

Rating Action: Moody's rates Chemical V - FIDC Indústria Petroquímica senior and subordinated mezzanine shares, a Brazilian trade receivables securitization

Global Credit Research - 14 May 2010

Approximately R\$272.4 million of senior shares and R\$21.6 million of mezzanine shares rated

Sao Paulo, May 14, 2010 -- Moody's America Latina (Moody's) has assigned provisional ratings of (P)Aa1.br (Brazilian National Scale) and (P)Ba1 (Global Scale, Local Currency) to the Senior Shares, and (P)Ba1.br (Brazilian National Scale) and (P)B2 (Global Scale, Local Currency) to the Mezzanine Shares to be issued by Chemical V - FIDC Indústria Petroquímica ("Chemical V - FIDC"), a securitized transaction backed by a pool of trade receivables originated by Braskem S.A.

The ratings are based on the following factors, among others:

- Overcollateralization ratio (O/C) ranging from a minimum of 110% to a maximum of 115% for the benefit of the Senior Shares outstanding, and 102.041% for the Mezzanine Shares, to mitigate losses, dilution and potential interest rate mismatches;
- The eligibility parameters of the trade receivables to be acquired by the issuer, which include concentration limits by client, delinquency by client, and maximum term of the trade receivables;
- Maximum individual concentration limit of 3% for regular obligor and 8% for special obligors, with no more than 40% aggregate concentration to special obligors.
- The ability of Banco Bradesco S.A. (A1 Long-term Bank Deposit Rating in the Global Local Currency Scale & Aaa.br in the Brazilian National Scale) to act as master and back-up servicer for the transaction; and
- The legal structure of the transaction, including the bankruptcy remoteness of the issuer.

The originator is Braskem S.A., a large Brazilian manufacturer of petrochemical products rated Aa2.br (Brazilian National Scale) and Ba1 (Global Local, Currency Scale).

The transfer of receivables from the originators to the issuer is structured as a true sale and a definitive assignment of the contracts as set forth in the assignment of transferred credits under the Brazilian civil code.

Chemical V - FIDC will have a tenor of 36 months. The senior and subordinated mezzanine shares will be amortized in 6 equal monthly installments following the revolving period of 30 months.

During the 30 month revolving period, the senior and mezzanine shares will receive five semi-annual payments of interest, and following the revolving period, will receive monthly payments together with the scheduled amortizations of senior and subordinated mezzanine shares.

In order to rate the transaction, Moody's has received pool performance data covering the time period January 2007 through December 2009 from Braskem. Key data reviewed by Moody's included dilutions, delinquencies, losses, receivable turnover and volume of eligible receivables. For Moody's modeling assumptions, Moody's has assumed an average of BRL 743 million of eligible receivables over this period, 0.1% monthly dilutions, 0.21% monthly losses on outstanding balance and an average turnover of 38 days.

Further details of Moody's analysis of the Chemical V -- FIDC will be found in the upcoming Chemical V - FIDC Presale Report to be published in Moody's website, www.moody.com. The principal methodology used in rating this transaction is "Moody's Approach to Rating Trade Receivables Backed Transactions", published in July 2002 and available on www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this transaction can also be found in the Rating Methodologies subdirectory on Moody's website. In addition, Moody's publishes a weekly summary of structure finance credit, ratings and methodologies available to all registered users of our website, at www.moody.com/SFQuickCheck.

The complete rating action is as follows:

Issuer: Chemical V - FIDC Indústria Petroquímica

Senior Shares - (P)Aa1.br (National Scale) & (P)Ba1 (Global Scale, Local Currency)

Mezzanine Shares -- (P)Ba1.br (National Scale) & (P)B2 (Global Scale, Local Currency)

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