Quarterly Information - ITR

WEG S.A.

March 31, 2011

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Company Information / Composition of Capital Stock

Number of Shares (Units)	Current Quarter 03/31/2011
Capital Paid	
Common Shares	620,905,029
Preference Share	0
Total	620,905,029
Treasury Stock	
Common Shares	0
Preference Share	0
Total	0

Company Information / Cash Dividends

Event	Approval	Earning	First Payment	Share Type	Share Class	Earnings per Share (R$ / Share)
Board of Directors' Meeting	09/21/2010	Interest on Capital	03/16/2011	Common Shares		0,04700
Board of Directors' Meeting	12/21/2010	Interest on Capital	03/16/2011	Common Shares		0,05000
Board of Directors' Meeting	02/22/2011	Dividend	03/16/2011	Common Shares		0,16300
Board of Directors' Meeting	03/22/2011	Interest on Capital	08/17/2011	Common Shares		0,05800

Individual Financial Statements / Balance Sheet
Assets

(Thousands of reais)

Account Code	Account Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
1	Total Assets	3,483,956	3,535,994
1.01	Current Assets	736,518	752,552
1.01.01	Cash and Cash Equivalents	709,625	689,944
1.01.01.01	Cash and Banks	72	9
1.01.01.02	Financial Investments	709,553	689,935
1.01.06	Taxes recoverable	1,775	6,125
1.01.06.01	Current taxes recoverable	1,775	6,125
1.01.08	Other Current Assets	25,118	56,483
1.01.08.03	Other	25,118	56,483
1.01.08.03.01	Dividends	525	4,633
1.01.08.03.02	Interests on Capital	24,593	51,850
1.02	Noncurrent Assets	2,747,438	2,783,442
1.02.01	Noncurrent receivables	1,448	923
1.02.01.06	Deferred Taxes	584	602
1.02.01.06.01	Income Tax and Social Contribution	584	602
1.02.01.08	Credits with Related Parties	527	0
1.02.01.08.02	Credits to Subsidiaries	527	0
1.02.01.09	Other Current Assets	337	321
1.02.01.09.03	Judicial Deposits	337	321
1.02.02	Investments	2,733,816	2,770,286
1.02.02.01	Equity Interests	2,733,816	2,770,286
1.02.02.01.02	Investments in Subsidiaries	2,733,816	2,770,286
1.02.03	Fixed Assets	12,159	12,233
1.02.03.01	Fixed Assets in Operation	12,159	12,233
1.02.04	Intangible Assets	15	0

Individual Financial Statements / Balance Sheet
Liabilities

(Thousands of reais)

Account Code	Account Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2	Total Liabilities	3,483,956	3,535,994
2.01	Current Liabilities	43,328	71,158
2.01.01	Social and Labor Obligations	2,919	3,063
2.01.01.01	Social Obligations	2,919	3,063
2.01.03	Tax Obligations	2,062	5,330
2.01.03.01	Federal Tax Obligations	2,062	5,330
2.01.03.01.01	Income Tax and Social Contribution Payable	118	0
2.01.03.01.02	Other Obligations	1,944	0
2.01.05	Other Obligations	38,347	62,765
2.01.05.02	Other	38,347	62,765
2.01.05.02.01	Dividends and interest on capital Payable	38,180	62,214
2.01.05.02.04	Other	167	551
2.02	Noncurrent Liabilities	5,620	10,229
2.02.02	Other Obligations	139	4,783
2.02.02.01	Liabilities with Related Parties	139	4,783
2.02.02.01.02	Debits to Subsidiaries	139	4,783
2.02.03	Deferred Taxes	3,807	3,820
2.02.03.01	Income Tax and Social Contribution	3,807	3,820
2.02.04	Allowances	1,674	1,626
2.02.04.01	Tax, Social Security, Labor and Civil Allowances	1,674	1,626
2.02.04.01.02	Labor and Social Security Allowances	1,445	1,397
2.02.04.01.05	Other	229	229
2.03	Shareholders' Equity	3,435,008	3,454,607
2.03.01	Capital Paid	1,812,294	1,812,294
2.03.02	Capital Reserves	44,931	44,931
2.03.02.01	Premium on Issue of Shares	44,931	44,931
2.03.03	Revaluation Reserves	3,871	3,884
2.03.04	Profit Reserves	799,468	900,676
2.03.04.01	Legal Reserve	53,409	53,409
2.03.04.02	Statutory Reserve	746,059	746,059
2.03.04.08	Proposed Additional Dividend	0	101,208
2.03.05	Accrued Profits/Losses	92,115	0
2.03.06	Adjustment in Asset Value	682,329	692,822
2.03.06.01	Deemed Cost	746,552	758,715
2.03.06.02	Accumulated adjustments of Translation	(64,223)	(65,893)

Individual Financial Statements / Income Statement

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
3.04	Operating Expenses/Revenues	106,125	119,367
3.04.02	General and Administrative Expenses	(763)	(742)
3.04.02.01	Managers' fees	(424)	(389)
3.04.02.02	Other Administrative Expenses	(339)	(353)
3.04.04	Other Operating Revenues	2	108
3.04.05	Other Operating Expenses	(216)	(196)
3.04.06	Equity Income	107,102	120,197
3.05	Income Before Financial Income and Taxes	106,125	119,367
3.06	Financial Income	16,021	(445)
3.06.01	Financial Revenues	16,064	(425)
3.06.02	Financial Expenses	(43)	(20)
3.07	Income Before Income Taxes on Profit	122,146	118,922
3.08	Income Tax and Social Contribution on Profits	(582)	723
3.08.01	Current	(577)	0
3.08.02	Deferred	(5)	723
3.09	Net Income from Continuing Operations	121,564	119,645
3.11	Profit/Loss for the Year	121,564	119,645
3.99	Profits per Share - (Reais / Share)		
3.99.01	Primary Profit per Share		
3.99.01.01	ON	0,19579	0,19269
3.99.02	Diluted Profit per Share		
3.99.02.01	ON	0,19579	0,19269

Individual Financial Statements / Statement of Comprehensive Income

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
4.01	Net income	121,564	119,645
4.02	Other Comprehensive Income	2,413	(2,191)
4.03	Comprehensive Income for the Year	123,977	117,454

Individual Financial Statements / Statement of Cash Flows - Indirect Method

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
6.01	Net Cash from Operating Activities	8,194	(19,070)
6.01.01	Cash provided by Operations	15,117	(1,239)
6.01.01.01	Profit Before Taxes	122,146	118,922
6.01.01.02	Depreciation and Amortization	73	36
6.01.01.03	Equity	(107,102)	(120,197)
6.01.02	Changes in Assets and Liabilities	(7,088)	(17,873)
6.01.02.01	Increase/Decrease in Accounts Receivable	2,048	(14,290)
6.01.02.02	Increase/Decrease in Accounts Payable	(8,677)	(3,583)
6.01.02.03	Income tax and Social Contributions Paid	(459)	0
6.01.03	Other	165	42
6.02	Net Cash from Investing Activities	172,997	252,439
6.02.01	Investments	(20)	0
6.02.02	Payment of Dividends/Interests on Equity	173,017	252,439
6.03	Net Cash from Financing Activities	(161,510)	(161,325)
6.03.01	Dividends/Interests on Equity paid	(161,510)	(161,325)
6.05	Increase (Decrease) in Cash Equivalents	19,681	72,044
6.05.01	Opening Balance of Cash and Cash Equivalents	689,944	90,989
6.05.02	Closing Balance of Cash and Cash Equivalents	709,625	163,033

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2011 to 03/31/2011

(Thousands of reais)

Account Code	Account Description	Capital Paid	Capital Reserves, Options Granted and Treasury Stocks	Profit Reserves	Accrued Profits and Losses	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	1,812,294	48,815	900,676	0	692,822	3,454,607
5.03	Adjusted Opening Balances	1,812,294	48,815	900,676	0	692,822	3,454,607
5.04	Capital Transactions with Shareholders	0	0	(101,208)	(42,368)	0	(143,576)
5.04.06	Dividends	0	0	(101,208)	0	0	(101,208)
5.04.07	Interest on Capital	0	0	0	(42,368)	0	(42,368)
5.05	Total Comprehensive Income	0	0	0	134,470	(10,493)	123,977
5.05.01	Net income	0	0	0	121,564	0	121,564
5.05.02	Other Comprehensive Income	0	0	0	12,906	(10,493)	2,413
5.05.02.04	Translation Adjustments for the Year	0	0	0	0	2,413	2,413
5.05.02.06	Realization of Deemed Cost	0	0	0	12,906	(12,906)	0
5.06	Internal Changes in Shareholders' Equity	0	(13)	0	13	0	0
5.06.02	Realization of Revaluation Reserve	0	(13)	0	13	0	0
5.07	Closing Balance	1,812,294	48,802	799,468	92,115	682,329	3,435,008

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2010 to 03/31/2010

(Thousands of reais)

Account Code	Account Description	Capital Paid	Capital Reserves, Options Granted and Treasury Stocks	Profit Reserves	Accrued Profits and Losses	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	1,812,294	48,866	660,797	0	777,782	3,299,739
5.03	Adjusted Opening Balances	1,812,294	48,866	660,797	0	777,782	3,299,739
5.04	Capital Transactions with Shareholders	0	0	(127,285)	(31,187)	0	(158,472)
5.04.06	Dividends	0	0	(127,285)	0	0	(127,285)
5.04.07	Interest on Capital	0	0	0	(31,410)	0	(31,410)
5.04.08	Reversal of Prescribed Dividends	0	0	0	223	0	223
5.05	Total Comprehensive Income	0	0	0	132,677	(15,223)	117,454
5.05.01	Net income	0	0	0	119,645	0	119,645
5.05.02	Other Comprehensive Income	0	0	0	13,032	(15,223)	(2,191)
5.05.02.04	Translation Adjustments for the Year	0	0	0	0	(2,191)	(2,191)
5.05.02.06	Realization of Deemed Cost	0	0	0	13,032	(13,032)	0
5.06	Internal Changes in Shareholders' Equity	0	(16)	0	16	0	0
5.06.02	Realization of Revaluation Reserve	0	(16)	0	16	0	0
5.07	Closing Balance	1,812,294	48,850	533,512	101,506	762,559	3,258,721

Individual Financial Statements / Statement of Value Added

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
7.02	Inputs Purchased from Third Parties	(135)	(212)
7.02.02	Materials, Energy, Services of Third Parties and Other	(88)	(275)
7.02.03	Loss/Recovery of Assets	(47)	63
7.03	Gross Value Added	(135)	(212)
7.04	Retentions	(73)	(36)
7.04.01	Depreciation, Amortization and Depletion	(73)	(36)
7.05	Net Value Added Produced	(208)	(248)
7.06	Value Added Received from Transfer	123,166	119,772
7.06.01	Equity Income	107,102	120,197
7.06.02	Financial Revenues	16,064	(425)
7.07	Total Value Added to be Distributed	122,958	119,524
7.08	Distribution of Value Added	122,958	119,524
7.08.01	Personnel	618	417
7.08.01.01	Direct Compensation	595	393
7.08.01.02	Benefits	11	14
7.08.01.03	F.G.T.S.	12	10
7.08.02	Taxes, Fees and Contributions	733	(558)
7.08.02.01	Federal	733	(558)
7.08.03	Compensation of Third Party Capital	43	20
7.08.03.01	Interest	43	20
7.08.04	Compensation of Equity	121,564	119,645
7.08.04.01	Interests on Capital	42,368	31,410
7.08.04.03	Retained Profits / Loss for the Year	79,196	88,235

Consolidated Financial Statements / Balance Sheet
Assets

(Thousands of reais)

Account Code	Account Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
1	Total Assets	7,424,388	7,511,164
1.01	Current Assets	4,731,859	4,794,009
1.01.01	Cash and Cash Equivalents	2,487,136	2,552,996
1.01.01.01	Cash and Banks	62,127	53,971
1.01.01.02	Financial Investments	2,425,009	2,499,025
1.01.03	Accounts Receivable	1,026,094	1,044,712
1.01.03.01	Customers	1,026,094	1,044,712
1.01.04	Inventories	1,019,551	1,008,952
1.01.06	Taxes recoverable	118,144	107,182
1.01.06.01	Current taxes recoverable	118,144	107,182
1.01.08	Other Current Assets	80,934	80,167
1.01.08.03	Other	80,934	80,167
1.02	Noncurrent Assets	2,692,529	2,717,155
1.02.01	Noncurrent receivables	127,146	136,984
1.02.01.06	Deferred Taxes	86,060	78,810
1.02.01.06.01	Income Tax and Social Contribution	86,060	78,810
1.02.01.09	Other Current Assets	41,086	58,174
1.02.01.09.03	Judicial Deposits	21,723	21,697
1.02.01.09.04	Taxes recoverable	14,122	31,661
1.02.01.09.05	Other	5,241	4,816
1.02.02	Investments	2,199	601
1.02.02.01	Equity Interests	2,199	601
1.02.02.01.04	Other Equity Interests	2,199	601
1.02.03	Fixed Assets	2,383,215	2,395,575
1.02.03.01	Fixed Assets in Operation	2,383,215	2,395,575
1.02.04	Intangible Assets	179,969	183,995
1.02.04.01	Intangible Assets	43,796	43,870
1.02.04.02	Goodwill	136,173	140,125

Consolidated Financial Statements / Balance Sheet
Liabilities

(Thousands of reais)

Account Code	Account Description	Current Quarter 03/31/2011	Previous Year 12/31/2010
2	Total Liabilities	7,424,388	7,511,164
2.01	Current Liabilities	2,013,822	1,938,803
2.01.01	Social and Labor Obligations	134,958	141,797
2.01.01.01	Social Obligations	134,958	141,797
2.01.02	Suppliers	259,762	242,300
2.01.03	Tax Obligations	68,362	72,204
2.01.03.01	Federal Tax Obligations	68,362	72,204
2.01.03.01.01	Income Tax and Social Contribution Payable	31,997	41,718
2.01.03.01.02	Other	36,365	30,486
2.01.04	Loans and Financing	1,104,366	1,018,995
2.01.04.01	Loans and Financing	1,104,366	1,018,995
2.01.05	Other Obligations	446,374	463,507
2.01.05.01	Liabilities with Related Parties	3,438	1,570
2.01.05.01.04	Debits with Other Related Parties	3,438	1,570
2.01.05.02	Other	442,936	461,937
2.01.05.02.01	Dividends and interest on capital Payable	39,575	63,440
2.01.05.02.04	Advances from Customers	278,978	271,949
2.01.05.02.05	Profit Sharing	24,380	23,583
2.01.05.02.06	Other	100,003	102,965
2.02	Noncurrent Liabilities	1,882,071	2,028,525
2.02.01	Loans and Financing	1,251,638	1,399,948
2.02.01.01	Loans and Financing	1,251,638	1,399,948
2.02.02	Other Obligations	89,435	86,875
2.02.02.02	Other	89,435	86,875
2.02.02.02.03	Tax Obligations	65,784	58,765
2.02.02.02.04	Other	23,651	28,110
2.02.03	Deferred Taxes	415,682	415,318
2.02.03.01	Income Tax and Social Contribution	415,682	415,318
2.02.04	Allowances	125,316	126,384
2.03	Consolidated Shareholders' Equity	3,528,495	3,543,836
2.03.01	Capital Paid	1,812,294	1,812,294
2.03.02	Capital Reserves	44,931	44,931
2.03.02.01	Premium on Issue of Shares	44,931	44,931
2.03.03	Revaluation Reserves	3,871	3,884
2.03.04	Profit Reserves	799,468	900,676
2.03.04.01	Legal Reserve	53,409	53,409
2.03.04.02	Statutory Reserve	746,059	746,059
2.03.04.08	Proposed Additional Dividend	0	101,208
2.03.05	Accrued Profits/Losses	92,115	0
2.03.06	Adjustment in Asset Value	682,329	692,822
2.03.06.01	Deemed Cost	746,552	758,715
2.03.06.02	Accumulated adjustments of Translation	(64,223)	(65,893)
2.03.09	Interests of Non-Controlling Shareholders	93,487	89,229

Consolidated Financial Statements / Income Statement

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
3.01	Revenue from Sale of Goods and/or Services	1,126,117	931,907
3.02	Cost of Goods and/or Services Sold	(815,455)	(623,294)
3.03	Gross Income	310,662	308,613
3.04	Operating Expenses/Revenues	(188,625)	(169,009)
3.04.01	Selling Expenses	(116,019)	(93,055)
3.04.02	General and Administrative Expenses	(58,490)	(57,861)
3.04.02.01	Managers' fees	(4,046)	(3,901)
3.04.02.02	Other Administrative Expenses	(54,444)	(53,960)
3.04.04	Other Operating Revenues	8,671	8,515
3.04.05	Other Operating Expenses	(22,787)	(26,540)
3.04.06	Equity Income	0	(68)
3.05	Income Before Financial Income and Taxes	122,037	139,604
3.06	Financial Income	39,846	18,595
3.06.01	Financial Revenues	93,543	71,255
3.06.02	Financial Expenses	(53,697)	(52,660)
3.07	Income Before Income Taxes on Profit	161,883	158,199
3.08	Income Tax and Social Contribution on Profits	(37,624)	(37,740)
3.08.01	Current	(40,104)	(25,472)
3.08.02	Deferred	2,480	(12,268)
3.09	Net Income from Continuing Operations	124,259	120,459
3.11	Consolidated Profits / Loss for the Year	124,259	120,459
3.11.01	Deemed to Shareholders of the Parent Company	121,564	119,645
3.11.02	Deemed to Non-Controlling Shareholders	2,695	814
3.99	Profits per Share - (Reais / Share)		
3.99.01	Primary Profit per Share		
3.99.01.01	ON	0,19579	0,19270
3.99.02	Diluted Profit per Share		
3.99.02.01	ON	0,19579	0,19270

Consolidated Financial Statements / Statement of Comprehensive Income

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
4.01	Consolidated Profits for the Year	124,259	120,459
4.02	Other Comprehensive Income	2,413	(2,191)
4.02.01	Translation Adjustment for the Year	2,413	(2,191)
4.03	Consolidated Comprehensive Income for the Year	126,672	118,268
4.03.01	Deemed to Shareholders of the Parent Company	123,924	117,454
4.03.02	Deemed to Non-Controlling Shareholders	2,748	814

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
6.01	Net Cash from Operating Activities	189,204	150,487
6.01.01	Cash provided by Operations	228,227	222,507
6.01.01.01	Profit Before Taxes	161,883	158,199
6.01.01.02	Depreciation and Amortization	47,499	44,147
6.01.01.03	Equity	0	68
6.01.01.04	Share of Employees' Net Income	18,845	20,093
6.01.02	Changes in Assets and Liabilities	(33,545)	(70,700)
6.01.02.01	Increase/Decrease in Accounts Receivable	20,692	59,641
6.01.02.02	Increase/Decrease in Accounts Payable	59,352	34,044
6.01.02.03	Increase/Decrease in Inventories	(13,249)	(55,872)
6.01.02.04	Income Tax and Social Contribution Paid	(45,622)	(63,566)
6.01.02.05	Share of Employees' Net Income Paid	(54,718)	(44,947)
6.01.03	Other	(5,478)	(1,320)
6.02	Net Cash from Investing Activities	(34,575)	(63,557)
6.02.01	Fixed Assets	(33,800)	(61,392)
6.02.02	Intangible Assets	(3,365)	(792)
6.02.03	Write-off of Fixed Assets	177	818
6.02.04	Accumulated Translation Adjustments	2,413	(2,191)
6.03	Net Cash from Financing Activities	(220,489)	(251,509)
6.03.01	Working Capital Financing	80,132	(101,034)
6.03.02	Long-Term Financing	(139,268)	10,967
6.03.03	Dividends/Interests on Equity paid	(161,353)	(161,442)
6.05	Increase (Decrease) in Cash Equivalents	(65,860)	(164,579)
6.05.01	Opening Balance of Cash and Cash Equivalents	2,552,996	2,127,117
6.05.02	Closing Balance of Cash and Cash Equivalents	2,487,136	1,962,538

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2011 to 03/31/2011

(Thousands of reais)

Account Code	Account Description	Capital Paid	Capital Reserves, Options Granted and Treasury Stocks	Profit Reserves	Accrued Profits or Losses	Other Comprehensive Income	Shareholders' Equity	Interests of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	1,812,294	48,815	900,676	0	692,822	3,454,607	89,229	3,543,836
5.03	Adjusted Opening Balances	1,812,294	48,815	900,676	0	692,822	3,454,607	89,229	3,543,836
5.04	Capital Transactions with Shareholders	0	0	(101,208)	(42,368)	0	(143,576)	1,563	(142,013)
5.04.06	Dividends	0	0	(101,208)	0	0	(101,208)	0	(101,208)
5.04.07	Interest on Capital	0	0	0	(42,368)	0	(42,368)	0	(42,368)
5.04.08	Other	0	0	0	0	0	0	1,563	1,563
5.05	Total Comprehensive Income	0	0	0	134,470	(10,493)	123,977	2,695	126,672
5.05.01	Net income	0	0	0	121,564	0	121,564	2,695	124,259
5.05.02	Other Comprehensive Income	0	0	0	12,906	(10,493)	2,413	0	2,413
5.05.02.04	Translation Adjustments for the Year	0	0	0	0	2,413	2,413	0	2,413
5.05.02.07	Realization of Deemed Cost	0	0	0	12,906	(12,906)	0	0	0
5.06	Internal Changes in Shareholders' Equity	0	(13)	0	13	0	0	0	0
5.06.02	Realization of Revaluation Reserve	0	(13)	0	13	0	0	0	0
5.07	Closing Balance	1,812,294	48,802	799,468	92,115	682,329	3,435,008	93,487	3,528,495

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 01/01/2010 to 03/31/2010

(Thousands of reais)

Account Code	Account Description	Capital Paid	Capital Reserves, Options Granted and Treasury Stocks	Profit Reserves	Accrued Profits or Losses	Other Comprehensive Income	Shareholders' Equity	Interests of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	1,812,294	48,866	660,797	0	777,782	3,299,739	27,547	3,327,286
5.03	Adjusted Opening Balances	1,812,294	48,866	660,797	0	777,782	3,299,739	27,547	3,327,286
5.04	Capital Transactions with Shareholders	0	0	(127,285)	(31,187)	0	(158,472)	1,141	(157,331)
5.04.06	Dividends	0	0	(127,285)	0	0	(127,285)	0	(127,285)
5.04.07	Interest on Capital	0	0	0	(31,410)	0	(31,410)	0	(31,410)
5.04.08	Reversal of Prescribed Dividends	0	0	0	223	0	223	0	223
5.04.09	Other	0	0	0	0	0	0	1,141	1,141
5.05	Total Comprehensive Income	0	0	0	132,677	(15,223)	117,454	0	117,454
5.05.01	Net income	0	0	0	119,645	0	119,645	0	119,645
5.05.02	Other Comprehensive Income	0	0	0	13,032	(15,223)	(2,191)	0	(2,191)
5.05.02.04	Translation Adjustments for the Year	0	0	0	0	(2,191)	(2,191)	0	(2,191)
5.05.02.06	Realization of Deemed Cost	0	0	0	13,032	(13,032)	0	0	0
5.06	Internal Changes in Shareholders' Equity	0	(16)	0	16	0	0	0	0
5.06.02	Realization of Revaluation Reserve	0	(16)	0	16	0	0	0	0
5.07	Closing Balance	1,812,294	48,850	533,512	101,506	762,559	3,258,721	28,688	3,287,409

Consolidated Financial Statements / Statement of Value Added

(Thousands of reais)

Account Code	Account Description	Current Accrued Year 01/01/2011 to 03/31/2011	Year Accrued Previous 01/01/2010 to 03/31/2010
7.01	Revenues	1,320,669	1,117,079
7.01.01	Sales of Goods, Products and Services	1,318,021	1,115,607
7.01.02	Other Revenues	3,444	1,778
7.01.04	Allowance/Reversal of Doubtful Receivables	(796)	(306)
7.02	Inputs Purchased from Third Parties	(746,711)	(593,099)
7.02.02	Materials, Energy, Services of Third Parties and Other	(748,964)	(594,175)
7.02.03	Loss/Recovery of Assets	2,253	1,076
7.03	Gross Value Added	573,958	523,980
7.04	Retentions	(47,499)	(44,147)
7.04.01	Depreciation, Amortization and Depletion	(47,499)	(44,147)
7.05	Net Value Added Produced	526,459	479,833
7.06	Value Added Received from Transfer	93,544	71,187
7.06.01	Equity Income	0	(68)
7.06.02	Financial Revenues	93,544	71,255
7.07	Total Value Added to be Distributed	620,003	551,020
7.08	Distribution of Value Added	620,003	551,020
7.08.01	Personnel	238,899	196,406
7.08.01.01	Direct Compensation	203,001	164,152
7.08.01.02	Benefits	23,440	20,640
7.08.01.03	F.G.T.S.	12,458	11,614
7.08.02	Taxes, Fees and Contributions	198,954	177,959
7.08.02.01	Federal	173,929	158,965
7.08.02.02	State	23,901	17,843
7.08.02.03	Local	1,124	1,151
7.08.03	Compensation of Third Party Capital	60,586	57,010
7.08.03.01	Interest	56,097	53,252
7.08.03.02	Rentals	4,489	3,758
7.08.04	Compensation of Equity	121,564	119,645
7.08.04.01	Interests on Capital	42,381	31,424
7.08.04.03	Retained Profits / Loss for the Year	79,183	88,221

Management Report/Performance Appraisal

Highlights of 1Q11

- The Gross Operating Revenues in the first quarter of 2011 was R$ 1,343.1 million, 18.7% higher than that achieved in 1Q10. The Net Operating Revenue was R$ 1,126.1 million, 20.8% higher than that achieved in 1Q10.
- EBITDA achieved R$ 164.8 million, 9.3% lower compared to 1Q10. EBITDA margin was 14.6%. Net Profit achieved R$ 121.5 million (net margin of 10.8%) in the quarter, 1.6% higher than that achieved in 1Q10.
- Investments in fixed assets totaled R$ 33.8 million in 1Q11.
- New unit of high voltage electric motors, in Hosur, India, started operation in February 2011.
- The agreement for technology transfer and joint venture with MTOI for manufacturing, assembly, installation and marketing of wind turbines will maximize the MTOI technology and WEG expertise in renewable energy in Brazil, opening new opportunities.

Key Numbers

	1Q11	1Q10	%	4Q10	%
Gross Operating Revenue	1,343,137	1,131,546	18.7%	1,504,610	-10.7%
Domestic Market	862,863	801,299	7.7%	964,471	-10.5%
Foreign Market	480,274	330,247	45.4%	540,200	-11.1%
Foreign Market in US$	*288,211*	*181,170*	*59.1%*	*315,278*	*-8.6%*
Net Sales Revenue	**1,126,117**	**931,907**	**20.8%**	**1,258,429**	**-10.5%**
Gross Operating Profit	310,662	308,613	0.7%	391,300	-20.6%
Gross Margin	*27,6%*	*33.1%*		*31,1%*	
Net Profit for the Quarter	**121,564**	**119,645**	**1.6%**	**141,508**	**-14.1%**
Net Margin	*10.8%*	*12.8%*		*11.2%*	
EBITDA	**164,808**	**181,750**	**-9.3%**	**224,149**	**-26.5%**
EBITDA Margin	*14.6%*	*19.5%*		*17.8%*	

Comments by Laurence Beltrão Gomes,

Officer of Investor Relations at WEG

"The 1Q11 was characterized by robust sales growth, the pressure caused by the high price of raw materials, especially steel and copper, in production costs and the appreciation of real which mitigated the positive impact on net revenue of strong sales growth in foreign market. The combination of these factors was responsible for lower operating margins than in the previous year. We point that the transfers of these increases in input prices to sale prices of our products are being traded, with positive impacts on margins in next quarters. Likewise, over the next quarters we should have positive impacts on investments recently made in new plants, such as WEG Linhares and WEG Índia, which are still in pre-operational stage or the beginning of their activities.

On the other hand, the 1Q11 marked direct entry of WEG in wind energy industry, with the establishment of joint venture WEG-MTOI for manufacturing and marketing of wind turbines with modern and competitive technology, but simple, robust and easy to maintain, essential for environmental responsibility and management of operating costs. Therefore, we believe we will gain market share consistent with the industrial and technological capacity of WEG in a short time.

Energy demand is increasing worldwide. As developing countries industrialize and standards of living rise, more energy is consumed by households and industries. Thus, power generation, currently dependent on coal, gas and oil, turn to the expansion of renewable energy sources.

The expertise in renewable energy areas developed by WEG in recent years, alongside the growing interest in efficient use of electricity, another area of excellence of the Company, make us confident in our ability to make good use of these mega-trends to continue growing sustainably."

Management Report/Performance Appraisal

Economic Activity and Industrial Production

The beginning of 2011 has been marked by continued robust economic activity in the Brazilian economy and the more gradual recovery in other foreign markets where we operate. Overall, this has been the environment, since the current recovery began in mid-2009.

International Monetary Fund points out in its World Economic Outlook of April 2011 that the global economic recovery continues to strengthen, but new risks are emerging, mentioning specifically the inflation in commodities and the problems with the growth in oil supply. The IMF's expectations are for global growth of 4.5% in 2011, slightly below the number in 2010, with emerging economies growing 6.5% and mature economies advancing 2.5%,

The data on industrial activity in developed countries continue to show relatively continuous expansion, as it can be seen in the purchasing managers' index ("PMI"). The ISM Manufacturing index of U.S. showed in March its twentieth consecutive month of expansion, with positive readings for both the production and for new orders.

The situation is similar in Germany, with the indicator Markit/BME Germany Purchasing Managers' Index (*PMI*) showing 18 months of expansion until March. The survey shows growth of employment, inventories, lead-times and cost inflation, classic signs of prolonged periods of expansion.

In China, the latest figures from HSBC China Manufacturing PMI™ show that industrial growth is finding a new level, more moderate, after some adjustment at the beginning of the year. The Chinese authorities have acted to refrain the inflationary pressures of cost.

Industrial activity in Brazil showed resumption of the expansion rate in early 2011.

Conjectural Industry Indicators

According to Category of Use - February/2011

Categories of Use	Variation (%)			
	Month/Month*	Monthly	Accrued	
			In Year	12 months
Capital Goods	0.90	17.90	13.10	19.80
Intermediate Goods	1.30	4.10	2.40	8.80
Consumer Goods	0.50	6.90	4.60	5.30
Durable	(2.30)	17.40	11.70	8.10
Semi-Durable and Non-Durable	(0.20)	3.60	2.40	4.40
General Industry	1.90	6.90	4.60	8.60

Source: The Brazilian Institute of Geography and Statistics ("IBGE"), Department of Research, Coordination of Industry

(*) Seasonally adjusted series

The IBGE showed cumulative growth of 4.6% in Brazilian industrial production in the first two months of 2011 compared to 2010. Again, similar to what has occurred over recent months, the growth of 13.1% in two months and 19.8% accumulated in the past twelve months in the category of capital goods was the positive highlight. This performance confirms and makes us confident in continuing the expansion movement of investment in expansion of industrial capacity.

Data from the conjunctural survey conducted by Brazilian Electrical and Electronics Industry Association ("ABINEE") for March 2011 show significant growth in orders and sales, though the seasonal aspects and limitations of this type of study must be considered. Yet the vast majority of companies surveyed indicated growth in sales over the previous year and the pace of business under or above expectations, both domestic and foreign markets.

Simultaneously this most dynamic of the Brazilian economy, we also observed an increase of exchange appreciation speed, with the known negative effects on the Brazilian industrial sector. The average price of the Brazilian currency against the U.S. dollar this quarter was 9.4% higher than that observed in 2010. Although the effects of currency appreciation on WEG are minimized over time by our exposure to foreign markets and our active policy of import of raw materials, the effects on our customers in the Brazilian market are important

Management Report/Performance Appraisal

The measures taken to prevent this fast currency appreciation and the damages caused by it to the Brazilian industrial sector have been insufficient regarding the intense flow of foreign funds for investments in fixed income, stocks and direct investments, attracted by the good relative performance of Brazil.

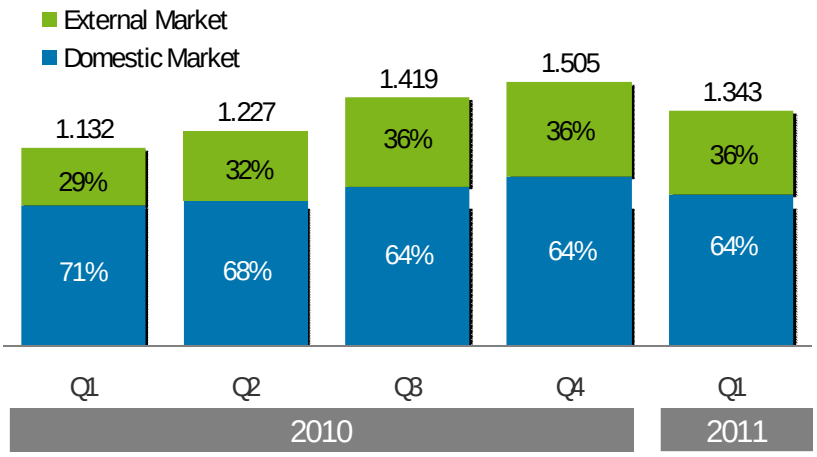
Gross Operating Revenue

In the first quarter of 2011 (1Q11) Gross Operating Revenues (ROB) reached R$ 1,343.1 million, an increase of 18.7% compared to first quarter of 2010 (1Q10) and decrease of 10.7% over the fourth quarter of 2010 (4Q10). The growth of 18.7% was the result of overall growth in business volume and the consolidation of revenues from businesses acquired during 2010. This growth was achieved despite the relative deterioration of the mix of products sold and appreciation in value of 9.4% in the average exchange rate (Real/U.S. dollar) of the first quarter of 2011 over the same period of 2010.

In this 1Q11 Gross Operating Revenues are divided as follows:

- Domestic Market: R$ 862.9 million, representing 64% of ROB, with growth of 7.7% over 1Q10 and a decrease of 10.5% compared to 4Q10;
- Foreign Market: R$ 480.3 million, equivalent to 36% of ROB. The comparison of figures in Reais shows growth of 45.4% over the same period last year and decrease of 11.1% over the previous quarter. Considering the average quotation of U.S. dollar, the comparison shows a growth of 59.1% compared to 1Q10 and a decrease of 8.6% compared to 4Q10.

Gross Sales per Market (R$ million)



Evolution and Distribution of Consolidated Gross Revenue per Geographic Market (R$ Million)

	1Q11	4Q10	%	1Q10	%
Gross Operating Revenue	1,343,1	1,504.6	-10.7%	1,131.5	18,7%
- Domestic Market	862.9	964.5	-10.5%	801.3	7.7%
- Foreign Market	480.3	540.2	-11.1%	330.2	45.4%
In US$	*288.2*	*315.3*	*-8.6%*	*181.2*	*59.1%*
North America	35%	31%	4 pp	35%	0 pp
Central and South America	14%	17%	-3 pp	19%	-5 pp
Europe	25%	22%	3 pp	30%	-5 pp
Africa	16%	19%	-3 pp	8%	8 pp
Australia	10%	10%	0 pp	9%	1 pp

Management Report/Performance Appraisal

Distribution of Consolidated Gross Revenue per Operation Area

	1Q11	4Q10	%	1Q10	%
Industrial Electrical and Electronic Equipment	56.7%	54.2%	2,5 pp	45.6%	11,1 pp
Power - Generation, Transmission and Distribution	23.7%	25.4%	-1,7 pp	29.9%	-6,3 pp
Motors for Household Appliances	12.9%	13.6%	-0,7 pp	16.8%	-3,8 pp
Paints and Varnish	6.7%	6.8%	-0,1 pp	7.7%	-1 pp

Industrial Electrical and Electronic Equipment

The area of industrial electrical and electronic equipment includes electric motors for low and medium voltage, drives & controls, equipment and services for industrial automation and maintenance services. We compete with our products and solutions in virtually all major global markets. The electric motors and other equipment have application in virtually any industrial sector, equipment such as compressors, pumps and blowers, for example.

As mentioned earlier, industrial production continues to maintain good performance, with the consistent expansion of economic activity and incentives provided by the Investment Support Program ("PSI") of Brazilian Development Bank ("BNDES"), encouraging investments in increase of production capacity.

In our operation in various foreign markets, we have sought to expand our presence aggressively. This expansion can be either by taking advantage of favorable conditions for market growth in some emerging economies, or when conditions for growth are not present, achieving additional market share and introducing new product lines.

Our operation in the U.S. market, for example, has benefited from this focus. In 2010 we introduced with great success in the U.S. market the new platform for electric motors W22, which uses an innovative design to reduce the total cost of the property (total cost of a motor throughout its useful life, including operating cost) and maximize the energy efficiency. The rules on minimum levels of energy efficiency in electric motors have recently been amended in the U.S., raising further the standards in this market. An increasing number of countries are regulating minimum levels of energy efficiency of motors. At the same time, we have invested in new service centers (Regional Service Teams) and the introduction of local capacity for customization of products, with assembly of electrical panels for industrial automation, for example.

Generation, Transmission and Distribution of Power ("GTD")

The products and services included in this area are the electric generators for hydraulic and thermal power plants (biomass), hydro turbines (PCH's), transformers, substations, control panels and services of systems integration. We have made investments in productive capacity, as our new units of transformers in Mexico and high voltage motors in India to expand our operations beyond the Brazilian market, where we already have strong presence.

The longer maturity of investments in power generation, with investment decisions slower and lead times for project and manufacture longer, usually causes variations in incoming orders are reflected in revenues in a relatively slower way. The characteristic of long-cycle products was reflected in revenue growth in 2009, a period of weak demand, and decrease in revenues in 2010. In 2011 we began to see the signs of reversal, with the increase of incoming orders, although in even smaller volumes than those before the crisis.

In the segment of power generation, our focus is clear in distributed generation of renewable energy in the Brazilian market. We recently announced entry into the large wind power segment, with the execution of an agreement with Spanish company M.Torres for technology transfer and establishment of a joint venture to manufacture wind turbines in our manufacturing facilities in Jaraguá do Sul. We expect to begin the production of the first units soon and we estimate that the first deliveries occurring in 2012.

The expectation is positive for the auction of renewable energy, initially scheduled for July 2011, both for the wind power business, which will continue to dominate the bid in the auction, and for the more traditional renewable sources such as biomass and small hydroelectric plants. The renewable sources are increasingly an important part of the mix of energies used in Brazil and, with the global expansion of energy demand, the Brazilian case is increasingly used as a reference.

The segment of Transmission & Distribution (T&D) follows with a good performance with the diversification of customers and markets. Businesses with power substations, both for industrial customers and public service corporation and power generators are still warm. We have celebrated in this 1Q11 the 100th manufactured unit in our WEG unit Transformers of Mexico, which continues to expand its production and increasing its penetration in the U.S. market.

Management Report/Performance Appraisal

Motors for Household Use

Our operation focus in this area is the Brazilian market, where we have significant market share of single phase motors for durable goods, such as washing machines, air conditioners, water pumps, among others.

This business has a short cycle, I.e., changes in consumer demand are quickly transferred by the chain of production and production adjustments are made quickly. Economic conditions, however, remain favorable, although there is some discomfort of the monetary authorities to a possible overheating of consumption.

It is important that the operation of the Central Bank of Brazil, seeking to moderate the expansion and to avoid increasing inflationary pressures, preserves, medium and long term, the expansion of employment, disposable income and continuing credit supply to consumption. The conduct of economic policy has, so far, managed to well separate what is supply shock, such as increases in commodity prices, from what is the excessive expansion of consumption.

In any case, variations in production and sales this quarter were due primarily to normal seasonal variations in demand for durable goods.

Paints and Varnish

In this operation area, which includes liquid paints, powder paints and electrical insulating varnishes, we have very clear focus on industrial applications and the Brazilian market.

In this area we operate with the strategy of cross selling to customers from other operation areas, always with high value added products. The target markets ranging from shipbuilding industry to the manufacturers of white line home appliances. We seek to maximize the scale of production and efforts to develop new products and new segments.

Operating Income (R$ Thousand)

(EBITDA according to the methodology of the Circular Letter 01/07 issued by Brazilian Securities and Exchange Commission ("CVM"))

	1Q11	4Q10	%	1Q10	%
Net Operating Revenue	1,126.1	1,258.4	-10.5%	931.9	20.8%
Cost of Goods Sold	(815.5)	(867.1)	-6.0%	(623.3)	30.8%
Gross Operating Profit	310.7	391.3	-20.6%	308.6	0.7%
Gross Margin	*27.6%*	*31.1%*		*33.1%*	
(-) Selling Expenses	(116.0)	(119.3)	-2.8%	(93.1)	24.7%
(-) General and Administrative Expenses	(58.5)	(68.7)	-14.8%	(57.9)	1.1%
(-) Profit Sharing	(18.8)	(27.2)	-30.7%	(20.1)	-6.2%
Activity Income	117.3	176.1	-33.4%	137.6	-14.7%
(+) Depreciation/Amortization	47.5	48.1	-1.2%	44.1	7.6%
EBITDA	164.8	224.1	-26.5%	181.7	-9.3%
% w/ ROL	*14.6%*	*17.8%*		*19.5%*	

Cost of Goods Sold

The Cost of Goods Sold (CPV) totaled R$ 815.5 million in 1Q11, with an increase of 30.8% over 1Q10 and a decrease of 6.0% over the 4Q10. Gross margin was 27.6%, with fall of 5.5 percentage points compared to 1Q10 and 3.5 percentage points compared to 4Q10.

Gross Margin

The decrease in gross margin is related to three main impacts: (i) the high volatility of prices of major raw materials, especially commodities such as copper and steel in comparison with 1Q10; and (ii) the lowest dilution of processing costs in relation to the 4Q10, due to fewer working days; and (iii) the quick exchange rate appreciation in value observed in the quarter, both in relation to 1Q10 as 4Q10, which hindered the management of our hedging through the balance between revenue and costs in foreign currencies.

In addition to these main factors, other impacts that contributed to the decrease in gross margin were the mix of products sold, still relatively concentrated in lower value added products and greater involvement of overseas business in consolidated revenue.

Management Report/Performance Appraisal

Costs of Raw Materials

In 1Q11 average prices of copper on the spot market on the London Metal Exchange (LME) rose 33% over the average in 1Q10 and 12% compared to the average of 4T10. According to the CRUspi Global index, steel prices in international market rose 29.4% over 1Q10 and 21% compared to 4Q10.

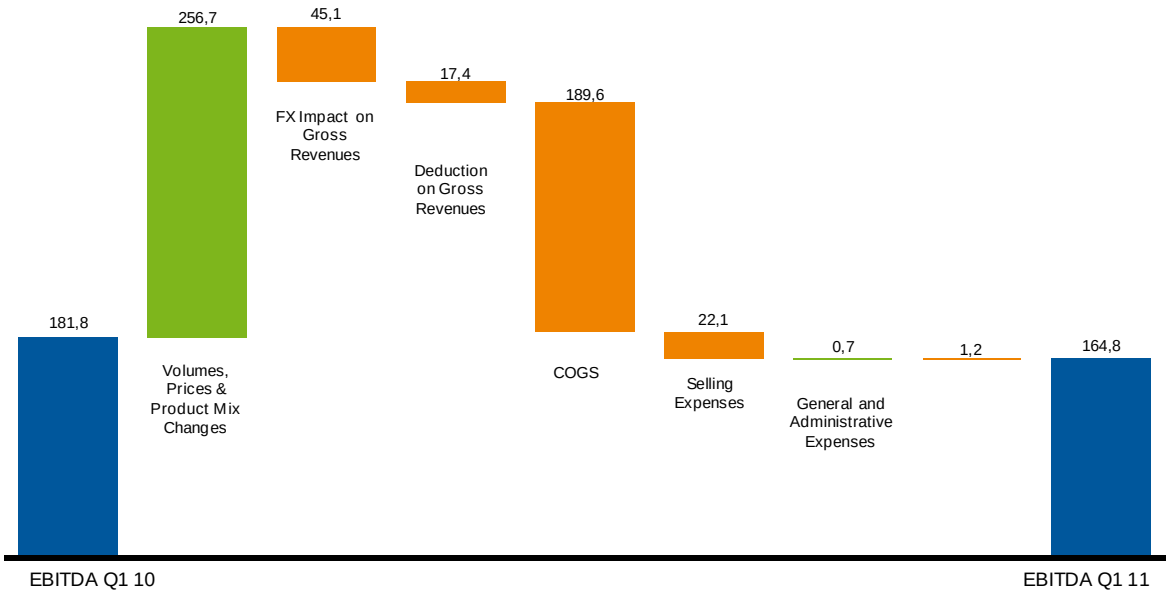
Much of our supply is customized products, whose sales prices are constantly recalculated. Likewise, prices of raw materials like steel, and especially copper, are international or at least follow similar trends in different markets. This allows us and other industry participants gradually do the transfer of cost increases of these inputs to sale prices.

Despite this ability to transfer industry cost, the high volatility of these costs is particularly negative because it hinders the planning of purchases and increases our exposure to raw material prices in the short term. In this quarter these price transfers began to be made, but they have not produced an impact on gross margin in the short term, as previously described. Our expectation is that these price increases already announced have their impact realized over the next quarters.

Selling, General and Administrative Expenses

The consolidated selling, general and administrative expenses (VG&A) represent 15.5% of the Net Operating Revenue in 1Q11, with a decrease of 0.7 percentage points compared to 1Q10 and an increase of 0.6 percentage points compared to 4Q10. In absolute value, operating expenses show a growth of 15.6% over 1Q10 and a fall of 7.2% over the previous quarter.

Main effects on EBITDA



EBITDA and EBITDA Margin

As a result of negative effects on gross margin (i) the increase in raw material costs, (ii) the relative increase in processing costs and (iii) the rapid exchange appreciation, EBITDA in 1Q11 (calculated using the methodology defined by *CVM* in Circular Letter 01/07) reached R$ 164.8 million, with a fall of 9.3% over the 1Q10 and 26.5% regarding the previous quarter. EBITDA margin was 14.6%, lower by 4.9 percentage points compared to 1Q10 and 3.2 percentage points compared to 4Q10.

Management Report/Performance Appraisal

Net Financial Income

The Financial Income totaled R$ 93.5 million in 1Q11 (R$ 97.7 million in 4Q10 and R$ 71.3 million in 1Q10). The Financial Expenses totaled R$ 53.7 million (R$ 61.5 million in 4Q10 and R$ 52.7 million in 1Q10).

In this quarter, net financial income was positive in R$ 39.8 million (positive in R$ 36.2 million in 4Q10 and positive in R$ 18.6 million in 1Q10).

Income Tax and Social Contribution on Net Profit ("CSLL")

The allowance for Income Tax and Social Contribution on Net Profit in 1Q11 was R$ 40.1 million (R$ 25.5 million in 1Q10 and R$ 16.4 million in 4Q10). Additionally, there was a credit accounting of R$ 2.5 million in Deferred Income Tax.

Net Profit

As a result of the effects discussed above, the net profit determined in 1Q11 was R$ 121.6 million, 1.6% above that achieved in 1Q10 and 14.1% lower than that obtained in the previous quarter. The net margin of the quarter was 10.8%, lower by 2 percentage points compared to 1Q10 and 0.4 percentage points compared to 4Q10.

Operating cash flow

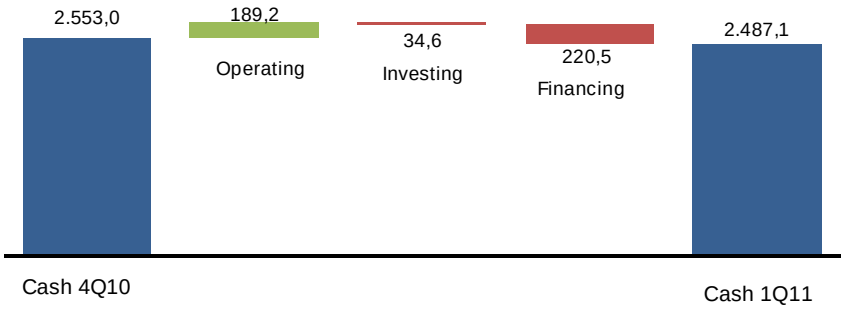
Cash flow from operating activities was R$ 189.2 million in 1Q11, with an increase of 25.7% over 1Q10. The higher operating cash flow was achieved with better management of working capital, especially inventories, which accounted for less investment even with the expansion of activities. The smallest amounts paid as income tax and CSLL and share of net income have also contributed.

Cash Flow from investing activities

The investment activities consumed R$ 34.6 million, with an emphasis on investment in fixed assets as previously discussed. This value is 45.6% lower than 1Q10. We anticipate that in 2011 we will focus on the capacity occupation of the new plants and the additional investment required to manufacture wind turbines in Jaraguá do Sul.

Cash Flow from financing activities

Financing activities consumed R$ 220.5 million, with a reduction of gross debt and payment of R$ 176 million in dividends and interest on capital declared during the second half of 2010. The amount is 12.3% lower than that of 1Q10.

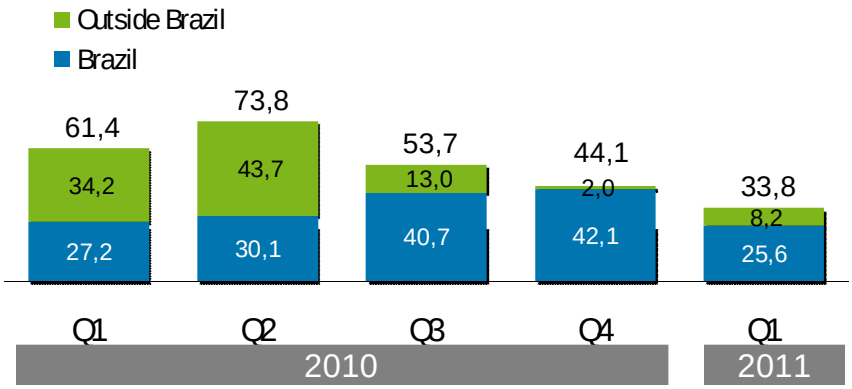


Management Report/Performance Appraisal

Investments

Investments in fixed assets for expansion and modernization of production capacity amounted to R$ 33.8 million in the first three months of 2011, and 76% are going to industrial parks and other facilities in Brazil and the rest of the production units and other subsidiaries abroad. In 2011 we should observe a reduction in the pace of investment in relation to our previous pace, since our focus will be on our new plants, including factory of medium voltage motors and generators in Hosur, India, recently opened, and commercial motors in Linhares (ES), which will come into operation soon.

Investment in Fixed Assets (R$ million)



Debt and Cash Position (R$ Thousand)

	March 2011	March 2010
CASH AND INVESTMENTS	2,487,136	1,962,538
- Short-term	2,487,136	1,962,538
FINANCING	2,356,004	1,782,466
- Short-term	1,104,366	814,274
- Long-Term	1,251,638	968,192
Net Cash (Debt)	131,132	180,072

Net Cash

On March 31, 2011 the “cash” (cash and short-term financing investments) totaled R$ 2,487.1 million and gross financial debt totaled R$ 2,356.0 million, resulting in a net cash position of R$ 131.1 million (net cash of R$ 180.0 million on March 31, 2010). The cash is mainly applied in local currency, financial applications referenced in Interbank Deposit Certificate (“CDI”), first-tier banks.

According to the maturity, gross debt is divided between:

- Short-term transactions, totaling R$ 1,104.4 million (47% of total), represented by short-term portion of loans hired together with *BNDES* and other development agencies, mostly in local currency, and transactions related to operating activities (trade finance) in foreign currency and for working capital financing of subsidiaries abroad in respective currencies of each country.

- Long-term transactions, totaling R$ 1,251.6 million (53% of total), mainly represented by financing together with *BNDES* and other development agencies, mostly in local currency, and in small part by transactions of working capital financing of subsidiaries abroad in respective currencies of each country. The duration of the long-term portion is 29.5 months.

Management Report/Performance Appraisal

According to the reference currencies, the total debt can be divided into:

- Denominated in Reais, totaling R$ 1,648.2 million (70% of total), mainly represented by financing together with *BNDES* and other development agencies. The weighted average cost of debt denominated in Reais is approximately 6.34% p.a. Post-fixed contracts are indexed mainly at Long-Term Interest Rate ("TJLP"). The duration of the portion denominated in Reais is 20.7 months.

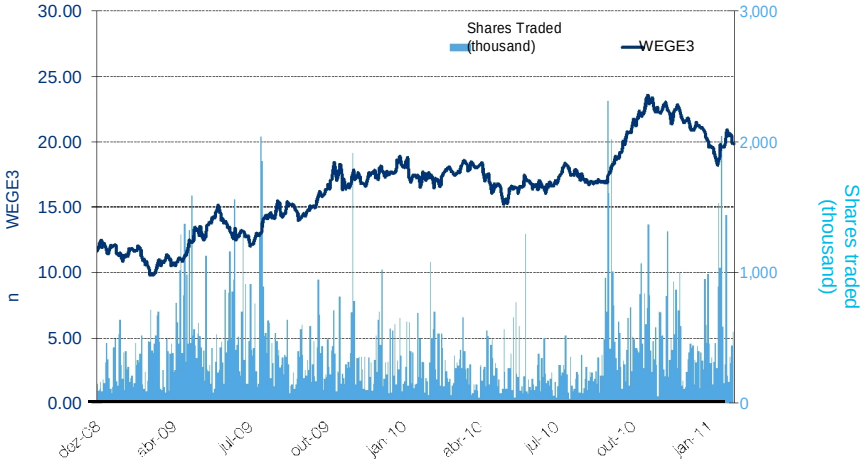
- Denominated in U.S. dollars, Euros and other currencies, totaling R$ 707.8 million (30% of total), mainly represented by loans of working capital contracted by subsidiaries abroad in local currencies and trade finance transactions (advances on exchange contracts or ACC), made in Brazil. The duration of the portion in foreign currencies is 13.1 months.

Stock Performance WEGE3

The common shares issued by WEG, traded on BM&F Bovespa under the code WEGE3, ended the last trading floor in March 2011 quoted at R$ 21.50 with a nominal fall of 1.4% in the quarter. Considering the dividends and interest on capital declared in the period, the total return in 1Q11 was -0.3%.

The average daily volume traded in 1Q11 was R$ 8.8 million, 50% higher than in 1Q10. Throughout the quarter 50,599 business were carried out (31,484 business in 1Q10), involving 26.1 million shares (19.7 million shares in 1Q10) and totaling R$ 534.9 million (R$ 357.9 million in 1Q10).

Evolution of Quotations and Quantities Traded



Performance adjusted by earnings (dividends and interest on equity)

Compensation to Shareholders

On March 22 the Board of Directors approved the compensation to shareholders as interest on capital (JCP), totaling R$ 42.4 million (R$ 36.0 million net of Income Tax for shareholders). Shareholders on March 23, 2011 will be entitled to net payment of income tax of R$ 0.058 per share, payable on August 17, 2011.

We maintain our policy of declaring quarterly interest on capital and semiannually declare dividends based on profit for the period.

Joint-venture with MTOI to manufacture Wind Generators

On March 03 we announced the signature of the Memorandum of Understanding and the Agreement of Technology Transfer with Group M. Torres Olvega Industrial (MTOI).

M. Torres Group was founded in 1975 to design, develop and manufacture systems for process of industrial automation and solutions for the sectors of aerospace, paper and energy.

Management Report/Performance Appraisal

The technology agreement between MTOI and WEG will result in the creation of a joint venture with equal interest for the manufacture, assembly, installation and marketing of wind turbines and supply of operation and maintenance services in Brazil.

“This partnership, in addition to provide a more direct interest in the business of wind power generation, will give us the quickness to serve the growing demand of domestic market”, Harry Schmelzer Jr., Chief Executive Officer of WEG explains. “Besides, several products of our line as generators, transformers, frequency inverters, motors and paints are part of the complete package that we will provide,” he adds.

The manufacture of wind turbines will take place initially in the industrial park of Jaraguá do Sul (SC). We estimate that the production starts in 2011 and that the first units are delivered from 2012.

The technology developed by MTOI allows the electric generator is directly coupled to the shaft of the wind turbine, thus the installation of speed multiplier is not required, which represents a competitive advantage because it reduces the number of components and hence the possibility of operational problems and maintenance costs. “We are entering this segment with modern technology and comparable to the best of the market. Our partner has already wind turbines in operation in Europe for 10 years,” Newton M. Idemori, Officer of New Business of WEG informs.

Notes to financial statements

March 31, 2011
In thousands of reais, except if otherwise indicated

1. Company Information

WEG S.A. (The "Company") is a publicly held company with main place of business in Jaraguá do Sul - SC, Brazil, holding company member of the WEG Group, and its purpose is the production, manufacture, marketing, export and import of: (i) industrial, electromechanical and electronic systems, electric rotating machines, machinery and equipment in general, appliances for production, distribution and conversion of electrical energy, electrical material, programmable controllers, parts and components of machinery, appliances and equipment in general, hydraulic turbines of all types and capacities, and (ii) resins in general, dyeing materials, substances and products of plant and chemistry origin. The operations are performed through manufacturing facilities located in Brazil, Argentina, Mexico, Portugal, South Africa, China and India.

The Company has shares traded on BM&F Bovespa under the code "WEGE3" and is listed since June 2007 in the special segment of corporate governance called New Market.

The Company has American Depositary Receipts "ADRs" that are traded on over-the-counter or OTC, in the United States under the symbol WEGZY.

2. Accounting policies

The financial statements have been prepared assuming the historical cost as the basis of value, except where otherwise indicated.

The preparation of financial statements requires the use of certain accounting estimates and judgment of the Company's Management, and the most relevant is disclosed in Note 3.

The authorization to complete the preparation of these financial statements occurred in the executive committee meeting held on April 11, 2011.

Regarding the consolidated and individual financial statements the policies adopted were:

a) Consolidated financial statements under IFRS
The consolidated financial statements under IFRS have been prepared and are presented in accordance with accounting policies adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the pronouncements of the Brazilian Accounting Pronouncements Committee (CPC), which are in accordance with the international accounting rules issued by IASB.

b) Individual financial statements
The individual financial statements (Parent Company) have been prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPCs) and are published together with the consolidated financial statements. During the preparation of these individual financial statements, WEG S.A. evaluated its investments in subsidiaries by the equity method, whereas under IFRS would be at cost or fair value.

2.1. Consolidation

The financial statements of subsidiaries are prepared in the same reporting period that the parent company, using consistent accounting policies. All unrealized balances, revenues, expenses, gains and losses arising out of transactions between Group companies included in consolidation are eliminated.

The income for the period and comprehensive income are deemed to shareholders of the parent company and the equity interest of non-controlling shareholders of consolidated companies. Losses are allocated to interest of non-controlling shareholders, even resulting in a negative balance.

Investments, new acquisitions and corporate restructurings

The consolidated financial statements under IFRS are composed by the financial statements of the parent company WEG S.A. and its subsidiaries that are presented in note 10.

Notes to financial statements

2.2. Business combinations

When acquiring a business, the Company evaluates the financial assets and liabilities assumed in order to classify them and allocate them according to the contractual terms, economic circumstances and the relevant conditions, within one year after the date of acquisition. If the business combination is performed in stages, the fair value in the date of acquisition of equity interest previously held in the acquiree's capital is revalued at fair value in the date of acquisition, and the impacts are recognized in the income statement.

Premium is initially measured as the excess of the consideration transferred in relation to net assets acquired (identifiable assets and liabilities assumed). If the consideration is less than the fair value of net assets acquired, the difference is recognized as a gain in the income statement.

After initial recognition, premium is measured at cost, less any accrued losses of recoverable value. For impairment testing purposes, the premium acquired in a business combination is, from the date of acquisition, allocated to each cash-generating units of the Company that it is expected they are benefited from the synergies of the combination, irrespective of other assets or liabilities of the acquiree are deemed these units.

When a premium is part of a cash-generating unit and a portion of this unit is disposed, the premium associated with the disposed portion will be included in the transaction cost when it is determined whether the gain or loss. The premium of this transaction is determined based on the proportional values of the portion disposed related to the cash-generating unit.

2.3. Translation of foreign currency

The criterion for the translation of balances assets and liabilities of the transactions in foreign currency, except investments, consists of the translation into local currency (R$) at exchange rate prevailing at the end of the financial statements. Gains and losses resulting from the adjustment of these assets and liabilities verified between the exchange rate prevailing in the transaction date and the closure of periods are recognized as revenues or financing expense in the income.

a) Functional currency of Group companies

The consolidated financial statements under IFRS are presented in Reais (R$), which is the functional currency of the parent company and its subsidiaries located in Brazil.

The functional currency of subsidiaries abroad is determined based on the local currency of each country, and it is translated into Real (R$) in the closing date of the financial statements.

b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rate of the functional currency prevailing in the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in functional currency prevailing in the date of the balance sheet. All differences are recorded in the income statement. Non-monetary items measured on the basis of historical cost in foreign currency are translated using the exchange rate prevailing in the dates of initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates prevailing in the date in which the fair value was determined.

c) Translation of balance sheets of Group companies

The assets and liabilities of the subsidiaries abroad are translated into Reais at the exchange rate of the balance sheet date, and the income statements are translated at average monthly exchange rate. The exchange differences arising out of such translation are recorded separately in shareholders' equity. At the time of sale of a subsidiary abroad, the deferred cumulative amount recognized in equity related to this subsidiary abroad, is recognized in the income statement.

Any premium on the purchase of a subsidiary abroad after January 1, 2009 and any adjustments at fair value of book amounts of assets and liabilities arising out of the acquisition are treated as assets and liabilities of subsidiary abroad and translated in the closing date.

2.4. Cash and Cash Equivalents

They include balances of cash account and financial investments, immediate liquidity, recorded at cost values plus income accrued up to the end of the period, according to the rates agreed with financial institutions and not exceed their market or realization value (Note 4).

Notes to financial statements

2.5. Accounts receivable from customers
It corresponds to amounts receivable from customers due sale of goods or services provision in the ordinary course of the activities, stated at present and realization values. The allowance for losses of customer credits was calculated based on analysis of credit risk, which considers the history of losses, which is sufficient to cover losses on the receivables (Note 5).

2.6. Inventories
Inventories are valued and are stated at average cost of production or average purchase price considering the present value, where applicable. Inventory allowances for: (i) realization, (ii) low turnover, and (iii) obsolete inventories are recorded when considered necessary by Management. Imports in progress are stated at accumulated cost of each import. The Company pays its inventories by absorption, using the weighted moving average (Note 6).

2.7. Related parties
The transactions of sales and purchases of inputs and products are made under conditions and terms similar to transactions with unrelated third parties (Note 8).

2.8. Fixed Assets
The Company, with the aim of measuring its fixed assets at fair value, performed in 2010 an assessment by the deemed cost. The assets not evaluated at deemed cost are evaluated at acquisition and/or construction cost, including compound interest during the construction period, where applicable, less the respective depreciations, except land, which are not depreciated. The costs incurred from loans during the period of construction, modernization and expansion of industrial units are included.

Spending on maintenance or repairs, which do not significantly extend the useful life of assets, are recorded as expenses when incurred. Gains and losses on disposals are determined by comparing the sale proceeds with the book residual amount and are recognized in the income statement.

Depreciation is calculated on the straight-line method and takes into consideration the economic useful life of assets (Note 11). The economic useful life of the assets will be reviewed periodically in order to adjust the depreciation rates.

2.9. Intangible Assets
They are valued at purchase cost, less amortization and any allowance to adjust them at their probable realizable value when necessary. Intangible assets with definite useful life are amortized on at least five years and taking into account the estimated time to generate future economic benefits. The premium for expectation of future profitability, without definite useful life, was amortized until December 31, 2008, and it is subject to annual impairment test or whenever evidence indicates possible loss of economic value (Note 12).

2.10. Evaluation at recoverable value of assets
The fixed and intangible assets and, where applicable, other noncurrent assets are evaluated periodically to the amount recoverable through future cash flows. On March 31, 2011 no reduction on these assets was determined.

2.11. Other current and noncurrent assets
They are presented at cost or realizable value, including, if applicable, income earned, monetary and exchange variations incurred and the adjustment at present value.

2.12. Allowances
Allowances for lawsuits are recognized when the Company and its subsidiaries have a present or constructive obligation as a result of past events, and it is probable that an outflow is required to settle the obligation and the value can be reliably estimated. The allowances are reviewed periodically, their natures are observed and supported by the opinion of the lawyers of the Company (Note 14).

2.13. Other current and noncurrent liabilities
They are stated at known or estimated amounts including, when applicable, financial charges on a pro rata basis of the monetary and exchange variations incurred and the adjustment at present value.

Notes to financial statements

2.14. Interests on capital and dividends

For corporate purposes, interest on capital is stated as allocation of income directly in shareholders' equity. For tax purposes, they were treated as financial expense, reducing the basis of calculation of Income Tax and Social Contribution.

The distribution of interest on capital and dividends is recognized as a liability based on minimum dividends defined by the articles of incorporation of the Company. Any value above the minimum required is only recognized as a liability when approved by the Board of Directors or shareholders at the Shareholders' Meeting (Note 15).

2.15. Adjustment at present value

The assets and liabilities arising out of short-term operations, where relevant, were adjusted at present value based on discount rates that reflect the best assessment of the market. Measurement of the adjustment at present value was carried out in "pro rata" exponential basis, from the origin of each transaction. The reversals of adjustments of monetary assets and liabilities were accounted for as financial revenues or expenses.

2.16. Statement of cash flows

It is prepared by the indirect method, in accordance with the rules and procedures of CPC 03.

2.17. Statement of value added

It is prepared in accordance with the rules and procedures of CPC 09.

2.18. Plan of Benefits

The Company sponsors a pension fund plan classified as a variable contribution.

The actuarial commitments to this plan are reserved, according to procedures provided by CPC 33, based on actuarial calculations, prepared annually by independent actuaries, in accordance with the method of projected credit unit plan, net of assets guaranteeing the plan, and the corresponding costs are recognized during the labor period of the employees. The method of "projected credit unit" considers each length of service as generating fact of an additional unit of benefit, which are accumulated to calculate the final obligation. (Note 21).

2.19. Financial instruments

The Company's financial instruments include:

a) Cash and cash equivalents: They are presented at market value, which is equivalent to their book value.

b) Financial investments: The market value is reflected in the values recorded on balance sheets. Financial investments are classified as held for trading (Note 4).

c) 2.5. Accounts receivable from customers: They are recognized at their realizable value by using the method of effective interest rate and they are classified as loans and receivables (Note 5).

d) Suppliers: They are recognized at their amortized cost by using the method of effective interest rate and they are classified as receivables.

e) Financing and loans: The main purpose of this financial instrument is to generate funds to finance the expansion programs of the Company and possibly meet the needs of its cash flows in the short term (Note 13).

- Financing and loans in local currency - they are classified as financial liabilities not measured at fair value and they are accounted for at their value updated according to the contracted rates. The market values of these loans are equivalent to their book values since they are financial instruments with unique characteristics derived from specific funding sources.

- Funding and loans in foreign currency - it is funding hired to support the working capital for commercial operations in Brazil and in subsidiaries abroad and are updated in accordance with the contracted rates.

Notes to financial statements

2.20. Governmental subsidy and assistance

Government subsidy is recognized when there is reasonable certainty that the benefit will be received and that all corresponding conditions will be met. Where the benefit is referred to an expense item, it is recognized as revenue over the period of the benefit, in a systematic way in relation to costs whose benefit aims to offset. When the benefit relates to an asset, it is recognized as deferred revenue and recorded in income in equal amounts over the useful life of the corresponding asset. When the Company receives non-monetary benefits, the good and benefit are recorded at face value and reflected in the income statement over the expected useful life of the good in equal annual installments (Note 24).

2.21 Revenue recognition

Revenue from the sale of products and services is recognized in income when all risks and benefits inherent to the product are transferred to the buyer and it is likely that economic benefits will be generated for the Company.

2.22. Taxes

a) Income tax and social contribution

They are determined by the Taxable and Assumed Profit in accordance with the legislation in force (Note 20). Deferred Income tax and Social Contribution were determined based on Instruction # 371/02 issued by *CVM* (Note 09). The Company and its subsidiaries in Brazil have opted for Transition Tax Regime ("RTT"), established by Law # 11941/09, for Personal Tax Return ("IRPJ"), *CSLL*, Social Integration Program ("PIS") and Turnover Tax on Gross Profits ("COFINS"), for the biennium 2008/2009, which are still being determined by the accounting methods and criteria defined by Law # 6404/76, in force on December 31, 2007.

b) Sales Tax

Revenues, expenses and assets are recognized net of sales taxes, except: (i) when the sales tax incurred on the purchase of goods or services is not recoverable before the taxation authorities, in which case the sales tax is recognized as part of the cost of purchase of the asset or expense item as applicable; (ii) when the receivables and payables are presented together with the amount of sales tax; and (iii) the net amount of sales tax, recoverable or payable, is included as a component of receivables or payable in balance sheet

2.23. Profit per share - primary and diluted

Primary profit per share is calculated by dividing the profit attributable to Company's shareholders by the weighted average number of ordinary shares issued during the fiscal year. Diluted profit per share is calculated adjusting the weighted average number of common and outstanding shares considering all potential common shares that would cause dilution (Note 26).

3. Estimates and Assumptions

The preparation process of the financial statements involves the use of estimates. The determination of these estimates took into account the experiences of past and current events, assumptions relating to future events, and other objective and subjective factors. Significant items subject to such estimates and assumptions include:

a) review of the economic useful lives of fixed assets and their recovery in operations;
b) credit risk analysis to determine the allowance for doubtful accounts;
c) measurement of fair value of financial instruments;
d) commitments to post-employment benefits for employees; and
e) deferred income tax asset on tax losses and negative basis of social contribution, as well as the analysis of other risks in determining other allowances, including for contingencies arising out of administrative and judicial proceedings and other assets and liabilities in 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 uncertainties inherent in the estimate process. These estimates and assumptions are reviewed periodically.

Notes to financial statements

4. Cash and Cash Equivalents

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	12/31/10	03/31/11	12/31/10
a) Cash and Banks	**72**	**9**	**62,127**	**53,971**
b) Financial investments	**709,553**	**689,935**	**2,425,009**	**2,499,025**
In Local Currency:				
Bank Deposit Certificate (CDB)	709,553	689,935	2,382,935	2,454,302
In Foreign Currency:	**-**	**-**	**42,074**	**44,723**
Certificates of Deposits Abroad	-	-	26,514	29,685
Other balances held abroad	-	-	15,560	15,038
TOTAL	**709,625**	**689,944**	**2,487,136**	**2,552,996**

Investments in Brazil
On March 31, 2011, CDBs are being paid at rates of 100.0% to 106.0% of CDI (99.6% to 106.0% of CDI on December 31, 2010).

Investments Abroad:
- In Euro with interest at 0.10% to 1.25% p.a. in deposit certificates issued by foreign financial institutions in the original amount of EUR 10,470, whose balance on March 31, 2011 was R$ 24,216.
- In U.S. dollars plus interest at 0.05% to 2.00% p.a., in deposit certificates issued by foreign financial institutions in the original amount of US$ 1,405, whose balance on March 31, 2011 was R$ 2,298.
- In the original currency with interest at 3.90% to 11.00% p.a., whose balance on March 31, 2011 was R$ 7,921.

In all cases, the investments have immediate liquidity.

5. Accounts receivable from customers

	CONSOLIDATED	
	03/31/11	12/31/10
Domestic market	623,242	627,619
Foreign market	432,439	431,978
Advances from Export Contracts - ACE	(17,233)	-
Adjustment at present value	(1,826)	(1,571)
Allowance for credit losses of customers	(10,528)	(13,314)
TOTAL	**1,026,094**	**1,044,712**
Actual losses to customers' credit for the period	34	1,974
Unmatured trade notes	927,258	902,185
Overdue trade notes: Within 30 days	48,776	58,207
After 30 days	79,647	99,205

6. Inventories

	CONSOLIDATED	
	03/31/11	12/31/10
Finished products	212,627	192,354
Products in preparation	240,529	215,166
Raw materials and other	189,818	193,385
Imports in transit	31,633	33,118
Allowance for obsolescence	(9,235)	(9,200)
Total inventories in domestic market	665,372	624,823
Finished products	273,903	292,649
Products in preparation	29,121	39,430
Raw materials and other	64,303	62,827
Allowance for obsolescence	(13,148)	(10,777)
Total inventories in foreign market	354,179	384,129
TOTAL	**1,019,551**	**1,008,952**

Notes to financial statements

Movement in the allowance for obsolescence is as follows:

Balance on 12/31/10	**(19,977)**
Inventories written off permanently	2,183
Constitution of allowance	(4,589)
Balance on 12/31/11	**(22,383)**

Inventories are insured and their coverage is determined by the values and level of risk involved. During the periods ended March 31, 2011 and March 31, 2010 the amounts of R$ 815,455 and R$ 623,294 respectively were recognized as cost of products sold. On March 31, 2011 cost of sales includes the amounts of R$ 2,183, related to inventory written off permanently and R$ 4,589 related to the constitution of allowance for obsolescence.

7. Taxes recoverable

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	12/31/10	03/31/11	12/31/10
Brazilian Tax Goods and Services (“ICMS”) on purchases of fixed assets	-	-	26,828	29,743
Value Added Tax (“IVA”) from subsidiaries abroad	-	-	39,262	39,919
PIS/COFINS on purchases of fixed assets	-	-	22,817	26,630
ICMS	-	-	20,031	20,150
IPI	-	-	9,775	9,031
IRPJ/CSLL to offset	1,775	6,125	3,629	3,123
PIS/COFINS	-	-	4,582	4,077
Other	-	-	5,342	6,170
TOTAL	**1,775**	**6,125**	**132,266**	**138,843**
Short-term	1,775	6,125	118,144	107,182
Long-Term	-	-	14,122	31,661

Credits will be realized by the Company and its subsidiaries, through refund and/or offset with taxes and contributions.

8. Related parties

The commercial transaction to purchase and sale products, raw materials and procure services, as well as financial transactions of loans, raising funds among group companies and compensation of Management, were realized as follows.

	PARENT COMPANY		CONSOLIDATED	
EQUITY ACCOUNTS	03/31/11	12/31/10	03/31/11	12/31/10
Noncurrent Assets				
Management of financial resources	527	-	-	-
WEG Equipamentos Elétricos S.A.	527	-	-	-
Current liabilities				
Contracts with managers	-	-	3,438	1,570
Noncurrent liabilities				
Management of financial resources	139	4,783	-	-
WEG Equipamentos Elétricos S.A.	-	4,644	-	-
RF Reflorestadora S.A.	139	139	-	-

	PARENT COMPANY		CONSOLIDATED	
INCOME ACCOUNT	03/31/11	12/31/10	03/31/11	12/31/10
Management compensation:				
a) Fixed (fees)	424	389	4,046	3,901
Board of Directors	281	267	393	430
Executive Committee	143	122	3,653	3,471

Notes to financial statements

b) Variable (profit sharing)	167	151	970	784
Board of Directors	111	104	155	163
Executive Committee	56	47	815	621

Additional information:

a) Business operations
The transactions of sales and purchases of inputs and products are carried out under the same conditions with unrelated third parties, prevailing cash sales.

b) Management of financial resources
The financial and business operations between Group companies are recorded as bookkeeping account, complying with the requirements of Group's convention, without compensation.
The credit/debit contracts entered into with Managers are recorded in bookkeeping account, and paid between 95% and 100% of CDI variation.

c) Provision of services and other covenants
WEG Equipamentos Elétricos S.A. entered into an agreement for "Guarantees and Other Covenants" with Hidráulica Industrial S.A. e Com - HISA, in order that WEG acts as surety or guarantor in credit operations and issue of guarantees to customers (Performance Bond, etc.).

d) Accommodation and suretyship
- WEG SA granted accommodation and suretyship to subsidiaries abroad, amounting to US$ 180.4 million (US$ 142.0 million on December 31, 2010).
- WEG Equipamentos Elétricos S.A. granted accommodation and suretyship to subsidiaries abroad, amounting to US$ 3.0 million (US$ 5.3 million on December 31, 2010).

e) Management compensation
Members of the Board of Directors were paid the amount of R$ 393 and the Executive Committee the amount of R$ 3,653 for their services, representing the total amount of R$ 4,046.

Provided that the result of activity on the capital invested is at least 10%, it is expected interest of 0% to 2.5% of net profit to be distributed to managers. The allowance is recognized in income in the amount of R$ 970, under the heading of other operating expenses. The Directors and Officers receive additional corporate benefits such as: medical and dental assistance, life insurance, supplementary pension benefits, among others.

9. Deferred taxes – *IRPJ/CSLL*

The deferred tax credits and debits of the Income Tax and Social Contribution were determined in accordance with the pronouncement of the Brazilian Institute of Independent Auditors ("IBRACON") approved by Instruction # 371/02 and Deliberation # 599/09 both issued by *CVM*, which approved the Technical Pronouncement FRS 32, which addresses taxes on profit.

a) Composition of amounts:

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	12/31/10	03/31/11	12/31/10
Noncurrent Assets	**584**	**602**	**86,060**	**78,810**
Tax losses of *IRPJ*	-	-	5,400	4,580
Negative calculation basis of *CSLL*	-	-	1,032	986
Temporary Differences:				
Allowance for contingencies	-	-	23,064	24,239
Taxes under litigation	491	475	9,421	9,482
Losses with customers' credits	-	-	1,493	1,814
Losses with inventories without turnover	-	-	4,909	3,128
Indemnities with employment and contract termination	-	-	7,007	6,259
Freight and sales commissions	-	-	3,440	2,772
Accounts payable (electricity, technical assistance and other)	-	-	6,398	7,052
Share of Employees' Net Income	-	-	6,230	5,412
Other temporary additions	93	127	17,666	13,086

Notes to financial statements

Noncurrent liabilities	**3,807**	**3,820**	**415,682**	**415,318**
Accelerated depreciation stimulated Law 11.196/05	-	-	2,878	2,835
Deemed cost of fixed assets	3,779	3,797	365,310	371,463
Adjustment transition tax regime	28	23	45,555	38,880
Other temporary exclusions	-	-	1,939	2,140

b) Estimated time of realization

Management expects that the deferred assets arising out of temporary differences will be realized in proportion to the realization of contingencies, losses and projected obligations.

With respect to deferred tax credits assets, constituted on tax losses and negative basis of social contribution, Management estimates that they will be realized within the next 03 years.

10. Investments

10.1 Investments in subsidiaries

	Shareholders' Equity Adjusted	Net Income for the Period	Interest on Capital Stock (%)				Equity Accounting		Asset Value of the Investment	
			03/31/11		12/31/10		03/31/11	03/31/10	03/31/11	12/31/10
			Direct	Indirect	Direct	Indirect				
WEG Equipamentos Elétricos S.A.	2,435,819	98,364	99.95	-	99.95	-	99,663	**(*)** 113,120	2,434,703	2,459,328
RF Reflorestadora S.A	236,250	2,848	99.95	-	99.95	-	2,846	6,582	236,131	247,730
WEG Tintas Ltda.	55,785	4,382	99.91	0.04	99.91	0.04	4,378	-	55,733	56,062
WEG Amazônia S.A.	26,407	2,784	0.02	99.98	0.02	99.98	1	1	7	6
WEG Administradora de Bens Ltda.	7,753	677	-	100.00	-	100.00	-	-	-	-
WEG Logística Ltda.	103	-	-	100.00	-	100.00	-	-	-	-
WEG Linhares Equips Elétricos S.A.	27,353	(1,386)	-	99.99	-	99.99	-	-	-	-
Hidráulica Indl.S.A. Ind. e Com.	48,526	613	-	60.94	-	60.94	-	-	-	-
Agro Trafo S.A.	271	(11)	-	99.99	-	99.99	-	-	-	-
Sensores Eletrônicos Instrutech Ltda.	752	222	0.01	99.99	0.01	99.99	-	-	-	-
Logotech Sensores Eletrônicos Ltda.	299	19	0.10	99.90	0.10	99.90	-	-	-	-
Equisul Indústria e Comércio Ltda.	912	(534)	0.42	99.58	-	-	(2)	-	4	-
WEG Equipamientos Electricos S.A.	32,743	2,308	10.44	89.55	10.44	89.55	217	260	3,419	3,324
WEG Chile S.A.	18,245	(459)	8.00	92.00	8.00	92.00	(37)	73	1,460	1,562
WEG Colômbia Ltda.	6,844	423	1.00	99.00	0.99	99.00	3	7	68	65
WEG Eletric Corp.	66,305	4,475	0.79	99.21	0.79	99.21	36	18	523	499
WEG Service CO.	(95)	(222)	-	100.00	-	100.00	-	-	-	-
WEG Overseas S.A.	23	(38)	100.00	-	100.00	-	(38)	(5)	23	61
WEG México S.A. de C.V.	75,907	55	-	99.99	-	99.99	-	-	-	1
WEG Transformadores México S.A. de C.V.	30,325	(737)	-	60.00	-	60.00	-	-	-	-
Voltran S.A de C.V.	40,470	(1,238)	-	60.00	-	60.00	-	-	-	-
WEG Indústrias Venezuela C.A.	3,292	(557)	-	99.99	-	99.99	-	-	-	-
Zest Electric Motors (Pty) Ltd.	86,629	7,273	-	50.68	-	50.68	-	-	-	-
WEG Nantong Electric Motors Manufacturing CO Ltd.	15,655	(2,672)	-	100.00	-	100.00	-	-	-	-
WEG Middle East Fze.	162	(283)	-	100.00	-	100.00	-	-	-	-
WEG Industries (Índia) Private Ltd.	98,489	(2,377)	-	99.99	-	99.99	-	-	-	-
WEG Electric (Índia) Private Limited	158	(179)	4.99	94.99	4.99	94.99	(13)	(3)	8	21
WEG Electric Motors Japan CO. Ltd.	298	(21)	-	100.00	-	100.00	-	-	-	-
WEG Singapore Pte. Ldt.	(754)	95	-	100.00	-	100.00	-	-	-	-
WEG Germany Gmb.	28,776	316	-	100.00	-	100.00	-	-	-	-
WEG Benelux S.A.	32,612	2,072	-	99.99	-	99.99	-	-	-	-
WEG Ibéria S.L.	709,844	5,854	-	100.00	-	100.00	-	-	-	-
WEG France S.A.S	3,604	637	-	100.00	-	100.00	-	-	-	-
WEG Electric Motors (UK) Ltd.	6,547	410	-	100.00	-	100.00	-	-	-	-
WEG Itália S.R.L.	6,992	129	0.07	99.93	0.07	99.93	-	1	5	5
WEG Euro Ind. Electrica S.A.	30,160	877	5.74	94.26	5.74	94.26	48	143	1,732	1,622
WEG Germany NN.	77	128	-	100.00	-	100.00	-	-	-	-
WEG Scandinavia AB.	3,043	(245)	-	100.00	-	100.00	-	-	-	-
WEG Austrália Pty Ltd.	17,455	442	-	100.00	-	100.00	-	-	-	-
TOTAL							**107,102**	**120,197**	**2,733,816**	**2,770,286**

(*) Equity accounting adjusted for unrealized profits.

Notes to financial statements

10.2. Acquisition - Equisul Indústria e Comércio Ltda.
On December 6, 2010 the Company announced the acquisition of Equisul Indústria e Comércio Ltda., increasing its portfolio of products and complete solutions for power systems. The financial statements of this subsidiary have been consolidated from January 2011.

10.3. Other investments
They refer to other investments recorded at acquisition cost in amount of R$ 2,199 on March 31, 2011 (R$ 601 on December 31, 2010).

11. Fixed Assets

The Company capitalized, in the first quarter of 2011, borrowing costs in the amount of R$ 275 (R$ 285 on December 31, 2010) related to constructions in progress, according to Deliberation # 577/09 issued by *CVM*. The costs are capitalized until the transfer of construction in progress to fixed assets in operation.

	Annual depreciation rate (%)	PARENT COMPANY		CONSOLIDATED	
		03/31/11	12/31/10	03/31/11	12/31/10
Land, construction and Facilities		15,973	15,973	1,036,444	993,110
Equipment		-	-	2,331,751	2,304,279
Furniture and fixtures		-	-	59,053	60,199
Hardware		-	-	64,846	60,125
Construction in progress		-	-	50,047	52,011
Reforestation		-	-	47,688	47,552
Other		-	-	41,979	84,500
Subtotal		**15,973**	**15,973**	**3,631,808**	**3,601,776**
Accumulated depreciation/depletion					
Construction and Facilities	02 to 03	(3,814)	(3,740)	(155,031)	(150,504)
Equipment	05 to 20	-	-	(996,686)	(964,644)
Furniture and fixtures	07 to 10	-	-	(26,196)	(26,863)
Hardware	20 to 50	-	-	(50,319)	(45,634)
Reforestation	-	-	-	(6,623)	(5,911)
Other	-	-	-	(13,738)	(12,645)
TOTAL		**12,159**	**12,233**	**2,383,215**	**2,395,575**

a) Summary of Changes in Fixed Assets:

Class of Fixed Assets	12/31/2010	Transfer between Classes	Acquisitions	Write-off	Depreciation and Depletion	Exchange Effect	03/31/11
Land, construction and Facilities	842,606	37,321	7,359	(21)	(4,499)	(1,353)	881,413
Equipment	1,339,635	9,430	18,249	(43)	(32,110)	(96)	1,335,065
Furniture and fixtures	33,336	-	3,131	(3)	(2,818)	(789)	32,857
Hardware	14,491	-	1,148	-	(1,062)	(49)	14,528
Construction in progress	52,011	(13,931)	11,967	-	-	-	50,047
Reforestation	41,641	-	135	-	(711)	-	41,065
Other	71,855	(32,820)	(8,189)	(85)	(750)	(1,771)	28,240
TOTAL	**2,395,575**	**-**	**33,800**	**(152)**	**(41,950)**	**(4,058)**	**2,383,215**

b) **Values provided as collateral -** fixed assets were provided as collateral for loans, funding and labor and tax suits in the amount of R$ 16,194 - consolidated on March 31, 2011 (R$ 14,810 at December 31, 2010).

12. Intangible assets - Consolidated

	Amortization # of Years	Cost	Accumulated Amortization	03/31/11	12/31/10
Projects:					
- Development of products and processes	5	69,506	(64,762)	4,744	6,379
- Information technology	5	79,441	(62,930)	16,511	19,239
Software license	5	50,475	(39,668)	10,807	8,164
Other	5	28,579	(16,845)	11,734	10,088
Subtotal		**228,001**	**(184,205)**	**43,796**	**43,870**
Premium acquisition subsidiaries	-	157,559	(21,386)	136,173	140,125
TOTAL		**385,560**	**(205,591)**	**179,969**	**183,995**

Notes to financial statements

a) Summary of changes in intangible assets:

	12/31/10	Additions	Amortization	Other (*)	03/31/11
Projects:					
- Development of products and processes	6,379	-	(1,635)	-	4,744
- Information technology	19,239	-	(2,728)	-	16,511
Software license	8,164	3,414	(771)	-	10,807
Other	10,088	2,877	(1,231)	-	11,734
Subtotal	**43,870**	**6,291**	**(6,365)**	**-**	**43,796**
Premium acquisition subsidiaries	140,125	3,271	-	(7,223)	136,173
TOTAL	**183,995**	**9,562**	**(6,365)**	**(7,223)**	**179,969**

(*) Reclassification of credit right on acquisition of subsidiary ZEST Electric Motors (Pty) Ltd., formerly known as premium.

b) Schedule of amortization of intangible assets (excluding premium):

2011	17,795
2012	13,544
2013	4,270
2014	3,362
2015/2016	4,825
TOTAL	**43,796**

c) Premium on acquisition of subsidiaries, although it is no longer amortized in the accounts, it continues to be amortized for tax purposes. Thus, the corresponding Deferred Income Tax liability was recognized by the Company (Note 9).

13. Loans and Funding

On March 31, 2011, funding raised in foreign currency comprises the Advances on Exchange Contracts (ACC's) in the amount of R$ 233.2 million and BNDES-FINEM in currency basket in the amount of R$ 0.7 million in in the short-term and R$ 0.3 million in long-term and BNDES-FINEM in dollar in the amount of R$ 7.6 million in short-term and R$ 55.3 million in the long term.

The funding taken by subsidiaries abroad, for working capital, are in dollars and/or in the currency of each country, amounting to R$ 324.2 million in the short-term (R$ 258.6 million on December 31, 2010) and R$ 45.1 million in long-term (R$ 88.3 million on December 31, 2010), equivalent to US$ 226.8 million (US$ 208.0 million on December 31, 2010).

The funding is secured by accommodations and chattel mortgage.

Type	Annual Charges	CONSOLIDATED	
		03/31/11	12/31/10
IN BRAZIL			
SHORT-TERM		**780,103**	**760,349**
Working capital (ACC's)	Interest 0.8% to 2.6% p.a. (+) exchange variation	233,186	276,411
Working capital	TJLP (+) 1.4% to 5.0% p.a.	448,956	388,700
Working capital	Currency basket (+) 0.8% to 2.5% p.a.	741	2,470
Working capital	Interest 4.5% to 7.0% p.a.	82,515	82,560
Working capital	Dollar (+) 1.4% to 1.8% p.a.	7,648	4,801
Working capital	US$ (+) Libor (+) 3.25% p.a.	440	67
Fixed assets	TJLP (+) 1.0% to 5.0% p.a.	6,093	5,340
Other	-	524	-
LONG-TERM		**1,206,537**	**1,311,643**
Working capital	TJLP (+) 1.5% to 5.3% p.a.	380,539	488,272
Fixed assets	UFIR (+) 1.2% to 4.0% p.a.	44,943	41,500
Working capital	Currency basket (+) 0.8% to 2.5% p.a.	340	424
Working capital	Interest 4.5% to 7.0% p.a.	664,476	662,216
Fixed assets	TJLP (+) 1.2% to 5.0% p.a.	17,270	17,700
Working capital	Dollar (+) 1.4% to 1.8% p.a.	55,324	59,876
Working capital	US$ (+) Libor (+) 3.25% p.a.	40,717	41,655
Other	-	2,928	-

Notes to financial statements

ABROAD			
SHORT-TERM		**324,262**	**258,646**
Working capital	EURIBOR (+) 0.8% to 3.4% p.a.	53,808	40,524
Working capital	LIBOR (+) 2.1% to 3.3% p.a.	82,391	72,358
Working capital	90% of PBOC (4.5% to 5.0%) p.a.	48,011	8,059
Working capital	BBSY (+) 2.3% p.a.	27,163	18,277
Working capital	JIBAR (+) 3.5% p.a.	9,048	14,058
Working capital	Interest 0.8% to 16.5% p.a.	103,841	105,370
LONG-TERM		**45,101**	**88,305**
Working capital	90% of PBOC (4.5% to 5.0%) p.a.	14,479	51,079
Working capital	BBSY (+) 2.3% p.a.	272	302
Working capital	JIBAR (+) 3.5% p.a.	30,350	32,338
Working capital	Interest 5.0% to 11.7% p.a.	-	4,586
TOTAL SHORT-TERM		**1,104,366**	**1,018,995**
TOTAL LONG-TERM		**1,251,638**	**1,399,948**

Maturity of funding and long-term loans:

	03/31/11	12/31/10
2012	472,358	637,061
2013	433,243	429,750
2014	162,706	159,226
2015	102,226	96,443
2016 onwards	81,105	77,468
TOTAL	**1,251,638**	**1,399,948**

14. Allowance for contingencies

The Company and its subsidiaries are parties to administrative and judicial actions of labor, civil and tax nature arising from normal activities of their business. The respective allowances were constituted for proceedings whose possibility of loss was considered "probable" based on the estimate of value in risk determined by the Company's legal counsel. The Company's Management estimates that the allowance for contingencies constituted is sufficient to cover any losses from the proceedings in progress.

a) Balance of allowance for contingencies:

		PARENT COMPANY		CONSOLIDATED	
		03/31/11	12/31/10	03/31/11	12/31/10
a) Tax:		**1,445**	**1,397**	**38,144**	**37,018**
- *IRPJ* and *CSLL*	(a.1)	-	-	11,548	10,049
- INSS	(a.2)	1,445	1,397	21,323	21,007
- Other		-	-	5,273	5,962
b) Labor		**-**	**-**	**29,291**	**29,189**
c) Civil		**-**	**-**	**55,825**	**58,182**
d) Other		**229**	**229**	**2,056**	**1,995**
TOTAL		**1,674**	**1,626**	**125,316**	**126,384**
e) Judicial deposits bound		**337**	**321**	**20,595**	**20,575**
- Tax		337	321	16,775	16,755
- Other		-	-	3,820	3,820

b) Statement of changes of the period - consolidated

	12/31/10	Additions	Interest	Write-off	Reversals	03/31/11
a) Tax	37,018	1,815	-	(689)	-	38,144
b) Labor	29,189	950	(114)	-	(734)	29,291
c) Civil	58,182	4,687	(570)	(1,907)	(4,567)	55,825
d) Other	1,995	461	-	(400)	-	2,056
TOTAL	**126,384**	**7,913**	**(684)**	**(2,996)**	**(5,301)**	**125,316**

Notes to financial statements

c) The allowances constituted mainly refer to:

(i) Tax contingencies

(a.1) The Company maintains an allowance of the proceedings on the difference of IPC (51.82%) of January 1989 - Summer Plan. The judgment is favorable to the limit of the index of 35.58%.

(a.2) It refers to the Contributions due to Social Security. The litigation refers to social security charges levied on the pension fund, profit sharing, education allowance and others.

(ii) Labor contingencies

The Company and its subsidiaries are impleaded during labor claims primarily involving discussion of unhealthy, dangerous, among others.
Based on payment history and legal counsel opinion, the allowance of R$ 29,291 on March 31, 2011 (R$ 29,189 on December 31, 2010) is deemed sufficient to cover probable losses.

(iii) Civil contingencies

They correspond primarily to civil lawsuits, including pain and suffering, aesthetic damage, occupational diseases and indemnities arising out of occupational accidents. The Company's Management, based on payment history and legal counsel opinion, has constituted the allowance of R$ 55,825 on March 31, 2011 (R$ 58,182 on December 31, 2010) which is deemed sufficient to cover probable losses.

(iv) Judicial deposits bound

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	**12/31/10**	**03/31/11**	**12/31/10**
IRPJ/CSLL w/ summer plan	-	-	13,195	13,195
Other	337	321	7,400	7,380
TOTAL DEPOSITS BOUND	**337**	**321**	**20,595**	**20,575**
- Judicial deposits not bound	-	-	1,128	1,122
TOTAL JUDICIAL DEPOSITS	**337**	**321**	**21,723**	**21,697**

The judicial deposits not bound to the contingencies are awaiting a decree of judicial waiver.

On March 31, 2011 the Company and its subsidiaries are parties to other litigation, whose probability of loss was considered "possible", and for which no allowance was constituted for contingencies. The estimated values of these litigation relate to the tax proceedings totaling R$ 2,115 (R$ 2,258 on December 31, 2010).

15. Shareholders' Equity

a) Capital stock

The capital stock of the Company on March 31, 2011 consists of 620,905,029 common, book-entry and registered shares, no par value, all with voting rights.

b) Compensation to shareholders - interest on capital

At the meeting of the Board of Directors on March 22, 2011 the distribution of Interest on Capital in the gross amount of R$ 42,368 (net R$ 36,012) corresponding to R$ 0.058 per share, after the deduction of tax withheld of 15% pursuant to § 2 of Article 9 of Law 9249/95, except for corporate shareholders which are exempt from such taxation, which will receive by gross amount.

The interest on capital pursuant to Article 37 of the Articles of Incorporation and Article 9 of Law 9249/95, are attributable to required dividends and it will be paid for a capital stock of 620,905,029 shares as of August 17, 2011.

Notes to financial statements

16. Operating Revenue

	CONSOLIDATED	
CATEGORY OF GROSS REVENUE	**03/31/11**	**03/31/10**
Sale of products	1,325,378	1,117,526
Sales of services	26,050	19,710
Adjustment at present value	(11,112)	(10,983)
Other sales	2,821	5,293
Total gross revenue	**1,343,137**	**1,131,546**

	CONSOLIDATED	
COMPOSITION OF NET REVENUE	**03/31/11**	**03/31/10**
Gross operating revenue	**1,343,137**	**1,131,546**
Domestic market	862,863	801,300
Foreign market	480,274	330,246
Deductions (Taxes and returns)	(217,020)	(199,639)
Net operating revenue	**1,126,117**	**931,907**

17. Operating expenses by nature

The Company has chosen to present the statement of consolidated income by function. As required by IFRS, it presents below, detailing of statement of consolidated income by nature:

	CONSOLIDATED	
	03/31/11	**03/31/10**
NATURE OF EXPENSE	**(1,004,080)**	**(792,303)**
Depreciation and amortization	(47,499)	(44,147)
Personnel expenses	(268,181)	(224,038)
Raw materials and use and consumption material	(526,561)	(380,926)
Freight and insurance	(26,048)	(19,416)
Other expenses	(135,791)	(123,776)
FUNCTION OF THE EXPENSE	**(1,004,080)**	**(792,303)**
Cost of products and services sold	(815,455)	(623,294)
Selling Expenses	(116,019)	(93,055)
General and administrative expenses	(54,444)	(53,960)
Managers' fees	(4,046)	(3,901)
Other operating expenses	(14,116)	(18,025)
Equity Income	-	(68)

18. Other operating revenues/expenses

The amounts recorded refer to share of net income, reversal/(allowance) of tax proceedings and others, as shown below:

	CONSOLIDATED	
	03/31/11	**03/31/10**
OTHER OPERATING REVENUES	**8,671**	**8,515**
- Other	8,671	8,515
OTHER OPERATING EXPENSES	**(22,787)**	**(26,540)**
- Share of net income - employees	(17,808)	(19,004)
- Share of net income – subsidiaries abroad	(1,037)	(1,089)
- Interests of Managers	(970)	(784)
- Allowance/Reversal of tax proceedings	(817)	(863)
- Tax Incentives of Rouanet law	(373)	(380)
- Other	(1,782)	(4,420)
TOTAL NET	**(14,116)**	**(18,025)**

Notes to financial statements

19. Net financial income

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	03/31/10	03/31/11	03/31/10
FINANCIAL REVENUES	**16,064**	**(425)**	**93,543**	**71,255**
Yield from financial investments	18,696	2,249	66,335	41,036
Exchange variation	-		16,634	16,619
Adjustment AT present value - customers	-		8,411	12,154
Pis/Cofins w/ Interest on Shareholders' Equity	(2,676)	(2,814)	(2,676)	(2,814)
Other revenues	44	140	4,839	4,260
FINANCIAL EXPENSES	**(43)**	**(20)**	**(53,697)**	**(52,660)**
Interest w/ funding and loans	-	-	(31,823)	(27,432)
Exchange variation	-	-	(15,301)	(14,471)
Adjustment at present value - suppliers	-	-	(4,691)	(3,969)
Other expenses	(43)	(20)	(1,882)	(6,788)
NET FINANCIAL INCOME	**16,021**	**(445)**	**39,846**	**18,595**

20. Allowance for income tax and social contribution

The parent company and its subsidiaries in Brazil determine the income tax and social contribution by taxable income, except for WEG Administradora de Bens S.A. and Agro Trafo Administradora de Bens S.A. which determined the presumed income. The allowance for income tax was established with a tax rate of 15%, plus a surcharge of 10%, and the social contribution with tax rate of 9%, according to legislation in force. Taxes of companies abroad are made according to the legislation of each country.

Conciliation of income tax and social contribution:

	PARENT COMPANY		CONSOLIDATED	
	03/31/11	03/31/10	03/31/11	03/31/10
Profit before taxes and interest	122,146	118,922	161,883	158,199
Nominal tax rate	**34%**	**34%**	**34%**	**34%**
IRPJ and CSLL calculated at nominal tax rate	(41,530)	(40,433)	(55,040)	(53,788)
Adjustments for calculation of income tax and social contribution actual:				
Result of investments in subsidiaries	36,415	40,867	179	(551)
Difference in tax rates w/ results abroad	-	-	405	(1,131)
Tax incentives	-	-	6,025	5,328
Interests on shareholders' equity	4,568	337	14,410	10,684
Other adjustments	(35)	(48)	(3,603)	1,718
IRPJ and CSLL in income	**(582)**	**723**	**(37,624)**	**(37,740)**
Current tax	(577)	-	(40,104)	(25,472)
Deferred tax	(5)	723	2,480	(12,268)

21. Plan of Benefits

The Company and its subsidiaries are sponsors of WEG Seguridade Social - Welfare Plan, which aims mainly to complement pension benefits provided by the official social security system.

This plan, administered by WEG Seguridade Social, contemplates the benefits of monthly income, supplementation of sickness allowance, supplementation of retirement due to disability, peculium benefit due to disability, pension payment due to death, peculium due to death, deferred proportional benefit and self-sponsorship.

The number of participants on March 31, 2011 is 18,912 (16,605 on March 31, 2010).
The Company and its subsidiaries made contributions amounting to R$ 4,539 in the first quarter of 2011 (R$ 3,937 in the first quarter of 2010). Based on actuarial calculations carried out by independent actuaries in accordance with procedures established by Deliberation # 371/2000 issued by CVM, no significant net actuarial liability was identified.

Notes to financial statements

22. Insurance coverage

WEG Group continually works with identification, analysis and management of risks, both in Brazil and its subsidiaries abroad, checking the best way to manage the transfer, absorption or sharing of risk with the world's insurance and reinsurance.

One of the tools used in this process of risk analysis are risk inspections conducted annually in all production units and some sales offices of WEG Group. When necessary, WEG is supported by external consultancy firms in identifying and managing risk.

The business unit in Brazil is responsible for managing the insurance portfolio of WEG Group in Brazil and abroad, and it constitutes continuously, together with executive committee, risk policies for WEG Group in order to protect its assets.

The assumptions of risk analysis adopted, given their nature, are not part of the audit scope and therefore they were not audited by our independent auditors.

In 2010 a process of implementing Worldwide Insurance Program - WIP was started, where the local insurance policies will be replaced by worldwide policies in accordance with the laws and rules of each country. Currently we highlight some worldwide insurance policies that were successfully implanted for WEG Group, such as: transportation risk (Export, Import and Domestic), Products Liability, Managers' Liability (D&O) and Performance Bond.

The program above will be completed by mid-2012 when all local policies will be replaced by worldwide policies, whose risk management of the Group will in line and in accordance with risk management policy outlined by the executive committee of WEG Group.

The insurance policies are issued only to insurance companies and first-tier multinationals that can serve WEG Group in the countries where we operate. The financial strength and sustainability of these insurers are continually monitored by the business unit in Brazil.

Below we highlight some of our policies and their capitals:

- Operational Risks (Assets), R$ 70 million

- Loss of Profits: R$ 20 million
- Civil Liability: R$ 15 million
- Products Liability: US$ 100 million
- Transportation: US$ 4 million per shipment (Export and Import) and R$ 6 million (Domestic)

23. Financial instruments

In compliance with Deliberation # 604 of November 19, 2009, issued by *CVM*, which approved the Technical Pronouncements CPC 38, CPC 39 and CPC40 and OCPC 03, of November 19, 2009, which repealed the Deliberation # 566 of December 17, 2008, the Company and its subsidiaries carried out an assessment of their financial instruments, including derivatives, recorded in the financial statements on March 31, 2011, presenting the following book and market values:

	BOOK VALUE		MARKET VALUE	
	03/31/11	12/31/10	03/31/11	12/31/10
Cash and banks	62,127	53,971	62,127	53,971
Financial investments:				
- In local currency	2,382,935	2,454,303	2,382,935	2,454,303
- In foreign currency	42,074	44,722	42,074	44,722
Accounts receivable from customers	1,026,094	1,044,712	1,026,094	1,044,712
Suppliers	259,762	242,300	259,762	242,300
Funding and loans:				
- In local currency	1,648,195	1,686,288	1,648,195	1,686,288
- In foreign currency	707,809	732,655	707,809	732,655
Non Deliverable Forwards - NDF	1,284	2,367	1,284	2,367

Notes to financial statements

Risk factors of the financial instruments are primarily related to:

(i) Financial risks

Foreign currency risks

To mitigate exchange risks, the Company exports in various currencies and also monitors the financial exposure, trying to balance its financial assets and liabilities within limits set by Management.

As defined by the Board of Directors of the Company, the protection of cash flows of short-term should be limited to the equivalent to three months of revenues in foreign currencies.

The Company carried out exports amounting to US$ 157.6 million in the first quarter of 2011, representing a natural hedge (US$ 118.5 million in the first quarter of 2010).

Risks of debt charges
These risks are derived from the possibility of subsidiaries incurring losses due to fluctuations in interest rates or other debt indices, which increase the financial expenses related to loans and funding raised in the market, or decrease the financial revenue related to financial investments of subsidiaries. The Company continuously monitors market interest rates in order to evaluate the possible need to protect against the risk of volatility in these rates.

Derivative Financial Instruments
The Company has only operations with derivative financial instruments of the type NDF - Non-Deliverable Forwards, in the notional amount of US$ 21.5 million on March 31, 2011, held by its subsidiary abroad Zest Electric Motors (Proprietary) Limited, in order to protect its operations of product import against the risks of fluctuations in exchange rates.

The Company's Management and its subsidiaries maintain a permanent monitoring of derivatives financial instruments contracted through their internal controls.

The table of sensitivity analysis should be read in conjunction with other financial assets and liabilities denominated in foreign currencies existing on March 31, 2011, because the effect of the estimated impacts of exchange rates on NDFs given below will be compensated if implemented, in whole or in part, with devaluation on all assets and liabilities.

In preparing the table below, the Management determined that, for the likely scenario (market value) the exchange rates used for the marking at market of financial instruments, valid on March 31, 2011 must be considered. These rates represent the best estimate for the future behavior of prices and represent the value by which the positions could be settled at maturity.

The unrealized gains and losses on operations with derivatives are recorded (if loss) as loans and funding, or (if gain) as financial investments and trade-off in the income as revenues (expenses) from exchange variation.

The table below shows the effects "cash and expense" of the results of financial instruments in each of the scenarios in reais.

Risk	Counterparty	Notional Value	Market Value on 03/31/11		Likely Scenario - 25%		Remote Scenario - 50%	
			Average Quotation	Value in R$	Average Quotation	Value in R$	Average Quotation	Value in R$
Fall of US$	First National Bank	US$ 21.5 million	US$ / ZAR 6.9061	(1,284)	US$ / ZAR 5.1796	(8,882)	US$ / ZAR 3,4531	(17,764)

We have carried out the accounting record based on its market price on 31 March 2011 on an accrual basis. These operations had net positive impact, in the first quarter of 2011, of R$ 1,228 which were recognized as financial revenue.
The Company has no margins provided as guarantee for derivative financial instruments outstanding on March 31, 2011.

Notes to financial statements

(ii) Operational risks

Credit risk

It arises from the possibility of Company's subsidiaries not receiving amounts arising from sales operations and credits held with financial institutions generated by financial investments. To mitigate the risk arising out of sales operations, the Company's subsidiaries adopt as practice the analysis of the equity and financial position of their customers, establish a credit limit and constantly monitor their debit balances. With respect to financial investments, the Company and its subsidiaries only invest in institutions with low credit risk.

24. Government subsidies and assistance

The Company, through its subsidiary WEG Amazônia S.A., holds the following subsidies arising out of tax incentive:

(i) Credit stimulation of ICMS of 90.25% amounting to R$ 455, recognized in income.
(ii) Reduction of 75% of IRPJ in the amount of R$ 295 recognized in income.

25. Segment information

The Management has defined operating and geographic segments of the Company based on reports used internally to strategic decision making in business. The Company's management is structured and systematized on operations' information, considering the segments of industry, energy, abroad and consolidated.

	Brazil				Abroad		Eliminations and Adjustments		Consolidated	
	Industry		Energy							
	03/31/11	03/31/10	03/31/11	03/31/10	03/31/11	03/31/10	03/31/11	03/31/11	03/31/11	03/31/10
Revenue from Sale of Goods and/or Services	679,411	582,304	266,151	259,948	408,391	252,532	(227,836)	(162,878)	1,126,117	931,907
Income Before Income Taxes on Profit	173,957	174,958	44,725	61,409	11,650	8,065	(68,450)	(86,233)	161,883	158,199
Depreciation / Amortization / Depletion	29,986	29,556	10,374	10,278	7,139	4,312	-	-	47,499	44,146
	03/31/11	12/31/10	03/31/11	12/31/10	03/31/11	12/31/10	03/31/11	12/31/10	03/31/11	12/31/10
Identifiable assets	2,509,951	2,514,308	1,164,748	1,210,811	1,158,663	1,171,664	(151,457)	(184,664)	4,681,905	4,712,119
Identifiable liabilities	531,929	515,647	342,457	324,043	224,696	275,180	(139,767)	(171,627)	959,314	943,243

Industry: three phase and single phase motors, industrial electrical and electronic equipment, such as industrial electric motors of low and medium voltage, paints and varnishes.

Energy: generators for hydroelectric, thermal and wind plants, transformers, substations, control panels and automation services for energy.

Abroad: it consists of the operations conducted through subsidiaries located in several countries.

The column of eliminations and adjustments includes the elimination applicable to the Company in the context of consolidated financial statements under IFRS.

All operating assets and liabilities are presented as identifiable assets and liabilities.

Notes to financial statements

26. Profit per share - Primary and Diluted

The Company presents the same value of primary and diluted profit because it has no dilutive potential common shares:

	03/31/11	03/31/10
Profit attributable to shareholders of the company	121,564	119,645
Weighted average of common shares held by shareholders (share/thousand)	620,905	620,905
Primary and diluted profit per share – R$	0.1958	0.1927

27. Statement of Comprehensive Income

The Company presents as other comprehensive income the values of translation accumulated adjustment. These values do not suffer taxation.

The presentation of the statement of comprehensive income is required through CPC 26 - Presentation of Financial Statements and it includes other comprehensive income that correspond to revenue and expense items that are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidance issued by CPC.

Other Information that the Company Understands as Relevant

1. STOCKHOLDING ON 03/31/2011

WEG S.A.

Shareholders	Common Shares	%	Total	%
Controlling Shareholders	**405,880,120**	**65.37**	**405,880,120**	**65.37**
- WEG Participações e Serviços S.A.	316,328,027	50.95	316,328,027	50.95
- Families of the Incorporators	89,552,093	14.42	89,552,093	14.42
Managers	**3,922,361**	**0.64**	**3,922,361**	**0.64**
- Board of Directors	3,205,790	0.52	3,205,790	0.52
- Executive Committee	716,570	0.12	716,570	0.12
Audit Committee	**1**	**0.00**	**1**	**0.00**
Treasury Stocks	**-**	**-**	**-**	**-**
Other	**211,102,547**	**33.99**	**211,102,547**	**33.99**
Grand Total	**620,905,029**	**100.00**	**620,905,029**	**100.00**

2. OUTSTANDING SHARES OF WEG S.A. ON 03/31/2011

Shareholders	Common Shares	%	Total	%
WEG Participações S.A. and Families of the Incorporators	408,880,120	65.37	408,880,120	65.37
Managers	3,922,361	0.64	3,922,361	0.64
Treasury Stocks	-	-	-	-
Outstanding Shares	211,102,548	33.99	211,102,548	33.99
TOTAL	**620,905,029**	**100.00**	**620,905,029**	**100.00**

3. COMPOSITION OF SHAREHOLDERS HOLDING MORE THAN 5% OF WEG S.A. CAPITAL

3.1. WEG S.A.

Shareholders	Common Shares	%
Weg Particip. e Serviços S.A.	315,377,307	50.79
Treasury Stocks	-	-
Other	305,527,722	49.21
Total	**620,905,029**	**100.00**

3.2. WEG PARTICIPAÇÕES E SERVIÇOS S.A.

Shareholder	Common Shares	%
Eggon João da Silva Adm. Ltda.	31,376,969	33.33
Dabliuve Adm. Ltda.	31,376,969	33.33
G. Weninghaus Adm. Ltda.	31,376,969	33.33
TOTAL	**94,130,907**	**100.00**

3.2.1 EGGON JOÃO DA SILVA ADM LTDA.

Members	Units	%
- Décio da Silva Adm Ltda.	**52,813,901**	**20.00**
- Décio da Silva	52,813,901	
- Kátia da Silva Bartsch Adm Ltda.	**52,813,901**	**20.00**
- Kátia da Silva Bartsch	52,813,901	
- Tânia Marisa da Silva Adm Ltda.	**52,813,901**	**20.00**
- Tânia Maria da Silva	52,813,901	
- Márcia da Silva Petry Adm Ltda.	**52,813,901**	**20.00**
- Márcia da Silva Petry	52,813,901	
- Solange da Silva Janssen Adm Ltda.	**52,813,901**	**20.00**
- Solange da Silva Janssen	52,813,901	
- Other	**10**	**0.00**
TOTAL	**264,069,515**	**100.00**

Other Information that the Company Understands as Relevant

3.2.2. DABLIUVE ADM. LTDA.

Members	Units	%
- Valsi Voigt Adm. Ltda.	**79,302,024**	**32.90**
- Valsi Voigt	79,302,024	
- Miriam Voigt Schwartz Adm. Ltda.	**79,302,024**	**32.90**
- Miriam Voigt Schwartz	79,302,024	
- Cladis Voigt Trejes Adm. Ltda.	**79,302,024**	**32.90**
- Cladis Voigt Trejes	79,302,024	
- Other	**3,134,298**	**1.30**
TOTAL	**241,040,370**	**100.00**

3.2.3. G. WERNINGHAUS ADM. LTDA.

Members	Units	%
- Diether Werninghaus Adm. Ltda.	**58,380,742**	**24.73**
- Diether Werninghaus	58,380,742	
- Heide Behnke Adm. Ltda.	**58,380,742**	**24.73**
- Heide Behnke	58,380,742	
- Eduardo & Luísa Werninghaus Adm. Ltda.	**58,380,742**	**24.73**
- Eduardo Werninghaus	29,190,371	
- Luísa Werninghaus Bernoldi	29,190,371	
- Martin Werninghaus Adm. Ltda.	**58,380,742**	**24.73**
- Martin Werninghaus	58,380,742	
- Other	**2,534,918**	**1.08**
TOTAL	**236,057,886**	**100.00**

The Company, its shareholders, managers and members of the Audit Committee undertake to resolve, by arbitration, under the Arbitration Rules of BOVESPA Market Arbitration Panel, any and all dispute or controversy that may arise between them, related or arising, in particular, out of the validity, effectiveness, interpretation, breach and its effects of the allowances contained in the Corporations Law, Company's Articles of Incorporation, rules issued by the National Monetary Council, Central Bank of Brazil and *CVM*, as well as other rules applicable to the operation of capital markets in general, in addition to those contained in the Novo Mercado Listing Rules, Novo Mercado Participation Agreement and Rules of the Market Arbitration Panel.

Opinions and Statements / Report of the Special Review - Without Reservation

Review report of independent auditors

To Managers and Shareholders of
WEG S.A.
Jaraguá do Sul, SC

Introduction

We have reviewed the interim, individual and consolidated financial information of WEG SA, contained in the Quarterly Information Form - ITR for the quarter ended March 31, 2011, which comprise the balance sheet and related statements of income, comprehensive income of changes in shareholders' equity and cash flows for the quarter ended this date, including summary of the main policies and other notes.

Management is responsible for the preparation of interim and individual financial information in accordance with CPC 21 - Interim Financial Reporting and consolidated interim financial information in accordance with CPC 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of this financial information in a consistent manner with standards established by the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards of interim financial information review (NBC TR 2410 - Review of Interim Financial Information Performed by the Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively) A review of interim financial information consists of making inquiries, primarily to persons responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit conducted in accordance with auditing standards and therefore it does not allow us to obtain assurance that we become aware of all significant matters that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim financial information included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of interim information in a consistent manner with standards issued by the Brazilian Securities and Exchange Commission applicable to the Quarterly Information - ITR

Conclusion on the consolidated interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the consolidated interim financial information included in the quarterly information referred to above were not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of interim information in a consistent manner with standards issued by the Brazilian Securities and Exchange Commission applicable to the Quarterly Information – ITR.

Other matters

Interim Statements of value added

We also reviewed the individual and consolidated interim statements of value added (DVA) for the quarter ended March 31, 2011, whose presentation of the interim information is required under the standards issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information - ITR and considered as complementary information by IFRS which does not require the presentation of DVA. These statements were submitted to the same review process described above and based on our review, we are not aware of any facts that would lead us to believe that they are not presented fairly in all material respects, in relation to the individual and consolidated interim accounting information taken as a whole.

Blumenau (SC), April 15, 2011.

ERNST & YOUNG TERCO
Auditores Independentes S.S.
Certified Accountant ID ("CRC")-2SP015199/O-6 F-SC

Marcos Antonio Quintanilha
Accountant *CRC*-1-SP132.776/O–3-T-SC

Opinions and Statements / Opinion of Audit Committee or Equivalent Body

The Audit Committee meeting is scheduled for May/2011.

Opinions and Statements / Officers' Statement on Financial Statements

By this instrument, the Chief Executive Officer and other Officers of WEG S.A., joint stock company with main place of business at Avenida Prefeito Waldemar Grubba, No. 3300, registered with Corporate Taxpayer's Roll ("CNPJ") under # 84.429.695/0001-11, for the purposes provided in sections V and VI of Article 25 of Instruction # 480, of December 7, 2009, issued by *CVM*, stated that they reviewed, discussed and agreed to the Quarterly Information - ITR of WEG S.A. and Consolidated for the period ended 31 March 2011.

Jaraguá do Sul, April 26, 2011.

Harry Schmelzer Junior - Chief Executive Officer
Sérgio Luiz Silva Schwartz - Deputy Chief Executive Officer
Laurence Beltrão Gomes - Financial and Investor Relations Officer
Antonio Cesar da Silva - Marketing Officer
Carlos Diether Prinz - Officer - Transmission and Distribution
Luis Angelo Noronha Figueiredo - Human Resources Officer
Robert Bauer - International Area Officer
Siegfried Kreutzfeld - Officer - Motors
Sinésio Tenfen - Officer - Energy
Umberto Gobbato - Officer - Automation
Wilson José Watzko - Controller Officer

Opinions and Statements / Officers' Statement on Independent Auditors' Report

By this instrument, the Chief Executive Officer and other Officers of WEG S.A., joint stock company with main place of business at Avenida Prefeito Waldemar Grubba, No. 3300, registered with Corporate Taxpayer's Roll ("CNPJ") under # 84.429.695/0001-11, for the purposes provided in sections V and VI of Article 25 of Instruction # 480, of December 7, 2009, issued by CVM, stated that they reviewed, discussed and agreed to the opinions expressed in the report of the special review of Ernst & Young Auditores Independentes S.S., dated April 15, 2011, related to the Quarterly Information - ITR of WEG S.A. and Consolidated for the period ended 31 March 2011.

Jaraguá do Sul, April 26, 2011.

Harry Schmelzer Junior - Chief Executive Officer
Sérgio Luiz Silva Schwartz - Deputy Chief Executive Officer
Laurence Beltrão Gomes - Financial and Investor Relations Officer
Antonio Cesar da Silva - Marketing Officer
Carlos Diether Prinz - Officer - Transmission and Distribution
Luis Angelo Noronha Figueiredo - Human Resources Officer
Robert Bauer - International Area Officer
Siegfried Kreutzfeld - Officer - Motors
Sinésio Tenfen - Officer - Energy
Umberto Gobbato - Officer - Automation
Wilson José Watzko - Controller Officer