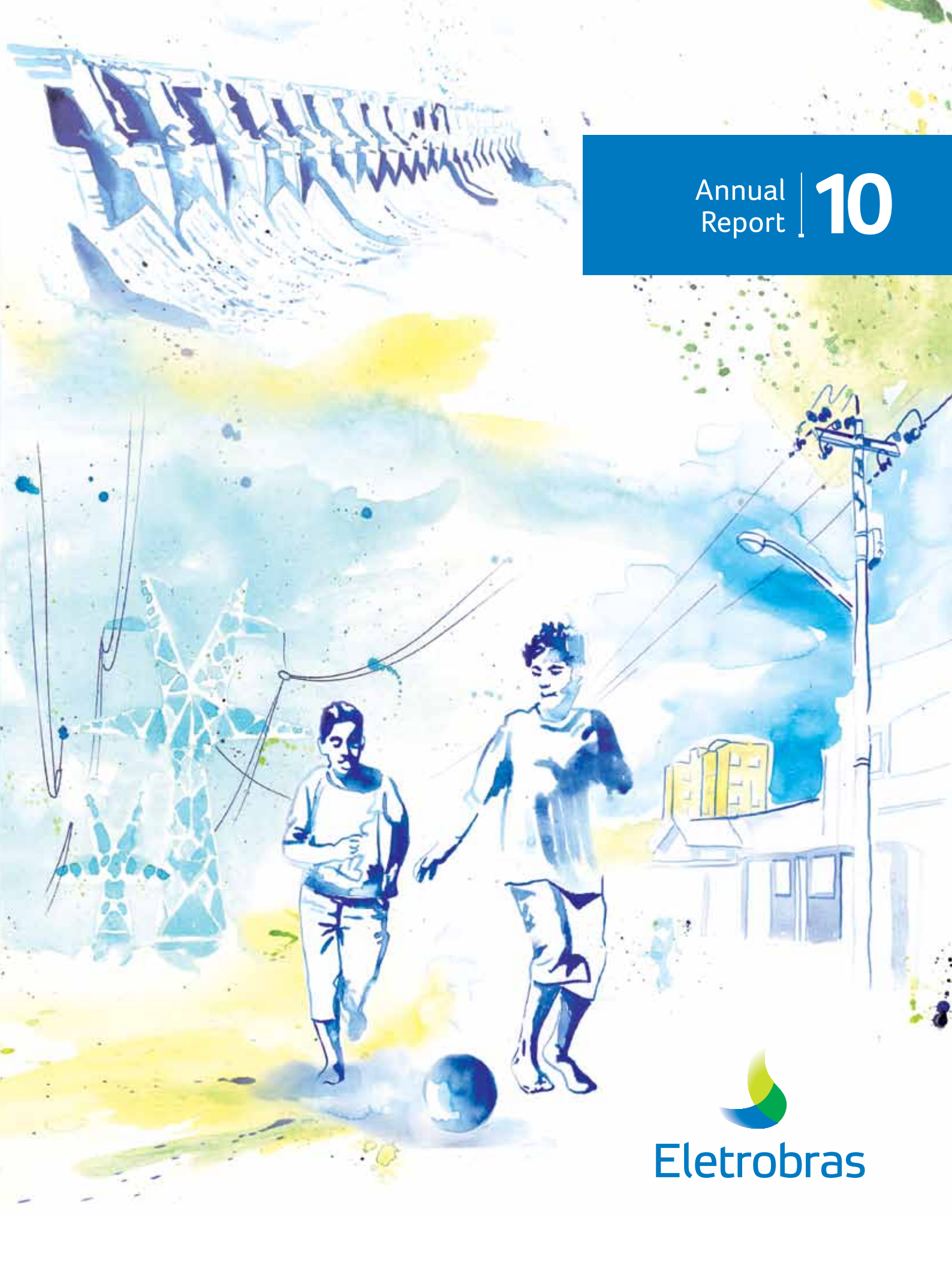


Annual
Report

10



Eletrobras

Annual
Report

10




Eletrobras

Summary

1. MESSAGE FROM THE PRESIDENT	06
2. MESSAGE FROM THE BOARD OF DIRECTORS	07
3. ELETROBRAS COMPANIES	09
3.1. Company Profile	10
3.2. Mission, Vision and Values	13
3.3. Shareholding Structure	14
3.4. Subsidiaries by Business Segment	16
3.5. Highlights of the Year	17
3.6. Awards	18
3.7. Key Indicators	18
4. CORPORATE MANAGEMENT	22
4.1. Strategic Planning	22
4.2. Risk Management	28
4.3. Intangible Assets	28
4.4. R&D, Innovation	30
4.5. Brand Management	34
4.6. Management of Government Sector Funds and Programs	38





5. CORPORATE GOVERNANCE	46
5.1. Governance Management Model Adopted	46
5.2. Members of the Board of Directors and Board of Executive Officers	48
5.3. Noteworthy aspects regarding ethics	49
6. ECONOMIC PERFORMANCE	51
6.1. Economic Scenario	52
6.2. Capital Market	55
6.3. Business	59
6.4. Economic-financial analysis	71
7. ENVIRONMENTAL PERFORMANCE	81
8. SOCIAL PERFORMANCE	85
8.1. Human Resources	86
8.2. Diversity and Gender	89
8.3. Child labor and Working Conditions	89
8.4. Social Projects in the area of Employment and income	90
8.5. Support and Sponsorships	91



Message from the President

The year 2010 was symbolic for Eletrobras' future. It was launched with great expectation of change and ended with the consolidation and deepening of the transformations that have been preparing our companies for an increasingly major role in the Brazilian electric power sector. It was a year that I followed as a spectator, acting in the energy sector and attentive to large Brazilian companies.

In February 2011, I became president of Eletrobras and the story took on a special significance for me. The company that I have the honor to chair has a new brand, conceived and implemented with commitment and dedication by its valuable professionals. It has integrated plans, inspired by the ideas of almost 28,000 people spread across Brazil. Above all, it has a vision that only the biggest can undertake: to become the largest global clean energy conglomerate by 2020.

The next 10 years will be decisive for repositioning Eletrobras within the global electric power market. We have many challenges ahead: consolidating and deepening the integration of our companies; strengthening our brand in society; taking Brazilian energy abroad; increasing our competitiveness, and ultimately, achieving our ambitious vision.

Blessed by nature, we still have, in Brazil, immense hydroelectric potential to explore, with a constant mission to combine development with environmental preservation. There is much research to do and progress to be made in the use of other alternative energy sources. We have a vast territory to tap into abroad, in partnerships that are beginning to be studied and put into action by means of bilateral projects. And for this reason, we must always continue to evolve – in pursuit of greater synergy between our companies and the enhanced modernization of our infrastructure.

It's a time to look toward the future. But taking a look at the past and seeing all that this outstanding Brazilian company has already managed to achieve gives us the certainty that, however long the journey, we will arrive at the point of consolidating our most cherished ideals. And, with great pride, we will take Brazilian energy to the world.

José da Costa Carvalho Neto

President of Eletrobras as of February 2011

Message from the Board of Directors

2010 was a year marked by momentous changes in the Eletrobras System companies. In March, the new brand was launched, which unifies the visual standard of all the companies, demonstrating to the country that it is one big corporate conglomerate, operating in an integrated manner with the same goals: to be profitable and generate not only clean energy but also development for Brazil. Although the brand was the most visible change, there were many more.

The first integrated Planning for the Eletrobras Companies was launched, defining the mission, vision and values that have been orienting the actions of the Company ever since. Eletrobras took on, with these changes, a public commitment to strive even further for enhanced economic and financial results, without minimizing the aspect of environmental responsibility that must underpin all modern companies.

There was also the capitalization and ongoing process to improve corporate management in the Eletrobras System, enabling investments to be prioritized and strengthening their strategic role as drivers of regional development.

Eletrobras emerged victorious in the auction for the construction and operation of the Belo Monte Power Plant, with 11,000 MW of installed capacity, which will generate energy for the country and significant progress for the region, with social investments and environmental preservation. Other large works, such as initiating the construction of Angra 3 and winning the auction for the Teles Pires Power Plant, were likewise on the agenda for 2010.

We took another important step toward sustainable hydroelectric development, with the launch of the studies for the Tapajós River Power Plants by applying the innovative “platform power plant” concept, where construction and operation occur with the least possible intervention in the environment.

All these achievements lay a solid foundation so that, in 2011, Eletrobras can forge even further ahead in its role as a major energy generator and transmitter and draw closer to its goal of being, by 2020, the largest clean energy conglomerate, with profitability comparable to the best companies in the electric power sector.

Márcio Pereira Zimmermann
Chairman



ELETRONBRAS COMPANIES

ELETRONBRAS IS THE LARGEST HOLDING COMPANY IN THE ELECTRIC POWER SECTOR IN LATIN AMERICA.

With an outstanding performance in the Brazilian transmission and generation market, and with an important distribution share in the country.



3. Eletrobras Companies

3.1 Company Profile

Eletrobras is the largest holding company in the electric power sector in Latin America, with an outstanding performance in the Brazilian transmission and generation market, and with an important distribution share in the country. The Eletrobras companies have a total installed generation capacity exceeding 40GW, of which 90% are from sources with low greenhouse gas emissions (85% hydroelectric and 5% nuclear). In regards to transmission, the companies have 247 substations and 58,000 km of transmission lines in operation, with high and extra high voltage, ranging from 69,000 volts to 750,000 volts. This stretch of transmission lines represents more than half the total extension of lines in the basic grid of the National Interconnected System.

Eletrobras has six power generation and transmission companies; six distribution companies; the Electric Energy Research Center (Eletrobras Cepel), recognized since the early 1970s as a well-known international laboratory; a corporate partnership company, Eletrobras Participações S.A. (Eletropar); and it also holds 50% of the share capital of Itaipu Binacional.

As a publicly-held company, it focuses on results and providing an adequate return to its shareholders, endeavoring to follow the best practices of transparency and governance. The result of these efforts placed it, for the 4th consecutive year, on the Bovespa Corporate Sustainability Index (ISE Bovespa) and permitted its shares to be traded on the São Paulo, New York and Madrid stock exchanges. Worldwide, Eletrobras holds 10th place in asset value and 16th in brand value in the electric power sector.

The holding company also acts as an official agent for the administration and investment of government sector funds, administers public policies such as Procel and encourages technological innovation applied to the electric power sector.

In 2011, planned investments are in the order of R\$ 10 billion. More than 23 GW of installed generation capacity are under construction throughout the country, in enterprises developed for the most part through partnerships, via the creation of Special Purpose Entities (SPEs) with other companies and investors. More than R\$ 75 billion in investments have been slotted for this set of new generation assets. Belo Monte, which will add more than 11 GW of installed capacity and serve as a pioneer in combining growth with respect for the environment, stands out among these construction projects.

In feasibility study and basic project stages, a total additional installed capacity of over 18GW is in the works, with further investments of R\$ 61 billion. In regards to transmission, worth noting is the direct current system that is under construction to integrate the Madeira River power plants into the National Interconnected System, with a transmission capacity of 6,500 MW, covering a distance of 2,370 km between Porto Velho (Rondônia) and Araraquara (São Paulo).

In order to expand its market and take its expertise in clean energy to other parts of the world, Eletrobras has conducted studies in the pursuit of construction or acquisition of assets abroad.

With so many investments and efforts, 2011 promises to be a year of numerous achievements, rendering the Eletrobras companies increasingly more lucrative, integrated and sustainable.



3.2 Mission, Vision and Values

Following are some elements of the Corporate Identity of the Eletrobras System:

Vision

To be the largest global clean energy conglomerate by 2020 with profitability comparable to the best businesses in the energy industry.

Mission

Work in energy markets in a full, profitable and sustainable way.

Values

The values that guide practices and behavior of the Eletrobras System and its members, representing its essential and permanent doctrines, are:

- Focus on results
- Entrepreneurship and innovation
- Appreciation and commitment to people
- Ethics and transparency

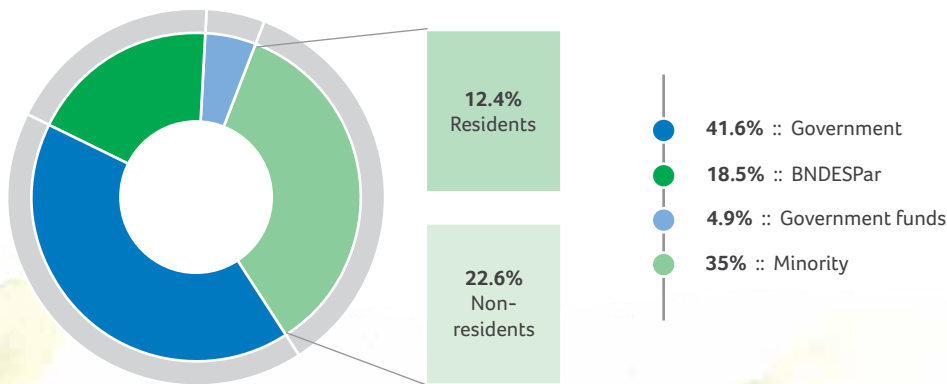
3.3. Shareholding Structure

Eletrobras' share capital is divided into 1,352,634,100 shares, of which 80.37% is common stock with voting rights and 19.63% is preferred stock. Eletrobras stocks are traded on the BM&FBovespa and the company also has a program of American Depositary Receipts (ADRs) on the New York Stock Exchange, as well as a Latibex

program on the Madrid Stock Exchange, related to common shares and class "B" preferred shares.

The federal government is the controlling shareholder of the Company, with 52% of the shares that carry voting rights. The remaining shares belong to BNDES, BNDESPar, Government Funds and resident and non-resident minority shareholders in the country.

SHAREHOLDING STRUCTURE IN TERMS OF COMMON SHARES *

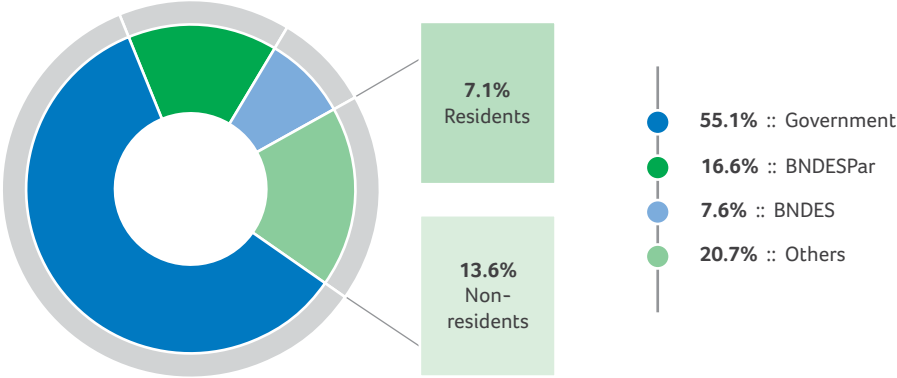


* Position at 12/31/2010: R\$ 26 billion

In January 2011, the Board of Directors and Extraordinary Shareholders' Meeting of Eletrobras approved a capital stock increase of R\$ 5,148.8 million, boosting the company's share capital from R\$ 26,156.6 million to R\$ 31,305.3 million. This capital stock increase, using an amount equivalent to Advances for

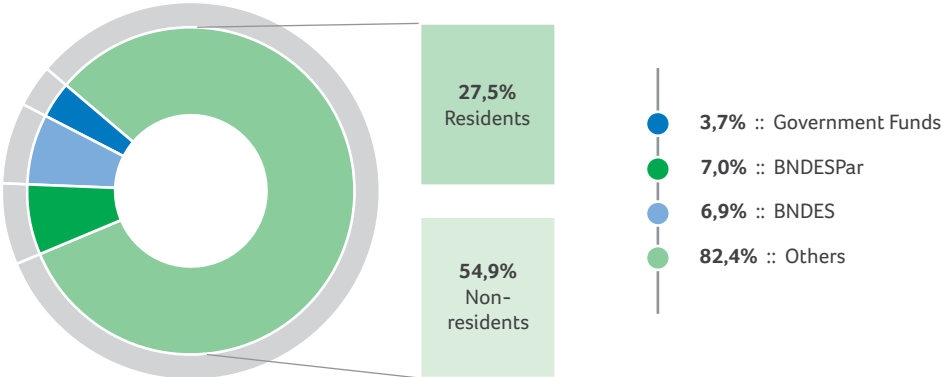
Future Capital Increase (AFACs), was accomplished through a private subscription of shares. It is worth noting that shareholders were guaranteed preemptive rights in subscribing for new shares in proportion to their respective stake in the Company's share capital, in accordance with Art. 171 of Law 6.404/76.

SHAREHOLDING STRUCTURE IN TERMS OF COMMON SHARES *



* Includes the shares of the defunct FND.
 * Position at 03/31/2011: R\$ 31 billion

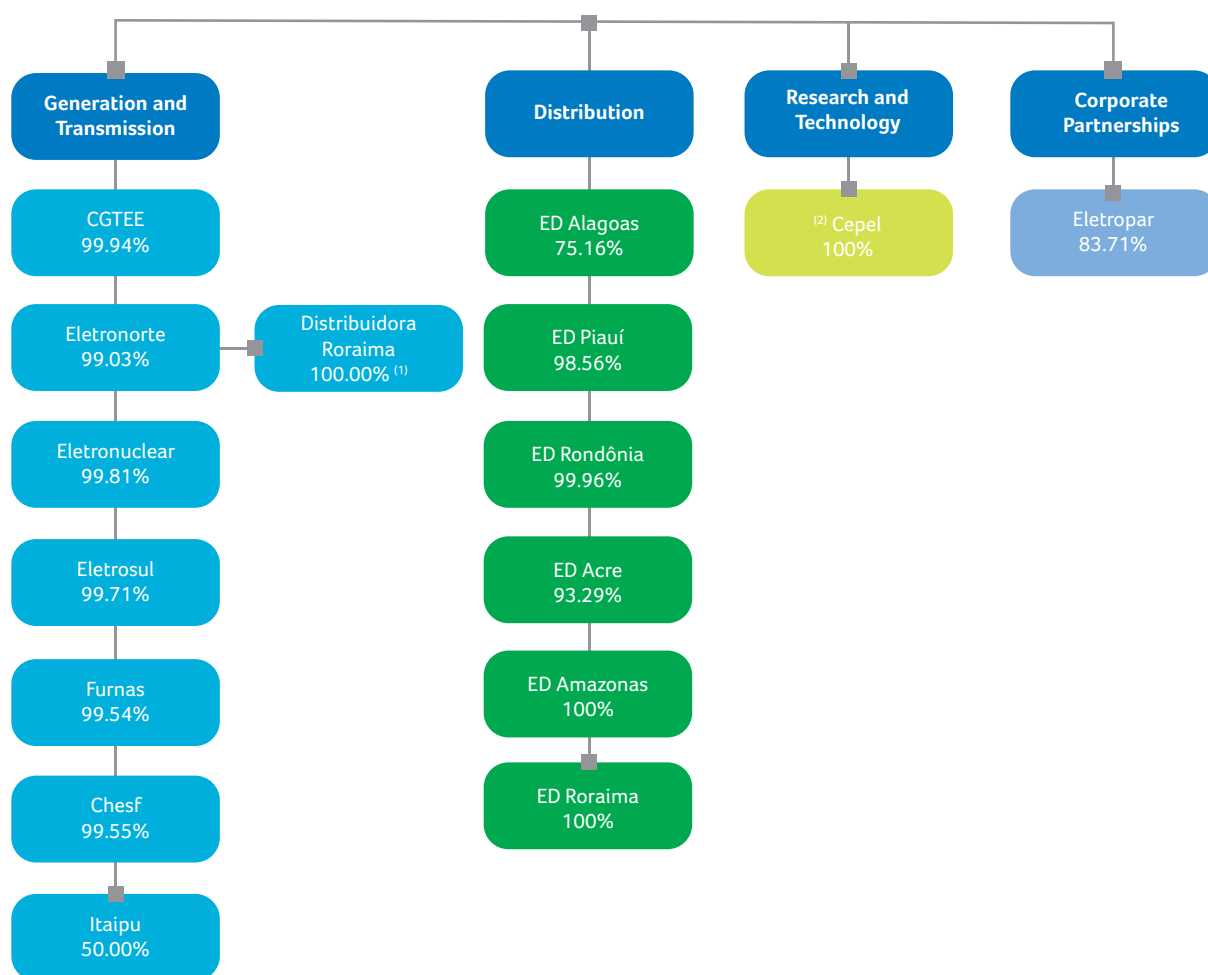
SHAREHOLDING STRUCTURE IN TERMS OF PREFERRED SHARES *



* Position at 03/31/2011: R\$ 31 billion

3.4. Subsidiaries by Business Segment

Eletrobras, in turn, has stakes in electric power generation, transmission and distribution companies, 13 of which are subsidiaries and 78 are associated companies with a minority interest, including Special Purpose Entities (SPEs). Eletrobras also holds 50% of the share capital of Itaipu Binacional and 83.71% of Eletrobras Eletropar, in addition to maintaining the Electric Energy Research Center – Cepel.



⁽¹⁾ Distribuição Roraima: a wholly-owned Eletronorte subsidiary; includes generation and distribution

⁽²⁾ Cepel: Electric Energy Research Center

⁽³⁾ Amazonas Energia: includes generation and distribution

3.5. Highlights of the Year

2010 was marked by great corporate achievements. It was this year that Eletrobras launched the first Eletrobras System Integrated Strategic Plan, defining corporate strategies for the period from 2010-2020, based on a study of various scenarios, unifying the mission, vision and values of the System's companies. Furthermore, availing itself of a complex branding work, a single brand for all the companies was launched, in line with the 2010-2020 Strategic Plan, which emphasizes the integration of the System.

In pursuit of better financial and corporate results, Eletrobras promoted the capitalization of R\$ 11.7 billion in credits for its subsidiaries, i.e., it converted debt into equity, in order to improve its tax efficiency. To accomplish the operation, the companies pledged to meet performance targets and distribute 100% of dividends to the holding company, decided upon through a corporate performance goals agreement - CMDE. This instrument established, among other obligations, the fulfillment of annual targets for the period from 2010-2014, for each of the Eletrobras companies, for the purpose of improving operational and financial efficiency.

In terms of internal management, Eletrobras took undeniable steps forward. The Career and Compensation Plan unified the policies and guidelines for careers, positions and remuneration in the Eletrobras companies, in addition to establishing the general responsibilities for positions and managerial and advisory functions.

In 2010, the activities of the Business Schools at Unise started up. The university integrates the Eletrobras System Corporate Education model, based on the premise of integrated and cooperative action, in line with the strategic purposes of integration, competitiveness and profitability.

2011 marks the beginning of the First Unified Cycle of the Performance Management System - SGD in the Eletrobras companies, on the basis of a pilot experiment that took place in the holding company in 2010. Thus, the planning, monitoring, evaluation and development stages will occur in a unified manner within the System's companies.

This year also featured the improvement of the internal controls environment in order to ensure the effectiveness of the risk management process, based on the Committee of Sponsoring Organizations Enterprise Risk Management (COSO-ERM) model and the ISO 31000 standard. The initiative also enabled compliance with the Sarbanes-Oxley Law and supported the maintenance of the company's American Depositary Receipt (ADR) rating on the New York Stock Exchange.

The efforts of the group's companies to improve their sustainability activities was recognized by the inclusion of the company on the select Corporate Sustainability Index (ISE) of the BM&FBOVESPA, for the fourth consecutive year (2007, 2008, 2009 & 2010). Eletrobras was included on the Carbon Efficiency Index (ICO2), developed by BM&FBOVESPA and the National Economic and Social Development Bank (BNDES) to measure the return of a theoretical portfolio composed of the 50 most traded shares on the BM&FBOVESPA (IBrX-50), weighted according to the efficiency level of the greenhouse gas emissions of the companies.

3.6. Awards

During 2010, the Eletrobras companies received different awards and outstanding mentions in light of their corporate performance and corporate sustainability actions. This recognition occurred at an important time, when companies were seeking to achieve a more synergistic operation by strengthening their commitment to sustainable development. Following, are some of the awards we received in 2010.

- **500 Largest Companies in Latin America | *AmericaEconomía***, according to the ranking of *AmericaEconomía* magazine.
- **Brazil's Most Prestigious Companies | *Época Negócios 100***. For the second consecutive year, Eletrobras was named the most prestigious Brazilian company in the energy sector by *Época Negócios* in partnership with Grupo Troiano de Branding.
- **Most Innovative Companies in Brazil | *Época Negócios*, A.T. Kearney**. Eletrobras Eletronorte was voted the 17th most innovative company in Brazil in the second edition of the award spon-

sored by *Época Negócios* in partnership with the consulting firm A.T. Kearney.

- **FINEP Innovation Award | *Financier for Studies and Project (FINEP)***. Eletrobras Eletronorte was the winner in the "Innovation Management" category in the Mid-West stage of the 2010 FINEP Innovation Award, with 885 companies competing.
- **National Quality Award | *National Quality Foundation (FNQ)***. Eletrobras Eletronorte was featured in the "People" and "Society" categories in the 2010 edition of the annual award held by the FNQ.
- **Best Companies to Work For | *Você S/A Exame***. Eletrobras Eletrosul is one of the 150 companies listed in *Guia Você S/A Exame – Best Companies to Work For* in 2010.
- **Gender Pro-Equity Seal**. In 2010, all the Eletrobras companies were awarded the Gender Pro-Equity Seal. The Gender Pro-Equity Program is an initiative of the Secretariat for Women's Policies in partnership with the International Labour Organization (ILO) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women).

3.7. Key Indicators

The following are performance and results indicators that are most used and applied by companies in the sector:

Consolidated economic indicators

	2010 (R\$ million)	2009 (R\$ million)	Variation (%)
Net Operating Revenue (NOR)	27,419	24,712	11.0
Personnel, material and services	7,371	6,486	13.6
Other costs	14,045	12,550	11.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	6,003	5,676	5.8
Net Debt	8,985	5,556	61.7
Shareholders' Equity (SE)	70,530	69,346	1.7
Investments made	6,965	5,190	34.2
Investments planned	10,233	8,359	22.4
Net Profit	2,248	911	146.8
Net Profit/SE	3,2%	1,3%	1.9 pp
Personnel, materials, third-party services and other expenses (PMSO)/NOR	26,9%	26,2%	0.7 pp
Net Debt/EBITDA	1,5	0,9	0.6
Investments made/Investments planned	68,1%	62,1%	6.0 pp
Operating Margin	16,1%	16,4%	-0.3 pp
Net Margin (%)	8,2%	3,7%	4.5 pp

Operating Margin = Profit before Financial Income / Operating Revenue

Net Margin = Net Profit / Operating Revenue.

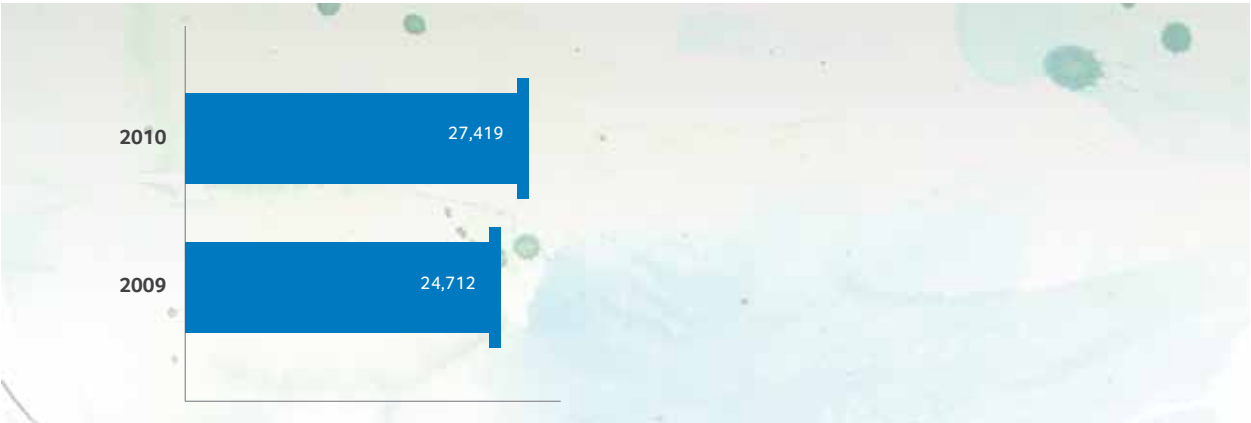
pp = percentage points

The consolidated Eletrobras 2010 Financial Statements were the first ones prepared in accordance with International Financial Reporting Standards (IFRS).

Profit for the year was strongly affected by adjust-

ments made in our subsidiaries, resulting from the new accounting standards and conservative approach adopted by the Company, which considered the end of the concessions in 2015 as the basis for its adjustments.

NET OPERATING REVENUE



Within this scenario, consolidated net operating revenue grew 11% in relation to the same period last year, totaling R\$ 27,419 million, mainly influenced by:

A 12% increase in revenue from the generation segment, compared to the same period last year, primarily due to increased turnover in this area; a 27% increase in revenue from the transmission segment, prompted by revenue from the construction of infrastructure used in transmission, which started being recognized under the new accounting standard and amounted to R\$ 2,322.9 million and R\$ 1,389.8 million in 2010 and 2011, respectively;

and a 17% increase in revenue from the distribution segment, mainly due to the tariff readjustment of the companies in the Eletrobras System that operate in this sector.

Eletrobras has the lowest debt ratio in the electric power sector, with consolidated net debt of R\$ 8.9 billion in 2010, against R\$ 5.6 billion in 2009, representing 1.5% and 0.9% of EBITDA, for the years 2010 and 2009, respectively.

Eletrobras' Net Profit, in Relation to Shareholders' Equity increased by 1.9 percentage points, moving from 1.3% in 2010 to 3.2% in 2011.



CORPORATE MANAGEMENT

IN 2010, THE STRATEGIC PLAN FOR THE ELETROBRAS HOLDING BY REPRESENTATIVES FROM ALL THE ELETROBRAS COMPANIES.

In 2010, the objective is to elaborate a business plan for each company, focusing on different areas.



4. Corporate Management

4.1 - Strategic Planning

On January 22, 2010, the Strategic Plan, which was the result of work done throughout the second half of 2009, by representatives from all the Eletrobras companies of the Eletrobras System, was submitted to the Eletrobras Board of Directors (CAE).

The representatives evaluated the performance environment scenarios of the Eletrobras System, the reference scenario chosen, the Strategic Positioning of the Eletrobras System, especially the Mission, Vision, Values, Target Audience Benefits, Final Strategic Objectives, Strategic Objectives for Management and Responsibilities, and, lastly, the Eletrobras System Strategic Tree.

The Eletrobras Board of Directors (CAE) approved the Strategic Plan that was submitted and recommended the continuation of the work.

Strategy

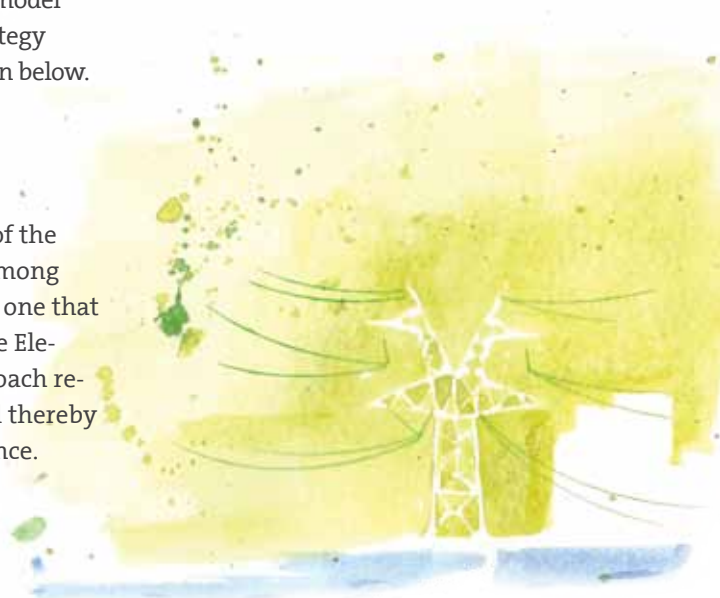
Although some of its subsidiaries had already worked with strategy formulation concepts and techniques, others had never engaged in strategic planning. The challenge was to overcome this lack of symmetry and build a unified corporate vision, taking into account the objectives of all the System's companies, led by the holding company.

Due undoubtedly to the adoption of a participatory construction model and successive validations, it was possible to go through each strategy formulation stage to reach the final strategic positioning, as shown below.

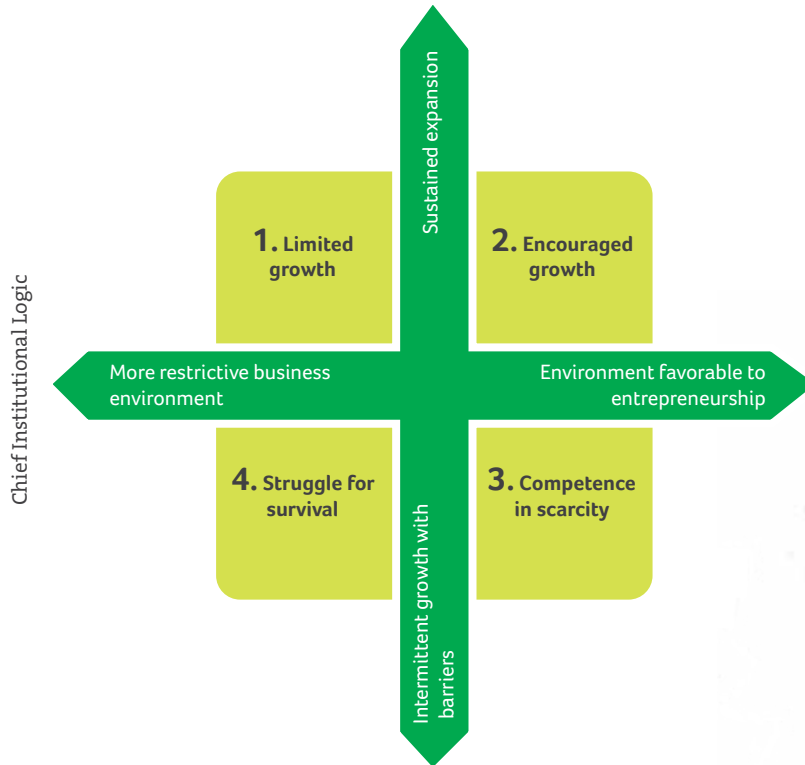
Reference scenario

Although the company's senior management was fully aware of the boldness of the decision taken, it was a question of choosing, among the alternative scenarios identified for future performance, the one that was more favorable for developing the business activities of the Eletrobras System: in this case "Encouraged Expansion". This approach requires the System to be able to take risks, act competitively and thereby develop internal conditions that support this type of performance.

TO ELABORATE A BUSINESS PLAN FOR ELETROBRAS HOLDING, THE CHALLENGE WAS TO OVERCOME THIS LACK OF SYMMETRY AND BUILD A UNIFIED CORPORATE VISION, TAKING INTO ACCOUNT THE OBJECTIVES OF ALL THE SYSTEM'S COMPANIES, LED BY THE HOLDING COMPANY.



Economic, Technological, Commercial and Financial Context Dynamic



In this encouraged expansion scenario, Brazil is experiencing a period of strong economic growth, with an abundant supply of capital at low cost. Demand for electricity is high and growing at rates higher than that of Gross Domestic Product (GDP), and the sector is regulated by clear, market-oriented rules, thus reducing institutional restraints placed on the Eletrobras System and creating an environment conducive to entrepreneurship.

Government policies, in turn, manifest support for a more proactive and independent approach. Government interventions in the System are almost exclusively strategic, enabling the latter to carry out its corporate function with autonomy. Lastly, environmental licensing is becoming faster, more homogeneous and manageable, facilitating investment in new ventures.

Sustained economic technological, commercial and financial expansion

High, sustained economic growth in Brazil, above the global average.

Abundant, low cost capital.

High domestic demand for electricity growing at rates faster than the Gross Domestic Product (GDP).

Rapid technological changes, gradually being absorbed into the electric power sector.

Political-institutional environment favorable to entrepreneurship

Government policies that allow leveraging the Eletrobras System with minimal intervention.

Stable regulation with clear rules, reflecting a market orientation.

Significant reduction of institutional restraints upon the Eletrobras System.

Agile environmental licensing with homogeneous environmental requirements.

Opportunities

The encouraged expansion scenario anticipates a wide range of opportunities for both strengthening the present lines of business of the Eletrobras System, as well as new business development.

Sustainable economic growth at high rates

This general context places the Eletrobras System within a very favorable environment for its development, providing highly significant opportunities that are broad in scope, especially the following:

- High, sustained growth in electricity demand in the country;
- Prospects for new investments in generation, transmission and distribution;
- Increased expectations of returns and attractiveness in the electricity market;
- Availability of financial resources for investment in Brazil at rates below opportunity costs;
- Environment conducive to developing creative financial engineering in order to attract investment;
- Favorable context for partnerships, mergers and acquisitions in the electric power sector,

involving energy companies, contractors, suppliers and large customers.

Strengthened and more diversified integration into the world economy, especially in terms of Latin American countries

Progressive steps forward in Brazil's insertion into the world economy, the expansion of Mercosul's borders and stronger partnerships and trade flows with other countries in the region provide numerous opportunities for the Eletrobras System in foreign markets, including:

- Prospects for expanding and diversifying the power grid interconnection between Brazil and neighboring South American countries;
- Investment in electricity generation and transmission in other continents.

Diversification and improvement of the Brazilian electric power sector

In order to meet development needs and the increasing globalization of the national economy, the Brazilian electric power sector will need to undergo a significant process of change, which will open up broad prospects for the industry as a whole, including the Eletrobras System:

BRAZIL'S INSERTION INTO THE WORLD ECONOMY PROVIDE NUMEROUS OPPORTUNITIES FOR THE ELETROBRAS SYSTEM

- Emergence of new markets, products and inputs in the area of electricity, capable of promoting a strong and radical reconfiguration of the sector;
- Growing business market in energy conservation and energy efficiency;
- Development and supply of new technologies in the areas of generation, transmission and distribution, as well as in management, information technology and telecommunications.

Challenges

In contrast to the opportunities, the encouraged expansion scenario also poses risks and threats that could jeopardize not only the System's performance, but also its ability to take advantages of opportunities that arise. Following are some of the major challenges of the Eletrobras System:

Strong competition in the Brazilian electric power sector

The prospects of high growth rates will cause the Eletrobras System to face challenges such as:

- Competition from new players, including large international corporations, motivated by the presence of fewer barriers to the sector;
- Formation of cartels of suppliers of basic resources and inputs;
- Pressure to reduce tariffs for large consumers;
- Demand for skilled labor in Eletrobras System companies;
- Loss of market share through product replacement and self-production.

Accelerating the schedule associated with climate change

As the holder of the largest generating complex of renewable energy in Latin America and for the importance that its Strategic Plan places on maximizing the share of clean energy in its matrix, the Eletrobras System contributes decisively to Brazil's positioning in regard to global climate change management, as well as in the leadership role that

the Brazilian government seeks to assume in international discussions on the subject. Therefore, the following key strategies have been established:

- Develop new technologies for clean energy generation;
- Invest in new experiments for the creation of new renewable sources;
- Participate in bids for projects related to renewable generation sources, with guaranteed technical feasibility;
- Invest in reducing emissions from thermal sources, ensuring return on investment;
- Increased coordination with environmental entities and local communities to tackle the challenge of increased electricity demand in the Brazilian market.

Heightened risks of inadequate technological choices, given the increasing complexity and rapid pace of innovations

The technologies used in products, processes and basic inputs in the electric power sector manifest a high degree of complexity and rapid pace of innovation that creates a permanent risk of becoming prematurely outdated and increases the difficulty of absorbing the necessary knowledge to fully understand their characteristics and explore their full potential.

Risks involving the renewal of existing concessions

Several electricity generation, transmission and distribution concessions are due to expire starting in 2015 and, if the current rules are maintained, they will be auctioned, posing a risk to all utility companies, including many of the companies in the Eletrobras System. There are risks that needed expansions will be delayed or come to a standstill if available resources, or those that could be raised, need to be used by the System for purchasing former assets. There are several alternatives under study and debate by the government, experts and interested companies, but no definitive solutions are in sight. In terms of the organization's risk mapping, the holding company has studied different alternative scenarios for the continuity of its business activities.

Positioning

Positioning is at the core of the Eletrobras System Strategic Plan. It makes the commitment to sustainability the backbone of the System's expansion and permeates all its processes and business developments. The publics highlighted in this positioning represent a synthesis, in four large blocks, of different specific stakeholders, consolidated according to the most important benefits expected from the performance of the Eletrobras System.

STRATEGIC POSITIONING

Mission Acting in energy markets in an integrated, profitable and sustainable way

Values Focus on results | Entrepreneurship and innovation | Appreciation and commitment to people | Ethics and transparency

Vision In 2020, to be the largest global clean energy company system, with a profitability comparable to the best companies in the electric sector

Rewards for target-public

SHAREHOLDERS

Attractive profitability
Shares with high liquidity, low volatility and market value compliant with the asset value

CUSTOMERS

Clean electric energy in quantity, with quality and at competitive prices throughout the supply chain

GOVERNMENT

Enabling structuring projects for moderate (low for the consumer, fair for the entrepreneur) tariffs (energy prices and taxes)
Differentiation of Brazil as a global reference in clean electric energy generation

SOCIETY

Inducing development
Commitment to clean energy

Final strategic objectives

To increase and improve the generation, transmission, distribution, and trading electric energy business in a competitive and profitable way

To maximize the production of clean energy, including new renewable sources, in the Eletrobras System power grid

To selectively expand the international operation in generation, transmission, and trading, aligned with the company business and oriented to the Americas

To support electric energy programs of government interest, agreeing on goals and the economic-financial balance

To ensure that the projects of Eletrobras System are vectors of sustainable development for the areas around them

Strategic objectives of competence management

To implement a new business and organization management model to ensure an integrated, profitable and competitive operation

To improve the corporate governance, based on the best market practices

To attract, develop and retain talent in the Eletrobras System

To improve the business, participation and partnership management

To leverage the reputation, credibility and reliability of the Eletrobras System before its employees, the market and society

To minimize the internal and external institutional ties to ensure an operation under competitive conditions

To intensify the integrated action in R&D+I and measure its contribution to the results of the Eletrobras System



Indeed, to the extent that other levels of strategic positioning (final strategic objectives, management and responsibilities) are examined, new stakeholders are being identified, unfolding in successive levels: minority shareholders, final energy consumers, as well as remote communities still lacking access to electricity; different ministries that interface with the company's business; regulatory and inspection bodies; trade associations; environmental organizations; suppliers; Eletrobras company employees and the related labor market; partnerships and consortia; neighboring communities of the enterprises; academic and scientific communities; the media; civil society organizations, and others.

Relationships with these stakeholders are consolidated and standardized for the entire Eletrobras System through formal documents, aligned with the Strategic Plan, in policies (Sustainability; Environmental; Supply Logistics; R&D+I; Communication; Sponsorship); plans (Career and Remuneration); Development and Training of People); codes (Ethics and Professional Conduct); systems (Performance Management) and guidelines (Social Responsibility).

Eletrobras System Business Plan 2011-2015

The Eletrobras planning and management process was a busy one in 2010, whether due to the preparation of the Eletrobras System Strategic Plan and the Steering Plan for its Business Activities or through the structuring of the management process for the Corporate Performance Goals Agreement (CMDE). All these activities were developed in a participatory manner, with significant technical collaboration of representatives from the holding company and subsidiaries.

In 2011, we are entering into a second phase. It is now necessary to take it further and develop business plans for each company, broken down by business. This work will be based on the following elements: the Eletrobras System Strategic Plan and the Steering Plan for the Business Activities of the companies with their respective generation, sales, transmission, distribution and management goals. Thus, a breakdown of the economic and financial guidelines for each Eletrobras company will need to be prepared, which will entail studying and determining, on the part of the holding company, the conditions of the companies as far as their invest-

ONE SINGLE RISK MATRIX WAS ESTABLISHED FOR THE ENTIRE SYSTEM. THIS MODEL WAS BASED ON THE MAIN RISKS THE COMPANIES ARE EXPOSED TO

ment limits, investment capacity, cost of capital and the setting of expansion targets, among other things.

Upon completing the studies and determining the variables of this breakdown of the economic and financial guidelines, the holding company and each one of the companies will agree upon a business plan that will serve as input for three actions arising from: i) the development of an operational action plan for projects and initiatives that are part of the business plan; ii) an agreement with the holding company on the business goals of the company within the platform of the Corporate Performance Goals Agreement – CMDE and iii) the preparation of the Eletrobras System business plan.

A final aspect to highlight is the need to systematize the monitoring, evaluation and adjustment process which these business plans and the respective agreed-upon goals will need to undergo, in order for them to be up-to-date and achieve the best results for the Eletrobras System.

4.2- Risk Management

The Eletrobras System corporate risk management model, being implemented in the holding company and the generation and transmission companies, is based on COSO-ERM and ISO 31000 in terms of methodology. One single risk matrix for the entire System was established on the basis of this model, which lists the main risks to which the companies are exposed. With the elaboration of a unified risk management policy for all the Eletrobras companies, principles, guidelines and responsibilities were defined for each company involved in risk management.

This entire process is in line with the risk profile established by senior management and co-ordinated by the holding company. Its integrated nature en-

sure a systematic view of the results and standardization of its processes. To support its implementation, operating structures (risk and internal control departments) and governance structures (risk committees) are being created in the subsidiaries, under the coordination of the Eletrobras Risk Committee. Cultural adaptation and training programs were also promoted, with the support of the Communication Department and the Corporate University (Unise). The improvement of the internal control environment was another important measure to ensure the effectiveness of the risk management process and, in addition, to meet the requirements of the Sarbanes-Oxley Law, as well as maintain Eletrobras' American Depository Receipt (ADR) rating on the New York Stock Exchange.

The identification of risks associated with any new venture is part of the risk management process. With regard to environmental sustainability, all new energy projects identify and evaluate potential environmental impacts and prepare the Environmental Impact Assessments (EIA) and their respective Environmental Impact Reports (RIMA). In the operational phase, the companies conduct ongoing monitoring of issues related to local communities and the fauna and flora.

Integrated risk management will gradually mature with the expansion of its scope and emphasis on quantitative analyses, contributing to the consolidation of the corporate vision and systematic monitoring and reporting.

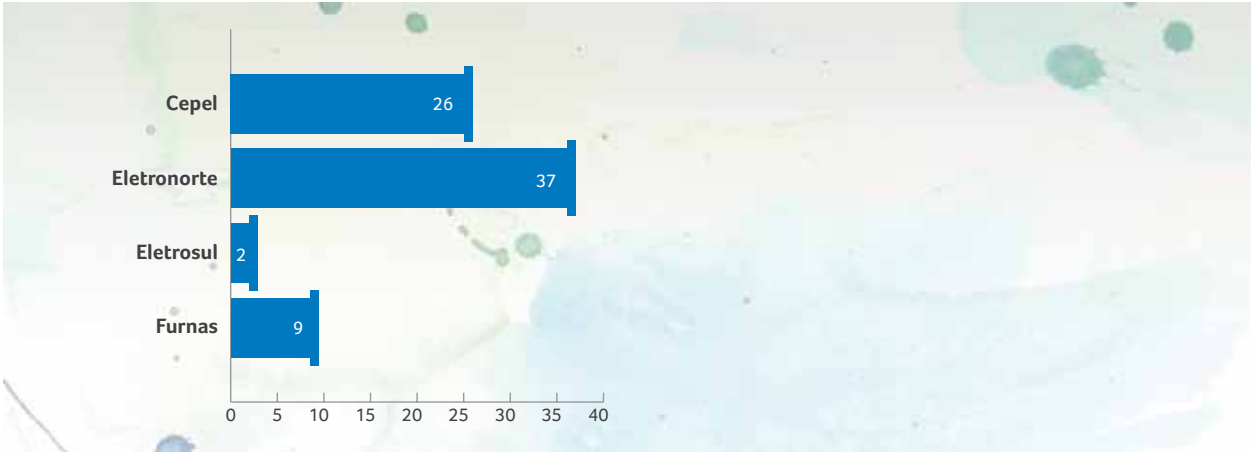
4.3- Intangible Assets

The Eletrobras System companies carry out research and development projects in pursuit of innovations to deal with the technological and market challenges

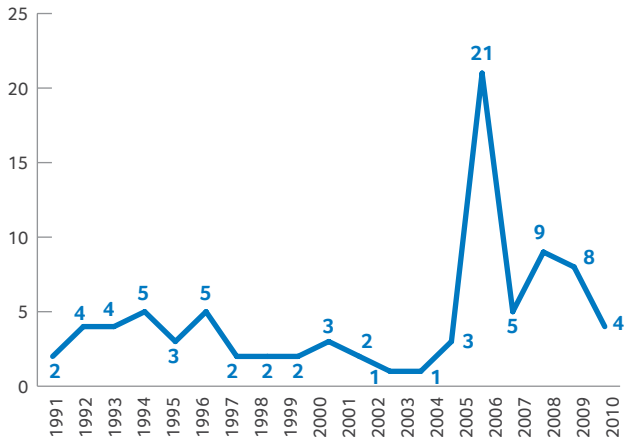
that electric power companies face. These projects are aimed at generating new processes or products, or improving their features.

As a result of these projects, the Eletrobras System has a large number of patents registered with the INPI and in other countries. Of the Eletrobras System companies, Eletronorte has 37 patents in force in Brazil, Eletrosul has two and Furnas, nine. The Electric Energy Research Center – Cepel, a non-profit organization, has 26 patents in force in the country. The following graph shows the total number of patents in Brazil and their evolution over the past 20 years.

TOTAL NUMBER OF PATENTING PROCESSES UNDERWAY IN THE INPI BY ELETROBRAS SYSTEM COMPANIES



TOTAL NUMBER OF PATENTS REGISTERED WITH THE INPI BY ELETROBRAS SYSTEM COMPANIES OVER THE LAST 20 YEARS

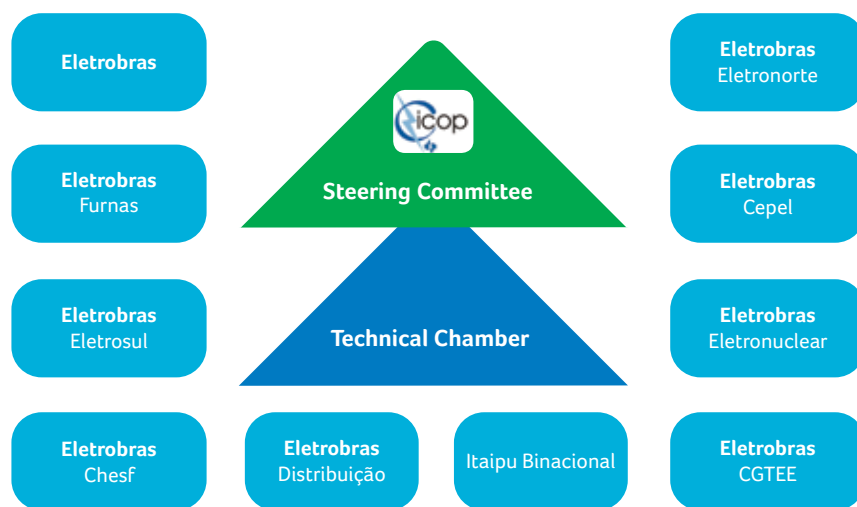


4.4- R&D, Innovation

The R&D+I activities of the Eletrobras System companies transcend the boundaries of the system itself. Among its beneficiaries are the MME, sector entities such as the EPE, ONS, Electric Power Trade Chamber (CCEE) and Aneel, as well as concessionaires and manufacturers, and it could be argued, society as a whole.

The main management tool is the Corporate Integration Committee for Research, Technological Development and Innovation (Cicop), which coordinates and promotes R&D+I activities in the Eletrobras System companies, in order to create synergy and optimize the allocation of funds. Among its main duties are to define operating strategies, foster the development of an innovation culture and provide incentives for obtaining patents and protecting intellectual property. For this, Eletrobras has two action levels: a Steering Committee, coordinated by the Eletrobras Holding Company, and a Technical Chamber, composed of representatives from the R&D+I departments of all the companies.

CORPORATE INTEGRATION COMMITTEE FOR RESEARCH, TECHNOLOGICAL DEVELOPMENT AND INNOVATION (CICOP)



Inter-company coordination for the management of R&D+I, created in 2003

Noteworthy activities undertaken by Cicop in 2010 include the launch of Strategic Technological Planning and proceeding with the inventorying of all R&D+I projects in progress or already completed by the Eletrobras companies. Three other major initiatives were important: i) consolidation and integration of the Eletrobras System Laboratory Network – RELEASE; ii) structuring of the R&D+I Project Results Indicators Book and iii) completion of the Strategic Technological Innovation Management course, offered by Campinas State University (Unicamp) in 2009 and 2010 for different employees.

Eletrobras innovation system

The Eletrobras Innovation System consists of corporate initiatives aimed at disseminating an innovation culture in Eletrobras companies.

In 2010, the Innovation Awareness Initiative, geared toward employees, was created in the Eletrobras holding company. The intent of this initiative is to encourage the formation of an innovation culture within all the Eletrobras companies. Twenty-eight sessions were held and 350 employees received awareness training in the Eletrobras holding company. Planning is underway to take awareness-raising initiatives to the other Eletrobras Companies.

For recording the ideas of employees who participated in the Innovation Awareness initiative, there is an Innovative Ideas System (SIN) on the extranet of the Eletrobras holding company, in the Technology section.

Another initiative of the Eletrobras companies to encourage an innovation culture is the Eletronorte Muiraquitã Technological Innovation Award. This award serves to foster continuous innovation and show appreciation for inventive employees and R&D project managers, as reflected in the promotion of innovation in processes, achieving tangible and intangible results that can be manifested economically in the company, and thus rewarding such individuals for their efforts in promoting innovation.

Release

The Eletrobras System Laboratory Network – RELASE is the fruit of joint efforts of the Eletrobras companies, led by the Holding Company, aimed at stimulating and promoting the creation of a national network of laboratories for metrology, testing, research, development and technological innovation, composed of laboratories belonging to the Eletrobras companies.

RELASE's main goal is to bring together the Laboratories and Technology Centers of the Eletrobras Companies in order to share and optimize knowledge and practices in science, technology and innovation, through integrated actions, thereby contributing to their development.

Another point worth noting is that RELASE constitutes the largest technology network in the electric power sector in Latin America, taking into account the number of labs and technology centers (approximately 90), apart from the range of skills available and its geographical scope.

RELASE, incorporated as a non-exclusive Preferred Technology Network, will be a powerful tool for the operationalization and support of Research, Development and Innovation projects within the Eletrobras Companies. Considering that these companies constitute the 2nd largest institutional investor in R&D in Brazil, this initiative is expected to generate greater benefits for the Eletrobras Companies, arising from the optimization made possible by networking.

Contributions to regional development

The Acre Center of Energy Excellence – CEEAC is a non-profit, non-governmental association whose founding members will be Eletrobras, the Federal University of Acre, the Acre Support and Development Foundation for Teaching, Research and University Extension, private partners Santo Antônio Energia, Energia Sustentável do Brasil, Interligação Elétrica do Madeira, Norte Brasil Transmissora de Energia, Alstom Hidro Energia Brasil, Areva T&D Brasil, Siemens, Andritz Hydro Brasil, Voith Hydro and Inverall Construções e Bens de Capital (Impsa). The Acre Center of Energy Excellence is also open to receiving new public or private members who show interest in participating in this initiative.

It is being set up with the objective to meet the need for professional training and research in the area of energy in the Amazon region, with an initial emphasis on generating electricity using bulb turbines, energy transmission in direct current and managing the relationship between energy and the environment. It also intends to train professionals in Electrical, Energy, Mechanical and Environmental Engineering, as well as in IT, in order to meet the engineering, operational and maintenance activities in the facilities that will be built in the north of the country, thereby stimulating technological research

development and the establishment of local professionals in the region.

There is also the park set up in 2003 by Itaipu Binacional - PTI, which is a venue created for knowledge, but where innovation, free-thinking and pioneer initiatives in economic, social, technological and scientific production fields likewise flow. It is also a unique park in Brazil in that it hosts in the same locale a corporate incubator, cutting edge laboratories, a distance teaching platform and educational projects at all levels, in addition to housing an Engineering and Exact Sciences Center, from Western Paraná State University (Unioeste). The PTI was designed to be a generator of employment and income, providing physical and technological infrastructure, operational support and training for the development of companies with innovative products and services. It has several partnerships, in the environmental area, in scientific research, sustainable tourism, knowledge production and quality of life. It is also a reference center for water studies. The PTI is a partner of the UNESCO International Hydrological Programme.

Energy efficiency

The Eletrobras System made significant strides in energy efficiency in 2010 with the creation of the Integrated Energy Efficiency Committee and approval of its Energy Efficiency Policy. Throughout the year, R\$ 1,679,552.14 were invested in projects for vegetable biodiesel and diesel production for generating electricity in isolated areas; setting up laboratories; surveys of wind energy potential; as well as carrying on with projects from the Brazil Technology Network, initiated in 2007.

Energy Efficiency Program for the Eletrobras Distribution Companies

Eletrobras System distribution companies, in accordance with Law 9991/00, invest 0.5% of their net operating revenue in projects designed to combat the wasting of electricity, the guidelines for which are established by the law itself and Aneel resolutions. In 2010, the Eletrobras System



distribution companies started using measurement and verification protocols in their energy efficiency projects.

Electric Energy Research Center (Cepel)

Created in 1974 with the objective of building a research infrastructure for the development of advanced technology for electric power equipment and systems in the country, Cepel is the main agent for executing R&D+I programs and projects for the Eletrobras System. It has an extensive collection of methodologies and computational programs, used throughout the electric power sector and applied to generation and transmission expansion planning, the operation of interconnected hydrothermal systems and the operation of the basic power grid. It also supports important government programs and projects, such as “Luz para Todos” (“Light for All”),

Proinfra, Procel and the National Public Lighting and Efficient Traffic Light Program – Procel Reluz.

Cepel has a network of 30 laboratories, used to support research and development projects and perform prototype and product development tests and technical and compliance analyses for certification purposes. Moreover, it carries out studies and research that generate transmission technologies, resulting in: increased capacity, improved power line layout and reduced rights of way, equipment monitoring and diagnosis, conservation and efficient energy use, in addition to metallurgy and materials.

In order to ensure funding for Cepel research projects, the Eletrobras companies provided approximately R\$ 125 million in 2010 through annual contribution funds, of which R\$ 16 million was for infrastructure investment. Highlighted below are important R&D+I corporate projects developed by Cepel for the Eletrobras companies.

Cepel: Research, Development and Innovation (R&D+I) corporate projects for the Eletrobras companies

RESEARCH AREA	QTY.
Generation and Transmission Expansion Planning	5
Environment	5
Stochastic Hydrology, Water and Wind Resources	4
Energy Operation Planning	5
Network Planning, Operation and Analysis	8
SCADA/EMS Technologies - Sage (Open Energy Management System)	6
Local Automation and Disturbance Analysis	2
Transmission Technologies	11
Metallurgy and Materials	7
Monitoring and Diagnosis of Equipment and Facilities	16
Conservation and Efficient Use of Energy	14
Renewable Energy and Distributed Generation	6
Distribution, Energy Measurement and Combating Losses	3
Computational Techniques Applied to the Energy Area	2
Financial Analysis of Projects and Tariffs	1
Reliability	1
Energy Quality	2
Database Integration	1
TOTAL	99

4.5- Brand Management

In May 2008, Eletrobras launched a series of major initiatives to carry out a strategic repositioning aimed at implementing a new vision for the future. The strengthening of the holding company and its companies was based on three pillars: Integration, Competitiveness and Profitability. Within this context, Eletrobras established new policies and work processes in order to obtain better results for its stakeholders: customers, government, shareholders, employees and strategic partners, among others.

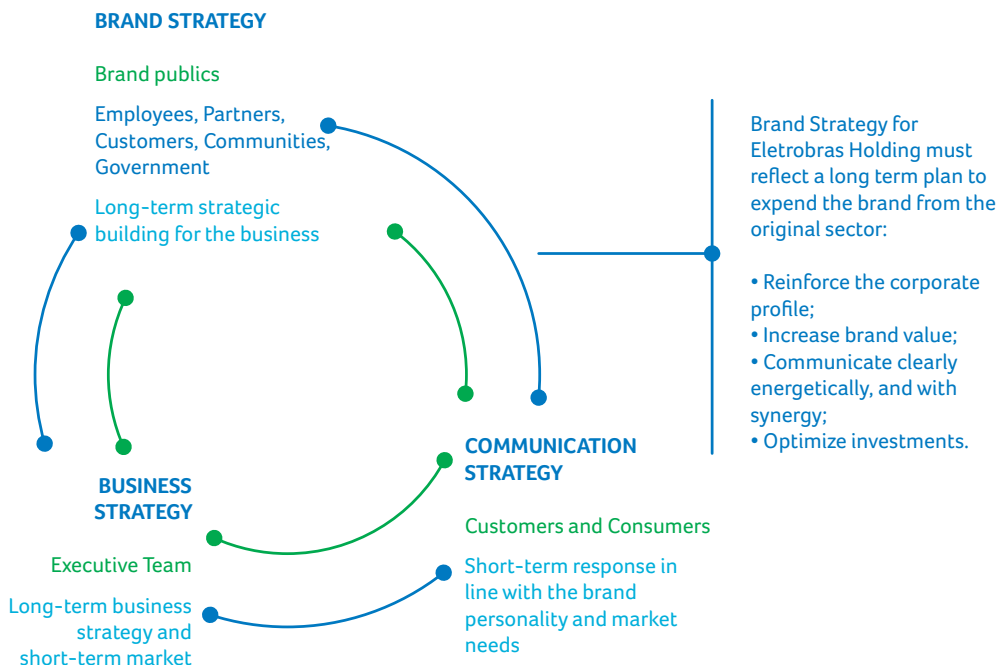
Building an integrated platform, highlighting the definition of a Strategic Plan, Brand Strategy and Communication Plan was among these different important initiatives.

Whereas the policy behind the strategic plan was to strengthen Eletrobras through management being aligned with its companies in order to boost competitiveness and profitability, the company needed to position itself before its stakeholders so that its perceived image would be one of a united corporate group, an organization built on tradition, success and credibility.

The scenario that was uncovered, however, was not positive. Some brands in the Eletrobras System were weak, devoid of personality and lacking a clear single focus, including the brand of the holding company itself – Eletrobras. The brand architecture of the companies at the time bespoke this reality, in that it lacked visual alignment and failed to present the image of a large Brazilian energy corporation of international magnitude as desired by the federal government.

As a result, a branding project was launched not only to build a new brand, a new symbol, but a brand strategy that would support the company's business strategy and serve as a reference for building a communication strategy with all its stakeholders.

STRATEGIC PLATFORM FOR THE REPOSITIONING OF THE ELETROBRAS COMPANIES



BASED ON GUIDELINES PROVIDED BY THE STRATEGIC PLAN ELETROBRAS HOLDING NEEDED TO STABLISH AN IMAGE OF CORPORATE UNITY, OF TRADITION, SUCCESS AND CREDIBILITY

The work began in August 2009 and was developed over a period of nine months by strategic planning and corporate communication professionals, and also with the support of a specialized consulting firm in branding.

To bolster the studies, the company and the brand underwent a diagnosis to show how all its stakeholders related to them. The internal view, the perception of the external public and the analysis of the market and competitors were relevant, as drawn from surveys and interviews with opinion leaders, Eletrobras managers and executives, and also, consumers from all social classes in the main capitals of the country.

With the data from the diagnosis, a brand strategy was built that defined the essence of the company (or its DNA), its discourse and positioning. On the basis of these elements, an associative and visual universe for Eletrobras and its companies was created and, afterwards, the new brands and brand architecture were designed that would consistently portray the change in corporate positioning.

The main elements of this strategy make up the brand management tool and are outlined as follows.

STRATEGY AND BRAND – A MANAGEMENT TOOL

BRAND STRATEGY

Essence of the Brand
From the company's viewpoint, its most essential reason for existing – its DNA

Essence
Personality Pillars

DISCOURSE OF THE BRAND

Expresses the essence of the company. It's the tangible manifestation of its corporate identity

Discourse of the Brand
Potential

POSITIONING

Defines the posture of the brand and how it wishes to be perceived

Who is it for?
Which market is it?
Distinguishing quality?
Credentials?

BRAND

Visual identity that translates the constructed associations

Brand
Visual identity
Brand Architecture
Slogan



In terms of the content contained in the strategy, the essence built into the brand, and as expressed in its discourse, Eletrobras is defined as a company drawing increasingly closer to people and essential to their lives, by actively contributing to ensure the secure supply of energy that all need. It's an expansive company always open to partnerships, with the vitality of a united group that is present in all regions of the country. Its achievements show that it is constantly evolving, investing in sustainable growth and new technologies and committed, in a responsible fashion, to the country's socioeconomic development.

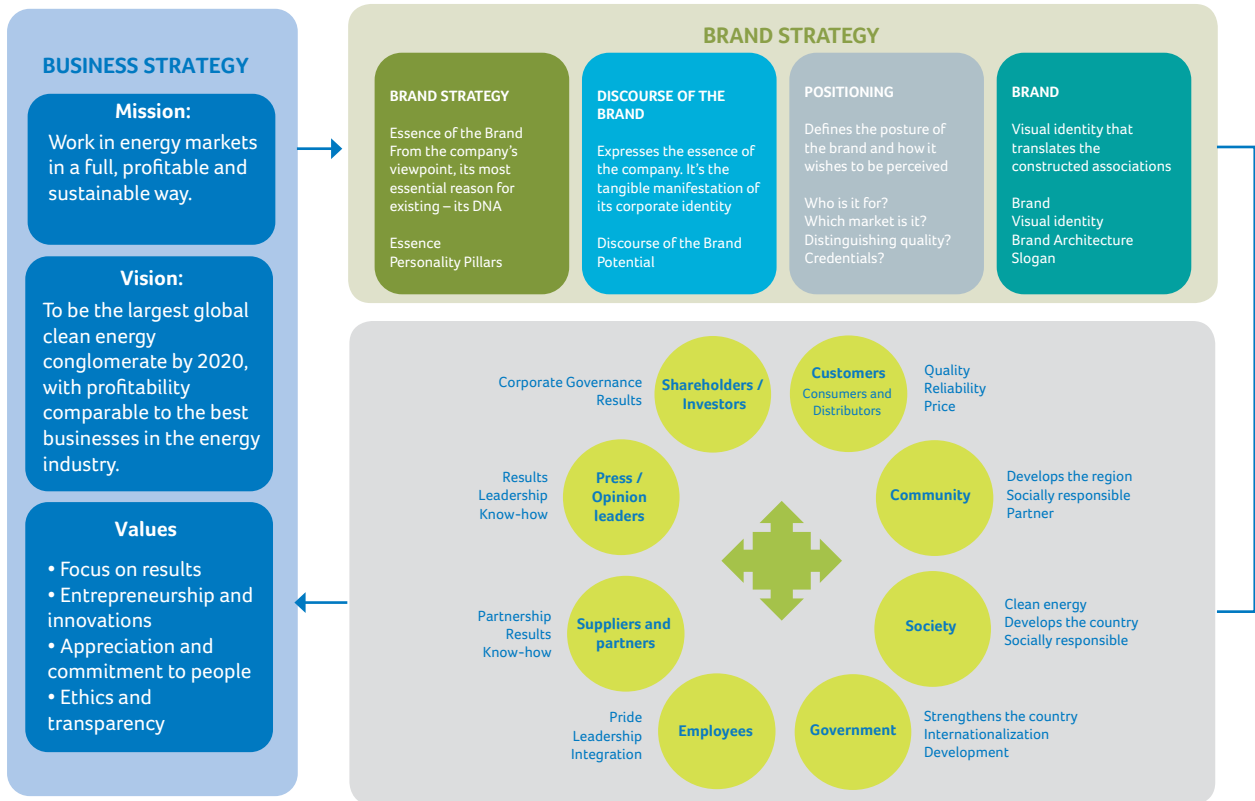
The brand positioning, in turn, defines Eletrobras as “a global energy company for all people, partners and customers who share in the responsibility for the future of the planet. Because it has an energy matrix that is more than 90% clean and renewable, solid experience in large scale enterprises, universal access to energy and a transmission system in the world that is unique.”

As a result of the positioning contained in the brand strategy, the general lines for aligning the communication strategy with the company's stakeholders were reformulated to deliver specifically according to the characteristics of each one, as can be seen below.

COMMUNICATION STRATEGY AND ITS PUBLICS – A NEW CONSTRUCTION



In summary, the integration of the business, brand and communication strategies was represented as follows.



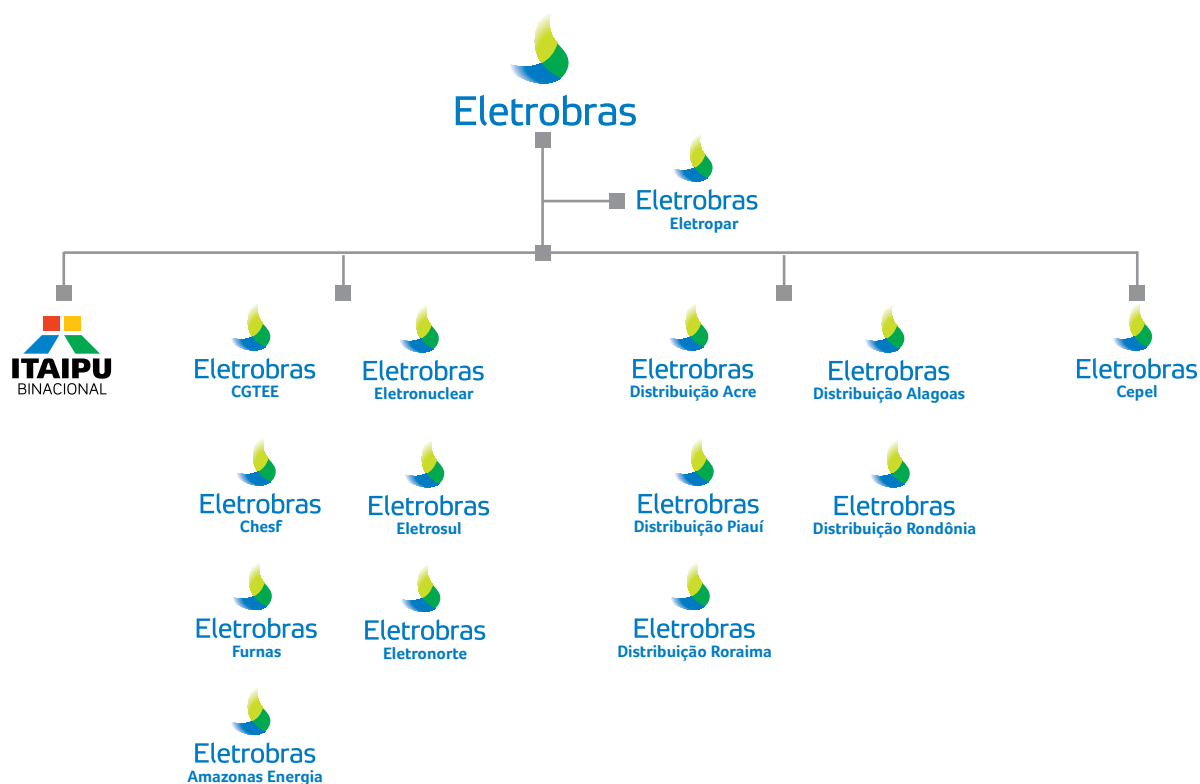
The diagram above demonstrates how the integration and constant dynamics between business, brand and communication strategies can be powerfully combined for the establishment of new business strategies to generate value for customers, deliver price and quality, and establish a relationship of trust that must be permanently cultivated.

In regard to investments, Eletrobras allocated approximately R\$ 27.8 million to different initiatives during the second half of 2009 and in 2010. It is reckoned that in 2011 there will be an optimization

of the return on investment, since all the companies will be allotting resources under one single brand. The amount for this year is R\$ 27 million.

The brand architecture, implemented on 03/22/2010, presented below, has already had favorable repercussions in the market. A year after its launch the value of the Eletrobras brand rose considerably. According to the prestigious British firm Brand Finance, Eletrobras moved up from 37th place, in 2010, to 9th, among the most valuable brands in Brazil, achieving a value of US\$ 2.7 billion.

THE ELETROBRAS BRAND WAS DEVELOPED TO BE A PART OF A GLOBAL MARKET AND SERVE ENHANCE BRAND RECOGNITION



In summary, the Eletrobras brand was conceived, developed and designed to be part of a global market, with the ability to create value for stakeholders. In this sense, it serves to leverage the corporate image, enhancing the speed of perception on the part of customers.

4.6 - Management of Government Sector Funds and Programs

Global Reversion Reserve (RGR)

The Global Reversion Reserve (RGR) was created by Law 5.655/1971 for the purpose of providing funds for cases of reversion and takeover of electricity services. When not being used for these intended purposes, the resources are invested in funding the expansion of the electric power sector, improvement of services and carrying out federal programs. With the advent of Law 12.431/2011, the collection of RGR quotas was extended until the end of 2035.

As the RGR fund manager, Eletrobras invested R\$ 1,634 million during the 2010 fiscal year. The movement in regards to contributions and the investment of these funds is presented in the following tables:

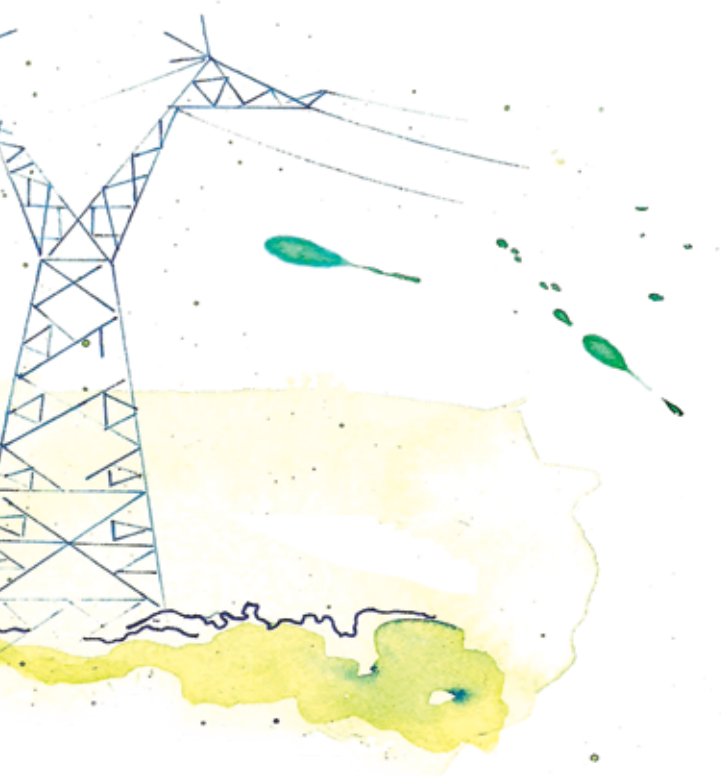


Contributions and investments in 2010 (RGR)

	MOVEMENT	IN R\$ MILLION
	Contributions:	3,126
	Collection of quotas	1,590
	Other	1,536
	Investments:	1,634
	Financing	1,049
	Other	585
Region	Funding Released – R\$ million	%
North	320	30.5
Northeast	166	15.8
Mid-West	138	13.2
South	248	23.6
Southeast	177	16.9
TOTAL	1,049	100.0

Lines of credit

PROGRAM	RELEASES – R\$ MILLION	%
Light for All	454	43.3
Reluz/Conservation	45	4.3
Generation	184	17.5
Transmission	279	26.6
Distribution	72	6.9
Revitalization of Thermal Parks	15	1.4
Other	0	0.0
TOTAL	1,049	100.0



Energy Development Account – CDE

The CDE was created by Law 10.438/2002 in order to promote energy development in the states and the competitiveness of energy produced from sources such as wind, small hydroelectric power plants, biomass, natural gas and coal, in areas served by the interconnected systems. It also promotes universal electric power service throughout Brazil.

In order to compensate electric utility companies for reduced revenues arising from the service provided to consumers from the low-income residential subclass, a subsidy was created with resources from the Energy Development Account (CDE). In 2010, R\$ 3,247 million were released in subsidies, of which R\$ 1,679 million were for low income subsidies, assisting different electric power distribution companies, and R\$ 1,568 million for the Light for All Program.

CONTRIBUTIONS AND INVESTMENTS IN 2010 (CDE):

MOVEMENT

CONTRIBUTIONS: CDE+UBP+ANEEL FINES:

COLLECTION OF QUOTAS

OTHER

INVESTMENTS:

LIGHT FOR ALL SUBSIDY

LOW INCOME SUBSIDY

OTHER

R\$ MILLION

3,976

3,127

849

3,846

1,568

1,679

599

Fuel Consumption Account (CCC)

The CCC fund was created in the 1970s to serve the National Interconnected System, and as of 1992 started to include the isolated systems. It was initially intended to cover part of the purchase costs for fuel, but since 1998 it also took into account the coverage of enterprises subrogated to the fund, with the intention of seeking after economy and the replacement of oil by-products.

In July 2009, MP 466/2009 was enacted, which gave rise to Law 12.111/2009, regulated by Decree 7.246/2010, which deals with electricity services in the isolated systems and altered various legal provisions related to the CCC sector fund. In general, the Law established that the CCC Sector Fund, which currently reimburses part of the costs for fuel would start to reimburse part of the cost of power generation. It's important to note that, as of Law 12.111/2009, there is no longer any projected date for terminating the activities of the CCC sector fund.

In 2010, the fund only served to cover part of the costs for fuel and subrogated enterprises, since the regulation of the law had not yet been completed by Aneel. To this end, about R\$ 3.9 billion were collected through monthly quotas from distribution, transmission and licensed companies. This amount, with approximately another R\$ 130 million coming from

finances, installments, investments and others, enabled transfers of around R\$ 3.6 billion to be made, with R\$ 120 million for subrogations and the rest for fuel.

The difference between the amount collected and reimbursed was designated to a reserve account, as established by ANEEL, initiating the formation of a fund for the payment of differences due in terms of the application of Law 12.111/2009.

Procel Reluz Highlights

With investments in 2010 of R\$ 33.1 million (R\$ 24.8 million from Eletrobras), ten municipalities benefited from Procel Reluz, which rendered efficient 89,559 lighting points, resulting in savings of 29,900 MWh/year and reduced demand of 6,800 kW of power. Since the program began, with an investment of R\$ 510 million, more than 2.34 million points have been rendered efficient, which has generated savings of 827,000 MWh/year of energy and a reduction of 190,800 kW during the peak hours of the electric power system.

In 2010, there was a 74% increase in the financial value of the program's project portfolio, which in the last twelve months rose from R\$ 371.6 million to R\$ 646.6 million. RGR funds released by Eletrobras exceeded R\$ 45 million, representing an increase of 61% over the same period in 2009.

Procel Reluz: activities and impacts, by region

	MID-WEST	NORTH	NORTHEAST	SOUTH	SOUTHEAST	TOTAL
Resources invested (R\$ million)	2.787	-	1.762	8.275	20.278	33.102
Number of points rendered efficient	7,891	-	4,058	27,114	50,496	89,559
Reduction in energy demand (kW)	491	-	125	2,857	3,350	6,823

National Program for Universal Access to and Use of Electricity – Luz para Todos

More than two million people in rural Brazil benefited from the program Luz para Todos (Light for All) in 2010, with the completion of 419,204 new connections. This corresponds to 72.5% of the overall target of 578,429 connections for 2010, counting the commitments of executors with Eletrobras and state governments.

Connections contracted up until 12/31/2010 under the Light for Everyone Program, including executors and Eletrobras

REGION	WORKS PROGRAMS	SPECIAL PROJECTS	TOTAL
North	504,990	297	505,287
Northeast	1,317,035	51	1,317,086
Mid-West	445,802	-	445,802
Southeast	202,307	-	202,307
South	184,402	-	184,402
BRAZIL	2,654,536	348	2,654,884

The Light for All Program received investments of R\$ 2.03 billion, of which R\$ 1.57 billion came from the CDE (Energy Development Account) and R\$ 0.46 billion from the RGR (Global Reversion Reserve). Additional resources of R\$ 7.15 million, from the CDE, were invested in Special Projects, for servicing 348 consumer units in difficult-access locations and those distant from electricity distribution networks, through decentralized generation by renewable energy sources and the construction of small distribution networks.

Resources contracted up until 12/31/2010, under the Light for Everyone Program, by region (R\$ million)

REGION	WORKS PROGRAMS			SPECIAL PROJECTS	TOTAL
	Energy Development Account (CDE)	Global Reversion Reserve (RGR)	CDE + RGR	CDE	
North	2,963.87	318.40	3,282.27	6.07	3,288.34
Northeast	5,161.84	842.45	6,004.29	1.08	6,005.37
Mid-West	765.48	590.60	1,356.08	-	1,356.08
Southeast	850.85	1,194.66	2,045.51	-	2,045.51
South	336.97	495.94	832.91	-	832.91
BRAZIL	10,079.01	3,442.05	13,521.06	7.15	13,528.21

Resources released up until 12/31/2010, under the Light for All Program, by region (R\$ million)

REGION	WORKS PROGRAMS			SPECIAL PROJECTS	TOTAL
	Energy Development Account (CDE)	Global Reversion Reserve (RGR)	CDE + RGR	CDE	
North	2,050.22	234.97	2,285.19	1.23	2,286.42
Northeast	3,915.29	692.00	4,607.29	0.00	4,607.29
Mid-West	575.61	461.66	1,037.27	-	1,037.27
Southeast	558.56	768.97	1,327.53	-	1,327.53
South	259.74	358.73	618.47	-	618.47
BRAZIL	7,359.42	2,516.33	9,875.75	1.23	9,876.98

Alternative Energy Source Incentive Program (Proinfa)

Proinfa fulfilled its main objective: to increase the share in the SIN of electricity produced by wind farms, biomass power plants and small hydroelectric power stations. Their implementation helped diversify the energy matrix and create approximately 150,000 direct and indirect jobs across the country, producing large industrial demand and internalization of state-of-the-art technology.

In 2010, 21 enterprises came on stream, adding 451.61 MW of power to the Eletrobras System.

Enterprises that came on stream in 2010 under Proinfa

ENTERPRISES	QUANTITY	CAPACITY MW
Small hydroelectric power stations	6	94.20
Biomass power plants	1	36.00
Wind farms	14	321.41
TOTAL	21	451.61

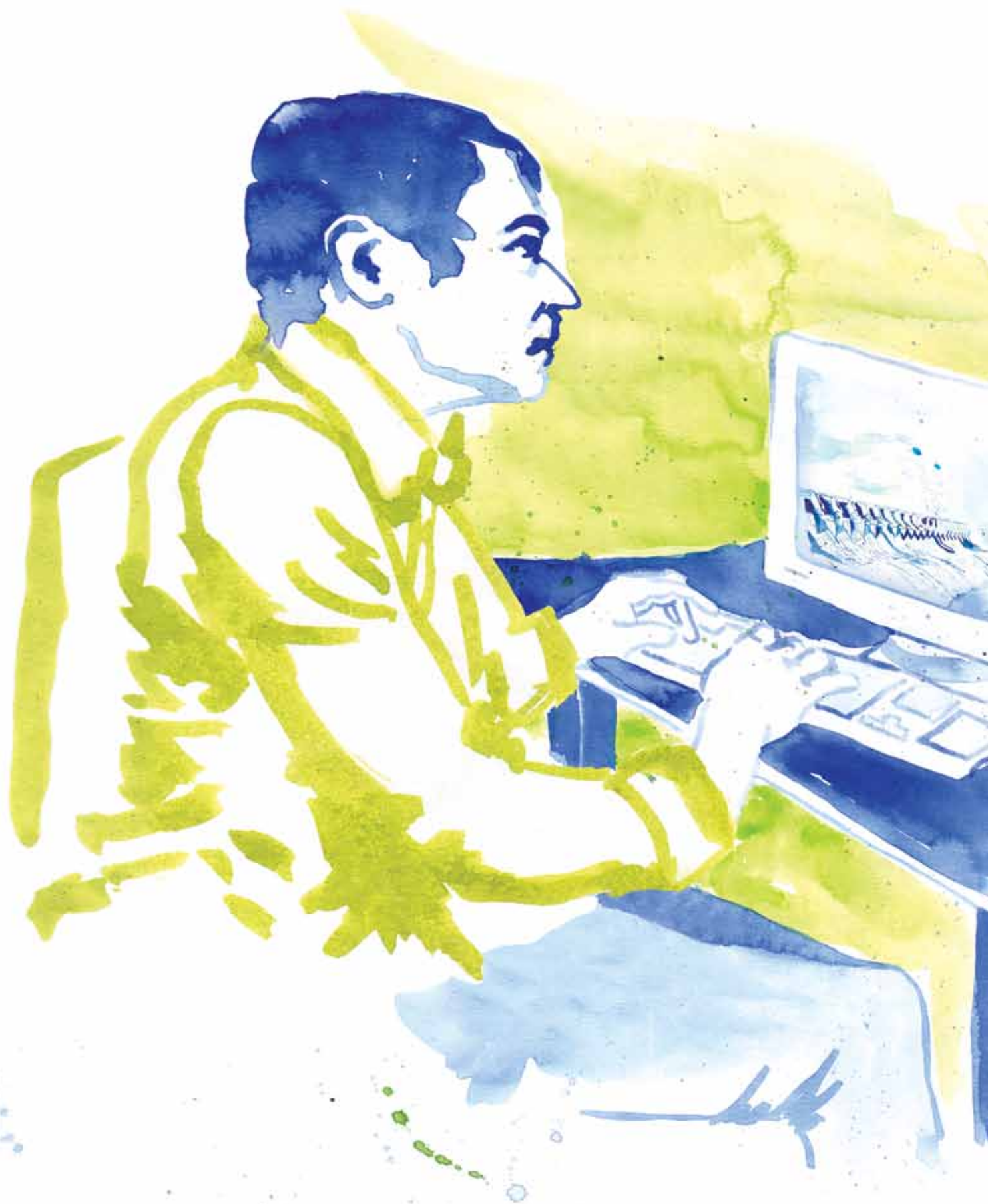
With these new ventures, Proinfa deployed 113 power plants by the end of 2010, including of more than 2484.07 MW of installed capacity in the country.

Enterprises in operation as of 12/31/2010, under Proinfa

ENTERPRISES	QUANTITY	CAPACITY MW
Small hydroelectric power stations	53	1,049.74
Biomass power plants	20	540.34
Wind farms	40	893.99
TOTAL	113	2,484.07

Proinfa has played an important role in boosting renewable energies, especially wind power; with in a little over four years, the installed capacity surged from approximately 22 MW to approximately 894 MW by December 2010.





CORPORATE GOVERNANCE

THE CORPORATE GOVERNANCE MODEL ADOPTED BY ELETROBRAS IS BASED ON ETHICAL PRINCIPLES AND UPHOLDS THE BEST GOVERNANCE PRACTICES: TRANSPARENCY, FAIRNESS, ACCOUNTABILITY AND CORPORATE RESPONSIBILITY.

These principles reflect a concern to meet the requirements of profitability, sustainability and the company's credibility with its stakeholders.



5. Corporate Governance

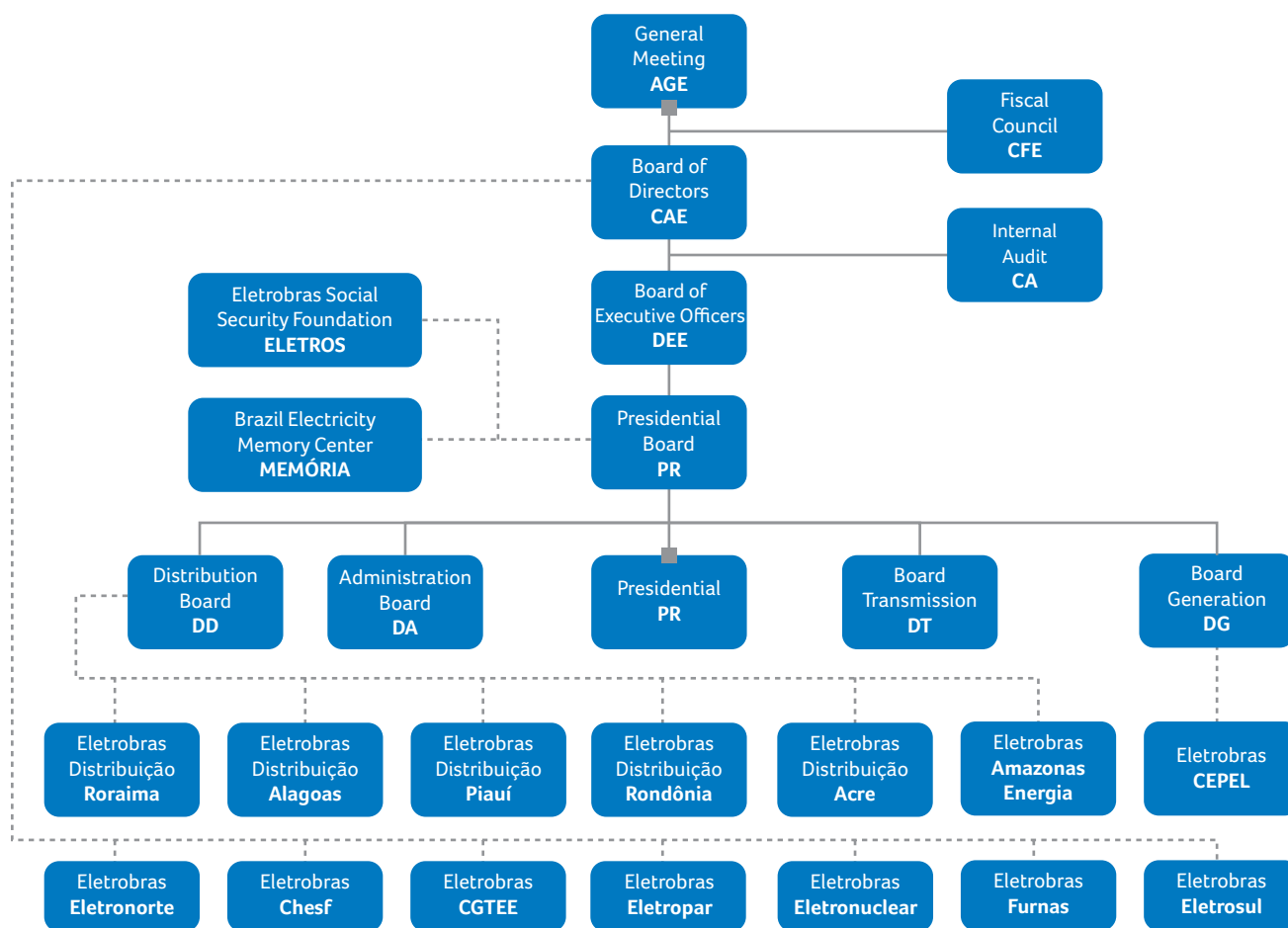
5.1- Governance Management Model Adopted

The corporate governance model adopted by Eletrobras is based on ethical principles and upholds best governance practices: transparency, fairness, accountability and corporate responsibility.

These principles reflect not only a concern to meet the requirements of profitability and sustainability,

but also the continuing challenge to strengthen the company's credibility with its stakeholders – shareholders, customers, government and society, among others – manifesting transparency of management and attention to the interests of these publics, focusing efforts to generate benefits and improve this relationship.

CHART OUTLINING THE CORPORATE GOVERNANCE STRUCTURE



----- Linking
 — Subordination

The corporate governance consists of a formal structure: the General Shareholders' Meeting (AG), Board of Directors, Fiscal Council and Board of Executive Officers, with a clear definition of the roles and responsibilities of the governing bodies.

The Eletrobras Board of Directors (CAE) is a board committee with deliberative functions, elected by the Shareholders General Assembly. The Board of Directors is composed of up to ten members, seven of which are appointed by the Minister of Mines and Energy; one by the Minister of Planning, Budget and Management; one elected by the minority shareholders; and one in a separate vote, excluding the controlling shareholder, by the holders of preferred shares without voting rights, representing at least 10% of the share capital.

The mandate of board members is one year, corresponding to a fiscal year, with the possibility of re-election. The Board of Directors normally meets once a month and holds extraordinary meetings, whenever necessary. In 2010, there were 15 meetings of the Board of Directors. Matters are resolved by majority vote and the by-laws enable issues to be established that must be approved by a qualified quorum.

The Fiscal Council is permanent and, among other functions, is responsible to oversee the actions of the company's senior executives and verify that they are complying with their legal and statutory duties. It is comprised of up to five members and their respective alternates, including one member who is a financial expert, in order to meet the legal requirements recommended by the Securities and Exchange Commission (SEC). The five directors are elected by the Ordinary General Assembly for a one year term (allowing for re-election), with three being appointed by the majority shareholder, among which one is appointed by the Minister of Finance, that represents the Treasury; one by the holders of minority ordinary shares; and another by holders of preferred shares. They meet monthly and, when necessary, joint meetings are held with the Board of Directors. In 2010, there were 12 meetings of the Fiscal Council.

The Board of Executive Officers in 2010 was composed of six Boards: the Presidential Board, Board of Directors, Distribution Board, Planning and Engineering Board, Financial and Investor Relations Board and Technology Board. With its duties laid down in the

THE CODE OF ETHICS BY ELETROBRAS COMPANIES DEFINES THE COMMITMENTS OF ALL EMPLOYEES

By-laws and meetings that occur on a weekly basis, the Board of Executive Officers is responsible for the overall direction of Eletrobras, subject to the guidelines established by the Board of Directors.

Outstanding Achievements in 2010

The Eletrobras Unified Code of Ethics was elaborated in 2010 to meet sustainability commitments and goals. The new code defines the ethical principles and commitments of conduct that should guide the behavior of all employees as well as the corporate guidelines for relationships with all stakeholders.

In order to improve communication with its public, based on the principles of transparency and the pursuit to improve corporate management best practices, the company revamped its website, providing information on its commitment to sustainability in its business activities, encompassing social, environmental, economic, financial and corporate governance aspects.

To facilitate access and the consulting of information, included in by-laws, regulations, policies, code of ethics, standards and procedures, Eletrobras developed the Code of Corporate Governance Practices, which demonstrates the company's commitment to management best practices.

Corroborating the implementation of corporate governance best practices, 2010 was marked by certain events, such as the revision of the Internal Regulations of the Board of Directors, which incorporated changes such as monitoring the time and themes of the Board's meetings. These meetings are now divided into two parts: discussions of stra-



5.2 - Members of the Board of Directors and Board of Executive Officers

(Status on 12/31/2010)

BOARD OF DIRECTORS

Márcio Pereira Zimmermann
Chairman

Arlindo Magno de Oliveira
Independent Member

Virgínia Parente de Barros
Independent Member

José Antonio Corrêa Coimbra
José Antônio Muniz Lopes*
Lindemberg de Lima Bezerra
Luiz Soares Dulci
Wagner Bittencourt de Oliveira

**Until February/2011. José da Costa Carvalho Neto as of February 2011.*

FISCAL COUNCIL

Édison Freitas de Oliveira
Chairman

Charles Carvalho Guedes
Financial specialist

Ana Lucia de Paiva Lorena Freitas
Danilo de Jesus Vieira Furtado

BOARD OF EXECUTIVE OFFICERS

José Antonio Muniz Lopes*
Chief Executive Officer

Miguel Colasuonno
Administration Officer

Pedro Carlos Hosken Vieira
Distribution Officer

Valter Luiz Cardeal de Souza
Planning and Engineering Officer

Armando Casado de Araújo
Financial and Investor Relations Officer

Ubirajara Rocha Meira
Technology Officer

**Until February/2011. José da Costa Carvalho Neto as of February 2011.*

tegic issues and common matters in compliance with statutory rules. Another change that occurred was the holding of at least two annual meetings with the external auditors.

A review of the By-laws of the holding company and its subsidiaries was also initiated. In this regard, the changes promoted reformulation of the content and standardization of the texts. In relation to changing its by-laws, Eletrobras had a major breakthrough with the enactment of Law No. 12.375, Art. 15, published on 12/30/2010, which amended Art. 5 of Law No. 3.890-A, of 04/25/1961, eliminating the need for a Presidential Decree to be issued in order to amend its By-laws. Now, any amendment to the By-laws is finalized with the approval of the General Meeting.

The criteria for payment of dividends contained in its By-laws comply with the conditions and terms provided in the Regulations for Differentiated Corporate Governance Practices Level I of the BM&FBovespa, signed by Eletrobras. Holders of ordinary and preferred shares are ensured the rights guaranteed by Law No. 6.404/76 and the Eletrobras By-laws.

As per Securities Exchange Commission (CVM) Instruction No. 358, of 01/03/2002, the company publishes on its website the Relevant Information Disclosure and Use Manual and the Policy for Trading Securities Issued by Centrais Elétricas Brasileiras S.A. (Eletrobras).

5.3 - Noteworthy aspects regarding ethics

In September 2010, the new Code of Ethics was published on the intranet and Internet, and since December, printed copies have been given to all employees and stakeholders of the Eletrobras companies. Audio, Braille and large print versions for the visually impaired, as well as customized versions for suppliers and investors were also published in 2010.

Conflict of interest

Situations where personal interests overlap with collective or public interests are considered conflicts of interest. This topic is clearly addressed in the Code of Ethics, and the ethics committees of each company, which meet monthly, handle complaints about possible violations.

Unfair competition

Since it is an energy service provider and public utility regulated by the government, there are no lawsuits for unfair competition, anti-trust or monopoly filed against Eletrobras System companies.

Corruption

Even though it is set up to prevent corruption, Eletrobras registered six cases in 2010. As with every complaint sent to the company via the Ethics Commission, Ombudsman or external oversight bodies such as the Federal Audit Court (TCU) and the CGU, all the cases were investigated and appropriate measures taken.

Discrimination

In 2010, four cases of discrimination were identified involving internal and/or external stakeholders within Eletrobras System operations. Of these, two are under investigation, one was dismissed and the other resulted in a Personal and Professional Conduct Agreement (ACPP), which will be monitored for two years and, in the event of non-recurrence, the process will be closed.

Ombudsman

Eletrobras System companies have ombudsmen acting as permanent channels of communication between senior management and their different stakeholders. They receive a range of communications, including accusations, ethical misconduct, complaints, and others.





A watercolor illustration of a dining room. In the foreground, there is a long, rectangular wooden table with four chairs tucked under it. The table and chairs are drawn with light blue and green washes. In the background, a yellow wall features three windows with blue panes. A simple, bell-shaped pendant lamp hangs from the ceiling. The overall style is soft and artistic, with visible brushstrokes and color blending.

ECONOMIC PERFORMANCE

IN 2010, ELETROBRAS HAD ANOTHER PERIOD OF INTENSE ACTIVITIES FOCUSED ON EXPANSION, INCREASING ITS ASSETS. THE COMPANY WILL BUILT MORE THAN 20.500 MW DIRECTLY AND INDIRECTLY.

Eletrobras system develops studies of hydroelectric projects totaling approximately 17,600 MW.

6. Economic Performance

6.1 - Economic Scenario

International Panorama

After the accentuated deceleration, in 2008, and the retraction of 2%, in 2009, the growth of the World GDP created momentum in 2010. The growth of the international economy, in 2010, was characterized by a strong retrieval of the developing economies, which have been leading the process of recovery of the global economy. The re-composition of liquidity of the credit markets, the reflation of commodity prices and the good performance of their domestic markets, were determining towards the positive performance of these economies. In contrast, the recovery of most of the countries of higher income (like the economies in the EU block and the economies of Central Asia) is still shy, demonstrating problems with the restructuring process in the banking sector and higher public debt resulting from the anti-cyclical policies adopted. These incentive packages, initiated in 2008 and 2009, prevented the collapse of the financial system, while the tax and monetary policies compensated, partially, for the weakening of private consumption.

With some exceptions (Finland, Greece, Ireland, Italy, Spain and Portugal), the developed economies were now presenting positive rates of growth in 2009. Estimates predict that USA, Australia, Canada and Japan should grow around 3%, in 2010. However, according to UNCTAD¹, this growth does not seem to be sustainable in the medium term, once the domestic demand of these countries continues to be weak, with high unemployment rates and low private consumption. The private investments are still shy, due to the uncertainty of future expectations and restrictions to credit. In the American economy, for example, despite the consecutive incentive plans, the levels of activity, employment and consump-

tion have shown considerably volatile results of the economic performance, whereby it is not possible to affirm if the economy has begun a consistent phase of recovery and expansion.

The economies of the eastern Asia, on the other hand, have shown strong recovery anchored on the restore of exports and on the strengthening of the internal market. Policies focused on growth of the domestic demand in China and India, like tax incentives and the expansionary credit policy, were responsible for the growth of consumption and investments.

Brazilian Economy

After the drop of 0.6% of the GDP, in 2009, the Brazilian economy recovered vigorously in 2010, with a growth of almost 7.49%. This recovery has been leveraged by the vigorous expansion of the internal market and by the weak base of comparison of 2009. The income transference policies, the continued increase of the minimum wage, the growth of the payroll and of credit were determining towards this result. In this rhythm, the consumption of families should achieve an increase of 7.9%, which, together with the long term investment, were the main factors in the good performance of the aggregate demand. It is estimated that the composition of the gross fixed capital should grow 24.5%, in 2010, achieving an investment rate of 19.6%.

The official inflation rate, measured by the IPCA, recorded a high of 5.72%, pressured by internal and external factors. Internally, seasonal factors in the offer of agricultural products and the increased search for

¹ "Trade and Development Report, 2010"

goods and services significantly affected the inflation index. Now externally, the pressures are associated with increased prices of the main agricultural and metallic commodities.

Regarding the monetary policy, the Central Bank is considering a process of gradually removing the incentives, it introduced to face the intensified international financial crisis, to normalize the conditions of liquidity of the economy, increasing the percentage of the compulsory collections from 15% to 20%. In the same direction, the Selic rate recorded an increase of 2 percent during 2010, from 8.75%, at the beginning of the year, to 10.75%, in December. According to the monetary authority, the distancing of the current inflation from the center of the inflation target established and the recovery of the internal consumption are responsible for the variation in the management of the monetary policy.

Latin America and the Caribbean

The Latin American region recovered from the crises much faster than predicted. Factors like the stabil-

ity of the macro-economical foundations, consistent anti-cyclical policies, favorable conditions of external funding, and revenues with the export of commodities, were determining in the recovery of the Latin American economies. The robust revenues with the export of commodities incentivized internal income, which, together with better funding conditions supported the growth of demand. For most of the Latin American economies, the potential negative effect of reduced import by the advanced economies has been compensated with the growth of their domestic markets and with the export of commodities.

The growth of the Latin American economy, according to the Annual Report of the World Bank, is estimated at 4.5% in 2010. This performance has been quite heterogeneous, with a group of countries showing expressive expansion rates, like Paraguay, Peru, Argentina, Uruguay and Brazil, with a growth between 7.5% and 9.7%. Panama, the Dominican Republic, Chile, Mexico, Colombia and Costa Rica presented a growth between 4% and 7%. Haiti and Bolivia presented a negative growth of their GDP of -7% and -1.6%, respectively.



Exchange and Balance of Payments

The Brazilian balance of trade, in 2010, presented a surplus of US\$ 20.3 billion, with exports totaling US\$ 201.9 billion – 31.4% higher than that recorded in 2009. This result was influenced by the depreciated base of 2009, the recovery of the global economy and, mainly, by the increase in the prices of commodities. As to the imports, their growth was higher than the exports, during the same period analyzed. The imports recorded the amount of US\$ 181.6 billion against US\$ 127.7 billion in 2009, which means a growth of 41.7%. This growth was strongly driven by the appreciation of the Brazilian Real and by the growth of internal consumption.

The balance of payments totaled a surplus of US\$ 49.1 billion, in 2010. The current transactions presented a deficit of US\$ 47.5 billion during the year, equivalent to 2.28% of the GDP and 1.52% higher than the deficit recorded in 2009. The net inflow of direct foreign investment (IED) reached the record amount of US\$ 48.5 billion, with an increase of 86.8% in comparison to the result for the previous year. Now the foreign portfolio investment presented net inflows of US\$ 67.8 billion – in 2010, 31% higher in comparison to 2009.

The exchange rate, in 2010, presented low volatility, mainly when compared to the two previous years. However, the intense inflow of capital had a strong impact on the exchange rate. As a result, the exchange rate presented a persistent process of appreciation during 2010, at the beginning of the year quoted at R\$ 1,87, then R\$ 1,80 in June, closing the year at R\$ 1,66.

In an attempt to attenuate this movement of appreciation of the Brazilian Real, the interventions of the Central Bank, both in the spot market and in the futures exchange market, contributed towards an increase of 17% in the growth of the international reserves, totaling US\$ 288,6 billion, in December 2010.

Electrical Energy Market

The consumption of electrical energy recorded an increase of 7.8%, in 2010, slightly higher than the GDP growth (7.5%). All of the classes presented a growth in the consumption of electrical energy, with emphasis on the industrial class, whose rate was of 10.6%. The residential and commercial increased 6.3% and 5.9%, respectively.

After a strong drop of industrial production in the last quarter of 2008 and the semi-stagnation in 2009, 2010 presented a strong recovery of the industrial production and, consequently, of the industrial consumption of electrical energy. The Southeast was the region with the greatest expansion of industrial consumption, with a growth of 13.1%. Note that the region presented a significant drop in this same indicator in 2009 (-9.6%). The strong presence of industries of mineral extraction and of metallurgy, with high coefficients of export, greatly affected by the crisis in 2008 and 2009, explains the recovery of energy consumption in this region.

The expectations as to the trajectory of economic growth and of consumption of electrical energy, in the short and medium term horizons, have a scenario, on the external side, of growth of emerging countries – in particular, China, which, given its standard of development, continues to benefit from exports sectors in which Brazil has comparative advantages, like pulp, agribusiness, steel industries and the mineral extraction industry. These sectors, especially the steel industry, due to being large consumers of electrical energy, raise the expectations of consumption of electrical energy.

Regarding the domestic economy, the maintenance (and eventual expansion) of investment in infrastructure, the recovery of the housing sector, the expansion of the industry (even though at a much lower scale than in 2010) and the booming of the service sector will contribute positively towards the consumption of energy in the next few years.

Other relevant factors are the growth of the real median income and of the payroll, besides the expansion of credit, which tend to maintain the increased residential energy consumption.

The consumption of electrical energy per geographical region is presented in the table below:

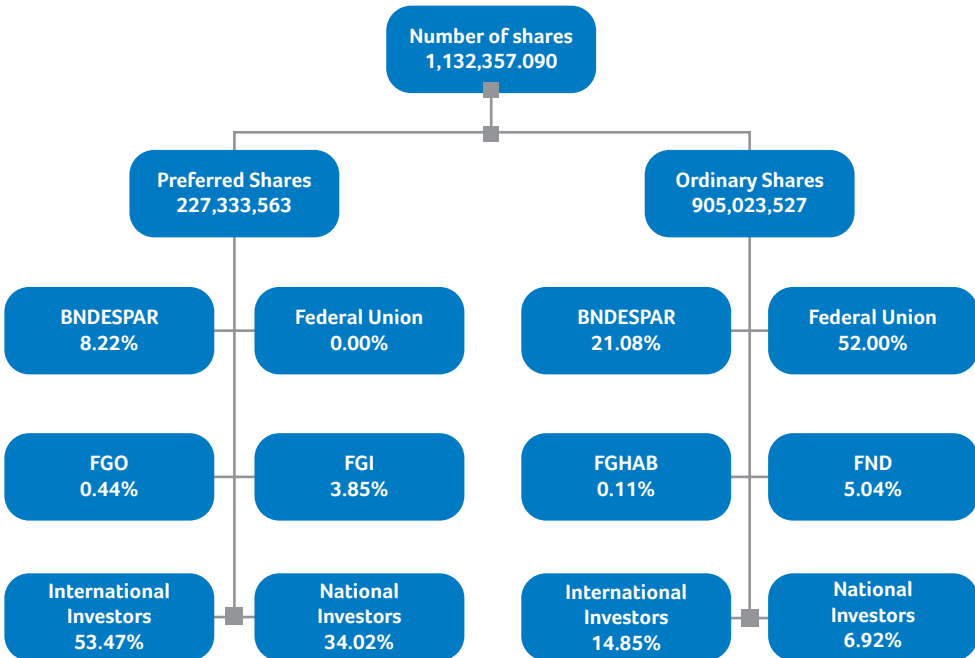
Consumption of Electrical Energy in the Grid (GWh)

Region	CONSUMPTION CLASS				2010	2009	Variation (%)
	Residential	Industrial	Commercial	Other	Total	Total	
North	5,918	13,069	3,489	3,438	25,914	24,083	7.6
Northeast	19,280	29,422	10,286	12,005	70,993	65,244	8.8
Southeast	56,781	103,731	38,118	26,478	225,108	207,737	8.4
South	17,079	30,884	11,723	11,117	70,803	66,729	6.1
Mid-West	8,101	6,638	5,471	5,990	26,200	24,896	5.2

Source: Permanent Commission for the Analysis and Monitoring of the Electrical Energy market – Copam/EPE.

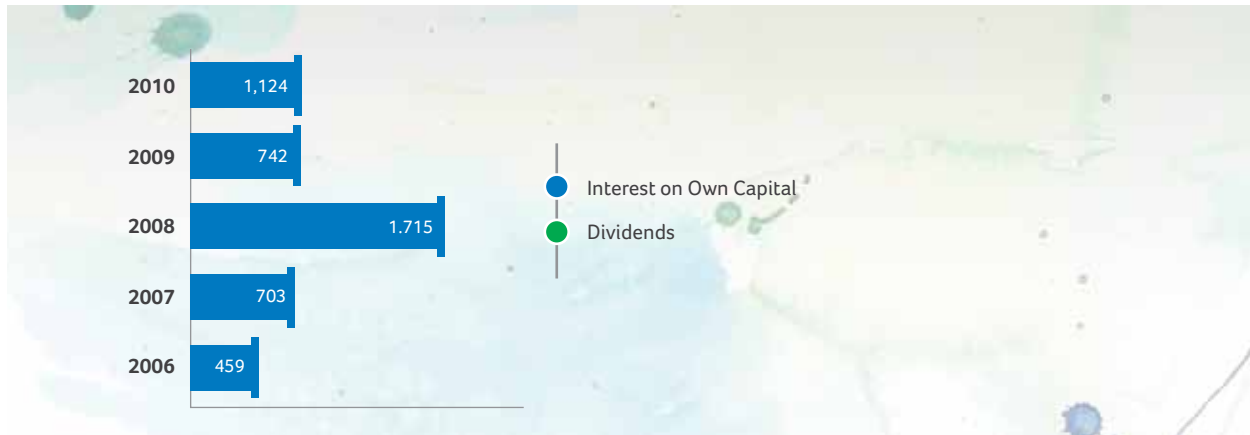
6.2- Capital Market

6.2.1. Shareholder base on 31/12/2010



6.2.2– Shareholder Compensation

COMPENSATION TO SHAREHOLDERS – BRL MILLION



6.2.3– Analysis of Eletrobras Shares

During 2010, the ordinary shares had a devaluation of 13.10%. The highest quote verified was on January 22, R\$ 30,68, whilst the lowest R\$ 20,42, was recorded on May 06.

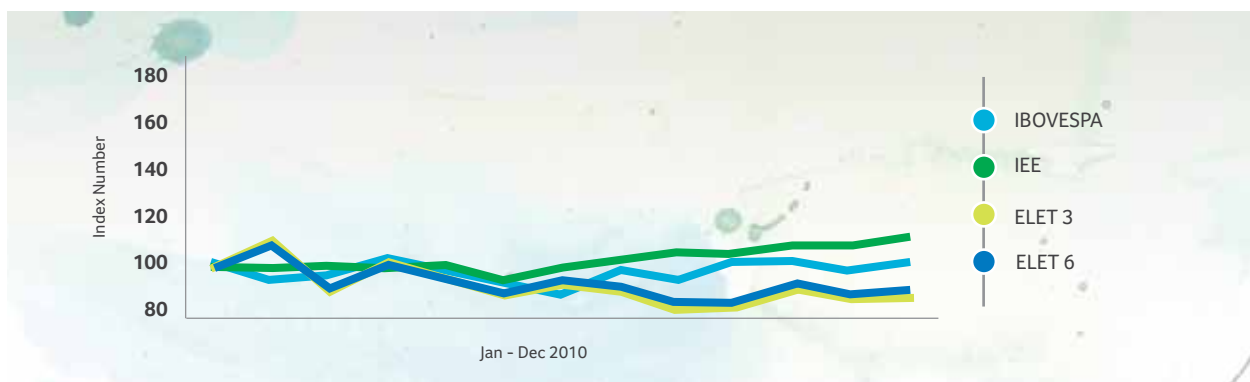
The preferred shares, on the other hand, devalued 10.25%. On January 22, they reached their highest negotiation value during the year, R\$ 34,05, whereas,

on May 06 they were at their lowest value, R\$ 24,57.

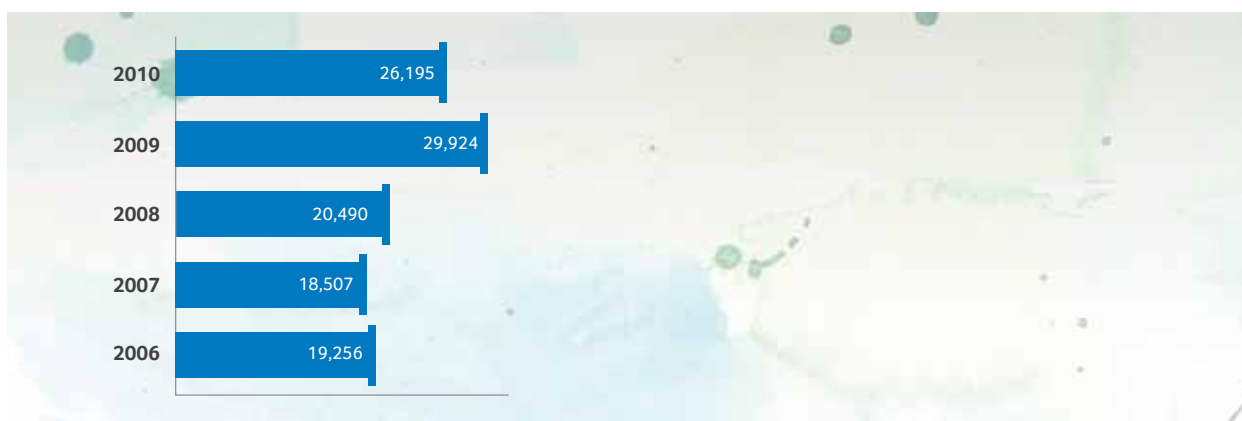
This devaluation of assets reduced the company's market value by 27.46%, exceeding the R\$ 40,100 million mark at the end of 2009 in comparison to R\$ 26,211 million, in 2010.

The volume negotiated during the year totaled 195,023,600 preferred shares and 281,931,100 ordinary shares, with a presence index of 100%.

IBOVESPA, IEE, ELET 3 AND ELET 6 IN 2010



6.2.4– Market Value



6.2.5– Rating (risk classification)

The risk classification of Eletrobras, according to risk classification agency Standard & Poor's, is related directly to the risk classification obtained by the country, because the Government is the company's majority shareholder. Seen as an extension of the Federal Government, the company obtained classification BBB- for business in foreign currency and BBB+ for business in local currency, with a stable perspective.

The reasons for the credit notes attributed to Eletrobras are appointed according to the following factors:

- Performance as a financial agent responsible for financing the expansion of investments of the subsidiaries, and as asset management agent of assets controlled by the Government;
- Strong liquidity and large base of assets, besides a strong stake from the Federal Government in its corporate structure.

In 2010, the company issued a bonus of US\$ 1.0 billion, which received the rating from agencies Standard and Poor's and Fitch.

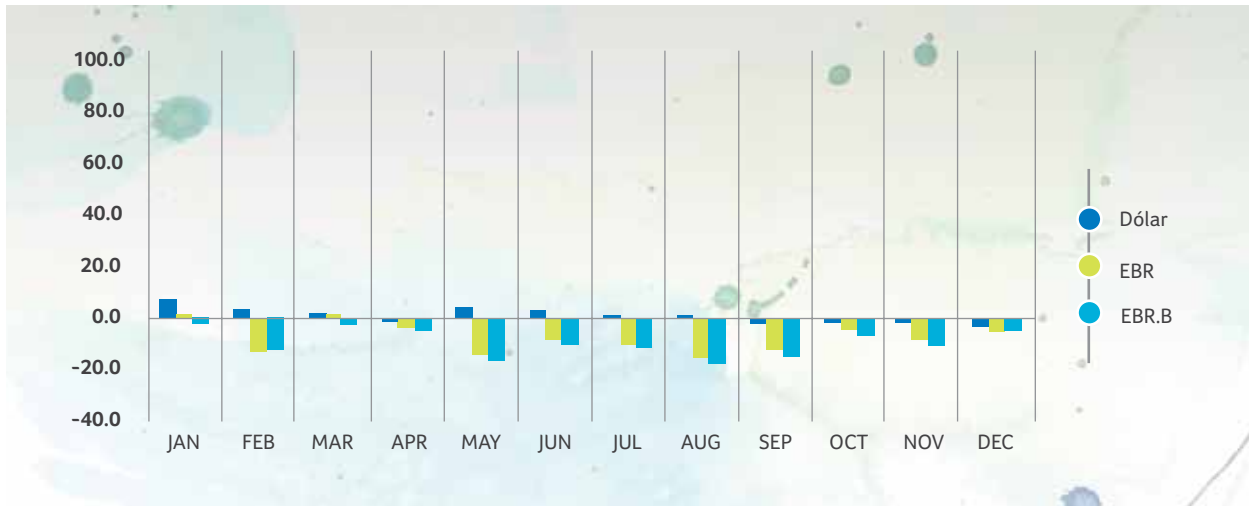
DURING 2010, THE ORDINARY SHARES HAD A DEVALUATION OF 13.10%, WHILE THE ADRS OF THE ORDINARY SHARES OF ELETROBRAS (EBR) CLOSED THE YEAR WITH A DEVALUATION OF 6,08%

6.2.6– ADR Program – New York Stock Exchange

In 2010, the ADRs of the ordinary shares of Eletrobras (EBR) recorded a maximum quote of US\$ 16.64 on January 22. The minimum value recorded was US\$ 10.94 on May 06. This share closed the year quoted at US\$ 13.74, with a devaluation of 6.08 % in comparison to December 2009, when it closed quoted at US\$ 14.63.

The ADRs of the preferred shares of Eletrobras (EBR. B) reached their highest value on January 11, US\$ 18.83. The minimum value of these shares was recorded on May 06, when the quote reached US\$ 13.08. This share closed the year quoted at US\$ 16.65 with a devaluation of 5.4% in comparison to December 2009 when it closed quoted at US\$ 17.60.

ADRS OF PREFERRED SHARES OF ELETROBRAS (EBR AND EBR.B)

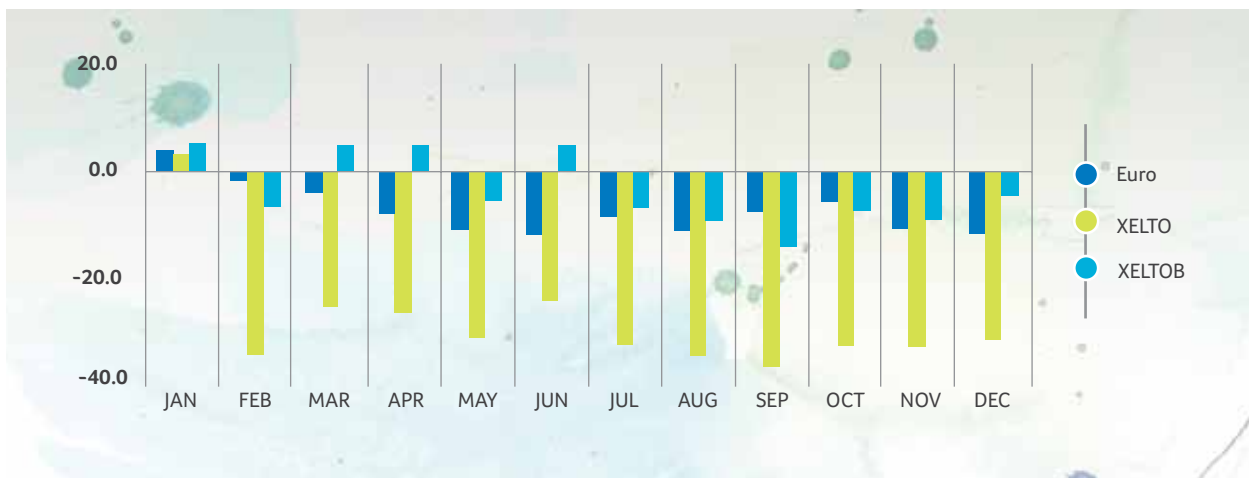



6.2.7 – Latibex Program – Madrid Stock Exchange

The ordinary shares of the Latibex program (XELTO) obtained, in 2010, a devaluation of 31.32%, whereas in December the year closed at € 10.11 and in December 2009 it closed at € 14.72.

The preferred shares of the Latibex program (XELT) closed the year of 2010 quoted at € 12.19. In December 2009, this asset closed at € 12.76, which reflects a devaluation of 4.47%.

ORDINARY SHARES OF THE LATIBEX PROGRAM (XELTO AND XELTOB)





THE ELETROBRAS SYSTEM DETAINS THE CONCESSION TO CONSTRUCT NEW ENTERPRISES WORTH 2,444 MW. IN PARTNERSHIP WITH PRIVATE AGENTS, IT WILL BUILD 20,489 MW UNTIL 2015 UNDER SPECIFIC PURPOSE ENTERPRISES (SPES)

6.2.8 – Relations with Shareholders and Investors

In compliance with its policy of providing information to the market and the Level 1 rules of Corporate Governance of the BM&FBOVESPA, the company held meetings, every six months, in the regional APIMECs in Brazil: RJ, SP, MG, DF, South and Northeast. It also received certificates of assiduity in all of these locations. In addition, the area of Relations with Investors, annually, holds meetings in Europe and in the United States (*Roadshows*) to present the Company to foreign investors. In New York, presence in the *Brazil Day* and promotion of the Eletrobras Day and, in Madrid, participation in the Forum Latibex.

6.3 - Business

In 2010, Eletrobras had another period of intense operation activities and of execution focused on expansion, increasing its assets. The most significant aspects of the generation, transmission and distribution business are presented below, segmented and per business.

6.3.1 - Generation

Expansion of Generation

The Eletrobras System detains the concession/authorization for the construction of new enterprises obtained through authorizations/bids/auctions of 2,444 MW, with direct participation; and of 20,489 MW in partnership with private agents by means of Specific Purpose Enterprises (SPEs), which are expected to go live by 2015.

LOCATION OF THE POWER GENERATION ASSETS IN BRAZIL



Installed Capacity in MW of Eletrobras Companies:

SITUATION ON 31/12/2010	HYDRAULIC*		THERMAL		NUCLEAR		TOTAL*	
	MW	Plants	MW	Plants	MW	Plants	MW	Plants
CGTEE	---	---	840	4	---	---	840	4
Chesf	10,268	14	347	1	---	---	10,615	15
Eletronorte**	8,694	5	490	10	---	---	9,184	15
Eletronuclear	---	---	---	---	1,990	2	1,990	2
Amazonas Energia	277	1	1,860	4	---	---	2,138	5
Furnas**	9,351	15	962	2	---	---	10,313	17
TOTAL	28,590	35	4,499	21	1,990	2	35,080	58

*Not considering 50% of Itaipu (7,000 MW);

** Includes corporate partnerships in the SPEs.

Installed Capacity in MW – SPE Eletrobras Companies

SPE	PLANTS	HYDRAULIC		THERMAL		
		MW	%	Plants	MW	%
Furnas	Peixe Angical	452	40			
	Baguari	140	15			
	Retiro Baixo	82	49			
	Foz do Chapecó	855	40			
	Serra do Facão	213	49.5			
Eletronorte				Serra do Navio	23.3	49
TOTAL		1.742			23.3	

National Installed Capacity - MW

INSTALLED CAPACITY – SITUATION ON 31/12/2010 (MW)						
Companies	UHE	UTE	UTN	(EOL+SOL)	Total	%
Eletrobras System*	28,590	4,500	1,990	---	35,080	28
Itaipu (50%)*	7,000	---	---	---	7,000	6
Other**	45,103	25,186	---	927	71,216	66
Brazil	80,694	29,686	1,990	927	113,297	100

* Data obtained from the Generation Database-BIG of the Aneel and of Eletrobras companies.

**Data obtained from the Aneel (SFG) Report. Installed capacity until 31/12/2010, subtracting the corporate partnerships of Eletrobras companies.

Plants Expected to Start Operating

PLANTS EXPECTED TO START OPERATING					
Company	UHE	MW	Business Op.	Classification	
Furnas	Simplício*	334	Aug/11	Auction 2005	
Furnas	Batalha*	53	May/12	Auction 2005	
Eletrosul	Passo São João*	77	Oct/11	Auction 2005	
Eletrosul	Barra do Rio Chapéu*	15	Sept/11	Authorization	
Eletrosul	São Domingos*	48	Nov/11	Concession	
Eletrosul	Itararé	9	Tbd	Authorization	
Eletrosul	João Borges	19	Tbd	Authorization	
Eletrosul	Pinheiro	10	Tbd	Authorization	
Company	UTE	MW	Business.Op.	Classification	
CGTEE	Candiota III*	350	Jan/11	Concession	
Company	UTN	MW	Business Op.	Classification	
Eletronuclear	Angra III*	1.350	May/15	Concession	
Company	UTE	MW	Business Op.	Classification	
Chesf	Casa Nova	180	Jan/13	LFA 2010	

Source: SFG Reports of the ANEEL of January 2011. * Works related to the PAC.

**THE COMPANIES OF THE ELETROBRAS
SYSTEM INCORPORATED ALMOST 819 KM
OF TRANSMISSION LINES AND 2,568 MVA
IN CAPACITY OF TRANSFORMATION IN
SUBSTATIONS**

Plants Expected to Start Operating in Partnership

Company	UHE	Participation (%)	MW	Business Op.	Classification
Chesf/Eletronorte	Dardanelos*	49	261	Jan/11	Auction 2006
Chesf/Eletrosul	Jirau*	40	3,300	Mar/12	Auction 2008
Eletrosul/Copel	Mauá*	49	361	Sept/11	Auction 2006
Furnas	Santo Antônio*	39	3,150	Dec/11	Auction 2007
Eletrobras/Eletronorte/Chesf	Belo Monte*	49.98	11,233	Jan/15	Auction 2010
Furnas/Eletrosul	Teles Pires	49	1,820	Apr/15	Auction 2010

* Works related to the PAC.

Eolic Plants Expected to Start Operating in Partnership

Company	EOL	Participation (%)	MW	Business Op.	Classification
Eletrosul/Outros	Coxilha Negra V	90	30	Mar/12	LER 2009
Eletrosul/Outros	Coxilha Negra VI	90	30	Mar/12	LER 2009
Eletrosul/Outros	Coxilha Negra VII	90	30	Mar/12	LER 2009
Furnas/Eletronorte	Miassaba 3	49	50.4	Mar/12	LER 2009
Furnas/Eletronorte	Aratuáí	49	14.7	Jul/11	LER 2009
Furnas/Eletronorte	Rei dos Ventos 1	49	48.6	May/11	LER 2009
Furnas/Eletronorte	Rei dos Ventos 3	49	48.6	Nov/12	LER 2009
Eletrobras	Mangue Seco 2	49	25.2	Jun/12	LER 2009
Chesf	Pedra Branca	49.9	28.8	Jan/13	LFA 2010
Chesf	São Pedro do Lago	49.9	28.8	Jan/13	LFA 2010
Chesf	Sete Gameleiras	49.9	28.8	Jan/13	LFA 2010

LER: Reserve Energy Auction and LFA: Alternative Source Auction.

Study Projects to Expand Generation

Besides the plants already conceded/authorized, the Eletrobras System develops study projects of hydroelectric plants, directly or in partnership, with a total of approximately 17,600 MW of installed generating capacity.

Of the indicative hydroelectric plants that are part of the expansion on offer of the Plano Decenal de Expansão de Energia 2019 (PDE 2019 - Decennial Energy Expansion Plan), elaborated by the EPE/MME, the Eletrobras System participates in studies of 16 projects totaling 15,301 MW, which is equivalent to 82% of the capacity of all the indicative hydroelectric plants included in the Plan.



PDE 2019 – Indicative Projects Under Consideration by the Eletrobras System

UHE	MW	Expected to Operate in the PDE
Cachoeira	63	Jan/15
Castelhano	64	Jan/15
Estreito	56	Jan/15
Ribeiro Gonçalves	113	Oct/15
Uruçuí	134	Oct/15
Toricoejo	76	Jan/16
São Luiz do Tapajós	6,133	Nov/16
Mirador	80	Oct/18
Água Limpa	320	Nov/18
Marabá	2,160	Nov/18
Serra Quebrada	1,328	Nov/18
Cachoeira do Caí	802	Jan/19
Cachoeira dos Patos	528	Jan/19
Jamanxim	881	Jan/19
Jardim do Ouro	227	Jan/19
Jatobá	2,336	Jan/19

6.3.2 - Transmission

Expansion of Transmission in 2010

The implementation of the transmission enterprises have been strongly affected due to the long term required for the concession of environmental licenses – Licença Prévia (LP – Preliminary License) and Licença de Instalação (LI – Installation License). Even so, the companies of the Eletrobras System incorporated, in 2010, to the Sistema Interligado Nacional (National Interconnected System – basic network) almost 819 km of transmission lines, 2,568 MVA in

capacity of transformation in substations, as well as 1,000 Mvar of reactive compensation. Additionally, the companies of the Eletrobras System, in partnership with private enterprises, constituting Specific Purpose Enterprises (SPEs), incorporated, in 2010, to the National Interconnected System (basic network) 62.70 Km of transmission lines.

The position at the end of 2010 of the extension in km, of transmission lines of the basic network (tension \geq 230 Kv) of the Eletrobras companies, is presented in the table below:

The extension of transmission lines (km), by voltage range (Kv)

VOLTAGE RANGE (KV)	TRANSMISSION LINES (KM)
750	2.698,00
600	1.612,00
500/525	15.859,32
345	6.220,5
230	25.374,83
Subtotal	51.764,65
Between 230 and 39	6.596,6
TOTAL	58.361,32

Enterprises in Progress

Regarding the enterprises in progress, we highlight the works of transmission connected with the plants on Rio Madeira, whose energizing startup is expected by April 2013. The relevant mark was obtaining the LI of SE Coletora Porto Velho in July 2010 and the inception of the civil works, as well as obtaining the LI of LT 230 kV Coletora Porto Velho / Porto Velho in August 2010. It is also important to stress that the main machines of Rectifier Station no. 1 and of Inverter Station no. 1 have already been contracted and are being manufactured. The lines of direct current, bipolar no. 1 and no. 2, are still in the phase of environmental licensing, whereby the conducting wires and the metallic structures have already been purchased.

In the North region, we would like to point out the concession of environmental licenses (LP and LI) on 08/10/2010 and 11/04/2010, respectively, for enterprise LT 500 kV Oriximiná / Silves / Lechuga, previously called Oriximiná / Itacoatiara / Cariri. Also, in November 2010, with a delay of 10 months in relation to the original timeframe, after being authorized by the environmental agency, activities of mobilization of the worksite were implemented to initiate the construction.

In the Northeast region, most of the enterprises still depend on environmental licenses to begin the construction work.

Auctions of Transmission Lines and Substations

During 2010, the companies of the Eletrobras System participated in 3 auctions of transmission, promoted by the Aneel, competing with national and international investors. The success obtained by the Eletrobras System in auctions shows the strength and competence of the companies, winning 10 of the 20 bids auctioned, comprising a total of 519 km transmission lines, which represent almost 34 % of the total offered (1,511 km). The operation of these enterprises will give the Eletrobras System Allowed Annual Revenues (RAP) of around R\$ 36.09 million, corresponding to its own enterprises. We also

stress the participation in the auctions above of the companies of the Eletrobras System in partnership with private entrepreneurs, which will enable a RAP proportional to the equity share totaling approximately R\$ 1.62 million.

Border Interconnections

The Eletrobras System operates four interconnections with neighboring countries:

Interconnection with Paraguay – composed of four transmission lines that Interconnect the Bi-national hydroelectric power plant of Itaipu to substation Margem Direita, in Paraguay, and to the substation Foz do Iguaçu in Brazil. The energy produced by the Paraguayan sector of the plant can be supplied to Brazil through the direct current transmission system, with a capacity of 6,300 MW, from the substation of Foz to the substation of Ibiúna, in São Paulo.

Interconnection with Uruguay – comprising the frequency converter station of Rivera, with a capacity of 70 MW, and through a transmission line in 230 kV which interconnects the converter to the substation of Livramento, in Brazil.

The Ministries of the areas of energy of Brazil and Uruguay firmed, in July 2006, the Memorandum of Understanding for the energetic integration between the two countries, through the construction of a large interconnection, with a capacity of 500 MW, which consists of the construction of the following enterprises:

On the Brazilian Side:

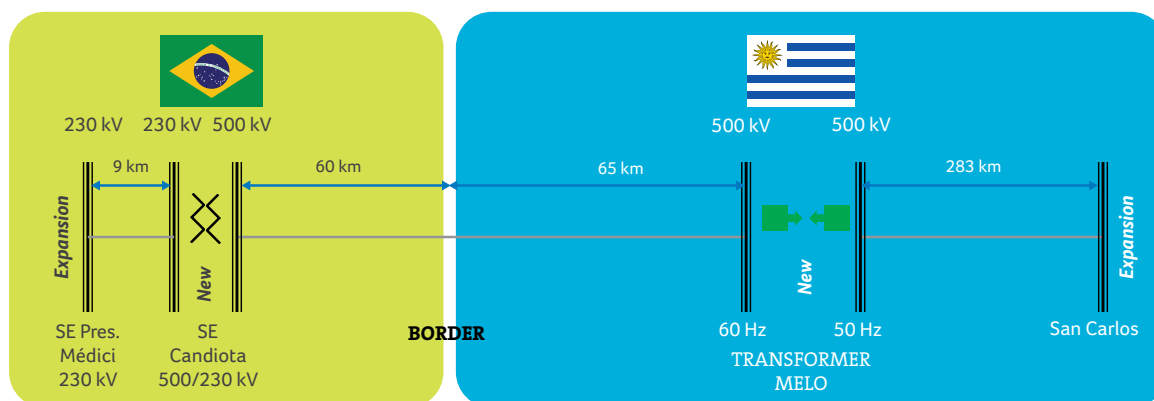
- Expansion of the substation Presidente Médici (an input line of 230kV);
- Construction of a transmission line in 230 kV, with an extension of nine kilometers, between the substation Presidente Médici and substation Candiota;
- Construction of the new substation Candiota 500/230 kV – 672 MVA;

- Construction of a transmission line in 500 kV, with an extension of six hundred kilometers, between substation Candiota and the border with Uruguay.

On the Uruguayan Side:

- Construction of a transmission line in 500 kV, with an extension of 65 kilometers, between the frontier with Brazil and SE Conversora Melo;
- Construction of substation Conversora Melo - 60/50 Hz – 500MW;
- Construction of a transmission line in 500 kV, with an extension of 283 kilometers, between substation Conversora Melo and substation San Carlos;
- Expansion of substation San Carlos.

Below is a plan of the interconnection:



The enterprise on the Brazilian side is under the responsibility of Eletrobras and on the Uruguayan side under the UTE, as defined in contract ECE-554/2010, firmed between Eletrobras and the UTE on March 16, 2010. We would like to stress that this is the first enterprise that will be fully implanted by Eletrobras in the role of owner of the facility, as established in Authorized Resolution of ANEEL no. 2.280/2010 of February 23, 2010.

In 2010, activities were developed related to the elaboration of a Basic Project of the LTs and Substations, as well as projects related to the environmental licensing process. The energizing of the enterprise is expected in February 2013, as stipulated in the contract firmed with the aforementioned UTE.

Interconnection with Argentina – is made through the frequency converter station of Uruguaiiana, situated in Brazil, with a capacity of 50 MW, and a transmission line in 132 kV, which interconnects the substation of Uruguaiiana to the substation of Paso de Los Libres, in Argentina.

Interconnection with Venezuela – is made through a transmission line in 230 kV, with a capacity of 200 MW, which interconnects the city of Boa Vista, in the state of Roraima, to the city of Santa Elena, in Venezuela.

6.3.3 - Distribution

In the distribution business, 2010 was another year covering market expansion and consumption. In this year there were tariff adjustments, increase of commercialized electric energy, effort to combat losses of energy, control of quality indicators of the service (DEC and FEC), actions to reduce default payments and services provided to customers.

ELECTRIC ENERGY DISTRIBUTION COMPANIES (EDS)



Energy distribution in MW, growth and corporate partnerships, compared to the national market

COMPANIES	2010	2009	GROWTH	CORPORATE PARTNERSHIP
Eletrobras System	12,782	11,426	11.9%	3.1%
Brazil	419,016	388,204	7.9%	100%

Tariff Adjustments

The Tariff Adjustment Indexes (IRTs) of Electricity Distribution Companies (EDs) established by the Aneel, in 2010, are found in the table below:

Energy distribution in MW, growth and corporate partnerships, compared to the national market

INDEX OF TARIFF ADJUSTMENT – IRT	ED AMAZONAS	ED ACRE	ED ALAGOAS	ED PIAUÍ	ED RONDÔNIA	ED RORAIMA
Economic IRT	3.22%	16.81%	8.32%	7.45%	17.06%	3.71%
Financial Components	3.64%	0.00%	4.39%	-1.36%	0.00%	-1.86%
Total IRT	6.86%	16.81%	12.71%	6.08%	17.06%	1.86%
Average Captive Consumer Effect	-2.08%	7.42%	6.56%	1.80%	10.60%	1.31%

In the case of ED Rondônia and of ED Acre, the total IRTs would be 22.61% and 21.76%, respectively. To decrease the impact on consumers of the high tariff increases, the financial components of 5.55% and 5.58%, respectively, were deferred. These amounts will be considered as financial components in the adjustments in 2011 corrected by the IGP-M variation.

Commercialization of Electricity

The amount of electricity supplied to the end consumers of all the distribution companies of Eletrobras increased 11.8% in 2010, in comparison to 2009. The highlight was the highest increase of the industrial class – 15.6% – because of the reinstatement of production of the productive activities of many industries after the economic crisis of 2009. The residential and commercial classes also had expressive increases – 13.5% and 11.5% – respectively – due to the significant increase in the number of calls from new consumers, as well as due to the increased income of the workers.

The share of the main classes of consumers in the total consumption practically remained the same in 2010, i.e. residential at 35.5%, industrial at 21.8% and commercial at 20.7%.

Among the companies with the highest share in the commercialization of electricity are ED Amazonas, with 37.4%, and ED Alagoas, with 19.4%. The first, contrary to the others, has a strong share in the consumption of energy in the industrial class, given the importance of the Industrial Center of Manaus, with 34.3% of the total commercialized by this distribution in 2010. Now in ED Alagoas, the residential class corresponded to 36.9% of the total supplied by the distribution.

The distributions with the highest growth in the supply of electricity last year were ED Piauí (17%), ED Rondônia (14.2%) and ED Acre (10.7%), all driven by the highest growth of the residential class. It should be noted that, in the case of ED Piauí, there was an expressive program of regularization of consumers. Now in the case of ED Rondônia, the growth is associated to the large population contingent attracted by the works of the hydroelectric complex on the Madeira river (plants of Jirau and Santo Antônio). Amazonas Energia, ED Alagoas and ED Roraima had lower growths: 10.4%, 9.4% and 8.1%, respectively.

Consolidated Electric Power Supply of Eletrobras companies - (GWh)

CLASS	2010	2009	2008	2007	2006
Residential	4,574	4,030	3,753	3,331	3,146
Commercial	2,662	2,387	2,226	2,009	1,895
Industrial	2,814	2,443	2,628	2,465	2,384
Rural	539	508	490	400	414
Other Classes	2,193	2,159	2,061	1,561	1,718
Total	12,782	11,527	11,158	9,766	9,557

Loss Control

In general, in 2010, the distribution companies of the Eletrobras System presented a reduction of loss percentage levels against the energy injected. Companies ELB Rondônia and ELB Piauí are highlighted as having obtained reductions above two percent.

In 2011, with the resources financed by the World Bank, the project will be extended to the other distribution companies. Involving technological actions and based on telemetering of consumer units with great representation in the invoicing of the company, this project will assist in reducing losses and will contribute towards the shielding of approximately 64% of the revenue of the distribution companies.

Consolidated Electric Power Supply of Eletrobras companies - (GWh)

COMPANIES	TECHNICAL LOSSES		NON-TECHNICAL LOSSES		TOTAL LOSSES	
	2010	2009	2010	2009	2010	2009
ELB Amazonas	2.10%	1.92%	40.30%	40.78%	42.40%	42.70%
ELB Acre	11.87%	12.71%	12.22%	13.49%	24.09%	26.20%
ELB Alagoas	8.42%	8.80%	23.03%	22.54%	31.45%	31.34%
ELB Piauí	12.60%	13.60%	20.91%	21.87%	33.51%	35.47%
ELB Rondônia	10.00%	10.00%	23.99%	21.54%	33.99%	31.54%
ELB Roraima	8.10%	7.62%	8.03%	9.47%	16.13%	17.09%

DEC/FEC

Considering the targets per group of consumers defined by the Aneel, in 2010, none of the companies has been making good progress in meeting the quality of service required by the agency, i.e. more than 60% of the total consumers had their services affected.

Eletrobras Amazonas Energia obtained a DEC index of 72 and a FEC index of 60, exceeding the limit of 58 established by the Aneel for both indexes.

It is important to stress that the significant reductions of these indexes require major investments in the expansion of the electrical system, as well as continuous improvement in the process of preventive maintenance, improvement of substations and distribution systems, which will certainly contribute towards establishing and maintaining the DEC and FEC levels within the values established by the regulating agency.

Interruptions of Supply per Consumer (DEC) -Time/Year

YEAR	ED ACRE	ED ALAGOAS	ED AMAZONAS	ED AMAZONAS	ED PIAUÍ	ED RONDÔNIA	ED RORAIMA
			Capital	Interior			
2009	47	21	52	104	44	34	9
2010	45	20		72	41	32	17

Frequency of Interruptions per Consumer (FEC) - # Interruptions/Year

YEAR	ED ACRE	ED ALAGOAS	ED AMAZONAS	ED AMAZONAS	ED PIAUÍ	ED RONDÔNIA	ED RORAIMA
			Capital	Interior			
2009	42	16	31	107	33	42	21
2010	44	14		60	32	30	22

Default payments

In 2010, there was a decrease of 6.6% in the default nominal stock, resulting in R\$ 1.002 billion against R\$ 1.073 billion, in 2009.

The companies that most contributed towards this reduction were Eletrobras Amazonas Energia (-34.3%), ED Alagoas (-5.5%) and ED Acre (-21.5%). The first obtained a reduction of R\$ 113.4 million of the default stock in comparison to Dec/2009, referring to the write-off of debts which are not likely to be recovered. The second reduced the default stock in approximately R\$ 100 million, using the same write-off procedure, added to a debt negotiation in the industrial sector, to the sum of R\$ 17 million, and a further R\$ 8.5 million as a result of negotiations with 34 city halls and 2 hospitals between the months of July and September 2010. At ED Acre, the reduction was of 21.5%, mainly due to the negotiation with a public service company, to the sum of R\$ 17.6 million and with some city halls, to the sum of R\$ 8.8 million.



All of the distribution companies of Eletrobras are adopting intensive practices to reduce default payments. In this context, to obtain better results in the following year, an Action Plan was devised for 2011, which includes the following actions: define a new model for administrative collection and third party cuts, perform a thorough screening of registered customers, institutionalize the negative entries in the

SPC/Serasa, centralize the cutting management at the HQ in the whole state, install agencies to attend customers in all of the municipal quarters, implant a new outsourced judicial collection process, systematize the negative entries in the Cadin, implement a motivation campaign for own and outsourced employees and promote institutional marketing actions focused on educational campaigns.

Consolidated Default Payments of the Distribution Companies – R\$ thousand

CLASS	2010	2009	2008	2007	2006
Residential	190,321	268,310	245,998	264,616	213,461
Commercial	113,374	127,401	119,962	117,130	101,092
Industrial	194,758	203,013	171,965	150,014	112,289
Rural	60,268	53,365	46,462	40,824	34,107
Government	168,159	162,930	143,700	135,479	123,822
Public Service	221,403	203,979	306,566	372,062	291,974
Public Lighting	54,043	53,922	65,199	35,269	30,075
TOTAL	1,002,326	1,072,920	1,099,852	1,115,394	906,820

Customer Service

In 2010, regarding customer service, the six electricity distribution companies of the Eletrobras System achieved the following marks:

Consolidated Default Payments of the Distribution Companies – R\$ thousand

DESCRIPTION	2010	2009
Total Consumers	3,292,599	3,124,017
Total Municipal Districts Attended	463	464
Number of Serving Positions/Service Stations	351	348
Total Services Provided (Position and Stations)	2,750	2,388
Number of Service Stations	162	131
Total Calls Attended (CTA's)	4,237,033	4,141,506

Electricity Supply (GWh)

COMPANIES	2010	2009	GROWTH (%)	SHARE (%)
Amazonas Energia/Interior	4,716	4,274	10,34	1,1
ED Acre	690	623	10,75	0,2
ED Alagoas	2,503	2,285	9,54	0,6
ED Piauí	2,219	1,897	16,97	0,5
ED Rondônia	2,177	1,907	14,16	0,5
ED Roraima	477	440	8,41	0,1
TOTAL	12,782	11,426	11,9	3,1
BRAZIL	419,016	388,204	7,9	100

6.3.4 - International Enterprises

Eletrobras in its performance trajectory abroad, initiated in 2008, took important steps in 2010, highlighting its focus on South America, Central America and North America and the position of the enterprises in progress at the end of the year.

Strategic Guidelines and Focus of Activities

The internationalization of the Eletrobras System is intended to preserve its relative importance in the sector's global context and to support the increase of its market value. The prospection of new businesses envisages the development of a portfolio of profitable assets, maximizing the use of scale factors and focus on the production of clean energy and transmission of electricity, which are essential competences of the System. With offices in Montevideo, in Lima and in the City of Panama, Eletrobras is studying enterprises in different countries, involving almost 16 thousand MW of hydroelectric generation and 10 thousand km of transmission lines.

In order to support the execution of this strategy, the Superintendence of Operations Abroad, created in 2008, seeks to firm partnership agreements with the national private sector and large international energy

groups, to identify opportunities of joint participation in enterprises abroad. During this period, agreements of technical and corporate cooperation were firming with various companies, such as EDF - Électricité de France, ICE - Instituto Costarricense de Eletricidade, UTE - Administração Nacional de Usinas e Transmissões Elétricas do Uruguai and EDM - Eletricidade de Moçambique.

These agreements seek to carry out joint studies for the implantation of central hydroelectric power plant projects and other renewable plants and electricity transmission lines in South America, Central America and in Africa. If any of the projects become technical and economically feasible, they will be exploited through a Specific Purpose Enterprise (SPE).

In 2010, Eletrobras progressed in its efforts of prospecting opportunities in South America, Central America and North America, also thoroughly examining opportunities of investment in Portuguese-speaking countries in Sub-Saharan Africa. In South America, studies were initiated on the opportunities in projects of hydroelectric generation in Peru, eolic in Uruguay and of transmission in Peru. Currently, three countries present major perspectives of generation projects: Argentina, Uruguay and Peru. In the area of transmission, the Brazil – Uruguay Line is already being implanted on the Uruguayan side.

In Central America, on the other hand, studies are still focused on opportunities of expansion of hydroelectric generation for internal supply to the countries and the export of the excess, and in strengthening the existing transmission system – besides the fact that the region is considered as a doorway for a future North-South integration. The predominant use of fossil fuel for electricity generation in most of these countries creates new perspectives for maximizing the implantation of hydroelectric plants that clean the regional energetic matrix, offering better rates to society.

In North America, the target of Obama's Administration for clean energy generation has been attracting a high volume of investments. In addition, the United States has large systems that are still not interconnected, fostering business opportunities focused on them. Eletrobras is also interested in the possibility of directly monitoring and absorbing technological advances in progress in the North American electrical sector, specifically in the new forms of renewable generation.

Status of the International Enterprises in Progress

Argentina

UHE Garabi (2,000 MW): studies on the inventory of the Uruguay river have been concluded and the process for the preparation of documentation has begun for the development of feasibility studies on the enterprises of Garabi and Panambi. (Eletrobras and EBISA).

Nicaragua

UHE Tumarín (253 MW): SPE CHC is an association 50% of Eletrobras and 50% of Queiroz Galvão, in Panama, and has a wholly-owned subsidiary, SPE CHN, to operate the project. In 2010, the basic project of the plant was concluded and the EPC contracts are in the phase of negotiation, for the sale of energy and Generation License. The project is in the stage of financial structuring and preparation for the various internal and external approvals. Once the confirmation stage is surpassed, the works can be incepted in 2011.

Peru

UHE Inambari (2.000 MW): SPE IGESA is an association with the OAS, where Eletrobras (holding and Furnas) detains 49%, in the development of the project. The studies are expected to be concluded in the first semester of 2011 and the works should begin in 2012.

UHE Paquizapango, UHE Tambo 40, UHE Tambo 60 and UHE Mainique (totaling almost 7,700 MW): the pre-feasibility studies were concluded by the consortium comprising the association of Eletrobras with Odebrecht, Andrade Gutierrez and Engevix. Negotiations are being maintained with the Ministry of Energy and Mines of Peru to assess the possibility of initiating feasibility studies, in the 1st quarter of 2011.

Uruguay

Interconnection Brazil – Uruguay (LT 500 kV – 500 km, where 60 km are on the Brazilian side): Under construction on the Uruguayan side. In Brazil, The basic project and the studies on the environmental impact of the LT were concluded and presented to IBAMA for evaluation and issuing of the Preliminary

License, estimated for mid-2011. The beginning of the works of the LT and SE are expected in early 2012 and the go-live of the commercial operation for 2013.

6.4- Economic-financial analysis

Eletrobras achieved a profit of R\$ 2,247 million in 2010, equivalent to R\$ 1,99 per share. In the same period of 2009 the company profited R\$ 911.5 million, equivalent to R\$ 0,80 per share, which represents a growth of 147% in its annual results.

The net financial revenue, essentially originating from the financing and loans granted, generated a gain of R\$ 2,157 million, representing, however, a drop of 44% in the level of revenues of this nature in relation to the previous year.

In the 12 months of 2010, Eletrobras registered a foreign exchange loss of R\$ 431 million, against R\$ 4,019 million in 2009. In relation to the monetary variations originating from the internal level of price, in 2010 the Company had a gain of R\$ 616 million, while, in 2009, it had a gain of R\$ 356 million.

Consolidated Net Income (Eletrobras and Subsidiaries)

ELETROBRAS COMPANIES

	2010/R\$ MILLION	2009/R\$ MILLION
<i> Holding</i>	2.248	911
Eletronorte	140	585
Eletronuclear	-135	218
Eletropar	23	17
Eletrosul	68	214
Furnas	636	358
CGTEE	41	128
Chesf	2.177	906
Itaipu Binacional	441	670
Amazonas Energia	-1.315	-225
ED Alagoas	-43	34
ED Rondônia	14	-10
ED Piauí	-69	-111
ED Acre	13	-10

The results for 2009 were altered to reflect the modifications of the IFRS and to allow comparisons with 2010.

Operating Revenue

CONSOLIDATED

2010/R\$ MILLION

2009/R\$ MILLION

Eletrobras Holding	4,085	4,666
Eletrobras Furnas	6,835	6,112
Eletrobras Chesf	5,854	4,811
Eletrobras Eletrosul	1,063	953
Eletrobras Eletronorte	4,637	3,644
Eletrobras Eletropar	31	21
Eletrobras Eletronuclear	1,672	1,573
Eletrobras CGTEE	527	190
ED Alagoas	706	695
ED Rondônia	637	659
ED Piauí	851	549
ED Acre	193	198

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Net Operating Revenue - R\$ million

2010

2009

%

Operations with Electricity	25,549	21,935	16.48
Share Participations	670	1,571	-57.37
Other	1,201	1,206	-0.48
TOTAL	27,419	24,712	10.96

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Operating Costs and Expenses

CONSOLIDATED

2010/R\$ MILLION

2009/R\$ MILLION

Eletrobras Holding	3,465	3,650
Eletrobras Furnas	5,802	5,612
Eletrobras Chesf	3,051	3,346
Eletrobras Eletrosul	811	571
Eletrobras Eletronorte	4,126	3,233
Eletrobras Eletropar	6	5
Eletrobras Eletronuclear	1,284	1,155
Eletrobras CGTEE	503	283
ED Alagoas	754	649
ED Rondônia	630	638
ED Piauí	901	595
ED Acre	173	198

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Non-controllable Costs/R\$ million

	2010	2009	%
Electric energy purchased for resale	4,315	3,581	20.49
Use of the grid	1,354	1,263	7.16
Remuneration and reimbursement	1,087	1,188	-8.48
Result to be compensated by Itaipu	441	670	-34.14
TOTAL (1)	7,197	6,703	7.38

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Controllable Costs/R\$ million

	2010	2009	%
Personnel, material and services	7,371	6,486	13.64
Fuel for the production of electricity	744	756	-1.66
PASEP and COFINS	1,711	1,532	11.73
Depreciation and amortization	1,592	1,624	-1.96
Operating provisions	1,530	2,140	-28.54
Donations and contributions	261	238	9.68
Construction	2,953	1,724	71.32
Other	1,359	989	37.46
TOTAL (2)	17,522	15,490	13.12
GRAND TOTAL	24,719	22,192	11.39

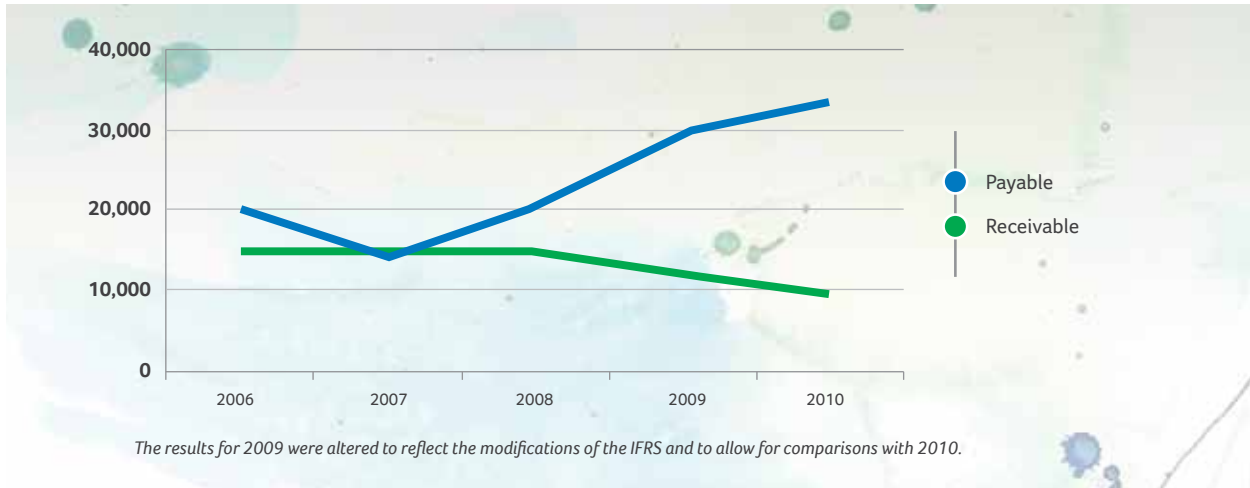
The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Revenue per Business Sector

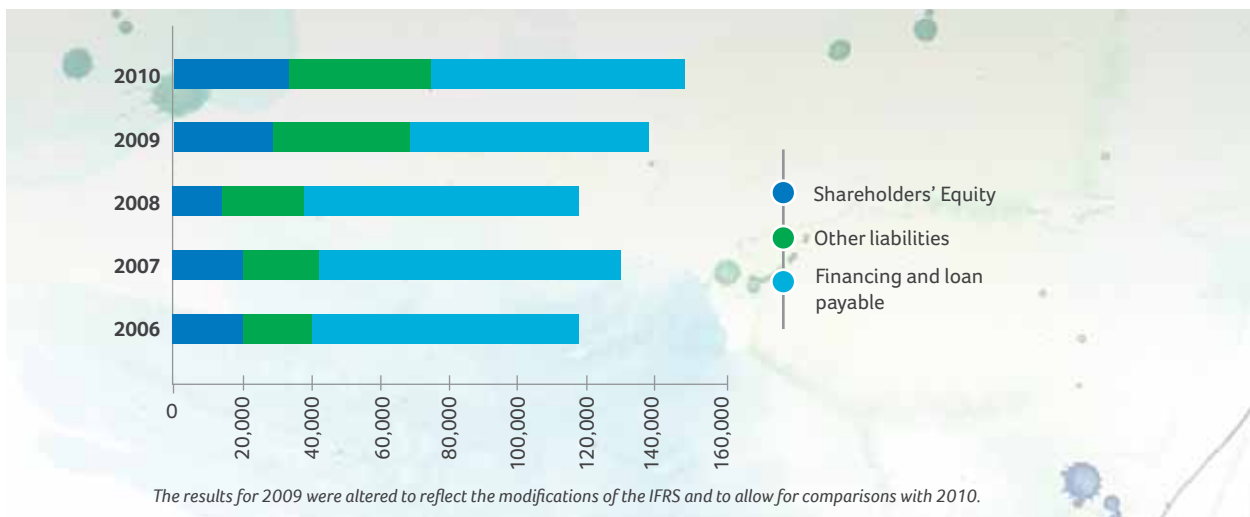
CONSOLIDATED	2010/R\$ MILLION	2009/R\$ MILLION
Generation	18.016	16.041
Transmission	5.833	4.589
Distribution	2.913	2.498
Other	657	1.584

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

CONSOLIDATED STRUCTURE OF CAPITAL AND INDEBTEDNESS



INDEBTEDNESS – R\$ MILLION



Financing Flow – R\$ million

	2012	2013	2014	2015	AFTER 2015
Indebtedness	456	566	713	1,586	27,949

Financing and Loans Granted to the Subsidiaries

ELETROBRAS COMPANIES:	BALANCE ON 31/12/2010 (R\$ MILLION)	BALANCE ON 31/12/2009 (R\$ MILLION)
CGTEE	922	782
Chesf	156	254
Eletronorte	3,819	3,458
Eletronuclear	607	3,114
Eletrosul	780	670
Furnas	1,914	1,342
Itaipu	11,343	12,970
ED Alagoas	209	117
ED Rondônia	109	100
ED Piauí	355	316
ED Acre	65	25
Amazonas Energia	517	366

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Primary Results

On December 30, 2010, Law no. 12,377 was sanctioned altering article 2 and annex IV of Law no. 12.017, of August 12, 2009, which provisions on the guidelines for the elaboration and execution of the Budget Law for 2010, and article 2 and annex III of Law no. 12.309, of August 9, 2010, which provisions on the guidelines for the elaboration and execution of the Budget Law for 2011. This way, the Eletrobras companies were excluded from the primary results for 2010 and 2011.

Fund-raising

Eletrobras concluded, in November 2010, the contract of a loan syndication, of US\$ 500 million, in the A/B Loan modality, with Corporación Andina de Fomento (CAF) and the banks BBVA, HSBC, Santander, Sumitomo Mitsui Banking Corporation and Bank of Tokyo-Mitsubishi. The operation was structured so that Part A, of US\$ 125 million, remained under the responsibility of CAF, while Part B, of US\$ 375 million, was contributed by a syndication comprising the five banks mentioned above. The loan in the A/B Loan modality presented a liquidation term of 10 years for Part A and of 7 years for Part B.

The resources obtained will compose the Financing Fund for the Subsidiaries (FFC). The Fund was created in 2007, to provide the resources necessary to fund the investment program of the Eletrobras System. During 2010, continuity was given to the negotiations of a loan agreement with Kreditanstalt für Wiederaufbau (KfW), to the sum of € 24 million, endorsed by the Federal Government.

Also, in 2010, continuity was given to establishing a loan agreement with Bird, whose resource will be for the Investment Program in Distribution Companies of Eletrobras – Projeto Energia + (Energy + Project). Approval was obtained from the Federal Senate, according to the terms of Resolution no. 58, of November 2010, for a loan agreement, to the sum of US\$ 495 million, endorsed by the Federal Government.

Negotiations with the French Development Agency (AFD) are in progress, with the possibility of a loan operation agreement. The AFD formalized a financing proposal to the sum of US\$ 134 million to Eletrobras, not endorsed by the Federal Government, for the funding of projects related to renewable energies and energetic efficiency.



The resources obtained are for the Financing Fund for the Subsidiaries (FFC) and then are used as funding for projects that are eligible by the selection criteria of the AFD. The agency agrees in financing the contribution of capital in projects of renewable energies, transmission lines and substations.

Thus, after the approvals of the Executive Board and of the Board of Directors, the mandates began with competent agencies, like the Secretaria de Assuntos Internacionais (Seain - Office for International Affairs) and the National Treasury Secretariat (STN). At the same time, a study is being made of the contractual instrument between Eletrobras and the AFD. The contract is pending authorization from the STN.

Governmental authorizations are being obtained for Eletrobras to contract foreign funding, for the acquisition of foreign equipment for the plant of Angra 3, under construction. External funding will be obtained by Eletrobras, and the endorsement of the Federal Government for this operation is being negotiated.

IN 2010, WAS ESTABLISHED A LOAN AGREEMENT WITH BIRD, WHOSE RESOURCES WILL BE USED IN ELETROBRAS'S DISTRIBUTION COMPANIES – ENERGY + PROJECT

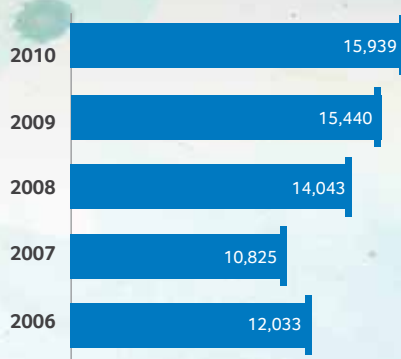
Consolidated Added Value

DISTRIBUTION OF THE ADDED VALUE %

	2010	2009
Third Parties	25%	52%
Shareholders	16%	4%
Personnel	32%	32%
Government	27%	12%

The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

ADDED VALUE – R\$ MILLION



The results for 2009 were altered to reflect the modifications of the IFRS and to allow for comparisons with 2010.

Mandatory Lending

The mandatory lending, instituted by Law 4.156/1962, with the purpose of generating resources for the expansion of the Brazilian electrical sector, was charged and collected from various types of consumers in the first phase. But, with the advent of Decree-Law 1.512/1976, this is charged and collected only from industrial consumers with a monthly consumption above 2,000 kWh. These collections were made on the electrical energy bills issued by the electricity distribution companies. The annual sum of these contributions, as per 1977, constituted book-entry, nominal and non-transferrable credit, always on January 1st of the year after the collection iden-

tified by the Código de Identificação do Contribuinte do Empréstimo Compulsório (CICE - Taxpayer Compulsory Loan Identification Code).

Giving continuity to the policy of shareholder relations originating from the capitalization of compulsory lending credits, in 2010, Eletrobras implanted, in the book-entry system of Banco Bradesco S.A., the sum of 976,439 class “B” preferred shares, which were evaluated, in December 2010, at the market value of R\$ 26.129.507,64. Then, they were sent to the electricity distribution companies, to be transferred to the industrial consumers, the sum of R\$ 4.454.640,58 related to the interest correction of compulsory lending credits.





ENVIRONMENTAL PERFORMANCE

ONCE IDENTIFIED, THE ENVIRONMENTAL IMPACTS GENERATE PROGRAMS, PROJECTS AND INITIATIVES OF MONITORING AND MITIGATION DEVELOPED BY EACH COMPANY, ACCORDING TO THE REGION, SOCIAL AND ENVIRONMENTAL ASPECTS, AND IN ORDER TO MEET THE LEGAL REQUIREMENTS.

In 2010, Eletrobras invested R\$ 204.877 million in the management of its environmental impacts.

7. Environmental Performance

To meet the requirements of the strategic reorganization and repositioning process that consecrated the concept of sustainability in the mission, vision and values of the Eletrobras System, it was necessary to create mechanisms that enabled the coordinated action of all these companies. The most relevant mechanism was, without doubt, the establishment of a unified Environmental Policy.

Policy and management instruments

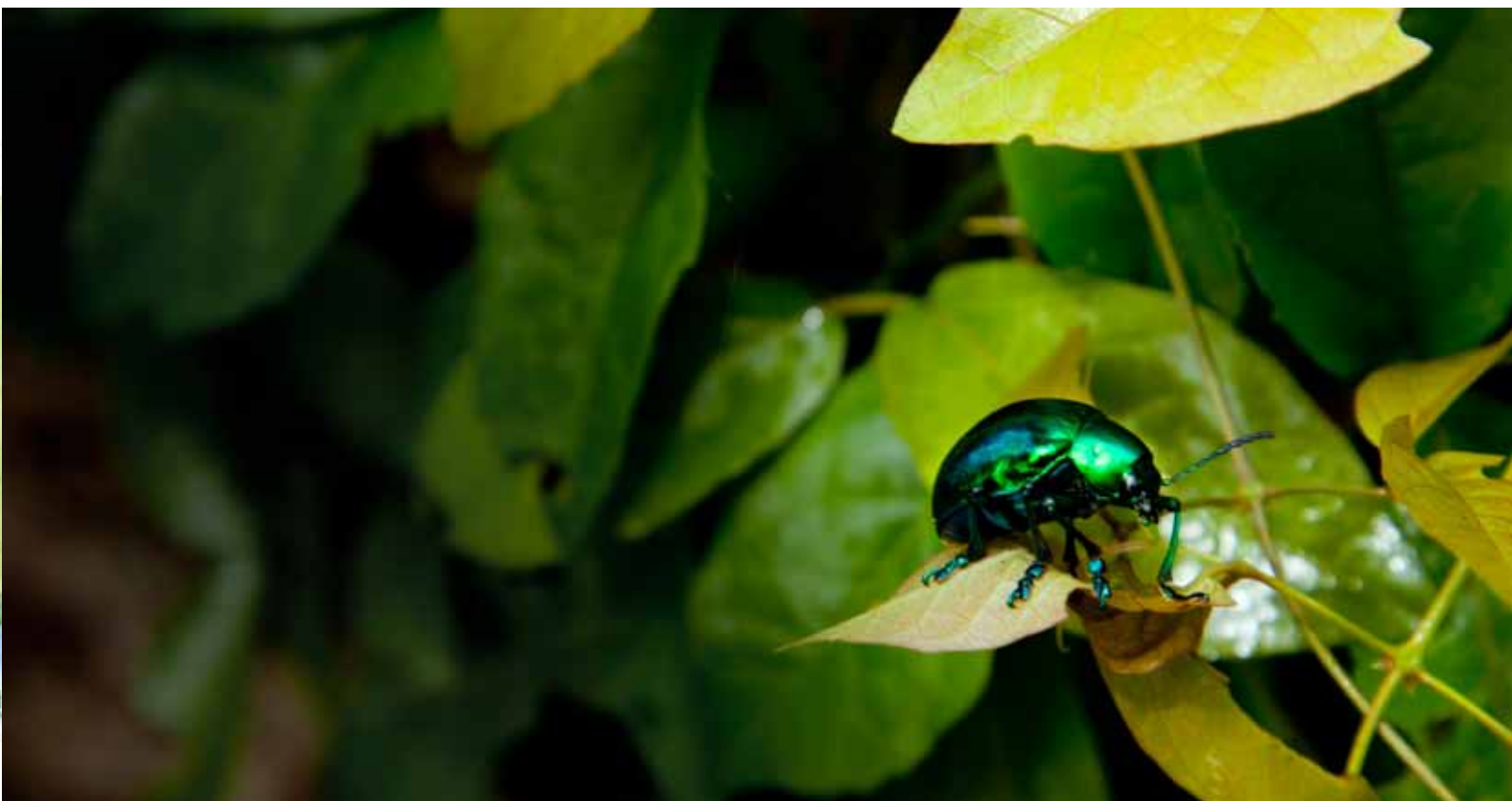
The review process of the Environmental Policy of the Eletrobras companies was one of the most relevant events in 2010, which contemplated not only the updating of the environmental policy of the holding, but also the unification of the environmental policies of all the subsidiaries. The current Environmental Policy reaffirms the principles that summarize the essence of the environmental commitment of the system. They are:

- Principle of internal articulation;
- Principle of external articulation;
- Principle of relations with society;
- Principle of sustainable use of energetic resources;
- Principle of scientific and technological development;
- Principle of environmental management.

Impact management

The actions of the Eletrobras System related to the environment are guided by the Brazilian legislation, the Environmental Master Plan of the Electrical Sector, the Environmental Policy of Eletrobras companies and international compacts in which Brazil is signatory.





Fulfilling the legislation, all of the new energy enterprises identify and evaluate potential environmental impacts, elaborating their EIA and respective Rima.

In the EIA, the environmental impacts are identified and actions of mitigation, control, monitoring and compensation are proposed. In compliance with the process of environmental licensing, after the Preliminary License, the companies elaborate Basic Environmental Plans, which complement, deepen and detail the socio-environmental impact of the EIA at a compatible level with the engineering elements of the project.

The enterprises of Eletrobras are situated in various locations in Brazil, which implies dealing with dif-

ferent social and environmental realities. Enterprises previous to the application of the Environmental Legislation are also contemplated by environmental actions using the same principles and practices.

The management measures of the main impacts originating from activities of Eletrobras are adapted to these specific realities. Once identified, the environmental impacts give rise to programs, projects and initiatives of monitoring and mitigation developed by each company, according to the Brazilian region, the social and environmental aspects and in meeting the legal requirements. In 2010, Eletrobras invested R\$ 204.877 million in the management of its environmental impacts.

Investments and expenses with the management of environmental impacts (R\$ million)

DESCRIPTION	VALUE
Maintenance in operating processes to improve the environment	110,747
Preservation and/or recovery of degraded environments	55,047
Environmental education for the community	2,771
Other environmental projects	32,336
Environmental liabilities and contingencies	3,976
TOTAL	204,877



SOCIAL PERFORMANCE

ONE OF THE MAIN FOCUSES OF THE ELETROBRAS SYSTEM, IN TERMS OF SOCIAL RESPONSIBILITY, IS TO DEVELOP COMPLEMENTARY ACTIONS TO THE RURAL ELECTRIFICATION PROGRAM.

In order to foster the efficient use of electricity as means to develop less-favored communities.



8. Social Performance

8.1 - Human Resources

The Eletrobras System currently counts on 28,479 employees, distributed in all the regions of Brazil.

Total employees, per region

REGION	EMPLOYEES	SHARE
North	5,313	19%
Northeast	8,574	30%
Center-West	2,413	8%
Southeast	8,293	29%
South	3,886	14%
TOTAL	28,479	100%

In 2010, the Eletrobras companies recorded 1,346 admissions and 731 dismissals. Most of the dismissals were motivated through retirement or request to leave, totaling a low turnover rate of 2.59%.

2010 was marked by important advances in the corporate management of people in the Eletrobras System, among which is the publication of the People Management Policy, whose programs work in an articulated and complementary manner, envisaging a workplace ruled by meritocracy. Other initiatives can also be highlighted.

- **Career and Remuneration Plan (PCR)**

In 2010, the PCR was implanted in the Eletrobras companies*. It unified the career policies and guidelines, roles and compensation and defined the general competences for the comprehensive

roles and managerial and advisory skills. Its elaboration counted on the participation of representatives of all the companies, and there was ample negotiation with employees, managers and trade unions, resulting in a voluntary adhesion of 97% of the employees.

- **Performance Management System (SGD)**

SGD is a management mechanism, focused on competences and results, which allows the Eletrobras* companies to develop and administrate their employees strategically, channeling efforts to achieve objectives and results, which guarantee profitability, sustainability, competitiveness and generation of value. Tested in the holding, at pilot level, the SGD continues to be implanted in the Eletrobras companies – this way, the stages of planning, monitoring,

*Due to its regime of differentiated governance, established by the international treaty, Itaipu Binacional did not participate.

evaluation and development will occur simultaneously in the companies of the system.

The companies that already possessed a system of performance evaluation maintained its analyses in 2010 and, at the same time, participated in the integration planning by the SGD.

- **Professional Development Plan**

With the objective of modernizing and unifying the people management policies and practices in all of the Eletrobras* companies, based on contemporary theories and concepts and best practices adopted by world class companies, Eletrobras, as per January 2010, established as a premise the integrated and cooperative performance of the group of companies of the system, in line with the strategic purposes of integration, competitiveness and profitability.

This model comprises Unise and fifteen associated units of Corporate Education Units, corresponding to each one of the companies, with the purpose of fostering the development of all the employees in the competences required.

As bases for the operation of this model, Corporate Education Policies and an educational model were defined, which envisage guidelines for planning, execution, monitoring and evaluation of educational actions. In addition, the Corporate Education Committee was constituted in the scope of governance of Unise, with representation of all the companies, seeking to ensure an integrated and cooperative performance, and completely in line with the strategic purposes of integration, competitiveness and profitability of the system.

The structure of Unise comprises five schools, which reflect the strategic guidelines of the Eletrobras System, especially highlighting the Escola de Responsabilidade Social Corporativa (School of Corporate Social Responsibility), whose objective is to disseminate values and develop the culture of the Eletrobras System based on the principles of sustainability.

Unise is responsible for the actions giving support to the strategies of the Eletrobras System, destined:

- for the development of the general competences defined in the PCR;
- for the development of leadership teams in the Eletrobras System;
- for the development of the technical, critical and management competences for the Eletrobras System;
- for the dissemination of culture and values of the Eletrobras System.

Indicators of the University of the Eletrobras Systems (Unise) in 2010
PROGRAMS

STUDENTS

INVESTMENT

52

2,120

R\$ 9 million

Annual volume of training offered by the University of the Eletrobras System (Unise)

ROLE	TIMEFRAME (H)	AVERAGE PER PARTICIPANT (H)
Managerial	52,686	124
With university degree	127,106	138
Without university degree	8,546	67
TOTAL	188,338	110

The Corporate Education Units of the companies develop the specific competences for each of them, to ensure the availability of specialized professionals as required in their processes.

Annual training volume offered

ROLE	TIMEFRAME (H) ¹	AVERAGE PER EMPLOYEE (H) ²
Managerial	93,810	69
At university level	313,721	59
At high school level	441,894	45
TOTAL	849,425	51

¹ The following Eletrobras companies were considered: CGTEE, Chesf, Eletronuclear, Eletrosul, Furnas, Itaipu Binacional, Distribuição Rondônia, and Eletrobras holding.

² Eletrobras Cepel only responded to the item related to managerial roles.

Health and safety in the workplace

The Workplace Health and Safety Policy prioritizes the occupational health and safety of the employees, focusing on prevention, meeting of legal requirements, fostering the continuous improvement in management and to reduce accidents and events related to their health.

In the Eletrobras companies, health and safety in the workplace are treated through policies and practices that contemplate the specificities of the electrical sector. Training and guidelines are given promptly to all employees and other collaborators in order to reduce accidents and events related to health. Themes concerning occupational health and safety are covered by formal agreements with trade unions covering the peculiarities of each company.

The Eletrobras companies began to implement the Health and Safety Management System. Its objective is to provide the organization of the elements of an efficient occupational health and safety system, liable to integrate other management requisites, in order to assist them in achieving their objectives.

The Internal Accident Prevention Committee (Cipa), present in various units, performs a relevant role in performing activities of health and safety in the workplace in the Eletrobras companies, in accordance with the Brazilian labor law. More than 75% of the employees are represented by formal committees of health and safety.

8.2 - Diversity and Gender

Diversity

Due to its judicial nature and observance of universal principals of equality and impersonality that determine the hiring through public contest, the Eletrobras System has been studying the adoption of affirmative policies as alternatives of giving minority groups access to their processes of recruitment and selection. The valuation of diversity in its staff is treated in guidelines that ensure rights like accessibility. The right to the benefits of a health plan valid for spouses of heterosexual employees is extended to homo-affective partners and incorporated to the collective bargaining agreements in all companies of the system.

Gender

The Eletrobras companies integrate the Permanent Committee for Questions of Gender of the Ministry of Mines and Energy and Associated Companies. Its

organizational structure has Gender Committees, whose objective is to propose actions and implement practices that ensure equal opportunities to men and women in the workplace. In 2010, the companies of the system received the Selo Pró-Equidade de Gênero (Pro-Gender Equity Seal), in its third edition, an initiative of the Secretaria de Políticas para as Mulheres da Presidência da República (Presidency of the Republic's Policies for Women Secretariat) in partnership with UN Women and the OIT.

8.3 - Child labor and Working Conditions

All of the contracts of the Eletrobras companies have a clause establishing the adhesion of the hired employee to the commitment of the Eletrobras System to refuse child labor practices, sexual abuse and exploitation of children and teenagers, forced labor or in degrading conditions, as well as any form of



physical, sexual, moral or psychological violence, as established in item 3.2 of its Code of Ethics. In all the contracts there is also an obligation clause that determines that the hired company, during the execution of the contract, is fully qualified for recruitment.

Regarding child labor, all of the suppliers should present, as a requisite for accreditation, a declaration that they do not make use of child labor among staff members, in accordance with the terms of Law 8666/93, art. 27, paragraph V, complying with paragraph XXXIII of art. 7 of the Federal Constitution. Monitoring of this requisite is still not a practice adopted by all of the Eletrobras companies.

In the case of whistle blowing or identification of any occurrences, the matter is treated by the ethics committees of the Eletrobras companies, directly associated to the holding's presidential board, which is responsible for analyzing and forwarding the complaints adequately regarding claims based on ethics of any nature, related to all the Stakeholder groups.

The procedures of response to risks and situations of emergency vary according to the characteristics of each business and of the dangers related to the operations and technologies used. The nuclear plants, for example, have specific plans to deal with emergency situations, according to the international security standards. In hydroelectric plants, plans are used envisaging the safety of dams, control of overflows and communication with the neighborhood in case of emergency.

8.4 - Social Projects in the area of Employment and income

One of the main focuses of performance of the Eletrobras System, in terms of social responsibility, is the development of complementary actions to the programs of rural electrification, in order to foster the efficient use of electricity as a vector of induction and development of the less-favored communities. For such, Eletrobras promotes the implementation of Centros Comunitários de Produção (CCP – Community Production Centers) constituting a group of machines and equipment for the processing, melioration, conservation or storage of products – the products produced with the assistance of this equipment have a substantially higher commercialization value, compared to in natura or handmade products.

In 2010, CCP Santo Antônio do Rio Preto was inaugurated in Minas Gerais – focused on women, it is equipped with machinery for the manufacture of clothes and articles of clothing in a faction regime. In the same year, more than seven agreements were made for the implementation of 12 new CCPs in different states of Brazil, an initiative that has resulted in opportunities of employment and income to several rural regions of the country.

The Eletrobras System also supports third party projects that are destined prioritarily to create jobs, income, education and professional

education to young people and adults. These projects explore themes like gender; racial equality; traditional and rural communities; human rights and fight against discrimination; guarantee of child and teenager rights; family agriculture; promotion of citizenship; and environmental education.

8.5 - Support and Sponsorships

The investment in support and sponsorships is part of the corporate practices of the Eletrobras companies. The 2010 mark was the creation of the Sponsorship Policy, which establishes guidelines for the financial support of all the companies of the system for cultural, socio-environmental, sports, educational and technical-scientific projects.

Investment in support and sponsorships, per area

AREA	VALUE
Culture ¹	35.724.486,24
Sports (incentivized) ²	1.241.735,29
TOTAL	36.966.221,53

¹ The following Eletrobras companies were considered: Chesf, Eletronorte, Eletronuclear, Eletrosul, Furnas and Eletrobras holding

² The following Eletrobras companies were considered: Eletronorte, Eletronuclear, Eletrosul and Eletrobras holding.

Culture

In 2010, the first unified notice of public calls of projects for the cultural program of all the Eletrobras companies, to the sum of R\$ 15 million. 27 projects of theatrical production were selected, seven theater festivals, four cinema productions, seven cinema festival projects and 17 projects in the scope of immaterial cultural heritage. Among the projects supported through direct selection, the main highlight was the conclusion of the refurbishment and re-inauguration of the Municipal Theater of Rio de Janeiro.

Sports

The projects related to sports are assessed by their potential return-on-media and image identity. The championships of the Central Única das Favelas (Cufa) have given Eletrobras an excellent return-on-image, expanding its identification with Brazilian basketball.

Eletrobras has an exclusive sponsorship contract with the male and female basketball teams of the Brazilian Basketball Confederation, sponsoring:

- National Basketball League (Brazilian Adult Male Basketball Championship);
- Brazilian Masters Basketball Federation (World Masters Basketball Championship);
- Central Única das Favelas (Cufa – Brazilian Street Basketball League);
- Brazilian Wheelchair Basketball Federation (regional wheelchair championships).

Eletrobras is also the official sponsor of Vasco da Gama, in the modalities of soccer, rowing and Paralympics sports and, supports projects of social responsibility of the club focused on professional qualification and sports initiation.

CREDITS

The elaboration process of the 2010 Eletrobras Annual Report has the participation of employees in data collection and information gathering relating to operational, economic, social and environmental aspects.

General Coordination

General Coordination by presidency

Publication

Communications and Press Relations Office

Technical coordination and consolidation of information

General Coordination by presidency

Redaction

General Coordination by presidency

Graphic design and layout

I Gráficos Comunicação and Design

Illustrations

Ayssa



IMAGES

PAGE 25

Photo: Alexandre Marchetti - Stock Photos: Itaipu Binacional

PAGE 30

Project efficient home – Stock Photos: Eletrobras Eletrosul

Photo: Anísio Borges

PAGE 41

Proinfa Alternative Energy Source Incentive Program

Wind turbines of Wind Power Plant Volta do Rio, in Ceará

Photo: Jorge Coelho - Stock Photos: Eletrobras

PAGE 47

UHE Santo Antonio – Construction DP Vertedouro with 24 turbines and 15 valves

Photo: José Lins - Stock Photos: Eletrobras Furnas

PAGE 51

Operations Center by Eletrobras Eletrosul

Photo: Anísio Borges - Stock Photos: Eletrobras Eletrosul

PAGE 68

UHE Mascarenhas de Moraes

Photo: Eletrobras Furnas

PAGE 76

Photo: Caio Coronel - Stock Photos: Itaipu Binacional

PAGE 81

Photo: AlexandreMarchetti - Stock Photos: Itaipu Binacional

PAGE 87

Social Project Núcleos de Sinfônicos by Campos

Photo:Jorge Coelho - Stock Photos: Eletrobras



The 2010 Eletrobras Annual Report is available online:
www.eletobras.com.

Eletobras - Centrais Eléctricas Brasileiras
Av. Presidente Vargas, 409 / 13º andar • Rio de Janeiro/RJ •
CEP 20071-003
www.eletobras.com





Eletrobras

Ministério das
Minas e Energia

GOVERNO FEDERAL
BRASIL
PAÍS RICO É PAÍS SEM POBREZA

