Operator:

Good morning ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's 4Q11 and full year of 2011 earnings conference call. Today with us we have: Carlos Fadigas, CEO, Marcela Drehmer, CFO and IRO, and Roberta Varella, IR Manager.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After Braskem remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

We have simultaneous webcast that may be accessed through Braskem's IR website: www.braskem.com.br/ir. The slide presentation may be downloaded from this website; please feel free to flip through the slides during the conference call. There will be a replay facility for this call on the website. We remind you that questions, which will be answered during the Q&A session, may be posted in advance on the website.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Braskem management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Braskem and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Roberta Varella, IR Manager. Ms. Varella, you may begin your conference.

Roberta Varella:

Good morning ladies and gentleman, I would like to thank you for participating in yet another Braskem earnings conference call. Today we will be commenting on our results in the fourth quarter and in fiscal year 2011.

First we would like to remind you that, pursuant to federal law 11,638/07, the results in today's presentation reflect the adoption of international financial reporting standards, or IFRS. In addition, unless stated otherwise, for all periods presented, Braskem's consolidated numbers reflect the pro-forma consolidation of 100% of the results of Quattor Participações and Sunoco Chemicals, which were acquired in April 2010.

The financial statements also include the proportional consolidation of Refinaria de Petróleo Rio-Grandense, or RPR; the full consolidation of Cetrel as of the second quarter, retroactive to January 2011; and as of the fourth quarter, the polypropylene business acquired from Dow chemical. The information in today's presentation was reviewed by the independent external auditor, with the exception of Sunoco chemicals for the first quarter of 2010.

Let's go to the next slide, where we will begin our comments. On slide 3, we will talk about the global scenario and Braskem's highlights in the last quarter. The optimism on the world economy, which lasted through mid-July, was replaced by expectations of economic contraction. The inefficiency of the measures taken to contain Europe's sovereign debt crisis had a negative impact on growth in developed and emerging markets. High oil prices, pressured by geopolitical issues in countries in North Africa and the Middle East, also negatively affected the demand.

In this context, the global demand for petrochemicals was reduced, leading to a reduction in industry profitability. The industry's capacity utilization rate fell to a range of 70% to 80%, seeking to maintain a balance between supply and demand worldwide.

In response to this short-term scenario, Braskem anticipated the scheduled maintenance shutdown at its cracker in the state of Bahia, and with the shutdown already scheduled at its Triunfo site, the Company's capacity utilization rate was 80% in the fourth quarter.

Net revenue was R$ 8.7 billion, practically in line with the prior quarter, driven by the dollar appreciation of 10% in the period. EBITDA was R$ 718 million, impacted by the margin compression in the period. However, the Company remained focused on its long-term strategy, committed to expanding its operations and creating value.

In line with its strategy to add value to its current streams, Braskem advanced in the investments of its PVC and butadiene expansion projects. For the greenfield project in Mexico, which has the advantage of gas as feedstock and the supply of the Mexican market, a net importer of polyethylene, Braskem began ground preparation works to ensure the construction of the industrial plants in 2012.

Braskem also consolidated its leadership in the Americas, becoming the largest polypropylene company in the United States after consolidating the polypropylene business acquired from Dow Chemical in the last quarter of 2011.

In this scenario of high volatility and intense global competition, the Federal Government has played an important role in further developing the Brazilian industry. In December 2011, for example, the "Reintegra" program was implemented. The initiative shall improve the competitiveness of the Brazilian producers by refunding the federal taxes at around 3% of export revenues. It is also important to note that recent measures were taken in order to avoid the strong Real appreciation.

Moving to slide 4, this slide presents Braskem's highlights in 2011. The average utilization rate of Braskem's crackers was 83%, compared to 87% in 2010, negatively impacted by the power blackout that affected operations in the Northeast plants until mid-May and by the scheduled maintenance shutdowns at Triunfo and Rio de Janeiro, as well as the anticipation of the shutdown of one of the lines at the complex in Bahia, as mentioned in the previous slide. Despite the lower volume available for sale, net revenue posted double-digit growth, reflecting the higher prices in the period, which followed the international market.

EBITDA, which was stable in relation to 2010 in the first nine months of 2011, ended the year at R$3.7 billion, affected by the continued margin compression; by the lower demand, which was adversely affected by seasonality and the global macroeconomic environment; by the competition from imported products entering the country through ports offering special incentives; and by the stronger local currency.

In its continuous effort to improve competitiveness, Braskem advanced to capture the synergies from Quattor assets acquisition and implemented a cost-cutting program in the second half of the year, which kept its selling and administrative expenses at levels similar to those in 2010, effectively neutralizing the impacts from inflation, wage hikes and the merger of the new assets.

In line with its strategy of maintaining a strong commitment to the Brazilian market, Braskem formed a partnership with BASF for the supply of propylene to the future acrylic complex, redirecting its sales from the export market to the domestic market. Also in the year, Braskem concluded the first engineering phase of the new petrochemical project to be installed in Rio de Janeiro. The expectation is to move forward with its engineering detailing in 2012, with the project going to the Board of Directors in 2013 for a final decision. In its international expansion strategy, Braskem consolidated its presence in the United States polypropylene market as previously mentioned.

Reflecting its strategy to optimize the debt profile, differentiated positioning in the Brazilian market and strong ownership structure, Braskem was upgraded to investment grade by the three major risk-rating agencies.

Let’s go now to slide 5. Slide 5 presents the performance of the Brazilian thermoplastic resins market, as well as the actions to strengthen the local industry. Demand for thermoplastic resins reached 1.2 million tons in 4Q11, down 10% from the prior quarter, due to seasonality and the uncertainty in the international scenario.

In the year, the Brazilian demand of resins was 4.9 million tons, virtually in line with 2010, affected by the higher imports of manufactured products. The imports of thermoplastic resins also remained high, explained by the power blackout that impacted Braskem’s production and its product availability on the beginning of 2011; the stronger local currency; and the higher volume of imports entering the country through ports with special tax incentives.

The consumption of plastic products in the domestic market grew by around 10%. This growth, positively affected by the factors mentioned above, was captured by the higher imports of manufactured goods, which frustrated the growth expectations of the domestic petrochemical and plastics chain.

Moving to slide 6. This slide presents the factors that influenced EBITDA in the fourth quarter in comparison with the prior quarter. Braskem’s consolidated EBITDA was R$718 million, down 24% from the third quarter, due to the lower contribution margin, with a negative impact of R$ 345 million, explained by the narrowing of international resins and basic petrochemical spreads, which decreased by around 14% and 10%, respectively.

The lower margins were partially offset by the positive impact of R$119 million due to the insurance claims on the amount of R$ 103 million and the reduction on fixed costs, reflecting the continuous efforts to improve competitiveness and the commitment to effectively manage the business.

The 10% dollar appreciation in the period generated a positive impact of R$ 62 million, which was composed of a positive impact on revenue of R$ 785 million and a negative impact on costs of R$ 723 million.

Let's go to the next slide, please. Slide 7 shows the change in EBITDA in 2011 compared to the prior year. In 2011, Braskem’s consolidated EBITDA was R$3.7 billion, down 8% from 2010.

The lower sales volume generated a negative impact of R$338 million in the period, mainly due to the power blackout that limited production through mid-May and the higher number of scheduled maintenance shutdowns in the period, atypical situation when compared to 2010.

The contribution margin generated a positive impact of R$136 million. The increase of main basic petrochemical spreads close to 20% was partially offset by the decrease in international thermoplastic resins spreads.

The local-currency appreciation of 5% between the two periods had a negative impact of R$333 million, comprising a R$1.7 billion negative impact on revenue and a R$1.4 billion positive impact on costs. In 2011, expenses had a positive impact of R$221 million, mainly explained by the insurance claims on the amount of R$103 million and by the contract compensation of suppliers around R$ 60 million.

Moving on to slide 8, this slide presents the synergies from the Quattor merger. The capture of synergies advanced to total R$400 million in 2011, surpassing our expectation of R$377 million in synergies in the period. The largest gains continued to be on the industrial and logistics fronts, mainly due to the better planning of export operations; the reduction in the number of grades; the integrated purchase of feedstocks; and the optimization of our integrated planning for the petrochemical complexes and the second generation that is our thermoplastic resins plants.

The full synergy gains of R$ 495 million in annual and recurring EBITDA are expected to be captured in 2012. The highest concentration of identified synergies is related to the industrial and logistics fronts, which represent almost 70% of the total synergy captured. On the financial front, gains are being captured each quarter, led by fiscal gains and the lower carrying cost of debt.

Regarding the last acquisition, Braskem identified synergies of US$140 million in net present value. The main gains are related to optimizing the product portfolio and feedstock purchases, as well as maximizing the operating efficiency of the industrial plants.

Let's go to the next slide, please. Slide 9 shows Braskem’s debt at year-end 2011, when Braskem’s gross debt stood at US$8.1 billion, up 5% from September 30th. In Brazilian Real, gross debt was R$15.2 billion, increasing 7%. Due to the uncertainty related to the global scenario, the Company took advantage of the attractive conditions offered by a credit line from the Brazilian bank Caixa Econômica Federal and got a loan of R$400 million with a term of 8 years. Braskem also captured close to R$280 million in offshore loans with an average term of 4.5 years. 63% of gross debt was pegged to the dollar.

The year-end balance of dollar-denominated cash and investments decreased by 9%, reaching US$1.7 billion, returning to a normalized level after the disbursements made to acquire the polypropylene assets in October.

Company’s net debt closed the fourth quarter at US$6.4 billion, increasing 10% from the prior quarter. Measured in local currency, net debt was R$12.0 billion, in both cases affected by the dollar appreciation of 19% in the end of the period. 73% of net debt was dollar denominated.

Braskem’s coverage of debt amortization is 26 months, in line with its strategy of high liquidity maintenance. Considering the two stand-by credit lines worth US$600 million, this coverage increases to 29 months.

Financial leverage, as measured by the net debt/EBITDA ratio, increased from 2.32 times to 2.83 times in USD, due to the higher investments disbursement in the period. In local currency, this leverage ratio stands at 3.20 times.

On December 31st, the average debt term was 12 years. Considering only the portion of debt pegged to the dollar, the average term is around 17 years. The average cost of company's debt was 6% in dollar and 9.8% in Brazilian real.

Early this year, in line with its strategy of optimizing its debt profile and maintaining its strong commitment to financial solidity, Braskem returned to the capital markets, raising US$500 million by reopening its 2021-bond and perpetual-bond issues, with both placed at more favorable conditions than the original issue.

Moving to next slide, slide number 10 presents the Company's CAPEX in 2011. Braskem invested R$2.1 billion, which surpassed the initial estimate of R$1.6 billion and was some R$300 million higher than the amount disbursed in 2010.

The biggest deviations from initial plan are basically explained by the additional investment of R$102 million in the Mexico project, due to the anticipation of earthmoving works and the acquisition of equipment with long delivery lead-times. The project, which should start operating by mid-2015, not only offers attractive feedstock costs, but will serve the Mexican market, which is a net importer of polyethylene; the acceleration of the timetable for the butadiene project, with disbursements of R$127 million, but which received around R$200 million via butadiene pre-sale contracts; the disbursement anticipation of the PVC expansion project of R$138 million, which aims to add value to the vinyls segment by replacing EDC exports by higher-value-added sales of PVC.

For 2012, total investment is estimated at approximately R$1.7 billion, of which around 40% will be directed to capacity expansion projects.

Let's go to the next slide, please. Slide 11 presents the outlook for the petrochemical industry. The short-term scenario continues to be marked by caution. The political instability in the Arab world, which has been aggravated by the Iran issue and the lack of definition on Europe's sovereign debt problems, have increased volatility in oil markets and the recovery in global demand.

In view of this scenario, international petrochemical spreads are expected to remain pressured in the short term. However, the expectation of a recovery in demand could lead to an improvement in industry profitability as of the second quarter.

In the case of Brazil, the country's robust job market and continued growth in household income should positively affect the performance of the economy, potentially spurring continued demand for plastics, due to rising demand for higher-value-added products.

The recent measures adopted by the federal government to boost local demand and improve the competitiveness of Brazilian producers could also have a positive impact on the industry.

Imported products, which have gained ground in various sectors of the Brazilian economy in 2011, driven by the VAT tax benefits granted by certain ports, the stronger local currency and the robust domestic consumption, should continue growing at a more moderate pace. The recent measures adopted by the Federal Government to improve the competitiveness of the national chain should have positive impacts on the industry.

Moving to slide 12, on this last slide we present the management priorities. In line with its strategy to strengthen its business and boost its competitiveness, Braskem remains committed to supplying the local market, working to develop a Brazilian industrial policy that reinforces the national petrochemical and plastics chain.

The Company also remains focused on the improvement of the partnership with its clients, resulting on the expansion of its domestic market share; fully capturing the synergies from the Quattor acquisition and of the identified synergies from the Dow's polypropylene business acquisition; the continuous pursuit of higher operational efficiency by reducing costs and adding value to its product portfolio; concluding the PVC and butadiene expansion projects, which aim to add value to existing streams; finalizing the project-finance structure and starting the industrial plants construction on the project in Mexico, which will further diversify its feedstock mix at competitive prices, while supplying the polyethylene shortage in the Mexican market; further detailing the engineering studies for construction of a new petrochemical complex in Rio de Janeiro, known as Comperj, using gas-based feedstock; and expanding the use of renewable feedstocks without losing our focus on maintaining its financial solidity.

That concludes today's presentation, so let's go now to the question and answer session.

Conrado Vegner, Bank of America:

Good morning, everyone. I have questions on two subjects. The first one is on imports. I would like to see how you see the situation so far this year, the imports reduced their share in the domestic market or there have been no significant changes from what we saw last year. And also though it is hard to predict, if you have any idea or any expectation on when the deal on the state tax incentives could be voted and implemented in the country.

And then on the second subject, I would like to know if you're still looking for acquisitions in the United States and what kind of companies would you be looking for? Thank you.

Carlos Fadigas:

Conrado, could you help us and repeat the second question? You mentioned imports this year. We also got the last comment you want us to make on acquisitions in the United States. But I think you mentioned something between these two topics. Could you say that again, please?

Conrado Vegner:

Yes. The other one is on the deal that's in the senate, regarding the additions in taxes for state which have incentives for ports.

Carlos Fadigas:

Okay. Okay, great. So let me start with ports and then go from ports through the level of imported material in Brazil right now. Well, first of all, as you all know, Brazil has 5 states that provide tax incentives to imported products coming to the ports of these specific states. That has, in effect, provided roughly 9% to 10% price advantage or cost advantage to the imported resins in Brazil, actually to all imported products in Brazil that arrive at these ports.

That is in the basis of one of the reasons why the industry in Brazil did not grow as much as it could back in 2011, last year, and that has affected Braskem customers.

The data we have shows that the demand for converted plastic for the end product has grown roughly 6% last year, but our customers had sales that declined roughly 1%. At least they bought less resin last year and that is mainly because they have lost share to import transformed plastics.

On top of losing market share, and therefore buying less resin, they bought even less from Braskem because they were also – as they bought resin, they bought more imported resin, and that has led to a loss of 6 p.p. of market share from Braskem to the imported material. At the end of the year, the average was roughly 65% market share to Braskem, 6% to another local producer focused on PVC, and the imported resin in Brazil was accounting for 29% of the market.

So it has a double effect on Braskem because it jeopardizes sales of my customers and also jeopardizes my sales to my customers as well. What we have seen in the beginning of this year, we have been able to gain some percentage points in market share this year, so we moved up from the position we had of 65%.

Regardless what happens with ports, we should grow market share this year, and that has also to do with a new PVC plant that will start up within two months in the Northeast of Brazil. The 200,000 tons PVC plant that we will add to the current capacity we have of roughly 450,000 tons to 500,000 tons of PVC, so it would give us a nice 40% additional PVC, and therefore, would help us grow our market share that out of the average of 65% market share we have, PVC has the lowest. It is 46% what we have right now in PVC and that should bring the average down to 65%.

So we not only have grown already, but we will grow even more in 60 days when we have the new PVC plant running. On top of that, we do expect the Brazilian senate to vote on a resolution that will present this state should keep providing tax incentives to imported resin.

I think that the current situation of the world economy, I would say, and all the other countries working very hard to defend their own industry is absolutely fundamental that the Brazilian government acts and the Brazilian senate acts to also prevent illegal competition or more advantaged competition, a more advantageous situation to the imported resin in Brazil.

And we expect that to be solved either at the end of this month, or the beginning of next month at the least that's when it is scheduled to be voted this resolution that will issue what we call port war in Brazil and the dispute between the ports you see, which one gives better incentives to the imported resin.

So once we have this solved and once we have that on top of having a new PVC plant, we do expect Braskem to grow its market share, hopefully back to the historical levels. And just to give you an idea, back in 2010, we had roughly a 70% market share, so I believe it is a very good initial destination if we move from the 65% we have back up to something around 70%.

On your second question, Conrado, on acquisitions in the United States right now, just to remind everyone, we right now have five plants operating in the United States and all of them in polypropylene. We are right now the leader in polypropylene and we have a petrochemical complex being built in Mexico also North America.

We are on top of building an ethane cracker. We are building two polyethylene plants. When this petrochemical complex is up and running, we are going to have 1,050,000 million tons of polyethylene and then 1,500,000 tons of PP.

At this point, we are focused on two different things. The main focus is on the first one and has to do with integration with raw material for the polypropylene plant. Braskem is the largest buyer of propylene in the United States. And we are considering right now the construction of propane dehydrogenation plant that would convert gas propane into propylene, raw materials for polypropylene.

And so that is one thing that is being studied. We are considering doing it ourselves, but also we are considering using that with some of the players in the gas/ethylene propylene market. We could partner with this player to give this PDH, this propane dehydrogenation plant.

On top of that also on integration into propylene, we are considering increasing our splitter capacity. We have right now splitters in the northeast of the Country that convert a different grade of propylene into polymer-grade propylene. That would give us more flexibility to buy 10-grade propylene with final grade propylene and through this splitting capacity, upgrade that to polymer-grade propylene.

So, instead of buying only one type of propylene, we could increase the capacity of buying other types of propylene. So, either through propane with a PDH or through different types of propylene, we are working on further integrating our five polypropylene plants in the United States into more competitive raw materials.

The second alternative, I would say, is a distant second alternative relative to propylene is to analyze the possibility of building an ethane cracker to convert gas and butane into ethylene and then polyethylene through polymerization.

At this point, I have to remind you that we are right now working on two petrochemical complexes, one in Mexico and one in Brazil in the state of Rio de Janeiro; the complex that is being called Comperj.

They both will come from gas to petrochemicals and to get involved in the third one in the United States at this point. It is unlikely that we do it by ourselves, again a third construction of a large cracker in the United States.

So the most likely thing to happen would be to have Braskem partnering with one or two other petrochemical players to build a smaller cracker and then be able to add one or two lines of polyethylene in the United States. That would be a very nice complement to the 1 million tons coming from Mexico of polyethylene and 1.5 million tons that we currently have of polypropylene in the United States.

Within the acquisitions at this point, I do not see anything that is really interesting in the polypropylene space. We already have five plants. The second one is a producer that has three plants in the United States. We are already the leaders of the market and although there are synergies to acquire another player, we do not see anything attractive within the price and we do not see a lot of strategic advantage of buying another player in the polypropylene space.

In terms of polyethylene, that could complement nicely the position we are going to have in Mexico but on the other side, the value of the polyethylene assets in the United States are very high at this point because of the cost advantage they have coming from ethane to ethylene and then polyethylene. So, that is why in the PE space makes much more sense to build rather than to buy a Company that is already running. So that is my view on the United States.

Conrado Vegner:

Okay. That was great. Thank you very much.

Paula Kovarsky, BBA:

Hi, guys. Good afternoon. I had a question here. The first question, trying to better understand your strategy to regain market share assuming a positive outcome of the voting in the senate for the reduction of incentive for the incentivized ports.

As far as I could understand more towards the fourth quarter, the Company was actually forced to give up a little bit on margins to fight imports back, but my question is do you believe, let us say, a 6% reduction in the incentive opens room for price increases in the Country? Or you will probably stick to your commercial strategy as you did last year and the focus will be on regaining market share. So, this would be question number one, and then how fast you think you can regain your 70%?

The other question relates to the cash generation and actually, the reduction in the receivables account yet top line was virtually flat comparing 3Q and 4Q. So we would like to get a better understanding on how this where this improvement comes from? If there is anything perhaps to do with anticipation of receivables and how shall we forecast this line going forward? So these would be the two main questions.

Carlos Fadigas:

Thank you, Paula. Very good question. Let me start with the port and the commercial strategy, and then Marcela will address your second question.

First of all, let me reinforce that I do believe we are getting very close to the solution of the port incentives. I think that scenario has come to a critical point, more than to petrochemicals.

If you read what we have published, when we say, I mean, the Brazilian industry on the papers mentioning the need to end these tax incentives and how many jobs it has jeopardized. Brazil has lost roughly 800,000 jobs into the industry, and Brazil has loss of money already because right now it is incentivizing imports. So we are getting close to the solution.

If you read also how the Ministry of Finance in Brazil has positioned himself in favor of a quick solution to that. It is quite clear that the government has decided to settle the dispute between in local states to find a solution and to end that. So there is a voting scheduled to happen at the end of this month.

There is an open – another session is scheduled to happen next week where this issue will be openly discussed among senators but also with the participation of representatives from the industry. Several industry associations like ABIQUIM, like ABIMAQ that represents the chemical industry and several other industries to be able to present there and the voting is scheduled to happen at the last week of this month. So this is type of thing that I am confident we are going to have a solution to that.

Building on that, the incentive right now being given to importers in several cases are around 9%. If you look at the industry average EBITDA, Braskem had an average EBITDA margin of 11% throughout the whole year and you know that historically Braskem had EBITDA margins higher than average. So 9% is not really a small difference, it is actually a huge difference for several industrial segments, it is the difference of being profitable or not.

And we've been leading with this huge difference for more than a year right now. So once we have the – so I would say I think it opens a space for both things to happen.

We do plan to go up from the current 65% market share like we have right now. If we look at what Braskem had back in 2010, we had 70%. I do not believe in a market where we do not have exports and imports. So I think at the end of the day, as we reach out today, a normal level of imports, we are going to have a market that imports I do not know 25%, 20%, 25% and it will fluctuate around that number.

We have another local producer focused on PVC that has roughly 50% of the market. So in the end of the day, we are talking about a market share of between 70%, 75% to Braskem. So not that different from what we have right now.

As I already mentioned, PVC is the new plant, it will help us gain market share and we do expect to have prices moving up to the benefit of both the petrochemical industry and also to the benefit of our customers, not the price of petrochemical but also our customers will be able to re-price their products because right now, they are under a lot of pressure with the imports of transformed plastic of end products with plastic as well.

So this change will benefit growth with the plastic converters but also Braskem. So, at the end, summarizing everything I told you, I do believe we are going to be able to do both things. Move prices up both to our segment and to the plastic converters, and this change will not be as big as the 90%, we see with the tax incentives, because naturally, the imported products are not reaching all single markets in Brazil but also are recovered in market share from Braskem, getting close to more historical levels.

Paula Kovarsky:

Just as a clarification, the request is actually to reduce the interstate tax from 12% to 4%, which will then represent a 60% reduction in the benefit. Is that a correct reading?

Carlos Fadigas:

I will put in a different way, right now, the state has the right to charge 12%. Out of this 12%, they are giving 9% to importer and keeping 3% to themselves. When we reduce the 12% to 4%, naturally, the state loses a lot of room to provide incentive.

So, will they keep 1% to the – it does not make any sense for them to give up the full 4%, then there is really no incentive for the state to do that. So we do not see after 9% which is important to keep the 4%.

There may be some states who keep incentivizing imports, providing them with what? 2% and 2% for themselves, maybe they give 1% to 3% for themselves.

Whatever is the analysis, you are talking about 1% or 2%. It is a very interesting reduction coming from 9% to 1% or coming from 9% to 2%. So in the end of the day, it opens a room of something between 7% and 8% in terms of the delta between the incentives we have right now and the intent that we will have in the future. But if you saw the...

Paula Kovarsky:

And your expectation? Sorry, then your expectation is that you will get the 4% so you do not see a scenario where perhaps the approval is somewhere in between? And also, is it clear that is approved – that it is immediately enforceable or you have to – since it started a budgeting exercise, it will have to wait until the following year?

Carlos Fadigas:

Okay. Let me start with the second. Once it's approved by the senate, it is readily applicable. So even the product is already inside the country, it is subject to that. What the Senate is under discussion is the interstate tax.

It means that when – if the product leaves, let's say, one of these states that provide incentives, it leaves the state. It has no – the state has no longer the right to 12% but only has a right to 4%. And therefore, whatever is already in land in Brazil, the state has only 4% as room for maneuver. So it is readily – we are not talking about increase in taxes. We are not talking about things that would lead us to wait for one fiscal year to be fully implemented, so it is readily implemented.

My expectation is that there are several alternatives being discussed. But right now, the recent proposal mentions 4% readily applicable. There are discussions about doing it gradually coming down from 12% to 4% over several years. It is quite clear to the government that the industry cannot live with that situation any longer.

So, the Ministry of Finance has expressed that the position of the government to go straight from 12% to 4% right now. Order demand is more and more radical demand and they have to go down to as low as 1%. Nobody is really defending zero because if you put that back to zero, you will give more incentive to the state to even keep auditing the imports, so there is a process in line for which it goes further below 4%.

There's another discussion that says let us remove several products from these benefits but let us keep another one and keep the ones that don not compete with the local industry.

I believe Brazil has a fairly diverse industry. People are producing most of the things so I think that – I believe the things we produce here and actually we do produce petrochemicals would be excluded from that lease but my point of view is that it would be much better for the Brazilian industry and economy if we get really from the incentives for all the different segments regardless of how much we produce locally or not. Is that clear now?

Paula Kovarsky:

Okay. Thank you. Very clear.

Marcela Drehmer:

Let me answer your second question regarding the accounts receivables. What we saw back in September is that the number of tenors is higher so the tenor that we provided to our clients was higher if you compare to the previous quarter, the two of them, OK? So that is why you see such a decrease for December.

Actually, we adjusted for the same tenor that we used to provide to our clients. So just to give you an idea, in September, the number of days for payment was around 22; in June, it was 17 and in September, if you do the same calculation, it was around 13.

So we came back to the same situation that we had in the 2Q and the 1Q. And on top of that, we've got to adjust the receivables that we have outside Brazil, in our operation in the United States, especially the United States right now and what we do is like a true sale program, long term one, when we definitely sell the risk to a third party, so we have this effect in December. But I would say that most important than that is that September was really an outlier.

Paula Kovarsky:

Okay. A, quick last question regarding other operating revenues, this line posted a big increase, 4Q over 3Q. So could you just let us – I mean, just give us some color on what is and if it is recurring or not?

Marcela Drehmer:

Yes. We had impacts of some recovery from the insurance company regarding the accidents that we had last year, so we had some additional revenues on the stock. We have some – there is an explanation in the income statement regarding the non-recurring expenses that relates to the assets that were disturbed.

And on top of that, we had some rebates that we have received from our suppliers as a compensation of the scale negotiations that we are having right now, so it is a consequence of the synergies that we are discussing with the suppliers.

Paula Kovarsky:

OK. So this is – I mean, you understand this higher level is recurring, then?

Marcela Drehmer:

Yes. Part of that, regarding the negotiation with the suppliers, they are recurring

Paula Kovarsky:

Okay. Thank you. Thank you very much.

Gustavo Gattass, BTG:

Hi, guys. I have two quick questions. The first one I just wanted to understand because we were running some numbers on our own models trying to figure out whether or not it was profitable today for Braskem to increase its production and effectively sell that into export markets given the current pricing.

I just wanted to have a feel from you guys. Are we likely to see Braskem maintaining a bit of a lower production rate? Or are you in a condition today where you feel comfortable that going back to more aggressive production rates in the first and second quarter is going to be profitable even if you cannot find a market for the product, domestically?

The second thing that I just want to check as well, I was happy to see the dividend in spite of the full-year loss and I just wanted to hear from you guys. Could you talk about how you are seeing a dividend policy for Braskem in the future? Should we consider that from now on even in, let us say, tricky conditions from the point of view of the currency gains and losses, you will strive to have some kind of a dividend for your shareholders?

Carlos Fadigas:

Gustavo, let me start with the first question on profitability of the exports. One important thing is that effective December last year, the whole industry, the exporters of manufactured products are entitled now to the Reintegra. That has given a tax credit to 3% to all exports.

Braskem is one of the largest exporters of Brazil and is 3%. Although it does not cover all the taxes trapped in the production, it is a good way of giving us back some of these taxes as we export and provide us with a 3% incentive which we export. It helps make a difference on conditions where we have tight margins to explore.

And another thing is that we signed a new contract with Petrobras last year in June for propylene. Braskem historically was producing all the propylene it uses until the startup of Paulinia. On top of Paulinia that does not consume propylene from our crackers, we buy from Petrobras refineries, the assets that came with Quattor, also buy a lot of propylene from outside. So, in the case of propylene, we have this point about half of the PP capacity we have in Brazil that is buying propylene from Petrobras and not integrated in our crackers.

And the contract we signed for propylene with Petrobras, it provides a win-win situation which brought Petrobras instead of using this propylene for liquid petroleum gas. It sells to Braskem as propylene and with that will have some incentives to export. The line incentives in which we buy more propylene and we can run the polypropylene plant at a higher rate and export more propylene because there is an advantage to export providing better returns for both Braskem and Petrobras as a propylene supplier.

Finally on PE, on exports of PE, we do not export PVC. On exports of PE and now, I should also mention, the co-products: benzene, toluene, paraxylene, butadiene into one. We are right now keeping track of prices.

With the level of prices we had in January, it was hard to export to several markets, so you are right. In some cases, we do not have the competitiveness to run the cracker at full capacity that happened in January. Prices had moved up from January to February and now to March we have coming up.

I do not see how prices could stay at the level we were at the end of December, beginning of January. That could only be explained in a brief period of time when we do not have China buying, when we have a very critical situation in Europe with doubts about the future of Greece and the Eurozone and so on.

So they have to move up. It does not have to move up, only to Brazil has to move up, so everybody. So that is why we already see the natural move in prices up that has allowed us to run the crackers at full capacity.

So if we have this trend going forward, based on the Reintegra, based on the new contract for propylene, based on better prices for both polyethylene in co-products, I think we are going to be able to run this market at full capacity, and that's why I have mentioned in the Portuguese call that we do plan to run the crackers close to full capacity as possible and it's not 100%, it's something between 90%, 95%, where we have the crackers running at average at 83% last year. And make the very big difference from asset market to run at 95% coming from 83%.

So we do expect to have the competitiveness going forward but we did have a few moments in this year, in January specifically where we do not have the capacity to support certain markets, mainly Asia both when we add freight costs with the very depressed crackers we had in Asia at the beginning of the year.

On dividend, your second question, I am also glad that we were able to pay the R$0.5 billion, R$480 million to our shareholders. We also mentioned that we paid R$670 million last year, so over the last two exercise, we pay more than R$1 billion in dividends to our shareholder – R$1.2 billion in dividends to our shareholders.

We do want to keep paying dividends to the shareholders going forward and I believe this R$400 million level could be a reasonable level for us to sustain over time. Naturally, we have to keep one eye on the cash disbursement to pay dividends and another one on the very aggressive investment plans that Braskem has.

Keeping the financial strength of the Company is very important to us. We are right now starting the construction of the Mexican project whereas it is a US$3 billion investment in the fixed assets. The US$4 billion investment when you add to that, the interest rate during the construction period seems working capital needed to run this business. And on top of that, we are also working on Comperj through the management cash as well.

So, what I'm trying to say is that investment is a priority. We do need to keep growing the company to make it even bigger and more competitive. Mexico and Comperj are priorities. They are both gas based, petrochemical complex.

But on top of that, we do believe we can keep paying the dividends. Naturally, we need to have a better environment around that to be able to do that. And when I mentioned a fair environment I am talking about the end of incentives in the ports. I am talking about the better exchange rate that we already have right now, at least at this point.

I am talking about better spreads internationally. When we combine all these things, I am confident this could – we could be able to sustain this level of business, and on top of that, make investments we have to make.

Gustavo Gattass:

Thank you. Let me just ask a very quick follow-up. As far as the benefits on export and the benefits on the propylene that you mentioned, do you think they can make a meaningful contribution to the first quarter or is that any reason why we should believe that this is something that only shows up through time be it because of inventory builds that were made in different conditions or anything like that? Is that something that already pops up?

Carlos Fadigas:

The Reintegra that became effective last quarter, so we're going to have that throughout the 1Q, the full quarter for the first time in the 1Q12. The propylene contract was signed at the end of June. It became effect 1st of July last year, so you already saw that. So, no change from quarter to quarter. It was already there at the third and fourth quarter of last year. So the only change quarter-over-quarter would be the benefit of Reintegra.

Having said that, I have also to emphasize that although we see a positive trend in the national spreads, we started the year at a very low point. That is why I also mentioned answering your previous question that it was so low. It was unsustainable. I think we had the benefit of discussing a lot of this topic back in 2008 and 2009 when we saw something similar at the end of 2008, beginning of 2009.

And actually at that point, if you remember, and I am sure you remember, we had polypropylene being sold at a lower price and propylene we have – PE being sold at a lower price, then ethylene. Prices fell all over the place and they didn't make much sense. We saw something similar to that at the end of the year, beginning of 2012. So yes, we are having a better month-over-month price and moving up, but we started at the very low year and that will true up the result of the first quarter.

Gustavo Gattass:

OK. Thank you.

Felipe dos Santos, JPMorgan:

Well, my question really just Comperj, we have seen that Petrobras has postponed the plans on the plant and we'd like to know how this affects our plan. I mean, this is a project that has been pushed for a while and you are always waiting for Petrobras to fully expand on the product plants. So, how do you see this new change? And how did it affect for you and going forward. Thank you.

Carlos Fadigas:

Very good question. Actually, I believe that every time we work on the comparison, we are getting more and more confident that we are going to have a petrochemical Comperj come to the market at the right time.

If you remember, if you go back, I do not know some four, five years back in 2007, 2008, everybody was concerned about the Comperj that would be running in 2014 and eventually exporting the vast majority of the production and so on. So, as it gets – I would not say postponement, but it gets adjusted to the real market need, I think we have a better and better project because as it comes online later, it comes online much more focused on internal market rather than on exports.

The information we all have to the press, and I am talking about the refinery, you mentioned that it got postponed and I cannot talk in behalf of Petrobras, but I had also read what you read that the refinery at the Comperj was postponed and not run from the end of this year to the end of 2013. It does not affect our project. At this point, the Comperj, the petrochemical Comperj we had discussed is going to be fed with gas.

And the refinery being built at the same place by Petrobras, importantly, we call both things with the same name with as Comperj but two very different things, Petrobras is building two refineries and we are using petrochemical complex. And at this point, we have very little connection because the refinery will be focused on the production of heavy oil mainly. And the raw material we are going to be using is going to be coming from the pre-salt is gas. So, we are at this point very independent from the startup of the refinery.

So in summary, we are not affected by the startup take of the refinery and second, as we review and work on the day to bring this project online, it can actually more profitable as it gets obviously delay, because it is going to come to the market at the right time rather than too soon.

Felipe dos Santos:

I see. That is great. And just one quick follow-up, are the negotiations between Braskem and Petrobras getting easier now that Petrobras is on the Board? I mean, should not the board of Braskem as well… So does this change anything? Does this get this improvement for you?

Carlos Fadigas:

Could you say it again what you mention about the Board? I'm not sure I got it.

Felipe dos Santos:

Yeah. Because Maria das Graças is the new CEO of Petrobras is in the Board – one of the Board members of Braskem, right?

Carlos Fadigas:

Let me comment. I understood now. Let me comment on that. We have had the benefit of having Maria das Graças Foster in our Board, for around about two years now. And I mentioned the benefit because not only Maria das Graças but also Paulo Roberto Costa are both very knowledgeable experts to a certain extent in petrochemicals. He has been involved with this segment for quite some time.

Petrobras has four Board members in the Braskem Board. We have 11 Board members on our Board, so they have four out of 11. We also have on our Board the CFO of Petrobras, Almir Barbassa, and also Francisco Pais, what they call Executive Manager, Gerente Executivo at Petrobras.

And we have had the benefit of having very strong presence of Petrobras and that is very good because as you all know, Petrobras have always been committed to the petrochemical sector. It started with Petrobras and we have been benefiting from their support.

They were a very active player in consolidating the Petrochemical segment, specifically Maria das Graças and Paulo Roberto have a very deep knowledge of petrochemicals and they have supported us in every single decision. So it is a very good combination. We have very good Board members from Odebrecht and from BNDES as well.

So, that had helped the company already very a lot up to now. I am not really sure who Petrobras will keep on Braskem Board. I report to the Board, so I can only wait to see what the names they are going keep or not in our Board. I would be delighted to have the CEO of Petrobras at Braskem Board, but at this point, I am skeptical that we're going to have this benefit.
Maria das Graças' agenda is probably very, very crowded at this point, and I do not see the CEO of the biggest Brazilian company having the time to sit on our Board. If it happens, I am going to be very happy, but it is likely that Petrobras will have another Board member replacing her.

Having said all that, about the involvement of Petrobras and about the Board, I also have to say that the discussion we have with them on gas has nothing to do with the ownership – with the 36% they have at Braskem. So very commercial-oriented, two important players, two big companies discussing what the right is balance in terms of price of raw material.

Naturally Petrobras sees the need to have a strong petrochemical sector. Braskem is the largest customer of Petrobras. If you put BR Distributor outside, which is controlled by Petrobras, so we have been having a very good discussion with them and negotiations with them. It was the effect by the ownership we have at Braskem, but I believe it is going to be affected by the size of the buy we are but rather than such petrochemical sector, the need to develop a fixed petrochemical contract in Brazil, the need to industrialize in Brazil, the raw material from the pre-salt.

I think that the government wants to get involved with at as well in providing tax incentives. And I do hope we can get some tax percentage to build Comperj.

And I believe that it is absolutely fundamental to Brazil that we industrialize internally these natural resources rather than exporting crude oil and natural gas. It does not make any sense should the sixth biggest economy in the world to be only an exporter of natural resource. So, I think these will be more important factors than the presence of Maria das Graças in our Board.

Felipe dos Santos:

Thank you very much. That's all I'm looking for.

Marcus Sequeira, Deutsche Bank:

Hello, everyone. Just one question regarding the United States producers, given the fact that their margins are pretty good right now with low gas prices. Have you seen pressure from higher exports into Brazil and a bit of pressure on prices as well because of that?

Carlos Fadigas:

Yes, we have, Marcus. We have. Just to clarify things a little bit right now. You asked the net position on feedstock for polyethylene as you convert ethane into ethylene and then into polyethylene. They do not have advantage in polypropylene. As the United States moved away from naphtha and focused on cracking gas on cracking ethane, the States market was left with less propylene and a lot of ethylene.

So, we do not see imports in Brazil from the United States on polypropylene. It is not relevant. We are not competitive to do that, but we do see, and I believe that's your question, we do see exports growth in exports from the United States to Brazil in polyethylene. And that is the consequence of not only that but two other things.

So, in total, the three things would be the advantage we have right now coming from gas, coming from ethane. The ports, we have already talked a lot about and the exchange rate.

So it is a tough combination. I think that's what explains the current crisis in Brazil and explain to a certain degree the loss in market share and the EBITDA margin we had at the 4Q as well. The solution to that should come from a different exchange rate. It is not in our hands but I do believe that we have already seen better exchange rates.

Just to put in perspective, the average exchange rates for 2011 was R$1.65 per US$1 – sorry, R$1.67 was the strongest exchange rate – strongest Real we have ever seen since 1994, when we adjust it for inflation, but mainly through the elimination of the best incentives at the ports. So the change should come from that.

Over time, we do believe that that advantage that ethane has over naphtha will revert back to normal balance. That is how the economy has operated, always operated. A lot of people right now are investing to use gas to produce petrochemicals, and as a consequence, price of gas should go up over time.

The co-products of cracking naphtha have gone up, so it has compensated somehow the advantage, even that had some – has cost advantage than naphtha producers, so it will balance over time. That is why when we say we want to build true complex based on gas, it is not only because of the advantage of gas but it's to be more balanced going forward.

So I gave you a very long answer, Marcus, but in summary, yes, we have seen this impact and we are working right now to offset that, is in fact as we move forward.

Marcus Sequeira:

All right. Thank you very much for your answer. Thank you.

Pedro Medeiros, Citigroup:

Good morning, guys. Well, I have three quick questions. The first one is have you guys – if you can – can you elaborate a little bit further about your scenario for prices for 2012 for BTX and butadiene and its potential contribution to the result in 2012 since you have an extension project?

Carlos Fadigas:

Why you do not go through all the questions, Pedro, and then we answer the three of them?

Pedro Medeiros:

Well, the second one is if you could comment a little bit more on the scope of the green PP project, its potential investment size, crack location, and if you have any indications that you can vertically integrate back on the chain, not be exposed to write down of prices of poly. And the last one, the third one is, I wanted to understand what exactly triggered the meaningful increase on the national trading business for this year, and if you can share with us what type of margin contribution this business present to you and if that is sustainable going forward.

Carlos Fadigas:

Okay. Great. Let me start with benzene, toluene and paraxylene with BTX and with butadiene that you mentioned on your first question. First of all, as you know, we have – we want to start running a new butadiene plant in July. That should allow us grow production of butadiene from the current level of 300,000, 310,000 tons of butadiene up to 370,000 tons, and it does not grow 100,000 tons because the plant starts running only in July. So, we're going to have a full year benefit only in 2013.

In terms of BTX, just to give you the number, as we have run our plants, our naphtha crackers at higher capacity which then it should move from roughly 1 million tons to close to 1.2 million tons as in benzene, toluene and paraxylene, to give you an idea in terms of volumes of these two.

In terms of contribution to the result of the Company, there is not much tougher question in because you are asking about the price scenario. And prices have been all over the place over the last six months.

I would say that at this point and less than the issues about being able to forecast price, I think that everybody left 2011 a little bit more humble with the capacity to predict what is going to happen in the economy and that has to do with GDP growth that we all got wrong, converter of plastic in Brazil that we all got wrong and prices we were not expecting – the pressure in price at the end of the year.

So, what I am saying – what I'm trying to say is that we have seen price of butadiene of US$4,000 per ton and we have seen prices around US$2,000 per ton. And that makes a very big difference when we compare one year to the other. I gave you the volume because price is something much more challenging.

Let me give you an idea in terms of price where we see prices, for instance, butadiene, we saw international price in USD per ton In the 3Q of US$3,800 per ton. It came down to 250 at the 4Q, so from 380 – sorry, US$3,800 in the third quarter to $2,600 in the fourth quarter. And that's average for the quarter. Inside the quarter, you have everything from $3,000 to $2,000 in the 4Q.

We expect it to get closer to 3,000 in an average in the 1Q. It is already above that right now but we came from a very low point in the beginning of the year. That is why it is roughly at US$3,200 at this point but the average shouldn't be as high as that.

To be very honest with you, I will avoid telling you where it's going to go. I do believe that we should have numbers better than we had at the end of last year. But it is very hard to predict at this point. We are doing what we can do in terms of increasing the capacity of butadiene, increasing the production of BTX as we run our process at higher rate, but it's very tough to predict butadiene.

We've seen changing prices between the moment we ship the product from here to the moment it arrives in Asia, let alone trying to guess what is going to happen throughout 2012.

Let me promise you the following. We are going to have the CMAI conference at the end of this year – sorry, at the end of this month. So, when we talk again in 50 days to discuss the 1Q12, then I will be more adventurous and try to give you a forecast of butadiene and BTX.

And the Investor Relation team will have this forecast to share with you. At this point, the whole industry has very low visibility on that. We have been discussing with CMAI and they had a very low visibility of that because we've seen also change in price of naphtha.

Very long answer. Let me go to polypropylene. Is your question on polypropylene focused on the United States, or you are also asking about Brazil as well?

Pedro Medeiros:

I am sorry. I was trying to understand just the scope of the project, the potential scope...

Carlos Fadigas:

Go ahead.

Pedro Medeiros:

No, I think your volume there. What I was trying to understand for this, just the potential investment size and...

I was trying to ask is the scope of the green PP project, its potential investment size and how much of that should be funded from your equity if it is approved by the Board, and what is the cracker location? Will be that in Triunfo as well or in other plant?

Carlos Fadigas:

OK. Great. Now I got it, green polypropylene, OK. As we invest in green polypropylene, we're going to look for the same kind of debt that we look for when we decided construction of the green polyethylene.

So that is where we are going to invest – we borrow money from the Brazilian Development Bank that as we all know, if you invest in the lending money, below basic Selic, below basic interest rate in Brazil. So there is no reason for us to not borrow this kind of money.

In the case of the green polyethylene, we also got pre-payments from customers, not plastic converters but traders. We see a sale, some volume of green polyethylene to Asia and we got prepayments from customers that also helped us fund the investment.

So in the end of the day, it is going to be a mix of equity, debt from BNDES and prepayments from customers. We have not decided where we are going to build this plant. It is going to be built close to one of the crackers we have right now. Right now, Rio Grande do Sul and Bahia are two very likely locations for that plant, but we have not decided yet. And we are discussing with these two states which kind of support we can get from them to help us make this investment at this point.

So, I am going to move to your last question on naphtha trade. Yes, we increased the trade of naphtha, that has to do with the sense of position we have been developing over time. We do have a very, I would say, knowledgeable feeling with the purchase of not only naphtha but also oil as a way to hedge, I would say, our needs of naphtha throughout the year.

So, we simply keep the purchase of Braskem a little bit above the need we have of each raw material. And as we guarantee, we have the shipment and as we guarantee, we have these naphtha coming to Brazil, then we resell some of these excess positions.

With the very volatile year we had in 2011 with the Arab Spring, with Iran, with everything we could have on the menu of potential problems in naphtha production regions, we decide to be more careful. We decide to increase the level of prepurchased naphtha and guarantee that we have enough products coming to Brazil.

Right now, Braskem is a very large buyer of naphtha in the international market. Petrobras is a very large buyer of naphtha as well, although they have a 7 million tons contract with Braskem. I think they are buying externally roughly 3 million tons of naphtha. So that leaves Brazil in a position of buyer of 6 million tons, half of that Petrobras is buying to supply Braskem, half of that we are buying ourselves.

And Petrobras has been buying more naphtha as they use the Brazilian production of naphtha to be added to the gasoline pool. So, that is why they've been importing more naphtha and probably importing more gasoline. So, as we gain more importance in the international market, we try to be more protective and more careful and that is why we bought a little bit more naphtha. And we do not expect the trend to keep going on, especially if we have more stable situation in the Middle East.

Pedro Medeiros:

Okay. Thank you. Thank you, Fadigas.

Denis Parisien, Deustche Bank:

Thanks very much for the call and for taking my question. I am wondering about your rising debt levels and do you have a target to get those levels down, especially in light of what I guess is not a completely sustainable working capital, a source of cash in the most recent quarter, still challenging price environment, spreads are still tight and your debt levels continue to move upward.

Do you have a target for the end of the year or a long run target where you'd like to get to? And will you be doing any capital markets transactions this year that you can disclose to us to fund your various projects? Thanks very much.

Marcela Drehmer:

I think the targets for the ending of the year should go back to the level of around 2.5. This is our target. Of course, we are facing a challenged year and challenging 4Q, but our strategy is that the spread should move up in the second semester, so we understand that we can look for the target, we can go up in this target.

And to talk a little bit about the capital market, we just tapped the market. We did a retap for the 30-year year, and also for the perpetual bonds, we raised $500 million. Of course, as we continue to follow the market, spreads are moving down, yields are moving down and when it occurs, of course, that is a clear new opportunity to replace all that with a new one, but we do not have anything in the short term planned.

We'll continue to follow on those whether this level of yields is stable or not. So, that is the strategy. Strategy is the same that we have done so far, follow the market, seize opportunity to replace a more expensive debt to another one. We will do, but we do not have anything in place right now.

Denis Parisien:

Thank you.

Paula Kovarsky, Itaú BBA:

Yeah, just a follow-up question on CAPEX. The total number for 2011 came up as a surprise as back in November or so. You were still talking about R$1.7 billion. So, could you just give us a little bit more color on what happened for that higher number and if the anticipation, the fact, CAPEX guidance for 2012? And also on the Mexican project, what's the equity assumption behind the numbers that you guys are guiding?

Carlos Fadigas:

OK. Paula, first of all, I think that putting aside a little bit the communication issue, I'll start by saying that the anticipation of the investment that we did last year was a very positive one.

We moved from an expectation of R$1.6 billion to R$2.1 billion, and that was deliberate as we wanted to anticipate the startup of – especially the two plants in Brazil, the butadiene and the PVC plant in the state of Alagoas. On top of that, we decided to start a little bit earlier the project in Mexico because the rain cycles and we want the earthworks, what we call *aplanagem* in Portuguese, they also work in the site before the rainy season in Mexico.

So it was a very positive movement, proactive one on the company management to guarantee they are going to have these plants running at the appropriate time. Having said that, as we should have provided more clarity to the market that we have decided to anticipate and to accelerate these two projects, and most likely around September, we would have started raising debt with investment community. Despite the fact it was a positive movement, we could have done better in terms of communication.

For 2012, we do have this R$1.7 billion target. Should it change, you can be sure that we are going work better on the communication. So, you guys will know whether we are reducing debt due to the environment around the company or increasing debt if we found better opportunity to increase the investment and so on.

In terms of Mexico, the CAPEX for the project is US$3 billion in terms of assets. So, I'm talking about industrial assets. This number will go up to close to US$4 billion at the end of the project when we have to put the working capital for this business on top of the interest rate throughout the construction period, the fees involved with and so on. 30% of that will come from equity, and as you know right now, we have a 65% share of the project.

So in the end of the day, I think the mass leads to 10% – roughly 10% of the total CAPEX as an active contribution from Braskem. As you take 30% of the equity and 65% of that coming from Braskem, roughly 20%, 20% of the total project. So, in the end of the day, the number between US$$600 million, if you take a US$3 billion number to US$800 million, if we take the US$4 billion total number of investments, to be invested over the next four years including 2012.

So it is a burden of between US$115 million and US$200 million per year. It's not a big burden to Braskem at this point as we move forward with these investments.

Go ahead.

Paula Kovarsky:

So the CAPEX guidance includes only the equity contribution.

Marcela Drehmer:

Exactly.

Paula Kovarsky:

Okay. Okay. Clear. Very clear. Thank you.

Carlos Fadigas:

And let me take this opportunity to also mention that the project finance is moving forward quite well. Marcela Drehmer and her team is very focused on that right now. We have on the record based on Mexico at this point, is being more in Mexico than Brazil, flying from Mexico to Washington to close the financial package of this project. And we have been receiving very good support, especially from the multinational agency. They are very committed to the projects and providing us with the capital needed to deposit.

We are working right now on the quarters, and asking on guarantees and positions, timetable, schedules and so on. But the main concept of the project and the support from the multilateral agency has been, I would say, assures and reinforces up to this point and I will take full opportunity to mention the very positive contribution they've been making to the projects and also congratulate our sales team, Braskem team on what they've been doing on that, a very big project throughout a challenging period, the financial markets with the European crisis as well.

Paula Kovarsky:

Okay. Thank you very much.

Carlos Fadigas:

Thank you.

Operator:

I will turn the call over to Mr. Carlos Fadigas for closing remarks.

Carlos Fadigas:

Let me make a brief remark as we finish here. I would like to comment actually three things, the first one on the environment we have encountered, we faced in 2011 and the beginning of this 2012. Over the last several years, and I actually could mention decade, we have not seen the combination of such challenge things. We have talked about exchange rate.

We had simply the higher Brazilian Real, average Brazilian Real back in 2011. At the same time, we have and still have the Brazilian states providing up to 10% tax incentive to imports to the country.

We have the Eurozone in crisis throughout the whole year, and it got much worst at the end of the year. And that has led to China leaving its buying position at the end of the year and it stopped buying. We saw a collapse in prices at the end of the year.

We saw, as we had an economic crisis, we saw the price of oil staying up and its pricing is up also now and it has to do with the fact that at the same time, we had an economic crisis that should have led to lower oil prices.

We also had problems in the Middle East, Arab Spring, problems in Iran, so we had a tough combination of economic crisis with expensive volume, expensive naphtha. We had a very low growth for Brazil. We came from 7.5% GDP growth in 2010 and we have 2.7% last year, a disappointment to everyone.

And as we had stronger Brazilian real, we had inflation in labor in Brazil that was higher than 6.5%. It was actually close to 8%.

So, I will tell you, I have been in this industry for two decades now, we have people that have been in this industry for more than three decades at this point and we have never seen such a tough combination that we have this year, we still saw in the very beginning of this year.

Having said that, we are working right now, first of all, to change this environment and we can and we have to act to change this environment. As one of the biggest industrial companies in Brazil, as a fundamental Company to the whole chemical segment of the Brazilian economy, Braskem has been very proactive in talking to the government in terms of how we should address issues related to the loss of industrial fabric in Brazil as we saw plants close and investments moving away from Brazil and what we should do to stop the tax incentive as soon as possible, what Brazil could do in terms of exchange rate and so on.

And we are working right now trying to influence the government to develop a political industry for the petrochemical and plastic segment in Brazil because it is needed. We saw the government already announced the reduction of taxes on labor for specifically the plastic segment. It shows four segments and the plastic segment is involved. It is one that is going to be contemplated.

So, on top of saying that we are working to influence the government, I should say also that we have seen a proactive government that has been accepting these suggestions that has been working to change the environment.
We have always been working very hard internally. We captured R$400 million in synergies last year. We cut roughly R$170 million in fixed cost last year. That is why coming from 2010, we had an inflation of roughly between 6.5% and 8% from one year to the other and the fixed cost of the company did not move up and it did not move up because we cut the cost internally as much as we could.

We implemented a new relationship program with customers that we call Visio, comes from the word vision, that has led to several initiatives that had helped to prevent further loss in market share.

I have stated we have prepared our plans in 2012 with no maintenance stoppage scheduled for the crackers. So we had three maintenance stoppages, we had a blackout last year and we started seeing in a much condition. And we are going to have two additional plants, a new butadiene plant and a new PVC plant this year.

So, we did everything we could back in 2011 to keep Braskem as competitive as possible and I am somehow glad that we only lost 3% EBITDA in USD from 2010 to 2011. The numbers in 2011 was only 3% lower than the previous year and I have already mentioned how challenging last year was.

So, I think that we show the capacity to react to the challenging scenario around us and try to keep EBITDA as high as we could. Even if we take the number in Brazilian Real, that is actually a consequence of exchange rate. We lost 8% EBITDA last year, so we have done our homework and we still have a lot to do as we work here in 2012 to have a better yield.

As I mentioned, the environment and the things we did, I would like to leave and finish this call, we have a positive word on the future of Braskem. We feel absolutely confident they are going to have a very positive and bright future. We have in Brazil, at this point, raw materials that are becoming more and more available with the pre-salt. I do not see Brazil as, the sixth largest economy in the world economy in the world, exporting natural resources.

So, we really need the Comperj to industrialize the gas we're going to be producing in the pre-salt area. Brazil is very fortunate to have, at the same time, a strong dynamic domestic market, to have raw material for the petrochemical segment and to have such a large petrochemical company that is able to actually act on this opportunity and build Comperj.

We have been working over the last 20 years since the privatization program to create what is now the largest petrochemical company in the Americas, what is now the fifth largest petrochemical company in the world that is based on a country that is rich in natural resource and is fortunate to have a strong domestic market.

We are going to have a new petrochemical complex running in 2015, Mexico based on ethane, competitive ethane and we are going to have the Comperj. So as we go through this, I would say, challenging years of 2011 and at least the beginning of 2012, I would like to reinforce the belief we have in the petrochemical segment, I believe we have in the plastic segment in Brazil and the commitment that we have with this segment and I believe the investment level has also shown that what we are saying is in line with what we are doing.

So, I am still optimistic and confident that we are going to have a fantastic petrochemical segment and a much bigger and more competitive and more profitable Braskem going forward.

Thank you again for your time and your attention, and I wish you all have a good weekend and see you in roughly 56 days to discuss the 1Q results of Braskem. Thanks, again. Bye-bye.

Operator:

Thank you. This concludes today's Braskem's earnings conference call. You may disconnect your lines at this time.