

Financial Statements

Brazilian Interconnected Power System Operator - ONS

December 31st, 2011

With Independent Auditors' Report on the Financial
Statements

Brazilian Interconnected Power System Operator - ONS

Financial Statements

December 31st, 2011

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Independent Auditors' Report on the Financial Statements

To the Directors and Shareholders

Brazilian Interconnected Power System Operator - ONS

Rio de Janeiro - RJ

We have Audited the financial statements of the Brazilian Power System Operator - ONS ("Entity"), which comprise the balance sheet at December 31st, 2011 and the related statements of income, stockholders' equity, cash flows and added values for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The management's responsibility for the financial statements

The Entity's management is responsible for the preparation and proper presentation of these financial statements in accordance with the accounting practices adopted in Brazil and for internal controls established by it as necessary to allow the preparation of financial statements free of material misstatement, whether caused by fraud or by error.

Independent auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and international auditing standards. These standards require that we comply with ethical demands for auditors and that the audit is planned and implemented in order to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In this risk assessment, the auditor considers internal control relevant to the preparation and fair presentation of the Entity's financial statements to plan the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Entity. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all relevant aspects, the financial position of the Brazilian Power System Operator - ONS on December 31st, 2011, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Rio de Janeiro, February 29th, 2012

ERNST & YOUNG TERCO

Independent Auditors

CRC - 2SP 015.199/O-6 - F - RJ

Márcio F. Ostwald

Accountant

CRC - 1RJ 086.202/O-4

Brazilian Interconnected Power System Operator - ONS

Balance Sheets (financial position)
December 31st, 2011 and 2010
(In thousands of reais)

	Notes	2011	2010
Assets			
Current			
Cash and cash equivalents	5	12,429	11,850
Third-party resources - ANEEL approved	6	37,277	29,207
(-)Provision for doubtful settlement credits		(1,792)	(636)
Contributions from Associate Members	7	70	471
Compensable taxes and social contributions	8	13,384	7,555
Stock		312	329
Prepaid expenses		1,855	3,592
Other		182	477
Total current assets		63,717	52,845
Noncurrent			
Deferred income tax and social contribution	9	12,614	15,912
Compensable taxes and social contributions	8	412	461
Deposits related to litigation		2,264	969
Other		113	108
Fixed assets	10	32,149	35,450
Intangible assets	11	25,327	21,343
Total non-current assets		72,879	74,243
Total assets		136,596	127,088
Current liabilities			
Suppliers		8,736	7,031
Taxes and social contributions	12	13,632	11,677
Loans and financing	13	3,223	3,951
Leasing	14	1,612	2,729
Deposits in guarantee	17	500	500
Labor obligations	15	35,142	29,246
Total current		62,845	55,134
Noncurrent liabilities			
Loans and financing	13	8,028	11,251
Leasing	14	324	1,936
Deposits in guarantee	17	250	750
Provision for contingencies	21	3,707	1,883
Total non-current liabilities		12,309	15,820
Net equity			
Reserve Fund		61,442	56,134
Total net equity		61,442	56,134
Total liabilities and stockholders' equity		136,596	127,088

The explanatory notes are part of the financial statements.

Brazilian Interconnected Power System Operator - ONS

Statements of Income
December 31st, 2011 and 2010
(In thousands of reais)

	Notes	2011	2010
Gross operating revenue			
Revenue contributions from third		335,502	322,000
Other income			
Contributions from associates	7	13,179	12,437
Other income		100	100
Total		348,781	334,537
Deductions from gross operating revenue			
PIS		(5,743)	(5,459)
COFINS		(26,451)	(25,146)
ISS		(16,776)	(16,100)
Total		(48,970)	(46,705)
Net operating revenue		299,811	287,832
System operation costs and expenses			
Personnel		(199,435)	(186,291)
Material		(2,201)	(2,073)
Third-party service		(66,227)	(60,307)
Depreciation and amortization		(14,095)	(13,455)
Taxes and social contributions		(172)	(669)
Leases and rentals		(5,238)	(5,152)
Provision for asset losses	11	-	(20,024)
Provision for contingencies	21	(1,824)	(1,622)
Provision for doubtful settlement credits		(1,156)	(413)
Other		(507)	(1,180)
Total		(290,855)	(291,186)
Operating result		8,956	(3,354)
Financial result			
Financial income	19	1,123	1,302
Financial expense	19	(1,473)	(2,308)
Total		(350)	(1,006)
Surplus (deficit) from operations		8,606	(4,360)
Current income tax and social contribution	20	-	(5,587)
Deferred income tax and social contribution	20	(3,298)	6,654
Surplus (deficit) for the year		5,308	(3,293)

The explanatory notes are part of the financial statements.

Brazilian Interconnected Power System Operator - ONS

Statements of Changes in Equity
December 31st, 2011 and 2010
(In thousands of reais)

	Reserve fund	Total
Balances on December 31 st , 2009	59,427	59,427
Déficit for the year	(3,293)	(3,293)
Balances on December 31 st , 2010	56,134	56,134
Net surplus for the year	5,308	5,308
Balances on December 31 st , 2011	61,442	61,442

The explanatory notes are part of the financial statements.

Brazilian Interconnected Power System Operator - ONS

Statements of cash flows
December 31st, 2011 and 2010
(In thousands of reais)

	2011	2010
Cash flow from operating activities		
Net surplus (deficit) for the year	5,308	(3,293)
Adjustments to reconcile net surplus (deficit) to cash and cash equivalents generated from operating activities	3,298	(6,654)
(Constitution) / reversal of deferred income tax and social contribution	14,095	13,455
Depreciation and amortization	-	20,024
Provision for asset losses	1,824	1,622
Provision for contingencies	1,156	413
Provision (reversal) for doubtful settlement credits	-	(32)
Reversal of provision for reduction to market value	-	167
Loss on fixed and intangible assets	(500)	(500)
PIS/COFINS - fixed assets	531	-
Other	37	-
(Increase) decrease in operating assets		
Third-party resources – approved by ANEEL	(8,070)	4,824
Contributions from Associate Members	401	(164)
Stock	17	70
Compensable taxes and contributions	(5,780)	(2,514)
Prepaid expenses	1,737	(1,594)
Other	291	(286)
Increase (decrease) in operating assets		
Suppliers	1,705	(3,905)
Taxes and social contributions	2,059	(993)
Labor obligations	5,896	2,956
Cash and net cash equivalents generated from operating activities	24,005	23,596
Cash flow from investments		
Acquisition of fixed assets	(5,444)	(2,792)
Additions to intangible assets	(10,044)	(10,017)
Deposits related to litigations	(1,258)	(102)
Cash and net cash equivalents used in investments	(16,746)	(12,911)
Cash flow from investments		
Financing payments	(3,951)	(3,733)
Installment payment of federal taxes	-	(104)
New lease agreements	-	2,439
Payment of lease parcels	(2,729)	(3,638)
Cash and net cash equivalents used in financing activities	(6,680)	(5,036)
Net increase in cash balance and cash equivalents	579	5,649
Cash and cash equivalents at beginning of year	11,850	6,201
Cash and cash equivalents at end of year	12,429	11,850
	579	5,649

The explanatory notes are part of the financial statements.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

1. Operational context

Brazilian Interconnected Power System Operator - ONS, based in the Department of Industries and Supplies - Public Services Area - Lot A, Brasília - DF and the Central Office at 196 Quitanda Street - Centro - Rio de Janeiro, RJ, is a private law legal entity, constituted in the form of civil association, nonprofit, established by Law No. 9648 of May 27, 1998, authorized to carry out its activities through Decree No. 5081 of May 14, 2004, and governed by the laws and regulations, Bylaw and other normative acts issued by the management.

According to the Bylaws approved by the Brazilian Electricity Regulatory Agency (ANEEL) on August 12th, 2004, through Authoritative Resolution No. 328, as amended by Resolution No. 1888 of April 22nd, 2009, ONS, for an indefinite period, has for its object to perform activities of coordination and control of power generation and transmission operation in the Brazilian Interconnected Power System (BIPS) under the supervision and regulation of ANEEL, with a view to:

- ▶ Promote the optimization of the electric power system operation, 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 power agents have access to the transmission grid in a non-discriminatory way
- ▶ Contribute, according to the nature of its activities, so that the expansion of the BIPS is done at the lowest cost, aiming at better operational conditions in the future.

The duties of ONS are:

- I. Operation planning and scheduling and centralized dispatch of generation, in order to optimize the BIPS;
- II. Supervision and coordination of the power systems operation centers, supervision and operation of the BIPS and international interconnections;
- III. Contracting and management services for the transmission of electric energy and the respective access conditions, as well as ancillary services;

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

1. Operational context --Continued

- IV. Proposal to the Granting Authority of expansions of the basic grid facilities, as well as reinforcements to the BIPS, to be considered in the transmission system expansion planning;
- V. Proposal of rules for the operation of the BIPS' basic grid transmission facilities through public and transparent process, consolidated in the Grid Procedures to be approved by ANEEL, subject to the provisions of art. 4, § 3, of Law 9427 of December 26th, 1996;
- VI. Disclosure of performance indicators for the dispatches carried out to be audited every six months by ANEEL;
- VII. Permanent disclosure to the Power Sector Monitoring Committee (CMSE) on the operating conditions of continuity and power supply of the BIPS; and
- VIII. Other duties assigned to it by the Grantor Authority.

ONS patrimony is formed by the set of goods, facilities and equipment owned by the National Center for System Operation (CNOS), Central Office and Regional Operation Centers North / Midwest, Northeast, Southeast and South, including the respective systems which they are associated with.

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

Participating members are the Granting Authority, through the Ministry of Mines and Energy (MME), the Consumers Councils 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 below 500 GWh / year, members of the BIPS.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

1. Operational Context--Continued

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 tariff transfer and collected by other associates and energy sector agents not subject to tariff transfer.
- II. Resources under the budget established by ONS and approved by ANEEL:
 - a) Transferred by members and agents of the energy Sector connected to the Basic Grid, whose values are included in the Tariff for Use of Transmission System (TUST) and in the Parcel "A" of the Electric Power Service Rates;
 - b) Collected by other associates and agents of the energy sector not subject to tariff transfer; and
 - c) Other revenues authorized by ANEEL.

According to art. 36 of the bylaws, the remaining balance of the total resources provided above, received and not applied, shall be reimbursed by deducting in the subsequent budget, when approved by ANEEL, under current legislation.

2. Presentation of Financial Statements

The financial statements have been prepared with support from various bases of valuation used in accounting estimates, considering objective and subjective factors, based on management's judgment to determine the appropriate amount to be recorded in the financial statements.

Therefore, significant items subject to such estimates and assumptions include the selection of useful lives of fixed assets and the recoverability of their operations, credit risk analysis to determine the allowance for doubtful settlement credits, as well as the assessment of other risks to determine other provisions, including contingencies.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

2. Presentation of Financial Statements --Continued

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic approach inherent in the estimation process. ONS revises its estimates and assumptions at least annually.

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, comprising the pronouncements of the Accounting Pronouncements Committee (CPC) and in accordance with the instructions contained in ONS Accounting Manual, established by ANEEL.

ONS is constituted in the form of a nonprofit civil association of private law; however, it is subject to federal and municipal taxation.

The ONS Board authorized the conclusion of the preparation of these financial statements in Board Meeting held on February 29th 2012.

3. Accounting policies

3.1. Cash and cash equivalents

Include the current account balances and financial investments that have liquidity and immediate convertibility and with insignificant risk of change in their market value. The amounts classified as cash and cash equivalents are maintained in order to meet cash commitments in the short term, rather than for investment or other purposes. Therefore, an investment normally qualifies as cash equivalent when it has short-term maturity, for example, three months or less from the contract date.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.2. Financial Instruments

a) Financial Assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity, available for sale financial assets, derivatives or classified as effective hedge instruments, as appropriate.

ONS determines the classification of its financial assets at the time of their initial recognition, when it becomes part of the contractual arrangements of the instrument.

Financial assets are initially recognized at fair value plus, in the case of investments not designated at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets.

ONS's financial assets refer to cash and cash equivalents, third-party resources - approved by ANEEL and the contribution of Associate Members.

Subsequent measurement

In accordance with the requirements of subsequent measurement, ONS has not designated any financial asset at fair value through profit or loss on initial recognition.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.2. Financial Instruments --Continued

a) Financial Assets --Continued

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and financing, or as derivatives classified as hedge instruments, as appropriate. ONS determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are initially recognized at fair value and, in the case of loans and financing, plus the cost directly related to the transaction.

ONS Financial liabilities relate to accounts payable, to suppliers and loans and financing.

Subsequent measurement

In accordance with the requirements for subsequent measurement ONS presented no financial liability at fair value through profit or loss for the year ended December 31st, 2011 and 2010.

b) Financial Instruments - net presentation

Assets and liabilities are presented net on the balance sheet, when there, if and only if, there is a current executable legal right to compensate the recognized amounts and if there is the intention of compensation, or realize the asset and settle the liability simultaneously.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Políticas contábeis--Continuação

3.3. Third-party funds - approved by by ANEEL

Correspond to the revenues from Charges for Use of Transmission System and contributions of associate members, which include charges for staff and members of ONS, minus, where applicable, probable losses on realization of receivables, accounted for using in the accrual basis.

3.4. Fixed Assets

ONS has chosen not to assess its fixed assets at fair value as deemed cost, considering that: (i) the cost method, minus provision for losses, is the best method to assess its fixed assets (ii) the fixed assets are segregated into well-defined classes and related to operating activities, (iii) its operating activities are impacted by technological development, which requires frequent revision of recoverable amounts and estimates of useful lives of fixed assets, and (iv) the controls over the fixed assets are sufficient to identify losses and changes in estimated useful lives and are effective.

The residual value and useful life of assets and methods of depreciation are reviewed by the Administration at the end of each year, and adjusted prospectively, when applicable.

Fixed assets consists of rights whose subject are tangible goods intended for maintenance of the Operator's activities, minus accumulated depreciation, calculated linearly based on the estimated useful life of these assets, considering the expectation of a period of generating economic benefits in favor of ONS.

The cost of repairs and maintenance are recognized in the income statement when incurred.

Where applicable, items of fixed assets are derecognized when sold or when no future economic benefit is expected from its use or sale. Any gains or losses resulting from the disposal of assets are recognized in the income statement timely.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.5. Leases

The characterization of a contract as a lease is based on substantive aspects related to the use of a specific asset, or even to the right to use a particular asset, on the start date of its execution.

The assets acquired through finance leases which transfer to ONS, basically, all the risks and benefits relating to ownership of the leased item are capitalized at the beginning of the contract at fair value of the leased asset or, if lower, the present value of minimum lease payments .. Over the cost is increased, where applicable, the initial direct costs incurred in the operation. The finance lease payments are allocated to finance charges and reduction of liability of finance leases, in order to obtain constant interest rate on the remaining balance of the liability. Financial charges are recognized in the income statement.

The leased assets are depreciated over their useful life.

3.6. Intangível

They are represented by rights whose subjects are intangible goods intended for maintenance of the Operator, minus the accumulated amortization, calculated based on the life of these assets, considering the expectation of a period of generating economic benefits in favor of ONS and evaluated in relation to loss for impairment whenever there is an indication of loss of economic value of the asset.

Intangible assets acquired separately are measured at cost at the time of initial recognition. The period and the amortization method for intangible assets with defined life are reviewed at least at the end of each fiscal year.

Changes in the estimated useful life or the expected consumption of future economic benefits of these assets are adjusted through changes in the period or amortization method, as appropriate, and are treated as changes in accounting estimates.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.7. Provisions

Provisions are recognized when ONS has a present obligation (legal or not formalized) as a result of a past event, it is probable that economic benefits will be required to settle the obligation and a reliable estimate of the value of the obligation can be made. The expense related to any provision is presented in the income statement, net of any reimbursement.

ONS is a party to certain legal and administrative proceedings. Provisions are made for all contingencies relating to judicial and administrative proceedings to which it is probable that an outflow of resources is made to settle the contingency / obligation and a reasonable estimate can be made.

The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, jurisprudence available, the most recent decisions in the courts and their relevance to the legal system as well as the assessment of external lawyers. Provisions are reviewed and adjusted considering the changes in circumstances, such as the limitation period applicable, conclusion of tax inspections or additional exposures identified based on new issues or decisions of courts.

3.8. Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will be generated for ONS and when can be measured reliably. Revenue is measured based on fair value of consideration received.

Revenue from contributions from third parties of Charges for Use of the Transmission System is approved by ANEEL, based on the annual budget of ONS, in an amount sufficient to cover the expenditures to be made in the next budget cycle, and the charge to its members and agents electricity sector is modulated monthly according to the need for resources to cover the expenses and recognized in the income statement for amounts actually billed.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.9. Taxes

Income tax and social contribution - current

Current tax assets and liabilities for the last year and previous years are measured at the expected recoverable amount or payable to taxation authorities. The applicable rates of taxes and tax laws used are those prevailing at the balance sheet date.

Income tax and social contribution taxes - deferred

Deferred tax is generated by temporary differences in the balance sheet date between the tax bases of assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available for the deductible temporary differences are realized.

The carrying value of deferred tax assets is reviewed at each balance sheet date and lowered to the extent that it is not probable that taxable profit will be available to allow all or part of the deferred tax asset will be used.

Deferred taxes are measured at the tax rate applicable in the year when the asset is realized or the liability settled, based on tax rates (and tax law) prevailing at the balance sheet date.

3.10. Loss on impairment of non-financial assets

The Administration reviews annually the net book value of assets for purposes of evaluating events or changes in economic, operating or technological circumstances which may indicate deterioration or loss of its recoverable amount. Being such evidence identified and net book value exceeds the recoverable amount, a provision for depreciation is made by adjusting the net book value to the recoverable amount. The recoverable amount of an asset is defined as the higher between the value in use and net sales value.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

3. Accounting policies--Continued

3.11. Statements of cash flows and value added

The statements of cash flows have been prepared and are presented in accordance with Technical Pronouncement CPC 03 (R2) - Statement of Cash Flows, while the value added statements have been prepared and are presented in accordance with Technical Pronouncement CPC 09 - Statement of Value Added.

3.12. New accounting pronouncements

Some technical procedures and interpretations issued by the CPC were reviewed and have their mandatory adoption for the period beginning on January 1st, 2011. However, in the assessment of Operator, these reviews did not produce impacts on its financial statements.

4. Judgments, estimates and significant accounting assumptions

Judgments

The preparation of ONS financial statements requires the Administration to make judgments and estimates and assumptions that affect the amounts presented of revenue, expenses, assets and liabilities and disclosures of contingent liabilities, on the base date of the financial statements. However, the uncertainty about these assumptions and estimates could lead to results that require a significant adjustment to the carrying value of the asset or liability affected in future periods.

Estimates and assumptions

The main assumptions concerning the sources of uncertainty in future estimates and other important sources of uncertainty in estimates on the balance sheet date, involving significant risk of causing a significant adjustment in book value of assets and liabilities in the next financial year are discussed below.

Loss on impairment of non-financial assets

A loss on impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher between the fair value minus selling costs and value in use.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

4. Judgments, estimates and significant accounting assumptions --Continued

Provisions for tax, civil and labor risks

ONS recognizes a provision for tax, civil and labor claims. The assessment of probability of loss includes assessing the available evidence, the hierarchy of laws, jurisprudence available, the most recent decisions in the courts and their relevance to the legal system as well as the assessment of external lawyers. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the limitation period applicable, conclusion of tax inspections or additional exposures identified based on new issues or decisions of courts.

5. Cash and cash equivalents

	Remuneration (CDI %)	2011	2010
Bank accounts		1,943	736
Investments			
Banco Itaú S.A.	100.3	2,021	-
Banco Itaú S.A.	101	3,003	-
Banco Santander	100.5	2,601	-
Banco Safra	100.5	2,102	-
Banco do Brasil S.A.	100	759	6,575
Banco Santander	100	-	4,539
Total investments		10,486	11,114
Total cash and cash equivalents		12,429	11,850

ONS investments have remuneration based on the variation of the Interbank Deposit Certificate (CDI) and, therefore, already recognized at fair value, in return for the result. Although they have the date pre-established for maturity, financial investments are available for trading and may be redeemed at any time, with ability to prompt conversion to a known value of cash, without loss of income.

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

6. Third Party Resources - approved by ANEEL

The contributions of third parties arising from charges for use of the transmission system are billed to the agents of generation and distribution, importers, exporters and free consumers, according to the conditions set out in the Contract for Use of Transmission System (CUST), that focus on establishing the terms and conditions that will regulate, namely: (i) the use of the basic grid by the agents, (ii) the administration by ONS of the collecting and settlement of charges for use of transmission, and (iii) the implementation of the system guarantees, acting on behalf of the transmission utilities.

The value of R\$ 37,277 (R\$ 29,207 in 2010), presented in current assets, net of withholding taxes and contributions, corresponds to receivables for settlement in three equal installments, due in 15, 25 and 35 days.

7. Contributions from Associate Members

The contribution of associate members is defined and approved annually by ONS' Ordinary General Assembly - AGO, by apportionment based on the number of votes of each member to be applied in each budget cycle.

The budget cycle is the period from July to June the following year. Thus, the total receipts of contributions to be collected in each budget cycle and the values corresponding to years are shown in the following table:

Date of AGO	Budget cycle	Total value of the cycle	Period from January to June	Period from July to December
04/17/2009	July/2009 to june/2010	12,118	6,059	-
04/26/2010	July/2010 to june/2011	12,784	-	6,392
Adjustments for apportionment of revenues			-	(14)
Total 2010			12,437	
04/26/2010	July/2010 to june/2011	12,784	6,406	-
04/15/2011	July/2011 to december/2012	20,494	-	6,773
Total 2011			13,179	

On December 31st, 2011, the balance to receive from the associate members contribution was R\$ 70 (R \$ 471 in 2010).

Brazilian Interconnected Power System Operator - ONS

Notes to the Financial Statements
December 31st, 2011 and 2010
(Amounts expressed in thousands of reais)

7. Contributions from Associate Members --Continued

Unusually in 2011, the Assembly, embodied in the proposition formulated and considered in the Budget Proposal for the period from July 2011 to December 2012 approved the amount of R \$ 20,494 for Payment of contribution of Associate Members for the period from July 2011 to December 2012.

The periodicity of 18 months was adopted as a transitional period for implementing the new budget cycle considering the period from January to December, the same as the fiscal year.

This claim was approved normally by ANEEL through Letter No. 149/2011-SFF/ANEEL and was subsequently repealed by ANEEL Resolution No. 2984, upon approval of the budget proposal on June 28, 2011, which kept the budget cycle with the frequency compatible to the rate cycle, i.e. from July to June the following year.

Thus, the value of R \$ 6,831 for the period from July to December 2012 will be subject to approval at the Ordinary General Assembly - AGO to be held in April 2012, upon approval of the Budget Proposal for the next budget cycle.

8. Taxes and compensable social contributions

	2011	2010
Current		
Income Tax (IRPJ)	7,914	4,346
Social Contribution on Net Income (CSLL)	3,573	2,008
Social Integration Program (PIS)	338	218
Social Contribution for the Financing of Social Security (COFINS)	1,559	983
Total	13,384	7,555
Noncurrent		
Social Contribution for the Financing of Social Security (COFINS)	196	241
Social Integration Program (PIS)	42	52
Recoverable INSS	174	168
Total	412	461

Brazilian Interconnected Power System Operator - ONS

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8. Taxes and compensable social contributions --Continued

ONS is subject to taxation and withholding of the following federal taxes and contributions, namely: PIS, COFINS, IRRF and CSLL. The balance corresponding to credits of income tax, social contribution, PIS and COFINS presented in the short term refers to the largest gatherings and retentions made during the calendar year 2011, which will be subject to future compensation with taxes and contributions administered by the Federal Revenue of Brazil.

9 Deferred income and social contribution

Deferred taxes are established and reverted as a result of tax credits and accomplishments resulting from Income Tax - IRPJ (tax losses) and Social Contribution on Net Income - CSLL (negative basis), as well as on temporary differences, to be held in subsequent periods based on current tax rules. Deferred taxes are related to temporary differences, tax loss and negative basis established in 2011, whose expectations of achievement are largely planned for the year 2012, with a remaining balance for the year 2013.

10. Fixed Assets

The composition of fixed assets is as follows:

Items	Annual rate of depreciation	2011			2010
		Cost	Accumulated depreciation	Net value	Net value
In service					
Land	-	3,829	-	3,829	3,829
Buildings	4%	5,208	(1,913)	3,295	3,503
Machinery and equipment	10% a 20%	60,526	(42,567)	17,959	20,756
Vehicles	20%	486	(232)	254	308
Furniture and fixtures	10%	6,388	(4,686)	1,702	1,769
Improvements	20%	5,266	(5,258)	8	173
		<u>81,703</u>	<u>(54,656)</u>	<u>27,047</u>	<u>30,338</u>
In progress					
Machinery and equipment		1,140	-	1,140	85
Furniture and fixtures		9	-	9	18
Advances to suppliers		3,953	-	3,953	5,009
		<u>5,102</u>	<u>-</u>	<u>5,102</u>	<u>5,112</u>
Total		<u>86,805</u>	<u>(54,656)</u>	<u>32,149</u>	<u>35,450</u>

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10. Fixed Assets--Continued

Mutation of fixed assets occurred in 2011 and 2010 are as follows:

	2010	Additions	Transfers	Write-offs (*)	2011
In service					
Cost					
Operation	46,971	-	5,209	-	52,180
Administration	29,988	-	245	(710)	29,523
Subtotal	76,959	-	5,454	(710)	81,703
(-) Depreciation					
Operation	(30,958)	(3,499)	-	-	(34,457)
Administration	(15,663)	(4,536)	-	-	(20,199)
Subtotal	(46,621)	(8,035)	-	-	(54,656)
In progress					
Operation	5,107	4,987	(5,209)	-	4,885
Administration	5	457	(245)	-	217
Subtotal	5,112	5,444	(5,454)	-	5,102
Total	35,450	(2,591)	-	(710)	32,149

(*)Credits of social contributions (PIS and PIS) transferred to the current assets.

	2009	Additions	Transfers	Write-offs	2010
In service					
Cost					
Operation	43,706	-	3,800	(535)	46,971
Administration	25,358	-	4,640	(10)	29,988
Subtotal	69,064	-	8,440	(545)	76,959
(-) Depreciation					
Operation	(27,767)	(3,571)	-	380	(30,958)
Administration	(11,045)	(4,621)	-	3	(15,663)
Subtotal	(38,812)	(8,192)	-	383	(46,621)
In progress					
Operation	10,374	-	(5,267)	-	5,107
Administration	391	2,792	(3,173)	(5)	5
Subtotal	10,765	2,792	(8,440)	(5)	5,112
Total	41,017	(5,400)	-	(167)	35,450

ONS has a land located in Brasilia, where it is installed on the Regional Operation Center North / Midwest (COSR-NCO) and the Center of System Operation (CNOS).

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10. Fixed Assets--Continued

Among the main items recorded in fixed assets and intangible assets (Note 11) stand out acquisitions to REGER Project, which consists of making available four power management systems for installation at CNOS and four Regional Operations Centers, located in Brasilia, Florianopolis, Recife and Rio de Janeiro. These new systems will provide a more integrated operation, using the concept of multi-site, which will involve global access to resources and intrinsic and immediate support among them.

On June 22nd, 2009, after international bidding, the consortium SIEMENS-CEPEL (Research Center for Electric Power System ELETROBRAS) signed with ONS a contract to supply new management network of the Brazilian electric system, called REGER, amounting R\$ 38,397 and deadline of 72 months from signing the contract.

The project will be conducted in two phases, which will be developed in parallel with the first initially scheduled to be delivered in 30 months and another in 48 months. The contract also foresees the use of innovative concept "Evergreen" in which the consortium SIEMENS-CEPEL ensure constant updating of REGER, keeping it in the latest technology available.

REGER meets advanced and challenging requirements and specifications worldwide and will provide ONS with the state of the art in solutions for managing power grids.

11. Intangible Assets

Items	Annual rates of amortization	2011	2010
In service - software	-	84,588	78,635
Amortization	20%	(69,999)	(63,940)
Total		14,589	14,695
In progress - projects in progress	-	10,738	26,672
Provision for asset loss		-	(20,024)
Total		25,327	21,343

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11. Intangible Assets --Continued

Mutation of intangible assets occurred in 2011 and 2010 are as follows:

	2010	Additions	Transfers	Loss provision	Write-off	2011
In service						
Cost						
Operation	65,736	-	3,131	-	-	68,867
Administration	12,899	-	2,822	-	-	15,721
Subtotal	78,635	-	5,953	-	-	84,588
(-) Amortization						
Operation	(55,535)	(3,924)	-	-	-	(59,459)
Administration	(8,404)	(2,136)	-	-	-	(10,540)
Subtotal	(63,939)	(6,060)	-	-	-	(69,999)
In progress						
Operation	6,521	7,347	(3,130)	-	-	10,738
Administration	126	2,697	(2,823)	20,024	(20,024)	-
Subtotal	6,647	10,044	(5,953)	20,024	(20,024)	10,738
Total	21,343	3,984	-	20,024	(20,024)	25,327

	2009	Adições	Transferências	Provisão para perda	2010
In service					
Cost					
Operation	59,240	-	6,496	-	65,736
Administration	11,181	-	1,718	-	12,899
Subtotal	70,421	-	8,214	-	78,635
(-) Amortization					
Operation	(52,439)	(3,096)	-	-	(55,535)
Administration	(6,237)	(2,167)	-	-	(8,404)
Subtotal	(58,676)	(5,263)	-	-	(63,939)
In progress					
Operation	4,716	8,301	(6,496)	-	6,521
Administration	20,152	1,716	(1,718)	(20,024)	126
Subtotal	24,868	10,017	(8,214)	(20,024)	6,647
Total	36,613	4,754	-	(20,024)	21,343

Among the projects classified under intangible assets in progress in 2010, stood SIGA Project in the amount of R \$ 20,024, whose object of the project consisted in building a corporate portal integrated, interactive, efficient and dynamic communication able to offer agents a unique and standardized environment of delivery and access to information, ensuring transparency, security and equity in relationships as well as unicity and accuracy in processing and acquisition of information.

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11. Intangible Assets --Continued

The technical evaluations over the past two years led to a new direction for the continuation of Project SIGA. In the light of the above started in 2010, with the support of expert advice, negotiating with the system supplier in order to establish the technical and commercial requirements for completing the project within the constraints set by the Administration of ONS.

The analyzes undertaken at the time resulted in indications that could significantly alter the recoverable amount of the project in question. Thus, on December 31, 2010, the Administration of ONS decided by the recognition of provision for loss of the full value of project SIGA of R \$ 20,024.

The technical evaluations concluded that the products associated contracted were not delivered, besides the continuity the project imply inadmissible risks, costs and deadlines. In this context, the Board of ONS, based on the expertise of specialized consultants decided by the discontinuity of SIGA, considering the risks posed and the high probability of materializing them. This decision was ratified by the Board of Directors and is fully aware of ANEEL.

Thus, on December 20th, 2011, the Administration, based on technical assessments about the viability the continuation of the project, decided for its final write-off, so as to recognize the full value loss recorded as a provision to the end of 2010, compared to no expectation of recovering the economic value of that asset.

12. Taxes and social contributions

	2011	2010
Withholding income tax	4,568	4,146
Tax on services	1,452	1,194
Social contribution withheld at source	98	82
COFINS	2,210	1,827
PIS	480	397
INSS	3,598	2,910
FGTS	1,209	1,027
Other	17	94
Total	13,632	11,677

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13. Empréstimos e financiamentos

	2011			2010		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Brazilian currency						
Eletrobrás	935	-	935	1,802	935	2,737
Eletrosul	703	2,058	2,761	669	2,761	3,430
Furnas	1,585	5,970	7,555	1,480	7,555	9,035
Total	3,223	8,028	11,251	3,951	11,251	15,202

Contracts signed with Eletrobras, Eletrosul and Furnas are related to the transfer of the assets that constitute CNOS and the other Operation Centers, under the conditions established by Ordinance No. 468/2002 of the Ministry of Mines and Energy (MME).

The total of the principal due on December 31st, 2011 is as follows:

Contratos	Maturity (months)	Beginning of amortization	Frequency of amortization	Financial charges (% year) (*)	Balance
Eletrobrás	114	Janeiro/2003	Mensal	RGR + 7%	935
Furnas	159	Janeiro/2003	Mensal	RGR + 7%	7,555
Eletrosul	152	Janeiro/2003	Mensal	RGR + 7%	2,761
Total					11,251

(*) RGR - Global Reversion Reserve, which consists of a charge in the electricity sector, in order to finance the expansion and improvement of services as a whole.

On December 31st, 2011, the installments related to the principal of loans and financing presented in noncurrent liabilities had the following maturities:

	Balance
2013	2,437
2014	2,595
2015 onward	2,996
Total	8,028

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14. Lease agreements

ONS has the following future commitments on December 31st, 2011, relating to contracts for financial lease:

Contracts	Type of lease	Up to 1 year			Interest to incur
		Interest rate (% month)	Installments to mature	Current value	
GEF-CT-016/09	Servers	1.28%	7	7	-
GEF-CT-015/09	Voice recorders	1.23%	6	6	-
GEF-CT-115/09	Storage servers	1.08%	114	109	5
GEF-CT-125/09	Corporate servers	1.08%	142	136	6
GEF-CT-128/09	Videoconferencing terminals	1.08%	143	137	6
GEF-CT-129/09	Robots	1.08%	128	122	6
GEF-CT-130/09	Robots	1.02%	216	208	8
GEF-CT-069/10	Line Hubs	1.25%	1,000	887	113
Total			1,756	1,612	144

Contracts	Type of lease	Over 1 year and up to 5 years			Interest to incur
		Interest rate (% month)	Installments to mature	Current value	
GEF-CT-069/10	Line Hubs	1.25%	333	324	9
Total			333	324	9

Mutation of the lease is as follows:

	2011	2010
Lease balance - January 1	4,665	5,864
New contracts	-	2,439
Payment of principal	(2,729)	(3,638)
Balance at December 31, 2010	1,936	4,665
Current	1,612	2,729
Noncurrent	324	1,936

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15. Labor obligations

The composition of the labor obligations is presented below:

	2011	2010
Provision of vacations and social charges	18,066	17,670
Other provisions	13,999	8,737
Private Pension	3,077	2,839
Total	35,142	29,246

16. Complementary Pension Plan

The regulation of the plan was adjusted to the new modeling contribution, of optional nature for current participants and mandatory nature for new participants, which improved regulatory devices.

The new regulation was approved by the Complementary Pension Secretariat (SPC) in compliance with Letter DEPAT / SPC No. 3268 of January 7th, 2010.

In the previous model, the participant defines the basic contribution rate between 2% and 6%, applicable on the value of their compensation.

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16. Complementary Pension Plan --Continued

Under the new basic contribution calculation model, two different percentages apply as follows:

- ▶ The participant contributes 2% of the share of compensation under a reference wage base (SRB), plus 10% of the value of their compensation in excess of an SRB.
- ▶ The initial value of the reference basic wage (SRB) corresponded to a contribution limit of Social Security, effective in February 2010, amounting to R\$ 3,218.90. Each year the value of the SRB is corrected by the same rate of salary adjustments approved by ONS Collective Bargaining Agreement.

In both forms of contribution, ONS participation as a sponsor is equal.

In 2011, ONS contributed with R\$ 8,126 (R\$ 8,403 in 2010), equivalent to 7.4% from the annual net payroll (8,6% in 2010).

In addition to the pension plan, is offered life and personal accident insurance, also in partnership with employees to pay, at the cost of the policy, the rate of 60% for ONS, limited to 1.5% from the net payroll, and 40% for participants. That year, the contribution was R\$ 909 (R\$ 979 in 2010), equivalent to 0.8% of annual net payroll (1% in 2010).

ELETROS also manages the completion of illness assistance, in which the cost is exclusive of ONS, and the contribution is limited to 0.5% from the net payroll. Both the benefit of life insurance as for the illness assistance does not carry any actuarial risk to ONS.

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17. Deposits in guarantee

On July 18, 2008, ONS has signed an exclusivity contract with the Banco Real AMRO BANK (currently Banco Santander) for the management of its banking resources, having received R\$ 2,500 for maintenance of contractual terms for a period of five years, which were recognized as revenue anticipated in the heading "Deposits in 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 2010) in the short term and R\$ 250 (R\$ 750 in 2010) in noncurrent liabilities.

18. Insurance

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

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

The total value at risk stated in the policy of multirisk is R\$ 80.000 (R\$ 63.800 in 2010), employed under Maximum Limit of Indemnity (LMI), which considers as the biggest risk the value of R\$ 30.000 for CNOS (R\$ 22,000 in 2010). In case of accident by the Basic Coverage (fire / lightning / explosion), all locations are covered up to the limit.

Not included in the scope of our auditors issue an opinion on the adequacy of insurance coverage, which was assessed and evaluated for adequacy by the administration of ONS.

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19. Financial results

The composition of the financial result is presented below:

	2011	2010
Revenue		
Income from cash investments	650	416
Charges on overdue invoices	60	62
Active exchange/monetary variation	316	775
Other	97	49
	1,123	1,302
Expense		
Interest on loans and financing	(1,374)	(1,194)
Passive exchange/monetary variation	-	(19)
Other	(99)	(1,095)
	(1,473)	(2,308)
Financial results	(350)	(1,006)

20. Conciliation of tax expenses with official rates

	2011	2010
Surplus (deficit) before income tax and social contribution	8,606	(4,360)
Permanent differences		
Permanent losses	206	1,019
Donations	801	724
Other	86	(247)
Surplus (Deficit) adjusted before income tax and social contribution	9,699	(2,864)
Combined rate of income tax and social contribution	34%	34%
Income tax and social contribution at the rates by legislation	3,298	(974)
Other	-	(93)
Income and social contribution in the result	3,298	(1,067)

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21. Provision for contingencies

Contingent liabilities assessed as probable losses

During the year 2011, ONS was notified by decision-making Dispatches of the Internal Revenue Service of Brazil for the non-approval of compensation taxes and social contributions with tax credits calculated in bygone times. Considering that the non-recognition of these credits for the compensation of taxes owed is considered valid on December 31st, 2011, ONS provisioned an amount of R \$ 1,487, between the principal of \$ 815 and corresponding charges in the amount of R\$ 672.

On April 29th, 2010, ONS received the Debit Notification No. 20215 in the amount of R \$ 1,189 on the additional contribution of 20% to be paid to SENAI by establishments having more than 500 employees. On May 31st, 2010, ONS filed its notice of appeal to the debt, and awaits consideration by SENAI. In accordance with the opinion of their lawyers, who perceive as probable the expected loss in this action, ONS made the corresponding provision in the amount of R \$ 1,189 (R\$ \$ 1,189 in 2010).

There are labor lawsuits brought against ONS, which in the opinion of its lawyers, have likely prognosis of unfavorable outcome, the estimated total value of R \$ 1,031 (R\$ \$ 694 in 2010).

Mutation of the provision for contingencies is as follows:

	2011	2010
Balance on January 1	1,883	261
Provision	1,828	1,640
Reversal of provision	(4)	(18)
Balance on December 31	3,707	1,883

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21. Provision for contingencies --Continued

Contingent liabilities assessed as probable losses

In addition to the contingencies described above, there are other actions, which in the opinion of its lawyers have a prognosis of possible negative outcome for ONS, which are described below:

On May 7, 2002, ANEEL, through an administrative procedure, tilled the infraction notice No. 006/2002, through which it imposed a fine to ONS in the amount of \$ 300, due to the interruption in power supply occurred in the Southeast on January 21, 2002. On December 16, 2005, to review the administrative appeal filed by ONS, the Board of ANEEL, through Decision No. 1.904/05, upheld the imposition of the penalty.

On August 6, 2007, ONS filed a Common Share in face of ANEEL, distributed before the 4th Federal Court in Distrito Federal in order to deconstruct the above infraction notice with a request for the legal protection in order to suspend the enforceability of the fine. With the granting of the legal protection, ONS was authorized to deposit the amount of the fine in court until the final decision of the process, whose sentence for first degree was not issued until 31/12/2011.

The amount of the fine was deposited in court on August 26th, 2007, restated, totaling R \$ 559. This value, restated by indexation rates of the Federal Court, totals R \$ 696 in 2011 (R \$ 633 in 2010).

In 2008, it was proposed by the Federal Government a Fiscal Execution, distributed before the 19th Federal Court in Distrito Federal, concerning charges of security nature, in view of the existence of alleged discrepancies between the amounts collected through the Guides Collecting for FGTS and the information provided to Social Security through GFIP. On July 24th, 2008, ONS made the full deposit of the alleged debt of R \$ 230 and filed a motion to stay execution, which is pending trial until the present date. The said deposit, updated to 31st December 2011 amounted R\$ 255 (R \$ 288 in 2010).

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21. Provision for contingencies --Continued

Contingent liabilities assessed as probable losses

In 2007, Ponte de Pedra Energética A / S has filed a civil-regulatory claim facing ONS, ANEEL and transmitters because of duplicity of installments of Charges for Use of the Transmission System. For the part corresponding to ONS was estimated the amount of R\$ 190. The process is to sentence conclusions since 14/10/2011.

On October 29, 2010, ANEEL, through administrative punitive process, tilled the infraction notice No. 108/2010, through which it imposed a fine of R\$ 1,318, due to the interruption in power supply occurred in southern and southeast on November 10, 2009.

On November 18, 2010, ONS presented Administrative Action to ANEEL, which, by Decision dated January 17, 2011, reconsidered in part the Infraction Notice, reducing the amount of the fine to \$ 1,111. On February 4, 2011 the case was distributed for further deliberation by the Board of ANEEL with respect to the portion of the fine imposed not reconsidered to ONS. The Board of ANEEL upheld the fine imposed, as Order No. 2.790/2011 published on 11/07/2011. Thus, ONS filed on 20/10/2011 common stock with a request for the legal protection, distributed before the 5th Federal Court of Distrito Federal, seeking the suspension of the enforceability of the fine until the final decision of the process. The injunction was granted on 28/10/2011, by making the full deposit, on a temporary basis, of the current fine of R \$ 1,233. It was also granted to replace the judicial deposit by bank Letter of Guarantee, which is being provided by the Operator.

22. Directors' remuneration

In line with the values predicted and approved under the conditions established in ONS Bylaw, in 2011 it was paid R\$ 5,218 in respect of directors' remuneration (R\$ 4,840 in 2010).

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23. Related party transactions

Under the Bylaws, the Administration Board is composed, representatively, by the categories of production, transport and consumption, for which charges are made of the resources approved by ANEEL and associative contributions to facilitation of the required budget expenditures for the Operator activities and attributions.

24. Financial instruments

Market values of financial assets and liabilities were determined based on available market information and appropriate valuation methodologies.

The main liabilities of ONS relate to obligations to suppliers and loans and financing. The main financial assets of ONS consist in cash and cash equivalents, third-party resources - approved by ANEEL, contribution of associate members and other receivables, which arise directly from its operations.

Fair value measurement

The fair value of cash and cash equivalents, third-party resources - ANEEL approved contributions from associate members, other receivables and liabilities to suppliers approximate their respective book value largely due the nature and the short-term maturity of these instruments. Loans and financing are financial liabilities classified as held to maturity and are recorded at their contractual amounts. Interest rates on loans and financing contracted with Eletrobras, Furnas and Eletrosul present rates inconsistent with the market as regards the "usual market rates." These rates are contracted considering its purpose and specific risk assessments and are not likely to be priced their fair value.

On December 31st, 2011 and 2010, ONS did not have any structured derivatives, forward contracts, swap transactions, options, futures or derivatives transactions embedded in other products, so that there is no risk associated with policies of use of derivative financial instruments.

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24. Financial instruments --Continued

The main risk factor that affects ONS refers to the credit risk tied to cash and accounts receivable, in general. All operations of ONS are performed with banks of recognized liquidity, which minimizes their risks. Accounts receivable, in general, for being maintained with power companies of reputation, and regulated by ANEEL with application of penalties in cases of default, the Administration of ONS does not expect to face difficulties in realization of receivables.

25. Project New Facilities - future commitments

Since 1998, ONS, from its constitution, has been using the facilities of subsidiary companies of Eletrobras, through leases, in the localities of Rio de Janeiro, Recife and Florianópolis to the allocation of their regional facilities, especially Operation Centers. The central office, located in Rio de Janeiro, is installed in a building belonging to Fundação Eletros de Seguridade Social - ELETROS also through lease.

The Brazilian Operation Center located in Brasília is the only property owned by ONS, whose facilities were transferred by Eletrobras in 2002.

Thus, considering the need to allow the expansion of ONS on a permanent and structured basis, studies were conducted which pointed to the achievement of a project for implementation of its facilities, including the unification of the central office with the Regional Operation Center of the Southeast, and installation of Operation Centers of Florianópolis and Recife in units independent of the current.

The project, called New Facilities, consists of the management of construction and installation of buildings that meet the needs of ONS, which considered the main conditioners and steps: (i) survey of suppliers, (ii) analysis of executive projects of the building and complementary infrastructure (trousseau items), (iii) preparation of terms of reference for the necessary acquisitions, (iv) commissioning of the work and trousseau, and (v) the management of moving and delivery of the facilities currently occupied by ONS.

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25. Project New Facilities - future commitments --Continued

Among the strategic goals of project new facilities, include:

- Meeting the needs of agents CHESF, ELETROSUL and Furnas, with the release of the rented areas since 1998;
- Solving the exhaustion of the capacities of existing spaces in Rio de Janeiro, and Recife, Florianópolis, and
- Implement reliability standards of infrastructure critical services of the operations centers and Data Processing Center - CPD.

For enabling the construction of facilities to be used by ONS in meeting their building needs, it was adopted the modality of atypical location contracting of the property - "built to suit", which consists of custom lease where the lessee presents to lessor all the features of the property being leased, such as location, size, type of construction, among other requirements.

Thus, trained entrepreneurs were identified for the construction and leasing of facilities specific to ONS, whose contracts are detailed as shown in table below:

Locality	Entrepreneur	Period of validity
Rio de Janeiro	Confidere Imobiliária, Incorporadora e Administradora de Imóveis Cidade Nova Ltda.	18 years, with renewal at least six years.
Florianópolis	Gomes Participações Societárias Ltda.	15 years, with renewal at least the same period.
Recife	Maxxima Aurora Negócios Imobiliários Ltda.	15 years, with renewal up to the same period.