainable production and consumption practices.

› Global Pact: Since 2007 Braskem is a signatory of the Global Pact, the United Nations program aimed at reinforcing the social responsibility of enterprises through the social responsibility of enterprises throughout the world that has been joined by more than 1.5 thousand companies. Since 2008 Braskem is a member of the Brazilian Global Pact Committee, formed by 33 large companies and coordinated by Instituto Ethos. Braskem reiterates and furthers its continuous support to the Global Pact.

› In the Right Direction Program (Programa “Na Mão Certa”): Jointly with 710 other companies, Braskem is a signatory of the “Enterprise Pact Against Sexual Exploitation of Children and Adolescents in Brazilian Roads”, a joint initiative of Childhood Brasil and Instituto Ethos. The “In the Right Direction Program” is coordinated by Childhood Brasil and aims at calling the attention of governments, enterprises and society to the issue of the sexual exploitation of children and adolescents along Brazilian roads. At Braskem this program is headed by the logistics department, which is in charge of coordinating the enforcement of the concepts developed by the program with our logistic service contractors.

› Carbon Disclosure Project (CDP): Braskem supports this initiative launched in 2000 aiming at the assessment and disclosure of greenhouse gas emissions by 2,508 organizations in 60 countries. Since 2008 Braskem reports Company greenhouse gas emissions to the CDP. This information may be checked at www.cdp.net.

› Braskem Manifest “É preciso amadurecer para ser verde” (We need to mature to be green): In August 2009 Braskem published a manifest about the challenges faced by climate changes, presenting corporate actions towards curtailment of the intensity of greenhouse gas emissions and sustainable development (see Braskem Manifest, on page 22).

External recognition in 2009
Environment

› Top Environmental Award: Offered by State of São Paulo Association of Sales and Marketing Managers (ADIVB-SP), as one of the ten companies enforcing the best environmental and sustainability practices in 2009. The award was received in April 2010.

Brand repositioning
In September 2009, soon after having completed seven years of existence, for the first time Braskem launched an institutional campaign of national coverage, including cable TV stations, newspapers, magazines and websites. The main objective of this campaign was to reposition the Braskem brand and underline the presence and the significance of plastic products in people’s lives.

The campaign was launched on September 20, in one of TV Globo’s station breaks, during the program Fantástico. Campaign premier release occurred on Friday, September 18, exclusively for Braskem Members in all Company units.

The design of brand repositioning actions started two years before, with a survey conducted among Clients and consumers that targeted an improved understanding of how Braskem was seen in the market. Based on survey data, several interviews were conducted with our Members to define how Braskem should position itself. This contribution resulted in a list of attributes the Company should convey: innovation, possibilities, sustainability, leadership, internationalization, growth, partnership, commitment and competitiveness.

The new positioning of the Braskem brand has also defined the three signatures used in all the communications to Clients, Members, Shareholders and society, accompanying Company logo:

› The world, people and Braskem – This is the signature used by Braskem to communicate with society, representing the Company presence in the lives of people and its global action.

› The Client, the dreams and Braskem – This is the signature used by Braskem to communicate with Clients and the market.

› You, the achievements and Braskem – This is the signature used by Braskem especially to communicate with Members. This signature highlights the role each one plays in the search for continuously improved results. The commitment of each person in the Company is critical to all Braskem achievements.