LA JOLLA PHARMACEUTICAL CO
Form S-8
December 20, 2013

As filed with the Securities and Exchange Commission on December 20, 2013

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

LA JOLLA PHARMACEUTICAL COMPANY
(Exact Name of Registrant as Specified in its Charter)

California	33-0361285
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4660 La Jolla Village Drive, Suite 1070
San Diego, California 92122
(Address of Principal Executive Offices)

2013 Equity Incentive Plan*
Standalone Inducement Awards*
(Full Title of the Plan)

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* See explanatory note on following page

George F. Tidmarsh, M.D., Ph.D.
President and Chief Executive Officer
4660 La Jolla Village Drive, Suite 1070
San Diego, California 92122
Telephone: (858) 207-4264
(Name and Address of Agent for Service)

Copy to:
Ryan A. Murr
Ropes & Gray LLP
Three Embarcadero Center, Third Floor
San Francisco, California 94111
Telephone: (415) 315-6395
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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting

company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share (2)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, $0.0001 par value per share	21,460,086 shares (3)	$0.135	$2,897,112	$373.15
Common Stock, $0.0001 par value per share	68,332,871 shares (4)	$0.135	$9,224,938	$1,188.17
Common Stock, $0.0001 par value per share	5,461,588 shares (5)	$0.135	$737,314	$94.97
Common Stock, $0.0001 par value per share	9,873,956 shares (6)	$0.135	$1,332,984	$171.69
Common Stock, $0.0001 par value per share	5,608,195 shares (7)	$0.135	$757,106	$97.52
Common Stock, $0.0001 par value per share	2,654,097 shares (8)	$0.135	$358,303	$46.15

(1) Pursuant to Rule 416(a) of the Securities Act of 1933, this registration statement also covers any additional securities that may be offered or issued in connection with any stock split, stock dividend or similar transaction under the anti-dilution provisions of the standalone inducement awards or the registrant's 2013 Equity Incentive Plan (the "2013 Plan") or the forms of awards granted thereunder.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) and (h) of the Securities Act of 1933, and based on the average of the high and low sale prices of the registrant's Common Stock, as quoted on the Over the Counter Bulletin Board on December 16, 2013.

(3) Represents shares of Common Stock reserved for issuance pursuant to options available for grant (but not yet granted) under the 2013 Plan.

(4) Represents (i) 1,180,442 shares of Common Stock granted on April 10, 2012, (ii) 800,000 shares of Common Stock granted on April 29, 2013 and (iii) 66,352,429 shares of Common Stock granted on September 24, 2013 to George F. Tidmarsh, M.D., Ph.D. in connection with his employment.

(5) Represents (i) 1,180,442 shares of Common Stock granted on April 10, 2012, (ii) 300,000 of Common Stock granted on April 29, 2013 and (iii) 3,981,146 shares of Common Stock granted on September 24, 2013 to Saiid Zarrabian in connection with his services as a director.

(6) Represents (i) 626,966 shares of Common Stock granted on April 10, 2012, (ii) 400,000 shares of Common Stock granted on April 29, 2013 and (iii) 8,846,990 shares of Common Stock granted on September 24, 2013 to James Rolke in connection with his employment.

(7) Represents (i) 300,000 shares of Common Stock granted on April 29, 2013 and (ii) 5,308,195 shares of Common Stock granted on September 24, 2013 to Chester S. Zygmont, III in connection with his employment.

(8) Represents 2,654,097 shares of Common Stock granted on September 24, 2013 to Stacey Ruiz in connection with her employment.

Explanatory Note:
This Registration Statement on Form S-8 is being filed by the registrant to register (i) 21,460,086 shares of Common Stock reserved for issuance under the registrant's 2013 Equity Incentive Plan (the "2013 Plan"), and (ii) 91,930,707 shares of Common Stock issued under previously announced stand-alone inducement awards granted on April 10, 2012, April 29, 2013 and September 24, 2013 to the registrant's President and Chief Executive Officer, a board member, and three employees.

This Registration Statement contains two parts. The first part contains a "reoffer" prospectus prepared in accordance with Part I of Form S-3 (in accordance with Instruction C of the General Instructions to Form S-8). The reoffer prospectus permits reoffers and resales of those shares referred to above that constitute "control securities" or "restricted securities," within the meaning of Form S-8, by certain of the Company's shareholders, as more fully set forth therein. The second part contains information required to be set forth in the registration statement pursuant to Part II of Form S-8. Pursuant to the Note to Part I of Form S-8, the plan information specified by Part I of Form S-8 is not required to be filed with the Securities and Exchange Commission. The Company will provide without charge to any person, upon written or oral request of such person, a copy of each document incorporated by reference in Item 3 of Part II of this Registration Statement (which documents are also incorporated by reference in the reoffer prospectus as set forth in Form S-8), other than exhibits to such documents that are not specifically incorporated by reference, the other documents required to be delivered to eligible employees pursuant to Rule 428(b) under the Securities Act and additional information about the Plan.

Part I
INFORMATION REQUIRED IN THE SECTION 10(a) REOFFER PROSPECTUS

Information required by Part I to be contained in the Section 10(a) reoffer prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended, and the Note to Part I of Form S-8.

REOFFER PROSPECTUS

La Jolla Pharmaceutical Company
91,930,707 Shares of Common Stock

This reoffer prospectus covers the sale of an aggregate of up to 91,930,707 shares (the "Shares") of our common stock, $0.0001 par value per share (the "Common Stock") that have been acquired pursuant to stand-alone inducement awards granted to certain individuals described in the section of this prospectus entitled "Selling Shareholders," some of whom are deemed to be our affiliates, as that term is defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

We will not receive any proceeds from the sale by the Selling Shareholders of the shares covered by this reoffer prospectus. We are paying the cost of registering the shares covered by this reoffer prospectus, as well as various related expenses. The shares included in this reoffer prospectus may be offered and sold directly by the Selling Shareholders in accordance with one or more of the methods described in the "Plan of Distribution," which begins on page 8 of this reoffer prospectus. The Selling Shareholders are responsible for all selling commissions, transfer taxes and other costs related to the offer and sale of their shares under this reoffer prospectus.

Our Common Stock is quoted on the OTCBB tier of the OTC Markets Group Inc. under the symbol "LJPC". On December 19, 2013, the last reported sale price per share of our Common Stock on the OTCBB was $0.14. Our principal executive offices are located at 4660 La Jolla Village Drive, Suite 1070, San Diego, California 92122 and our telephone number is (858) 207-4264.

In reviewing this reoffer prospectus, you should carefully consider the matters described under the heading "Risk Factors" beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this reoffer prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this reoffer prospectus is December 20, 2013.

TABLE OF CONTENTS

All references to “La Jolla,” “the Company,” “we,” “our,” “us” and similar terms in this reoffer prospectus refer to La Jolla Pharmaceutical Company.

You should rely only on the information contained in this reoffer prospectus or a prospectus supplement. We have not authorized anyone to provide you with different information. You should not assume that the information contained in this reoffer prospectus is accurate as of any date other than the date on the front of this reoffer prospectus.

Some of the industry data contained in this reoffer prospectus are derived from data from various third-party sources. While we are not aware of any misstatements regarding any industry data presented herein, such data are subject to change based on various factors, including those discussed under the heading “Risk Factors” in this reoffer prospectus.

REOFFER PROSPECTUS SUMMARY

The following is a summary of some of the information contained in this reoffer prospectus. In addition to this summary, we urge you to read the entire reoffer prospectus carefully, especially the risks relating to our business and common stock discussed under the heading “Risk Factors.”

La Jolla Pharmaceutical Company

Our Business

La Jolla Pharmaceutical Company is a biopharmaceutical company focused on the discovery, development and commercialization of innovative therapeutics for chronic organ failure and cancer. Our drug development efforts are focused on two product candidates: GCS-100 and LJPC-501. GCS-100 targets the galectin-3 protein, which, when overproduced by the human body, has been associated with chronic organ failure and cancer. In January 2013, we initiated a Phase 1/2 clinical trial with GCS-100 for the treatment of chronic kidney disease, or CKD. The Phase 1 portion of the clinical trial was successfully completed on May 6, 2013. After analysis of the data from the Phase 1/2 clinical study we decided to suspend the Phase 2 portion and expanded it to a three arm randomized 117 patient Phase 2 clinical study. We have started the Phase 2 randomized single blinded clinical trial of GCS-100 for the treatment of CKD. LJPC-501 is a peptide agonist of the renin-angiotensin system, which is designed to help restore kidney function in patients with hepatorenal syndrome, or HRS. We filed an Investigational New Drug Application, or IND with the Food and Drug Administration or FDA for LJPC-501 on May 31, 2013, and received acceptance to move forward with our planned Phase 1 clinical trial and plan to initiate the Phase 1 clinical trial in HRS during the first half of 2014.

GCS-100 Overview

GCS-100 is a complex polysaccharide derived from pectin that binds to, and blocks the activity of galectin-3, a type of galectin. Galectins are a member of a family of proteins in the body called lectins. These proteins interact with carbohydrate sugars located in, on the surface of, and in between cells. This interaction causes the cells to change behavior, including cell movement, multiplication, and other cellular functions. The interactions between lectins and their target carbohydrate sugars occur via a carbohydrate recognition domain, or CRD, within the lectin. Galectins are a subfamily of lectins that have a CRD that bind specifically to beta-galactoside sugar molecules.

Galectins have a broad range of functions, including regulation of cell survival and adhesion, promotion of cell-to-cell interactions, growth of blood vessels, regulation of the immune response and inflammation.

Over-expression of galectin-3 has been implicated in a number of human diseases, including chronic organ failure and cancer. This makes modulation of the activity of galectin-3 an attractive target for therapy in these diseases.

Current Clinical Study

In December 2012, we announced that the FDA’s Division of Cardiovascular and Renal Products had accepted our IND, which included a clinical trial protocol designed to study GCS-100 in patients with CKD. In January 2013, we initiated a Phase 1/2 clinical trial with GCS-100 in patients with CKD. The trial is designed in two parts. Part A (Phase 1) will evaluate the safety of single, ascending doses of GCS-100 and determine a maximum tolerated dose. Part B (Phase 2) will evaluate the safety and activity of multiple doses of GCS-100. Part B is designed to measure activity and will include various markers of kidney function. Part A of the clinical trial has been completed and Part B has been suspended.

Part B of the Phase 1/2 trial was suspended after analysis of the Phase 1 data in order to move forward with a new Phase 2 randomized single blinded clinical study of GCS-100 for the treatment of CKD. The Phase 2 clinical trial will dose up to 117 patients weekly up to eight weeks randomized 1:1:1 in three dosing groups, placebo, 1.5 mg/m2, or milligrams per meter squared, and 30 mg/m2, with the primary endpoint being change in estimated Glomerular Filtration Rate, or eGFR, from baseline compared to placebo and the secondary endpoint being safety. This Phase 2 trial has completed enrollment of 121 patients and we expect to receive data from the study during the first half of 2014.

LJPC-501 Overview

LJPC-501 is a peptide agonist of the renin-angiotensin system that acts to help the kidneys balance body fluids and electrolytes. Studies have shown that LJPC-501 may improve renal function in patients with HRS. HRS is a life-threatening form of progressive renal failure in patients with liver cirrhosis or fulminant liver failure. In these

patients, the diseased liver secretes vasodilator substances (e.g., nitric oxide and prostaglandins) into the bloodstream that cause under-filling of blood vessels. This low-blood-pressure state causes a reduction in blood flow to the kidneys. As a means to restore systemic blood pressure, the kidneys induce both sodium and water retention, which contribute to ascites, a major complication associated with HRS. HRS is categorized into two types, based on the rapidity of the progression of renal failure as measured by a marker called serum creatinine. Type 1 HRS is the more rapidly progressing type and is characterized by a 100% increase in serum creatinine to > 2.5 mg/dL, or milligrams per deciliter, within two weeks. Fewer than 10% of people with Type 1 HRS survive hospitalization, and the median survival is only a few weeks. Type 2 HRS is slower progressing, with serum creatinine rising gradually; however, patients with Type 2 HRS can develop sudden renal failure and progress to Type 1 HRS. Although ascites occurs in both Type 1 and Type 2 HRS, recurrent ascites is a major clinical characteristic of Type 2 HRS patients, and median survival is only four to six months. We estimate that HRS affects an estimated 90,000 people in the United States, and most of these patients will die from this disease.

In February 2013, we conducted a meeting with the FDA to discuss the design for a clinical trial studying LJPC-501 in patients suffering from HRS. Based on feedback from this meeting, we filed an IND on May 31, 2013 and received acceptance to move forward with our planned Phase 1 clinical study of LJPC-501 for the treatment of HRS. We plan to initiate the Phase 1 clinical trial of LJPC-501for the treatment of HRS by the end of 2013.

Recent Business Developments

On September 24, 2013, the Company entered into a Securities Purchase Agreement with the purchasers thereto, pursuant to which the Company agreed to sell, for an aggregate price of $10 million, approximately 96,431,000 shares of the Company's Common Stock, par value $0.0001 per share at a price of $0.07 per share and approximately 3,250 shares of Series F Convertible Preferred Stock at a price of $1,000 per share. The private placement closed on September 27, 2013. The estimated proceeds to the Company, net of commissions, was approximately $9.7 million.

Risks Related to La Jolla

We face a number of risks and uncertainties, including the following:

We have only limited assets.

The technology underlying our compounds is uncertain and unproven.

Results from any future clinical trials we may undertake may not be sufficient to obtain regulatory approvals to market our drug candidates in the United States or other countries on a timely basis, if at all.

Future clinical trials that we may undertake may be delayed or halted.

If the third-party manufacturers upon which we rely fail to produce our drug candidates that we require on a timely basis, or to comply with stringent regulations applicable to pharmaceutical drug manufacturers, we may face delays in the trials, regulatory submissions, required approvals or commercialization of our drug candidates.

Our success in developing and marketing our drug candidates depends significantly on our ability to obtain patent protection. In addition, we will need to successfully preserve our trade secrets and operate without infringing on the rights of others.

Because a number of companies compete with us, many of which have greater resources than we do, and because we face rapid changes in technology in our industry, we cannot be certain that our products will be accepted in the marketplace or capture market share.

Our stock has only limited trading volume, which may adversely impact the ability of shareholders to sell shares at a desired price, or to fully liquidate their holdings.

The price of our common stock has been, and will be, volatile and may continue to decline.

Our common stock is considered a "penny stock" and does not qualify for exemption from the "penny stock" restrictions, which may make it more difficult for you to sell your shares.

For further discussion of these and other risks and uncertainties that La Jolla faces, see the "Risk Factors" section beginning on page 4 of this reoffer prospectus.

Corporate Information

Our principal executive offices are located at 4660 La Jolla Village Drive, Suite 1070, San Diego, California 92122 and our telephone number is (858) 207-4264. Our Internet address is www.ljpc.com. Our website and the information contained on that site, or connected to that site, is not part of or incorporated by reference into this reoffer prospectus.

THE OFFERING	
Common stock covered by this reoffer prospectus:	Up to 91,930,707 shares of Common Stock
Common stock outstanding as of December 19, 2013:	220,220,368 shares
Use of proceeds:	The Selling Shareholders will receive all of the proceeds from the sale of the shares offered for sale by them under this reoffer prospectus. We will not receive proceeds from the sale of the shares by the Selling Shareholders. See “Use of Proceeds.”
Risk factors:	The shares offered hereby involve a high degree of risk. See “Risk Factors” beginning on page 4.
Dividend policy:	We currently intend to retain any future earnings to fund the development activities and operation of our business. Therefore, we do not currently anticipate paying cash dividends on our Common Stock.
Trading Symbol:	Our Common Stock currently trades on the OTCBB under the symbol “LJPC.”

RISK FACTORS

You should carefully consider the risks described below and all of the other information contained in this reoffer prospectus in evaluating us and our common stock. If the following risks and uncertainties, or any one of them, develops into actual events, they could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock could decline.

Risks Relating to La Jolla's Business and Industry

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information before deciding to invest in our common stock. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently consider immaterial may also adversely affect our business. We have attempted to identify below the major factors that could cause differences between actual and planned or expected results, but we cannot assure you that we have identified all of those factors.

If any of the following risks actually happen, our business, financial condition and operating results could be materially adversely affected. In this case, the trading price of our common stock could decline, and you could lose all or part of your investment.

We have only limited assets.

As of September 30, 2013, we had no revenue sources, an accumulated deficit of $459 million and available cash and cash equivalents of $10.7 million. Although we acquired the GCS-100 patent estate in January 2012 for nominal consideration, the values of these assets are highly uncertain. As a result, we have only limited assets available to operate and develop our business. We are utilizing our existing cash balances to conduct clinical studies of GCS-100 and LJPC-501, and to evaluate whether or not GCS-100 or LJPC-501 should be developed further. If we determine that GCS-100 or LJPC-501 do not warrant further development, we would have only limited cash and would likely be forced to liquidate the Company. In that event, the funds resulting from the liquidation of our assets, net of amounts payable, would likely return only a small amount, if anything, to our shareholders.

The technology underlying our compounds is uncertain and unproven.

The development efforts for GCS-100 and LJPC-501 are based on unproven technologies and therapeutic approaches that have not been widely tested or used. To date, no products that use the GCS-100 or LJPC-501 technology have been approved or commercialized. Application of our technology to treat chronic organ failure and cancer is in early stages. Preclinical studies and future clinical trials of GCS-100 and LJPC-501 may be viewed as a test of our entire approach to developing chronic organ failure and cancer therapeutics. If GCS-100 or LJPC-501 do not work as intended, or if the data from our future clinical trials indicate that GCS-100 or LJPC-501 are not safe and effective, the applicability of our technology for successfully treating chronic organ failure or cancer will be highly uncertain. As a result, there is a significant risk that our therapeutic approaches will not prove to be successful, and there can be no guarantee that our drug technologies will result in any commercially successful products.

Our ability to raise additional capital and enter into strategic transactions requires the approval of our preferred shareholders.

The terms of our Amended and Restated Articles of Incorporation, or the Articles, impose certain restrictions on us and our ability to engage in selected actions that may be out of the ordinary course of business. For example, the Articles provide that without the approval from holders of at least 80% of the then-outstanding preferred stock, we

may not: issue capital stock; enter into a definitive agreement that, if consummated, would effect a change of control; amend the Articles; or take corporate action that, if consummated, would represent a strategic transaction. Accordingly, even if we identify an opportunity to further develop GCS-100, LJPC-501 or another drug candidate, our ability to enter into an appropriate arrangement to continue our operations may be more difficult than in the absence of these restrictions. We may be prohibited from developing a partnership to further develop GCS-100 or LJPC-501, or entering into an agreement to acquire rights to another drug candidate for development, if we do not receive approval from the requisite investors. If we cannot develop a product candidate, our resources will continue to be depleted and our ability to continue operations will be adversely affected.

Results from any future clinical trials we may undertake may not be sufficient to obtain regulatory approvals to market our drug candidates in the United States or other countries on a timely basis, if at all.

Drug candidates are subject to extensive government regulations related to development, clinical trials, manufacturing and commercialization. In order to sell any product that is under development, we must first receive regulatory approval. To obtain regulatory approval, we must conduct clinical trials and toxicology studies that demonstrate that our drug candidates are safe and effective. The process of obtaining FDA and foreign regulatory approvals is costly, time consuming, uncertain and subject to unanticipated delays.

The FDA and foreign regulatory authorities have substantial discretion in the approval process and may not agree that we have demonstrated that our drug candidates are safe and effective. If our drug candidates are ultimately not found to be safe and effective, we would be unable to obtain regulatory approval to manufacture, market and sell them. We can provide no assurances that the FDA or foreign regulatory authorities will approve GCS-100 or LJPC-501, or, if approved, what the approved indication for GCS-100 or LJPC-501 might be.

Future clinical trials that we may undertake may be delayed or halted.

Any clinical trials of our drug candidates that we may conduct in the future may be delayed or halted for various reasons, including:

•we do not have sufficient financial resources;
•supplies of drug product are not sufficient to treat the patients in the studies;
•patients do not enroll in the studies at the rate we expect;
•the products are not effective;
•patients experience negative side effects or other safety concerns are raised during treatment;
•the trials are not conducted in accordance with applicable clinical practices;
•there is political unrest at foreign clinical sites; or
•there are natural disasters at any of our clinical sites.

If any future trials are delayed or halted, we may incur significant additional expenses, and our potential approval of our drug candidates may be delayed, which could have a severe negative effect on our business.

If the third-party manufacturers upon which we rely fail to produce our drug candidates that we require on a timely basis, or to comply with stringent regulations applicable to pharmaceutical drug manufacturers, we may face delays in the trials, regulatory submissions, required approvals or commercialization of our drug candidates.

We do not manufacture our drug candidates nor do we plan to develop any capacity to do so. We plan to contract with third-party manufacturers to manufacture GCS-100 and LJPC-501. The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of pharmaceutical products often encounter difficulties in production, which include difficulties with production costs and yields, quality control and assurance and shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. The third-party manufacturers we may contract with may not perform as agreed or may terminate their agreements with us.

In addition to product approval, any facility in which GCS-100 or LJPC-501 is manufactured or tested for its ability to meet required specifications must be approved by the FDA and/or the EMA before a commercial product can be manufactured. Failure of such a facility to be approved could delay the approval of GCS-100 and LJPC-501.

Any of these factors could cause us to delay or suspend any future clinical trials, regulatory submissions, required approvals or commercialization of GCS-100 and LJPC-501, entail higher costs and result in our being unable to effectively commercialize products.

Our success in developing and marketing our drug candidates depends significantly on our ability to obtain patent protection. In addition, we will need to successfully preserve our trade secrets and operate without infringing on the rights of others.

We depend on patents and other unpatented intellectual property to prevent others from improperly benefiting from products or technologies that we may have developed or acquired. Our patents and patent applications cover various technologies and drug candidates, including GCS-100. There can be no assurance, however, that any additional patents will be issued, that the scope of any patent protection will be sufficient to protect us or our technology, or that any current or future issued patent will be held valid if subsequently challenged. There is a substantial backlog of biotechnology patent applications at the United States Patent and Trademark Office that may delay the review and issuance of any patents. The patent position of

biotechnology firms like ours is highly uncertain and involves complex legal and factual questions, and no consistent policy has emerged regarding the breadth of claims covered in biotechnology patents or the protection afforded by these patents. Additionally, a recent U.S. Supreme Court opinion further limits the scope of patentable inventions in the life sciences space and has added increased uncertainty around the validity of certain patents that have been issued or may be the subject of pending patent applications. We intend to continue to file patent applications as we believe is appropriate to obtain patents covering both our products and processes. However, there can be no assurance that patents will be issued from any of these applications, or that the scope of any issued patents will protect our technology.

We do not necessarily know if others, including competitors, have patents or patent applications pending that relate to compounds or processes that overlap or compete with our intellectual property or that may affect our freedom to operate.

There can be no assurance that patents will not ultimately be found to impact the advancement of our drug candidates, including GCS-100 and LJPC-501. If the United States Patent and Trademark Office or any foreign counterpart issues or has issued patents containing competitive or conflicting claims, and if these claims are valid, the protection provided by our existing patents or any future patents that may be issued could be significantly reduced, and our ability to prevent competitors from developing products or technologies identical or similar to ours could be negatively affected. In addition, there can be no guarantee that we would be able to obtain licenses to these patents on commercially reasonable terms, if at all, or that we would be able to develop or obtain alternative technology. Our failure to obtain a license to a technology or process that may be required to develop or commercialize one or more of our drug candidates may have a material adverse effect on our business. In addition, we may have to incur significant expense and management time in defending or enforcing our patents.

We also rely on unpatented intellectual property, such as trade secrets and improvements, know-how, and continuing technological innovation. While we seek to protect these rights, it is possible that:

- others, including competitors, will develop inventions relevant to our business;
- our confidentiality agreements will be breached, and we may not have, or be successful in obtaining, adequate remedies for such a breach; or
- our trade secrets will otherwise become known or be independently discovered by competitors.

We could incur substantial costs and devote substantial management time in defending suits that others might bring against us for infringement of intellectual property rights or in prosecuting suits that we might bring against others to protect our intellectual property rights.

Because a number of companies compete with us, many of which have greater resources than we do, and because we face rapid changes in technology in our industry, we cannot be certain that our products will be accepted in the marketplace or capture market share.

Competition from domestic and foreign biotechnology companies, large pharmaceutical companies and other institutions is intense and is expected to increase. A number of companies and institutions are pursuing the development of pharmaceuticals in our targeted areas. Many of these companies are very large, and have financial, technical, sales and distribution and other resources substantially greater than ours. The greater resources of these competitors could enable them to develop competing products more quickly than we are able to, and to market any competing product more quickly or effectively so as to make it extremely difficult for us to develop a share of the market for our products. These competitors also include companies that are conducting clinical trials and preclinical studies in the field of cancer therapeutics. Our competitors may develop or obtain regulatory approval for products more rapidly than we do. Also, the biotechnology and pharmaceutical industries are subject to rapid changes in

technology. Our competitors may develop and market technologies and products that are more effective or less costly than those we are developing or that would render our technology and proposed products obsolete or noncompetitive.

RISK FACTORS RELATING TO OUR COMMON STOCK.

As of December 16, 2013 we had approximately 220.2 million shares of Common Stock outstanding and currently may be required to issue up to approximately 651 million shares of Common Stock upon the conversion of existing preferred stock. Such issuances of Common Stock would be significantly dilutive to our existing common shareholders.

As of September 30, 2013, there were 7,081 shares of Series C-1[2] Preferred Stock and 3,250 shares of Series F Preferred Stock issued and outstanding. In light of the conversion rate of our preferred stock (86,202 shares of common stock are issuable upon the conversion of one share of Series C-1[2] Preferred Stock and 14,285 shares of common stock are issuable upon the conversion of one share of Series F Preferred Stock), the conversion of such a large number of preferred shares would

require us to issue approximately 651 million shares of common stock, which would dilute the ownership of our existing shareholders and would provide the preferred investors with a sizable interest in the Company.

Assuming the conversion of all preferred stock into common stock at the current conversion rate, we would have approximately 872 million shares of common stock issued and outstanding, although the issuance of the common stock upon the conversion of our preferred stock is limited by a 9.999% beneficial ownership cap for each preferred shareholder. With approximately 220.2 million shares of common stock issued and outstanding as of December 16, 2013, the issuance of 651 million shares of common stock underlying the preferred stock would represent approximately 75% dilution to our existing shareholders. It is possible that our current stock price does not reflect our fully diluted and as-converted capital structure, which means that the conversion of preferred stock into common stock could significantly reduce our stock price.

Our stock has only limited trading volume, which may adversely impact the ability of shareholders to sell shares at a desired price, or to fully liquidate their holdings.

Our stock currently trades on the OTC Markets Group, Inc.'s OTCBB tier. As a result, the market liquidity of our common stock may be adversely affected, as certain investors may not trade in securities that are quoted on the OTCBB, due to considerations including low price, illiquidity, and the absence of qualitative and quantitative listing standards.

In addition, our shareholders' ability to trade or obtain quotations on our shares may be severely limited because of lower trading volumes and transaction delays. These factors may contribute to lower prices and larger spreads in the bid and ask price for our common stock. Specifically, you may not be able to resell your shares at or above the price you paid for such shares or at all.

The price of our common stock has been, and will be, volatile and may continue to decline.

Our stock has historically experienced significant price and volume volatility and could continue to be volatile. Market prices for securities of biotechnology and pharmaceutical companies, including ours, have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. The following factors, among others, can have a significant effect on the market price of our securities:

- significant conversions of preferred stock into common stock and sales of those shares of common stock;
- results from our preclinical studies and clinical trials;
- limited financial resources;
- announcements regarding financings, mergers or other strategic transactions;
- future sales of significant amounts of our capital stock by us or our shareholders;
- developments in patent or other proprietary rights;
- developments concerning potential agreements with collaborators; and
- general market conditions and comments by securities analysts.

The realization of any of the risks described in these "Risk Factors" could have a negative effect on the market price of our common stock. In addition, class action litigation is sometimes instituted against companies whose securities have experienced periods of volatility in market price. Any such litigation brought against us could result in substantial costs and a diversion of management's attention and resources, which could hurt our business, operating results and financial condition.

Our common stock is considered a “penny stock” and does not qualify for exemption from the “penny stock” restrictions, which may make it more difficult for you to sell your shares.

Our common stock is classified as a “penny stock” by the Securities and Exchange Commission, or SEC, and is subject to rules adopted by the SEC regulating broker-dealer practices in connection with transactions in “penny stocks.” The SEC has adopted regulations that define a “penny stock” to be any equity security that has a market price of less than $5.00 per share, or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, these rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule relating to the penny stock market. Disclosure is also required to be made about current quotations for the securities and about commissions payable to both the broker-dealer and the registered representative. Finally, broker-dealers must send monthly statements to purchasers of penny stocks disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. As a result of our shares of common stock being subject to the rules on penny stocks, the liquidity of our common stock may be adversely affected.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “intends,” “believes,” “anticipates,” “indicates,” “plans,” “intends,” “expects,” “suggests,” “may,” “should,” “potential,” “designed to,” “will” and similar references. Such statements in but are not limited to, statements about: our ability to successfully develop GCS-100, LJPC-501 and our other product candidates; the future success of our clinical trials with GCS-100 and LJPC-501; the timing for the commencement and completion of clinical trials; and our ability to implement cost-saving measures. Forward-looking statements are neither historical facts nor assurances of future performance. These statements are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others: the risk that our clinical trials with GCS-100 and LJPC-501 may not be successful in evaluating the safety and tolerability of GCS-100 and LJPC-501 or providing preliminary evidence of efficacy; the successful and timely completion of clinical trials; uncertainties regarding the regulatory process; the availability of funds and resources to pursue our research and development projects, including our clinical trials with GCS-100 and LJPC-501; general economic conditions; and those identified in this Registration Statement on Form S-8 under the heading “Risk Factors” and in other filings the Company periodically makes with the Securities and Exchange Commission. Forward-looking statements contained in this Registration Statement on Form S-8 speak as of the date hereof and the Company does not undertake to update any of these forward-looking statements to reflect a change in its views or events or circumstances that occur after the date of its Registration Statement on Form S-8.

PLAN OF DISTRIBUTION

The 91,930,707 shares of our Common Stock, or Shares offered by this reoffer prospectus may be sold by the Selling Shareholders. Such sales may be made in one or more transactions at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, and may be made in the over-the-counter market or any exchange on which our Common Stock may then be listed, or otherwise. In addition, the Selling Shareholders may sell some or all of the Shares through:

- a block trade in which a broker-dealer may resell a portion of the block, as principal, in order to facilitate the transaction;
- purchases by a broker-dealer, as principal, and resale by the broker-dealer for its account;

74.1

73.6

71.8

70.8

69.6

67.7

	66.5
	64.4
	0.5 p.p.
	4.5 p.p.
Market Capitalization - R$ million [8]	
	134,861
	135,938
	128,085
	136,131
	124,716
	145,584
	131,908
	113,102
	(0.8)
	8.1
Loan Portfolio Quality % [9]	

ALL / Loan Portfolio [2]	
	6.6
	6.5
	6.7
	6.9
	7.0
	7.2
	7.3
	7.4
	0.1 p.p.
	(0.4) p.p.
Non-performing Loans (> 60 days [10] / Loan Portfolio)	
	4.4
	4.2
	4.2
	4.4
	4.6
	4.9
	5.0
	5.1
	0.2 p.p
	(0.2) p.p.
Delinquency Ratio (> 90 days [10] / Loan Portfolio)	
	3.5
	3.4
	3.5

	3.6
	3.7
	4.0
	4.1
	4.1
	0.1 p.p.
	(0.2) p.p.
Coverage Ratio (> 90 days [10]) [2]	
	186.9
	193.8
	192.3
	190.3
	188.6
	179.4
	178.2
	179.0
	(6.9) p.p.
	(1.7) p.p.
Coverage Ratio (> 60 days [10]) [2]	
	149.9
	153.7
	158.9
	156.8
	153.5
	146.0
	147.3

144.8

(3.8) p.p.

(3.6) p.p.

Operating Limits %

Capital Adequacy Ratio - Total [11]

15.8

15.7

16.6

16.4

15.4

15.6

16.1

16.0

0.1 p.p.

0.4 p.p.

Capital Nivel I

24

	12.1
	11.9
	12.3
	12.7
	11.6
	11.0
	11.0
	11.3
	0.2 p.p.
	0.5 p.p.
- Common Equity	
	12.1
	11.9
	12.3
	-
	-
	-
	-
	-
	0.2 p.p.
	-
Capital Nível II	
	3.7
	3.8
	4.3
	3.7

3.8

4.6

5.1

4.7

(0.1) p.p.

(0.1) p.p.

Press Release

Main Information

	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	Var Jun vs Mar
Structural Information - Units									
Service Points	73,208	73,320	72,736	71,724	70,829	69,528	68,917	67,225	(0
- Branches	4,680	4,678	4,674	4,697	4,692	4,687	4,686	4,665	
- PAs (12)	3,497	3,484	3,586	3,760	3,795	3,786	3,781	3,774	
- PAEs (12)	1,175	1,186	1,180	1,421	1,454	1,457	1,456	1,456	(0
- External Bradesco ATMs (13) (14)	1,684	2,701	3,003	3,298	3,498	3,712	3,809	3,954	(37
- Banco24Horas Network ATMs (13)	12,023	11,873	11,583	11,229	11,154	10,966	10,818	10,464	
- Bradesco Expresso (Correspondent Banks)	48,186	47,430	46,851	45,614	44,819	43,598	43,053	41,713	
- Bradesco Promotora de Vendas	1,949	1,955	1,846	1,692	1,404	1,309	1,301	1,186	(0
- Branches / Subsidiaries Abroad	14	13	13	13	13	13	13	13	
ATMs	47,612	48,295	48,203	47,969	47,972	48,025	47,834	47,542	(1
- Bradesco Network	31,509	32,909	33,464	33,933	34,322	34,719	34,859	35,128	(4
- Banco24Horas Network	16,103	15,386	14,739	14,036	13,650	13,306	12,975	12,414	
Employees	99,027	99,545	100,489	101,410	101,951	102,793	103,385	104,100	(0
Outsourced Employees and Interns	12,790	12,671	12,614	12,699	12,647	13,070	12,939	13,013	
Customers - in millions									
Active Checking Account Holders (15) (16)	26.5	26.6	26.4	26.4	26.2	25.8	25.7	25.6	(0
Savings Accounts (17)	51.8	49.0	50.9	48.3	47.7	46.6	48.6	48.3	
Insurance Group	45.5	45.3	45.7	45.3	44.2	42.9	43.1	42.4	
- Policyholders	39.6	39.4	39.8	39.5	38.4	37.1	37.3	36.7	
- Pension Plan Participants	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	
- Capitalization Bond Customers	3.5	3.5	3.5	3.4	3.4	3.5	3.5	3.4	
Bradesco Financiamentos (15)	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.7	

(1) Expanded Loan Portfolio: includes sureties and guarantees, letters of credit, advances of credit card receivables, co-obligations in loan assignments (receivables-backed investment funds and mortgage-backed receivables), co-obligations in rural loan assignments and operations bearing credit risk – commercial portfolio, covering debentures and promissory notes;
(2) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letters of credit, which comprises the concept of excess ALL;
(3) In the last 12 months;
(4) For comparison purposes, shares were adjusted according to bonuses and stock splits;
(5) Excluding mark-to-market effect of Securities Available for Sale recorded under Shareholders' Equity;
(6) Year-to-Date Adjusted Net Income;
(7) Excludes additional reserves;
(8) Number of shares (excluding treasury shares) multiplied by the closing price for common and preferred shares on the period's last trading day;
(9) As defined by the Brazilian Central Bank (Bacen);
(10) Delinquent Credits;

(11) Since October 2013, the Capital Adequacy Ratio calculation follows regulatory guidelines set forth in CMN Resolutions Nº4192/13 and 4193/13 Capital Adequacy Ratio (Basel III);

(12) PA (Service Branch): a result of the consolidation of PAB (Banking Service Branch), PAA (Advanced Service Branch) and Exchange Branches, according to CMN Resolution Nº4072/12; and PAEs – ATMs located on a company's premises;

(13) Including overlapping ATMs within the Bank's own network and the Banco24Horas Network;

(14) Such reduction relates to the sharing of external network ATM terminals by the Banco24Horas ATM network;

(15) Number of individual customers (Corporate Tax IDs (CNPJs) and Individual Taxpayer IDs (CPFs));

(16) Refers to 1st and 2nd checking account holders; and

(17) Number of accounts.

Bradesco ___ _____

Press Release

Ratings

Main Ratings

Fitch Ratings						
Feasibility	**Support**	**International Scale**				
		Domestic Currency		**Foreign Currency**		
		Long Term	Short Term	Long Term		Short Term
a -	2	A -	F1	BBB +		F2

Moody's Investors Service							
Financial Strength / Individual Credit Risk Profile	**International Scale**				**Domestic Scale**		
	Foreign Currency Senior Debt	**Domestic Currency Deposit**		**Foreign Currency Deposit**		**Domestic Currency**	
	Long Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
C - / baa1	Baa1	Baa1	P - 2	Baa2	P-2	Aaa.br	BR - 1

Standard & Poor's								Austin Rating	
International Scale - Issuer's Credit Rating				**Domestic Scale Issuer's Credit Rating**		**Corporate Governance**	**Long Term**	**Domest**
Foreign Currency		**Domestic Currency**						
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term			
BBB -	A - 3	BBB -	A - 3	brAAA	brA - 1	brAA+	brAAA	

Book Net Income vs. Adjusted Net Income

The main non-recurring events that impacted Book Net Income in the periods below are presented in the following comparative chart:

R$ million

	1H14	1H13	2Q14	1Q14
Book Net Income	**7,221**	**5,868**	**3,778**	**3,443**
Non-Recurring Events	**56**	**53**	**26**	**30**
- Civil Provisions	93	88	43	50
- Tax Effects	(37)	(35)	(17)	(20)
Adjusted Net Income	**7,277**	**5,921**	**3,804**	**3,473**
ROAE % (1)	**20.5**	**18.7**	**21.7**	**20.3**
(ADJUSTED) ROAE % (1)	**20.7**	**18.8**	**21.9**	**20.5**

(1) Annualized.

Press Release

Summarized Analysis of Adjusted Income

To provide for better understanding, comparison and analysis of Bradesco's results, we use the Adjusted Income Statement for analysis and comments contained in this Report on Economic and Financial Analysis, obtained from adjustments made to the Book Income Statement, detailed at the end of this Press Release, which includes adjustments to non-recurring events shown on the previous page. Note that the Adjusted Income Statement serves as the basis for the analysis and comments made in Chapters 1 and 2 of this report.

R$ million

	Adjusted Income Statement							
			Variation				Variation	
	1H14	1H13	1H14 vs. 1H13		2Q14	1Q14	2Q14 vs. 1Q14	
			Amount	%			Amount	%
Net Interest Income	**23,028**	**21,293**	**1,735**	**8.1**	**12,066**	**10,962**	**1,104**	**10.1**
- Interest Earning Portion	22,805	21,078	1,727	8.2	11,854	10,951	903	8.2
- Non-interest Earning Portion	223	215	8	3.7	212	11	201	1,827.3
ALL	(6,002)	(6,203)	201	(3.2)	(3,141)	(2,861)	(280)	9.8
Gross Income from Financial Intermediation	**17,026**	**15,090**	**1,936**	**12.8**	**8,925**	**8,101**	**824**	**10.2**
Income from Insurance, Pension Plans and Capitalization Bonds (1)	2,514	2,183	331	15.2	1,270	1,244	26	2.1
Fee and Commission Income	10,611	9,582	1,029	10.7	5,328	5,283	45	0.9
Personnel Expenses	(6,727)	(6,250)	(477)	7.6	(3,448)	(3,279)	(169)	5.2
Other Administrative Expenses	(7,061)	(7,033)	(28)	0.4	(3,575)	(3,486)	(89)	2.6
Tax Expenses	(2,234)	(2,140)	(94)	4.4	(1,120)	(1,114)	(6)	0.5
Equity in the Earnings (Losses) of Unconsolidated Companies	87	15	72	480.0	35	52	(17)	(32.7)
Other Operating Income/ (Expenses)	(2,724)	(2,317)	(407)	17.6	(1,333)	(1,391)	58	(4.2)
Operating Result	**11,492**	**9,130**	**2,362**	**25.9**	**6,082**	**5,410**	**672**	**12.4**
Non-Operating Result	(70)	(62)	(8)	12.9	(34)	(36)	2	(5.6)
Income Tax / Social Contribution	(4,086)	(3,091)	(995)	32.2	(2,215)	(1,871)	(344)	18.4
Non-controlling Interest	(59)	(56)	(3)	5.4	(29)	(30)	1	(3.3)
Adjusted Net Income	**7,277**	**5,921**	**1,356**	**22.9**	**3,804**	**3,473**	**331**	**9.5**

(1) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Bradesco ___ _____

Press Release

Summarized Analysis of Adjusted Income

Adjusted Net Income and Profits

Return on Adjusted Average Equity (ROAE) reached 20.7% in June 2014 – the best rate over the past 8 quarters. Such performance stems from the growth of adjusted net income, which increased by 9.5% in the quarterly comparison and 22.9% comparing the first half of 2014 with the same period of the previous year. The main events that impacted adjusted net income are detailed below.

Adjusted net income reached R$ 3,804 million in the second quarter of 2014, up R$ 331 million compared to the previous quarter, mainly due to (i) higher net interest income, due to increased interest and non-interest earning portions; (ii) increased fee and commission income, due to an increase in business volume; and partially impacted by: (iii) increased allowance for loan losses; and (iv) increased administrative and personnel expenses.

Year-over-year, adjusted net income for the first half of 2014 increased by R$ 1,356 million, basically reflecting: (i) higher net interest income; (ii) lower allowance for loan losses; (iii) greater fee and commission income; (iv) greater income from Insurance, Pension Plans and Capitalization Bonds; and partially offset by: (v) greater operating expenses.

Shareholders' Equity stood at R$ 76,800 million in June 2014, up 16.3% over June 2013. The Capital Adequacy Ratio stood at 15.8%, 12.1% of which fell under Common Equity/Tier I.

Total Assets reached R$ 931,132 million in June 2014, up 3.8% over June 2013, driven by the

increase in operations and greater business volume.
Return on Average Assets (ROAA) reached 1.6%.

__ __Report on Economic and Financial Analysis – June 2014

Summarized Analysis of Adjusted Income

Efficiency Ratio (ER)

ER continued to drop in all calculation criteria presented. This downward trend was led by the 12-month Efficiency Ratio(1), which reached 40.9% in the second quarter of 2014 – its lowest level since December 2009 –, 1 p.p. higher than the previous quarter and an increase of 0.9 p.p. compared to the same period in 2013; and by the quarterly ER, which dropped from 40.1% to 38.6%. The events that contributed most to this improvement in ER were: (i) greater net interest income, due to increased average business volume and higher market arbitrage gains; and (ii) the behavior of operating expenses, impacted by rigorous cost controls despite the organic growth in the period.

Risk-adjusted ER, which reflects the impact of the risk associated to credit operations(2), reached 50.0%, an improvement of 1.4 p.p. quarter-over-quarter and 2.6 year-over-year. Such improvement was mostly influenced by the lower provision for loan loss expenses in the last 12 months, resulting from the sustained loan portfolio quality, in addition to the aforementioned reasons.

(1) ER = (Personnel Expenses – Employee Profit Sharing + Administrative Expenses)/(Net Interest Income + Fee and Commission Income + Income from Insurance + Equity in the Earnings (Losses) of Unconsolidated Companies + Other Operating Income – Other Operating Expenses). Considering the ratio between (i) total administrative costs (Personnel Expenses + Administrative Expenses + Other Operating Expenses + Tax Expenses not related to revenue generation + Insurance Sales Expenses) and (ii) generation of net revenue of related taxes (not considering Claims and Sales Expenses from the Insurance Group), Bradesco's ER in the last 12 months up to the second quarter of 2014 would be 44.5%; and

(2) Including ALL expenses, adjusted for discounts granted, loan recovery and sale of foreclosed assets, among others.

Bradesco

Press Release

Summarized Analysis of Adjusted Income

Net Interest Income

In the quarter-over-quarter comparison, the R$ 1,104 million growth was mainly due to: (i) increased results achieved by the interest earning portion, totaling R$ 903 million, particularly Securities/Other, Loan, and Funding; and (ii) the increased non-interest earning portion of the net interest income, totaling R$ 201 million, reflecting higher gains from market arbitrage.

Year-over-year, the net interest income for the first half of 2014 rose by by R$ 1,735 million, mainly due to: (i) a R$ 1,727 million increase in interest earning operations, due to an increase in business volume, particularly in the Loan and Funding business lines.

Report on Economic and Financial Analysis – June 2014

Summarized Analysis of Adjusted Income

NII - Interest Earning Portion – Annualized Net Interest Margin (NIM)

R$ million

	1H14			1H13		
	Interest	**Average Balance**	**Average Rate**	**Interest**	**Average Balance**	**Average Rate**
Loans	15,678	337,264	9.8%	15,048	303,767	10.2%
Funding	2,984	369,896	1.7%	2,061	328,690	1.3%
Insurance	2,045	138,949	3.1%	1,828	128,330	2.9%
Securities/Other	2,098	335,130	1.3%	2,141	304,853	1.4%
Net Interest Income	**22,805**	**-**	**7.4%**	**21,078**	**-**	**7.2%**

	2Q14			1Q14		
	Interest	**Average Balance**	**Average Rate**	**Interest**	**Average Balance**	**Average Rate**
Loans	7,967	339,341	10.1%	7,711	335,187	9.9%
Funding	1,570	365,285	1.8%	1,415	374,507	1.6%
Insurance	1,081	141,206	3.2%	964	136,692	2.9%
Securities/Other	1,236	324,770	1.6%	861	345,490	1.0%
Net Interest Income	**11,854**	**-**	**7.7%**	**10,951**	**-**	**7.1%**

The annualized net interest margin reached 7.7% in the second quarter of 2014, up 0.6 p.p. over the previous quarter, mainly due to an improvement of all business lines that make up the interest earning portion, as illustrated in the table above.

Press Release

Summarized Analysis of Adjusted Income

Expanded Loan Portfolio(1)

In June 2014, Bradesco's expanded loan portfolio totaled R$ 435.2 billion. The 0.7% increase in the quarter reflects mainly the Individuals portfolio, which was up 1.8%. The graph on the right shows that the share of SMEs in the portfolio has decreased, which is mostly due to a higher growth rate of lower-risk products, namely payroll-deductible loan, real estate financing and in the Corporations segment. In the last twelve months, this portfolio increased by 8.1%: (i) 9.9% in Corporations; (ii) 9.6% in Individuals; and (iii) 3.7% in SMEs

In the last twelve months, this portfolio increased by 8.1%: (i) 9.9% in Corporations; (ii) 9.6% in Individuals; and (iii) 3.7% in SMEs.

In the Corporate segment, the products that posted the strongest growth in the last 12 months were: (i) real estate financing; and (ii) foreign transactions.

In the Individual segment, the main highlights were: (i) payroll-deductible loan; and (ii) real estate financing.

(1) Includes sureties, guarantees, letters of credit, advances of credit card receivables, debentures, promissory notes, assignment of receivables-backed investment funds and mortgage-backed and rural loan receivables.

For more information, see Chapter 2 of this Report.

Allowance for Loan Losses (ALL)(1)

Allowance for loan losses (ALL) stood at R$ 3,141 million in the second quarter of 2014, a 9.8% increase over the previous quarter, partly due to: (i) a decrease in delinquency levels for the previous quarter, due to a delay in the seasonal concentration of expense payments by our customers – this

seasonal effect produced only a mild impact, in the second quarter of 2014; and (ii) by the adjustment of provision levels to the forecast of losses from specific corporate client operations.

Comparing the first half of 2014 to the same period of the previous year, this expense decreased 3.2%, despite the 7.6% increase in loan operations (as defined by Bacen), resulting from reduced delinquency levels in the last 12 months.

It is important to note that these results reflect the consistency of the loan granting policy and processes, quality of guarantees obtained, as well as the loan recovery process improvement.

(1) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter of credit, which comprises the concept of excess ALL.

For more information, see Chapter 2 of this Report.

Summarized Analysis of Adjusted Income

Delinquency Ratio(1)

Year-over-year, the total delinquency ratio, which is based on transactions due over 90 days, decreased from 3.7% to 3.5%, mainly due to: (i) changes in the portfolio mix; (ii) the continuous improvement of loan granting procedures and systems; and (iii) the improved internal credit risk monitoring models.

Quarter-over-quarter, there was a slight increase, mainly due to the lower growth rate experienced by the credit portfolio, as well as of some specific corporate client operations, which does not characterize a trend, as evidenced in the short-term delinquency chart below (between 15 and 90 days), which indicates that delinquency levels have stabilized.

Even with the lower growth rate presented by the loan portfolio, short-term delinquencies, which include transactions due between 15 and 90 days, have remained stable year-over-year and suffered a slight reduction quarter-over-quarter.

(1) As defined by the Brazilian Central Bank (Bacen).

Summarized Analysis of Adjusted Income

Coverage Ratios

Bradesco monitors the development of its loan portfolio, as well as respective risks, by internally applying the expanded portfolio concept. In addition to the allowance for loan losses required by Bacen, Bradesco has excess ALL to support potential stress scenarios, as well as other operations/commitments bearing credit risks.

The following graph presents the changes in coverage ratio of the Allowance for Loan Losses for loans overdue for more than 60 and 90 days. In June 2014, these ratios stood at comfortable levels, reaching 149.9% and 186.9%, respectively.

(1) Includes provision for guarantees provided, encompassing sureties, guarantees, letters of credit, and standby letter of credit, which comprises the concept of excess ALL.

Press Release

Summarized Analysis of Adjusted Income

Income from Insurance, Pension Plans and Capitalization Bonds

Net income for the second quarter of 2014 stood at R$ 1.072 billion (R$ 1.040 billion in the first quarter of 2014), up 3.1% compared to the previous quarter, for an annualized Return on Adjusted Shareholders' Equity of 26.3%.

Net income for the first half of 2014 stood at R$ 2.112 billion, up 13.5% compared to the same period in the previous year (R$ 1.861 billion), for a return on Adjusted Shareholder's Equity of 25.1%.

(1) Excluding additional provisions.

	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q1
Net Income	1,072	1,040	1,001	878	931	930	9
Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income	13,992	11,450	14,492	11,069	13,238	10,953	13,2
Technical Reserves	142,731	137,751	136,229	133,554	131,819	127,367	124,2
Financial Assets	154,261	147,725	146,064	143,423	141,984	141,535	141,5
Claims Ratio (%)	70.2	70.1	71.1	72.7	71.1	69.6	7
Combined Ratio (%)	86.3	86.4	86.1	86.9	85.5	86.0	8
Policyholders / Participants and Customers (in thousands)	45,468	45,260	45,675	45,292	44,215	42,941	43,0
Employees (unit)	7,152	7,265	7,383	7,462	7,493	7,510	7,5
Market Share of Insurance Written Premiums, Pension Plan Contributions and Capitalization Bond Income (%) (1)	23.8	23.4	24.2	23.8	24.0	22.4	2

(1) The second quarter of 2014 includes the latest data released by Susep (May/14).

Note: For purposes of comparison between the indexes for the aforementioned periods, the effects of non-recurring events have not been considered.

Bradesco

Summarized Analysis of Adjusted Income

Income increased by 22.2% in the second quarter of 2014, compared to the previous quarter, driven by the Life and Pension Plans, Auto/RE and Capitalization Bonds products, which grew 46.2%, 10.9% and 7.1%, respectively.

Net income in the second quarter of 2014 was 3.1% higher compared to previous quarter, mainly due to: (i) 22.2% increase in revenue; (ii) improved financial results; (iii) stability of the claims ratio; and (iv) improved administrative efficiency ratio.

Production increased 5.2% in the first half of 2014 when compared to the same period in the previous year. This result was led by Auto RE, Health and Capitalization Bond products, which grew 31.5%, 21.1% and 18.3%, respectively.

Net income in the first half of 2014 was 13.5% higher compared to the same period in the previous year, due to: (i) 5.2% increase in revenue; (ii) improved financial and equity income; (iii) reduced expense and claims ratio; and (iv) maintenance of the administrative efficiency ratio.

Grupo Bradesco Seguros maintains its capital levels in compliance with regulatory requirements and global standards (Solvency II), with leverage of 2.7 times its Shareholders' Equity in the period

Summarized Analysis of Adjusted Income

Fee and Commission Income

In the second quarter of 2014, fee and commission income amounted to R$ 5,328 million, up R$ 45 million over the previous quarter, mainly as a result of an increase in business volume. The revenues that contributed most to such increase were: (i) loans; (ii) checking account; (iii) card income; (iv) fund management; and (v) consortium management; these were partially offset by: (vi) reduced revenues from underwriting/financial advisory services, which had recorded an excellent performance in the previous quarter.

In the comparison between the first half of 2014 and the same period of the previous year, the increase of R$ 1,030 million, or 10.7%, is mostly due to the increased customer base combined with higher volume of operations, resulting from ongoing investments in customer service channels and technology. It is important to note that the revenues that contributed most to this result come from: (i) a good performance of the credit card segment, due to the increase in (a) income; and (b) number of transactions; (ii) the higher income from checking accounts, resulting from an increase in business volume and in the account holder base, which posted a net growth of 251,000 active accounts in the period; (iii) higher income from loans, due to the greater volume of operations and sureties and guarantees in the period; and revenue gains in: (iv) consortium management; and (v) collection.

Press Release

Summarized Analysis of Adjusted Income

Personnel Expenses

In the second quarter of 2014, the R$ 169 million increase from the previous quarter is a result of variations in:

- structural expenses – increase of R$ 81 million, mainly due to the reduced number of vacation leaves in the second quarter of 2014; and

- non-structural – increase of R$ 88 million, which resulted mainly from increased expenses with: (i) provision for labor claims; (ii) employee and management profit sharing expenses; and (iii) training sessions.

In the comparison between the first half of 2014 and the same period of the previous year, the R$ 477 million increase was mainly due to:

- a R$ 320 million increase in structural expenses, resulting from greater expenses with salaries, social charges and benefits, due to raise in salary levels, as per respective collective bargaining agreements; and

- non-structural expenses totaling R$ 157 million, which result particularly from greater expenses with: (i) employee and management profit sharing expenses; and (ii) provision for labor claims.

Note: Structural Expenses = Salaries + Social Charges + Benefits + Pension Plans.

Non-Structural Expenses = Employee and Management Profit Sharing + Training + Labor Provision + Costs with Termination of Employment Contracts.

Summarized Analysis of Adjusted Income

Administrative Expenses

Despite the higher expenses with (i) the opening of 2,379 service points in the period, mainly Bradesco Expresso points, bringing the number of service points on June 30, 2014 to a total of 73,208, and (ii) increased business and service volumes in the period, administrative expenses increased only 0.4% in the comparison between the first half of 2014 and the same period in the previous year, as a result of the continued efforts to reduce costs led by our Efficiency Committee, which included revision of processes and ongoing investments in technology. It is worth noting that IPCA and IGP-M inflation indexes reached 6.52% and 6.25% in the last 12 months, respectively.

In the second quarter of 2014, the 2.6% increase in administrative expenses, compared to the previous quarter, was mainly due to increased business and service volumes in the quarter, which ultimately generated higher expenses with: (i) maintenance and preservation of assets; (ii) data processing; (iii) outsourced services; (iv) depreciation and amortization; and (v) materials.

Other Operating Income and Expenses

Other operating expenses, net of other operating income, totaled R$ 1,333 million in the second quarter of 2014, down R$ 58 million over the previous quarter. In the comparison between the first half of 2014 and the same period of the previous year, the R$ 407 million increase is mainly due to: (i) greater expenses with operating provisions, mainly liability contingencies; and (ii) greater expenses with Credit Card sales.

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Summarized Analysis of Adjusted Income

Income Tax and Social Contribution

Income tax and social contribution increased 18.4% over the previous quarter and 32.2% year-over-year, mainly due to: (i) the increase in taxable result; and (ii) the non-use of the full tax benefit in this quarter due to interim dividends provisioned in the second quarter of 2014 over interest on shareholders' equity. The income tax and social contribution (IR/CS) rate stood at 36.6% in the second quarter of 2014.

Unrealized Gains

Unrealized gains totaled R$ 21,673 million in the second quarter of 2014, a R$ 6,695 million increase from the previous quarter. Such variation was mainly driven by the appreciation of: (i) our investments, especially our Cielo shares, which went up by 25.8% in the quarter; and (ii) fixed income securities.

Economic Scenario

In general, the international financial markets managed to maintain low volatility rates throughout the second quarter. Recent positive news regarding various U.S. economic indicators, following the negative impacts of a gloomy scenario in the beginning of the year, indicate that the recovery of the world's leading economy is on a sustainable path. Looking forward, there is a general consensus regarding the gradual and well-announced reduction of monetary incentives by the Federal Reserve, whose initiatives tend to support this recovery process.

In the Eurozone, the European Central Bank increased monetary incentives in attempt to mitigate the risks of deflation in the region. The Chinese economy has shown signs of growth stabilization, albeit at a lower level compared to last year, eliminating all concerns over a potential hard landing scenario.

In the commodities market, geopolitical aspects have raised some concern regarding oil supply, representing one of the key threats to the global economic recovery. On the other hand, bearish pressures prevail in other segments, particularly in the grain and iron ore sectors. The drop in price for most primary goods and the upward trend of long interest-rates in the U.S. represent even greater hurdles to macroeconomic policy management in emerging countries.

Meanwhile, the very same global scenario may also generate some valuable opportunities, especially for countries that adopt effective economic and institutional differentiation measures. In this sense, Brazil should look toward continuously reinforcing its commitment towards healthy economic policies. Such efforts must be perceived by society as a value in itself, one which represents a requirement for the maintenance of macroeconomic visibility and income gains, in addition to boosting the confidence level among economic agents.

Indicators for Domestic economic activities have been modest, further highlighting the relevance of structural initiatives aimed at promoting future growth. The constant search for excellence in education is Brazil's front line in its battle to become more competitive and to expedite its efforts to upgrade infrastructure. It is always important to remind that, in the long term, the main source of economic growth is productivity, which becomes an even more relevant topic within a global context characterized by high levels of efficiency.

Productive investments tend to play an increasingly relevant role in the composition of growth over the next few years, which should be favored by the increased share of the capital market in funding of infrastructure projects. At the same time, despite the shift in consumer market expansion levels in some segments, the potential of domestic demand for goods and services has yet to be depleted, and there is still much room for growth. Income gains, employment formalization, diversification of consumption habits and social mobility are still key influential factors.

Bradesco maintains a positive outlook towards Brazil, with favorable perspectives for its operating segments. Credit volume is growing at sustainable and risk-compatible rates, whereas delinquency rates are stabilized at historically low and controlled levels. The scenario is still very promising for the Brazilian banking and insurance sectors.

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Press Release

Main Economic Indicators

Main Indicators (%)	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12	3Q12	1
Interbank Deposit Certificate (CDI)	2.51	2.40	2.31	2.12	1.79	1.61	1.70	1.91	
Ibovespa	5.46	(2.12)	(1.59)	10.29	(15.78)	(7.55)	3.00	8.87	
USD – Commercial Rate	(2.67)	(3.40)	5.05	0.65	10.02	(1.45)	0.64	0.46	
General Price Index - Market (IGP-M)	(0.10)	2.55	1.75	1.92	0.90	0.85	0.68	3.79	
Extended Consumer Price Index (IPCA) – Brazilian Institute of Geography and Statistics (IBGE)	1.54	2.18	2.04	0.62	1.18	1.94	1.99	1.42	
Federal Government Long-Term Interest Rate (TJLP)	1.24	1.24	1.24	1.24	1.24	1.24	1.36	1.36	
Reference Interest Rate (TR)	0.15	0.19	0.16	0.03	-	-	-	0.03	
Savings Account (Old Rule) (1)	1.66	1.70	1.67	1.54	1.51	1.51	1.51	1.53	
Savings Account (New Rule) (1)	1.66	1.70	1.67	1.47	1.30	1.25	1.26	1.40	
Business Days (number)	61	61	64	66	63	60	62	64	
Indicators (Closing Rate)	Jun14	Mar14	Dec13	Sept13	Jun13	Mar13	Dec12	Sept12	J
USD – Commercial Selling Rate - (R$)	2.2025	2.2630	2.3426	2.2300	2.2156	2.0138	2.0435	2.0306	2
Euro - (R$)	3.0150	3.1175	3.2265	3.0181	2.8827	2.5853	2.6954	2.6109	3
Country Risk (points)	208	228	224	236	237	189	142	166	
Basic Selic Rate Copom (% p.a.)	11.00	10.75	10.00	9.00	8.00	7.25	7.25	7.50	
BM&F Fixed Rate (% p.a.)	10.91	11.38	10.57	10.07	9.39	7.92	7.14	7.48	

(1) Regarding the new savings account yield rule, it was defined that: (i) existing deposits up to May 3, 2012 will continue to yield at TR + interest of 6.17% p.a.; and (ii) for deposits made as of May 4, 2012, the new rules are: (a) if the Selic rate is higher than 8.5% p.a., a yield of TR + 6.17% p.m. interest will be maintained; and (b) if the Selic rate is equal or lower than 8.5% p.a., the yield will be 70% of Selic rate + TR.

Projections for 2016

%	2014	2015	2016
USD - Commercial Rate (year-end) - R$	2.35	2.45	2.55
Extended Consumer Price Index (IPCA)	6.40	6.00	5.50
General Price Index - Market (IGP-M)	5.00	5.50	5.00
Selic (year-end)	11.00	11.00	10.00
Gross Domestic Product (GDP)	1.00	1.50	3.00

Press Release

Guidance

Bradesco's Outlook for 2014

This guidance contains forward-looking statements that are subject to risks and uncertainties, as they are based on Management's expectations and assumptions and information available to the market as of the date hereof.

Loan Portfolio (1)	**10 to 14 %**
Individuals	11 to 15 %
Companies	9 to 13 %
NII - Interest Earning Portion	**6 a 10 %**
Fee and Commission Income	**9 to 13 %**
Operating Expenses (2)	**3 to 6 %**
Insurance Premiums	**9 to 12 %**

(1) Expanded Loan Portfolio; and

(2) Administrative and Personnel Expenses.

Bradesco

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement

Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement

Second Quarter of 2014

	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	2Q H
Net Interest Income	**14,274**	**(334)**	**(143)**	**(248)**	**(922)**	**-**	**-**	
ALL	(3,645)	-	-	-	637	(133)	-	
Gross Income from Financial Intermediation	**10,629**	**(334)**	**(143)**	**(248)**	**(285)**	**(133)**	**-**	
Income from Insurance, Pension Plans and Capitalization Bonds [9]	1,270	-	-	-	-	-	-	
Fee and Commission Income	5,226	-	-	-	-	-	102	
Personnel Expenses	(3,448)	-	-	-	-	-	-	
Other Administrative Expenses	(3,607)	-	-	-	-	-	32	
Tax Expenses	(1,169)	-	-	-	(12)	-	-	
Equity in the Earnings (Losses) of Unconsolidated Companies	35	-	-	-	-	-	-	
Other Operating Income/Expenses	(2,298)	334	143	248	297	33	(134)	
Operating Result	**6,639**	**-**	**-**	**-**	**-**	**(100)**	**-**	
Non-Operating Result	(134)	-	-	-	-	100	-	
Income Tax / Social Contribution and Non-controlling Interest	(2,727)	-	-	-	-	-	-	
Net Income	**3,778**	**-**	**-**	**-**	**-**	**-**	**-**	

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item “Other Operating Expenses” to the item “Net Interest Income;”

(2) Interest Income/Expenses from the insurance segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(4) Income from Loan Recovery classified under the item “Net Interest Income”; Expenses with Discounts Granted, classified under the item “Other Operating Income/Expenses”; and Expenses with Write-offs of Leasing Operations, classified under the item “Net Interest Income”, were reclassified to the item “Provision for Loan Loss (ALL) Expenses”; Tax Expenses, classified as “Other Operating Expenses”, were reclassified under the item “Tax Expenses”; and Expenses with Provision for Guarantees Provided, classified as “Other Operating Expenses”, were reclassified to the item “Provision for Loan Loss (ALL) Expenses”;

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item “Non-Operating Result” were reclassified to items “Provision for Loan Loss (ALL) Expenses”/“Other Operating Income/Expenses”;

(6)

Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under “Other Operating Income/Expenses” were reclassified to the item “Fee and Commission Income”; and Credit Card Operation Interchange Expenses classified under the item “Other Operating Income/Expenses” were reclassified to the item “Other Administrative Expenses”;

(7) Partial result of Derivatives used to hedge investments abroad – which, in terms of Net Income, simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy;

(8) For more information see page 8 of this chapter; and

(9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement

Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement

First Quarter of 2014

	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	1Q1 Fi He
Net Interest Income	**12,770**	**(332)**	**64**	**(113)**	**(804)**	**-**	**-**	
ALL	(3,251)	-	-	-	496	(106)	-	
Gross Income from Financial Intermediation	**9,519**	**(332)**	**64**	**(113)**	**(308)**	**(106)**	**-**	
Income from Insurance, Pension Plans and Capitalization Bonds [9]	1,244	-	-	-	-	-	-	
Fee and Commission Income	5,190	-	-	-	-	-	93	
Personnel Expenses	(3,279)	-	-	-	-	-	-	
Other Administrative Expenses	(3,515)	-	-	-	-	-	29	
Tax Expenses	(1,141)	-	-	-	(12)	-	-	
Equity in the Earnings (Losses) of Unconsolidated Companies	52	-	-	-	-	-	-	
Other Operating Income/Expenses	(2,052)	332	(64)	113	320	33	(122)	
Operating Result	**6,018**	**-**	**-**	**-**	**-**	**(73)**	**-**	
Non-Operating Result	(109)	-	-	-	-	73	-	
Income Tax / Social Contribution and Non-controlling Interest	(2,465)	-	-	-	-	-	-	
Net Income	**3,443**	**-**	**-**	**-**	**-**	**-**	**-**	

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item “Other Operating Expenses” to the item “Net Interest Income;”
(2) Interest Income/Expenses from the insurance segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”
(3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”
(4) Income from Loan Recovery classified under the item “Net Interest Income”; Expenses with Discounts Granted, classified under the item “Other Operating Income/Expenses”; and Expenses with Write-offs of Leasing Operations, classified under the item “Net Interest Income”, were reclassified to the item

"Provision for Loan Loss (ALL) Expenses"; Tax Expenses, classified as "Other Operating Expenses", were reclassified under the item "Tax Expenses"; and Expenses with Provision for Guarantees Provided, classified as "Other Operating Expenses", were reclassified to the item "Provision for Loan Loss (ALL) Expenses";

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Provision for Loan Loss (ALL) Expenses"/"Other Operating Income/Expenses";

(6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income"; and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses";

(7) Partial result of Derivatives used to hedge investments abroad – which, in terms of Net Income, simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy;

(8) For more information see page 8 of this chapter; and

(9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Bradesco

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement

Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement

First Half of 2014

								1H
	Book Income Statement	**Reclassifications**						
		(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	
Net Interest Income	**27,044**	**(666)**	**(79)**	**(361)**	**(1,726)**	**-**	**-**	
ALL	(6,896)	-	-	-	1,133	(239)	-	
Gross Income from Financial Intermediation	**20,148**	**(666)**	**(79)**	**(361)**	**(593)**	**(239)**	**-**	
Income from Insurance, Pension Plans and Capitalization Bonds [9]	2,514	-	-	-	-	-	-	
Fee and Commission Income	10,416	-	-	-	-	-	195	
Personnel Expenses	(6,727)	-	-	-	-	-	-	
Other Administrative Expenses	(7,122)	-	-	-	-	-	61	
Tax Expenses	(2,310)	-	-	-	(24)	-	-	
Equity in the Earnings (Losses) of Unconsolidated Companies	87	-	-	-	-	-	-	
Other Operating Income/Expenses	(4,350)	666	79	361	617	66	(256)	
Operating Result	**12,656**	**-**	**-**	**-**	**-**	**(173)**	**-**	
Non-Operating Result	(243)	-	-	-	-	173	-	
Income Tax / Social Contribution and Non-controlling Interest	(5,192)	-	-	-	-	-	-	
Net Income	**7,221**	**-**	**-**	**-**	**-**	**-**	**-**	

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item “Other Operating Expenses” to the item “Net Interest Income;”

(2) Interest Income/Expenses from the insurance segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(4) Income from Loan Recovery classified under the item “Net Interest Income”; Expenses with Discounts Granted, classified under the item “Other Operating Income/Expenses”; and Expenses with Write-offs of Leasing Operations, classified under the item “Net Interest Income”, were reclassified to the item “Provision for Loan Loss (ALL) Expenses”; Tax Expenses, classified as “Other Operating Expenses”, were reclassified under the item “Tax Expenses”; and Expenses with Provision for Guarantees Provided, classified as “Other Operating Expenses”, were reclassified to the item “Provision for Loan

Loss (ALL) Expenses";

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Provision for Loan Loss (ALL) Expenses"/"Other Operating Income/Expenses";

(6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income"; and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses";

(7) Partial result of Derivatives used to hedge investments abroad – which, in terms of Net Income, simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy;

(8) For more information see page 8 of this chapter; and

(9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Press Release

Book Income vs. Managerial Income vs. Adjusted Income Statement

Analytical Breakdown of Book Income vs. Managerial Income vs. Adjusted Income Statement

First Half of 2013

	Book Income Statement	Reclassifications (1)	(2)	(3)	(4)	(5)	(6)	1H1 F H
Net Interest Income	**21,933**	**(652)**	**53**	**(83)**	**(1,520)**	**168**	**-**	
ALL	(7,083)	-	-	-	1,015	(135)	-	
Gross Income from Financial Intermediation	**14,850**	**(652)**	**53**	**(83)**	**(505)**	**33**	**-**	
Income from Insurance, Pension Plans and Capitalization Bonds [9]	2,183	-	-	-	-	-	-	
Fee and Commission Income	9,395	-	-	-	-	-	188	
Personnel Expenses	(6,250)	-	-	-	-	-	-	
Other Administrative Expenses	(6,898)	-	-	-	-	-	(135)	
Tax Expenses	(1,968)	-	-	-	(20)	-	-	
Equity in the Earnings (Losses) of Unconsolidated Companies	15	-	-	-	-	-	-	
Other Operating Income/Expenses	(3,606)	652	(53)	83	525	48	(53)	
Operating Result	**7,720**	**-**	**-**	**-**	**-**	**81**	**-**	
Non-Operating Result	18	-	-	-	-	(81)	-	
Income Tax / Social Contribution and Non-controlling Interest	(1,870)	-	-	-	-	-	-	(1
Net Income	**5,868**	**-**	**-**	**-**	**-**	**-**	**-**	

(1) Expenses with Commission on the Placement of Loans and Financing were reclassified from the item “Other Operating Expenses” to the item “Net Interest Income;”

(2) Interest Income/Expenses from the insurance segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(3) Interest Income/Expenses from the financial segment were reclassified from the item “Other Operating Income/Expenses” to the item “Net Interest Income;”

(4) Income from Loan Recovery classified under the item “Net Interest Income”; Expenses with Discounts Granted, classified under the item “Other Operating Income/Expenses”; and Expenses with Write-offs of Leasing Operations, classified under the item “Net Interest Income”, were reclassified to the item “Provision for Loan Loss (ALL) Expenses”; Tax Expenses, classified as “Other Operating Expenses”, were reclassified under the item “Tax Expenses”; and Expenses with Provision for Guarantees Provided, classified as “Other Operating Expenses”, were reclassified to the item “Provision for Loan

Loss (ALL) Expenses";

(5) Losses/Gains from the Sale of Foreclosed Assets/Investments classified under the item "Non-Operating Result" were reclassified to items "Provision for Loan Loss (ALL) Expenses"/"Other Operating Income/Expenses";

(6) Income from Card Fees and Commissions, Insurance Premium Commissions and Insurance Policy Fees classified under "Other Operating Income/Expenses" were reclassified to the item "Fee and Commission Income"; and Credit Card Operation Interchange Expenses classified under the item "Other Operating Income/Expenses" were reclassified to the item "Other Administrative Expenses";

(7) Partial result of Derivatives used to hedge investments abroad – which, in terms of Net Income, simply annuls the tax effects (Income Tax/Social Contribution (IR/CS) and Social Integration Program/Contribution for Social Security Financing (PIS/Cofins)) of this hedge strategy;

(8) For more information see page 8 of this chapter; and

(9) Income from Insurance, Pension Plans and Capitalization Bonds = Insurance, Pension Plan and Capitalization Bond Retained Premiums – Changes in Technical Reserves for Insurance, Pension Plans and Capitalization Bonds – Retained Claims – Capitalization Bond Draws and Redemption – Insurance, Pension Plan and Capitalization Bond Sales Expenses.

Bradesco

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
Date: July 31, 2014

BANCO BRADESCO S.A.

By: /S/ Luiz Carlos Angelotti

Luiz Carlos Angelotti
Executive Managing Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.