

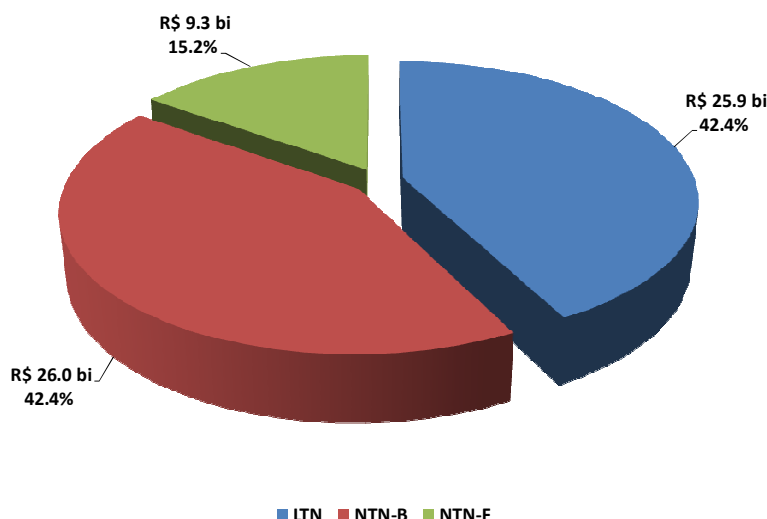


## The National Treasury Performed Exchange Operations with Extramercado Funds

This February, the National Treasury Secretariat performed securities exchange operations with Extramercado Funds<sup>1</sup> in order to adjust their portfolio to the defined by Resolution CMN<sup>2</sup> n° 4.034, dated 11/30/2011. Based on this new resolution, the investment policy of those funds must be referenced to one of the Anbima Market Index (IMA) indexes - which represent theoretical portfolios of federal public securities - excepted the ones tied to overnight rate.

The securities exchange operations occurred between 7<sup>th</sup> and 28<sup>th</sup> and resulted in a redemption of R\$ 61.2 billion in securities linked to *Selic* overnight rate (LFT). The Ambima indexes chosen by Extramercado Funds were the IMA-B, composed by securities linked to the consumer price index IPCA (NTN-B), the IRF-M, composed by short, medium and long term fixed-rate securities (LTN and NTN-F) and the IRF-M1, composed by fixed rate securities due to less than one year. The amounts and percentages of the securities issued in the exchange are presented in the graph below:

**GRAPH 1: SECURITIES ISSUED IN EXCHANGE OPERATIONS WITH EXTRAMERCADO FUNDS**



<sup>1</sup> Extramercado funds comprise the available resources originated by the revenues of non-financial state-owned companies included within the Indirect Federal Administration, such as Eletrobras, Correios and Chesf (it excludes Petrobrás), as well the resources of the Workers' Support Fund (FAT), the Coffee Economy Defense Fund (Funcafé) and the National Education Development Fund (FNDE).

<sup>2</sup> National Monetary Council.

The impact of these operations on the Federal Public Debt (FPD) is equivalent to a decrease of around 3.3 pp in the share of securities linked to Selic overnight rate (considering the outstanding as of January 2012) or 11% of the LFT held by the market.

This measure reinforces the National Treasury's guideline, expressed in its Annual Borrowing Plan, of improving FPD composition through floating rate securities reduction, and also leads the Extramercado Funds' portfolio to a more profitable composition. Finally, it is aligned with the government's effort to minimize the indexation on the economy, aiming the effectiveness of its monetary policy.