

BNDES Participações S.A.
- BNDESPAR

*(Convenience Translation into English from the
Original Previously Issued in Portuguese)*

*Financial Statements for the Years and Six-Month
Period Ended December 31, 2008 and 2007
and Independent Auditors' Report*

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Shareholder and Management of
BNDES Participações S.A. – BNDESPAR
Rio de Janeiro – RJ

1. We have audited the accompanying balance sheet of BNDES Participações S.A. – BNDESPAR (the “Company”) as of December 31, 2008, and the related statements of income, changes in shareholders' equity, cash flows and value added for the year and six-month period then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The financial statements of certain affiliates, in which BNDES Participações S.A. - BNDESPAR has investments of R\$4,474,381 thousand as of December 31, 2008, representing 12.2% of total assets and 33.5% of shareholders' equity, respectively, and in which net loss determined under the equity method amounts to R\$388,435 thousand for the year and six-month period ended December 31, 2008, were audited by other independent auditors, whose opinion thereon did not contain significant qualifications. Our opinion, insofar as it relates to these investments and the related equity in affiliates, is based on the reports of the other auditors.
2. Our audit was conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of BNDES Participações S.A. - BNDESPAR as of December 31, 2008, and the results of its operations, the changes in its shareholders' equity, its cash flows and the values added for the year and six-month period then ended, in conformity with Brazilian accounting practices.

4. We had previously audited the financial statements of BNDES Participações S.A. - BNDESPAR for the year ended December 31, 2007, comprising the balance sheet, the statements of income, changes in shareholders' equity, changes in financial position, and supplemental information comprising the statements of cash flows and value added, on which we issued a qualified opinion dated January 30, 2008, given that as of December 31, 2007 an affiliate in which the Company had an investment determined under the equity method was not audited by us nor by other independent auditors. Subsequently, however, an unqualified opinion on said financial statements was issued by other independent auditors' report. As mentioned in note 2, Brazilian accounting practices were changed effective January 1, 2008. The financial statements for the year ended December 31, 2007, presented together with the 2008 financial statements, were prepared in accordance with Brazilian accounting practices in effect until December 31, 2007 and, as permitted by Technical Pronouncement CPC 13, First-Time Adoption of Law 11638/07 and Provisional Act 449/08, are not being restated with adjustments for purposes of comparability between years.
5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, January 28, 2009

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo Cavalcanti Almeida
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BNDES PARTICIPAÇÕES S.A. – BNDESPAR

BALANCE SHEETS AS OF DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais – R\$)

	Note	2008	2007
ASSETS			
CURRENT ASSETS			
		<u>3,052,918</u>	<u>2,640,088</u>
CASH AND CASH EQUIVALENTS			
		<u>317</u>	<u>83</u>
SECURITIES			
	4	<u>1,645,429</u>	<u>1,179,516</u>
Shares of Banco do Brasil investment funds	4.4	583,708	769,444
Debentures	5	28,488	7,181
Allowance for losses – Debentures	5	(2,970)	(5,449)
Shares and warrants		-	3,900
Shares of investment funds	4.5	1,035,633	403,879
Government securities		570	561
		<u>1,407,172</u>	<u>1,460,4489</u>
OTHER RECEIVABLES			
Term sale of securities	6	377,460	320,187
Allowance for losses – term sale of securities	6	(3,942)	(3,552)
Receivables	6	5,456	398,205
Allowance for losses – receivables	6	(4,066)	(124,233)
Dividends and interest on capital receivable		652,134	450,190
Tax credits	10.2	172,598	133,531
Recoverable and prepaid taxes	10.1	189,682	267,841
Other		17,850	18,320
		<u>33,644,460</u>	<u>24,805,007</u>
NON-CURRENT ASSETS			
LONG-TERM ASSETS			
		<u>8,479,286</u>	<u>5,950,172</u>
SECURITIES			
	4	<u>4,944,950</u>	<u>2,303,892</u>
Debentures	5	5,080,685	2,469,066
Allowance for losses – Debentures	5	(135,735)	(165,735)
Government securities		-	561
		<u>3,534,336</u>	<u>3,646,280</u>
OTHER RECEIVABLES			
Term sale of securities	6	3,170,312	3,320,318
Allowance for losses – term sale of securities	6	(33,107)	(36,831)
Receivables	6	15,334	12,464
Allowance for losses – receivables	6	(11,428)	(3,889)
Tax credits	10.2	2667,324	290,365
Tax incentives		125,901	63,853
		<u>25,165,174</u>	<u>18,854,835</u>
INVESTMENTS			
Investments in affiliates		7,637,318	7,284,944
Other equity interests		17,527,856	11,554,865
Other investments		-	15,026
		<u>36,697,378</u>	<u>27,445,095</u>
TOTAL ASSETS			

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BNDES PARTICIPAÇÕES S.A. – BNDESPAR

BALANCE SHEETS AS OF DECEMBER 31, 2008 AND 2007
(In thousands of Brazilian reais – R\$)

	Note	2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES		4,075,740	2,922,463
SECURITIES	9	168,088	-
ONLENDINGS	8	2,899,149	1,445,475
BNDES	8.1	2,899,149	1,445,475
OTHER PAYABLES		1,088,503	1,476,988
Dividends and interest on capital payable	12	780,399	881,274
Taxes on income	10.1	78,033	400,762
Other taxes		58,747	78,247
Provision for civil and labor contingencies	11	5,017	4,585
Actuarial liabilities – FAMS	15.3	3,653	3,379
Linked to foreign exchange transactions		12,116	10,337
Accounts payable – FAPES	15.2	3,943	3,483
Provision for planned retirement program	16	12,928	35,358
Others		53,667	59,563
NON-CURRENT LIABILITIES		19,082,238	10,642,819
LONG-TERM LIABILITIES		19,082,238	10,642,819
DEBENTURES	9	2,134,349	2,025,935
ONLENDINGS	8	16,213,817	7,918,953
BNDES	8.1	14,072,360	6,014,953,
National Treasury	8.1	2,141,457	1,904,000
OTHER PAYABLES		734,072	697,931
Accounts payable – FAPES	15.2	108,302	108,086
Actuarial liabilities – FAMS	15.3	117,047	105,100
Provision for planned retirement program	16	17,270	20,720
Provision for civil and labor contingencies	11	483,399	455,872
Deferred taxes	10.2	8,054	8,153
SHAREHOLDERS' EQUITY	12	13,539,400	13,879,813
Capital		10,404,356	10,404,356
Capital increase under approval		2,370,910	-
Capital reserve		92,993	92,993
Revaluation reserve	2	-	281,105
Valuation adjustments to equity - affiliates' assets	2	4,684	-
Profit reserve			
Legal reserve	12	595,835	427,824
Tax incentive	12	70,622	-
Retained earnings		-	2,673,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		36,697,378	27,445,095

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2008 AND YEARS ENDED
DECEMBER 31**

(In thousands of Brazilian reais – R\$)

		Year		
	Note	2 nd half of 2008	2008	2007
OPERATING INCOME		2,387,638	8,143,948	6,577,679
EQUITY INTEREST		2,200,950	7,442,517	5,719,235
Equity in affiliates	7	328,491	746,866	1,153,442
Gain on sale of variable-income securities		578,164	4,613,946	3,223,503
Interest on capital		782,236	1,170,218	827,760
Dividends		499,011	887,501	514,320
Commissions and fees		13,048	23,986	210
FINANCIAL TRANSACTIONS		186,688	701,431	858,444
Loans		209,320	392,965	408,289
Securities		274,466	439,456	339,813
Income from investment funds		(301,567)	(143,307)	106,198
Commissions and charges		4,469	12,317	4,144
OPERATING EXPENSES		(1,735,664)	(2,759,656)	(793,912)
EQUITY INTEREST		(973,109)	(1,418,450)	(222,522)
Equity in affiliates	7	(259,026)	(741,051)	(107,281)
Recognition of allowance for losses on investments		(713,910)	(677,226)	(7,921)
Expenses on equity in affiliates		(173)	(173)	-
Premium amortization		-	-	(107,320)
FINANCIAL TRANSACTIONS		(762,555)	(1,341,206)	(571,390)
Financial charges on payables:				
. Issue of debentures		(134,283)	(277,012)	(138,240)
. BNDES	13.1	(664,044)	(1,015,515)	(345,111)
. BNDES – PIS/PASEP funds		(24,993)	(54,984)	(266,167)
. National Treasury Bills		(134,164)	(237,458)	(180,838)
. Other payables		(4)	(4)	(4)
Reversal of the allowance for losses	14	194,933	243,767	358,970
GENERAL AND ADMINISTRATIVE EXPENSES		(252,140)	(610,915)	(646,276)
Tax expenses		(82,316)	(154,104)	(211,664)
Officers' compensation		(170)	(370)	(305)
Personnel expenses		(123,217)	(215,692)	(203,887)
Recognition (reversal) of provision for civil and labor contingencies		(14,011)	(28,585)	(27,912)
Inflation adjustment of assets and liabilities, net – SELIC		(56,074)	(193,777)	(140,998)
Administrative expenses		(30,405)	(49,670)	(30,247)
Others		54,053	31,283	(31,263)

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BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2008 AND YEARS ENDED
DECEMBER 31
(In thousands of Brazilian reais – R\$)**

			Year	
	Note	2 nd half of 2008	2008	2007
INCOME BEFORE TAXES ON INCOME		<u>399,834</u>	<u>4,773,377</u>	<u>5,137,491</u>
Income tax	10	(102,438)	(1,036,520)	(811,689)
Social contribution tax	10	(40,167)	(377,109)	(304,994)
Deferred taxes	10	(34,948)	16,125	(283,471)
INCOME BEFORE PROFIT SHARING		<u>222,281</u>	<u>3,375,873</u>	<u>3,737,337</u>
Employee Profit Sharing		<u>(15,645)</u>	<u>(15,645)</u>	<u>(26,710)</u>
NET INCOME		<u>206,636</u>	<u>3,360,228</u>	<u>3,710,627</u>
EARNINGS PER SHARE		<u>206,636</u>	<u>3,360,228</u>	<u>3,710,627</u>

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of Brazilian reais - R\$)**

	Capital	Capital increase under approval	Capital reserve Tax incentive reserve	Revaluation reserve for investees' assets	Profit reserve Legal reserve	Tax Incentive reserve	Fair value adjustments Affiliates' assets	Retained earnings	Total
Balances as of January 1, 2008	10,404,356	-	92,993	281,105	427,824	-	-	2,673,536	13,879,813
Capital increase (Note 12)	-	2,370,910	-	-	-	-	-	(2,370,910)	-
Reversal of revaluation reserve (Note 7)	-	-	-	(281,105)	-	-	-	-	(281,105)
Supplementary dividends . 2007	-	-	-	-	-	-	-	(2,643,821)	(2,643,821)
Fair value adjustments (Note 2)	-	-	-	-	-	-	4,684	-	4,684
Net income	-	-	-	-	-	-	-	3,360,228	3,360,228
Allocation of income									
. Dividends	-	-	-	-	-	-	-	(780,399)	(780,399)
. Legal reserve	-	-	-	-	168,012	-	-	(168,012)	-
. Tax incentive (Nota 2)	-	-	-	-	-	70,622	-	(70,622)	-
Balances as of December 31, 2008	<u>10,404,356</u>	<u>2,370,910</u>	<u>92,993</u>	<u>-</u>	<u>595,835</u>	<u>70,622</u>	<u>4,684</u>	<u>-</u>	<u>13,539,400</u>
Changes for the year	<u>-</u>	<u>2,370,910</u>	<u>-</u>	<u>(281,105)</u>	<u>168,012</u>	<u>70,622</u>	<u>4,684</u>	<u>(2,673,536)</u>	<u>(340,413)</u>

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BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2008
(In thousands of Brazilian reais - R\$)**

	Capital	Capital increase under approval	Capital reserve Tax incentive reserve	Profit reserve		Fair value adjustments		Total
			Legal reserve	Tax incentive reserve	Affiliates' assets	Retained earnings		
Balances as of July 1, 2008	10,404,356	-	92,993	427,824	-	584	3,183,307	14,109,063
Capital increase (Note 12)	-	2,370,910	-	-	-	-	(2,370,910)	-
Fair value adjustments (Note 2)	-	-	-	-	-	4,100	-	4,100
Net income	-	-	-	-	-	-	206,636	206,636
Allocation of income								
. Dividends	-	-	-	-	-	-	(780,399)	(780,399)
. Legal reserve	-	-	-	168,012	-	-	(168,012)	-
. Tax incentive (Note 2)	-	-	-	-	70,622	-	(70,622)	-
Balances as of December 31, 2008	<u>10,404,356</u>	<u>2,370,910</u>	<u>92,993</u>	<u>595,835</u>	<u>70,622</u>	<u>4,684</u>	<u>-</u>	<u>13,539,400</u>
Changes for the six-month period	<u>-</u>	<u>2,370,910</u>	<u>-</u>	<u>168,012</u>	<u>70,622</u>	<u>4,100</u>	<u>(3,183,307)</u>	<u>(569,663)</u>

The accompanying notes are an integral part of these financial statements.

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BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007
(In thousands of Brazilian reais - R\$)**

	Capital	Capital reserve	Revaluation reserve	Profit reserve	Retained earnings	Total
	Capital	Tax incentive reserve	for investees' assets	Legal reserve		
Balances as of January 1, 2007	10,404,356	45,134	84,761	242,292	2,124,450	12,900,993
Supplementary dividends .2006 (Note 12)	-	-	-	-	(2,107,167)	(2,107,167)
Tax incentive reserve . Use	-	47,859	-	-	-	47,859
Revaluation reserve of affiliates . Recognition	-	-	212,527	-	-	212,527
. Realization	-	-	(12,425)	-	12,425	-
. Reversal	-	-	(3,758)	-	-	(3,758)
Net income	-	-	-	-	3,710,627	3,710,627
Allocation of income (Note 12) . Legal reserve	-	-	-	185,531	(185,531)	-
. Dividends	-	-	-	-	(881,274)	(881,274)
Balances as of December 31, 2007	<u>10,404,356</u>	<u>92,993</u>	<u>281,105</u>	<u>427,823</u>	<u>2,673,536</u>	<u>13,879,813</u>
Changes for the year	<u>-</u>	<u>47,859</u>	<u>196,344</u>	<u>185,531</u>	<u>549,086</u>	<u>978,820</u>

The accompanying notes are an integral part of these financial statements.

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BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2008
AND YEARS ENDED DECEMBER 31
(In thousands of Brazilian reais – R\$)**

	Year		
	2 nd half of 2008	2008	2007
Cash flows from operating activities			
Net income	206,636	3,360,228	3,710,629
Items not requiring cash outlay:	513,484	445,323	(975,436)
Recognition (reversal) of allowance for losses	(194,933)	(243,767)	(358,970)
Recognition (reversal) of reserves for labor and civil contingencies	14,011	28,585	27,912
Equity in affiliates	69,465	(5,815)	(1,046,161)
Depreciation and amortization	2,701	5,219	3,071
Premium amortization	-	-	107,320
Realization (recognition) of tax credits, net	34,948	(16,125)	283,471
Recognition of allowance for losses on investments	713,910	677,226	7,921
Changes in assets and liabilities	7,007,473	5,910,939	2,149,750
. Decrease in receivables from term sale of securities and other receivables, net	727,208	610,417	606,456
. Decrease (increase) in other assets, net	(560,081)	(3,483,190)	295,327
. Increase in loans and onlendings, net	7,180,847	9,748,538	(705,671)
. Increase in debentures, net	133,987	276,502	1,484,395
. Increase (decrease) in other assets, net	(474,488)	(1,241,328)	469,243
Net cash provided by (used in) operating activities	7,727,593	9,716,490	4,884,943
Investing activities			
. Increase (decrease) in investments, net	(4,832,155)	(7,404,398)	(3,468,809)
Dividends from affiliates, net	12,312	146,227	687,745
Net cash used in investing activities	(4,819,843)	(7,258,171)	(2,781,064)
Financing activities			
. Dividends paid	(2,643,821)	(2,643,821)	(2,809,548)
Net cash used in financing investments	(2,643,821)	(2,643,821)	(2,809,548)
Increase (decrease) in cash	251,617	(185,502)	(705,669)
Change in cash and cash equivalents			
At beginning of six-month period/year	332,408	769,527	1,475,196
Cash + cash equivalents (1)	332,408	769,527	1,475,196
At end of six-month period/year	584,025	584,025	769,527
Cash + cash equivalents (1)	584,025	584,025	769,527
Increase (decrease) in cash	251,617	(185,502)	(705,669)

(1) Includes cash and shares in Banco do Brasil investment funds.

The accompanying notes are an integral part of these financial statements.

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BNDES PARTICIPAÇÕES S.A. – BNDESPAR

**STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2008 AND YEARS ENDED
DECEMBER 31**

(In thousands of Brazilian reais – R\$)

			Year			
	2 nd half of 2008		2008	2007		
REVENUES	1,044,497		5,658,778	4,458,587		
Financial transactions	258,352		777,079	875,904		
Other operating revenues / Provision of services	591,212		4,637,932	3,223,713		
Reversal (recognition) of allowance for losses	194,933		243,767	358,970		
EXPENSES	1,063,977		1,851,875	1,255,319		
Financial transactions	1,014,390		1,783,422	1,088,385		
Other operating expenses	44,768		52,139	166,601		
Non-operating expenses	4,819		16,314	333		
INPUTS PURCHASED FROM THIRD PARTIES	740,554		719,702	34,102		
Materials, energy and other	5,911		9,098	4,990		
Outside services	20,733		33,378	21,191		
Loss (recovery) of assets	713,910		677,226	7,921		
GROSS VALUE ADDED	(760,034)		3,087,201	3,169,166		
RETENTIONS	2,071		5,219	3,071		
Depreciation, amortization and depletion	2,071		5,219	3,071		
NET VALUE ADDED GENERATED BY THE COMPANY	(762,735)		3,081,982	3,166,095		
VALUE ADDED RECEIVED IN TRANSFER	1,350,712		2,063,534	2,388,241		
Equity in affiliates	69,465		5,815	1,046,161		
Dividends and interest on capital	1,281,247		2,057,719	1,342,080		
VALUE ADDED FOR DISTRIBUTION	587,977		5,145,516	5,554,336		
DISTRIBUTION OF VALUE ADDED	587,977	100.0%	5,145,516	100.0%	5,554,336	100.0%
Personnel and related charges	88,455	15.0%	187,610	3.6%	181,805	3.3%
Employee profit sharing	15,645	2.7%	15,645	0.3%	26,710	0.5%
Taxes payable	276,185	47.0%	1,580,060	30.7%	1,634,205	29.4%
Rentals	1,056	0.2%	1,973	0.0%	989	0.0%
Dividends and interest on capital	780,399	132.7%	780,399	15.2%	881,274	15.9%
Retained earnings	(573,763)	-97.6%	2,579,829	50.1%	2,829,353	50.9%

The accompanying notes are an integral part of these financial statements.

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BNDES PARTICIPAÇÕES S.A. - BNDESPAR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. Operations

1.1) History

BNDESPAR Participações S.A. (“BNDESPAR” or the “Company”) is a corporation formed in 1982 and a wholly-owned subsidiary of Banco Nacional de Desenvolvimento Econômico e Social - BNDES. Its operations are based on the strategic guidelines established together with BNDES and directed towards supporting capitalization and development of local companies. This is made basically through minority and temporary shareholding and the strengthening and modernization of the securities market.

On January 13, 1998, BNDESPAR obtained from the Brazilian Securities and Exchange Commission (CVM) the listed company registration, enabling it to trade its own securities in the organized over-the-counter market.

1.2) Current purposes

- Strengthen corporate capital structures and support new investments in the economy;
- Support industrial restructuring through mergers and acquisitions;
- Support the development of emerging companies;
- Support the development of small and medium businesses;
- Develop private equity funds industry; and
- Contribute to the development of capital markets.

2. Basis of Preparation and Presentation of Financial Statements

The financial statements of BNDESPAR have been prepared in accordance with Brazilian Corporate Law, the standards established by the Brazilian Securities and Exchange Commission (CVM), Provisional Act 449/08 and, when applicable, the standards followed by its controlling shareholder, Banco Nacional de Desenvolvimento Econômico e Social - BNDES.

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BNDES PARTICIPAÇÕES S.A. - BNDESPAR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

On December 28, 2007, Law 11638/07 was enacted, altering, revoking and adding new provisions to the Brazilian Corporate Law (Law 6404, of December 15, 1976), especially with respect to chapter XV, Fiscal Year and Financial Statements.

BNDESPAR decided to adopt for the first time the provisions of Law 11638/07 and Provisional Act 449/08, with a transition date of January 1, 2008, based on Paragraph 1 of article 186 of Law 6404/76 and on CVM Resolution 565, of December 17, 2008.

Accordingly, below are the main accounting changes impacting the Company's financial statements as of December 31, 2008:

- Replacement of the statement of changes in financial position by the statement of cash flows – CVM Resolution 547/2008;
- Inclusion of the statement of value added – CVM Resolution 557/2008;
- Changes in parameters for accounting for affiliates under the equity method – note 7 – Law 11638/2007 and Provisional Act 449/2008;
- Recording of investment grants (tax incentives) as income, in the amount of R\$70,622 thousand – CVM Resolution 555/2008;
- Elimination of revaluation reserve – Law 11638/2007;
- Related parties – note 13 – CVM Resolution 560/2008;
- Financial instruments – Sensitivity analysis – note 17 – CVM Resolution 566/2008.

Adjustments required by Law 11638/2007:

To allow comparability of income and shareholders' equity with amounts that might have been obtained had the Company not been required to adopt the provisions of Law 11638/07 and Provisional Act 449/08, the Company estimated the impact thereof on income and shareholders' equity as of December 31, 2008 as shown below:

	R\$ thousand	
	As of December 31, 2008	
	Income	Shareholders' equity
Reported amounts	3,360,228	13,539,400
Adjustments required by Law 11638/07:		
- Reversal of the revaluation reserve recognized in 2008	-	281,105
- Effects of realization of reflexive reserve	(15,043)	-
- Tax incentives recorded in the year	(70,622)	-
- Equity in affiliates which were formerly valued under the equity method and are now valued at cost, not recorded in 2008	331,179	331,179
- Amortization of premium on investments which were formerly valued under the equity method and are now valued at cost, not recorded in 2008	(105,291)	(105,291)
- Dividends from affiliates formerly valued under the equity method, recorded as income for 2008	(180,758)	(180,758)
- Interest on capital from affiliates formerly valued under the equity method, recorded as income for 2008	(20,366)	(20,366)
- Reflexive valuation adjustments to equity, from affiliates, recorded in 2008	4,684	-
Amounts that might have been reported had these adjustments not been made	3,304,011	13,845,269

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3. Summary of significant accounting practices

3.1) Results of operations

Operations with fixed rates are stated at redemption amount, and income and expenses for future periods are recorded as a reduction of related assets and liabilities. Operations with floating rates or indexed to foreign currencies are adjusted through the balance sheet date.

Other income and expenses are recognized on the accrual basis, observing the daily pro rata basis for those of a financial nature.

3.2) Securities and derivatives

According to Law 11638/07, which alters, revokes and adds new provisions to the Brazilian Corporate Law – Law 6404/76, securities in the portfolio are classified into one of the following three categories, according to Management's intention, as follows:

- a) Trading securities;
- b) Available-for-sale securities; and
- c) Held-to-maturity securities.

Trading securities and available-for-sale securities are stated at fair value on balance sheet date and held-to-maturity securities are stated at cost, plus income earned through the balance sheet date.

Adjustments to fair value of trading securities are recorded as a contra entry to the proper income or expense account in the statement of income.

Adjustments to fair value of available-for-sale securities are recorded, net of taxes, as a contra entry to a specific account in shareholders' equity and transferred to income for the period upon realization of amounts by the definitive sale of the respective securities.

Investment fund shares are valued on a daily basis and, therefore, already adjusted to fair value. Gains or losses from such fund shares, including from those classified as available-for-sale, are recorded as a contra entry to income, since they represent actual gains or losses.

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Investments in mutual fund shares are classified as available-for-sale and interests earned through the balance sheet date is classified as a contra entry to income. Any differences between the adjusted cost and fair value are recognized, net of taxes, as a contra entry to a specific account in shareholders' equity.

As of December 31, 2008 and 2007, BNDESPAR had no derivative transactions.

3.3) Term sale of securities, receivables, debentures, and allowance for losses

For BNDESPAR, term sale of securities, receivables and debentures represent financial support and are classified in accordance with management's judgment as to their risk level, taking into account the economic situation, past experience and specific risks involving the transaction, debtors and guarantors, in compliance with the standards established by Central Bank of Brazil Resolution 2682 which requires a periodic analysis of the portfolio and its classification in nine levels, in which AA is minimum risk and H is maximum risk – loss.

Income from credits past due for more than 60 days, regardless of their risk level, is only recorded as income when actually received. Transactions classified as level H, if past-due, remain in this classification for six months, after which they are written off against the recorded allowance and controlled, for at least five years, in memorandum accounts, with no record in the balance sheet.

Renegotiated operations remain at least at the same risk level in which they were classified. Renegotiated loans that had already been written off against the allowance and that were recorded in memorandum accounts are classified as level H, and possible gains resulting from the renegotiation are only recognized in income when realized.

As it is not a financial institution, BNDESPAR is not subject to Resolution 2682. However, considering the consolidation of the effect of this regulation on BNDES (controlling shareholder) notes, BNDESPAR followed the same classification criteria for its credits.

The allowance for losses, considered sufficient by Management, complies with the criteria established by the Central Bank of Brazil, as shown in notes 5.3 and 6.3.

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3.4) Investments

Investments in affiliates, considering those entities over which the Company has significant influence, under Provisional Act 449/2008, are valued under the equity method. Other investments are stated at cost and, when applicable, adjusted to their realizable value.

Declared dividends and interest on capital from investments accounted for under the equity method are recorded as a reduction of the related equity interests. Dividends and interest on capital from investments stated at acquisition cost are recorded directly in the statement of income.

The premium arising from the acquisition of investments, whose economic fundamentals are not identified, are fully amortized. The premium based on estimated future earnings are amortized over the time and to the extent of the projections that determined it, limited to 10 years.

The discount arising from the acquisition of investments, whose economic fundamentals are not identified (other economic reasons), will be written off upon the sale of the investments.

3.5) Monetary adjustment of receivables and payables

Receivables and payables legally or contractually subject to exchange variation or indices are adjusted through the balance sheet dates. The contra entries of these adjustments are recorded in the statement of income for the period.

3.6) Recognition of actuarial assets and liabilities

a) Pension plan

Actuarial assets, determined by actuaries, are not recognized as assets of the sponsor because it is not possible to offset such amounts against future contributions, as set forth by the pension fund regulations. Actuarial liabilities, determined by actuaries, are recognized by the sponsor as an increase in existing provision, with a corresponding entry to income.

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The portion of actuarial gains and losses to be recognized as an increase or decrease in future liabilities, to be determined by actuaries, will correspond to the excess of the higher of 10% of the fair value of the plan assets or 10% of actuarial liabilities discounted to present value, and this portion is recognized over the average future time of service of the active participants of the plan. The effect of deferring actuarial gains and losses is recognized through the annual expense on the pension plan, determined by the actuaries.

Expenses on sponsor's contributions to the pension plan are recognized in the statement of income on an accrual basis.

b) Health care plan

Actuarial liabilities, determined by outside actuaries, are recognized by the sponsor as an increase in existing provision, with a corresponding entry to statement of income.

Expenses on sponsor's contributions to the post-employment health care plan are charged to income on the accrual basis.

3.7) Income and social contribution taxes

The provision for income tax is recorded based on book income, adjusted for additions and deductions set forth by tax legislation at the rate of 15%, plus a 10% surtax on taxable income exceeding R\$120 thousand for the six-month period (R\$240 thousand for the year), as set forth in prevailing legislation. Social contribution tax is calculated at the rate of 9%.

3.8) Accounting estimates

The preparation of financial statements in conformity with Brazilian accounting practices and regulations of the Central Bank of Brazil and the Brazilian Securities and Exchange Commission requires Management to use judgment in determining and recording accounting estimates. Assets and liabilities subject to these estimates and assumptions include the allowance for loan losses, allowance for contingencies, accrued taxes, and realization of tax credits. Actual results could differ from these estimates.

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4.2) Fair value of held-to-maturity securities

	R\$ thousand			
	As of December 31,			
	2008		2007	
	Cost	Fair value	Cost	Fair value
Own portfolio:				
Held-to-maturity securities:				
<i>Public sector:</i>				
Debentures	229,239	229,239	-	-
Agricultural Debt Securities – TDA	570	570	1,122	1,122
<i>Private sector:</i>				
Debentures	4,879,934	4,879,934	2,476,247	2,476,247
Allowance for losses – Debentures	(138,705)	(138,705)	(171,184)	(171,184)
Total	4,971,038	4,971,038	2,306,185	2,306,185

Held-to-maturity debentures represent a type of financial support. They are issued by companies having BNDESPAR as the sole buyer and, thus, are not sold to the public and do not have a secondary market. Therefore, their fair value is equal to adjusted cost.

Investments in investment funds are stated at each fund's share disclosed by the fund managers, allocated to income as investment adjustment. There is no difference between adjusted cost and fair value.

4.3) Maturity

	R\$ thousand							
	As of December 31,							
	2008							
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total
Trading securities								
<i>Private sector:</i>								
Banco do Brasil investment fund	583,708	-	-	-	-	-	-	583,708
	583,708	-	-	-	-	-	-	583,708
Available-for-sale securities								
<i>Private sector:</i>								
Investment fund shares	1,035,633	-	-	-	-	-	-	1,035,633
	1,668	-	-	-	-	-	-	1,668
Held-to-maturity securities								
<i>Public sector:</i>								
Debentures	-	-	-	-	137,808	91,431	-	229,239
Agricultural Debt Securities – TDA	-	570	-	-	-	-	-	570
<i>Private sector:</i>								
Debentures	-	22,734	5,754	382,428	1,537,496	2,217,874	713,648	1129,688
	-	23,304	5,754	382,428	1,675,304	2,309,305	713,648	1129,727
Allowance for losses - Debentures								(138,705)
Total								6,590,379

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	As of December 31,							RS thousand
	2007							
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total
Trading securities								
<i>Private sector:</i>								
Banco do Brasil investment fund	769,444	-	-	-	-	-	-	769,444
	769,444	-	-	-	-	-	-	769,444
Available-for-sale securities								
<i>Private sector:</i>								
Warrants	3,900	-	-	-	-	-	-	3,900
Investment fund shares	403,879	-	-	-	-	-	-	403,879
	407,779	-	-	-	-	-	-	407,779
Held-to-maturity securities								
<i>Public sector:</i>								
Agricultural Debt Securities– TDA	-	561	-	561	-	-	-	1,122
<i>Private sector:</i>								
Debentures	-	216	6,965	364,990	233,704	1,204,487	665,885	2,476,247
	1,177,223	777	6,965	365,551	233,704	1,204,487	665,885	3,654,592
Allowance for losses – Debentures								(171,184)
Total								3,483,408

4.4) Banco do Brasil investment fund

This Fund is classified as trading securities according to Central Bank of Brazil Circular No. 3068, of November 8, 2001.

The Fund's portfolio consists basically of government securities issued by the National Treasury and under the custody of SELIC (Special Settlement and Custody System).

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The breakdown of the Fund's portfolio is as follows:

	R\$ thousand	
	As of December 31	
	2008	2007
Exclusive fund "BB Extramercado"		
ASSETS		
Cash and cash equivalents	10,011	4
Resale agreements		
Treasury bills – LFT	12,249	-
Securities available for trading		
Treasury bills – LFT	561,538	730,061
National treasury bills – LTN	-	39,462
Resale agreements		
Treasury bills – LFT	12,249	-
Other	1	1
	<u>583,799</u>	<u>769,528</u>
LIABILITIES		
Payables	(91)	(84)
	<u>(91)</u>	<u>(84)</u>
TOTAL	<u>583,708</u>	<u>769,444</u>

Breakdown of the securities included in the Funds' assets by maturity:

	Number	R\$ thousand					Total
		As of December 31,					
		2008					
		Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	
BB Extramercado Exclusive Fund-							
Treasury bills (LFT)	154,040	12,249	34,838	-	50,015	476,685	573,787
		<u>12,249</u>	<u>34,838</u>	<u>-</u>	<u>50,015</u>	<u>476,685</u>	<u>573,787</u>

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		R\$ thousand						
		As of December 31,						
		2007						
Number		Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Total	
BB Extramercado Exclusive Fund-								
	Treasury bills (LFT)	220,251	17,755	38,232	282,529	387,494	4,051	730,061
	National Treasury bills (LTN)	40,545	39,462	-	-	-	-	39,462
			57,217	38,232	282,529	387,494	4,051	769,523

4.5) Investment fund shares

These investments are managed by private financial institutions. Shares of these funds are valued based on the share value disclosed by the fund manager on the balance sheet date.

Investment Funds	Manager	R\$ thousand	
		As of December 31, 2008	2007
- Brasil 21 – Fundo Mútuo de Investimento em Empresas Emergentes	Dynamo Administradora de Recursos Ltda.	4,645	6,061
- PROT – Fundo de Investimento em Participações	Mellon Serviços Financeiros Distribuidora de Títulos Mobiliários S.A.	462,808	-
- Logística Brasil – Fundo de Investimento em Participações	Banco Bradesco S.A.	13,564	-
- Fire - Fundo Mútuo de Investimento em Empresas Emergentes	BrasilPrivate Consultoria e Participações Ltda.	26,908	25,032
- Fundo de Invest. em Partic. Governança e Gestão – FIPGG	Governança & Gestão Investimentos	28,974	31,187
- Opportunity Equity Partners – FIA	Mellon Serviços Financeiros Distribuidora de Títulos Mobiliários S.A.	104,698	57,891
- Brasil Energia – Fundo de Investimentos em Participações	Banco Bradesco S.A.	118,485	65,514
- InfraBrasil – Fundo de Investimentos em Participações	Banco ABN Amro Real S.A.	67,756	25,144
- RB Cinema I – Fundo Financiamento Ind. Cinematográfica Nacional	Rio Bravo Investimentos S.A.	11,677	11,087
- Fundo Brascan de Petróleo e Gás	Banco Brascan S.A.	13,642	11,388
- AG Angra Infra-Estrutura - Fundo de Investimento em Participações	Banco Bradesco S.A.	38,011	30,189
- Fundo de Investimentos Cia. Paulista Trens Metropolitanos	Banco Bradesco S.A.	79,164	83,175
- Others		65,301	57,211
Total		<u>1,035,633</u>	<u>403,879</u>

The investment funds Fire and Brasil 21 were established as closed-end funds, with contributions only from BNDESPAR, for a period of 8 years. These funds are in the divestiture stage and their activities are expected to be discontinued in January 2009 and January 2010, respectively.

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4.6) Debentures

Debentures represent a type of financial support, rather than a financial investment, and are contracted directly with the issuers and realized upon maturity or converted/transformed into equity interest according to contractual clauses. Due to the features of these securities, they are valued according to the standards defined by Central Bank of Brazil Resolution No. 2682, as shown in Note 5.3.

4.7) Federal Government securities

Federal Government securities substantially result from the exchange of receivables and other assets with the National Treasury. Traditionally, these securities are traded with Federal Government-related institutions. So far, they have not been traded in the market.

Such securities are represented by Agricultural Debt Securities (TDA), and were received during the privatization process as part of the National Privatization Program (PND), to be exchanged with the Federal Government for National Treasury Notes – privatization series (NTN – P).

5. Debentures

Information on debentures is summarized as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Gross amount	5,109,173	2,476,247
Allowance for losses	(138,705)	(171,184)
Net amount	4,970,468	2,305,063
Current	25,518	1,732
Long-term	4,944,950	2,303,331
Total	4,970,468	2,305,063

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5.1) Gross portfolio by sector

	R\$ thousand	
	As of December 31,	
	2008	2007
Public sector	229,239	-
Private sector		
Industry	2,547,369	1,433,584
Other services	2,332,565	1,042,663
Total	5,109,173	2,476,247

5.2) Gross portfolio by maturity

	R\$ thousand	
	As of December 31,	
	2008	
Current:		
2009		28,488
2010		382,429
2011		-
2012		229,198
2013		1,446,106
After 2013		3,022,952
Total		5,109,173

	R\$ thousand	
	As of December 31,	
	2007	
Current:		
2008		7,181
2009		35,916
2010		329,073
2011		2,581
2012		231,124
After 2012		1,870,372
Total		2,476,247

5.3) Breakdown of portfolio and allowance for losses by risk level and status

Although BNDESPAR is not a financial institution, it follows the rules established by the Central Bank of Brazil for the calculation of the allowance for losses on debentures and other credits like the term sale of securities and receivables, in order to maintain its procedures in line with those adopted by its controlling shareholder.

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The National Monetary Council established, through Resolution 2682 of December 21, 1999, published by the Central Bank of Brazil, a system for recognizing the allowance for losses. The rule, which defines the risk ratings for performing and nonperforming balances and the related percentages, became effective in March 2000.

Risk level	Status	R\$ thousand				
		Debentures		% Allowance	Allowance	
		As of December 31,			As of December 31,	
		2008	2007		2008	2007
AA	Performing	2,343,144	738,065	0.00	-	-
A	Performing	1,422,701	916,518	0.50	7,113	4,583
B	Performing	1,223,976	-	1.00	12,240	-
C	Performing	-	324,589	3.00	-	9,738
D	Performing	-	367,944	10.00	-	36,795
E	Performing	-	10,188	30.00	-	3,056
F	Performing	-	3,861	50.00	-	1,930
H	Performing	119,067	106,150	100.00	119,067	106,150
	Nonperforming	285	8,932	100.00	285	8,932
		<u>119,352</u>	<u>115,082</u>		<u>119,352</u>	<u>115,082</u>
Total		<u>5,109,173</u>	<u>2,476,247</u>		<u>138,705</u>	<u>171,184</u>
Current		28,488	7,181		2,970	5,449
Long-term		5,080,685	2,469,066		135,735	165,735
Total		<u>34,253</u>	<u>2,476,247</u>		<u>138,705</u>	<u>171,184</u>

5.4) Changes in the allowance for losses on debentures

	R\$ thousand	
	As of December 31,	
	2008	2007
Balance at beginning of year	171,184	552,177
Reversal, net	(23,458)	(380,990)
Write-offs against the allowance	(9,021)	(3)
Balance at end of year	<u>138,705</u>	<u>171,184</u>

The effect on the statement of income is shown in Note 14.

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6. Term sale of securities and receivables

Information on term sale of securities and receivables is summarized as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Term sale of securities	3,547,772	3,640,505
Allowance for losses	(37,049)	(40,383)
	3,510,723	3,600,122
Receivables	20,790	410,669
Allowance for losses	(15,494)	(128,122)
	5,296	282,547
Current	374,908	590,607
Long-term	3,141,111	3,292,062
Total	3,516,019	3,882,669

6.1) Gross portfolio by sector

	R\$ thousand	
	As of December 31,	
	2008	2007
Public sector	2,240,652 (*)	2,717,473 (*)
Private sector		
Industry	1,274,265	1,291,548
Financial intermediation	8,552	17,913
Other services	45,093	24,240
	1,327,910	1,333,701
Total	3,568,562	4,051,174

(*) Includes R\$2,240,652 thousand (R\$2,341,989 thousand in 2007) in transactions with the controlling shareholder – BNDES, see Note 13.

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6.2) Gross portfolio by maturity

	<u>R\$ thousand</u> <u>As of December 31,</u> <u>2008</u>
Past-due	-
Current:	
2009	382,916
2010	2,217,543
2011	205,556
2012	190,436
2013	260,953
After 2013	311,158
Total	<u>1353,779</u>

	<u>R\$ thousand</u> <u>As of December 31,</u> <u>2007</u>
Past-due	87
Current:	
2008	718,305
2009	326,453
2010	2,065,122
2011	197,511
2012	185,074
After 2012	558,622
Total	<u>4,051,174</u>

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6.3) Breakdown of portfolio and allowance for losses by risk level and status

Risk	Status	R\$ thousand				
		Term sale of securities			Allowance	
		As of December 31,		% Allowance	As of December 31,	
		2008	2007		2008	2007
AA	Performing	2,250,023	2,359,854	0,00	-	-
A	Performing	-	8,891	0,50	-	45
B	Performing	1,273,435	-	1,00	12,735	-
C	Performing	-	1,269,507	3,00	-	38,085
H	Performing	24,314	2,253	100,00	24,314	2,253
Total		3,547,772	3,640,505		37,049	40,383
Current		377,460	320,187		3,942	3,552
Long-term		3,170,312	3,320,318		33,107	36,831
Total		3,547,772	3,640,505		37,049	40,383

Risk	Status	R\$ thousand				
		Receivables			Allowance	
		As of December 31,		% Allowance	As of December 31,	
		2008	2007		2008	2007
AA	Performing	-	13,111	0,00	-	-
E	Performing	-	375,485	30,00	-	112,645
G	Performing	17,652	21,986	70,00	12,356	15,390
H	Performing	3,138	-	100,00	3,138	-
	Nonperforming	-	87		-	87
Total		20,790	410,669		15,494	128,122
Current		5,456	398,205		4,066	124,233
Long-term		15,334	12,464		11,428	3,889
Total		20,790	410,669		15,494	128,122

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6.4) Changes in allowance for losses on term sale of securities and receivables

a) Term sale of securities

	R\$ thousand	
	As of December 31,	
	2008	2007
Balance at beginning of year	40,383	99,757
Reversal, net	(3,263)	(59,363)
Write-offs against the allowance	(71)	(11)
Balance at end of year	37,049	40,383

b) Receivables

	R\$ thousand	
	As of December 31,	
	2008	2007
Balance at beginning of year	128,122	39,093
Recognition, net	(112,628)	89,029
Balance at end of year	15,494	128,122

The effect on the statement of income is shown in Note 14.

7. Investments

Law 11638, of December 28, 2007 and Provisional Act 449, of December 3, 2008, altered, revoked and added new provisions to the Brazilian Corporate Law (Law No. 6404/76). With respect to accounting for investments in affiliates, the new Law altered the scope of application of the equity method, eliminated the concept of materiality, and established the concept of “significant influence”, which should be considered to exist when a holding company has at least 20% of its investee’s voting capital.

To conform to these new criteria, in 2008 the Company was required to revise the valuation method applied to its investments. This revision led to the reclassification of 39 investments in affiliates from the equity method valuation to the cost method given that the Company had no significant influence on these companies. Pursuant to CVM Resolution 565, of December 17, 2008, which approved Technical Pronouncement CPC 13 – First-time Adoption of Law 11638/07, the carrying amount of investments in affiliates as of December 31, 2007, including unamortized premium or discount, was considered to be the new cost value for purposes of future measurement and determination of their recoverable value (“impairment”), whereas valuation under the equity method was no longer applicable. Dividends and interest on capital received for income that has already been recognized under the equity method are being accounted for as a reduction of these investments.

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Additionally, the amounts of the investments and shareholders' equity were decreased by R\$281,105 thousand, because of the Company's decision to reverse the balance of the Revaluation Reserve, consisting fully of affiliates' revaluations, as determined by article 6 of Law 11638/07. The Company will adjust the financial statements of the affiliates that opt to maintain the balances of the revaluation reserve, in order to have consistent procedures.

7.1) Breakdown

	R\$ thousand	
	As of December 31,	
	2008	2007
Investments in affiliates under the equity method	7,637,318	7,284,944
Total investments in affiliates	7,637,318	7,284,944
Other equity interests	17,527,856	11,554,865 ¹
Other investments	-	15,026
Total investments	25,165,174	18,854,835

¹ As of December 31, 2007, R\$ 3,721,368 were classified as "investments in affiliates at cost".

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7.2) Affiliates accounted for under the equity method

R\$ thousand														
Investees	Base date	Capital	Base net income for equity in affiliates	Shareholders' equity	Number of shares held (in thousands)		Equity interest (%)	Equity in affiliates				Net book value		
					Common	Preferred		As of December 31,		Equity value of investment	Premium Discount Allowance for losses	As of December 31,		
								2008	2007			2008	2007	
Bertin	(1) 10/31/2008	3,349,360	(476,189)	3,423,079	7,709	-	26.92	(132,809)	-	921,558	1,450,247	a	2,371,805	-
Brasiliiana	(1) 10/31/2008	2,960,708	(34,980)	3,161,719	300,000	50,000	53.85	(14,115)	149,770	1,702,464	(231,948)	b	1,470,516	1,816,633
Copel	(1) 10/31/2008	4,460,000	1,146,796	8,008,485	38,299	27,282	23.96	279,356	267,433	1,919,212	(313,525)	b	1,605,687	1,395,494
Rio Polímeros	(1) 10/31/2008	1,469,806	(99,197)	1,406,491	317,974	-	25.00	(26,348)	20,541	351,623	(53,650)	c	267,954	197,298
Telemar Part. (2)	(1) 10/31/2008	2,043,690	52,812	2,488,300	858,225	1,000	31.38	(215,167)	61,789	1,631,175	(27,454)	b	1,603,721	598,733
Subtotal								(109,083)	499,533	6,526,032	(53,650)	c	7,319,683	4,008,158
Other companies								114,898	546,629	325,135	(7,500)	c	317,635	3,276,786
Total								5,815	1,046,162	6,851,167	(61,150)	c	7,637,318	7,284,944

(1) Financial statements audited by independent auditors for the base date of the equity in affiliates.

(2) Includes redeemable preferred shares, in the amount of R\$1,239,616 thousand. These shares have priority in the distribution of fixed, cumulative dividends equivalent to 5% per year on the issue price adjusted based on the IPCA (extended consumer price index) variation. Payment thereof may be made upon delivery of class-A preferred shares issued by Telemar Norte Leste S/A.

- The base date indicates the investee's shareholders' equity date used in the last calculation of equity in affiliates. The effects of significant events that occurred subsequently to the reporting date, as well as the effects of Law 11638/07 on the affiliates' financial statements were recognized.
- In addition to the base Net Equity, equity in affiliates considers the effects of changes in affiliates' net equity from prior year base date to the current year base date, including effects of prior year adjustments, capital reserves, repurchase of shares, change in capital and in interest ownership percentage.
- The amounts related to discount on investment subscription are not amortized due to the lack of economic fundamentals.

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7.3) Other equity interests

Investees		Number of shares held		Equity interest (%)	R\$ thousand	
		(in thousands)			Net book value (4)	
		Common	Preferred		As of December 31,	
				2008	2007	
América Latina Logística – ALL	(2)	130,448	175,614	10.61	638,696	-
Aracruz		56,881	-	5.51	129,280	129,280
Banco do Brasil		64,006	-	2.52	1,085,480	1,275,237
Bom Gosto	(2)	-	2,424	34.59	245,845	-
Brasil Telecom. Part.		1,271	9,660	3.00	166,663	195,899
Braskem		-	26,496	5.22	227,545	243,207
Brenco		134,835	-	20.92	140,000	-
CEG	(2)	17,944,799	-	34.56	140,600	-
CESP		-	18,697	5.71	234,736	139,789
Coteminas		-	12,070	10.35	115,005	134,005
CPFL Energia		29,822	-	6.21	608,161	550,600
Cia. Siderúrgica Nacional		28,887	-	3.64	151,379	268,615
CVRD		218,386	326	4.08	1,508,260	709,886
ELETROBRÁS	(1)	133,758	-	11.81	2,240,013	2,240,013
EMBRAER		37,413	-	5.05	109,699	109,699
Gerdau		35,917	14,162	3.50	153,352	49,096
Independência		-	10,840	13.89	250,000	-
JBS	(1)	186,892	-	13.00	1,472,274	1,137,006
Klabin	(2)	-	185,860	20.25	562,144	-
Light	(2)	68,556	-	33.62	822,511	-
Marfrig		39,286	-	14.66	817,655	102,000
MPX Mineração		178	-	2.61	179,180	179,180
Ouro Fino	(1)	-	11,250	20.00	105,727	84,000
Parapanema		54,986	-	17.52	125,261	805
Petrobrás		94,492	574,047	7.62	1,022,684	1,022,684
Rede Energia S/A	(2)	-	64,236	25.30	263,332	-
Tele Norte Leste Participações		775	5,627	1.63	164,599	164,599
Valepar	(3)	149,787	18,394	9.79	2,625,429	1,558,569
			Subtotal		16,305,510	10,294,169
Other companies					1,222,346	1,260,696
			Total		17,527,856	11,554,865

(1) Classified as “Investments in affiliates at cost” in 2007.

(2) Classified as “Investments in affiliates under the equity method” in 2007.

(3) Includes 18,394,143 redeemable preferred shares, in the amount of R\$1,066,860. These shares are redeemable on a six-month period basis, beginning 2011, and entitle to fixed, cumulative dividends equivalent to 16% per year.

(4) The net book value is net of the allowance for losses on investments in the amount of R\$1,356,449 as of December 31, 2008 and R\$584,925 as of December 31, 2007.

7.4) Fair value of investments

The amount of equity interests recorded is R\$25,165,174 thousand, R\$7,637,318 thousand of which in affiliates (under the equity method) and R\$17,527,856 thousand in other companies. Of that total, approximately 62% - R\$15,624,501 thousand, are invested in shares traded on stock exchanges and the rest R\$9,540,673 thousand are invested in unlisted companies.

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As of December 31, 2008, the estimated market value of equity interests is R\$52,740,193 thousand. Equity interest in shares traded on stock exchanges, calculated using the average quotation by share in the last trading session on the São Paulo Stock Exchange (BOVESPA), was R\$38,458,382 thousand.

	R\$ thousand		
	As of December 31, 2008		
	Net book value	Market value	Unrecorded gain (loss)
Equity interest in Eletrobrás	2,240,013	3,477,707	1,237,694
Equity interest in Petrobras	1,022,684	15,645,974	14,623,290
Other equity interests traded on stock exchanges	12,361,804	19,334,701	6,972,897
Interest in unlisted companies (*)	9,540,673	14,281,811	4,741,138
Total	25,165,174	52,740,193	27,575,019

(*) As the estimated value is based on economic value projections, the market value of such equity interests has not been audited by independent auditors.

Allowance for losses is recorded only when the loss is considered permanent.

8. Onlendings

8.1) Breakdown

	R\$ thousand		
	As of December 31,		
	2008		
	Local currency	Foreign currency	Total
BNDES	16,876,578	94,931	16,971,509
National Treasury	2,141,457	-	2,141,457
Total	19,018,035	94,931	19,112,966

Current	2,899,149
Long-term	16,213,817
Total	19,112,966

	R\$ thousand		
	As of December 31,		
	2007		
	Local currency	Foreign currency	Total
BNDES	7,381,231	79,197	7,460,428
National Treasury	1,904,000	-	1,904,000
Total	9,285,231	79,197	9,364,428

Current	1,445,475
Long-term	7,918,953
Total	9,364,428

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Onlendings from BNDES are subject to monetary adjustment based on the TJLP (long-term interest rate), exchange variation or the IGP-M (General Market Price Index) plus annual interest of up to 10.09%, and must be settled by 2018.

Onlendings from the National Treasury are subject to monetary adjustment based on SELIC (Central Bank overnight rate), and must be settled by December 2017.

8.2) Onlendings from BNDES and the National Treasury mature as follows:

	<u>R\$ thousand</u> <u>As of December 31,</u> <u>2008</u>
Current:	
2009	2,899,149
2010	1,776,820
2011	2,151,188
2012	1,379,151
2013	2,256,048
After 2013	8,650,610
Total	<u><u>21,077</u></u>

	<u>R\$ thousand</u> <u>As of December 31,</u> <u>2007</u>
Current:	
2008	1,445,475
2009	1,225,960
2010	856,096
2011	1,178,265
2012	466,988
After 2012	4,191,644
Total	<u><u>9,364,428</u></u>

9. Issue of debentures

BNDESPAR issued 600,000 simple, registered, book-entry, nonconvertible debentures of a single series, without guarantee or preference (non-privileged), with a unit par value of R\$1,000.00 on the issue date, totaling R\$600,000 thousand.

This public distribution took place under the First Program of Public Distribution of Debentures of the Issuing Company, as approved in the Meeting of the Executive Board of BNDES, the sole shareholder of the Issuing Company, held on September 21, 2006, under BNDES Decision No. Dir. 836/2006, and filed with the Brazilian Securities and Exchange Commission (CVM), on December 19, 2006, under No. CVM/SRE/PRO/2006/0011.

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Debentures were subscribed and paid up at the price of R\$898.33 each, corresponding to a unit par value of R\$1,000.00, adjusted considering a 10.167% discount determined during the bookbuilding process.

The unit par value of debentures will be adjusted from the date of subscription and payment, based on the IPCA (extended consumer price index), calculated and released by the IBGE (Brazilian Institute of Geography and Statistics). The result of the adjustment is automatically added to the par value, under the formulas set forth in the indenture.

Debentures will pay interest of 6% per year on their adjusted par value, at the end of each capitalization period, i.e., January 15, 2009, January 15, 2010, January 15, 2011, and January 15, 2012, as established in the indenture. Debentures will be repaid in a single installment, on the maturity date, January 15, 2012.

In the second distribution, on July 1, 2007, BNDESPAR issued 1,350,000 simple, registered, book-entry, nonconvertible debentures of two series, of which 550,000 debentures of the First Series and 800,000 debentures of the Second Series, without guarantee or preference (non-privileged), with a unit par value of R\$1,000.00 on the issue date, totaling R\$1,350,000 thousand. These debentures were subscribed and paid up at their unit par value.

The unit par value of the First Series debentures will not be adjusted, bearing only fixed interest of 11.20% per year. Interest and principal will be fully paid on the maturity date, January 1, 2011.

The unit par value of the Second Series debentures will be adjusted based on the IPCA (extended consumer price index), calculated and released by the IBGE. The result of the adjustment is automatically added to the par value, under the formulas set forth in the Supplemental Indenture.

The monetarily adjusted unit par value of the Second Series debentures bears fixed interest of 6.80% per year, from the subscription and payment date or the previous payment date of the Second Series Interest, as applicable, to the actual payment date. Second Series interest will be paid on August 15, 2009, August 15, 2010, August 15, 2011, August 15, 2012, and on the maturity date, August 15, 2013, when it will be repaid in a single installment. Second Series interest will be calculated according to the formula set forth in the Supplemental Indenture.

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The adjusted amount of liabilities for debentures issued is as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
First distribution		
Adjusted principal (IPCA)	665,811	625,776
Provision of interest (6% per year)	83,333	38,160
Discount	(61,002)	(61,002)
Accumulated amortization of discount ⁽¹⁾	24,597	12,791
	<u>712,739</u>	<u>615,725</u>
Second distribution		
1 st series		
Principal	550,000	550,000
Provision of interest (11.2% per year)	89,799	24,874
2 nd series		
Adjusted principal (IPCA)	865,143	812,961
Provision of interest (6.8% per year)	84,756	22,375
	<u>1,589,698</u>	<u>1,410,210</u>
Total	<u>2,302,437</u>	<u>2,025,935</u>
Current	168,088	-
Long-term	2,134,349	2,025,935
Total	<u>2,302,437</u>	<u>2,025,935</u>

⁽¹⁾ Discount amortization is calculated on the straight-line basis over the period from December 2007 to January 2012.

10. Taxes on Income

10.1) Current

BNDESPAR calculates income and social contribution taxes on annual taxable income and is subject to monthly payments on an estimated basis, whenever the tax suspension/reduction is not applicable, as provided for in articles 27 to 35 of Law No. 8981/95 and other applicable legislation.

As of December 31, 2008, BNDESPAR recorded provisions for social contribution (at a 9% rate) and income tax (at a 15% rate, plus a 10% surtax). Such provisions were calculated on income before deduction of income and social contribution expenses.

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Income and social contribution taxes were calculated as follows:

	R\$ thousand					
	2 nd half of 2008		As of December 31,			
			2008		2007	
	Income tax	Social contribution	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	399,834	399,834	4,773,377	4,773,377	5,137,491	5,137,491
Employee profit sharing	(15,645)	(15,645)	(15,645)	(15,645)	(26,710)	(26,710)
Tax basis	<u>384,189</u>	<u>384,189</u>	<u>4,757,732</u>	<u>4,757,732</u>	<u>5,110,781</u>	<u>5,110,781</u>
Total income tax and social contribution at the rates of 25% and 9%	96,047	34,577	1,189,433	428,196	1,277,695	459,970
Effects of additions (deductions) on tax calculation:						
• Allowance for loan losses (Central Bank of Brazil Resolution 2682/99)	(24,609)	(8,860)	(37,110)	(13,360)	(87,834)	(31,620)
• Actuarial liabilities – FAMS	1,420	511	3,055	1,100	4,273	1,538
• Dividends from investments stated at cost	(124,752)	(44,911)	(221,875)	(79,875)	(128,580)	(46,289)
• Credits written off as loss	-	-	2,125	765	(1,164)	(419)
• Equity in affiliates	(17,367)	(6,252)	(1,453)	(523)	(261,540)	(94,154)
• Interest on capital from affiliates and subsidiaries	16,564	5,963	16,564	5,963	16,239	5,846
• Barter of securities	1,116	402	(39,201)	(14,112)	36,526	13,149
• Premium amortization, net of realization	(8,076)	319	(22,057)	(3,285)	(32,201)	(633)
• Securities valuation allowance	173,355	62,408	163,893	59,002	(35,995)	(12,958)
• Reserve for civil and labor contingencies	3,480	1,252	6,990	2,516	6,784	2,442
• Planned employee termination program	(1,816)	(654)	(6,470)	(2,329)	14,019	5,047
• Grants – Tax incentives	(17,655)	(6,356)	(17,655)	(6,356)	-	-
• Other additions and deductions, net	4,731	1,768	281	(593)	3,467	3,075
Accumulated income tax and social contribution	<u>102,438</u>	<u>40,167</u>	<u>1,036,520</u>	<u>377,109</u>	<u>811,689</u>	<u>304,994</u>

The balance payable is as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Taxes on income:		
. Provision		
Income tax	1,036,520	811,689
Social contribution	377,109	304,994
	<u>1,413,629</u>	<u>1,116,683</u>
. Prepayments		
Income tax	(979,163)	(517,051)
Social contribution	(356,433)	(198,870)
	<u>(1,335,596)</u>	<u>(715,921)</u>
Taxes payable	<u>78,033</u>	<u>400,762</u>

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Recoverable and prepaid taxes are as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Income tax overpaid in prior years	-	178,223
Withholding income tax on fixed-income investments	45,820	15,974
Withholding income tax on variable-income investments	622	2,287
Withholding income tax on interest on capital	137,383	65,316
Prepayments - Audiovisual incentive	4,200	2,840
Other	1,657	3,201
Total	189,682	267,841
Current	189,682	267,841
Long-term	-	-
Total	189,682	267,841

10.2) Tax credits

	R\$ thousand	
	As of December 31,	
	2008	2007
. Breakdown of deferred tax assets		
Premium amortization	69,366	109,968
Credits written off as loss	27,891	25,001
Allowance for losses on investments	160,799	104,225
Provision for civil and labor contingencies	166,062	156,555
Barter of securities	218	-
Provision for employee profit sharing	5,319	9,081
Planned retirement program	10,267	19,066
Total	439,922	423,896
Current	172,598	133,531
Long-term	267,324	290,365
Total	439,922	423,896
		R\$
		As of December 31,
	2008	2007
. Breakdown of deferred tax liabilities:		
Amortization of discount	(8,054)	(8,153)
Total	(8,054)	(8,153)
Current	-	-
Long-term	(8,054)	(8,153)
Total	(8,054)	(8,153)

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Pursuant to CVM Resolution No. 273/98, the Company recognized deferred tax assets and liabilities on temporary additions and deductions that will be taxable and deductible from income and social contribution tax bases in the future. As of December 31, 2008, the contra entry of the provisions for income tax and social contribution were:

	2 nd half of 2008	12/31//2008	R\$ thousand 12/31//2007
Income tax	(28,069)	11,836	(227,287)
Social contribution	(6,879)	4,289	(56,184)
Total	(34,948)	16,125	(283,471)

Basically, deferred tax assets on temporary differences arise from:

- a) Credits written off as loss: refer to allowance for losses recorded on term sale of securities and receivables which are past due for more than 360 days or had their maturity accelerated due to noncompliance with contract clauses. Such receivables may be under amicable collection by the receivable recovery department or otherwise subject to court collection.
- b) Provision for civil and labor contingencies: refers to labor (Note 11.a) and civil (Note 11.b) contingencies.
- c) Allowance for losses on investments: equity interests accounted for at cost or under the equity method.
- d) Premium amortization: premium arising from subscription of shares in cash, conversion of debentures or barter of shares or receivables.
- e) Barter of securities: refers to the tax credit recorded to offset the effect of income tax and social contribution paid on the difference between fair value and carrying amount arising from the securities barter transaction. The realization of these credits is tied to the sale of the underlying securities.
- f) Planned retirement program: estimated costs of the plan which provides incentives to employees who qualify for retirement for length of service (Note 16).

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Tax credits and taxes payable on temporary additions and deductions are realized upon payment, utilization or reversal of the related provisions. The amounts recognized and written off in the year are as follows:

	R\$ thousand			
	12/31/07	Recognition	Realization	12/31/08
Tax credits:				
. Allowance for losses on investments	104,225	242,729	(186,155)	160,799
. Credits written off as loss	25,001	3,067	(177)	27,891
. Premium amortization	109,968	11,834	(52,436)	69,366
. Provision for civil and labor contingencies	156,555	9,719	(212)	166,062
. Provision for employee profit sharing	9,081	5,319	(9,081)	5,319
. Planned employee retirement program	19,066	-	(8,799)	10,267
. Barter of securities	-	218	-	218
	423,896	272,888	(256,862)	439,922
Taxes payable:				
. Discount amortization	(8,153)	99	-	(8,054)
	(8,153)	99	-	(8,054)

	R\$ thousand			
	12/31/06	Recognition	Realization	12/31/07
Tax credits:				
. Allowance for losses on investments	156,149	18,245	(70,169)	104,225
. Credits written off as loss	26,584	-	(1,583)	25,001
. Premium amortization	133,927	27,811	(51,770)	109,968
. Provision for civil and labor contingencies	147,329	9,490	(264)	156,555
. Provision for employee profit sharing	3,740	5,341	-	9,081
. Planned employee retirement program	-	19,066	-	19,066
. Barter of securities	239,638	-	(239,638)	-
	707,367	79,953	(363,424)	423,896
Taxes payable:				
. Discount amortization	(8,153)	-	-	(8,153)
	(8,153)	-	-	(8,153)

Unrecorded tax credits as of December 31, 2008 totaled R\$708,701 thousand (R\$626,628 thousand as of December 30, 2007). These amounts refer to the allowance for loan losses (Central Bank of Brazil Resolution 2682/99), allowance for losses on investments, premium amortization, provision for medical expenses – FAMS, and the difference between the fair value and the carrying value of barter of securities. Pursuant to Central Bank of Brazil Resolution 3059/02, tax credits can only be recognized on amounts that will be realized in up to 5 years, a period changed to 10 years under Central Bank of Brazil Resolution 3355/06. However, pursuant to a technical study, the 5-year timeframe has been conservatively maintained for the realization of tax credits, and these amounts will either be realized over a longer period or are not expected to be realized.

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The expected realization of tax credits and taxes payable is as follows:

	R\$ thousand						
	2009	2010	2011	2012	2013	After 2013	Total
Allowance for losses on investments	99,289	45,090	-	14,089	-	2,331	160,799
Credits written off as loss	8,965	15,409	449	3,068	-	-	27,891
Premium amortization	52,705	1,955	967	3,414	370	9,955	69,366
Barter of securities	218	-	-	-	-	-	218
Employee profit sharing program	5,319	-	-	-	-	-	5,319
Planned employee retirement program	4,396	2,478	1,509	1,884	-	-	10,267
Provision for civil and labor contingencies	1,706	163,901	296	157	2	-	166,062
	172,598	228,833	3,221	22,612	372	12,286	439,922
Discount amortization	-	-	-	-	-	(8,054)	(8,054)
	-	-	-	-	-	(8,054)	(8,054)

The present value of recorded tax credits, calculated considering the average funding rate, is R\$377,738 thousand.

Under article 5 of Resolution 3059/02, the assets corresponding to the portion of tax credits must be written off whenever the amounts effectively realized in two consecutive periods are less than 50% of the amounts estimated for the same period in a technical study prepared by the Company. The provisions of this article are not applicable to tax credits recognized before the date on which such Resolution took effect. As of December 31, 2008, no write-offs of such nature have been made. The tax credits recognized after this Resolution took effect total R\$358,907 thousand.

11. Provision for civil and labor contingencies

BNDESPAR is a party to labor and civil lawsuits arising from the normal course of business.

The lawsuits were classified into three risk of loss categories: probable, possible and remote, based on the likelihood of loss according to the internal and external legal counsel that analyze the nature of the lawsuits, similarity with previous cases, complexity, previous court decisions and the status of the lawsuits.

The use of this classification criterion complies with CVM Resolution 489, of October 3, 2005, concerning contingencies, which recommends recognizing a provision in the total amount of contingencies classified as probable and disclosure of contingencies classified as possible.

The recognized provisions were considered by Management to be sufficient to cover any losses.

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The recognized provisions by nature are as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Labor lawsuits	7,474	6,320
Civil lawsuits (*)	480,942	454,137
Total	488,416	460,457
Current	5,017	4,585
Long-term	483,399	455,872
Total	488,416	460,457

a) Labor lawsuits

The provision for labor contingencies refers mainly to lawsuits for job reinstatement of dismissed employees.

	R\$ thousand	
	As of December 31,	
	2008	2007
Balance at beginning of year	6,320	5,304
Payments	(626)	(776)
Recognition (reversal), net	1,780	1,792
Balance at end of year	7,474	6,320

As of December 31, 2008, there are 10 ongoing lawsuits classified as possible loss, in the estimated amount of R\$1,883 thousand (R\$9,710 thousand as of December 31, 2007).

b) Civil lawsuits

The main lawsuits, in addition to those related to contractual issues, are related to privatizations made by the Federal Government and implemented by BNDES as the manager of the National Privatization Program (PND), in particular a lawsuit filed in 1995 regarding a privatization auction that took place in 1989 with a lower court decision favorable to BNDESPAR, which was reversed and for which the judgment of the appeals filed is pending. Changes in the provision for civil contingencies are as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
Balance at beginning of year	454,137	428,017
Recognition (reversal), net	26,805	26,120
Balance at end of year	480,942	454,137

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As of December 31, 2008, there are 8 ongoing lawsuits classified as possible loss, in the estimated amount of R\$447,170 thousand (R\$132,865 thousand as of December 31, 2007).

12. Shareholders' equity

As of December 31, 2008 and 2007, subscribed and paid-up capital totals R\$10,404,356 thousand and is represented by a single registered common share, without par value, held by BNDES.

As set forth in its bylaws, from net income for 2008, in the amount of R\$3,360,228 thousand, BNDESPAR allocated 5% to legal reserve, in the amount of R\$168,012 thousand and R\$70,622 thousand to the tax incentive reserve. As minimum mandatory distribution to shareholders, 25% of net income after recognizing the legal and tax incentive reserves, equivalent to R\$780,399 thousand, was allocated as dividends. A capital increase using prior years' remaining balance of net income and retained earnings, in the amounts of R\$2,341,196 thousand and R\$29,714 thousand, respectively, totaling R\$2,370,910 thousand, is in progress. The planned capital increase will be completed after approval by the Ministry of Finance and publication in the Federal Official Gazette, as required in Decree 2673, of July 16, 1998.

As set forth in its bylaws, from net income for 2007, in the amount of R\$3,710,627 thousand, BNDESPAR allocated 5% to legal reserve, in the amount of R\$185,531 thousand. As minimum mandatory distribution to shareholders, 25% of net income after recognizing the legal reserve, equivalent to R\$881,274 thousand, was allocated as dividends, which were paid in May 2008. In the first quarter of 2008, the Company approved the supplementary dividends relating to 2007, corresponding to R\$2,643,821 thousand, which was paid in July 2008.

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13. Related Parties

13.1) Transactions with the parent company

Transactions with the parent company – BNDES – were as follows:

	R\$ thousand		
	BNDES		
	As of December 31		
	2008	2007	
Assets			
Term sale of securities			
Local currency		2,240,652	2,341,989
Liabilities			
Onlendings			
Local currency		(16,876,578)	(7,381,231)
Foreign currency		(94,931)	(79,197)
		<u>(16,971,509)</u>	<u>(7,460,428)</u>
	<u>2nd half of 2008</u>		
Income:			
Term sale of securities			
Local currency	113,737	203,995	202,107
Expenses:			
Onlendings			
Local currency	(625,481)	(982,458)	(356,215)
Foreign currency	(38,563)	(33,057)	11,103
	<u>(664,044)</u>	<u>(1,015,515)</u>	<u>(345,112)</u>

13.2) Transactions with the National Treasury – BNDES's single shareholder

The terms and conditions for these transactions, detailed in note 8, are summarized below:

	R\$ thousand		
	2 nd half of	As of December 31	
		2008	2008
Liabilities			
Onlendings			
		(2,141,457)	(1,904,000)
Expenses			
Onlendings			
	(134,164)	(237,458)	(180,838)

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13.3) Transactions with Welfare and Pension Plan Foundation of BNDES – FAPES

Transactions with Pension Plan and with Health Care and Welfare Fund (FAMS), administered by FAPES, summarized below, are detailed in note 15:

	R\$ thousand	
	As of December 31	
	2008	2007
Liabilities		
Accounts payable – FAPES – Private pension plan entity	(112,245)	(111,569)
Actuarial liabilities – FAMS – Health care	(120,700)	(108,479)

	R\$ thousand		
	As of December 31		
	2 nd half of 2008	2008	2007
Expenses			
Private pension plan	(13,514)	(17,402)	(14,078)
Health care plan	(5,680)	(12,220)	(17,093)

13.4) Transactions with affiliates

BNDESPAR has investments in affiliates, as detailed in note 7.2. Although CVM Resolution 560/08 extends the related party concept to affiliates, Management understands that transactions with these investees are conducted under the same conditions as those conducted with unrelated parties and do not generate different effects on the Company's income and financial position, compared to transactions with unrelated parties. The major transactions with investees are represented by capital contributions and dividends and interest on capital received.

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14. Income (expenses) on allowance for losses

Breakdown of income from reversal of allowance for losses:

	R\$ thousand		
	As of December 31,		
	2 nd half of 2008	2008	2007
Reversal of debentures, net	(4,113)	23,458	380,990
Reversal of term sale of securities, net	(21,560)	3,263	59,363
Recognition of receivables, net	124,080	112,628	(89,029)
Recovery of receivables written off from assets	96,526	104,418	7,646
Recorded income, net	194,933	243,767	358,970

15. Pension Plan

15.1) Pension plan

FAPES (Welfare and Pension Plan Foundation of BNDES) is a private pension plan entity. Its main purpose is to provide benefits that supplement the social security benefits granted by the National Institute of Social Security (INSS) to the employees of its sponsors: BNDES, FINAME, BNDESPAR and FAPES itself.

FAPES has a defined benefit plan and uses the capitalization financial system to measure its provisions.

Sponsors must provide to FAPES, when required, funds for covering any technical deficits identified by an actuarial revaluation, as established by the Foundation's bylaws, pursuant to legislation in force.

Based on FAPES' balance sheet as of December 31, 2008, there is a surplus, before receivables from sponsor, between the guarantee assets and the actuarial obligation, in the amount of R\$64,730 thousand (R\$36,747 thousand surplus as of December 31, 2007), equivalent to 9.2% (4.1% as of December 31, 2007) of total guarantee assets of FAPES. The actuarial liability is covered by Accounts payable - FAPES (Note 15.2) recorded in BNDESPAR, in accordance with accounting rules set forth by Accounting Procedure and Standard (NPC) 26 issued by the Brazilian Institute of Independent Auditors (IBRACON). Considering the sponsor's receivables, the pension plan has a surplus of R\$176,975 thousand (R\$148,316 thousand as of December 31, 2007), equivalent to 25.0% (16.4% as of December 31, 2007) of total guarantee assets.

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The actuarial liability was measured by an independent actuary under the Projected Unit Credit (PUC) method, based on analyses carried out in September 2008. The amounts were adjusted through December 31, 2008 based on actuarial interest of 6% per year and monetary adjustment based on the INPC (National Consumer Price Index) variation.

The table below shows the contributions made by BNDESPAR to fund the benefit plan, in accordance with the limit established by legislation in force:

	R\$ thousand		
	December 31,		
	2 nd half of 2008	2008	2007
Payroll	24,862	46,065	46,958
Participants' contributions	2,014	3,781	5,464
Sponsor's contributions	3,297	5,819	5,464

15.2) Accounts payable - FAPES

Refer to debt acknowledgement contracts entered into with the sponsors, with fixed amortization term and monthly payments, with a total of thirteen installments each year, calculated by the Price System and subject to an actuarial interest rate of 6% per year plus administrative costing rate and monetary adjustment, which occurs at the same time and ratio as the salary adjustment or general changes of the sponsors' employees.

The debt balance is as follows:

	R\$ thousand	
	As of December 31,	
	2008	2007
2002 contracts (a)	79,109	73,561
2004 contracts (b)	33,136	38,008
Total	112,245	111,569
Current	3,943	3,483
Long-term	108,302	108,086
Total	112,245	111,569

(a) Refers to the agreement between the BNDES group entities and their employees regarding the recognition of changes in working journey, pursuant to Law No. 10556, of November 13, 2002, which resulted in a 16.67% increase in the participants' contribution salary, directly impacting the benefit plan's mathematical provision. For partial coverage of the increase in such provisions in 2002, contracts establishing the debt repayment in 390 installments were entered into. The payment began in January 2003.

(b) Refers to conversion of the mathematical provisions to be recognized (in accordance with BNDES Group's request and Central Bank of Brazil's recommendation), which were being amortized on a monthly basis since November 1998 through extraordinary contributions, into debt acknowledged by the sponsors, falling due until November 2018. The first installment was paid in December 2004.

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15.3) Other employee benefits

a) Health care plan

BNDESPAR, as a wholly-owned subsidiary of BNDES, sponsors the FAMS (Health Care and Welfare Fund), created primarily to provide the plan's participants and dependents with benefits that supplement or are similar to those granted by the INSS. These benefits, which include healthcare, hospital and dental care services under free-choice or directed-choice systems, are provided to the employees since 1976, under BNDES Executive Board Resolution 933/98, also applicable to BNDES subsidiaries.

FAMS beneficiaries are active and retired employees of BNDESPAR and their dependents; in the event of death of the principal beneficiary, the dependent is assured of his/her right to the benefits over a maximum of 24 months.

FAMS receives funds donated by BNDESPAR to attain its goals. These funds are managed by FAPES, which is also responsible for annual budgeting and detailing of operating costs required by FAMS.

FAMS is not covered by guarantee assets. Benefits are prepaid by BNDESPAR based on budgets prepared by FAPES, which files with BNDESPAR a monthly Accountability Schedule prepared to support the expenses incurred.

As of December 31, 2008, the amount of the actuarial obligation to covered participants and active participants for the average future length of service was recorded based on the update of the actuarial valuation made by an independent actuary on the same date.

	R\$ thousand	
	As of December 31,	
	2008	2007
Actuarial obligation to active participants	50,708	61,083
Actuarial obligation to covered participants	66,975	61,514
Amount of actuarial obligation	117,683	122,597
Unrecognized actuarial gains (losses)	3,017	(14,118)
Net actuarial liability (asset)	120,700	108,479
Current	3,653	3,379
Long-term	117,047	105,100
Total	120,700	108,479

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	R\$ thousand		
	As of December 31,		
	2 nd half of 2008	2008	2007
Net expense in the period:			
Cost of current service	875	1,667	2,224
Cost of interest	6,644	13,048	12,684
Unrecognized net actuarial losses	-	465	3,833
Total	7,519	15,180	18,741

b) Other benefits

In addition to FAMS, BNDESPAR grants the following benefits to its active employees:

	R\$ thousand		
	As of December 31,		
	2 nd half of 2008	2008	2007
Transportation voucher	71	71	56
Meal voucher	1,250	1,250	1,415
Daycare centers	39	39	54
Total	1,360	1,360	1,525

15.4) Results of actuarial valuation of the pension plan

	R\$ thousand	
	As of December 31,	
	2008	2007
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	905,997	700,075
Expected return on plan assets	97,390	74,924
Contributions received by the fund *	19,351	19,733
Benefits paid	(37,023)	(28,775)
Actuarial gains (loss) on plan assets at beginning of year	(278,709)	140,040
Fair value of plan assets at end of year (1)	707,006	905,997
Change in actuarial obligation:		
Present value of actuarial obligation at beginning of year	762,114	691,096
Cost of interest	80,137	40,615
Cost of current service	11,928	12,310
Benefits paid	(37,023)	(28,774)
Actuarial loss on actuarial obligation at beginning of year	32,168	46,867
Present value of actuarial obligation at end of year (2)	849,324	762,114
(3) Present value of assets in excess of obligations (1-2)	(142,318)	143,883
(4) Unrecognized actuarial losses	207,048	(107,136)
(5) Net actuarial assets (liabilities) before receivables from sponsor (3+4)	64,730	36,747
(6) Receivables from sponsor	112,245	111,569
Net actuarial assets (5+6)	176,975	148,316

* Includes R\$9,751 thousand as of December 31, 2008 and R\$8,805 thousand as of December 31, 2007 of contributions from other participants.

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	R\$ thousand		
	As of December 31,		
	2 nd half of 2008	2008	2007
Net income (expense) in the period			
Cost of current service	6,463	11,928	12,310
Cost of interest	57,846	80,137	40,615
Expected return on plan assets	(50,021)	(97,390)	(74,924)
Participants' contributions	(1,703)	(3,898)	(4,026)
Unrecognized net actuarial (gains) losses	826	(3,308)	-
Total	13,411	(12,531)	(26,025)

The main assumptions adopted in the actuarial valuation were:

Type	Specification	
	As of December 31,	
	2008	2007
Benefits plan:	Defined benefit	Defined benefit
Benefits considered:	All regulatory benefits	All regulatory benefits
Actuarial valuation method:	Projected unit credit method	Projected unit credit method
Mortality table:	AT-2000	AT-2000
Disability:	Álvaro Vindas	Álvaro Vindas
Average turnover up to 47 years old for those joining the plan after 12/31/1977:	0% per year	0% per year
Average turnover after 47 years old for those joining the plan by 12/31/1977:	0% per year	0% per year
Expected actual salary increase for active participants:	2.4426% and 2.9546% per year, for assistants and technicians, respectively, up to the expected retirement age	2.4426% and 2.9546% per year, for assistants and technicians, respectively, up to 51 years and nil after 51 years
Expected actual increase in pension benefits granted:	0% per year	0% per year
Expected actual increase in health care benefits granted:	3% actual increase and 2% due to ageing	5% per year
Rate used to discount actuarial liabilities to present value	Interest of 6% per year plus 4.5% adjustment	Interest of 6% per year plus 4.5% adjustment
Expected rate of return on plan assets:	Interest of 6% per year plus 4.5% adjustment	Interest of 6% per year plus 4.5% adjustment

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16. Planned Retirement Program

After the decision of the STF (Federal Supreme Court) establishing that the voluntary retirement of employees does not automatically terminate the employment contract, a large number of employees remained working at the Bank while receiving the retirement benefit, which impaired the expected renewal of its personnel.

To renew its personnel, however concerning with the transmission of knowledge from the senior employees to the new ones, a Planned Employee Retirement Program was approved in 2007 under a Collective Bargaining Agreement to incentive the retirement of employees that qualify for early or full retirement for length of service.

According to a FAPES estimate, in the next five years 713 employees will be eligible for the Program, which corresponds to approximately 35% of BNDES Group's current personnel.

The disbursement involved in the Program implementation as of December 31, 2008 is estimated at approximately R\$30,198 thousand. For the next 12 months, a disbursement of R\$12,928 thousand has been estimated.

17. Sensitivity analysis on financial instruments

According to definitions on financial instruments established in CVM Resolution 566/2008 and CVM Instruction 475, Management did not identify any transactions with market risk significant enough to generate material loss for the Company.

18. Counter-guarantees provided

The Company pledged as collateral 7,744,038 registered preferred shares issued by Petróleo Brasileiro S.A. - PETROBRAS (subsequently split into 61,952,304 preferred shares) and 28,083,251,230 registered common shares issued by Centrais Elétricas Brasileiras S.A. – ELETROBRAS (subsequently grouped in 56,166,502 common shares), as counter-guarantee to the National Treasury, in the amount of US\$600 million, in connection with guarantees and loans and financing raised abroad by its single shareholder – the National Bank for Economic and Social Development (BNDES). Out of these shares, 61,952,304 preferred shares issued by Petrobras and 1,510,070 common shares issued by Eletrobrás remain blocked and under custody.

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BOARD OF DIRECTORS:

MIGUEL JORGE - Chairman

LUCIANO GALVÃO COUTINHO

IVAN JOÃO GUIMARÃES RAMALHO

ROBERTO TEIXEIRA DA COSTA

CLARA LEVIN ANT

SUPERVISORY BOARD:

CLEBER UBIRATAN DE OLIVEIRA

RICARDO SCHAEFER

CLÁUDIO DE ALMEIDA NEVES

ANDRÉ PROITE – Alternate member

FÁBIO ESTORTI DE CASTRO – Alternate member

ANTÔNIO PEDROSA PARRACHO – Alternate member

EXECUTIVE BOARD:

LUCIANO GALVÃO COUTINHO – CEO

ARMANDO MARIANTE CARVALHO JUNIOR – Superintendent Officer

JOÃO CARLOS FERRAZ – Officer

ELVIO LIMA GASPAR – Officer

EDUARDO RATH FINGERL – Officer

MAURÍCIO BORGES LEMOS – Officer

WAGNER BITTENCOURT DE OLIVEIRA – Officer

LUIZ FERNANDO LINCK DORNELES – Officer

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SUPERINTENDENCY OF THE FINANCIAL AREA:

MARIA ISABEL REZENDE ABOIM

HEAD OF THE ACCOUNTING DEPARTMENT:

VÂNIA MARIA DA COSTA BORGERTH - CRC-RJ 064.817/4