Formulário de Referência

Data base: December 31, 2009
Filling Date: June 30, 2010

WEG. S.A.

In accordance to Annex 24 of "Instrução" number 480 from Comissão de Valores Mobiliários ("CVM") of December 7, 2009 ("Instruction")

Identification	WEG SA, a corporation, registered with CNPJ / MF under No. 84.429.695/0001-11, with its articles of incorporation filed with the Board of Trade of the State of Santa Catarina (JUCESC") under NIRE 42300012203, registered as a public company with the CVM under number 541-0 ("Company" or "WEG").
Headquarters	Company headquarters are located in the city of Jaragua do Sul, Santa Catarina, Av Prefeito Waldemar Grubba, 3300, Centro, Jaragua do Sul, Santa Catarina, Brazil, CEP 89256-900
Date of registration of the Company at the CVM as a public company	February 9, 1982
Investor Relations Officer	Investor Relations Officer is based on the city of Jaragua do Sul, Santa Catarina, Av Prefeito Waldemar Grubba, 3300, Centro, CEP 89256-900. The responsible officer Is Mr. Laurence Beltrão Gomes. The phone's Investor Relations Department is (55 ** 47) 3276-6973 and email is ri@weg.net
Company's Independent Accountants	Ernst & Young Auditores Independentes S/S
Securities Issued	Common shares listed on the BM&F Bovespa SA - Stock, Commodities and Futures Exchange ("BM&FBovespa") under the symbol "WEGE3".
Newspapers in which the Company publishes information	The announcements determined by Law 6.404 of December 15, 1976, as amended ("Law Corporation") are published in the Diario Oficial ("official gazette") of the State of Santa Catarina, and in the newspapers "Valor Econômico" and "O Correio do Povo."
Website	The website of the Company is http://www.weg.net/br. The information contained in the page on the World Wide Web (Internet website) of the Company are not part of this "Formulário de Referencia."
Additional Information	Any other information or clarification about the Company may be obtained from the Company at its office or through the Site (http://www.weg.net/br).

1. IDENTIFICATION OF THE PERSONS RESPONSIBLE FOR THE CONTENT OF THIS FORM

1.1. Representation by the CEO and the Investor Relations Officer

HARRY SCHMELZER JUNIOR, CEO of the Company, and **LAURENCE BELTRÃO GOMES**, Investor Relations Officer of the Company, hereby represent that:

a) they have reviewed this Reference Form;

b) all the information included herein complies with the terms of CVM Instruction No. 480, of December 7, 2009, especially its articles 14 to 19; and

c) this set of information represents a true, accurate and complete view of the Company's economic and financial condition, the risks underlying its activities and the securities issued thereby.

2. AUDITORS

2.1. Regarding the Independent Auditors:

	a) **As of 12/31/09**	b) **As of 12/31/08**
a) Corporate Name:	Ernst & Young Auditores Independentes S.S.	Ernst & Young Auditores Independentes S.S.
b) Name of person in charge:	Marcos Antonio Quintanilha	Marcos Antonio Quintanilha
CPF (National Register of Individuals):	006.840.298-80	006.840.298-80
Telephone no.:	(5547) 2123-7600	(5547) 2123-7600
e-mail:	marcos.a.quintanilha@br.ey.com	Marcos.A.Quintanilha@br.ey.com
c) Date of engagement:	3/31/2009	3/30/2008
d) Description of services:	Financial statement audit	Financial statement audit
e) Auditor replacement:		
(i) Reason for replacement	N/A	Pursuant to article 31 of CVM Instruction No. 308/99
(ii) Auditors' explanations, if any, contesting the issuer's reason for their replacement	N/A	N/A

c) As of 12/31/07

a) Corporate Name:	KPMG Auditores Independentes S.S.
b) Name of person in charge:	Pedro Jaime Cervatti
CPF (National Register of Individuals):	655.644.058-20
e-mail:	pcervatti@kpmg.com.br
c) Date of engagement:	18/12/2006
d) Description of services:	Financial statement audit
e) Auditor replacement:	
(i) Reason for replacement	N/A
(ii) Auditors' explanations, if any, contesting the issuer's reason for their replacement	N/A

2.2. Inform of the total amount of independent auditors' fees paid in the last fiscal year, broken down into audit services and non-audit services.

Total consideration paid to Ernst & Young Auditores Independentes S.S. for services regarding the 2009 financial statement audit was R$ 275 thousand.

The Company does not retain independent auditors to provide consulting or non-external audit services.

2.3. Provide other information that the issuer may deem relevant.

Upon engaging external audit services, the Company remains independent from these auditors. Thus, we seek to eliminate any potential conflicts of interest, whether actual or perceived.

3. SELECT FINANCIAL INFORMATION

3.1. Based on the financial statements, or where the issuer must report consolidated financial information, based on the consolidated financial statements, prepare a table showing:

In thousands of R$

	12/31/09	12/31/08	12/31/07
a) Net Equity	2,362,787	2,178,580	1,829,174
b) Total Assets	5,373,607	5,772,774	4,873,845
c) Net Revenue	4,210,620	4,502,041	3,749,177
d) Gross Income	1,352,565	1,568,110	1,395,682
e) Net Income	548,392	560,401	574,984
f) Number of Shares, excluding treasury shares	620,905,029	617,626,729	617,626,729
g) Book Value of Share *(in R$)*	3.81	3.53	2.96
h) Net earnings per Share *(in R$)*	0.88	0.91	0.93
i) Other select accounting information	N/A	N/A	N/A

3.2. If the issuer disclosed over the previous fiscal year, or would like to disclose in this form, non-accounting measurements such as EBITDA (earnings before interest, taxes, depreciation and amortization) and EBIT (earnings before interest and taxes), the issuer must:

a) Inform of the amount of non-accounting measurements,

The Company's EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated pursuant to the terms of CVM/SNC/SEP Circular Letter No. 01/2007. The amounts are shown on the table below.

b) reconcile the amounts reported and the amounts resulting from the audited financial statements.

In thousands of R$

	12/31/09	12/31/08	12/31/07
(=) Gross Operating Income	**1,352,566**	**1,568,111**	**1,395,683**
(-) Selling Expenses	(408,318)	(403,220)	(333,313)
(-) General and Administrative Expenses	(226,072)	(249,176)	(203,077)
(-) Profit Sharing	(76,640)	(86,246)	(86,634)
(+) Depreciation/Amortization	195,888	196,624	150,530
(=) EBITDA	**837,424**	**1,026,093**	**923,189**

c) explain why this measurement is more appropriate for a correct understanding of the Company's financial position and results of operations.

The Company believes that EBITDA represents supplementary information that may, in some cases, help more thoroughly understand its financial and economic condition. EBITDA is traditionally used by financial analysts as a rough measure, yet imperfect, of an entity's ability to generate cash. The Company does not recommend that EBITDA be used separately from other information included in its financial statements, nor does it believe that EBITDA is, in itself the most appropriate measure to understand its financial position and the results of its operations.

3.3. Identify and comment on any event subsequent to the latest year-end financial statements that may substantially impact them.

Authorization to prepare the individual and consolidated financial statements was given at the Board Meeting held on February 4, 2010, and no event subsequent to this date was identified that should have been informed.

3.4. Describe the policy on allocation of net income for the last three fiscal years, indicating:

a) Rules on retained earnings.

According to the Company's bylaws, after the deductions established in article 189 of the Brazilian Corporate Law and after the deduction, limited to 10% (ten percent) of net income, of management profit sharing (article 190 of Corporate Law), net income for the year will be allocated as follows:

(i) 5% (five per cent) to the legal reserve, not exceeding 20% (twenty per cent) of total capital;

(ii) an amount, when necessary and properly justified by management, to the provision for contingencies and to the unrealized earnings reserve, as legally determined;

(iii) Retained earnings, when properly justified by management, to finance the capital budget approved by the General Meeting and reviewed annually;

(iv) any balance remaining after the above deductions shall be distributed to the shareholders in the form of dividends.

b) Rules on dividend distribution.

In accordance with article 38 of the Company's bylaws, a minimum 25% (twenty five percent) of net income adjusted pursuant to article 202 of the Corporate Law will be distributed as dividends and / or interest on equity, in the form of Law No. 9249/95, allocated to dividends.

c) Periodicity of dividend distribution.

It is Company policy to declare interest on equity on a quarterly basis and dividends on a half-yearly basis, with half year payments.

d) Any dividend distribution limitations imposed by law or special regulations applying to the issuer, or otherwise prescribed by contract or by administrative, judicial or arbitral decisions

N/A.

3.5. In table form, indicate, for each of the last three fiscal years:

In thousands of R$

		2009	2008	2007
a)	net income, adjusted for purposes of dividend distribution	520,972	532,381	546,235
b)	distributed dividends, segregated into interest on equity, mandatory dividends and preemptive dividends, fixed and minimum			
	- Interest on equity	101,727	113,353	98,093
	- Dividends	198,312	187,758	200,729
c)	ratio of distributed dividends to adjusted net income	57.6%	56.6%	54.7%
d)	dividends distributed per class and type of shares segregated into interest on equity, mandatory dividends and preemptive dividends, fixed and minimum	N/A	N/A	N/A
e)	date of payment of dividends	3/10/10	3/11/09	3/12/08
f)	rate of return on the issuer's capital	13.8%	16.5%	19.2%
g)	retained earnings	223,412	232,240	248,749
h)	date of approval for retention	4/27/10	4/6/09	4/11/08

3.6. Inform if in the last three fiscal years dividends were declared to the retained earnings account or if reserves were recognized in prior fiscal years

N/A.

3.7. In table form, describe the issuer's level of indebtedness, indicating:

Consolidated in thousands of R$

	2009	2008	2007
a) total amount of all types of debt	3,010,820	3,594,194	3,044,671
b) debt ratio (the sum of current and noncurrent liabilities divided by net equity)	1.27	1.65	1.66
c) at the issuer's discretion, another debt ratio, indicating:	N/A	N/A	N/A
(i) the method adopted to calculate the ratio	N/A	N/A	N/A
(ii) reason why this ratio is appropriate for a correct understanding of the issuer's financial position and level of indebtedness	N/A	N/A	N/A

3.8. In table form, segregated into collateralized debts, debts secured by blanket liens and unsecured debts, indicate the amount of the issuer's obligations based on the maturity dates

2009 (Consolidated in thousands of R$)

		Guarantee		
		Collateral	**Unsecured**	**Total**
a)	up to 1 year	5,015	1,820,831	1,825,846
b)	1 to 3 years	1,960	990,008	991,968
c)	3 to 5 years	1,314	151,184	152,498
d)	over 5 years	-	16,291	16,291
Total		**8,289**	**2,978,314**	**2,986,603**

3.9. Provide other information that the issuer may deem relevant.

N/A.

4. RISK FACTORS

4.1. Describe risk factors that may influence investment decisions, especially those relating to:

a) The issuer

Being a holding company may limit our dividend paying ability.

Being purely a holding company, our assets are represented only by the shares issued by our subsidiaries, as well as by funds invested in short-term investments. We do not perform operating activities, and all of our revenues virtually derive from our subsidiaries. Consequently, our dividend paying ability depends primarily on receiving dividends and other cash flows from our subsidiaries. Our corporate structure and our subsidiaries' consistent history record of income generation contribute to mitigating this risk.

We may not be able to implement our growth strategy, including organic growth or through acquisitions.

Throughout our history, WEG has consistently increased revenues and other operating results. This growth is based both on the geographic expansion of our operations and on the continuous introduction of new products to our existing lines. We intend to continue expanding our activities not only in the segments and industries where we operate but also by tapping into market growth opportunities not yet exploited.

However, we may not be able to achieve future growth rates similar to those obtained in the past. The operational results in recent years or periods are not a guarantee or an indication of our future performance. Moreover, deploying our business strategies and achieving of our goals depend on circumstances that may or may not exist regardless, in part, of our efforts. If we are unable to grow at a satisfactory pace, our financial results could be adversely impacted.

The growth of our business has required in the past and will continue to require in the future substantial investments in internal control systems and in the expansion and adjustment of our administrative, technical, operational and financial resources. This continuous business growth and expansion into new markets will require new investments, as well as adjustments to our resources, and, thus, depend substantially on our ability to implement and manage the expansion of these resources. If we are unable to manage the expansion of these resources or fail to succeed in developing new projects and ventures and in our management, our operating results may be adversely impacted.

Our exposure to the Brazilian market of electrical and electronic equipment may limit our future growth.

We believe we are leaders in the Brazilian industry of electric motors, with our market share exceeding 70% in some segments. This leading position makes it difficult for us to increase our sales by increasing our market share and makes the increase of our sales in the Brazilian market to depend on:

- the growth of national economy, which increases the market demand for our products and services;
- entering new segments of similar businesses;
- developing new products, which largely depends on the success of our research and development program.

One or several of these factors may evolve to adversely impact our future growth and, consequently, adversely affect our ability to generate revenues and operating results.

Our expansion strategy in the international market depends on the infrastructure and environment for the development of foreign trade.

To continue growing, we must win markets with product lines for segments where our share is low, which requires:

- Exchange rates to be at levels that favor exports;
- Governments to invest in infrastructure, enabling Brazilian exports to grow and flow;
- Ability to face competition in international markets and to win new clients in these markets; and
- The absence of non-tariff barriers and import restrictions in countries to which we export or will export our products.

One or several of these factors may evolve to adversely impact our future growth and, consequently, adversely affect our ability to generate revenues and operating results.

Our future results may be impacted by changes in the world's economic scenario.

For the years ended December 31, 2007, 2008 and 2009, 34%, 35% and 35%, respectively, of our gross operating revenues derived from international sales. Because of this, and considering our internationalization strategy, our revenues depend not only on the performance of the Brazilian economy but also on the economic performance of other countries where we operate and which represent important markets for our products. Thus, for instance, any economic downturn in North America or Europe, markets that accounted for 29% and 31% of our gross operating revenues for the year ended December 31, 2009, may cause the demand for our products to drop in these markets and adversely affect us.

Current operations and expansion of our international subsidiaries involve special challenges that we may not overcome. Our failure to meet these challenges could adversely affect us.

We have international subsidiaries and intend to continue expanding our international operations. We face certain risks related to business in international markets, as follows:

Extensive regulations and oversight, tariffs and other trade barriers;

Reduced intellectual property protection;

Difficulties in implementing controls and procedures for preparing financial reports and statements;

Hiring employees and managers from our foreign operations;

Potential adverse tax consequences; and

Limitations on foreign remittances of funds, including remittance of dividends.

Additionally, we must adapt to and comply with laws and regulations of foreign governments and regulatory authorities in each country where we may wish to do business. We cannot ensure that we will succeed in marketing our products in international markets. We may also face difficulties in managing our international operations due to, among other things, adverse competitive conditions, foreign risk management, emergence of new competitors in a domestic market, cultural and language differences, and political and economic instability. Any of these factors may adversely affect us.

We are subject to risks arising from our concentrated activities in Jaraguá do Sul (Santa Catarina state, or SC).

Our operating activities are concentrated in the city of Jaraguá do Sul (SC), which hosts our principal manufacturing facilities and research and product development labs. Should any natural disaster, operational errors, strikes, damage to property and equipment or environmental damages occur in Jaraguá do Sul, our production lines could be interrupted. We have other plants both in Brazil and abroad that could, if necessary, partially and temporarily meet production requirements to meet the demand for products. The interruption of production in Jaraguá do Sul may adversely affect us, even if it is offset by other units.

Losses or other liabilities not covered by our insurance policies may result in additional costs in our operations.

We have insurance policies of different types, whether or not required by law, such as insurance covering third party liability and property damage. The occurrence of losses or other liabilities that may not be covered by such policies or that exceed the sums insured therein may result in unexpected additional costs, and this could adversely affect us.

We are subject to risks related to the use of our products.

Our business exposes us to potential liability risks related to damage to third parties (civil liability for personal injury and property damage) and indirect damages (loss of profits) arising from any failures in our products. For illustration purposes, our high-voltage electric motors are used on offshore oil rigs and in the production lines of large steel companies. Our low-voltage electric motors, in turn, are used by major manufacturers of consumer durables as components for the manufacture of household appliances in general. A failure in the operation of any of these motors may result in losses to our clients or to those acquiring the appliances, and trigger the corresponding obligation to pay for the damages caused, if it is determined that we are responsible for the original malfunction.

In addition to incurring expenses normally arising from damages, settlement agreements or defense costs, we may also be exposed to damages to our image as a result of civil liability claims.

We have a Product Liability insurance policy that covers direct damages (personal injury and property damage) caused to third parties. We cannot guarantee that this insurance coverage will be sufficient to protect us from losses arising from civil liability, replacement of products and other complaints.

Additionally, we established a provision for product warranty arising from manufacturing defects for a definite period of time (warranty period), based on historical occurrences, but it may not be sufficient to cover all expenses incurred with these events.

We cannot ensure that civil liability claims or losses caused by faulty products or that a number of complaints brought against us will not have an adverse indirect impact on us, such as for example, loss of market share.

Our operating segment is subject to risks related to logistics and transportation structure in Brazil.

The Brazilian transportation infrastructure has been facing several problems, including, but not limited to, saturation, lack of investments in the expansion and modernization of port and airport infrastructure, high cost of specialized workforce, high tax burden on such operations, and the poor state of repair of roads and vehicle fleets. In addition, the constant strikes and lockouts of civil servants and private entities linked to the transportation segment represent obstacles to be overcome by national producers and exporters.

Most of our clients are located far from our production and distribution centers. In order to get our products delivered to our national and international clients, we use Brazilian highways and ports. We export our products through such ports as São Francisco do Sul and Itajaí (both in Santa Catarina state, or SC), which are located respectively 60 km and 90 km away from our main manufacturing plant in Jaraguá do Sul (SC).

These and other factors related to the Brazilian transport infrastructure may impact our ability to distribute our production, and adversely affect our operating results and financial position.

b) The issuer’s direct or indirect controlling persons or group

We are indirectly controlled by a group of persons linked to the Company’s founders, whose interests may prevail over the interests of other shareholders.

At December 31, 2009, 51% of our capital was owned by WEG Participações e Serviços S.A., which, in turn, is controlled by the founders of the WEG Group and their families. Thus, these people have sufficient powers to approve or reject matters that, whether required by law or our bylaws, must be submitted for the shareholders' consideration, including:

election and removal of most members of the board;

policy on dividend distribution;

establishment of business guidelines and strategies; and

approval of mergers, spin-offs, acquisitions and divestitures or carve-outs.

In June 2007, the Company joined the "Novo Mercado" (New Market), a special market segment of BM&F Bovespa (São Paulo Stock Exchange) that sets standards and procedures for corporate governance and protection of minority shareholders. As part of the Novo Mercado, the controlling shareholders have limited capacity to approve certain matters. Nonetheless, we cannot ensure that the interests of the controlling shareholders will converge with those of the minority shareholders.

c) The issuer's shareholders

Our shares have low liquidity in the secondary market, which may hinder their sale and reduce their price.

Currently, the market for trading the shares issued by WEG has limited liquidity. We cannot ensure that this market will develop to be sufficiently active and liquid in the future. Thus, investors may face difficulties in trading these shares or be forced to trade them for different prices than those that could be obtained in more liquid markets.

The somewhat volatile and illiquid Brazilian securities market may substantially limit investors' ability to trade shares for the price and at the time they want.

Investing in securities traded in emerging markets such as Brazil often involves higher risks as compared to other global markets, and these investments are generally considered more speculative in nature. The Brazilian securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets worldwide. There is also a significantly greater concentration in the Brazilian securities market as compared to the major securities markets in the United States, for example. These factors may limit the ability of investors to trade shares for the price and at the time they want.

d) The issuer's subsidiaries and affiliates

The risks relating to our subsidiaries are the same as those relating to the Company.

e) The issuer's suppliers

The change in the price of commodities used by the machinery and equipment industry in international markets may affect the sales of the industry as a whole as well as our sales in particular.

The main raw materials used by the machinery and equipment industry are international commodities such as copper and steel plate, with the price of many of these commodities being pegged to the U.S. dollar and thus subject to price fluctuations in international markets, even indirectly. These commodities may represent as much as 40% of the final cost of some of our products. If the price of these commodities substantially increases in the future, we may not be able to pass such cost increases on to our customers at competitive prices, and a passed-on price increase may reduce our sales volume and therefore our profit margin, which may adversely affect us.

The decrease in investments in the country and the lack of long-term credit may adversely affect the national economy and harm our operating results and financial position.

f) The issuer’s clients

We do not envisage risks relating to the Company’s clients.

g) The economic segments in which the issuer operates

Increased competition in the sector in which we operate may adversely affect us.

We operate in highly competitive markets. Our main competitors are international groups with global presence, technological capacity, recognized brands in Brazil and abroad, and access to financial markets and capital markets at competitive costs. In addition, we may face fiercer competition with new entities being incorporated or existing companies being consolidated and with our competitors gaining increased market share, which may adversely affect us.

The market for our products is characterized by evolving technologies and developing industries. The ability to successfully overcome the sector’s consolidation, to enhance and develop our existing products, to continuously develop innovative products, to continuously shorten our delivery time, to cut our costs and tailor our products to customers’ needs, and to outgrow our competitors, either by acquiring new businesses or through our organic growth, all this impacts the demand for our products. Moreover, competitors may develop technologies or products that turn our products obsolete or less marketable, or even operate more efficiently than us. Increased competition, including by foreign companies and/or companies with more investment capital than us, increased output capacity of our competitors, and increased competition may adversely affect us.

The performance of the consumer durable goods sector is highly influenced by fluctuations in economic activity levels.

The performance of the durable goods sector, such as household appliances and small equipment in general, is strongly influenced by the economic performance. For the year ended December 31, 2009, sales to the durable goods sector, especially white goods, accounted for 12% of our gross operating revenues. Fluctuations in the Brazilian economy may adversely impact the performance of the durable goods sector in general and, consequently, our operating results and financial position.

The performance of the capital goods sector is strongly influenced by the level of investments.

The performance of the capital goods sector in general, and of machinery and heavy equipment in particular, is significantly influenced by the level of investments made by both the private sector and the public sector. For involving high value-added goods, the capital goods sector also depends on having access to long-term credit granted by national and international private and public financial institutions, and by multilateral agencies. The capital goods industry is usually one of the first to be affected by economic crises and one of the last to react after an economic upturn.

Industrial automation activities depend on high technology to develop and perform high complexity projects.

The industrial automation segment is subject to rapid and continuous technological breakthroughs. Our performance in this segment depends on our ability to continue enhancing our products and offering our customers innovative solutions that respond to rapid changes in technological standards and market expectations in general. If we are unable to anticipate and develop breakthroughs, or to suit our products to new technological standards, we may be adversely affected.

We may not be able to develop or acquire new technologies on a timely and sufficient basis to remain competitive in this market in the future, which could adversely affect us. Furthermore, the development of new products and technologies involves the risk of delay in introducing new products to the market, thus generating significant costs.

h) The regulation applicable to the sectors in which the issuer operates

We are subject to strict environmental requirements and limitations.

We are subject to stringent environmental protection laws and regulations in the various countries in which we operate. In addition, the waste generated by our factories is subject to strict pollutant waste disposal rules and procedures. Failure to comply with environmental laws and regulations of various countries in which we operate may lead to the imposition of remedial requirements and trigger a variety of administrative, civil and criminal enforcement measures, also on a retrospective basis. The violation of any environmental law or regulation or of any contractual obligation may adversely affect us.

Moreover, changes in environmental laws or regulations may increase the related costs of compliance, reducing the amount of resources available for the payment of expenses, investments and development of other activities. Any such reduction in resources may also adversely affect us.

i) The foreign countries where the issuer operates

The economic and political conditions in the countries where we operate may adversely affect us.

We operate and we intend to expand our operations outside Brazil. As a result, we are subject to risks concerning the countries where we operate or we may come to operate, especially emerging countries like India, China and Latin American countries. These risks include, among others, the economic, political, social, judicial and legal condition in these countries, which may be highly unstable. For the year ended December 31, 2009, 34% of our consolidated gross revenues derived from our businesses outside Brazil, including the operations of foreign manufacturing subsidiaries. We expect the rate of our foreign revenues to increase substantially in the future, which may increase the risk of negative impacts on our operations and results.

4.2. Regarding each of the foregoing risks, if relevant, comment on any expected decrease or increase in the issuer's exposure to such risks

The Company continuously reviews the risks to which it is exposed and which may adversely affect its business, financial position and results of operations. We continuously monitor changes in the political and business scenarios that may influence our activities, by monitoring key performance indicators.

4.3. Describe the legal, administrative or arbitral proceedings to which the Company or its subsidiaries are a party, segregated into labor, tax, civil and other areas: (i) not subject to confidentiality, and (ii) relevant to the businesses of the issuer or its subsidiaries:

SUMMARY REPORT ON LEGAL AND ADMINISTRATIVE PROCEEDINGS

Defendant	**WEG S.A.**				
Plaintiff	Cláudio Vogel Filho & Cia. Ltda.	National Institute of Social Security (*Instituto Nacional de Seguridade Social* - INSS)	Valdir Rosa de Oliveira, Marco Aurélio Almeida de Oliveira, Antonio Gomes de Oliveira, Vaudelino Sampaio and José Roberto da Costa	Divigusa Indústria e Comércio Ltda.	Francisco Ambrósio da Silva
Suit	Claim for pain and suffering and property damage	Tax notification	Claim for pain and suffering, property damage and aesthetic damage	Ordinary claim for damages filed together with a motion for interim relief	Labor claim
a) court	2nd Civil District Court of São Sebastião do Caí/RS	Administrative	36th Civil District Court of Rio de Janeiro/RJ	5th Civil District Court of Divinópolis/MG	37th Labor Court of Belo Horizonte/MG
b) level	1st Instance	2nd Instance	1st Instance	1st Instance	1st Instance
c) filing date	10/30/2007	12/20/2007	9/18/2006	10/30/2007	2/14/2008

d) parties to the suit	Plaintiff -Cláudio Vogel Filho & Cia. Ltda. / Defendant - WEG Indústrias S/A - Química	WEG Exportadora S.A. merged into WEG Equipamentos Elétricos S.A. and WEG Indústrias S.A.	Plaintiffs - Valdir Rosa de Oliveira, Marco Aurélio Almeida de Oliveira, Antonio Gomes de Oliveira, Vaudelino Sampaio and José Roberto da Costa / Defendant - WEG Indústrias S/A - Química	Plaintiff - Divigusa Indústria e Comércio Ltda. / Defendants - WEG Equipamentos Elétricos S/A, Biochamm Caldeiras e Equipamentos Industriais Ltda. and TGM Turbinas Indústria e Comércio Ltda.	
e) amounts, assets or rights involved	pending an arbitration award	approximately R$ 12 million	pending an arbitration award	approximately R$ 5 million	approximately R$ 6 million

f) key facts	Civil suit where the Plaintiff claims loss of profits from polyester coating manufactured by WEG to be applied on roofs - claim for compensation for pain and suffering, property damage, and loss of profits, plus court costs and attorneys’ fees. No value was assigned to the claim.	The tax inspectors demand the payment of social security contributions on compensation/salary amounts on which the company believes no such taxes are levied.	Civil suit where the Plaintiffs claim for compensation for pain and suffering, property damage and aesthetic damage resulting from their work as ship painters using WEG products. Their employer (Brasfels S/A shipyard) was impleaded into the suit by WEG.	Civil suit where the Plaintiff claims property damage and loss of profits as a result of alleged loss of earnings from an energy generator set comprising turbines, boiler and generator acquired from the defendants.	Labor suit where a former agent claims an employment relationship and the right to commission difference payments - there are procedural incidents and civil proceedings related thereto.
g) an unfavorable outcome is:					
i probable		**x**			**x**
ii possible	**x**		**x**		
iii remote				**x**	

h) analysis of impact of an unfavorable outcome	Low impact, given that the coating application technology has evolved considerably from the time of the alleged events, and this would not significantly impact WEG's operation in this segment, as it has little relevance to the business.	Low impact, given that many of the amounts under dispute, with respect to future periods, have been covered by a judicial order and / or court deposit.	Low impact, given that the problems clearly resulted from the lack of use of Individual Protection Equipment by the Plaintiffs, i.e. even if WEG is to be condemned, this would not require changes to our products or business strategy.	Low impact, given that the problems resulted from failures in the equipment linked to WEG's generator, with no contractual joint labiality among the defendants; thus in spite of a remote unsuccessful outcome of the case for WEG, this would not represent a significant business impact	Low impact - we believe that the most likely scenario is the recalculation of commissions, which would amount only to part of the quantum sought. No impact on the business.
i) accrued amount, if any	N/A	R$ 12,122,706.00	R$ 1,170,332.00	N/A	R$ 3,065,654.00

4.4. Describe the legal, administrative or arbitral proceedings not subject to confidentiality to which the issuer or its subsidiaries are a party, and the opposing parties are the issuer's or its subsidiaries' officers or former officers, controllers or former controllers or investors, stating:

a – court:	N/A
b – level:	N/A
c – filing date:	N/A
d – parties to the suit:	N/A
e – amounts, assets or rights involved:	N/A
f - key facts:	N/A
g - an unfavorable outcome is:	N/A
i – probable:	N/A
ii – possible:	N/A
iii – remote:	N/A
h - analysis of impact of an unfavorable outcome:	N/A
i - accrued amount, if any:	N/A

4.5. Regarding relevant confidential proceedings to which the issuer or its subsidiaries are a party and were not disclosed in items 4.3 and 4.4 above, analyze their impact in case of an unfavorable outcome and state the amounts involved

N/A

4.6. Describe the repetitive or related legal, administrative or arbitration proceedings, based on similar facts and legal grounds, which are not subject to confidentiality and are relevant in the aggregate, to which the issuer and its subsidiaries are a party, segregated into labor, tax, civil and other areas, and indicating:

Administrative proceedings:

At December 31, 2009, there were **91** notifications against the Company, and the fines were paid upon the lodging of appeals; therefore, provision was not necessary. In general, the notifications refer to noncompliance with NR-31, and none of the suits is considered relevant enough to adversely or significantly impact the Company's results or activities.

Civil claims:

At December 31, 2009, the Company was a party to **242** civil claims, mostly referring to compensation for work-related accidents, involving the amount of R$ 163,965,113.12. In some cases, we are backed by an EMPLOYER'S LIABILITY INSURANCE POLICY. None of the claims is considered relevant to the Company's activities or to negatively and significantly impact its results. A provision of R$

32,294,479.00 has been established for those claims with a likely unfavorable outcome.

Labor claims:

At December 31, 2009, the Company was a party to **266** labor-related suits filed with the Labor Court, mostly referring to overtime, health hazard premium and invalidation of two compensation systems used concurrently, involving the amount of R$ 37,198,870.89. In some cases, we are backed by an EMPLOYER'S LIABILITY INSURANCE POLICY. None of the claims is considered relevant to the Company's activities or to negatively and significantly impact its results. A provision of R$ 15,861,869.00 has been established for those claims with a likely unfavorable outcome.

4.7. Describe the legal, administrative or arbitral proceedings not subject to confidentiality to which the issuer or its subsidiaries are a party, and the opposing parties are the issuer's or its subsidiaries' officers or former officers, controllers or former controllers or investors, stating:

N/A

4.8. Regarding the rules of the country of origin of the foreign issuer and the rules of the country where the foreign issuer's securities are in custody, if different from the country of origin, identify:

a - limitations on the exercise of political and economic rights:	N/A
b - limitations on the circulation and transfer of securities:	N/A
c - events for cancellation of registration:	N/A
d - other issues of interest to investors:	N/A

5. MARKET RISKS

5.1. Describe, on a quantitative and qualitative basis, the major market risks to which the issuer is exposed, including foreign currency and interest rate risks

In the normal course of its business, the Company is exposed to various financial risks underlying its activities. These risks refer mainly to adverse changes in interest and foreign currency rates, in industry in general, in its activities and in the regulations pertaining to the sector where it operates.

The main financial risks underlying our activities are as follows:

- credit risk;
- liquidity risk; and
- market risk (interest rate and foreign exchange rate).

Credit Risk

Credit risk is a financial risk relating to the possibility of not receiving from our customers amounts or credits due from the sale of our products, or of not receiving the payment of such amounts in a timely fashion.

Liquidity Risk

Liquidity risk represents potential mismatched maturities of assets and liabilities. Our general policy is to maintain adequate liquidity levels to ensure our ability to meet our present and future obligations and to capitalize on business opportunities as they arise.

Market Risk

Market risk is related to the negative impact on the value of our assets and liabilities as a result of such factors as fluctuations in interest rates or foreign exchange rates. Most of our activities are subject to market risks.

Interest Rate Risk

Interest rate risk arises from the timing difference in the pricing of assets and liabilities. An increase in interest rates could raise the cost of our borrowings, reduce the demand for our products or have a negative impact on our financial expenses and operating results. Similarly, any increase in interest rates could also impact the yield on our investments, with positive effects on financial income.

At December 31, 2009, 73.8% of our loans and financing were denominated in Brazilian reais and subject to fluctuations in such rates as the Long-term Interest Rate (TJLP).

Foreign Exchange Rate Risk

Foreign exchange risk arises from owning assets, liabilities and items denominated in or indexed to foreign currencies. For the year ended December 31, 2009, approximately 35% of our gross operating revenue was obtained in markets other than Brazil and in other currencies than the Brazilian real.

At December 31, 2009, our debt denominated in or otherwise linked to the U.S. dollar, comprising short- and long-term financing in foreign currency, was equivalent to R$ 489.8 million, or 20.7% of our net equity.

5.2. Describe the market risk management policy adopted by the issuer, its objectives, strategies and instruments, indicating:

a) risks for which protection is sought

Our risk management practices and procedures seek to protect against the volatility of interest rates and foreign exchange rates and to mitigate the negative impacts brought by this volatility on the Company's cash flows.

b) hedging strategy

The Company does not perform operations involving financial instruments for speculative purposes. The strategies adopted by the Company seek to minimize the net position of assets and liabilities exposed to changes in foreign exchange rates and interest rates. Similarly, part of the Company's debt is made up in such a way as to operate as a natural protection (hedge) against changes in interest rates and foreign exchange rates.

c) hedge instruments

As previously mentioned, the Company seeks protection against risks involving changes in foreign exchange rates and interest rates. The main instruments and parameters used are as follows:

Foreign exchange risk

The risk of exchange rate changes on loans, financing, accounts receivable in foreign currency from exports, inventories and any other accounts payable denominated in foreign currency is protected by a strategy that minimizes the daily position of assets and liabilities exposed to exchange rate fluctuations, through ACC (advance on exchange contracts) or NDF (non-deliverable forward) operations.

Interest rate risk

The risk of interest rate changes on financial investments, loans and financing transactions is mitigated by a strategy that equalizes the rates based on CDI (Interbank Deposit Certificates) and TJLP. Traditional financial instruments, such as cash investments in CDB (Bank Deposit Certificates) or debentures tied to CDIovernight issued by first-tier banks and with reduced credit risk, are commonly used. Derivative instruments have not been used, but they may be used solely for hedging purposes or as part of structured transactions.

d) risk management parameters

These risks are managed through the definition of conservative strategies and policies that seek to obtain liquidity, profitability, safety and transparency for the operations.

e) if the issuer enters into financial instruments for non-hedging purposes and which are these purposes

The Company does not enter into financial instruments for other than hedging purposes.

f) organization structure for risk management control

The Company uses a decentralized structure for risk monitoring, with the various areas and departments continuously and routinely monitoring compliance with the general limits established by management.

g) the adequacy of the operating structure and internal controls to check the effectiveness of the adopted policy

The Company continuously monitors its activities and internal controls with a view to identifying potential risks, and checks these controls by means of tests performed by the related departments and the internal auditors.

5.3. Describe the market risk management policy adopted by the issuer, its objectives, strategies and instruments, indicating:

The Company believes that its currently decentralized practices and procedures satisfactorily meet its requirements for monitoring major exposures. These practices and procedures are in line with the Company’s organizational culture of conducting business with caution.

Moreover, and mindful of the higher volatility in global financial markets, the Company has been developing a formal financial risk management policy, consolidating the various practices, policies and procedures that are specific to the different areas. This effort seeks to provide the Company with a wider and more general perspective of risk exposure, especially of financial risks.

5.4. Inform if, as regards the last fiscal year, there have been significant changes in the major market risks to which the issuer is exposed or in the adopted risk management policy

In the last fiscal year, there have been significant changes in the major market risks or in the risk monitoring policy adopted by the Company.

5.5. Provide other information that the issuer may deem relevant

N/A

6. ISSUER'S BACKGROUND

6.1. Company formation

a)	Date	September 16, 1961
b)	Type	The issuer was formed as a limited liability company and turned into a closely-held corporation on June 7, 1965. In 1971, the Company completed its IPO and its shares were listed on a stock exchange.
c)	Country of formation	Brazil

6.2. Term

Indefinite.

6.3. Brief history of the Company

We started our activities in 1961 in the city of Jaraguá do Sul, Santa Catarina State, as an electric motor manufacturer doing business as Eletromotores Jaraguá Ltda. Our founders, electrician **W**erner Ricardo Voigt, business administrator **E**ggon João da Silva and mechanic **G**eraldo Werninghaus, created the WEG brand based on their first name initials. Coincidentally, WEG means way in German. In the first quarter of activities, 146 electric motors were assembled.

Ever since our foundation, we embraced the business strategy of building a highly qualified technical assistance network to develop customer reliance and to promote our products, with the first technical assistants being accredited still in the 1960s.

On June 7, 1965, Eletromotores Jaraguá Ltda. was reorganized into a corporation. In 1971, the Company's shares were listed on a stock exchange.

Foreign operations started in 1970 with the export of electric motors to countries in Latin America. Initially, our strategy was to use a wide network of sales agents and distributors, enabling us to quickly reach more than 60 countries with our products.

In 1972, in order to meet the growing demand for electric motors, we started to strongly expand the plant, which included building our own foundry unit, and we eventually became self-sufficient in the production of motor frames, and machining and tooling equipment. In 1973, we started building a new plant in an area extending over 400 thousand square meters to add up to the 30 thousand square meter area previously occupied. This new plant became operational in early 1974.

In September 1975, we reached the milestone of 1 million electric motors produced, consolidating the WEG brand. We believe that we then became the largest electric motor manufacturers in Latin America and the leading Brazilian exporters of this product.

In the early 1980s we began to diversify our activities, with the incorporation of WEG Máquinas S.A. and of WEG Acionamentos S.A. The corporate purpose of WEG

Máquinas was to manufacture large-sized rotating electrical machines mainly for the electric power, petrochemical, mining, pulp and paper industries and also to consolidate the production of DC and medium to high power motors, and of energy generators. The corporate purpose of WEG Acionamentos was to produce electrical and electronic components and to develop application engineering for industrial systems, focusing on the motor protection concept; it also operated in the industrial computing business, developing programmable controllers to command and control industrial processes.

In early 1981, we acquired Ecemic Indústria de Transformadores, located in Blumenau, Santa Catarina state, whose corporate name was later changed to WEG Transformadores S.A. WEG Transformadores produced distribution equipment and met a wide range of requirements for industrial complexes, electric power utilities, rural electricity companies, hospitals, apartment and office buildings, hotels, civil construction and public works.

In November 1983, in line with our vertical integration strategy, we acquired "Tintas Michigan S.A.", a company that manufactured industrial paints and electrical insulators, located in Guaramirim, Santa Catarina state, whose corporate name was changed to WEG Química S.A. Today, it fully meets the WEG Group's needs for paint and insulating materials, and sells its products to third parties.

In 1986, we formed the WEG Automação S.A., which started its business activities focusing on servomechanisms and industrial robots used mainly in unhealthy activities or repetitive tasks such as handling, loading and unloading materials.

In the scope of our continuous internationalization efforts, in 1991 and 1992 our first own distribution framework was created to distribute our products abroad through subsidiaries. This strategy allowed our international business to pick momentum, as it no longer depended on the financial soundness and performance of foreign agents and distributors in the major markets. Today, we own over 20 distributors and retailers outside Brazil, in the Americas, Europe, Asia and the Pacific, and we still use agents and distributors in several other markets.

In 1993, WEG Automação was transferred to Jaraguá do Sul and started to manufacture, develop and market products for industrial automation. That same year, its activities in power electronics, industrial installations, industrial process automation and control started to consolidate. In 1994, with the implementation of industrial business centers, WEG Automação started to offer packages that included electrical panels, motor control centers, surveillance and control systems, low- and medium-voltage motors, as well as transformers.

With a view to enhancing our competitive edge in the international market, as of 2000 we have adopted a strategy of acquiring and/or establishing production units abroad. That same year we acquired an electric motor manufacturing unit and a circuit breaker manufacturing unit in Argentina and a low-voltage electric motor manufacturing unit in Mexico. Additionally, we acquired electric motor manufacturing units in Portugal in 2002 and China in late 2004.

In May 2006, we acquired equity stake in Voltran, a Mexican-based corporation that manufactures electrical transformers. Together with Voltran, we form a joint investment in WEG Transformadores México. This partnership with Voltran represents the first manufacturing operation involving products other than electric motors outside Brazil.

Throughout 2007, we acquired control of two Brazilian companies: Trafo Equipamentos Elétricos S.A., a manufacturer of transformers with units in Gravataí, Rio Grande do Sul state, and Hortolândia, São Paulo state; and HISA Hidráulica Industrial S.A., a manufacturer of hydraulic turbines based in Joaçaba, Santa Catarina state.

Finally, in 2010, we acquired control of ZEST, a South African market leader in the distribution and integration of electrical and electronic systems and products for industrial use. Moreover, an additional 30% stake in Mexican-based manufacturer of transformers Voltran was also acquired, as well as the control of Instrutech, a Brazilian manufacturer of industrial, commercial and man/machine safety automation systems and products.

We currently have ten manufacturing units in the Brazilian states of Santa Catarina (six), São Paulo (two), Rio Grande do Sul (one) and Amazonas (one), and five overseas plants in Argentina (one), Mexico (two), Portugal (one) and China (one).

6.4. Date of registration with CVM (Brazilian Securities Commission)

Registration obtained on February 9, 1982.

6.5. Major corporate events

a) In 2010

(i) <u>Acquisition of control of ZEST (South Africa)</u>

On May 25, we published a Notice of Material Fact informing that we were entering into an agreement to acquire control of ZEST Group, a South African-based company formed by the leading distributor of electric motors in that market and by companies specializing in assembling industrial electrical panels, in integrating products for the assembly of generator sets and in providing electrical commissioning services.

The ZEST Group has been a partner to WEG for more than 30 years, importing and distributing its products.

It was informed that the parties expected to complete the transaction by the end of June 2010, once the due diligence process had been completed.

(ii) <u>Acquisition of additional stake in Voltran S.A. de C.V. (Mexico)</u>

On May 25, we announced our agreement with the Jimenez family for the acquisition of control of Voltran S.A, de C.V., increasing our stake in the company to 60%.

In May 2006, WEG acquired 30% of the capital of Voltran, one of the largest manufacturers of transformers in the Mexican market.

(iii) <u>Acquisition of Instrutech Ltda.</u>

On June 9, we informed that subsidiary WEG Equipamentos Elétricos S.A. entered into an agreement to acquire Instrutech Ltda. (“Instrutech”), a

Brazilian manufacturer of industrial, commercial and man/machine safety automation systems and products.

b) In 2009

(i) Construction of a new Manufacturing Unit – City of Linhares (ES)

On August 13, we published a Notice of Material Fact informing that we were discussing the construction of a new manufacturing unit with the state government of Espírito Santo and the city government of Linhares. The completion of negotiations was announced on August 21, confirming the construction of a new manufacturing unit to expand our electric motor manufacturing activities.

For the construction of the future industrial site, WEG adopted a modular concept that allows for the gradual and continuous increase of output capacity, thus meeting the Company's expansion requirements over several years. The first of these manufacturing modules in Linhares should become operational in 2011. This modular concept has been used by WEG in its other plants in Brazil and abroad.

(ii) Integration of TRAFO shares by WEG

The Extraordinary General Meetings held by WEG S.A. and by subsidiary Trafo Equipamentos Elétricos S.A. on December 28, 2009 approved the integration of shares issued by TRAFO into WEG.

As a result of this integration, TRAFO became a wholly-owned subsidiary of WEG, which, in turn, became the sole shareholder of TRAFO directly or indirectly holding all of its shares, and continued to hold all the rights and obligations it held before the operation was approved. TRAFO shareholders, in turn, became holders of WEG shares, based on the approved share exchange ratio. Subsequently, on December 30, 2009, the merger of Trafo Equipamentos Elétricos S.A. into subsidiary WEG Equipamentos Elétricos S.A. was approved.

c) In 2008

(i) New sales and distribution subsidiary – Russia

On March 13, we announced the establishment of a new sales and distribution subsidiary abroad, WEG Russia, incorporated in Nizhny Novgorod (formerly Gorki), capital of the province with the same name.

WEG Russia will sell, distribute and provide technical assistance services in connection with products and systems in Russia and the former Soviet Union countries. This market represents a great business potential in such areas as oil and gas exploration, production and transportation.

Our presence in this region is still small and our experience in the oil & gas industry in other regions will be important for us to win new businesses in Eastern Europe.

(ii) Expansion of activities in India

On May 26, we announced our plans on expanding our activities in India, with the construction of a new electrical motor plant in the city of Hosur, Tamil Nadu state, near Bangalore. The new plant will require estimated investments totaling US$ 50 million for the first stage of the project, with operational start-up being expected for late 2009.

India has proven to be an extremely attractive market since we started our sales activities through our own subsidiary in 2004, when important deliveries were made for projects involving irrigation and electrical, hydraulic and thermal power generation.

d) In 2007

(i) <u>Acquisition of share control of Trafo Equipamentos Elétricos S.A.</u>

On March 6, 2007, our subsidiary WEG Equipamentos Elétricos S.A. acquired the share control of Trafo Equipamentos Elétricos S.A., a Brazilian-based manufacturer of transformers with plants in Gravataí (RS) and Hortolândia (SP). As a result of this acquisition, WEG strengthened its competitive position in the Brazilian segment of transformers. In accordance with applicable legislation and our intention to cancel the acquired company's registration as a listed company, on April 5, 2007, we filed with the CVM a Tender Offer Statement (*Oferta Pública para Aquisição de Ações* - OPA) for all the common and preferred shares not acquired by Trafo's controlling shareholders, as well as the convertible debentures issued by Trafo.

After several discussions with the regulatory agency, on December 21, 2007 we held the OPA bid on the São Paulo Exchange (Bovespa), which resulted in the acquisition of Trafo's offered common shares only, increasing our total stake in the company to 54%. Thus, Trafo remained a public company with shares traded on the Bovespa until its merger in 2009.

(ii) <u>Execution of share subscription agreement</u>

On August 1, we announced the execution of an agreement by and between our subsidiary WEG Equipamentos Elétricos S.A. ("WEL") and the shareholders of Hidráulica Industrial S.A. Indústria e Comércio ("HISA") to subscribe to shares representing 51% of the capital stock of HISA, with WEL becoming its controlling shareholder. The capital increase and the share subscription occurred on August 27, 2007. HISA is a manufacturer of hydraulic turbines for hydroelectric power plants and of other industrial products for the segments of sanitation, pulp and paper and food, leading the market of turbines for Small Hydroelectric Power Plants (PCH) under 15 MW, with an important share in the market of PCH between 15 MW and 30 MW. Since its foundation in 1950, HISA installed more than 2,000 turbines throughout Brazil. HISA industrial complex is located in Joaçaba, Santa Catarina. As a result of this acquisition, WEG moves forward with our growth strategy by providing increasingly complete industry solutions. The line of products offered by HISA will enable us to leverage on important synergies and to strengthen our position in the segment of power generation, transmission and distribution equipment.

(iii) <u>Acquisition of property for manufacturing activities - Itajaí</u>

On September 24, 2007, we announced the acquisition of an industrial building in an area totaling 222,000 m2, including a 20,000 m2 built area (office and plant), located in Distrito Industrial de Itajaí, SC, near BR-101 highway and 10 km off the Port of Itajaí. The area will be used for the manufacturing of dry-type industrial transformers, for the assembly of automation electrical panels and for the production lines of copper wires for high-voltage products. The property is strategically located near our major manufacturing facilities in Jaraguá do Sul and Blumenau, the Port of Itajaí, and may be rapidly adapted to the manufacturing of electrical equipment.

6.6. Filings for bankruptcy based on significant amounts and filings for in-court or out-of-court reorganizations

N/A.

6.7. Other relevant information

N/A.

7. ISSUER'S ACTIVITIES

7.1. Briefly describe the activities performed by the issuer and its subsidiaries.

Activities performed by the issuer:

We believe the WEG Group to be the largest manufacturer of electrical and electronic equipment for industrial use in Brazil and Latin America today. We also believe that we are one of the major manufacturers of low-voltage electric motors worldwide. We estimate that our share in the domestic market of electric motors ranges from 75% to 95%, depending on the type of motor and market segment. We manufacture some 40,000 electric motors per day and approximately 25,000 different types of electric motors per year, on average.

Our operations are organized into four segments:

- **Industrial Electrical and Electronic Equipment** – This segment includes those products classified as capital goods, such as low- and medium-voltage industrial electric motors, drivers, industrial automation equipment and services, maintenance components and services;

- **Power Generation, Transmission and Distribution –** The products in this segment also comprise capital goods, but are shown separately because of the specific nature of their consumer market. These include generators for hydraulic, thermal and wind power plants, transformers, substations, control panels and power automation services;

- **Household Motors –** This segment includes single-phase motors, mainly used in home appliances (the so-called white goods), i.e. consumer durables; and

- **Paints and Varnishes –** These include liquid paints and powder coatings and electrical insulating varnishes, focusing on industrial and marine use and coatings for hazardous environments. These products can be used both in capital goods and in consumer durables and semi-durables.

Activities performed by the subsidiaries:

We currently control, through WEG Exportadora, 19 companies located abroad. Please find below a brief description of these companies and their businesses and activities.

Subsidiaries that develop Production Activities – The corporate purpose of our production units abroad is to research, develop, produce, industrialize, sell, export, import, promote and represent our products abroad, as well as to provide services involving the assembly, installation, maintenance and technical assistance related to our products abroad.

- **WEG Equipamientos Electricos S/A (Argentina) -** Promotes and sells, through a local sales team, self-manufactured products and products from our business segments located in Brazil, such as high- and low-voltage electric motors, transformers and generators.

- **WEG México S.A. de C.V. (Mexico) -** Operates through a local sales team that promotes and sells its products as well as all other product lines manufactured in Brazil. Products imported from our Brazilian units are mainly electric motors for use in home appliances and for industrial facilities in general.

- **WEG Euro - Indústria Elétrica S.A. (Portugal)** - Operates through a local sales team that promotes and sells its products as well as all other product lines manufactured in Brazil. Products imported from our Brazilian units are mainly electric motors.

- **WEG Nantong Electric Motors Manufacturing CO., Ltd (China)** - Acquired in November 2004, it focuses on the production of three-phase high- and low-voltage electric motors primarily for consumers in the segments of steel, mining, petrochemical and OEM (use in pumps, compressors and general purpose machinery and equipment).

Subsidiaries that develop Distribution and Sales Activities – The corporate purpose of our distribution and sales units abroad is to sell, export, import, promote and represent products from our various business segments in Brazil, as well as to provide services involving the assembly, installation, maintenance and technical assistance related to these products. The crown jewel of our sales distribution and sales units abroad are electric motors for industrial use manufactured by our plants in Brazil.

- · **WEG Electric Corp. (United States of America)**
- · **WEG Benelux S.A. (Belgium)**
- · **WEG France S.A. (France)**
- · **WEG Germany Gmbh (Germany)**
- **WEG Electric Motors (UK) Ltd. (U.K.)**
- · **WEG Australia Pty Ltd. (Australia)**
- · **WEG Iberia S.L. (Spain)**
- · **WEG Scandinavia AB (Sweden)**
- · **WEG Italia S.R.L. (Italy)**
- · **WEG Indústrias Venezuela C.A. (Venezuela)**
- · **WEG Chile S.A. (Chile)**
- · **WEG Colombia Ltda (Colombia)**
- · **WEG Electric (India) PVT. LTD. (India)**
- · **WEG Electric Motors Japan CO., LTD. (Japan)**
- · **WEG Singapore (Singapore)**

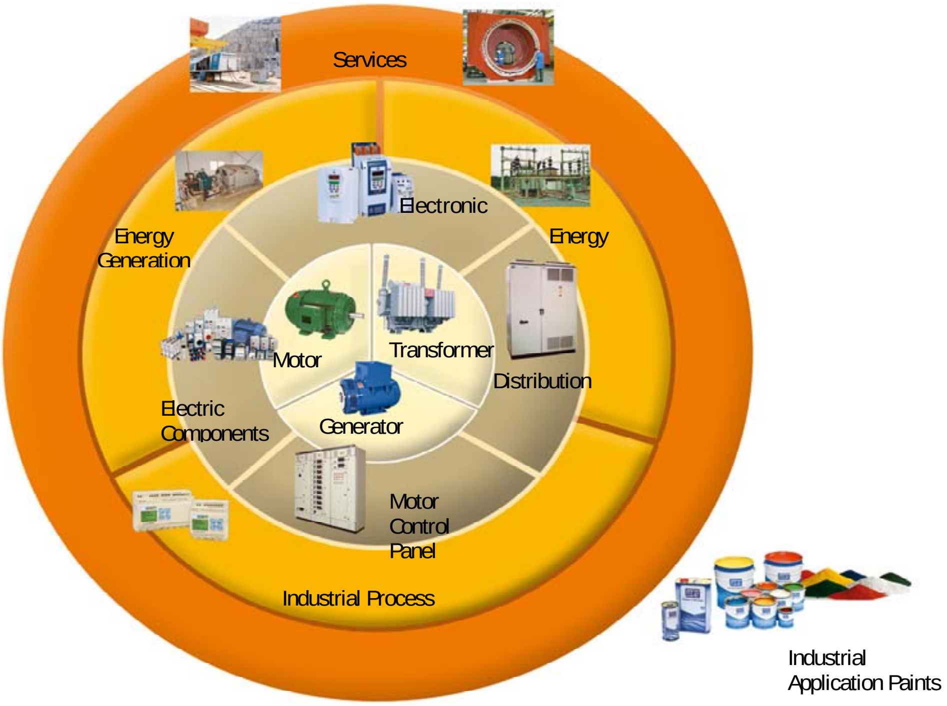
- · **WEG Middle East (United Arab Emirates)**
- · **WEG Germany NN (Russia**)

Partnership - In countries where we have no subsidiaries developing industrial or distribution and sales activities, we operate through partnerships with local distributors and agents. Our most significant partnership abroad is with ***V. J. Pamensky Canada INC. (Canada)***. Having been our partner for over 25 years, V. J. Pamensky Canada INC. operates as a distributor of and agent for our products in the Canadian market. The company buys our products, especially electric motors, drives, contactors, relays and starters, and distributes them locally.

7.2. With regard to each business segment reported in the latest year-end financial statements or, if any, in the consolidated financial statements, indicate the following information:

a) products and services sold

The chart below shows the products within our lines of business:



Industrial Electrical and Electronic Equipment

This includes such products as low-, medium- and high-voltage electric motors, drivers, equipment and services for industrial automation, electrical components, and maintenance services. We believe we are one of the world leaders in low-voltage industrial motors and we have increased our market share in integrated industrial solutions.

The demand for this type of product is due primarily to the growing industrial production and investments in fixed capital formation, both in Brazil and worldwide.

The consumer markets are diversified, both geographically and in terms of customer type. We have global presence in this segment, focusing most of our sales in foreign markets. Our main customers in this business segment are equipment manufacturers, commonly referred to as OEM (Original Equipment Manufacturers), of capital goods and large industrial enterprises that invest in capacity expansion.

Products

We develop and manufacture a wide variety of electric motors, which can be divided into the following groups:

General Purpose Motors.

Our general purpose electric motors include three-phase, single-phase, high performance, aluminum frame, fractional and multispeed motors. These motors are used, for example, in general industrial machinery, pumping systems, ventilation systems, low power devices for various purposes, crushers, conveyors and machine tools.

Special Purpose Motors.

Our special purpose electric motors include motors for compressors, close-coupled pumps, oil wells, chainsaws, inverter duty motors (with different speeds), farm duty motors (rural use), “IEEE 841” motors (use in the petrochemical sector), motors for centrifugal pumps, brake motors and fuel pumps.

Motors for Hazardous Environments.

Our electric motors for hazardous environments are used in explosive areas (oil rigs, fuel pumps and chemical industry in general) and include explosion proof motors, increased safety motors and non-sparking motors.

High-Voltage Motors.

These high value added electric motors are custom developed and manufactured, and are designed for industries that require specific solutions, such as those operating in mining, petrochemical, steel and paper and pulp segments.

In addition to electric motors, we also produce a number of electronic and electro-mechanical components that protect and control these electric motors in electrical installations in general. These components include frequency inverters, drivers, thermal magnetic molded case switches, circuit breakers, starters, pushbuttons for control and signaling, mini circuit breakers, contactors and overload relays, timers and electronic protectors, capacitors for power factor correction, permanent metal polypropylene capacitors for motors and lighting and fuses.

These components may be sold separately or in simple ‘motor plus component’ sets. However, they are usually supplied within integrated packages in the form of electrical panels, motor control centers and oversight and control systems, including computer network interfaces and software supervisor.

Power Generation, Transmission and Distribution

This area includes several products such as generators for hydroelectric plants, thermal power plants of various types and wind power plants, transformers and substations, as well as control panels and power automation services.

These products and systems are also considered capital goods. The difference here is that the demand for this type of product depends primarily on the growth of diversified investments in energy in the three sub-segments of electric power generation, transmission and distribution, rather than on the industrial production and investments in fixed capital formation, as the case is with the segment of industrial electrical and electronic equipment.

Within this business segment, we focus on the Americas, using our large presence in Brazil, which is still our most important market, as a basis for operating in the other American countries.

Our main customers in this area are the power generation, transmission and distribution companies, small hydroelectric power plants (PCH) and large industrial companies that adopt electric power co-generation.

Products

We develop and manufacture high-voltage generators that use many different types of fuel and the following energy sources: water, thermal and wind power.

We operate individually or in joint ventures with other companies in the supply of equipment and complete systems for power generation. In addition, we develop and manufacture power transformers, which can be high-voltage, industrial (or medium-voltage) and distribution transformers. These transformers are used to turn high-voltage electric power into consumable levels. We also supply electric power substations (up to 100 MVA) on a turn-key basis, covering project design and implementation through installation and ‘go-live’.

Household Motors

This line of business includes all single-phase motors developed and manufactured for use by manufacturers of household appliances and equipment, which includes motors for automatic and semi-automatic washing machines, dryers, air movement motors, air conditioning motors, inverter duty type motors for washing machines, and a wide range of small motors for use in water pumps, lawn mowers, among others.

The consumer market is also diversified, although the market characteristics lead to a greater concentration in large OEM (Original Equipment Manufacturers) of white goods in general. In this segment, our operations mainly focus on Brazil or, alternatively, in Latin America. The demand for these products depends on the increase in the consumers’ purchasing power, credit supply and interest rates.

Paints and Varnishes

The focus of activity in this segment is only the Brazilian market and products for industrial use. In addition, all our paint and varnish requirements for the manufacture of our products are met by this area.

The main products are liquid paints and powder coatings, electrical insulating varnishes and resins. We believe we are one of the largest Brazilian manufacturers of powder coatings and marine use paints.

These products are used by the consumer durables industry and capital goods in general, for coating and protecting components and products.

Our major customers in the paints and varnishes segment are metallurgical companies, shipyards, equipment and tools manufacturers and the furniture sector. These customers usually acquire products from our other lines of business, which clearly indicates the great synergy between this and other segments.

Given the great diversity of products, the demand in this area depends on increased industrial output and GDP.

b) revenues from this segment and their share in the issuer's net revenues

The table below shows the share of each business segment in our gross operating revenues for the periods:

	2009	2008	2007
Industrial Electrical and Electronic Equipment	48.4%	55.4%	57.2%
Power Generation, Transmission and Distribution	33.5%	27.1%	22.9%
Household Motors	12.2%	12.3%	14.2%
Paints and Varnishes	5.9%	5.2%	5.8%

c) profits or losses from this segment and their share in the issuer's net income

Not disclosed

7.3. Regarding the products and services relating to the business segments disclosed in item 7.2, describe:

a) characteristics of the production process

We adopt a highly integrated business model, internally producing various goods and services that are used for the development of our core activities. The main consequence of vertical integration is that we develop customized products and manufacture them in large scale at lower costs. The vertical integration of the production process allows:

Flexible production, reducing delivery times for customized products at the lowest cost;

Flexible supply, which allows to quickly change product mix offerings to meet seasonal market demands;

Control over our plant's supply, which implies more flexibility in increasing production;

Continuous learning from all stages of our production process, with quality gains in the final product.

Please find below a brief description of our vertically integrated production structure.

Steel Plates Center - responsible for the production of rotors and stators used in our electric motors, including the processes of steel cutting, stamping and heat treatment.

Foundry - our foundries supply cast iron covers and frames for use in electric motors and generators.

Machining Center - comprises the cast items machining department and the shaft machining department. The cast items machining department performs operations involving cutting, drilling and final preparation of frames and covers for motors and generators. The shaft machining department produces shafts for motors and generators from long steel bars.

Wire Manufacturing Plant - manufactures the various types of copper and aluminum wiring used in the several motors and transformers we produce; copper and aluminum are received in rods that are extruded and electrically insulated with varnishes and, in some cases, paper and special plastic films.

Packaging Factory - our packaging factory produces all wood packaging used in our various lines of products. Many of these lines require special packaging that can store heavy goods and transport them for long distances. We have our own reforestation areas that guarantee the continuous supply of timber.

Tooling - this unit produces some of the machines and tools (molds and devices) that assist in increasing the productivity of our industrial plants, allowing high flexibility and streamlining the development of new products and/or applications. Moreover, this department also manufactures and customizes some machines used in our production process.

Production Process

Our products are manufactured according to specifications and standards of the Brazilian Institute of Metrology, Standardization and Industrial Quality (INMETRO) and quality certification agencies and bodies in the countries where we operate, among which: Underwriters Laboratories Inc. (U.S.A.), Bureau Veritas Quality International (U.K.), CSA International (Canada), Asociación de Normalización y Certificación, AC. (Mexico), Instituto Argentino de Normalización (Argentina), South African Bureau of Standards (South Africa), Physikalisch-Technische Bundesanstalt (Germany).

Electric Motors and Generators

Industrial electric motors are basically made up of the frame, stator, rotor, shaft, ring, front and rear covers, baffle, fan and terminal box. Because we have a vertical production structure, each of these components is produced internally. Thus, we have total control over our factories' supplies and process parameters, obtaining specialized products at competitive manufacturing costs.

The production process of high-voltage electric motors for industrial use and generators for small- and medium-sized power plants basically involves the same stages comprising the manufacture of low-voltage electric motors and is divided into: processing of steel plates, aluminum injection, foundry, cast items machining, shaft machining, wire manufacturing, packaging plant and final assembly.

Transformers

Transformers may be classified according to their power and voltage, into high-voltage, medium-voltage or distribution transformers. These products are used to turn high-voltage electric power into consumable levels. We also build electric power substations on a turn-key basis, covering project design and implementation through installation and 'go-live'.

Not considering their power and voltage, our transformers can be "oil" or "dry" type transformers according to the type of insulation used. Oil type transformers are made up of the core, coils, connections, tanks and accessories. Dry type transformers are made up of the core, coils, connections and accessories. In a nutshell, the manufacturing process is divided into the following steps: (i) cutting the sheets for the core; (ii) assembling the core; (iii) manufacturing the coils; (iv) assembling the active part; (v) drying and tightening the active part (for oil type transformers only); (vi) manufacturing the tank and components; (vii) closing the transformer (for oil type transformers only); and (viii) conducting electrical tests.

Command, Control and Protection Components

We produce a wide range of electrical and electronic components for the protection, command and control of industrial electrical machinery. These components are then integrated in the form of panels that form industrial automation systems, power generation systems or power substations.

The electronic products manufacturing unit is responsible for the manufacture of frequency inverters and soft-starters. This area currently has machines for automatic placement of components (SMD) and manual insertion lines, as well as machines for varnishing plates and complete systems for products load testing.

Electromechanical drive components basically include thermoplastic and thermofixed injected elements, stamped parts and silver contacts. Again, because of our vertical structure, each of these components is produced internally. The electromechanical drive processes and components include various stamped parts and silver contacts, plastic injection parts and assembly.

The electrical panels manufacturing unit is responsible for stamping, painting and assembly activities. This area includes CNC punching machines, press brakes and phosphating and painting lines (powder coatings and liquid paints). Moreover, it also has specific areas for assembly and testing of the panels, thus ensuring final product quality.

Paints and Varnishes

We produce liquid paints and powder coatings, electrical insulating varnishes and resins. These products are used by the consumer durables industry and capital goods in general, to paint and protect components and products.

Powder coatings. These are 100% solid paints formed by a balanced blend of elements designed to protect and decorate surfaces, such as polymers, pigments, additives and mineral fillers; after being processed, these are presented as a single substance in the form of fine powder. This powder is applied at high temperatures. The end result is a protective film with high chemical and physical resistance offered in various colors, sparkles and types of finishing.

Liquid Paints. These are basically made up of fillers, resins, solvents, pigments and reagents. These elements are added to the formula according to the customers' need, which is defined by the intended application, i.e. exposure to weather, bad weather and hazardous conditions, among other factors. The production process consists of the following steps: (i) weighing; (ii) dispersing; (iii) milling; (iv) completing; (v) adjustment of product characteristics (color, viscosity, gloss, etc.) to the customers' requirements; (vi) the quality center reviews all of the paint's characteristics (viscosity, solids, drying, gloss, among others) and gives final approval; and (vii) packaging and identification with the product code, lot number and validity term, and sending of reports as requested by the customer.

b) characteristics of the distribution process

Most of our clients are located far from our production and distribution centers. In order to get our products delivered to our national and international clients, we use Brazilian highways and ports. Our export products are delivered mainly through São Francisco do Sul and Itajaí ports Santa Catarina state, which are located respectively 60 km and 90 km away from our main manufacturing plant in Jaraguá do Sul (SC).

c) characteristics of the activity markets, especially:

(1) share in each such markets

Industrial Electrical and Electronic Equipment

The consumer markets are diversified, both geographically and in terms of customer type. We have global presence in this segment, focusing most of our sales in foreign markets. Our main customers in this business segment are equipment manufacturers, commonly referred to as OEM (Original Equipment Manufacturers), of capital goods and large industrial enterprises that invest in capacity expansion.

Power Generation, Transmission and Distribution

These products and systems are also considered capital goods. The difference here is that the demand for this type of product depends primarily on the growth of diversified investments in energy in the three sub-segments of electric power generation, transmission and distribution, rather than on the industrial production and investments in fixed capital formation, as the case is with the segment of industrial electrical and electronic equipment. Within this business segment, we focus on the Americas, using our large presence in Brazil, which is still our most important market, as a basis for operating in the other American countries. Our main customers in this area are the power generation, transmission and distribution companies, small hydroelectric power plants (PCH) and large industrial companies that adopt electric power co-generation.

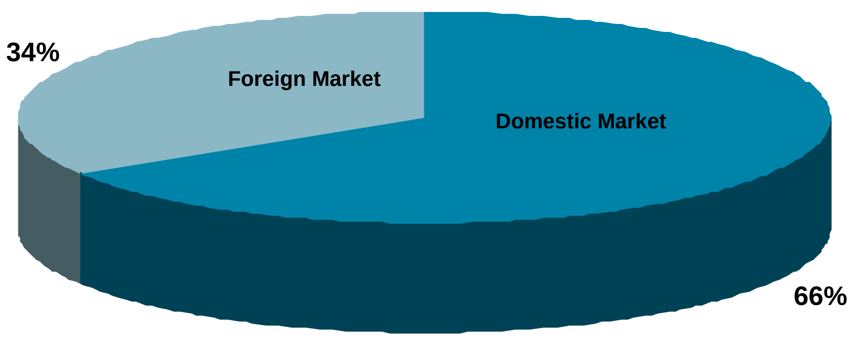
Household Motors

The consumer market is also diversified, although the market characteristics lead to a greater concentration in large OEM (Original Equipment Manufacturers) of white goods in general. In this segment, our operations mainly focus on Brazil or, alternatively, in Latin America. The demand for these products depends on the increase in the consumers' purchasing power, credit supply and interest rates.

Paints and Varnishes

The focus of activity in this segment is only the Brazilian market and products for industrial use. In addition, all our paint and varnish requirements for the manufacture of our products are met by this area.

Gross Operating Revenue - by Market - 2009



Domestic Market

In 2009, Gross Operating Revenues in the domestic market totaled R$3,371.6 million, or 66% of our total Gross Operating Revenues, down 5.6% from the previous year, reflecting an economic downturn and, consequently, a decrease in the demand for capital goods. We remain leaders in the Brazilian electric motor market and continue to gain significant positions in all business segments we operate in the domestic market. Our operations are distinguished by continuously expanding and enhancing the technology content of our line of products and services over time, keeping to our strategy of offering complete and integrated industrial solutions.

Foreign Market

Gross Operating Revenues in the foreign market totaled R$1,739.0 million, or 34% of total Gross Operating Revenues. The year-on-year comparison measured in Brazilian reais shows a decrease of 8.5%. In U.S. dollars, Gross Revenues in the foreign market reached US$877.3 million, as compared to the US$1,028.6 million recorded in the previous year.

Over the years we have expanded our operations to the various global markets, having eventually become a global company with product distribution to more than 100 countries across five continents and direct operations in more than 20 of the major global markets. We have industrial operations in Brazil, Argentina, Mexico, Portugal and China, and we will begin to manufacture high-voltage electric motors and generators in India in mid-2010. In 2009, we started manufacturing power transformers in Mexico, expanding our production line beyond electric motors, which is still our flagship product. Our mindset has been to diversify our business by expanding our geographic presence, allowing us to maintain consistent growth rates in the foreign market, minimizing the impacts of economic changes in each country or region. In 2009, the protection provided by this diversification was somewhat relative, since the economic slowdown affected all markets at the same time. Still, we believe there are growth opportunities in the various global markets and we expect to recover our level of increase in revenues and results in the future.

(2) market competition

Since its foundation in 1961, WEG has competed with multinational companies that had been operating with a significant presence in Brazil. This competition was established in the international scenario after 1970, when electric motors started to be exported to Latin American countries.

With its vertical integration strategy, the company began to grow rapidly to promptly meet the changing demands of the markets where it operates.

We operate in an open market and we have many different types of competitors in Brazil and abroad. We comply with regulations applicable in the countries where we manufacture and sell our products.

d) seasonality, if any

N/A

e) major inputs and raw materials, indicating:

(1) a description of relations with suppliers and whether they are subject to governmental regulation or control, indicating the respective bodies and applicable legislation

We seek to optimize our costs by choosing to partner with some suppliers in Brazil and abroad without any exclusivity commitments or agreements. Accordingly, we have contracts with major suppliers of copper, steel plates and silicon sheets and steel round bars. We do not have significant inventory of raw material.

We select our suppliers based on the quality and price of products, suppliers' reputation and financial status, delivery times and product availability. Our quality control ensures that purchased items meet the company's specifications and the regulatory standards of the Brazilian Association of Technical Standards (ABNT).

Major Suppliers:

Copper:

- Paranapanema (Brazil)
- Nexans (Canada)
- Indeco (Peru)
- H&H Metals Corp. (U.S.A.)

Steel Plates

- Companhia Siderúrgica Paulista - COSIPA
- Usina Siderúrgica de MG - USIMINAS
- Companhia Siderúrgica Nacional - CSN

Silicon Steel Sheets

- Arcelor

Long Steel

- Grupo Gerdau
- Aços Villares

(2) any dependence on a few suppliers

There is no significant dependence on a few suppliers. We actively seek to diversify our suppliers, avoiding concentration. Our main raw materials are commodity products, for which there is a wide range of suppliers in the international market.

(3) any price volatility

The Company operates in a competitive industry. The sales prices are largely determined in this competitive process, which considers the fluctuations in raw material price levels.

7.4. Identify clients that account for more than 10% of the issuer's total net revenue, indicating:

a) total amount of revenue deriving from the client

N/A

b) operating segments impacted by revenue deriving from the client

N/A

7.5. Describe relevant impacts of government regulation on the issuer's activities, especially commenting on:

a) need for government permits to engage in activities and a background information on the relations with government authorities in obtaining such permits

The Company does not engage activities within regulated segments or which require permits from government agencies or specific regulators. Required permits are limited to those of a legal and general nature.

b) the issuer's environmental policy and related compliance costs, and, as applicable, the costs of compliance with other environmental practices, including adherence to international environmental protection standards

Based on WEG Principles, we actively seek to minimize the impact of our operations on the environment, making continuous investments in this area. This concern with adopting effective actions with a view to obtaining a self-sustainable development is part of our culture since the establishment of our Group, more than 45 years ago.

We also benefit from these investments in environmental efforts as we can reduce the marginal costs of production through increased efficiency in the use of raw materials. Moreover, we develop educational efforts relating to our operations and the environment among the people living in the communities around our major units.

Environmental Legislation

The Brazilian Constitution establishes that the federal government and the state governments have the power to concurrently promulgate laws and regulations on environmental matters. The environmental legislation of the Brazilian states in which we perform industrial activities entails, in addition to general purpose rules, some specific characteristics applicable to our activities.

The operating standards are established in the environmental licenses (preliminary, installation and operating licenses) issued for each of our production units. Operating licenses are subject to renewal and may be modified from one year to another. We comply with the limits of our current operating licenses and we do not expect to be significantly impacted by stricter environmental requirements, if any, although there are no guarantees in this regard.

Liquid effluents, solid waste and air emissions resulting from our operations comply with all applicable laws and regulations of the states in which we perform industrial activities. We do not anticipate significant expenditures to continue to obey existing or proposed environmental laws and regulations. However, there is no guarantee that the approval of more stringent environmental legislation in the future will not require extraordinary expenditures on our part.

Air Emission Loads

We made significant investments over the past five years in bag filters, scrubbers, catalytic burners for solvents and in the development of new operating procedures designed to minimize environmental impacts associated with air emissions from our manufacturing processes. New technologies such as the removal of volatile organic compounds by activated carbon are being tested for future implementation.

Liquid Effluents

Water is an important element in our overall manufacturing processes. We use water from the rivers flowing close to our plants. Our manufacturing facilities II, III and IV, located in Jaraguá do Sul, Guaramirim and Blumenau, respectively, are equipped with effluent treatment systems. The processes used for treating these effluents are physical, chemical and biological. After being treated, the wastewater returns to the rivers, based on the parameters established by legislation. The effluents generated by the manufacturing process from our industrial facility # I and from part our industrial facility # II are treated in the effluent treatment system of industrial facility # III. The characteristics of the effluents are constantly monitored by means of chemical, physical and biological analyses.

Solid Waste

Our industrial waste recycling rate reached 80%. Scrap from processed plates and machined cast iron parts, for instance, is reused in our manufacturing process. Waste paper, cardboard, plastic and other metals are also collected for recycling. Waste materials that are not recycled are disposed of in landfills or shipped to co-processing in cement kilns. WEG has an industrial landfill that is specific for our foundry waste. This landfill has a leachate treatment station and is monitored through piezometers, whose water is subjected to physical, chemical and biological tests including ecotoxicological assumptions.

Preservation of native forests

All the timber used for manufacturing or packaging our products come from planted trees. We do not use wood from native forests. We currently own 4,966 hectares of legal reserves and 6,968 hectares of planted forests to supply wood for packaging. The quality of the land we generally use is not good enough for other forms of farming. Each year we plant more trees for our own future use than we cut down.

Our cultivation techniques aim at keeping our forests healthy. On occupying farming and forestry areas, we always preserve more than 20% of native vegetation.

Environmental Certification

Our industrial plants I, II and III, located in Jaraguá do Sul and Guaramirim, are certified in accordance with the requirements of ISO 14001. The environmental certification requirements include (i) the establishment of an environmental management policy, (ii) identification of environmental aspects and impacts, (iii) legal compliance and (iv) establishment of procedures for operational control, emergency response, communication with stakeholders, internal audits by the Environmental Management System, critical analyses by senior management, monitoring and measurement, addressing non-compliant issues and corrective and preventive measures.

c) dependence on relevant patents, trademarks, licenses, permits, franchises, or royalty contracts de royalties for the development of activities

Our Group's policy is to protect our trademarks and patents in the several countries where we operate or intend to operate. We renew our trademark registrations based on the related dates of expiration (every 10 years). As for patents, we maintain them for their maximum periods (15 or 20 years depending on the type of patent).

Our "WEG" flagship trademark is registered in Brazil under several specific classes at the National Institute of Industrial Property (INPI), and is valid for use until May 2, 2019. This term is renewable, at our request, for equal successive periods of 10 years. The WEG trademark and other trademarks owned by the Company are under continuous legal and administrative control, both in Brazil and abroad, where we currently have a related authorized registration in 80 countries.

We currently own 47 patents issued or being considered in Brazil (INPI) and abroad. Over the past three years, we filed 27 new patent applications with the INPI and equivalent agencies abroad. Our principal patents relate to improvements in electric motors. Patent applications abroad are mainly filed in the United States, Canada, Mexico, China and the European Union.

7.6. Regarding the countries where the issuer earns substantial revenues, identify:

a) customer revenues attributed to the country of issuer's main office and their share in the issuer's total net revenues

	2009	2008	2007
Gross Operating Revenue	5,110.6	5,471.2	4,550.6
- Domestic Market	3,371.6	3,570.1	2,941.4
- Foreign Market	1,739.0	1,901.1	1,609.2

b) customer revenues attributed to each foreign country and their share in the issuer's total net revenues

Region	2009	2008	2007
North America	29%	30%	34%
South and Central America	15%	17%	16%
Europe	31%	31%	32%
Africa	8%	10%	9%
Australasia	16%	12%	10%

7.7. Regarding the foreign countries mentioned in item 7.6, state the extent to which the issuer is subject to the regulation in such countries and how it affects the issuer's business

WEG is subject to specific legislation in each country where it operates. According to item 4.1.i, the company is exposed to risks relating to international operations, including regulations.

7.8. Describe the issuer's significant long-term relations not stated elsewhere in this form

N/A

7.9. Provide other information that the issuer may deem relevant

N/A

8. ECONOMIC GROUP

8.1. Describe the economic group to which the issuer belongs, indicating:

a) Direct and indirect controlling shareholders

The company's direct controlling shareholder is WEG Participações e Serviços S.A., which holds a 50.87% stake in capital on April 27, 2010.

b) Subsidiaries and affiliate (*)

	Company's stake (%) as of 12/31/09	
	Direct	**Indirect**
(i) Subsidiaries		
WEG Equipamentos Elétricos S.A.	99.95	-
WEG Indústrias S.A.	99.95	-
WEG Amazônia S.A.	0.02	99.97
WEG Linhares Equipamentos Elétricos Ltda	1.00	99.00
WEG Administradora de Bens Ltda	-	100.00
WEG Logística Ltda.	-	100.00
Hidráulica Industrial S.A. Ind. Com. - HISA	-	51.00
WEG Chile S.A.	8.00	92.00
WEG Colômbia Ltda.	1.00	99.00
WEG Equipamientos Electricos S.A.	10.44	89.55
WEG Indústrias Venezuela C.A.	-	99.99
WEG México S.A. de C.V.	0.01	99.99
WEG Transformadores México S.A. de CV	-	70.00
WEG Electric Corp.	0.79	99.21
WEG Service Corp.	-	100.00
WEG Overseas S.A.	100.00	-
WEG Benelux S.A.	-	100.00
WEG France S.A.S	-	100.00
WEG Germany GmbH	-	100.00
WEG Iberia S.L.	-	100.00
WEG Electric Motors (UK) Ltd.	-	100.00
WEG Italia S.R.L	0.07	99.93
WEGeuro Ind. Electricas S.A.	5.74	94.26
WEG Scandinavia AB	-	100.00
WEG Australia PTY	-	100.00
WEG Electric (India) Private Limited	4.99	94.99
WEG Electric Motors Japan CO Ltd.	-	100.00
WEG Nantong Electric Motors Manufacturing	-	100.00
WEG Singapore PTE LTD	-	100.00
Nantong Testing Station	-	70.00
WEG Germany NN	-	100.00
WEG Middle East FZE	-	100.00
WEG Industries (India) Private Limited	-	99.99
(ii) Affiliate		
Voltran S.A. de C.V.	-	30.00

(*) Note: This table considers the position as of 12/31/2009 and, therefore, does not include the acquisitions of ZEST Group and of Instrutech Ltda., or the increase in interest in Voltrans S.A. de C.V., as announced in 2010.

c) Issuer’s stake in group companies

Information included in item 8.1 (b).

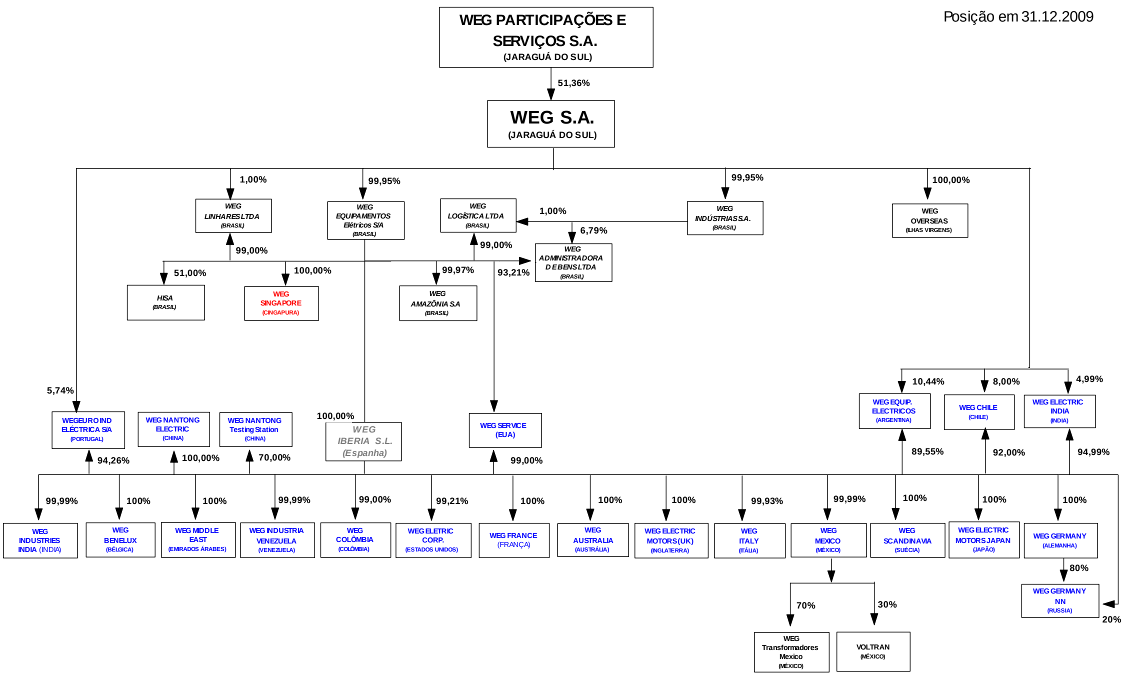
d) Stake held by group companies in the issuer

N/A.

e) Companies under common control.

N/A.

8.2. At the issuer’s discretion, insert organizational chart of the economic group to which the issuer belongs, in a manner consistent with the information provided in item 8.1.



8.3. Describe restructuring operations, such as mergers, acquisitions, spin-offs, mergers of shares, disposal and acquisition of corporate control, acquisition and divestiture of material assets, implemented by the group.

a) In 2010

(i) On May 25, we published a Notice of Material Fact informing that we were entering into an agreement to acquire control of ZEST Group, a South

African-based company formed by the leading distributor of electric motors in that market and by companies specializing in assembling industrial electrical panels, in integrating products for the assembly of generator sets and in providing electrical commissioning services.

The ZEST Group has been a partner to WEG for more than 30 years, importing and distributing its products.

It was informed that the parties expected to complete the transaction by the end of June 2010, once the due diligence process had been completed.

(ii) On May 25, we announced our agreement with the Jimenez family for the acquisition of control of Voltran S.A, de C.V., increasing our stake in the company to 60%.

In May 2006, WEG acquired 30% of the capital of Voltran, one of the largest manufacturers of transformers in the Mexican market.

On June 9, we informed that subsidiary WEG Equipamentos Elétricos S.A. entered into an agreement to acquire Instrutech Ltda. ("Instrutech"), a Brazilian manufacturer of industrial, commercial and man/machine safety automation systems and products.

b) In 2009

(i) On August 1, 2009, subsidiary Weg Equipamentos Elétricos S/A carried out the merger of Weg Automação S/A and of Weg Itajaí Equipamentos Elétricos Ltda. in order to reduce operating expenses and costs, especially as a result of the implementation of ERP (SAP system), which enables greater integration and synergy of activities associated with the production process and material flow, and increases the sale of industrial solutions involving the subsidiaries' products, facilitating negotiations and expanding competitiveness.

(ii) On August 13, we published a Notice of Material Fact informing that we were discussing the construction of a new manufacturing unit with the state government of Espírito Santo and the city government of Linhares. The completion of negotiations was announced on August 21, confirming the construction of a new manufacturing unit to expand our electric motor manufacturing activities.

For the construction of the future industrial site, WEG adopted a modular concept that allows for the gradual and continuous increase of output capacity, thus meeting the Company's expansion requirements over several years. The first of these manufacturing modules in Linhares should become operational in 2011. This modular concept has been used by WEG in its other plants in Brazil and abroad.

(iii) The Extraordinary General Meetings held by WEG S.A. and by subsidiary Trafo Equipamentos Elétricos S.A. on December 28, 2009 approved the integration of shares issued by TRAFO into WEG.

As a result of this integration, TRAFO became a wholly-owned subsidiary of WEG, which, in turn, became the sole shareholder of TRAFO directly or indirectly holding all of its shares, and continued to hold all the rights and obligations it held before the operation was approved. TRAFO shareholders, in turn, became holders of WEG shares, based on the approved share exchange ratio. Subsequently, on December 30, 2009, the merger of Trafo

Equipamentos Elétricos S.A. into subsidiary WEG Equipamentos Elétricos S.A. was approved.

c) In 2008

(i) On March 13, we announced the establishment of a new sales and distribution subsidiary abroad, WEG Russia, incorporated in Nizhny Novgorod (formerly Gorki), capital of the province with the same name.

WEG Russia will sell, distribute and provide technical assistance services in connection with products and systems in Russia and the former Soviet Union countries. This market represents a great business potential in such areas as oil and gas exploration, production and transportation.

Our presence in this region is still small and our experience in the oil & gas industry in other regions will be important for us to win new businesses in Eastern Europe.

(ii) On May 26, we announced our plans on expanding our activities in India, with the construction of a new electrical motor plant in the city of Hosur, Tamil Nadu state, near Bangalore. The new plant will require estimated investments totaling US$ 50 million for the first stage of the project, with operational start-up being expected for late 2009.

India has proven to be an extremely attractive market since we started our sales activities through our own subsidiary in 2004, when important deliveries were made for projects involving irrigation and electrical, hydraulic and thermal power generation.

d) In 2007

(i) On March 6, 2007, our subsidiary WEG Equipamentos Elétricos S.A. acquired the share control of Trafo Equipamentos Elétricos S.A., a Brazilian-based manufacturer of transformers with plants in Gravataí (RS) and Hortolândia (SP). As a result of this acquisition, WEG strengthened its competitive position in the Brazilian segment of transformers. In accordance with applicable legislation and our intention to cancel the acquired company’s registration as a listed company, on April 5, 2007, we filed with the CVM a Tender Offer Statement (*Oferta Pública para Aquisição de Ações* - OPA) for all the common and preferred shares not acquired by Trafo’s controlling shareholders, as well as the convertible debentures issued by Trafo.
After several discussions with the regulatory agency, on December 21, 2007 we held the OPA bid on the São Paulo Exchange (Bovespa), which resulted in the acquisition of Trafo’s offered common shares only, increasing our total stake in the company to 54%. Thus, Trafo remained a public company with shares traded on the Bovespa.

(ii) On August 1, we announced the execution of an agreement by and between our subsidiary WEG Equipamentos Elétricos S.A. (“WEL”) and the controlling shareholders of Hidráulica Industrial S.A. Indústria e Comércio (“HISA”) to subscribe to shares representing 51% of the capital stock of HISA, with WEL becoming its controlling shareholder. The capital increase and the share subscription occurred on August 27, 2007. HISA is a manufacturer of hydraulic turbines for hydroelectric power plants and of other industrial products for the segments of sanitation, pulp and paper and food, leading the market of turbines for Small Hydroelectric Power Plants (PCH) under 15 MW, with an important share in the market of PCH between 15 MW and 30 MW. Since its foundation in 1950, HISA installed more than 2,000 turbines throughout Brazil. HISA industrial complex is located in Joaçaba, Santa Catarina. As a result of this acquisition, WEG moves forward with our growth strategy by providing increasingly complete industry solutions. The line of products offered by HISA will enable us to leverage on important synergies and to strengthen our position in the segment of power generation, transmission and distribution equipment.

(iii) On September 24, 2007, we announced the acquisition of an industrial building in an area totaling 222,000 m2, including a 20,000 m2 built area (office and plant), located in Distrito Industrial de Itajaí, SC, near BR-101 highway and 10 km off the Port of Itajaí. The area will be used for the manufacturing of dry-type industrial transformers, for the assembly of automation electrical panels and for the production lines of copper wires for high-voltage products. The property is strategically located near our major manufacturing facilities in Jaraguá do Sul and Blumenau, the Port of Itajaí, and may be rapidly adapted to the manufacturing of electrical equipment.

e) Provide other information that the issuer may deem relevant.

N/A.

9. MATERIAL ASSETS

9.1. Describe the noncurrent assets that are relevant for the issuer's activities, especially:

a) Property, plant and equipment, including those leased or rented, and their location.

Units	Location	Built Area (in m²)	Total Area (in m²)
IN BRAZIL			
Industrial Facility # I	Jaraguá do Sul - SC	32.3 thousand	54.5 thousand
Industrial Facility # II	Jaraguá do Sul - SC	314.8 thousand	944.2 thousand
Industrial Facility # III	Guaramirim - SC	36.6 thousand	188.6 thousand
Industrial Facility # IV	Blumenau - SC	32.7 thousand	199.3 thousand
Gravataí	Gravataí - RS	19.3 thousand	83.1 thousand
Hortolândia	Hortolândia - SP	12.7 thousand	95.9 thousand
Itajaí	Itajaí - SC	24.3 thousand	222.8 thousand
Linhares	Linhares - ES	-	537.0 thousand
São Bernardo do Campo	São Bernardo Campo - SP	24.7 thousand	164.9 thousand
ABROAD			
Industrial Facility in Mexico	Huehuetoca city	35.3 thousand	100.0 thousand
Industrial Facility in India	Hosur city	31.0 thousand	160.0 thousand
Industrial Facility in China	Jiangsu province	20.3 thousand	63.0 thousand
Industrial Facility in Portugal	Maia city	12.3 thousand	18.2 thousand
Industrial Facility in Argentina	Cordoba province	8.8 thousand	15.2 thousand

b) Patents, trademarks, licenses, permits, franchises and technology transfer contracts, indicating:

Description	Term	Covered area	Events that may cause a loss of rights to these assets	Potential impacts on the issue from losing these rights
"WEG" trademark registration under several classes	Each registration is renewable for 10 years after the date of issuance	80 countries where the company has relevant business operations	Failure to renew registrations, registrations previously issued to third parties or registrations revoked by local authorities	Commercial losses due to trademark recall and marketing costs for an alternative strategy
Registration of several trademarks relating to some classes of products	Each registration is renewable for 10 years after the date of issuance	30 countries where the company has relevant business operations specifically relating to these products	Failure to renew registrations, registrations previously issued to third parties or registrations revoked by local authorities	Commercial losses due to trademark recall and marketing costs for an alternative strategy

c) companies in which the issuer has an equity interest (in thousands of R$)

Subsidiary	Core activity	Issuer's interest (%)		Book value of issuer's interest as of 12/31/09	Appreciation/depreciation vis-à-vis the related book value			Dividends Received		
		Direct	Indirect		12/31/09	12/31/08	12/31/07	12/31/09	12/31/08	12/31/07
WEG Equipamentos Elétricos S.A.	1	99.95	-	2,025,064	429,004	445,573	477,971	392,947	232,276	255,616
WEG Exportadora S.A.	-	-	-	-	(482,180)	178,511	73,040	-	86,049	61,226
WEG Indústrias S.A.	4	99.95	-	125,524	14,848	21,041	18,712	5,325	6,331	5,622
WEG Amazônia S.A.	1	0.02	99.97	3	1	-	1	-	-	-
WEG Linhares Equipamentos Elétricos Ltda	1	1.00	99.00	1	-	-	-	-	-	-
WEG Administradora de Bens Ltda	-	-	100.00	-	-	-	-	-	-	-
WEG Logística Ltda.	1	-	100.00	-	-	-	-	-	-	-
Hidráulica Industrial S.A. Ind. Com. - HISA	3	-	51.00	-	-	-	-	-	-	-
WEG Chile S.A.	2	8.00	92.00	1,056	308	252	119	-	-	-
WEG Colômbia Ltda.	2	1.00	99.00	49	49	-	-	-	-	-
WEG Equipamientos Electricos S.A.	1	10.44	89.55	3,050	(1,154)	2,507	454	-	1,312	(51)
WEG Indústrias Venezuela C.A.	2	-	99.99	-	-	-	-	-	-	-
WEG México S.A. de C.V.	1	0.01	99.99	1	-	-	-	-	-	-
WEG Transformadores México S.A. de CV	1	-	70.00	-	-	-	-	-	-	-
WEG Electric Corp.	2	0.79	99.21	461	(70)	207	(196)	-	9	1,330
WEG Service Corp.	2	-	100.00	-	-	-	-	-	-	-
WEG Overseas S.A.	2	100.00	-	73	(2,100)	521	(344)	-	-	-
WEG Benelux S.A.	2	-	100.00	-	-	-	84	-	-	-
WEG France S.A.S	2	-	100.00	-	-	-	-	-	-	-
WEG Germany GmbH	2	-	100.00	-	-	-	1,700	-	-	-
WEG Iberia S.L.	2	-	100.00	-	-	-	-	-	-	-
WEG Electric Motors (UK) Ltd.	2	-	100.00	-	-	-	-	-	-	-
WEG Italia S.R.L	2	0.07	99.93	5	1	1	1	-	-	-
WEGeuro Ind. Electricas S.A.	1	5.74	94.26	1,639	(40)	733	377	-	-	-
WEG Scandinavia AB	2	-	100.00	-	-	-	-	-	-	-
WEG Australia PTY	2	-	100.00	-	-	-	(38)	-	-	-
WEG Electric (India) Private Limited	2	4.99	94.99	18	(4)	15	7	-	-	-
WEG Electric Motors Japan CO Ltd.	2	-	100.00	-	-	-	-	-	-	-
WEG Nantong Electric Motors Manufacturing	2	-	100.00	-	-	-	-	-	-	-
WEG Singapore PTE LTD	2	-	100.00	-	-	-	-	-	-	-
Nantong Testing Station	2	-	70.00	-	-	-	-	-	-	-
WEG Germany NN	2	-	100.00	-	-	-	-	-	-	-
WEG Middle East FZE	2	-	100.00	-	-	-	-	-	-	-
WEG Industries (India) Private Limited	1	-	99.99	-	-	-		-	-	-
TOTAL				**2,156,944**	**(41,337)**	**649,361**	**571,888**	**398,272**	**325,977**	**323,743**

Note: All subsidiaries are closely-held entities, not registered with the CVM, having no securities traded on organized capital markets.

1. production, manufacturing, marketing, export and import of industrial, electromechanical and electronic systems, electrical rotating machines, machinery and equipment in general, devices for production, distribution and conversion of electric power, electrical equipment, programmable controllers, parts and components of machines, devices and equipment in general
2. marketing, export and import of industrial, electromechanical and electronic systems, electrical rotating machines, machinery and equipment in general, devices for production, distribution and conversion of electric power, electrical equipment, programmable controllers, parts and components of machines, devices and equipment in general
3. production of hydraulic turbines of all types and capacities
4. production of resins in general, dyeing materials, plant- and chemical-based substances and products designed for industrial and scientific use.

10. OFFICERS' COMMENTS

10.1. Officers must comment on

a) General financial and equity position – WEG Group

WEG is a Brazilian corporation with global operations, being thus exposed to global economic conditions in the ordinary course of its business. Over the past few years the world economic situation large favored the expansion of our business, which witnessed one of the longest periods of continuous economic expansion in modern history. However, from mid 2008, the imbalances accumulated during the long period of expansion, originating from the expansion of consumer credit, especially in the U.S. housing sector, led to instability in global financial markets and started up a synchronized movement of global economic downturn.

This slowdown in economic activity, very clearly depicted by the serious events faced by the U.S. banking industry in September 2008, reached all market segments and virtually all the regions in the world. Although the economic downturn has impacted different markets in different ways, the global recession was one of the most significant and serious economic events in decades, forcing rapid and decisive governmental interventions in the most developed countries. As a way of halting the downward trend and ensuring some progress, strong encouraging efforts were taken involving not only tax expansion measures but also the use of monetary policies in favor of high liquidity.

The results of these measures began to be perceived in the second half of 2009, with a decrease in the rate of deceleration and, in the so-called emerging economies such as Brazil, the beginning of a growth recovery trend.

From a Brazilian economy perspective, we noted that the substantial expansion of GDP, at the rate of approximately 6% per year in the first three quarters of 2008, sharply declined in early 2009. The recovery of GDP was achieved with the decisive intervention by the federal government, which successfully reversed the poor performance of the first quarters, encouraging greater consumption. The rapid exchange rate adjustment, caused by the international crisis, however, was reversed and the Brazilian currency resumed its path of long-term appreciation.

The industrial sector was heavily impacted by the slackened growth pace. According to the Brazilian Institute of Geography and Statistics (IBGE), the Brazilian industrial production fell 7.4% in 2009 over 2008. The production of capital goods, heavily dependent on the pace of productive investments, fell even more, accumulating a 17.4% decrease over the previous year. More specifically, the Brazilian Association of Electric and Electronic Manufacturers (ABINEE) estimates that the electric and electronics industry in Brazil experienced a 9% decrease in sales over the previous year. In segments where WEG focuses its operations, data from ABINEE indicate year-on-year falls in Industrial Automation (-17%), Industrial Equipment (-12%) and Power Generation, Transmission and Distribution (-12%).

b) Capital structure and possible redemption of shares or interest units, indicating:

At December 31, 2009, the capital structure is made up of 23% debt (Total Liabilities less Cash and Cash Equivalents) and 77% equity (Net Equity). Management believes that the capital structure of the Company today is adequate for the market's current timing.

i. **Possible redemption**

Management does not anticipate possible redemption of issued shares.

ii. **Calculation method for redemption price**

N/A.

c) *Ability to pay financial commitments undertaken*

The Company has established financing policies that, given the cash generation ability of its operating activities, can maintain sufficient funds and sources of liquidity to pursue investment opportunities to maintain its growth rate without increasing its exposure to financial risks.

The Company's policy consists in investing cash and cash equivalents in liquid financial instruments of first-tier banks, based on financial soundness, credit quality and profitability criteria. Over the past years, most of the financial instruments are denominated in Brazilian currency.

At December 31, 2009, cash, cash equivalents and short-term investments, all classified under current assets, totaled R$ 2,127,117 (R$ 1,849,478 at December 31, 2008) as shown below:

	2009	**2008**
a) Cash and Banks	30,948	71,198
b) Short-term investments		
- In local currency		
Bank Deposit Certificate (CDB)	2,024,651	1,579,415
- In foreign currency		
Foreign Certificate of Deposit	70,285	195,471
Other	1,233	3,394

Investments in Brazil:

- At December 31, 2009, Bank Deposit Certificates (CDB) were subject to interest between 100.0% and 106.5% of CDI (100.0% and 106.7% of CDI at December 31, 2008).

Investments abroad:

- In highly liquid (Money Market) financial instruments denominated in Euros, issued by financial institutions abroad, subject to interest ranging from 1.38% to 3.50% per annum (p.a.), in the original amount of EUR 24,159, amounting to R$ 60,882 at December 31, 2009.
- In highly liquid (Money Market) financial instruments denominated in U.S. dollars, issued by financial institutions abroad, subject to interest ranging from 0.05% to 1.0% p.a., in the original amount of US$ 5,433, amounting to R$9,403 at December 31, 2009.

d) Sources of funds used for working capital and capital expenditures.

The Company uses the following sources of funds:

- For fixed assets in Brazil, we use loans from the National Bank for Economic and Social Development (BNDES) and other development agencies, mostly in national currency;
- To finance foreign subsidiaries' working capital, we use funds in the respective currencies of each country.
- To finance foreign trade operations, we use advance on exchange contracts (ACC), financing in foreign currency type, taking advantage of the natural hedge and continuously monitoring the financial exposure to foreign exchange.
- For investments in research and development activities, we use specific lines of credit from the Financing Agency for Studies and Projects (FINEP).

e) Sources of funds for working capital and capital expenditures intended to be used as a means of covering liquidity shortfalls.

The Company controls its future working capital requirements, avoiding the need to enter into emergency financing agreements to cover unexpected liquidity shortfalls, which always implies higher costs. Moreover, the Company has access to pre-approved standby lines of credit from the main banks with which it does business, and these lines may be used at any time.

f) Indebtedness and debt characteristics, further describing:

i. relevant loan and financing agreements:

At December 31, 2009, gross financial debt totaled R$ 1,872.5 million, as follows:

- Short-term operations totaled R$ 895.9 million (48% of total), represented by transactions associated with operating activities (trade finance) in foreign currency and by the current amount of loans obtained from BNDES and other development agencies, mostly in local currency.
- Long-term operations totaled R$ 976.6 million (52% of total), mainly represented by financing obtained from BNDES and other development agencies, mostly in local currency, and by the noncurrent amount of working

capital financing for foreign subsidiaries in the respective currencies of each country.

The following table describes the debt characteristics:

Type	Annual Charges	2009	2008
IN BRAZIL		**1,635,509**	**1,815,666**
SHORT TERM		**729,256**	**1,049,590**
Working Capital (ACC)	Interest 1.8% to 4.9% p.a. (+) FX	229,577	619,497
Working Capital	TJLP (+) 1.0% to 5.0% p.a.	479,431	390,434
Working Capital	Basket of Currencies (+) 0.8% to 2.5% p.a.	7,242	12,653
Non Deliverable Forwards (NDF)	FX	-	16,884
Working Capital	Interest 4.5% to 5.3% p.a.	6,932	9,267
Fixed Assets	TJLP (+) 1.2% to 5.0% p.a.	5,015	832
Working Capital	US dollar (+) 1.4% p.a.	1,059	-
LONG TERM		**906,253**	**766,076**
Working Capital	TJLP (+) 1.0% to 5.0% p.a.	483,569	615,765
Fixed Assets	IGPM (+) 1.0% p.a.	-	52,004
Fixed Assets	UFIR (+) 1.0% to 4.0% p.a.	22,832	1,293
Working Capital	Basket of Currencies (+) 0.8% to 2.5% p.a.	2,906	13,610
Working Capital	Interest 4.5% to 5.3% p.a.	365,002	62,940
Fixed Assets	TJLP (+) 1.2% to 5.0% p.a.	19,921	20,464
Working Capital	US dollar (+) 1.4% p.a.	12,023	-
ABROAD		**237,024**	**345,550**
SHORT TERM		**166,629**	**264,508**
Working Capital	EURIBOR (+) 0.3% to 3.4% p.a.	45,818	68,177
Working Capital	LIBOR (+) 2.1% to 3.3% p.a.	45,513	72,767
Working Capital	Interest 4.8% to 11.7% p.a.	75,298	123,564
LONG TERM		**70,395**	**81,042**
Working Capital	Interest 5.0% to 11.7% p.a.	70,395	81,042
TOTAL SHORT TERM		**895,885**	**1,314,098**
TOTAL LONG TERM		**976,648**	**847,118**

ii. ***(cont.) other long-term business with financial institutions,***

N/A

iii. **(cont.) debt subordination levels,**

All of the financing agreements have the same seniority levels.

iv. ***(cont.) any restrictions regarding:***

- ***indebtedness ratios and limitations on new indebtedness:***
  The financing agreements in place do not include clauses that impose limits on the Company's additional indebtedness. Some of the

Company's agreements with BNDES impose minimum requirements on current liquidity ratio (current assets/current liabilities) and minimum capitalization levels (net equity / total assets). These minimum requirements have been satisfactorily complied with.

- ***dividend distribution***

  The financing agreements in place do not include clauses that impose limits on the distribution of dividends by the Company.

- ***disposal of assets***

  The financing agreements in place do not include clauses that impose limits on the disposal of the Company's assets.

- ***issuance of new securities and***

  The financing agreements in place do not include clauses that impose limits on the issuance of securities by the Company.

- ***disposal of corporate control.***

  The financing agreements in place do not include clauses that impose limits on the disposal of the Company's corporate control.

g) Limitations on the use of current financing arrangements

The Company has access to pre-approved standby lines of credit from the main banks with which it does business, and these lines may be used at any time.

h) Significant changes in each line item of the financial statements.

Review of balance sheet accounts

Position at December 31, 2009 as compared to December 31, 2008.

Current assets

At December 31, 2009, current assets amounted to R$ 3,973,158, representing a decrease of R$ 413,262, or 9%, over the R$ R$ 4,386,420 figure for December 31, 2008. In relation to total assets, current assets decreased from 76% at December 31, 2008 to 74% at December 31, 2009. The major changes in current assets were as follows:

Cash and cash equivalents

The line item "Cash and cash equivalents", amounting to R$ 2,127 thousand at December 31, 2009, increased R$ 277 thousand, or 15%, over the R$ 1,849 thousand figure for December 31, 2008. This positive change results from the substantial cash generated for the period, together with a decrease in investments in working capital.

In relation to total assets, cash and cash equivalents accounted for 40% at December 31, 2009, as compared to 32% for December 31, 2008.

Accounts receivable

The line item "Accounts receivable" amounted to R$ 910 thousand at December 31, 2009, representing a decrease of R$ 201 thousand, or 18%, over the R$ 1,111 thousand figure for December 31, 2008. This change results from the fall in customer financing requirements for the period. In relation to total assets, trade accounts receivable represented 17% at December 31, 2009, as compared to 19% for December 31, 2008.

Inventories

The line item "Inventories" amounted to R$ 758 thousand at December 31, 2009, representing a decrease of R$ 348 thousand, or 31%, over the R$ 1,107 thousand figure for December 31, 2008. This change results from inventory cut efforts and the natural decrease in required investments in inventory turnover for the period. In relation to total assets, inventories represented 14% at December 31, 2009, as compared to 19% for December 31, 2008.

Noncurrent assets

At December 31, 2009, "Noncurrent assets" amounted to R$ 1,400,449, representing 26% of total assets, with no significant changes in relation to the total R$ 1,386,354 (or 24% of total assets) at December 31, 2008.

Current liabilities

Current liabilities totaled R$ 1,825,846 at December 31, 2009, a decrease of R$ 695 thousand, or 28%, over the total R$ 2,520,871 for December 31, 2008. In relation to total liabilities, current liabilities fell from 44% at December 31, 2008 to 34% at December 31, 2009. The major changes in current liabilities were as follows:

Suppliers

The line item "Suppliers" amounted to R$ 189 thousand at December 31, 2009, representing a decrease of R$ 129 thousand, or 41%, over the R$ 318 thousand figure for December 31, 2008. This change naturally results from a decrease in revenue for the period. In relation to total liabilities, suppliers represented 4% at December 31, 2009, as compared to 6% for December 31, 2008.

Short-term debt

The line item "Short-term debt" amounted to R$ 896 thousand at December 31, 2009, representing a decrease of R$ 418 thousand, or 32%, over the R$ 1,314 thousand figure for December 31, 2008. This change results from the substantial cash generated for the period, together with a decrease in investments in working capital. In relation to total liabilities, short-term debt represented 17% at December 31, 2009, as compared to 32% for December 31, 2008.

Advances from clients

The line item “Advances from clients” amounted to R$ 255 thousand at December 31, 2009, representing a decrease of R$ 211 thousand, or 45%, over the R$ 466 thousand figure for December 31, 2008. This change results from the performance of supply contracts with clients and revenue recognition for the period. In relation to total liabilities, advances from clients represented 5% at December 31, 2009, as compared to 8% for December 31, 2008.

Noncurrent liabilities

Noncurrent liabilities totaled R$ 1,160,757 at December 31, 2009, a decrease of R$ 130 thousand, or 13%, over the total R$ 1,030,982 for December 31, 2008. In relation to total liabilities, noncurrent liabilities increased from 18% at December 31, 2008 to 22% at December 31, 2009. The major changes in noncurrent liabilities were as follows:

Long-term debt

The line item “Long-term debt” amounted to R$ 977 thousand at December 31, 2009, representing an increase of R$ 130 thousand, or 15%, over the R$ 847 thousand figure for December 31, 2008. This change results from the Company’s longer debt profile. In relation to total liabilities, long-term debt represented 18% at December 31, 2009, as compared to 15% for December 31, 2008.

Net equity

Net equity totaled R$ 2,362,787 at December 31, 2009, an increase of R$ 184,207, or 8%, over the total R$ 2,178,580 for December 31, 2008. This growth was mainly due to the net income generated but not distributed for the year and to the integration of the goodwill reserve of R$ 44,931, resulting from the issuance of 3,278,300 shares upon the merger of Trafo Equipamentos Elétricos S.A.

Position at December 31, 2008 as compared to December 31, 2007.

Current assets

At December 31, 2008, current assets amounted to R$ 4,386,420, representing an increase of R$ 587,353, or 15%, over the total R$ R$ 3,799,067 figure for December 31, 2007. In relation to total assets, current assets decreased from 78% at December 31, 2007 to 76% at December 31, 2008. The major changes in current assets were as follows:

Cash and cash equivalents

The line item “Cash and cash equivalents”, amounting to R$ 1,849 thousand at December 31, 2008, decreased R$ 325 thousand, or 15%, over the R$ 2,175 thousand figure for December 31, 2007. This change results from the substantial investments in working capital for the period, together with the use of net cash. In relation to total assets, cash and cash equivalents accounted for 32% at December 31, 2008, as compared to 45% for December 31, 2007.

Accounts receivable

The line item “Accounts receivable” amounted to R$ 1,111 thousand at December 31, 2008, representing an increase of R$ 361 thousand, or 48%, over the R$ 750 thousand figure for December 31, 2007. This change results from the growth in revenues and increased customer financing requirements for the period. In relation to total assets, trade accounts receivable represented 19% at December 31, 2008, as compared to 15% for December 31, 2007.

Inventories

The line item “Inventories” amounted to R$ 1,107 thousand at December 31, 2008, representing an increase of R$ 401 thousand, or 57%, over the R$ 706 thousand figure for December 31, 2007. This change results from business expansion and the need for investment in inventories in order to overcome production difficulties faced with the information system implementation. In relation to total assets, inventories represented 19% at December 31, 2008, as compared to 14% for December 31, 2007.

Noncurrent assets

At December 31, 2008, “Noncurrent assets” amounted to R$ 1,386,354, representing 24% of total assets, having increased R$ 311,576 from the total R$ 1,074,778 (or 22% of total assets) at December 31, 2007. The major changes in noncurrent assets were as follows:

Property, plant and equipment, net

The line item “Property, plant and equipment, net” amounted to R$ 1,047 thousand at December 31, 2008, representing an increase of R$ 302 thousand, or 40%, over the R$ 746 thousand figure for December 31, 2007. This change results from substantial investments in expanding the output capacity throughout the year. In relation to total assets, property, plant and equipment, net, represented 18% at December 31, 2008, as compared to 15% for December 31, 2007.

Current liabilities

Current liabilities totaled R$ 2,520,871 at December 31, 2008, an increase of R$ 363 thousand, or 17%, over the total R$ 2,158,055 for December 31, 2007. In relation to total liabilities, current liabilities represented 44% at December 31, 2008 and at December 31, 2009. The major changes in current liabilities were as follows:

Suppliers

The line item “Suppliers” amounted to R$ 318 thousand at December 31, 2008, representing an increase of R$ 124 thousand, or 64%, over the R$ 194 thousand figure for December 31, 2007. This change naturally results from an increase in operations for the period. In relation to total liabilities, suppliers represented 6% at December 31, 2008, as compared to 4% for December 31, 2007.

Short-term debt

The line item “Short-term debt” amounted to R$ 1,314 thousand at December 31, 2008, representing an increase of R$ 237 thousand, or 22%, over the R$ 1,077 thousand figure for December 31, 2007. This change results from an increase in operations for the period, together with an increase in the need for investments in working capital. In relation to total liabilities, short-term debt represented 23% at December 31, 2008, as compared to 22% for December 31, 2007.

Advances from clients

The line item “Advances from clients” amounted to R$ 466 thousand at December 31, 2008, representing an increase of R$ 105 thousand, or 29%, over the R$ 361 thousand figure for December 31, 2007. This change results from the large number of future supply contracts with clients. In relation to total liabilities, advances from clients represented 8% at December 31, 2008, as compared to 7% for December 31, 2007.

Noncurrent liabilities

Noncurrent liabilities totaled R$ 1,030,982 at December 31, 2008, an increase of R$179 thousand, or 21%, over the total R$ 852,428 for December 31, 2007. In relation to total liabilities, noncurrent liabilities increased from 17% at December 31, 2007 to 18% at December 31, 2008. The major changes in noncurrent liabilities were as follows:

Long-term debt

The line item “Long-term debt” amounted to R$ 847 thousand at December 31, 2008, representing an increase of R$ 193 thousand, or 29%, over the R$ 654 thousand figure for December 31, 2007. This change results from the Company’s longer debt profile. In relation to total liabilities, long-term debt represented 15% at December 31, 2008, as compared to 13% for December 31, 2008.

Net Equity

Net equity totaled R$ 2,178,580 at December 31, 2008, an increase of R$ 346,406, or 19%, over R$ 1,829,174 for December 31, 2007. This growth was mainly due to the net income generated but not distributed for the year.

10.2. Comments on the company's result of operations.

Position at December 31, 2009 as compared to December 31, 2008.

Gross Operating Revenue

In 2009, the Consolidated Gross Operating Revenue (GOR) totaled R$5,110.6 million, a 6.6% year on year decrease. The revenue performance, however, was different for each of our business segments, having showed growth in the GTD area (equipment for the energy industry) and in the Paints & Varnishes area, and reduction in the Industrial Electrical and Electronic Equipment area and in the Household Motors area. The following aspects are to be highlighted in each of these areas:

- Industrial electrical and electronic equipment – showed an 18% decrease in GOR over 2008, reflecting the slackened industrial production activity worldwide and the consequent decrease in investments in the expansion of output capacity. It should be noted that this business area is more exposed to foreign markets, considering our remarkable presence in developed economies in North America and Europe, which were very much affected by the global crisis.
- Power generation, transmission and distribution (GTD) equipment – revenue for this business area grew 15% over 2008. This good performance is still a result of the somewhat healthy market existing up to the end of last year, which allowed us to accumulate a significant amount of order backlog that was filled throughout 2009. The sales performance, measured by the inflow of new orders, showed a drop trend with a slight recovery at the end of the year.
- Household motors – the year-on-year decrease of 8% in revenues for this business area results from very different moments observed throughout the year. As the case is typically with short-cycle products, this area most rapidly showed the effects of economic instability, with a steep drop in activities at the beginning of the year. Likewise, the recovery of this area's activities, especially after the government adopted tax cut measures that stimulated consumption, was strong and fast. Thus, our pace at the end of 2009 was higher than the production and sales peak for the previous year.
- Paints and varnishes – the 6% increase over the previous year once again shows the stable and diversified nature of the markets in which this business area operates.

Domestic Market

Gross Operating Revenues in the domestic market totaled R$3,371.6 million, or 66% of our total Gross Operating Revenues, down 5.6% from the previous year, reflecting an economic downturn and, consequently, a decrease in the demand for capital goods for industrial use.

We remain leaders in the Brazilian electric motor market and continue to gain significant positions in all business segments we operate in the domestic market. Our operations are distinguished by continuously expanding and enhancing the technology content of our line of products and services over time, keeping to our strategy of offering complete and integrated industrial solutions.

Foreign Market

Gross Operating Revenues in the foreign market totaled R$1,739.0 million, or 34% of total Gross Operating Revenues. The year-on-year comparison measured in Brazilian reais shows a decrease of 8.5%. In U.S. dollars, Gross Revenues in the foreign market reached US$877.3 million, as compared to the US$1,028.6 million recorded in the previous year.

Over the years we have expanded our operations to the various global markets, having eventually become a global company with product distribution to more than 100 countries across five continents and direct operations in more than 20 of the major global markets. We have industrial operations in Brazil, Argentina, Mexico, Portugal and China, and we will begin to manufacture high-voltage electric motors and generators in India in mid-2010. In 2009, we started manufacturing power transformers in Mexico, expanding our production line beyond electric motors, which is still our flagship product.

Our mindset has been to diversify our business by expanding our geographic presence, allowing us to maintain consistent growth rates in the foreign market, minimizing the impacts of economic changes in each country or region. In 2009, the protection provided by this diversification was somewhat relative, since the economic slowdown affected all markets at the same time. Still, we believe there are growth opportunities in the various global markets and we expect to recover our level of increase in revenues and results in the future.

Cost of Goods Sold

The Cost of Goods Sold (CGS) totaled R$ 2,858.1 million in 2009, or 68% of net operating revenues, down 2.6% from the previous year. The gross margin decreased 3 percentage points as compared to the previous year. Similarly to the sales and revenue performance, the analysis of cost performance analysis should consider two moments:

1. The first half-year showed negative effects, with a decrease in production volumes as a reflection of the diminishing global demand for capital goods, resulting in:

- Increased transformation costs due to lower dilution of fixed costs;
- Difficulties in passing on increases in average costs of major raw materials, especially steel and copper, in the second half of 2008;

- Relative changes in the mix of products sold, increasing the number of lesser value added products and the resulting adverse effects on the margin;
- Higher pressure on sales prices, especially abroad, as a result of fiercer competition.

2. Our response to the adverse market conditions was quick and sought to rapidly regain WEG's competitive edge, including measures to continuously improve efficiency:

- Control over costs and expenses;
- Increased operational efficiency and search for process improvement;
- Reschedule investments in output capacity expansion and modernization.
- The first results from these efforts became clear as early as in the third quarter, with the recovery of gross margin helped by greater stability of raw material costs and increased productivity.

Selling, General and Administrative Expenses

Consolidated Selling, General and Administrative Expenses totaled R$634.4 million, or 15.1% of Net Operating Revenues in 2009, having decreased 2.8% from the R$652.4 million recorded in 2008. The measures to regain WEG's competitive edge, as described above, also enabled a good performance of the control over operating expenses.

EBITDA

As a result of the effects discussed above, EBITDA, calculated pursuant to the method defined by CVM in Circular Letter No. 01/07, totaled R$ 837.4 million, an 18.4% decrease over the figure for 2008. EBITDA margin was 19.9%, or 2.9 percentage points below EBITDA margin for the previous year.

Other operating income/expenses

The line item "Other operating expenses/income mainly includes amounts accrued during the year for employees' profit sharing, the so-called WEG Quality and Productivity Program (PWQP). In 2009, this amount was R$ 76.6 million, as compared to the R$ 86.2 million for 2008.

Financial income and expenses

Financial income totaled R$ 383.5 million (R$ 464.1 million in 2008) and financial expenses totaled R$ 272.1 million (R$ 505.9 million in 2008). As a result, the financial result was a positive R$ 111.3 million (negative R$ 41.8 million in 2008). These figures do not consider interest on capital, shareholder compensation classified as financial expenses for tax purposes.

The reduced exposure to foreign currency-denominated debt, resulting both from the natural decrease in global businesses and from management's decision to this effect, eventually determined that the foreign exchange rate volatility, mainly in the first half-year, had a minor effect on the financial result. This reduced exposure caused both financial income and expenses to decrease in absolute and relative terms.

Net income

As a result of the effects discussed above, the net income for the year totaled R$548.4 million, 2.1% less than the R$ 560.4 million reported in 2008, representing a 25.2% return on capital in 2009.

Position at December 31, 2008 as compared to December 31, 2007.

Gross Operating Revenue

Consolidated Gross Operating Revenue (GOR) grew 20% over the previous year, totaling R$ 5,471.2 million in 2008. Revenue growth can also be noted in each of the four different areas that divide our business. The following aspects are to be highlighted in each of these areas:

- Industrial Electrical and Electronic Equipment – the 16% increase over 2007 would be even higher if it were not for the appreciation of the Brazilian real, considering that foreign sales are significant in this business area;
- Power generation, transmission and distribution (GTD) equipment – sales for this business area grew 44% over 2007, in line with the good performance noted over the past years, clearly showing the competitive nature of our solution offerings.
- Household Motors – as compared to 2007, the 4% increase in sales for this business area was particularly affected by the economic instability at year-end;
- Paints and Varnishes – sales increased 7% over the previous year.

Domestic Market

Gross Operating Revenues in the domestic market totaled R$ 3,570.1 million, or 65% of our total Gross Operating Revenues, up 21.4% from the previous year, reflecting the increased demand for capital goods for industrial use and for power generation, transmission and distribution activities.

Foreign Market

Gross Operating Revenues in the foreign market grew 18.1% over the previous year, totaling R$ 1,901.1 million, or 35% of total Gross Operating Revenues. In U.S. dollars, Gross Revenues in the foreign market reached US$ 1,028.6 million and year-on-year increase was 23.6%.

Cost of Goods Sold

The Cost of Goods Sold (CGS) totaled R$ 2,933.9 million in 2008, or 65% of net operating revenues, up 24.7% from the previous year. Two aspects decreased during the year:

- Appreciation of the Brazilian currency against virtually all major global convertible currencies, especially the U.S. dollar, in the first nine months of the year, affecting the profitability of sales in foreign markets.
- The rise in prices of major raw materials, especially steel and copper, making it difficult to pass cost increases on to customers.

Selling, General and Administrative Expenses

Consolidated Selling, General and Administrative Expenses totaled R$ 652.4 million, or 14.5% of Net Operating Revenues in 2008, up 21% from the R$ 536.4 million accumulated in 2007. This increase resulted from operating expenses relating to WIS (WEG Integrated System) Project implementation, incurred mainly in the first half-year, partly offset by greater efforts to minimize other unrelated operating expenses.

EBITDA

As a result of the effects discussed above, EBITDA for 2008 (calculated pursuant to the method defined by CVM in Circular Letter No. 01/07) totaled R$ 1,026.1 million, an 11% increase over the figure for 2007. EBITDA margin was 23%, or 1.8 percentage point below EBITDA margin for the previous year.

Other operating income/expenses

According to Law No. 11638/07, which established new corporate accounting standards in Brazil, and subsequent regulation set forth by CVM, foreign exchange gains and losses on investments in foreign subsidiaries are no longer recorded in the statement of income for the year, but rather directly accounted for as adjustments to net equity. In 2008, these foreign exchange variations, which until 2007 were posted in the income statement, represented R$89.8 million and were added to net equity.

Thus, in 2008 the line item “other operating expenses/income” mainly includes amounts accrued during the year for employees’ profit sharing, the so-called WEG Quality and Productivity Program (PWQP). In 2008, this amount was R$86.2 million, as compared to the R$86.6 million for the previous year.

Financial income and expenses

Financial income totaled R$ 464.1 million (R$ 345.5 million in 2007) and financial expenses totaled R$ 505.9 million (R$ 212.5 million in 2007). As a result, the financial result was a negative R$ 41.8 million (positive R$ 133.0 million in 2007). These figures do not consider interest on capital, shareholder compensation classified as financial expenses for tax purposes.

The increases in financial income and expenses result from the dramatic depreciation of the Brazilian real after September. The effects of this depreciation on foreign currency-denominated debt are immediate, while the positive effects of increased foreign market sales revenues are realized over time.

Net income

As a result of the effects discussed above, the net income for the year totaled R$560.4 million, 2.5% less than the R$ 575.0 million reported in 2007, representing a 30.6% return on capital in 2008. Had the previous method been used (with exchange rate gains and losses on foreign investments being directly posted in the income statement), net income would be R$ 650.2 million and net return on capital would be 35.5%.

10.3. Material effects that the following events have caused or are expected to cause on the financial statements and results.

a) ***Introduce or dispose of a business segment.***

N/A.

b) Constitute, acquire or dispose of ownership interest.

New Manufacturing Unit in India.

The Company is building a new manufacturing unit in the city of Husur, Tamil state, India. This facility will manufacture high-voltage electric motors and electric power generators and will start operations in the second half of 2010. In 2009, the investments allocated to this project totaled R$ 13,246, as part of a total US$ 50 million projected for the first phase of this unit.

This will be a pioneering venture for the Company to manufacture high-voltage equipment abroad, seeking to leverage the opportunity offered by the rapidly expanding Indian market. Another unique aspect of this project is that it is a greenfield project, designed and implemented to meet WEG’s standard requirements since the start-up of operations.

New Manufacturing Unit in Linhares (ES)

In August 2009, the completion of negotiations with the state government of Espírito Santo and the city government of Linhares for the construction of a new electric motors manufacturing unit was announced.

For the construction of the future industrial site, the Company will adopt the same modular concept used by WEG in its other plants in Brazil and abroad, which allows for the gradual and continuous increase of output capacity, thus meeting the Company’s expansion requirements over several years. The first of these manufacturing modules in Linhares should become operational in 2011. The expected investment for this phase of the project is R$ 160 million over the next 4-6 years.

The project is being implemented in a SUDENE tax incentive region.

Merger of Trafo Equipamentos Elétricos S.A.

The Extraordinary General Meetings held by WEG S.A. and by subsidiary Trafo Equipamentos Elétricos S.A. on December 28, 2009 approved the integration of shares issued by TRAFO into WEG.

As a result of this integration, TRAFO became a wholly-owned subsidiary of WEG, which, in turn, became the sole shareholder of TRAFO directly or indirectly holding all of its shares, and continued to hold all the rights and obligations it held before the operation was approved. TRAFO shareholders, in turn, became holders of WEG shares, based on the approved share exchange ratio.

Subsequently, on December 30, 2009, the merger of Trafo Equipamentos Elétricos S.A. into subsidiary WEG Equipamentos Elétricos S.A. was approved. Accordingly, Trafo has become another business in the Transmission and Distribution segment, adding transformers-specific expertise and production capacity.

c) ***Unusual events or operations.***

N/A.

10.4. Officers must comment on:

a) Significant changes in accounting practices.

Year 2008

On December 28, 2007, Law No. 11638 was published to amend and repeal certain provisions of Law No. 6404/76 and of Law No. 6385/76. These changes aimed at harmonizing Brazilian and international accounting standards, and the requirements of this Law apply to the financial statements for fiscal years ended as of January 1, 2008.

All the adjustments impacting the income statement were made to accumulated profits and losses on the transition date in accordance with article 186 of Law No. 6404/76, with no retrospective effects on the financial statements.

Year 2009

The changes introduced by this law were applied by the Company as of year 2008 and maintained for year 2009.

Year 2010 and thereafter

In 2009, the Brazilian Securities Commission (CVM) approved 26 new accounting pronouncements issued by the Brazilian FASB (CPC) to be adopted in connection with financial statements for periods ending on or after January 1, 2010 with comparative disclosure to 2009 on the same basis.

The effects on the presentation of financial statements for 2010, of the balance sheet as of January 1, 2009 (transition date), and of the 2009 comparative financial statements will be measured and recorded by the Company.

Management is evaluating the potential impacts of these new regulations and anticipates that the following pronouncements are likely to have an effect on its financial statements:

- CPC 17 Construction Contracts
- CPC 22 Segment Information
- CPC 26 Presentation of Financial Statements
- CPC 27 Property, Plant and Equipment
- ICPC 10 Revaluation of Property, Plant and Equipment
- CPC 30 Revenue
- CPC 36 Consolidated Financial Statements
- CPC 37 First-time Adoption of IFRS

b) ***Significant effects from changes in accounting practices.***

Considering there were no significant changes in accounting practices for fiscal year 2009, there are no significant effects arising from changes that require disclosure.

c) Qualification and emphasis of matter paragraphs in the auditors' report.

The independent auditors' report is unqualified.

10.5. Officers must indicate and comment on critical accounting policies adopted by the issuer, especially the accounting estimates made by management regarding uncertain aspects that are relevant to describe the financial position and results of operations that rely on subjective or complex judgments, such as: provisions, contingencies, revenue recognition, tax credits, long-lived assets, useful life of non-current assets, pension plans, currency translation adjustments, environment remediation costs, asset impairment testing criteria and financial instruments

The process of preparing the financial statements involves the use of estimates. The determination of these estimates takes into consideration experiences from past and current events, assumptions in respect of future events, and other objective and subjective factors. Significant items subject to such estimates and assumptions include the selection of the useful life of property, plant and equipment and its recovery in operations, credit risk analysis to determine the allowance for doubtful accounts, fair value measurement of financial instruments, commitments to post-employment benefits, recognition of deferred income tax assets on income and social contribution tax losses, as well as the analysis of other risks to determine other provisions, including the provision for contingencies resulting from administrative and judicial proceedings and other assets and liabilities as of the balance sheet date.

The settlement of transactions involving these estimates may result in amounts different from those recorded in the financial statements due to the uncertainties inherent in the estimation process. The Company reviews its estimates and assumptions on a quarterly basis.

Monetary assets and liabilities denominated in foreign currencies were translated into the Brazilian real at the exchange rate in force at the balance sheet date, and foreign currency translation adjustments were recognized in the income statement.

Foreign exchange differences on investments in subsidiaries abroad, which had their assets and liabilities translated into reais based on the exchange rate at the balance sheet date and their results translated based on the average rate for the period, are recognized in a specific net equity account.

Other permanent investments are recorded at the acquisition cost less any valuation allowance, when applicable.

The main accounting practices include:

a) Determination of profit and loss. Revenues and expenses are recorded on the accrual basis. Revenue from sales of goods is recognized in net income when all risks and rewards of ownership of the products are transferred to the buyer and economic benefits are likely to flow to the Company; revenue from sales of services is recognized in net income based on its realization.

b) Cash, banks and short-term investments. These include the balances in checking accounts and short-term investments recorded at cost plus earnings earned up to December 31, 2009, based on the rates agreed upon with financial institutions.

c) Trade accounts receivable. These are stated at present value and realization value, and the amounts receivable from foreign clients are restated based on exchange rates effective at the end of each period. The allowance for doubtful accounts was calculated considering the analysis of credit risks, which takes into account the history of losses, being sufficient to cover losses on amounts receivable.

d) Inventories. These are stated at the average acquisition or production cost, not exceeding their market value, considering the present value when applicable, or the manufacturing cost. Provisions for slow-moving or obsolete inventory items are recorded when considered necessary by management. Imports in progress are shown at the accumulated cost of each import.

e) Other current and noncurrent assets. These are stated at cost or realizable value, including, when applicable, earnings, monetary and exchange variations, as well as present value adjustments.

f) Property, plant and equipment. These are valued at acquisition and/or construction cost, less any related depreciation expenses, except in the case of plots of land, which are not depreciated. Depreciation is calculated under the straight-line method and takes into account the economic useful life of the assets. Property, plant and equipment are stated net of ICMS, PIS and COFINS credits, which are recorded as recoverable taxes, including amortization as defined by law. The Company annually measures the recoverable value of property, plant and equipment under the value in use method (future cash flows), and has not identified any impairment until December 31, 2009. Expenditures on repair and maintenance that do not significantly extend the useful lives of the related assets are recorded as expenses when incurred.

g) Intangible assets. These are valued at acquisition cost, less amortization and any impairment losses, as applicable. Intangible assets are amortized over the period the assets are expected to yield future economic benefits, considering they have a definite useful life. Goodwill from the acquisition of investments based on future profitability was amortized on the straight-line basis over 5 years until December 31, 2008. Beginning January 1, 2009, goodwill has no longer been amortized, being only subjected to annual impairment testing.

h) Investments. Investments in subsidiaries and affiliates are recorded under the equity accounting method. The assets and liabilities of subsidiaries located abroad are translated from their functional currency into Brazilian reais at the exchange rate effective on the closing balance sheet dates and their results of operations are determined at the monthly average rates for the years.

Capital gains/losses deriving from the exchange variation on investments in foreign subsidiaries are recorded under net equity.

The Company’s share in its subsidiaries’ net income for the period and changes in assets and liabilities is recorded as operating income (expenses).

Other investments are recognized at acquisition cost less any impairment losses, as applicable.

i) Income and social contribution taxes. Taxes on income are computed on taxable profit (based on accounting records), pursuant to the prevailing legislation (Note 18). Deferred income and social contribution taxes were calculated pursuant to CVM Instruction No. 371/02 (Note 10). The Company opted for the Transitional Taxation Regime (“RTT”), introduced by Law No. 11941/09, whereby the calculations of Corporate Income Tax (IRPJ), Social Contribution Tax (CSLL), of Social Contribution on Gross Revenue for Social Integration Program (PIS) and of Social Contribution on Gross Revenue for Social Security Financing (COFINS), for the two-year period 2008-2009, continue to be determined in accordance with the accounting methods and criteria set by Law No. 6404, of December 15, 1976, effective on December 31, 2007.

j) Other current and noncurrent liabilities. These are stated at known or estimated values, plus, when applicable, the related financial charges on a daily pro rata basis, and any incurred monetary and exchange variations, as well as any present value adjustments.

k) Foreign currency translation. Assets and liabilities relating to foreign currency-denominated operations, except for investments, are translated into the local currency (real - R$) at the rate of exchange in force at the financial statement closing date. Exchange gains and losses deriving from restatement of these assets and liabilities between the date of the transactions and the financial statement closing dates are recognized as financial income or expenses in the statement of income.

l) Interest on equity. For corporate purposes, interest on equity is stated as allocation of profits directly under net equity. For tax purposes, it was treated as a financial expense, reducing the tax bases of income and social contribution taxes (IRPJ and CSLL).

m) Related parties. Transactions involving the purchase and sale of raw material and products are carried out under conditions and terms that are similar to transactions conducted with unrelated parties.

n) Present value adjustment. Assets and liabilities resulting from long-term operations, or from significant short-term operations, were adjusted to present value based on discount rates that reflected the best market valuations. Adjustment to present value was calculated on a pro rata daily basis, as of the beginning of each transaction. Reversals of adjustments to monetary assets and liabilities were recorded as financial income or expenses.

o) Statement of Cash Flows. This is shown as an integral part of the financial statements, prepared under the indirect method in accordance with the standards and procedures defined in CVM Rule No. 547/08 (CPC 03).

p) Statement of Value Added. This is shown as an integral part of the financial statements, prepared in accordance with the standards and procedures defined in CVM Rule No. 557/08 (CPC 09).

q) Government subsidies and assistance. Government subsidies in the form of cash contributions are recognized under operating income/expenses on a systematic basis during the period. Tax rebates are recognized in a write-down account of taxes and expenses. Nonmonetary assets (lands) from government subsidies are recorded at fair value.

r) Pension Plan. The actuarial commitments associated with pension and post-retirement benefit plans are accrued, pursuant to the procedures of CVM Rule No. 371/2000, based on annual independent actuarial calculations prepared in accordance with the projected credit unit method, net of the plan’s underlying assets, with the corresponding costs being recognized during the employees’ working life. The “projected credit unit” method considers that each period of service triggers an additional benefit unit, and these units accumulate in order to compute a final liability amount. Additionally, other actuarial assumptions are used, such as estimated medical assistance cost increases, biological and economic scenarios, as well as historical data of costs incurred and employees’ contributions.

10.6. Comments on the internal controls adopted to ensure the preparation of reliable financial statements.

We believe that the accounting and internal control system adopted by the Company is consistent with its type of activity and volume of transactions.

a) Effectiveness of these controls, indicating any deficiencies and related corrective measures.

The accounting and internal control system is sufficiently reliable to ensure that the financial statements are free of material misstatement. Internal controls are mostly performed on a systemic basis, using the SAP integrated information system, and are considered adequate for the prevention or detection of fraud or errors.

The Company has made substantial investments in information systems, having implemented advanced systems – such as the "Enterprise Resource Planning (ERP)" – that allow the quality collection, management and analysis of accounting and business information. Additionally, the Company has internal audit systems and procedures designed to validate and streamline business processes.

b) Deficiencies of and recommendations for the internal controls included in the independent auditors' report.

N/A.

10.7. Comments on any public offerings of securities.

The Company did not make public offerings.

10.8. Description of relevant items not disclosed in the financial statements.

The Company published its financial statements in February 2010 including relevant information until that date. There have been no other relevant items to be disclosed to date.

10.9. Comments on each of the items not disclosed in the financial statements, as indicated in item 10.8.

N/A.

10.10. Indications of and comments on the main elements of the business plan.

Our business plan is based on meeting the need to convert electric power into mechanical power for the deployment of various industrial processes. These energies are converted by the electric motor, which is the most common and most widely used industrial equipment. It is estimated that some 60% to 70% of total industrial consumption of electric power is via the conversion of electric power into mechanical power. It is further estimated that the electric motor is responsible for more than 20% of the total world use of electricity.

We believe that the reasons that underpin the growing demand for our products over the years are long lasting and will continue to exist in the coming years, although circumstantially they have not been as important in 2009. These are:

- Growing demand for industrial equipment (electric motors and related equipment) that provide greater energy efficiency. This increasing demand results from the manufacturing companies' search for increased productivity and reduced operating costs;

- The growing concern about the environmental impacts caused by the traditional means of generating electric power turns the use of renewable energy sources (such as small hydroelectric power plants, thermal plants fuelled by biomass and wind power plants) increasingly attractive.

We are second to none in the Brazilian electric motor market and we have significant positions in all business segments we operate in the domestic market. This has been built over time by continuously expanding and enhancing the technology content of our line of products, keeping to our strategy of offering complete and integrated industrial solutions.

In addition, we operate globally with product distribution to more than 100 countries across five continents and direct operations in more than 20 of the major global markets and industrial operations in Brazil, Argentina, Mexico, Portugal and China. In 2008, we announced the establishment of another distribution subsidiary in Russia, and the construction of a new electric motor manufacturing unit in India.

This geographic presence has allowed us to continually grow in foreign markets, minimizing the impacts of economic changes in each country or region. We continue to actively seek new opportunities in the various global markets and we expect to maintain our standard of business performance both in terms of revenue growth and the result of operations.

a) Investments

Year 2008

Capital expenditures for the expansion of output capacity amounted to R$ 457.2 million in 2008, with 82% being allocated to industrial and other facilities in Brazil, and the remaining amount to the production units and other subsidiaries abroad.

Considering the nature of the equipment and facilities we use in our production process, we have great flexibility in managing the investment program based on actual demand. Thus, we seek to optimize active capacity by accelerating or delaying investments, and thus maximizing the return on invested capital. Among the various units built or improved in 2008, we highlight the foundry expansion.

Year 2009

Capital expenditures for the expansion of output capacity amounted to R$ 226.3 million in 2009, with 72% being allocated to industrial and other facilities in Brazil, and the remaining amount to the production units and other subsidiaries abroad.

Given the slackened demand we faced in 2009, the investment program was managed with a view to avoiding the expansion of idle capacity. Considering the nature of the equipment and facilities we use in our production process, we have great flexibility in managing the investment program based on actual demand by accelerating or delaying investments. By optimizing active capacity we maximize the return on invested capital.

2010 Forecast

Our capital budget for 2010 includes the following investments:

Investments (in R$ million)	
- Property, plant and equipment (plant expansion/overhaul)	260.0
- Current assets (working capital)	132.2
Total investments	**392.2**

These investments will be financed with the Capital Budget Reserve and with funds to be raised from financial institutions in Brazil, preferably the lines of credit from BNDES.

b) Provided it has been disclosed, indicate the acquisition of plants, equipment, patents and other assets that may have a material impact on the Company's output capacity.

N/A.

c) New products and services.

N/A.

10.11. Comments on other aspects that had a material impact on operating performance but were not identified or commented on elsewhere in this section.

N/A.

11. FORECASTS

The Company did not make forecasts regarding its operating or financial performance for the next years.

12. GENERAL MEETING AND MANAGEMENT STRUCTURE

12.1. Describe the issuer's management structure, as defined in its bylaws and internal rules of procedure, identifying:

a) Duties of each body and committee:

(i) Board of Directors

The Board of Directors shall have the power to:

a) establish the general guidelines for the Company's business;
b) review and express an opinion on Executive Board proposals to be submitted to the General Meeting;
c) submit to the General Meeting the proposed allocation of net income for the year, pursuant to Article 38 of the Company's Bylaws;
d) propose changes in the Bylaws to the General Meeting;
e) elect and remove the Company's Officers and define their duties, as well as approve the Company's organization chart;
f) appoint an alternate Officer in case of absence, temporary incapacity or vacancy of office, notwithstanding the provisions of article 31 of the Company's Bylaws;
g) oversee the management activities performed by the Executive Board and express an opinion on the Management Report and Executive Board accounts;
h) call General Meetings;
i) express a previous opinion on the below procedures to be performed by the Executive Officers when amounts and/or periods exceed the limits imposed by the Board of Directors:
   i.1) any intercompany loan, loan and/or financing agreements to be executed by the Company and/or its subsidiaries with credit financial institutions;
   i.2) acquisition, sale and/or any kind of encumbrance on the Company's fixed assets; and
   i.3) setting credit limits to customers.
j) authorize the Company to provide associates, affiliates or subsidiaries with sureties, collaterals and other guarantees of any amounts;
l) approve the assignment, transfer, and acquisition of any license rights to trademarks, patents, industrial production processes and technologies;
m) appoint and terminate independent auditors;
n) distribute among members of the Board of Directors and the Executive Board the global compensation and bonuses determined at the General Shareholders' Meeting;
o) authorize investments and shares in other companies or ventures in Brazil and abroad;
p) approve the Executive Board strategic plan and operating budgets;
q) approve plans for expansion and diversification of activities, as well as for opening and closing branches, agencies or offices;
r) authorize the acquisition of the Company's shares to cancel or keep them in treasury for later disposal;
s) resolve any issues not addressed in these Bylaws, and which legally do not fall within the authority of the General Meeting or the Supervisory Board;
t) decide on the execution of loan agreements between the Company and:
   (i) its Controlling Shareholder;

(ii) its subsidiaries; and
(iii) affiliates in which the Company's share is less than 75%;

u) approve the issuance of simple unsecured nonconvertible debentures, and authorize the issuance of any credit instruments for raising funds, such as bonds, notes, commercial papers, and others commonly used on the market, also deciding on the conditions for issuance and redemption;
v) establish the list of three institutions to be submitted to the General Meeting to prepare the appraisal report on the Company's shares for purposes of public offerings, pursuant to Chapters XII and XIII of these Bylaws.

(ii) Supervisory Board

The powers of the Supervisory Board are established by the Brazilian Corporations Law, as follows:

a) oversee, by any of its members, the acts of the officers and ensure that they comply with their legal and statutory duties;
b) express an opinion on the annual management report, including supplementary information deemed necessary or useful for deliberation at a general meeting;
c) express an opinion on any management proposals to be submitted to a general meeting, regarding changes in capital stock, issuance of debentures or subscription bonuses, investment plans or capital budgets, dividend distribution, transformation, merger, consolidation or carve-outs;
d) report, by any of its members, any error, fraud or criminal acts it may discover to the administrative bodies, and, if these fail to take the necessary steps to protect the company's interests, to a general meeting suggesting an appropriate course of action;
e) call the annual general meeting should the administrative bodies delay doing so for more than one month, and an extraordinary general meeting whenever serious or urgent matters occur, including the matters it may deem necessary in the meetings' agenda;
f) review, at least on a quarterly basis, the trial balance sheet and other financial statements regularly prepared by the company;
g) review the financial statements for the fiscal year and express an opinion thereon;
h) perform such duties during liquidation, bearing in mind the special provisions which regulate liquidations.

(iii) Executive Board

The Chief Executive Officer is assigned with the following duties, among others:

a) pursue the Company's institutional representation and guide its general activities;
b) establish policies for the development of the Company and its subsidiaries;
c) approve the Company's and its subsidiaries' strategic plans, budgets and investments, subjecting them to ratification by the Board of Directors;
d) guide, coordinate and oversee Officers' activities;
e) call and preside at all meetings held by the Executive Board; and,
f) ensure the faithful compliance with these Bylaws, and the decisions of the General Meeting and of the Board of Directors.

In addition to an ordinary vote, the Chief Executive Officer shall also be entitled to the casting vote to break any deadlocks in decisions within the authority of the Executive Board.

The Investor Relations Officer shall:

a) represent the Company before the CVM and other capital market entities and financial institutions;
b) enforce the rules issued by CVM applicable to the Company; and
c) manage the investor relations policy.

Other Officers shall:

a) replace one another in the event of absence or incapacity; and
b) perform the executive duties and the powers they are assigned with for purposes of planning, developing and managing the business of the Company and its subsidiaries.

b) Date the supervisory board is established, if not permanent, and committees are set up

The Company's Supervisory Board operates on a permanent basis. The Company has set up no committees.

c) Performance evaluation mechanisms for each body or committee.

Board of Directors and Executive Board

Fixed compensation is established considering the provisions of article 152 of Law No. 6404/76, with the overall management compensation amount being submitted to the Annual General Meeting of each WEG Group company. On establishing the individual amount to be paid monthly to each member, the Board of Directors considers, with regard to each member:

a) Their responsibilities,
b) Time they dedicate to their duties,
c) Their competence and professional reputation, and
d) The market price for their services.

Variable compensation is based on profit sharing and is defined in article 38 of the bylaws, which limits its maximum amount, pursuant to legal limitations, to 10% (ten per cent) of net income, not exceeding annual management's compensation, whichever is less (paragraph 1, article 152, Brazilian Corporations Law).

Variable compensation is associated with WEG Group's consolidated overall performance indicators. For entitlement to the potential or proportional amount, the rate between the result of operations and invested capital should be at least the minimum percentage established by the Board of Directors.

Supervisory Board

Compensation of members of the Supervisory Board complies with the provisions set forth in paragraph 3, article 162 of Law No. 6404/76. It shall be fixed by the General Meeting that elects the Supervisory Board members, as proposed by the Board of Directors, and shall not be less than 10% of the average compensation paid to each director, excluding benefits, representation allowances and shares in profits.

d) Regarding the executive board members, their duties and individual powers

The Chief Executive Officer is assigned with the following duties, among others:

a) pursue the Company's institutional representation and guide its general activities;
b) establish policies for the development of the Company and its subsidiaries;
c) approve the Company's and its subsidiaries' strategic plans, budgets and investments, subjecting them to ratification by the Board of Directors;
d) guide, coordinate and oversee Officers' activities;
e) call and preside at all meetings held by the Executive Board; and,
f) ensure the faithful compliance with these Bylaws, and the decisions of the General Meeting and of the Board of Directors.
In addition to an ordinary vote, the Chief Executive Officer shall also be entitled to the casting vote to break any deadlocks in decisions within the authority of the Executive Board.

The Investor Relations Officer shall:

a) represent the Company before the CVM and other capital market entities and financial institutions;
b) enforce the rules issued by CVM applicable to the Company; and
c) manage the investor relations policy.

Other Officers shall:

a) replace one another in the event of absence or incapacity; and
b) perform the executive duties and the powers they are assigned with for purposes of planning, developing and managing the business of the Company and its subsidiaries.

12.2. Describe the rules, policies and practices relating to general meetings, indicating:

a) Call Period

General Meetings shall be convened by the Board of Directors or as otherwise legally defined. The first call notice shall be published at least 15 (fifteen) days in advance, and the second call notice shall be published at least 8 (eight) days in advance. The second call notice will be published only if the Meeting has not taken place on first call.

b) Powers and authority

The General Meetings have their powers vested by current legislation.

In addition to the issues within its authority, as defined by current legislation and the Bylaws, the Special General Meeting shall also have the power to discuss:

- the cancellation of the company's registration with the CVM;

- delisting from "Novo Mercado";
- appointment of the institution or specialized firm that will determine the Company's economic value for purposes of public tender offers defined in Chapters XII and XIII of these Bylaws, based on the list of three entities submitted by the Board of Directors.

For deliberations on the matters dealt with in the previous paragraph, a minimum quorum, as defined in the São Paulo Exchange (BOVESPA) "Novo Mercado" Listing Rules, shall be observed.

c) Physical or electronic addresses where the documents relating to the general meeting will be available to shareholders for review

The documents relating to the General Meeting are available to shareholders at the Company's registered office, Avenida Prefeito Waldemar Grubba, 3300, Jaraguá do Sul/SC, and on our internet website in the Investor Relations area www.weg.net/ri.

d) Identification and management of conflicts of interest.

The Company, its shareholders, management and members of the Supervisory Board undertake to resolve, through arbitration pursuant to the BOVESPA Market Arbitration Chamber Rules, any and all disputes or controversies that may arise among them, particularly relating to or resulting from the application, validity, effectiveness, interpretation, breach and related effects, of the provisions contained in the Corporations Law, the Company's Bylaws, the rules issued by the National Monetary Council, by the Central Bank of Brazil and by the CVM, as well as other rules applicable to the operation of capital markets in general, in addition to those included in the Novo Mercado Listing Rules, in the Novo Mercado Participation Agreement and the Arbitration Rules of the Market Arbitration Chamber.

e) Powers of attorney required of management for the exercise of voting rights

In order to attend and deliberate on the General Meetings, Shareholders must provide the Company with an identification and proof of their capacity as Shareholders by means of documentation supplied by the depository institution. For purposes of deliberation, any changes in shareholdings on the date of the General Meeting will be disregarded.

The Company will review the representation documents required of shareholders on the basis of good faith, assuming that the stated representations are true. Except for cases where the power of attorney, if applicable, and proof of share custody, when the Company's records list those shares as being owned by the custodian, fail to be provided, no other formal irregularity, such as presentation of copy of documents, or lack authentication of copies, will result in preventing the vote by a shareholder whose regular documentation is doubted.

f) Formalities required for acceptance of powers of attorney granted by shareholders, indicating if the issuer accepts such documents granted by shareholders by in electronic format.

N/A

g) e-Forums and websites available on the internet to receive and share shareholders' comments on general meetings' agendas.

N/A

h) Live video and/or audio conferencing of general meetings.

N/A

i) Mechanisms designed to include shareholders' proposals on the agenda.

N/A

12.3. In table format, state the dates and newspapers of publication of

	Financial statements for the year ended:		
	12/31/2009	**12/31/2008**	**12/31/2007**
a) Notice to shareholders informing of availability of financial statements	Not required (paragraph 5, art. 133, Law No. 6404/76)		
b) Call notice for the Annual General Meeting that reviewed the financial statements:			
- DOESC - Santa Catarina State Gazette	Mar 26, 29, 30, 2010	Mar 4, 5, 6, 2009	Mar 5, 6, 14, 2008
- Newspaper - Correio do Povo - Jaraguá do Sul/SC	Mar 26, 30, 31, 2010	-	-
- Newspaper - A Notícia - Joinville/SC	-	Mar 5, 6, 7, 2009	Mar 5, 6, 14, 2008
- Newspaper - Valor Econômico - São Paulo/SP	Mar 26, 29, 30, 2010	Mar 4, 5, 6, 2009	Mar 5, 6, 14, 2008
c) Minute of the Annual General Meeting that reviewed the financial statements	Apr 27, 2010	Apr 6, 2009	Apr 11, 2008
d) The financial statements:			
- DOESC - Santa Catarina State Gazette	Feb 25, 2010	Feb 18, 2009	Feb 20, 2008
- Newspaper - Correio do Povo - Jaraguá do Sul/SC	Feb 25, 2010	-	-
- Newspaper - A Notícia - Joinville/SC	-	Feb 18, 2009	Feb 20, 2008
- Newspaper - Valor Econômico - São Paulo/SP	Feb 25, 2010	Feb 18, 2009	Feb 20, 2008

12.4. Describe the rules, policies and practices relating to the Board of Directors indicating:

a) timing of meetings

The Board of Directors shall meet whenever necessary, at least once every quarter, to be convened by its Chairperson, or in his/her absence or incapacity, the Vice-Chairperson, at least 3 (three) days in advance.

b) shareholders' agreement provisions, if any, imposing any restriction or limitation on the exercise of voting rights by board members

There is no shareholders' agreement filed at the Company's registered office, although this is established in the Company's bylaws. The shareholders' agreements duly filed at the Company's registered office and ruling on the acquisition and sale of shares, the preemptive right to acquire shares and the right to vote, shall always be recognized by the Company.

The duties and responsibilities arising under such agreements will extend to third parties, as long as such agreements have been duly filed with the Company's registration books and on share certificates, if any, subject to Article 118 of the Corporations Law.

The Company shall not file a shareholders' agreement establishing the exercise of controlling powers, as long as its signatories have not subscribed to the Controlling Shareholders' Consent referred to in the São Paulo Exchange (BOVESPA) "Novo Mercado" Listing Rules.

12.5. Describe the arbitration clause, if any, included in the bylaws for resolution of conflicts among shareholders and between shareholders and the issuer.

The Company, its shareholders, management and members of the Supervisory Board undertake to resolve, through arbitration pursuant to the BOVESPA Market Arbitration Chamber Rules, any and all disputes or controversies that may arise among them, particularly relating to or resulting from the application, validity, effectiveness, interpretation, breach and related effects, of the provisions contained in the Corporations Law, the Company's Bylaws, the rules issued by the National Monetary Council, by the Central Bank of Brazil and by the CVM, as well as other rules applicable to the operation of capital markets in general, in addition to those included in the Novo Mercado Listing Rules, in the Novo Mercado Participation Agreement and the Arbitration Rules of the Market Arbitration Chamber.

12.6. Information on each member of the issuer's management and supervisory board, indicating, in table format:

a) BOARD OF DIRECTORS:

(i) Of the Company

Name	Age	Occupation	CPF (National Register of Individuals)	Elective Office Held	Election Date	Investiture Date	Term of Office	Appointed by Controlling Shareholder	Other Offices
Décio da Silva	53	Industrialist	344.079.289-72	Chairman	4/27/10	4/27/10	2 Years	Yes	1
Nildemar Secches	61	Industrialist	589.461.528-34	Vice-Chairman	4/27/10	4/27/10	2 Years	Yes	-
Martin Werninghaus	49	Businessperson	485.646.309-82	Member	4/27/10	4/27/10	2 Years	Yes	1
Miriam Voigt Schwartz	47	Businessperson	514.080.829-34	Member	4/27/10	4/27/10	2 Years	Yes	1
Moacir Rogério Sens	66	Businessperson	019.552.339-34	Independent Member	4/27/10	4/27/10	2 Years	Yes	-
Douglas Conrado Stange	64	Businessperson	006.287.949-91	Independent Member	4/27/10	4/27/10	2 Years	Yes	-
Wilson Pinto Ferreira Junior	50	Industrialist	012.217.298-10	Independent Member	4/27/10	4/27/10	2 Years	No	-

1 Part of the Board of Directors of subsidiaries WEG Equipamentos Elétricos S.A., WEG Indústrias S.A. and WEG Amazônia S.A.

(ii) Other WEG Group Companies

Name	Age	Occupation	CPF (National Register of Individuals)	Elective Office Held	Election Date	Investiture Date	Term of Office	Appointed by Controlling Shareholder	Other Offices
Roberto Bauer	58	Industrialist	081.730.109-78	Chairman	3/25/09	3/25/09	2 Years	Yes	1
Jorge Leo Pechlet Ritter V.Tennenberg	68	Businessperson	003.161.309-82	Vice-Chairman	3/25/09	3/25/09	2 Years	No	-
Alidor Lueders	61	Industrialist	114.466.179-04	Member	3/25/09	3/25/09	2 Years	Yes	-

1 Part of the Executive Board of holding company WEG S.A., and of the Executive Board of subsidiaries WEG Equipamentos Elétricos S.A., WEG Indústrias S.A., WEG Logística Ltda. and WEG Amazônia S.A.

b) SUPERVISORY BOARD:

Name	Age	Occupation	CPF (National Register of Individuals)	Elective Office Held	Election Date	Investiture Date	Term of Office	Appointed by Controlling Shareholder	Other Offices
Eduardo Grande Bittencourt	72	Accountant	003.702.400-06	Member	4/27/10	4/27/10	1	Yes	2
Eunildo Lázaro Rebelo	78	Lawyer	003.738.699-91	Member	4/27/10	4/27/10	1	Yes	2
Ilário Bruch	59	Businessperson	069.088.619-53	Member	4/27/10	4/27/10	1	Yes	2
Danilo Angst	51	Bank employee	290.372.550-00	Member	4/27/10	4/27/10	1	No	2
Hayton Jurema da Rocha	52	Economist	153.667.404-44	Member	4/27/10	4/27/10	1	No	2
Eduardo da Gama Godoy	47	Accountant	395.416.650-04	Deputy Member	4/27/10	4/27/10	1	Yes	2
Devanir Danna	58	Accountant	154.411.999-20	Deputy Member	4/27/10	4/27/10	1	Yes	2
Irineu Bianchi	63	Lawyer	060.397.400-78	Deputy Member	4/27/10	4/27/10	1	Yes	2
Aloísio Macário Ferreira de Souza	49	Bank employee	540.678.557-53	Deputy Member	4/27/10	4/27/10	1	No	2
Valcirio Rocha Uliano	52	Bank employee	304.810.909-91	Deputy Member	4/27/10	4/27/10	1	No	2

1 Next Annual General Meeting.
2 Members of the Supervisory Board do not hold other jobs than those for which they were appointed in the Company.

c) EXECUTIVE BOARD OF WEG S.A. AND OF WEG GROUP COMPANIES

Name	Age	Occupation	CPF (National Register of Individuals)	Elective Office Held	Election Date	Investiture Date	Term of Office	Appointed by Controlling Shareholder	Other Offices
Harry Schmelzer Junior	51	Industrialist	444.489.619-15	Chief Executive Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 3, 4, 5, 6, 7
Sérgio Luiz Silva Schwartz	49	Industrialist	383.104.659-04	Vice-Chief Executive Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 3, 4, 5, 6, 7
Laurence Beltrão Gomes	39	Industrialist	585.750.140-72	Investor Relations Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 3, 4, 5, 6, 7
Aldo Felipe Manke	48	Industrialist	557.653.949-49	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Alfredo Ângelo Moretti	52	Industrialist	487.824.599-91	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2, 4, 6
Antônio Cesar da Silva	55	Industrialist	304.467.599-53	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 3, 4, 5, 6
Carlos Diether Prinz	49	Industrialist	489.859.459-04	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1 , 2
Celso Vili Siebert	57	Industrialist	247.562.539-20	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Helcio Makoto Morikossi		Industrialist		Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Jorge Tennenberg	35	Industrialist	801.525.549-04	Officer	3/25/09	3/25/09	3/25/11	C.A.	8
Luis Alberto Tiefensee	53	Industrialist	215.804.990-15	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2, 4, 6
Luis Angelo Noronha de Figueiredo	51	Industrialist	374.258.970-91	Officer	4/26/10	4/26/10	2/23/12	C.A.	1, 2, 3, 4, 5, 6, 7
Luis Gustavo Lopes Iensen	52	Industrial	271.090.540-04	Officer	2/23/201	2/23/201	2/23/12	C.A.	2

		ist			0	0			
Milton Oscar Castella	56	Industrialist	293.685.109-20	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2, 4
Newton Massao Idemori	54	Industrialist	644.728.178-53	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Reinaldo Richter	55	Industrialist	292.181.609-15	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	3
Reinaldo Stuart Junior	49	Industrialist	481.802.549-68	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Roberto Bauer	58	Industrialist	081.730.109-78	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 3, 5, 6, 9
Roberto Krelling	55	Industrialist	193.573.119-04	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	2
Ronaldo Klitzke	57	Industrialist	292.294.309-78	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	3
Siegfried Kreutzfeld	54	Industrialist	294.190.859-53	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 4, 6
Sinésio Tenfen	55	Industrialist	293.669.689-53	Officer	2/23/2010	2/23/2010	2/23/12	C.A.	1, 2, 8

c) EXECUTIVE BOARD OF WEG S.A. AND OF WEG GROUP COMPANIES (cont.)

Name	Age	Occupation	CPF (National Register of Individuals)	Elective Office Held	Election Date	Investiture Date	Term of Office	Appointed by Controlling Shareholder	Other Offices
Umberto Gobbato	58	Industrialist	160.589.760-49	Officer	2/23/2010	2/23/2010	2/23/2012	C.A.	1, 2
Wilson José Watzko	51	Industrialist	352.366.129-34	Officer	2/23/2010	2/23/2010	2/23/2012	C.A.	1, 2, 3, 4, 5, 6, 7

1 Part of the Executive Board of holding company WEG S.A.
2 Part of the Executive Board of subsidiary WEG Equipamentos Elétricos S.A.
3 Part of the Executive Board of subsidiary WEG Indústrias S.A.
4 Part of the Executive Board of subsidiary WEG Linhares Equipamentos Elétricos Ltda.
5 Part of the Executive Board of subsidiary WEG Logística Ltda.
6 Part of the Executive Board of subsidiary WEG Amazônia S.A.
7 Part of the Executive Board of subsidiary WEG Administradora de Bens Ltda.
8 Part of the Executive Board of subsidiary Hidráulica Industrial S.A. Ind. e Com. - “HISA”.
9 Part of the Board of Directors of subsidiary Hidráulica Industrial S.A. Ind. e Com. - “HISA”.

12.7. Information on the members of statutory committees, as well as audit, risk, financial and compensation committees.

The Company has no specific committees. All the matters are presented and discussed at meetings held by the Board of Directors.

12.8. Information on each member of management and the supervisory board.

a) Résumé of each member of management and the supervisory board

BOARD OF DIRECTORS OF THE COMPANY:

DÉCIO DA SILVA – Chairman

Educational Background:

- 1978 – Bachelor of Mechanical Engineering – Universidade Federal de SC/UFSC
- 1980 – Graduate Degree in Business Administration – Escola Superior de Administração e Gerência – ESAG – Joinville/SC

Professional Experience:

With WEG Group Companies:

- 1979 to 1979 - Quality Control Assistant
- 1980 to 1980 - Head of the Quality Control Area
- 1980 to 1982 - Manager of the Manufacturing Department
- 1982 to 1985 - Manager of the Electromechanical Department
- 1985 to 1986 - Chief Production Officer
- 1986 to 1988 - Chief Regional Officer WEG (SP)
- 1988 to 1989 - Chief Sales Officer
- 1989 to 2007 - Chief Executive Officer
- Currently - Chairman of the Board of Directors.

With Other Private Companies (currently):

- Member of the Board of Directors of BRF – Brasil Foods S.A.
- Member of the Board of Directors of Iochpe Maxion S.A.

Further Professional Experience (currently):

- Member of the Board of Directors of Algar Group
- Chairman of the Board of Directors of Oxford S.A.
- Member of the Advisory Council of IPT – Instituto de Pesquisas Tecnológicas de SP
- Board Member of IEDI – Instituto de Estudos para o Desenvolvimento Industrial de SP
- Officer of WEG Participações e Serviços S.A.

Criminal convictions over the past 5 years:

Nil

NILDEMAR SECHES – Vice-Chairman

Educational Background:

- Bachelor of Mechanical Engineering – USP, São Carlos
- Graduate Degree in Finance – PUC, Rio de Janeiro
- PhD in Economics – Unicamp, Campinas

Professional Experience:

With WEG Group Companies:

- Former Chairman of the Board of Directors
- Currently - Member of the Board of Directors

With Other Private Companies (currently):

- Co-Chairman of the Board of Directors of BRF – Brasil Foods S.A.
- Member of the Board of Directors of Ultrapar Participações S/A.
- Member of the Board of Directors of Iochpe Maxion S/A.
- Member of the Board of Directors of Suzano Papel e Celulose S.A.

Further Professional Experience:

- Former Chief Executive Officer of BRF - Brasil Foods S.A. and Officer of BNDES

Criminal convictions over the past 5 years:

Nil

MARTIN WERNINGHAUS - Member

Educational Background:

- 1983 - Bachelor of Economics - Fundação Educacional e Regional de Joinville/SC
- 1987 - Graduate Degree in Business Administration – Escola Superior de Administração e Gerência – ESAG

Professional Experience:

With WEG Group Companies:

- 1984 to 1986 - Head of the Sales Support Area
- 1986 to 1988 - Sales Manager - WEG Transformadores
- 1988 to 1991 - Chief Regional Officer of WEG S.A. - SP
- 1991 to 1998 - Chief Operating Officer of WEG Transformadores
- 1998 to 2002 - Chief Production Officer of WEG Motores
- 2002 to 2004 - Chief Operating Officer of WEG Euro (Portugal)
- 2004 to 2006 - Chief Operating Officer of WEG Química
- Currently - Member of the Board of Directors

Further Professional Experience (currently):

- Member of the Board of Directors of WEG Participações e Serviços S.A.

Criminal convictions over the past 5 years:

Nil

MIRIAM VOIGT SCHWARTZ - Member

Educational Background:

- Bachelor of Dentistry - Universidade Federal de SC - UFSC
- Graduate Degree in Pediatric Dentistry – Associação Odontológica do Norte do Paraná

Professional Experience:

With WEG Group Companies:

- Currently - Member of the Board of Directors

Further Professional Experience (currently):

- Officer of WEG Participações e Serviços S.A.
- Member of the Board of Directors of WEG Participações e Serviços S.A.
- Dentist

Criminal convictions over the past 5 years:

Nil

<u>MOACYR ROGÉRIO SENS – Independent Member</u>
Educational Background:
- 1968 - Bachelor of Mechanical Engineering - Universidade Federal de SC/UFSC

Professional Experience:
With WEG Group Companies:
- 1968 to 1969 - Project Designer of Machines and Tools
- 1969 to 1972 - Head of the Quality Control Department
- 1972 to 1974 - Head of the Production Control Planning Department
- 1974 to 1975 - Manager of the Engineering Division
- 1975 to 1977 - Manager of Manufacturing Plant # III
- 1977 to 1978 - Manager of the Technology Division
- 1978 to 2006 - Chief Technical Officer of WEG Group
- 1986 to 1991 - Chief Operating Officer of WEG Automação
- 1994 to 2005 - Chief Operating Officer of WEG Motores
- Since 2007 - Member of the Board of Directors.

With Other Private Companies (currently):
- Member of the Board of Directors of Intelbrás S.A.

Further Professional Experience:
- Chairman of the Board of Trustees of Fundação CERTI – Centro de Referência de Tecnologias Inovadoras.

Criminal convictions over the past 5 years:
Nil

<u>DOUGLAS CONRADO STANGE – Independent Member</u>
Educational Background:
- Bachelor of Administration – Fundação Universitária de Joinville/SC
- Graduate Degree in Business Administration – Escola Superior de Administração e Gerência - Florianópolis/SC

Professional Experience:
With WEG Group Companies:
- 1967 to 1970 – Office Assistant
- 1970 to 1974 – Head of the Costs and Budget Area
- 1974 to 1978 – Manager of Planning, Budget, Costs and Finance
- 1978 to 1979 – Manager of the Cost Accounting Division
- 1979 to 1984 - Chief Control Officer
- 1984 to 1994 - Chief Operating Officer of WEG Motores
- 1994 to 2007 - Chief Operating Officer of WEG Exportadora
- 2007 to 2008 - Chief Operating Officer of WEG Motores

Criminal convictions over the past 5 years:
Nil

<u>WILSON PINTO FERREIRA JUNIOR – Independent Member</u>
Educational Background:
- Bachelor of Business Administration – Universidade Mackenzie
- Bachelor of Electrical Engineering – Escola de Engenharia da Universidade Mackenzie
- Graduate Degree in Occupational Safety Engineering - Universidade Mackenzie
- Graduate Degree in Marketing - Fundação Getúlio Vargas
- Graduate Degree in Electric Power Distribution Management – Swedixh Power Co.
- Master Degree in Engineering - Universidade de São Paulo - USP

Professional Experience (currently):
- Chairman of Board of Directors of Operador Nacional do Sistema Elétrico (ONS)
- Chief Executive Officer of Grupo CPFL Energia

- Chief Executive Officer of Grupo CPFL Companhia Piratininga de Força e Luz
- Chief Executive Officer of Grupo CPFL Geração S.A.
- Chief Executive Officer of Grupo CPFL Companhia Paulista de Força e Luz

Criminal convictions over the past 5 years:
Nil

BOARD OF DIRECTORS OF OTHER GROUP COMPANIES

ROBERTO BAUER – Chairman
Educational Background:
- 1975 - Bachelor of Electrical Engineering – Universidade Federal de SC/UFSC
- 1980 - Graduate Degree in Business Administration - Universidade Federal de SC/UFSC

Professional Experience:
With WEG Group Companies:
- 1977 to 1979 - Research Lab Assistant Manager
- 1979 to 1982 - Manager of Special Products Department
- 1982 to 1985 - Chief Sales Officer
- 1986 to 1988 - Chief Production Officer
- 1988 to 2003 - Chief Operating Officer
- 2003 to 2006 - Chief International Operating Officer
- 2007 to 2009 - Chief Operating Officer
- Currently - Chief International Officer

With Other Private Companies:
- Member of the Board of Directors of subsidiary TRAFO Equips Elétricos S.A.

Further Professional Experience (currently):
- Currently - Chairman of the Board of Directors of subsidiary Hidráulica Industrial S.A. “HISA”

Criminal convictions over the past 5 years:
Nil

JORGE LEO PECHLER RITTER von TENNENBERG – Vice-Chairman
Educational Background:
- 1960 - Accounting Technician

Professional Experience:
With WEG Group Companies:
- 1970 to 2002 - Chief Administrative Officer of subsidiary Hidráulica Industrial S.A. -“HISA”
- Currently - Vice-Chairman of the Board of Directors of subsidiary Hidráulica Industrial S.A. - “HISA”

Criminal convictions over the past 5 years:
Nil

<u>ALIDOR LUEDERS – Member</u>
Educational Background:
- 1972 - Bachelor of Laws – FURB – Blumenau/SC
- 1987 - Graduate Degree in Business Administration -ESAG
- 1992 - Graduate Degree in Advanced Management Program in France
- CTE and INSEAD – The European Institute of Business Administration
- 2000 - MBA in Business Administration

Professional Experience:
With WEG Group Companies:
- 1971 to 1979 - Manager of the Legal and Systems Audit Department
- 1979 to 2010 - Chief Administrative/Finance and Investor Relations Officer. Held positions as Assistant Director, Control Officer, Chief Operating Officer of WEG Transformadores

With Other Private Companies (currently):
- Member of the Supervisory Board of Marisol S.A.

Further Professional Experience (currently):
- Member of the Board of Directors of Zen S.A.
- Member of the Board of Directors of Frigorífico Riosulense/Pamplona
- Member of the Board of Directors of subsidiary Hidráulica Industrial S.A. “HISA”
- Member of the Board of Trustees of WEG Seguridade Social
- Chief Executive Officer of União Saúde S/S Ltda from 2007 to 2009

Criminal convictions over the past 5 years:
Nil

SUPERVISORY BOARD

<u>EDUARDO GRANDE BITTENCOURT – Member</u>
Educational Background:
- Bachelor of Accounting Sciences – Faculdade de Ciências Econômicas do RS
- Graduate Degree in Business Administration - Universidade Federal do RS

Professional Experience:
With Other Private Companies (Currently):
- Member of the Supervisory Board of Tupy S.A.
- Member of the Supervisory Board of Bematech S.A.
- Member of the Board of Directors of CP Eletrônica S.A.
- Member of the Supervisory Board of Light S.A.
- Member of the Supervisory Board of Santos Brasil Participações S.A.
- Member of the Supervisory Board of Santos Brasil S.A.

Further Professional Experience:
- Founder and former managing partner of Handel, Bittencourt & Cia Auditores Independentes

Criminal convictions over the past 5 years:
Nil

<u>EUNILDO LAZARO REBELO – Member</u>
Educational Background:
- Bachelor of Laws

Professional Experience:
Further Professional Experience:
- Attorney at Lince Participações e Empreendimentos Ltda.
- Attorney at Círculo S.A.
- Attorney at Plasvale Ind. Plásticos do Vale Ltda.
- Member of the Board of Directors of Tigre S.A.
- Member of the Board of Directors of Tigre Chile S.A.
- Member of the Board of Directors of Tubopar S.A. – Paraguay.
- Member of the Board of Directors of Altona.
- Member of the Board of Directors of Muller Eletrodomésticos S/A.

Criminal convictions over the past 5 years:
Nil

<u>ILÁRIO BRUCH – Member</u>
Educational Background:
- Bachelor of Finance Administration
- Graduate Degree in Accounting Services Quality Management

Professional Experience:
With Other Private Companies:
- Member of the Supervisory Board of Marisol S.A.

Further Professional Experience:
- Accountant and Administrative Manager of Menegotti Indústrias Metalúrgicas Ltda.
- Managing Partner and Accountant of Bruch Contabilidade e Assessoria S/C Ltda.

Criminal convictions over the past 5 years:
Nil

<u>DANILO ANGST – Member</u>
Educational Background:
- Bachelor of Accounting Sciences – PUC – Rio Grande do Sul
- Graduate Degree in Finance - IBMEC
- Graduate Degree in Administration focusing on Marketing – Universidade federal do Rio Grande do Sul
- MBA in Strategic Management and Organization – Universidade Federal Fluminense
- MBA Senior Executives of Banco do Brasil – COPPEAD
- Master Degree in Management Systems – Universidade Federal Fluminense

Professional Experience:
With Other Private Companies:
- 1999 to 2001 – Executive Manager of Banco do Brasil S.A.
- 2002 to 2007 – Chief Operating Officer for Retail Operations - Banco do Brasil S.A.
- 2009 to 2009 – Officer of Banco do Brasil S.A.

Further Professional Experience:
- 2002 to 2003 - Chairman of the Board of Directors of ASBAN Associação de Bancos GO, TO and MA.
- 2002 to 2007 - Member of the Board of Directors of SEBRAE in Paraná and Rio de Janeiro

Criminal convictions over the past 5 years:
Nil

<u>HAYTON JUREMA DA ROCHA – Member</u>

Educational Background:

- 1982 - Bachelor of Economics – Universidade Federal de Alagoas
- 1999 - MBA in Business Management – Universidade Federal de Pernambuco
- 2000 - Corporate Governance – Faculdade de Economia e Administração - USP
- 2006 - Graduate Degree in Marketing – IAG/ PUC RJ

Professional Experience:

- 1999 to 2000 - Member of the Board of Trustees of Sebrae/BA
- 2000 to 2002 - Member of the Board of Directors of Coelba-BA
- 2002 to 2002 - Member of the Board of Directors of Paranapanema/RJ
- 2003 to 2005 - Member of the Board of Trustees of Sebrae/DF
- 2001 to 2003 - Personnel Management Officer - Banco do Brasil
- 2003 to 2005 - State Chief Operating Officer - Banco do Brasil
- 2005 to 2007 - Government Chief Operating Officer – Banco do Brasil
- Currently - Member of the Supervisory Board of CELESC (since 2008)

Criminal convictions over the past 5 years:

Nil

<u>EDUARDO DA GAMA GODOY – Deputy Member</u>

Educational Background:

- Bachelor of Accounting Sciences – Faculdade Porto Alegrense – FAPCCA-RS
- Bachelor of Business Administration – Faculdade Porto Alegrense – FAPCCA-RS

Professional Experience:

Further Professional Experience (Currently):

- Partner Auditor of HB Audit – Auditores Independentes S.S.
- Partner Accountant of Godoy Empresarial Serviços Contábeis
- Deputy Member of the Supervisory Board of Ondontoprev
- Member of the Supervisory Board of Padtec S.A.
- Member of the Supervisory Board of IdeiasNet S.A.

Criminal convictions over the past 5 years:

Nil

<u>DEVANIR DANNA – Deputy Member</u>

Educational Background:

- Bachelor of Accounting Sciences
- Bachelor of Business Administration
- Bachelor of Economics
- Graduate Degree in Finance Administration

Professional Experience:

With Other Private Companies:

- Chief Finance and Investor Relations Officer of Marisol S.A.
- Member of the Economic and Finance Committee of Salfer S.A.

Further Professional Experience:

- Member of the Board of Directors of Zen S.A.
- Management and finance consultant of Danna Assessoria Empresarial Ltda
- Chief Executive Officer of Marisol Seguridade Social
- Member of the Board of Directors of Menegotti Participações S.A.

Criminal convictions over the past 5 years:

Nil

<u>IRINEU BIANCHI – Deputy Member</u>

Educational Background:
- Bachelor of Legal and Social Sciences
- Graduate Degree in Administrative Law
- Master Degree in Legal Sciences

Professional Experience:
Further Professional Experience:
- Partner of Mattos, Mayer, Bianchi & Dalcanale Advogados Associados S/C
- Member of the Tax Matters Chamber of FIESC – Federação das Indústrias do Estado de SC

Criminal convictions over the past 5 years:
Nil

ALOÍSIO MACARIO FERREIRA DE SOUZA – Deputy Member
Educational Background:
- Bachelor of Accounting Sciences – UERJ/UnB
- MBA in Commercial and Investment Bank Management – CITIBANK- USA
- MBA in Advanced Enterprise Valuation Modeling – CEFET-TJ
- MBA in Supplementary Pension – IDEAS-COPPEAD/UFRJ

Professional Experience:
- 1999 to 2003 – Team Manager – Banco do Brasil/PREVI
- 2003 to date – Executive Manager – Banco do Brasil/PREVI
- Currently – Member of the Board of Directors of CPFL Paulista
- Currently – Member of the Board of Directors of CPFL Energia
- Currently – Member of the Board of Directors of CPFL Piratininga
- Currently – Member of the Board of Directors of Newtel S.A.
- Currently – Member of the Supervisory Board of Ambev – Cia de Bebidas das Américas S.A.
- Currently – Member of the Board of Directors of Cia Energética Campos Novos
- Currently – Member of the Board of Directors of Cia Hidrelétrica Serra da Mesa - SEMESA

Criminal convictions over the past 5 years:
Nil

VALCIRIO ROCHA ULIANO – Deputy Member
Educational Background:
- Bachelor in Physics
- Bachelor of Business Administration
- Graduate Degree in Finance, Marketing and Business Development.

Professional Experience:
Further Professional Experience:
- Branch Manager - Banco do Brasil
- Service Manager - Banco do Brasil
- Regional Chief Operating Officer - Banco do Brasil
- Board Member of the Trade and Industrial Association of Criciúma

Criminal convictions over the past 5 years:
Nil

EXECUTIVE BOARD

HARRY SCHMELZER JÚNIOR – Chief Executive Officer

Educational Background:

- 1982 - Bachelor of Electrical Engineering - FEJ -Faculdade de Engenharia Joinville/SC
- 1987 - MBA in Business Administration – ESAG / UDESC

Professional Experience:

With WEG Group Companies:

- 1981 to 1982 - Started as a Trainee
- 1982 to 1983 - Worked in the Application of Electrical Machines Sector
- 1983 to 1985 - Head of Technical Sales
- 1985 to 1986 - Head of Application of Processes
- 1986 to 1991 - Sales Manager of WEG Acionamentos
- 1991 to 1992 - Chief Sales Officer of WEG Acionamentos
- 1992 to 2005 - Chief Operating Officer of WEG Acionamentos
- 2005 to 2006 - Chief Operating Officer of WEG Motores
- 2006 to 2007 - Chief Regional Officer for Europe – WEG Exportadora
- Currently - Chief Executive Officer

Criminal convictions over the past 5 years:

Nil

SÉRGIO LUIZ SILVA SCHWARTZ – Vice-Chief Executive Officer

Educational Background:

- 1990 - Bachelor of Accounting Sciences – Universidade Regional de Joinville/SC
- 1994 - Graduate Degree in Managerial Practices – UDESC
- 1999 - MBA in Executive Team Management – FGV
- 2003 - MBA in Business Logistics - FGV

Professional Experience:

With WEG Group Companies:

- 1991 to 1993 - Manager of the Supply Department
- 1993 to 2002 - Manager of the Sales Planning Department
- 2002 to 2004 - Chief Logistics Officer
- 2004 to 2007 - Chief Operating Officer
- 2007 to 2010 - Vice-Chief Executive Officer and International Officer
- Currently - Vice-Chief Executive Officer and CFO

Criminal convictions over the past 5 years:

Nil

<u>LAURENCE BELTRÃO GOMES – Investor Relations Officer</u>

Educational Background:

- 1995 - Bachelor of Economics - Universidade Federal do RS/ UFRGS
- 2005 - Master Degree in Business Administration - Universidade Federal do RS/UFRGS

Professional Experience:

With WEG Group Companies:

- Appointed CFO in February 2010
- Appointed Investor Relations Officer in May 2010.

With Other Private Companies:

- 2006 to 2010 - Chief Finance and Investor Relations Officer - SLC Agrícola S.A.

Further Professional Experience:

- 1993 to 1995 - Trainee – Banco Bozano, Simonsen S/A – RS
- 1996 to 1998 - Finance Supervisor – Avipal Group (Eleva S/A) – RS
- 1998 to 1999 - Treasury Sales Manager – Banco ABN Amro S/A – SP
- 1999 to 2006 - Finance Manager – SLC Participações S/A – RS

Criminal convictions over the past 5 years:

Nil

<u>ALDO FELIPE MANKE - Officer</u>

Educational Background:

- 1984 - Bachelor of Electrical Engineering - Universidade Federal de SC/ UFSC
- 1999 - Graduate Degree in Materials Management – FURB/SC
- 2000 - Graduate Degree in Power Transformers - Fundação Fritz Muller

Professional Experience:

With WEG Group Companies:

- 1992 to 1995 - Head of the Sales Department
- 1995 to 1998 - Head of the Supply Department
- 1998 to 1999 - Executive Assistant
- 1999 to 2005 - Manager of the Technical Department
- 2005 to 2010 - Manager of the Export Sales Department
- Currently - Chief Industrial Officer

Criminal convictions over the past 5 years:

Nil.

ALFREDO ANGELO MORETTI - Officer

Educational Background:

- 1983 - Bachelor of Electrical Engineering - Faculdade de Engenharia de Joinville/FEJ
- 1996 - Graduate Degree in Quality and Productivity Management - Fundação Educacional Regional de Jaraguá do Sul/ FERJ
- 1997 - Graduate Degree in Rotating Electrical Machines - Universidade Federal de Santa Catarina/ UFSC
- 1999 - Graduate Degree in Materials Management - Universidade Regional de Blumenau/ FURB
- 2003 - Master Degree in Business Administration - Universidade Federal do Rio Grande do Sul/ UFRGS

Professional Experience:

With WEG Group Companies:

- 1984 to 1986 - Engineer in the Maintenance Area
- 1987 to 1995 - Head of the Maintenance Area
- 1996 to 2000 - Head of the Quality Control Area
- 2001 to 2004 - Manager of the Production Department
- 2005 to 2006 - Manager of the Training Department
- Currently - Chief Production Officer

Criminal convictions over the past 5 years:

Nil.

ANTÔNIO CESAR DA SILVA – Officer

Educational Background:

- 1984 - Bachelor of Business Administration – Universidade Regional de Joinville - UNIVILLE
- 2003 - MBA in Management Skills - Universidade do Estado de SC-UDESC

Professional Experience:

With WEG Group Companies:

- 1976 to 1980 - Budget Area
- 1981 to 1983 - Head of the Treasury Department
- 1984 to 1985 - Manager of the Finance Department
- 1986 to 1988 - Branch Manager
- 1989 to 2003 - Manager of the Sales Department
- 2004 to 2010 - Chief Sales Officer
- Currently - Chief Sales and Marketing Officer

Criminal convictions over the past 5 years:

Nil

<u>CARLOS DIETHER PRINZ – Officer</u>

Educational Background:

- 1984 - Bachelor of Electrical Engineering - Universidade Federal de SC/UFSC
- 1987 - Graduate Degree in Business Administration - Escola Superior de Administração e Gerência/ SC
- 2000 - Graduate Degree in Force Transformers - FURB/SC

Professional Experience:

With WEG Group Companies:

- 1985 to 1986 - Trainee
- 1986 to 1987 - Budgeter
- 1987 to 1989 - Head of the Sales Area
- 1989 to 2006 - Manager of the Sales Department
- 2006 to 2010 - Executive Officer
- Currently - Chief Operating Officer

Criminal convictions over the past 5 years:

Nil

<u>CELSO VILI SIEBERT – Officer</u>

Educational Background:

- 1975 - Bachelor of Electrical Engineering - Universidade Federal de SC/UFSC
- 1999 - Executive Negotiation Course – Harvard University/MIT – USA
- 2002 - Advanced Management Program – FDC /INSEAD - France.

Professional Experience:

With WEG Group Companies:

- 1978 to 1982 - Head of R&D
- 1982 to 1985 - Engineering Manager
- 1985 to 1987 - Quality Manager
- 1987 to 1991 - Product Engineering Manager
- 1991 to 1994 - Executive Officer of WEG - USA
- 1994 to 2001 - Chief Executive Officer of WEG - USA
- 2001 to 2004 - Chief Sales Officer
- 2004 to 2007 - Executive Logistics Officer
- Currently - Chief Regional Officer for the Americas, Africa, India and Asia-Pacific

Criminal convictions over the past 5 years:

Nil

<u>HÉLCIO MAKOTO MORIKOSSI – Officer</u>

Educational Background:

- 1983 - Mechanical Engineering – Escola de Engenharia Mauá
- 2005 - Fundação Dom Cabral (PDE)

Professional Experience:

With WEG Group Companies:

- 1989 to 1991 - Sales Coordinator (WEG-SP)
- 1991 to 1992 - Sales Analyst
- 1992 to 1993 - Assistant Manager
- 1993 to 1993 - Head of Automation Sales Area
- 1993 to 1994 - Executive Assistant
- 1994 to 1995 - Sales Manager (WEG-SP)
- Currently - Chief Sales Officer

<u>Criminal convictions over the past 5 years:</u>

Nil

JORGE TENNENBERG – Officer
Educational Background:
- Mechanical Technician
- Mechanical Engineering (Incomplete)

Professional Experience:
With WEG Group Companies:
- Since 1999 – Executive Officer of subsidiary Hidráulica Industrial S.A. “HISA”.

Criminal convictions over the past 5 years:
Nil

LUIS ALBERTO TIEFENSEE – Officer
Educational Background:
- 1978 - Bachelor of Mechanical Engineering - Universidade Regional Integrada Santo Angelo-RS
- 1988 - Graduate Degree in Business Administration - Escola Superior de Administração e Gerência – ESAG
- 2003 - MBA in Business Management - Centro Universitário de Jaraguá do Sul – UNERJ

Professional Experience:
With WEG Group Companies:
- 1980 to 1982 - Engineer in the Tooling Area
- 1983 to 1988 - Head of the Tooling Area
- 1989 to 1993 - Manager of the Industrial Engineering Department
- 1994 to 1996 - Manager of the Tooling Department
- 1997 to 1999 - Manager of the Stamping Department
- 2000 to 2001 - Manager of the Tooling Department
- 2002 to 2006 - Chief Production Officer
- Currently - Chief Industrial Officer

Criminal convictions over the past 5 years:
Nil

LUIS ÂNGELO NORONHA DE FIGUEIREDO – Officer
Educational Background:
- 1982 – Mechanical Engineering – PUC Porto Alegre/RS
- 2000 – MBA in Advanced Personnel Management - ISPG – Curitiba/PR
- MBA in Organizational Behavior - UnicenP – Curitiba/PR

Professional Experience with WEG Group Companies:
- Appointed Chief Human Resources Officer in April 2010

Further Professional Experience:
With Empresa Brasileira de Compressores S.A. - Embraco:
2009 to 2010 –Vice-Chief Executive Officer for Human Capital
2005 to 2009 – Personnel Corporate Officer
2002 to 2005 – Personnel Management Corporate
2002 to 2002 – Manager of Brazil Plant
- **Criminal convictions over the past 5 years:**

Nil

LUIS GUSTAVO LOPES IENSEN – Officer

Educational Background:

- 1980 - Bachelor of Mechanical Engineering – Universidade Federal de Santa Maria/UFSM
- 1992 - Graduate Degree in Business Administration - Escola Superior de Administração e Gerência – ESAG

Professional Experience:

With WEG Group Companies:

- 1981 to 1983 - Mechanical Engineer in the Control Department
- 1983 to 1987 - Head of Area in the Inspection Department I/II
- 1987 to 1990 - Manager of the Quality Control Department
- 1990 to 1993 - Manager of the Product Engineering Department
- 1993 to 1994 - Manager of the Quality Control Department
- 1994 to 2003 - Manager of the Sales Department
- 2004 to 2006 - Executive Officer da WEG Portugal
- 2007 to 2008 - Chief Regional Officer for Asia, in China
- Currently - Chief Regional Officer for Europe, in Germany

Criminal convictions over the past 5 years:

Nil

MILTON OSCAR CASTELLA – Officer

Educational Background:

- 1979 – Electrical Engineering – FEJ Faculdade de Engenharia de Joinville/SC
- 1994 – Graduate Degree in Managerial Practices - Escola Superior de Administração e Gerência – ESAG
- 1996 – Graduate Degree in Rotating Electrical Machines - UFSC

Professional Experience:

With WEG Group Companies:

- 1980 to 1984 - Project Analyst
- 1984 to 1985 - Head of the Synchronous and DC Machines Project Area
- 1985 to 1990 - Head of the Electric Projects Area
- 1990 to 1992 - Manager of the Quality Control Department
- 1992 to 2008 - Engineering and Industrial Motors Manager
- Currently - Chief Engineering Officer

Criminal convictions over the past 5 years:

Nil

NEWTON MASSAO IDEMORI – Officer

Educational Background:

- 1979 - Bachelor of Mechanical Engineering - Universidade Mackenzie de São Paulo.
- 1995 - Graduate Degree in Business Administration - FGV-SP.

Professional Experience:

With WEG Group Companies:

- Appointed New Products Development Officer for WEG Energia in January 2010.

With Other Private Companies:

- 1981 to 1991 - Thermal Area Manager of ABB – Asea Brown Boveri
- 1997 to 2008 - Regional Sales Manager of GE Energy
- 2008 to 2009 - Chief Regional Officer for Brazil of Dresser-Rand do Brasil Ltda

Criminal convictions over the past 5 years:

Nil

REINALDO RICHTER – Officer

Educational Background:

- 1983 - Bachelor of Accounting Sciences - UNIVILLE -Joinville/SC
- 1987 - Graduate Degree in Business Administration - Escola Superior de Administração e Gerencia - ESAG

Professional Experience:

With WEG Group Companies:

- 1981 to 1985 - Administrative Assistant
- 1985 to 1986 - Head of Personnel Area
- 1986 to 1991 - Sales / Administrative Manager
- 1991 to 1992 - Administrative Department Manager
- 1992 to 1995 - Sales Department Manager
- 1995 to 2007 - Sales Department Manager
- Currently - Chief Officer for the Paints Segment

Criminal convictions over the past 5 years:

Nil

REINALDO STUART JUNIOR – Officer

Educational Background:

- 1982 – Mechanical Engineering - Universidade Federal de SC/ UFSC
- 1994 – Graduate Degree in Managerial Practices – Escola Superior de Administração e Gerência - ESAG
- 2005 – Master Degree in Mechanical Engineering – Universidade Federal de SC/ UFSC

Professional Experience:

With WEG Group Companies:

- 1983 to 1987 - Head of Area in the Quality Department
- 1988 to 1989 - Executive Assistant – Quality
- 1989 to 1996 - Quality Manager
- 1996 to 1998 - Quality Department Manager
- 1998 to 2006 - Technical Department Manager
- Currently - Chief Industrial Officer

Criminal convictions over the past 5 years:

Nil

ROBERTO BAUER – Officer

See item 12.8.a (ii).

ROBERTO KRELLING – Officer

Educational Background:

- 1977 - Mechanical Engineering – FEJ - Faculdade de Engenharia de Joinville
- 1983 - Graduate Degree in Production Engineering - Associação de Engenharia e Arquitetos de Campinas
- 1987 - Graduate Degree in Business Administration - Escola Superior de Administração e Gerencia ESAG

Professional Experience:

With WEG Group Companies:

- 1984 to 1984 - Executive Assistant
- 1984 to 1985 - Head of the Mechanical Projects Area
- 1985 to 1986 - Head of the Methods and Processes Area
- 1986 to 1988 - Manufacture Manager
- Currently - Chief Industrial Officer

Criminal convictions over the past 5 years:

Nil

RONALDO KLITZKE– Officer

Educational Background:

- 1978 - Bachelor of Veterinary Medicine / UDESC
- 1988 - Graduate Degree in Business Administration / ESAG
- 2001 - MBA in Corporate Management, Marketing and Finance / INPG

Professional Experience:

With WEG Group Companies:

- 1986 - 1988 – Veterinarian / Livestock Department Manager
- Currently – Chief Forestry Officer

Criminal convictions over the past 5 years:

Nil

SIEGFRIED KREUTZFELD – Officer

Educational Background:

- 1974 – Electrical Engineering - FEJ – Faculdade de Engenharia de Joinville
- 1988 – Graduate Degree in Business Administration - FERJ – Fundação Educacional Regional Jaraguá
- 1990 - Graduate Degree in Advertising and Marketing FAE – FERJ
- 1993 - Graduate Degree in Industrial Administration - FERJ – Fundação Educacional Regional – Jaraguá
- 1996 - Graduate Degree in Rotating Electrical Machines - UFSC – Universidade Federal de Santa Catarina
- 1998 - Master Degree in Rotating Electrical Machines - UFSC – Universidade Federal de Santa Catarina

Professional Experience:

With WEG Group Companies:

- 1979 to 1982 - Electrical Engineer – Electrical Projects
- 1982 to 1991 - Head of Electrical Engineering Area
- 1991 to 1992 - Product Research and Development Coordinator
- 1992 to 1995 - Product R&D Coordinator for Product Engineering
- 1995 to 2001 - Product Research and Development Manager
- 2001 to 2004 - Single-phase Motors Engineering Manager
- 2004 to 2008 - Chief Engineering Officer
- Currently - Chief Operating Officer for the Motors Unit

Criminal convictions over the past 5 years:

Nil

SINÉSIO TENFEN – Officer

Educational Background:

- 1979 - Bachelor of Electrical Engineering – Faculdade de Engenharia FEJ
- 1987 - Graduate Degree in Business Administration – Escola Superior de Administração e Gerência - ESAG

Professional Experience:

With WEG Group Companies:

- 1979 to 1982 - Project Designer of Synchronous and Direct Current Electric Machines
- 1982 to 1984 - Head of Synchronous and Direct Current Electric Machines Project and Application Area
- 1984 to 1986 - Head of the Sales Area
- 1986 to 1998 - Sales Department Manager
- 1998 to 2003 - Energy Business Center Manager
- 2004 to 2006 - Chief Operating Officer
- 2007 to 2010 - Chief Technical /Sales Officer
- Appointed Chief Operating Officer for the Energy Unit in February 2010

Criminal convictions over the past 5 years:

Nil

UMBERTO GOBBATO – Officer

Educational Background:

- 1974 - Electronic Engineering, Universidade Federal do Rio Grande do Sul
- 1984 - Graduate Degree in Industrial Automation, Universidade de Brasília
- 1998 - MBA Executive STC– Fundação Dom Cabral/J. L. Kellog Graduate School of Management

With WEG Group Companies:

- Since 1991, Chief Operating Officer of Weg Automação

Criminal convictions over the past 5 years:

Nil

WILSON JOSÉ WATZKO – Officer

Educational Background:

- 1976 - Accounting Technician
- 1985 - Bachelor of Economics
- 1988 - Graduate Degree in Business Administration (SC)
- 1990 - Graduate Degree in Business Administration (PR)
- 2002 - Master Degree in International Economic and Social Affairs – UMINHO

Professional Experience:

With WEG Group Companies:

- 1985 to 1986 - Auditor in the Audit Department
- 1986 to 1990 - Economist in the Financial Planning Department
- 1990 to 1991 - Administrative Department Manager
- 1991 to 2010 - Controllership Department Manager, accountant of WEG S.A. and WEG Group
- Appointed Chief Controllership Officer in February 2010.

With Other Private Companies:

- 1998 to 1999 - Member of the Supervisory Board of Perdigão S.A.
- 2006 to 2006 - Member of the Supervisory Board and Audit Committee of Perdigão S.A.

Criminal convictions over the past 5 years:

Nil

b) Description of any: (i) criminal convictions, (i) adverse findings in administrative proceedings at CVM, and related penalties (iii) any final and unappealable decisions at the judicial or administrative levels, suspending or preventing the person from engaging in professional or business activities in any way.

All Officers declare the nonexistence of any conviction that have suspended or disqualified them from performing any professional or business activities.

12.9. Inform of the existence of any marital relationship, common law marriage or kinship up to the second degree.

With the exception of Mrs. Miriam Voigt Schwartz, member of the Board of Directors, and Mr. Sérgio Luiz Silva Schwartz, Vice-Chief Executive Officer, who are married under the full community property regime, there is no family relationship between (i) our officers, (ii) our officers and officers of the Company's direct and indirect subsidiaries, (iii) our officers or officers of our direct or indirect subsidiaries and direct or indirect controlling shareholders of our company, (iv) the Company's officers and officers of the Company's direct and indirect controlling shareholders.

12.10. Inform of the existence of any relationships involving subordination, service delivery or control for the past 3 fiscal years between the Company's officers and (i) the Company's direct or indirect subsidiaries, (ii) the Company's direct or indirect controlling shareholders, (iii) the Company's suppliers, customers, debtors or creditors (if relevant).

N/A.

12.11. Describe the content of any agreements, including insurance policies, which provide for the payment or reimbursement of expenses incurred by the officers from redress of any damage caused to the issuer or to third parties, from penalties imposed by government entities, or from settlements for termination of administrative or judicial disputes, due to the exercise of their duties

N/A

12.12. Provide other information that the issuer may deem relevant

N/A

13. MANAGEMENT COMPENSATION

The company is reporting information as of year 2009 as permitted by article 67 of CVM Instruction No. 480/09.

The figures are consolidated and expressed in thousands of reais, unless otherwise indicated.

Data shown as “proposed for 2010” were approved at the Annual and Special Meeting held on April 27, 2010.

a) Compensation of the Board of Directors and the Executive Board (WEG Group)

i - Fixed compensation

Fixed compensation payable to the Board of Directors and the Executive Board is established considering the provisions of article 152 of Law No. 6404/76, with the overall management compensation amount being submitted to the Annual General Meeting of each WEG Group company. On establishing the individual amount to be paid monthly to each member, the Board of Directors considers, with regard to each member:

- Their responsibilities,
- Time they dedicate to their duties,
- Their competence and professional reputation, and
- The market price for their services.

ii - Variable compensation

Variable compensation is based on profit sharing and is defined in article 38 of the bylaws, which limits its maximum amount, pursuant to legal limitations, to 10% (ten per cent) of net income, not exceeding annual management’s compensation, whichever is less (paragraph 1, article 152, Brazilian Corporations Law).

The Board of Directors establishes profit sharing on an annual basis. For 2009, profit sharing payable to management was established at 1.0% to 2.5% of net income provided that the net results are at least 16% of net equity. For 2010, profit sharing payable to management was established at 0.0% to 2.5% of net income provided that the net results of operations are at least 12% of invested capital.

Variable compensation is associated with WEG Group’s consolidated overall performance indicators. For entitlement to the potential or proportional amount, the rate between the result of operations and invested capital should be at least the minimum percentage established by the Board of Directors

b) Compensation of the Supervisory Board

Compensation of members of the Supervisory Board complies with the provisions set forth in paragraph 3, article 162 of Law No. 6404/76. It shall be fixed by the General Meeting that elects the Supervisory Board members, as proposed by the Board of Directors, and shall not be less than 10% of the average compensation paid to each director, excluding benefits, representation allowances and shares in profits.

The Annual General Meeting ("AGO") of April 6, 2009 established the monthly individual amount of R$ 4.7 thousand.

The monthly individual amount of R$ 5.0 thousand has been proposed to the Annual General Meeting ("AGO") of 2010, in addition to reimbursement of all accommodation and transportation expenses associated with the performance of the duties for which they have been elected.

13.1. Description of compensation policies and practices regarding the Board of Directors, the Executive Board and the Supervisory Board, as well as the committees.

a) Board of Directors and Executive Board

Compensation consists of a fixed monthly fee, which aims to reward the duties performed by each member, on continuing and developing the corporate businesses under their responsibility, and of profit sharing – variable income that aims to recognize the contribution of each member in attaining the results and performance achieved by the Company.

b) Supervisory Board

Compensation consists of a fixed monthly fee, which aims to reward the duties performed by each member, on continuing and developing the corporate businesses under their responsibility.

13.2. In table format, show the compensation of the Board of Directors, the Executive Board and the Supervisory Board recognized in the statement of income for the past 3 fiscal years and the forecast for the current fiscal year.

Year 2009 – WEG Group (In thousands of R$)

Body	Board of Directors	Supervisory Board	Executive Board	Total
Number of Members	13	6	24	43
Fixed Annual Compensation:				
- Fees	1,723	270	12,117	14,110
- Direct/Indirect Benefits	32	-	586	618
- Participation in Committees	N/A	N/A	N/A	N/A
- Other	N/A	N/A	N/A	N/A
Variable Compensation:				
- Bonus	N/A	N/A	N/A	N/A
- Profit Sharing	747	-	3,892	4,639
- Compensation for Meeting Attendance	N/A	N/A	N/A	N/A
- Commissions	N/A	N/A	N/A	N/A
- Other	N/A	N/A	N/A	N/A
Post-Employment Benefits	N/A	N/A	N/A	N/A
Termination Benefits	N/A	N/A	N/A	N/A
Stock-Based Compensation	N/A	N/A	N/A	N/A
Total Compensation	2,502	270	16,595	19,367

Notes: (a) The Board of Directors includes:
- 07 members of WEG S.A.,
- 03 members of TRAFO S.A., merged on December 30, 2009.
- 03 members of Hidráulica Industrial S.A. Ind e Com. – “HISA”.

(b) The Supervisory Board includes: - 03 members of WEG S.A. and,
- 03 members of TRAFO S.A., merged on December 30, 2009.

Year 2010 - Proposed (In thousands of R$)

Body	Board of Directors	Supervisory Board	Executive Board	Total
Number of Members	10	5	24	39
Fixed Annual Compensation:				
- Fees	2,100	300	13,500	15,900
- Direct/Indirect Benefits	N/A	N/A	N/A	N/A
- Participation in Committees	N/A	N/A	N/A	N/A
- Other	N/A	N/A	N/A	N/A
Variable Compensation:				
- Bonus	N/A	N/A	N/A	N/A
- Profit Sharing	1,900	N/A	12,500	14,400
- Compensation for Meeting Attendance	N/A	N/A	N/A	N/A
- Commissions	N/A	N/A	N/A	N/A
- Other	N/A	N/A	N/A	N/A
Post-Employment Benefits	N/A	N/A	N/A	N/A
Termination Benefits	N/A	N/A	N/A	N/A
Stock-Based Compensation	N/A	N/A	N/A	N/A
Total Compensation	4,000	300	26,000	30,300

13.3. In table format, show the variable compensation for the past 3 fiscal years and the forecast for the current fiscal year.

Year 2009 (In thousands of R$)

Body	Board of Directors	Supervisory Board	Executive Board	Total
Number of Members	13	6	24	43
Regarding the Bonus:				
- Lower limit defined in the compensation plan	N/A	N/A	N/A	N/A
- Upper limit defined in the compensation plan	N/A	N/A	N/A	N/A
- Amount defined in the compensation plan, in case the goals set are met	N/A	N/A	N/A	N/A
- Amount actually recognized in the income statement	N/A	N/A	N/A	N/A
Regarding the Profit Sharing:				
- Lower limit defined in the compensation plan	362	N/A	1,220	1,582
- Upper limit defined in the compensation plan	1,513	N/A	8,228	9,741
- Amount defined in the compensation plan, in case the goals set are met	1,513	N/A	8,228	9,741
- Amount actually recognized in the income statement	747	N/A	3,892	4,639

Year 2010 - Proposed (In thousands of R$)

Body	Board of Directors	Supervisory Board	Executive Board	Total
Number of Members	10	5	24	39
Regarding the Bonus:				
- Lower limit defined in the compensation plan	N/A	N/A	N/A	N/A
- Upper limit defined in the compensation plan	N/A	N/A	N/A	N/A
- Amount defined in the compensation plan, in case the goals set are met	N/A	N/A	N/A	N/A
- Amount actually recognized in the income statement	N/A	N/A	N/A	N/A
Regarding the Profit Sharing:				
- Lower limit defined in the compensation plan	0.0% of net income	N/A	0.0% of net income	-
- Upper limit defined in the compensation plan	2.5% of net income	N/A	2.5% of net income	-
- Amount defined in the compensation plan (limited to 100% of fixed compensation), in case the goals set are met	2.5% of net income	N/A	2.5% of net income	-
- Amount actually recognized in the income statement	-	N/A	-	

13.4. Stock-based compensation plan.

N/A.

13.5. Number of shares directly and indirectly held by members of the Board of Directors, Executive Board and Supervisory Board as of 12/31/2009:

Body	Total Shares Held (Common Shares only)
Board of Directors – directly held	14,714,301
Executive Board	1,999,605
Supervisory Board	483
TOTAL	**16,714,389**

13.6. to 13.8. Stock-based compensation, options outstanding, options exercised and options granted.

N/A.

13.9. Summary description of information required to understand the data disclosed in items 13.6 to 13.8.

N/A.

13.10. Existing Pension Plan offered to members of the Board of Directors and Executive Board.

The purpose of the benefit plan is to supplement the post-employment benefits granted by the government-sponsored social security system.

The plan, managed by WEG, provides its members with lifetime annuity benefits, supplementary illness benefits, supplementary disability benefits, death annuity benefits, and lump-sum death benefits.

Body	Board of Directors	Executive Board	Total
Number of Members	4	24	28
Name of Plan	Benefit Plan		
Number of Board members entitled to retirement	01	14	15
Conditions for early retirement	50 years of age and 10 years of contributions		
Updated amount of accumulated contributions made to the pension plan until the latest fiscal year closing, less the amount of contributions paid directly by officers	3,263	20,865	24,128
Total amount of accumulated contributions made during the latest fiscal year, less the amount of contributions paid directly by officers	434	3,388	3,822
Early withdrawal allowed? If so, on what condition?	Yes, on exiting the plan, withdrawal of the amount equivalent to 2% for each year of service limited to 50% of the total balance.		

13.11. Describe compensation amounts paid to the Board of Directors, Supervisory Board and Executive Board over the past 3 fiscal years.

Year 2009 (In thousands of R$)

Body	Board of Directors	Supervisory Board	Executive Board
Number of Members	13	6	24
Highest Individual Compensation	651	56	1,145
Lowest Individual Compensation	12	34	121
Average Individual Compensation	193	45	691

Note: Compensation includes the total for WEG S.A. and the total for its subsidiaries.

13.12. Describe contractual arrangements, insurance policies or other instruments that support mechanisms involving compensation or termination benefits for directors or officers in case of removal from office or retirement, indicating the financial consequences for the Company.

N/A.

13.13. For the past 3 fiscal years, state the rate of total compensation of each body recognized in the Company's statement of income relating to members of the Board of Directors, the Executive Board or the Supervisory Board who are related to direct or indirect controlling shareholders, as defined by applicable accounting rules governing this matter

N/A.

13.14. For the past 3 fiscal years, state the amounts recognized in the Company's statement of income as compensation paid to the members of

the Board of Directors, the Executive Board and the Supervisory Board, grouped per body, for any reason other than the office held by them, e.g. commissions and consulting or assistance services provided

N/A.

13.15. For the past 3 fiscal years, state the amounts recognized in the statement of income of direct or indirect controlling shareholders, of companies under common control, and of the Company's subsidiaries as compensation paid to the members of the Company's Board of Directors, the Executive Board and the Supervisory Board, grouped per body, specifying the reason for such compensation.

N/A.

13.16. Provide other information that the issuer may deem relevant.

Profits are shared based on fixed annual fees.

14. HUMAN RESOURCES

14.1. Describe the issuer's human resources, providing the following information

a) headcount (total, per group based on activities performed and per geographic location)

State	Classification	Year		
		2007	2008	2009
Amazônia	Administrative	12	9	16
	Production	154	151	291
	Services	11	23	24
Total Amazônia		**177**	**183**	**331**
Santa Catarina	Administrative	1,230	1,299	1,237
	Production	10,428	11,648	10,189
	Services	3,170	3,558	3,351
	Sales	807	876	742
Total Santa Catarina		**15,635**	**17,381**	**15,519**
São Paulo	Administrative	63	74	54
	Production	934	937	473
	Services	130	131	155
	Sales	72	78	167
Total São Paulo		**1,199**	**1,220**	**849**
Rio Grande dos Sul	Administrative	27	34	40
	Production	219	280	326
	Services	72	92	107
	Sales	16	20	24
Total Rio Grande dos Sul		**334**	**426**	**497**
Employees abroad		**1,956**	**2,310**	**2,091**
Grand Total		**19,301**	**21,520**	**19,287**

b) number of outsourced personnel (total, per group based on activities performed and per geographic location)

Estado	Classification	Year		
		2007	2008	2009
Amazônia	Production	57	101	146
Santa Catarina	Production	13	16	17
São Paulo	Production	1	0	0
Rio Grande dos Sul	Production	0	0	0
Grand Total		**71**	**117**	**163**

c) turnover rate

The Company's monthly turnover rate was 2.0% in 2009, 1.1% in 2008 and 0.9% in 2007.

d) issuer's exposure to labor-related liabilities and contingencies

See item 4.6

14.2. Comments on any material changes in the figures disclosed in item 14.1 above

In 2009, the Company recorded a decrease of approximately 12.5% in its headcount as compared to 2008. This was due to failure to replace the spontaneous turnover in the units of Santa Catarina and to the closing of the Guarulhos unit in São Paulo.

14.3. Describe the issuer's employee compensation policies, indicating:

a) policy on salaries and variable compensation

WEG Group's compensation management system seeks to establish conditions for a fair and competitive policy that can:

- Define pay structures that can attract and retain employees.
- Establish the responsibilities of each position within the organization through job descriptions.
- Determine the value of each job based on a point evaluation system.
- Devise rules to ensure equitable treatment.
- Establish market-consistent policies.

We adjust salary ranges whenever necessary in compliance with labor legislation and the base date of collective bargaining agreements relating to the professional category.

Additionally, we offer salary adjustments considering employees' qualification, promotion and merit, always based on their performance, level and position in the salary range.

WEG offers its employees a profit sharing program based on the following criteria:

- Distribution of up to 12.5% of net income for the year, provided that minimum profitability is 12% of net equity and based on targets being met.
- Overall targets, per business unit and per department.
- Distribution is based on the fixed compensation of each employee.

- Targets are defined annually, with early payment of part of the profits every half-year.

b) policy on benefits

WEG provides its employees with on-site meals, medical and dental assistance plans, life insurance, private pension plan, nursery school allowance, transportation subsidy, and school allowance for technical, graduate, post-graduate and language courses, as well as profit sharing and other benefits.

c) features of stock-based compensation plans for employees other than directors and officers, identifying:

There are no stock-based compensation plans for non-directors and officers.

14.4. Describe the relationships between the issuer and unions

The Company seeks to have a proactive relationship with employers' unions, which, in turn, are in good terms with the various trade unions, always seeking to engage in conversations and negotiations to find solutions that satisfy all the parties involved.

JARAGUÁ DO SUL – SINDICATO DOS TRABALHADORES NA INDÚSTRIA METALURGICA E METAL MECANICA DE JARAGUÁ DO SUL (Trade Union of the Metallurgy and Mechanical Industry of Jaraguá do Sul), Rua João Planischeck, 157, CEP: 89252-220 - Jaraguá do Sul – SC, Phone#: 047 3371-2100 / 047 3371-2058.

SÃO PAULO – FEDERAÇÃO DOS TRABALHADORES NAS INDUSTRIAS METALURGICAS, MECANICAS E DE MATERIAL ELETRICO DO ESTADO DE SÃO PAULO (Workers' Federation of the Metallurgy, Mechanical and Electric Material Industries of São Paulo State), Rua Pará, 66, Bairro Higienópolis - São Paulo, Capital. CEP 01243-020 - Phone# (11) 3217.5255

ITAJAÍ - SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS METALÚRGICAS, MECÂNICAS, MATERIAL ELÉTRICO E DE CONSTRUÇÃO NAVAL DE ITAJAÍ E REGIÃO (Trade Union of the Metallurgy, Mechanical, Electric Material and Shipbuilding Material Industries of Itajaí and neighboring areas), Rua Cap. Adolfo Germano de Andrade nº 106 - Phone#: 3348-3505 - Itajaí - Santa Catarina

SÃO BERNARDO DO CAMPO – SINDICATO DOS METALURGICOS DO ABC (Metalworkers' Union of the ABC Region) (São Bernardo do Campo, Diadema, Ribeirão Pires and Rio Grande da Serra), Rua João Basso, 231 - Centro - São Bernardo do Campo - SP - CEP: 09721-100 - Phone#: (11) 4128-4200 - Fax: (11) 4127-3244

MANAUS – SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS METALURGICAS, MECANICAS E DE MATERIAL ELÉTRICO DE MANAUS (Trade Union of the Metallurgy, Mechanical and Electric Material Industries of Manaus), Av. Joaquim Nabuco, 1919 - 4º andar sala 402 – Centro, CEP 69020-031, CIDADE Manaus PHONE# (92)-233-8591 / 627-3123/3125 FAX (92)-233-8320

BLUMENAU – SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS METALÚRGICAS, MECÂNICAS E DO MATERIAL ELÉTRICO DE BLUMENAU (Trade Union of the Metallurgy, Mechanical and Electric Material Industries of Blumenau), Rua Paulo Zimmermann, 205 – 1º andar – Centro – Blumenau – SC Phone#: (47) 326-5158

GUARAMIRIM – SINDICATO TRAB. IND. QUIMICAS, PLAST. BORR. PAP. ISOPOR, MUN. JARAGUA, CORUPA, GUARAMIRIM, MASSARANDUBA E SCHROEDER (Trade Union of the Chemical, Plastic, Rubber, Paper and Styrofoam Industries of the cities of Jaragua, Corupa, Guaramirim, Massaranduba and Schroeder), Rua José Leier, 388, Jaraguá do Sul - SC, 89251-092, Phone# (0xx)47 3371-6407

CORUPA – SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS DA CONSTRUÇÃO E DO MOBILIÁRIO DE JOINVILLE (Trade Union of the Construction and Furniture Industries of Joinville), Rua Itajaí, n.º 33 - Joinville/SC | CEP: 89.201-090 Phone/Fax#: (47) 3422-2304

JOAÇABA – SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS METALÚRGICAS, MECÂNICAS E DO MATERIAL ELÉTRICO DE JOAÇABA E HERVAL D´OESTE (Trade Union of the Metallurgy, Mechanical and Electric Material Industries of Joaçaba and Herval D'Oeste), Rua Getúlio Vargas, 419 - Joaçaba - SC

GRAVATAÍ - SINDICATO DOS TRABALHADORES NAS INDUSTRIAS METALÚRGICAS, MECÂNICAS E DE MATERIAL ELÉTRICO DE GRAVATAÍ (RS) (Trade Union of the Metallurgy, Mechanical and Electric Material Industries of Gravataí) Avenida Ely Correa(rs 030), nº 1001 - Parque dos Anjos - Gravataí - RS - CEP 94.010-972 - Phone#: (51) 3488-3937

HORTOLÂNDIA - SINDICATO DOS TRABALHADORES NAS INDÚSTRIAS METALÚRGICAS, MECÂNICAS, MATERIAL ELÉTRICO E ELETRÔNICO E DE FIBRAS ÓPTICAS DE CAMPINAS E REGIÃO (Trade Union of the Metallurgy, Mechanical, Electric and Electronic Material and Fiber-Optics Industries of Campinas and neighboring areas) Rua Dr. Quirino 560 - Centro - Campinas - SP - CEP 13.015-080. - Phone# (19) 3775-5555

15. CONTROL

15.1. Identify the controlling shareholder or group of shareholders, indicating for each of them:

Control Group (interest above 5%) of WEG S.A. - Per Annual and Special General Meeting held on April 27, 2010

a) Name	b) Nationality	c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	d) Number of (common) shares held	e) Percent (of total shares) held - %	f) Percent (of capital stock) held	g) Part of the Shareholders Agreement	h) Breakdown of shareholding structure	i) Date of latest amendment
WEG Participações e Serviços S.A.	Brazilian	83.489.963/0001-28	316.392.027	50,96	50,96	N/A	See tables below	07/31/2010
Eggon João da Silva Administradora Ltda	Brazilian	80.957.384/0001-74	4.618.200	0,74	0,74	N/A	See tables below	07/31/2010
Dabliuve Administradora Ltda	Brazilian	80.957.400/0001-29	5.746.229	0,93	0,93	N/A	See tables below	07/31/2010
Balder Participacoes Ltda	Brazilian	10.651.773/0001-91	5.955.276	0,96	0,96	N/A	See tables below	07/31/2010
Zocalo Participacoes Ltda	Brazilian	10.690.540/0001-06	5.993.900	0,97	0,97	N/A	See tables below	07/31/2010
Starp Participacoes Ltda	Brazilian	10.889.654/0001-71	5.747.784	0,93	0,93	N/A	See tables below	07/31/2010
Tamaris Participacoes Ltda	Brazilian	10.668.402/0001-12	2.618.108	0,42	0,42	N/A	See tables below	07/31/2010
Helana Participacoes Ltda	Brazilian	10.889.243/0001-86	5.934.469	0,96	0,96	N/A	See tables below	07/31/2010
Si Voigt Administradora Ltda	Brazilian	09.370.501/0001-34	9.963.419	1,60	1,60	N/A	See tables below	07/31/2010
Clica Voigt Administradora Ltda	Brazilian	09.420.895/0001-98	9.963.420	1,60	1,60	N/A	See tables below	07/31/2010
Voigt Schwartz Administradora Ltda	Brazilian	09.414.489/0001-12	9.963.420	1,60	1,60	N/A	See tables below	07/31/2010
3MR Administradora Ltda	Brazilian	09.420.817/0001-93	4.615.847	0,74	0,74	N/A	See tables below	07/31/2010
EW Administradora Ltda	Brazilian	09.559.591/0001-06	1.730.051	0,28	0,28	N/A	See tables below	07/31/2010
Eggon João da Silva	Brazilian	009.955.179-91	1.375.100	0,22	0,22	N/A	See tables below	07/31/2010
Laura Augusta da Silva	Brazilian	435.911.329-34	38.381	0,01	0,01	N/A	See tables below	07/31/2010
Décio da Silva	Brazilian	344.079.289-72	23.800	0,00	0,00	N/A	See tables below	07/31/2010
Joana Zimmermann da Silva	Brazilian	058.297.959-57	7.000	0,00	0,00	N/A	See tables below	07/31/2010
Zaira Zimmermann da Silva	Brazilian	046.818.429-58	6.996	0,00	0,00	N/A	See tables below	07/31/2010
Kátia da Silva Bartsch	Brazilian	436.418.739-91	75.300	0,01	0,01	N/A	See tables below	07/31/2010
Bruna da Silva Bartsch	Brazilian	004.860.769-03	126.377	0,02	0,02	N/A	See tables below	07/31/2010

a) Name	b) Nationality	c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	d) Number of (common) shares held	e) Percent (of total shares) held - %	f) Percent (of capital stock) held	g) Part of the Shareholders Agreement	h) Breakdown of shareholding structure	i) Date of latest amendment
Ricardo Bartsch Filho	Brazilian	004.860.759-23	126.381	0,02	0,02	N/A	See tables below	07/31/2010
Ana Flavia da Silva Petry	Brazilian	063.432.379-25	7.000	0,00	0,00	N/A	See tables below	07/31/2010
Helena Marina da Silva Petry	Brazilian	063.432.389-05	7.000	0,00	0,00	N/A	See tables below	07/31/2010
Walter Janssen Neto	Brazilian	248.808.509-00	685.724	0,11	0,11	N/A	See tables below	07/31/2010
Paula da Silva Janssen	Brazilian	065.548.759-05	7.000	0,00	0,00	N/A	See tables below	07/31/2010
Renata da Silva Janssen	Brazilian	035.997.069-99	7.000	0,00	0,00	N/A	See tables below	07/31/2010
Alberto da Silva Geffert	Brazilian	034.304.249-50	964.500	0,16	0,16	N/A	See tables below	07/31/2010
Henrique da Silva Geffert	Brazilian	051.130.719-51	963.820	0,16	0,16	N/A	See tables below	07/31/2010
Julia da Silva Geffert	Brazilian	037.581.239-33	963.816	0,16	0,16	N/A	See tables below	07/31/2010
Fabio Roberto de Oliveira	Brazilian	751.465.849-15	300	0,00	0,00	N/A	See tables below	07/31/2010
Werner Ricardo Voigt	Brazilian	009.954.369-91	532.000	0,09	0,09	N/A	See tables below	07/31/2010
Paulo Dario Paranhos Trejes	Brazilian	395.336.030-20	50.000	0,01	0,01	N/A	See tables below	07/31/2010
Sergio Luiz Silva Schwartz	Brazilian	383.104.659-04	1.000.000	0,16	0,16	N/A	See tables below	07/31/2010
Lilian Werninghaus	Brazilian	435.912.999-87	12.800	0,00	0,00	N/A	See tables below	07/31/2010
Diether Werninghaus	Brazilian	310.427.409-68	3.302.226	0,53	0,53	N/A	See tables below	07/31/2010
Anne Marie Werninghaus	Brazilian	050.451.569-18	38.454	0,01	0,01	N/A	See tables below	07/31/2010
Joaquim Werninghaus Tavares	Brazilian	072.736.389-19	2.400	0,00	0,00	N/A	See tables below	07/31/2010
Theo Werninghaus Tavares	Brazilian	084.072.009-21	2.400	0,00	0,00	N/A	See tables below	07/31/2010
Eduardo Werninghaus	Brazilian	007.667.789-32	238.100	0,04	0,04	N/A	See tables below	07/31/2010
Heidi Behnke	Brazilian	505.049.679-91	2.907.134	0,47	0,47	N/A	See tables below	07/31/2010
Daniel Ricardo Behnke	Brazilian	051.107.199-00	48.454	0,01	0,01	N/A	See tables below	07/31/2010
Davi Ricardo Behnke	Brazilian	041.310.259-90	40.454	0,01	0,01	N/A	See tables below	07/31/2010
Luisa Werninghaus	Brazilian	007.667.599-89	1.784.493	0,29	0,29	N/A	See tables below	07/31/2010
Maria Luisa Werninghaus Bernoldi	Brazilian	076.461.079-13	2.400	0,00	0,00	N/A	See tables below	07/31/2010
Bernardo Armin Werninghaus Bernoldi	Brazilian	089.703.269-10	2.400	0,00	0,00	N/A	See tables below	07/31/2010
Mariana Werninghaus	Brazilian	060.449.029-19	138.154	0,02	0,02	N/A	See tables below	07/31/2010
Ricardo Werninghaus	Brazilian	043.365.399-01	138.154	0,02	0,02	N/A	See tables below	07/31/2010
Roseli Werninghaus	Brazilian	720.590.369-68	957.662	0,15	0,15	N/A	See tables below	07/31/2010
Clécio Fábio Zucco	Brazilian	516.816.929-53	16.000	0,00	0,00	N/A	See tables below	07/31/2010
TOTAL			**405.841.330**	**65,36%**	**65,36%**			

h) Breakdown

Breakdown: WEG Partcicipações e Serviços S.A.			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Eggon João da Silva Administradora Ltda	Brazilian	080.957.384/0001-74	31.376.969
Dabliuve Administradora Ltda	Brazilian	080.957.400/0001-29	31.376.969
G Werninghaus Admininstradora Ltda	Brazilian	080.952.849/0001-02	31.376.969
TOTAL			**94.130.907**

Breakdown: Eggon João da Silva Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Eggon João da Silva	Brazilian	009.955.179-91	10
Décio da Silva Administradora Ltda	Brazilian	008.649.347/0001-71	52.813.901
Kátia da Silva Bartsch Administradora Ltda	Brazilian	008.710.197/0001-64	52.813.901
Márcia da Silva Petry Administradora Ltda	Brazilian	008.647.713/0001-53	52.813.901
Solange da Silva Janssen Administradora Ltda	Brazilian	008.680.120/0001-99	52.813.901
Tânia Marisa da Silva Administradora Ltda	Brazilian	008.649.342/0001-49	52.813.901
TOTAL			**264.069.515**

Breakdown: Dabliuve Administradora Ltda.			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Werner Ricardo Voigt	Brazilian	009.954.369-91	3.134.298
Miriam Voigt Schwartz Administradora Ltda	Brazilian	008.649.305/0001-30	79.302.024
Cladis Voigt Trejes Administradora Ltda	Brazilian	008.703.890/0001-00	79.302.024
Valsi Voigt Administradora Ltda	Brazilian	008.655.197/0001-09	79.302.024
TOTAL			**241.040.370**

Breakdown: G. Werninghaus Admininstradora Ltda.			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Lilian Werninghaus	Brazilian	435.912.999-87	2.534.918
Diether Werninghaus Administradora Ltda	Brazilian	008.680.015/0001-50	58.380.742
Martin Werninghaus Administradora Ltda	Brazilian	008.605.191/0001-27	58.380.742
Heidi Behnke Administradora Ltda	Brazilian	008.601.978/0001-10	58.380.742
Eduardo & Luisa Werninghaus Administradora Ltda	Brazilian	008.680.096/0001-98	58.380.742
TOTAL			**236.057.886**

Breakdown: Balder Participacoes Ltda			
(a) Name	**(b) Nationality**	**(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)**	**(d) Number of shares (units of interest) held**
Decio da Silva	Brazilian	344.079.289-72	13.655.156
Zaira Zimmermann da Silva	Brazilian	046.818.429-58	1
Joana Zimmermann da Silva	Brazilian	058.297.959-57	1
TOTAL			**13.655.158**

Breakdown: Zocalo Participacoes Ltda			
(a) Name	**(b) Nationality**	**(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)**	**(d) Number of shares (units of interest) held**
Katia da Silva Bartsch	Brazilian	436.418.739-91	13.559.908
Bruna da Silva Bartsch	Brazilian	004.860.769-03	1
Ricardo Bartsch Filho	Brazilian	004.860.759-23	1
TOTAL			**13.559.910**

Breakdown: Starp Participacoes Ltda			
(a) Name	**(b) Nationality**	**(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)**	**(d) Number of shares (units of interest) held**
Solange da Silva Jannsen	Brazilian	304.390.949-68	7.780.392
Renata da Silva Janssen Decker	Brazilian	035.997.069-99	9.006
Paula da Silva Janssen	Brazilian	065.548.759-05	9.006
TOTAL			**7.798.404**

Breakdown: Tamaris Participacoes Ltda			
(a) Name	**(b) Nationality**	**(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)**	**(d) Number of shares (units of interest) held**
Tania Marisa da Silva	Brazilian	247.167.159-49	3.574.188
Alberto da Silva Geffert	Brazilian	034.304.249-50	1.250.615
Henrique da Silva Geffert	Brazilian	051.130.719-51	1.248.707
Julia da Silva Geffert de Oliveira	Brazilian	037.581.239-33	1.248.707
TOTAL			**7.322.217**

Breakdown: Helana Participacoes Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Marcia da Silva Petry	Brazilian	508.022.759-15	8.278.994
Ana Flavia da Silva Petry	Brazilian	063.432.379-25	19.588
Helena Marina da Silva Petry	Brazilian	063.432.389-05	19.588
TOTAL			**8.318.170**

Breakdown: Si Voigt Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Valsi Voigt	Brazilian	514.080.909-53	19.600.000
Dora Voigt de Assis	Brazilian	062.427.629-51	430.933
Livia Voigt	Brazilian	062.427.659-77	1.862.833
TOTAL			**21.893.766**

Breakdown: Clica Voigt Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Cladis Voigt Trejes	Brazilian	514.081.639-34	20.030.844
Pedro Voigt Trejes	Brazilian	057.698.199-01	1.243.095
Felipe Voigt Trejes	Brazilian	057.698.049-80	1.243.095
TOTAL			**22.517.034**

Breakdown: Voigt Schwartz Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Mirian Voigt Schwartz	Brazilian	514.080.829-34	33.126.664
Mariana Voigt Schwartz	Brazilian	009.273.789-73	405.289
Eduardo Voigt Schwartz	Brazilian	010.528.409-22	405.289
TOTAL			**33.937.242**

Breakdown: 3MR Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Martin Werninghaus	Brazilian	485.646.309-02	7.457.791
Maria Conceição Werninghaus	Brazilian	501.886.159-20	7.457.791
Ricardo Werninghaus	Brazilian	043.365.399-01	118.295
Mariana Werninghaus	Brazilian	060.449.029-19	118.295
TOTAL			**15.152.172**

Breakdown: EW Administradora Ltda			
(a) Name	(b) Nationality	(c) National Register of Individuals (CPF)/Legal Entities (CNPJ)	(d) Number of shares (units of interest) held
Eduardo Werninghaus	Brazilian	007.667.789-32	6.013.594
Luisa Werninghaus	Brazilian	007.667.599-89	1
TOTAL			**6.013.595**

15.2. List containing the following information about the shareholders, or groups of shareholders acting together or representing the same interest, with participation equal or over 5% of the same class or kind of shares which are not listed in item 15.1

N/A

15.3. Shareholders Structure in 07/31/2010

a) Número de Acionistas Pessoas Físicas	11.033
b) Número de Acionistas Pessoas Jurídicas	258
c) Número de Investidores Institucionais	536
d) Número de Ações em Circulação por Classe e Espécie (Ordinárias)	198.905.093

15.4. Shareholders with position over 5% of Social Capital

See item "15.1".

15.5. Shareholders Agreement

N/A

16. TRANSACTIONS WITH RELATED PARTIES

16.1. Describe the issuer's rules, policies and practices regarding transactions with related parties, as defined by applicable accounting rules governing this matter.

Business transactions involving the purchase and sale of products, raw materials and services, as well as financial transactions involving loans, funding among the Group companies and management compensation were carried out as described below.

16.2. Regarding the transactions with related parties that were carried out in the last three fiscal years or that are in effect in the current year and which, according to accounting standards, must be disclosed in the issuer's individual or consolidated financial statements, state:

	COMPANY			CONSOLIDATED		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
BALANCE SHEET						
Noncurrent assets						
Management of Financial Resources	**22,970**	**18,086**	**7,407**	-	-	-
- WEG Indústrias S.A.	22,970	16,883	7,407	-	-	-
- WEG Exportadora S.A.	-	1,203	-	-	-	-
Noncurrent liabilities						
Management of Financial Resources	**1,746**	**2,967**	**21,072**	-	-	-
- WEG Equipamentos Elétricos S.A.	1,746	2,967	3,494	-	-	-
- WEG Exportadora S.A.	-	-	17,578	-	-	-
Agreements with Directors/Officers	-	-	-	**3,413**	**2,546**	**10,910**
INCOME STATEMENT						
Management compensation:						
Fees	**1,447**	**2,052**	**1,754**	**13,840**	**13,343**	**12,711**
- Board of Directors	1,077	1,444	1,279	1,723	1,603	1,439
- Executive Board	370	608	475	12,117	11,740	11,272

Additional Information:

a) **Business Transactions**

Purchase and sale transactions of raw materials and products are carried out under the same conditions as those transactions conducted with unrelated parties. Most sales are cash sales.

b) Management of Financial Resources

(i) Financial and business transactions carried out among Group companies are accounted for pursuant to the Group's requirements.

c) Service Provision and Other Covenants

(i) WEG Equipamentos Elétricos S.A. has entered into an agreement with WEG Indústrias S.A., for the provision of management consulting services. The related amounts are reimbursed by means of Service Invoices.

(ii) WEG Equipamentos Elétricos S.A. has entered into a "Guarantees and Other Covenants" agreement with Hidráulica Industrial S.A Ind. e Com - HISA, whereby WEG will provide guarantee or collateral in loan operations and in the issuance of guarantees to clients (performance bonds, surety bonds etc.).

d) Sureties and Guarantees

(i) WEG S.A. provided its foreign subsidiaries with sureties and guarantees amounting to US$ 112.5 million (US$ 147.7 million at December 31, 2008).

(ii) WEG Equipamentos Elétricos S.A. provided its foreign subsidiaries with sureties and guarantees amounting to US$ 10.2 million at December 31, 2009 (US$ 9.4 million at December 31, 2008).

(iii) WEG Equipamentos Elétricos S.A. provided its Brazilian subsidiaries with sureties and guarantees amounting to R$ 38.7 million (R$ 30.9 million at December 31, 2008).

e) Agreements with Directors/Officers

(i) The transactions carried out between WEG S.A. and the Group's management are accounted for pursuant to the provisions established in the contract with each director/officer;

(ii) Any credit balances in these accounts yield interest of 95% of CDI (Interbank Deposit Certificates); any debit balances are subject to 100% of CDI. The balance is subject to IOF (Tax on Financial Transactions) and interest is subject to income tax.

f) Management Compensation

WEG Group management comprises 13 board members and 24 executive officers.

At December 31, 2009, for the services provided, the members of the Board of Directors received compensation in the amount of R$ 1,723 and the members of the

Executive Board received compensation in the amount of R$ 12,117, totaling R$13,840.

Provided that the net results are at least 16% of the net equity, profit sharing payable to management will range between 1.0% and 2.5% of the net income.

The board members and the executive officers are entitled to additional corporate benefits such as: medical and dental assistance, life insurance, supplementary pension benefits etc.

16.3. Regarding each transaction or group of transactions mentioned in item 16.2 above, and that occurred in the last fiscal year: (a) identify the measures adopted to address conflicts of interest; and (b) show that the transaction was carried out at arm's length or was adequately compensated.

The transactions carried out among WEG Group companies do not entail potential conflicts of interest, considering their common control. The transactions involving members of management follow the principles of impersonality and impartiality.

17. CAPITAL STOCK

17.1. Prepare a table with information on capital stock.

		At 12/31/09
a)	Issued capital	R$ 1,812,294 thousand
b)	Subscribed capital	R$ 1,812,294 thousand
c)	Paid-up capital	R$ 1,812,294 thousand
d)	Pay up term	N/A
e)	Authorized capital	N/A
f)	Securities convertible into shares	N/A
g)	Conversion requirements	N/A

17.2. Information on any increase in the issuer's capital for the last 3 fiscal years

Year 2009

a) The Annual and Extraordinary General Meeting held on April 6, 2009 approved the Company's capital increase from R$ 1,360,500 to R$ 1,800,000, with no change in the number of shares, using the following reserves:

- Legal Reserve – R$ 56,769 thousand

- Capital Budget Reserve – R$ 382,731 thousand.

b) The Extraordinary General Meeting held on December 28, 2009 approved the Company's capital increase from R$ 1,800,000 to R$ 1,812,294, with the issuance of 3,278,300 common registered shares with no par value, and the recognition of a goodwill reserve on the merger of shares in the amount of R$ 44,931.

At December 31, 2009, the Company's capital comprises 620,905,029 common shares, all registered, book-entry, with voting rights and no par value.

Year 2008

There was no capital increase in year 2008.

Year 2007

The Annual and Extraordinary General Meeting held on April 24, 2007 approved the Company's capital increase from R$ 907,000 to R$ 1,360,500, with no change in the number of shares, using the following reserves:

- Legal Reserve – R$ 43,882 thousand.

- Capital Budget Reserve – R$ 409,618 thousand.

At December 31, 2007, the Company's capital comprises 617,626,729 common shares, all registered, book-entry, with voting rights and no par value.

17.3. Information on share splits, reverse splits and bonuses.

N/A.

17.4. Information on any decrease in the issuer's capital for the last 3 fiscal years

N/A.

17.5. Provide other information that the issuer may deem relevant

N/A.

18. SECURITIES

18.1. Describe the rights attached to each class and type of shares issued

Capital stock comprises 620,905,029 common shares, all registered, book-entry, with voting rights and no par value.

18.2. Describe the rules, if any, included in the issuer's bylaws that limit the voting rights of significant shareholders or that require them to make a public tender offer.

N/A

18.3. Describe exceptions and suspension clauses relating to equity or political rights included in the issuer's bylaws.

N/A

18.4. In table format, state the volume of trading operations as well as the highest and lowest quoted price of securities traded on stock exchanges or organized over-the-counter markets, for each quarter of the last 3 fiscal years

N/A

18.5. Describe other securities issued (other than shares).

N/A.

18.6. Inform of the Brazilian markets where the issuer's securities are admitted to trading.

The Company's shares (WEGE3) are traded on the Futures and Commodities Exchange "BM&FBovespa".

18.7. Information regarding each class and type of securities admitted to trading on foreign markets.

N/A.

18.8. Describe the public offerings made by the issuer or third parties, including controlling shareholders and affiliates and subsidiaries, involving the issuer's securities.

N/A

18.9. Describe the public tender offerings made by the issuer for the acquisition of third parties' shares

N/A

18.10. Provide other information that the issuer may deem relevant

N/A

19. REPURCHASE PLAN AND TREASURY SECURITIES

N/A

20. SECURITIES TRADING POLICY

POLICY ON DISCLOSURE OF MATERIAL ACTS OR FACTS AND ON WEG S.A. SECURITIES TRADING

Purpose of this POLICY

1. This **POLICY ON DISCLOSURE OF MATERIAL ACTS OR FACTS AND ON SECURITIES TRADING** (“**POLICY**”) establishes the guidelines and procedures that govern **WEG S.A**. and the other WEG Group companies (“**WEG**” or “**the Company**”), as well as its related persons, covering:

   1.1. The handling of material acts or facts, both for secrecy and adequate disclosure purposes;

   1.2. The trading of securities issued by WEG or benchmarked thereto,

2. This POLICY was established pursuant to the terms of CVM Instruction No. 358, of January 3, 2002, and of the São Paulo Exchange (“BOVESPA”) “Novo Mercado” (New Market) Regulations.

3. This POLICY shall not be amended pending any undisclosed Material Acts or Facts.

Definitions

Securities Issued by WEG

4. **Securities Issued by WEG** shall be construed as the shares, negotiable rights, subscription receipts and debentures issued and publicly offered by WEG or by public companies controlled by WEG, as well as the securities issued by third parties, the price of which is benchmarked to or derives from securities issued by WEG.

Material Act or Fact

5. A **Material Act or Fact** shall be construed as any decision, act or fact that may considerably impact the price of securities issued by WEG or the investors’ decision to buy, sell, hold or exercise any rights underlying their capacity as owners of these securities, in accordance with applicable legislation.

6. As an objective criterion, though not compulsorily required, guiding the considerable impacts of the Material Act or Fact defined above, the concept of materiality of such an event will be used in the context of WEG’s activities, with a material act or fact being considered as that which, on an individual or aggregated basis, may cause changes in:

   6.1. Annual Gross Revenue by 5% or more

   6.2. Annual EBITDA by 5% or more

   6.3. Net Income for the Year by 5% or more

   6.4. Net Equity by 5% or more.

Privileged Information

7. **Privileged Information** shall be construed as the knowledge of a Material Act or Fact before it is disclosed to the regulatory agencies, such as the Brazilian Securities Commission (“CVM”), the São Paulo Stock Exchange BOVESPA and the shareholders and other parties in the capital markets in general, as defined in this POLICY.

Unfair Practice

8. **Unfair Practice** shall be construed as the use of Privileged Information to obtain, for oneself or third parties, benefits of any kind as a result of trading in the securities issued by the Company or benchmarked thereto.

Related Persons

9. **Related Persons** to this POLICY shall be construed as any persons that, by virtue of their rank or role in the Company, have continuous, frequent and repeated access to Privileged Information. Thus, Related Persons are, among others:

    9.1. Direct and indirect controlling shareholders,

    9.2. The members of the Board of Directors,

    9.3. The members of the Supervisory Board,

    9.4. The members of the Executive Board,

    9.5. The members of any bodies with technical or advising functions, created by the bylaws.

    9.6. Other persons, as defined by the Investor Relations Officer

10. The following shall be considered like Related Persons, in specific cases:

    10.1. Any legal entity in which a Related Person may have an influence on decisions regarding securities trading.

    10.2. Any person that may have had access to Privileged Information by means of a Related Person and that may have executed a specific confidentiality agreement.

    10.3. For natural persons to a spouse, common-law partner, any dependent included in their annual income tax return and any companies directly or indirectly controlled by them.

Responsibilities of the Related Persons

Duty to Adhere to the POLICY

11. The Related Persons must formally adhere to the POLICY by executing the related term of agreement (attachments I, II or III) upon hire, election, promotion or transfer, or upon knowledge of the material act or fact, stating that they are aware of the terms of this POLICY and agree to comply therewith.

    11.1. The Disclosure Committee shall define, together with each of the Company's Executive Boards, the ranks, employees and third parties that must adhere to the POLICY.

Duty of Confidentiality

12. The Related Persons must not use Privileged Information to obtain, for oneself or third parties, benefits of any kind as a result of trading in the Securities Issued by WEG using Unfair Practices.

13. The Related Persons must act in a diligent manner with a view to keeping the confidentiality of the Privileged Information to which they have access, pursuant to legislation and applicable rules.

14. The Related Persons must only disclose Privileged Information to third parties not related to this POLICY only if such information is absolutely necessary for the performance of specific professional duties in the Company's normal course of business.

    14.1. Such Privileged Information should be disclosed only to the extent necessary for the required purposes, always preceded by an explanation about the secrecy of such information and the extent of the duty of confidentiality.

    14.2. If the Privileged Information is disclosed on a frequent and repeated basis, the unrelated person must adhere to this POLICY, by executing the related term of agreement.

    14.3. Any Related Person leaving WEG, or ceasing to participate in the business or project to which the Privileged Information refers, shall remain subject to the duty of confidentiality until such information is publicly disclosed.

Duty to Observe Blackout Periods

15. The Related Persons must not trade in the Securities Issued by WEG from the date of formal notification by the Investor Relations Officer to the date of public disclosure of a Material Act or Fact, or of new formal notification permitting trading operations. The Related Persons must maintain

confidentiality about their own temporary prohibition to trading. Any member of management leaving the Company before the public disclosure of a material act or fact originating in his/her tenure must also respect a lock-up period of six months from the date of termination.

15.1. The Related Persons must respect the following automatic blackout periods:

15.1.1. Between the 15th (fifteenth) day prior to and the day of (i) the disclosure of quarterly financial results (filing of the Quarterly Information Form - ITR with the CVM); and (ii) the disclosure of annual financial results (filing of the Standard Financial Statement Form - DFP with the CVM), with no formal notification from the Investor Relations Officer being required. WEG shall disclose, at the beginning of each fiscal year, and shall keep it updated throughout the period, a calendar of corporate events including the estimated dates for disclosure of its quarterly and annual financial results, as set out in attachment IV to this POLICY.

15.1.2. As long as the shares issued by WEG are being acquired or disposed of by WEG itself, its subsidiaries, affiliates or other companies under common control, or if an option or mandate for this purpose has been granted.

Duty to Inform of Ownership and Trading

16. The Related Persons must inform the Investor Relations Officer of the number, characteristics, and form of acquisition of the securities issued by WEG, as well as any changes in ownership, pursuant to the “Individual Trading Form”, as set out in attachment VI to this POLICY.

16.1. Initial notification shall be made immediately after taking office.

16.2. Subsequent trading shall be notified immediately after it has taken place, and the Related Persons must require the brokers used in the trading operation to provide this information to the Investor Relations Officer.

Duty to Inform of Trading of Material Ownership

17. The shareholders that elect members of the Board of Directors or the Supervisory Board, as well as any natural or artificial person, or group of persons acting together or representing the same interest, that have direct or indirect equity interest equivalent to a minimum 5% (five percent) of shares comprising the capital stock of WEG must provide the Investor Relations Officer with the information required in the “Statement of Equity Ownership”, as set out in attachment V to this POLICY, upon the occurrence of events defined by applicable legislation and/or regulations.

Responsibilities of the Investor Relations Officer

Manage and Handle Violations

18. Manage the application of this POLICY and adopt the necessary measures for its strict enforcement.

19. Handle POLICY violations, define penalties and inform them to the appropriate level of authority for each case.

Control Adherence and Trading

20. Keep centralized and updated records of all Related Persons, being also responsible for making these records available to the proper authorities upon request.

21. Keep specific and individual control over all Related Persons, including the number, characteristics and form of acquisition of the securities issued by WEG, as well as any changes in these positions regularly providing this information to CVM and BOVESPA.

Define Blackout Periods

22. Define the initial period of temporary prohibition to trading in Securities Issued by WEG by Related Persons based on the likely occurrence of specific acts or facts that might be deemed material, considering judgment of when the likelihood of their occurrence passed from mere expectation on to an actual possibility, although it cannot be assured.

22.1. Even if the previously defined relevance and materiality criteria are not observed, the Investor Relations Officer may determine a blackout period to preserve the proper operation of the market for the Securities Issued by WEG or to safeguard the legitimate interests of WEG or its shareholders.

22.2. Partial prohibition to trading may be imposed only on those Related Persons and third parties who become knowledgeable of specific acts or facts not yet disclosed.

Define and Disclose Material Acts or Facts

23. Analyze and qualify an act or fact as a Material Fact and define the appropriateness and/or need for disclosure. Provided that information confidentiality is not impaired, the Investor Relations Officer may opt not to immediate disclose a material act or fact if it considers this to be the Company's legitimate interest.

24. Prepare the Material Fact Release document, which must be clear, accurate and in user-friendly language, including timely and comprehensive information required for a perfect understanding.

24.1. WEG shall necessarily publish its documents in Portuguese, but English versions thereof may be provided in due course for the convenience of interested readers only.

24.2. Only the Chief Executive Officer, the Investor Relations Officer or a person expressly appointed by either of them are allowed to comment on, clarify or detail the content of the material act or fact as disclosed. Comments, clarifications or details about immaterial acts or facts that have already been subject to extensive disclosure may be provided by other WEG personnel, pursuant to applicable policies as the case may be.

24.3. Material acts or facts shall preferably be disclosed before or after the trading hours at the São Paulo Stock Exchange (BOVESPA). If it is imperative that this disclosure take place during the BOVESPA trading hours, the Investor Relations Officer shall request BOVESPA to suspend trading in the securities issued by WEG for as long as it is necessary to properly communicate the relevant information.

25. Oversee the communication of Notices of Material Fact, in the following order of priority:

25.1. To CVM, through the electronic media defined by this agency,

25.2. To BOVESPA and, as applicable, to other stock exchanges and entities operating in organized over-the-counter markets;

25.3. Directly to the parties in the capital markets in general, through usual or convenient media, including publications in newspapers determined at WEG's General Meeting, which may be in summary form with an indication of where the complete information is available.

Assist Investors

26. Assist investors, market analysts and interested parties, directly or through an expressly appointed representative. Other employees shall only communicate with investment experts and other parties in the capital market as expressly authorized and directed to do so by the Investor Relations Officer in the presence of the appointed representative.

26.1. WEG's representatives in assisting shareholders and investors must zero in on widely disclosed public information and not discuss or transmit Privileged Information;

26.2. For the period of 15 days before publication of its financial results, on the dates specified in the calendar of corporate events registered with the CVM and the BOVESPA, pursuant to attachment IV, WEG shall not discuss, provide information or estimate projections regarding these results. This prohibition does not include discussing information that has been already publicly disclosed.

26.3. WEG shall not express an opinion on rumors, speculations, news or information whose source is not clearly identified, unless, by decision of the Investor Relations Officer, it is understood that a formal expression by WEG may help preserve an orderly trading of the securities issued by WEG.

26.4. WEG will neither disclose projections of future results nor make comments, express opinions or judgments about other projections of results prepared by third parties.

26.5. WEG may, in a timely manner, disclose its expected operating performance for the coming fiscal years. These expectations regarding future performance represent mere estimates and are based on management's expectations for the future, being largely subject to market changes, to the overall economic performance of the country and business sector, and to the international markets, being subject to changes.

26.6. WEG may, through the usual means adopted in its investor relations activities, use or disclose the projections of results prepared by third parties. This practice does not imply any assessment, value judgments or validation of these expected results.

26.7. WEG shall not be liable for recommended investments, expected results, target prices and other judgments and opinions of third parties about the securities issued WEG.

Responsibilities of the Disclosure and Trading Committee

27. The Disclosure and Trading Committee is hereby established as an advisory and deliberative body composed of a maximum five (5) members, one of them compulsorily being the Investor Relations Officer, who shall preside it, and the others being selected by the Executive Board of WEG, which shall be assigned with the following responsibilities:

27.1. Previously review the content of specific communications with the capital market that may contain relevant information about WEG, ensuring that no information about material acts or facts as yet undisclosed by the company is improperly disclosed;

27.2. Consider the need for defining temporary blackout periods for the persons related to this POLICY;

27.3. Determine the necessary procedures for the disclosure and communication of this POLICY, also to WEG's employees;

27.4. Rule on adherence by all persons required by law, as defined in this POLICY;

27.5. Propose the adoption of applicable disciplinary measures, as a result of noncompliance with the rules established in this POLICY, notwithstanding the applicable administrative, civil and criminal penalties.

Penalties for POLICY Violations

28. Failure to comply with the rules established in this POLICY shall subject the violator to disciplinary measures, pursuant to WEG's internal rules of procedure and those described in this item, notwithstanding the applicable administrative, civil and criminal penalties.

29. Any related person that becomes aware of his/her violation must immediately report it to the Investor Relations Officer. Failure to report violations of the POLICY is considered misconduct.

21. POLICY ON DISCLOSURE OF INFORMATION

See item 20

22. EXTRAORDINARY BUSINESS

N/A