MPX Energia S.A.
(Publicly-held Company)

Financial statements
December 31, 2011 and 2010

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Management Report

Dear Shareholders,

MPX Energia S.A. (“MPX”) hereby presents its Management Report and Financial Statements for the financial year ended December 31, 2011, accompanied by the corresponding Independent Auditor’s Report, in accordance with Brazilian law and the Company’s Bylaws.

1. Message from Management

2011 was an exceptional year for MPX, the result of our team's hard work and determination not only to develop a strategy that enables us to accelerate growth and increase our business profitability, but also to effectively execute the plans we have set out.

In fact, early in 2012, the excellence of our vertical integration strategy and commercial vision was recognized by one of the world's leading energy companies, E.ON AG, which identified MPX as the company with the best platform to capitalize on Brazil's projected high rates of growth. Together, leveraging significant synergies and combined experience, MPX and E.ON intend to create one of the largest private energy companies in Brazil. This highly strategic partnership will generate significant growth opportunities over the coming years.

As a result of our partnership with E.ON, our coal assets in Columbia will be spun off into a new, independent company – CCX – which will also be listed in BM&FBOVESPA's *Novo Mercado*. About four years have passed since we acquired our first mining concessions in Columbia and over this short space of time we have conducted an extensive core drilling program and complex engineering projects. We have successfully delivered CCX to our shareholders, confident that the company is destined to become a major player in the global coal market, with extensive value-adding potential.

Our achievements last year would not have been possible without the talent of our financial team. In mid-2011, MPX raised R$ 1.4 billion through the issuance of convertible debentures, ensuring that our short- and medium-term capital requirements

were covered and thus enabling us to conclude contracts for 1.5 GW of new capacity, which we will develop over the next few years.

Throughout 2011, OGX Maranhão, a company formed between MPX and OGX, continued exploration in its onshore acreage in the Parnaíba Basin. With over 11 Tcf in total risked resources, as estimated by DeGolyer & MacNaughton, these assets will provide MPX with long-term competitive advantages enabled by integration between natural gas supply and power generation in the region. May 2011 marked the beginning of developing a major gas-fired thermal generation park that will contribute greatly to this segment's future expansion in Brazil. That month, OGX Maranhão submitted to ANP a declaration of commerciality for its two gas accumulations - Gavião Azul and Gavião Real – which are forecast to produce six million cubic meters per day by 2013.

The declaration of commerciality for these two fields was shortly followed by our securing power supply contracts for a total of 676 MW, to be supplied by the Parnaíba Thermal Power Station - Phase I from 2013. Development of the Parnaíba Thermal Power Station - Phase II was secured when we won our bid in the A-3 power auction for the supply of 517 MW from 2014. Spanish firms Duro Felguera and Initec Energia S.A. were engaged to build Phases I and II, respectively, and our partnership with GE ensures the supply of equipment for both plants. Three turbines and three power generators have already been shipped to Brazil and a fourth turbine is undergoing testing. Two additional turbines are undergoing assembly at the GE facility in Greenville, South Carolina. With the signing of an agreement with MMX at the end of the year for power supply to its Serra Azul iron mine, the Parnaíba facility's total capacity under contract reached 1.5 GW. We are confident that our additional capacity can be consistently implemented with the intensification of OGX Maranhão's drilling program and the identification of new commercially feasible fields for gas production.

Also of note are the company's initiatives in the area of sustainability. MPX received the ECO 2011 award for its pioneering initiative in the State of Ceara – the Tauá Solar Farm – the first grid-connected solar power generation facility in Latin America, with initial 1 MW capacity and undergoing licensing for an expansion to 50 MW. The Taua Solar Farm is a testament to our confidence in the development of solar power in Brazil as an additional source in the country's energy mix. This is the second consecutive time MPX is recognized by the ECO Award, which in 2011 was in its 29th edition. In 2010, MPX was recognized for a relocation program for 95 families in Maranhão – Vila Canaã – which set a new standard of quality and social responsibility in the region.

In addition, during 2011, MPX provided professional training opportunities to over 1,500 people through its programs in Maranhão and Ceará, as well as in Chile and Colombia. Social investment projects were developed in the vicinity of our projects, with a focus on supporting essential services, especially education and health care. The "Family Farm School Association" in Capinzal do Norte, Maranhão State, received donations toward purchasing machinery for the manufacture of fruit pulp, creating new income-generating opportunities for its members. Also during the year, the district of Pecém, Ceará State, was benefited by the "Healthy Children, Healthy Future" program, created in partnership

between MPX and the NGO Inmed Brasil. This program aims to improve children's quality of life by helping prevent anemia and intestinal parasitosis.

2012 promises to be another year of major achievements for MPX. In the first half, the company will commence operation of Pecém I and Itaqui, which will jointly generate 1,080 MW. In addition, gas production from the Gavião Real and Gavião Azul fields should commence in the second half, generating additional cash flows with commencement of commissioning at the Parnaíba thermal power stations.

A recently established partnership will combine MPX's notable experience in development and licensing, extensive expertise in the Brazilian energy market and unique commercial vision with E.ON's vast expertise in the development, execution and operation of an energy portfolio currently amounting to 69 GW, comprising gas, coal, renewable and nuclear generation assets, as well as its global energy and fuel trading and supply operations. We are certain that, together, the two companies can create a business that will create value well beyond the sum of its component parts, generating new growth opportunities beyond our current portfolio.

MPX has achieved many important milestones over its relatively short history as a listed company and is now set to become one of the major players in Latin America's growing energy sector. Again, we wish to thank our people for their dedication and commitment, and our shareholders for their confidence in our capability. Our achievements would not have been possible without them.

Eduardo Karrer
CEO and Investor Relations Officer

2. Key developments in 2011

- Environmental Assessment of Options for MPX's port in Columbia approved February 2011.

- Construction license granted for the 2,100 MW MPX Castilla development in Chile, in February 2011.

- Preliminary License issued March 2011 for construction of a 3,300 MW natural gas power station at Açu Superport. MMX Açu is now a 5,400 MW development and the largest licensed project in Southeastern Brazil.

- MPX railway route in Colombia approved by the regional environmental authority in March 2011.

- Issue of up to R$ 1.4 billion in convertible debentures announced March 2011 to fund the development of MPX Parnaíba and MPX Colombia, two key projects for the Company's growth.

- A total of 11.3 trillion cubic feet (Tcf) in risked contingent and prospective resources identified in April 2011 by DeGolyer and MacNaughton in 7 onshore blocks owned by OGX Maranhão in the Parnaíba Basin.

- Construction License issued for the 1,863 MW MPX Parnaíba natural gas-fired power station and licensing for an additional 1,859 MW initiated, in May 2011.

- Commercial feasibility declared in May 2011 for two natural gas fields operated by affiliate OGX Maranhão in the Parnaíba Basin. Development plans estimate production at 6 million cubic meters per day by 2013, corresponding to the total production of 1.1 Tcf of gas.

- Business Plan released in June 2011 for the Parnaíba basin discoveries.

- Commitment signed between MPX and Grupo Bertin for the acquisition of developments under power supply contracts secured in the 2008 A-5 auction, for a total of 660 MW, in June 2011.

- Preliminary license issued for an additional capacity of 1,859 MW at the MPX Parnaíba Thermal Power Plant Park in June 2011, raising MPX Parnaíba's licensed capacity to 3,722 MW.

- Capitalization of MPX through convertible debentures completed in August 2011.

- Ower supply contracts secured for 517 MW from the Maranhão III thermal power station, to be built in the Parnaíba Basin, in the A-3 new energy auction, in August 2011.

- Acquisition of power contracts from Grupo Bertin concluded in August 2011 following approval by the electricity regulator, ANEEL, amounting to 676 MW. The power under contract will be supplied by Maranhão Thermal Power Stations IV and V, at the Parnaíba Thermal Power Plant Park.

- Engineering and Construction agreements signed in August 2011 with Spanish firms Duro Felguera and Initec Energia S.A. for construction of natural gas power stations at the Parnaíba Thermal Power Plant Park, in Maranhão State.

- 50% stake in the onshore exploration block PN-T-102, in Maranhão State, acquired September 2011 through OGX Maranhão Petróleo e Gás Ltda. (“OGX Maranhão”). This is the 8th block operated by OGX Maranhão in the Parnaíba Basin.

- Negotiations between MPX and MMX for supply of 200 aMW over a period of 15 years concluded in September 2011. Contracts for 30 aMW were additionally executed with other parties. Power under both contracts will be supplied from the Parnaíba Thermal Power Station Park

- Environmental License secured November 2011 for MPX's Cañaverales mine in Columbia.

- 3D seismic results and updates on drilling program in San Juan released in November 2011.

- Construction license issued November 2011 for an additional 1,859 MW at the MPX Parnaíba Thermal Power Plant Park.

- Long-term financing of 1.6 billion secured from BNDES in December 2011 for construction of power stations within the Parnaíba Thermal Power Plant Park.

- Preliminary License secured by OGX Maranhão for natural gas production in the Parnaíba Basin, in December 2011.

3. Industry setting - Electric Power Market

The aggregate load on Brazil's National Interconnected System grew by an average 3.4% in 2011 compared to 2010, while market Gross Domestic Product estimates for 2011 placed annual growth at approximately 3.0%. This performance is largely explained by load expansion in the South, Southeast/Center-West and North subsystems, with the Northeast experiencing growth of only 1.0% in relation to the same period the previous year. According to the Brazilian Energy Research Company, growth was seen across all classes, and most notably in the commercial (+6.3%) and residential (+4.6%) sectors. Growth in the industrial class was more modest (+2.3%) in comparison.

The US economy's slow recovery and the economic downturn in the European Community, especially due to the sovereign debt crisis facing a number of countries, created uncertainty in the global economic environment and resulted in investments being withheld and international demand and trade levels declining.

The hydrologic regime in January 2012 was above average in the Southeast/Center-West, Northeast and North subsystems and near average in the South subsystem. In the SE/CW subsystem available hydropower grew from 44,376 aMW (108% of LTM) in December to 74,528 aMW (134% of LTM) in January. In the other subsystems the change from December to January was from 3,669 aMW (52% of LTM) to 6,741 aMW (100% of LTM) in the South, from 10,788 aMW (105% of LTM) to 17,397 aMW (122% of LTM) in the Northeast and from 5,845 aMW (124% of LTM) to 11,268 aMW (135% of LTM) in the North. This helped significantly reduce the difference settlement price (Preço de Liquidação de Diferenças - PLD). Storage levels in the South, Southeast/Center-West and Northeast were, up to the beginning of 2012, above the Risk Aversion Curve.

The additional installed capacity scheduled to come online in 2012 as a result of the New Energy Auctions was only partially realized. Some plants failed to enter into commercial service due to grid connection problems. Other thermal power station developments, especially fuel oil-fired power stations, are behind schedule, amounting to 2870 MW of installed power. These systems should come online by September 2012, adding approximately 2000 aMW to the National Integrated System

4. Financial Statements

The financial statements hereby presented primarily reflect the implementation phase of our subsidiaries' projects, represented by investments, costs and expenses related to the ventures under development.
The Company grossed R$ 190.4 million in 2011, consisting of R$ 42.3 million from operating UTE Serra do Navio and R$ 148.1 million from electricity trading. The company made a loss of R$ 408.5 million.

Consolidated cash was R$ 1.4518 billion at the end of 2011.

5. Social and environmental responsibility

MPX adopts the triple bottom line of sustainability in conducting business, by creating projects that are at the same time economically feasible, environmentally healthy and socially fair.
This way, MPX contributes to the economic, social and environmental development of the communities affected by its ventures. In addition to observing applicable environmental regulations and contributing to regional development by creating jobs and income opportunities, MPX and EBX Group voluntarily invest in biome conservation projects in Brazil, Chile and Colombia.

As of the end of 2011, MPX had provided professional training opportunities to over 1,500 people as part of its Technical and Professional Training Programs in Maranhão, Ceará, Chile and Colombia. Social investments were also made at locations in the vicinity of the company's projects, with a focus on supporting essential services, particularly in the area of education and health care. The "Capinzal do Norte Family Farm School Association" in Maranhão received donations to equip its fruit pulp manufacturing facility and create a sapling nursery, providing new income opportunities for members. The district of Pecém, in the Municipality of São Gonçalo do Amarante, Ceará, was benefited by the “Healthy Children, Healthy Future” program. The result of a partnership with the Non-Government Organization Inmed Brasil, the program aims to improve children's living quality by helping prevent and cure verminosis and anemia.

In the environmental sphere, MPX invested over two million in 2011 in supporting the management of the Lençóis Maranhenses National Park. *Caatinga* conservation projects are being implemented that support the creation and management of private protected

areas in the State of Ceará, and the management of Private Natural Heritage Reserves in the Mato Grosso Pantanal.

In 2011, MPX again received the ECO Award for its Tauá Solar Farm – the first grid-connected solar power generation facility in Latin America – in Ceará State. Recognition for MPX's solar power initiatives has earned the company its second consecutive ECO Award. In 2010, MPX had received the award for a relocation program for 95 families in Maranhão (Vila Canaã), which observed the highest standards of quality and social responsibility.

6. Capital market and corporate governance

Since becoming listed on December 13, 2007 MPX Energia S.A. has been a member of the *Novo Mercado*, a BM&FBOVESPA listing segment that represents the highest degree of Corporate Governance compliance, demonstrating that MPX strives for transparency, equity and utmost respect for the interests of its stakeholders.

MPX's Board of Directors currently has 10 members, of which 03 are independent (33%), a higher percentage than required by the *Novo Mercado* listing regulations (20%).

MPX's Corporate Governance structure further includes: i) an Audit Committee, consisting of three highly qualified members, that advises the Board of Directors on activities related to the monitoring of the accounting practices used to prepare the Company and its subsidiaries' financial statements and on the appointment and evaluation of independent auditors (the Committee reports to the Company's Board of Directors and is independent from Executive Management) and ii) the recently established Board of Auditors, consisting of 03 sitting members and an equal number of substitutes.

MPX recognizes the value of good Corporate Governance practices and constantly and actively seeks to improve them by holding meetings with investors and discussions with stakeholders, by encouraging its shareholders to attend General Meetings and by developing its projects with the most advanced methods of sustainable development.

MPX's stock is traded in BM&FBOVESPA's *Novo Mercado* under the stock symbol MPXE3, and is currently a component of the Special Corporate Governance Stock Index (IGC), the Special Tag-Along Stock Index (ITAG) and the Brazil 100 Index (IBrX-100), in addition to the Electric Energy Index (IEE).

The Company's share capital consists solely of common shares, standing at 136,720,840 shares as of December 31, 2011, with a free float of 25.8%.

MPX's stock closed the final quarter of 2011 at R$ 46.50, compared with R$ 35.63 as of September 30, 2011, appreciating 30.5% in the period as compared to the 8.5% gain of the Bovespa Index (Ibovespa) and 17.3% of the Electric Sector Index (IEE). In the year the MPXE3 share gained 87.3% as compared to a depreciation of 18.8% of Ibovespa and

appreciation of 18.8% of the IEE. The Company closed the year at a market value of R$ 6.4 billion (approximately USD 3.4 billion).

7. Arbitration clause

The Company, its shareholders, managers and members of the Board of Auditors undertake to settle through arbitration any and all disputes or controversies which may arise between them, especially those relating to or deriving from the enforcement, validity, effectiveness, interpretation, violation and effects of the provisions established in the new market participation agreement, the new market's trading regulations, the Bylaws, the shareholders' agreements filed at Company head office, Brazilian Corporation Law, the regulations issued by the National Monetary Council, the Brazilian Central Bank, the Brazilian Securities Commission (CVM) and the São Paulo Stock Exchange (BOVESPA), in addition to the other regulations applicable to capital markets in general, arbitration clauses and the Arbitration Regulations of the Market Arbitration Chamber, conducted in accordance with the latter regulations.

8. Relations with the independent auditors

Pursuant to CVM Instruction 381/2003, we inform you that KPMG Auditores Independentes is retained specifically to examine our financial statements and provided no other services to the Company in 2011.

9. Management Statement

In accordance with the provisions of CVM Instruction 480/09, the officers of MPX hereby represent they have discussed, reviewed and accepted the opinions expressed in the independent auditors' report and the financial statements for the financial year ended December 31, 2011.

10. Acknowledgments

MPX Management wishes to thank our shareholders, the Federal, State and Municipal Governments, our partners and suppliers and the communities in the areas we are present in, as well as and, especially, our employees for their dedication, commitment, contributions and confidence throughout 2011, a year of substantial achievement for MPX.

Rio de Janeiro, May 23, 2013.

Management

Report of the Company Statutory Audit Committee

Pursuant to the law and the bylaws, the Audit Committee of MPX ENERGIA S.A. has examined the Management Report and Financial Statements of the Company (parent company and consolidated) for the financial year ended December 31, 2011. Based on our examinations and the unqualified opinion on the financial statements issued by the independent auditors on May 17, 2013, this statutory audit committee has concluded that these documents are suitable for the appreciation of the Annual General Meeting.

Rio de Janeiro, May 23, 2013.

Company Statutory Audit Committee of MPX Energia S.A.

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Independent auditors' report on the financial statements

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

We have examined the individual and consolidated financial statements of MPX Energia S.A. ("Company"), identified as Parent Company and Consolidated, respectively, which comprise the balance sheet as of December 31, 2011 and the respective statements of operations, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, as well as a summary of the significant accounting policies and other notes to the financial statements.

Management's responsibility for the financial statements
The Company's management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil as well as for the internal controls, which they deemed necessary to enable the preparation of these financial statements free of material misstatements, regardless of whether due to fraud or error.

Independent auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit carried out in accordance with the Brazilian and International Standards on Auditing. These standards require compliance of ethical requirements by the auditor and that the audit is planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain evidence with respect to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, regardless of whether due to fraud or error. In the assessment of these risks, the auditor considers relevant internal controls for the preparation and fair presentation of the Company`s financial statements, in order to plan audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the Company`s internal controls. An audit also includes evaluating the adequacy of the accounting practices used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate for expressing our opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion on the individual financial statements
In our opinion, the aforementioned individual financial statements present fairly, in all material respects, the financial position of the MPX Energia S.A. as of December 31, 2011, and of its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements
In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of the MPX Energia S.A. as of December 31, 2011, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards– (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis

Differences in accounting practices adopted in Brazil with IFRS in financial statements
As described in the note 3, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of MPX Energia S.A., these practices differ from IFRS, applicable to the separate financial statements, only with respect to the valuation of investments in subsidiaries by the equity accounting method, while for IFRS purposes it would be valued at cost or fair value and for the maintenance of deferred charges as of December 31, 2008. Our opinion is not qualified due to this matter.

Going concern – pre-operating subsidiaries
The financial statements have been prepared assuming that the Company and its subsidiaries will continue as a going concern. As mentioned in note 1, the Company's subsidiaries Porto do Pecém Geração de Energia S.A., MPX Pecém II Geração de Energia S.A., Porto do Pecém Geração de Energia S.A., MPX Pecém II Geração de Energia S.A., UTE Porto do Itaqui Geração de Energia S.A., UTE Porto do Açú Energia S.A., Seival Sul Mineração Ltda., UTE MPX Sul Energia Ltda., MPX Viena GmbH, MPX Àutria GmbH, MPX Colômbia S.A., Porto do Pecém Transportadora de Minérios S.A., MPX Comercializadora de Combustíveis Ltda., Termopantanal Ltda., Nova-Sistemas de Energia Ltda., UTE Parnaíba Geração de Energia S.A., Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A., Kebiny S.A., CGX Castilla Generación de Energia Ltda., Usina Termelétrica Seival Ltda. and UTE Parnaíba II Geração de Energia S.A are in a pre-operating stage. Thus, the recoverability of the amounts recorded as noncurrent assets depends on the success of the future operations of the Company, its subsidiaries and joint ventures, as well as, these companies are dependent upon the financial support of shareholders and/or capital infusions from third-parties up to the moment their operations are profitable. Management's plans in regard to these operational activities are described in the explanatory notes 1 and 13. Our opinion is not qualified due to this matter.

Restatement of Financial Statements
On March 21, 2012 we issued an unqualified audit opinion on the financial statements of MPX Energia S.A. for the year ended December 31, 2011, which are now being restated. As described in Note 3, these financial statements have been changed and have been restated to reflect certain reclassifications made by management as described in Note 3. Consequently, our opinion considers these changes and replaces the previously issued opinion. Our opinion is not qualified due to this matter.

Other matters

Statements of added value
We have also examined the individual and consolidated Statements of added value (DVA) for the year ended December 31, 2011, prepared under the responsibility of the Company`s management, for which presentation is required by the Brazilian Corporate Law for publicly-held companies and presented as supplementary information under IFRS, as these standards do not require the presentation of a Statement of added value. These statements were submitted to the same audit procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, May 23, 2013

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Vânia Andrade de Souza
Accountant CRC RJ-057497/O-2

MPX Energia S.A.
(Publicly-held Company)

Balance Sheets

December 31, 2011 and 2010

(In thousands of Reais)

	Note	Parent Company 2011	Parent Company 2010	Consolidated 2011	Consolidated 2010
Total assets					
Current					
Cash and cash equivalents	6	960.258	195.612	1.442.415	304.467
Marketable securities	7	-	4.909	9.437	175.091
Trade accounts receivable	9	-	-	21.898	9.846
Subsidies receivable – Fuel Consumption Account	9	-	-	4.828	4.190
Inventory	10	-	-	85.938	7.068
Prepaid expenses	11	151	188	13.908	8.469
Recoverable taxes	12	29.385	51.272	37.711	52.615
Gain on derivatives financial instruments	21	19.289	-	19.289	-
Sundry advances		2.138	922	11.285	4.132
Escrow accounts	8	56.727	365.508	61.844	365.508
Dividens receivable	13	2.362	-	-	-
Other credits		-	1	39	575
		1.070.310	618.412	1.708.592	931.961
Noncurrent					
Long-term assets					
Prepaid expenses	11	55	55	2.514	4.283
Escrow accounts	8	-	-	62.471	9.170
Subsidies receivable – Fuel Consumption Account	9	-	-	24.617	24.617
Recoverable taxes	12	35.585	-	90.834	18.270
Deferred income and social contribution taxes	12	88.680	19.407	339.049	215.220
Loans with subsidiaries	17	24.173	267.437	-	-
Accounts receivable from associated companies	17	2.796	-	8.436	3.263
Accounts receivable from subsidiaries	17	5.710	-	-	-
Advance for future capital increase with subsidiaries	17	162.757	10.270	-	-
Other credits		-	-	-	3.541
		319.756	297.169	527.921	278.364
Investments	13	1.538.331	1.059.580	55.742	50.459
Property, plant and equipment	14	21.641	13.857	5.393.809	3.472.679
Intangible assets	16	1.739	873	267.616	88.523
		2.951.777	1.989.891	7.953.680	4.821.986

	Note	Parent Company 2011	Parent Company 2010	Consolidated 2011	Consolidated 2010
Total liabilities					
Current					
Suppliers		1.298	3.471	186.680	119.486
Loans and financings	18	106.286	251.078	1.030.687	294.809
Debts with subsidiaries	17	724	337	-	-
Debts with other related parties	17	3.210	379	3.697	649
Debentures	19	30.463	-	30.463	-
Taxes and contributions	20	100	335	18.261	5.156
Payroll charges		4.386	3.976	18.017	14.369
Losses on derivative financial instruments	21	-	4.454	86.633	46.164
Contractual retention	14	-	-	180.497	183.958
Profit sharing	25	11.242	8.268	19.177	10.753
Dividends payable	13	-	-	2.270	-
Other liabilities		75	-	55.748	-
		157.784	272.298	1.632.130	675.344
Noncurrent					
Loans and financing	18	-	-	3.311.063	2.295.173
Debts with other related parties	17	3	2	340	1.271
Debentures	19	1.403.152	-	1.403.152	-
Embeddes derivatives	19	62.003	-	62.003	-
Losses on derivatives transactions	21	-	-	156.798	143.048
Provision for uncovered and social contribution taxes	13	11.035	4.251	-	-
Deferred income and social contribution taxes	12	-	-	13.239	2.048
Assets retirement obligation	14	-	-	3.854	3.539
Other provisions		-	-	1.026	-
		1.476.193	4.253	4.951.475	2.445.079
Shareholders´ equity					
Capital	23	2.042.014	2.041.918	2.042.014	2.041.918
Capital reserve	25	274.625	223.851	274.625	223.851
Equity valuation adjustments	23	(71.670)	(35.400)	(71.670)	(35.400)
Accumulated losses	23	(927.169)	(517.029)	(982.323)	(572.183)
Shareholders' equity attributable to controlling shareholders		1.317.800	1.713.340	1.262.646	1.658.186
Non-controlling shareholders' interests		-	-	107.429	43.377
Total shareholders´ equity		1.317.800	1.713.340	1.370.075	1.701.563
		2.951.777	1.989.891	7.953.680	4.821.986

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly held company)

Statements of operations

December 31, 2012 and 2011

(In thousands of Reais)

		Parent Company		Consolidated	
		2011	**2010**	**2011**	**2010**
Net revenue	26	-	-	168.279	98.454
Cost of goods and/or services sold	27	-	-	(163.778)	(116.482)
Gross income (loss)		**-**	**-**	**4.501**	**(18.028)**
Operating Income/Expenses		**(433.711)**	**(331.062)**	**(341.585)**	**(249.865)**
General and administrative	27	**(156.305)**	**(167.641)**	**(277.934)**	**(226.167)**
Personnel and Management		(92.592)	(105.850)	(148.690)	(131.278)
Other Expenses		(8.107)	(20.259)	(18.514)	(14.915)
Outsourced Services		(46.683)	(33.679)	(93.516)	(66.694)
Depreciation and Amortization		(1.120)	(666)	(3.358)	(2.017)
Leasing and Rentals		(7.803)	(7.187)	(13.856)	(11.263)
Other operating revenue	27	566	6.695	1.128	8.236
Outher operating expenses	27	(59.513)		(37.062)	(30.399)
Unsecured Liability		(27.771)		(37.062)	(10.655)
Losses on the sale of assets		(31.742)			(132)
Provision for investment losses		-			(19.612)
Equity income (loss)		(218.459)	(170.116)	(27.717)	(1.535)
Income before financial income/loss and taxes		**(433.711)**	**(331.062)**	**(337.084)**	**(267.893)**
Net financial income (loss)	28	**(44.114)**	**67.787**	**(202.387)**	**(45.745)**
Financial income		**127.196**	**79.436**	**1.586.887**	**196.723**
Exchange gains		3	20	52.237	40.023
Short-term investments		-	71.517	97.351	60.291
Derivative Financial Instruments		94.932	4.904	1.428.369	91.609
Fair value of debentures		28.348	-	-	4.801
Other Financial Revenue		3.913	2.995	8.930	
Financial expenses		**(171.310)**	**(11.649)**	**(1.789.274)**	**(242.468)**
Foreign exchange Losses		(26)	(24)	(101.363)	(29.223)
Derivative Financial Instruments		(8.635)	-	(1.490.567)	(189.881)
Debenture Interest/Cost		(60.105)	-	(53.875)	-
Fair value of debentures		(62.003)	-	(62.003)	-
Other Financial Expenses		(40.541)	(11.625)	(81.466)	(23.364)
Income before taxes		**(477.825)**	**(263.275)**	**(539.471)**	**(313.637)**

MPX Energia S.A.
(Publicly held company)

Statements of operations

December 31, 2012 and 2011

(In thousands of Reais)

	Parent Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Income and social contribution taxes	**69.272**	**7.025**	**137.609**	**58.022**
Provision for current income and social contribution taxes	-	-	(4.864)	(280)
Provision for deferred income and social contribution taxes	69.272	7.025	142.473	58.303
	(408.553)	(256.250)	(401.862)	(255.614)
Loss for the year	(408.553)	(256.250)	(401.862)	(255.614)
Attributed to controlling shareholder´s	**(408.553)**	**(256.250)**	**(408.553)**	**(256.250)**
Attributed to non-controlling shareholder´s	-	-	6.691	636
Basic and diluted loss per share (in R$)	(2,98824)	(1,8751)	(2,93930)	(1,8751)

See the accompanying notes to the financial statements.

MPX Energia S.A.
(Publicly held company)

Comprehensive statements of income

December 31, 2012 and 2011

(In thousands of Reais)

	Parent Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Loss for the year	(408.553)	(256.250)	(401.863)	(255.614)
Cummulative Translation Adjustments	(17.713)	6.703	(17.713)	6.703
Equity Valuation Adjustments:				
Effective portion of the changes in fair value of cash flow hedges - hedge accounting	(28.115)	1.985	(28.115)	1.985
Deferred income and social contribution taxes - hedge accounting	9.558	(675)	9.558	(675)
Total Comprehensive Income (Loss) for the Period	(444.822)	(248.237)	(438.131)	(247.601)
Comprehensive Income for the Period	(444.822)	(248.237)	(438.131)	(247.601)
Noncontrolling shareholders	-	-	6.691	636
Controlling shareholders	(444.822)	(248.237)	(444.822)	(248.237)
Total Comprehensive Income (Loss) for the Period	(444.822)	(248.237)	(438.131)	(247.601)

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly-held Company)

Statement of changes in shareholders´ equity - Parent Company

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Parent Compay					
	Capital	**Capital reserve and options granted**	**Profit reserves**	**Other comprehensive income**	**Accumulated losses**	**Total shareholders´ equity**
Balances at December 31, 2009	2.041.918	159.030	-	(43.413)	(260.779)	1.896.756
Loss for the year	-	-	-	-	(256.250)	(256.250)
Transactions with shareholders:						
Capital increase	-	-	-	-	-	-
Stock options granted by the Company	-	1.315	-	-	-	1.315
Stock options granted by the controling shareholders	-	63.506	-	-	-	63.506
Other comprehensive income:						
Equity evaluation adjustments - hedge accounting	-	-	-	1.310	-	1.310
Cumulative translation adjustments	-	-	-	6.703	-	6.703
Balances at December 31, 2010	2.041.918	223.851	-	(35.400)	(517.029)	1.713.340
Loss for the year	-	-	-	-	(408.553)	(408.553)
Transactions with shareholders:						
Capital increase	96	-	-	-	-	96
Stock options granted by the Company	-	3.535	-	-	-	3.535
Stock options granted by the controling shareholders	-	47.239	-	-	-	47.239
Other comprehensive income:						
Cumulative translation adjustments	-	-	-	(17.713)	-	(17.713)
Financial Instrument Adjustments	-	-	-	(18.557)	(1.587)	(20.144)
Balances at December 31, 2011	2.042.014	274.625	-	(71.670)	(927.169)	1.317.800

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly-held Company)

Statement of changes in shareholders´ equity - consolidated

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Consolidated						
	Capital	**Capital reserve and options granted**	**Other comprehensive income**	**Accumulated losses**	**Total shareholders´ equity**	**Interest of non-controlling shareholdres´**	**Total shareholders´ equity**
Balances at December 31, 2009	2.041.918	159.030	(43.413)	(315.933)	1.841.602	37.477	1.879.079
Loss for the year	-	-	-	(256.250)	(256.250)	636	(255.614)
Transactions with shareholders:	-	64.821	-	-	64.821	-	70.085
Capital increase	-	1.315	-	-	1.315	-	1.315
Stock options granted by the Company	-	63.506	-	-	63.506	-	63.506
Stock options granted by the controling shareholders	-	-	-	-	-	5.264	5.264
Increase in interests og non-controlling shareholders´							
Other comprehensive income:	-	-	8.013	-	8.013	-	8.013
Equity evaluation adjustments - hedge accounting	-	-	1.310	-	1.310	-	1.310
Cumulative translation adjustments	-	-	6.703	-	6.703	-	6.703
Balances at December 31, 2010	2.041.918	223.851	(35.400)	(572.183)	1.658.186	43.377	1.701.563
Loss for the year	-	-	-	(408.553)	(408.553)	(3.740)	(412.293)
Transactions with shareholders:	96	50.774	-	-	50.870	-	50.870
Capital increase	96	-	-	-	96	-	96
Stock options granted by the Company	-	3.535	-	-	3.535	-	3.535
Stock options granted by the controling shareholders	-	47.239			47.239		47.239
Total Comprehensive income:	-	-	(36.270)	(1.587)	(37.857)	67.792	29.935
Other comprehensive income:	-	-	(36.270)	(1.587)	(37.857)	67.792	29.935
Cumulative translation adjustments	-	-	(17.713)	-	(17.713)	-	(17.713)
Financial Instrument Adjustments	-	-	(18.557)	(1.587)	(20.144)	-	(20.144)
Interests of non-controlling shareholdres	-	-	-	-	-	67.792	67.792
Balances at December 31, 2011	2.042.014	274.625	(71.670)	(982.323)	1.262.646	107.429	1.370.075

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly-held Company)

Statements of added value

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Parent Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Revenue	-	-	1.202.709	1.734.119
Revenue from goods sold and services rendered	-	-	168.279	98.455
Revenue relating to construction of own assets	-	-	1.034.430	1.635.664
Consumables acquires from third parties (including ICMS and IPI)	(53.612)	(90.843)	(250.192)	(77.400)
Material, energy, outsourced services and other	(53.612)	(90.843)	(250.192)	(77.400)
Gross added value	(53.612)	(90.843)	952.517	1.656.719
Depreciation and amortization and depletion	(1.120)	(666)	(9.568)	(7.971)
Net added value	(54.732)	(91.509)	942.949	1.648.748
Transferred added value	(150.778)	(115.486)	1.502.364	(34.714)
Equity in net income of subsidiaries and associated companies	(218.459)	(170.116)	(27.717)	(1.535)
Financial income	98.846	74.513	106.281	65.093
Derivative financial instruments	28.348	4.904	1.428.370	(98.272)
Provision for investment devaluation	-	-	(4.570)	-
Provision for uncovered liabilities	(59.513)	(24.787)	-	-
Total Added Value to be Distributed	(205.510)	(206.995)	2.445.313	1.614.034
Distribution of added value	(205.510)	(206.995)	2.445.313	1.614.034
Personnel	92.592	42.343	153.533	67.772
Direct remuneration	80.800	18.203	130.605	36.401
Benefits	4.197	16.684	8.348	21.411
FGTS and Contributions	7.595	6.960	14.580	9.464
Other	-	496	-	496
taxes, Duties and Contributions	(69.030)	(5.618)	(135.112)	(55.992)
Federal	(69.030)	(7.025)	(135.112)	(58.023)
State	-	1.407	-	2.031
Interest Expenses	179.481	12.530	2.828.754	1.859.140
Interests	130.456	4.928	119.747	34.020
Rents	7.803	7.187	20.289	11.263

MPX Energia S.A.
(Publicly-held Company)

Statements of added value

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Parent Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Others	41.222	415	2.688.718	1.813.857
Losses on derivative financial statements	8.635	-	1.490.567	189.881
Advances to suppliers	-	-	1.065.793	1.592.442
Insurance	370	391	5.635	2.311
Exchange variation	23	24	49.126	29.223
Financial expenses	32.194	-	77.597	-
Interest earnings	(408.553)	(256.250)	(401.862)	(256.886)
Loss for the years attributed to controlling shareholdres	(408.553)	(256.250)	(408.553)	(256.250)
Income (loss) for the year attributed to non-controlling shareholdres	-	-	6.691	(636)

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly held company)

Statements of cash flow

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Controladora		Consolidado	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Cash flows from operating activities				
Loss for the year	(477.825)	(263.275)	(539.471)	(313.637)
Adjustments to reconcile loss to cash flow from operating activities:				
Depreciation and amortization	1.120	666	9.569	2.017
Operações com instrumentos financeiros derivativos	(19.713)	(4.904)	62.198	98.272
Stock options awarded	50.774	64.821	50.774	64.821
Asset retirement obligation	-	-	315	257
Current income and social contribution taxes	218.459	170.116	27.717	1.535
Deferred income and social contribution taxes, net	27.771	(24.787)	-	-
Equity in net income of subsidiaris and associated companies	31.742	-	36.940	-
Provision for unsecured liabilities	60.105	-	53.875	-
Provision for investment losses	62.003	-	62.003	-
Debenture Interest/Cost	8.347	15.970	3.869	3.962
Embedded derivatives	(36.270)	-	(36.270)	-
Adjustment for exchange loss	**(73.487)**	**(41.393)**	**(268.481)**	**(142.773)**
Changes in assets and liabilities				
Other Advances	(1.216)	(1.792)	(7.153)	(4.132)
Prepaid Expenses	37	43	(3.670)	(3.470)
Trade accounts Receivable	-	-	(12.052)	(3.551)
Recoverable Taxes	(13.698)	27.292	(27.825)	30.312
Equity evaluation Adjustments	-	-	(78.870)	(4.458)
Inventory	(235)	(27.590)	8.239	(27.615)
Taxes and contributions	(2.173)	336	67.194	110.049
Suppliers	410	(4.231)	3.648	(1.311)
Provisions and payroll charges	1	7.611	(1)	5.378
Accounts payable	-	-	(638)	1.255
Dividends payable	(5.288)	-	(3.056)	-
CCC subsidies receivable	-	-	-	-
Deferred Taxes	(18.292)	4.140	83.642	4.358
	(40.454)	**5.809**	**29.458**	**106.815**
Net cash used in operating activities	**(113.941)**	**(35.584)**	**(239.023)**	**(35.958)**

MPX Energia S.A.
(Publicly held company)

Statements of cash flow

Years ended December 31, 2011 and 2010

(In thousands of Reais)

	Controladora		Consolidado	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Cash flows produced by investment activities				
Acquisition of PPE and intangible assets	(9.770)	(56.570)	(2.134.611)	(1.665.685)
Change in investments	(728.951)	(426.210)	(33.000)	(51.434)
Cash resulting from sale of property, plant and equipment and intangible assets	-	27.614	28.080	36.877
Marketable Securities	4.909	(4.909)	165.654	(175.091)
Net cash used in investment activities	**(733.812)**	**(460.075)**	**(1.973.877)**	**(1.855.333)**
Cash flows from financing activities				
Debt to related parties	243.264	(95.367)	-	(1.725)
Loans and financing obtained (paid)	(153.139)	235.108	1.747.899	1.039.109
Gain (loss) on settled financial instruments	(8.281)	3.354	(27.267)	(84.918)
Capital increase	96	-	96	-
Capital increase deriving from mon-controlling shareholders	-	-	4.421	5.264
Contractual retentions	-	-	(3.461)	(26.688)
Escrow accounts	308.781	(270.321)	250.363	(279.491)
Debenture issuance	1.376.527	-	1.376.527	-
AFAC to associated companies	(152.487)	-	-	-
Dividends	(2.362)	-	2.270	-
Net cash provided by (used in) financing activities	**1.612.399**	**(127.226)**	**3.350.848**	**651.551**
Exchange rate fluctuation on Cash and Cash Equivalents	-	661	-	661
Increase / (Decrease) in cash and cash equivalents	**764.646**	**(622.224)**	**1.137.948**	**(1.239.079)**
Increase (decrease) in cash and cash equivalents				
At beginning of year	195.612	817.836	304.467	1.543.546
At end of year	960.258	19 5.612	1.442.415	304.467
	764.646	**(622.224)**	**1.137.948**	**(1.239.079)**

See the accompanying notes to the financial statements

MPX Energia S.A.
(Publicly held company)

Notes to the financial statements

Years ended December 31, 2011 and 2010

(In thousands of reais, unless stated otherwise)

1 Operations

MPX Energia S.A. ("Company") was founded 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 sources, including mineral coal, natural gas and renewable sources. The Company has a diversified portfolio of projects, including thermal power plants in Brazil and Chile, in addition to renewable energy projects, such as solar energy. In order to integrate its operations it is also implementing coal-mining projects in Colombia and natural-gas projects in Brazil to supply its power stations and for selling.

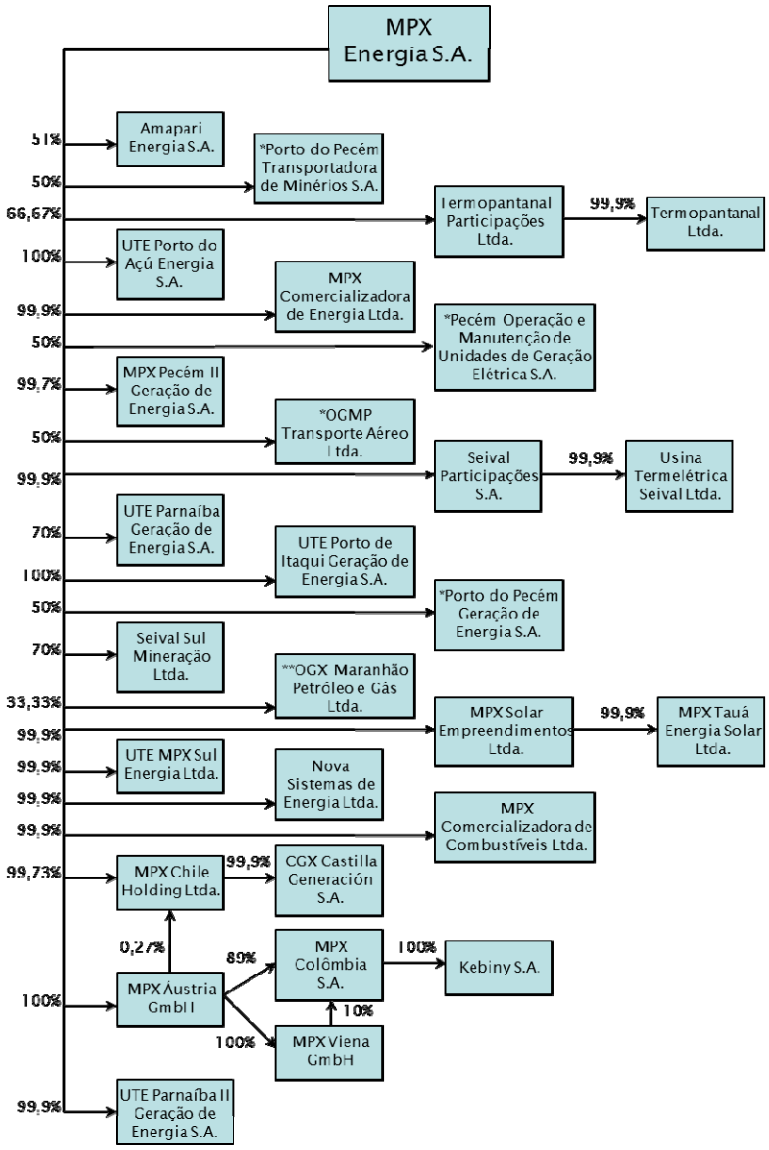
The company participates in these projects as a quotaholder or shareholder of the companies that implement these projects and certain projects will be implemented in partnership with other players in the energy sector. These projects were primarily funded through funds obtained under the Company's public share offering made on December 14, 2007 and January 11, 2008 (supplementary batch), amounting to R$ 2,035,410, in addition to financing and the recent issuance of convertible debentures on June 15, 2011 amounting to R$1,376,527, as per Note 19.

As per the table below, as of December 31, 2011 the Group includes the Company and its equity interests in associated companies, direct and indirect subsidiaries, the joint subsidiaries Porto do Pecém Geração de Energia S.A, Porto do Pecém Transportadora de Minérios S.A, OGMP Transporte Aéreo Ltda. and Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A. and Fundo de Investimento Multimercado MPX 63. All companies are in a pre-operating stage, except for Amapari Energia S.A., MPX Comercializadora de Energia Ltda., MPX Tauá Energia Solar Ltda. and OGMP Transporte Aéreo Ltda. For further details about the subsidiaries see Note 13.

MPX Energia S.A.
(Publicly held company)

Notes to the financial statements

(In thousands of reais, unless stated otherwise)



* Joint subsidiary
** Associated company

2 Licenses and permits

MPX Group's is committed to obtaining all the licenses and permits required by law for each of its facilities and activities. The Company and its investees have the following licenses and permits as of December 31, 2011:

Company	Type		Date issued	Term
MPX Pecém II Geração de Energia S.A.	Construction License 111/2011	**(a)**	3/15/2011	2 years
Porto do Pecém Geração de Energia S.A.	Operating Permit 496/2011	**(b)**	12/12/2011	1 year
MPX Pecém II Geração de Energia S.A.	Construction License 54/2011	**(c)**	8/24/2011	2 years
Porto do Pecém Geração de Energia S.A.	Renewal of Operating License 592/2011	**(d)**	12/9/2011	1 years
UTE Porto do Itaqui Geração de Energia S.A.	Construction License 584/2009	**(e)**	1/29/2009	4 years
UTE Porto do Itaqui Geração de Energia S.A.	Construction License 601/2009	**(f)**	3/18/2009	6 years
UTE Porto do Itaqui Geração de Energia S.A.	Operating Permit 1061/2011	**(g)**	12/16/2011	6 years
MPX Energia S.A.	Installation License 255/2011	**(h)**	11/11/2011	1 year
MPX Energia S.A.	Installation License 041/2011	**(i)**	4/24/2011	1 year
UTE Parnaíba Geração de Energia S.A	Installation License 273/2011	**(j)**	12/5/2011	1 year
UTE Parnaíba II Geração de Energia S.A	Installation License 274/2011	**(k)**	12/5/2011	1 year
Amapari Energia S.A.	ANEEL Permit 1369/2008	**(l)**	5/20/2008	29 years
Amapari Energia S.A.	SFG Order 2.197/2008	**(m)**	6/9/2008	Indefinite
Amapari Energia S.A.	SFG Order 4.143/2008	**(n)**	11/7/2008	Indefinite
Amapari Energia S.A.	Operating Permit 106/2009	**(o)**	8/3/2011	2 years
MPX Tauá Energia Solar Ltda.	Construction License 110/2010	**(p)**	3/3/2010	2 years
MPX Tauá Energia Solar Ltda.	Operating Permit 195/2010	**(q)**	4/14/2011	1 year
UTE Porto do Açu Energia S.A.	Preliminary License IN0018498	**(r)**	12/22/2011	1 year
UTE Porto do Açu Energia S.A.	Preliminary License IN015964	**(s)**	3/1/2011	2 years
UTE Porto do Açu Energia S.A.	Installation License IN000882	**(t)**	10/14/2009	3 years
Nova-Sistemas de Energia Ltda.	Construction License 000207	**(u)**	5/22/2009	3 years
Nova-Sistemas de Energia Ltda.	Construction License 000208	**(v)**	5/22/2009	3 years
Seival Sul Mineração Ltda.	Operating Permit 7764/2009	**(w)**	10/21/2009	4 years
MPX Energia S.A.	Preliminary License 332/2009 - 1st Rectification	**(x)**	12/22/2010	2 years
UTE MPX Sul Energia Ltda.	Preliminary License 601/2010	**(y)**	5/21/2010	2 years
MPX Comercializadora de Energia Ltda.	ANEEL Order 747/2008	**(z)**	2/25/2008	Indefinite
UTE Seival Ltda.	Construction License 589/2009 - 1st Rectification	**(aa)**	1/12/2010	4 years
UTE Seival Ltda.	Permit 002/2007	**(bb)**	1/9/2007	18 years

Company	Type		Date issued	Term
	Calificación Ambiental "PuertoCastilla"			
OMX OperacionesMaritimas Ltda.	Resolución Exenta Nº 254	**(cc)**	12/23/2010	Indefinite
CGX Castilla Generación S.A.	ResoluciónExenta Nº 46	**(dd)**	3/1/2011	Indefinite
MPX Colombia S.A.	Resolución Nº 1074	**(ee)**	6/8/2011	Indefinite
Porto do Pecém Geração de Energia S.A.	Environmental License 43/2011	**(ff)**	6/28/2011	1 year
Porto do Pecém Geração de Energia S.A	Environmental License 83/2011	**(gg)**	8/22/2011	1 year
Porto do Pecém Geração de Energia S.A	Environmental License 84/2011	**(hh)**	8/22/2011	1 year
MPX Colômbia S.A.	Cañaverales Environmental License	**(ii)**	11/8/2011	Indefinite
MPX Pecém II Geração de Energia S.A.	Environmental License 21/2011	**(jj)**	2/28/2011	1 year

(a) Installation License based in Technical report 815/2011 - COPAM/NUCAM about the 230Kv transmission line of MPX Pecém IIm, with a length of 1.83Km.

(b) Operating License 496/2011 for a 720-MW thermal power plant at Complexo Industrial e Portuário do Pecém - CIPP in São Gonçalo do Amarante, Ceará state. This license is valid until 12/11/2012.

(c) Renewal of Installation License 483/2008 for an additional 360 MW at CIPP in São Gonçalo do Amarante, Ceará state. This license was renewed on August 24, 2011 for 2 years.

(d) Renewal of Operating License for a 230 Kv, 14.4 km transmission line, connecting the UTE to the Cauipe substation of CHESF. LO 113/2011 is now LO 592/2011.

(e) Installation License for a landscaping works and services site to build a 360-MW thermal power plant in DISAL, in São Luís, Maranhão state.

(f) Installation License to install a 360-MW thermal power plant in DISAL, in São Luís, Maranhão state.

(g) Operating license for a 230-kV, 15.7 km transmission line, connecting the UTE to the São Luis II substation of ELETRONORTE.

(h) Installation License awarded by SEMA for the Usina Termelétrica Parnaíba II venture.

(i) Installation License awarded by SEMA for the 1,244 MW Usina Termelétrica Parnaíba venture.

(j) Installation License awarded by SEMA for thermo-electric generation with capacity of 676 MW.

(k) Installation License awarded by SEMA for thermo-electric generation with capacity of 622 MW.

(l) Authorization to operate as an Independent Energy Producer.

(m) Authorization to commence the energy generation testing phase on June 10, 2008.

(n) Authorization for commercial start-up on November 08, 2008.

(o) Renewal of operating permit 99/2008 submitted on September 30, 2008 to the State Environmental Protection Agency - FEPAM. The permit was renewed on August 03, 2011 for 2 years.

(p) License based on COPAM/ NUCAM technical report 502/2010 referring to the Installation License for the 5.0 MW Tauá photovoltaic solar energy generation plants occupying an area of 14.3 hectares in an overall area of 203.7 hectares in the municipality of Tauá, Ceará state.

(q) Operating License for the 5.0 MW Tauá photovoltaic solar energy generation plant occupying an area of 14.3 hectares in an overall area of 203.7 hectares in the municipality of Tauá, Ceará state.

(r) Preliminary license awarded by INEA for 1 year, approving the plans and location of a 345 kV dual electricity transmission circuit.

(s) Preliminary license awarded by INEA approving the design and location of the liquefied gas thermal power plant, with a maximum installed capacity of 3,300MW.

(t) Three-year installation license awarded by the State Environmental Department (INEA), authorizing the implementation of a 2100-MW electricity production plant consisting of four 525 MW turbines. This license has replaced LP FE 014522/2008.

(u) Three-year installation license awarded by the State Environmental Department (INEA), authorizing the implementation of a 66,000 MWh/year wind farm.

(v) Three-year installation license awarded by the State Environmental Department (INEA), authorizing the implementation of a 147,000 MWh/year wind farm.

(w) Renewal of operating permit 1672/2005 awarded on October 21, 2009 by the State Environmental Protection Agency - FEPAM of Rio Grande do Sul state for a term of 4 years.

(x) Preliminary license awarded by IBAMA for 2 years, relating to the 727MW Usina Termelétrica MPX Sul, using coal from Mina Seival as fuel - amendment of LP 322/2009.

(y) Preliminary license awarded by FEPAM for the dam of the 600-MW Usina Termelétrica MPX Sul venture consisting of two 300-MW generators.

(z) Authorization to operate as an energy trader at the Electricity Trading Chamber - CCEE.

(aa) Construction License awarded by IBAMA for the 600-MW Usina Termelétrica Seival venture consisting of two 300 MW generators.

(bb) Permit awarded by the National Water Authority (ANA) for the right to use water resources to intake water and discharge effluent, located in Arroio Candiota, for thermal energy generation in the municipality of Candiota, Rio Grande do Sul state.

(cc) Resolución de Calificación Ambiental do Puerto Castilla, issued by Comisión de Evaluación de la III Región de Atacama, i.e. an installation and operating license.

(dd) Resolución de Calificación Ambiental da Central Termelétrica Castilla, coal-fired with 2354 MW, issued by Comisión de Evaluación de la III Región de Atacama, i.e. an installation and operating license.

(ee) Global environmental license of the Cañaverales Mine, production of 2.5 MPTA of coal issued by Ministerio de Ambiente, Vivienda y Desarrollo Territorial, the equivalent of an installation and operating license.

(ff) Environmental Permit 43/2011 for 1 year, for the operational testing of the Tubular Belt Conveyor of Usina Termoelétrica Porto do Pecém Geração de Energia S.A.

(gg) Environmental Permit 83/2011 for 1 year, for the operational testing and commissioning of the water treatment plant of Usina Termoelétrica Porto do Pecém Geração de Energia S.A.

(hh) Environmental Permit 84/2011 for 1 year, for the operational testing and commissioning of the Stacker and Reclaimer systems; steam generation, electricity generation, cooling and condensation, treatment of gas emission of Usina Termoelétrica de Porto do Pecém Geração de Energia S.A.

(ii) Environmental License of the Cañaverales opencast mine issued by Ministério de Ambiente y Desarrollo Sostenible da Colômbia, the equivalent of an installation and operating license.

(jj) On February 28, 2011the Ceará State Environment Department ("SEMACE") awarded MPX Pecém II permit 21/2011 for alternative land use and deforestation, with a view to installing the 1.83 km transmission line connecting UTE MPX Pecém II to the Pecém II substation of hydroelectric power company São Francisco - CHESF. The land occupies a total area of 5.49 HA. This license expires after 1 year or when the deforestation has been completed, which MPX Pecém II concluded in 2011.

3 Presentation of the Financial Statements

a. Statement of compliance with IFRS and BR GAAP

The individual and consolidated financial statements for the year ended December 31, 2011 are presented as follows:

For comparison between the periods are restated financial statements, where we made the presentation of the net balances of deferred tax assets and liabilities and assets and liabilities of financial instruments.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and with the accounting practices generally accepted in Brazil ("BR GAAP").

Individual financial statements

The parent company's individual financial statements have been prepared in accordance with BR GAAP. For the consolidated financial statements these practices differ from the IFRS applicable to the separate financial statements in respect of the valuation of investments in subsidiaries, associated companies and joint ventures, which are valued by the equity method in BR GAAP, while for IFRS purposes it would be valued at cost or fair value.

For the purpose of BR GAAP, Law 11941/09 abolished deferred charges, permitting the maintenance of the balance accumulated up to December 31, 2008, which may be amortized in up to 10 years, subject to impairment tests. Following the adoption of IFRS, the Company recorded the amount of R$ 55,154 in the consolidated accumulated losses, net of tax as of January 1, 2009, corresponding to its and its subsidiaries' deferred charges at that date. The difference between the individual and consolidated shareholders' equity is therefore related to the deferred asset which was recognized in accumulated losses in the consolidated shareholders' equity.

There is no difference between the consolidated shareholders' equity and the consolidated net income reported by the Company and the shareholders' equity and net income of the parent company in its individual financial statements, except for the aforesaid difference in the shareholders' equity.

The parent company's individual financial statements and the consolidated financial statements are therefore being presented side-by-side in a single set of financial statements.

The Board of Directors approved the issuance of the financial statements as of December 31, 2011 on May 23, 2013.

b. Restatement of Financial Statements

The individual and consolidated financial statements for the year ended December 31, 2011 and their corresponding values of December 31, 2010, originally presented, are being restated due to the following reasons:

- Compensation of the deferred income tax and social contribution assets and liabilities and the resulting net presentation in the balance sheet in accordance with CPC 32 (IAS 12) paragraph 74;

- Offset of financial assets and liabilities relating to derivative financial instruments and the resulting net presentation in the balance sheet in accordance with CPC 38 (IAS 39) AG 9:11;

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

Parent company balance sheets

	December 31, 2011		
	Balances originally presented	**Adjustments**	**Restated balances**
Assets			
Cash and cash equivalents	960,258	-	960,258
Prepaid expenses	151	-	151
Recoverable taxes	29,385	-	29,385
Gain on derivatives financial instruments	19,289	-	19,289
Sundry advances	2,138	-	2,138
Escrow accounts	56,727	-	56,727
Dividends receivable	2,362	-	2,362
Total current assets	1,070,310	-	1,070,310
Prepaid expenses	55	-	55
Recoverable taxes	35,585	-	35,585
Deferred income and social contribution taxes	88,680	-	88,680
Loans with subsidiaries	24,173	-	24,173
Accounts receivable from associated companies	2,796	-	2,796
Accounts receivable from subsidiaries	5,710	-	5,710
Advance for future capital increase - with subsidiaries	162,757	-	162,757
Investments	1,538,331	-	1,538,331
Property, plant and equipment	21,641	-	21,641
Intangible assets	1,739	-	1,739
Total noncurrent assets	1,881,467	-	1,881,467
	2,951,777	-	2,951,777

	December 31, 2011		
	Balances originally presented	**Adjustments**	**Restated balances**
Liabilities			
Suppliers	1,298	-	1,298
Loans and financings	106,286	-	106,286
Debts with subsidiaries	724	-	724
Debts with other related parties	3,210	-	3,210
Debentures	30,463	-	30,463
Taxes and contributions	100	-	100
Payroll charges	4,386	-	4,386
Profit sharing	11,242	-	11,242
Other liabilities	75	-	75
Total current liabilities	157,784	-	157,784
Debts with other related parties	3	-	3
Debentures	1,403,152	-	1,403,152
Embedded derivatives	62,003	-	62,003
Provision for uncovered and social contribution taxes	11,035	-	11,035
Total noncurrent liabilities	1,476,193	-	1,476,193
Shareholders' equity			
Capital	2,042,014	-	2,042,014
Capital reserve	274,625	-	274,625
Equity appraisal adjustments	(71,670)	-	(71,670)
Accumulated losses	(927,169)	-	(927,169)
Shareholders' equity attributable to controlling shareholders	1,317,800	-	1,317,800
	2,951,777	-	2,951,777

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

Consolidated balance sheets

	December 31, 2011		
	Balances originally presented	**Adjustments**	**Restated balances**
Assets			
Cash and cash equivalents	1,442,415	-	1,442,415
Marketable securities	9,437	-	9,437
Trade accounts receivable	21,898	-	21,898
Subsidies receivable – Fuel Consumption Account	4,828	-	4,828
Inventory	85,938	-	85,938
Prepaid expenses	13,908	-	13,908
Recoverable taxes	37,711	-	37,711
Gain on derivatives financial instruments	48,789	(29,500)	19,289
Sundry advances	11,285	-	11,285
Escrow accounts	61,844	-	61,844
Other credits	39	-	39
Total current assets	1,738,092	(29,500)	1,708,592
Prepaid expenses	2,514	-	2,514
Escrow accounts	62,471	-	62,471
Subsidies receivable – Fuel Consumption Account	24,617	-	24,617
Recoverable taxes	90,834	-	90,834
Deferred income and social contribution taxes	432,337	(93,288)	339,049
Accounts receivable from associated companies	8,436	-	8,436
Gain on derivatives financial instruments	705,020	(705,020)	-
Investments	55,742	-	55,742
Property, plant and equipment	5,393,809	-	5,393,809
Intangible assets	267,616	-	267,616

	December 31, 2011		
	Balances originally presented	**Adjustments**	**Restated balances**
Total noncurrent assets	7,043,396	(798,308)	6,245,088
	8,781,488	(827,808)	7,953,680
Liabilities			
Suppliers	186,680	-	186,680
Loans and financings	1,030,687	-	1,030,687
Debts with other related parties	3,697	-	3,697
Debentures	30,463	-	30,463
Taxes and contributions	18,261	-	18,261
Payroll charges	18,017	-	18,017
Losses on derivative financial instruments	116,133	(29,500)	86,633
Contractual retention	180,497	-	180,497
Profit sharing	19,177	-	19,177
Dividends payable	2,270	-	2,270
Other liabilities	55,748	-	55,748
Total current liabilities	1,661,630	(29,500)	1,632,130
Loans and financing	3,311,063	-	3,311,063
Debts with other related parties	340	-	340
Debentures	1,403,152	-	1,403,152
Embedded derivatives	62,003	-	62,003
Losses on derivatives transactions	861,818	(705,020)	156,798
Deferred income and social contribution taxes	106,527	(93,288)	13,239
Asset retirement obligation	3,854	-	3,854
Other provisions	1,026	-	1,026
Total noncurrent liabilities	5,749,783	(798,308)	4,951,475

	December 31, 2011		
	Balances originally presented	**Adjustments**	**Restated balances**
Shareholders' equity			
Capital	2,042,014	-	2,042,014
Capital reserve	274,625	-	274,625
Equity valuation adjustments	(71,670)	-	(71,670)
Accumulated losses	(982,323)	-	(982,323)
Shareholders' equity attributable to controlling shareholders	1,262,646	-	1,262,646
Non-controlling shareholders' interests	107,429	-	107,429
	8,781,488	(827,808)	7,953,680

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

	December 31, 2010		
	Balances originally presented	**Adjustments**	**Restated balances**
Assets			
Cash and cash equivalents	195,612	-	195,612
Marketable securities	4,909	-	4,909
Prepaid expenses	188	-	188
Recoverable taxes	51,272	-	51,272
Gain on derivatives financial instruments	50,180	(50,180)	-
Sundry advances	922	-	922
Escrow accounts	365,508	-	365,508
Other credits	1	-	1
Total current assets	668,592	(50,180)	618,412
Prepaid expenses	55	-	55
Deferred income and social contribution taxes	19,407	-	19,407
Loans with subsidiaries	267,437	-	267,437
Advance for future capital increase with subsidiaries	10,270	-	10,270
Investments	1,059,580	-	1,059,580
Property, plant and equipment	13,857	-	13,857
Intangible assets	873	-	873
Total noncurrent assets	1,371,479	-	1,371,479
	2,040,071	(50,180)	1,989,891
Liabilities			
Suppliers	3,471	-	3,471
Loans and financings	251,078	-	251,078
Debts with subsidiaries	337	-	337

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

	December 31, 2010		
	Balances originally presented	**Adjustments**	**Restated balances**
Debts with other related parties	379	-	379
Taxes and contributions	335	-	335
Payroll charges	3,976	-	3,976
Losses on derivative financial instruments	54,634	(50,180)	4,454
Profit sharing	8,268	-	8,268
Total current liabilities	322,478	(50,180)	272,298
Debts with other related parties	2	-	2
Provision for uncovered and social contribution taxes	4,251	-	4,251
Total noncurrent liabilities	4,253	-	4,253
Shareholders' equity			
Capital	2,041,918	-	2,041,918
Capital reserve	223,851	-	223,851
Equity valuation adjustments	(35,400)	-	(35,400)
Accumulated losses	(517,029)	-	(517,029)
Shareholders' equity attributable to controlling shareholders	1,713,340	-	1,713,340
	2,040,071	(50,180)	1,989,891

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

Consolidated balance sheets

	December 31, 2010		
	Balances originally presented	**Adjustments**	**Restated balances**
Assets			
Cash and cash equivalents	304,467	-	304,467
Marketable securities	175,091	-	175,091
Trade accounts receivable	9,846	-	9,846
Subsidies receivable – Fuel Consumption Account	4,190	-	4,190
Inventory	7,068	-	7,068
Prepaid expenses	8,469	-	8,469
Recoverable taxes	52,615	-	52,615
Gain on derivatives financial instruments	720,353	(720,353)	-
Sundry advances	4,132	-	4,132
Escrow accounts	365,508	-	365,508
Other credits	575	-	575
Total current assets	1,652,314	(720,353)	931,961
Prepaid expenses	4,283	-	4,283
Escrow accounts	9,170	-	9,170
Subsidies receivable – Fuel Consumption Account	24,617	-	24,617
Recoverable taxes	18,270	-	18,270
Deferred income and social contribution taxes	303,743	(88,523)	215,220
Accounts receivable from associated companies	3,263	-	3,263
Gain on derivatives financial instruments	648,694	(648,694)	-
Other credits	3,541	-	3,541
Investments	50,459	-	50,459
Property, plant and equipment	3,472,679	-	3,472,679

	December 31, 2010		
	Balances originally presented	**Adjustments**	**Restated balances**
Intangible assets	88,523	-	88,523
Total noncurrent assets	4,627,242	(737,217)	3,890,025
	6,279,556	(1,457,570)	4,821,986
Liabilities			
Suppliers	119,486	-	119,486
Loans and financings	294,809	-	294,809
Debts with other related parties	649	-	649
Taxes and contributions	5,156	-	5,156
Payroll charges	14,369	-	14,369
Losses on derivative financial instruments	766,517	(720,353)	46,164
Contractual retention	183,958	-	183,958
Profit sharing	10,753	-	10,753
Total current liabilities	1,395,697	(720,353)	675,344
Loans and financing	2,295,173	-	2,295,173
Debts with other related parties	1,271	-	1,271
Losses on derivatives transactions	791,742	(648,694)	143,048
Deferred income and social contribution taxes	90,571	(88,523)	2,048
Asset retirement obligation	3,539	-	3,539
Total noncurrent liabilities	3,182,296	(737,217)	2,445,079
Shareholders' equity			
Capital	2,041,918	-	2,041,918

	December 31, 2010		
	Balances originally presented	**Adjustments**	**Restated balances**
Capital reserve	223,851	-	223,851
Equity evaluation adjustments	(35,400)	-	(35,400)
Accumulated losses	(572,183)	-	(572,183)
Shareholders' equity attributable to controlling shareholders	1,658,186	-	1,658,186
Non-controlling shareholders' interests	43,377	-	43,377
	6,279,556	(1,457,570)	4,821,986

Management has proceeded with other reclassifications not relevant for consistency in comparison with the most recent financial statements.

c. Reporting basis

The individual and consolidated financial statements have been prepared based on historic cost, except for derivative and non-derivative financial instruments and derivative embedded in debentures, measured at fair value through profit and loss.

d. Functional currency and reporting currency

The individual and consolidated financial statements are being presented in Brazilian reais, which is the Company's functional currency. All financial information presented in reais has been rounded up/down to the nearest thousand, except where specified otherwise.

In accordance with CPC 02 - Effects of the Changes in Financial Statement Exchange and Translation Rates, approved by CVM Resolution 534 of January 29, 2008, Company´s Management decided that its functional currency is the Brazilian real and the functional currencies of its overseas subsidiaries are the Chilean peso (MPX Energia de Chile Ltda.), Colombian peso (MPX Colombia S.A.) and the euro (MPX Austria GmbH). These currencies are determined by business plans, the economic environment and primarily operating costs. Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the balance sheet date.

e. Use of judgment and estimates

Preparing the individual and consolidated financial statements in accordance with IFRS and CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenue and expenses. The actual future results may differ from these estimates.

Estimates and assumptions are continually reviewed. Reviews of accounting estimates are recognized in the year in which the estimates are reviewed and any future years affected.

Information about assumptions and estimates that could result in adjustments in the next financial year have been included in the following notes:

- Note 12 - Deferred and recoverable taxes;
- Note 21 - Financial instruments and risk management;
- Note 22 - Provision for contingencies, and
- Note 25 - Stock option plan.

4 Description of significant accounting policies

The accounting policies described in detail below were applied consistently to all the years presented in these individual and consolidated financial statements, and were applied consistently by the Company and its subsidiaries.

a. Basis of consolidation

i. Business combinations

Business combinations are recorded on the date of acquisition, i.e. on the date when control is transferred to the Company and its subsidiaries under the acquisition method. Control is the power to govern the entity's financial and operating policy in order to obtain operational benefits. When determining whether or not control exists, the Company and its subsidiaries take into account the potential voting rights that can currently be exercised.

The Company and its subsidiaries measure goodwill at the acquisition date as:

- The amount transferred, plus
- The amount recognized of any minority interest acquired, plus
- If the acquisition is conducted in stages, the fair value of any interest held prior to the acquisition; minus
- The net amount (generally fair value) of identifiable assets acquired and liabilities undertaken.

When the amount generates a negative value, the gain on favorable acquisitions is directly recognized in the income statement for the year.

The amount transferred does not include amounts referring to the termination of pre-existing commercial relations. These amounts are generally expensed in the income statement for the year.

Except the costs related to the issuance of debt or equity instruments, the transaction costs that the Company and its subsidiaries incur under business combinations are expensed in the income statement as and when incurred.

Any contingent payment due is measured at fair value on the acquisition date. If the contingent payment is classified as an equity instrument, it is not remeasured and the settlement is recorded directly against shareholders' equity. For others, subsequent changes to fair value are recorded in the income statement for the year.

When share-based payment plans (replacement plans) are to be replaced by plans held by employees of the acquired company that refer to services provided, the entire amount of the replacement plan provided by the acquiring party is included in the measurement of the amount transferred under the business combination. This determination is based on the market value of the replacement plan compared to the market value of the acquired company's stock options plan and to the extent that this replacement plan refers to services provided and/or to be provided.

ii. Subsidiaries and joint subsidiaries

The subsidiaries and joint ventures' financial statements are included in the consolidated financial statements from the date on which share control commences until the date it ceases. The subsidiaries and joint ventures' accounting practices are aligned with the policies adopted by the Company and its subsidiaries.

The equity income method is used to recognize the financial information of subsidiaries and joint ventures in the parent company's individual financial statements.

iii. Interests in associated companies and joint ventures

Associated companies are entities in which the Company exerts a significant direct or indirect influence, but not the control, over operating and financial policy. Significant influence supposedly occurs when the Company directly or indirectly holds between 10% and 49% of the entity's voting stock.

Interests in associated companies and subsidiaries are recorded by the equity income method in the individual financial statements. In the consolidated financial statements the interests in joint ventures are consolidated proportionately and/or initially recognized at cost, which includes transaction expenses. Joint ventures are those in which the Group has joint control, established contractually, and which require unanimous consent for strategic and operational decisions. When the Company and its subsidiaries' interest in the losses of an investee, whose shareholders' equity has been recorded, exceeds its equity interest in this company recorded by the equity method, the book value of said equity interests, including any long-term investments comprising the investment, is reduced to zero, and the recognition of additional losses discontinued, except in cases where the Company and its subsidiaries have constructive obligations or make payments on behalf of the investee, in which case a provision for investment losses is recorded.

iv. Transactions eliminated in the consolidation process

Balances, intercompany transactions and any unrealized revenue or expenses deriving from intercompany transactions are eliminated from the consolidated financial statements. Unrealized gains deriving from transactions with investees recorded by the equity income method are eliminated against the investment in proportion to the Company and its subsidiaries' interest. Unrealized losses are eliminated the same way as unrealized gains, but only to the extent to which there is no evidence of impairment losses.

b. Statement of income

Income and expenses are recognized on the accrual basis.

c. Foreign currency

i. Foreign-currency transactions

Transactions in foreign currency are translated to the respective functional currencies of the Company at the exchange rates on the transaction dates. Monetary assets and liabilities denominated and stated in foreign currency at the reporting date are translated to the functional currency at the exchange rate in force at the reporting date. Foreign-currency gains or losses on monetary items consist of the difference in the amortized cost in the functional currency at the start of the year, adjusted for interest and payments made in the year, and the amortized cost in the foreign currency at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated to the functional currency at the exchange rate in force in the period in which the fair value is determined.

Foreign-currency differences resulting from re-translation are recognized in the income statement, except for differences resulting from re-translating the item below, which is recognized in other comprehensive revenue income:

- Cash flow hedges qualified as such, to the extent they are effective.

ii. Hedge of net interest in foreign operation

The Group uses hedges for foreign currency differences between the functional currency of the overseas operations and the parent company's functional currency (Real), regardless of whether the net investment is held directly or by way of an intermediary parent company.

Foreign-currency differences resulting from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income, provided the hedge is effective, and presented in shareholders' equity. If the hedge is not effective, these differences are recognized in profit and loss. When a hedged net investment is sold, the amount within the equity appraisal reserve is transferred to the income statement as part of the profit or loss under the sale.

d. Financial instruments

i. Non-derivative financial assets

The Company and its subsidiaries initially recognize loans, receivables and deposits on the date they were made. All other financial assets (including assets designated at fair value through profit and loss) are initially recognized on the transaction date on which the Company and its subsidiaries became party to the contractual provisions of the instrument.

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the asset's cash flows expire or when the Company and its subsidiaries transfer the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred to the buyer. Any interest that is created or retained by the Company and its subsidiaries in financial assets is recognized as an individual asset or liability.

Financial assets or liabilities are offset and their net value recorded in the balance sheet only when the Company and its subsidiaries are legally entitled to offset the amounts and intend to settle on a net basis or realize the asset and settle the liabilities simultaneously.

The Company and its subsidiaries classify the non-derivative financial assets into the following categories: financial assets recorded at fair value through profit and loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Financial assets stated at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is held for trading or designated as such upon initial recognition. Financial assets are designated as fair value through profit or loss if the Company and/or its subsidiaries manage these investments and make purchase and sales decisions based on their fair value in accordance with the investment strategy and risk management documented by the Company and its subsidiaries. Transaction costs are recognized in income/expenses when incurred. Financial assets at fair value through profit or loss are stated at fair value, and any changes in fair value of the assets are recognized in income/expenses for the year, including any dividend gains.

Financial assets designated at fair value through profit and loss consist of cash and cash equivalents and equity instruments which would otherwise be classified as available for sale.

Held-to-maturity financial assets

These financial assets are classified as held to maturity in the event the Company and its subsidiaries have the intention and the ability to hold them until maturity. Investments held to maturity are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, investments held to maturity are measured at their amortized cost by using the effective interest rate method, less any impairment losses.

Financial assets held to maturity consist of debentures.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on the market. These assets are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, loans and receivables are measured at their amortized cost by using the effective interest rate method, less any impairment losses.

Loans and receivables consist of securities, accounts receivable, CCC subsidies receivable, restricted deposits and related-party loans.

Cash and cash equivalents

Cash and cash equivalents consist of cash and banks, short-term investments originally maturing within three months as from the date they are procured. These are subject to an insignificant risk of impairment and are used to settle short-term obligations.

ii. Non-derivative financial liabilities

The Company and its subsidiaries initially recognize debt securities issued and subordinated liabilities on the date they arise. All other financial liabilities (including liabilities designated at fair value through profit and loss) are initially recognized on the transaction date on which the Company and its subsidiaries became party to the contractual provisions of the instrument. Financial liabilities are written off when their contractual obligations are withdrawn, cancelled or expire.

The Company and its subsidiaries classify their non-derivative financial liabilities under other financial liabilities. These financial liabilities are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at their amortized cost by using the effective interest rate method.

The Company and its subsidiaries have the following non-derivative financial liabilities: loans and financing, suppliers, accounts payable to related parties and contractual retentions.

iii. Capital

Common shares

Common shares are classified as shareholders' equity. Additional costs directly attributable to the issuance of shares and stock options are recognized as a deduction from the shareholders' equity, net of tax.

The minimum mandatory dividends established in the bylaws are recognized as liabilities.

iv. Derivative financial instruments, including hedge accounting

The Company and its subsidiaries use hedge derivatives to hedge against risks related to exchange variance and changes in interest rates. Embedded derivatives are separated from their main contracts and recorded individually if the main economic terms and risks of the principal contract and embedded derivative are not intrinsically related; or if an individual instrument with the same terms as the embedded derivative meets the definition of a derivative, and the combined instrument is not measured at fair value through profit and loss.

At the inception of the hedge the Company and its subsidiaries formally designate the documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, along with the methods to be used to evaluate the effectiveness of the hedge. The Company and its subsidiaries make an evaluation at inception and on an ongoing basis if the hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk in the year the hedge is designated. For a cash flow hedge of a forecast transaction, the transaction should be highly probable and have exposure to changes in cash flows that ultimately affect the net reported income.

Derivative financial instruments are initially recognized at their fair value; attributable transaction costs are recognized in income/expenses when incurred. After their initial recognition, the derivatives are appraised at fair value and any changes in fair value are recorded as described below.

Cash flow hedges

When a derivative is designated as a hedge of changes in cash flows attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect earnings, the effective portion of the changes in the derivative's fair value is recognized in other comprehensive income and recorded in the equity appraisal reserve in the shareholders' equity. The ineffective portion of the changes in the derivative's fair value are recognized in profit or loss.

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the book value of the asset when the asset is realized. The amount recognized in other comprehensive income is reclassified to net income in the same year that the hedged cash flow items affected the net income in the same line of the income statement as a hedged item. If there are no more expectations regarding the occurrence of the forecast transaction, the balance in other comprehensive income is immediately recognized in the income statement. In other cases, the value recognized in other comprehensive income is transferred to income/expense in the same year in which the hedged item affects income/expense.

If a hedge instrument no longer meets the hedge accounting criteria, expires or is sold, terminated, exercised or has its designation revoked, the hedge accounting is then discontinued prospectively. The accumulated earnings, previously recognized in other comprehensive income and presented in the equity appraisal reserve in the shareholders' equity, remain there until the forecast transaction affects net income.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

e. Inventory

Inventory is recorded at average cost and includes expenses incurred on the acquisition of consumables, production and transformation costs and other costs incurred to bring the inventories to their current status and location, minus a provision for impairment, when applicable. The costs consists of the diesel oil and lubricant oil used in the generation of electricity by the subsidiary Amapari Energia S.A, in addition to the high calorie coal to be used as a consumable for generating electricity by the subsidiaries Porto do Itaqui Geração de Energia S.A. and Porto do Pecém Geração de Energia S.A..

f. Property, plant and equipment

f.1 Recognition and measurement

Items of property, plant and equipment are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment.

The cost includes expenses directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes:

- The cost of materials and direct labor,
- Any other costs to bring the asset to its location and condition necessary so it can be operated as intended by Management.
- The disassembly costs, and the restoration of the site where these assets are located, and
- Loan costs on qualifiable assets.

The cost of property, plant and equipment can include reclassifications from other comprehensive income of qualifiable cash flow hedges for the purchase of fixed assets in foreign currency. The software purchased as an integral part of a piece of equipment is capitalized as a part of said equipment.

When parts of an item of property, plant and equipment have different useful lives, these items are recorded as separate items (principal constituents) of property, plant and equipment.

The gains and losses deriving from the sale of property, plant and equipment (determined by comparing the funds obtained through the sale against the book value of the property, plant and equipment), are recorded net amongst other revenue/expense figures in the income statement.

Borrowing costs directly attributable to the acquisition, construction or production of a fixed asset comprise the cost of this asset, as established by CPC 20 and IAS 23 (Borrowing Costs). The borrowing costs were already being capitalized in accordance with CVM Resolution 193/96, as they are directly attributable to the asset's construction.

f.2 Subsequent costs

Subsequent expenses are capitalized to the extent it is probable that the future benefits associated with these expenses shall be transferred to the Group. Maintenance and repair expenses are recorded in the income statement.

f.3 Depreciation

Items of property, plant and equipment are depreciated by the straight-line method in the income statement for the year, based on the useful estimated economic life of each component. Leased assets are depreciated over the shorter between the useful life and the contractual term, unless the Group is certain it will acquire the property at the end of the lease. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use, or in the case of internally constructed assets, on the date construction is completed and the asset is available for use.

g. Intangible assets and goodwill

Intangible assets refer to assets acquired from third parties recorded at total acquisition cost net of the respective amortization expenses. Goodwill on expected future earnings is not amortized and is tested for impairment annually. It is recorded as intangible assets in the consolidated financial statements and as investments in the parent company's investment financial statements.

g.1 Goodwill

The goodwill resulting from the acquisition of subsidiaries is credited to intangible assets in the consolidated financial statements. See note 16.

g.2 Other intangible assets

Other intangible assets consist of software acquired by the Company and its subsidiaries, with finite useful lives and measured at cost, minus accumulated amortization and accumulated impairment, when applicable.

g.3 Amortization

Except for goodwill not amortized, amortization is recognized in income statement by the straight line method in relation to the estimated useful lives of intangible assets, as from the date they are available for use.

h. Deferred charges

The Company maintained the balance of deferred charges as of December 31, 2008 in its individual statements and conducted an impairment test which resulted in the entire amount being written off on December 31, 2010.

i. Impairment

(i) Financial assets (including receivables)

A financial asset not measured at fair value through profit and loss is valued at each reporting date to test for impairment. An asset has incurred impairment if objective evidence indicates impairment has occurred after the initial recognition of the asset and this impairment has had a negative effect on the future projected cash flows that can be estimated reliably.

Objective evidence that the financial assets (including securities) have incurred impairment can include nonpayment or late payment by the debtor, restructuring of the amount owed to the Company and its subsidiaries on terms that the Company and its subsidiaries would not normally accept in other transactions, signs that the debtor or issuer is going to enter bankruptcy proceedings or the disappearance of an active market for a security. Furthermore, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment.

Financial assets carried at amortized cost

The Company and its subsidiaries take into account evidence of impairment for receivables, both individually and collectively. All individually significant receivables are specifically tested for impairment. All individually significant receivables found not to have incurred individual impairment are then tested collectively for any impairment that may have occurred, but not yet been identified. Individually material assets are tested collectively for impairment by grouping securities posing similar risks.

When testing for impairment collectively the Company uses historic patterns of default probability, recovery terms and the size of losses incurred, adjusted to reflect management's judgment as to whether the current economic credit conditions mean that the actual losses will probably be greater or less than those suggested by historic patterns.

Impairment of a financial asset measured at amortized cost is calculated as the difference between the book value and the present value of future estimated cash flows, discounted at the asset's effective original interest rate. Losses are recognized in the income statement and recorded in a provision against receivables or assets held to maturity. Interest on the impaired asset is still recognized. When a subsequent event indicates a reversal of the impairment, the decrease in the impairment is reversed and credited to the income statement.

Company management did not identify any evidence of impairment as of December 31, 2011.

(ii) Non-financial assets

The book values of the Company and its subsidiaries' non-financial assets, other than inventory and deferred income and social contribution taxes, are reviewed at each reporting date for signs of impairment. If signs of impairment are detected, the recoverable value of the assets is then estimated. In the case of goodwill and intangible assets with an indefinite useful life, the recoverable value is estimated every year.

The recoverable value of an asset or reporting unit is the higher of the value in-use and fair value minus selling expenses. When appraising the value in-use, the estimated future cash flows are discounted to their present values at a before-tax discount rate that reflects the current market terms regarding the capital recoverability period and the asset's specific risks. For impairment testing purposes, assets that cannot be tested individually are grouped in the smallest group of assets that generate cash for continuous use and which are mainly independent from the cash flows from other assets or groups of assets ("reporting unit or UGC"). In order to test the goodwill for impairment, the goodwill determined in a business combination is allocated to the reporting unit or group of reporting units which are expected to receive the benefits of the combination's synergies. This allocation is the lowest level at which the goodwill is monitored internally and is no greater than an operational segment determined in accordance with IFRS 8 and CPC 22.

The Company and its subsidiaries' corporate assets do not generate cash inflows individually. If there are signs a corporate asset has suffered impairment, the recoverable value is allocated to the reporting unit or group of reporting units to which the corporate asset belongs on a reasonable and consistent basis.

Impairment losses are recognized when the book value of an asset or its cash generating unit exceeds its estimated recoverable value. Impairment losses are charged to the income statement. Impairment of reporting units is initially charged to the book value of any goodwill allocated to the reporting units, and any remaining impairment is charged to the other assets of the reporting unit or group of reporting units on a *pro rata* basis.

Impairment losses related to goodwill are not reversed. Impairment losses for other assets are only reversed if the book value of the asset does not exceed the book value that would have been determined, net of depreciation or amortization, had the impairment not been recognized.

Company management did not identify any evidence of impairment as of December 31, 2011. As of December 31, 2009 Management identified evidence of impairment at the subsidiary Termopantanal Ltda., and recorded the respective provision for impairment, as stated in Note 14.

j. Employee Benefits

Share-based payments

The fair value of share-based payments is recognized on the vesting date as personnel expenses, with a corresponding increase in shareholders' equity over the year in which employees are unconditionally entitled to the benefits. The amount expensed is adjusted to reflect the number of shares for which the service conditions and acquisition conditions will be met, so that the amount eventually expensed is based on the number of shares that actually meet the vesting conditions on the vesting date. For non-vesting share-based payments, the fair value at the date of a share-based payment is granted is measured to reflect these conditions and no changes are made for differences between the expected and actual benefits.

The fair value payable to employees relating to rights over stock appreciation, payable in cash, is recognized as an expense with a corresponding increase in the liabilities, over the period in which employees are unconditionally entitled to the payment. The liability is re-measured at each reporting date and upon settlement. Any changes in the liability's fair value are recognized as personnel expenses in the income statement.

k. 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 involved.

l. Financial revenue and financial expenses

Financial revenue consists of interest on investments, dividend income (except for dividends received from investees valued by the equity income method at the parent company), gains on the sale of financial assets available-for-sale, changes in the fair value of financial assets stated at fair value through profit or loss, gains on the revaluation at fair value of pre-existing interests in subsidiaries, and gains in hedges recognized through profit or loss and reclassifications of gains previously recorded under other comprehensive income. Interest earned is recorded in the income statement by using the effective interest rate method. Dividend revenue is recognized in the income statement on the date the Company and its subsidiaries become entitled to the payment. Distributions from investees recorded by the equity income effort diminish the value of the investment.

Financial expenses include interest expenses on loans, net of discount adjustments of the provisions to present value and contingent payment, losses on sale of assets available for sale, dividends on preferred shares classified as liabilities, changes in the fair value of financial assets measured at fair value through profit and loss, impairment losses recognized in the financial assets (except receivables) and losses in hedge instruments recognized through profit or loss. Loan costs not directly attributable to the acquisition, construction or production of a quantifiable asset are recorded in profit and loss by the effective interest rate method.

m. Income and social contribution taxes

For companies that pay tax on the taxable income basis, the income and social contribution taxes, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on annual taxable income in excess of R$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution limited to 30% of the taxable income. Deferred income and social contribution taxes reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying values.

Income and social contribution expenses consist of current and deferred income tax. The current and deferred tax is recognized in the income statement except for income tax deferred on hedge accounting impacts, which are recorded under Equity appraisal adjustments, recognized directly in shareholders' equity.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and they are related to income taxes levied by the same tax authority on the same entities subject to taxation.

Deferred income and social contribution tax assets are recognized on deductible tax losses, tax credits and temporary differences not used when it is probable that future taxable earnings will be generated against which they can be offset.

Deferred income and social contribution tax assets are reviewed at each reporting date and are reduced to the extent that realization is no longer probable.

Companies opting for the taxable income basis in the financial year ended December 31, 2011 did not record taxable income, except for Comercializadora de Energia Ltda. and Amapari Energia S.A., which paid IRPJ and CSSL of R$1,146 and R$2,236, respectively.

n. 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.

o. Earnings per share

The basic earnings per share are calculated through profit and loss of the year attributable to the controlling and non-controlling shareholders of the company and the weighted average of the common and preferred shares in circulation in the respective year. The diluted earnings per share are calculated according to the aforesaid average of the shares in circulation, adjusted by instruments potentially convertible into shares, with a dilutive effect in the years presented.

p. Segment reporting

An operational segment is a component of the Company that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from operational segments is reviewed frequently by Management to support decisions about new resources to be allocated to the segment and to evaluate its performance, for which individual financial information is made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets (primarily the Company's head office), office expenses, financial revenue and expenses, and income and social contribution tax assets and liabilities.

q. Statement of added value

The Company prepared individual and consolidated statements of added value (DVA) in accordance with technical pronouncement CPC 09 - Statement of Added Value, which are presented as an integral part of the financial statements in BRGAAP applicable to publicly held companies, while consisting of supplementary financial information under IFRS.

r. New standards and interpretations not yet adopted

Several standards, amendments to standards and IFRS interpretations issued by the IASB have not yet come into force for the financial year ended December 31, 2011, namely:

- Amendments to IAS 1 - Presentation of financial statements. This standard is applicable to annual reporting periods beginning on or after July 1, 2012.

- Amendments to IAS 12 - Income taxes. This standard is applicable to annual reporting periods beginning on or after January 1, 2012.

- Amendments to IAS 19 - Employee benefits. These standards are applicable to annual reporting periods beginning on or after January 1, 2013.

- IFRS 10 - Consolidated financial statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of interests in other entities, IFRS 13 - Fair value measurement. These standards are applicable to annual periods beginning on or after January 1, 2013.

- Measurement at fair value and Amendments to IAS 27 - Financial statements; consolidated and separated, IAS 28 - Investments in associates. These standards are applicable to annual reporting periods beginning on or after January 1, 2013.

- Amendments to IAS 32 and IFRS 7 - Financial Instruments - Presentation. These standards are applicable to annual reporting periods beginning on or after January 1, 2014.

- IFRS 9 - Financial instruments - classification and measurement. These standards are applicable to annual reporting periods beginning on or after January 1, 2015.

The standards, changes to standards and IFRS are effective for the annual reporting period specified above and were not applied to the preparation of these financial statements. None of these new standards is expected to have a material effect on the Company and its subsidiaries' financial statements, except for IFRS 9 Financial Instruments, which could change the classification and measurement of the Company and its subsidiaries' financial assets, and IFRS 10 and IFRS 11, which could have an impact on the entities currently consolidated and/or proportionately consolidated by the Company. The Company does not expect to adopt the standards in advance, and the impact thereof has not been measured yet.

The CPC has not yet issued pronouncements equivalent to the aforesaid IFRS, but is expected to do so before the adoption deadline. The early adoption of the IFRS pronouncements is subject to prior approval by a normative ruling of the Brazilian Securities Commission.

5 Consolidated financial statements

The consolidated financial statements were prepared in conformity with the IFRS issued by the IASB and BR GAAP, and includes the financial statements of the parent company, the companies the Company has the (direct or indirect) control of, joint ventures and Exclusive Funds, as shown below:

	Parent company interest	
	12/31/2011	**12/31/2010**
Direct subsidiaries or associated companies		
Porto do Pecém Geração de Energia S.A.	50.00%	50.00%
MPX Pecém II Geração de Energia S.A.	99.70%	99.70%
UTE Porto do Itaqui Geração de Energia S.A.	100.00%	100.00%
Amapari Energia S.A.	51.00%	51.00%
UTE Porto do Açu Energia S.A.	100.00%	100.00%
Seival Sul Mineração Ltda.	70.00%	70.00%
UTE MPX Sul Energia Ltda.	99.90%	99.90%
MPX Comercializadora de Energia Ltda.	99.90%	99.90%
MPX Chile Holding Ltda.	99.73%	99.73%
MPX Áustria GmbH	100.00%	100.00%
MPX Solar Empreendimentos Ltda.	99.90%	99.90%
Porto do Pecém Transportadora de Minérios S.A.	50.00%	50.00%
MPX Comercializadora de Combustíveis Ltda.	99.90%	99.90%
Termopantanal Participações Ltda.	66.67%	66.67%
OGX Maranhão Petróleo e Gás S.A.	33.33%	33.33%
UTE Parnaíba Geração de Energia S.A.	70.00%	70.00%
Nova - Sistemas de Energia Ltda.	99.90%	99.99%
OGMP Transporte Aéreo Ltda.	50.00%	-
Pecém Operação e Manutenção de Unidades de Geração S.A. (PO&M)	50.00%	-
Seival Participações S.A.	99.90%	-
UTE Parnaíba II Geração de Energia S.A.	100.00%	-

Exclusive Funds		
Fundo de Investimento em Cotas de Fundos de Investimento Multimercado Crédito Privado MPX 63	100.00%	100.00%
Fundo de Investimento Multimercado Crédito Privado MPX.	100.00%	100.00%

The accounting policies have been consistently applied in all the consolidated companies and are consistent with those used in the previous year.

Description of main consolidation procedures

- Elimination of asset and liability account balances between the Company and its subsidiaries, joint ventures and between the latter

- Elimination of the balances of investments and corresponding interests in the capital and retain earnings (accumulated losses) of subsidiaries and joint ventures

- Minority interests, which represent the earnings for the year and equity not held by the Company, are presented separately from the consolidated income statement in the equity in the consolidated balance sheet, separately from the equity attributable to the controlling shareholders, and

- Elimination of revenue and expense balances between the Company and its subsidiaries, joint ventures and between the latter. These balances are eliminated against the respective investments according to the parent company's interest in the subsidiaries.

The interests in the joint subsidiaries Porto do Pecém Geração de Energia S.A., Porto do Pecém Transportadora de Minérios S.A., OGMP Transporte Aéreo Ltda. and Pecém Operação e Manutenção de Unidades de Geração S.A. are valued by the equity method in the parent company's individual financial statements and consolidated proportionately in the consolidated financial statements.

Furthermore, pursuant to CVM Instruction 409/08 the consolidated financial statements include balances and transactions of the exclusive investment fund "FI Multimercado Crédito Privado MPX 63" and "FI em Cotas de Fundos de Investimento Multimercado Crédito Privado MPX 63", both administrated by Itaú S.A., as per Note 6.

6 Cash and cash equivalents

		Parent Company		Consolidated	
		12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Cash and bank deposits		851	152	20,554	13,323
Fundo de Investimento Multimercado MPX 63	**(a)**	834,958	195,318	1,210,166	208,848
Bradesco Corporate FIC FI Referenciado DI Federal	**(b)**	-	-	61,505	67,484
CDB/Purchase and Sale Agreements	**(c)**	124,449	-	124,449	13,392
Other fixed-income investments	**(d)**	-	142	25,741	1,420
		960,258	195,612	1,442,415	304,467

(a) Substantially consist of quotas in investment funds, of high liquidity, readily convertible into a known amount of cash, regardless of asset maturity, and are subject to an insignificant risk of a change in value. This is a share investment fund FI Multimercado Crédito Privado MPX 63 is administrated by Banco Itaú and backed by federal government securities and private securities (Debentures and Bank Deposit Certificates - "CDB") of companies and prime financial institutions, all linked to floating rates and with an average yield of 100.44 % (mark to market) and 101.4% (nominal rate on the curve) of the DI CETIP rate (Interbank Deposit Certificate - CDI). The debentures represent purchase and sale commitments, registered at CETIP or SELIC, when applicable, and with guarantee of repurchase at a previously established rate from the financial institutions.

As required by CVM Instruction 408/05, the consolidated financial statements include the balances and transactions of the exclusive investment funds, whose only shareholders are the Company and its subsidiaries, as shown below:

	Consolidated	
Consolidated Multi-Market Fund	**12/31/2011**	**12/31/2010**
MPX Energia S.A.	834,958	195,318
UTE Porto do Açu Energia S.A.	109	4
MPX Pecém II Geração de Energia S.A.	-	6,764
MPX Comercializadora de Energia Ltda.	14,071	3,260
Amapari Energia S.A.	31,123	468
Seival Sul Mineração Ltda.	152	-
UTE MPX Sul Energia Ltda.	-	368
UTE Parnaíba Geração de Energia S.A.	321,642	2,490
MPX Tauá Energia Solar Ltda.	24	176
MPX Comercializadora de Combustíveis Ltda.	8,049	-
MPX Solar Empreendimentos Ltda.	1	-
Pecém Operação e Manutenção de Unidades Geração Elétrica S.A	26	-
Porto do Pecém Transportadora de Minérios S.A.	10	-
	1,210,166	208,848

(b) Fundo Bradesco Corporate FIC FI Referenciado DI Federal is linked to national treasury bonds (LFT; LTF-O and LTN-O), and has daily liquidity. This fund yielded an average of 98.71% of DI CETIP ("CDI") as of December 31, 2011. The companies that hold shares of this fund are the parent company MPX Energia S.A. and the subsidiary Porto do Pecém Geração de Energia S.A.

(c) Amounts invested in CDBs or debentures subject to purchase and sale agreements are issued by first-rate financial institutions and yield average rates of 100.6% CDI.

(d) Mainly consist of amounts invested in an investment fund by MPX Chile, in Chilean pesos and US dollars, with an average nominal yield of 0.63 % p.a. and fixed-income investments of MPX Colômbia in US dollars and Colombian pesos, at rates of 0.40% p.a. and 4% p.a. respectively.

As of December 31, 2011 and 2010 Fundo de Investimento Multimercado em Cotas de Fundo de Investimento Multimercado Crédito Privado MPX 63 had the following portfolio:

	Nature of investments - Parent Company				
	12/31/2011				12/31/2010
Financial institution	**Government securities**	**Securities held under repurchase agreements**	**CDB**	**Total**	**Total**
Exclusive funds:	0.66%	54.26%	45.08%		
Itaú	5,505	453,032	376,421	834,958	195,318

	Nature of the investments - Consolidated Statement				
	12/31/2011				12/31/2010
Financial institution	**Government securities**	**Securities held under repurchase agreements**	**CDB**	**Total**	**Total**
Exclusive funds:	0.66%	54.26%	45.08%		
Itaú	7,979	656,613	545,574	1,210,166	208,848

The exclusive funds are regularly reviewed/audited by independent auditors and are subject to constraints on the payment of services rendered by the asset manager, attributed to operating investments, such as custody and audits fees and other expenses. There are no material financial obligations or company assets to guarantee these obligations.

7 Marketable securities

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
LFT Financial Treasury Bills	-	4,909	9,437	175,091

The securities include operations related to the acquisition of federal government bonds (LFTs) maturing after 90 days and recorded in current assets due to the fact they are expected to be realized in the short term. The amounts refer to the subsidiaries UTE Porto do Itaqui and MPX Pecém II.

8 Escrow accounts

		Parent Company		Consolidated	
		12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
BNDES - Porto do Pecém	**(a)**	49,131	237,100	49,131	237,100
BNDES - Porto do Pecém	**(b)**	7,596	7,974	7,596	7,974
BNDES - UTE Porto do Itaqui	**(c)**	-	-	9,953	9,170
BNDES - UTE Porto do Itaqui	**(d)**	-	4,187	-	4,187
BNDES - Pecém II	**(e)**	-	113,478	-	113,478
BNDES - Pecém II	**(f)**	-	2,769	-	2,769
BNDES - Pecém II	**(g)**	-	-	20,662	-
Comercializadora de Energia	**(h)**	-	-	3,878	-
Porto do Pecém	**(h)**	-	-	8,378	-
UTE Porto do Itaqui	**(h)**	-	-	24,717	-
		56,727	365,508	124,315	374,678
Current		56,727	365,508	61,844	365,508
Noncurrent		-	-	62,471	9,170

(a) Deposit linked to the obligations undertaken in the financing agreement between BNDES and the subsidiary Porto de Pecém Geração de Energia S.A. referring to the portion of the intervening party MPX S.A to maintain the own capital/debt ratio preestablished in the agreement. Relates to the part of MPX Energia S.A. in Fundo Bradesco Corporate FIC FI Referenciado DI Federal. In 2011 MPX Energia S.A. made contributions of R$ 187,969 to its subsidiary, which enabled it to maintain the correct ratio between own capital and debt, as mentioned earlier. As a result, MPX Energia S.A. had most of its deposits released.

(b) Interest resulting from the investment mentioned in item (a) above.

(c) Refers to the debt service reserve account linked to the financing agreement between BNB-Banco do Nordeste do Brasil S.A and the subsidiary UTE Porto do Itaqui Geração de Energia S.A. The value of the deposit in question refers to three amortization payments of the financing awarded and shall be maintained as a guarantee of the debt for the entire term of this agreement.

(d) This relates to the interest resulting from the investment to perform the obligations undertaken in the financing agreement between BNDES and the subsidiary UTE Porto do Itaqui Geração de Energia S.A, for the counter payment of the intervening party (MPX Energia S.A), maintaining the own capital ratio preestablished in the agreement.

(e) Deposit linked to the obligations undertaken in the financing agreement between BNB-Banco do Nordeste do Brasil S.A. and BNDES and the subsidiary MPX Pecem II Geração de Energia S.A., to maintain the own capital/debt ratio preestablished in the agreement. Investment in LFTs. In 2011 MPX Energia S.A. made contributions of R$ 217,480 to its subsidiary, which enabled it to maintain the correct ratio between own capital and debt, as mentioned earlier. As a result of the contributions made, MPX Energia S.A. had the entire deposit released.

(f) Interest on the investment related to the secured deposit mentioned in item (e) above.

(g) Debt service linked to the obligations undertaken in the financing agreement between BNB-Banco do Nordeste do Brasil S.A. and the subsidiary MPX Pecem II Geração de Energia S.A.

(h) Guarantees from Bradesco Trianon relating to the purchase of energy in the free market.

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

The trade accounts receivable is for energy sold by the subsidiary Amapari Energia S.A. to Anglo Ferrous Amapá Ltda. of R$10,640 (R$3,433 as of December 31, 2010) and energy sold by MPX Comercializadora de Energia Ltda. of R$10,827 (R$6,413 as of December 31, 2010) and R$431 consisting of other accounts receivable of the subsidiaries Porto do Pecém Geração de Energia S.A, Porto do Itaqui Geração de Energia S.A, Porto do Pecém Transportadora de Minérios S.A and MPX Tauá Energia Solar Ltda.

On May 19, 2009 the subsidiary Amapari Energia S.A. obtained a court order obliging ANEEL to qualify UTE Serra do Navio for reimbursement of part of its costs incurred on fuels used as consumables in the generation and sale of electricity through the Fuel Consumption Account - CCC.

In June 2010 the reimbursement mechanism for part of its costs incurred on fuels used as consumables in the generation and sale of electricity through the Fuel Consumption Account - CCC was changed and is being passed through directly by Eletrobrás to BR Distribuidora, where part of the payment of the fuel delivered to Amapari Energia S.A. is amortized.

The outstanding balance as of December 31, 2011 is R$29,445 (R$28,807 as of December 31, 2010).

10 Inventory

		Consolidated	
		12/31/2011	**12/31/2010**
Diesel oil/lubricant	**(a)**	8,203	7,068
Coal	**(b)**	76,562	-
Electronic and mechanical parts	**(c)**	1,173	-
Total		85,938	7,068

(a) The balance consists of the diesel oil and lubricant oil used in the generation of electricity by the subsidiary Amapari Energia S.A., The subsidiary has a contractual acquisition obligation ("take or pay") towards BR Distribuidora S.A., to require a minimum 3,600 m³ of diesel oil, for a fixed price or to pay for this even if it is not taken, in which case the obligation is exercised, resulting in the acquisition of the diesel oil used as a consumable by the Company. Although the contractual obligation to buy a minimum amount has not been used, on December 31, 2011 the Company recorded a provision under trade payables for the difference between the amount required and the minimum mandatory amount under the contract, charged to inventory, amounting to R$ 6,614 (R$ 5,828 as of December 31, 2010).

(b) The balance consists of the inventory of coal used as consumables in electricity generation by the subsidiaries Porto do Itaqui Geração de Energia S.A. (R$ 49,986) and Porto do Pecém Geração de Energia S.A. (R$ 26,575). The coal was acquired for the commissioning phase of the operation, and to establish a security inventory at the plant.

(c) The balance consists of electronic and mechanical parts to be used and spare parts in the maintenance work conducted by Pecém Operações e Manutenção de Unidades de Geração Elétrica S.A.

11 Prepaid expenses

		Parent Company		Consolidated	
		12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Surety bond - ANEEL	**(a)**	-	-	2,739	3,942
Area rental option	**(b)**	-	-	2,823	2,837
Borrowing cost	**(c)**	-	-	7,922	1,568
Insurance		151	188	1,955	4,405
Other		55	55	983	-
		206	243	16,422	12,752
Current		151	188	13,908	8,469
Noncurrent		55	55	2,514	4,283

(a) Consists of the amount to cover the construction work of the power stations and electricity generation concession contracts awarded by ANEEL.

(b) 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 2,100-MW thermal power plant will be installed. The amounts are recorded in accordance with the agreement, which is the option with third party, which is close to the fair value.

(c) In December 2011 UTE Parnaíba Geração de Energia S.A. took out three financing facilities (as described in note 18). The borrowing costs were temporarily allocated as prepaid expenses until the completion of the borrowing process, as determined by item 19 of the CPC 08 approved by CVM Resolution 556 of November 12, 2008.

12 Recoverable and deferred taxes

The balance of recoverable taxes is as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
IRRF (withholding tax) **(b)**	23,437	12,210	35,393	19,918
Prepaid income tax	-	-	-	-
Prepaid social contributions	-	-	1,819	-
Prepaid social contributions - prior year (a)	-	2,551	-	2,551
IRRF (withholding tax - prior year **(b)**	39,663	32,385	82,567	41,196
IRRF (withholding tax - loan **(b)**	650	3,655	653	3,658
ICMS (value added tax on sales and services)	432	-	4,893	2,492
Other	788	471	3,220	1,070
	64,970	51,272	128,545	70,885
Current	29,385	51,272	37,711	52,615
Noncurrent	35,585	-	90,834	18,270

(a) Refers to income and social contribution taxes prepaid in the course of the year and previous years which will be offset against the income and social contribution taxes determined on the taxable income.

(b) The balance of income tax withheld at source 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.

Deferred taxes

Deferred income and social contribution taxes reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying values.

In accordance with CVM Instruction 371, of June 27, 2002, the Company and its subsidiaries Porto do Pecém Geração de Energia S.A., Porto do Itaqui Geração de Energia S.A., Porto do Açu Energia S.A., MPX Comercializadora de Combustíveis S.A and MPX Pecém II Geração de Energia S.A, based on their expectations of generating future taxable income, as determined in a technical study approved by management, also recognized tax credits on income tax loss carry forwards and the negative basis of social contribution tax from prior years, which have no statute of limitations and which can be offset against a maximum of 30% of annual taxable income. The carrying value of the deferred tax asset is reviewed periodically and the projections are reviewed annually. If there are significant factors that change the projections, they are also reviewed by the Company during the year.

The Company and its subsidiaries adopted the Transitional Taxation Scheme (RTT) so that the amendments introduced by Law 11638 of December 28, 2007 and articles 37 and 38 of Law 11941 of 2009, which changed the procedure for recognizing revenue, costs and expenses used to calculate the net income for the year defined in art. 191 of Law 6404 of December 15, 1976, do not affect the calculation of the taxable income and social contribution calculation base of companies that opt for the Transitional Taxation Scheme - RTT. For tax purposes the accounting methods and criteria in force at December 31, 2007 should be used.

Normative Instruction 949/09 of June 18, 2009 reiterates that the amendments to the corporate legislation shall not affect the calculation of the taxable income and social contribution calculation base of companies that opt for the Transitional Taxation Scheme - RTT. For tax purposes the accounting methods and criteria in force at December 31, 2007 should be used.

Due to the amendments to the tax legislation, the Company recorded deferred assets and liabilities, thereby eliminating the accounting effects introduced by the new accounting changes. The origin of the deferred income and social contribution taxes is presented below:

	Parent Company		Consolidated	
Noncurrent deferred charges	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Tax loss carryforwards and negative tax base	67,599	19,407	67,599	19,407
Temporary differences - RTT	-	-	160,183	158,239
Write-off of deferred charges	-	-	-	1,594
Fair value of embedded derivatives	21,081		21,081	
Exchange variance on loan principals	-	-	-	20,292
Unrealized exchange variance on derivative operations - NDF	-	-	90,186	15,688
	88,680	19,407	339,049	215,220
Noncurrent deferred liabilities	**12/31/2011**	**12/31/2010**	**12/31/2011**	**12/31/2010**
Temporary differences - RTT	-	-	13,239	2,048
Unrealized exchange variance	-	-	-	-
	-	-	13,239	2,048

13 Investments

a. Breakdown of balances

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Equity interests	1,538,331	1,035,361	54,466	26,240
Advance for future acquisition of an investment	-	24,219	1,276	24,219
	1,538,331	1,059,580	55,742	50,459

b. Equity interests

The consolidated financial statements include the financial statements of the parent company, the companies the Company has the control of and Exclusive Funds. The balances of the main consolidated account groups as of December 31, 2011 and 2010 are:

	12/31/2011						
(Direct) subsidiaries	**Equity interest in %**	**Current assets**	**Noncurrent assets**	**Current liabilities**	**Noncurrent liabilities**	**Shareholders' equity**	**Net Income**
Porto do Pecém Geração de Energia S.A.	50.00%	229,533	3,820,747	436,641	2,878,507	735,132	(71,641)
MPX Pecém II Geração de Energia S.A.	99.70%	10,716	1,398,590	96,745	935,344	377,218	(29,631)
UTE Porto do Itaqui Geração de Energia S.A.	100.00%	113,015	2,443,759	130,986	1,997,311	428,477	(73,323)
Amapari Energia S.A.	51.00%	56,720	102,684	60,750	-	98,653	21,551
UTE Porto do Açu Energia S.A.	100.00%	226	46,913	486	10,360	36,293	(3,003)
Seival Sul Mineração Ltda.	70.00%	269	4,442	28	-	4,682	(633)
UTE MPX Sul Energia Ltda.	99.90%	27	12,809	115	3,310	9,411	(1,532)
MPX Comercializadora de Energia Ltda.	99.90%	31,819	934	13,615	-	19,138	2,369
MPX Chile Holding Ltda.	99.73%	29,837	13,016	5,402	46,970	(9,519)	(27,865)
MPX Austria GmbH	100.00%	14,287	355,624	365,967	26	3,918	(59,479)
MPX Solar Empreendimentos Ltda.	99.90%	255	8,016	12	250	8,009	(1,063)
MPX Comercializadora de Combustíveis Ltda.	99.90%	8,176	1,710	591	-	9,294	11,062
Termopantanal Participações Ltda.	66.67%	8	402	-	2,722	(2,312)	28
UTE Parnaíba Geração de Energia Ltda.	70.00%	330,627	436,710	614,150	-	153,187	(11,780)
Nova-Sistemas de Energia Ltda.	99.09%	-	2,425	-	-	2,425	-
Porto do Pecém Transportadora de Minérios S.A.	50.00%	1,280	78	306	-	1,052	(148)
OGMP Transporte Aéreo Ltda.	50.00%	970	14,438	274	-	15,134	(3,566)
PO&M- Pecém Operação e Manutenção de Geração Elétrica S.A.	50.00%	2,700	-	76	2,040	584	(516)
Seival Participações S.A.	99.90%	-	49,730	14	11,178	38,538	(13)
UTE Parnaíba II Geração de Energia S.A.	100.00%	419	22,428	41	22,805	1	-

	12/31/2010						
(Direct) subsidiaries	**Equity interest in %**	**Current assets**	**Noncurrent assets**	**Current liabilities**	**Noncurrent liabilities**	**Shareholder's' equity**	**Net Income**
Porto do Pecém Geração de Energia S.A.	50.00%	69,488	1,245,279	113,616	964,900	236,251	(41,405)
MPX Pecém II Geração de Energia S.A.	99.70%	144,436	900,684	70,888	784,863	189,369	(33,791)
UTE Porto do Itaqui Geração de Energia S.A.	100.00%	46,859	1,423,432	109,076	995,677	365,538	(33,660)
Amapari Energia S.A.	51.00%	16,082	104,205	28,629	9,918	81,740	183
UTE Porto do Açu Energia S.A.	100.00%	310	44,744	728	5,030	39,296	(9,802)
Seival Sul Mineração Ltda.	70.00%	219	4,217	9	665	3,762	(629)
UTE MPX Sul Energia Ltda.	99.90%	545	12,030	1,632	-	10,943	(4,534)
MPX Comercializadora de Energia Ltda.	99.90%	15,660	1,407	5,884	-	11,183	158
MPX Energia de Chile Ltda.	99.73%	4,756	10,491	1,371	-	13,876	(8,507)
MPX Austria GmbH	100.00%	-	43,378	-	-	43,378	(35,126)
MPX Tauá Energia Solar Ltda.	99.90%	250	4,669	92	4,595	232	(520)
MPX Comercializadora de Combustíveis Ltda.	99.90%	138,563	49,366	146,140	44,237	(2,448)	14,197
Termopantanal Participações Ltda.	66.67%	4	369	1	2,712	(2,340)	3,925
UTE Parnaíba Geração de Energia Ltda.	70.00%	2,588	6,723	404	1,080	7,827	(1,537)
Nova-Sistemas de Energia Ltda.	99.99%	-	2,425	-	-	2,425	-
Porto do Pecém Transportadora de Minérios S.A.	50.00%	-	-	-	-	1	-

The balance of investments breaks down as follows:

		Parent Company		Consolidated	
		12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Direct subsidiaries					
Porto do Pecém Geração de Energia S.A.		367,565	267,995	-	-
MPX Pecém II Geração de Energia S.A.		376,189	188,803	-	-
UTE Porto do Itaqui Geração de Energia S.A.		428,477	365,537	-	-
Goodwill based on future profits		15,470	15,470	-	-
Amapari Energia S.A.		50,313	41,687	-	-
UTE Porto do Açu Energia S.A.		36,923	39,295	-	-
Seival Sul Mineração Ltda.		3,278	2,633	-	-
UTE MPX Sul Energia Ltda.		9,401	10,931	-	-
MPX Comercializadora de Energia Ltda.		19,122	11,172	-	-
MPX Energia de Chile Ltda.	**(e)**	-	13,838	-	-
Termopantanal Participações Ltda.	**(e)**	-	-	-	-
MPX Áustria GmbH		3,919	43,378	-	-
MPX Solar Empreendimentos Ltda.		8,004	232	-	-
Porto do Pecém Transportadora de Minérios S.A.		526	1	-	-
MPX Comercializadora de Combustíveis Ltda.		9,285	246	-	-
OGX Maranhão	**(f)**	54,467	26,240	54,466	26,240
UTE Parnaíba Geração de Energia Ltda.		107,231	5,478	-	-
Nova - Sistemas de Energia Ltda.		2,425	2,425	-	-
OGMP Transporte Aéreo Ltda.	**(a)**	7,567	-	-	-
PO&M- Pecém Operação e Manutenção de Geração Elétrica S.A	**(b)**	292	-	-	-
Seival Participações S.A.	**(c)**	38,507	-	-	-
UTE Parnaíba II Geração de Energia S.A.		1		-	
Advance for future acquisition of an investment	**(d)**	-	24,219	1,276	24,219
		1,538,331	1,059,580	55,742	50,459

(a) Founded on April 06, 2011, the company's core business is to acquire aircraft to operate passenger, cargo and mailbag transportation services as an air taxi, including offshore operations.

(b) Founded on May 30, 2011, the company's core business is to provide operating and maintenance services for electrical generation units.

(c) This company's shares were transferred to MPX Energia S.A. in June 2011. The company is the parent company of Usina Termelétrica Seival Ltda and was founded to produce and sell electricity, fertilizer and derived products, in addition to coal byproducts, as mentioned in note 14.

(d) In June 2011 MPX Energia S.A entered into a Commitment to acquire 660MW from ventures of Bertin Group to acquire the companies UTE MC2 Joinville S.A and UTE MC2 João Neiva S.A ("ventures"), which hold permits to build liquefied gas thermal power plants. The audit of the ventures was completed and the concession acquisition contracts signed on September 02, 2011. As provided for in the Commitment, MPX Energia S.A. opted only to acquire the concessions and energy sale agreements (CCEARs) held by the ventures. The balance paid as an advance for future investment acquisition was accordingly transferred to intangible assets, as an acquisition of concessions, as per note 16.

(e) As of December 31, 2011 the balance of the investment with the subsidiaries MPX Energia de Chile Ltda. and Termopantanal Participações Ltda. was classified under unsecured liabilities in the noncurrent liabilities, due to the fact these companies had negative equity.

(f) On September 08, 2011 the associated company OGX Maranhão Petróleo e Gás S.A. acquired a 50% interest in the PN-T-102 onshore exploration block in the Parnaíba basin, in downstate Maranhão. The acquisition has been approved by the National Petroleum Agency (ANP) and OGX Maranhão is analyzing the reimbursable costs.

c. Change in investment

Direct subsidiaries	%	Balance at 12/31/2010	Capital contribution	Equity income	Dividends	Exchange Variance	Equity valuation adjustment	Balance at 12/31/2011
Porto do Pecém Geração de Energia S.A.	50.00%	267,995	187,967	(35,820)	-	-	(52,577)	367,565
MPX Pecém II Geração de Energia S.A.	99.70%	188,803	217,480	(30,094)	-	-	-	376,189
UTE Porto do Itaqui Geração de Energia S.A.	100.00%	365,537	136,262	(73,322)	-	-	-	428,477
Goodwill based on future profits		15,470	-	-	-	-	-	15,470
Amapari Energia S.A.	51.00%	41,687	-	10,988	(2,362)	-	-	50,313
UTE Porto do Açu Energia S.A.	100.00%	39,295	-	(3,002)	-	-	-	36,293
Seival Sul Mineração Ltda.	70.00%	2,633	1,238	(593)	-	-	-	3,278
UTE MPX Sul Energia Ltda.	99.90%	10,931	-	(1,530)	-	-	-	9,401
MPX Comercializadora de Energia Ltda.	99.90%	11,172	5,583	2,367	-	-	-	19,122

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

Direct subsidiaries	%	Balance at 12/31/2010	Capital contribution	Equity income	Dividends	Exchange Variance	Equity valuation adjustment	Balance at 12/31/2011
MPX Energia de Chile Ltda.	99.70%	13,838	(13,838)	-	-	-	-	-
MPX Áustria GmbH	100.00%	43,377	35,412	(56,653)	-	(18,217)	-	3,919
MPX Solar Empreendimentos Ltda.	99.90%	232	8,834	(1,062)	-	-	-	8,004
Porto do Pecém Transportadora de Minérios S.A.	50.00%	1	600	(75)	-	-	-	526
MPX Comercializadora de Combustíveis Ltda.	99.90%	246	678	8,361	-	-	-	9,285
OGX Maranhão Petróleo e Gás Ltda.	33.30%	26,240	57,534	(27,722)	-	-	(1,585)	54,467
UTE Parnaíba Geração de Energia S.A.	70.00%	5,479	109,998	(8,246)	-	-	-	107,231
Nova - Sistemas de Energia Ltda.	99.90%	2,425	-	-	-	-	-	2,425
Pecém Operação Manutenção e Operação S.A.	50.00%	-	551	(258)	-	-	-	292
OGMP Transporte Aereo Ltda.	50.00%	-	9,350	(1,783)	-	-	-	7,567
Seival Participações S.A.	99.90%	-	38,520	(14)	-	-	-	38,506
UTE Parnaíba II	100.00%	-	1	(0)	-	-	-	1
Advance for future acquisition of an investment		24,219	(24,219)	-	-	-	-	-
		1,059,580	771,951	(218,459)	(2,362)	(18,217)	(54,162)	1,538,331

Direct subsidiaries	Balance at 12/31/2009	Capital contribution	Equity income	Exchange variance	Equity valuation Adjustments	Balance at 12/31/2010
Porto do Pecém Geração de Energia S.A.	217,666	51,440	(1,328)	-	217	267,995
MPX Pecém II Geração de Energia S.A.	63,307	156,508	(31,012)	-	-	188,803
UTE Porto do Itaqui Geração de Energia S.A.	263,155	126,000	(23,618)		-	365,537
Goodwill based on future profits	15,470	-	-	-	-	15,470
Amapari Energia S.A.	63,712	-	(22,025)	-	-	41,687
UTE Porto do Açu Energia S.A.	67,152	-	(27,857)	-	-	39,295
Seival Sul Mineração Ltda.	2,964	109	(440)	-	-	2,633
UTE MPX Sul Energia Ltda.	1,779	13,715	(4,563)	-	-	10,931
MPX Comercializadora de Energia Ltda.	11,015	-	157	-	-	11,172
MPX Energia do Chile Ltda.	13,763	9,427	(8,281)	(1,071)	-	13,838
MPX Áustria GmbH	35,734	40,250	(36,837)	4,230	-	43,377
MPX Solar Empreendimentos Ltda.	307	445	(520)	-	-	232
Porto do Pecém Transportadora de Minérios S.A.	1	-	-	-	-	1
MPX Comercializadora de Combustíveis Ltda.	1	245	-	-	-	246
Termopantanal Participações Ltda.	6,075	-	(6,075)	-	-	-
OGX Maranhão Petróleo e Gás S.A.	-	38,359	(12,119)	-	-	26,240
UTE Parnaíba Geração de Energia Ltda.	-	6,555	(1,076)	-	-	5,479
Nova - Sistemas de Energia Ltda.	560	1,865	-	-	-	2,425
Advance for future acquisition of an investment	-	24,219	-	-	-	24,219
	762,661	469,137	(175,594)	3,159	217	1,059,580

At the end of the financial year ended December 31, 2011 the investees Amapari Energia S.A., Porto do Pecém Energia S.A., MPX Comercializadora de Energia Ltda. and MPX Comercializadora de Combustível Ltda., allocated net income for the year as follows:

d. Special reserve for dividends

The subsidiary Comercializadora de Energia Ltda. and the joint subsidiary Porto de Pecém Geração de Energia Ltda. recorded net income in the financial year ended December 31, 2011, and did not pay out dividends that year due to the creation of the Special Reserve for the minimum dividend not distributed, pursuant to article 202 (4,5) of Law 6404/76, consisting of 20% of the adjusted net income, equal to R$ 36,785.

e. Legal Reserve

The subsidiaries Amapari Energia S.A., Porto do Pecém Geração de Energia S.A. , MPX Comercializadora de Energia Ltda. and MPX Comercializadora de Combustível Ltda. recorded net income in the financial year ended December 31, 2011, using it to create the Legal Reserve, in accordance with Article 193 of Law 6404/76, which should be allocated 5% of the net income for the year, equal to R$ 3,187. The Company is obliged to create this reserve until 20% of the share capital has been reached. The legal reserve can only be used to offset losses and increase share capital in accordance with article 189 (sole paragraph) of Law 6404/76.

f. Tax Incentive Reserve

Pursuant to Supplementary Law 124/2007 and by using the powers vested in it by article 21 (VI) of Decree 6218/2007 the subsidiary Amapari Energia S.A. used Report 078/2010 to reduce the income tax and surcharges by 75%, calculated on operating profit. In the financial year ended December 31, 2011 a capital reserve was accordingly made of R$ 4,718 (R$ 127 as of December 31, 2010).

g. Reserve for additional proposed dividends

On March 5, 2012 the general meeting of the subsidiary Amapari Energia S.A. approved the creation of the additional proposed dividend reserve for the financial year ended December 31, 2011, with R$ 8,103 being classified under shareholders' equity as an additional proposed dividend, in accordance with the interpretation issued by the Accounting Pronouncements Committee - ICPC nº 8.

h. Dividends

The subsidiary Amapari Energia S.A. recorded net income in the financial year ended December 31, 2011. The executive board submitted a proposal to pay out the minimum mandatory dividends, at the rate of 25% of the adjusted net income, or R$ 2,362.

14 Property, plant and equipment

a. Breakdown of balances

Consolidated

	Land	Buildings, Civil Works and Improvements	Machinery and Equipment	Equipment of IT	Vehicles	Furniture and Fixtures	Gas pipeline	Provision for impairment	Assets retirement obligation	PP&E in progress	Total
Cost											
Balance at January 01, 2010	-	7,130	77,388	1,696	517	2,722	12,169	(12,169)	3,282	1,848,469	1,941,204
Additions	2,634	413	1,644	1,158	202	314	-	-	168	1,571,763	1,578,296
Write-offs	-	-	-	(30)	-	(12)	-	-	-	(36,835)	(36,877)
Transfers	6	345	(211)	(135)	-	(12)	-	-	-	7	-
Balance at December 31, 2010	2,640	7,888	78,821	2,689	719	3,012	12,169	(12,169)	3,450	3,383,404	3,482,623
Balance at January 01, 2011	2,640	7,888	78,821	2,689	719	3,012	12,169	(12,169)	3,450	3,383,404	3,482,623
Additions	41,339	1,735	6,098	727	8,205	3,577	-	-	246	1,865,696	1,927,623
Write-offs	-	(3)	(499)	-	(73)	(54)	-	-	-	(192)	(821)
Transfers	440	11,724	2,905	5	-	266	-	-	-	(15,340)	-
Balance at December 31, 2011	44,419	21,344	87,325	3,421	8,851	6,801	12,169	(12,169)	3,696	5,233,568	5,409,425
Depreciation											
Balance at January 01, 2010	-	(185)	(3,864)	(518)	(70)	(515)	-	-	-	-	(5,152)
Additions	-	(169)	(3,827)	(388)	(133)	(275)	-	-	-	-	(4,792)
Write-offs	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2010	-	(354)	(7,691)	(906)	(203)	(790)	-	-	-	-	(9,944)
Balance at January 01, 2011	-	(354)	(7,691)	(906)	(203)	(790)	-	-	-	-	(9,944)
Additions	-	(477)	(4,178)	(569)	(150)	(298)	-	-	-	-	(5,672)
Write-offs	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2011	-	(831)	(11,869)	(1,475)	(353)	(1,088)	-	-	-	-	(15,616)
Book Value											
At January 01, 2010	-	6,945	73,524	1,178	447	2,207	12,169	(12,169)	3,282	1,848,469	1,936,052
As of December 31, 2010	2,640	7,534	71,130	1,783	516	2,222	12,169	(12,169)	3,450	3,383,404	3,472,679
At December 31, 2011	44,419	20,513	75,456	1,946	8,498	5,713	12,169	(12,169)	3,696	5,233,568	5,393,809

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

Parent Company

	Land	Buildings, Civil Works Improvements	Machinery and Equipment	IT Equipment	Vehicles	Furniture and Fixtures	PP&E in progress	Total
Cost								
Balance at January 01, 2010	-	1,169	344	1,271	-	1,853	21,736	26,373
Additions	-	-	1,066	585	-	28	14,911	16,590
Write-offs	-	-	-	(89)	-	-	(27,529)	(27,618)
Transfers	-	(1)	(288)	(38)		4	323	-
Balance at December 31, 2010	-	1,168	1,122	1,729	-	1,885	9,441	15,345
Balance at January 01, 2011	-	1,168	1,122	1,729	-	1,885	9,442	15,346
Additions	-	1,303	470	398	-	1,548	4,847	8,566
Write-offs	-	(2)	-	-	-	-		(2)
Transfers	-	5,830	(243)	-	-	84	(5,671)	-
Balance at December 31, 2011	-	8,299	1,349	2,127	-	3,517	8,618	23,910
Depreciation								
Balance at January 01, 2010	-	(75)	(17)	(456)	-	(458)	-	(1,006)
Additions	-	(38)	(4)	(230)	-	(210)	-	(482)
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance at December 31, 2010	-	(113)	(21)	(686)	-	(668)	-	(1,488)
Balance at January 01, 2011	-	(113)	(21)	(686)	-	(668)	-	(1,488)
Additions		(59)	(55)	(400)		(267)		(781)
Write-offs								-
Transfers								-
Balance at December 31, 2011	-	(172)	(76)	(1,086)	-	(935)	-	(2,269)
Book Value At January 01, 2010	-	1,094	327	815	-	1,395	21,736	25,367
As of December 31, 2010	-	1,055	1,101	1,043	-	1,217	9,441	13,857
At December 31, 2011	-	8,127	1,273	1,041	-	2,582	8,618	21,641

Machinery and equipment

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.

Asset retirement obligation

Mainly refers to the provision for asset retirement expenses at the end of the energy generation contract of Porto do Pecém Geração de Energia S.A. and MPX Pecém II Geração de Energia S.A. The provision is initially made by recording a long-term liability charged to the item of the corresponding asset. The long-term liability is restated and charged to net income for the year, in financial expenses.

The estimated amounts to make the provision are based on the term of the energy generation agreement and have been restated stated based on expected long-term inflation (4.50% per annum) and subsequently discounted at the adjusted risk-free discount rate of 9.00%.

Land

On May 31, 2011 MPX Colômbia S.A. acquired the entire share capital of the company Kebiny S.A. for Cop$ 25,759,623,066 (equal to R$ 22,701 in December 2011). This company owns the Bello Horizonte site, where it intends to develop a strategic site for implementing the port in Colombia. The Company did not classify the transaction as a business combination but rather as an asset acquisition as Kebiny owns the property on which the strategic site for the implementation of this port will be developed. Under this acquisition advances were made of R$ 21,892, which had been recorded under intangible assets but were reclassified to land in June. Advances of R$ 19,447 of R$ 19,447 were also made to acquire strategic areas to develop the port in the province of La Guajira. This venture is an integral part of the logistical solution for its integrated mining system in Colombia.

Capitalized interest

The costs of consolidated loans capitalized under the property, plant and equipment in progress amounted to R$ 468,175 as of December 31, 2011, restated by the interest rate at the subsidiaries UTE Porto do Açu, Porto do Pecém, Porto do Itaqui e MPX Pecém II, as follows:

	UTE Porto do Açu	UTE Parnaíba	Porto do Pecém	Porto do Itaqui	MPX Pecém II	Total
Interest and exchange variance on capitalized interest	5,449	9,081	116,491	205,369	131,785	468,175
Interest Rate	13.68%	10.92%	7.68%	9.32%	8.43%	

Property, plant and equipment in progress

Mainly refers to expenses incurred on advances made for reserves and equipment acquisitions to build the thermal power plants of the companies Porto do Pecém Geração de Energia S.A., MPX Pecém II Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia S.A., guaranteed by bank guarantees of R$ 324,240. The balances have been recorded under "property, plant and equipment in progress" and will be transferred to "property, plant and equipment in service" when operations start. These subsidiaries and MABE Construção e Administração de Projetos Ltda. 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 2011, if MABE Construção e Administração de Projetos Ltda. presents bank guarantees. It should be noted that it is not known when this withheld portion of the advance will be applied in the construction of the plant. As of December 31, 2011 the total guarantees retained by the subsidiaries amount to R$ 180,497 (R$ 183,958 as of December 31, 2010) and have been recorded under the respective subsidiaries' current liabilities and presented in the consolidated financial statements under “Contractual retentions”.

The property, plant and equipment in progress of MPX Energia S.A. basically consists of expenses incurred on environmental licensing and development project studies, such as UTE Porto do Pecém I e II, UTE Porto do Itaqui, MPX Colômbia,UTE Porto do Açu and UTE MPX Sul amongst others and advances for the acquisition of equipment for the plant Porto do Pecém Geração de Energia S.A. The balances have been recorded under "property, plant and equipment in progress" and will be transferred to "property, plant and equipment in service" when operations start.

The labor costs of workers directly allocated to the construction of the 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 S.A., which amounts to R$ 22,339 as of December 31, 2011, is being capitalized.

15 Business combinations

In July 2010 MPX Energia S.A. acquired a 99.99% equity interest in the company Nova - Sistemas de Energia Ltda. for R$ 2,425. The Company will provide services entailing the development and implementation of renewable energy management systems.

In June 2011 MPX Energia S.A. obtained the share control of the company Seival Participações S.A., by acquiring an 99.99% equity interest for R$ 38,523. This company is the parent company of Usina Termelétrica Seival Ltda and was founded to produce and sell electricity, fertilizer and derived products, in addition to coal byproducts.

Goodwill

No goodwill was recognized in the acquisitions of Nova Sistemas de Energia Ltda. and Seival Participações S.A. as shown below:

	Nova Sistemas	Seival Participações
Payment made	2,425	38,523
(-) Fair value of the net assets/liabilities		
Property, plant and equipment	(2,425)	(49,730)
Deferred liabilities	-	11,178
Non-controlling shareholders´ interests	-	(29)
(=) Goodwill from the business combination	-	-

The Company recorded this transaction based on its best understanding of the application of the accounting practices adopted in Brazil and international accounting standards.

We point out that the measurement period for business combinations under the acquisition of Nova Sistema de Energia Ltda. ended in July 2011, and the position stated above has not changed. As regards Seival Participações S.A., this period ends when we obtain information about facts and circumstances existing at the acquisition date, which may not exceed one year from June 2011.

MPX Energia S.A. has expanded its business plan by acquiring these companies.

16 Intangible assets

a. Breakdown of balances

Consolidated

	Software Licenses	Coal mining rights	Mining rights options	Mining studies	Goodwill on investments	Concessions and CCEARs	Rights of usage	Total
Cost								
Balance at January 01, 2010	1,584	10,078	-	-	15,470	-	9,642	36,774
Additions	933	42,343	3,825	11,931	-	-	2,107	61,139
Write-offs	-	(7,562)	(1,170)	-	-	-	(5)	(8,737)
Transfers	-	(2,075)	(206)	2,281	-	-	-	-
Balance at December 31, 2010	2,517	42,784	2,449	14,212	15,470	-	11,744	89,176
Balance at January 01, 2011	2,517	42,784	2,449	14,212	15,470	-	11,744	89,176
Additions	2,273	5,876	-	15,275	-	183,501	63	206,988
Write-offs	(4)	(23,555)	-	(2,941)	-	-	(759)	(27,259)
Transfers	(142)	-	-	-	-	-	142	-
Balance at December 31, 2011	4,644	25,105	2,449	26,546	15,470	183,501	11,190	268,905
Depreciation								
Balance at January 01, 2010	(282)	-	-	-	-	-	-	(282)
Additions	(371)	-	-	-	-	-	-	(371)
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance at December 31, 2010	(653)	-	-	-	-	-	-	(653)
Balance at January 01, 2011	(653)	-	-	-	-	-	-	(653)
Additions	(636)	-	-	-	-	-	-	(636)
Write-offs	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Balance at December 31, 2011	(1,289)	-	-	-	-	-	-	(1,289)
Book Value								
At January 01, 2010	1,302	10,078	-	-	15,470	-	9,642	36,492
As of December 31, 2010	1,864	42,784	2,449	14,212	15,470	-	11,744	88,523
At December 31, 2011	3,355	25,105	2,449	26,546	15,470	183,501	11,190	267,616

Parent Company

	Software licenses
Cost	
Balance at January 01, 2010	609
Additions	589
Write-offs	-
Transfers	-
Balance at December 31, 2010	1,198
Balance at January 01, 2011	1,198
Addition	1,203
Write-offs	-
Transfers	-
Balance at December 31, 2011	2,401
Amortization	
Balance at January 01, 2010	(143)
Additions	(182)
Write-offs	-
Transfers	-
Balance at December 31, 2010	(325)
Balance at January 01, 2011	(325)
Additions	(337)
Write-offs	-
Transfers	-
Balance at December 31, 2011	(662)

	Software licenses
Book value	
At January 01, 2010	466
As of December 31, 2010	873
At December 31, 2011	1,739

Coal Mining Rights

In June 2011 we reclassified the advances to acquire the Bello Horizonte area to property, plant and equipment, as described in note 14.

Mining studies

The implementation of the mining projects initially focuses on bringing the opencast mines in Cañaverales and Papayal into operation. Based on the exploration campaign conducted in 2010, MPX Colômbia S.A. initiated its construction and works plan (PTO) at the Cañaverales and Papayal mines, which contains all the information about the mine project, such as mining plans, maps, facilities, quantification of mine equipment fleets and total project area, etc.

In 2010 the Company developed the studies required to obtain the license for the aforesaid mining projects. MPX Colômbia S.A accordingly carried out the environmental impact studies (EIA) for the Cañaverales and Papayal mines, which were registered in the third quarter of 2010.

In the 1st quarter of 2011 the Company procured a logistical solution for its integrated mining solution and the environmental impact studies (EIAs) will be submitted until the permanent environmental license has been obtained.

Concessions and CCEARs

Following ANEEL approval, in September 2011 MPX Energia S.A entered into a 15-year concession acquisition agreement with Grupo Bertin Energia e Participações S.A. to acquire the concessions awarded by ANEEL for the thermal power plants (UTEs) MC2 João Neiva and MC2 Joinville (subsidiaries of Bertin Energia e Participações S.A), to be set up as independent energy producers. This document also determines the assignment of the energy sale agreements (CCEARs) of the UTEs to MPX Energia S.A.

The MC2 João Neiva and MC2 Joinville UTEs were procured at the A-5 03/2008- ANEEL auction held on September 30, 2008, which ratified the supply of an average 225 MW to each distribution company, with an authorization term of 35 years.

The transaction's closure document ("closure") dated September 02, 2011 assigns two additional assignment payment clauses, conditional on: (i) ANEEL authorization, without encumbrance or restrictions, to increase the physical energy guarantee by up to an average 72.7 MW for each venture. If MPX Energia S.A. obtains permission, it will owe an amount to the UTEs in proportion to the increase in the physical guarantee up to a maximum of R$ 83 million, with 50% going to each of them as an additional assignment price and (ii) When ANEEL has awarded permission, with no cost or restrictions, to change the “i” factor and the "Other Variable Costs" (defined in article 3 (II) of MME Ordinance 42 issued 3/1/2007) of the Ventures, MPX Energia S.A. shall pay each of the UTEs in the same proportion the value of the taxes declared and recognized in the UTEs' financial statements as due. This amount is limited to R$ 61.2 million or the value of the benefit obtained by MPX Energia S.A. as a result of changing the “i” factor and the "Other Variable Costs" of the Ventures.

Both covenants have a term of 18 months commencing September 2, 2011, which is the operation's closure date.

MPX Energia S.A. and its subsidiary UTE Parnaíba Geração de Energia S.A. ("UTE Parnaíba") signed a rights and obligations assignment agreement for the concessions acquired from Grupo Bertin Energia e Participações S.A. This agreement involves the free assignment to UTE Parnaíba of all the rights and obligations deriving from the concessions purchase agreement.

This rights and obligations assignment between MPX Energia S.A. and UTE Parnaíba is also subject to two covenants, as follows: (i) ANEEL permission to implement the (UTEs MC2 João Neiva and MC2 Joinville) ventures in the Termelétrico Parnaíba complex and (ii) changing the "i" factor and the "Other Variable Costs", as mentioned above.

The Company did not classify this transaction as a business combination, but rather an acquisition of assets as it is acquiring intangible assets that are awarded under concession and the sale contracts.

This acquisition consolidates the implementation of the Termelétrico Parnaíba complex, with an installed capacity of 1.5 GW and running on natural gas.

b. Goodwill on acquisition of investments

On October 14, 2008 MPX Energia S.A. acquired the entire capital of UTE Porto do Itaqui Geração de Energia S.A. 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, which is being presented under investments in the parent company's investment financial statements and under intangible assets in the consolidated financial statements. This goodwill is based on the expectation of future profitability and is not undergoing amortization.

Asset impairment analysis

The Company determined the recoverable value of the goodwill of UTE Porto do Itaqui Geração de Energia S.A. based on the present value of the future estimated cash flow.

The amounts allocated to the assumptions were evaluated by Management in respect of future trends in the electric sector, and are based on both external sources of information and historic data.

The cash flow was projected based on the Company's operating income and projections made up to the end of the permit (FY 2041), although it will be realized within five years, based on the main assumptions:

- Organic growth compatible with historic data and prospects for growth of the Brazilian economy, and
- Average discount rate obtained by the method usually used by the market, taking into account the average weighted cost of capital. The recoverable value of these assets exceeds their book value, meaning impairment losses have to be recognized.

Main assumptions used to project the discounted cash flows

The main assumptions used to calculate the recoverable value are the cash flow discount rates, perpetuity growth rates and the gross margin.

The main assumptions used to calculate the value in use as of December 31, 2011 were the following:

Gross margin	61% (R$ 17,263,126)
Growth rate	IPCA
Discount rate	12% p.a.

The main assumptions used to calculate the value in use as of December 31, 2010 were the following:

Gross margin	62% (R$ 18,080,581)
Growth rate	IPCA
Discount rate	12% p.a.

Discount rate

The discount rate is a post-tax rate and was estimated based on management experience for the assets of this reporting unit and the average weighted cost of capital of the industry in which this reporting unit operates, which is calculated based on a possible ratio between debt/shareholders' equity of 70/30 and a market interest rate of 5.23 %.

Growth rate for perpetuity

The growth rate expected for the investment is determined by the inflationary restatement permitted contractually, as the amounts of energy to be sold have been determined for a 15-year period, and the sale price thereof is restated by the IPCA price index. The company efficiently manages O&M costs and fuel consumption, in addition to fixed costs, in order to maximize its gains in the operational period.

c. Rights of usage

On June 15, 2009 the subsidiary UTE Porto do Itaqui Geração de Energia S.A. signed an instrument to use a right of way with the company Transnordestina Logística S.A. worth R$ 10,763 referring to the right to use the right of way in the section called Itaqui-Bacanga in the city of São Luís, Maranhão state, where the transmission line connecting the power station to the substation of Eletronorte will be installed. UTE Porto do Pecém Geração de Energia S.A. also has usage rights worth R$ 427.

17 Related-party transactions

The main balances of assets and liabilities as of December 31, 2011 and 2010 related to related-party transactions, as well as the transactions that influenced the income for the period, relate to transactions between the Company and its direct and indirect subsidiaries, affiliates and key management personnel, which were conducted at arm’s length.

a. Controlling Shareholder

The Company's share control is held by Mr. Eike Fuhrken Batista, who owns 67.7% of the common stock.

b. Managers

The Company is managed by a Board of Directors and an Executive Board, pursuant to the duties and powers vested by its Bylaws in accordance with corporate law.

c. Related companies

The Company's main affiliated companies are: EBX Investimentos Ltda., EBX Holding Ltda., OGX Petróleo e Gás Participações S.A., LLX Logística S.A., MMX Mineração e Metálicos S.A., OSX Brasil S.A., OMX operações Marítimas Ltda. and AVX Táxi Aéreo Ltda.

As of December 31, 2011 and 2010, the balances of assets, liabilities and effects on income of related-party transactions are as follows:

	Assets			
	Parent Company		**Consolidated**	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Amapari Energia S.A. **(a)**	-	9,918	-	-
Termopantanal Ltda. **(b)**	7,683	7,663	-	-
Termopantanal Ltda. **(b)**	(7,453)	(7,453)	-	-
Termopantanal Participações Ltda. **(b)**	457	445	-	-
MMX Chile S.A. **(c**)	-	-	999	3,263
EBX Holding Ltda. **(c)**	1,134	-	1,134	-
LLX Logística S.A. (d)	631	-	631	-
MPX Pecém II Geração de Energia S.A. **(e)**	332	256,864	-	-
MPX Comercializadora de Energia S.A. **(h)**	408	-	-	-
UTE Parnaíba Geração de Energia S.A. **(i)**	2,774	-	-	-

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	Assets			
	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
UTE Porto do Itaqui Geração de Energia S.A. **(j)**	1,399	-	-	-
Advances for future capital increases of subsidiaries **(k)**	162,758	10,270	-	-
MMX Mineração e Metálicos S/A (l)	579	-	579	-
OGX Petróleo e Gás S.A. (m)	229	-	229	-
OSX Brasil S.A (n)	222	-	222	-
UTE MPX Sul Energia S.A (o)	46	-	-	-
UTE Porto do Açú Energia S.A (p)	136	-	-	-
MPX Tauá Energia Solar Ltda. (q)	234	-	-	-
MPX Solar Empreendimentos Ltda (r.).	13	-	-	-
MPX Comercializadora de Combustível Ltda. (s)	355	-	-	-
Seival Participações S.A.(t)	14	-	-	-
Pecém Operação e Manutenção Elétrica S.A. (u)	680	-	-	-
UTE Parnaíba II Geração de Energia S.A. (v)	22,805	-	-	-
OMX Operações Marítimas Ltda.	-	-	4,642	-
	195,436	277,707	8,436	3,263
Current	-	-	-	-
Noncurrent	195,436	277,707	8,436	3,263

	Liabilities			
	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Amapari Energia S.A.	-	337	-	-
MMX Chile	-	-	3	-
EBX Investimentos Ltda./EBX Holding Ltda. **(c)**	3,195	379	3,397	649
LLX Açú Operações Portuárias S.A (d)	-	-	275	-
Petra Energia S.A. **(f)**	-	-	-	1,080
Copelmi Mineração Ltda. **(g)**	-	-	7	191

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	Liabilities			
	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
MPX Comercializadora de Energia Ltda.	725	1	-	-
Seival Participações Ltda.	2	1	-	-
EDP - Energias do Brasil	-	-	340	-
AVX	15	-	15	-
	3,937	718	4,037	1,920
Current	3,934	716	3,697	649
Noncurrent	3	2	340	1,271

	Results			
	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Amapari Energia S.A. **(a)**	714	2,229	-	-
Termopantanal Ltda. **(b)**	-	699	-	-
Termopantanal Participações Ltda. **(b)**	4	40	-	-
EBX Investimentos Ltda./EBX Holding Ltda. **(c)**	(23,914)	(13,139)	(28,201)	(15,368)
LLX Açu Operações Portuárias S.A. **(d)**	631	-	(2,573)	(12,505)
MPX Pecem II Geração de Energia S.A. **(e)**	4,945	13,002	-	-
Petra Energia S.A. **(f)**	69		-	
MPX Comercializadora de Energia S.A. **(h)**	(7,277)	-	-	-
UTE Parnaíba Geração de Energia S.A. **(i)**	9,622	-	-	-
UTE Porto do Itaqui Geração de Energia S.A **(j)**	4,248	-	-	-
MMX Mineração e Metálicos S.A.**(l)**	579	-	579	-
OGX Petróleo e Gás Ltda.**(m)**	554	-	554	-
OSX Brasil S.A. **(n)**	539	-	539	-
UTE MPX Sul Energia S.A **(o)**	46	-	-	-
UTE Porto do Açú Energia S.A **(p)**	136	-	-	-

	Results			
	Parent Company		Consolidated	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
MPX Tauá Energia Solar Ltda. **(q)**	234	-	-	-
MPX Solar Empreendimentos Ltda **(r.)**	12	-		-
MPX Comercializadora de Combustível Ltda **(s)**	355	-	-	-
Seival Participações S.A. **(t)**	14	-	-	-
Pecém Operação e Manutenção Elétrica S.A. **(u)**	6	-	-	-
Total	(8,483)	(2,831)	(29,102)	(27,873)

(a) Loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (140% of CDI) and with an unfixed term of maturity. The effect on profit and loss as of December 31, 2011 is R$ 714 (R$ 2,229 as of December 31, 2010). This contract was settled on September 16, 2011.

(b) Loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (101% of CDI) and with an unfixed term of maturity. The effect on profit and loss as of December 31, 2011 is R$ 4 (R$ 40 as of December 31, 2010). MPX Energia S.A. has made a provision of R$ 7,453 for the devaluation of its 66.67% investment in Termopantanal Participações Ltda.

(c) The Company and its subsidiaries also have operational and financial cost sharing agreements with the companies EBX Investimentos Ltda., EBX Holding S.A. and MMX Chile S.A., involving monthly collections made through trade notes paid according to understandings between the parties (average DPO of 30 to 60 days). The effect on profit and loss as of December 31, 2011 is R$ 28,201 (R$ 15,368 as of December 31, 2010).

(d) The balance consists of: (i) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 631. and (ii) Leasing contract for an area of 224.38 hectares, located in the area of Açu Port. The contract was between LLX Açu Operações Portuárias S.A., as lessor, and UTE Porto do Açu Energia S.A., as lessee. The original value of the contract is 0.34045 per m2 a month, it is denominated in Brazilian reais and has a term of after 35 years (renewable) from the date of the authorization to be awarded to the UTE or its parent company.

(e) Loan agreement with MPX Energia S.A. (lender) subject to monthly market interest (8.5% p.a. as stipulated in the financing agreement between MPX Energia S.A, Pecém II Geração de Energia S.A and BNB, where MPX is an intervening party). This contract was settled in May 2011. The effect on profit and loss as of December 31, 2011 is R$ 4,945 (R$ 13,002 as of December 31, 2010).

(f) The balance consists of: (i) Advance for future capital increase of UTE Parnaíba Geração de Energia S.A. related to the 30% interest held by Petra Energia S.A. in its share capital, amounting to R$ 41,669. This amount was paid in, thereby comprising the company's share capital, in December 2011, and (ii) Loan agreements entered into with Petra Energia S.A. (lender) subject to monthly market interest (125% of the CDI-Over rate) amounting to R$ 42,857 and R$ 7,348. The contracts were settled on the maturity dates of November 15, 2011 and December 31, 2011 respectively.

(g) Advance for future capital increase at Seival Sul Mineração de Energia S.A. related to the 30% interest held by Copelmi Mineração Ltda. in its share capital.

(h) The balance consists of: (a) Loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (120% of the CDI-Over rate) has been repaid in full. As of December 31, 2011 the effect on profit and loss is R$ 289. (ii) Operational and financial cost sharing agreements with MPX Energia S.A., involving monthly collections made through trade notes paid according to understandings between the parties (average DPO of 30 to 60 days). As of December 31, 2011 the effect on profit and loss was R$ 408. (iii) Expenses on refunding financial losses deriving from energy purchases and sales, amounting to R$ 7,974.

(i) The balance consists of: (i) Loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (120% of the CDI-Over rate) and maturing on April 29, 2011, when it was fully settled. As of December 31, 2011 the effect on profit and loss is R$ 377. (ii) Revenue from reimbursement of feasibility study costs. As of December 31, 2011 the effect on profit and loss is R$ 2774. (iii) Loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (125% of the CDI-Over rate) and maturing on December 30, 2011, which has been repaid; the effect on profit and loss is R$ 6,471.

(j) The balance consists of: (a) loan agreement executed with MPX Energia S.A. (lender) subject to monthly interest (125% of the DI-Over rate), repaid in December 2011. As of December 31, 2011 the effect on profit and loss is R$ 2,849. (ii) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 1,399.

(k) The Company reclassified the advances for future capital increase (AFACs) of its subsidiaries, which are irrevocable and irreversible. However, no fixed value has been defined for the number of shares in the capital increase, in contravention of CPC 38. The following AFACs are outstanding as of December 31, 2011 with the following companies:

Subsidiary	12/31/2011	12/31/2010
Porto do Açu Energia S.A.	10,360	5,030
Seival Sul Mineração Ltda.	-	475
MPX Sul Energia Ltda.	3,310	-
MPX Solar Empreendimentos Ltda.	250	4,595
Comercializadora de Combustíveis Ltda.	-	170
UTE Porto do Itaqui Geração de Energia S.A	148,837	-
	162,757	10,270

(l) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 579.

On September 12, 2011 MPX Energia S.A. and MMX Mineração e Metálicos S.A. concluded the negotiations for supplying electricity, totaling an average 200 MW, and signed the commitment to adopt an auto production structure, still pending payment of the respective authorizations from the National Electricity Regulatory Agency (ANEEL). The agreement secures an energy supply for 15 years, commencing May 2014.

(m) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 554.

(n) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 539.

(o) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 46.

(p) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 136.

(q) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 234.

(r) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 12.

(s) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 355.

(t) Revenue from reimbursement of project implementation costs. As of December 31, 2011 the effect on profit and loss is R$ 14.

(u) Loan agreement executed in December 2011 with MPX Energia S.A. (lender) subject to monthly interest (110% of CDI) and with a fixed term of maturity on July 27, 2012. As of December 31, 2011 the effect on profit and loss is R$ 6.

(v) Loan agreement executed in December 2011 with MPX Energia S.A. (lender) subject to monthly interest (125% of CDI) and with a fixed term of maturity on February 29, 2012. As of December 31, 2011 interest was being capitalized of R$ 346.

d. Remuneration of the Board of Directors and Executive Board

In accordance with Law 6404/1976 and the Company's bylaws, the shareholders shall establish the managers' overall annual remuneration at the General Meeting, where the Board of Directors shall distribute the amount amongst its members.

The annual remuneration of officers and the Board of Directors is presented below:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Immediate benefits:				
Salaries	4,626	5,319	10,480	5,654
Stock options granted	209,804	64,821	209,804	64,821
	214,430	70,140	220,284	70,475

See below the minimum, average and maximum individual annual remuneration of the Board of Directors and Officers, in R$:

	Consolidated					
	12/31/2011			12/31/2010		
	Minimum	**Average**	**Maximum**	**Minimum**	**Average**	**Maximum**
Board of Directors	5,000	58,613	180,000	38,000	57,167	89,000
Officers	698,570	796,211	1,100,458	371,808	628,932	988,782

Notes to the financial statements

(In thousands of reais, unless stated otherwise)

18 Loans and financing

As of December 31, 2011 and 2010 the loans borrowed from financial institutions break down as follows:

						Consolidated										
						12/31/2011						12/31/2010				
	Creditor		Currency	Interest rates	Maturity	Effective Rate	Transaction cost	Unappro-priated cost	Principal	Interest	Total	Transaction cost	Unappro-priated cost	Principal	Interest	Total
Itaqui	BNDES (Direct)	(a)	R$	TJLP+2.78%	6/15/2026	TJLP + 2.89%	11,204	11,087	868,996	3,256	861,165	10,387	10,342	564,442	14,239	568,339
Itaqui	BNB	(b)	R$	10.00%	12/15/2026	10.14%	2,948	2,917	202,755	861	200,699	3,445	3,338	187,204	708	184,574
Itaqui	BNDES (Indirect)	(c)	R$	UMIPCA+ TR BNDES+4.8%	6/15/2026	UMIPCA +TR BNDES + 4.95%	1,358	1,344	114,470	581	113,707	961	957	52,248	3,164	54,455
Itaqui	BNDES (Indirect)	(d)	R$	TJLP+4.8%	6/15/2026	TJLP + 4.94%	2,062	2,040	172,279	787	171,026	2,576	2,488	139,994	4,333	141,839
PecemI	BNDES (Direct)	(e)	R$	TJLP+2.77%	6/15/2026	TJLP + 3.15%	8,437	6,428	735,867	2,689	732,128	8,420	7,294	581,081	2,105	575,892
PecemI	IDB	(f)	USD	LIBOR+3.5%	5/15/2026	Libor + 4.54%	8,052	6,265	134,856	717	129,308	7,790	7,024	116,413	587	109,976
PecemI	IDB	(g)	USD	LIBOR+3.0%	5/15/2022	Libor + 3.82%	8,013	6,239	165,073	772	159,606	7,693	6,963	142,504	627	136,168
Colombia	Banco Santander	(h)	USD	LIBOR+2.0%	7/5/2012	-	-	-	45,957	639	46,596	-	-	40,061	508	40,569
PecemII	BNDES (Direct)	(i)	R$	TJLP+2.18%	6/15/2027	2.40%	7,803	7,316	579,717	2,029	574,430	7,470	7,441	443,043	1,442	437,044
PecemII	BNDES (Direct)	(j)	R$	UMIPCA+ TR BNDES+2.18%	6/15/2027	UMIPCA+ TR BNDES+2. 44%	1,740	1,660	117,886	11,749	127,975	1,631	1,629	89,884	1,793	90,048
MPX S/A	Banco Itaú BBA	(k)	R$	CDI +3.00%	6/18/2012	-	-	-	105,790	495	106,285	-	-	249,699	1,378	251,077
PecemII	BNB	(l)	R$	10.00%	1/31/2028	10.29%	4,139	4,007	235,000	3,826	234,819	-	-	-	-	-
Colombia	Banco de Bogotá	(m)	COP	DTF (TA)+1.2%	1/27/2012	-	-	-	44,849	821	45,670	-	-	-	-	-
Colombia	Banco HSBC	(n)	USD	LIBOR+2.0%	4/13/2012	-	-	-	67,004	8	67,012	-	-	-	-	-
Colombia	Banco de Bogotá	(o)	USD	LIBOR+2.0%	6/13/2012	-	-	-	46,895	709	47,604	-	-	-	-	-
Chile	Banco Credit Suisse	(p)	USD	8.13%	4/15/2015	-	-	-	28,137	536	28,673	-	-	-	-	-
Chile	Banco Credit Suisse	(q)	USD	8.00%	4/15/2015	-	-	-	18,758	358	19,116	-	-	-	-	-
Colombia	Banco de Bogotá	(r)	USD	LIBOR+3.5%	12/19/2012	-	-	-	46,895	67	46,962	-	-	-	-	-
Colombia	Banco HSBC	(s)	USD	LIBOR+3.5%	6/18/2012	-	-	-	28,137	37	28,174	-	-	-	-	-
Parnaíba	BRADESCO	(t)	R$	CDI +3.00%	6/26/2013	-	-	-	75,000	127	75,127	-	-	-	-	-
Parnaíba	Banco Itaú BBA	(u)	R$	CDI +3.00%	6/26/2013	-	-	-	125,000	212	125,212	-	-	-	-	-
Parnaíba	BNDES (Direct)	(v)	R$	TJLP+2.80%	9/17/2012	-	-	-	242,729	228	242,957	-	-	-	-	-
Parnaíba	BNDES (Direct)	(z)	R$	UMIPCA_M+TR BNDES+2.8%	3/15/2013	-	-	-	157,382	118	157,500	-	-	-	-	-
							55,756	49,303	4,359,432	31,622	4,341,751	50,373	47,476	2,606,573	30,884	2,589,981
Current								-	1,020,230	10,457	1,030,687		201	289,759	5,250	294,808
Noncurrent								49,303	3,339,202	21,165	3,311,064		47,275	2,316,814	25,634	2,295,173

(a) On December 15, 2011 the National Social and Economic Development Bank ("BNDES") released another part (R$ 55 million) of a long-term loan to UTE Porto do Itaqui Geração de Energia S.A., which in conjunction with the previous releases amounts to R$ 771 million. The loan incurs TJLP + 2.78% p.a, although the part of the facility to be used in social investments (BNDES Social), amounting to R$ 13.7 million, incurs TJLP only. The "BNDES Social" facility has a total term of 9 years, with 6 years repayment and a grace period of until July 2012. The financing facility has a term of 17 years, with 14 years repayment and a grace period on the principal of until July 2012. The interest on these loans will be capitalized during the construction phase.

(b) To top up the funding from the BNDES, UTE Porto do Itaqui Geração de Energia S.A took out a loan from BNB-FNE, worth a total R$ 203 million (nominal in R$), under which the last payment was released on July 28, 2011, completing the loan. The BNB loan has a total term of 17 years, with 14 years repayment and a grace period on the principal of until July 2012. It is charged interest of 10% p.a. The funding has a performance bonus (15%), which reduces the cost to 8.5% per annum.

(c) R$ 93 million of this indirect BNDES line has been released to UTE Porto do Itaqui Geração de Energia S.A, consisting of subcredits A, B, C and D, whose agents are the banks Bradesco and Votorantim This part of the loan, under which R$ 10 million is still outstanding under subcredit E, has a total term of 17 years, including 14 years of amortization and a grace period for interest and the principal of until July 2012. The loan incurs IPCA + BNDES Reference rate + 4.8% p.a. during the construction stage and IPCA + BNDES Reference rate + 5.30% during the operational stage. The interest on these loans will be capitalized during the construction phase.

(d) The entire subcredit F, of the loan mentioned in the previous item equal to R$ 141.8 million, has been passed through to UTE Porto do Itaqui Geração de Energia S.A. This part of the loan has a total term of 17 years, with 14 years repayment and a grace period on the principal and interest of until July 2012. The loan incurs TJLP + 4.80% p.a. during the construction stage and TJLP + 5.30% during the operational stage. The interest on these loans will be capitalized during the construction phase.

(e) On December 28, 2011 the National Social and Economic Development Bank ("BNDES") released another part (R$ 46.6 million) of a long-term loan to Porto do Pecém Geração de Energia S.A., which in conjunction with the previous releases amounts to R$ 1.28 billion. The BNDES financing agreement involves a total amount of R$ 1.4 billion (in nominal R$, excluding interest during the construction), with a total term of 17 years, including 14 years for amortization and a grace period for payment of interest and principal of until July 2012. The loan incurs LTIR + 2.77% p.a. The interest will be capitalized during the construction phase. The balances of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the 50% interest of EDP Energias do Brasil S.A.

(f) To top up the direct loan from the BNDES, Porto do Pecém Geração de Energia S.A has a direct loan from the Interamerican Development Bank - BID ("A loan"), worth a total USD 147 million, of which USD 143.78 million has been released thus far (equal to R$ 269,712 as of December 31, 2011). The A Loan has an annual cost of Libor + 3.5% and a total term of 17 years, with 14 years repayment and a grace period on the principal of until July 2012. The balances of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the 50% interest of EDP Energias do Brasil S.A.

(g) To top up the direct loan from the BNDES, Porto do Pecém Geração de Energia S.A has an indirect loan from the Interamerican Development Bank - BID ("B loan"), worth a total USD 180 million, of which USD 176 million has been released thus far (equal to R$ 330,146 as of December 31, 2011). The onlending banks are Grupo Banco Comercial Português, Calyon and Caixa Geral de Depósito. The B Loan has a total term of 13 years and a cost of 3.0%, with 10 years repayment and a grace period on the principal of until July 2012. The balances of the principal and interest stated in the table above refer to 50% of the original balances, and take into account the 50% interest of EDP Energias do Brasil S.A.

(h) On July 01, 2010 MPX Colômbia took out an offshore loan from Banco Santander Brasil, endorsed by the parent company. The loan is denominated in US dollars amounting to USD 24.5 million (equal to R$ 45,957 as of December 31, 2011), charged interest of Libor + 2% p.a. This interest on this contract was paid up to July 01, 2011, the original maturity date, and was renegotiated to July 05, 2012.

(i) On September 27, 2011 MPX Pecém II received a further release of R$ 40 million of subcredit A under the long-term financing agreement with the BNDES, which in addition to the other releases amounts to R$ 533.9 million of the R$ 564.5 million stipulated in this subcredit (in nominal R$, excluding interest during the construction). The subcredit has a total term of 17 years, with 14 years repayment and a grace period on the principal and interest of until July 2013. The loan incurs LTIR + 2.18% p.a.

(j) On November 16, 2011 UTE MPX Pecém II received over R$ 22 million, which in addition to the previous amount totals R$ 110.1 million, referring to subcredits E, F, G, H and I of the long-term financing contract with the BNDES mentioned in the item above. These subcredits amount to R$ 132 million and have a total term of 17 years, with 14 years repayment and a grace period on the principal and interest of until June 2014. The loan incurs IPCA + BNDES Reference rate + 2.18% p.a.

(k) On December 19, 2011 the parent company MPX Energia S.A. renegotiated the R$ 105.8 million of CCB (Bank Credit Notes) from Banco Itaú BBA S.A., paying all the interest due up to that date with the new maturity date changing to June 18, 2012, restated annually by the CDI rate plus interest of 3% per annum.

(l) To top up the funding from the BNDES, MPX Pecém II Geração de Energia S.A. took out a loan from BNB with FNE funding, worth a total R$ 250 (nominal in R$), of which R$ 25 million was disbursed on August 03, 2011, which in conjunction with the other releases amounts to R$ 235 million of the total facility. The BNB loan has a total term of 17 years, with quarterly interest and 14 years' repayment and a grace period on the principal of until February 2014. It is charged interest of 10% p.a. The funding has a performance bonus (15%), which reduces the cost to 8.5% per annum.

(m) On March 03, 2011 MPX Colômbia S.A took out an offshore loan from Banco de Bogotá, endorsed by the parent company. This loan is denominated in Colombian pesos amounting to COP 46.25 billion (or R$ 44,849 as of December 31, 2011), which incurs interest of DTF (TA) + 1.2% TA, maturing in 330 days. The DTF (TA) is the Colombian time deposit rate established by the country's Central Bank.

(n) On April 13, 2011 MPX Colômbia S.A took out an offshore loan from Banco HSBC, endorsed by the parent company. The loan is denominated in US dollars amounting to USD 35 million (equal to R$ 67,004 as of December 31, 2011), charged interest of Libor + 2% p.a. The interest will be paid monthly and the principal when the contract expires on April 13, 2012.

(o) On June 14, 2011 MPX Colômbia S.A took out an offshore loan from Banco de Bogotá. The loan is denominated in US dollars amounting to USD 25 million (equal to R$ 46,895 as of December 31, 2011), charged interest of Libor + 2% p.a. Principal and interest will be paid when the contract expires on June 13, 2012.

(p) On April 13, 2011 MPX Chile Holding Ltda. took out an offshore loan from Banco Credit Suisse, endorsed by the parent company. The loan is denominated in US dollars amounting to USD 15 million (equal to R$ 28,137 as of December 31, 2011), charged fixed annual interest of Libor + 8.13%. The principal and interest will be paid semi-annually, with a grace period for the principal of until April 15, 2013 and the contract expiring on April 15, 2015.

(q) On June 29, 2011 MPX Chile Holding Ltda. took out an offshore loan from Banco Credit Suisse, endorsed by the parent company. The loan is denominated in US dollars amounting to USD 10 million (equal to R$ 18,758 as of December 31, 2011), charged fixed annual interest of Libor + 8%. The principal and interest will be paid semi-annually, with a grace period for the principal of until April 15, 2013 and the contract expiring on April 15, 2015.

(r) On August 17, 2011 MPX Colômbia S.A took out an offshore loan from Banco de Bogotá. The loan is denominated in US dollars amounting to USD 25 million (equal to R$ 46,895 as of December 31, 2011). This loan was renegotiated on December 19, 2011 and extended until December 19, 2012, incurring Libor interest + 3.5% p.a. and maintaining the payment of principal and interest until the end of the agreement. The interest due until the renegotiation date has been fully paid.

(s) On December 20, 2011 MPX Colômbia S.A took out an offshore loan from Banco HSBC, endorsed by the parent company. The loan is denominated in US dollars amounting to USD 15 million (equal to R$ 28,137 as of December 31, 2011), charged interest of Libor + 3.5% p.a. Principal and interest will be paid when the contract expires on June 18, 2012. This new facility was used to settle the previous facility of the same amount on December 21, 2011.

(t) On December 27, 2011 UTE Parnaíba Geração de Energia S.A. borrowed R$ 75 million under a CCB loan (Bank Credit Note) with BRADESCO, which was endorsed by the parent company. Taken out to finance the construction of thermoelectric power plants Maranhão IV and V, this loan incurs annual interest of the CDI rate + 3% and matures on June 26, 2013, whereupon the principal and interest is due.

(u) On December 27, 2011 UTE Parnaíba Geração de Energia S.A. borrowed R$ 125 million under a CCB loan (Bank Credit Note) with Banco Itaú BBA, which was endorsed by the parent company. Taken out to finance the construction of thermoelectric power plants Maranhão IV and V, this loan incurs annual interest of the CDI rate + 3% and matures on June 26, 2013, whereupon the principal and interest is due.

(v) UTE Parnaíba Geração de Energia S.A. received R$ 242.7 million on December 28, 2011 as subcredit C of the bridge loan from BNDES, which was the full amount of this credit (in nominal R$, excluding interest during capitalization). The interest of this credit will be capitalized quarterly and paid in conjunction with the principal on September 17, 2012. The loan incurs LTIR + 2.8% p.a.

(w) On December 28, 2011 UTE Parnaíba Geração de Energia S.A. received R$ 157.3 million referring to subcredits A and B of the bridge loan with the BNDES mentioned in the item above. Principal and interest will be paid when the contract expires on March 15, 2013. The loan incurs IPCA + BNDES Reference rate + 2.8% p.a.

Financial covenants

Creditors involved in financial contracts use financial covenants in a number of debt contracts to monitor the Company and its investees' financial situation.

The financing contracts relating to the ventures Porto do Pecém Transportadora de Minérios S.A., MPX Pecém II Geração de Energia S.A. and UTE Porto do Itaqui Geração de Energia S.A. have minimum debt service coverage indexes that measure the payment capacity of the financial expense in relation to EBITDA.

All the financial covenants were being performed as of December 31, 2011.

Non-financial covenants

A number of financing contracts also have nonfinancial covenants, which are usual for the market and have been summarized below. As of December 31, 2011 all these covenants were being performed.

- Obligation to periodically submit financial statements to creditors
- Creditor rights to inspect and visit facilities
- Obligation to keep up with tax, social security and payroll obligations
- Obligation to maintain materially important contracts for its operations in force
- Comply with environmental legislation and keep any operating licenses necessary in force
- Contractual restrictions on related-party transactions and sales of assets outside the normal course of business
- Restrictions on the change of share control, corporate restructuring and material changes to the core activities and articles of association of the borrowers, and
- Restrictions on debt ratios and the procurement of new debt

The portions of the loans and financing classified in non-current liabilities as of December 31, 2011 have the following payment schedule:

Maturity	Consolidated
2013	552,994
2014	242,027
2015 to final maturity	2,516,042
	3,311,063

19 Debentures

On June 15, 2011 MPX Energia S.A. issued 21,735,744 debentures for a unit price of R$ 63.00, amounting to R$ 1.376 billion. All of the debentures had been subscribed as of December 31, 2011. These debentures are book-entered, nominative and convertible into common shares of the company, and are therefore classified as a hybrid contract (combined). The maturity is 3 years culminating on June 15, 2014, and will be restated by the IPCA price index plus a compensation rate of 4% a year. The yield is payable annually from June 15, 2012.

As components of the hybrid contract there are two embedded derivatives, which also include a nondirective principal contract. The derivatives in the contract are option based , and management therefore decided to separate the derivative financial instruments from the main contract in accordance with the terms of each option. The nondirective principal contract is classified under loans and receivables and subsequently measured at amortized cost. The initial amount recorded of the principal instrument is the residual value after each embedded derivative has been separated.

The segregated derivative financial instruments are:

a. A plain vanilla call option (“CALL”) in which each debenture can be converted separately at the discretion of its holder, and at any moment by the debenture holders until the maturity of the debentures, by submitting a conversion request to the issuer for a number of common shares of the Company resulting from the division of the restated nominal value, on the debentures conversion date, and the fixed price of R$ 43.00 ("price of the call option") per share.

b. Put option (“PUT”) with barrier in which the conditions for conversion at the issuer's discretion occurs when the price of the Company's common shares, calculated according to the average price weighted for the volume of said common shares in the last 30 trading sessions of BM&FBovespa prior to this date, becomes equal to or greater than the 140% of the conversion price ("Knock-in-and-up barrier price").

The options' fair value was determined by option pricing models. For the plain vanilla call option, the fair value was determined by a Black and Scholes pricing model with the payment of dividends. For the barrier put option ("*PUT Knock-in-and-up*") the fair value was determined by a flexible options pricing model ("with barrier").

The fair value of the financial instrument was initially recognized on June 15, 2011 as the transaction price and the fair value of the derivatives was recognized on December 31, 2011, as mentioned above, generating a loss of R$ 62,003, reflecting the change in the result of the year.

We did not detect any nonperformance of financial and non-financial covenants as of December 31, 2011.

20 Taxes and contributions payable

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Corporate Income Tax - IRPJ	-	-	2,422	31
Social Contribution on Net Income - CSLL	-	-	2,293	19
Withholding tax - IRRF	38	-	1,605	249
ICMS (value added tax on sales and services)	-	20	145	184
PIS, COFINS, IRRF and CSL	33	6	618	532
Tax on Financial Transactions - IOF	-	49	-	49
IVA (Chile / Austria)	-	-	8,884	-
Other	29	260	2,294	4,092
Current	100	335	18,261	5,156

As of December 31, 2011 the taxes calculated on the adjusted net income consisted of IRPJ (rate of 15% and surcharge of 10%) and CSLL (rate of 9%). 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	Consolidated
FY 2011	**12/31/2011**	**12/31/2011**
Loss for the year before IRPJ/CSLL	(477,825)	(539,470)
Statutory rate	34%	34%
IRPJ/CSLL at the nominal rate	162,461	183,420
Adjustments to determine effective rate:		
Equity in net income of subsidiaries and associated companies	(74,276)	-
Provision for uncovered liabilities	(9,442)	-
Nondeductible donations	(281)	(281)
Provision for hedge settlements	8,073	8,073
Adjustment - Share options awarded	(17,263)	(17,263)

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	Parent	Consolidated
FY 2011	**12/31/2011**	**12/31/2011**
RTT Adjustment - Deferred income tax	-	(1,820)
Other	-	(4,826)
Net income of overseas companies (Austria and Chile)	-	(29,697)
Income tax and social contribution expense, current	-	(4,866)
Deferred income and social contribution taxes	69,272	142,473
Total effect of tax on net income	69,272	137,606
Effective rate	(14.50%)	(25.51%)

FY 2010	**Parent**	**Consolidated**
	12/31/2010	**12/31/2010**
Loss for the year before IRPJ/CSLL	263,275	(313,637)
Statutory rate	34%	34%
IRPJ/CSLL at the nominal rate	89,514	106,637
Adjustments to determine effective rate:		
Provision for loan to Termopantanal Ltda.	(2,534)	(2,534)
Equity in net income of subsidiaries and associated companies	(57,839)	-
Provision for uncovered liabilities	2,222	-
Donations	(173)	(173)
Provision for hedge settlements	972	972
Deferred tax MPX 2009 recorded in 2010	(3,098)	(3,097)
RTT adjustment - Deferred income tax	(22,039)	(29,055)
Other	-	(14,835)
Provision for deferred adjustment	-	421
Donations from Pecém I, Pecém II and Itaqui	-	(313)
Income tax and social contribution expense, current	-	(280)
Deferred income and social contribution taxes	7,025	58,303
Total effect of tax on net income	7,025	58,023
Effective rate	(2.67%)	(18.50%)

On December 31, 2011, the calculation basis for determination of income and social contribution taxes payable was deducted from the pre-operating expenses pursuant to Dispute Resolution 32 of July 21, 2008 of the Federal Internal Revenue Department, generating a negative basis, meaning the subsidiaries do not form a provision for these taxes.

21 Financial instruments and risk management

The Company and its subsidiaries use operations with derivative financial instruments. These instruments are managed through operating strategies and internal controls, aimed at liquidity, profitability and security. Our control policy consists of permanently monitoring contract rates versus market rates. The Company and its subsidiaries do not invest in derivative financial instruments or any other risky assets on a speculative basis. This is a determination of the risk management policy reviewed and approved by the Board of Directors.

The estimated realization values of the financial assets and liabilities of the Company and its subsidiaries were 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 most adequate realization value. Consequently, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

The Company has a formal policy for risk management. The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to cover, which is approved by the Board of Directors. The results obtained from these operations and the application of internal controls for risk management were considered satisfactory for the objectives proposed.

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

By way of its parent company MPX Energia S.A and its subsidiaries Porto do Pecém Geração de Energia S.A., UTE Porto do Itaqui Geração de Energia S.A., MPX Pecem II Geração de Energia S.A. and MPX Comercializadora de Combustíveis Ltda., MPX Group used derivative financial instruments in 2011 for hedging purposes against changes in foreign prices, interest rate (Libor) and commodity price (coal) risks. The results obtained from these operations are consistent with the policies and strategies defined by the Company and its subsidiaries. The following table presents all the operations with derivative financial instruments and nonderivative financial instruments of the Company and its subsidiaries:

	Parent Company					
	12/31/2011			12/31/2010		
Financial instruments	**Fair value**	**Amort. Cost**	**Total**	**Fair value**	**Amort. Cost**	**Total**
Assets						
Cash and cash equivalents	960,258	-	960,258	195,612	-	195,612
Marketable securities	-	-	-	4,909	-	4,909
Gains on derivative transactions	19,289	-	19,289	-	-	-
Escrow accounts	-	56,727	56,727	-	365,508	365,508
Loans to subsidiaries	-	24,173	24,173	-	267,437	267,437
Accounts receivable from other related parties	-	2,796	2,796	-	-	-
Accounts receivable from subsidiaries	-	5,710	5,710	-	-	-
AFAC to subsidiaries	-	162,757	162,757	-	10,270	10,270
Liabilities						
Suppliers	-	1,298	1,298	-	3,471	3,471
Loans and financing	-	106,286	106,286	-	251,078	251,078
Debentures	-	1,433,615	1,433,615	-	-	-
Embedded derivatives	62,003	-	62,003	-	-	-
Debts with subsidiaries	-	724	724	-	337	337
Debts with other related parties	-	3,213	3,213	-	381	381
Losses on derivative transactions	-	-	-	4,454	-	4,454

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	Consolidated					
	12/31/2011			12/31/2010		
Financial instruments	**Fair value**	**Amort. cost**	**Total**	**Fair value**	**Amort. cost**	**Total**
Assets						
Cash and cash equivalents	1,442,415	-	1,442,415	304,467	-	304,467
Marketable securities	9,437	-	9,437	175,091	-	175,091
Accounts receivable	-	21,898	21,898	-	9,846	9,846
Gains on derivative transactions	19,289	-	19,289	-	-	-
CCC subsidy receivable	-	29,445	29,445	-	28,807	28,807
Escrow accounts	-	124,315	124,315	-	374,678	374,678
Accounts receivable from other related parties	-	8,436	8,436	-	3,263	3,263
Liabilities						
Suppliers	-	186,680	186,680	-	119,486	119,486
Loans and financing in R$	-	3,768,700	3,768,700	-	2,303,267	2,303,267
Loans and financing in USD	-	573,052	573,050	-	286,715	286,715
Debentures	-	1,433,615	1,433,615	-	-	-
Embedded derivatives	62,003	-	62,003	-	-	-
Debts with other related parties	-	4,037	4,037	-	1,920	1,920
Losses on derivative transactions	243,431	-	243,431	189,212	-	189,212
Contractual retentions	-	180,497	180,497	-	183,598	183,598

The financial instruments measured at amortized cost above are close to their market values, except for loans and financing and debentures, with fair values of R$ 4,354,454 (R$ 7,549,677 as of December 31, 2010) and R$ 1,388,290 as of December 31, 2011 respectively.

Derivative financial instruments

The estimated fair value of the derivative financial instruments held by the Company and by its subsidiaries was determined through information available in the market and specific valuation methodologies. However, considerable judgment was required to interpret the market data in order to produce the estimated fair value for each operation. Consequently, the following estimates do not necessarily indicate the amount that will be effectively realized upon the financial settlement of the operations.

As their revenue is 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 be funded in US dollars at international interest rates (Libor). Furthermore, the prices of the raw material for the thermal power plants (coal fuel) are determined in the international market, in US dollars. This policy allows them to assess the aforesaid assets' exposure level and procure the required hedge instruments, thereby offsetting possible mismatches between revenue and expenses.

In light of this the Company and its subsidiaries accordingly contracted NDFs (Non Deliverable Forwards) in the course of the year ended December 31, 2011 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 the exposure level, always subject to the best governance practices in the market. The existing derivative operations used by the Company and its subsidiaries do not require a margin guarantee to be deposited.

By way of its subsidiary MPX Pecém II, in March 2010 the Company decided to adjust its currency exposure, as a result of reviewing foreign currency Capex expenditure (US dollars and euros) in order not to present an overbought structural position in US dollars. Projeto Pecém II accordingly sold the equivalent of USD 44.8 million and bought a total of EUR 37.8 million. The dollar buyback period is between June 2010 and November 2012. The Euro flow adjustment embraced the period June 2010 to May 2012.

Under the policy implemented by MPX Energia S.A. and its subsidiaries, the mark-to-market is calculated of outstanding positions, in addition to the maximum potential loss (VaR - value at risk) on its derivative financial instruments, based on statistical methods that allow the assumed exposure to be controlled.

Table 1 = Derivative financial instruments: purchase of US dollars.

		Consolidated					
		12/31/2011				12/31/2010	
	Average term (working days)	Reference value USD (k)	MTM asset (R$ thousands)	MTM liabilities (R$ thousands)	MTM net (R$ thousands)	Reference value USD (k)	MTM net (R$ thousands)
MPX Energia							
Long position USD/BRL							
Banco Goldman Sachs	175	92,072	12,012	-	12,012	-	-
Banco Morgan Stanley	152	48,640	7,277	-	7,277	-	-
Total NDF USD/BRL		140,715	19,289	-	19,289	-	-
Porto do Itaqui							
Long position USD/BRL		-	-	-	-	5,311	(3,118)
Total NDF USD/BRL		-	-	-	-	5,311	(3,118)
MPX PECEM II							
Long position USD/BRL							
Citibank	60	1,243	-	(285)	(285)	38,807	(10,692)
Total NDF USD/BRL		1,243	-	(285)	(285)	38,807	(10,692)
Porto do Pecém							
Long position USD/BRL							
Citibank	273	163,500	-	(69,017)	(69,017)	172,833	(68,392)
Total NDF BRLUSD		163,500	-	(69,017)	(69,017)	172,833	(68,392)
Total consolidated		305,458	19,289	(69,302)	(50,013)	216,951	(82,202)

Table 2 - Derivative financial instruments: purchase of Euros

		Consolidated					
		12/31/2011				12/31/2010	
	Average term (working days)	Reference value (€ k)	MTM asset (R$ thousands)	MTM liabilities (R$ thousands)	MTM net (R$ thousands)	Reference value USD (k)	MTM net (R$ thousands)
Porto de Itaqui							
Long position EUR/USD		-	-	-	-	1,130	(19)
Total NDF USD/EUR		-	-	-	-	1,130	(19)
MPX Pecém II							
Long position EUR/USD	60	913	-	(136)	(136)	20,299	(126)
Total NDF USD/BRL		913	-	(136)	(136)	20,299	(126)
Porto do Pecém							
Long position EUR/USD							
BTG Pactual	14	132	-	(17)	(17)	856	(131)
Long position EUR/BRL							
BTG Pactual	14	51	-	(22)	(22)	333	(260)
Total NDF EUR		183	-	(39)	(39)	1,189	(391)
Consolidated Total		1,096	-	(175)	(175)	22,618	(536)

Table 3 = Derivative financial instruments: interest rate swap (libor swap versus fixed)

		Consolidated					
		12/31/2011				12/31/2010	
	Average term (working days)	Value of reference USD (k)	MTM asset (R$ thousands)	MTM liabilities (R$ thousands)	MTM net (R$ thousands)	Value of reference USD (k)	MTM net (R$ thousands)
Porto do Itaqui							
Swap Libor x fixed							
Citibank	2,228	228,652	428,276	(529,882)	(101,606)	228,652	(47,166)
Total Swap		228,652	428,276	(529,882)	(101,606)	228,652	(47,166)
Porto do Pecém							
Swap Libor x fixed							
Citibank	2,228	163,500	306,244	(378,592)	(72,349)	489,577	(37,481)
Total Swap		163,500	306,244	(378,592)	(72,349)	489,577	(37,481)
Total consolidated		392,152	734,520	(908,474)	(173,955)	718,229	(84,647)

The operations are duly registered at CETIP S/A and BM&FBOVESPA.

Certain derivatives traded are not registered at CETIP. These operations are traded at ISDA (*International Swaps Derivatives Associations*) and classified as offshore operations. Offshore derivatives are bilateral operations traded on the over-the-counter market between banks headquartered in the USA and the Company, which are settled in Brazil through exchange closing, meaning they do not have to be recorded at CETIP. Furthermore, the option to use offshore operations was due to the greater liquidity generated by trading assets hedged on the international market.

For existing derivative financial instruments there is no relationship with foreign exchange options and no security margin requirement established therein.

Hedge Accounting

The investment in Capex of Energia Pecém (construction of the thermal power plant) will consist of 75% long-term financing, partly in US dollars, and 25% of company capital. The long-term financing agreements were signed with the Inter-American Development Bank ("BID") and the National Social and Economic Development Bank ("BNDES") on July 10, 2009, as per Note 18. To finance its Capex requirements in the period prior to July 10, 2009 it was necessary to take out a bridge loan from Citibank, which will be repaid using funds provided under said financing agreements.

As most of the investment is denominated in US dollars and Euros and its future revenue will be generated in Brazilian reais, derivative instruments have been taken out for hedge purposes. On April 01, 2009 the Company used hedge accounting in order to hedge against the exchange variance on the long-term US dollar financing loans taken out from IDB. The derivative instrument used is an NDF maturing in October 2012 with a notional value of USD 327 million.

	Porto do Pecém Geração de Energia S.A.						
	2011						
R$ thousand	**Fair value**	**Expected Cash flow**	**2 months or less**	**2 - 12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Forward exchange contracts							
Liabilities	574,850	574,850	-	16,619	69,056	127,158	362,017

	Porto do Pecém Geração de Energia S.A.						
	2010						
R$ thousand	**Book value**	**Expected Cash flow**	**2 months or less**	**2 - 12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**
Forward exchange contracts							
Liabilities	489,860	489,860	-	-	41,746	100,053	348,061

As this is hedge accounting classified as cash flow, changes in the fair value of derivative instruments designated as cash flow hedges are recognized directly in shareholders' equity for the amount of the hedge that is considered effective. The difference between the fair value and the exchange variance is the ineffective portion which is therefore recognized in the income statement.

This bridge loan was settled on October 30, 2009. USD 260 million was released on this date consisting of the first part of the long-term funding from BID and the adjustment to present value (AVP) was calculated based on the USD 67 million yet to be disbursed by the Bank (before this release, the AVP was calculated based on the exposure of USD 169 million relating to the difference in the contracted derivative of USD 327 million and the bridge loan of USD 158 million). USD 50 million was released on August 31, 2010 referring to the second portion. USD 9 million was released on February 02, 2011, and the AVP accordingly began to be calculated based on the outstanding USD 8 million, not yet disbursed by the Bank.

The item covered by this financial instrument for the purpose of hedge accounting also has the following features:

- The project is being implemented and expected to be finalized in 2011
- The covered item is associated with said investment (made public by the company)
- The investment is of material value to Brazil and
- USD 158 million was originally contracted (98% of the total item covered), and the amount now stands at USD 319 million.

The impacts of the gains and losses of this hedge accounting transaction in the year were as follows:

	2011		2010	
	Result	**Shareholders´ equity**	**Result**	**Shareholders´ Equity**
Hedge derivatives				
Gain on derivatives	(4,102)	2,707	4,393	2,900

On January 01, 2010 the Company subsequently used hedge accounting in order to hedge against the libor interest on the long-term US dollar financing loans taken out from IDB (the same financing for the previous hedge accounting) during the construction of the Pecém thermal power plant. The derivative instrument designated for this relation is an interest-rate cash-flow swap maturing in May and November 2010 and 2011, whose notional amounts refer to the expected accumulated disbursement of the 4 tranches of the long-term financing loans from the IDB.

As this is hedge accounting classified as cash flow, changes generated by the MTM (marked-to-market) variance, net of the interest provisioned for up to the base date, are recognized directly in shareholders' equity in an equity valuation adjustment account and the interest provisioned for in the derivative are capitalized in property, plant and equipment, in the same group in which interest on the long-term debt is recorded, which are the portions of the derivative's fair value considered effective. The difference between the fair value and the libor rate is the ineffective portion which is therefore recognized in the income statement.

The impacts of the gains and losses of this hedge accounting transaction in the year were as follows:

	2011		
	Result	**Shareholders' equity**	**Property, plant and equipment**
Hedge derivatives			
Derivative gains (losses)	4,057	279	(4,480)

	2010		
	Result	**Shareholders' equity**	**Property, plant and equipment**
Hedge derivatives			
Derivative gains (losses)	4,069	(423)	(3,646)

On April 1, 2011 the Company used hedge accounting in order to hedge against the libor interest on the long-term US dollar financing loans taken out from IDB The derivative instrument designated for this relation is an interest-rate cash-flow float/fixed maturing between October 2012 and October 2024, whose notional amounts refer to the expected accumulated disbursement tranches of the long-term interest owed to IDB.

As this is hedge accounting classified as cash flow, changes generated by the MTM (mark-to-market) variance, net of the interest provisioned for up to the base date, are recognized directly in shareholders' equity in an equity valuation adjustment account. The difference between the fair value and the libor rate is the ineffective portion which is therefore recognized in the income statement.

	2011	
	Result	**Shareholders' equity**
Hedge derivatives		
Gain on derivatives	71,758	(47,360)

Risk management

The operations of the Company and its subsidiaries are subject to the risk factors described below:

(i) Credit risk

This arises from the possibility of the Company and its subsidiaries incurring losses due to the default of its counterparties or of financial institutions where they have funds or financial investments.

To mitigate these risks, the Company and its subsidiaries have a policy of analyzing the financial position of their counterparties, as well constantly monitoring outstanding accounts.

It is the policy of the Company and its subsidiaries to also carry out a rating analysis of the financial institutions participating in the Brazilian financial system, through credit reports provided by the "Bank Risk Classification System" - *Risk Bank*, in order to classify and systematically follow up the risk and performance of each bank. Aiming at maintaining the risk at suitable levels, the Company and its subsidiaries adopt a judicious corporate policy of allocating their cash to first-class financial institutions, respecting percentage limits of investment per institution and percentage limits with respect to the net equity of such institutions, including adopting a more defensive position than the one suggested by Risk Bank.

Credit risk exposure

The book value of the financial assets denotes the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	Consolidated	
	12/31/2011	**12/31/2010**
Cash and cash equivalents	1,442,415	304,467
Marketable securities	9,437	175,091
Trade accounts receivable	21,898	9,846
Gains on derivative transactions	19,289	-
CCC subsidy receivable	29,445	28,807
Escrow accounts	124,315	374,678
	1,646,799	892,889

Risk classification table "Riskbank Index"

				OVERALL RANK	
BANCO	**RISKbank® INDEX**	**RISK RATING**	**SIZE**	**Dec/11**	**Dec/10**
BTG PACTUAL	11.42	LOW RISK FOR MID-TERM	LARGE	8	15
CITIBANK	10.49	LOW RISK FOR LONG TERM	LARGE	35	49
HSBC BANK BRASIL	10.33	LOW RISK FOR LONG TERM	LARGE	42	53
ITAÚ	11.92	LOW RISK FOR LONG TERM	LARGE	1	1
BRADESCO	11.61	LOW RISK FOR LONG TERM	LARGE	4	3
VOTORANTIM	10.43	LOW RISK FOR LONG TERM	LARGE	39	24
SANTANDER	10.18	LOW RISK FOR LONG TERM	LARGE	50	71
BANCO DO NORDESTE	10.85	FEDERAL RISK	MEDIUM	19	20
CAIXA ECONOMICA	10.23	FEDERAL RISK	LARGE	48	47
BANCO DO BRASIL	10.34	FEDERAL RISK	LARGE	41	29

(1) *RISKbank*® is a group of statistical balance sheet analysis methods with knowledge of the operations and features of the financial institutions.

(2) Data presented with a mismatch of three months.

(ii) Liquidity risk

The liquidity risk is the risk that the Company and its subsidiaries could struggle to honor their obligations posed by financial liabilities, i.e. liabilities that have to be settled in cash or through other financial assets. The Company and its subsidiaries' approach to managing liquidity is to ensure as far as possible that there is always sufficient liquidity to honor its obligations falling due, in normal stress and economic conditions, without resulting in unacceptable losses or the risk of damaging the group's repute. The amounts recognized as of December 31, 2011, including estimated future payments of interest, where the cash and cash equivalents are sufficient to cover these obligations, as per the table below:

	Consolidated - 12/31/2011					
	Up to 6 months	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Liabilities						
Suppliers	186,680	-	-	-	-	186,680
Related-party transactions	-	3,697	340	-	-	4,037
Loans and financing	331,460	540,291	857,810	1,497,939	3,702,326	6,929,526
Debentures	-	54,943	62,652	1,708,911	-	1,826,506
Contractual retention		180,497	-	-	-	180,497
Derivative financial instruments **(*)**	(9,791)	96,424	35,505	74,842	46,451	243,431

	Consolidated - 12/31/2010					
	6 months or less	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Liabilities						
Suppliers	119,486	-	-	-	-	119,486
Related-party transactions	649	-	1,271	-	-	1,920
Loans and financing	285,408	61,284	233,363	1,491,614	4,328,846	6,400,515
Contractual retention	-	183,958	-	-	-	183,958
Derivative financial instruments **(*)**	22,659	70,416	7,804	-	88,334	189,212

(*) As a counter entry to the aforesaid liability, the Company has derivative assets amounting to R$ 753,809 with maturities classified in the period of up to 12 months.

(iii)Market risk

Interest rate risk

This arises from the possibility of the Company and its subsidiaries sustaining gains or losses arising from fluctuations in interest rates on their financial assets and liabilities. In order to mitigate this type of risk, the Company and its subsidiaries seek to diversify the raising of funds in terms of prefixed and floating rates, and in certain circumstances hedges are utilized to lock-in the financial cost of the operations.

Sensitivity analyses for derivative financial instruments

The Company and its subsidiaries produced sensitivity scenarios in order to apply a stress test to each risk factor posed by the derivative instrument used and to quantify the effects the variations of each risk factor have on the mark-to-market of the operations.

In view of the risk factors posed by interest rates, Management of the Company and its subsidiaries attach importance to the indexing of the floating rate swap (*Libor*) against the fixed rate, at the company UTE Porto de Itaqui.

Description of the scenarios

The Libor curve was subject to a parallel downward shift for the Libor swap operations; the drop in the forward structure of the Libor rate generates a loss in this operation, as the company receives the difference between the floating rate and a fixed rate.

- Scenario I: 25% downwards (negative inclination), and
- Scenario II: 50% downwards (negative inclination).

		Sensitivity Analysis - Interest Rate: Libor - 12/31/2011							
	Average Term (working days)	**Ref Amount (USD k)**	**MtM Assets (R$ k)**	**MtM Liabilities (R$ k)**	**MtM Net (R$ k)**	**Scen I**	**MTM Scenario I (R$ k)**	**Scen II**	**MTM Scenario II (R$ k)**
Porto do Itaqui									
Swap Libor x fixed	2,228	228,652	428,276	529,882	(101,606)	-25%	(113,231)	-50%	(124,235)
Grand total			428,276	529,882	(101,606)		(113,231)		(124,235)

Sensitivity analysis for loans and financing in Reais

Description of Scenarios for Loans and Financing:

The risk factors deemed relevant by company Management are the following:

- TJLP - BNDES
- IPCA - IBGE, and
- DI CETIP (“CDI”)

This analysis produced the following scenarios:

- Scenario I: considers an increase of 25% in the exchange rates in the current scenario, and

- Scenario II: considers an increase of 50% in the exchange rates in the current scenario

The following percentages were applied for TJLP:

TJLP Base (12/31/2011): 6.0%

- Scenario I: + 25% = 7.5%; and
- Scenario II: + 50% = 9.0%.

				Sensitivity Analyses	
1.97408					
TJLP	**Maturity**	**Principal + Interest (URTJLP) 12/31/2011**	**Principal + Interest (BRL 000) 12/31/2011**	**Scenario I Fair Value (BRL 000) 25% increase** **2.0020**	**Scenario II Fair Value (BRL 000) 50% increase** **2.0300**
BNDES (Direct)	6/15/2026	441,852	872,252	884,595	896,938
BNDES (Indirect)	6/15/2026	87,669	173,066	175,515	177,964
Itaqui:		529,522	1,045,318	1,060,110	1,074,902
BNDES (Direct)	6/15/2026	374,127	738,556	749,007	759,459
Pecem I:		374,127	738,556	749,007	759,459
BNDES (Direct)	6/15/2027	294,692	581,746	589,978	598,211
Pecem II:		294,692	581,746	589,978	598,211
BNDES (Direct)	9/17/2012	123,074	242,957	246,395	249,833
Parnaíba:		123,074	242,957	246,395	249,833
TOTAL		1,321,414	2,608,577	2,645,491	2,682,405

The following percentages were applied to the IPCA:

IPCA Base (12/31/2011): 0.52% p.m.

- Scenario I: + 25% = 0.65%; and

- Scenario II: + 50% = 0.78%.

				Sensitivity Analyses	
0.52%					
IPCA	**Maturity**	**Principal (BRL 000)**	**Principal + Interest (BRL 000)**	**Scenario I Fair Value (BRL 000) 25% increase**	**Scenario II Fair Value (BRL 000) 50% increase**
		12/31/2011	12/31/2011	0.65%	0.78%
Investors	6/16/2014	1,376,527	1,433,615	1,447,931	1,462,265
MPX S/A:		1,376,527	1,433,615	1,447,931	1,462,265

				Sensitivity Analyses	
UMIPCA	**Maturity**	**Principal + Interest (UMIPCA)**	**Principal + Interest (BRL 000)**	**Scenario I Fair Value (BRL 000) 25% increase**	**Scenario III Fair Value (BRL 000) 50% increase**
		12/31/2011	12/31/2011	1.33236	1.33330
BNDES (Indirect)	6/15/2026	86,412	115,051	115,132	115,213
Itaqui:		86,412	115,051	115,132	115,213
BNDES (Direct)	6/15/2027	97,366	129,635	129,726	129,818
Pecem II:		97,366	129,635	129,726	129,818
BNDES (Direct)	3/15/2013	118,295	157,500	157,611	157,722
Parnaíba:		118,295	157,500	157,611	157,722
TOTAL (UMIPCA)		302,073	402,186	402,470	402,753

The following percentages were applied to CDI:

DI-CETIP Base (12/31/2011): 10.87% p.a.

- Scenario I: + 25% = 13.77% p.a; and
- Scenario II: + 50% = 16.74% p.a.

				Sensitivity Analyses	
11%					
CDI	**Maturity**	**Principal (BRL 000)**	**Principal + Interest (BRL 000)**	**Scenario I Fair Value (BRL 000) 25% increase**	**Scenario III Fair Value (BRL 000) 50% increase**
		12/31/2011	12/31/2011	13.77%	16.74%
Banco Itaú BBA.	6/18/2012	105,790	106,285	106,417	106,552
MPX S/A:		105,790	106,285	106,417	106,552
BRADESCO	6/26/2013	105,790	75,127	66,956	58,573
Banco Itaú BBA.	6/26/2013	105,790	125,212	130,387	135,698
Parnaíba:		211,580	200,339	197,344	194,270
TOTAL - CDI		317,370	306,624	303,760	300,822

(iv) Exchange rate risk

The following exchange rates in relation to the Brazilian real were used in the 4th quarter of 2011:

	12/31/2011	
	Average rate	**Closing rate**
USD/BRL	2.2247	1.9504
EUR/USD	1.3704	1.2881
EUR/BRL	3.2935	2.4260

The exchange rate risk arises from the possibility of fluctuations in the exchange rates of the foreign currencies used by the Company and its subsidiaries to purchase equipment and financial instruments. The Company and its subsidiaries permanently assess the utilization of hedges to mitigate these risks.

Sensitivity analyses for derivative financial instruments

The Company and its subsidiaries produced four sensitivity scenarios in order to apply a stress test to each risk factor posed by the derivative instrument used and to quantify the effects the variations of each risk factor have on the mark-to-market of the operations.

The Management of MPX Energia S.A. views the exchange rates of foreign currencies in which it holds long positions to be material risks.

Description of the scenarios

For exchange rates: As all the undertaken positions are purchases of foreign currency, scenarios have been compiled for depreciating exchange rates, in order to quantify the loss resulting from the variance proposed by the CVM in Instruction 475.

- Scenario I: - 25%; and
- Scenario II: - 50%.

Table 1: For purchases of US dollars

			Sensitivity analysis - foreign currency - 12/31/2011				
	Average term (working days)	**Value of reference USD (k)**	**MTM (R$ thousands)**	**Scenario I**	**MTM scenario I (R$ thousands)**	**Scenario II**	**MTM scenario II (R$ thousands)**
MPX Energia							
Long position USD/BRL							
USD/BRL	163	140,715	19,289	-25%	(40,066)	-50%	(96,646)
MPX PECÉMII							
Long position USD/BRL							
USD/BRL	60	1,243	(285)	-25%	(657)	-50%	(1,093)
Grand total			19,004		(40,723)		(97,739)

Table 2: For purchases of Euros

			Sensitivity analysis - foreign currency - 12/31/2011				
	Average term (working days)	**Value of reference (€ k)**	**MTM (R$ thousands)**	**Scenario I**	**MTM scenario I (R$ thousands)**	**Scenario II**	**MTM scenario II (R$ thousands)**
Porto do Pecém							
Long Position							
EUR/USD	14	66	(17)	-25%	(31)	-50%	(52)
Long Position							
EUR/BRL	14	26	(22)	-25%	(38)	-50%	(53)
MPX Pecém II							
Long Position							
EUR/USD	60	913	(136)	-25%	(267)	-50%	(492)
Grand total			(175)		(336)		(597)

Table 3: For US dollar interest-rate swaps

The exchange exposure under this operation consists of the payment of flows indexed to the dollar and the hedge of the dollar debt and indexed to the Libor rate of the company Porto do Itaqui. It is therefore a short position in US dollars and long in reais. In this case the scenarios that result in losses for the company are those in which the US dollar appreciates. The hedge for the same purpose of the company Porto do Pecém is fully matched against the original debt; meaning there is no exchange exposure deriving from this company's hedge transaction.

			Sensitivity Analysis - Foreign Currency - 12/31/2011						
	Average Term (working days)	Ref Amount (USD k)	MtM Assets (R$ k)	MtM Liabilities (R$ k)	MtM Net (R$ k)	Scen I	MTM Scenario I (R$ k)	Scen II	MTM Scenario II (R$ k)
Porto do Itaqui									
Swap Libor x fixed	2,228	228,652	428,276	529,882	(101,606)	25%	(127,007)	50%	(152,409)
Grand Total			428,276	529,882	(101,606)		(127,007)		(152,409)

Sensitivity analysis for loans and financing in foreign currency

Description of the scenarios:

The risk factors deemed relevant by company Management are the following:

- BRL - Ptax-800 - BACEN.

This analysis produced the following scenarios:

- Scenario I: considers an increase of 25% in the exchange rates in the current scenario, and
- Scenario II: considers an increase of 50% in the exchange rates in the current scenario

The following percentages were applied for USD currency:

PTAX Base (12/31/2011): R$ 1.8758

- Scenario I: + 25% = R$ 2.3448, and
- Scenario II: + 50% = R$ 2.8137.

1.8758 **USD**	**Maturity**	**Principal + Interest (USD 000)**	**Principal + Interest (BRL 000)**	**Sensitivity Analyses**	
				Scenario I Fair Value (BRL 000) 25% increase	**Scenario III Fair Value (BRL 000) 50% increase**
		12/31/2011	**12/31/2011**	**2.3448**	**2.8137**
IDB	5/15/2026	72,275	135,573	169,466	203,360
IDB	5/15/2022	88,413	165,845	207,306	248,768
Pecem I:		160,688	301,418	376,773	452,127
Banco Santander	7/5/2012	24,841	46,596	58,245	69,894
Banco HSBC	4/13/2012	35,159	65,951	82,439	98,927
Banco HSBC	6/18/2012	15,020	28,174	35,218	42,261
Banco de Bogotá	6/13/2012	25,378	47,604	59,505	71,406
Banco de Bogotá	12/19/2012	25,036	46,962	58,703	70,443
Colombia:		125,433	235,287	294,109	352,931
Banco Credit Suisse	4/15/2015	25,421	47,684	59,605	71,526
Chile:		25,421	47,684	59,605	71,526
TOTAL USD		311,541	584,389	730,486	876,584

(v) Risk of oscillation in commodity prices

This arises from the possibility of oscillations in international prices for the coal used by the Company and its subsidiaries to acquire raw material (fuel for coal power stations). The Company and its subsidiaries permanently assess the utilization of hedges to mitigate these risks. In September 2011 MPX Comercializadora de Combustíveis Ltda. closed its outstanding position in forward coal purchases due to negotiations made to physically acquire the coal.

(vi) Capital structure risk (or financial risk)

This arises from the composition between equity capital (financial resources provided by shareholders and retaining of profits) and third-party capital that the Company and its subsidiaries use to finance their operations. To mitigate liquidity risks and to optimize the weighted average cost of capital, the Company and its subsidiaries permanently monitor the level of indebtedness in accordance with market standards.

In certain circumstances hedges are used to avoid fluctuations in the financial cost of the operations.

Value at Risk (VaR) of the operations

Company	Operation type	*VaR (R$ k)*
MPX ENERGIA	NDF USD/BRL	3,166
MPX PECEM II	NDF USD/BRL	25
MPX PECEM II	NDF Euro/USD	18
PORTO DO PECEM	NDF USD/BRL	8,358
PORTO DO PECEM	NDF Euro/USD	4
PORTO DO PECEM	NDF Euro/BRL	1
PORTO DO PECEM	FRA Libor	3,817
UTE PORTO DE ITAQUI	FRA Libor	1,252

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 concept (Exponentially Weighted Moving Average): is an exponential smoothing method for handling historic data.

Hierarchical fair value

There are three levels for classifying the fair value of financial instruments; the hierarchy gives priority to quoted prices not adjusted in an active market for financial assets and liabilities. The hierarchical levels are classified as follows:

- Level 1: Inputs from an active market (quoted price not adjusted), which can be accessed on a daily basis, including at the fair value measurement date.

- Level 2 Inputs other than those from an active market (quoted price not adjusted), included in level 1, taken from a pricing model based on observable market inputs.

- Level 3: Inputs taken from a pricing model not based on observable market inputs.

As of December 31, 2011 and 2010 the classification into hierarchical levels is as follows:

	Consolidated					
	12/31/2011			12/31/2010		
	Fair value	**Level**	**Total**	**Fair value**	**Level**	**Total**
Assets						
Cash and cash equivalents	1,442,415	2	1,442,415	304,467	2	304,467
Marketable securities	9,437	2	9,437	175,091	2	175,091
Derivative financial instruments	19,289	2	19,289	-	2	-
Liabilities						
Embedded derivatives	62,003	2	62,003	-	-	-
Derivative financial instruments	243,431	2	243,431	189,212	2	189,212

We emphasize that we did not observe any level-three financial instruments during the analysis and no level transfers took place in this year.

22 Provision for contingencies

The Company and its subsidiaries are not party to judicial proceedings, involving labor and tax issues rated as a probable loss, and no provision was therefore made for them.

The Company and its subsidiaries are party to judicial proceedings, involving labor and civil issues to the estimated amount of R$ 9,457 (R$ 8,427 as of December 31, 2010). Their 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 rated as a possible defeat are the following:

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.;

b. Civil class 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 permit awarded by said institute to said subsidiary of MPX Energia S.A.

c. Lawsuit brought by the Federal Prosecutor's Department and IBAMA to revoke the permit awarded to UTE Porto de Itaqui Geração de Energia S.A. on the grounds that the agency with the authority to award this license is allegedly IBAMA.

d. Collection lawsuit filed with the obligation to contest the agreement regarding an alleged purchase and sale commitment signed with UTE Porto de Itaqui Geração de Energia S.A.

e. Lawsuit brought by the Federal Prosecutor's Department requesting: (i) Semace and IBAMA refrain from awarding environmental permits in the area allocated for implementation of the Pecém industrial estate until the entire complex has received a permit, (ii) immediate shutdown of the construction of the UTE and (iii) that Ceará state subject the awarding of contracts for new ventures to the obtainment of a preliminary environmental permit by the industrial complex.

f. Taxation of payments and receipts related to the Fossil Fuel Consumption Account ("CCC") for IRPJ and CSLL.

g. Indemnification proceeding claiming interim relief against UTE Porto do Itaqui Geração de Energia S.A., due to the alleged passage of the transmission line through the property Sítio Livramento.

h. Repossession proceeding filed by COPI claiming ownership of part of the land being used by UTE Porto do Itaqui.

23 Shareholders' equity

As of December 31, 2011 and 2010 the Company's share capital consists of 136,720,840 (one hundred and thirty-six million seven hundred and twenty thousand eight hundred and forty) and 136,692,680 (one hundred and thirty-six million six hundred and ninety-two thousand six hundred and eighty) nominative common shares respectively, with no par value.

As of December 31, 2011 the Company's share capital was R$ 2,042,014 (R$ 2,041,918 as of December 31, 2010), consisting of 136,720,840 common shares, distributed as follows:

Shareholder	12/31/2011	%	12/31/2010	%
Eike Fuhrken Batista	91,779,524	67.1	93,369,555	68.3
Centennial Asset Mining Fund LLC	6,736,280	4.9	6,736,280	5.0
Centennial Asset Brazilian Equity Fund LLC	463,300	0.3	463,300	0.3
Other	37,741,736	27.7	36,123,545	26.4
Total	136,720,840	100.0	136,692,680	100.0

The Company's capital was increased on May 26, 2011 by the Board of Directors' meeting held March 24, 2011, which raised the number of shares from 136,692,680 to 136,720,840, as a result of subscription options being exercised.

a. 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 Company recorded a loss in the financial years ended December 31, 2011 and 2010 and did not pay out dividends in these years.

b. Capital reserve

This refers to the recording of the stock option plan, in compliance with CPC Technical Pronouncement 10 - Share-based payments, approved by CVM Resolution 562/08 and ICPC 05.

c. Equity valuation adjustment

- ***Accumulated translation adjustments***

  This refers to the recording of the exchange variance of the direct and indirect subsidiaries MPX Energia de Chile Ltda., MPX Colômbia S.A., MPX Áustria GmbH and MPX Viena GmbH, in order to comply with CPC Technical Pronouncement 02, approved by CVM Resolution 562/08.

- ***Other comprehensive income***

  This refers to the changes in the fair value of the derivative instruments known as cash flow hedges. They are directly recognized in a specific valuation adjustment in the shareholders' equity, as per Note 21.

24 Earnings per share

Basic and diluted net result per share

The basic and diluted earnings per share were calculated through profit and loss of the year attributable to the controlling and noncontrolling shareholders of the Company as of December 31, 2011 and 2010 and the respective average number of common shares in circulation, as per the table below:

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	12/31/2011		12/31/2010	
	Common	**Total**	**Common**	**Total**
Basic and diluted numerator				
Loss attributable to controlling shareholders	(408,553)	(408,553)	(256,250)	(256,250)
Basic and diluted denominator:				
Weighted share average	136,720,840	136,720,840	136,657,480	136,657,480
Loss per share (R$) - basic and diluted	(2.9882)	(2.9882)	(1.8751)	(1.8751)

On December 31, 2011, 35,200 stock options were not included in the weighted average of the number of common shares, because the effect would have been antidilutive. As of December 31, 2011 there are therefore no differences between the loss per basic and diluted share.

25 Stock option plan

The Company's stock options break down as follows:

	Parent company and consolidated	
	12/31/2011	**12/31/2010**
Stock options granted - Shareholders' Equity		
Granted by the Company (table 1 and table 2)	10,971	7,436
Granted by Parent Company (table 3)	263,654	216,415
Total	274,625	223,851
Expenses incurred on share options awarded		
Granted by the Company (table 1 and table 2)	3,535	1,315
Granted by Parent Company (table 3)	47,239	63,506
Total	50,774	64,821

a. Stock option granted by the Company

The Extraordinary General Meeting held November 26, 2007 approved the creation of the Stock Option Program ("Program") for Company shares.

Under this Program, the five members of the Board of Directors may exercise MPX Energia S.A. stock options for a total of 1,758 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.

To motivate the employees, managers, officers and consultants of the Company or its associated companies, in August 2011 a new stock option plan was approved for these professionals by way of a "Private Stock Option Agreement", at no cost to and without diluting non-controlling shareholders´ interests.

These options are a means of remunerating and retaining these professionals, which Company considers to be key players in its success. The shares made available amount to 1,130,000 shares.

The call options will be exercised at the approximate proportion of 10% in the first four years and 20% a year in the last three years, starting December 14 each year and for a term of seven years, starting in 2011. The shareholder rights and privileges will be granted after the shares have been transferred.

This meant the number of unexercised options in the stock option program rose is 70,360 as of December 31, 2011.

Table 1 - Stock options granted by the Company (Plan1)

Date granted	Vesting conditions	Maturity date	Expiry date	Number of options granted
11/26/2007	5 years of service at the Company	12/12/2008	12/13/2009	35,200
		12/13/2009	12/13/2010	35,200
		12/13/2010	12/13/2011	35,200
		12/13/2011	12/13/2012	35,100
		12/13/2012	12/13/2013	35,100
		Total		175,800

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	2011	
	Strike year R$/share	**Quantity of options**
Balance at December 31, 2008	3.09	175,800
Exercised in 2009	3.14	(70,400)
Balance at December 31, 2009	3.22	105,400
Exercised in 2010	-	-
Balance at December 31, 2010	3.41	105,400
Exercised in 2011	3.52	(35,140)
Balance at December 31, 2011	3.63	70,360

	2011
Number of exercisable options as of December 31, 2011	33,450
Average outstanding term (years)	1.47
Fair value of options awarded in R$	42.28
Average weighted price of the shares in R$	46.50
Exercise price of the options in R$	3.63
Expected volatility	13.44% to 14.42%
Exploration date of the options (years)	1.47
Risk-free interest rate (average)	4.53%
Effects in the income statement for the period:	
Grant of share options R$ thousand	170
Intrinsic value R$ k	3,016

Table 2 - Stock options granted by the Company (Plan2)

Date granted	Vesting conditions	Maturity date	Expiry date	Number of options granted
12/1/2010	7 years of service at the Company	12/1/2011	12/1/2012	113,000
		12/1/2012	12/1/2013	113,000
		12/1/2013	12/1/2014	113,000
		12/1/2014	12/1/2015	113,000
		12/1/2015	12/1/2016	226,000
		12/1/2016	12/1/2017	226,000
		12/13/2017	12/1/2018	226,000
	Total			1,130,000

	2011	
	Strike Year R$/share	Quantity of options
Balance at December 01, 2010	22.47	1,130,000
Exercised in 2010	-	-
Balance at December 31, 2010	23.96	1,130,000
Exercised in 2011	-	-
Balance at December 31, 2011	25.53	1,130,000

	2011
Number of exercisable options as of December 31, 2011	103,738
Average outstanding term (years)	4.59
Fair value of options awarded in R$	24.32
Average weighted price of the shares in R$	46.50
Exercise price of the options in R$	25.53
Expected volatility	13.42% to 23.40%
Exploration date of the options (years)	4.59
Risk-free interest rate (average)	5.07%
Effects in the income statement for the period:	
Grant of share options R$ thousand	609
Intrinsic value R$ k	23,696

b. Stock options granted by the controlling shareholder

To motivate our main executives and managers, in April 2008 the controlling shareholder granted stock options over shares in the Company to these professionals by way of a "Private Stock Option Agreement", at no cost to and without diluting non-controlling shareholders´ 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 1,603,140 fully paid-in shares have been made available, equal to 1.17% of the Company's total stock.

The call options will be exercised at the approximate 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 restriction was valid until December 13, 2010.

Table 3 - Stock options granted by the Parent Company

	MPX
Number of Exercisable Options as of December 31, 2011	622,240
Market Value at December 31, 2011 (R$ /share)	46.06
Expected volatility	14.42%
Risk-free interest rate	10.04%

I - Target Share: MMX

Strike price: R$ 0.01

Share price on date granted: R$ 40.70

Average fair value of the options: R$ 40.69

Stock options granted

Date granted	Vesting conditions	Date of maturity	Date of expiry	Number of options granted
7/21/2006	To be held at Company until each maturity date.	7/21/2007	7/21/2008	19,232
		7/21/2008	7/21/2009	19,232
		7/21/2009	7/21/2010	19,232
		7/21/2010	7/21/2011	19,232
		7/21/2011	7/21/2012	19,232

Fair value of options awarded, appropriated on December 31, 2011 (R$ k): R$ 88.

II - Target Share: LLX

Strike price: R$ 0.01

Share price on date granted: R$ 4.90

Average fair value of the options: R$ 4.89

Stock options granted

Date granted	Vesting conditions	Date of maturity	Date of expiry	Number of options granted
6/19/2008	To be held at Company until each maturity date.	7/21/2008	7/21/2009	19,220
		7/21/2009	7/21/2010	19,220
		7/21/2010	7/21/2011	19,220
		7/21/2011	7/21/2012	19,220

Fair value of options awarded, appropriated on December 31, 2011 (R$ k): R$ 16.

III - Target Share: MPX

Strike price: R$ 0.01

Share price on date granted: R$ 47.50

Average fair value of the options: R$ 47.49

Stock options granted

Date granted	Vesting conditions	Date of maturity	Date of expiry	Number of options granted
4/28/2008	To be held at Company until each maturity date.	12/13/2008	12/13/2009	229,956
		12/13/2009	12/13/2010	229,956
		12/13/2010	12/13/2011	229,956
		12/13/2011	12/13/2012	229,956
		12/13/2012	12/13/2013	229,956

Fair value of options awarded, appropriated on December 31, 2011 (R$ k): R$ 7,165.

IV - Target Share: MPX

Strike price: R$ 0.01

Share price on date granted: R$ 47.50

Average fair value of the options: R$ 47.49

Stock options granted				
Date granted	**Vesting conditions**	**Date of maturity**	**Date of expiry**	**Number of options granted**
4/28/2008	To be held at Company until each maturity date.	12/13/2008	12/13/2009	673,268
		12/13/2009	12/13/2010	673,268
		12/13/2010	12/13/2011	673,268
		12/13/2011	12/13/2012	673,268
		12/13/2012	12/13/2013	673,268
		12/13/2013	12/13/2014	673,268
		12/13/2014	12/13/2015	673,268
		12/13/2015	12/13/2016	673,268
		12/13/2016	12/13/2017	673,268
		12/13/2017	12/13/2018	673,268

Fair value of options awarded, appropriated on December 31, 2011 (R$ k): R$ 39,970.

26 Net revenue

The reconciliation between the gross revenue for tax purposes and the revenue recorded in the income statement for the year is as follows:

	Consolidated	
	12/31/2011	**12/31/2010**
Gross tax revenue	190,389	112,881
Minus:		
Sales taxes	(22,110)	(14,426)
Total book revenue	168,279	98,455

27 Costs and expenses by nature

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Depreciation and amortization	(1,120)	(666)	(9,568)	(7,971)
Personnel expenses	(41,818)	(41,029)	(102,759)	(71,556)
Outsourced services	(46,683)	(33,679)	(99,902)	(74,122)
Rental expenses	(7,803)	(7,187)	(20,289)	(26,527)
Stock options granted	(50,774)	(64,821)	(50,774)	(64,821)
Provision for investment devaluation	(31,744)	(11,732)	(37,062)	(19,612)
Provision for uncovered liabilities	(27,771)	6,696	-	-
Other expenses	(7,539)	(8,528)	(23,367)	(22,828)
Inputs	-	-	(68,280)	(60,674)
Benefit CCC	-	-	71,366	45,072
Electricity for resale	-	-	(137,021)	(61,773)
	(215,252)	(160,946)	(477,646)	(364,812)
Classified as:				
Cost	-	-	(163,778)	(116,482)
Administrative and general expenses and stock options granted	(215,252)	(160,946)	(313,868)	(248,330)

28 Financial income

The Company's financial income breaks down as follows:

	Parent Company		Consolidated	
	12/31/2011	**12/31/2010**	**12/31/2011**	**12/31/2010**
Financial expenses				
Commission on Bank Guarantees	-	(5,794)	-	(7,332)
Bank expenses	(8,347)	(21)	(12,217)	(312)
IOF	-	(3,450)	-	(7,932)
Fine and interest	-	(1,853)	-	(295)
Monetary variance	(26)	(25)	(101,363)	(29,222)
Loss on derivative transactions	(8,635)	-	(1,490,567)	(189,881)
Debenture interest/cost	(60,105)	-	(53,875)	-
Fair value of embedded derivatives	(62,003)	-	(62,003)	-
Other	(32,194)	(506)	(69,249)	(7,495)
	(171,310)	(11,649)	(1,789,274)	(242,468)
Financial revenue				
Interest-earning bank deposits	94,932	71,517	97,351	60,291
Exchange variation	3	20	52,237	40,023
Gains on derivative transactions	28,348	4,904	1,428,370	91,609
Other	3,913	2,996	8,929	4,801
	127,196	79,436	1,586,887	196,723
Net financial income	(44,114)	67,787	(202,387)	(45,745)

29 Commitments

The main commitments undertaken with suppliers of goods and services are the following:

					Contract balance	
	Subject matter of contract	**Signing**	**Term**	**Total contracted on 12/31/2011**	**12/31/2011**	**12/31/2010**
	Environmental permit	6/20/2009	7/15/2011	-	-	210
MPX	Environmental conservation	4/8/2009	4/5/2023	8,575	7,700	8,575
MPX	Land leasing	6/1/2009	6/1/2034	11,930	11,480	11,480
MPX	Share transfer	8/5/2008	Indefinite	-	-	1,865
MPX	P.N.dos Lençóis Maranhenses	10/7/2008	10/7/2018	3,976	3,976	3,636
MPX	Administrative consultancy	6/22/2009	1/13/2012	1,050	25	150
MPX	Technical Consultancy	4/30/2008	4/29/2012	924	60	-
MPX	Sustainable Development	9/2/2011	10/31/2011	684	34	-
AÇÚ	Acquisition of monitoring station	9/30/2009	2/28/2011	-	-	149
AÇÚ	Engineering Consultancy	5/1/2009	5/1/2014	-	-	478
AÇÚ	Rental/Lease	1/13/2010	1/13/2045	31,140	15,278	-
AÇÚ	Environmental Permitting	3/3/2010	7/31/2012	6,114	124	-
AÇÚ	Air quality monitoring	Other	Indefinite	2,730	291	-
AÇÚ	Armed guards	10/30/2008	Indefinite	767	90	-
SUL	Equipment and services	5/1/2009	5/1/2014	-	-	13
SUL	Environmental permit	6/8/2011	6/30/2012	8,725	1,151	-
SUL	Technical Consultancy	Other	Indefinite	1,884	157	-
SUL	Legal Advisory Services	5/4/2011	1/31/2012	777	99	-
SUL	Intake System	6/9/2011	31/04/2012	681	140	-
PECEM I	CONSTRUCTION UTE-EPC **(*)**	1/27/2008	11/19/2011	1,071,397	73,881	243,276
PECEM I	Environmental compensation **(**)**	9/5/2008	12/31/2011	4,571	1,002	3,211
PECEM I	Owner's engineering (*)	12/20/2007	2/20/2013	3,392	203	798
PECEM I	Owner's engineering (*)	12/20/2007	2/20/2013	7,944	1,855	3,219
PECEM I	Services	Other	Other	70,213	44,165	11,065
PECEM I	Operating Leasing	Other	Other	6,051	5,710	5,639
PECEM I	Owner's engineering	12/20/2007	2/20/2013	9,694	433	2,557
PECEM I	Conveyor Belt	4/15/2010	Indefinite	65,073	3,270	12,382
PECEM I	Coal	7/15/2011	Indefinite	77,477	44,866	-
PECEM I	Lime	6/2/2011	6/2/2015	6,000	6,000	-
PECEM I	Lime	9/23/2011	8/23/2013	10,975	10,975	-
PECEM I	Unprocessed Water	10/28/2011	4/30/2019	38,330	38,330	-
PECEM I	Diesel Oil	8/1/2011	2/1/2013	10,740	10,740	-
PECEM I	Solid Waste	6/21/2011	5/21/2026	34,354	34,354	-
PECEM I	Effluent	11/10/2011	10/10/2031	23,908	23,908	-

					Contract balance	
	Subject matter of contract	**Signing**	**Term**	**Total contracted on 12/31/2011**	**12/31/2011**	**12/31/2010**
PECÉM II	Construction of UTE-EPC	11/6/2008	6/6/2012	1,071,921	166,059	416,347
PECÉM II	Supply of substation and 230-Kva transmission line	4/15/2010	Indefinite	27,917	7,872	3,395
PECÉM II	Construction of UTE-EPC	4/1/2009	4/30/2012	5,243	2,703	3,140
PECÉM II	Construction of UTE-EPC	4/1/2009	4/30/2012	3,764	918	2,743
PECÉM II	Environmental compensation**	9/5/2008	Indefinite	4,850	2,348	2,348
PECÉM II	Services	Other	Other	36,906	11,725	27,666
PECÉM II	Operating Leasing	1/1/2009	35 years	49,855	45,937	44,134
PECÉM II	Connection Bay	9/22/2011	5/31/2012	5,292	3,705	
ITAQUI	Construction of UTE-EPC	1/27/2008	3/31/2012	1,137,308	144,144	204,326
ITAQUI	Environmental consultancy	6/10/2008	10/10/2009	-	-	308
ITAQUI	Implementation of emergency generation plan	2/20/2009	10/25/2011	-	-	347
ITAQUI	Inspection of turbine and boilers	4/14/2009	3/31/2012	2,000	21	588
ITAQUI	Occupational safety and management service	6/22/2009	6/22/2012	735	262	585
ITAQUI	Engineering Service	1/9/2009	6/9/2010	-	-	500
ITAQUI	Implementation and development of environmental, social and economic services	7/9/2009	10/31/2011	851	499	756
ITAQUI	Supply of coal conveyor transportation system	7/24/2009	12/4/2011	95,873	3,437	44,135
ITAQUI	IT SERVICES	8/11/2009	8/10/2012	698	175	437
ITAQUI	Project Management Services	9/21/2009	1/21/2012	9,400	208	2,470
ITAQUI	Supply of ship unloading equipment	10/7/2009	12/31/2011	15,845	326	326
ITAQUI	Technical assistance, project, sea water extraction engineering services	12/8/2009	4/1/2011	-	-	83
ITAQUI	Owner´s Engineering	12/10/2009	3/9/2012	9,883	673	4,144
ITAQUI	Owner´s Engineering	12/10/2009	2/9/2012	-	-	1,990
ITAQUI	Owner´s Engineering	12/10/2009	2/9/2012	3,490	5	1,895
ITAQUI	Mobilization of the work site	12/28/2009	4/1/2011	-	-	112
ITAQUI	Construction of the Water Treatment System	12/28/2009	4/2/2011	-	-	583
ITAQUI	Project management	3/12/2008	4/5/2008	-	-	207
ITAQUI	Basic design	4/1/2008	9/1/2008	-	-	120
ITAQUI	Civil construction services and products	12/1/2007	Indefinite	-	-	47
ITAQUI	Systems	1/10/2008	6/30/2009	-	-	121
ITAQUI	Equipment	12/1/2007	Indefinite	-	-	129
ITAQUI	Employee transportation	11/9/2009	11/9/2012	-	-	673

	Subject matter of contract	Signing	Term	Total contracted on 12/31/2011	Contract balance 12/31/2011	Contract balance 12/31/2010
ITAQUI	Supply of flights and vehicle rental and accommodation	1/14/2010	1/14/2011	-	-	253
ITAQUI	Consultation and advice about advertising and marketing for the project MPX Maranhão.	1/25/2010	2/18/2011	-	-	968
ITAQUI	Laboratory analysis services of coastal water at UTE do ITAQUI	3/4/2010	10/31/2011	519	15	519
ITAQUI	Supply of substations and transmission line (230 KW) to serve UTE Porto Itaqui.	3/15/2010	3/15/2011	-	-	24
ITAQUI	Installation and assembly of the water intake system	5/11/2010	8/21/2012	55,115	32,224	20,124
ITAQUI	Biotic monitoring services	5/31/2010	5/31/2011	-	-	508
ITAQUI	Slope protection and drainage, landscaping service on plot 8	3/15/2010	6/1/2011	-	-	60
ITAQUI	Supply of Burnt Lime	5/7/2010	5/7/2015	6,000	6,000	6,000
TAUÁ	Construction	9/16/2010	Indefinite	1,761	65	904
TAUÁ	Equipment and Services	8/31/2010	Indefinite	-	-	2,396
AMAPARI	Services and Systems	11/9/2009	4/5/2012	566	181	461
PARNAÍBA	Operating Services	4/5/2011	10/5/2012	3,020	1,636	-
PARNAÍBA	Turbine	5/30/2011	10/30/2012	508,034	474,377	-
PARNAÍBA	Management of GE contract	5/30/2011	10/30/2012	12,193	10,082	-
PARNAÍBA	2TG and 3 TG	1/18/2011	12/30/2012	169,891	127,382	-
PARNAÍBA	EPC	8/15/2011	4/15/2013	631,957	631,957	-
PARNAÍBA	Other	10/1/2011	Indefinite	10,700	5,097	
COMERCIALIZADORA	Sale of energy - Novelis **(***)**	9/8/2009	12/31/2013	171,398	136,470	26,370
COMERCIALIZADORA	Acquisition of energy - CPFL **(***)**	9/1/2009	12/31/2013	346,490	282,048	23,094
				5,919,548	2,438,844	1,156,974

(*) 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%).

(**) The environmental compensation amounts are being included as and when the construction costs are incurred.

(***) Refers to a purchase (CPFL) and sale (Novelis) of energy in the period 2011 to 2013 subject to fixed volumes and prices. These purchase and sale prices are not therefore subject to changes in the energy sector.

30 Insurance coverage

It is the policy of the Company and its direct and indirect subsidiaries to take out insurance coverage for the assets subject to risk at amounts considered by management sufficient to cover any incidents, considering the nature of their activity. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements audit, and were not therefore examined by our independent auditors. The policies are in force and the premiums have been paid. The company considers its insurance coverage is consistent with other companies of similar sizes operating in the sector.

As of December 31, 2011 and 2010, the main risks covered are:

	Consolidated	
	12/31/2011	**12/31/2010**
Material damages	4,819,746	5,309,148
Civil Liability	549,968	302,000

31 Segment reporting

Segment information should be prepared in accordance with CPC 22 (Segment reporting), equivalent of IFRS 8, and should be presented with respect to the Company and its subsidiaries' business that was identified based on its management structure and on internal management reporting, provided to the main manager for decision-taking purposes.

Company Management takes its decisions based on four business segments: energy generation, energy sales, supplies and corporate, which are subject to risks and remuneration managed by centralized decisions.

The current activity is managed by a main manager, who allocates and evaluates the operational segment's performance. In the case of the Company, this manager is the CEO.

As the ventures move forward, Management aims to re-evaluate business segments to provide the market with real and quantitative information.

	12/31/2011						
	Generation energy	**Sales energy**	**Supplies**	**Corporate**	**Other**	**Eliminations and adjustments**	**Total consolidated**
Balance sheet - assets	6,267,664	32,753	374,562	2,951,777	9,055	(1,682,131)	7,953,680
Current	585,602	31,819	23,372	1,070,310	1,835	(4,346)	1,708,592
Cash and cash equivalents	451,590	14,272	15,795	960,257	501	-	1,442,415
Trade accounts receivable	10,657	10,827	414	-	-	-	21,898
Marketable securities	9,437	-	-	-	-	-	9,437
Inventory	84,765	-	-	-	1,173	-	85,938
CCC Subsidies Receivable	4,828	-	-	-	-	-	4,828
Gains on derivative transactions	-	-	-	19,289	-	-	19,289
Escrow accounts	1,239	3,878	-	56,727	-	-	61,844
Other current assets	23,086	2,842	7,163	34,037	161	(4,346)	62,943
Noncurrent	5,682,165	934	351,191	1,712,565	7,219	(1,510,409)	6,199,666
Long-term assets							
Related-party transactions	12,104	-	-	24,173	-	(27,841)	8,436
CCC subsidy receivable	24,617	-	-	-	-	-	24,617
Deferred taxes	249,999	-	370	88,680	-	-	339,049
Gains on derivative transactions	-	-	-	-	-	-	-
Escrow accounts	62,416	-	-	55	-	-	62,471
Other noncurrent assets	26,105	919	33,009	206,848	-	(173.534)	93,348
Investments	8,016	-	1,276	1,538,331	-	(1,491,881)	55,742
Property, plant and equipment	5,102,046	2	241,003	21,641	7,219	21,897	5,393,809
Intangible assets	196,759	13	75,533	1,739	-	(6,428)	267,616
Deferred charges	28,338	-	15,474	-	-	-	-
Balance Sheet - liabilities	6,267,664	32,753	374,563	2,951,777	9,054	(1,682,132)	7,953,680
Current	1,095,455	13,615	371,589	157,785	175	(6,490)	1,632,130

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	12/31/2011						
	Generation energy	**Sales energy**	**Supplies**	**Corporate**	**Other**	**Eliminations and adjustments**	**Total consolidated**
Loans and financing	642,383	-	282,018	106,286	-	-	1,030,687
suppliers	134,790	11,699	38,899	1,298	37	(43)	186,680
Losses on derivative transactions	86,633	-	-	-	-		86,633
Related-party transactions	5,427	420	362	3,934	-	(6,447)	3,697
Debentures	-	-	-	30,463	-	-	30,463
Other current liabilities	226,222	1,496	50,310	15,804	138	-	293,970
Noncurrent	3,519,193	-	26	1,476,193	1,020	(44,957)	4,951,475
Noncurrent liabilities							
Loans and financing	3,311,063	-	-	-	-	-	3,311,063
Deferred taxes	13,239	-	-	-	-	-	13,239
Related-party transactions	30,956	-	-	3	1,020	(31,639)	340
Debentures	-	-	-	1,465,155	-	-	1,465,155
Losses on derivative transactions	156,798	-	-	-	-		156,798
Other noncurrent liabilities	7,137	-	26	11,035	-	(13,318)	4,880
Noncontrolling shareholders	2	-	-	-	-	107,427	107,429
Shareholders' equity attributable to controlling shareholders	1,653,014	19,138	2,948	1,317,799	7,859	(1,738,112)	1,262,646
Statement of operations							
Net operating revenue	33,344	134,991	406	-	-	(462)	168,279
Cost of goods and/or services sold	(23,405)	(138,580)	(1,338)	-	(513)	56	(163,372)
Operating expenses	(80,204)	(697)	(39,338)	(156,305)	(1,390)	-	(277,934)
Other operating income	362	-	(5,186)	(58,948)	-	27,837	(35,933)
Equity in net income of subsidiaries	(1,051)	-	(75)	(218,459)	-	191,868	(27,717)
Financial income	(167,283)	7,839	1,627	(44,114)	(138)	1,046	(201,024)

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	12/31/2011						
	Generation energy	**Sales energy**	**Supplies**	**Corporate**	**Other**	**Eliminations and adjustments**	**Total consolidated**
Provision for current and deferred taxes	70,022	(1,185)	(5,221)	69,272	-	-	132,889
Non-controlling shareholders´ interest	-	-	-	-	-	-	(3,740)
Net income/Loss for the year	(168,213)	2,369	(49,125)	(408,553)	(2,041)	220,345	(408,553)

	12/31/2010					
	Generation energy	**Sales energy**	**Supplies**	**Corporate**	**Eliminations and adjustments**	**Total Consolidated**
Balance sheet - assets	3,943,230	17,065	143,533	1,989,891	(1,271,733)	4,821,986
Current	275,882	15,659	22,345	618,412	(337)	931,961
Cash and cash equivalents	80,151	9,022	19,682	195,612	-	304,467
Marketable securities	170,182	-	-	4,909	-	175,091
Trade accounts receivable	3.434	6,412	-	-	-	9,846
Inventory	7,068	-	-	-	-	7,068
CCC Subsidies Receivable	4,190	-	-	-	-	4,190
Related-party transactions	337	-	-	-	(337)	-
Gains on derivative transactions	-	-	-	-	-	-
Escrow accounts	-	-	-	365,508	-	365,508
Other current assets	10,520	225	2,663	52,383	-	65,791
Noncurrent	3,667,348	1,406	121,188	1,371,479	(1,271,396)	3,890,025
Long-term assets						
Related-party transactions	3,263	-	-	277,707	(277,707)	3,263
CCC subsidy receivable	24,617	-	-	-	-	24,617
Deferred taxes	138,982	-	56,831	19,407	-	215,220
Other noncurrent assets	33,821	1,404	22	55	(36)	35.264
Investments	-	-	-	1,059,580	(1,009,121)	50,459
Property, plant and equipment	3,453,969	2	4,851	13,857	-	3,472,679
Intangible assets	12,696	-	59,484	873	15,470	88,523
Balance Sheet - liabilities	3,943,230	17,065	106,688	1,989,891	(1,271,733)	4,821,986

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

	12/31/2010					
	Generation energy	**Sales energy**	**Supplies**	**Corporate**	**Eliminations and adjustments**	**Total Consolidated**
Current	308,574	5,883	52,080	272,298	(337)	675,345
Loans and financing	3,162	-	40,569	251,078	-	294,809
Suppliers	104,593	5,599	5,823	3,471	-	119,486
Losses on derivative transactions	41,710	-	-	4,454	-	46,164
Related-party transactions	249	21	-	716	(337)	649
Other current liabilities	158,860	263	5,688	12,579	-	214,236
Noncurrent	2,744,952	-	332	4,253	(304,456)	2,445,081
Noncurrent liabilities						
Loans and financing	2,295,172	-	-	-	-	2,295,172
Deferred taxes	2,048	-	-	-	-	2,048
Related-party transactions	274,901	-	332	2	(273,965)	1,271
Other noncurrent liabilities	172,831	-	-	4,251	(30,491)	146,587
Non-controlling shareholders´ interests	3	-	-	-	43,374	43,377
Shareholders' equity attributable to controlling shareholders	889,701	11,183	54,276	1,713,340	(1,010,314)	1,658,186

	12/31/2010					
	Generation Energy	**Sales energy**	**Supplies**	**Corporate**	**Eliminations and adjustments**	**Total Consolidated**
Statement of income						
Net operating revenue	35,575	62,880	-	-	-	98,455
Cost of Goods and/or Services sold	(52,814)	(63,114)	(554)	-	-	(116,482)
Operating expenses	(42,468)	(84)	(27,706)	(155,909)	-	(226,167)
Other operating income	11,221	-	(7,721)	(5,036)	(20,627)	(22,163)
Equity in net income of subsidiaries	-	-	(23)	(170,116)	168,604	(1,535)
Financial income	(135,546)	526	21,759	67,787	(271)	(45,745)
Provision for current and deferred taxes	58,362	(50)	(7,314)	7,025	-	58,023
Minority Interest	-	-	-	-	(635)	(636)
Net income/Loss for the year	(125,670)	158	(21,559)	(256,250)	147,070	(256,250)

Geographic data

The four segments described above are located in three different geographical areas, as summarized below:

- The North and North-east System - The North and North-east System consists of the plants of Porto do Itaqui Geração de Energia S.A., Porto do Pecém Geração de Energia S.A., MPX Porto do Pecém II Geração de Energia S.A.,UTE Parnaíba Geração de Energia Ltda., MPX TauáEnergia Solar Ltda. and Amapari Energia S.A..

  The coal-fired Porto do Itaqui thermal power plant is located in the proximity of Porto de Itaqui, in Maranhão state. It has an energy generation capacity of 360 MW and has energy sale orders from 2012.

  The pulverized coal-fired power plants Porto do Pecém Geração de Energia S.A. and MPX Pecém II Geração de Energia S.A. are located in the region of Porto do Pecém, Ceará state, with installed capacity of 720 MW and 360 MW respectively.

  MPX Tauá is also located in the state of Ceará, a solar energy generation company with an environmental license for the generation of 5 MW, where a 1MW plant has already been built.

  Amapari, an Independent Energy Producer (PIE) in the insulated system, is a diesel fuel thermal power plant located in the municipality of Serra do Navio, Amapá state, with an installed capacity of 23 MW.

  MPX Parnaíba, a natural gas thermal power plant, is strategically located in block PN-T-68 of the Parnaíba Basin, in Maranhão state. The venture has been licensed by the Maranhão State environment Department (SEMA) and will have a total capacity of 3,722 MW.

- South - Southeast System - The South - Southeast System consists of Porto do Açu Energia S.A., Nova Sistemas de Energia Ltda., MPX Sul Energia S.A. and Seival Sul Mineração Ltda.

MPX Açu is the largest greenfield generation to have been licensed in Brazil's southeast, with a capacity of 5.4 GW. MPX has an installation license issued by the Rio de Janeiro State Environmental Institute (INEA) for 2,100 MW, using coal as fuel. It also has a preliminary license to build a natural gas power plant with a capacity of 3,330 MW. The two plants are located close to the Campos dos Goytacazes substation and the natural gas exploration blocks in Bacia de Campos.

The Seival Sul mine, located in the municipality of Candiota, Rio Grande do Sul state, has proven reserves of 152 million tons of coal. The thermoelectric ventures of MPX Sul and UTE Seival are going to be built in this area. These power plants will have an installed capacity of 727 MW and 600 MW respectively, and will guarantee the supply of fuel for 30 years by integrating with the Seival Sul mine.

- International System - The system of companies located overseas consists of the plants of MPX Colômbia S.A. and CGX Castilla Generacíon Ltda.

  MPX has mining rights for approximately 65,000 hectares in a traditional coal producing region of Colombia, La Guarija, which is renowned for the excellent quality of its coal, with a calorific power of 6000 kcal/kg.

  The Colombian coal mines will be integrated to plants under construction and have already contracted energy in Brazil, Pecém I, MPX Pecém II and Itaqui. This system will also supply the venture of MPX Açu, in Rio de Janeiro, and the venture of CGX Castilla, in Chile.

  CGX Castilla Generación Ltda. is developing an integrated venture, entailing the construction of a thermal electric power plant, a port and a desalinization plant, power by six 350-MW modules fired by imported pulverized coal. The venture is located on the Chilean coast, approximately 700 km north of Santiago, and will be connected to a system that supplies 92% of the country's population.

32 Subsequent events

a. ANEEL approves change to implementation schedule of Usina Termelétrica de Itaqui

The National Electricity Regulatory Agency (“Aneel”) approved the change to the implementation schedule of the Itaqui Thermoelectric Power Plant, in addition to the supply start date stipulated in the energy sale agreement in the regulated environment (CCEAR).

At an ordinary public meeting of the executive board held January 31, 2012 Aneel approved the extension of up to 90 days for the plant to start up (360 MW). The term starts on January 1, 2012.

The 360 MW Itaqui thermal power plant is located in the state of Maranhão, in Brazil's north-east. The venture sold an average 315 MW at the A-5 auction in 2007, ensuring fixed annual revenue of R$ 287.2 million (as of Dec/11), indexed to the IPCA price index (Broad Consumer Prices Index - IBGE) for a period of 15 years.

b. ANEEL approves change to implementation schedule of Usina Termelétrica de Pecém

The National Electricity Regulatory Agency (“Aneel”) approved the change to the implementation schedule of the PecémThermoelectric Power Plant, in addition to the supply start date stipulated in the energy sale agreement in the regulated environment (CCEAR).

At an ordinary public meeting of the executive board held January 24, 2012 Aneel approved the extension of up to 60 days for the plant's first turbine to start up (360 MW) and up to 150 days for the second turbine (360 MW). Both terms commence January 01, 2012. Energia Pecém, with an installed capacity of 720 MW, is located in the state of Ceará, in Brazil's north-east and is a 50/50 partnership between MPX and Energias do Brasil S.A. The venture sold an average 615 MW at the A-5 auction in 2007, ensuring fixed annual revenue of R$ 543.3 million (as of Dec/11), indexed to the IPCA price index (Broad Consumer Prices Index - IBGE) for a period of 15 years.

c. Installation license and bridge loan at OGX Maranhão

On January 23, 2012 the associated company OGX Maranhão received an installation license from the Maranhão State Environment and Natural Resources Department (SEMA/MA) for the natural gas transportation production venture in the fields Gavião Real and Gavião Azul in the Parnaíba Basin ("Venture"). It also took out a bridge loan of R$ 600 million to finance the venture. The bridge loan has already been disbursed and was released in identical portions by Banco Itaú BBA S.A., Banco Santander Brasil S.A. and Morgan Stanley Bank N.A. It has a repayment term of two years as from the date of disbursement, semi annual interest payments and corporate guarantees of OGX Petróleo e Gás Participações S.A. and MPX in proportion to their respective interests in OGX Maranhão.

This financing loan meets the cash requirements of OGX Maranhão to implement the Venture, with investment estimated at USD 450 million, including drilling of production wells and construction of the gas treatment plant ("UTG") and other facilities.

Natural gas production is set to start in the second half of this year, and could be as high as 6 million cubic meters a day in 2013. The natural gas produced will be supplied for the first stage of Usina Termoelétrica Parnaíba, with a total contracted capacity of 1.5 GW, in a partnership between MPX (70%) and Petra Energia S.A. (30%).

d. Joint Venture - E.ON

On January 11, 2012 MPX Energia S.A. entered into a commitment with E.ON AG ("E.ON"), one of the largest private energy and gas companies of the world establishing the main terms and conditions of a Transaction ("Transaction"), by which (i) MPX and E.ON will comprise a joint-venture (50-50) in order to leverage the substantial synergy of both companies so as to accelerate the growth and develop a bigger and more profitable energy business in Brazil. (ii) MPX will raise R$ 1,000,000,063.00 (one billion and sixty-three reais) by way of a capital increase under which E.ON will ultimately invest some R$ 850 million to acquire a 10% interest in 10% MPX.

The partnership between MPX and E.ON will result in the creation of the largest private energy company in Brazil, with a view to achieving a total generation capacity of 20 GW. E.ON has earmarked Brazil as a priority region for future investment and selected MPX as the company in the best position for a partnership to serve as a platform to capitalize the substantial growth projected for the country.

Under the commitment, the Transaction consists of a:

(a) Joint Venture between MPX and E.ON. The JV to be established by MPX and E.ON will be the sole investment vehicle for new energy projects of both companies in Brazil and Chile and will be responsible for the development, implementation and operation of thermal and renewable energy ventures in these countries, in addition to all supply and sale activities. The JV will be established as a new company, controlled by MPX and E.ON with 50% each.

In terms of book values, MPX is contributing (a) 50% of the portfolio of thermal ventures without an energy purchase and sale agreement ("Current Portfolio of Thermal Ventures") and, in the case of the Acu project, E.ON will have a call option via the JV for an additional interest of 38.9%, thereby permitting that each partner achieves an equity interest of 50% in the project; (b) 100% of MPX's supply and sale activities (c) all of MPX's renewable energy projects ("Current Portfolio of Renewable Energy Projects"), as described below.

In addition to the remaining 50% of the Current Portfolio of Thermal Ventures, MPX will maintain its current interests in the generation ventures with contracted energy, currently in operation and under construction, i.e. the plants Energia Pecém, Pecém II, Itaqui, Parnaíba and Amapari, in addition to the natural gas concessions in the Parnaíba Basin held via the associated company OGX Maranhão Petróleo e Gás S.A., with prospective resources estimated to be in excess of 11 Tcf, and the Seival coalmine, as described below.

In order to permit the JV to expedite implementation of its portfolio of ventures, on a case-by-case basis E.ON and MPX will analyze the possibility of E.ON preliminarily financing MPX's portion of capital in the projects implemented by the JV.

(b) Acquisition of minority interest in MPX - MPX will raise R$ 1,000,000,063.00 (one billion and sixty-three reais) by way of a capital increase under which E.ON will ultimately invest some R$ 850 million to acquire a 10% interest in 10% MPX ("Target Interest"). E.ON is going to make an initial investment of up to R$ 1.0 billion. The ultimate amount invested by E.ON will be adjusted according to the terms established in the put/call options between Mr. Eike Batista and E.ON in order to achieve the Target Interest. After the put/call options have been exercised by the end of 2012, the Investment should amount to approximately R$ 850 million. The strike price for the port/call options shall be the same as the price per share of the Capital Increase, adjusted by the IPCA price index. As part of its strategic minority interest, E.ON is entitled to appoint one member to the MPX Board of Directors.

The investment will be made after the debentures have been converted into common shares of MPX and the convertible debenture holders have approved the spin-off of the coal mining assets in Colombia to a new company to be created, with the transfer of up to R$ 814 million of cash currently held by MPX to this new company called "CCX" ("Spin-off"). Following the spin-off, CCX will become an independent company listed on the BM&FBovespa New Market, and the MPX shareholders will receive one share in CCX for each share of MPX they hold. The MPX debenture holders opting not to convert their debentures into common shares of MPX before the spin-off will not be entitled to receive shares of CCX.

The MPX Board of Directors will then resolve a capital increase by the issuance of new common shares of MPX to a total amount to be determined by the Board of Directors, in order to permit the investment to be made. MPX shareholders will hold pre-emptive rights under the share capital increase subscription.

Mr. Eike Batista will assign E.ON his pre-emptive rights to subscribe to the new common shares of MPX, to permit E.ON to make the investment and achieve the Target Interest. MPX and E.ON are confident of the exceptional value that the transaction and MPX's portfolio ventures presents, meaning the capital increase will have a significant premium in relation to market prices. The price per share of the capital increase will reflect the conversions of debentures into common shares of MPX.

Share Ownership Structure of MPX post-spinoff of CCX, JV and capital increase proposed.

MPX has consistently demonstrated a unique capacity to implement and license projects, which is testified by its 14 GW of energy generation projects that have received licenses. With its vast expertise of the Brazilian energy sector, MPX has also developed a highly successful strategy of vertical integration, ensuring the supply of fuel at competitive rates to its plants. The Company's excellence in energy sales has enabled it to secure long-term orders, with special rates of return, for approximately 3 GW in just 4 years. The contracted capacity is under construction and should be fully operational by 2014. The partnership will further strengthen the renewable energy and gas platforms of MPX, as E.ON is one of the leading companies in the world in renewable energy, with nearly 4 GW of wind capacity and a major presence in the solar energy and biomass sectors. A major player in the gas segment, with 64 bcm of natural gas contracted and an upstream production including equity gas of approximately 7.5 bcm per year, E.ON also holds and operates a substantial gas storage capacity in Europe and a 12,000 km gas transmission system.

The joint-venture will also benefit from the vast experience of E.ON in developing, implementing and operating a generation portfolio of 69 GW, split between renewable, gas, coal and nuclear sources, and its global sale and supply capacity, which will leverage the efficiency of the entire supply chain and help maximize cash flows. In 2010 alone the sales division of E.ON, supported by one of the most comprehensive and diverse bases of energy and gas assets in Europe, traded 1,500 billion kWh of electricity, 2,000 billion kWh of gas, 650 million tons of carbon and nearly 300 million tons of coal.

Completion and signing of the transaction is subject to obtaining corporate approval and third-party approval and negotiation of the final transaction documents.

Subsequent events—1st quarter 2012

a. ANEEL approves change to implementation schedule of Usina Termelétrica de Itaqui

The National Electricity Regulatory Agency ("Aneel") has changed the implementation schedule of the Itaqui Thermoelectric Power Plant, shifting the supply start date stipulated in the energy sale agreement in the regulated environment (CCEAR) to June 01, 2012 or the actual date on which the plant enters commercial start-up, whichever occurs first.

The Company will begin receiving the fixed revenue guaranteed at new energy auction A-5 of 2007 as from commercial start-up of the plant. The venture, which is at the final stage of construction and has already entered commissioning for operation, sold an average 315 MW at the A-5 auction in 2007, ensuring fixed annual revenue of R$ 287.2 million (as of Dec/11), indexed to the IPCA price index (Broad Consumer Prices Index - IBGE) for a period of 15 years.

b. ANEEL approves change to implementation schedule of Usina Termelétrica de Pecém

The National Electricity Regulatory Agency ("Aneel") has changed the implementation schedule of the Energia Pecém Thermoelectric Power Plant, shifting the supply start date stipulated in the energy sale agreement in the regulated environment (CCEAR) to July 23, 2012 or the actual date on which the plant enters commercial start-up, whichever occurs first.

The Company will begin receiving the fixed revenue guaranteed at new energy auction A-5 of 2007 as from commercial start-up of the first turbine in proportion to its capacity. The venture sold an average 615 MW, ensuring total fixed annual revenue of R$ 543.3 million (as of Dec/11), indexed to the IPCA price index (Broad Consumer Prices Index - IBGE) for a period of 15 years.

A 50/50 partnership between MPX and EDP-Energias do Brasil S.A., the plant is at the final stage of construction and has entered commissioning for operation.

c. Signing of the final agreements for the joint-venture with E.ON

The Company has signed the final agreements ("Final Agreements") regarding the transaction ("Transaction") by which: (i) MPX and E.ON AG ("E.ON") will form a 50:50 joint venture ("JV") in order to accelerate the growth and to develop a more profitable and bigger energy business in Brazil and Chile; and (ii) MPX will raise R$ 1,000,000,063.00 (one billion and sixty-three reais) by way of a capital increase under which E.ON will ultimately invest some R$ 850 million to acquire a 10% interest in 10% MPX ("Target Interest").

The Final Transaction Agreements, which include an Investment Agreement and a Joint Venture Agreement, establish that:

(a) Joint venture between MPX and E.ON

As announced in the company notice published January 11, 2012, MPX and E.ON will comprise a 50-50 joint venture with shared governance, which on an exclusive basis will implement new energy generation projects in Brazil and Chile and will also be responsible for certain thermal and renewable energy projects in the current portfolio of ventures held by MPX in these countries, amounting to 11 GW, which will be transferred to the joint-venture at book value. The joint-venture will also be in charge of the related supply and sales operations.

The parties have also agreed that, subject to certain conditions, E.ON undertakes to support the investment at the level of the ventures, at a cost equal to the cost of equity in Brazil, in order to expedite the implementation of the joint-venture's generation projects.

The joint venture's structure has been designed to leverage the synergy between MPX and E.ON, which according to both companies' expectations will result in the development, implementation and efficient operation of a total capacity of 20 GW, including thermal and renewable generation. The joint-venture's management team boasts international executives of E.ON, with extensive experience in engineering, constructing and operating thermal and renewable energy ventures, and a group of MPX executives, with in-depth expertise of the Brazilian electricity sector, including the planning and operation of the National Integrated System and the processes of preparing energy policy.

(b) Split-off of MPX

The proposed split-off of MPX, which will result in the carving out of the mining assets in Colombia and up to R$ 814 million in cash and cash receivables ("Split-Off"), with the split-off portion being transferred to a new company listed on the BM&FBovespa New Market, CCX Carvão da Colômbia S.A. (“CCX”) - will be submitted to the general debenture holders meeting of MPX (“AGD”) and then to an Extraordinary General Meeting of MPX ("EGM") and an Extraordinary General Meeting of CCX.

As announced on February 07, 2012, MPX Management will also submit to the Company's shareholders for approval an extraordinary payment ("Extraordinary Payment") to the debenture holders, totaling R$ 75,000,000.00 (seventy-five million reais), subject to the aforesaid debenture holders approving the split-off.

Debenture holders wishing to receive the Extraordinary Payment, maintaining the option to convert the debentures before the split-off, in order to receive new shares of CCX, shall apply for the conversion within 5 (five) working days as from realization of the AGD (“Debentures Conversion”).

All debenture holders on the date of the EGM are also entitled to the Extraordinary Payment (i.e. holders of debentures who do not apply for conversion of debentures in order to receive shares of CCX under the split-off).

(c) Capital increase of MPX

Following the approval of the split-off by the EGMs of MPX and CCX, the MPX Board of Directors will resolve a capital increase ("Capital Increase") of R$ 1,000,000,063.00 (one billion and sixty-three reais).

Mr. Eike Batista will assign to E.ON his pre-emptive rights to subscribe to new common shares of MPX issued under the Capital Increase. On the date the MPX Board of Directors' meeting resolves the Capital Increase, E.ON shall subscribe and pay for all of the shares embraced by the aforesaid assignment of pre-emptive rights.

The minority shareholders will have 32 (thirty-two) days as from the MPX Board of Directors' meeting to exercise the pre-emptive rights to subscribe to new shares issued by MPX, in proportion to the equity interests in the Company. A Shareholders Notice providing information about how to exercise the pre-emptive rights shall be published on the day immediately after the MPX Board of Directors approves the Capital Increase. During the 32-day period, the subscription rights over the new MPX shares shall be traded on BM&FBovespa. Pursuant to the terms of the Final Agreements, E.ON agreed to subscribe all the new shares of MPX issued under the Capital Increase that are not subscribed by the minority shareholders.

As regards the conclusion of the Capital Increase, when E.ON acquires more than 10% (ten percent) of the shares issued by MPX, Mr. Eike Batista shall have a call option to acquire the shares exceeding 10% of the Company's capital, held at the time by E.ON. E.ON in turn shall have a put option to sell Mr. Eike Batista the shares exceeding 10% of MPX's capital held at the time by E.ON. In both cases the options' strike price shall be equal to the price per share of the capital increase, restated by the IPCA price index.

d. MPX and MMX sign contractual amendment to supply electricity

On September 12, 2011 MPX Energia S.A. and MMX Mineração e Metálicos S.A. concluded the negotiations for supplying electricity, totaling an average 200 MW, and signed the commitment to adopt an auto production structure, still pending payment of the respective authorizations from the National Electricity Regulatory Agency (ANEEL). The agreement secures an energy supply for 15 years, commencing May 2014.

On May 03, 2012 an amendment was made to the electricity purchase and sale agreement. Under the agreement, from January 2014 to December 2018 MPX shall supply energy to MMX's Serra Azul Plant via MPX Comercializadora de Energia, by way of a bilateral contract in the free market, at a price of R$ 102/MWh (valid for November 2011).

Subsequent events – 2nd quarter 2012

On July 08, 2012 MPX Energia S.A announced it had signed an agreement to take over the management of the works at the Porto do Pecém Geração de Energia S.A ("Pecém"), UTE Porto de Itaqui Geração de Energia S.A ("Itaqui") and MPX Pecém II Geração de Energia S.A ("Pecém II") thermal power plants, via the acquisition in conjunction with EDP-Energias do Brasil S.A. ("EDP"), in equal proportions, of the entire share capital of MABE Brasil Ltda. ("MABE"), a consortium consisting of the companies Maire Tecnimont Group ("Tecnimont") and Grupo Efacec ("Efacec"), for the token amount of R$ 1.00. The acquisition is subject to the approval of CADE - Administrative Council for Economic Defense, and will enable the company to begin managing the works, thereby avoiding interruptions to the works in progress and guaranteeing efficient management of the ventures until their completion.

MPX and EDP have agreed that Pecém II and Itaqui, ventures controlled entirely by MPX, will be administrated exclusively by MPX.

On July 20, 2012 MPX Energia S.A. announced that DD Brazil Holdings S.à.r.l. ("DD Brazil Holdings"), a wholly-owned subsidiary of E.ON AG, now held 22,623,172 shares, equal to an equity interest of 11.7% in MPX, following the private subscription of common shares issued by the Company under the capital increase approved by the MPX Board of Directors on May 24, 2012.

On August 01, 2012 MPX Energia S.A announced that by way of its joint venture with E.ON AG it had signed an Agreement (“Agreement”) to acquire the Jandaíra, Pedra Preta I and Pedra Preta II wind farms (jointly referred to as “Projects” or “Wind Projects”), with a total capacity of 600 MW. The agreement also includes an option ("Option") to acquire an expansion of the Projects, with an additional capacity of 600 MW, currently in development, with eighteen months of wind measurement having been concluded.

Subsequent events – 3rd quarter 2012

On October 10, 2012 MPX Energia S.A. announced to its shareholders and the market in general that the National Electricity Regulatory Agency (“Aneel”) had authorized the thermoelectric plant Porto do Itaqui to begin operation in tests. The Aneel Board also authorized shifting the start date stipulated in the energy sale agreement in the regulated environment to December 20, 2012 or the actual date on which the plant enters commercial start-up, whichever occurs first.

On October 23, 2012 MPX Energia S.A. announced that Usina Termelétrica Porto do Pecém I had synchronized its first generator, with an installed capacity of 360 MW, with the National Interconnected Grid (“SIN”) for the first time. Following the synchronization the plant began supplying energy to SIN on a test basis, being compensated for the energy effectively generated in accordance with the differences settlement price (PLD) in force in the north-east submarket. The synchronization and the load tests constitute the final stage for approval of the Declaration of Commercial Operation (DOC) by the National Electric Energy Agency (Aneel).

On October 29, 2012 MPX Energia S.A. notified the market that the Brazilian Environmental Institute – IBAMA had issued an operating license (OL) to Usina Termelétrica Porto do Itaqui (“UTE Itaqui”). The OL constitutes the consolidation of the environmental licensing cycle of UTE Itaqui, which was preceded by the issue by IBAMA of the preliminary license (LP) in 2008 and construction license (IL) in 2009. UTE Itaqui is at the test operational stage, during which it will be synchronized with the National Interconnected Grid (SIN). After synchronization the plant will start supplying energy to the grid and be remunerated by the differences settlement price (PLD) in force in the north-east submarket.

Subsequent events –December 31, 2012

On January 02, 2013 MPX announced that the Maranhão State Environment and Natural Resources Department (SEMA/MA) had issued an Operating License to Usina Termelétrica Parnaíba I on December 21, 2012.

On January 21, 2013 MPX announced that the first turbine of Usina Termelétrica Parnaíba I ("UTE Parnaíba I"), with an installed capacity of 169 MW, had made its first synchronization with the National Interconnected Grid (SIN) on January 19, 2013. On January 20, 2013 the turbine achieved nominal capacity, and has been operating in a test capacity ever since. A 70/30 partnership between MPX and Petra Energia S.A., UTE Parnaíba I consists of four gas turbines of 169 MW each, totaling an installed capacity of 676 MW.

On January 22, 2013 MPX announced that at a board meeting held that day the National Electricity Regulatory Agency ("Aneel") had approved the change to the schedule for implementing the Porto de Pecém II ("UTE Pecém II") and Parnaíba I ("UTE Parnaíba I") thermoelectric power plants and the date for commencing energy supplies stipulated in the regulated energy sale agreements (CCEARs). Aneel approved the postponement of the start of supply of energy at UTE Pecém II (365 MW) to June 01, 2013 and UTE Parnaíba I (676 MW) to April 01, 2013 or, in both cases, the effective commercial start-up date of the plant, whichever occurs first.

On January 23, 2013 MPX announced that its affiliated company OGX Maranhão Petróleo e Gás S.A. ("OGX Maranhão") had submitted to the National Petroleum Agency (ANP) a Declaration of commercial viability of the Bom Jesus accumulation discovered in Blocks PN-T-67 and PN-T-68, in Parnaíba Basin. The declaration of commercial viability submitted for the Bom Jesus accumulation will be called the Gavião Branco Field. The Development Plan for the field will be submitted to the ANP shortly. OGX Maranhão estimates a total volume in situ of between 0.2 and 0.5 Tcf of gas for this field.

On February 01, 2013 UTE Parnaíba I ("Parnaíba I") in Maranhão state was licensed by the National Electricity Regulatory Agency (Aneel) to commence commercial operations of the first turbine with an installed capacity of 169 MW. Parnaíba I has a total installed capacity of 676 MW, consisting of four 169-MW gas turbines.

On February 05, 2013 Usina Termelétrica Porto do Itaqui ("Itaqui" or "Venture") was licensed by the National Electricity Regulatory Agency (Aneel) to commence commercial operations, with an installed capacity of 360 MW. Following the approval of the Declaration of Commercial Operation, the Venture is now remunerated in accordance with the terms of the regulated energy sale agreement (CCEAR) procured at energy auction A-5 in 2007.

On February 08 MPX announced that the second turbine of Usina Termelétrica Parnaíba I, with an installed capacity of 169 MW, had made its first synchronization with the National Interconnected Grid (SIN). The same day the turbine achieved nominal capacity, and has been operating in a test capacity ever since.

The first turbine of UTE Parnaíba has been running at full capacity since January 20, 2013, and was authorized to commence commercial generation on February 01, 2013. Following the synchronization of the second turbine, the plant achieved nominal capacity of 338 MW, consuming natural gas equal to 2.1 million cubic meters a day.

The natural gas used by UTE Parnaíba is supplied by affiliated company OGX Maranhão Petróleo e Gás S.A., a company owned by MPX (33.3%) and OGX Petróleo e Gás Participações S.A. (66.6%).

A 70/30 partnership between MPX and Petra Energia S.A., UTE Parnaíba I consists of four gas turbines of 169 MW each, totaling an installed capacity of 676 MW.

Subsequent events- 1st quarter 2013

In April 2013 Usina Termelétrica Parnaíba I in Maranhão state was licensed by the National Electricity Regulatory Agency (Aneel) to commence commercial operations of the third and fourth turbines with an installed capacity of 169 MW each. Parnaíba I accordingly achieved its total installed capacity of 676 MW and has now started its commercial operations.

That month the acquisition of the entire share capital of UTE MC2 Nova Venécia was completed. The venture, which is licensed to build a 176 MW thermal power plant, will be transferred to Bacia do Parnaíba in Maranhão.

In April 2013 MPX also announced that, in conjunction with MPX-E.ON Participações S.A. and Petra Energia S.A., it had signed a contract with Kinross Brasil Mineração S.A. to build a natural gas thermal power plant with an installed capacity of 56 MW, to be built in Bacia do Parnaíba, Maranhão state, whose commercial operations are scheduled to commence in December 2013. The contract is worth approximately R$ 54 million a year.

MPX Energia S.A.
(Publicly held company)

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

* * *

Board of Directors

Eike Fuhrken Batista (Chairman)
Eliezer Batista da Silva (Deputy Chairman)
Christopher David Meyn
Flavio Godinho
Luiz do Amaral de França Pereira
Paulo Manuel Mendes de Mendonça
Paulo Monteiro Barbosa Filho
Rodolpho Tourinho Neto
Samir Zraick

Executive Board

Eduardo Karrer (CEO and Investor Relations Officer)
Rudolph Ihns
Xisto Vieira Filho
Marcus Bernd Temke
Bruno de Rossi Chevalier

Accountant

Ana Paula Vergetti Diniz
CRC 087040/O-9