

Brazilian Electric System Operator - ONS

Financial statements
For the Years Ended
on December 31, 2009 and 2008
and Independent Auditors' Report

Deloitte Touche Tohmatsu Independent
Auditors

INDEPENDENT AUDITORS 'REPORT

To the Directors and Shareholders
Brazilian Electric System Operator - ONS
Quitanda Street, 196 - Centro
Rio de Janeiro - RJ

1. We have audited the balance sheets of the Brazilian Electric System Operator - ONS, a nonprofit civil association, raised on December 31, 2009 and 2008 and the related statements of income, changes in shareholders' equity, cash flows and value added for the years then ended, prepared under the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
2. We conducted our audits in accordance with auditing standards generally accepted in Brazil and comprised: (a) planning the work, considering the significance of balances, the volume of transactions and the accounting systems and internal controls of the entity, (b) examining, on a test basis, evidence and records supporting the amounts and accounting information disclosed, and (c) evaluation of policies and of the most representative accounting estimates adopted by the Entity's management, as well as the presentation of financial statements together.
3. In our opinion, the financial statements referred to above represent fairly, in all material respects, the financial position of the Brazilian Electric System Operator - ONS on December 31, 2009 and 2008, the results of its operations, changes in its liquid assets, its cash flows and values added in the operations for the years then ended, in accordance with accounting practices adopted in Brazil and Resolutions 73/03 and 344/08 of the Brazilian Electric Energy Agency (ANEEL).

Rio de Janeiro, February 23, 2009

DELOITTE TOUCHE TOHMATSU
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BRAZILIAN ELECTRIC SYSTEM OPERATOR - ONS

NOTES TO THE FINANCIAL STATEMENTS CONCERNING YEAR ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of reais)

1. OPERATION CONTEXT

The Brazilian Electric System Operator - ONS is a legal entity under private law, in the form of a civil nonprofit association, established by Law No. 9648 of May 27, 1998, authorized to carry out its activities by means of Decree No. 5081, of May 14, 2004, being governed by laws and regulations, Bylaws and other normative acts issued by administrative bodies.

Under the Bylaws approved by the Brazilian Electric Energy Agency (ANEEL) on August 12, 2004, through the Authoritative Resolution No. 328, as amended by Resolution 1888 of April 22, 2009, ONS, with indefinite duration, has the purpose of performing activities of coordination and control of the operation of generation and transmission of electric power in the Brazilian Interconnected Power System (BIPS), under the supervision and regulation by ANEEL, in order to:

- Promote the operation optimization of the electric power system, aiming at the lowest cost to the system, observing the technical standards and reliability criteria established in the Grid Procedures approved by ANEEL;
- Ensure that all players in the electricity sector have access to the transmission grid in a non-discriminatory fashion;
- To contribute, according to the nature of their activities, so that the expansion of the BIPS is done at lower cost and aims at better future operational conditions.

The following are the duties of ONS, and other tasks assigned by the Grantor Authority:

- I. Planning and scheduling the operation and centralized dispatch of generation, with a view to optimizing the BIPS;
- II. Supervising and coordinating the electric systems operation centers, supervision and control of the BIPS operation and of the international interconnections;
- III. Recruitment and administration of electricity transmission services and the respective access conditions, as well as ancillary services;
- IV. Proposing the Grantor Authority extensions to the basic grid facilities, as well as BIPS reinforcements to be considered in the transmission system expansion planning;
- V. Proposal of rules for the operation of the BIPS' Basic Grid Transmission facility through public and transparent process, consolidated in the Grid Procedures to be approved by ANEEL, observing the provisions of item. 4, § 3 of Law 9,427 of December 26, 1996;
- VI. Disclosure of carried out dispatch performance indicators to be audited every six months by ANEEL;
- VII. Permanent disclosure to the Electric Sector Monitoring Committee (CMSE) on the operational continuity conditions and electricity supply of the BIPS.
- VIII. Other duties assigned to it by the Grantor Authority.

ONS patrimony is formed by the Brazilian Center of Operating System (CNOS) and the North / Midwest, Northeast, Southeast and South Regional Operation Centers, including the respective systems with which they are associated.

ONS is made up of associate members and participating members. Associate members are represented by generation agents with centrally dispatched power plants, transmission agents, importers and exporters agents with transmission assets connected to basic grid, distribution agents members of BIPS and consumers who have exercised the option provided for in Articles 15 and 16 of Law No. 9074 of July 7, 1995, and that are connected to the Basic Grid.

Participating members are the Granting Authority, through the Ministry of Mines and Energy (MME), the Consumer Boards and the generation agents with non-centrally dispatched power plants and the distribution agents holders of concession, permit or authorization to distribute electricity in amounts inferior to 500 GWh / year.

Under art. 34 of the Social Bylaws, ONS' funds sources are:

I. Contributions from its associate members, in proportion to the number of votes in the General Assembly included in Parcel "A" for purposes of pricing transfer and collected by other associates and electricity sector agents not subject to pricing transfer.

II. Resources under the budget established by ONS and approved by ANEEL:

- a) passed by members and agents of the electricity Sector connected to the Basic Grid, whose values are included in the Tariff for Transmission System Use (TUST) and in the Parcel "A" of the Electric Power Service Rates;
- b) collected by other associates and agents of the electricity sector not subject to pricing transfer;
- c) Other revenue authorized by ANEEL.

The remaining balance of all funds received and not applied shall be refunded by deduction in the subsequent budget, when approval by ANEEL, in accordance with applicable law.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in thousands of reais and were prepared in accordance with accounting practices adopted in Brazil, in accordance with the instructions contained in ONS Accounting Manual established by ANEEL, through Resolution No. 73, of February 11, 2003 and amended by Resolution 344/08 of the same regulator.

ONS, although not subject to regulations issued by the Securities and Exchange Commission (CVM), which apply especially to listed companies, and in response to ANEEL dispatch N ° 4796 of December 24, 2008, proceeded to the implementation of legal provisions issued by that Commission for the preparation of financial statements from January 1, 2008, to the adoption of best accounting practices, in convergence with the accounting standards as amended by Law 11.638/07.

On December 9, 2008, ANEEL, in order to improve accounting practices applicable to ONS Accounting Manual, determined through the Normative Resolution No. 344, the alteration of the systematization of accounting of the contributions coming from the Responsibilities for the Use of the Transmission System, whose goal was to reconcile the credit received from these contributions in return for the related costs, the extinction of funding, of the funds invested in fixed and intangible assets, as well as other expenses to which the revenue is intended for.

The reasons for this change is based on the fact that ONS disbursements are subject to approval by ANEEL through the annual budget. This budget aims to relate the total resources that ONS will need to receive during the budget cycle to cover its operating expenses, the balances of their loans, as well as acquisitions for the fixed and intangible assets.

Therefore, in pursuance of the provisions determined by ANEEL, since January 1, 2008, funds began to be appropriated as anticipated revenue and amortized in the result in proportion to: (i) execution of expenses allocated to financing, (ii) the expenses allocated in fixed and intangibles assets, (iii) charges for depreciation and amortization and (iv) the liquidation of financial liability, understood by financing and taxes installments, so that any excess or lack of resources when compared to the corresponding expenses and costs, are offset by reductions or increases in the next budget cycle.

Thus, the adjustments aforementioned were performed on January 1, 2008 as opening balances, in counterpart financial commitment to liquid assets, net income of deferred taxes for the purposes of the Social Integration Program (PIS), Contribution to the Social Security Financing (COFINS) and Service Tax (ISS).

Due to the lack of expectation of future surpluses, ONS did not established the deferment of the income tax (IRPJ) and Social Contribution over Profit (CSSL) for adjustments made earlier, and proceeded to reverse the deferral of such taxes, made in December 31, 2007, credited to equity at January 1, 2008.

In 2008, ONS, in compliance with Technical Pronouncement CPC No. 13 and Resolution 344 from ANEEL, made the adjustments arising from changes in accounting practices, based on the opening balance on January 1, 2008, shown below:

CPC		Liquid Assets	Notes
	Effects of changes in accounting practice:		
(*)	Constitution of active reserve for the liquidation of financing liabilities	41.279	9
	Reversal of deferred tax losses, negative basis and intemporal differences	(2.708)	
06	Leases assets, net of depretiation	4.599	
04	project costs not attributable to fixed assets	(14.087)	18
04	project costs not attributable to intangible assets	(5.750)	18
06	Balance of the mercantile lease at present value	(3.678)	
(*)	Contributions to third parties – Investments, net of tax	<u>(66.093)</u>	18

(*) ANEEL Resolution No. 344/08

In regard to what was required by Technical Pronouncement CPC n° 13, for purposes of initial adoption of the Law 11638/07, ONS in relation to the preparation of its financial statements, considered the year 2008 as the base date of the first financial statements prepared in accordance to the new accounting practices adopted in Brazil.

ONS, although composed in the form of civil nonprofit association of private law, lacks the necessary requirements for tax exemption and, thus, is taxable for federal and municipal taxes.

ONS has opted for Tax Regime of Transition (RTT) established by Provisional Measure 449/08 converted into Law 11.941/09, whereby the counts of income tax, social contribution, contribution to PIS and to COFINS for the biennium 2008-2009, continue to be determined on the accounting methods and criteria established by Law 6.404 of December 15, 1976, in force on December 31, 2007. Thus, ONS established that option in the Statement of Economic and Fiscal Information of Legal Person (DIPJ) for the calendar year 2008 and shall set forth the same effects on DIPJ relative to 2009.

3. NEW ACCOUNTING PRONOUNCEMENTS EDITED IN 2009 TO GO INTO FORCE IN 2010

With the enactment of Law No. 11638/07, which updated the Brazilian corporate law to enable the convergence of accounting practices adopted in Brazil with those contained in the International Accounting Standards (IAS), new standards and technical accounting pronouncements have been issued in line with international accounting standards by the Accounting Pronouncements Committee (CPC).

As of the date of preparation and approval of these financial statements, new technical statements (CPCs) and interpretations (ICPCs) had been issued by the CPC and approved by Resolution of the Federal Accounting Board (CFC), for mandatory implementation in 2010. CPCs and ICPCs that may be applicable to ONS, considering its operations, are:

Document	Title
CPC - 23	Accounting Policies, Changes in Estimates and Error Correction
CPC - 24	Subsequent Events
CPC - 25	Provisions, Contingent Liabilities and Contingent Assets
CPC - 26	Presentation of Financial Statements
CPC - 27	Fixed Assets
CPC - 30	Incomes
CPC - 32	Income Taxes
CPC - 33	Employee Benefits
CPC - 37	Initial Adoption of International Accounting Standards
CPC - 38	Financial Instruments: Recognition and Measurement
CPC - 39	Financial Instruments: Presentation

CPC - 40	Financial Instruments: Disclosure
CPC - 43	Initial Adoption of Technical Pronouncements CPC 15-40
ICPC – 03	Complementary Aspects of Leasing Operations
ICPC - 10	Clarifications on Technical Pronouncements CPC 27 - Fixed Assets and
CPC 28 - Investment Property	
ICPC - 12	Changes in liabilities by Deactivation, Restoration and Similar Liabilities

ONS Management is analyzing the impacts of changes introduced by these new pronouncements and interpretations. In the case of adjustments arising from the adoption of the new accounting practices as of January 1, 2010, the Entity should assess the need to remeasure the effects that would be produced in its financial statements for 2009, for purposes of comparison, if these new procedures had already been in place since the beginning of the year ended December 31, 2009.

4. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Current and noncurrent Assets

- **Cash** - includes the current account balances and financial investments that have immediate liquidity, are classified as available for trading and stated at fair value.
- Third Party Resources:
 - ✓ Approved by ANEEL - Coming from the Charges from the Use of the Transmission System and contributions of associate members - includes charging agents and associates of ONS, deducted, where applicable, the probable losses on realization of credits, accounted for using the competency regime.
 - ✓ The offset - represent ONS right to bill agents and associates for expenses and costs incurred until the balance sheet date. The amount is increased from PIS taxes, ISS Cofins incidents and about invoicing.
 - ✓ From associates - represent the right to bill the members for the future payment of outstanding loans and financing. The amount of taxes to be increased PIS, COFINS and ISS incidents over the billing.
- Other assets – demonstrate the probable value of achievement, including, where appropriate, monetary variations and income earned until the balance sheet date.
- Fixed Assets - This consists of rights that have for object tangible assets destined for the Operator's activities maintenance, deducted from accumulated depreciation, calculated using the straight-line method.
- Intangible asset – This is represented by rights that have for object intangible assets destined for the Operator's activities maintenance, deducted from accumulated amortization, calculated using the straight-line method.

Current and noncurrent Liabilities

- Third-party Contributions - Investments - Correspond to already billed values which allocation had not yet been incurred at the balance sheet to date.
- Other liabilities - are stated at known or estimated amounts including, when applicable, related charges and monetary and foreign exchange variations included until

the date of the balance sheet.

Exercise Result - is determined in accordance with the accounting regime of the exercise competency.

- Recognition of third-party resources from Charges from the Use of Transmission System - The amount of such funds is approved by ANEEL, based on ONS's annual budget, to cover the expenditures to be made in the next budget cycle, and the charging of associates and agents of the electricity sector is adjusted monthly according to the need for resources to cover the expenses and is recognized in the exercise result in opposition of the spending in current expenditures, investment in fixed and intangible assets, whose implementation will occur through depreciation and amortization and through the liquidation of financial liabilities. The amounts charged and unrealized as well as those below the expenses and costs incurred, will be kept in separate account liabilities or assets for future compensation or restitution in future budget cycles, according to the criteria described in Note 2 - Presentation of Financial Statements.
- Financial income and expenses - Include interest and monetary and exchange rate variations applied on the rights and obligations subject to adjustments, restated to the balance sheet date.
- Income and social contribution - are calculated and recorded based on the rates prevailing at the date of preparation of financial statements. As a result of the lack of expectation of future surpluses, ONS does not constitute deferred tax assets arising from tax losses, negative bases and temporal differences.

5. CASH

	Remuneration (CDI %)	Maturity	2009	2008
Bank accounts	-	-	694	1.302
Financial investments				
ABN AMRO Bank	102,8	10/30/2009	-	2.042
ABN AMRO Bank	102,8	09/07/2010	-	2.388
Banco do Brasil S.A.	100	10/13/2010	-	1.826
Unibanco Bank	103	11/10/2010	-	2.538
Banco do Brasil S.A.	100	12/24/2010	<u>5.507</u>	-
Total of financial investments			<u>5.507</u>	<u>8.798</u>
Total cash			<u>6.201</u>	<u>10.096</u>

ONS Financial investments have their pay based on the variation of the Interbank Deposit Certificate (CDI). Although they have pre-set date to maturity, they are liable to immediate redemption without loss of income.

6. THIRD PARTY RESOURCES - ANEEL APPROVED

The contributions of third parties arising from charges for the use of the transmission system are charged to the distribution and generation agents, to importers, to exporters and free consumers, as stipulated in contracts for the Use of Transmission System

(CUST), which aims to establish the terms and conditions that will regulate: (i) the use of the basic grid by the agents, (ii) the management by ONS of the recovery and settlement of charges for use of transmission and (iii) the execution of the guarantee system, acting on account and order of the transmission franchisees of transmission.

The value of R \$ 34,031 (R\$ 31,190 in 2008), factored in current assets, corresponds to credits to receive for the liquidation in three equal instalments, maturing in 15, 25 and 35 days.

The provision for credits of doubtful liquidation in the value of R \$ 223 (R\$ 424 in 2008) refers to the Charges for use of the Transmission System, overdue for more than 180 days.

7. ASSOCIATES' CONTRIBUTION

The contribution of Associate Members is defined and approved by ONS Ordinary General Assembly, -through proportionate division based on the number of votes of each member. At the OGA held on April 25, 2008 the contribution of R\$ 11,432 was approved for the period from July 2008 to June 2009, being R\$ 5,716 for the period from July to December 2008 and R \$ 5,716 to be charged in period from January to June 2009. At the OGA held on April 17, 2009 the contribution of R\$ 12,118 was approved for the period from July 2009 to June 2010, being -R\$ 6,059 for the 2nd half of 2009 and R \$ 6,059 to be charged in 1st half 2010 .

Thus, the total value of contributions in 2009 was R\$ 11,775 which, deducted from adjustments due to proration of R\$ 12, totaled R \$ 11,763 (U.S. \$ 9,485 at December 31, 2008).

8. TAXES AND COMPENSABLE SOCIAL CONTRIBUTIONS

<u>Short Term</u>	2009	2008
Income Tax (IRPJ)	2.654	6.034
Social Contribution on Net Income (CSSL)	1.206	2.366
Social Integration Program (PIS)	155	184
Social Contribution for Social Security Financing (COFINS)	718	851
PIS, COFINS deferred	<u>44</u>	<u>43</u>
Total	<u>4.777</u>	<u>9.478</u>
 <u>Non Current</u>		
Income Tax	390	367
Social Contribution on Net Income (CSSL)	146	137
Social Contribution for Social Security Financing (COFINS)	60	57
Social Integration Program (PIS)	18	17
INSS recover	<u>153</u>	<u>83</u>
Total	<u>767</u>	<u>661</u>

As mentioned in Note 2 - Presentation of Financial Statements - ONS is subject to

taxation and retention on the source of the following federal taxes and contributions, namely: PIS, COFINS, CSLL e IRRF. The balances relative to income tax credits, social contribution, PIS and COFINS presented in the short term refers to retention on the source made during the calendar year 2009, which will be subject to future compensation with taxes and contributions managed by the Federal Reserve.

The amount recorded in noncurrent basically refers to loans originated from the collection of the largest installment signed with the Federal Reserve of Brazil in 2005. Values are monetarily restated based on the SELIC interest rate and will be compensated in the future.

9. RESOURCES TO RECEIVE FROM ASSOCIATES

As mentioned in note 2, refers to the receivable balance, adjusted by deferred tax liabilities (PIS, COFINS and ISS) corresponding to the opening balances of loans obtained and of installment of taxes before the Federal Reserve of Brazil, whose implementation will be given in return of the revenue received for financing liquidation. The movement of this line is as follows:

Main balance of financial liabilities on 31/12/2007	41 279
Effect of deferred taxes (PIS, COFINS and ISS)	6466
Adjusted opening balance	47,745
Payment of financing during the year	(6329)
Payment of installments during the year	(6166)
Realization of deferred tax liabilities related	(1958)
Balance at 31/12/2008	33 292
Current	11 162
Noncurrent	22 130

On December 31, 2008, the receivable balance of R \$ 33,292 is divided into current and noncurrent, in the values of R \$ 11,162 and R \$ 22,130, respectively, and corresponding deferred tax liabilities in the values of R \$ 656 and U.S. \$ 3,853.

On December 31, 2009, the balance of R \$ 21,311 divided into current and noncurrent assets, amounting to R \$ 4,438 and R \$ 16,873, respectively, presented the following movement:

Main balance of financial liabilities on 31/12/2008	33 292
Payment of financing during the year	(4186)
Payment of installments during the year	(6136)
Others	(36)
Realization of related deferred tax liabilities	(1,623)
Balance at 31/12/2009	21 311
Current	4438
Noncurrent	16 873

Deferred corresponding taxes are recorded in the current and noncurrent liabilities in the values of R\$ 601 and \$ 2,285, respectively.

10. DEFERRED INCOME TAX

As explained in Note 2, ONS, due to the lack of expectation of future surpluses to absorb the tax credits arising from income tax and social contribution, does not constitute a deferral of such taxes over the balance of resources to receive from the Associates and from third parties Contributions - Investments.

However, seeking the compatibilization of the effective rates of taxes imposed on the recognition of assets and other anticipated revenue derived from the exercise and in response to the recognition of revenue in opposition to the corresponding expenditures, ONS has been proceeding with the deferral of PIS, COFINS and ISS over the total balance shown as deferred income, whose balance on December 31, 2009 totaled R \$ 10,865 (U.S. \$ 9,847 in 2008).

11. FIXED ASSETS

The composition of fixed assets is as follows:

Items	Annual rate of depreciation	Cost	2009 Accumulated depreciation	Net Value	2008 Net value
In service:					
Land		3829	-	3829	3829
Buildings	4%	5208	(1497)	3711	3920
Machinery and equipment	3% to 20%	48 329	(28 575)	19 754	23 433
Vehicles	20%	466	(151)	315	363
Furniture and fixtures	10%	5966	(3768)	2198	2207
Improvements	20%	5266	(4821)	445	794
		69,064	(38,812)	30,252	34,546
Ongoing:					
Machinery and equipment		391	-	391	90
Furniture and fixtures		7	-	7	257
Advances to suppliers		8451	-	8451	-
Shopping in progress		1916	-	1916	3
		10765	-	10765	350
Total		<u>79,829</u>	<u>(38,812)</u>	<u>41,017</u>	<u>34,896</u>

The Mutation of fixed assets by activity in 2009 and 2008 are as follows:

Balances at 31/12/2008	Additions	Transfers	Low Results	Balances at 31/12/2009
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In service:					
Cost					
Operation	54563	-	463	(11 470)	43 706
Administration	21,600	3,629	1,269	(990)	25,358
Subtotal	76,163	3,629	1,732	(12,460)	60,064
(-) Depreciation					
Operation	(34,182)	(3,626)	(129)	10,170	(27,767)
Administration	(7,435)	(4,205)	129	466	(11,045)
Subtotal	(41 617)	(7831)	-	10 636	(38 812)
Ongoing:					
Operation	194	10 832	(463)	(189)	10 374
Administration	156	1,643	(1,269)	(139)	391
Subtotal	350	12475	(1732)	(328)	10 765
Total	34 896	8273	-	(2152)	41 017

	Balances at 31/12/2007	<u>Adjustments in</u> <u>1/1/2008</u>		<u>Additions</u>	<u>Transfers</u>	Transfers to <u>stock</u>	Reclassific ation	Low <u>results</u>	Balances at 31/12/20 <u>08</u>
		Lease	Costs not attributable						
In service: cost									
Operation	50.320	105	-	178	1.848	(3.111)	(**) 5.266	(262)	54.344
		<u>5.168</u>	<u>-</u>	<u>3.753</u>	<u>926</u>		<u>-</u>		<u>21.522</u>
Administration	<u>11.703</u>					<u>(28)</u>		<u>-</u>	
Subtotal	<u>62.023</u>	<u>5.273</u>	<u>-</u>	<u>3.931</u>	<u>2.774</u>	<u>(3.139)</u>	<u>5.266</u>	<u>(262)</u>	<u>75.866</u>
(-)									
Depreciation									
Operation		(89)	-	(3.361)	-	2.953	(**)		(34.182
	(29.694)						(4.092)	101)
		<u>(585)</u>	<u>-</u>	<u>(2.909)</u>	<u>-</u>	<u>14</u>	<u>-</u>		
Administration	<u>(3.955)</u>							<u>-</u>	<u>(7.435)</u>
Subtotal	<u>(33.649)</u>	<u>(674)</u>	<u>-</u>	<u>(6.270)</u>	<u>-</u>	<u>2.967</u>	<u>(4.092)</u>	<u>101</u>	<u>(41.617)</u>
Ongoing:									
Operation	13.384		(9.569)	427	(1.848)	-	(2.051)	-	343
	<u>7.021</u>	<u>-</u>	<u>(4.518)</u>	<u>1.357</u>	<u>(926)</u>	<u>-</u>	<u>(2.630)</u>	<u>-</u>	<u>304</u>
Administration									
Subtotal	<u>20.405</u>	<u>-</u>	<u>(14.087)</u>	<u>1.784</u>	<u>(2.774)</u>	<u>-</u>	<u>(*) (4.681)</u>	<u>-</u>	<u>647</u>
Total	<u>48.779</u>	<u>4.599</u>	<u>(14.087)</u>	<u>(555)</u>	<u>-</u>	<u>(172)</u>	<u>(3.507)</u>	<u>(161)</u>	<u>34.896</u>

(*) Reclassified for intangible

(**) Reclassified for diferred

As mentioned in Note 2, in 2008 ONS carried out a detailed analysis of ongoing projects and identified costs not attributable to the fixed asset. The costs for the years prior to 2008, totaling R\$14,087, were reverted to equity in 1/1/2008.

On August 8, 2008, ANEEL, through the Memorandum 1.651/2008 altered the rate of computer equipment depreciation from 10% -per year to 20% per year. Additionally, based on the same device ANEEL relieved ONS from the adoption of Ordinance DNAEE 815, dated November 30, 2004, for the registration of goods classified in their fixed assets while keeping the criteria required by the Orders in Progress System to calculate the costs attributable to fixed assets.

In order to maintain the asset register updated, ONS has made in the course of 2009, a physical inventory of all their properties, which revealed losses amounting to R \$ 2,152, which were recorded as a loss in the exercise result.

On June 22, 2009, after international bidding consortium SIEMENS-CEPEL (Research Center for Electric Power of ELETROBRÁS system) signed contract with ONS to provide new network management of the Brazilian electrical system, called REGER, amounting to R\$ 38,397 and within 72 months from signing the contract. On December 31, 2009, project costs, classified as immobilized in progress, amounted to R\$ 10,367.

The project consists of the provision of four power management systems for installing at the Brazilian Center of System Operation (CNOS) and four Regional Operations Centers, located in Brasilia, Florianopolis, Recife and Rio de Janeiro. These new systems will provide a way to more integrated operation, using the multi-site concept, which will involve global access to resources and t intrinsic and immediate support among them. The project execution will be held in two phases, which will be developed in parallel, the first being delivered in 30 months and the other at 48 months. The contract also provides for the use of the innovative concept "Evergreen" in which the consortium SIEMENS-CEPEL will ensure the constant updating of REGER, keeping it in the latest technology available.

The project's main components and features are:

- Software SCADA (Supervisory Control and Data Acquisition) containing applications for the analysis of the power grid in real EMS (Energy Management System) time with integration to corporate systems into Service Oriented Architecture (SOA - Service Oriented Architecture);
- Platform for next-generation hardware, with redundancy;
- Contingency between the operation centers;
- Integration of Operation Centers with ONS' technical database;
- Robust Information Security (Cyber Security);
- Global Database that ensures information updates and consistency between all the operation centers in real time.

The REGER meets the worldwide advanced and challenging requirements and specifications and will provide ONS with the state of the art solutions for electrical grid management.

12. Intangible Assets

<u>Items</u>	<u>Annual rates of amortization</u>	<u>2009</u>	<u>2008</u>
In Service – Software		70.422	65.891
Amortization	20%	(58.676)	(54.547)
Total		<u>11.746</u>	<u>11.344</u>
Em course – Projects in course		24.867	22.761
Total		<u>36.613</u>	<u>34.105</u>

Mutation of intangible assets by activity in 2009 and 2008 are as follows:

	<u>Balance in 31/12/2008</u>	<u>Additions</u>	<u>Transfers</u>	<u>Lows</u>	<u>Balances in 31/12/2009</u>
In Service:					
Cost					
Operation	56.091	-	3.149	-	59.240
Management	<u>9.799</u>	<u>-</u>	<u>1.382</u>	<u>-</u>	<u>11.181</u>
Subtotal	<u>65.890</u>	<u>-</u>	<u>4.531</u>	<u>-</u>	<u>70.421</u>
(-) Amortization					
Operation	(49.831)	(2.608)	-	-	(52.439)
Management	<u>(4.716)</u>	<u>(1.521)</u>	<u>-</u>	<u>-</u>	<u>(6.237)</u>
Subtotal	<u>(54.547)</u>	<u>(4.129)</u>	<u>-</u>	<u>-</u>	<u>(58.676)</u>
In Course:					
Operation	2.766	5.181	(3.149)	(82)	4.716
Management	<u>19.996</u>	<u>1.538</u>	<u>(1.382)</u>	<u>-</u>	<u>20.152</u>
Subtotal	<u>22.762</u>	<u>6.719</u>	<u>(4.531)</u>	<u>(82)</u>	<u>24.868</u>
Total	<u>34.105</u>	<u>2.905</u>	<u>-</u>	<u>(82)</u>	<u>36.613</u>

	<u>Balances in 31/12/2007</u>	<u>Adjustmen ts in 1/1/2008</u>	<u>Addition s</u>	<u>Transfers</u>	<u>Reclassification s</u>	<u>Balances in 31/12/2008</u>
In service:						
Cost						
Operation	52.315	-	-	3.776	-	56.091
Management	<u>6.787</u>	<u>-</u>	<u>-</u>	<u>3.012</u>	<u>-</u>	<u>9.799</u>
Subtotal	<u>59.102</u>	<u>-</u>	<u>-</u>	<u>6.788</u>	<u>-</u>	<u>65.890</u>
(-) Amortization						
Operation	(44.474)	-	(5.357)	-	-	(49.831)
Management	<u>(3.553)</u>	<u>-</u>	<u>(1.163)</u>	<u>-</u>	<u>-</u>	<u>(4.716)</u>
Subtotal	<u>(48.027)</u>	<u>-</u>	<u>(6.520)</u>	<u>-</u>	<u>-</u>	<u>(54.547)</u>

In course:						
Operation	7.581	(3.521)	613	(3.776)	1.869	2.766
Management	<u>17.321</u>	<u>(2.229)</u>	<u>5.104</u>	<u>(3.012)</u>	<u>2.812</u>	<u>19.996</u>
Subtotal	<u>24.902</u>	<u>(5.750)</u>	<u>5.717</u>	<u>(6.788)</u>	(*) <u>4.681</u>	<u>22.762</u>
Total	<u>35.977</u>	<u>(5.750)</u>	<u>(803)</u>	<u>-</u>	<u>4.681</u>	<u>34.105</u>

(*) Reclassified from imobilized

As mentioned in Note 2, in 2008 ONS carried out a detailed analysis of ongoing projects and identified costs not attributable to the intangible asset. The costs for the years prior to 2008, totaling R\$ 5,750, were reverted to equity in 1/1/2008.

On December 31, 2009, the balance of intangible assets in progress amounted to R\$ 24,868 (R \$ 22,762 in 2008). Among the projects falling under this heading, there is the Project SIGA, amounting to R \$ 19,983, whose object is to build an integrated, interactive, efficient corporate portal of dynamic communication, that will offer players a unique, integrated and standardized environment for transmission and access to information, ensuring transparency and fairness in relationships, as well as safety, uniqueness and accuracy in processing and acquiring information.

Because of the need of further development to meet demands of users and ensure the safe operation of the system, over 2009 technical evaluations were conducted with the support of specialized consultants to support the referral to be followed in order to complete the project. The implementation of the SIGA Portal will bring a new form of vision, organization and execution of processes, aiming to meet the needs of ONS and the agents.

13. TAXES AND SOCIAL CONTRIBUTIONS

<u>Items</u>	<u>2009</u>	<u>2008</u>
<u>Current</u>		
Taxes and current contributions		
Income tax withholding	3.778	4.415
Tax on services	1.225	1.441
Income Tax – IRPJ	1.424	-
Social contribution on profit - CSLL	518	-
Social contributions withheld at source	18	22
COFINS	1.729	2.030
PIS	375	441
INSS	2.644	2.626
FGTS	958	917
Others	<u>1</u>	<u>11</u>
	12.670	11.903
Installments of taxes and social contributions	104	6.041
Deferred tax liabilities	<u>4.760</u>	<u>2.666</u>
Total current liabilities	<u>17.534</u>	<u>20.610</u>
<u>Non current</u>		
Installments of taxes and social contributions	-	199

Deferred tax liabilities	<u>2.285</u>	<u>3.853</u>
Total non current liabilities	<u>2.285</u>	<u>4.052</u>

In January 2005, ONS filed a request for installments at the Secretariat of Federal Reserve (RFB) relating to taxes and contributions, payable in 60 months and not collected at the time, were based on the associative contributions for the period from April 1999 to December 2004.

The balances of installment payments, duly adjusted by the Selic interest rate at December 31, 2009 and 2008, respectively, are represented as follows:

<u>Taxes</u>	<u>Process Number</u>	2009	2008	
		<u>Short term</u>	<u>Short term</u>	<u>Non current</u>
IRPJ	10.166.000769/2005-10	-	3.658	-
CSLL	10.166.000767/2005-12	34	1.503	125
COFINS	10.166.000768/2005-67	15	675	57
PIS	10.166.000770/2005-36	<u>55</u>	<u>205</u>	<u>17</u>
Total		<u>104</u>	<u>6.041</u>	<u>199</u>

The balance of R \$ 4,760 (U.S. \$ 2,666 at December 31, 2008) relating to deferred tax liabilities made in the short term, refers to funds receivable from associates (Note 9) and to resources of others to compensate (Note 18) the values of R\$ 601 and R\$ 4,158 (R\$ \$ 656 and R\$ 2,010 in December 31, 2008), respectively. The balance of R \$ 2,285 (R\$ 3,853 at December 31, 2008) relating to deferred tax liabilities of non-current refers to funds receivable from associates (Note 9).

14. LOANS AND FINANCING

	2009			2008		
	<u>Current</u>	<u>Non current</u>	<u>Total</u>	<u>Current</u>	<u>Non Current</u>	<u>Total</u>
Brazilian Currency						
Eletrobrás (a)	1.714	2.737	4.451	1.631	4.451	6.082
Eletrosul (a)	637	3.430	4.067	606	4.067	4.673
Furnas (a)	1.382	9.035	10.417	1.290	10.417	11.707
FINEP (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>659</u>	<u>-</u>	<u>659</u>
Total	<u>3.733</u>	<u>15.202</u>	<u>18.935</u>	<u>4.186</u>	<u>18.935</u>	<u>23.121</u>

- Contracts signed with Eletrobrás, Eletrosul and Furnas are related to the transfer of assets constituting the Brazilian Operation Center System (CNOS) and the other Operation Centers belonging to its subsidiaries, as determined by Ordinance No. 468 of 10.02.2002, from the Ministry of Mines and Energy (MME).
- The FINEP contract was signed on December 4, 2003 in the amount of up to R\$ 2,431, in order to finance the development of research projects and technological development. On December 15, 2009, the balance corresponding to thos financing was fully settled.

- c) To guarantee the payment of funds as set out in the contractual instruments signed with Eletrobras and its subsidiaries, as well as with the FINEP, ONS, by proxy via public instrument granted to the creditors, has tied part of its resources for the delivery of the values in case of default.

The owed total on December 31, 2009 is as follows:

<u>Contracts</u>	<u>Period of maturity (months)</u>	<u>Amortization Beginning</u>	<u>Amortization periodicity</u>	<u>Financial Burden (% pa)</u>	<u>Balance</u>
	-			(*)	
Eletrobrás (a)	114	Janeiro/2003	Mensal	RGR + 7%	4.451
Furnas (a)	159	Janeiro/2003	Mensal	RGR + 7%	10.417
Eletrosul (a)	152	Janeiro/2003	Mensal	RGR + 7%	4.067
Total					<u>18.935</u>

(*) RGR – Global reversion Reserve

The principal amount of loans and financing on December 31, 2009 and 2008 had the following breakdown by type of currency and indexer:

	<u>2009</u>		<u>2008</u>	
	<u>R\$</u>	<u>%</u>	<u>R\$</u>	<u>%</u>
TJLP			659	3
RGR (*)	<u>18.935</u>	<u>100</u>	<u>22.462</u>	<u>97</u>
Total	<u>18.935</u>	<u>100</u>	<u>23.121</u>	<u>100</u>

The indexers, based of loans and financing update, had the following behavior:

	<u>Annual Variation (%)</u>	
	<u>2009</u>	<u>2008</u>
TJLP	0,12	0,24
RGR (*)	No Change	No Change

On December 31, 2009, the instalments relative to the mais part of the noncurrent loans and financing had the following maturities:

<u>Years</u>	<u>Value - R\$</u>
2011	3.951
2012	3.224
2013	2.437
2014	2.595

After 2014	<u>2.995</u>
Total	<u>15.202</u>

15. LEASE AGREEMENTS

ONS has the following future commitments on December 31, 2009, relating to contracts for financial lease:

Contracts	Type of lease	Up to 1 year			
		Interest rate (%monthly)	Maturing instalmen ts	Present Value	Interest To incur
GEF-CT-028/07	Videoconference Terminals	1,16%	10	10	-
GEF-CT-058/07	Voice Recorders	1,05%	67	65	2
GEF-CT-059/07	Computers	1,10%	97	94	3
GEF-CT-084/07	Firewall servers	1,07%	16	15	1
GEF-CT-083/07	Notebooks	1,10%	38	37	2
GEF-CT-082/07	Consolidations servers	0,90%	382	369	13
GEF-CT-147/07	Switches	0,91%	69	66	3
GEF-CT-172/07	Servers	0,92%	7	7	-
GEF-CT-173/07	Communication servers	0,91%	16	15	1
GEF-CT-006/08	Switches	0,91%	46	43	3
GEF-CT-007/08	Monitoring server	0,90%	40	38	2
GEF-CT-031/08	Servers	0,91%	14	13	1
GEF-CT-034/08	Serveres	0,92%	164	154	12
GEF-CT-049/08	Sum M 4000 servers	0,94%	201	183	19
GEF-CT-061/08	Cluster servers	1,17%	127	111	16
GEF-CT-096/08	Servers I	1,19%	25	21	4
GEF-CT-097/08	Storages servers	1,22%	578	491	87
GEF-CT-098/08	Computers e Notebooks	1,23%	253	212	41
GEF-CT-116/08	Notebooks	1,23%	48	40	8
GEF-CT-112/08	Vehicles	1,31%	73	69	4
GEF-CT-016/09	Servers	1,28%	90	70	20
GEF-CT-015/09	Voice recorders	1,23%	75	59	16
GEF-CT-115/09	Storages servers	1,08%	228	176	53
GEF-CT-125/09	Corporate servers	1,08%	243	185	58
GEF-CT-128/09	Videoconference terminals	1,08%	245	186	58
GEF-CT-129/09	Robots	1,08%	219	166	53
GEF-CT-130/09	Robots	1,02%	<u>376</u>		<u>86</u>
				<u>286</u>	
Total			<u>3.747</u>	<u>3.181</u>	<u>566</u>

Contracts	Type of lease	More than 1 ano up to 5 years			
		Interest rate (%monthly)	Maturing instalmen ts	Present value	Interest to incur
GEF-CT-031/08	Servers	0,91%	1	1	-

GEF-CT-034/08	Servers	0,92%	28	27	1
GEF-CT-049/08	Sum M 4000 Servers	0,94%	67	66	1
GEF-CT-061/08	Cluster Servers	1,17%	53	52	1
GEF-CT-096/08	Servers I	1,19%	15	14	1
GEF-CT-097/08	Storages Servers	1,22%	337	321	16
GEF-CT-098/08	Computers and Notebooks	1,23%	169	160	9
GEF-CT-116/08	Notebooks	1,23%	36	34	2
GEF-CT-016/09	Servers	1,28%	97	89	8
GEF-CT-015/09	Voice recorders	1,23%	81	74	7
GEF-CT-115/09	Storages Servers	1,08%	343	310	33
GEF-CT-125/09	Corporativos Servers	1,08%	384	345	39
GEF-CT-128/09	Videoconference terminals	1,08%	388	349	39
GEF-CT-129/09	Robots	1,08%	346	311	35
GEF-CT-130/09	Robots	1,02%	<u>586</u>	<u>530</u>	<u>56</u>
Total			<u>2.931</u>	<u>2.683</u>	<u>248</u>

Mutation of the lease are as follows:

	<u>2009</u>	<u>2008</u>
Balance lease January 1	5.342	3.678
New Contracts	3.629	3.931
Main payments	(3.107)	(2.267)
Balance in December 31, 2009	<u>5.864</u>	<u>5.342</u>
Short term	3.181	2.617
Noncurrent	2.683	2.725

16. LABOR OBLIGATIONS

	<u>2009</u>	<u>2008</u>
Provision of vacations and social charges	16.277	14.920
Other provisions	8.199	970
Private Pension	<u>1.814</u>	<u>2.011</u>
Total	<u>26.290</u>	<u>17.901</u>

17. SUPPLEMENTARY PENSION PLAN

ONS sponsors the private pension plan for its employees, managed by the Eletrobras Social Security Fund (ELETROS). The benefit plan, implemented in September 2000, is of the Defined Contribution modality, in which the programmable benefits such as monthly income for retirement, are calculated from the accumulated balance in the individual account whose contributions are credited and monetized on behalf of each participant. So there is no risk of actuarial liabilities for ONS.

The plan rules were adjusted to the new contributory modeling, of optional nature for current participants and mandatory nature for new participants, which produced the enhancement of regulatory devices and was approved by the Department of

Complementary Pension (SPC) In accordance with Memmorum DEPAT/SPC No. 3268 of January 7, 2010.

In this plan, ONS contributes to the payment of programmable benefits with up to 6% of net payroll, having contributed this year with R\$ 5,499 (R\$ 4,943 in 2008), equivalent to 6.1% of annual net payroll- (5.74% in 2008). In addition to the pension plan, it is provided life and personal accident insurance, also in partnership with employees who also pay the cost of the policy, the rate of 60% to ONS, limited to 1.5% of net payroll, and 40% for participants. In this exercise, the contribution was R\$ 905 (R\$ 815 in 2008), equivalent to 1% of annual net payroll (0.96% in 2008). The last benefit managed by ELETROS and the complementation of Sickness Assistance, in which the costing is exclusive of ONS, and the contribution is limited to 0.5% of net payroll. Both the life insurance and the Sickness Assistance of ELETROS bring no actuarial risk to ONS.

18. DEFERRED REVENUE

CONTRIBUTIONS OF THIRD PARTY - INVESTMENTS

As mentioned in Note 2, ANEEL, through the Normative Resolution No. 344, considering the nature of the operations of ONS, altered the system of accounting for third-party resources charged to the agents and associates of ONS, for feasibility of its annual budget, previously submitted to ANEEL, to cover the expenditures used in financing and investments.

Thus, as of January 1, 2008, the funds received from third parties are recorded as a credit under the heading "Aneel – Approved Resources to Apply", which will be amortized for the following items in accordance with the following kinds of achievement:

- For the portion of the resources approved by ANEEL, applied in paying the credit of income for the year under the heading "Revenue Contributions - Contributions from third parties" in proportion to the total expenditure incurred during the period, whose balance, if creditor, will be subject to compensation in next budget cycle.
- For the portion of the resources approved by ANEEL applied to fixed assets and intangible assets, on credit under the heading "Third Party Contribution - Investment" in non-current liabilities, the balance will be amortized to the result of the exercise simultaneously as depreciation and amortization expenditures.

Thus, pursuant to the provisions established by ANEEL, ONS proceeded to the recognition of the opening balance on January 1, 2008 corresponding to the portion of resources applied to fixed assets and intangible assets, recorded under the heading "Contributions from Third Parties - Investments" minus depreciation and amortization, whose details are given below:

Notes

Balance of intangible and fixed assets on 31/12/2007

85.930

Reclassification of project costs in fixed assets	(14.087)	2
Reclassification of project costs in intangible assets	<u>(5.750)</u>	2
Adjusted balance of fixed and intangible assets on 1/1/2008	<u>66.093</u>	2
Effect of deferred taxes (PIS, COFINS e ISS)	<u>10.354</u>	
Opening balance under the heading "Third Party Contributions - Investment"	<u><u>76.447</u></u>	

During the years 2009 and 2008 the resources of third parties approved by ANEEL put in investments and, therefore, put into practice in fixed and intangible assets, with the effects of the relevant taxes, were as follows:

	<u>2009</u>	<u>2008</u>
Additions, net of the lower fixed assets and intangible assets	16.631	7.339
Depreciation and amortization	(9.855)	(11.532)
Realization of deferred tax assets	<u>1.061</u>	<u>(657)</u>
Net Realization	<u><u>7.837</u></u>	<u><u>(4.850)</u></u>

Of the portion of funds received for operating expenses in the year, represented by acquisitions in fixed assets and intangible assets, minus the depreciation and amortization, liquidation of financial liabilities and operational expenses in the exercise result, it was found a deficit of R\$ 13,711, included in the assets amounting to R\$ 30,704 (U.S. \$ 14,845 established in 2008), which will be offset in the current cycle or in the budget for the next cycle. That includes taxes over deferred revenue of R\$ 4,158 (R\$ 2,010 in 2008), as presented in Note 13.

19. DEPOSITS ON GUARANTEE

On July 18, 2008, ONS has signed an exclusivity contract with the Banco Real AMRO BANK for the management of its banking resources, having received \$ 2,500 for maintenance of contractual terms for a period of five years, which were recognized as revenue anticipated in the heading "Deposits on Guarantee" for future amortization by equal contractual term. The balance corresponding to this revenue, not yet performed, is represented by R\$ 500 (R\$ 500 in 2008) in the short term and R\$ 1,250 (R\$ 1,750 in 2008) noncurrent

20. INSURANCE

According to the Bylaws, ONS has no generation assets, transmission or distribution of electric energy.

Insured assets include property occupied by the Brazilian Center of Operating System (CNOS), computer equipment, telecommunications equipment, infrastructure equipments of the Regional Operation Centers, furniture and fixtures.

The total value at risk stated in the policy of multirisk is R\$ 61,766 in 2009 (R\$ 62,000 in 2008), employed under Maximum Limit of Indemnity (LMI), which considers as the biggest risk the value of R\$ 21,000 relating to CNOS (R\$ 21,000 in 2008). In the event

of a claim for Basic Coverage (fire / lightning / explosion), all sites are insured up to the limit.

21. FINANCIAL RESULT

	<u>2009</u>	<u>2008</u>
REVENUE		
Income from financial investments	398	2.042
Charges on overdue invoices - transmission Contract	129	16
Exchange//monetary rate	558	1.096
Others	<u>67</u>	<u>278</u>
	<u>1.152</u>	<u>3.432</u>
EXPENDITURE		
Monetary variation and interest over installments	(357)	(1.104)
Interest on loans and financing	(2.116)	(2.698)
Monetary / currency passive exchange	-	(15)
Others	<u>(372)</u>	<u>(137)</u>
	<u>(2.845)</u>	<u>(3.954)</u>
FINANCIAL RESULT	<u>(1.693)</u>	<u>(522)</u>

22. STATEMENT OF INCOME TAX AND SOCIAL CONTRIBUTION ASCERTAINMENT IN THE RESULT FOR THE YEARS OF 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Surplus before income tax and Social Contribution	10.794	1.127
Combined rate of income tax and social contribution	<u>34%</u>	<u>34%</u>
	3.670	383
Temporary differences (*)		
<i>Leasing</i>	(321)	(644)
Intangible assets	2.648	1.736
Resources to compensate / Deferred Revenue	1.163	(1.540)
Provisiond	3.854	605
Others	(176)	211
Permanent differences	1.669	376
Offset of not enabled tax losses	<u>(1.713)</u>	<u>-</u>
Income and social contribution on the result	<u>10.794</u>	<u>1.127</u>

(*) This amount comprises the statement of income and contribution in the results, since they have not been constituted as deferred income tax and deferred social contribution, as mentioned in Note 10.

As mentioned in Note 10 by reason of change in accounting practices required by ANEEL to reconcile the funds received from third parties in respect of costs and

investment expenditures, as well as the lack of expectation of future surpluses, ONS does not constitute deferred tax losses, carryforwards and temporary differences for income tax and social contribution on net profit.

23. PROVISION FOR CONTINGENCIES

There are labor claims brought against ONS that, in the opinion of their lawyers, have prognosis of possible negative outcome, in the estimated aggregate value of R\$ 2,030, which still was not fixed permanently in the corresponding spheres.

In Addition to the claims described above, it was estimated and provisioned R \$ 261 related to labor issues, which the trial lawyers have evaluated as a probable loss to ONS.

On May 7, 2002, ANEEL, through an administrative procedure, drafted the Notice of Infraction No. 006/2002, worth R\$ 300 relating to the interruption in power supply occurred on January 21, 2002. On December 16, 2005, the Board of ANEEL, through Decision No. 1.904/05, upheld the imposition of penalty. On August 6, 2007, ONS submitted Ordinary Action No 2007.34.00.028117-9, pending before the 4th Federal Jurisdiction of the Federal District with a request for anticipation of guardianship, seeking to suspend the enforceability of penalty relative to the Notice of Infraction No. 006/2002. Once the anticipation of guardianship was granted, ONS was authorized to deposit the value of the fine in court until the final decision, which in the opinion of ONS lawyers has a "possible" negative outcome prognosis. The proceeding has been ready for sentencing since 09/28/2009. The fine was deposited on August 26, 2007, in the amount of R\$ 559, at that date. This value, duly updated by the Federal Justice rates of indexation to a total of R\$ 580 in 2009 (R\$ 569 in 2008).

In 2008 it was proposed Tax collection No 2008.34.00009667-8 before the 19th Federal Jurisdiction of the Federal District relating to debts of social security nature, bearing in mind the existence of alleged discrepancies between the figures collected through the Time in Service Guarantee Fund Payment Slip and the information provided to Social Security through GFIP. On July 24, 2008, ONS carried out the full deposit of the alleged debt of R\$ 230 and filed objections to execution, which is pending trial to date. This deposit, updated until December 31, 2009 amounted to R \$ 267 (R\$ 244 in 2008).

In 2007, the Ponte de Pedra Energética Inc. filed a claim of civil-regulatory nature against ONS, the ANEEL and the carriers relating to Charges for use of the Transmission System, which in the opinion of ONS' lawyers has a prognosis of "possible "negative outcome, the estimated value of \$ 190, concerning ONS. The process is in a phase of proof specification and there isn't any decision in the first instance yet.

24. ADMINISTRATORS REMUNERATION

In compliance with the provisions of item III, Art.12 of the Social Bylaws, the General Assembly, held on April 28, 2008, approved the total value of R\$ 5,024 for the remuneration of administrators, represented by the Board of Administrators, Financial Board and the Board of Directors, in budget cycle for the period from July 2008 to June

2009. At the General Meeting held on April 17, 2009 it was approved the total value of R\$ 4,839 for the budget cycle for the period from July 2009 to June 2010, which were duly reflected in the budget for the corresponding cycles.

In line with the predicted and approved values, R \$ 4,475 were paid as administrators remuneration in 2009 (R\$ 4,202 in 2008).

25. RELATED PARTY TRANSACTIONS

Under the Social Bylaws, the Administration Board is composed, representatively, by the categories of Production, Transportation and Consumer Affairs, for which charges are made to resources approved by ANEEL and associative contributions to the facilitation of budget expenditures required for the Operator activities and tasks.

26. FINANCIAL INSTRUMENTS

The market values of financial assets and liabilities were determined based on available market information and appropriate valuation methodologies. The use of different market assumptions and / or estimate methodology may have different effect on the estimated market values. Based on this estimate, the Administration believes that the carrying value of financial instruments is roughly equal to its market value.

On December 31, 2009, financial assets and financial liabilities recorded in the balance sheet are as follows:

	<u>Valor Accounting</u>
ASSETS	
Cash	6.201
Accounts receivable	34.338
 LIABILITIES	
Suppliers	10.810
Loans and Financing	18.935
Commercial lease	5.864

Credit risk is the major factor of market risk affecting the Entity's business, and this financial instrument relates primarily to cash and accounts receivable of the Entity. All ONS' operations are performed with banks of acknowledged liquidity, which minimizes its risks.

On December 31, 2009 and 2008, there were no derivative transactions made by ONS