BRASKEM SA
Form 6-K/A
March 26, 2014

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of March, 2014
(Commission File No. 1-14862)

BRASKEM S.A.
(Exact Name as Specified in its Charter)

N/A
(Translation of registrant's name into English)

Rua Eteno, 1561, Polo Petroquimico de Camacari
Camacari, Bahia - CEP 42810-000 Brazil
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1). _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7). _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ______ No ___X___

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____.

Proposal by the Management for the Annual General Meeting – AGM to be held on April 9, 2014

In compliance with the provisions of item I of paragraph 1 of article 9, and articles 10 and 12, items I and II, of CVM Ruling No. 481 of December 17, 2009 ("ICVM 481"), the Management of the Company provides below items 10, 12.6 to 12.10, and 13 of the Reference Form (schedule No. 24 of Instruction No. 480 of December 7, 2009) of Braskem S.A., as well as the Proposal for Remuneration of Managers.

The Management Report, Financial Statements, Independent Accountants' Opinion, Fiscal Board Opinion, Statement of the Directors on the Financial Statements, and the Statement of the Directors on the Independent Accountants' Opinion, related to the Financial Statements (parent and consolidated), as well as the Standardized Financial Statements – DFP (parent and consolidated), were filed with the Brazilian Securities and Exchange Commission – CVM on February 13, 2014 and are available for consultation on the Company's Investor Relations website (www.braskem.com.br/ri).

To access the direct link to the abovementioned documents click here.

Management's comments on the Company's financial situation

(required by article 9, III of ICVM No. 481 – items 10 of the Reference Form)

10.1 Officer's comments on the financial matters of the Company

(a) Comments on the general financial and equity conditions of the Company

The officers of the Company believe that the financial condition and assets of the Company are compatible with its operating segment and sufficient for implementing its plan for growth and sustainable development and meeting all of its obligations as it works proactively to identify better opportunities, create shareholder value and increase the competitiveness of the petrochemical and plastics production chain.

The table below shows the evolution of the key financial indicators of the Company

	2013	**2012**	**2011**
Current Liquidity	1.10	0.9	1.12
General Liquidity	1.19	1.27	1.36
Leverage (net debt/EBITDA in US$)	2.87	3.25	2.8

In 2013, the improvement in the global economy, which positively influenced the profitability of the global petrochemical industry, and 8% growth in the Brazilian market for resins, made Braskem register an EBITDA 22% higher than the previous year. The result was also positively influenced by the exemption of PIS and COFINS in the purchase of raw material. Net debt was recorded in December 2013 7% lower than presented in 2012, reflecting the reimbursement due the decrease of project finance, the anticipation made via bridge loan to Mexico project.

In 2012, the worsening international economic crisis continued to impact the global petrochemical industry and the Brazilian industry. In this scenario, Braskem opted to divestment of assets that were not related to their core business and acknowledged receipt of an indemnity of supply contracts in the U.S., which made his present EBITDA growth of 6% compared to 2011 to R$ 4.0 billion. The Company's net debt was US$ 6,859 million, an increase of 7%, mainly explained by the advance of funds via bridge loan to Mexico project.

The year 2011 was challenging for the Company, the intensification of the European crisis in the 2nd half and the restriction of international demand for petrochemical products affected the profitability of the sector. The challenge of the global economy, coupled with the depreciation of the real in the 1st half and unscheduled downtime, due to an interruption in the power supply that affected plants from the Northeast and among other things, adversely impact the Company's results which found an EBITDA 8 % less than in 2010 and saw a drop in its operating cash flow. In this scenario, net debt in dollars grew by 8% over 2010.

The other liquidity indicators presented above, which were analyzed in the last three years, also varied as a result of economic / financial results discussed above.

Although the Company has experienced some volatility in their financial ratios and leverage this behavior is normal for a company that operates in the petrochemical sector, then presents a cyclical market and has a consistent investment plan. This investment plan, the Company is expanding its operational performance and its business and therefore its cash flow.

The Company has net exposure to the U.S. dollar (i.e liabilities linked to this greater than assets). Nevertheless, the directors of the Company believe that such exposure is appropriate for the following reasons:

(i) the effect of exchange rate changes have no direct impact on the Company's cash in the short term, since this value represents the exchange rate effect, especially on indebtedness of the Company and will be paid at maturity of the debt, and

(ii) the Company's cash flow is heavily dollarized, so that although there is a risk of negative accounting effect of variation in the short term, there is a positive net impact on the cash flow of the Company in the medium term.

The Company has adopted for the last three fiscal years consistently adopted procedures for managing market risk and credit in accordance with its Financial Management Policy and the Politics of Risk Management, to protect your cash flow and reduce volatility in the financing of working capital and the investment programs.

(b) Comments on the capital structure and possibility of redemption of shares or interests

In the following table, the officers show the evolution in the Company's capital structure over the last three fiscal years:

	2013	**2012**	**2011**
Share Capital	16%	21%	27%
Loan Capital	84%	79%	73%

Loan capital is composed as follows:

	2013	**2012**	**2011**
Capital Markets	56%	53%	40%
Brazilian Government Agents	19%	20%	23%
Foreign Government Agents	2%	0%	0%
Structured Transactions	9%	13%	18%
Acquisition of Investments	0%	0%	0%

Working Capital	14%	14%	19%

The Company seeks to diversify its funding sources by obtaining funds in the capital market and through government agents, working capital and other structured operations. Between 2012 and 2011, the Company recorded an increase in its exposure to the capital markets, which now represent 56% of the Company's total exposure (53% in 2012). Compared to 2011, this financing source increased by 33 p.p. This growth is in line with the Company's strategy to strengthen its relationships with capital markets, taking advantage of the opportunity cost of these lines, while also maintaining bank credit lines available for working capital operations.

On December 31, 2013, Braskem's consolidated gross debt stood at US$10.0 billion. The amount includes the financing for the Mexico project of US$2.0 billion that was received by the subsidiary Braskem-Idesa. The first installment of US$1.5 million was received on July 24, 2013, and the second installment of US$547 million was received on November 6, 2013. Since this investment was made through a project finance structure (70% debt and 30% equity) in which the project’s debt will be repaid using its own cash flow, the amount was not included in order to ensure a more accurate analysis of the Company's debt position.

A large part of our debt is denominated in U.S. dollar, and at the close of 2013 this percentage stood at 70%, compared to 68% in 2012 and 63% at the end of 2011. Therefore, the Company's total debt, expressed in Brazilian real, can vary from one year to another due to variations in exchange rates.

Net debt at the end of 2013 was R$15.0 billion, representing a 7% increase from R$14.0 billion in 2012, and a 17% increase from our nominal net debt in 2011 (R$12 billion). The increase in 2013 was mainly driven by the 9% appreciation in the U.S. dollar against the Brazilian real, which increased the amount of foreign-denominated debt when expressed in Brazilian real. Note that only 7% of this debt matures in 2014.

Expressed in U.S. dollar, the Company's net debt stood at US$6.8 billion on December 31, 2012, increasing 6% from US$6.4 billion on December 31, 2011, and increasing 8% from the nominal debt at the end of 2009 (US$5.9 billion).

On August 26, 2011, the Board of Directors of Braskem approved a new stock buyback program to commence on August 29, 2011 and terminate on August 28, 2012, through which up to 12,162,504 preferred class “A” common shares could be acquired at market price, including by financial institutions contracted for this purpose. Upon termination of the program, Braskem would acquire from the financial institutions, at market price, the shares they acquired. The deal was approved by the Securities and Exchange Commission of Brazil (“CVM”).

During the program, a total of 2,595,300 shares were repurchased for R$33,204 thousand. The average purchase price of the shares was R$12.79 (minimum of R$10.53 and maximum R$15.15).

The shares purchased by financial institutions were acquired by Braskem in August 2012, upon the expiration of the program. In this operation, Braskem received R$1,575 thousand related to swaps connected to the repurchase, net of withholding income tax of R$698 thousand.

The shares repurchased were cancelled in December 2012.

There is no provision in the Company´s bylaws with regards to stock redemption, in which case the Company shall follow what is provided for in the prevailing legislation, in accordance with article 44 of law 6.404/76, in case it decides on this transaction. Currently the Company has no intention on having a stock redemption.

(c) Comments on the capacity to pay the financial commitments undertaken

The officers believe that the Company's levels of liquidity and financial leverage are adequate to enable it to meet its present and future obligations and to take advantage of business opportunities as they arise.

The Company assumed commitments, including the Project Finance amounting to R$2,435 million in 2011, R$2,348 in 2012 and R$5,822 in 2013. The strategy behind assuming commitments is to lengthen the debt profile. In the three fiscal years, the Company aimed to improve its payment capacity through generation of operating cash and standby credit lines, thereby ensuring coverage for up to 35 months.

However, the Company's payment capacity could be affected by various risk factors, as indicated in Item 4 of the Reference Form.

In summary, the Company's main cash requirements include: (i) working capital needs, (ii) debt service, (iii) capital investments related to investments in the operations, maintenance and expansion of its industrial facilities, (iv) funds needed to acquire equity interests in other petrochemical companies, and (v) payment of stock dividends and/or interest on equity.

To meet these cash requirements, the Company has traditionally relied on cash flow from its operating activities, on short-and long-term loans and on the sale of debt securities in the local and international capital markets.

In 2011, the Company obtained an investment grade rating, and in 2012, despite two of the three rating agencies revising their outlooks to negative due to the Company's lower cash generation, which was influenced by the international scenario, the opinion of the officers is supported by the risk-rating agencies, which maintained investment-grade credit ratings for the Company.

The following table shows the ratings assigned to the Company by the main agencies:

	2013	**2012**	**2011**
Fitch	BBB- Negative	BBB- Negative	BB+ Stable
Standard & Poors’	BBB- Stable	BB+ Stable	BB+ Stable
Moody’s	Baa3 Negative	Baa3 Negative	Ba1 Stable

In 2011, Braskem was assigned investment grade ratings by the three major global credit risk rating agencies.

At the end of October 2012, Fitch Ratings affirmed its global rating of “BBB-” for Braskem and changed the outlook to negative. The change in outlook was mainly due to the lower operating cash flow in 2012, due to deterioration in petrochemical spreads, which increased the Company's relative leverage. However, the maintenance of an investment grade rating reflected Braskem’s leadership in the domestic market, the management of its financial profile and the strong support from its main shareholders.

In early November, Standard & Poor’s affirmed its “BBB-” rating and “stable” outlook for Braskem. Despite the weaker operating cash flow in the first half of the year, the agency remained confident that Braskem will maintain its leadership in the domestic petrochemical market due to its competitive advantages, diversified feedstock matrix, operating efficiency and strong shareholder base that ensures the stability needed to enable the Company to support any economic downturn.

Lastly, Moody’s released a report in late November that affirmed Braskem’s rating of “Baa3” and changed the outlook to negative. The change in outlook was due to the Company’s weaker operating performance caused by the deterioration in the fundamentals of the global petrochemical industry. However, Moody’s highlighted the Company’s capacity to improve its profitability and reduce its debt level over the medium term through its permanent commitment to growth and financial health.

Note also that the Company limits its exposure to credit risk by selling its products to a broad customer base in the domestic and international markets and by regularly conducting credit analyses of its customers. In both markets, the Company uses credit scoring and when necessary requests personal/corporate guarantees. In the international market, the Company uses trade credit insurance companies, sales guaranteed by letters of credit and other forms of guarantees. Lastly, it should also be noted that the Company records a provision for doubtful accounts, which historically has proven sufficient to cover losses on uncollectible receivables.

(d) Comments on sources of funding used for working capital and investments in non-current assets

The Company's financing needs are met through the use of traditional funding instruments, especially for financing operations contracted through various Brazilian and international institutions. The Company also has an excellent relationship with the capital markets, having carried out issuances in both the Brazilian and international markets. The Company's diverse funding sources include bonds, medium-term notes, perpetual bonds, debentures; receivables-backed investment funds (FIDCs), advances on exchange contracts, export pre-payments, letters of credit and export credit notes. The good relationship that the Company has maintained with certain financial institutions and its transparency and due diligence with regard to the capital markets have assured it prices and terms that are compatible with its operations and even advantageous relative to the market in certain cases.

(e) Comments on sources of funding for working capital and investments in non-current assets to be used to cover liquidity shortfalls

The officers believe they can overcome any deficiencies in the Company's liquidity through a combination of: (i) funds generated by the Company's general operations; (ii) funds generated by financing, including new financing operations and the refinancing of existing debt; and (iii) funds generated by shortening the cash conversion cycle and the resulting reduction in working capital requirements.

To ensure the financial health of the Company and avoid liquidity shortfalls in the short term, the Company maintains a minimum cash level sufficient to meet its short-term obligations, in addition to having three standby credit lines, two of US$600 million and another one of R$450 million, which are not subject to Material Adverse Change (MAC) clauses. The institutions participating in this operation are prime banks with low default rates (credit default swap) and high ratings. Moreover, many financial institutions, including the Brazilian Development Bank (BNDES), have committed to provide financing to the Company in the future, provided that certain conditions precedent regarding disbursements are fulfilled, which the officers believe can be met by the Company.

(f) Comments on indebtedness levels and the characteristics of such liabilities

The table below shows the evolution in the Company's financial leverage over the past three fiscal years as measured by the "Net Debt/EBITDA" ratio:

	2013		2012		2011	
	(R$)	**(US$)**	**(R$)**	**(US$)**	**(R$)**	**(US$)**
Net Debt	15.0 bl	6.3 bl	14.0 bl	6.8 bl	12.0 bl	6.4 bl
EBITDA	4.8 bl	2.2 bl	4.0 bl	2.0 bl	3.7 bl	2.2 bl
Net Debt / EBITDA	3.09 x	2.87 x	3.36 x	3.25 x	3.2 x	2.8 x

The Company's financial leverage, as measured by the "Net Debt/EBITDA" ratio, decreased between 2012 and 2013. The Net Debt/EBITDA ratio measured in U.S. dollar decreased from 3.25x at the end of 2012 to 2.87x, reflecting the higher cash flow and recovery in international resin and petrochemical spreads. In Brazilian real, the leverage ratio stood at 3.09x, decreasing 8%, heavily influenced by the improved EBITDA in the year. The officers believe the Company's debt profile can be summarized by the following table:

	2013	**2012**	**2011**
Short-term debt	R$ 1,260 million	R$ 1,836 million	R$ 1,392 million
Long-term debt	R$ 17,342 million	R$ 15,676 million	R$ 13,772 million
Debt in Brazilian real	32%	32%	37%
Debt subject to currency variation of USD	69%	68%	63%
Debt subject to currency variation of other currencies	0%	0%	0%
Unsecured debt	81%	80%	77%
Debt covered by guarantee	19%	20%	23%
Main types of guarantees	Mortgage, machinery and equipment pledges, bank guarantee and insurance policy		

It is also important to note that much of our domestic financing was contracted through development agencies, which offer better conditions than the private market.

The Company's funding strategy has been to continue lengthening the average term of its debt, including by amortizing short-term debt through long-term loans, with a priority on issuances of long-term debt securities in the capital markets to increase liquidity levels and improve its strategic, financial and operating flexibility. The financing strategy for the coming years includes maintaining adequate liquidity and a debt maturity profile that is compatible with the expected cash flows. Moreover, the officers believe that capital expenditures will not negatively affect the quality of the Company's debt indicators or its disciplined approach to capital allocation.

In the following section the Company's officers describe (i) the loan and financing agreements they classify as relevant, (ii) other long-term relationships with financial institutions, (iii) the degree of debt subordination and (iv) any restrictions imposed on the issuer.

(i) relevant borrowing agreements

The officers emphasize that, due to the merger of entities by the Company, significant borrowings are included in this item that associated with contracts signed by these predecessors, including, among others, OPP Química S.A. (and its antecessor OPP Petroquímica S.A.), Trikem S.A. (“Trikem”), Companhia Petroquímica do Sul (“Copesul”), IQ Soluções & Química S.A. (currently Ipiranga Química S.A. – “Quantiq”), Ipiranga Petroquímica S.A. (“Ipiranga Petroquímica”) and Petroquímica Paulínia S.A.

Fixed-rate Notes

In January 2004, the Company issued and sold Notes at 11.75% with aggregate principal of US$250.0 million. The Notes pay interest semiannually in January and June of each year and mature in January 2014. In 2013, the principal outstanding related to this operation is US$84.3 million.

In July 1997, Trikem issued and sold US$250.0 million in Notes due in 2007 paying interest of 10.625% p.a. The Company assumed Trikem’s obligations related to these instruments as a result of the merger of Trikem by the Company in January 2004. In July 2005, the Company repurchased these notes and reformulated their terms, with the Notes paying interest of 9.375% semiannually in in June and December of each year, and maturity in June 2015. In August 2005, the Company swapped US$150.0 million of the total value of the principal of these Notes for US$150.0 million of the total value of the principal of the notes Issued by one of our subsidiaries in June 2005 and guaranteed by the Company. In 2013, the principal outstanding related to this operation is US$65.2 million.

In September 2006, the Company issued and sold Notes at 8.00% p.a. with aggregate principal of US$275.0 million. The Notes pay interest semiannually in January and June of each year and mature in January 2017. In 2013, the principal outstanding related to this operation is US$130.7 million.

In June 2008, the Company issued and sold Notes at 7.250% p.a. with aggregate principal of US$500.0 million. The Notes pay interest semiannually in June and December of each year and mature in June 2018. In 2013, the principal outstanding related to this operation is US$500.0 million.

In May 2010, the Company issued and sold Notes at 7.00% p.a. with aggregate principal of US$400.0 million. The Notes pay interest semiannually in May and November of each year and mature in May 2020. This operation was reopened in July 2010 with the amount of US$350.0 million. In 2013, the principal outstanding related to this operation is US$750.0 million.

In April 2011, the Company issued and sold Notes paying interest of 5.75% p.a. in the aggregate amount of US$750.0 million. The Notes pay interest semiannually in April and

October of each year and mature in April 2021. This operation was reopened in January 2012 with the amount of US$250.0 million. In 2013, the principal outstanding related to this operation is US$1.0 billion.

In July 2011, the Company issued and sold Notes paying interest of 7.125% p.a. in the aggregate amount of US$500.0 million. The Notes pay interest semiannually in January and July of each year and mature in April 2041. This operation was reopened in July 2012 with the amount of US$250.0 million. In 2013, the principal outstanding related to this operation is US$750.0 million.

In May 2012, the Company issued and sold Notes paying interest of 5.375 % p.a. in the aggregate amount of US$500.0 million. The Notes pay interest semiannually in May and November of each year and mature in April 2022. In 2013, the principal outstanding related to this operation is US$500.0 million.

Perpetual Bonds

In October 2010, the Company issued and sold perpetual bonds with aggregate principal of US$450.0 million and interest of 7.375% p.a. The interest on these bonds is paid quarterly in January, April, July and October of each year. The Company may, at its discretion, redeem these bonds, in full or in part, for 100% of the principal plus accrued interest and additional amounts, if any, on any interest payment date as of October 2015. This operation was reopened in February 2012 in the amount of US$250.0 million. In 2013, the principal outstanding related to this operation is US$700.0 million.

Bank Credit Facilities

Between September and December 2011, the Company contracted, from Brazilian and international financial institutions, four offshore credit agreements in the individual amounts of US$50.0 million. The amounts are subject to interest of LIBOR plus 1.70% to 2.25% p.a. paid semiannually based on the prior period. The principal is due on the maturity date of between March 2015 and December 2016. As of December 31, 2013, the principal outstanding related to these agreements was R$200.0 million.

In September 2013, the Company contracted an offshore credit agreement from an international financial institution, in the total amount of US$70 million. The amounts are subject to interest of LIBOR plus 1.13% p.a. paid quarterly based on the prior period. The principal is due on the maturity date in September 2016. As of December 31, 2013, the principal outstanding related to this agreement was R$70 million.

Export Prepayment Agreements

In May 2010, the Company signed a pre-export loan agreement with a financial institution in the amount of US$150.0 million, with interest of LIBOR + 2.40% p.a., to be paid in semiannual installments as of November 2011 based on the prior period. The principal will be paid upon maturity in May 2015. As of December 31, 2013, the principal outstanding related to this contract was US$150.0 million.

In December 2010, the Company signed a pre-export loan agreement with a financial institution in the amount of US$100.0 million, with interest of LIBOR + 2.47% p.a., to be paid in semiannual installments as of June 2011 based on the prior period. The principal will be paid in five semiannual installments as of December 2015. As of December 31, 2013, the principal outstanding related to this contract was US$50.0 million.

Export Credit Note Facilities

In November 2006, the Company was extended by a financial institution a US$78.0 million line of export credit notes, with interest of 8.1% p.a., to be paid semiannually as of May 2007 based on the prior period. The principal will be paid upon maturity in May 2018. As of December 31, 2013, the principal outstanding related to this contract was US$78.0 million.

In April 2007, the Company was extended by a financial institution a US$50.0 million line of export credit notes, with interest of 7.87% p.a., to be paid semiannually as of October 2007 based on the prior period. The principal will be paid upon maturity in March 2018. As of December 31, 2013, the principal outstanding related to this contract was US$50.0 million.

In May 2007, the Company was extended by a financial institution a US$75.0 million line of export credit notes, with interest of 7.85% p.a., to be paid semiannually as of November 2007 based on the prior period. The principal will be paid upon maturity in May 2019. As of December 31, 2013, the principal outstanding related to this contract was US$75.0 million.

In January 2008, the Company was extended by a financial institution a US$150.0 million line of export credit notes, with interest of 7.3% p.a., to be paid semiannually based on the prior period. The principal will be paid upon maturity in February 2020. As of **December 31, 2013,** the principal outstanding related to this contract was **US$150.0 million**.

In April 2010, the Company obtained from a financial institution an agriculture credit note facility in the amount of R$50.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: Interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. On December 31, 2013, the principal outstanding related to this agreement was R$50 million.

In June 2010, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$200.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was US$200 million.

In February 2011, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$200.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was R$200 million.

In June 2011, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$80.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was R$80 million.

In April 2011, the Company was extended by a financial institution an export credit note facility in the amount of R$450.0 million, with interest corresponding to 112.5% of the CDI rate per annum, to be paid quarterly based on the prior period. The principal will be paid upon maturity in April 2019. As of December 31, 2013, the principal outstanding related to this contract was R$450 million.

In August 2011, the Company was extended by a financial institution an export credit note facility in the amount of R$400.0 million, with interest corresponding to 112.5% of the CDI rate per annum, to be paid quarterly based on the prior period. The principal will be paid upon maturity in August 2019. As of December 31, 2013, the principal outstanding related to this contract was R$400 million.

In June 2012, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$100.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was R$100 million.

In September 2012, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$300.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was R$300 million.

In October 2012, the Company was extended by a financial institution an agricultural credit note facility in the amount of R$85.0 million. The agreement incorporated an addendum in October 2013, with the amended conditions as follows: interest on the amount corresponding to 105% p.a. of the overnight rate (CDI), to be paid semiannually. The principal will be paid annually as from April 2014. As of December 31, 2013, the principal outstanding was R$85 million.

Between February and December 2013, the Company contracted from Brazilian financial institutions export credit note facilities with incentives from the federal government in the amount of R$627.5 million, with interest corresponding to 8% per annum, to be paid quarterly based on the prior period. The principal will be paid upon maturity, between February and December 2016. As of December 31, 2013, the principal outstanding related to this contract was R$627 million.

Credit Facilities with the BNDES

In August 2007, Petroquímica União - QQ entered into a financing agreement with the Brazilian Development Bank (BNDES) in the amount of R$205.2 million, divided into three credit lines. The funds were used to supplement the financial resources for the project to expand capacity at the ethylene plant located in Santo André from 467 kton/year to 700 kton/year. The credit lines are secured by one of the plants of Quattor Química located between the cities of Mauá and Santo André. The first line of R$20.5 million is remunerated by the variation in the U.S. dollar against the Brazilian real plus 6.36% p.a., while the remaining lines are remunerated by the Long −Term Interest Rate (TJLP) plus between 2.8% and 3.3% p.a. The interest was paid quarterly from August 2007 to October 2009 and on a monthly basis thereafter, with the principal amortized monthly in 78 installments. In December 2013, the outstanding balance related to this contract was R$72.8 million.

In May 2009, the Company contracted a credit line from the BNDES in the amount of R$555.6 million. Of this amount, R$52.2 million is remunerated at the variation in the U.S. dollar against the Brazilian real plus 6.14% p.a., while the remainder is remunerated at the Long-Term Interest Rate (TJLP) plus 0% to 4.78% p.a. The total term of this operation is 8 years, with a two-year grace period and the last payment due in July 2017. This line with be used to install the Ethylene-Ethanol Unit at the Triunfo Petrochemical Complex in the state of Rio Grande do Sul, which is related to the Green Polyethylene Project described in item 10.10(a) of this Form, in the sub-item “Ongoing investments”. As of December 31, 2013, the outstanding balance related to this contract was R$320.5 million.

In December 2010, the Company contracted a credit line from the BNDES in the amount of R$500 million. The funds will be used to finance the Company’s industrial projects as well as others projects related to health, safety and the environment. Of the amount, R$80.5 million is remunerated by the variation in the U.S. dollar against the Brazilian real plus 6.14% p.a., R$97.4 million at 4.5% p.a. and the remainder by the Long-Term Interest Rate (TJLP) + 2.58% p.a. The term of the operation is 6.5 years, with a grace period of 18 months and the last payment due in January 2017. As of December 31, 2013, the outstanding balance related to this contract was R$332.5 million.

In November 2011, the Company drew down, from the credit line contracted in June 2007, R$175.6 million for use in the construction of a new butadiene plant. The first tranche of the contract is remunerated by the variation in the U.S. dollar against the Brazilian real plus 6.01% p.a. and the remaining tranches are remunerated by the Long-Term Interest Rate (TJLP) plus 0% to 3.45% p.a. The total term of the contract is 9 years, with a grace period of 1.5 years and the last installment due in January 2021. As of December 31, 2013, the outstanding balance related to this contract was R$174.8 million.

In December 2011, the Company drew down, from the credit line contracted in November 2011, R$353.4 million to finance projects for modernizing industrial plants and in the areas of health, safety and the environment relative to fiscal year 2011. Of the total amount of the contract, R$53.6 million is remunerated by the variation in the U.S. dollar against the Brazilian real plus 6.01% p.a. and the remainder is remunerated by the Long-Term Interest Rate (TJLP) plus 2.05% to 3.45% p.a. The total term of the contract is 6 years, with a grace period of 1 year and the last installment due in January 2018.

In August 2012, the Company drew down, from the credit line contracted in November 2011, R$680 million to finance projects for modernizing industrial plants and in the areas of health, safety and the environment relative to fiscal year 2012. Of the amount, R$92.7 million is remunerated by the variation in the U.S. dollar against the Brazilian real plus 5.98% p.a., R$112.7 million by 5.5% p.a. and the remainder by the Long-Term Interest Rate (TJLP) + 0% to 3.42% p.a. The total term of the contract is 6 years, with a grace period of 1 year and the last installment due in October 2018.

In September 2013, the Company drew down from the credit line contracted in November 2011, R$789 million to finance projects to modernize industrial plants and in the areas of health, environment and safety relative to fiscal year 2013. Of the total contract, R$110 million is remunerated by interest corresponding to the cumulative variation in the average daily rates of financing calculated by the SELIC Rate (*Taxa Referencial do Sistema Especial de Liquidação e Custódia*) and disclosed by the Central Bank of Brazil, plus 2.58% p.a.; R$212.7 million is remunerated by interest of 3.5% p.a.; and the remaining amount is remunerated by interest corresponding to the long-term interest rate (TJLP), plus 0% to 3.58% p.a. The total term of the contract is 6 years, with a grace period of 1 year and the last installment due in January 2019.

In November 2013, the Company drew down from the credit line contracted in November 2011, R$74.2 million to finance Research and Development (R&D) projects relative to fiscal year 2013. The contract is remunerated at the rate of 3.5% p.a., and the total term of the contract is 6 years, with a grace period of 1 year and the last installment due in November 2019.

As of December 31, 2013, the outstanding balance related to these contracts under the outstanding credit limit in November 2011 is R$1.45 billion.

In September 2012, the Company prepaid three financing contracts with the BNDES in the aggregate amount of R$400 million. Of these, one was a contract entered into in December 2006 with principal of R$566.2 million that was used to finance the construction of a new polypropylene plant in Paulínia, São Paulo, while the other two contracts were entered into in October 2006 between the BNDES and the then Petroquímica União - QQ in the amounts of R$295 million and R$50.2 million.

In December 2013, the Company prepaid four financing contracts with the BNDES in the aggregate amount of R$160 million. Among them, the outstanding balances of two contracts to open a credit line entered into in: (i) September 2006 between the BNDES and COPESUL (Companhia Petroquímica do Sul); and (ii) in June 2007 between the BNDES and the Company. One contract entered into in May 2008 between BNDES and Fasciatus Participações S.A. (currently Braskem Qpar S.A.) and another contract entered into in June 2006 between the BNDES and Polietilenos União S.A. (currently Braskem Qpar S.A.).

Credit facilities with FINEP

In August 2010, the Company was extended a credit line under the Inova Brasil program of FINEP, which is the research and project finance mechanism of the Ministry of Science and Technology. The funds were used to finance Braskem’s technology program between 2008 and 2010, which included various research projects involving products based on plastic resins. The value of the contract is R$111.1 million, with R$100.0 million in financing made available through FINEP and the Company providing R$11.1 million in matching funds. The line has a cost of 4.5% p.a., term of 8.3 years (100 months) and grace period of 1.6 years (20 months), with the last payment of principal due in January 2019. This line is secured by a bank guarantee. As of December 2013, the principal outstanding related to this contract was R$71.1 million.

In July 2013, the Company entered into a financing contract with the Research and Project Finance Mechanism - FINEP through the BNDES-FINEP Joint Plan to Support Industrial Technological Innovation in the Sugar & Ethanol and Sugar & Chemicals Sectors (PAISS). The amount of the contract is R$208.7 million, with R$185.8 million in financing made available through FINEP and the Company providing R$22.9 million in matching funds. The line has a cost of 3.5% p.a. The financing has final maturity in 121 months and a grace period of 36 months. The final payment is due in August 2023. This line is secured by a bank guarantee. As of December 2013, the principal outstanding related to this contract was R$7.4 million.

Credit Facilities with BNB

In December 2010, the Company contracted a secured credit line from Banco do Nordeste do Brasil (BNB) with principal of R$200 million to finance the construction of the New PVC Plant in the state of Alagoas. The loans extended under the contract are secured by a mortgage on the PVC plant located at the Chlor-Chemical Complex in Marechal Deodoro. The loans are remunerated by interest corresponding to 8.50% of the CDI rate per annum, to be paid quarterly based on the prior period up to December 2013, and thereafter on a monthly basis based on the prior period up to December 2022.

In March 2013, the Company contracted a secured credit line from Banco do Nordeste do Brasil (BNB) with principal of R$63 million to finance the construction of the New PVC Plant in the state of Alagoas. The loans related to this contract are secured by a bank guarantee. The loans are remunerated by interest of 3.53% per annum, to be paid quarterly based on the prior period up to March 2015, and thereafter on a monthly basis, based on the prior period, up to March 2023.

Other Credit Facilities

In December 2012, the Company contracted a credit line from Nippon Export and Investment Insurance (NEXI) in the amount of US$200 million with maturity in November 2022. The funds were disbursed in the first quarter of 2013 and the semiannual interest payments were composed of currency variation + LIBOR + 1.1% p.a.

(ii) other long term relationship with financial institutions

With the exception of the relationships arising from the loan and financing contracts, for which the more relevant items are described above, the Company does not maintain any other long-term relationships with financial institutions.

(iii) degree of subordination of the debt

For the purposes of ordering the credit classifications, the Company’s debt is not secured by guarantees, with the exception of the debt contracted from the BNDES and BNB, which is secured by security interest. From the contractual standpoint, there is no subordination of debt, with the payment of each debt following the payment schedule established for each contractual instrument, independent of the payment of the other debts.

(iv) restrictions imposed on the Company

The Company settled all borrowing agreements that established limits on certain indicators related to the capacity to contract debt and pay interest.

(g) Comments on the limits of existing financing lines

All the credit lines contracted by the Company have been fully drawn down, with the exception of the following contracts:

- In November 2011, the Company contracted a R$2.46 billion credit line with the BNDES to finance projects related to the modernization of industrial plants, productivity increases, innovations, and health, safety and the environment, of which R$1 billion is still available.

(h) Comments on any significant changes in each item of the financial statements

Fiscal year 2013

The most significant changes to the financial statements were as follows:

	Consolidated	
	2013	**2012**
Assets	(in R$ '000)	(in R$ '000)
Current		
Recoverable taxes	2,237,213	1,476,211
Other accounts receivable	240,218	818,434
Non-current		
Property, Plant and Equipment	25,413,548	21,176,785
Liabilities		
Non-current		
Project finance	4,705,661	-
Shareholders' Equity		
Other comprehensive income	(1,092,691)	337,411
Income statement for the fiscal year		
Financial result		
Financial expenses	(2,549,111)	(3,926,209)

Assets

Recoverable taxes

In 2013, the variation in the balance of this item was mainly due to the following factors:

• R$541,904 thousand related to Value Added Tax (IVA) levied on purchases of machinery and equipment for the Ethylene XXI project that is currently being implemented in Mexico by the subsidiary Braskem Idesa. These credits will be reimbursed in cash by the local government after validating the credits in accordance with the country’s established tax procedures.

Other accounts receivable

The decrease is due to the receipt of the amount from the divestment of Cetrel and Braskem Distribuidora in December 2012 (R$652,100 thousand, included in the balance of this item on December 31, 2012).

Property, plant and equipment

The change in the fiscal year is due mainly to the construction of the Ethylene XXI project in Mexico.

Liabilities

Project Finance

This liability corresponds to the financing obtained by the subsidiary Braskem Idesa for the construction of the Ethylene XXI Project in Mexico.

Shareholders’ Equity

Other comprehensive income

The main effect in the fiscal year is related to the designation as hedge accounting of the operation through which financial liabilities in foreign currency were used as cash flow hedge instruments originating from future exports, which resulted in the amount of: (i) R$2,303,540 thousand related to exchange variation recorded under shareholders’ equity; and (ii) R$783,204 thousand related to income tax and social contribution. The net effect of the operation in 2013 was R$1,520,336 thousand.

Financial result

Financial expenses

The main factor reducing financial expenses was the designation as hedge accounting, as mentioned in the previous item.

Fiscal year 2012

The most significant changes to the financial statements were as follows:

	Consolidated	
	2012	**2011**
Assets	(in R$ '000)	(in R$ '000)
Current		
Other accounts receivable	818,434	328,583

Non-current		
Deferred income and social contribution taxes	2,062,009	1,237,144
Liabilities		
Current		
Borrowings	1,836,028	1,391,779
Non-current		
Borrowings	15,675,610	13,753,033
Shareholders' Equity		
Profit reserves	-	591,307

Assets

Other accounts receivable

The main cause of change in this item in 2012 was the sale of the subsidiaries Cetrel S.A. and Braskem Distribuidora for R$208,100 thousand and R$444,000 thousand, respectively.

Deferred income tax and social contribution

The increase in the balance of this item in 2012 was mainly due to the recognition of deferred income tax and social contribution on tax losses recorded in the period, exchange variation and temporary provisions.

Liabilities

Borrowings

In 2012, the following financial operations contributed to the variation in the balance of this item:

(i) Bond issue of US$250 million in February 2012.

(ii) Perpetual bond issue of US$250 million in February 2012.

(iii) Bond issue of US$500 million in May 2012.

(iv) Bond issue of US$250 million in July 2012.

Shareholders' Equity

Profit reserves

This year, the following events and amounts caused variations in this item:

- payment of dividends approved by the Annual Shareholders’ Meeting on April 27, 2012, in the amount of R$482,593 thousand.

- partial absorption of losses recorded in the year.

Fiscal year 2011

The most significant changes to the financial statements were as follows:

	Consolidated	
	2011 (in R$ '000)	**2010** (in R$ '000)
Liabilities		
Current		
Debentures	-	517,741
Shareholders’ Equity		
Profit reserves	591,307	1,338,908

Liabilities

Debentures

The change in the fiscal year is related to the payment, in July, of non-convertible debentures, in the amount of R$530,424 thousand.

Shareholders’ Equity

Profit reserves – Unrealized profit reserve

At the end of the fiscal year, the following events and amounts caused variations in this item:

- the absorption of adjusted losses from 2011, amounting to R$496,455 thousand, as provided for under Brazilian Corporations Law; and

- the amount of dividends to be proposed by the Management to the Shareholders’ Meeting, in the amount of R$482,593 thousand.

10.2 Officers’ comments on the Company’s results

(a) Comments on the results of the issuer’s transactions

The Company generates its revenue mainly from the production and sale of products in the basic petrochemical, polyolefins and vinyls (PVC, caustic soda and EDC) segments and from chemical distribution.

The Company’s operational strategy is based on the optimized use of its assets by means of the maintenance of high rates of capacity use in all industrial units managed thereby, prioritizing the commercialization of products of a greater added value in more profitable markets and segments. As a result of such effort, the Company has been presenting high levels of operational trustworthiness with less volatility in the rates of use of the capacity of its industrial units.

In the last 3 fiscal years, the main factors that materially affected the Company’s operational results were the following:

(i) variation in the prices of the main input (especially naphtha) and products, mainly in the international market,

(ii) variations in the volume of sales in the domestic and international market (resulting in great part from variations in the supply X demand ratio),

(iii) exchange variation, inflation, fluctuations of the interest rates and

(iv) any changes in the tax laws.

(v) increase in the efficiency of the production process,

(vi) need for programmed stoppages for maintenance in its basic petrochemicals units,

(vii) worsening of the international financial crisis, which impacted both the global petrochemical industry as well as Brazil’s industrial sector.

2013

In yet another challenging year, the global economy showed signs of recovery, as reflected by the better performance of the U.S. economy and indications that the euro zone had begun to emerge from crisis. Meanwhile, China's economy grew in line with market expectations, with the country's GDP expanding 7.7% in 2013. This scenario helped support a recovery in the profitability of the world petrochemical industry, with spreads for thermoplastic resins and key basic petrochemicals expanding 28% and 12%, respectively.

In Brazil, GDP growth once again fell short of expectations and is expected to remain at around 2% in 2013. However, the good performance of certain sectors, such as food, infrastructure, automotive and agribusiness, as well as the restocking trend in the chain, positively influenced apparent consumption of thermoplastic resins, which grew 8% in relation to 2012. The country's chemical and petrochemical industries enjoyed an important achievement in 2013. The Brazilian government, in response to one of the proposals prepared by the Chemical Industry Competitiveness Council, approved cuts in the PIS and COFINS tax rates on raw material purchases by first and second generation producers, which serve various sectors of the economy.

In this context, Braskem recorded solid results in 2013. Gross revenue was R$48 billion and net revenue was R$41 billion, representing growth of 11% and 13%, respectively, in relation to 2012, with these figures reflecting the depreciation in the Brazilian real and the recovery in petrochemical prices at the global level.

EBITDA reached R$4.8 billion, increasing 22% on the prior year. The main factors contributing to this performance were (i) the better sales mix of thermoplastic resins; (ii) the higher contribution margin, which was positively influenced by the recovery in resin and basic petrochemical spreads in export markets and by the tax relief on raw material purchases explained earlier; and (iii) the depreciation in the Brazilian real.

Net income amounted to R$507 million, reflecting the better operating performance in the period and the adoption, as of May, of hedge accounting, which better translates the effects of exchange variation on the Company’s debt and profit or loss.

Note that due to the decision to maintain the investments in Quantiq, which is responsible for the distribution of chemical products, Braskem’s consolidated result reflects the restatement and consolidation of its result in the financial statements for 2012 and 2013.

Despite uncertainties regarding the global economic recovery, Braskem invested R$2.7 billion in 2013, of which 50% was allocated to the maintenance and improvement of assets and 40% to the construction of the integrated petrochemical complex in Mexico, which plays an important role in the Company’s strategy to diversify and secure competitive feedstock sources. Developed through a joint venture with Mexican group Idesa, the project in Mexico, which will consist of a gas-based cracker and three polyethylene plants with total production capacity of 1.05 million tons, continued to advance, with its physical completion reaching 58% by the end of 2013. The project's startup is scheduled for 2015.

In December, Braskem signed an agreement with Belgium-based Solvay for the acquisition of a controlling interest in Solvay Indupa, which has four plants producing PVC and caustic soda in Brazil and Argentina. With the acquisition, which is still subject to approval by both countries’ regulatory agencies, Braskem expands its annual PVC production capacity in Brazil by 42% to 1,010 kton and its regional PVC production capacity to 1,250 kton, effectively strengthening its international industrial footprint and becoming the fourth largest PVC producer in the Americas. In the case of caustic soda, Braskem's annual production capacity will increase to 890 kton, for growth of over 60%.

The officer’s comments on the outlook for the Company’s operations are reported below:

The stronger economic growth in developed countries led the International Monetary Fund (IMF) to revise upward to 3.7% its forecast for world GDP growth in 2014. The United States and the euro zone are expected to maintain their recovery path, while the Chinese economy, despite its slower growth pace than in previous years, should still grow at a rate in excess of 7%. The risk in this scenario continues to be associated with the weak financial system of certain countries, originating from the higher indebtedness level, and its impact on the recovery in mature markets and on growth in developing countries.

In the case of Brazil, the GDP growth forecast for this year was revised downwards to 2.3%. The main factors are expectations of weaker domestic consumer spending due to scarcer credit and lower consumer confidence.

However, the federal government is pursuing economic stimulus measures and, with the expiration of certain stimulus programs implemented in 2012-13, it launched, in October 2013, the “My Home Improved” program that provides credit to consumers for purchasing home electronics and appliances and furniture.

For the petrochemical industry, geopolitical issues in Iran, Syria and Libya should continue to impact the supply and price of oil. The growth in U.S. production following the advances made in technological processes for extracting oil will also be an important factor in this dynamic. Naphtha, the main feedstock used by the petrochemical industry, should continue to follow this volatility. However, the improvement in the world economy is expected to have a positive impact on demand and on the recovery in industry profitability.

In this scenario, Braskem’s strategy remains centered on strengthening its business by: (i) increasing the competitiveness of its feedstock matrix by reducing its cost and diversifying the mix; (ii) continuously strengthening its relationship with Clients; (iii) supporting the creation of an industrial policy targeting the development of Brazil’s petrochemical and plastics chain; (iv) pursuing operational efficiency by maintaining high capacity utilization rates; (v) continuing to make progress on the construction of the greenfield project in Mexico known as Ethylene XXI; (v) pursuing opportunities in Brazil through industrialization of gas from the pre-salt layer, and in the U.S. petrochemical market based on the competitive advantages of shale gas; and (vii) maintaining the company’s financial health and cost discipline.

On the operational front, two maintenance shutdowns have been scheduled in the Rio Grande do Sul and São Paulo crackers for March and September, respectively. Production planning for the year should partially offset the months of these maintenance shutdowns, with capacity utilization at Braskem's crackers expected to remain at around 90%.

2012

In a specially challenging year, marked by the worsening of the international crisis that impacted both the petrochemical sector as well as the entire Brazilian industry, Braskem made important progress in its plans of growth, internationalization and increasing competitiveness, while also focusing on operating efficiency. In 2012, the Company recorded EBITDA (earnings before interest, taxes, depreciation and amortization) of R$4 billion, up 6% from 2011, despite the contraction in international margins for the sector, driven by low demand for petrochemical products by developed countries – thus leading to shifting exports to emerging destinations and thereby hindering competitiveness of the national industry.

Such negative effects were partially offset by extraordinary results obtained by Braskem and related to compensation received for breach of contract by third parties, discounts related to the prepayment of taxes paid in installments (Refis), and, finally, the sale of non-strategic assets. All these factors together accounted for R$860 million of the total EBITDA.

Despite the scenario of economic uncertainty, the company maintained its commitment to developing the chemicals and plastic production chain in Brazil, by investing R$1.7 billion with the opening of a new PVC production plant in Alagoas - with annual capacity of 200 kton; and a plant to produce butadiene, raw material used in the tubber industry, in Rio Grande do Sul, adding another 100 kton per year.

The efforts towards increasing competitiveness, such as the pursuit of productivity and increased focus in innovation, enabled Braskem to cushion the impacts of the worsening of the international crisis, which caused a reduction in demand and profitability for the sector.

The Company recorded gross revenue was R$42.1 billion and net revenue was R$35.5 billion in 2012, representing increases of 8% and 9%, respectively, compared to 2011, driven by higher sales volume of resins and basic petrochemicals and the depreciation in the Brazilian real against the U.S. dollar, which offset the reduction in the average prices practiced in international markets.

While the Brazilian market for the thermoplastic resins polyethylene, polypropylene and PVC grew 2% over 2011, for a total of 5 million tons, Braskem grew 10% in the same period, with total sales volume of 3.5 million tons. Such performance was only possible through Braskem market share expansion to 70%, as the share of imports contracted. Among the factors that led to the reduction in the volume of imports are the depreciation of the Brazilian real, governmental measures adopted to protect the domestic industry and the expansion of the Company's PVC production in Alagoas.

The Management believes that the outlook for greater GDP growth in 2013 enables it to forecast a steeper increase in domestic demand for resins, and it is essential that this expansion benefits the petrochemical and plastics production chain in Brazil, and not producers overseas. This should have an impact, specifically, in the plastic manufacturing industry, which despite having already benefited in 2012 from the reduction in labor charges, must continue to increase competitiveness, capacity to invest and create job positions.

On the international front, the gradual yet consistent reactivation of the U.S. economy led to strong growth in volumes of polypropylene sold in this country by the Company, with market share increase of 2% in a market that expanded less than 1%, and continues to face margin pressure. In Europe, the stagnation of economy led to pent-up demand and a 1% reduction in the company's sales volumes, while the market fell 3%, and the high costs of raw materials affected the profitability of the operation.

In Mexico, the Ethylene XXI project saw significant progress, both with its physical installation as well as with its financing structure. The project finance was concluded, amounting to R$3.2 billion, by a pool of international banks, and engineering works are progressing on schedule, which forecasts operations to start in the complex by mid-2015, with three polyethylene plants integrated to the production of ethylene from competitive gas.

The local currency depreciation of 9% in the period had a negative impact on the financial result of R$1.7 billion, leading to a loss of R$738 million by Braskem. This result, however, has no direct impact on the Company's cash position. This amount represents currency translation accounting impacts, especially on Braskem’s debt, which has an average term of 15 years.

2011

In 2011, Braskem enjoyed important achievements in its strategic agenda, especially in the dimensions of growth and international expansion, making significant advances in implementing its medium- and long-term vision. As a result, the Company consolidated its position as the largest resin producer in the Americas and one of the largest petrochemical companies in the world. Braskem’s strategy is based on three pillars: a firm commitment to the growing domestic market, through its expansion projects and its support for the development of Brazil’s petrochemical and plastics chain, while always improving the service offered to Clients; its international expansion process, with the acquisition of the Polypropylene business of Dow Chemical and its continued investment in the new integrated Polyethylene plant in Mexico; and lastly, the use of feedstocks made from renewable resources, the consolidation of its leadership in biopolymers through new partnerships with various international clients and the advances in research in Green Polyethylene production.

At the same time, Braskem’s teams continued to focus on maintaining the Company’s operational excellence and minimizing impacts from the contracting global economy caused by the renewed deterioration in the European debt crisis in the second half of the year, precisely when markets were staging a recovery, which weighed on international demand for petrochemical products and in turn impacted industry profitability. The Company’s operating performance was negatively impacted by the challenges posed by the global economic scenario and the stronger Brazilian real in the first half of the year; the incentives granted to imports by certain ports; the unscheduled maintenance shutdown caused by the power blackout that affected plants in the Northeast; and other factors.

In 2011, Brazil became the world's sixth largest economy, with GDP in the year of around US$2.4 trillion. However, given the turbulent global environment, the domestic economy continued to decelerate in the fourth quarter, with GDP growth in 2011 forecast at 2.7%.

The lack of definition on any clear strategy to contain Europe's sovereign debt crisis and its impacts on the global financial system adversely affected the growth of world economic growth in the last quarter of 2011, leading to slowing demand for petrochemicals. In 2011, demand in Brazil's thermoplastic resin market was similar to the previous year, at 4.9 million tons. The main impact was the higher imports of manufactured goods, which in large part were driven by the ICMS tax benefits granted by certain Brazilian ports, combined with the stronger local currency.

In addition to the unfavorable economic environment, the main challenges faced by the Company included (i) the power blackout that impacted the assets located in Brazil’s Northeast; (ii) the competition from imported products, which benefitted from ICMS tax discounts and the stronger real; (iii) the narrowing spreads in the second half of the year, which accompanied the trend in international markets.

Meanwhile, the Company directed its efforts to boosting its competitiveness by (a) implementing a program to reduce fixed costs, which, despite the integration of assets, the wage increases and the inflation measured by the IPCA index of 6.5% in the period, kept selling, general and administrative expenses stable in relation to 2010; (b) the capture of synergies from the acquisition of the Quattor assets, which in 2011 totaled R$400 million in annual and recurring EBITDA, above the expectation of R$377 million; (c) the slowdown in investments related to the PVC and Butadiene projects; and (d) the pursuit of a solution for the tax incentive granted to certain Brazilian ports.

In 2011, Braskem was assigned investment grade ratings by the three major global credit risk rating agencies. Moreover, in July 2011, Braskem executed a contract with Dow Chemical for the acquisition of its Polypropylene business (PP).

The transaction represented an important step forward in consolidating the Company’s international expansion and positioned it as the largest PP producer in the United States. All these factors combined impacted the Company's gross revenue and net income for the period, as detailed in the coming items hereof.

(b) Comments on changes in revenues due to modification of prices, exchange rates, inflation, variations of volume and introduction of new products and services

As the prices of the Company’s main products are based on international references in dollar, the Company’s prices vary due to changes in these international references, as well as changes in the exchange rate. Therefore, the impacts of prices and exchange rates shall be jointly analyzed. To analyze the changes in volumes, the Company’s Officers separated the information between thermoplastic resins and basic petrochemicals, in order to better understand the behavior of each segment.

Braskem recorded consolidated gross revenue in 2013 of R$48 billion, up 11% from 2012. In U.S. dollar, revenue came to US$22 billion, similar to the amount in 2012.

Similarly, the Company's consolidated net revenue was R$41 billion, representing growth of 13% from the net revenue of R$36 billion registered in 2012, explained by (i) the increased sales of resins in the domestic market; (ii) the average appreciation of the U.S. dollar in the period of 10%. In U.S. dollar, net revenue was US$19 billion, up 3% from the prior year.

Export revenue in 2013 amounted to US$8.1 billion, up 2% from 2012. The increase in basic petrochemicals sales and the recovery in prices at the global level offset the lower resale and resin volumes.

In 2012, Braskem recorded consolidated gross revenue of R$42.1 billion, growing 8% from R$38.9 billion in 2011. In U.S. dollar, revenue came to US$21.6 billion, or 9% lower than the US$23.2 billion in the prior year.

The Company’s consolidated net revenue was R$35.5 billion in 2012, representing growth of 9% from the net revenue of R$32.5 billion registered in 2011, benefitting from the increased sales of resins and key basic petrochemicals, as well as by the 17% average appreciation of the U.S. dollar in the period. In U.S. dollar, net revenue was US$18.2 billion, down 6% from the prior year, reflecting the lower prices for resins and key basic petrochemicals in international markets.

Export revenue in 2012 was US$8.0 billion, down 5% from the prior year, mainly due to lower PP prices in North America and the lower resale volume.

In 2011, Braskem recorded consolidated gross revenue of R$39.8 billion, growing 15% from R$34.7 billion in 2010. In U.S. dollar, revenue came to US$23.8 billion, or 21% higher than the US$19.7 billion in the prior year. Similarly, the Company’s consolidated net revenue was R$33.2 billion, representing growth of 19% from the net revenue of R$27.8 billion registered in 2010. Net revenue growth benefitted from the higher prices for resins and basic petrochemicals fueled by the higher feedstock prices, which reversed their upward trend in the second half of the year, accompanying the international market, due to the deterioration in the economic crisis. In U.S. dollar, net revenue was US$19.9 billion, or 25% higher than in 2010.

Export revenue in 2011 was US$6.5 billion (corresponding to 33% of net revenue), up 55% from 2010. This performance was basically driven by the continued opportunity for resales, in the amount of US$2.6 billion, and the higher prices for certain cracker co-products, such as butadiene, which increased by around 50%.

Thermoplastic Resins Performance

In 2013, Brazil's thermoplastic resin market grew by 8% on the previous year to reach 5.4 million tons. Demand benefitted from the restocking trend in the chain during the first half of the year and the good performance of various sectors of the economy, such as agribusiness, automotive and infrastructure. In line with its growth strategy and commitment to the domestic market, Braskem’s sales amounted to 3.7 million tons, or 6% more than in 2012. The Company’s market share was 68%.

In 2012, Brazil's thermoplastic resin market grew by 2% on the previous year to reach 5.0 million tons. Demand was affected mainly by the continued deceleration in the domestic economy, which, despite the incentives implemented by the federal government, has yet to register the expected growth levels.   Despite this scenario, Braskem maintained its growth strategy and commitment to the Brazilian market, with total sales of 3.5 million tons, or 10% more than in the previous year. As a result, the Company expanded its market share at the expense of imports and ended the year with domestic market share of 70%.

Polyolefins

In 2013, domestic demand for polyolefins (PE and PP) was 4.1 million tons, increasing 7% on 2012, driven by: (i) the retail, automotive, food, construction and agricultural sectors; and (ii) the opportunistic entry of a higher volume of imported materials. Meanwhile, Braskem's sales grew by 5% to 3.0 million tons, with its market share in the year at 74%.

Responding to the stronger domestic demand, exports decreased by 15%.

POLYOLEFINS	2013 (A)	2012 (B)	Change (%) (A)/(B)
Sales - Domestic Market			
PE's	1,765,661	1,668,171	*6*
PP	1,268,926	1,233,338	*3*
Total Domestic Market	3,034,587	2,901,509	*5*
Sales - International Market			
PE's	778,052	861,834	*(10)*
PP	311,899	415,494	*(25)*
Total Exports	1,089,951	1,277,328	*(15)*
Total Sales			
PE's	2,543,713	2,530,005	*1*
PP	1,580,825	1,648,832	*(4)*
Total Sales	4,124,538	4,178,837	*(1)*
Production			
PE's	2,580,290	2,539,476	*2*
PP	1,627,141	1,646,619	*(1)*
Total Production	4,207,431	4,186,095	*1*

Domestic demand for polyolefins (PE and PP) was 3.8 million tons, up 2% from 2011. Meanwhile, Braskem's sales grew by 8% to 2.9 million tons, leading its market share to expand by 5 p.p. to 76% in the year.

In the export market, the Company's sales contracted by 2%, which mainly reflected the redirecting of sales to the Brazilian market and the weak performance of the global economy.

The stronger sales volume was supported by growth in production volume to 4.2 million tons, or 6% more than in 2011, a year in which the Company's operating performance was adversely affected by scheduled and unscheduled shutdowns (blackout in the Northeast region of Brazil).

Performance (tons) POLYOLEFINS	2012 (A)	2011 (B)	Change (%) (A)/(B)
Sales - Domestic Market			
PE's	1,668,171	1,524,933	*9*
PP	1,233,338	1,149,814	*7*
Total Domestic Market	2,901,509	2,674,747	*8*
Sales - International Market			
PE's	861,834	881,762	*(2)*
PP	415,494	421,647	*(1)*
Total Exports	1,277,328	1,303,409	*(2)*
Total Sales			
PE's	2,530,005	2,406,695	*5*
PP	1,648,832	1,571,461	*5*
Total Sales	4,178,837	3,978,156	*5*
Production			
PE's	2,539,476	2,391,136	*6*
PP	1,646,619	1,565,493	*5*
Total Production	4,186,095	3,956,628	*6*

In 2011, Braskem's domestic polyolefin sales (PE and PP) decreased by 9% and 7%, respectively. Sales volume was also influenced by the destocking trend in the chain, given the uncertainty in the global scenario. In the specific case of PVC, the decrease of 4% in sales volume was driven by contraction in production, which is explained by the interruption in power supply that adversely affected the Company's assets located in Brazil's Northeast. In general, the lower sales volume was partially offset by the higher average price in the period, which accompanied the trend in international markets.

In the export market, Polyolefin sales increased 13% compared to 2010, due to (i) the supply of captive markets in which the Company has qualified sales; and (ii) the windows of opportunity in liquidity markets, particularly Asia.

Despite the adverse effects from the power blackout in the Northeast in 1Q11 and the scheduled shutdowns during the year, Braskem was able to keep its production level stable, producing 4.0 million tons of polyolefins, down 4% from 2010.

Performance (tons) POLYOLEFINS	2011 (A)	2010 (B)	Change. (%) (A)/(B)
Sales - Domestic Market			
PE's	1,524,933	1,674,825	*(9)*
PP	1,149,814	1,233,301	*(7)*
Total Domestic Market	2,674,747	2,908,127	*(8)*
Sales - International Market			
PE's	881,762	823,328	*7*
PP	421,647	330,729	*27*
Total Exports	1,303,409	1,154,057	*13*
Total Sales			
PE's	2,406,695	2,498,153	*(4)*
PP	1,571,461	1,564,030	*0*
Total Sales	3,978,156	4,062,183	*(2)*
Production			
PE's	2,391,136	2,536,776	*(6)*
PP	1,565,493	1,597,621	*(2)*
Total Production	3,956,628	4,134,397	*(4)*

Vinyls

In 2013, Brazilian PVC demand came to approximately 1.3 million tons, increasing 12% on the previous year, driven by the performance of the construction sector and the restocking trend. Due to the higher production volume (new plant in Alagoas), Braskem's sales followed this trend to reach 637 kton, ending the year with 50% market share.

Caustic soda sales were 469 kton, virtually in line with 2012. The lower production volume, which was affected by scheduled and unscheduled maintenance shutdowns, was offset by imports of products to take advantage of opportunities in the domestic market.

Performance (tons) VINYLS	2013 (A)	2012 (B)	Change (%) (A)/(B)
Sales - Domestic Market			
PVC	636,507	560,924	*13*
Caustic Soda	468,765	464,052	*1*
Production			
PVC	582,579	497,366	*17*
Caustic Soda	437,334	450,589	*(3)*

In 2012, demand for PVC increased 1% and reached 1.1 million tons. Braskem's sales totaled 561 kton, increasing 16% from 2011, driven by the startup of the new PVC plant in the state of Alagoas.

Caustic soda sales were 464 kton, increasing 12%, reflecting the growth in production volume, which last year was adversely affected by scheduled and unscheduled maintenance shutdowns.

Performance (tons) VINYLS	2012 (A)	2011 (B)	Change (%) (A)/(B)
Sales - Domestic Market			
PVC	560,924	483,995	*16*
Caustic Soda	464,052	414,996	*12*
Production			
PVC	497,366	438,895	*13*
Caustic Soda	450,589	366,923	*23*

In 2011, the decrease of 4% in PVC sales volume was driven by contraction in production, which is explained by the interruption in power supply that adversely affected the Company's assets located in Brazil's Northeast. In general, the lower sales volume was partially offset by the higher average price in the period, which accompanied the trend in international markets.

Despite the adverse effects from the power blackout in the Northeast in 1Q11 and the scheduled shutdowns during the year, Braskem was able to keep its production level stable, producing 439 kton of PVC, down 8% from 2010.

Performance (tons) VINYLS	2011 (A)	2010 (B)	Change. (%) (A)/(B)
Sales - Domestic Market			

PVC	483,995	504,780	*(4)*
Caustic Soda	414,996	463,072	*(10)*
Production			
PVC	438,895	475,559	*(8)*
Caustic Soda	366,923	460,773	*(20)*

Basic Petrochemicals Performance

In 2013, a year, with the petrochemical complexes recording average utilization rates of 90%, Braskem posted record-high ethylene production of 3.4 million tons. The impacts from the scheduled maintenance shutdown on one of the cracker lines at Camaçari and the interruption in production caused by power outages in August were offset by the high utilization rates recorded in the first half of the year.

Ethylene and propylene sales amounted to 924 kton, in line with 2012. Butadiene sales increased 7%, reflecting the startup, in June 2012, of the 100-kton capacity-expansion project. BTX sales, on the other hand, fell 2%, due to the reduction in production volumes between the periods.

Performance (tons) BASIC PETROCHEMICALS	2013 (A)	2012 (B)	Change (%) (A)/(B)
Production			
Ethylene	3,372,825	3,329,758	*1*
Propylene	1,505,595	1,472,488	*2*
Butadiene	389,854	355,703	*10*
BTX*	1,217,831	1,246,517	*(2)*
BTX* - Benzene, Toluene, Orthoxylene and Paraxylene			

Performance (tons) BASIC PETROCHEMICALS	(A)	(B)	Change (%) (A)/(B)
Total Sales			
Ethylene/Propylene	924,435	934,640	*(1)*
Butadiene	381,764	357,001	*7*
BTX*	1,036,147	1,059,479	*(2)*
BTX* - Benzene, Toluene, Orthoxylene and Paraxylene			

In 2012, a year with no scheduled maintenance shutdowns, ethylene production reached 3.3 million tons, up 7% from 2011. The average capacity utilization rate of crackers stood at 89%.

In this scenario, total ethylene and propylene sales increased by 7% from the previous year to reach 935 kton. BTX and butadiene sales increased 8% and 15%, respectively, with the growth in butadiene sales also benefitting from the startup, in June 2012, of the 100 kton capacity-expansion project.

Performance (tons) BASIC PETROCHEMICALS	2012 (A)	2011 (B)	Change (%) (A)/(B)
Production			
Ethylene	3,329,758	3,119,158	*7*
Propylene	1,472,488	1,411,098	*4*
Butadiene	355,703	314,534	*13*
BTX*	1,246,517	1,165,437	*7*
BTX* - Benzene, Toluene, Orthoxylene and Paraxylene			

Performance (tons) BASIC PETROCHEMICALS	(A)	2011 (B)	Change (%) (A)/(B)
Total Sales			
Ethylene/Propylene	934,640	872,313	*7*
Butadiene	357,001	311,542	*15*
BTX*	1,059,479	983,815	*8*

In 2011, total ethylene and propylene sales decreased by 4% and 10% from the previous year to 872 kton, while total BTX sales decreased by 12%. In general, the reductions in sales volume are explained by the lower supply of products, which was affected by the unscheduled maintenance shutdown due to the power blackout and by the moving forward of a scheduled maintenance shutdown to late 4Q11 in response to the lower demand and uncertainty regarding the global economy. The lower sales volume was partially offset by the higher average price, which registered a double-digit increase in the year.

Average capacity utilization at the Company's petrochemical compelxes in the year was 83%, compared to 87% in 2010, which reflects the power blackout that affected operations in the Northeast in 1Q11 and the scheduled shutdown at the plants in Rio de Janeiro (former Riopol) and Triunfo, as well as the moving forward to 4Q11 of the maintenance shutdown at the cracker in the state of Bahia. In this scenario, the Company registered a 5% decrease in ethylene production in relation to 2010.

Performance (tons) BASIC PETROCHEMICALS	(A)	(B)	Change. (%) (A)/(B)
Sales - Domestic Market			
Ethylene	491,288	507,407	*(3)*
Propylene	217,699	254,045	*(14)*
Cumene	290,875	288,890	*1*
Butadiene	252,915	250,215	*1*
BTX*	596,576	604,148	*(1)*
Sales - International Market			
Ethylene	7,737	9,853	*(21)*
Propylene	155,590	160,398	*(3)*
Cumene	-	-	*0*
Butadiene	58,627	77,891	*(25)*
BTX*	387,240	516,863	*(25)*
Total Sales			
Ethylene	499,025	517,260	*(4)*
Propylene	373,288	414,443	*(10)*
Cumene	290,875	288,890	*1*
Butadiene	311,542	328,107	*(5)*
BTX*	983,815	1,121,010	*(12)*
Production			
Ethylene	3,119,158	3,276,626	*(5)*
Propylene	1,412,019	1,520,142	*(7)*
Cumene	295,529	286,284	*3*
Butadiene	314,534	321,709	*(2)*
BTX*	1,165,437	1,310,545	*(11)*

BTX* - Benzene, Toluene, Orthoxylene and Paraxylene

International Business Performance

The gradual improvement in the economic environment in 2013, in the United States and euro zone had positive impacts on the International Business unit (i.e., the operations in the United States and Europe), which recorded PP sales volume of 1.8 million tons in the year, up 3% on 2012.

Another highlight was the average utilization rate of 91% recorded in 2013, or 2 p.p. higher than in the previous year, which is explained by continuous improvement in the operational management of assets and the better international scenario. As a result, PP production volume reached 1,786 kton, which is the best result since 2011.

Performance (tons) UNITED STATES AND EUROPE	2013 (A)	2012 (B)	Change (%) (A)/(B)
Sales			
PP	1,790,693	1,744,104	*3*
Production			
PP	1,785,938	1,756,732	*2*

The International Business unit registered in 2012 PP sales volume of 1.7 million tons, up 72% from 2011, reflecting the consolidation of the PP plants acquired and consolidated as from 4Q11, and the better assets management.

In 2012, the average capacity utilization rate stood at 89%, up 4 p.p. from 2011, which is explained by better operational performance of Braskem's assets, even in a year with scheduled shutdowns and preventive shutdowns ahead of Hurricane Sandy, which hit Pennsylvania in the last quarter of the year.

Performance (tons) INTERNATIONAL BUSINESS	2012 (A)	2011 (B)	Change (%) (A)/(B)
Sales			
PP	1,744,104	1,016,823	*72*
Production			
PP	1,756,732	1,010,183	*74*

In 2011, the International Business Unit, represented by Braskem America, registered sales volume of 1.0 million tons of PP, up 21% from 2010, which is explained by the consolidation of the results from the PP business of Dow Chemicals as of 4Q11. The average capacity utilization rate in 2011 was 85%, which was partially due to the scheduled shutdown at the LaPorte site in 2Q11 and to the operational problems in Marcus Hook related to the supply of feedstock.

Performance (tons) INTERNATIONAL BUSINESS	2011 (A)	2010 (B)	Change. (%) (A)/(B)
Sales			
PP	1,016,823	840,095	*21*
Production			
PP	1,010,183	840,022	*20*

(c) Comments on the impact of inflation, variation in prices of the main inputs and products, foreign exchange and interest rate on the issuer's operating result and financial result

Similarly to the sales price of the main products, the naphtha’s acquisition cost, main input of the Company’s products, is also based on the international reference in dollar, and the price of this input is subject to the variation of international reference and variations in exchange rate.

In 2013, Braskem's cost of goods sold (COGS) was R$36 billion, increasing 10% from 2012, primarily reflecting (i) the higher volume of resin and basic petrochemical sales; and (ii) the 10% U.S. dollar appreciation between the periods, which generated a negative impact of R$2.9 billion. The higher costs were partially offset by the lower naphtha price in the international market and by the lower PIS and COFINS tax rates on raw material purchases that began to impact our profit and loss in mid-May.

In 2012, Braskem's COGS was R$32.2 billion, increasing 12% from 2011, reflecting the higher volume of resin and basic petrochemical sales and the 17% U.S. dollar appreciation between the periods, which generated a negative impact of R$4,478 million.

Braskem’s cost of goods sold (COGS) in 2011 totaled R$29.3 billion, or 25% more than in the previous year, basically reflecting the higher feedstock prices, which were partially offset by the lower production volume and the positive currency-translation impact of R$1.4 billion in the period.

Braskem acquires around 70% of its naphtha feedstock from Petrobras, with the remainder imported directly from suppliers in North African countries, Argentina, Mexico and Venezuela. In 2013, the average price of ARA naphtha, the direct price reference for naphtha imports, was US$903/ton, down 4% from the average price in 2012. The average price of ARA naphtha in 2012 was US$936/ton, practically in line with the average recorded in 2011 and the average price of ARA naphtha in 2011 was US$931/ton, or 31% higher than the US$713/ton in 2010.

Regarding the average gas price, in 2013, the Mont Belvieu price reference for ethane fell 35% from 2012 to US$ 26 cts/gal (US$193/t), reflecting the product's higher supply in the U.S. market. Meanwhile, for propane, the Mont Belvieu price reference ended 2013 at US$ 100 cts/gal (US$523/t), or stable compared to the previous year. In 2012, ethane and propane decreased by 48% and 31% from 2011 to US$40 cts/gal (US$295/ton) and US$100 cts/gal (US$523/ton), respectively, affected by the higher supply of these products. In 2011, the prices of ethane and propane increased from 2010 by 28% and 25% to reach US$77 cts/gal and US$146 cts/gal, respectively. These price increases were driven by (i) the severe winter in the Northern Hemisphere at the start of the year, which impacted operational levels at plants; and (ii) the unscheduled shutdown that limited the supply of gas.

In the case of propylene, the USG price reference averaged US$1,515/t in 2013, up 14%, influenced by the higher number of shutdowns in the period. In 2012 was US$1,132/t, or 20% lower, reflecting the higher capacity utilization rates at U.S. refineries and the average price in 2011 was US$1,629/t, or 23% higher, impacted by the product’s limited supply.

In 2013, Selling, General and Administrative expenses came to R$2.2 billion, virtually in line with 2012, reflecting Braskem’s efforts to manage its costs. In 2012, Selling, General and Administrative (SG&A) expenses were R$2.1 billion, increasing 13% from the previous year. In 2011, SG&A expenses were R$1.9 billion, virtually in line with the 2010 figure, demonstrating the Company’s efforts to reduce its fixed costs, even in a scenario marked by inflationary pressures.

In 2013, selling expenses came to R$1.0 billion, nearly 1.0% higher than in 2012, influenced by the sales mix. In 2012, selling expenses were R$968 million, increasing 21% from 2011 (R$765 million), driven by (i) the higher sales volume and resulting increase in distribution and storage expenses; and (ii) the consolidation of the PP assets in the United States and Europe acquired in late 2011.

Meanwhile, 2013 General and Administrative Expenses were R$1.2 billion, or 1.4% higher than in 2012. In 2012, General and Administrative Expenses were R$1.1 billion, or 7% higher than the R$1.0 billion in 2011. The main factors were (i) the restructuring of Braskem Europe due to the acquisition of the PP assets, as projected at the time of the acquisition; (ii) nonrecurring expenses with advertising, such as sponsorship of the Rio+20 Earth Summit and the campaign to commemorate Braskem's 10th anniversary; and (iii) the increase in personnel expenses (under the collective bargaining agreement) at the end of 2012 and applied retroactively to September at the Alagoas, Bahia and Rio de Janeiro units.

In 2013, Braskem’s consolidated EBITDA was R$4.8 billion, up 22% from 2011, with EBITDA margin excluding naphtha resales of 12.3%. In U.S. dollar terms, EBITDA increased 11% to US$2.2 billion. The main factors contributing to this performance were: (i) the higher volume of basic petrochemicals and the better sales mix of thermoplastic resins; (ii) the recovery in thermoplastic resin and basic petrochemical spreads in the international market, which increased 28% and 12%, respectively; (iii) the reduction in PIS and COFINS tax rates for raw material purchases, as mentioned earlier. These factors offset the recognition of the nonrecurring expense of R$49 million related to the recognition of a labor claim involving the payment of overtime in the industrial operations, which impacted the 4Q13 result. Excluding the nonrecurring effects in 2012 and 2013, Braskem’s EBITDA in 2013 grew 57% in Brazilian real and 43% in U.S. dollar.

In 2012, Braskem’s consolidated EBITDA stood at R$4.0 billion, up 6% from 2011, with EBITDA margin excluding naphtha resale of 11.9%. In U.S. dollar, EBITDA was US$2.0 billion, down 11% from 2011. The growth in sales volume was insufficient to fully offset the lower spreads in thermoplastic resins and basic petrochemicals , following the international market trend, which decreased between the periods by 21% and 7%, respectively. However, faced by this scenario of contraction caused by the global crisis, the Company diligently pursued additional result by: (i) receiving R$264 million from the adjustment and recognition of compensation for the suspension of the propylene supply for the Marcus Hook plant (US$130 million); (ii) recognizing a positive impact of R$80 million from the prepayment of tax installments under the Refis tax amnesty program in 2Q12; (iii) divesting non-core assets (Water Treatment Unit and its stake in Cetrel), which boosted the result by R$409 million; and (iv) the railcars sales at Braskem America, which generated a gain of R$107 million, along with the standardization of leasing practices for such assets that brought economic advantages. Excluding these nonrecurring effects, Braskem’s EBITDA was R$3.1 billion, with ex-resale EBITDA margin of 9.3%, down 17% from R$3.7 billion in 2011, strongly affected by the retraction of the international spreads.

Braskem’s consolidated EBITDA in 2011 was R$3.7 billion, down 8% from R$4.1 billion in the previous year. Factors contributing to this performance were (i) the lower sales volume, which was affected by the power blackout that impacted production until mid-May and by the scheduled maintenance shutdown; (ii) the narrowing of thermoplastic resin spreads (accompanying the trend in international markets), which decreased 15% in the year and were partially offset by the higher basic petrochemical spreads, which widened by around 20%; and (iii) the average appreciation in the Brazilian real of 5% between the periods.

EBITDA margin in 2011 was 11.3%, compressing 330 bps from 14.6% in 2010. Excluding the effects from naphtha resales, EBITDA margin was 12.8% in the year. In U.S. dollar, EBITDA in the year decreased 3% from the previous year to US$2.2 billion in 2011, which reinforces the Company’s exposure to the U.S. dollar.

In 2013, the net financial result was an expense of R$1,776 million, compared to the expense of R$3,394 million in the prior year.

Since Braskem holds net exposure to the U.S. dollar (more dollar-pegged liabilities than dollar-pegged assets), any shift in the exchange rate has an impact on the accounting financial result. On December 31, 2013, this exposure was composed: (i) in the operations, by 63% of suppliers, which was partially offset by 70% of accounts receivable; and (ii) in the capital structure, by 75% of net debt. Since the Company’s operating cash flow is heavily linked to the U.S. dollar, the Company believes that maintaining this level of net exposure to the dollar in liabilities acts as a natural hedge, which is in compliance with its Financial Management Policy. Practically 100% of the Company’s revenue is directly or indirectly pegged to the variation in the U.S. dollar exchange rate, and approximately 80% of its costs are also pegged to this currency.

Since Braskem regularly exports part of its production and aiming to better reflect exchange variation in its result, the Company designated, as of May 1, 2013, part of its dollar-denominated liabilities as hedge for its future exports, in compliance with accounting standards IAS 39 and CPC 38.

As a result, the exchange variation from these liabilities, which amount to US$6,757 million, is temporarily recorded under shareholders’ equity and transferred to the profit or loss only when such exports occur, which enables the simultaneous recognition of the currency’s impact on both liabilities and exports.

In 2013, the effect from the 15% appreciation in the U.S. dollar on the net exposure of liabilities not designated as hedge accounting generated a positive impact on the financial result of R$255 million.

It is important to mention that in both cases this effect has no immediate impact on the Company’s cash position, since the amount represents currency translation accounting impacts, especially on Braskem’s debt, with any expenditure occurring only upon the maturity of the debt, which has an average term of 15.5 years (up from 14.8 years). The portion of debt denominated in U.S. dollar has an average term of 20.7 years.

If hedge accounting had not been adopted, exchange variation would have generated a negative impact on the net financial result of R$2.0 billion and Braskem would have recorded a net loss of R$1.0 billion in 2013.

Excluding the effects from exchange and monetary variation, the net financial result in 2013 was an expense of R$1,755 million, increasing R$274 million from the prior year, which is mainly explained by: (i) the increase in interest expenses, reflecting the hike in the Selic basic interest rate, which is the main indexer for BRL-denominated debt; (ii) the restatement of lawsuits related to participation in the Special Installment Program (PEP) of the state of São Paulo; and (iii) the application of the accounting rule for adjustment to present value due to the change in the payment term for raw materials acquired in the domestic market to 90 days as of 2Q12.

In 2012, the net financial result was an expense of R$3,372 million, compared to the expense of R$2,787 million in the prior year. This variation is mainly explained by the appreciation in the U.S. dollar against the Brazilian real of 9% in the period, which generated a net negative impact on the result of R$1,675 million.

Since Braskem holds net exposure to the U.S. dollar (more dollar-denominated liabilities than dollar-denominated assets), any change in the exchange rate has an impact on the book financial result. On December 31, 2012, this exposure was composed: (i) in the operations, by 63% of suppliers, which was partially offset by 70% of accounts receivable; and (ii) in the capital structure, by 69% of net debt. Since its operating cash flow is heavily dollarized, maintaining this level of net exposure of its liabilities to the dollar complies with its Financial Management Policy. Virtually 100% of its revenue is directly or indirectly pegged to the variation in the U.S. dollar exchange rate and approximately 80% of its costs are also pegged to this currency.

It is important to bear in mind that the negative foreign exchange impact of R$1,675 million in 2012 does not have a direct cash impact in the short term. This amount represents exchange variation accounting impacts, especially on the Company’s debt, with any expenditure occurring only upon the maturity of the debt, which has a total average term of 15 years. The portion of debt denominated in U.S. dollar has an average term of 20 years.

Excluding the effects of foreign exchange and monetary variation, the financial result in 2012 was an expense of R$1,463 million, increasing R$149 million from the net expense in the prior year, which mainly reflects the application of the change in the feedstock payment term in the domestic market.

In 2011, the net financial result was an expense of R$2,805 million, versus the expense of R$1,618 million in the prior year. This variation is mainly explained by the appreciation in the U.S. dollar against the Brazilian real of 13% in the period, which generated a negative impact of R$1.2 billion.

Since Braskem holds net exposure to the U.S. dollar (more dollar-pegged liabilities than dollar-pegged assets), any shift in the exchange rate has an impact on the accounting financial result. On December 31, 2011, this exposure was composed: (i) in the operations, by 59% of suppliers, which was partially offset by 66% of accounts receivable; and (ii) in the capital structure, by 73% of net debt. Given its heavily dollarized operational cash flow, the Company considers this exposure adequate. Practically 100% of the Company’s revenue is directly or indirectly pegged to the variation in the U.S. dollar exchange rate, and approximately 80% of its costs are also pegged to this currency.

Note that the negative exchange variation impact of R$1,237 million does not have a direct impact on the Company’s cash position in the near term. This amount represents exchange-variation accounting impacts, especially on the Company’s debt, which will only be disbursed when the debt, which has an average maturity of 12 years, matures. Dollar-pegged debt has an average maturity of 17 years.

Excluding the effects from exchange and monetary variation, the net financial result in 2011 was an expense of R$1,326 million, which represents a decrease of R$342 million from the net financial expense in the previous year, which is basically explained by the lower amount of non-recurring expenses in the period. In 2011, the non-recurring expenses related to the Liability Management strategy carried out in April and the prepayment of certain financial transactions totaled R$165 million, compared to the R$462 million in non-recurring expenses registered in 2010. In both cases, these expenses were related to operations aimed at adjusting the Company's debt profile.

In 2013, Braskem recorded net income of R$507 million, which benefitted from the improvement in its operating performance. As mentioned above, to better reflect the effects of exchange variation on the profit and loss, Braskem adopted hedge accounting as of May 1. If the Company had not adopted this practice, it would have registered a net loss of R$1.0 billion.

In 2012, Braskem recorded a net loss of R$738 million. The result was affected by the financial expense of R$3,372 million that in turn was affected by local-currency depreciation, which fully offset operating income in the period.

In 2011, Braskem reported a loss of R$517 million, which compares with net income of R$1,889 million in 2010. In addition to the lower cash generation capacity in the period, this result was also attributable to the foreign exchange loss of R$1.2 billion, which was driven by the depreciation in the Brazilian real in the second half of the year.

10.3 Officer's comments on the material effects that certain events have caused or are expected to cause on the Company's financial statements and its results

(a) Comments on the material effects that the introduction or disposal of operating segments have caused or may cause on the Company's financial statements and its results.

In 2013, the Company did not introduce or dispose of any operating segment that has caused or is expected to cause material effects on its financial statements and results. As a result of the decision to maintain the investments in chemical distribution, which are formed by the assets related to Quantiq, Braskem's consolidated results reflect the consolidation of its result in 2013 and the restatement of the quarterly and annual financial statements for 2012.

(b) Comments on the material effects that the constitution, acquisition or disposal of equity interest have caused or may cause on the Company's financial statements and its results

- Regarding the acquisition of the PP assets from Dow Chemical in 2011, Braskem identified synergies of US$27.5 million in annual and recurring EBITDA, which should be fully captured by 2014. Up to 2013, gains worth US$25 million were captured as EBITDA.

(c) Comments on the material effects that unusual events or transactions caused or may cause to the Company's financial statements and its results

In 2012, the following non-recurring transactions impacted Braskem's financial statements:

• Gain from damages received under the supply agreement between Sunoco and Braskem America in the amount of R$235,962;

• gain from the reduction in the balance of the tax renegotiation program under Law 11,941/09 amounting to R$80,496;

• gain from the sale of rail cars by the subsidiary Braskem America amounting to R$106,979.

In 2013, there was no material nonrecurring operation impacting the financial statements.

10.4 Officer's comments on accounting issues

(a) Comments on relevant changes in accounting practices

There were no significant changes in the accounting practices used adopted in 2013 in relation to 2012.

(b) Comments on the relevant effects of the changes in accounting practices

There were no significant changes in the accounting practices used adopted in 2013 in relation to 2012.

(c) Comments on qualifications and emphasis in the auditor's opinion.

Qualified opinion:

There were no qualifications in the report of the independent auditors for the fiscal years 2013, 2012 and 2011.

Emphasis of matter:

2013, 2012 and 2011

The emphasis of matter paragraph in the report of the independent auditors for the fiscal years 2013, 2012 and 2011 refers to the individual financial statements prepared in accordance with the accounting practices adopted in Brazil. In the case of Braskem S.A. regarding the separate financial statements, these practices differ from the IFRS with regard to the assessment of investments in subsidiaries, jointly-controlled subsidiaries and associates. In the financial statements, these investments are assessed by the equity method, whereas under IFRS this valuation is made using the cost or fair value method.

10.5 Identification and comments on critical accounting policies adopted by the Company, specially exploring accounting estimates made by the administration with respect to uncertain and material matters for the description of the financial situation and of the results, which require subjective and complex judgments, such as: provisions, contingencies, revenue acknowledgement, tax credits, long term assets, useful life of non-current assets, pension plans, conversion adjustments in foreign currency, environmental recovery costs, criteria for testing assets recovery and financial instruments.

Critical estimates and judgments

Estimates and judgments are continually reassessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from planned results due to differences in the variables, assumptions or conditions used in making estimates

1) Deferred income tax and social contribution

The Company keeps a permanent record of deferred income tax and social contribution on the following bases: (i) tax losses and social contribution tax loss carryforwards; (ii) temporarily non-taxable and nondeductible income and expenses, respectively; (iii) tax credits and expenses that will be reflected in the books in subsequent periods; and (iv) asset and liability amounts arising from business combinations that will be treated as income or expenses in the future and that will not affect the calculation of income tax and social contribution.

The recognition and the amount of deferred taxes assets depend on the generation of future taxable income, which requires the use of an estimate related to the Company’s future performance. These estimates are included in the Business Plan, which is approved by the Board of Directors. This plan is prepared by the Executive Board using as main variables the price of the products manufactured by the Company, price of naphtha, expected market growth, Gross Domestic Product (“GDP”), exchange variation, interest rate, inflation rate and fluctuations in the supply and demand of inputs and finished products are obtained from expert external consultants, historical performance and results of the Company and its capacity to generate taxable income, improvement in the utilization rates of the Company's plants based on market growth and internal programs focused on operational efficiency, specific incentives from the Brazilian government for the petrochemical sector in Brazil. The Company annually reviews the projection of taxable income. If this projection shows that the taxable income will not be sufficient to absorb the deferred tax, the corresponding portion of the asset that cannot be recovered is written off.

2) Fair value of derivative and non-derivative financial instruments

The Company evaluates the derivative financial instruments at their fair value and the main sources of information are the stock exchanges, commodities and futures markets, disclosures of the Central Bank of Brazil and quotation services like Bloomberg and Reuters. Nevertheless the high volatility of the foreign exchange and interest rate markets in Brazil caused, in certain periods, significant changes in future rates and interest rates over short periods of time, leading to significant changes in the market value of swaps and other financial instruments. The fair values recognized in its financial statements may not necessarily represent the amount of cash that the Company would receive or pay upon the settlement of the transactions.

The fair values of non-derivative, quoted financial instruments are based on current bid prices. If the market for a financial asset and for unlisted securities is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models that make maximum use of market inputs and rely as little as possible on information provided by the Company's Management.

3) Useful life of assets

The Company recognizes the depreciation and depletion of its long-lived assets based on their useful life estimated by independent appraisers and approved by the Company's technicians taking into consideration the experience of these professionals in the management of Braskem's plants. The useful lives initially established by independent appraisers are reviewed at the end of every year by the Company's technicians in order to check whether they need to be changed. In December 2013, this analysis concluded that the useful lives applied in 2013 should be maintained in 2014.

The main factors that are taken into consideration in the definition of the useful life of the assets that compose the Company's industrial plants are the information of manufacturers of machinery and equipment, volume of the plants' operations, quality of preventive and corrective maintenance and the prospects of technological obsolescence of assets.

The Company's management also decided that (i) depreciation should cover all assets value because when the equipment and installations are no longer operational, they are sold by amounts that are absolutely immaterial; and (ii) land is not depreciated because it has an indefinite useful life.

4) Impairment test for tangible and intangible assets

(a) Tangible and intangible assets with defined useful lives

On the balance sheet date, the Company makes an analysis to determine if there is evidence that the amount of long-lived tangible assets and intangible assets with defined useful lives will not be recoverable. This analysis is based on the business plan prepared and approved annually by the Management of the Company (Note 3.1).

For this test, the Company uses the cash flow that is prepared based on the Business Plan. The assets are allocated to the CGUs as follows:

Basic petrochemicals operating segment:

- CGU UNIB Bahia: represented by assets of the basic petrochemicals plants located in the state of Bahia;
- CGU UNIB South: represented by assets of the basic petrochemicals plants located in the state of Rio Grande do Sul;
- CGU UNIB Southeast: represented by assets of the basic petrochemicals plants located in the states of Rio de Janeiro and São Paulo;

Polyolefins operating segment:

- CGU Polyethylene: represented by assets of the PE plants located in Brazil;
- CGU Polypropylene: represented by assets of the PP plants located in Brazil;
- CGU Renewables: represented by the Green PE plant located in Brazil;

Vinyls operating segment:

- CGU Vinyls: represented by assets of PVC plants and chloride soda located in Brazil;

International businesses operating segment:

- CGU Polypropylene USA: represented by assets of PP plants located in the United States;
- CGU Polypropylene Germany: represented by assets of PP plants located in Germany;

Chemical Distribution operating segment:

- represented by assets of the subsidiaries Quantiq and IQAG.

5) Provisions and contingent liabilities

The contingent liabilities and provisions that exist at the Company are mainly related to discussions in the judicial and administrative spheres arising from primarily labor, pension, civil and tax lawsuits and administrative procedures.

Braskem's Management, based on the opinion of its external legal advisors, classifies these proceedings in terms of probability of loss as follows:

Probable loss – these are proceedings for which there is a higher probability of loss than of a favorable outcome, that is, the probability of loss exceeds 50%. For these proceedings, the Company recognizes a provision that is determined as follows:

(i) labor claims – the amount of the provision corresponds to the amount to be disbursed as estimated by the Company's legal counsels;

(ii)tax claims - the amount of the provision corresponds to the value of the matter plus charges corresponding to the variation in the Selic rate; and

(iii) other claims – the amount of the provision corresponds to the value of the matter.

Possible loss – these are proceedings for which the possibility of loss is greater than remote. The loss may occur, however, the elements available are not sufficient or clear to allow for a conclusion on whether the trend is for a loss or a gain. In percentage terms, the probability of loss is between 25% and 50%. In business combination transactions, the Company records the fair value of the claims based on the assessment of loss. The amount of the provision corresponds to the value of the matter, plus charges corresponding to the variation in the Selic rate, multiplied by the probability of loss.

Remote loss – these are proceedings for which the risk of loss is small. In percentage terms, this probability is lower than 25%. For these proceedings, the Company does not recognize a provision nor does it disclose them in a note to the financial statements.

The Company's management believes that the estimates related to the outcome of the proceedings and the possibility of future disbursement may change in view of the following: (i) higher courts may decide in a similar case involving another company, adopting a final interpretation of the matter and, consequently, advancing the termination of the of a proceeding involving the Company, without any disbursement or without implying the need of any financial settlement of the proceeding; and (ii) programs encouraging the payment of the debts implemented in Brazil at the Federal and State levels, in favorable conditions that may lead to a disbursement that is lower than the one that is recognized in the provision or lower than the value of the matter.

10.6 – Internal controls related to the preparation of financial statements – Level of efficiency and deficiencies and recommendations in the auditor's report.

(a) Comments on the efficiency of internal controls indicating any imperfections and the corrective measures taken.

The Management of the Company, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), is responsible for establishing and maintaining adequate internal controls related to the financial statements, as defined in the article 13a-15 (f) of the Exchange Act of the United States of America ("Exchange Act").

The internal controls of a company related to the financial statements are processes developed to provide reasonable comfort regarding the reliability and preparation of the financial statements for disclosure purposes, according to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The internal controls of the Company over its financial statements include the policies and procedures that (i) are related to the maintenance of the records that, in reasonable detail, reflect precisely and adequately the transactions and destination of the assets of the Company, (ii) provide reasonable comfort that the transactions are recorded as necessary to enable the adequate disclosure of the financial statements in accordance with IFRS, and that the receipts and payments of the Company are made solely in accordance with the permissions given by the Management and Directors of the Company, and (iii) provide reasonable comfort regarding timely prevention or detection of the unauthorized acquisition, use or destination of the assets of the Company, which could have a relevant effect on the financial statements.

Due to their inherent limitations, internal controls over financial statements may neither prevent nor detect errors. Similarly, projections of an assessment of the efficiency of the internal control for future periods are subject to the risk that these controls may became inadequate due to changes in the conditions, or that the level of adherence to the policies and procedures will deteriorate.

The Management of the Company assessed the effectiveness of the internal controls of the Company over the financial statements in December 31, 2013, according to the criteria established in the rule Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and, based on these criteria, the Management of the Company concluded that, as of December 31, 2013, the internal controls of the Company over the financial statements were effective.

(b) Comments on deficiencies and recommendations regarding internal controls contained in the report of the independent auditors.

No deficiencies or recommendations regarding the internal controls of the Company were identified in the report of the independent auditor.

10.7 Officer’s comments on any public offering of securities

In fiscal years 2013, 2012 and 2011, the Company did not carry out any offers for the public distribution of securities.

10.8 Important items not stated in the Company’s financial statements (off-balance-sheet items)

There are no relevant items that are not reflected in the financial statements of the Company.

10.9 Information regarding items not stated in the financial statements indicated in item 10.8

As indicated in item 10.8 in this Form, there are no relevant items that are not reflected in the financial statements of the Company.

10.10 Major elements in the Company’s business plan

(a) Elements in the Company’s business plan related to investments and divestitures forecast and underway

Investment and divestment decisions taken by the Company are based on prioritizing projects that not only provide returns above their cost of capital, but that also generate high paybacks and are aligned with the business strategy of the Company.

For 2014, total investment is estimated at R$2.7 billion, of which (i) 25% will be allocated to building the new petrochemical complex in Mexico; and (ii) 60% allocated to the maintenance, improving asset productivity and reliability, which includes the scheduled maintenance shutdowns at the Rio Grande do Sul and São Paulo crackers. The remainder will be allocated to other ongoing projects, such as the conversion of one of the polyethylene production lines in Bahia to increase its capacity to produce metallocene-based LLDPE; the studies related to COMPERJ and to the production, in Camaçari, Bahia, of styrenics specialties and copolymers of acrylonitrile butadiene styrene (ABS) and styrene-acrylonitrile (SAN); and conclusion of construction on the pipeline for the future supply of propylene to the acrylics complex in Bahia.

Investments

Braskem, as part of its medium- and long-term growth plan and in line with its strategy to diversify its energy matrix and increase its competitiveness by gaining access to feedstocks at competitive conditions, installed certain projects, which include:

§ **Mexico Project**

Aligned with the strategy of expanding internationally and gaining access to competitive feedstocks, the integrated project in Mexico, in which Braskem and IDESA hold interests of 75% and 25%, respectively continue to advance, reaching physical completion of 58% at the end of 2013. Located in the Mexican state of Veracruz at the southern end of the Gulf of Mexico, the Ethylene XXI Project involves the production of around 750 kton of high-density polyethylene and 300 kton of low-density polyethylene using ethane as feedstock, and is based on an ethane supply agreement with PEMEX-Gás for delivery of 66,000 barrels/day for 20 years based on the Mont Belvieu reference price.

Fixed investment is estimated at US$3.2 billion, with total investment (including CAPEX, inflation, contingencies, interest expenses and working capital) projected at around US$4.5 billion. The project is financed under a project finance model (70% debt and 30% equity) in which the debt will be repaid exclusively using the project's own cash flow and the shareholders contribute a limited amount of capital to provide for any cost overruns (i.e., limited recourse project finance). This financing structure includes guarantees typical to transactions of this type, such as assets, receivables, cash generation and other rights from the project. The project finance structure was concluded in December 2012, with the execution of the main financing agreements in the aggregate amount of US$3.2 billion (70% of the total investment). Seven institutions participated in the debt structure, including two export agencies (Canada and Italy), two multilateral credit agencies (IFC and IADB) and three development banks (Brazil and Mexico). Ten commercial banks also extended financing with security provided by SACE or through B Loans from the International Finance Corporation (IFC) and the Inter-American Development Bank (IADB).

In 2013, the subsidiary Braskem-Idesa withdrew two installments of the project finance in the aggregate amount of US$2,031 million. A portion of these funds was used to reimburse the injections advanced by the shareholders, which in the case of Braskem amounted to US$649 million.

The Engineering, Procurement and Construction (EPC) phase, which began in January 2012, reached 58% completion at the end of 2013, as already mentioned. The key accomplishments in 2013 were: (i) achievement of 94.2% progress in the engineering detailing; (ii) acquisition of all of the remaining equipment and 75% of materials; (iii) start of electro-mechanical assembly, with the arrival on site of the main pieces of equipment and materials; (iv) expanding the pre-marketing activities for selling products in the local market; and (v) the hiring of some 400 people, including engineers, industrial workers and maintenance technicians, who will be trained and prepared to manage the future industrial operation.

The challenges for 2014 include: (i) receiving the remaining materials and equipment to complete the works, such as gas and steam turbines for power generation, pumps, compressors, pressure vessels and transformers; (ii) achieving progress on the electro-mechanical assembly activities; (iii) expanding the number of active clients, with a resulting increase in the volume of resin imports for resale and the structuring of the sales and logistics teams to support the growing pre-marketing demands; and (iv) continuous training of the Team Members who will run the future industrial operation.

§ **Comperj Petrochemical Project**

An initiative to help structure the industry's future in Brazil, the Rio de Janeiro Petrochemical Complex (COMPERJ) also aims to boost the Company’s competitiveness by using natural gas as feedstock, since its production in Brazil is expected to increase with the country's exploration of its pre-salt oil deposits. The project, which is still in the study phase, aims to meet the growing demand in Brazil, add value to the country’s natural resources and support its industrialization process.

§ **Other projects under development**

In keeping with its strategy of adding value to cracker streams, in October 2013, Braskem announced the signing of a memorandum of understanding with Styrolution to assess the possibility of forming a joint venture in Brazil. The objective is to analyze the economic feasibility of installing a plant with annual production capacity of 100 kton of styrenics specialties and the copolymers acrylonitrile butadiene styrene (ABS) and styrene acrylonitrile (SAN) to replace imports of these products.

Also in Brazil, Braskem has been investing to adapt to the future supply of propylene to the Basf acrylics complex, the supply infrastructure for which is currently under construction at the complex in Camaçari, Bahia.

The Company also has projects in less advanced phases in Peru, Bolivia and Venezuela.

Sources of financing for investments

The Company strives to meet its investments plan, prioritizing credit lines contracted with official agents (including financial institutions of support), both national and international (such as those described in item 10.1(f) of this Form in sub-item “loans with BNDES to support development”), since in general these agents offer more favorable terms for the Company.

Investments that cannot be financed by these sources will be financed by (i) cash flow from the Company's operating activities, or by (ii) other sources such as loans and financing (such as those described in all sub-items of item 10.1(f) of this Form).

Election of Member of the Board of Directors and Fiscal Board

(required by article 10 of ICVM No. 481 – items 12.6 to 12.10 of the Reference Form)

12.6 / 8 – Composition and professional experience of management and Fiscal Board

Name CPF Other positions and duties in the issuer	Age Profession	Elective position indicated
JOSE CARLOS CONSENZA 222.066.200-49	63 CHEMICAL ENGINEER	Indicated as an Active Member of the Board of Directors by the ordinary minority shar
ALFREDO LISBOA RIBEIRO TELLECHEA 296.191.810-34	57 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the controlling shareho
PAULO OLIVEIRA LACERDA DE MELO 069.488.394-87	61 CIVIL ENGINEER	Indicated as an Alternate Member of the Board of Directors by the controlling shareholde
MAURO MOTTA FIGUEIRA 115.134.858-90	42 PRODUCTION ENGINEER	Indicated as an Alternate Member of the Board of Directors by the controlling shareholde

ALMIR GUILHERME BARBASSA 012.113.586-15	67 ECONOMIST	Indicated as an Active Member of the Board of Directors by the ordinary minority sha
ALVARO FERNANDES DA CUNHA FILHO 030.495.905-72	65 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the controlling shareholde
DANIEL BEZERRA VILLAR 024.449.667-67	42 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the controlling shareholde
ANDREA DAMIANI MAIA DE ANDRADE 245.431.308-12	42 LAWYER	Indicated as an Alternate Member of the Board of Directors by the ordinary minority shar
ANTONIO APARECIDA DE OLIVEIRA 370.844.456-68	53 MECHANICAL ENGINEER	Indicated as an Alternate Member of the Board of Directors by the ordinary minority shar
ARAO DIAS TISSER 879.023.036-15	38 CIVIL ENGINEER	Indicated as an Alternate Member of the Board of Directors by the ordinary minority sha

JAIRO ELIAS FLOR 407.391.209-72	50 BUSINESS ADMINISTRATOR	Indicated as an Alternate Member of the Board of Directors by the controlling sh
CLAUDIO MELO FILHO 358.882.885-00	46 BUSINESS ADMINISTRATOR	Indicated as an Alternate Member of th Board of Directors by the controlling sl
LUIZ DE MENDONÇA 063.523.448-36	50 MECHANICAL ENGINEER	Indicated as an Alternate Member of th Board of Directors by the controlling sl
MARCELA APARECIDA DREHMER ANDRADE 515.029.505-10	45 BUSINESS ADMINISTRATOR	Indicated as an Active Member of the Board of Directors by the controlling sl
JOSE DE FREITAS MASCARENHAS 000.630.535-00	72 CIVIL ENGINEER	Indicated as an Alternate Member of th Board of Directors by the controlling sl
MARCELO BAHIA ODEBRECHT 487.956.235-15	45 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the controlling sl

NEWTON SÉRGIO DE SOUZA 261.214.417-04	60 LAWYER	Indicated as an Active Member of the Board of Directors by the controlling share
MAURICIO ROBERTO DE CARVALHO FERRO 371.505.961-34	47 LAWYER	Indicated as an Alternate Member of the Board of Directors by the controlling share
GUSTAVO TARDIN BARBOSA 720.925.307-63	52 CIVIL ENGINEER	Indicated as an Alternate Member of the Board of Directors by the ordinary minorit
JOSE ALCIDES SANTORO MARTINS 892.522.258-20	59 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the ordinary minorit
ROBERTO ZURLI MACHADO 600.716.997-91	58 CIVIL ENGINEER	Indicated as an Active Member of the Board of Directors by the ordinary minorit
PATRICK HORBACH FAIRON 293.710.580-72	59 ELECTRONICS ENGINEER	Indicated as an Active Member of the Board of Directors by the ordinary minorit

MARCELO GASPARINO DA SILVA 874.220.506-91	43 LAWYER	Indicated as an Active Member of the under the article 141, paragraph 4, secti 6.404/76 Board of Directors by the pref
AFONSO CELSO FLORENTINO DE OLIVEIRA 874.220.506-91	42 ACCOUNTANT	Indicated as an Alternate Member of th Fiscal Board by the controlling shareho
ALUIZIO DA ROCHA COELHO NETO 031.525.087-94	41 ACCOUNTANT	Indicated as an Active Member of the Fiscal Board by the controlling shareho
LUIZ GONZAGA DO MONTE TEIXEIRA 263.201.427-15	60 ACCOUNTANT	Indicated as an Active Member of the Fiscal Board by the ordinary minority s
ISMAEL CAMPOS DE ABREU 075.434.415-00	59 ACCOUNTANT	Indicated as an Active Member of the Fiscal Board by the controlling shareho
TATIANA MACEDO COSTA REGO TOURINHO 951.929.135-00	35 BUSINESS ADMINISTRATOR	Indicated as an Alternate Member of th Fiscal Board by the controlling shareho

MIQUEIAS BEZERRA SIMÕES 000.784.964-89	38 ACCOUNTANT	Indicated as an Alternate Member o Fiscal Board by the ordinary minori
MARIA ALICE FERREIRA DESCHAMPS CAVALCANTI 544.152.507-00	54 CHEMICAL ENGINEEER	Indicated as an Active Member of t Fiscal Board by the ordinary minori
CARLOS ALBERTO SIQUEIRA GOMES 771.775.767-20	49 ACCOUNTANT	Indicated as an Alternate Member o Fiscal Board by the ordinary minori
JULIO SERGIO DE SOUZA CARDOZO 005.985.267-49	Not informed ACCOUNTANT	Indicated as an Active Member of t Fiscal Board by the preferred sharel article 161, paragraph 4, item “a” o
GUILHERME SILVA ROMAN 005.856.599-07	Not informed LAWYER	Indicated as an Alternate Member o Fiscal Board by the preferred sharel article 161, paragraph 4, item “a” o

Professional experience / Statement of any convictions

MARCELA APARECIDA DREHMER ANDRADE - 515.029.505-10
Ms. Marcela Drehmer has held, since July 1, 2013, the position of Chief Financial Officer of Odebrecht S.A. and, from December 2010 to June 2013, the position of Vice-President of Planning, Finance and Investor Relations of Braskem. She worked as a member of the Board of Directors of Quattor Participações S.A. ("Quattor Participações"), Quattor Química S.A. ("Quattor Química") and Rio Polímeros S.A. ("Riopol") in 2010. She worked as a member of the Board of Directors of Borealis Brasil S.A from 2005 to 2006 and of Braskem Idesa SAPI from 2010 to 2013. From 2005 to May 2010, Ms. Marcela worked as a (non-statutory) Officer responsible for the financial department of the Company and, from 2002 to 2005, she worked as a Structured Transaction Manager. Except for the position of Investor Relation Executive Officer of the Company, Ms. Marcela does not or did not hold a management position in any other publicly-held company. Ms. Marcela holds a degree in Business Administration from Universidade de Salvador and a MBA in Finance from IBMEC of São Paulo. The officer states that she has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified her for the practice of any professional or business activity.

JOSE CARLOS CONSENZA - 222.066.200-49
Mr. José Carlos Cosenza is currently the Supply Officer of Petrobras, which he has joined in 1976, after working as General Manager of REPAR and General Manager of REPLAN. In the International area, he was a primary beneficiary of Petrobras Argentina and Petrobras Uruguai and worked as a Vice-President of the project for expansion of the Pasadena Refinery in the United States. In Rio de Janeiro, he assumed the Executive Management of Supply and Refining. He is currently the Supply Officer of Petrobras. Mr. José Carlos is a Processing Engineer; he holds a degree in Chemical Engineering from Universidade Federal do Rio Grande do Sul. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

ALFREDO LISBOA RIBEIRO TELLECHEA - 296.191.810-34
Mr. Alfredo was responsible for the Polyolefin plant of the Company from 2008 to 2009. Mr. Alfredo previously held several positions at the Ipiranga Group, including the Superintendence of the Distributor of Ipiranga Petroleum By-Products from 2002 to 2006; the Superintendence

of Ipiranga Petroquímica from 2006 to 2007; and the presidency of Copesul – Companhia Petroquímica do Sul from 2007 to 2008 (“Copesul”). Mr. Alfredo holds a degree in Civil Engineering from Pontifícia Universidade Católica of Rio Grande do Sul – PUC/RS and a postgraduate degree in Marketing from Escola Superior de Propaganda e Marketing – ESPM. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

PAULO OLIVEIRA LACERDA DE MELO - 069.488.394-87
Mr. Paulo has been the Chief Executive Officer of CNO since 2009. He has started its activities in Odebrecht Organization in 1973 as a trainee. Mr. Paulo had several executive duties and worked in the board of directors of Odebrecht's subsidiaries and affiliates. Mr. Paulo was previously the Managing Officer of Odebrecht Angola from 1988 to 1992. He was also the Chief Executive Officer of SLP-Engineering from 1992 to 1996 in the United Kingdom and the President of Tenenge from 1993 to 1996, as well as the Vice-President of CNO from 1997 to 2009. Except for the position of member of the Company's Board of Directors, Mr. Paulo does not hold a management position in any other publicly-held company. Mr. Paulo holds a degree in Civil Engineering from Escola Politécnica de Pernambuco. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

MAURO MOTTA FIGUEIRA - 115.134.858-90
Mr. Mauro joined the Odebrecht group in 2010 and is currently the Financial Planning Officer of Odebrecht. Mr. Mauro held the position of Senior Manager at Monitor Group do Brasil Ltda. – Global Strategic Consultancy Company from 2008 to 2010 and the position of Marketing Controller at Janssen Cilag Farmacêutica Ltda. – the pharmaceutic division of the Johnson & Jonhson Group – in 2007. Except for the position held at the Company, Mr. Mauro does not hold a management position in any other publicly-held company. Mr. Mauro holds a degree in Production Engineering from Escola Politécnica de São Paulo, USP and a MBA from University of Virginia Darden School of Business (UVA). The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

ALMIR GUILHERME BARBASSA - 012.113.586-15
Mr. Almir is the Chief Financial Officer and Investor Relations Executive Officer of Petrobras, a company that directly holds interest higher than 5% of the same class of securities of the Company. He has held the position of executive manager at Petrobras since 2005. Mr. Almir previously held several financial and planning positions within Petrobras. Except for the position of member of the Company's board of directors, Mr. Almir does not hold a management position in any other publicly-held company. Mr. Almir holds a degree in Economics from Fundação Getúlio Vargas of Rio de Janeiro and a Master's degree in Economics also from Fundação Getúlio Vargas of Rio de Janeiro, concluded in 1973.The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

ALVARO FERNANDES DA CUNHA FILHO - 030.495.905-72
Mr. Álvaro is the president of Valora, a group comprised of Valora Gestão e Negócios Ltda.; Valora Gestão de Investimentos Ltda.; Valora Performa Gestão e Negócios Ltda.; and Valora Assessoria em Operações Financeiras Ltda. Mr. Álvaro worked as the Vice-President of the Board of Directors of Norquisa Química S.A., a company that indirectly holds interest higher

than 5% of the same class of securities of the Company (“Norquisa”), from 1997 to 1999. Mr. Álvaro also worked as the Vice-President of Odebrecht Química S.A., a company of the same economic group of the Company (“Odebrecht Química”), from 1995 to 1998. In 1993, Mr. Álvaro worked as the Executive Vice-President of Unipar – União de Indústrias Petroquímicas S.A (“Unipar”), representing the Odebrecht group (as strategic shareholder of Unipar). Mr. Álvaro was the Chief Investment Officer for Petrochemicals at Odebrecht from 1987 to 1993. Mr. Álvaro holds a degree in Civil Engineering and a Master’s degree in Economics from Universidade Federal da Bahia.

The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

ANDREA DAMIANI MAIA DE ANDRADE - 245.431.308-12
In the last 5 years, Ms. Andrea has worked as an employee of Petrobras, a company that directly holds interest higher than 5% of the same class of securities of the Company. She was an alternate member of the Board of Directors of BRK, direct parent of the Company. Except for the position of alternate member of the Company’s Board of Directors, Ms. Andrea does not or did not hold a management position in any other publicly-held company. Ms. Andrea holds a degree in Law from Universidade de São Paulo and a postgraduate degree in Competition Law from Fundação Getúlio Vargas of Rio de Janeiro. The director states that she has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified her for the practice of any professional or business activity.

ANTONIO APARECIDA DE OLIVEIRA - 370.844.456-68
Mr. Antônio has been an employee of Petrobras since 1987, a company that directly holds interest higher than 5% of the same class of securities of the Company. In Petrobras, he held several technical, executive, and managing positions and is currently the Private Equity Manager in Petrochemicals. Between 1999 and 2003, he worked as Corporate and Planning Superintendent of the Brazilian Funding Authority for Studies and Projects – FINEP, a governmental entity linked to the Ministry of Science and Technology. Between September 2006 and July 2008, Mr. Antônio worked as a member of the Board of Directors of Companhia Integrada Têxtil de Pernambuco – CITEPE. From October 2007 to June 2008, he was a member of the Board of Directors of IPQ. Between June 2008 and April 2010, Mr. Antônio was a member of the Board of Directors of Braskem Petroquímica S.A. (current corporate name of Quattor Petroquímica S.A.). He also worked as a member of the Board of Directors of Braskem QPar S.A (current corporate name of Quattor Participações S.A.). Except for the position of alternate member of the Company’s Board of Directors and the other abovementioned positions, Mr. Antônio does not hold a management position in any other publicly-held company. Mr. Antônio holds a degree in Engineering from Universidade Federal de Minas Gerais and a Master’s degree in Business Administration from Universidade Federal do Rio de Janeiro. He undertook executive development courses in University Of Pennsylvania – The Wharton School, in Harvard Business School, and in Northwestern University – Kellogg School of Management, in addition to other specializations in management and oil industry. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

ARAO DIAS TISSER - 879.023.036-15
Mr. Arão has worked, since May 2008, as Coordinator of the Private Equity Management in Petrochemicals of Petrobras, a company that directly holds interest higher than 5% of the same class of securities of the Company. He was an alternate member of the Board of Directors of BRK. Still in Petrobras, from October 2004 to May 2008, Mr. Arão worked as Coordinator of the Private Equity Management in Petrochemical Plants and, from February 2001 to October 2004, he worked in the Naphtha and Industrial Raw Material Commercial Management. Between April 2008 and July 2008, he worked as an alternate member of the Board of Directors of Petroquímica Paulínia S.A. Except for the position of alternate member of the Company’s Board of Directors, Mr. Arão does not hold a management position in any other

publicly-held company. Mr. Arão holds a degree and a postgraduate degree in Civil Engineering from Universidade Federal do Rio de Janeiro and a Master of Laws (LLM) degree in Corporate and Tax Law from IBMEC of Rio de Janeiro. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding of CVM; and (c) final and unappealable conviction, legal or administrative, that suspended or disqualified him for the practice of any professional or business activity.

CLAUDIO MELO FILHO - 358.882.885-00
Mr. Cláudio is the Vice-President of Institutional Political Relations of Odebrecht. Mr. Cláudio worked as a Financial Manager and Contracting Officer in several projects of CNO in Brazil and Angola from 1990 to 2004. He is also an Alternate of the director of ETH Investimentos S/A. and Foz do Brasil. Active Member of the Board of Directors of Concessionária Bahia Norte S/A. and Fonte Nova Negocio e Participações S/A. Except for the position of director of the Company, Mr. Cláudio does not hold a management position in any other publicly-held companies. Mr. Cláudio holds a degree in Business Administration from Universidade de Brasília and a postgraduate degree in Financial Management from Fundação Getúlio Vargas. The director states that he has no: (a) criminal conviction; (b) conviction in an administrative proceeding o