MPX Energia S.A.

Financial statements
December 31, 2008 and 2007

(A free translation of the original report in Portuguese as published in Brazil containing financial statement prepared in accordance with accounting practices adopted in Brazil)

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Contents

Management report	3 - 10
Independent auditors' report	11 - 12
Balance sheets	13
Statements of income	14
Statements of changes in shareholders' equity	15
Statements of cash flows	16
Statements of added value	17
Notes to the financial statements	18 - 86

Management report

Dear shareholders,

The Management of MPX Energia S.A. ("MPX" or "Company") in compliance with the legal and statutory provisions, hereby submits to your examination the Management Report and the Financial Statements of the Company, accompanied by the Independent Auditors' Report, all referring to the fiscal year ended as of December 31, 2008.

1 Message from Management

The year 2008 was a year of hard work, great challenges, but also countless achievements. A year after the IPO our power agreements totaled 1,100 MW in installed capacity and the company is now a major player in the Brazilian power generation sector.

The year 2008 marked the beginning of implementation of MPX's project portfolio. Approximately R$1 billion was invested in 3 Thermal Power Plant (TPP) projects: Porto do Pecém I and II and Porto de Itaqui.

In July, work began on the construction of the Porto do Pecém I TPP in Ceará, a 720 MW project scheduled to enter into operation in 2011. We also made headway in the implementation of the Porto de Itaqui TPP project in *Maranhão*, which obtained validation of its preliminary environmental permit by the Brazilian Institute for the Environment and Renewable Natural Resources *("Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis - IBAMA")* near the end of 2008. Terraplenagem and worksite installation activities began in early 2009, after IBAMA issued a preliminary installation permit.

In September, the A-5 New Power Action was held, which again tested the ability of power plants fueled by imported coal to compete in the domestic energy market. We were successful in selling the power to be generated by the Porto do Pecém II project in the regulated contracting environment, our second consecutive successful transaction in the yearly A-5 auction.

The agreements signed for the aforementioned projects represented an important step towards the diversification of the Brazilian energy matrix, which will mean less dependence on annual rainfall. The shortage of rain in the first months of 2008 combined with the then low reservoir levels caused the spot market price to exceed R$500/MWh and demonstrated the importance of increasing Brazil's coal- and natural gas-fired power generation base to provide greater supply security to the system when hydro-electric power availability is low.

Another important milestone in 2008 was the preliminary permit obtained for the Porto do Açu Power Plant Project in the State of Rio de Janeiro. This project entails the construction of a Thermal Power Plant with an initial installed capacity of 2.100 MW in Brazil's largest load center - the South-East. Considering its size and location, we see the Porto do Açu Power Plant as one of the most important projects for the structuring of the Brazilian power sector.

A strategy of developing coal-fired thermal power plant projects within an integrated production chain concept can potentially provide the feasibility to supply power to the Brazilian free market. Hence, during the year we acquired mineral rights and initiated drilling programs in Colombia. Although still preliminary, the results have been very satisfactory.

To ensure our continued growth, we applied for environmental permits for another two projects in our portfolio: the MPX Sul TPP in *Rio Grande do Sul* and the *Castilla* TPP in Chile. In addition, we continued to actively pursue opportunities for new generation units, aiming to diversify our own energy matrix.

Needless to say, the global financial crisis drastically reduced the liquidity of the credit market. In this scenario, MPX's consolidated cash position of R$1.9 billion at the end of 2008 became all the more valuable. We are convinced, however, that the scenario expected for 2009 will require greater caution in investment decisions. We therefore reiterate our commitment to our shareholders to always pursue return on investment adequate to current market conditions.

It is worth mentioning that Brazilian environmental requirements are among the strictest in the world - and we at MPX seek to exceed them. In all our projects we invest in the latest technology available to achieve maximum efficiency in environmental control. We also contribute to the sustainable economic and social development of the regions in which we operate. Based on these objectives, we are implementing a series of programs for environment preservation, minimization of inference in ecosystems, and development of adjacent communities.

Regarding social and environmental activities developed by MPX, special mention is warranted to a waste dump cleanup project at the site where the Porto de Itaqui TPP will be installed, which was completed in the last quarter of 2008. In addition to the cleanup work itself, the project also entailed the reallocation of 96 families that lived in and derived their sustenance from the waste dump. MPX is building a housing complex with 100 residential units, a school, a sports court and a day care center. In addition to new houses, the families will receive the title deeds to their properties and social assistance. A mile and a half from the housing complex a 148-acre area has been reserved from the development of commercial and subsistence agriculture. After the area is cleaned up and the soil rehabilitated, an agricultural technician will instruct the families on how to grow crops.

At last, we would like to thank all of you who have helped MPX contribute to the sustainable development of Brazil since our operations began in 2001.

2 MPX today

2.1 Projects with Power Purchase Agreements ("PPAs") secured

UTE PORTO DO PECÉM

Terraplenagem, piling and worksite installation work began in the last quarter of 2008. In January 2009 terraplenagem was completed and the remaining worksite installation and initial civil works followed. In addition, we completed the bidding process for selection of a contractor to build the belt conveyor for carrying coal from the port to the plant yard.

The Porto do Pecém I TPP, a 50-50% joint venture between MPX and *EDP Energias do Brasil*, will be a coal-fired thermal power plant with 720 MW installed capacity. The plant sold an average 615 MW at the A-5 auction in October 2007, ensuring a fixed revenue of about R$460.4 million (reference month: Dec 08), indexed to the IPCA inflation index, for a period of 15 years beginning in 2012. The PPA establishes that all fuel costs, including the effects of exchange rate fluctuation, will be transferred to the price of the electricity. The plant already has an installation permit and will use the Port of Pecém, which is already in operation, to receive the coal required for plant operation.

On March 20, 2009, the Board of Executive Directors of the Inter-American Development Bank ("IDB") approved a long-term loan package for the Porto do Pecém I TPP. In addition, the Brazilian Development Bank *("BNDES")* will have an important role in providing the remaining funding required for the project. This R$1.3 billion loan is in the final stages of approval.

The plant expansion, Porto de Pecém II (365MW), a 100% MPX project, secured an agreement for an average 265 MW in the A-5 new power auction on October 30, 2008. The PPA provides a fixed annual revenue of R$218.6 million (reference month: Dec 08), indexed to the IPCA, over a period of 15 years beginning in 2013. Additionally, the PPA establishes that all fuel costs, including the effects of exchange rate fluctuation, will be transferred to the price of the supplied electricity. This project already has an installation permit and will also use the Port of Pecém to receive the required coal. The plant construction work has already begun.

In the last quarter of 2008, MPX and *Mabe Construção e Administração de Projetos Ltda.* (a joint venture between *Tecnimont* e *EFACEC*, which is also under contract to build the Porto de Pecém I and Porto de Itaqui power plants) signed a US$ 536.7 million lump sum turn-key Engineering, Procurement and Construction – EPC contract for the Porto de Peçém II TPP, establishing a fixed price, schedule and project/plant performance guarantees, similar to the contracts signed for Pecém I and Itaqui. The EPC contract ensures that plant startup will take place in June 2012 and provides incentives to the Construction Contractor for early commercial startup. The turbines will be supplied by *Siemens* and the boilers by *Doosan-Babcock.*

When negotiating the EPC contract with *MABE*, MPX was able to secure an additional capacity of 5 MW for Pecém II, above the capacity assumption used in modeling the power auction. This increase in capacity is subject to approval by Brazil's power sector regulator ("Agência Nacional de Energia Elétrica –ANEEL"). MPX will apply for this approval after a resolution is published assigning "Independent Power Producer" status to the project.

PORTO DE ITAQUI TPP

The Porto de Itaqui TPP, a 100% MPX project, will be a coal-fired thermal power plant with 360 MW installed capacity. The plant sold an average of 315 MW at the A-5 auction in October 2007, ensuring a fixed revenue of about R$243.4 million (reference month: Dec 08), indexed to the IPCA inflation index, for a period of 15 years from January 2012. The PPA establishes that all fuel costs, including the effects of exchange rate fluctuation, will be transferred to the price of the supplied electricity. The plant will use the Port of Itaqui, which is already in operation, to receive the coal required for plant operation.

On March 20, 2009, the Board of Executive Directors of the Inter-American Development Bank ("IDB") approved a long-term loan package for the Porto de Itaqui TPP. The *BNDES* will have an important role in providing the remaining funding required for the project. This R$700-billion loan is in the final stages of approval.

In March 2009, the Brazilian Institute for the Environment and Renewable Natural Resources ("IBAMA") issued an Installation Permit to Porto de Itaqui TPP, ensuring the continuity of the works, which began in February 2009.

SERRA DO NAVIO TPP

This diesel-fired 23 MW power plant is a 51% and 49% joint venture between MPX and *Eletronorte*, respectively. ANEEL has given authorization to build the Serra do Navio TPP as an independent power producer ("PIE"). The Fuel Consumption Account *("Conta Consumo de Combustível - CCC"*) benefit has not been granted to the plant by ANEEL. Amapari Energia, the controlling shareholder in the Serra do Navio TPP, has been awarded a court decision establishing that ANEEL must include the project in the CCC refund mechanism through the sale of electricity directly to *Anglo Ferrous Amapá Mineração Ltda*.

2.2 Mining assets

SEIVAL MINE

The Seival Mine is a 70% and 30% Joint Venture between MPX and Copelmi, respectively, which has proven reserves of 152 million tons of coal, more than enough to fuel a 600 MW thermal power station for 20 years.

The project has been issued an operation permit and a drilling program has begun to further investigate the reserve and update the mining plan.

The coal from the Seival Mine can be used to feed the MPX Sul TPP (described below) or sold in that region.

MPX COLÔMBIA

After obtaining positive findings in initial analyses, the Company acquired new mineral rights in the *La Guajira* region, increasing our exploration portfolio from 143 thousand to 160 thousand acres. The amount committed to these new acquisitions is US$5.6 million, to be paid over a period of three years.

New mineral rights were also acquired in the region of Cesar, comprising about 32 thousand acres. The total amount to be paid, over 4 years, is US$3.4 million.

REVEUBOE MINE, MOZAMBIQUE

In October 2007, MPX Energia S.A. signed an agreement with *AMCI International AG* which MPX was granted the pre-emptive right to purchase up to 50% of AMCI's interest in the *Reveuboe* coal mine in Mozambique. The agreement also provided MPX with pre-emptive rights to purchase all or part of the coal produced, estimated to be 3 million tons a year. Project expansion would depend on the expansion of logistical infrastructure in the region. However MPX Management decided not to proceed with this project due to the estimated costs of expanding local infrastructure and especially due the positive preliminary findings of the drilling program in Colombia. MPX incurred no costs from the pre-emptive agreement with AMCI.

3 Opportunities for growth

MPX has a project portfolio that positions the company strategically in pursuit of better opportunities for growth in the Brazilian energy scenario.

However, the development of the projects below, or any other new projects, is subject to market conditions and the company's capital discipline. We at MPX reiterate our commitment to our shareholders to pursue return on investment adequate to current market conditions.

UTE PORTO DO AÇU

The State Environmental Engineering Foundation of Rio de Janeiro *("Fundação Estadual de Engenharia do Meio Ambiente do Estado do Rio de Janeiro - FEEMA"*) has issued a preliminary permit to Porto do Açu TPP project for 2,100 MW using coal as fuel. The installation permit for the project is in process at the FEEMA.

MPX is considering enrolling the project in the upcoming 2009 A-5 auction, maintaining as always the capital discipline that permeates the Company's decisions.

UTE MPX SUL

Throughout the last quarter of 2008 a number of site surveys and progress measurements were made at the MPX Sul TPP project. In early March 2009, MPX submitted the project's environmental impact study (EIA-RIMA) to *IBAMA*. Basic plant design was completed during the same period.

UTE CASTILLA

On December 10, 2008 MPX submitted an environmental impact study ("EIA") to the National Environment Committee *("Comissão Nacional de Meio Ambiente - CONAMA")* for the construction of a thermal power plant in the area of the port being built by EBX Group in *Hacienda Castilla*, Chile. The strategic location of this TPP will enable the Company to import coal with reliable, modern and efficient logistics.

The study is for the installation of a pulverized coal-fired plant with 350 MW modules totaling 2,100 MW, which would b equivalent to about 20% of Chile's current installed capacity. Note that MPX's Business Plan includes a project with 1,400 installed capacity. The study was accepted with no objections. In January 2009 public audiences were held in local communities. In addition, aerial surveys were conducted and witnessed by environmental authorities.

The permitting of the Castilla TPP will give MPX an excellent springboard for growth in Chile over the next 15 years, and we believe this will be a relevant contribution to electric power supply security in Chile.

4 Sustainability

4.1 People management

Because our main projects are currently under development we are constantly augmenting our staff, drawing highly qualified professionals from the market. The Company currently has 152 employees, of which 76 are direct MPX Holding employees and 76 are allocated at the projects, in addition to third-party workers and interns.

4.2 Social and environmental responsibility

In October 2008, EBX Group signed a partnership and cooperation agreement with *Instituto Chico Mendes de Conservação da Biodiversidade* ("ICMBio"), an organization linked to the Ministry of the Environment *("Ministério do Meio Ambiente")*, undertaking to support and protect the national parks *of Lençóis Maranhenses (MA), Fernando de Noronha (PE) and Pantanal Matogrossense (MT)*, representing an investment of R$11.4 million over a period of 10 years. These three Brazilian ecosystems together spanning an area of 740 thousand acres will be benefited by initiatives ranging from maintenance, environmental education projects and research sponsorship to restoration and construction of facilities for visitors, supply of vehicles and creation of ecological trails.

Additionally, the Group protects about 220 thousand acres of Private Nature Reserves *("Reservas Particulares do Patrimônio Natural - RPPN's")*. The RPPNs of *Acurizal, Penha, Dorochê* and *Engenheiro Eliezer Batista* are intended to protect local fauna and flora, and are considered by many specialists to be some of the most important ecosystems of the planet.

In December MPX signed an agreement with *Instituto BioAtlântica* ("IBIO") to perform a study for an ecological corridor across an area of over 70 km separating the State parks of *Três Picos* and *Desengano*, in the *Rio de Janeiro* State portion of *Serra do Mar*. This area is the habitat of the woolly spider monkey, or muriqui, the largest primate in the Americas. The degradation of the terrain hinders the reproduction and genetic perpetuation of this threatened species. The first stage of the project, which is expected to be at least six months, is to map the areas to be reforested based on data acquisition and preliminary identification surveys. To enable the creation of the corridor, agreements will be made rural property owners, government organizations and local organizations.

The activities of MPX's Environmental and Social Council began in February 2009, reiterating the Company's commitment to sustainable practices in our projects. The Council, consisting of specialists invited to advise MPX on Environment and Community Relations strategies and plans, held its first meeting on February 3, 2009. The Council will provide advice on current and future mandatory and voluntary actions. The résumés of the Environmental and Social Council members will be available on the company's website shortly.

Of the Company's social initiatives, special mention is warranted to the completion of the waste dump cleanup project at the site where the Porto de Itaqui TPP is to be built. The project entailed the reallocation of the families that lived in and derived their sustenance from the waste dump. MPX is building a housing complex with 100 residential units, a school, a sports court, a day care center and a community center.

The reallocation of the community living in the surroundings of where the Porto de Itaqui TPP will be installed will benefit 96 families which, in addition to being given new houses, will receive the title deeds to their properties, social assistance and an area for agriculture. The 40 first houses have already been built and the works are scheduled to be completed towards the end of March 2009.

5 Capital market

MPX shares are listed in the New Market segment of the São Paulo Stock Exchange *("Bovespa")*, under the code MPXE3.

MPX shares closed the year at R$140, a devaluation of 86.4% in relation to the end of 2007. Over the same period the Bovespa index *("Ibovespa")* fells 41.2% and the Power Sector Index ("IEE") 11.6%. This quarter, MPX shares dropped 41.7% while the *Ibovespa* and *IEE* fell 24.2% and 6.7%, respectively.

The substantial devaluation of MPX's shares was largely caused by the quick exit of foreign shareholders. Following the IPO, foreign investors accounted for 86% of MPX's free float. By the end of 2008, only 53% of the free float was held by foreign investors. In March 2009, foreign-held free float was further reduced to 38%.

6 Arbitration

The Company, its Shareholders, Officers and members of the Board of Directors undertake to resolve, by means of arbitration, each and every dispute or controversy that might arise between or among them, related to, or originating from, especially, the application, validity, effectiveness, interpretation, violation and their effects of the provisions contained in the Contract of Participation in the Novo Mercado, in the Novo Mercado Listing Regulation, in the By-laws, in the shareholders' agreements filed at the head office of the Company, in Corporation Law, in the rules published by the National Monetary Council, by the Brazilian Central Bank or by CVM, in the regulations of BOVESPA, in the other rules applicable to the operation of the capital market in general, in the General Arbitration Clauses and in the Arbitration Regulation of the of the Market Arbitration Panel, conducted in conformity with the latter Regulation.

7 Independent auditors

In compliance with CVM instruction 381/2003 we hereby inform that KPMG Auditores Independentes renders external audit services to MPX relating to the examination of the financial statements and did not perform any other services for the Company in the year 2008.

The management report includes information relating to projected investments and estimates of installed capacity and mine production capacity, which are not part of the audit scope.

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Independent auditors' report

(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

To
The Board of Directors and Shareholders of
MPX Energia S.A.
Rio de Janeiro - RJ

1. We have examined the accompanying balance sheet of MPX Energia S.A. ("the Company") and the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2008 and the related statements of income, changes in shareholders' equity, statements of cash flows and added value for the year then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

2. Our examination was conducted in accordance with auditing standards generally accepted in Brazil and included: (a) planning of the audit work, considering the materiality of the balances, the volume of transactions and the accounting systems and internal controls of the Company and its subsidiaries; (b) verification, on a test basis, of the evidence and records which support the amounts and accounting information disclosed; and (c) evaluation of the most significant accounting policies and estimates adopted by Company management and its subsidiaries, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of MPX Energia S.A. and the consolidated financial position of this Company and its subsidiaries as of December 31, 2008, the result of its operations, changes in shareholders' equity, cash flows and added value in the operations for the year then ended, in conformity with accounting practices adopted in Brazil.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International, uma cooperativa suíça.

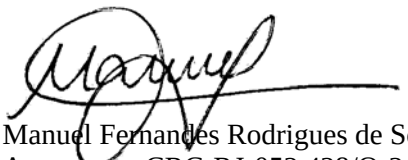
KPMG Auditores Independentes is a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

4. The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2007, comprising the balance sheets, the statements of income, changes in shareholders' equity and changes in financial position for the year then ended, as well as the supplementary information which included the statement of cash flows and added value, were previously examined by us, on which we issued an unqualified opinion including an emphasis paragraph regarding the matter mentioned in paragraph 5, dated March 26, 2008. As described in Note 4, the accounting practices adopted in Brazil were changed as from January 1, 2008. The financial statements for the year ended December 31, 2007, presented together with the financial statements of 2008, were prepared in accordance with accounting practices adopted in Brazil in force until December 31, 2007 and, as permitted by Technical Pronouncement CPC 13 - Initial Adoption of Law 11.638/07 and Provisional Measure 449/08, are not being restated with the adjustments for purposes of comparison between the years. In addition, in accordance with Law 11.638/07 the statement of changes in the financial position, presented in the financial statements as of December 31, 2007, was replaced by the statement of cash flows.

5. The financial statements have been prepared assuming that the Company and its subsidiaries will continue as a going concern. As stated in Note 10, the subsidiaries Porto do Pecém Geração de Energia S.A., MPX Pecém II Geração de Energia S.A., UTE Porto do Itaqui Geração de Energia Ltda, UTE Porto do Açu Energia S.A., Seival Sul Mineração Ltda., UTE MPX Sul Energia Ltda., MPX Energia de Chile Ltda., MPX Áustria GmbH, MPX Viena GmbH, MPX Colômbia S.A., MPX Tauá Energia Solar Ltda., Porto do Pecém Transportadora de Minérios S.A. and MPX Comercializadora de Combustíveis Ltda. are in a pre-operating stage. Thus the results of subsidiaries corresponding to the pre-operating activities have been recorded as deferred charges. The recoverability of the amounts recorded as accounts receivable from related parties, investment, property, plant and equipment, intangible and deffered assets depends on the success of the future operations of the Company and its subsidiaries, been dependent upon the financial support of shareholders and/or on capital infusions from third-parties up to the moment their operations are profitable. The lack of the aforementioned financial resources will raise substantial doubt about the Company's and its subsidiary's ability to continue as a going concern. Management's plans in regard to these operational activities are also described in Note 1 and 10.

March 27, 2009

KPMG Auditores Independentes
CRC-SP-14.428/O-6-F-RJ



Manuel Fernandes Rodrigues de Sousa
Accountant CRC-RJ-052.428/O-2

MPX Energia S.A.

Balance sheets

December 31, 2008 and 2007

(In thousands of Reais)

Assets	Note	Parent Company 2008	Parent Company 2007 Restated	Consolidated 2008	Consolidated 2007 Restated
Current					
Cash and cash equivalents	6	1,640,801	1,832,280	1,858,792	1,865,841
Trade accounts receivable	7	-	-	8,576	-
Subsidies receivable - Fuel Consumption Account	7	-	-	5,878	-
Inventories		-	-	1,238	-
Prepaid expenses	8	-	-	5,395	-
Gain on derivative financial instruments transactions	17	59,305	-	85,704	33,609
Recoverable taxes	9	56,156	136	61,554	144
Other accounts receivable		258	143	1,875	205
		1,756,520	1,832,559	2,029,012	1,899,799
Non-current					
Non-current assets:					
Prepaid expenses	8	-	-	7,276	-
Related-party transactions	14	27,107	45,142	-	-
Other accounts receivable		-	10,863	-	10,872
Gain on derivative financial instruments transactions	17	34,701	-	175,037	-
		61,808	56,005	182,313	10,872
Investments	10	360,260	97,636	280	3,500
Property, plant and equipment	11	3,221	3,635	1,140,641	104,773
Intangible assets	12	15,681	-	21,111	-
Deferred charges	13	2,753	113	83,565	96,199
		381,915	101,384	1,245,597	204,472
		2,200,243	1,989,948	3,456,922	2,115,143

Liabilities	Note	Parent Company 2008	Parent Company 2007	Consolidated 2008	Consolidated 2007
Current					
Loans and financing	15	-	163,184	882,907	163,184
Suppliers		1,814	1,623	34,238	3,163
Taxes and contributions payable	16	36,609	3,342	37,840	3,412
Provisions and payroll charges		4,454	1,083	5,685	1,165
Provisions for losses under derivative financial instruments transactions	17	-	-	16,469	2,966
Related-party transactions	14	1,757	-	2,173	570
Contractual retention	11	-	-	110,843	-
Advances		-	-	14,137	-
Minimum mandatory dividends	19	48,468	-	48,468	-
Other liabilities		2,959	1,855	3,636	1,901
		96,061	171,087	1,156,396	176,361
Non-current					
Provisions for losses under derivative financial instruments transactions	17	-	-	149,502	112,558
Related-party transactions	14	2	-	-	627
Advance received		-	-	-	2,500
Provision for devaluation of investments	10	8,332	-	8,332	-
Minority interests		8,334	-	157,834	115,685
Shareholders' Equity		-	-	46,844	4,236
	19				
Capital		2,041,695	1,926,945	2,041,695	1,926,945
Capital reserve		4,027	-	4,027	-
Investments reserve		36,962	-	36,962	-
Legal reserve		10,205	-	10,205	-
Exchange variance on overseas investments		2,959	-	2,959	-
Accumulated losses		-	(108,084)	-	(108,084)
		2,095,848	1,818,861	2,095,848	1,818,861
		2,200,243	1,989,948	3,456,922	2,115,143

See the accompanying notes to the financial statements.

MPX Energia S.A.

Statements of income

Years ended December 31, 2008 and 2007

(In thousands of Reais)

	Note	Parent Company		Consolidated	
		2008	2007	2008	2007
Revenues	7				
Supply of electricity		-	-	6,065	-
Electricity trading		-	-	2,866	-
Deductions					
Income and social contributions on revenue		-	-	(826)	-
Net operating revenue		-	-	8,105	-
Cost of the Electricity service		-	-	(902)	-
Personnel and managers		-	-	-	-
Consumables (net of CCC subsidy) - diesel oil and lubricant oil		-	-	(1,989)	-
Electricity purchased for resale		-	-	(2,810)	-
Outsourced services		-	-	(1,004)	-
Depreciation and amortization	11-12-13	-	-	(1,339)	-
Gross Profit		-	-	61	-
Operating income (expenses)					
Cost of the electricity service:					
Personnel and managers		(25,389)	(4,023)	(25,389)	(4,023)
Outsourced services		(26,222)	(3,145)	(26,222)	(3,145)
Depreciation and amortization	11-12-13	(442)	(271)	(442)	(271)
Other expenses		(4,230)	(1,820)	(4,322)	(1,820)
Financial expenses	21	(4,838)	(11,411)	(5,630)	(11,411)
Financial income	21	315,978	8,917	317,221	8,917
Equity in net income from subsidiaries	10	160	-	-	-
Operating income (loss)		255,017	(11,753)	255,277	(11,753)
Other expenses	22	(12,716)	(92,386)	(12,716)	(92,386)
Net income (loss) before income tax and social contribution and minority interests		242,301	(104,139)	242,561	(104,139)
Income tax and social contribution	16	(38,223)	-	(38,432)	-
Net income (loss) before minority interests		204,078	(104,139)	204,129	(104,139)
Minority interests		-	-	(51)	-
Net income (loss) for the year		204,078	(104,139)	204,078	(104,139)
Net income (loss) per lot of a thousand shares - R$		30	(16)	30	(16)
Number of shares at year-end		6,831,114	6,712,853	6,831,114	6,712,853

See the accompanying notes to the financial statements.

MPX Energia S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2008 and 2007

(In thousands of Reais)

			Profit reserves				
	Capital	**Capital reserve**	**Legal**	**Profit retention reserve**	**Monetary exchange variation on overseas investments**	**Retained earnings/(accumulated losses)**	**Total**
Balances at December 31, 2006	10,580	-	-	-	-	(3,945)	6,635
Loss for the year	-	-	-	-	-	(104,139)	(104,139)
Capital increase (Public share offering)	1,916,365	-	-	-	-	-	1,916,365
Balances at December 31, 2007	1,926,945	-	-	-	-	(108,084)	1,818,861
Adjustment under initial adoption of Law 11638/07 and Provisional Measure 449/08	-	359	-	-	-	(359)	-
Capital increase (Public share offering)	119,045	-	-	-	-	-	119,045
Share issuance cost (Public share offering)	(4,295)	-	-	-	-	-	(4,295)
Increase of capital reserve through stock option plan	-	3,668	-	-	-	-	3,668
Monetary exchange variation on overseas investment	-	-	-	-	2,959	-	2,959
Net income for the year	-	-	-	-	-	204,078	204,078
Allocations:							
Legal reserve	-	-	10,205	-	-	(10,205)	-
Investment reserve	-	-	-	36,962	-	(36,962)	-
Dividends	-	-	-	-	-	(48,468)	(48,468)
Balances at December 31, 2008	2,041,695	4,027	10,205	36,962	2,959	-	2,095,848

See the accompanying notes to the financial statements.

MPX Energia S.A.

Statements of cash flows

Years ended December 31, 2008 and 2007

(In thousands of Reais)

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Cash flows from operating activities:				
Net income (loss) in the year	204,078	(104,139)	204,078	(104,139)
Adjustments for:				
Depreciation and amortization	442	271	442	271
Equity in net income of subsidiaries	(160)	-	-	-
Unrealized derivative from financial instruments operations	(94,006)	-	(94,006)	-
Changes in assets and liabilities:				
Increase in advances	(115)	(25)	(1,670)	(80)
Increase in prepaid expenses	-	-	(12,671)	-
Increase in accounts receivable	-	-	(14,454)	-
Increase in inventory	-	-	(1,238)	-
Increase in recoverable taxes	(56,020)	(60)	(61,410)	(69)
Increase in taxes and contributions payable	33,267	3,032	34,428	3,101
Increase in accounts payable to suppliers	191	1,564	31,075	3,097
Increase in provisions and payroll charges	3,371	1,032	4,520	1,114
Increase in other accounts payable	1,104	1,855	13,372	4,401
Increase (decrease) in derivative financial instruments operations	-	-	(82,850)	81,915
Increase in related-party transactions	1,759	(5,689)	976	(5,041)
Net cash provided (used) in operating activities	93,911	(102,159)	20,592	(15,430)
Cash flows from investment activities:				
Minority interest	-	-	42,608	(256)
Acquisition of PP&E and intangible assets	(15,709)	(3,265)	(946,578)	(92,764)
Acquisition of investments	(254,132)	(88,864)	11,552	(3,500)
Settlement of derivative financial instruments transactions	-	-	171	-
Deferred charges	(2,640)	(113)	12,634	(90,974)
Net cash used in investments	(272,481)	(92,242)	(879,613)	(187,494)
Cash flows from loan activities:				
Capital increase	121,377	1,916,365	121,377	1,916,365
Increase in related-party loans	28,898	(52,932)	10,872	(10,872)
Loans and financing obtained (paid)	(163,184)	163,184	719,723	163,184
Net cash produced (used) in financing	(12,909)	2,026,617	851,972	2,068,677
Increase (decrease) in cash and cash equivalents	(191,479)	1,832,216	(7,049)	1,865,753
Statement of increase (decrease) in cash and cash equivalents				
At beginning of year	1,832,280	64	1,865,841	88
At end of year	1,640,801	1,832,280	1,858,792	1,865,841
	(191,479)	1,832,216	(7,049)	1,865,753

See the accompanying notes to the financial statements.

MPX Energia S.A.

Statements of added value

Years ended December 31, 2008 and 2007

(In thousands of Reais)

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Revenue				
Gross revenue	-	-	8,931	-
Revenue relating to construction of company's assets	-	-	1,028,874	200,972
	-	-	1,037,805	200,972
Consumables acquired from third parties (including *ICMS* and *IPI*)				
Material, energy, outsourced services and others	43,169	97,351	129,004	107,526
Gross added value	(43,169)	(97,351)	908,801	93,446
Depreciation and amortization	442	271	1,779	271
Net added value	(43,611)	(97,622)	907,022	93,175
Transferred added value				
Revenue from interest-earning bank deposit	315,978	8,917	444,916	8,917
Equity in net income of subsidiaries	160	-	-	-
	316,138	8,917	444,916	8,917
Total added value to be distributed	272,527	(88,705)	1,351,938	102,092
Distribution of added value				
Employees:				
Direct remuneration	13,696	3,410	23,857	4,150
Benefits	7,177	501	7,291	501
FGTS - Government severance indemnity fund for employers	847	112	869	112
Third-party remuneration	3,668	-	-	-
Taxes:				
Federal	36,011	-	41,728	515
Interest expenses:				
Interest on loans	4,838	11,411	46,535	14,201
Losses on derivative financial instruments transactions	-	-	17,423	81,979
Advances to suppliers	-	-	871,367	104,773
Exchange variance	-	-	72,105	-
Studies and projects	-	-	64,421	-
Minority interests	-	-	52	-
Interest earnings:				
Retained earnings (losses) for the year	206,290	(104,139)	206,290	(104,139)
Added value distributed	272,527	(88,705)	1,351,938	102,092

See the accompanying notes to the financial statements.

MPX Energia S.A.

Notes to the financial statements

December 31, 2008 and 2007

(In thousands of Reais, unless as stated otherwise)

1 Operations

MPX Energia S.A. ("Company") was set up on April 25, 2001 and is headquartered in Rio de Janeiro. On November 05, 2007 the Company changed its name to its current name.

Its core activity is the generation of electricity through the development of a diversified portfolio of projects, including thermal power plants, which will be strategically located in ports and super ports in Brazil and Chile, in addition to renewable energy projects, such as solar energy. In order to integrate its operations it is also implementing coalmining projects in *Colombia* to supply the power stations.

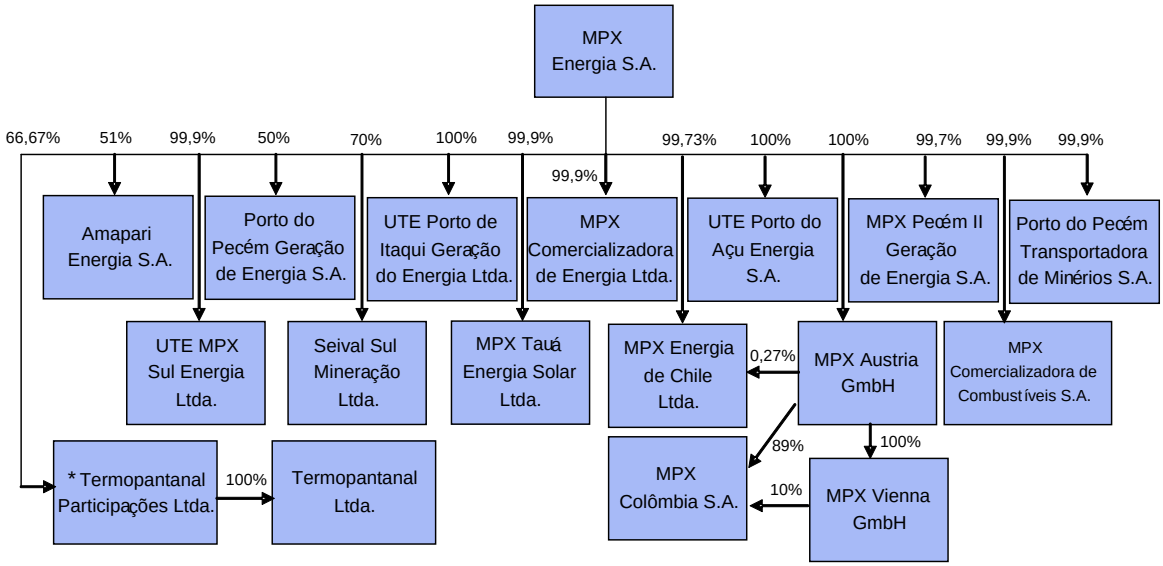
The Company participates in these projects as a quotaholder or shareholder of the companies that implement these projects and certain projects will be implemented in partnership with other players in the energy sector. These projects will mainly be funded through financing and funds obtained by the Company through the public share offering of MPX Energia S.A. made on December 14, 2007 and January 11, 2008 (supplementary batch), amounting to R$2,035,410.

As of December 31, 2008 MPX Energia S.A. has equity interests (direct and indirect) in the following subsidiaries and the joint subsidiary Porto do Pecém Geração de Energia S.A. For information about the subsidiaries see Note 10.

MPX Energia S.A.

Notes to the financial statements

(In thousands of Reais, unless as stated otherwise)



* On September 30, 2008 MPX Energia S.A. decided to record a provision for devaluation of R$8,332 regarding its 66.67% interest in Termopantanal Participações Ltda. (See Note 10n), which it recorded under non-current liabilities.

2 Licenses

MPX Group's commitment is obtain of all the licenses and authorizations required by law for each one of its facilities and activities.The Company currently has the following licenses and permits through its subsidiaries:

Company	Type	Date Issued	Term
Porto do Pecém Geração de Energia S.A.	Installation Permit 98/2008	**(a)** 09/05/2008	01 year
MPX Pecém II Geração de Energia S.A.	Installation Permit 483/2008	**(b)** 09/05/2008	01 year
Amapari Energia S.A.	Operating License 99/2008	05/06/2008	01 year
Amapari Energia S.A.	ANEEL Permit 1369/2008	**(c)** 05/20/2008	29 years
Amapari Energia S.A.	SFG Order 2.197/2008	**(d)** 06/09/2008	Indefinite
Amapari Energia S.A.	SFG Order 4143/2008	**(e)** 11/07/2008	01 year
UTE Porto do Açu Energia S.A.	Preliminary Environmental License FE014522/2008	**(f)** 07/30/2008	02 years
UTE Porto do Itaqui Geração de Energia Ltda.	Preliminary Environmental License 293/2008	**(g)** 11/03/2008	02 years
UTE Porto do Itaqui Geração de Energia Ltda.	Installation Permit 584/2009	**(h)** 01/29/2009	04 years
UTE Porto do Itaqui Geração de Energia Ltda.	Installation Permit 601/2009	**(i)** 03/18/2009	06 years
UTE Porto do Itaqui Geração de Energia Ltda.	Deforestation Permit 332/2009	**(j)** 03/18/2009	01 year
MPX Comercializadora de Energia Ltda.	ANEEL Order 747/2008	**(k)** 02/25/2008	Indefinite
Seival Sul Mineração Ltda.	Operating License 1672/2005-DL	**(l)** 03/31/2005	04 years

(a) Renewal of Installation Permit 598/2006 for a 720-MW thermal power plant at *Complexo Industrial e Portuário do Pecém - CIPP* in *São Gonçalo do Amarante, Ceará* State A class action has been filed against this permit before the legal aid department of *Ceará* State. The legal advisers of Porto do Pecém Geração de Energia S.A. have rated the chances of the company losing this license as remote;

(b) Permit for installing an additional 360 MW at CIPP in *São Gonçalo do Amarante, Ceará* State;

(c) Authorization to operate as an Independent Energy Producer;

(d) Authorization to commence the energy generation testing phase on June 10, 2008;

(e) Authorization for commercial start-up on November 08, 2008;

(f) Environmental licence to install a 2100-MW thermal power plant *in São João da Barra, Rio de Janeiro* State;

(g) Environmental licence to install a 360-MW thermal power plant in Sector G of the Industrial Estate – DISAL, in *São Luís, Maranhão* State;

(h) Installation permit for a landscaping works and services site to build a 360-MW thermal power plant in DISAL, in *São Luís, Maranhão* State;

(i) Installation permit to install a 360-MW thermal power plant in DISAL, in *São Luís, Maranhão* State;

(j) Authorization to conduct the required deforestation in the total landscaping area of the power station venture to be installed in DISAL, in *São Luís, Maranhão* State;

(k) Authorization to operate as an energy trader at the Electricity Trading Chamber – CCEE; and

(l) Reply pending to the application to renew the operating permit submitted on November 10, 2008 to the State Environmental Protection Agency - FEPAM.

3 Presentation of the financial statements

The individual and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, comprising the Brazilian Corporation Law, pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee ("CPC") and the regulations established by the Brazilian Securities Exchange Commission ("CVM").

For the first time when preparing the individual and consolidated financial statements for 2008, the Company and its subsidiaries adopted the Corporate Law 11638, which was approved on December 28, 2007, with the respective changes introduced by Provisional Measure 449 of December 3, 2008.

Law 11638/07 and Provisional Measure 449/08 amended the rules for producing and publishing financial statements established by Law 6404/76.

The adjustments resulting from the initial adoption of Law 11638/07 and Provisional Measure 449/08 have been presented in Note 4.

The Notes to the financial statements include information regarding projected investments and estimates of installed capacity and mining production capacity, which is not part of the scope of the audit on the financial statements and has therefore not been audited by KPMG Auditores Independentes.

On March 27, 2009 the Board of Directors of the Company authorized the conclusion and disclosure of the financial statements for the year ended December 31, 2008.

4 Description of significant accounting policies

4.1 Initial adoption of Law 11638/07

MPX Energia S.A. and its subsidiaries elected to prepare the transitional balance sheet on January 01, 2008, which will determine the beginning balances for the accounting procedures in accordance with the corporate legislation amended by Law 11638/07 and Provisional Measure 449/08 and the pronouncements of the Accounting Pronouncements Committee. The amendments introduced by the aforementioned legislation are defined as changes in accounting practices. However, as provided for by Technical Pronouncement CPC 13 - Initial Adoption of Law 11638/07 and Provisional Measure 449/08, approved by CVM Resolution 565 dated December 17, 2008, all the adjustments that would impact the net income/loss statement have been made against the accumulated profit and loss at the transition date pursuant to article 186 of Law 6404/76, without retroactive application on the financial statements.

As a result of the amendments to Law 6404/76, the balance of mining rights (See Note 12) in the financial statements as of December 31, 2007 has been reclassified from property, plant and equipment to intangible assets in order to allow a comparison with the 2008 financial statements.

See below the equity adjustments resulting from the initial adoption of Law 11638/07 and Provisional Measure 449/08, a summary of the accounting practices amended by this legislation, and a summary of the effects on the 2008 income statement and shareholders' equity as of December 31, 2008 of complying with the aforesaid legislation.

Adjustments resulting from the Initial Adoption of Law 11638/07 and Provisional Measure 449/08 at the transition date - January 01, 2008

	Parent Company				Consolidated			
	2007	Transition date 1/1/2008			2007	Transition date 1/1/2008		
	Balances	Adjustments		Balances	Balances	Adjustments		Balances
Capital	1,926,945	-		1,926,945	1,926,945	-		1,926,945
Capital reserve	-	359	**(a)**	359	-	359	**(a)**	359
Accumulated losses	(108,084)	(359)	**(a)**	(108,443)	(108,084)	(359)	**(a)**	(108,443)
Shareholders' equity	1,818,861	-		1,818,861	1,818,861	-		1,818,861

(a) The Company awarded stock options to the members of the Board of Directors, which can only be exercised after specific grace periods. These options are valued at fair value and expensed against the capital reserve in the shareholders' equity in the course of the service provision period.

Summary of the accounting practices amended by the initial adoption of Law 11638/07 and Provisional Measure 449/08

a. Reduction to recoverable value

CPC 01 specifies procedures to ensure that the assets of the Company and its subsidiaries are not carried at an amount in excess of the amount that can be recovered through use or sale. If there is clear evidence that the assets have been appraised at an unrecoverable amount in the future, the Company and its subsidiaries shall immediately recognize the devaluation by recording a provision for devaluation.

Valuations are made at the lowest cash generation unit, when applicable, and the recoverable value is the usable value determined from the model of future cash flows, discounted at before-tax interest rates.

The Company and its subsidiaries had already adopted this procedure. However under the current procedure the devaluation provision can be reversed if there indications that provide evidence of this recovery.

b. Statements of cash flows ("DFC") and Statement of added value ("DVA")

The Company and its subsidiaries have already prepared and disclosed the DFC as supplementary information before it became mandatory. However, some changes have been made to the presentation of these statements, as a result of Technical Pronouncements CPC 03 and CPC 09 respectively.

c. Disclosure of related-party transactions

The Company and its subsidiaries have increased their disclosure of related-party transactions and balances in the notes to their financial statements, as result of Technical Pronouncement CPC 05.

d. Financial instruments

The Company and its subsidiaries classified their non-derivative financial instruments at the transition date as: (i) financial assets or liabilities at fair value through profit and loss;(ii) held-to-maturity; (iii) loans and receivables; and (iv) available for sale. With certain exceptions, financial liabilities are initially recognized at their fair value plus any applicable transaction costs, and then subsequently valued at amortized cost.

The Company and its subsidiaries contracted derivative financial instruments for hedge.

e. Prepaid expenses

The subsidiaries incurred expenses related to the credit facilities to be extended by the National Bank for Social and Economic Development *("BNDES").* As the initial recognition of borrowed funds should evidence the net amounts received and available for use, the subsidiaries have recorded the expenses under prepaid expenses until the date the proceeds are provided, as required by Technical Pronouncement CPC 08**.**

f. Deferred assets

Provisional Measure 449/08 extinguished deferred charges, allowing the maintenance of the balance as of December 31, 2008, which will continue to be amortized over a period of up to 10 years, subject to a recoverability test.

The subsidiaries have decided to maintain the balance at December 31, 2008 until it has been fully realized through amortization or write-off in the statements of income.

g. Intangible assets

Certain intangible assets that had already been recognized prior to the initial adoption of Law 11638/07 and Provisional Measure 449/08 and which meet the specific requirements of Technical Pronouncement CPC 04 - Intangible Assets, approved by CVM Resolution 553 have been maintained in this group of accounts and did not affect the Company's equity.

h. Non-operating revenues and expenses

Non-operating income and expenses were extinguished in FY 2008, as a result of the amendment of Law 6404/76 by Provisional Measure 449/08. The balance as of December 31, 2007 has been reclassified to Other Operating Income and Expenses.

i. Share based payments

The Company awarded stock options to the members of the Board of Directors, which can only be exercised after specific grace periods. These options are valued based their fair value and are recognized as expenses with corresponding entries against capital reserve in shareholders' equity as the services rendered are fulfilled.

j. Transaction costs

As required by CPC 08 - Securities Issuance Transaction Costs and Premiums, the Company recognized the costs incurred on stock issuances in FY 2008 net of tax as a reduction to the share capital. This issuance refers to the issuance of a supplementary lot of shares on January 11, 2008 under the Public Share Offering made by the Company in 2007. As stipulated in Guidelines 02 issued by CPC, the effects of this change should be adopted prospectively, as from the transition date adopted by the Company of January 01, 2008. The Company did not therefore make this adjustment to the shares issued in FY 2007.

k. Exchange rate changes

The Company has overseas investments denominated in a functional currency other than its own. As required by CPC 02, the Company presented the exchange variance on such investments in a specific item of the shareholders' equity for future recognition as a income or expense upon sale or derecognition of the investment.

Statement of the effects on the income statement and Shareholders' equity as of December 31, 2008 deriving from the initial adoption of Law 11638/07 and Provisional Measure 449/08

	2008	
	Parent Company	**Consolidated**
Net income for the financial year ended December 31, 2008	204,078	204,078
Adjustment under initial adoption of Law 11638/07 and Provisional Measure 449/08:		
Stock issuance costs, net of tax	(4,295)	(4,295)
Exchange variance on overseas investment	2,959	2,959
Stock option plan	3,668	3,668
Net income for the year not including the effects of Law 11638/07 and Provisional Measure 449/08	206,410	206,410

	2008	
	Parent Company	**Consolidated**
Shareholders' equity for the financial year ended December 31, 2008	2,095,848	2,095,848
Adjustment under initial adoption of Law 11638/07 and Provisional Measure 449/08:		
Stock issuance costs, net of tax	4,295	4,295
Exchange variance on overseas investment	(2,959)	(2,959)
2007 stock option plan	(359)	(359)
2008 stock option plan	(3,668)	(3,668)
Retained earnings	2,691	2,691
Shareholders' equity for the year ended December 31, 2008 not including the effects of Law 11638/07 and Provisional Measure 449/08	2,095,848	2,095,848

MPX Energia S.A. and its subsidiaries opted for the Transitional Taxation Scheme *("RTT")* introduced by Provisional Measure 449/08, by which the income and social contribution taxes for 2008/2009 are still determined by the accounting criteria and methods established by Law 6404/76, in force at December 31, 2007. The Company and its subsidiaries will officially choose this option in the 2009 Corporate Income Tax Return *("DIPJ")* referring to FY 2008.

4.2 Description of significant accounting policies

a. Statement of income

Results of the operations are recognized on the accrual basis. With the exception of MPX Energia S.A., Amapari Energia S.A. and MPX Comercializadora de Energia Ltda., *the subsidiaries are preoperational and their income is recorded under a subgroup of Deferred charges.*

b. Foreign currency

The Company's Management decided that its functional currency is the Brazilian Real, in accordance with the rules established in the Technical Pronouncement CPC 02 - Effects of the Changes in Exchange Rates and Translation of Financial Statements, approved by CVM Resolution 534 dated January 29, 2008. Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the closing date.

c. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management use its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include the residual value of property, plant and equipment, deferred charges and valuation of derivative instruments. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. The Company reviews the estimates and assumptions at least once a year.

d. Financial instruments

CPC 14 lays down principles for recognizing and valuing financial assets and liabilities and certain purchase and sale agreements for non-financial items and for reporting financial derivatives.

Non-derivative financial instruments

Non-derivative financial instruments include interest earning bank accounts, receivables, cash and cash equivalents, loans and financing as well as accounts payable and other debts.

They are initially recognized at fair value plus any directly attributable transaction costs excepting for those that are recognized at fair value through result. After their initial recognition, non-derivative financial instruments are recognized in accordance with their respective classification:

- ***Held-to-maturity financial instruments***

  If the Company intends to and is able to hold its debt instruments to maturity, they are classified as held-to-maturity. Held-to-maturity investments are appraised at the amortized cost using the effective interest rate method, less any decreases in their recoverable value. MPX Energia S.A. and its subsidiaries do not have any financial securities of this category.

- ***Available-for-sale financial instruments***

  Investments in equity instruments and certain assets related to debt instruments are classified as available for sale. After their initial recognition, they are valued at their fair value including variance and excluding reductions to their recoverable value. Foreign currency differences presented by these instruments are recognized directly in the shareholders' equity net of tax effects. When an investment is no longer recognized, the accumulated gain or loss in the shareholders' equity is transferred to the income statement. MPX Energia S.A. and its subsidiaries do not have any financial securities of this category.

- ***Financial instruments at fair value through profit and loss***

  Financial instruments are designated at their fair value through profit and loss if the Company manages these investments and takes purchase and sale decisions based on their fair value according to the risk management and investment strategy documented by the Company. After initial recognition, attributable transaction costs are recognized in the income statement when incurred. Financial instruments at fair value through profit and loss are valued at fair value and any fluctuations are recognized in the income statement. The financial investments of MPX Energia S.A. and its subsidiaries are classified in this category.

- ***Other***

  Other non-derivative financial instruments are appraised at their amortized cost using the effective interest rate method, less any depreciation to their recoverable value. The use of the effective rate method does not affect the opening balance sheet of the financial statements because MPX Energia S.A. and its subsidiaries do not have significant borrowing costs.

- ***Derivative financial instruments***

  MPX Energia S.A. and its subsidiaries Porto do Pecém Geração de Energia S.A., UTE Porto do Itaqui Geração de Energia S.A. and UTE Porto do Açu Geração de Energia S.A. (see Note 17) have financial derivatives to hedge against foreign exchange and interest rate risks. The derivatives are initially recognized at fair value; attributable transaction costs are expensed when incurred. After initial recognition, the derivatives are appraised at fair value and any changes are recorded in the deferred charges.

e. Current and noncurrent assets

- **Accounts receivable**

  Trade accounts receivable are recorded at the amount billed, including the respective taxes. No allowance for doubtful accounts has been recorded because management does not expect to incur material losses in its trade receivables.

- **Inventories**

  Refers to acquisitions of diesel oil and lubricant oil used in the generation of electricity. Inventories are stated at the average acquisition cost, reduced by allowance for loss at market value, when applicable.

- **Property, plant and equipment**

  Property, plant and equipment are recorded at the cost of acquisition, formation or construction (including interest, exchange variance and other capitalized financial charges). Depreciation is calculated from the date they come into operation at the straight line method based on the rates determined by Ordinance 815 issued November 30, 1994 by the National Electric Energy Agency - *ANEEL*, which takes into account the estimated useful life of the assets and residual values.

- **Investments**

  Refers to investments in subsidiaries and joint subsidiaries, valued using the equity method.

- **Intangible assets**

  Intangible assets comprise the assets acquired from third parties. The goodwill resulting from expected future profitability is not amortized and its recovery value is tested for impairment annually.

- **Deferred charges**

  Refers to expenses incurred during the pre-operational phase related to payroll, services, taxes, derivatives and others (see Note 13). Management opted to maintain the balance existing on December 31, 2008 for MPX Energia S.A. and its subsidiaries, in consideration of the provisions of Circular-Letter CVM/SNC/SEP no. 01/2009, which despite this sub-group's elimination allows the existence of non-amortized balances in this sub-group until their total amortization as of commissioning.

  The subsidiary Amapari Energia S.A. began amortizing its deferred charges in November 2008 (date of commissioning) over the term of 7 years.

- **Reduction to recoverable value**

  The recoverable value of property, plant and equipment, intangible assets and deferred charges is tested at least once a year, in case there are indicators of loss of value. The recoverable value of goodwill recorded in business combinations based on expected future profits is tested annually regardless of whether there are indicators of loss of value.

  MPX Energia S.A. and its subsidiaries did not identified any indicators of loss of value of their assets.

f. Current and noncurrent liabilities

- **Loans and financing**

  Initially stated at their fair value less the transaction costs directly attributable to them and subsequently at the amortized costs using the effective interest rate method.

- **Provisions**

  A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk specific to the liability. As of December 31, 2008 and 2007 MPX Energia S.A. and its subsidiaries did not have any contingencies requiring a provision.

- **Income and social contribution taxes**

  The income and social contribution taxes are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 thousand for income tax and 9% on taxable income for social contribution on net income. Tax loss carryforwards and the negative base of social contribution were offset, limited to 30% of the taxable income before this offsetting. The deferred tax assets were not recognized, because of the current stage of the Company and its subsidiary's operations.

- **Other current and noncurrent liabilities**

  Stated at the known amounts or estimated, plus, when applicable, the corresponding charges and/or monetary and exchange variations incurred up to the balance sheet date.

g. Income (loss) per share

The profit (loss) per share is calculated based on the total number of shares on the date of the balance sheets.

5 Consolidated financial statements

Produced in accordance with CVM Instruction 247 dated March 27, 1996. This includes the subsidiaries' information, audited by the auditors of MPX Energia S.A. to the extent required to issue the report about the Company’s financial statements, in addition to the following procedures:

- Elimination of intercompany asset and liability account balances;
- Elimination of investment account balances and corresponding capital interest, reserves and retained earnings/accumulated deficit of the subsidiary companies;
- Identification of minority interests in the consolidated financial statements;
- Identification of the minority interest (referring to the 49% interest of Centrais Elétricas do Norte do Brasil S.A. - Eletronorte in Amapari Energia S.A.); and
- Elimination of revenue and expense balances between MPX Energia S.A. and its subsidiaries and between the latter. These balances are eliminated against the respective investments according to the parent company's interest in the subsidiaries.

The interest in the subsidiary Porto do Pecém Geração de Energia S.A. is valued by the equity method in the parent company's individual financial statements and consolidated proportionately in the consolidated financial statements.

In addition, as determined by CVM Instruction 409, the consolidated financial statements include the balances and transactions involving exclusive funds “FI Multim Crédito Privado MPX 63”, administrated by Unibanco S.A., which shareholders are the Company and its subsidiaries (see Note 6).

Exclusive funds are regularly audited and/or revised by independent auditors and are subject to obligations limited to the payment of services rendered by asset management, attributed to the operation of investments, such as custody and audit fees and other expenses. There are no material financial obligations or Company’s assets, to guarantee these obligations.

The accounting practices have been consistently applied to all consolidated companies.

The balances of the main consolidated account groups as of December 31, 2008 and 2007 are:

		2008							
Subsidiaries (direct and indirect*):		**Current assets**	**Non-current assets**	**Investment**	**PP&E and Intangible asset**	**Deffered charges**	**Current liabilities**	**Non-current liabilities**	**Shareholder's equity**
Porto do Pecém Geração de Energia S.A.	**(a)**	13,431	63,276	-	407,006	7,628	337,973	73,212	80,156
MPX Pecém II Geração de Energia S.A.		887	1,259	-	63,643	4	-	65,792	1
UTE Porto do Itaqui Geração de Energia Ltda.	**(b)**	140,661	83,077	-	567,958	8,307	631,749	103,568	64,686
Amapari Energia S.A.		25,369	-	-	72,633	30,799	24,555	19,710	84,536
UTE Porto do Açu Energia S.A.		68,123	-	-	12,556	32,603	62,082	-	51,200
Seival Sul Mineração Ltda.		117	-	-	56	4,046	112	112	3,995
UTE MPX Sul Energia Ltda.		1,338	-	-	564	657	58	-	2,501
MPX Comercializadora de Energia Ltda.		13,311	-	-	-	-	2,831	-	10,480
MPX Energia de Chile Ltda.		7,200	-	-	413	6,541	681	-	13,473
MPX Áustria GmbH		-	-	20,114	-	57	-	-	20,171
MPX Colômbia S.A. *		1,589	-	-	5,823	11,370	1,335	-	17,447
MPX Viena GmbH *		56	-	2,006	-	-	-	-	2,062
MPX Tauá Energia Solar Ltda.		1	-	-	-	-	-	-	1
Porto do Pecém Transportadora de Minérios S.A.		1	-	-	-	-	-	-	1
MPX Comercializadora de Combustíveis Ltda.		1	-	-	-	-	-	-	1
Termopantanal Participações Ltda.	**(c)**	399	-	12,671	-	-	209	364	12,497
Termopantanal Ltda.*		8	11	-	12,198	6,075	7	5,614	12,671
MPX Sobral Geração de Energia Ltda.	**(d)**	-	-	-	-	-	-	-	-

Notes to the financial statements

(In thousands of Reais, unless as stated otherwise)

	2007							
Subsidiaries (direct and indirect*):	**Current assets**	**Non-current assets**	**Investment**	**PP&E and Intangible asset**	**Deffered charges**	**Current liabilities**	**Non-curren liabilitie**	**Shareholder's equity**
Porto do Pecém Geração de Energia S.A.	32,504	33,609	-	53,642	84,257	3,365	200,647	-
Amapari Energia S.A.	1,042	-	-	35,236	2,750	1,293	37,737	-
UTE Porto do Açu Energia S.A.	1	-	-	-	1,048	-	1,048	1
Seival Sul Mineração Ltda.	42	-	-	-	3,009	-	2,302	749
UTE MPX Sul Energia Ltda.	1	-	-	-	167	-	167	1
MPX Comercializadora de Energia Ltda.	1	-	-	-	-	-	-	1
MPX Energia de Chile Ltda.	27	-	-	57	535	615	-	4
Termopantanal Participações Ltda.	5	-	12,026	-	-	-	-	12,031
Termopantanal Ltda.*	7	-	10	12,203	4,320	-	4,514	12,026
MPX Sobral Geração de Energia Ltda.	1	-	-	-	-	-	-	1

(a) By means of Resolution 1557, on September 16, 2008 ANEEL approved the transfer of 50% of the shares of Porto do Pecém Geração de Energia S.A. to EDP Energias do Brasil S.A. On October 14, 2008 this transaction was conducted (see Note 10a). The presented balances of Porto do Pecém Geração de Energia S.A. have been reduced by 50% on account of the interest of EDP Energias do Brasil S.A.

(b) By means of Resolution 1556, on September 16, 2008 ANEEL approved the transfer of 100% of the quotas of UTE Porto do Itaqui Geração de Energia Ltda. to MPX Energia S.A. On October 14, 2008 this transaction was conducted (see Note 10c).

(c) On September 30, 2008 MPX Energia S.A. recorded a provision of R$8,332 for devaluation of its investment corresponding to its 66.67% interest in Termopantanal Participações Ltda. (see Note 10n).

(d) In June 2008 the Company's management decided not to continue this project, and will prioritize resources and effort for the original projects of the business plan, in addition to new projects such as MPX Tauá Energia Solar Ltda. In July 2008 MPX Energia S.A. accordingly wrote off its 99.90% investment in MPX Sobral Geração de Energia Ltda. (see Note 10o).

The consolidated companies have been presented in Note 1.

6 Cash and cash equivalents

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Cash and cash equivalents	123	2,940	10,885	36,501
Fundo de Investimento Multimercado MPX 63	1,639,464	1,825,850	1,843,719	1,825,850
Fixed-Income Interest earnings bank deposits	1,214	3,490	4,188	3,490
	1,640,801	1,832,280	1,858,792	1,865,841

Fundo de Investimento Multimercado Crédito Privado MPX 63 invests substantially in private securities with daily liquidity and an average yield of DI CETIP ("CDI"), regardless of the maturity of the respective securities. The yield varies between 102% and 105.2% of CDI. It is a financial asset recorded at fair value through profit and loss. Advance redemption does not compromise the yield. The fair value calculation for short-term investments is performed considering market information regarding future rates for similar securities.

This fund's quotas are held by the Company and its subsidiaries, as follows:

	Consolidated	
Consolidated Multi-Market Fund	**2008**	**2007**
MPX Energia S.A.	1,639,464	1,825,850
UTE Porto do Itaqui Geração de Energia Ltda.	118,703	-
UTE Porto do Açu Energia S.A.	67,711	-
MPX Pecém Geração de Energia S.A.	3,360	-
MPX Pecém II Geração de Energia S.A.	487	-
MPX Comercializadora de Energia Ltda.	10,648	-
Amapari Energia S.A.	2,024	-
UTE MPX Sul Energia Ltda.	1,322	-
	1,843,719	**1,825,850**

As of December 31, 2008 and 2007 the fund had the following portfolio:

				Parent Company		Consolidated	
Type	**Drawer**	**Date Issued**	**Maturity**	**2008**	**2007**	**2008**	**2007**
Debentures	CCC	12/18/2007	11/30/2009	-	55,493	-	55,493
Debentures	Bradesco	12/18/2007	12/02/2009	-	70,684	-	70,684
Debentures	DIBENS	12/18/2007	12/02/2009	-	392,970	-	392,970
Debentures	ESCELSA	12/18/2007	12/02/2009	-	13,519	-	13,519
Debentures	PDGR	12/18/2007	12/02/2009	-	177,626	-	177,626
Debentures	BRASKE	12/18/2007	12/07/2009	-	53,179	-	53,179
Debentures	TAM	12/18/2007	12/07/2009	-	7,415	-	7,415
Debentures	TLPP	12/18/2007	12/07/2009	-	18,611	-	18,611
Debentures	Itaú	12/18/2007	12/15/2008	-	396,529	-	396,529
Debentures	Votorantim	12/18/2007	12/02/2010	-	297,404	-	297,404
Debentures	SAFRA	12/18/2007	12/02/2010	-	45,032	-	45,032
CDB Pós	Santander	12/18/2007	12/02/2010	-	111,984	-	111,984
Fixed Income	Pactual	12/18/2007	12/15/2008	-	150,315	-	150,315
Debentures	SAFRA	12/20/2007	12/03/2010	-	35,089	-	35,089
Debentures	Itaú	27/05/2008	05/18/2010	23,951	-	26,935	-
Debentures	Votorantim	10/03/2008	09/24/2010	366,846	-	412,551	-
Debentures	Bradesco	10/03/2008	09/24/2010	375,793	-	422,611	-
CDB Pós	Unibanco	10/03/2008	09/24/2010	254,838	-	286,587	-
CDB Pós	Itaú	10/03/2008	09/29/2009	229,161	-	257,712	-
CDB Pós	Santander	10/03/2008	09/29/2009	366,828	-	412,530	-
Debentures	Bradesco	12/23/2008	12/14/2010	17,799	-	20,017	-
LTN – National Treasury Bills	Treasury	12/31/2008	01/02/2009	4,258	-	4,788	-
Treasury	Treasury			9	-	11	-
DI	Pactual			48	-	53	-
Fund charges				(67)		- (76)	
				1,639,464	1,825,850	1,843,719	1,825,850

7 Trade accounts receivable and subsidies receivable - Fuel Consumption Account-CCC

Trade receivables refer to the energy sold by its subsidiary Amapari Energia S.A. to *Companhia de Eletricidade do Amapá - CEA* in November and December 2008 in the amount of R$6,065 and energy sales of R$ 2,511 made by MPX Comercializadora de Energia Ltda.

The subsidiary has been claiming the reimbursement from ANEEL of part of its costs incurred on fuels used as consumables in the generation and sale of electricity through the Fuel Consumption Account - CCC. It has also resorted to the courts to obtain this reimbursement.

The amount invoiced by Amapari Energia S.A. to *CEA* was calculated based on the tariff determined considering that the subsidiary's fuel cost is reduced by the benefit of the Fuel Consumption Account - CCC. According to the agreement between the parties, the additional cost will be passed on to the customer if Amapari Energia S.A. does not obtain the benefit.

8 Prepaid expenses

		Consolidated
		2008
Insurance guarantee – *ANEEL*		6,218
Area rental option	**(a)**	3,425
Borrowing cost	**(b)**	3,028
		12,671
Current		5,395
Noncurrent		7,276

(a) Refers to the payment made by MPX Energia de Chile Ltda. to acquire the right to exercise the option to rent the land in Chile where the 1400-MW thermal power plant will be installed.

(b) Refers to the borrowing costs for the loans, which are currently under negotiation, paid by the subsidiaries Porto do Pecém Geração de Energia S.A., UTE Porto de Itaqui Geração de Energia Ltda. and UTE Porto do Açu Energia S.A.

9 Recoverable taxes

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Prepaid income tax	4,301	-	4,486	-
Prepaid social contribution	17,557	-	17,665	-
IRRF (withholding tax)	34,298	136	38,886	-
Other	-	-	517	144
	56,156	136	61,554	144

Refers to income and social contribution taxes prepaid during 2008, which will be offset against the income and social contribution taxes determined on the taxable income.

The balance of IRRF (withholding tax) refers to amounts withheld on interest-earning bank deposits and related-party loans. These balances will be offset against the income and social contribution taxes payable.

10 Investments

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Equity interest	294,188	8,548	-	-
Advance for Future Capital Increase - AFAC	65,792	85,588	-	-
Advance for future acquisition of an investment	280	3,500	280	3,500
	360,260	97,636	280	3,500

Equity interest

MPX Energia S.A. has equity interest in the following subsidiaries:

		Parent Company Interest	
		2008	**2007**
Direct subsidiaries			
Porto do Pecém Geração de Energia S.A.	**(a)**	50.00%	100.00%
MPX Pecém II Geração de Energia S.A.	**(b)**	99.70%	-
UTE Porto do Itaqui Geração de Energia Ltda.	**(c)**	100.00%	-
Amapari Energia S.A.	**(d)**	51.00%	51.00%
UTE Porto do Açu Energia S.A.	**(e)**	100.00%	70.00%
Seival Sul Mineração Ltda.	**(f)**	70.00%	70.00%
UTE MPX Sul Energia Ltda.	**(g)**	99.90%	99.90%
MPX Comercializadora de Energia Ltda.	**(h)**	99.90%	99.90%
MPX Energia de Chile Ltda.	**(i)**	99.73%	70.00%
MPX Áustria GmbH	**(j)**	100.00%	-
MPX Tauá Energia Solar Ltda.	**(k)**	99.90%	-
Porto do Pecém Transportadora de Minérios S.A.	**(l)**	99.90%	-
MPX Comercializadora de Combustíveis Ltda.	**(m)**	99.90%	-
Termopantanal Participações Ltda. *	**(n)**	66.67%	66.67%
MPX Sobral Geração de Energia Ltda.	**(o)**	-	99.90%

* On September 30, 2008 MPX Energia S.A. recorded a provision for devaluation of its 66.67% interest in Termopantanal Participações Ltda. (see Note 10n). This provision has been recorded under Non-current liabilities.

The breakdown of investments is presented below:

		Investments	
		2008	**2007**
Direct subsidiaries:			
Porto do Pecém Geração de Energia S.A.	**(a)**	80,156	-
AFAC Porto do Pecém Geração de Energia S.A.		-	85,588
MPX Pecém II Geração de Energia S.A.	**(b)**	1	-
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	17,500	-
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	48,267	-
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	25	-
UTE Porto do Itaqui Geração de Energia Ltda.	**(c)**	64,686	-
Amapari Energia S.A.	**(d)**	43,113	-
UTE Porto do Açu Energia S.A.	**(e)**	51,200	1
Seival Sul Mineração Ltda.	**(f)**	2,796	525
UTE MPX Sul Energia Ltda.	**(g)**	2,501	1
MPX Comercializadora de Energia Ltda.	**(h)**	10,480	1
MPX Energia de Chile Ltda.	**(i)**	13,472	2
MPX Áustria GmbH	**(j)**	17,448	-
MPX Tauá Energia Solar Ltda.	**(k)**	1	-
Porto do Pecém Transportadora de Minérios S.A.	**(l)**	1	-
MPX Comercializadora de Combustíveis Ltda.	**(m)**	1	-
Termopantanal Participações Ltda.	**(n)**	8,332	8,017
MPX Sobral Geração de Energia Ltda.	**(o)**	-	1
Advance for future acquisition of an investment		280	3,500
		360,260	97,636

The changes in investments in subsidiaries are as follows:

Direct subsidiaries		Balance at 2007	Capital increase	Shareholder's equity	Exchange variation	Investments write-off	Advance for capital increase	Balance at 2008
Porto do Pecém Geração de Energia S.A.	**(a)**	-	85,588	(5,432)	-	-	-	80,156
AFAC Porto do Pecém Geração de Energia S.A.		85,588	-	-	-	-	-	-
MPX Pecém II Geração de Energia S.A.	**(b)**	-	1	-	-	-	-	1
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	-	-	-	-	-	17,500	17,500
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	-	-	-	-	-	48,267	48,267
AFAC MPX Pecém II Geração de Energia S.A.	**(b)**	-	-	-	-	-	25	25
UTE Porto de Itaqui Geração de Energia Ltda.	**(c)**	-	64,686	-	-	-	-	64,686
Amapari Energia S.A.	**(d)**	-	43,228	(115)	-	-	-	43,113
UTE Porto do Açu Energia S.A.	**(e)**	1	51,199	-	-	-	-	51,200
Seival Sul Mineração Ltda.	**(f)**	525	2,271	-	-	-	-	2,796
UTE MPX Sul Energia Ltda.	**(g)**	1	2,500	-	-	-	-	2,501
MPX Comercializadora de Energia Ltda.	**(h)**	1	10,479	-	-	-	-	10,480
MPX Energia de Chile Ltda.	**(i)**	2	11,384	-	2,086	-	-	13,472
MPX Áustria GmbH	**(j)**	-	16,837	-	611	-	-	17,448
MPX Tauá Energia Solar Ltda.	**(k)**	-	1	-	-	-	-	1
Porto do Pecém Transportadora de Minérios S.A.	**(l)**	-	1	-	-	-	-	1
MPX Comercializadora de Combustíveis Ltda.	**(m)**	-	1	-	-	-	-	1
Termopantanal Participações Ltda.	**(n)**	8,017	-	315	-	-	-	8,332
MPX Sobral Geração de Energia Ltda.	**(o)**	1	-	-	-	(1)	-	-
Advance for future acquisition of an investment		3,500	-	-	-	(3,220)	-	280
		97,636	288,176	(5,232)	2,697	(3,221)	65,792	360,260

(a) Porto do Pecém Geração de Energia S.A.

Set up on April 26, 2007 as a wholly owned subsidiary of MPX Energia S.A., under the name MPX Pecém Geração de Energia S.A. On October 14, 2008 the Company changed its name to its current name. It is authorized to build and operate a coal-fired thermal power plant to be installed in the Pecém Industrial and Port Complex *("CIPP")*, in *Ceará* State, with an installed capacity of 720 MW and completion scheduled for 2011. This authorization is valid for 35 years, as per Ordinance 226 issued June 27, 2008 by the Ministry of Mines and Energy.

To build this power station, on January 28, 2008 Porto do Pecém Geração de Energia S.A. and *Mabe Construção e Administração de Projetos Ltda. ("Mabe")* signed an Engineering, Procurement and Construction – EPC contract in the form of a lump sum turn key worth R$1,955,646. Construction work commenced in July 2008.

On October 14, 2008 EDP Energias do Brasil S.A. acquired a 50% interest in Porto do Pecém Geração de Energia S.A. in an acquisition that involved the swap of a 50% interest in Porto do Pecém Geração de Energia S.A. for the entire capital of the subsidiary UTE Porto do Itaqui Geração de Energia S.A., the new name of *Diferencial Energia Empreendimentos e Participações Ltda.* This transaction went ahead after the following conditions had been verified:

- On October 16, 2007, Porto do Pecém Geração de Energia S.A. sold 615 MW at auction A-5 held by the Electricity Trading Chamber *("CCEE")*, for a supply term of 15 years. These sales were ratified by *ANEEL* on said date.

- By means of Resolution 1557, on September 16, 2008 *ANEEL* approved the transfer of 50% of the stock of Porto do Pecém to *EDP Energias do Brasil S.A.*, awarding a term of 90 days to implement this transfer.

In FY 2008 Porto do Pecém Geração de Energia S.A. received capital contributions of R$160,311. As of December 31, 2008 its shareholders are MPX Energia S.A. and EDP Energias do Brasil S.A. with a 50% interest each.

(b) MPX Pecém II Geração de Energia S.A.

On September 30, 2008, the project Porto do Pecém Fase II prevailed at auction A-5, selling an average 276 MW for a fixed revenue of R$ 206.98 million/year, restated by the IPCA price index, over a contractual term of 15 years. The subsidiary MPX Pecém II Geração de Energia S.A. was founded on October 07, 2008 with a share capital of R$1. MPX Energia S.A. holds a 99.90% interest in this company, which was founded to install and commercially operate a thermal power plant under the project Porto do Pecém Fase II.

On November 06, 2008 MPX Pecém II Geração de Energia S.A. and Mabe Construção e Administração de Projetos Ltda. ("Mabe") signed an Engineering, Procurement and Construction - EPC contract in the form of a lump sum turn key worth R$1,071,200. Construction work commenced in July 2008 and is forecast for conclusion in 2011. Commercial operations are expected to commence in 2012.

On December 5, 11 and 19, 2008 MPX Pecém II Geração de Energia S.A. received an advance for future capital increase – AFAC from MPX Energia S.A. of R$65,792.

(c) UTE Porto do Itaqui Geração de Energia Ltda.

This Company was set up on December 08, 2006 under the name *Diferencial Energia Empreendimentos e Participações Ltda.* On October 14, 2008 the Company changed its name to its current name. It is authorized to build and operate a coal-fired thermal power plant to be installed in Sector D of the Industrial Estate – *DISAL*, in Itaqui Port, *Maranhão* State, with an installed capacity of 360 MW. This authorization is valid for 35 (thirty-five) years, as per Ordinance 177 issued May 12, 2008 by the Ministry of Mines and Energy.

On January 27, 2008 the subsidiary and *Mabe Construção e Administração de Projetos Ltda. ("Mabe")* signed an Engineering, Procurement and Construction – EPC contract in the form of a lump sum turn key worth R$1,007,768. Construction work commenced in February 2009 and is forecast for conclusion in 2011.

On October 14, 2008 MPX Energia S.A. acquired the entire capital of UTE Porto do Itaqui Geração de Energia Ltda. from *EDP Energias do Brasil S.A.* in an acquisition that involved the swap of a 50% interest in Porto do Pecém Geração de Energia S.A. for said capital. This transaction generated goodwill for MPX Energia S.A. of R$15,470, on the grounds of its future profits (See Note 12).

This transaction went ahead after the following conditions had been verified:

- On October 16, 2007 UTE Porto do Itaqui Geração de Energia Ltda. sold 315 MW at auction A-5 held by the Electricity Trading Chamber *("CCEE")*, for a supply term of 15 years. These sales were ratified by *ANEEL* on said date, and

- By means of Resolution 1556, on September 16, 2008 *ANEEL* approved the transfer of 100% of the quotas of UTE Porto do Itaqui Geração de Energia Ltda. to MPX Energia S.A. awarding a term of 90 days to implement this transfer.

As of December 31, 2008 MPX Energia S.A. held the entire share capital amounting to R$64,686.

(d) Amapari Energia S.A.

Set up on April 12, 2007 in a partnership between MPX Energia S.A. and *Centrais Elétricas do Norte do Brasil S.A. – Eletronorte*, which held 51% and 49% of the shares respectively. This refers to a diesel oil thermal power plant in Serra do Navio, Amapá state. By way of Consenting Resolution 1369 issued May 20, 2008, *ANEEL* authorized Amapari Energia S.A. to operate as an Independent Electricity Producer *("PIE")*, with an initial installed capacity of 23 MW for the term of 29 years. This capacity was revised downwards to 21.6 MW by ANEEL Order 3751 issued October 14, 2008.

On June 10, 2008 the Generation Services Inspections Division *("SFG")* issued Order 2197 on June 09, 2008 authorizing test-based energy generation to commence. It was authorized to commence commercial operations by Order 4143 issued November 07, 2008.

In FY 2008, Amapari Energia S.A. received capital contributions amounting to R$84,761 from its shareholders MPX Energia S.A. and *Centrais Elétricas do Norte do Brasil S.A. – Eletronorte*, in proportion to their respective interests of 51% and 49% respectively.

(e) UTE Porto do Açu Energia S.A.

Set up on September 17, 2007, this subsidiary obtained an environmental licence on July 30, 2008 to install a 2100 MW coal-fired thermal power plant in *São João da Barra, Rio de Janeiro* State.

In order to maintain the fiscal discipline that underpins the business plan and as a result of the sudden and recent slide of the Brazilian Real against the US dollar, the subsidiary decided not to submit the project of UTE Porto do Açu Energia S.A. at the A-5 energy auction held September 30, 2008.

In FY 2008 UTE Porto do Açu Energia S.A. received capital contributions of R$51,200. As of December 31, 2008 MPX Energia S.A. held the entire share capital.

(f) Seival Sul Mineração Ltda.

Set up on May 21, 2001, the subsidiary executed a leasing contract with *Companhia Nacional de Mineração Candiota* to operate a coalmine in the city of *Candiota, Rio Grande do Sul* State. Priority over the output will be afforded to UTE MPX Sul Energia Ltda.

The mining rights have been awarded under concession by the National Mining Production Department *("DNPM")* through Mining Ordinances 119, 121 and 122 of January 27, 1984 and 407 of March 14, 1985. MPX Energia S.A. acquired 25,708 shares in MDU Brasil Ltda. in June 2007, raising its overall interest to 70%. The remaining 30% is held by *CCP Participações Ltda.*

In FY 2008, Seiva Sul Mineração Ltda. received capital contributions from its quotaholders MPX Energia S.A. and *CCP Participações Ltda.*, in proportion to their respective interests of 70% and 30% respectively.

(g) UTE MPX Sul Energia Ltda.

Set up on September 24, 2007 under the name MPX Seival II Energia Ltda, with MPX Energia S.A. holding a controlling interest of 99.90%. It will be a coal-fired thermoelectric power plant built in the municipality of *Candiota*, State of *Rio Grande do Sul*, with an estimated generating capacity of 600 MW. On August 14, 2008 the Company changed its name to its current name.

Seival Sul Mineração Ltda. will supply it with coal. On February 27, 2008 MPX Energia S.A. signed a Memorandum of Intent with the Government of the State of *Rio Grande do Sul* for the installation of the thermal power plant.

In FY 2008 UTE MPX Sul Energia Ltda. received total capital contributions of R$2,500. As of December 31, 2008 MPX Energia S.A. held 99.9% of the share capital.

(h) MPX Comercializadora de Energia Ltda.

It was set up on September 17, 2007 to sell, import and export electricity. On February 25, 2008 MPX Comercializadora de Energia Ltda. was authorized by *ANEEL* to sell electricity at *CCEE* by way of Order 747/08. The process of acceding to *CCEE* has ended.

In FY 2008 MPX Comercializadora de Energia Ltda. received total capital contributions of R$10,479. As of December 31, 2008 MPX Energia S.A. held 99.9% of the share capital.

(i) MPX Energia de Chile Ltda. - UTE Castilla

This will be a coal-fired thermal power plant to be built in the vicinity of the city *Copiapó*, in Region III of Chile in the Atacama Desert with a total generating capacity projected in the business plan of up to 1400 MW.

On October 03, 2007 MPX Energia S.A. acquired a 70% interest in MPX Energia de Chile Ltda. from *Ardpoint*, a company controlled by *Centennial Asset Ltd*. On February 19, 2008 *Centennial Asset Ltd.* decided to transfer to MPX Energia S.A. its 30% interest in MPX Energia de Chile Ltda.

In FY 2008 MPX Energia de Chile Ltda. received total capital contributions of R$15,896. As of December 31, 2008 MPX Energia S.A. and MPX Austria GmbH held 99.73% and 0.27% of its capital respectively.

(j) MPX Áustria GmbH, MPX Viena GmbH and MPX Colômbia S.A.

Headquartered in Bogota, MPX Colômbia S.A. was set up on April 14, 2008 with a share capital of R$5 ($5,130,000 Colombian pesos) with the following core activities: drilling, extraction, transportation and sale of coal.

On May 26, 2008 MPX Energia S.A. acquired the entire share capital of MPX Austria GmbH, headquartered in Vienna, Austria, with a share capital of R$91 (EUR 35). It also acquired an indirect controlling interest in MPX Viena GmbH, also headquartered in Vienna with a share capital of R$91 (EUR 35). MPX Austria GmbH holds the entire share capital of the latter company and its core activity is the acquisition of equity investments in Austria and overseas related to the mining and sale of coal.

As of June 09, 2008 MPX Colômbia S.A. had the following shareholders:

Shareholders	**31/12/2008**
MPX Áustria GmbH	89.00%
MPX Viena GmbH	10.00%
Other	1.00%
Total	100.00%

As of December 31 the share capital of MPX Áustria GmbH stood at R$20,171. In FY 2008 MPX Áustria GmbH raised the share capital of MPX Colômbia S.A. and MPX Viena GmbH by $15,020,000 and $1,669,000 Colombian pesos respectively.

(k) MPX Tauá Energia Solar Ltda.

Set up on September 22, 2008 to generate and sell electricity by way of a solar energy plant to be installed in *Tauá*, *Ceará* State. This solar energy plant will have an initial capacity of 1 MW. Along with the plant, a photovoltaic solar panel factory will also be built in *Ceará* State. As of December 31, 2008 MPX Energia S.A. held 99.9% of the share capital.

(l) Porto do Pecém Transportadora de Minérios S.A.

Set up on October 08, 2008 to transport ore by operating an unloading system consisting of conveyor belts. This will be set up in the Pecém Industrial and Port Complex *("CIPP")*, in *Ceará* State, As of December 31, 2008 MPX Energia S.A. held 99.9% of the share capital.

(m) MPX Comercializadora de Combustíveis Ltda.

Set up on September 23, 2008 in *Rio de Janeiro, Rio de Janeiro* State to sell, import and export all types of coal, by-products and other types of fuel, in addition to providing brokerage services. As of December 31, 2008 MPX Energia S.A. held 99.9% of the share capital.

(n) Termopantanal Participações Ltda. and Termopantanal Ltda.

Termopantanal Ltda. was incorporated for a 30-year concession term on September 10, 2003 in an association between the Company and the Bolivian company *Cooperativa Rural de Eletrificación ("CRE")* to build a 33-km gas pipeline commencing in *Corumbá, Mato Grosso do Sul* State, and interconnecting with the Brazil-Bolivia gas pipeline in the Bolivian city of *Puerto Suarez.*

A consortium was established to build the gas pipeline with *Companhia de Gás do Mato Grosso do Sul ("MS-GÁS")*, where Termopantanal Ltda. was responsible for the construction and assembly work. According to the consortium agreement, each party will record amounts invested to build the pipeline under property, plant and equipment, which will be subject to depreciation after the pipeline comes into use. The contract also states that after the depreciation of Termopantanal's assets has finished, its interest will be transferred to *MS-GAS* for free. The construction work was concluded in December 2006. The consortium stipulates that its income will be shared among the consortium members in proportion to the investments made. As of December 31, 2008 Termopantanal Ltda. had invested a total of R$12,169.

The Company entered this venture through its direct subsidiary Termopantanal Participações Ltda. in order to guarantee the supply of gas to the 44-MW UTE Termopantanal, to be built in *Corumbá, Mato Grosso do Sul* State. Before the start-up of UTE Termopantanal, Termopantanal Ltda. is considered to be preoperational, as its assets are considered to be part of the UTE Termopantanal project, which is still in progress. In March 2004, a gas supply agreement was executed with *Petrobras-Bolivia* and *MS-GÁS*.

The changes introduced to local hydrocarbon legislation by the Bolivian government compromised this contract. Following negotiations with Bolivian state company *YPFB*, on May 05, 2007 a commitment was signed to supply the required volumes of fuel (1 million cubic meters/day). However, the contract was not made official. As of December 31, 2008 there are no firm official contracts (or commitments) for UTE Termopantanal to acquire gas.

In order to maintain the fiscal discipline that underpins the business plan and as a result of the continued problems in Bolivia, with serious ramifications for the hydrocarbons sector and consequently gas supplies, MPX Energia S.A. decided not to make further investments in this project, and will prioritize resources and effort for other projects of the business plan while this situation persists.

On September 30, 2008 MPX Energia S.A. accordingly decided to record a provision for devaluation of R$8,332 regarding its 66.67% interest in Termopantanal Participações Ltda., which it recorded under non-current liabilities.

(o) MPX Sobral Geração de Energia Ltda.

Set up on October 10, 2007, with an initial share capital of R$1, with MPX Energia S.A. holding a 99.90% interest. This is an additional project to the original projects of MPX Energia S.A.'s business plan to build a diesel fuel thermal power plant in *Ceará* State, with a generating capacity of 204 MW.

However, in June 2008 MPX Energia S.A. decided not to continue this project, and will prioritize resources and effort for the original projects of the business plan. In July 2008 MPX Energia S.A. therefore wrote off this investment.

11 Property, plant and equipment

			2008					
			Parent Company			Consolidated		
		Depreciation rate % p.a.	Cost	Depreciation	Net	Cost	Depreciation	Net
Land	**(a)**	-	-	-	-	-	-	-
Furniture and fixtures		10	1,554	(283)	1,271	2,319	(326)	1,993
Machinery and equipment	**(b)**	3-5/10	-	-	-	72,236	(579)	71,657
IT equipment		20	1,044	(244)	800	1,174	(262)	912
Software licenses	**(c)**	20	-	-	-	-	-	-
Improvements to third-party assets		10	1,192	(42)	1,150	1,953	(46)	1,907
Gas pipeline	**(d)**	-	-	-	-	12,169	-	12,169
Working in progress	**(e)**	-	-	-	-	1,052,003	-	1,052,003
			3,790	(569)	3,221	1,141,854	(1,213)	1,140,641

		2007					
		Parent Company			Consolidated		
	Depreciation rate % p.a.	Cost	Depreciation	Net	Cost	Depreciation	Net
Land **(a)**	-	2,744	-	2,744	2,744	-	2,744
Furniture and fixtures	10	659	(256)	403	659	(272)	387
Machinery and equipment	3-5/10	66	(26)	40	66	(28)	38
IT equipment	20	444	(152)	292	444	(156)	288
Software licenses	20	69	(47)	22	69	(47)	22
Improvements to third-party assets	10	277	(143)	134	277	(143)	134
Gas pipeline	-	-	-	-	12,169	-	12,169
Working in progress	-	-	-	-	88,991	-	88,991
		4,259	(624)	3,635	105,419	(646)	104,773

(a) On April 21, 2007 MPX Energia S.A. signed a purchase commitment for a land in *São Gonçalo do Amarante*, *Ceará* State, in the amount of R$2,744. On March 20, 2008 ownership of the land was transferred to *REX Empreendimentos Imobiliários* of EBX Group, in the same amount (R$ 2,744).

(b) It basically consists of a power station, line and substation of Amapari Energia S.A., which came into operation in November 2008. Asset depreciation is calculated at the straight line method based on the rates determined by Ordinance 815 issued November 30, 1994 by the National Electric Energy Agency - ANEEL, which takes into account the estimated useful life of the assets and residual values.

(c) Refers to expenses incurred on software licenses, which have been reclassified to the subgroup Intangible assets.

(d) Refers to the costs incurred by the subsidiary Termopantanal Ltda. to build the gas pipeline in a consortium with *MS GÁS*, which was concluded in December 2006. As mentioned in Note 10n, MPX Energia S.A. accordingly decided to record a provision for devaluation of R$8,332 regarding its 66.67% interest in Termopantanal Participações Ltda.

(e) Refers to expenses incurred on advances made for reserves and equipment acquisitions to build the thermal power plants Porto do Pecém Geração de Energia S.A., MPX Pecém II Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia Ltda., guaranteed by bank guarantees in the amount of R$499,355. The balances have been recorded under "working in progress" and will be transferred to "property, plant and equipment in service" when operations start. As stated in Notes 10a, 10b and 10c, these subsidiaries and *MABE* signed an EPC agreement in the form lump sum turn key to build the power stations. As established in the respective agreements, 15% of each advance made should be withheld as a guarantee for delivery of the power station, to be disbursed in the course of FY 2009, if the EPC presents bank guarantees. As of December 31, 2008 the total guarantees retained by the subsidiaries amounts to R$110,843 and has been recorded under the respective subsidiaries' current liabilities.

12 Intangible asset

			2008					
			Parent Company			Consolidated		
		Amortization rate						
		% p.a.	Cost	Depreciation	Net	Cost	Depreciation	Net
Software licenses		20	271	(60)	211	373	(60)	313
Mining rights	(a)		-	-	-	5,328	-	5,328
Goodwill in the acquisition of subsidiaries	(b)		15,470	-	15,470	15,470	-	15,470
			15,741	(60)	15,681	21,171	(60)	21,111

(a) On March 26, 2008 MPX Energia S.A. signed two coal mining rights call options in the locations *El Cesar* and *La Guajira* near the main coal mines in operation in *Colômbia* in the amount of USD 18 million, due to subject to the verification of certain conditions. In October 2008, the surveys conducted in *El César* showed that the coal there was not of good enough quality to be explored. The portion paid by MPX Energia S.A. for this right on behalf of MPX Colômbia S.A., in the amount of R$1,182 has been recorded as a receivable loan from MPX Colômbia S.A. (see Note 14). All further expenses and commitments undertaken involving mining rights are being paid directly by MPX Colômbia S.A.

(b) Goodwill in the acquisition of subsidiaries

On October 14, 2008 MPX Energia S.A. acquired the entire capital of UTE Porto do Itaqui Geração de Energia Ltda. from EDP Energias do Brasil S.A. in an acquisition that involved the swap of a 50% interest in Porto do Pecém Geração de Energia S.A. for said capital. This transaction generated goodwill for MPX Energia S.A. in the amount of of R$15,470, and it was based on the expectation of future profitability.

13 Deferred charges

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
MPX Energia S.A.	2,753	113	2,753	113
Porto do Pecém Geração de Energia S.A.	-	-	(2,528)	84,259
MPX Pecém II Geração de Energia S.A.	-	-	4	-
UTE Porto do Itaqui Geração de Energia Ltda.	-	-	(8,814)	-
Amapari Energia S.A. *	-	-	30,799	2,750
UTE Porto do Açu Energia S.A.	-	-	32,603	1,048
Seival Sul Mineração Ltda.	-	-	4,046	3,009
UTE MPX Sul Energia Ltda.	-	-	659	167
MPX Energia de Chile Ltda.	-	-	6,541	535
MPX Áustria GmbH	-	-	57	-
MPX Colômbia S.A.	-	-	11,370	-
Termopantanal Participações Ltda. ****	-	-	6,075	4,318
	2,753	113	83,565	96,199

* Balance net of amortization in the amount of R$754.

** MPX Energia S.A. has made a provision for the loss of its 66.67% investment in Termopantanal Participações Ltda. (see Note 10n).

	Breakdown of consolidated deferred charges by type									
	2008									
	Personnel	Services	Consumables	Taxes	Interest	Rent	Financial Expense	Revenue	Other	Total
MPX Energia S.A.	149	2,524	-	-	-	-	17	-	63	2,753
Porto do Pecém Geração de Energia S.A.	924	2,355	-	3,498	-	208	-	(10,156)	644	(2,527)
MPX Pecém II Geração de Energia S.A	-	-	-	-	-	-	-	(7)	11	4
UTE Porto do Itaqui Geração de Energia Ltda.	689	4,599	-	212	-	86	-	(17,122)	2,722	(8,814)
Amapari Energia S.A.	1,537	4,405	18,150	1,487	4,599	406	243	-	(28)	30,799
UTE Porto do Açu Energia S.A.	1,277	2,131	-	-	1,496	37	27,588	(2,642)	2,716	32,603
Seival Sul Mineração Ltda.	225	3,067	-	-	754	-	-	-	-	4,046
UTE MPX Sul Energia Ltda.	101	505	-	-	17	-	-	-	35	658
MPX Energia de Chile Ltda.	1,155	4,888	580	-	-	-	-	(143)	61	6,541
MPX Áustria GmbH	-	57	-	-	-	-	-	-	-	57
MPX Colômbia S.A.	88	11,220	-	-	-	-	-	(24)	86	11,370
Termopantanal Participações Ltda.	321	2,423	801	-	2,954	66	-	-	(490)	6,075
	6,466	38,174	19,531	5,197	9,820	803	27,848	(30,094)	5,820	83,565

	Breakdown of consolidated deferred charges by type						
	2007						
	Personnel	Services	Taxes	Financial Interest	Expense	Other	Total
MPX Energia S.A.	-	-	-	-	-	113	113
Porto do Pecém Geração de Energia S.A.	-	2,036	241	-	81,979	3	84,259
Amapari Energia S.A.	138	1,125	1	944	331	211	2,750
UTE Porto do Açu Energia S.A.	-	1,032	-	16	-	-	1,048
Seival Sul Mineração Ltda.	183	2,174	101	335	-	216	3,009
UTE MPX Sul Energia Ltda.	-	159	-	-	-	8	167
MPX Energia de Chile Ltda.	126	203	-	-	-	206	535
Termopantanal Participações Ltda.	293	1,770	172	1,164	-	919	4,318
	740	8,499	515	2,459	82,310	1,676	96,199

As mentioned in Note 10e, the subsidiary UTE Porto do Açu Energia S.A. decided not to offer energy at the A-5 energy auction held September 30, 2008. As a result of the project's postponement, the subsidiary and the supplier Sumitomo Corporation negotiated a way of recouping the R$31,118 (equal to USD 20,000), advanced by the subsidiary to reserve equipment (turbines and generators). In December 2008 the subsidiary signed an agreement with this supplier for the return of R$20,000. The difference between the amount paid and the amount received (R$11,118) was recognized as a loss in the deferred charges.

14 Related-party transactions

The main balances of assets and liabilities as of December 31, 2008 and 2007, as well as the transactions that influenced the income and expenses for the period, are related to operations with related parties resulting from transactions between the Company and its direct and indirect subsidiaries, affiliates and key management personnel, which were conducted at arm’s length.

Controlling Shareholder

The share control of MPX Energia S.A. is held by Mr. Eike Fuhrken Batista, who owns 70.40% of the common shares. MPX Energia S.A. is managed by a Board of Directors and an Executive Board, pursuant to the attributions and powers awarded by its Bylaws in accordance with Corporate Law.

Affiliated Companies

The main affiliated companies of MPX Energia S.A. are: *EBX Investimentos Ltda.*, *OGX Petróleo e Gás Participações S.A.*, *LLX Logística S.A.* and *MMX Mineração e Metálicos S.A.*

As of December 31, 2008 and 2007, the balances of assets, liabilities and effects on income are as follows:

	Parent Company	
	2008	**2007**
Amapari Energia S.A. **(a)**	19,710	37,736
Porto do Pecém Geração de Energia S.A	247	-
UTE Porto do Açu Energia S.A. **(a)**	-	1,048
Seival Sul Mineração Ltda. **(a)**	-	1,675
UTE MPX Sul Energia Ltda. **(a)**	-	169
MPX Colômbia S.A.	1,182	-
Termopantanal Participações Ltda. **(a)**	5,968	4,514
	27,107	45,142

	Liabilities			
	Parent Company		Consolidated	
	2008	2007	2008	2007
EBX Investimentos Ltda. **(d)**	1,708	-	2,023	-
MMX Mineração e Metálicos S.A.	49	-	49	-
UTE MPX Sul Energia Ltda.	1	-	-	-
MPX Comercializadora de Energia Ltda.	1	-	-	-
Copelmi Mineração Ltda. **(b)**	-	-	-	41
CCP Participações Ltda. **(b)**	-	-	-	586
Inversiones AMX **(c)**	-	-	-	570
EDP Energias do Brasil S.A.	-	-	101	-
	1,759	-	2,173	1,197
Current	1,757	-	2,173	570
Noncurrent	2	-	-	627

(a) Refers to loans between MPX Energia S.A. and its subsidiaries, which are subject to monthly market interest of 125% of CDI as of December 31, 2008 (101% of CDI as of December 31, 2007) and have no due date. As of December 31, 2008 the effect on the deferred charges is R$5,604 and on the income statement is R$5,195.

(b) Refers to loans between the subsidiary Seival and its minority shareholder's.

(c) Refers to the pre-operating expenses of MPX Chile paid by Inversiones AMX.

(d) The Company and its subsidiaries also have operational and financial sharing agreements with the company EBX Investimentos Ltda., involving monthly collections made through trade notes paid according to negotiations between the parties (average of 30 to 60 days).

The remuneration of key management staff has been presented below:

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Directors' remuneration:				
Short term benefits:	3,723	3,214	4,824	3,214
Salaries	3,513	3,214	-	-
Bonuses	210	-	-	-
Stock options awarded	3,668	-	3,668	-
Income statement effect	3,723	3,214	3,776	3,214
Effect on deferred charges	-	-	1,048	-

15 Loans and financing

As of December 31, 2008 and 2007 the loans taken out from financial institutions breakdown as follows:

				Parent Company					
				2008			2007		
Creditor		**Currency**	**Interest rate**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	18,895	367	19,262
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	35,426	666	36,092
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	106,278	1,552	107,830
				-	-	-	160,599	2,585	163,184

					Consolidated					
					2008			2007		
Creditor		**Currency**	**Interest rate**	**Maturity**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	-	18,895	367	19,262
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	-	35,426	666	36,092
Banco Itaú BBA	**(a)**	USD	7.20% p.a.	-	-	-	-	106,278	1,552	107,830
Citibank	**(b)**	R$	CDI + 0.75p.a.	30/04/2009	12,000	-	12,000	-	-	-
Citibank	**(c)**	USD	*LIBOR* + 0.75p.a.	30/04/2009	161,253	376	161,629	-	-	-
Citibank	**(d)**	R$	CDI + 0.75p.a.	30/04/2009	84,000	988	84,988	-	-	-
Citibank	**(e)**	USD	*LIBOR* + 0.75p.a.	30/04/2009	23,370	54	23,424	-	-	-
Banco HSBC	**(f)**	R$	111% CDI	03/09/2009	41,900	2,004	43,904	-	-	-
Banco Itaú BBA	**(g)**	USD	9.65% p.a.	20/02/2009	163,590	1,754	165,344	-	-	-
Banco Itaú BBA	**(h)**	USD	7.60% p.a.	31/08/2009	47,974	1,205	49,179	-	-	-
Banco Votorantim	**(i)**	USD	7.20% p.a.	27/11/2009	93,480	5,459	98,939	-	-	-
Banco Votorantim	**(j)**	USD	6.95% p.a.	27/11/2009	116,850	6,610	123,460	-	-	-
Banco Votorantim	**(k)**	USD	8.40% p.a	04/09/2009	116,850	3,190	120,040	-	-	-
					861,267	21,640	882,907	160,599	2,585	163,184

(a) In March 2008 MPX Energia S.A. settled all the loans obtained from *Banco Itaú BBA*. These funds were used to settle debts with related parties and finance energy projects being implemented.

(b) On January 31, 2008 Porto do Pecém Geração de Energia S.A. obtained a loan from Citibank in local currency in the amount of R$24,000, maturing on April 30, 2009. The cost of the loan is CDI rate plus 0.75% per year. The interest is paid in the accrual month. The balance of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the elimination of the 50% interest of *EDP Energias do Brasil S.A.*

(c) On March 04, 2008 Porto do Pecém Geração de Energia S.A. obtained a further loan from Citibank in foreign currency in the amount of USD 138,000 (R$322,506 as of December 31, 2008), maturing on April 30, 2009. The borrowing cost was the variance of the LIBOR plus 0.75% a year. The balance of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the elimination of the 50% interest of *EDP Energias do Brasil S.A.*

(d) On April 08, 2008 Porto do Pecém Geração de Energia S.A. obtained a loan from Citibank in local currency in the amount of R$168,000, maturing on April 30, 2009. The cost of the loan is CDI rate plus 0.75% per year. Interest is amortized monthly. The balance of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the elimination of the 50% interest of *EDP Energias do Brasil S.A.*

(e) On April 08, 2008 Porto do Pecém obtained a loan from Citibank in foreign currency in the amount of USD 20,000 (R$46,740 as of December 31, 2008), maturing on April 30, 2009. The cost of the loan is the LIBOR rate plus 0.75% per year. Interest is amortized monthly. The balance of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the elimination of the 50% interest of EDP Energias do Brasil S.A.

(f) On September 03, 2008 UTE Porto do Açu Energia S.A. obtained a working capital loan from *Banco HSBC* in local currency in the amount of R$ 41,900, maturing on September 03, 2009. The cost of the loan was the CDI rate plus 111% per year. The interest will be amortized in the final installment.

(g) On March 28, 2008 UTE Porto do Itaqui Geração de Energia Ltda. obtained a working capital loan from *Banco Itaú* in foreign currency in the amount of USD70,000 (R$163,590 as of December 31, 2008), maturing on November 21, 2008. The loan is charged interest of 7.19% p.a. On November 21, 2008 the agreement was renewed with maturity on February 20, 2009 at a rate of 9.65% p.a.

(h) On September 03, 2008 UTE Porto do Itaqui Geração de Energia Ltda. obtained a new loan from *Banco Itaú* in foreign currency in the amount of USD 20,528 (R$47,974 as of December 31, 2008). The loan is charged interest of 7.60% p.a. and matures on August 31, 2009.

(i) On March 14, 2008 UTE Porto do Itaqui Geração de Energia Ltda. obtained a working capital loan from *Banco Votorantim* in foreign currency in the amount of USD40,000 (R$93,480 as of December 31, 2008), maturing on November 27, 2009. The loan is charged interest of 7.20% p.a.

(j) On March 13, 2008 UTE Porto do Itaqui Geração de Energia Ltda. obtained a working capital loan from *Banco Votorantim* in foreign currency in the amount of USD50,000 (R$116,850 as of December 31, 2008), maturing on November 27, 2009. The loan is charged interest of 6.95% p.a.

(k) On September 05, 2008 UTE Porto do Itaqui Geração de Energia Ltda. obtained a working capital loan from *Banco Votorantim* in foreign currency in the amount of USD50,000 (R$116,850 as of December 31, 2008), maturing on September 04, 2009. The loan is charged interest of 8.40% p.a.

The shareholder of MPX Energia S.A. has guaranteed the loans. These loans are not subject to covenants and do not incur transaction costs considered material by Technical Pronouncement CPC 08, approved by CVM Resolution 556/08.

16 Taxes and contributions payable

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Corporate Income Tax - IRPJ	26,325	-	26,473	-
Social Contribution on Net Income - CSLL	9,685	-	9,728	-
-IRRF - Withholding Tax	24	2,737	74	2,737
ICMS (value-added tax on sales and services)	-	4	48	4
PIS, COFINS, IRRF and CSLL	325	397	793	397
Tax on Financial Transactions - IOF	86	204	86	204
Other	164	-	638	70
	36,609	3,342	37,840	3,412

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

	Parent Company	Consolidated	
	2008	**2008**	
Net Income before IRPJ/CSLL	242,301	242,301	
Nominal rate	34%	34%	
IRPJ/CSLL at the nominal rate	(82,382)	(82,382)	
Provision for investment devaluation	(2,833)	(2,833)	
Equity in net income of subsidiaries	55		
Donations	(202)	(202)	
Unsettled hedge losses	31,962	32,222	
Reversal of provision	166	166	
Other	578	163	
Effect of the initial adoption of Law 11638 - Management remuneration consisting of stock options	(1,247)	(1,247)	**(a)**
Tax loss carryforward and negative CSLL basis	15,681	15,681	
Income tax and social contribution expenses	(38,222)	(38,432)	

(a) Expense not considered deductible because the Company adopted to implement the Transitional Taxation Scheme - RTT (See Note 4).

The Company did not calculate deferred income tax on this amount, because it is a permanent difference.

On December 31, 2008 the pre-operational expenses were deducted from the calculation base for income and social contribution taxes payable, pursuant to Discrepancy Reply 32 issued July 21, 2008 by the Federal Internal Revenue Department generating a negative base. The subsidiaries Porto do Pecém Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia Ltda. did not therefore record a provision for these taxes.

17 Financial instruments

MPX Energia S.A. and its subsidiaries Porto do Pecém Geração de Energia S.A., UTE Porto do Itaqui Geração de Energia S.A. and UTE Porto do Açu Geração de Energia S.A. have financial derivatives to hedge against foreign exchange and interest rate risks. The management of these instruments is done through operating strategies and internal controls, aimed at liquidity, profitability and security.

The control policy consists of permanent follow-up of the rates engaged versus those in force in the market. MPX Energia S.A. and its subsidiaries did not make any speculative investments in derivatives or any other risk assets. The results obtained by these operations are conducive with the policies and strategies established by MPX Energia S.A. and its subsidiaries.

The operations of MPX Energia S.A. and its subsidiaries are subject to the following risk factors:

Credit risk

It results from the possibility of MPX Energia S.A. and its subsidiaries incurring losses arising out of default of their counterparties or financial institutions depository of resources or financial investments.

To mitigate these risks, it is the policy of MPX Energia S.A. and its subsidiaries to analyze the financial situation of their counterparties, and permanently monitor outstanding positions. In respect of financial institutions, MPX Energia S.A. and its subsidiaries only do business with financial institutions rated as low risk by rating agencies.

Interest rate risk

This arises from the possibility of MPX Energia S.A. and its subsidiaries incurring gains or losses owing to changes in the interest rates on its financial assets and liabilities. In order to mitigate this kind of risk, MPX Energia S.A. and its subsidiaries seek to diversify their funding in terms of pre-fixed and post-fixed rates, and in certain circumstances hedge transactions are conducted to lock in the financial cost of their loans.

Exchange rate risk

This arises from the possibility of exchange rate variance utilized by MPX Energia S.A. and its subsidiaries to acquire equipment and procure financial instruments. MPX Energia S.A. and its subsidiaries permanently evaluate the procurement of hedge operations to mitigate these risks.

Capital structure risk (or financial risk)

It results from the possibility of the Company and its subsidiaries incurring losses arising out of default of their counterparties or financial institutions depository of resources or financial investments.

To mitigate the liquidity risks and optimize the average weighted cost of capital, MPX Energia S.A. and its subsidiaries permanently monitor their indebtedness levels in accordance with market standards.

Hedge transactions are conducted in certain circumstances to avoid fluctuations in the operations' financial cost.

Non-derivative and derivative financial instruments

The table below presents the accounting balances and the market values of the financial instruments included in the balance sheet as of December 31, 2008 and 2007 are shown below:

		Parent Company					
		2008			2007		
Financial instruments	**Note**	**Fair value through profit and losst**	**Amortized cost**	**Total**	**Fair value through profit and losst**	**Amortized cost**	**Total**
Assets							
Interest-earning bank deposits	6	1,640,678	-	1,640,678	1,829,340	-	1,829,340
Recoverable taxes	9	56,156	-	56,156	136	-	136
Gain on derivative transactions	17	94,006	-	94,006	-	-	-
Liabilities							
Loans and financing in USD	15	-	-	-	-	(163,184)	(163,184)
		1,790,840	-	1,790,840	1,829,476	(163,184)	1,666,292

		Consolidated					
		2008			2007		
Instrumentos financeiros	**Note**	**Fair value through profit and losst**	**Amortized cost**	**Total**	**Fair value through profit and losst**	**Amortized cost**	**Total**
Assets							
Interest-earning bank deposits	6	1,847,907	-	1,847,907	1,829,340	-	1,829,340
Recoverable taxes	9	61,554	-	61,554	144	-	144
Gain on derivative transactions	17	260,741	-	260,741	33,609	-	33,609
Liabilities							
Loans and financing in R$	15	-	(140,892)	(140,892)	-	-	-
Loans and financing in USD	15	-	(742,015)	(742,015)	-	(163,184)	(163,184)
Losses on derivative transactions	17	(165,971)	-	(165,971)	(115,524)	-	(115,524)
		2,004,231	(882,907)	1,121,324	1,747,569	(163,184)	1,584,385

The estimated fair value of the financial derivatives of MPX Energia S.A. and its subsidiaries was determined through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of the market data to estimate the fair value of each operation. Consequently, the estimates below do not necessarily indicate the amounts that will actually be realized upon financial settlement of the transactions.

MPX Energia S.A. and its subsidiaries have a risk control policy for procuring financial derivatives instruments, as their revenue is many obtained in Brazilian reais and most of their investments in fixed assets (Capex) are denominated in US dollars and Euros. A portion of their foreign currency investments will also be funded at international interest rates (*Libor).* This policy allows them to assess the aforesaid assets' exposure level and procure the required hedge instruments, thereby avoiding possible mismatches between revenue and expenses.

MPX Energia S.A. and its subsidiaries accordingly contracted NDFs (Non Deliverable Forwards) from Citibank in oder to mitigate the impact of exchange mismatches and the FRA Libor Swap (Forward Rate Agreement), which consists of fixing a forward interest rate for long-term loans. The hedge policy of MPX Energia S.A. and its subsidiaries does not allow any speculative leverage. The hedge volumes are procured according to their exposure level, always subject to the best governance practices in the market.

Under the policy implemented by MPX Energia S.A. and its subsidiaries, the maximum potential loss (Parametric VaR - See Glossary) is calculated daily on its derivative operations, based on statistical methods that allow the assumed exposure to be controlled.

The formula for calculating the mark to market of long positions in US dollars and short positions in Brazilian reais is as follows:

- Initial step: quantifying the asset or liability exposure to be covered by an NDF contract;
-
- Step 1: The derivative's value in US dollars multiplied by the original dollar exchange rate in the agreement. Based on the figure in Reais and the interest curve prices pre-traded on BM&FBOVESPA S.A. - Stock, Commodities and Futures Exchange, the calculated amount is obtained over the term in working days that remains before the operation expires; and

- Step 2: The derivative's value in US dollars is restated to present value by the Currency Coupon Curve Traded at BM&FBOVESPA for the equivalent term in current days to the operation. After this calculation, the dollar amount is multiplied by the closing Ptax-800 rate for the corresponding month published by the Brazilian Central Bank - *BACEN*.

The MtM value in Reais is the difference between steps 1 and 2, where the values of the pre-curves (step 1) and currency coupon (step 2) are obtained at the close of the reporting month.

The formula for calculating the mark to market of long positions in Euros and short positions in Brazilian reais is as follows:

- Initial step: quantifying the asset or liability exposure to be covered by an NDF contract;

- Step 1: The derivative's value in Euros multiplied by the original Euros exchange rate in the contract. Based on the figure in Euros and the Euros coupon curve prices, the calculated amount is obtained over the term in days that remains before the operation expires; and

- Step 2: The derivative's value in Euros is restated to present value by the US Treasury Curve - Yield for the equivalent term in current days to the operation.

The MtM value in reais is the difference between steps 1 and 2 multiplied by euro/reais exchange rate.

The formula for calculating the mark to market of long positions with variable to fixed interest rates is as follows:

- Initial step: Quantifying the exposure to be covered by a Forward Rate Agreement in Libor – Floating to Fixed Libor FRA.
-
- The derivative's flow value at a floating rate is restated to present value by the Interpolation of the Treasury Swap Factor against the Libor for one year. Each amortization amount is charged simple interest at the above factor until maturity. It is lastly discounted at the market rate fixed by the parties in the derivatives agreement. The amount obtained is ultimately multiplied by the Ptax-800 rate published by BACEN.

The formula for calculating the mark to market of CDI/USD Swaps is as follows:

- Initial step: Quantifying the exposure to be covered by a Swap agreement;
- Step 1: The derivative's value in US dollars is converted to Reais at the original exchange rate. Based on this amount the spread is applied to the CDI in working days and the forward value of this position is determined in Reais. based on the future value, the present value is obtained at the Brazil interest curve added to the same spread used originally; and
- Step 2: The derivative's value in US dollars is applied to the interest rate (coupon) to obtain the Forward Value. This value is used to determine the present value of the Currency Yield Curve. This amount is finally converted into Reais at the Ptax-800 exchange rate at the close of the month.

The MtM value in Reais is the difference between steps 1 and 2.

Derivative financial instruments (Notional US$ and EURO)

		Parent Company					
		Reference Value Notional (US$ 000 and Euro 000)		Value of MtM (BRL 000)		Accumulated Effect (BRL 000) 2008	
Description	**Maturity**	**2008**	**2007**	**2008**	**2007**	**Receivable**	**Payable**
NDFs USD/BRL							
Receivable Position:							
Foreign currency - USD	Jan/09 to Oct/12	240,304	-	80,229	-	80,229	-
NDFs EURO/USD							
Receivable Position:							
Foreign currency - EURO	Jan/09 to Mar/11	61,173	-	13,777	-	13,777	-
				94,006	-	94,006	-

Notes to the financial statements

(In thousands of Reais, unless as stated otherwise)

		Consolidated					
		Reference Value *Notional* (US$ 000 and Euro 000)		Value of MtM (BRL 000)		Accumulated Effect (BRL 000) 2008	
Description	**Maturity**	**2008**	**2007**	**2008**	**2007**	**Receivable**	**Payable**
NDFs USD/BRL							
Receivable Position:							
Foreign currency - USD	Jan/09 to Nov/12	715,530	967,363	239,404	33,609	239,404	-
Payable position:							
Foreign currency - USD	Jan/09 to Nov/12	-	-	-	(2,966)	-	-
NDFs EURO/USD							
Receivable Position:							
Foreign currency - EURO	Jan/09 to Mar/11	87,628	-	21,337	-	21,337	-
FRA LIBOR							
Receivable Position:							
Foreign currency - USD	Oct/17	395,743	735,972	(1,020,336)	(825,050)	-	(1,020,336)
Payable position:							
Foreign currency - USD	Oct/17	395,743	735,972	870,834	712,491	870,834	-
SWAP CDI/USD							
Receivable Position:							
Foreign currency - USD	May/09	25,000	-	44,130	-	44,130	-
Payable position:							
Foreign currency - USD	May/09	25,000	-	(60,599)	-	-	(60,599)
				94,770	(81,916)	1,175,705	(1,080,935)
Net accumulated effect						94,770	

In October 2008, Porto do Pecém Geração de Energia S.A. settled part of its Libor swaps in advance to the notional in the amount of USD 150,000,000, paying the counterpart the amount of R$18,722. Porto do Pecém Geração de Energia S.A. made this settlement because it obtained a new credit facility to finance its investments and part of the original credit facility, the part corresponding to the notional amount settled in advance, will not be used.

As the new credit facility is subject to different risks than the original debt, part of the Libor swap was settled in advance, in accordance with the policy of MPX Energia S.A. and its subsidiaries.

Value at Risk (VaR) of the operations*:

Company	Operation	VaR (*Value at Risk*)
MPX Energia S.A.	NDF USD/BRL	15,775
Porto do Pecém Geração de Energia S.A.	NDF USD/BRL	25,516
UTE Porto do Itaqui Geração de Energia Ltda.	NDF USD/BRL	17,026
MPX Energia S.A.	NDF EURO/USD	4,402
UTE Porto do Itaqui Geração de Energia Ltda.	NDF EURO/USD	1,908
Porto do Pecém Geração de Energia S.A.	FRA Libor	55,775
UTE Porto do Itaqui Geração de Energia Ltda.	FRA Libor	38,173
UTE Porto do Açu Energia S.A.	SWAP CDI/USD	2,017

* Not audited.

Glossary (not audited)

The Parametric VaR (maximum potential loss) has the following meaning: calculation of the potential loss over a given time interval, under market conditions and subject to a certain confidence level. The VaR is a concise statistical measurement that has been developed by estimating the standard deviation and correlation between the yields of several risk factors. The distribution of returns on Gaussian normal risk factors assumes a confidence level of 95% and holding period of one day.

The volatility calculation method in the above model takes into account the EWMA_Lambda model. The EWMA_Lambda (Exponentially Weighted Moving Average): is an exponential smoothing method for handling historic data.

Sensitivity analysis

MPX Energia S.A. and its subsidiaries elaborated four sensitivity scenarios in order to apply a stress test to each risk factor posed by the derivative instrument used and to quantify the variations of each risk factor in the mark to market of the operations.

The management of MPX Energia S.A. and its subsidiaries considers the following risk factors to be material:

- Local interest curve (fixed-rate)
- US Interest curve (Currency Coupon - Forward Rate Agreement);
- BRL - Ptax-800 - *BACEN*
- Euros/Reais exchange rate
- Treasury Yield Curve; and
- Euros Coupon curve

Management does not believe the risk of interest rate variations is material.

The sensitized risk factors for NDF transactions were the following:

(i) The interest curves: Local interest curve (fixed-rate) and US Interest curve (Currency Coupon - Forward Rate Agreement, Treasury Yield Curve) were subject to a stress at each point of the curve (parallel shift) at the following amounts:

- 25% upwards (positive inclination)
- 25% downwards (negative inclination)
- 50% upwards (positive inclination) and
- 50% downwards (negative inclination).

(ii) The following percentages were applied to the euro and dollar currencies:

- +25%;
- - 25%;
- +50%; and
- - 50%.

(iii) The Libor curve of Libor Swaps was subject to the following percentage stresses at each vertex:

- +25% (positive inclination)
- - 25% (negative inclination);
- +50% (positive inclination); and
- - 50% (negative inclination).

Sensitivity analyses (Stress Scenario – Notional USD)

		Parent Company						
		Value of Notional reference (US$ 000 and Euro 000)	Value of *MtM* (BRL 000)	Value of *MtM* Probable Scenario (BRL 000)	Sensitivity Analyses Impact on result with MtM Stress			
					25% downwards	25% upwards	50% downwards	50% upwards
Description	**Maturity**	**2008**	**2008**	**2008**				
NDFs USD/BRL								
Receivable Position:								
Foreign currency - USD	Jan/09 to Oct/12	240,304	80,229	80,229	(137,300)	136,799	(275,119)	273,088
NDFs EURO/USD								
Receivable Position:								
Foreign currency - EURO	Jan/09 to Mar/11	61,173	13,777	13,777	(4,211)	3,922	(8,723)	7,566
			94,006	94,006	(141,511)	140,721	(283,842)	280,654

		Consolidated						
					Sensitivity Analyses Impact on result with MtM Stress			
Description	Maturity	Value of Notional reference (US$ 000 and Euro 000) 2008	Value of *MtM* (BRL 000) 2008	Value of *MtM* Probable Scenario (BRL 000) 2008	25% downwards	25% upwards	50% downwards	50% upwards
NDFs USD/BRL								
Receivable Position:								
Foreign currency - USD	Jan/09 to Nov/12	715,530	239,404	239,404	(377,001)	375,977	(761,260)	744,823
NDFs EURO/USD								
Receivable Position:								
Foreign currency - EURO	Jan/09 to Mar/11	87,628	21,337	21,337	(6,441)	6,134	(13,201)	11,972
FRA LIBOR								
Receivable Position:								
Foreign currency - USD	Oct/17	395,743	(1,020,336)	(1,020,336)	(255,469)	255,469	(510,939)	510,939
Payable position:								
Foreign currency - USD	Oct/17	395,743	870,834	870,834	218,412	(218,412)	436,823	(436,823)

		Consolidated						
					Sensitivity Analyses Impact on result with MtM Stress			
Description	Maturity	Value of Notional reference (US$ 000 and Euro 000) 2008	Value of *MtM* (BRL 000) 2008	Value of *MtM* Probable Scenario (BRL 000) 2008	25% downwards	25% upwards	50% downwards	50% upwards
SWAP CDI/USD								
Receivable Position:								
Foreign currency - USD	May/09	25,000	44,130	44,130	(3,806)	3,798	(7,619)	7,587
Payable position:								
Foreign currency - USD	May/09	25,000	(60,599)	(60,599)	15,111	(15,086)	30,248	(30,146)
			94,770	94,770	(409,194)	407,880	(825,948)	808,352

18 Provision for contingencies

MPX Energia S.A. is party in judicial proceedings, involving labor and civil issues to the estimated amount of R$500. Its legal advisors rate the proceedings as a possible loss, and management does not believe it is necessary to record a provision for them. The main proceedings are:

a. Labor claim in which the plaintiff is claiming an employment relation and receipt of a percentage of the sale of shares of the former subsidiary MPX Termoceará Ltda.; and

b. Public Civil Action brought by the Federal Prosecutor's Department in *Corumbá*, *Mato Grosso do Sul*, in conjunction with the State Prosecutor's Department of *Mato Grosso do Sul*, against *IBAMA* and Termopantanal Ltda. contesting the validity of the preliminary license awarded by said institute to said subsidiary of MPX Energia S.A.

19 Shareholders' equity

a. Capital

As of December 31, 2008, MPX Energia S.A.'s share capital was R$2,041,695 (R$1,926,945 on December 31, 2007), consisting of 6,831,114 common shares, distributed as follows:

Shareholder	12/31/2008	%	12/31/2007	%
Eike Fuhrken Batista	4,809,102	70.40	4,809,102	71.60
Centennial Asset Mining Fund LLC	374,604	5.48	374,604	5.60
Outros	1,647,408	24.12	1,529,147	22.80
Total	6,831,114	100.00	6,712,853	100.00

After notifying the other Coordinators, on January 11, 2008 Banco UBS Pactual S.A. exercised its option to subscribe a supplementary lot of 118,261 common, book entry, nominative shares, with no par value, in the Company ("Shares of the Supplementary Lot"), at the price of R$1,006.63 (in Reais) per share, amounting to 6,831,114 shares.

MPX Energia S.A. is bound to arbitration at the Market's Arbitration Chamber, as per the arbitration clause in its Bylaws.

b. Profit reserves

The profit reserve was recorded as of December 31, 2008 in accordance with the following practices:

- *Legal reserve*

  Recorded at the rate of 5% of net income for FY 2008 up to the limit of 20% of the share capital, as stipulated in article 32 (§2, "a") of the Bylaws of MPX Energia S.A. and pursuant Law 6.404/76 ("Brazilian Corporation Law"), amended by Law 11638/07.

- *Retained earnings reserve*

  The Board of Directors Meeting held on March 27, 2009 management approved the Executive Board's proposal to create the profit potential reserve named Investments Reserve to the amount of R$8,539, as stipulated in article 32 (§2,"f") of the Bylaws of MPX Energia S.A. This reserve has been made to finance the expansion of the activities of MPX Energia S.A. and its subsidiaries, including through subscription of capital increases or creation of new ventures.

  The reserve can be allocated up to 100% of the net income for the year, after the compulsory and statutory allocations have been made (legal reserve and payment of the minimum mandatory dividends) where this balance plus the balances of the other profit reserves, except for the unrealized profits reserves and contingencies reserve, may not exceed 100% of the subscribed share capital.

c. Dividends

The Bylaws (article 32, §3) of MPX Energia S.A. stipulate the distribution of minimum mandatory dividends at 25% of the net income for the year minus the amount allocated to the Legal Reserve, pursuant to Law 6404/76 ("Brazilian Corporation Law"). The Board of Directors Meeting held on March 27, 2009 approved the Executive Board's proposal to pay out minimum mandatory dividends referring to the income for FY 2008 in the amount of R$48,469. MPX Energia S.A. may pay or credit interest on shareholders' equity, subject to the applicable legislation and the proposal submitted by the Executive Board and approved by the Board of Directors, *ad referendum* the General Meeting

	Parent Company
	2008
Net income for the year	204,078
Allocation:	
Legal reserve (5%)	(10,204)
Adjusted net income for the year	193,874
Minimum mandatory dividend (25%)	48,468

20 Stock option plan

Stock option granted by the controlling shareholder

In order to encourage the Company's top executives, in April 2008 the controlling shareholder had granted call options for shares of MPX Energia S.A. belonging to him, on behalf of these professionals by way of a "Private Stock Option Agreement", at no cost to and without diluting minority interests.

These options are a means of remunerating and retaining these professionals, which the controlling shareholders considered to be key players in the Company's success. A total of 80,157 fully paid-in shares have been made available, equal to 1.17% of the Company's total shares.

The options granted can be exercised in the proportion of 20% a year, starting December 13 each year and for a term of five years, starting in 2008. The shareholder rights and privileges will be awarded after the shares have been transferred.

Under this agreement the transferred shares cannot be sold without the express consent of the controlling shareholder. This constraint applies until December 13, 2010.

The Company's financial statements have not been affected because these options have been awarded by the controlling shareholder.

Stock option granted by the Company

The Extraordinary General Meeting held on November 26, 2007 approved a Company issued share call option program ("Program") of MPX Energia S.A.

Under this Program, the five members of the Board of Directors may exercise Company stock options for a total of 1,759 shares each.

The options will be exercised at the proportion of 20% on each of the first five anniversaries of the public offering, made on December 14, 2007.

The fair value of R$3,668 of the options awarded was recognized in the income statement for 2008.

We present below the detailing of the plan:

Stock options granted in shares

Grant date	Grant terms	Date of Maturity	Expiry Date	Number of options granted
11/26/2007	Remain as a company director for 5 years	12/13/2008	12/13/2009	1,759
		12/13/2009	12/13/2010	1,759
		12/13/2010	12/13/2011	1,759
		12/13/2011	12/13/2012	1,759
		12/13/2012	12/13/2013	1,759
				8,795

	2008	
	Strike price R$/share	Number of options
Balance at 11/27/07	61.73	8,795
Exercised		-
Balance at 12/31/08	61.73	8,795

* Restated according to *IPCA* as of 12/31/08

	2008
Number of exercisable options on December 31	8,795
Average outstanding period (years)	3
Fair value of the options granted in R$	8,462
Average weighted price of the shares in R$	140
Strike price of the options in R$	61.73
Expected volatility	29.50% to 35.41%
Term of the options (years)	3
Risk-free interest rate (average)	7.83%
Effects in the income statement for the year:	
Granting of stock options in thousands of R$	3,668
Built-in value in thousands of R$	722

21 Financial results

The Company's financial result breaksdown as follows:

	Parent Company		Consolidated	
	2008	2007	2008	2007
Financial expenses:				
Bank expenses	(43)	-	-	-
IOF (Tax on financial transactions)	(137)	(210)	(231)	(210)
CPMF (Provisional contribution on financing activity)	(49)	(7,610)	(49)	(7,610)
Interest	(4,711)	(2,871)	(5,350)	(2,871)
Exchange variance	102	-	-	-
Other	-	(720)	-	(720)
	(4,838)	(11,411)	(5,630)	(11,411)

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Financial revenue:				
Intercompany loan interest	5,082	2,466	5,863	2,466
Interest-earning bank deposit	214,000	2,718	214,450	2,718
Gains on derivative transactions	94,006	-	94,006	-
Monetary variance	2,887	2,041	2,887	2,041
Other	3	1,692	15	1,692
	315,978	8,917	317,221	8,917
Net financial income	311,140	(2,494)	311,591	(2,494)

22 Other expenses

Refers, basically, to the provision for devaluation of the interest in the subsidiary Termopantanal Participações Ltda. in the amount of R$8,332, in 2008. In 2007 these expenses refer to the IPO's borrowing cost in the amount of R$92,386.

23 Commitments

The main commitments undertaken with suppliers of goods and services in excess of R$500 is the following:

				Contract balance	
Subject matter of contract	**Signed date**	**Term**	**Contract value**	**2008**	**2007**
Environmental conservation	11/30/2007	11/30/2022	10,500	10,111	10,500
EIA/RIMA Study	11/30/2007	10/30/2008	4,996	220	3,158
Engineering consultancy	01/02/2008	01/02/2009	970	384	-
Advertising	01/02/2008	01/02/2009	800	665	-
EIA/RIMA Study	07/14/2008	08/14/2009	1,980	1,188	-
Quota transfer	08/05/2008	02/14/2009	2,425	2,145	-
Equipment and services	02/01/2008	07/15/2008	1,009	170	-
Geothermal investigation	03/18/2008	07/15/2008	1,303	1,303	-
Foreign Trade Advice	08/27/2008	Indefinite	3,000	2,970	-
Construction of UTE-EPC*	01/27/2008	11/19/2011	977,823	723,548	-
Environmental compensation*	09/05/2008	09/05/2010	4,500	4,500	-
Owner's engineering*	12/20/2007	02/20/2013	7,396	5,787	14,791
Owner's engineering*	12/20/2007	02/20/2013	2,837	2,336	5,673
Owner's engineering*	12/20/2007	02/20/2013	6,584	5,239	13,168
Construction of UTE-EPC	11/06/2008	06/06/2012	1,071,200	1,007,582	-
Construction of UTE-EPC	01/27/2008	08/27/2011	1,007,768	751,260	-
Owner's engineering	07/17/2008	02/17/2012	14,791	14,791	-
Environmental consultancy	06/10/2008	10/10/2009	682	604	-
Energy consultancy	12/22/2007	03/31/2013	40,000	20,000	-
Project management	03/12/2008	04/05/2008	3,560	207	-
Substitution of Assembly	12/01/2007	Indefinite	7,102	170	6,902
Basic project	04/01/2008	09/01/2008	1,200	860	-
Equipment and services	12/18/2007	Indefinite	560	-	560
Equipment and services	10/11/2007	Indefinite	1,271	-	923
Equipment and licenses	10/11/2007	Indefinite	1,241	-	1,241
Civil construction services and products	12/01/2007	Indefinite	4,846	424	2,965
Systems	01/10/2008	06/30/2009	1,168	142	-
Equipment	12/01/2007	Indefinite	21,976	-	16,548
Equipment	12/17/2007	10/01/2009	530	-	530
Equipment	12/01/2007	Indefinite	998	595	998
			3,205,015	2,557,201	77,957

*The figures presented include commitments undertaken by the subsidiary in conjunction with Pecém Geração de Energia S.A, to an amount equal to the Company's percentage interest (50%).

24 Insurance coverage

The Company and its directly and indirectly controlled subsidiaries adopt the policy of contracting insurance coverage for property subject to risks in amounts considered by Management sufficient to cover any casualties, considering the nature of their. The risk assumptions, due to their nature, are out of the scope of the auditing of the financial statements, and therefore were not examined by our independent auditors. The policies in force and the premiums were dully paid. Management considers that its insurance coverage is consistent with the other companies similar to the Company size, operating in the sector.

As of December 31, 2008 and 2007, the main risks covered are:

	Consolidated	
	2008	**2007**
Material damages	1,810,799	-
Civil liability	160,000	-

25 Subsequent events

a. BID's approval - Porto do Pecém Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia Ltda.

On March 20, 2009 the Inter-American Development Bank *("BID")* approved the direct long-term financing package of USD 197 million in direct loans ("A loans") and USD 314 million in indirect loans ("B loans") to build the thermal power plants Porto do Pecém Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia Ltda. This financing package was approved after a lengthy and rigorous due diligence process, conducted by specialized consultants appointed by the bank itself which conducted a detailed examination of the projects' technical, environmental, social, financial and economic matters.

b. Change in Corporate Status - UTE Porto do Itaqui Geração de Energia Ltda.

On January 19, 2009 the partners held a General Meeting and unanimously decided to transform UTE Porto de Itaqui Geração de Energia Ltda. from a limited liability company to a joint share company and to raise the share capital by R$63 million.

c. Advance for Future Capital Increase – Porto do Pecém Geração de Energia S.A.

On January 08, 2009 the shareholders MPX Energia S.A. and EDP Energias do Brasil made an advance for future capital increase in the amount of R$23,000 in proportion to their interests, i.e. R$11,500 each.

d. Qualification by Banco do Nordeste do Brasil - UTE Porto de Itaqui Geração de Energia S.A.

On January 27, 2009 the first phase of UTE Porto do Itaqui Geração de Energia S.A. became eligible for long-term Project Finance by *Banco do Nordeste do Brasil ("BNB").*

e. Installation permits - UTE Porto do Itaqui Geração de Energia S.A.

On January 29, 2009 UTE Porto do Itaqui Geração de Energia S.A. obtained Installation Permit no.584/09 from Brazilian Environmental Institute – *IBAMA*, valid for four years to commence the landscaping and installation of the construction site in order to build a 360-MW thermal power plant in *DISAL, in São Luís, Maranhão* State. On March 18, 2009 UTE Porto do Itaqui Geração de Energia S.A. obtained Installation Permit no. 601/09 from *IBAMA*, valid for six years to install a 360-MW thermal power plant in *DISAL, in São Luís, Maranhão* State. On this date it also obtained Deforestation Permit no.332/09 from *IBAMA* to clear the area required by landscaping to install this power station.

MPX Energia S.A.

Notes to the financial statements

(In thousands of Reais, unless as stated otherwise)

* * *

Eduardo Karrer
CEO and Investor Relations Officer

César Freire Felix
Accountant
CRC-RJ nº 087.459/O-2-TC