

São Paulo, March 18, 2011.

We, the Management of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros hereby submit for consideration of the shareholders convening in the annual shareholders’ meeting called to convene on April 18, 2011, the Proposal set forth below.

ANNUAL SHAREHOLDERS’ MEETING

1. Consolidated financial statements as of and for the year ended December 31, 2010.

At a meeting held on February 17, 2011, the board of directors approved the management report and the consolidated financial statements prepared under Management responsibility as of and for the year ended December 31, 2010, which in conjunction with the independent auditors’ report have been published on February 18, 2011 in the “*Valor Econômico*” newspaper and the Official Gazette of the State of São Paulo.

Attached to this proposal as Attachment I, you will find the Management’s Discussion and Analysis of Financial Condition and Results of Operations, which was prepared in further detail than the management report to include additional discussion on our financial information and results of operations, as required under section 10 of the Reference Form adopted pursuant to CVM Instruction No. 480 dated December 7, 2009 (“CVM Instruction 480), issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or CVM.

2. Proposed allocation of net income for the year ended December 31, 2010.

At a meeting held on February 17, 2011, the board of directors approved and put forward to you Management’s proposal to allocate to dividends distributable to shareholders (dividend account) the full amount of net income determined for the year ended December 31, 2010, which totaled R\$1,144,560,312.60.

It should be noted that previous payouts include distribution of R\$304,000,000.00 by way of interim dividends and R\$434,475,000.00 by way

of interest on shareholders' equity. The balance of R\$406,085,312.60 Management proposes to distribute as dividends, pending approval by the shareholders. In addition, as estimated by Management, the proposal would result in distribution of R\$0.206722634 per share (which amount may change as a result of treasury stock being reissued for fulfillment of stock options exercised pursuant to the Company's stock options plan, and of additional repurchases under the current share buyback program).

This proposal sets May 16, 2010, as the dividend payment date. The book closure date that will determine the ownership structure pursuant to which holders of record will be entitled to dividends is May 2, 2011.

Set forth in Attachment II to this proposal is the information on net income allocations required under Annex 9-1-II of CVM Instruction 481 dated December 17, 2009.

3. Election of the members of the Board of Directors.

The current members of the board of directors of BM&FBOVESPA were elected at the annual shareholders' meeting held on April 28, 2009, for a unified two-year term, which is set to expire as of the date of the meeting.

Pursuant to article 23 of the bylaws, the board has nominated a slate of candidate directors, which is presented below for your consideration.

The candidates up for reelection as independent directors, for which they meet all applicable eligibility standards, are Messrs. Armínio Fraga Neto, Claudio Luiz da Silva Haddad, José Roberto Mendonça de Barros, Marcelo Fernandez Trindade and René Marc Kern. The candidates up for reelection as directors are Messrs. Candido Botelho Bracher, Craig Steven Donohue, Julio de Siqueira Carvalho de Araújo, Luis Stuhlberger and Renato Diniz Junqueira. The slate further includes Mr. Pedro Pullen Parente, a candidate to serve as independent director who is not currently a board member.

Set forth in Attachment III to this proposal is the information on candidates which CVM Instruction 480 requires to be provided under sections 12.6 to 12.10 of Reference Form.

4. Proposal on Aggregate Compensation for the Board and Management

At February 23 meeting, the board of directors approved and put forward a compensation proposal for the Company to pay to members of the board of directors an aggregate annual amount up to R\$4,282,122.50 and to members of the board of executive officers an aggregate annual amount up to R\$16,017,091.59.

Set forth in the table below is the financial data related to the compensation proposal:

Compensation Proposal for 2011 <i>(in thousands of R\$)</i>				
Directors and/ executive officers	Fixed remuneration	Benefits	Short-term variable compensation (maximum amount)	TOTAL
Board members	4,282	-	-	4,282
Board of executive officers	4,787	741	10,488	16,017
TOTAL	9,069	741	10,488	20,299

Fixed remuneration and benefits

The fixed remuneration is paid in 13 installments, adjusted on a yearly basis as required under the collective bargaining agreement.

Benefits

Benefits represent the aggregate of the amounts attributable to a package consisting of health and dental care plan, medical check-up, life insurance, meal vouchers, use of company car (including parking privileges), mobile phone and pension fund. The benefits package has been designed to attract and retain top

executive talent, and offer executive officers advantages at least comparable to market practices at the level of senior management.

Short-term variable compensation

Short-term variable compensation is based on performance target indicators and goals which are taken into account for purposes of compensation allocation and determination, in line with our variable compensation policy, as applied using salary multiples that differ in correlation to seniority, and on the basis of individual performance evaluations (which assess function-related factors and job level) and the Company's overall performance (actual versus target indicators), as further detailed below.

The key performance indicator the board elected as the 2011 performance target will again be the adjusted net income, as determined on a quarterly basis. The aggregate amount of the 2011 short-term variable remuneration payable to officers and employees of the Company will represent 3.5% of actual (GAAP) adjusted quarterly net income, considering the expenses limit forecast in the year's budget, if the amount thus ascertained is within the range of 90% to 150% of the target. If the expenses budgeted for the year exceed the limit, a reduction in the percentage of the aforementioned adjusted net income will be applied at exactly the same rate of increase of realized expense versus budgeted expense.

If adjusted quarterly net income actually ascertained falls below 90% of the target, the short-term variable remuneration will be reduced to 2.0% of adjusted quarterly net income.

However, if adjusted quarterly net income actually ascertained climbs over 150% of the target, the aggregate short-term variable remuneration will equal the sum of: (i) the amount that corresponds to 3.5% computed over 150% of the target, and (ii) the amount that corresponds to 2.0% computed over that portion of adjusted net income which exceeds 150% of the target. A portion of this aggregate amount will be attributable to the executive officers, as allocated pursuant to certain base salary multiples that will differ based on individual performance.

The aggregate compensation amount submitted to the annual meeting, as set forth in the table above, assumes that adjusted quarterly net income is 10%

above the elected target. In case adjusted net income ascertained at year-end exceeds this 10% threshold, it is conceivable the remuneration payable to the executive officers pursuant to the compensation policy set forth herein could exceed the aggregate remuneration proposed for approval at the annual meeting, in which event the excess amount will require confirmation from shareholders attending the 2012 annual meeting.

Set forth in Attachment IV to this proposal is information on board and management compensation which CVM Instruction 480 requires to be provided under section 13 of the Reference Form.

We remain at your disposal for any additional clarification you may require.

Yours sincerely,

Eduardo Refinetti Guardia
Chief Financial and Investor Relations Officer

ATTACHMENT I

Management's discussion and analysis, pursuant to Section 10 of the Reference Form required under CVM Instruction 480

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

10.1 The following discussion and comparative analysis have been based on our consolidated financial statements for the periods presented.

a. financial condition and net equity position

Year ended December 31, 2010 compared with year ended December 31, 2009.

The Brazilian economy consolidated in 2010 the recovery started late in 2009 in the wake of the global economic downturn driven by the 2008 international financial crisis. This economic environment has positively impacted on the average daily volume traded on BM&F segment markets, which soared 64.7% year-on-year, and the average daily value traded on Bovespa segment markets, which surged 22.7% from one year ago.

This strong operating performance resulted in 25.7% rise in our gross revenues, a 29.9% jump in net income¹ and 34.9% increase in EBITDA², which shot EBITDA Margin³ to 69.6% from 64.9% in the prior year.

In the Bovespa segment, two primary factors influenced our financial performance:

- a prolonged market overhang sparked by uncertainties around the then-upcoming Petrobras offering slowed trading volumes significantly, but trading volumes sprang back promptly after the offering closed.
- a rebound in the market prices for stocks followed to boost trading volumes further, and while at year-end the Ibovespa, or Bovespa Index, the primary index of the Brazilian stock market, had climbed just 1.0% year-on-year, the average Ibovespa had risen 27.8% over the 2009 average.

Volume growth in the BM&F segment in turn was driven primarily by strong trading in Brazilian-interest rate futures contracts, the most actively traded group of contracts, whose average daily volume traded rose nearly 100% mainly as a result of increased credit availability and volatility pushed by differing perceptions and expectations about the Central Bank's decisions on the direction and size of the Selic rate, which is the Brazilian base interest rate.

Further denoting the economic recovery is the rebound seen in the equity offering market, where IPOs, follow-on and seasoned offerings made for the best year on record, placing the Brazilian equity offering market as the third largest worldwide by gross proceeds from offerings, in no small part due to the largest ever equity offering conducted by Brazil's oil and gas giant Petrobras.

Moreover, having previously completed our initial efforts to consolidate the integration of BM&F and Bovespa, the two formerly independent exchanges, we shifted our focus towards (i) enhancing our technology infrastructure through adoption of an investment program designed to support our future growth (ii) pursuing opportunities in international markets, in particular by strengthening our strategic partnership with the CME Group (iii) spurring growth in the equity offering market by increasing the number of listings, (iv) developing new products, and, in particular (v) investing in financial education and forming an investment-minded middle class so as to widen capital markets penetration, which in the long run should revert to us in the form of a broader investing public.

¹ Net income attributable to BM&FBOVESPA shareholders.

² EBITDA is Earnings before interest, taxes, depreciation and amortization.

³ EBITDA divided by net revenue.

Year ended December 31, 2009 compared with year ended December 31, 2008.

Year 2009 dawned in anxiety amid the uncertainties of a distressed economic environment, bleak projections for the global economic future, which redoubled at every turn of events, with every news headline or market development. This was the economic landscape that emerged from the worst global financial crisis since the 1930's, started in 2008.

As a result, the scenario that emerged early in 2009 after the financial crisis peaked was one of a severe credit crunch pointing to general deleveraging amidst a lively debate over the need for more stringent and efficient regulation for the financial and capital markets, strong contraction in the prices of commodities and financial assets, and governments across the board moving towards quantitative easing.

This combination of factors directly impacted performance in our markets. In the equities market (Bovespa segment), volumes tumbled due mainly to the falling prices of stocks prompted by bearish sentiments and risk aversion, whereas in the derivatives market (BM&F segment), hedging activities sank due mainly to the credit crunch, which coupled with general risk aversion and strong deleveraging significantly depressed volumes. This low-volume scenario prevailed for most of the first half of 2009.

As a result of these factors the average daily volume traded on derivatives markets (BM&F segment) gave back 3.3% year-over-year, while the average daily value traded on equities markets (Bovespa segment) tumbled 4.3% year-over-year when compared to 2008 averages, pushing a 6.2% decline in our gross revenues. However, given that we successfully implemented certain cost savings plan (as discussed below), net income for the year shot up 36.5% year-over-year, EBITDA climbed 6.7% and EBITDA Margin jumped to 64.9% from 57.0% one year earlier.

Despite the doom-and-gloom facing world economies however, and differently from developments in previous crises, Brazil reacted positively and was one of the few countries to emerge relatively unscathed from the crisis. While the level of economic activity did decrease, the country was less affected by the downturn than most other countries and the flow of foreign investments increased in strides in the second half of the year, pushing strong appreciation in the Brazilian real to U.S. dollar exchange rate.

An improved landscape in the latter half of the year and brighter prospects for the domestic economy positively impacted on the equities markets. The Bovespa Index soared in the highest rise on record, to rank the biggest gainer among securities markets across the world. The equity offering market rebounded to boom as the world's most active after China, having closing 2009 as our second best year on record in total proceeds, which made Brazil the 4th best performing country in terms of proceeds from IPOs, and 7th by overall offering proceeds, in addition to having hosted the country's largest IPO ever, conducted by Banco Santander Brasil. These movements were topped by a surging stock market, which in the fourth quarter reached the highest ever average daily trading value.

Meanwhile, in the BM&F segment, the market moves towards deleveraging continued to affect volumes traded negatively including in the second half of 2009.

b. Capital structure and likelihood of redemption of shares, including:

The Company's capital structure showed the following compositions: (i) On December 31, 2010 - 85.8% equity and 14.2% liabilities, (ii) On December 31, 2009 - 92.8% equity and 7.2% liabilities, (iii) On December 31, 2008 - 94.4% equity and 5.6% liabilities.

(In thousands of Reais)	2010	%	2009	%	2008	%
Current and non-current liabilities	3,214,927	14.2%	1,494,946	7.2%	1,138,365	5.6%
Shareholders' equity	19,419,048	85.8%	19,342,893	92.8%	19,291,724	94.4%
Total liabilities and shareholders' equity	22,633,975	100.0%	20,837,839	100.0%	20,430,089	100.0%

Out of the overall liabilities, there is a portion of onerous liability related mainly to the debt issued abroad on July 16, 2010 (see section 10.1.f of this Reference Form):

(In thousands of Reais)	2010	%	2009	%	2008	%
Total onerous liability	1,043,213	5.1%	11,790	0.1%	4,087	0.0%
Interes payable on debt issued abroad and loans	33,154		9,295		4,087	
Debt issued abroad and loans	1,010,059		2,495		-	
Shareholders' equity	19,419,048	94.9%	19,342,893	99.9%	19,291,724	100.0%
Total onerous liability and shareholders' equity	20,462,261	100.0%	19,354,683	100.0%	19,295,811	100.0%

According to data presented above, the Company presents conservative levels of leverage, considering overall liabilities (current liabilities and non-current liabilities) or just the onerous liabilities (debt and interest on debt).

- i. events of redemption**
- ii. redemption price calculation method**

Other than as legally provided, we are not contemplating any share redemption, nor any event that would trigger redemption rights.

c. Capacity to service the debt.

Net interest income for the year to December 2010 hit R\$298,024 thousand and was up 17.4% year-on-year. Interest revenues climbed to R\$354,806 thousand from R\$289,686 thousand one year ago, influenced by an increase in interest rates earned on financial investments the higher average cash invested. However, net interest income was negatively affected by an increase in interest expenses, which were up to R\$56,782 thousand from R\$35,824 thousand in the prior year due to the bond offering we completed in July 2010.

Comparatively, our net interest income for the year to December 2009 reached R\$253,862 thousand, as the result of interest revenues totaling R\$289,686 thousand (down 20.6% year-on-year from 2008, mainly due to decline in the average interest rate earned on financial investments) and R\$35,824 thousand in interest expenses (which were 39.2% down from one year earlier).

EBITDA for 2010 amounted to R\$1,315,046 thousand, a 34.9% rise over EBITDA for 2009, which amounted to R\$975,108 thousand, in a 6.7% rise from R\$913,493 thousand in 2008. The 2010 EBITDA Margin climbed 69.6% year-on-year, as compared with 64.9% and 57.0% in 2009 and 2008, respectively.

Net income for the year to December 2010, amounted to R\$1,144,561 thousand, climbing 29.9% year-on-year and is attributable mainly to our improved performance and a profit on equity method investment related to our ownership interest in the CME Group. In turn, net income for the year to December 2009 amounted to R\$881,050 thousand, up 36.5% year-on-year primarily due to reduction in expenses. This reduction included a 27.4% dive in expenses with data processing and 37.8% plunge in expenses with marketing and promotion, in each case pushed by our cost savings plan designed to capture synergies from the process of integrating BM&F and Bovespa, the two formerly independent exchanges. Additionally, in 2008 we incurred R\$19.6 million in expenses with the integration process, which have not recurred in 2009.

Our net debt closing balance at December 31, 2010, was a negative number (R\$2,392,132 thousand, negative) which compares with equally negative numbers in 2009 and 2008 (respectively R\$3,919,993 thousand and R\$2,988,600 thousand, negative), in each case denoting our low degree of financial leverage and very strong capacity to pay interest and repay principal.

In addition, cash and cash equivalents plus short- and long-term financial investments at December 31, 2010, totaled R\$3,435,345 thousand and accounted for 15.2% of total assets, whereas having amounted to R\$3,236,211 thousand to account for 15.3% of total assets in the prior year.

Given the nature of our available cash flows, which include our own financial resources as well as cash pledged as collateral by customers, our policy calls for lower-risk investing of cash balances, which we typically accomplish by seeking very conservative, highly liquid and safe investments, often by taking positions in Brazilian government bonds and debt-securities whose yield and coupon rates typically track the base rate (interbank deposit rates or the Selic rate), whether or not including a spread.

We therefore believe our Company is fully capable of servicing its debt both in the short- and long-term.

d. Sources of working capital and capital expenditure financing.

We finance working capital and capital expenditure requirements primarily from our operating cash flow, which is sufficient to support all of the former and most of the latter.

In certain cases we have also accessed the capital markets (by issuing global notes) and entered into lease agreements as an alternative to finance certain noncurrent assets. For additional information on the nature and characteristics of debt obligations, see the discussion under subsection 10.1(f) below.

e. Sources of working capital and capital expenditure financing that the company intends to use to cover liquidity deficiencies.

As previously noted, operating cash flow generated by us constitutes the primary source for funding our own working capital and capital expenditure requirements.

In addition, we may in certain cases consider alternative sources of funding, which include taking bank loans or accessing government financing programs or the domestic or international capital markets.

In any event, while there are no reasons to believe we could experience liquidity deficiencies, should there be any need for us to source additional funding in order to cover such deficiencies, we would benefit from investment grade ratings⁴ (foreign and local currency) recently assigned to us by Moody's Investors Service and Standard & Poor's in order to obtain financing through any of the aforementioned sources.

f. Indebtedness level and characteristics of existing debt obligations

On July 16, 2010 BM&FBOVESPA completed an offering of global senior unsecured notes priced at 99.635% of the aggregate principal nominal amount of US\$612,000 thousand, which after deducting underwriting discounts netted proceeds of US\$609,280 thousand (at the time equivalent to R\$1,075,323 thousand). The notes, which mature on July 16, 2020, were issued with interest coupon of 5.50% per annum payable every six months, in January and July. However, as computed to include the transaction expenses, in particular underwriting discounts, commissions paid to the arranging and structuring banks and other offering expenses, listing fees, legal fees, rating fees paid to Standard & Poor's and Moody's, and ongoing administration and custody expenses, the actual cost will represent a rate of 5.64% per annum. As translated into Brazilian *reais* and including accrued interest of R\$30,179 thousand, the balance of our debt under the global notes as of December 31, 2010, was R\$1,041,238 thousand. We used the offering proceeds to purchase additional interest in the shares of the CME Group effective July 16, 2010.

Starting from the notes' issue date, we have designated as hedging instrument that portion of the principal under the notes which correlates with changes in exchange rates in order to hedge the foreign currency risk affecting that portion of our investment in the CME Group Inc which correlates with the notional amount of US\$612 million (a hedging instrument in a hedge of net investment in a foreign operation, per Note 7 to our financial statements as of and for December 31, 2010). Accordingly, we have adopted net investment hedge accounting pursuant to accounting standard CPC-38 (*Financial Instruments: Recognition and Measurement*), for which purpose the hedging relationship has been formally designated and documented, including as to (i) risk management objective and strategy for undertaking the hedge, (ii) category of hedge, (iii) nature of the

⁴ Standard & Poor's – Counterparty credit rating of **BBB+** / Notes issue rating of **A2**; and Moody's – Issuer ratings of **A1** on the global scale and **Aaa.br** on the Brazilian national scale / Notes rating of **Baa2**.

risk being hedged, (iv) identification of the hedged item, (v) identification of the hedging instrument, (vi) evidence of the actual statistical relationship between hedging instrument and hedged item (retrospective effectiveness test) and (vii) a prospective effectiveness test.

Under CPC 38 (IAS 39) we are required to assess the hedge effectiveness periodically by conducting retrospective and prospective tests. On testing backward-looking effectiveness, we adopt the ratio analysis method, also called dollar offset method, as applied on a cumulative and spot-rate basis. In other words, this method compares changes in fair values of the hedging instrument and hedged item attributable to the hedged risk, as measured on a cumulative basis over a given period (from the hedge inception to the reporting date) using the foreign currency spot exchange rate as of each relevant date in order to determine the ratio of cumulative gain or loss on the notes' principal amount to cumulative gain or loss on the net investment in a foreign operation over the relevant period. And on testing forward-looking effectiveness, we adopt stress scenarios which we apply to the hedged variable in performing foreign currency sensitivity analysis to determine degree of sensitivity to changes in exchange rates.

We have tested the hedge effectiveness retrospectively and prospectively, having determined that at December 31, 2010, there was no realizable ineffectiveness. Moreover, at that date, the fair value of our debt under the notes, as determined based on market data, was R\$1,037,774 (Source: Bloomberg).

In addition to the funding transaction discussed above, BM&FBOVESPA has entered into borrowing transactions in the form of computer equipment finance leases. As of December 31, 2010, the balance of such leases totaled R\$2,975 thousand (versus R\$11,790 thousand at December 31, 2009; and R\$ 4,087 thousand at January 01, 2009). These finance leases are set to mature in April 2011.

The table below sets forth our principal total indebtedness indicators.

Indebtedness ratios	Year ended December 31,		
	2010	2009	2008
Total-Debt-to- EBITDA ratio	0.80	-	-
EBITDA-to-Interest Coverage ratio	40	-	-
Net Debt^(*) (in R\$ thousands)	(2,392,132)	(3,919,993)	(2,988,600)

(*) Net Debt = Remunerated Debt – (Cash and cash equivalents + Financial investments)

g. Restrictions on use of the proceeds of financing previously undertaken.

The indenture governing our issuance of senior unsecured notes includes certain limitations and requirements customary in similar transactions found on the international debt markets, which we believe will not restrict our normal operating and financial activities. Provisions containing such limitations and requirements include mainly the following:

- *Limitation on liens* – a provision limiting our and our subsidiaries' ability to secure debt by creating liens (other than certain permitted liens, as defined);
- *Limitation on sale and lease-back transactions;*
- *General liens basket* – a provision permitting us to undertake additional debt provided the sum of (a) the aggregate principal amount of all debt obligations secured by liens other than certain permitted liens (as defined), and (ii) debt attributable to all our and our subsidiary's sale and lease-back transactions (with certain exceptions), should not exceed 20% of our consolidated net tangible assets (as defined);
- *Limitation on mergers, consolidations or business combinations* – a provision restricting our ability to merge, consolidate or otherwise combine with any other person unless the resulting or surviving company assumes obligation to repay the principal and pay interest on the notes, and meets certain other requirements designed to ensure compliance with the terms and conditions of the indenture.

However, these limitations and requirements include a number of exceptions which are set forth in the indenture. For a comprehensive discussion of such limitations and requirements, and related exceptions, see the section "*Description of the Notes – Covenants*" of the Offering Memorandum for the Notes, and article IV of the notes' Indenture under the heading "*Covenants*".

h. Significant changes to line items of the financial reports.

Our consolidated financial statements as of and for December 31, 2010, and the comparative financial statements as of and for December 31, 2009, have been prepared and are presented in accordance with the accounting standards generally accepted in Brazil, observing the accounting guidelines provided by Brazilian Corporate Law (Law No.6,404/76, as amended and including the provisions introduced by Law No. 11,638/07 and Law No. 11,941/09), as supplemented by new accounting standards, implementation guidance and interpretations issued by the Brazilian Accounting Standards Board (*Comitê de Pronunciamentos Contábeis*), or CPC, approved for promulgation pursuant to resolutions of the Brazilian Federal Council of Accounting (*Conselho Federal de Contabilidade*), or CFC, and the rules promulgated by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or Brazilian Securities Commission.

These accounting standards, implementation guidance and interpretations, whose primary objective is the convergence between the accounting practices previously adopted in Brazil and the International Financial Reporting Standards, or IFRS, adopted by the International Accounting Standards Board, or IASB, were issued over the course of 2009 and are effective for compulsory adoption from January 1, 2010, and include, for comparability purposes, a requirement for presentation of financial statements revised and adjusted for retrospective application of international financial accounting standards.

Earlier, up to and including the six-month period ended June 30, 2010, we prepared and presented financial information according to previously prevailing Brazilian accounting standards, which included the accounting guidelines mandated by Brazilian Corporate Law, as amended to include the accounting guidelines introduced by Law No. 11,638/07 and Law No. 11,941/09, and supplemented by CPC accounting standards, implementation guidance and interpretations (CPC 01 through CPC 14) approved and promulgated by the CFC and the CVM before December 31, 2008.

Now, pursuant to CVM Resolution 609/09, which promulgated accounting standard CPC 37 (*First-time Adoption of International Financial Reporting Standards*) and CVM Resolution 610/09, which promulgated accounting standard CPC 43 (*First-time Adoption of Brazilian Accounting Standards CPC 15 to 40*), in preparing and presenting our consolidated financial statements as of and for December 31, 2010, and the comparative financial statements as of and for December 31, 2009, we have adopted the international financial reporting standards (IFRS) and changed accounting practices accordingly, on a retrospective basis, starting from January 1, 2009 (the date for transition to IFRSs).

Additionally, for clearer presentation of our consolidated financial information, in 2010 we reclassified certain line items within the revenues group, with no impact on net income, shareholders' equity or cash flows. However, these changes are not incorporated into our financial information for the years ended December 31, 2009 and 2008, thus allowing for limited comparability only. For additional information on accounting reclassification, see Note 2 to our financial statements as of and for September 30, 2010.

STATEMENTS OF INCOME

Year ended December 31, 2010 compared with year ended December 31, 2009

Gross operating revenues

Gross operating revenues of R\$2,102.554 thousand in 2010 were up 25.7% from R\$1,672.894 thousand in 2009 primarily due to the recovery in volumes traded on both stock and derivatives markets, which climbed 22.7% and 64.7%, respectively.

Trading and/or settlement system – BM&F segment

Revenues from trading and settlement fees derived in the BM&F segment totaling R\$722.065 thousand accounted for 34.3% of total gross revenues, having soared 35.2% year-on-year from R\$534,189 thousand in the prior year due primarily to the following factors:

Derivatives

Revenues from fees charged on trades in derivatives went up 36.7% to R\$701,545 thousand from R\$513,185 thousand in the prior year, due primarily to a 64.7% year-on-year upsurge in volumes traded, which however was not captured in full due to a 16.9% drop in average rate per contract (RPC).

Forex

Revenues from fees charged on spot currency trades went down 2.0% year-on-year, to R\$20,427 thousand from R\$20,849 thousand earlier, due mainly to the appreciation of the Brazilian real against the U.S. dollar.

Government bonds and securities

Revenues from fees charged on transactions in government bonds and debt securities dropped 40.0% year-on-year, to R\$93 thousand from R\$155 thousand previously. Despite a mere 1.6% drop in volumes traded, the mix of transactions resulted in lower revenues in particular on account of repo transactions, for which we charge lower fees when compared to other types of transactions, explaining the fall in revenues for this line item.

Trading and/or settlement system – Bovespa segment

Revenues from trading and settlement fees derived in the Bovespa segment climbed 25.3% year-on-year and amounted to R\$1,049,300 thousand, accounting for 49.9% of total gross revenues, versus R\$837,326 thousand in the prior year, due mainly to the following factors:

Trading Fees – trading systems

This revenue line item went up 21.8% year-on-year, to R\$737,074 thousand from R\$605,244 thousand earlier, reflecting a 22.7% surge in total value traded in the year. However this growth in revenues from trading fees was somewhat curbed by a drop in margin attributable to the mix of investors more actively trading in the period, which included increased trading activities (and value traded) by domestic institutional investors, which are charged lower average fee rates.

Transaction fees – clearing and settlements systems

Revenues from fees charged by our equities clearing house on clearing and settlement transactions related to trades carried out in the Bovespa segment went up 22.6% year-on-year, to R\$254,904 thousand from R\$207,914 thousand previously, which is explained by the same factors discussed above.

Other trading or settlement fees

Revenues from other trading or settlement fees derived in the segment soared 137.2% year-on-year, to R\$57,322 thousand from R\$24,168 thousand in the earlier year primarily due to the increase in number of equity offerings and the massive Petrobras offering, from which we derived settlement revenues of R\$47,394 thousand, as compared with R\$14,228 thousand one year ago.

Other operating revenues

Other operating revenues climbed 9.9% to R\$333,189 thousand from R\$331,189 thousand in the prior year. This increase is attributable to the following factors:

Securities lending services

Revenues from securities lending services amounting to R\$49,443 thousand went up 49.9% from R\$32,989 thousand in the prior year due mainly to a 61.5% upsurge in the average financial value of open interest positions, which rose to R\$20.5 billion from R\$12.7 billion one year earlier.

Listing fees

Revenues from listing fees amounting to R\$44,392 thousand went up 12.2% year-on-year from R\$39,549 thousand earlier due mainly to the revenues from offering registration application fees, which soared 83.6% year-on-year, the revenues from listing annuities, which went up 7.5% from the prior year; and a reduction in discounts previously granted on listing annuities.

Depository, custody, back office services

This line item climbed 22.3% year-on-year, to R\$88,263 thousand from R\$72,167 thousand earlier. Revenues derived from the operations of our central securities depository rose 18.4%, to R\$69,169 thousand from R\$58,404 thousand in the prior year primarily on account of a 10.3% rise in average number of custody accounts (610.8 thousand in 2010 versus 553.7 thousand one year ago) and 25.8% lift in average financial value of assets under custody (R\$472.6 billion versus R\$375.6 billion in the prior year), not including custody of ADRs and custody services provided to foreign investors.

Participant access fees

We charge access fees from market participants acquiring trading and other rights for access to our markets. Revenues from access fees charged from market participants climbed 4.7% year-on-year, to R\$48,234 thousand from R\$46,051 thousand previously, mainly as a result of the increase in volumes traded in the segment.

Market data sales – vendors

Revenues from market data sales rose 4.6% year-on-year to R\$67,629 thousand from R\$64,650 thousand due mainly to a 4.0% growth in number of customer terminals.

Commodity grading fees

Revenues from grading fees fell 9.4% year-on-year, to R\$3,898 thousand from R\$4,304 thousand one year ago due mainly to the lower volume of coffee samples tested at our laboratories.

Brazilian Commodities Exchange (Bolsa Brasileira de Mercadorias)

Revenues from transaction fees charged on the trading of agricultural commodities on the exchange operated through the Brazilian Commodities Exchange declined 20.7% year-on-year, to R\$5,669 thousand from R\$7,146 thousand earlier, as a result of the lower number of subsidized coffee and cotton contracts auctioned by government-controlled Brazilian Supplies Company (*Companhia Nacional de Abastecimento*), or CONAB, as part of the Brazilian government's agricultural policy for certain commodities.

Settlement Bank

The revenues from fees charged by BM&FBOVESPA Settlement Bank fell 3.0% year-on-year, to R\$8,043 thousand from R\$8,290 thousand one year ago. However, no item under this revenue line presented meaningful change from the prior year.

Other

Other revenues dropped 40.5% year-on-year, to R\$15,618 thousand from R\$26,233 thousand previously, mainly because we no longer report dividends received from the CME Group under this line item, since starting from July 2010 our investment in shares of the CME Group is accounted for under the equity method of accounting. In addition, in 2009 we reported revenues from a Campos do Jordão congress organized by us, which are not annually recurring as these congresses take place every two years.

Deductions from revenue

Deductions from revenue totaled R\$212,797 thousand from R\$170,350 thousand one year ago, a 24.9% climb consistent with the increase in gross operating revenues for the year.

Net operating revenue

As a result of the changes in revenue line items discussed above, net operating income amounted to R\$1,889,757 thousand, up 25.8% from R\$1,502,544 thousand in the prior year.

Operating expenses

Operating expenses totaled R\$633.504 thousand, climbing 11.2% year-on-year from R\$569,832 thousand earlier. The principal changes in expense line items were the following:

Personnel and related expenses

Expenses with personnel and related expenses of R\$290,107 thousand increased slight 0.1% year-on-year, and were virtually unchanged from R\$289,806 thousand one year ago. This movement is explained by the following factors: an August 2010 salary increase required under the existing collective bargaining agreement, which represented a 6% increase in payroll; and a 12.3% year-on-year climb in headcount, in line with our growth strategy, such that most new hirings occurred in technology area and the business development department. Expenses with the stock options plan in turn dropped 48.1% year-on-year, to R\$30.9 million from R\$59.6 million one year ago. In addition, in 2009, personnel expenses were impacted by first-quarter severance payments in the aggregate of R\$18.0 million due to terminations on account of the functional restructuring process.

Data processing

Data processing expenses totaling R\$101,690 million were substantially flat (0.9% drop) from R\$102,596 thousand in the prior year. The slight drop is due to the increase in time billed by outsourced providers in connection with certain capital expenditure projects (which costs are allocated to the relevant projects), counterbalanced by rent payments, starting from July 2010, for the premises at which our new backup data center is located.

Depreciation and amortization

The expenses with depreciation and amortization went up 29.3% year-on-year, to R\$54,818 thousand from R\$42,396 thousand one year ago, primarily as a result of a 51.7% increase in property and equipment over the year.

Outsourced services

Expenses with outsourced services went up 5.7% year-on-year, to R\$48,102 thousand from R\$45,495 thousand previously, primarily as a result of legal fees paid in connection with international partnership agreements we entered into over the year.

Communications

Expenses with communications rose 10.2% year-on-year to R\$25.819 thousand from R\$23,428 thousand in the prior year, due mainly to increase in number of trades on Bovespa markets, as the Exchange sends investors, by mail, execution confirmation notices for their transactions and custody account statements.

Marketing and promotion

Marketing and promotion expenses reached R\$42,376 thousand soaring 116.7% year-on-year from R\$19,555 thousand one year ago, primarily as a result of redoubled financial education initiatives and marketing campaigns, in particular those that are designed to attract prospective retail investors.

Taxes

Expenses with taxes paid by us soared 450.3% year-on-year to R\$12,784 thousand from R\$2,323 thousand one year ago, primarily as a result of taxation related to our share of dividends paid by the CME Group.

Profit (loss) on equity method investments

Starting from the third quarter of 2010, when we increased to 5.0% our ownership interest in shares of the CME Group, we now account for this investment under the equity method of accounting and recognize gains and losses through profit or loss (in the statement of income). For the year ended December 31, 2010, we recognized a profit on the investment amounting to R\$38,238 thousand.

Interest income, net

Net interest income of R\$298,024 thousand climbed 17.4% year-on-year, from R\$253,862 mil one year ago. Interest revenues for the year increased to R\$354,806 thousand from R\$289,686 thousand in the prior year, influenced by the rising interest rates earned on financial investments and higher average cash invested. In turn, net interest income was influenced by an increase in interest expenses for the year, which shot to R\$56,782 thousand from R\$35,824 thousand in the prior year due to the bond offering we completed in July 2010.

Income before taxation on profit

Income before taxation on profit climbed 34.2% year-on-year, to R\$1,592,515 thousand from R\$1,186,574 thousand one year ago, and correlates primarily with the degree of operating leverage, evidenced by proportionally higher revenues as compared to the increase in expenses.

Income tax and social contribution

Income tax and social contribution for the year totaled R\$448,029 thousand, up 47.1% from R\$304,505 thousand in the prior year, as follows:

- The line item for current income tax and social contribution registered an expense of R\$5,408 thousand at December 31, 2010, as compared to revenue of R\$32,085 thousand in the prior year.
- The line item for deferred income tax and social contribution registered an expense R\$442,621 thousand at December 31, 2010, as compared to expense of R\$336,590 thousand at December 31, 2009, rising 31.5%. This line item substantially correlates with deferred tax liabilities related to temporary differences from amortization of goodwill for tax purposes, with no impact on cash flow and amounting to R\$445.155 thousand at December 31, 2010 versus R\$333,917 thousand in the prior year.

Net income for the year

Net income for the year increased 29.8% year-on-year to R\$1,144,486 thousand at December 31, 2010, from R\$882,069 thousand in the earlier year.

Net income attributable to BM&FBOVESPA shareholders

Net income attributable to BM&FBOVESPA shareholders went up 29.9% year-on-year, to R\$1,144,561 thousand from R\$881,050 thousand one year ago, primarily due to the 25.7% increase in gross revenues, 17.4% rise in net income interest and a R\$38,238 thousand profit on equity method investment, which we now recognize in the income statement.

Net income attributable to non-controlling interests

Non-controlling interests relate to interest attributable to other members in our subsidiaries Brazilian Commodities Exchange (*Bolsa Brasileira de Mercadorias*) and Rio de Janeiro Stock Exchange (*Bolsa de Valores do Rio de Janeiro*), whose financial statements are combined in our consolidated financial statements despite not being wholly-owned subsidiaries. The share attributable to non-controlling interests totaled loss of R\$75.0 thousand at December 31, 2010, versus profit of R\$1,019 thousand in the prior year.

MAIN LINE ITEMS OF THE BALANCE SHEET STATEMENT

Year ended December 31, 2010 compared with year ended December 31, 2009

Current assets

Current assets at December 31, 2010, fell 26.6% year-on-year to R\$2,547,589 thousand (11.3% of total assets) from R\$3,468,852 thousand one year ago (16.6% of total assets).

Cash and cash equivalents; financial investments

Cash and cash equivalents comprise cash on hand and demand deposits, in addition to short- and long-term liquid investments with prime banks and in financial investment funds, government bonds and other financial assets. As of December 31, 2010, cash and cash equivalents and financial investments amounted to an aggregate of R\$3,435,345 thousand, which accounted for 15.2% of our total assets at that date, and

represented decline of 12.6% from R\$3,391,783 thousand one year ago, when they accounted for 18.9% of total assets.

The primary factor justifying this fall in total cash and cash equivalents and financial investments was the account reclassification of our now larger investment in shares of the CME Group, currently accounted for as equity method investment under the investments line item (investment in associate) at R\$695,572 thousand as of December 31, 2010.

Accounts receivable, net

Accounts receivable largely comprise trading and transactions and other fees receivable from customers, and market data transmission fees receivable from vendors. Accounts receivable rose 27.8% year-on-year to R\$51,399 thousand from R\$40,205 thousand in the prior year, mainly as a result of 46.7% rise in trading fees receivable in line with the increase in volumes traded, and a 69.4% climb in depositary and custody service fees receivable.

Deferred income tax and social contribution

Deferred income tax and social contribution dropped by 80.7% year-on-year to R\$54,687 thousand from R\$283,824 thousand previously. Deferred tax assets of R\$237,283 thousand were originally recorded in December 2008 for recognition of impairment loss on the carrying value of our investment in shares of the CME Group, than classified as available-for-sale. Following our acquisition of additional ownership interest in the CME Group in July 2010, the aggregate of this investment was reclassified as investment in associate under noncurrent assets, with which both the impairment loss and related deferred tax asset were fully reversed against retained earnings.

Noncurrent assets

Noncurrent assets climbed 15.6% year-on-year to R\$20,086,386 thousand (88.7% of total assets) from R\$17,368,987 thousand one year ago (83.4% of total assets). Set forth below is a brief discussion of the main changes to line items under noncurrent assets not previously discussed.

Judicial deposits

Judicial deposits totaled R\$92,378 thousand at December 31, 2010, rising 8.8% year-on-year from R\$84,895 thousand in the prior year due to additional collateral pledged to the courts in connection with ongoing litigation cases.

Investments

Investments substantially consist of investment in associate and relate to ownership interest we hold in shares of the CME Group recorded at R\$2,248,325 thousand. In July 2010, after we increased our overall equity interest in CME shares to 5% (from 1.8% previously) the investment, which we previously recorded as available-for-sale financial investment, was reclassified as investment in associate and accounted for under the equity method of accounting.

Property and equipment

Property and equipment climbed 51.7% year-on-year to R\$367,134 thousand, representing 1.6% of total assets at December 31, 2010, from R\$241,939 thousand earlier, when it accounted for 1.6% of total assets. This rise is due mainly to capital expenditures involving technology improvements and acquisition of new computer equipment and IT facilities.

Intangible assets

Intangible assets went up slightly by 0.5% year-on-year to R\$16,215,903 thousand R\$16,215,903 thousand previously. Intangible assets consist of (i) goodwill, which kept a steady line at R\$16,064,309 thousand by year-end in each year, and accounted for 71.0% and 77.1% of total assets as of December 31, 2010 and 2009, respectively; and (ii) software and projects, which went up 136.8% to R\$151,594 thousand in 2010 from R\$64,023 thousand one year ago due mainly to acquisition, implementation and development of new software and systems.

Current liabilities

Current liabilities rose 24.0% to R\$1,416,204 thousand at December 31, 2010 (6.3% of total liabilities) from R\$1,142,074 thousand one year earlier (5.5% of total liabilities). Set forth below is a brief description of the main changes to line items under current liabilities.

Collaterals for transactions

Collaterals for transactions which at end of year amounted to R\$954,605 thousand (4.2% of total liabilities) jumped 17.8% when compared to R\$810,317 thousand one year ago (3.9% of total liabilities). This change is due to increase in cash collateral pledged as margin by participants and correlates with the 2010 surge in number of transactions within the scope of our clearing houses and central securities depository.

Noncurrent liabilities

Noncurrent liabilities in the amount to R\$1,798,723 thousand at December 31, 2010 (7.9% of total liabilities) soared 409.7% when compared to R\$352,872 thousand in the prior year (1.7% of total liabilities). This change is due primarily to debt we undertook with our bond offering and to our having recognized deferred income tax and social contribution amounting to R\$257,216 thousand at year-end, as resulting from temporary differences between the tax base of goodwill and its balance sheet carrying value.

Loans and financing

Loans and financing amounted to R\$1,010,059 thousand at December 31, 2010, as compared to R\$2,495 thousand one year ago, primarily on account of debt we undertook from issuing global senior notes abroad under a bond offering completed on July 16, 2010, as funding for our acquisition of additional ownership interest in the shares of the CME Group, which investment currently represents 5.0% of the CME shares (up from 1.8% previously). For additional information on this acquisition, see subsection 10.1(f) of this form.

Shareholders' equity

Shareholders' equity rose by 0.4% year-on-year to R\$19,419,048 thousand (85.8% of total liabilities) from R\$19,342,893 thousand in the prior year (92.8% of total liabilities). This slight increase resulted from incremental allocation to our statutory reserve (under the 'revenue reserve' line item) for the funding of safeguard mechanisms and guarantee funds we keep in connection with clearing and settlement activities, as required under our bylaws, which was counterbalanced by an increase in the 'treasury shares' line item attributable to implementation of our share buyback program.

STATEMENTS OF INCOME

Year ended December 31, 2009 compared with year ended December 31, 2008

Gross operating revenues

Gross operating revenues in the amount of R\$1,672,894 thousand for the year to December 31, 2009, declined 6.2% from R\$1,783,358 thousand one year ago, primarily as a result of a 4.3% fall in volumes traded on the equities markets and a 3.3% drop in volumes for the derivatives markets, in either case due to factors correlated with the global financial crisis which peaked in 2008 but continued to adversely affect the capital markets primarily in the first half of 2009.

Trading and/or settlement system – BM&F segment

Revenues from transaction fees we charge on trading and clearing activities on the derivatives markets (BM&F segment) tumbled 12.9% to R\$552,492 thousand at year-end from R\$634,230 thousand in the prior year. This decrease correlates mainly with the following items:

Derivatives

Revenues from fees charged on derivatives trading and clearing transactions (derivatives clearing house) fell 14.2% year-on-year, to R\$516,052 thousand for the year from R\$601,275 thousand previously, as a result of the 3.3% decline in volume traded in derivatives contracts and 10.3% slump in average revenue per contract (RPC).

Forex

Revenues from fees charged on forex trading and clearing transactions (foreign exchange clearing house) tossed 2.1% year-on-year, to R\$20,849 thousand for the year from R\$21,302 thousand in the earlier year, due mainly to appreciation of the Brazilian real against the U.S. dollar.

Government bonds and securities

The revenues from fees charged on trades in government bonds and debt securities, and on clearing transactions (debt securities clearing house) sank 53.0% year-on-year, to R\$155 thousand at end of year from R\$330 thousand the year before, as a result of the 76.9% plunge in volume traded.

Brazilian Commodities Exchange (Bolsa Brasileira de Mercadorias)

Revenues from trades in agricultural commodities on the exchange operated through the Brazilian Commodities Exchange fell 9.1% year-on-year, to R\$7,146 thousand for the year from R\$7,865 thousand in the year before, due to the fall in volume traded in agricultural notes.

Settlement bank

Revenues from the operations of BM&FBOVESPA's settlement bank increased by 139.7% year-on-year, to R\$8,290 thousand at end of year from R\$3,458 thousand previously, as a result of the rise in volume of services sold.

Trading and/or settlement system – Bovespa segment

Revenues from trading and transaction fees we charge on trading and clearing activities in the equities markets (Bovespa segment) fell 2.2% year-on-year, to R\$1,032,201 thousand for the year from R\$1,055,028 thousand one year earlier. This drop correlates mainly with the following items:

Trading Fees – trading systems

Revenues from fees charged on trading in equities tossed 2.2% year-on-year, at R\$617,000 thousand at year-end from R\$635,091 thousand one year ago, reflecting the 4.3% decline in volumes traded on the equities markets.

Transaction fees – clearing and settlements systems

Revenues from fees charged on clearing and settlement transactions tumbled 10.5% year-on-year, to R\$232,166 thousand at the close of year from R\$259,355 thousand in the year before, also the 4.3% decline in volumes traded on the equities markets and due to a change in our pricing policy.

Securities lending services

Revenues from securities lending services operated by our depository facility (known as BTC) fell 32.0% year-on-year, to R\$48,528 thousand for the year from R\$32,989 thousand in the prior year, due to a slump in the volume of securities lending.

Listing fees

Revenues from listing fees we charge on securities listings climbed 32.8% year-on-year to R\$39,549 thousand from R\$29,776 thousand in the previous year, mainly due to implementation of a new price schedule for listings of securities which we adopted in January 2009, gradually terminating discounts we had been granting in the last few years to promote listings in our special corporate governance trading segments.

Depository, custody and back office services

Revenues from fees charges for depository, custody and back-office services increased by 12.3% year-on-year, to R\$62,523 thousand at year-end from R\$70,231 thousand in the earlier year, primarily as a result of a 3.1% increase in the number of custody accounts, and to implementation of our new pricing policy as of May 2009, which adopted a custody fee by volume deposited with the depository facility.

Participant access fees

We charge access fees from market participants acquiring trading and other rights for access to our markets. The revenues from access fees soared 103.8% year-on-year to R\$40,266 thousand from R\$19,755 thousand one year ago due primarily to the new policy for access to our markets which we adopted in January 2009.

Other operating revenues

Other operating revenues decreased 6.3% year-over-year to R\$88,201 thousand from R\$94,100 thousand in the previous year. This drop correlates mainly with the following items:

Market data sales - vendors

Revenues from distribution and sale of market data comprising quotations and other market information were up 33.1% year-on-year to R\$57,691 thousand from R\$43,359 thousand the year before, as a result of our new pricing policy for these services implemented as of April 2009.

Commodity grading fees

Revenues from fees we charge for grading commodities have climbed 21.8% year-over-year, to R\$4,304 thousand at end of year from R\$3,535 thousand in the prior year, due mainly to increase in the volume to cotton bags graded at our testing facilities.

Other

Other revenues dropped 44.5% year-on-year, to R\$26,206 thousand at end of year from R\$47,206 thousand in the earlier year, due primarily to lower than average dividends paid to us by the CME Group, and to the reversal of provisions recorded in previous years.

Deductions from revenue

Deductions from revenue decreased by 6.1% to R\$170,350 thousand at end of year from R\$181,347 thousand previously, which is consistent with the fall in gross operating revenues.

Net operating revenue

As a result of the year-over-year changes in revenues discussed above, net operating revenue fell 6.2% to R\$1,502,544 thousand for the year versus R\$1,602,011 thousand one year ago.

Operating expenses

Operating expenses tumbled 21.3% year-on-year to R\$569,832 thousand from R\$723,658 thousand one year ago, due primarily to the synergy identification plan we established in connection with the integration of BM&F S.A. and Bovespa Holding S.A., and implemented with the aim of capturing synergy savings by eliminating duplicate work and through action related to the items discussed below.

Personnel and related expenses

Expenses with personnel and related charges increased by 17.2% year-on-year to R\$289,806 thousand from R\$247,349 thousand in the previous year, due primarily to increase in expenses for the year with stock options granted to key management personnel 2009, which reached R\$59,634 thousand versus R\$26,359 thousand in the year before.

Data processing

Data processing expenses dropped 27.4% year-on-year to R\$102,596 thousand from R\$141,282 thousand in the prior year, due primarily to synergy savings captured from the integration process (Bovespa and BM&F).

Depreciation and amortization

Expenses with depreciation and amortization increased by 20.6% year-on-year to R\$42,396 thousand from R\$35,140 thousand one year earlier, due primarily to acquisitions in the asset group of computer equipment and IT facilities.

Outsourced services

Expenses with outsourced services remained virtually unchanged with slight rise of 3.3%, to R\$45,495 thousand for the year versus R\$44,043 thousand the year before. The synergy savings we had captured in connection with this line item were more than cancelled out by expenses with outsourced services related to specific and strategic projects, in particular in the quarter to December 2009 when ongoing projects included, among other things, some of the magnitude of the partnerships with the CME Group and Nasdaq OMX, and the operating qualification program (PQO) for brokerage firms.

General maintenance

Expenses with general maintenance dropped by 18.7% year-on-year to R\$11,007 thousand from R\$13,536 thousand in the earlier year, due to synergy savings captured from the integration process (Bovespa and BM&F).

Communications

Expenses with communications were up 25.1% year-on-year to R\$23,428 thousand from R\$18,721 thousand in the prior year, due mainly to increase in volume traded on Bovespa segment, as the exchange sends notices of trade execution by mail addressed to the investors, for confirmation of the transactions.

Rents

Expenses with rents incurred in the year to December 31, 2009, dropped 30.3% to R\$3,032 thousand from R\$4,351 thousand one year ago, due to synergy savings captured from the integration process (Bovespa and BM&F).

Supplies

Expenses with supplies fell 30.8% year-on-year to R\$2,510 thousand from R\$3,629 thousand one year ago, due to synergy savings captured from the integration process (Bovespa and BM&F).

Marketing and promotion

Expenses with promotion and marketing declined 37.8% year-on-year to R\$19,555 thousand from R\$31,446 thousand the year before, due to synergy savings captured from the integration process (Bovespa and BM&F).

Taxes

Expenses with taxes paid by us increased by 40.4% year-on-year to R\$2,323 thousand from R\$1,655 thousand one year ago, primarily due to taxes charged on remittances abroad for payment of outsourced services related to certain specific and strategic projects of ours.

Directors' compensation

Expenses with remuneration paid to directors in the year to December 31, 2009, dropped 43.0% year-on-year to R\$5,252 thousand from R\$9,219 thousand in the earlier year. This decline is due to the existence of two exchanges and two different boards prior to the May 2008 integration process that combined Bovespa and BM&F into BM&FBOVESPA, and due also to the fact that the members of both boards continued to provide services to our Company for a few more months during the transition period towards our consolidation.

Integration expenses

Expenses with the integration process amounted to R\$129,576 thousand in the year ended December 31, 2008, and did not recur in the year to December 31, 2009.

Sundry

Sundry expenses dropped 48.7% year-on-year to R\$22,432 thousand from R\$43,711 thousand one year earlier, due to synergy savings captured from the integration process (Bovespa and BM&F).

Goodwill amortization

The expenses with amortization of goodwill which in the year to December 31, 2008, amounted to R\$324,421 thousand collapsed to R\$0 (naught) in the year to December 31, 2009, due to the change in the accounting standard determining the accounting treatment of goodwill, as under certain CPC pronouncements issued in 2008, starting from January 1, 2009, goodwill is no longer subject to amortization recognized in the income statement.

Interest income, net

Net interest income for the year ended December 31, 2009, dropped 17.0% to R\$305,972 thousand from R\$ 253,862 thousand in the prior year, due mainly to the decline of the base interest rates (interbank deposit rate and Selic rate) that remunerate our financial investments.

Income before taxes

Income before taxes increased by 38.0% to R\$1,186,574 thousand for the year from R\$859,904 thousand a year ago, and correlates mainly with the 21.3% decrease in operating expenses and the change in the accounting standard that determines the accounting treatment of goodwill, as previously discussed.

Income tax and social contribution

Income tax and social contribution for the year increased 43.1% and represented an expense of R\$304,505 thousand at end of year, as compared to R\$212,741 thousand one year earlier as follows:

- The line item for current income tax and social contribution, which at December 31, 2008, registered an expense of R\$331,879 thousand, at December 31, 2009, registered revenue of R\$32,085 thousand.
- The line item for deferred income tax and social contribution, which at December 31, 2008, registered a revenue of R\$119,138 thousand, at December 31, 2009, registered an expense of R\$336,590 thousand.

After Bovespa Holding S.A. merged with BM&F S.A. in November 2008, the goodwill came to be deductible for purposes of income tax and social contribution on net income. As a result, starting from December 2008 we took advantage of the tax benefit, such that the portion of goodwill which had been amortized but not taken as a deduction gave rise to income tax and social contribution credits recorded as tax assets in the amount of R\$76,702 thousand. In addition to recording tax assets from amortized goodwill, we recorded tax assets for tax losses in the amount of R\$35,036 thousand.

Deferred income tax and social contribution liabilities as of December 31, 2009, derived from recognition of the temporary difference between the tax base of goodwill and its balance sheet carrying value, considering that while goodwill continued to be amortized for tax purposes, starting from January 1, 2009, goodwill is no longer amortized for accounting purposes, thus resulting in a goodwill tax base that is lower than its carrying value. As of December 31, 2009, the total deferred tax liabilities related to amortization of goodwill for tax purposes was R\$333,917 thousand.

In the second quarter of 2009, we recognized income tax and social contribution credits in the amount of R\$35,503 thousand, as related to tax losses and negative tax base of social contribution of the former Bovespa Holding, which had not been used at the time of the merger of Bovespa Holding due to the supposed deductibility limitation set at 30% of adjusted net income. We revisited this procedure in the second quarter of 2009, based on opinions from our internal and external legal advisers, and the understanding that this limitation is not applicable in the event of a merger of the investee given that in this case there is no continuity and the investee ceases to exist, such that the purported limitation on deductibility is removed and the tax losses may be used in full. As a result, the Company has recorded the tax credits previously mentioned.

Minority interests

Minority interests refer to those portions of our subsidiaries Brazilian Commodities Exchange (*Bolsa Brasileira de Mercadorias*) and Rio de Janeiro Stock Exchange (*Bolsa de Valores do Rio de Janeiro*) consolidated in our financial statements, which are not owned by us. Minority interests amounted to R\$1,019 thousand in the year to December 31, 2009, versus R\$1,567 thousand the year before, a 35.0% decrease.

Net income for the year

Net income for the year of R\$881,050 thousand surged 36.5% year-over-year from R\$645,596 thousand one year ago. This rise is due primarily to the 21.3% reduction in operating expenses and expenses from the change in the accounting standard determining the accounting treatment of goodwill, which were only partially counterbalanced by the 43.1% increase in the 'income tax and social contribution' line item, resulting from recognition of deferred tax liabilities.

MAIN LINE ITEMS OF THE BALANCE SHEET STATEMENT

Year ended December 31, 2009 compared with year ended December 31, 2008

Current assets

Current assets as of December 31, 2009, increased 41.4% year-on-year to R\$2,778,968 thousand (13.1% of total assets) from R\$1,965,461 thousand one year earlier (9.6% of total assets). The main changes to current assets were the following:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short- and long-term, liquid investments through prime banks, financial investment funds, government bonds and so forth. As of December 31, 2009, cash and cash equivalents and financial investments amounted to an aggregate of R\$3,236,211 thousand, which accounted for 15.3% of our total assets at that date, and represented increase of 34.0% over R\$2,414,241 thousand one year ago, when they accounted for 11.8% of our total assets. This increase in cash and cash equivalents and financial investments was pushed by the higher volume of cash collaterals deposited by market participants as margin for transactions, which in turn was driven by the soaring volume of trades on the equities markets in the quarter to December 2009, versus the same quarter one year earlier. The collaterals are included in current assets and in current liabilities.

Accounts receivable, net

Accounts receivable largely comprise trading and transactions and other fees receivable from customers, and market data transmission fees receivable from vendors. Accounts receivable dropped by 61.8% year-over-year, to R\$40,205 thousand from R\$105,169 thousand in the prior year. This fall is attributable to change in the due date for payment of most trading and transaction fees charged in the equities markets, which starting from October 1, 2009, we collect as of the third business day after the trade date, whereas previously these fees would be paid up to two months after the trade date.

Deferred income tax and social contribution

Deferred income tax and social contribution recorded under both current and noncurrent assets were reduced by 61.9% year-on-year, from R\$122,070 thousand in the prior year to R\$46,541 thousand as of December 31, 2009. This decrease resulted from a change in the accounting standard related to the accounting treatment of goodwill amortization, according to which we now recognize a deferred tax liability on tax amortizations of goodwill. The balance of deferred tax assets recorded one year ago (in the amount of R\$76,702 thousand) was reclassified as a liability in 2009, thus representing the net amount of tax credit attributable to goodwill.

Noncurrent assets

Noncurrent assets were substantially unchanged, with slight drop of 0.2% to R\$18,422,215 thousand as of December 31, 2009 (86.9% of total assets) from R\$18,464,628 thousand one year ago (90.4% of total assets). Other than previously explained, the main changes to noncurrent assets were the following:

Judicial deposits

Judicial deposits totaled R\$84,895 thousand at end of year, a 9.6% decline as compared to R\$93,885 thousand in the prior year. This drop correlates mainly with deposits withdrawn from court in 2009.

Other investments

Other investments which at end of year amounted to R\$1,319,439 thousand, representing 6.2% of total assets, kept a steady line from the year before when it totaled R\$1,318,282 thousand representing 6.5% of total assets. This line item correlates primarily with our ownership interest in the CME Group recorded at R\$1,276,199 thousand. In 2010 this investment will be reclassified pursuant to the standard provided by technical pronouncement CPC 38, as discussed in item 10.4.b below.

Property and equipment

Property and equipment climbed 8.5% to R\$268,895 thousand at end of year, representing 1.3% of total assets, from R\$247,850 thousand one year earlier when it represented 1.2% of total assets, mainly as a result of increase in computer equipment and IT facilities.

Intangible assets

Intangible assets went up slightly by 0.2% year-on-year to R\$16,117,930 thousand from R\$16,089,633 thousand previously. Intangible assets comprise (i) goodwill, which kept a steady line at R\$16,064,309 thousand at end of year in either year, and represented 75.8% and 78.6% of total assets as of December 31, 2009 and 2008, respectively; and (ii) software and projects, which went up 111.7% to R\$53,621 thousand at end of year from R\$25,324 thousand one year ago, due mainly to acquisition, implementation and development of new software and systems.

Current liabilities

Current liabilities rose 8.0% to R\$1,162,075 thousand as of December 31, 2009 (5.5% of total liabilities) from R\$1,075,744 thousand one year earlier (5.3% of total liabilities). The main changes to current liabilities were the following:

Collaterals for transactions

Collateral for transactions which at end of year amounted to R\$810,317 thousand (3.8% of total liabilities) jumped 38.3% when compared to R\$585,963 thousand one year ago (2.9% of total liabilities). This change correlates with an increase in margin received from market participants and deposited in the form of cash, as a result mainly of volume growth in the quarter to September 2009 as compared to the same period in the prior year.

Earnings and rights on securities in custody

The 11.4% decline in earnings and rights on securities in custody, which at end of year amounted to R\$31,897 thousand as compared to R\$36,020 thousand one year ago, is due primarily to the fall in earnings from judicial deposits.

Financing

The 127.4% climb in financing, which at end of year amounted to R\$9,295 thousand as compared to R\$4,087 thousand in the year before, is due mainly to financial lease arrangements for IT-related equipment.

Other liabilities

The line item 'other liabilities' climbed 15.7% to R\$194,895 thousand at end of year (0.9% of total liabilities) from R\$168,404 thousand in the previous year (0.8% of total liabilities), which correlates primarily with deposits and repurchase agreements related to the operations of Banco BM&F, the settlement bank.

Noncurrent liabilities

Noncurrent liabilities in the amount to R\$313,002 thousand at December 31, 2009, (1.5% of total liabilities) surged 569.8% when compared to R\$46,729 thousand at the end of the prior year (0.2% of total liabilities). This change is due primarily to our having recognized deferred income tax and social contribution at end of year in the amount of R\$261,060 thousand, as derived from the temporary difference between the tax base of goodwill and its carrying value in the balance sheet, considering that while goodwill continues to be amortized for tax purposes, starting from January 1, 2009, goodwill is no longer amortized for accounting purposes, thus resulting in a goodwill tax base that is lower than its carrying value.

Shareholders' equity

Shareholders' equity rose 2.2% to R\$19,709,749 thousand at December 31, 2009, when it represented 93.0% of total liabilities, from R\$19,291,724 thousand one year earlier, when it represented 94.4% of total liabilities, and as resulting from the formation of a reserve for investments and funding of safeguard mechanisms and guarantee funds we keep in connection with clearing and settlement activities, as required under our bylaws (under the 'statutory reserve' line item) and pursuant to the proposal on allocation of net income for the year.

10.2. Management's discussion and analysis of

a. The results of operations and, in particular:

i. Material revenue components

Year ended December 31, 2010 compared to year ended December 31, 2009

Our consolidated gross operating revenues of R\$2,102,554 thousand for the year ended December 31, 2010, up 25.7% from R\$1,672.894 thousand one year ago primarily due to the recovery in volumes traded on both stock and derivatives markets (Bovespa and BM&F segments, respectively).

- Revenues from trading and settlement fees derived in the Bovespa segment climbed 25.3% year-on-year and amounted to R\$1,049.300 thousand, which accounted for 49.9% of total gross revenues, reflecting a 22.7% year-over-year rise in total value traded, in addition to increase in number of equity offerings, from which we derived settlement revenues of R\$47,394,660 thousand, as compared to R\$14,227,787 thousand one year ago. However, margins dropped as a result of a change in the mix types of investors more actively trading in the period, including a boom in trading activities by domestic institutional investors, from whom we charge lower average fee rates.
- Revenues from trading and settlement fees derived in the BM&F segment soared 35.2% year-on-year and amounted to R\$722.065 thousand, accounting for 34.3% of total gross revenues, due primarily to a 64.7% year-on-year upsurge in volumes traded, which tough was not captured in full due to a 16.9% drop in average rate per contract (RPC).
- Revenues unrelated to trading and settlement activities rose 9.9% year-on-year to R\$331.189 thousand (15.8% of total gross revenues) from R\$301.379 thousand (18.0% of the total) one year earlier.

Year ended December 31, 2009 compared to year ended December 31, 2008

Our consolidated gross operating revenues for the year ended December 31, 2009, totaled R\$1,672,894 thousand, down 6.2% from R\$1,783,358 thousand one year ago, primarily reflecting the following:

- revenues from transaction fees we charge on trading and clearing activities on the equities markets (Bovespa segment) accounted for 50.8% of gross operating revenues, or R\$849,166 thousand, in a 5.1% year-on-year decline as a result of the 4.3% drop in volumes traded when compared to the prior year. Despite having tumbled in the first half of 2009, volumes bounced significantly in the second half, and revenues from fees on trading and clearing transactions surged 34.5% over the period to June 2009, to peak in the quarter to December 2009, which registered record high volumes; and
- revenues from transaction fees we charge on trading and clearing activities in BM&F segment accounted for 32.1% of gross operating revenues, or R\$537,056 thousand, plunging 13.8% year-over-year. This decline correlates with a 10.3% fall in average revenue per contract (RPC), while overall volume traded tossed 3.3% from one year earlier.

As a result, revenues derived from transaction fees we charge on trading and clearing activities in the equities and derivatives markets accounted for 82.9% of our total revenues in the year to December 2009, versus 85.1% of total revenues for 2008.

Taxes charged on these revenues amounted to R\$170,350 thousand, or approximately 10.2% of our gross operating revenues.

ii. Factors materially influencing the results of operations

Year ended December 31, 2010 compared to year ended December 31, 2009

The Brazilian economy consolidated in 2010 the recovery started earlier in the aftermath of the global economic downturn driven by the international financial crisis of 2008. While other countries still wrestled with the longer-term effects of the downturn and European policy makers tackled market mistrust trying to prevent a sovereign-debt collapse driven by the additional economic difficulties faced by certain eurozone countries, the Brazilian economy was visibly coming around. Evidencing the recovery, the Brazilian economy grew, credit availability and domestic consumption increased, and the Brazilian real registered strong appreciation against the U.S. dollar.

This economic environment has positively impacted on our financial and operating performance. Volumes traded in 2010 hit unprecedented record highs in both the stock market (Bovespa segment) and the derivatives markets (BM&F segment).

In the Bovespa segment, where for months market overhang sparked by uncertainties around the then-upcoming Petrobras offering had slowed trading significantly, but deal flows sprang back promptly after the offering closed. In addition, a subsequent rebound in the market prices for stocks positively influenced volumes traded on the equities markets.

In the BM&F segment, heightened credit availability and volatility driven by differing perceptions and expectations about the Central Bank's decisions on the direction and size of the Selic rate, which is the Brazilian base interest rate, coupled with a boost in foreign trade, pushed the volumes traded decisively.

However, while not having affected the fundamentals of the Brazilian economy, the international economic landscape did impact on our markets, particularly the stock market, as the *eurozone crisis* sparked by the *sovereign debt crisis* among EU nations deepened, leading to uncertainties about the future of the Euro, to negative market sentiment and high volatility. In addition, the October 2010 changes in IOF taxation (tax on financial transactions), which the Brazilian government adopted in an exercise designed to curb the appreciation of the Brazilian real against the U.S. dollar, affected trading volumes negatively by containing market sentiment on account of uncertainties about additional future measures towards the same end.

Year ended December 31, 2009 compared to year ended December 31, 2008

Year 2009 dawned in anxiety, amid the uncertainties that emerged from the worst global financial crisis since the 1930's, started in 2008.

In the years before the crisis, in the folly of the housing derivatives feeding frenzy, lending behavior changed, credit policies became ever more liberal, securitization ubiquitous, players operated in highly-leveraged mode, regulation was lax or lacking and there was too little transparency in over-the-counter transactions. As a result, the scenario that emerged early in 2009 after the crisis peaked was one of a severe credit crunch pointing to general deleveraging, amidst a lively debate over a need for more stringent and efficient regulation for the financial and capital markets, strong contraction in the prices of commodities and financial assets, and governments across the board moving towards quantitative easing.

This combination of factors directly and negatively affected performance in markets BM&FBOVESPA operates. In the equities market (Bovespa segment), volumes tumbled due mainly to the falling prices of stocks prompted by bearish sentiments and risk aversion, while in the derivatives market (BM&F segment) hedging activities sank due mainly to the credit crunch, which coupled with general risk aversion and deleveraging significantly depressed volumes.

Another factor influencing performance in our markets was the creation of two new types of taxes on financial transactions (IOF). With the stated objective of arresting the appreciation of the Brazilian *real*, the Brazilian government adopted a 2.0% tax on money inflows for portfolio investments (stocks, fixed-income securities and derivatives) in domestic capital markets and a 1.5% IOF tax on issuances of American Depositary Receipts (ADRs). These two government measures negatively influenced the flow of foreign capital to our markets and adversely affected trading activities, particularly in the Bovespa segment, due to the increased cost of trading in local markets and the uncertainties about additional measures the Brazilian government could take in the future.

Regarding the expenses, in 2009 we were spared certain nonrecurring expenses with the integration of the former two exchanges, BM&F S.A. and Bovespa Holding S.A., which were all concentrated in 2008, when they topped R\$129,576 thousand. In addition, also in 2008 we recognized through profit and loss the expense related to proportionate amortization of goodwill from the merger of shares of Bovespa Holding S.A., in the amount of R\$324,421 thousand, with net impact of R\$235,075 thousand.

In turn, in 2009, we recorded deferred tax liabilities of R\$333,917 thousand related to temporary differences from tax amortization of goodwill in the year, with no impact on cash flow. Taking the above amounts into account, the actual tax rate for 2009 was 25.7%.

b. Changes in revenues attributable to fluctuations in market prices, exchange rates, inflation rates, changes in volumes and offerings of new products or services

Year ended December 31, 2010 compared to year ended December 31, 2009

Changes in revenues attributable to changes in our pricing policies or to fluctuations in exchange rates include:

- *Listing fees:* revenues up 12.2% year-on-year due mainly to the revenues from offering registration application fees, which soared 83.6% year-on-year, the revenues from listing annuities, which climbed 7.5% from the prior year, and a reduction in discounts previously granted on listing annuities.
- *Market data sales - vendors:* revenues up 4.6% year-on-year due mainly to a 4.0% growth in number of customer terminals. In addition, revenues from sales of market data were influenced by implementation in August 2010 of a new pricing policy designed to attract retail trading through our "Home Broker" system, and by the 11.7% appreciation of the Brazilian real against the U.S. dollar over the year, which negatively affected our revenues from fees charged to foreign customers, which account for approximately one-third of our revenues under this line item.
- *Market participant access fees:* revenues climbed 4.7% year-on-year mainly as a result of the increase in volumes traded, however partially counterbalanced by the effects of our new pricing policy for the technology package used by market participants.
- *High Frequency Traders:* under our new policy for high frequency traders operating in either the Bovespa or BM&F segments, which took effect in November 2010, high frequency traders holding HFT registration accounts are granted progressive discounts based on intraday trading volume bands.

Year ended December 31, 2009 compared to year ended December 31, 2008

Changes in revenues attributable to changes in our pricing policies or to fluctuations in exchange rates include:

- *Listing fees:* a 32.8% year-on-year climb in listing fees, due to a change in prices and the end of certain discounts previously granted to companies listing securities to trade on our special corporate governance trading segments;
- *Central securities depository:* revenues from depository and custody and back office services went up 12.3% from one year ago, following a change in our pricing policy which established an additional fee charged from Brazilian-resident investors holding custody accounts in excess of R\$300,000 thousand, which is based on the market price of securities and other assets held in custody;
- *Market participant access fees:* revenues from access fees surged 103.8%, as a result of the policy for access to markets within both segments;
- *Market data sales - vendors:* sales of market data rose 33.1% year-on-year due to implementation of our revised pricing policy in April 2009;
- *Securities lending:* revenues from securities lending dropped 32.0% primarily due to the plunge in transaction volume in the first half of 2009, after which however volumes in this market bounced back to show significant improvement; and
- *Average revenue per contract (RPC) traded on BM&F segment:* RPC fell 10.3% from a year ago primarily due to (i) the August 2008 decision to terminate certain discounts on transaction fees after November 2008. The discount period had pushed volumes driving revenue per contract upwards in the period; (ii) appreciation of the Brazilian real against the U.S. dollar, which negatively influenced revenues from FX contracts, from USD interest rate contracts, and from commodities contracts; and (iii) the granting of discounts for access to our systems via certain DMA (Direct Market Access) models, and for high frequency traders.

- c. Impact on financial condition and results of operations attributable to inflation rate; changes in market prices for the principal raw materials and other supplies; changes in exchange and interest rates.**

Not applicable.

10.3. Management's discussion and analysis of actual or expected material effects of the factors set forth below on the financial statements or results of operations.

a. Creation or disposition of operating segment.

No new operating segment has been created or sold in the years ended December 2010 and 2009. Accordingly, no such event has had or is expected to have effects on our financial statements and results of operations.

b. Company organization; acquisition or disposition of ownership interest.

In July 2010 we acquired an additional 3.2% interest in the shares of the CME Group, thereby raising our aggregate ownership interest to 5% of the shares (from 1.78% previously) and making BM&FBOVESPA CME's largest shareholder⁵. Following this additional acquisition, the investment has been accounted for under the equity method of accounting, and the effects of thereof were recognized and accounted for in the year ended December 31, 2010.

c. Unique or extraordinary events or transactions.

There have been no unique or extraordinary events or transactions related to us or our activities in the years to December 2010 and 2009, which has had or is expected to have materially influence our financial statements or results of operations.

10.4. Discussion and analysis of

a. Significant changes in accounting practices

Our consolidated financial statements as of and for December 31, 2010, are the initial consolidated financial statements prepared under Brazil's CPC and IFRS. These consolidated financial statements were prepared and are presented in accordance with accounting standards CPC 37 (IFRS 1 – *First-time Adoption of International Financial Reporting Standards*) and CPC 43 (*First-time Adoption of Brazilian Accounting Standards CPC 15 to 41*), in addition to IFRS 1 (*First-time Adoption of International Financial Reporting Standards*).

The transition date for adoption of international financial reporting standards is January 21, 2009. Accordingly, Management prepared the opening balance sheet in accordance with Brazil's CPC and IFRS applied retrospectively to January 1, 2009.

b. Significant effects of changes in accounting practices

Set forth below is a reconciliation of shareholders' equity and net income for the year from previous GAAP to IFRSs.

⁵ Source: Thomson Reuters

BM&FBOVESPA and Consolidated		
<i>(in thousands of Brazilian reais)</i>		
Equity reconciliation	At December 31, 2009	At January 1, 2009
Equity disclosed in accordance with previous Brazilian GAAP	19,709,749	19,291,724
Impairment loss on investment in CME Group shares (a)	(460,610)	(460,610)
Adjustment for mark-to-market measurement of shares in CME Group classified as available for sale (b)	77,396	-
Dividend recognized in excess of the mandatory dividend at the balance sheet date (c)	20,000	200,001
Contribution to establishing BSM previously treated as investment.....	(20,000)	(20,000)
	<hr/> 19,326,535	<hr/> 19.011.115
Non-controlling interests (d)	16,358	15,339
Equity disclosed in accordance with IFRS	19,342,893	19.026.454
	<hr/> <hr/>	<hr/> <hr/>
	<hr/> Consolidated <hr/>	
	<i>(in thousands of Brazilian reais)</i>	
Net Income reconciliation	At December 31, 2009	
Net income disclosed in accordance with previous Brazilian GAAP	881,050	
Non-controlling interests (d)	1,019	
Net income disclosed in accordance with IFRS	882,069	

(a) Under previous GAAP, which were effective through December 31, 2009, the investment in CME was recorded at historical cost under noncurrent assets, in accordance with CPC 14 (IAS 39 and 32- parts) – *Financial Instruments: Recognition, Measurement and Disclosures*, such that the investment was subject impairment testing using the discounted cash flow method to determine value in use, according to as required under CPC 01 (IAS 36) - *Impairment of Assets* in connection with investments valued at cost.

After CPC 38 (IAS 39) took effect in 2010, the investment was reclassified under the 'financial instruments' group, designated as available-for-sale financial asset, and adjusted to fair value. Thus, for purposes of fair value measurements the adopted standard was that of quoted market *price in an active market* (stock exchange).

Thus, after the investment was designated an available-for-sale financial asset, impairment tests would compare the market value of the shares at the valuation base date with the investment acquisition cost (CPC 38/IAS 39), using 'significant or sustained decline' in market price as indication of impairment loss.

As a result, given the significant decline in the market price for CME shares over the last quarter of 2008, BM&FBOVESPA adjusted the investment in CME Group to its recoverable value recognizing impairment loss of R\$697,893 thousand and deferred tax asset amounting to R\$237,283 thousand, with net-of-tax impact of R\$460,610 in equity for 2008.

After the acquisition of additional ownership interest in the CME Group in July 2010, the aggregate investment was re-designated as investment in associate under CPC 18 (IAS 28) – *Investment in Associates* and accounted for under the equity method of account, whereas the net-of-tax impairment loss of R\$460,610 thousand previously registered was reversed against equity, establishing the new cost basis for the investment.

(b) Mark-to-market measurements over 2009 for comparison with the new cost basis established for the investment in CME Group shares resulted in a positive effect, net of taxes, amounting to R\$77,396 thousand.

Then, starting from July 2010, as a result of the increase in the aggregate ownership interest in CME shares (to 5% from 1.8% previously), we began to account for this investment under the equity method of accounting.

(c) According to the CPC Interpretation 08, or ICPC 08 - *Accounting for Dividend Payment Proposal*, that portion of net income which is in excess of the annual mandatory dividend (as computed to include interest on shareholders' equity) should be kept in equity, under a special account, pending final decision by the shareholders. Under CPC 25 (IAS 37) - *Provisions, Contingent Liabilities and Contingent Assets*, a provision should be recognized only where there is liability proper, i.e., a present obligation resulting from past events.

(d) CPC 26 (IAS 1) – *Presentation of Financial Statements*. "Non-controlling interests" (the new name for minority interests) are now presented within equity.

(e) The following CPCs (IFRSs) accounting standards have been implemented with no impact on equity or net income:

i. Segment Information (CPC 22/IFRS 8 – *Operating Segments*) – The consolidated financial statements of BM&F BOVESPA have been prepared and are presented by operating segment (Note 24);

ii. Earnings per share, or EPS (CPC 41/IAS 33 – *Earnings per Share*) - Earnings per share are now presented as straightforward per-share profit or loss for the period attributable to shareholders and as divided by the weighted average number of shares outstanding (the denominator) during the period, not including treasury stock. In addition, we present diluted EPS as calculated by adjusting the earnings and number of shares for the effects of dilutive options and other potentially dilutive securities (as calculated after giving effect to outstanding securities convertible, exchangeable or exercisable for newly-issued shares).

(f) Optional exemptions to full retrospective application of CPCs/IFRSs. Consistent with CPC 37 (IFRS 1) – *First-time Adoption of International Financial Reporting Standards*, In preparing our initial and comparative financial information under current Brazilian and international financial reporting standards (CPCs/IFRSs), we applied mandatory exceptions to, and certain optional exemptions from the general principle of retrospective application. Set forth below are the main exemptions under CPC 37/IFRS 1 which are not applicable to us.

i Business combinations – We elected to adopt the exemption permitting BM&FBOVESPA to forgo application restating business combination transactions (mergers) occurred prior to the transition date and opening balance sheet date of January 1, 2009;

ii Deemed cost of fixed assets - We elected to adopt the exemption permitting BM&FBOVESPA to forgo the deemed-cost exemption, and preferring rather to adopt the carrying value for which our fixed assets had been registered under previous GAAP;

iii Leases – We elected to revisit existing contracts and, consistent with IFRIC 4 issued by the **International Financial Reporting Interpretations Committee**, reconsider whether in light of facts and circumstances as of the transition date any arrangement contained a lease not previously recognized as such, having found that all had been properly identified and recognized under previous GAAP, which in this regard were in line with the international financial reporting standards (CPCs/IFRSs);

iv Share-based payments – Share-based payments had been accounted for under previous GAAP, which in this regard were in line with the international financial reporting standards (CPCs/IFRSs); and

v Assets and liabilities of subsidiaries – First-time adoption of IFRS has been implemented concurrently and consistently by us and all our subsidiaries.

(g) Exceptions to retrospective application of CPCs/IFRSs. The estimates we used in preparing our opening and comparative financial statements as of January 1, 2009, and December 31, 2009, are consistent with estimates used as of the same dates under previous GAAP. Other mandatory exceptions to retrospective application were not applicable as there were no significant differences in accounting practices under previous GAAP and current CPCs/IFRSs.

c. Qualifications and emphasis of matter paragraphs included in the independent auditors' report

Our consolidated financial statements have been prepared in accordance with current Brazilian GAAP, which adopts the accounting standards issued by the CPC for convergence with IFRS. However, these accounting standards differ from IFRS applicable to separate financial statements in that under CPC standards our investments in subsidiaries and affiliates are accounted for, and valued under the equity method of accounting, whereas under IFRS they would be accounted for at cost or fair value.

10.5. Critical accounting policies and analysis, in particular, of accounting estimates requiring Management to exercise judgment and make subjective assumptions about future events and uncertainties which can materially influence the financial condition

and results of operations. Critical accounting estimates may relate to provisions, contingencies, recognition of revenues, tax credits, long-term assets, the useful life of noncurrent assets, pension schemes, adjustments for foreign currency translations, environmental recovery costs, impairment and recoverability testing standards for fair value measurement of assets and financial instruments, among other things.

a. Financial instruments.

(i) Recognition and measurement

The Company classifies financial assets under the following categories: designated at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which a financial asset is acquired. Management determines a financial asset classification at the time of initial recognition.

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss are financial assets held for active and frequent trading or assets we designate as measurable at fair value through profit or loss upon initial recognition. Derivatives are also classified as held-for-trading and, as such, are recorded under this category. Assets of this category which are held for trading are classified under current assets. A gain or loss on a financial asset classified at fair value through profit or loss resulting from changes in fair value is recognized in profit or loss, in the statement of income under the "interest income" line item, in the period in which these changes occur.

Loans and receivables

These comprise loans granted and receivables that are non-derivative financial assets with fixed or determinable payments, not quoted in an active market. Loans and receivables are recorded under current assets, except for those maturing more than 12 months after the balance sheet date (which are classified under noncurrent assets). Our loans and receivables comprise trade accounts receivable and other accounts receivable. Loans and receivables are measured at amortized cost on an effective interest rate basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives designated on initial recognition as available for sale, or any other instruments that are not classified in any other category. They are recorded under noncurrent assets, unless management intends to sell the investment within 12 months after the balance sheet date. Available-for-sale financial assets are measured at fair value. Interest on available-for-sale securities, as computed using the effective interest method, is recognized in the statement of income as interest revenue. The cumulative gain or loss from changes in fair value is recognized in equity, in a fair value adjustment account, and recognized (realized) through profit or loss when the asset is sold or becomes impaired.

Fair value measurements

Fair value measurements of securities quoted in an active market are based on current market prices. If a market for a financial instrument is not active or a security is unquoted, fair value is measured through valuation techniques, such as, for example, option pricing models.

At the balance sheet date, Management makes an objective assessment to determine whether a given financial asset or group of financial assets is impaired.

(ii) Derivative instruments and hedge activities

Derivatives are recorded at fair value on initial recognition, as of the date of the derivatives instrument, and subsequently measured at fair value, with changes in fair value recognized through profit or loss except where a derivative is designated as a cash flow hedge.

(iii) Hedge of a net investment in a foreign operation

A gain or loss on a hedging instrument attributable to the effective portion of the hedge is recognized in comprehensive income. A gain or loss attributable to any ineffective portion of the hedge is promptly recognized through profit or loss included in "other gains (losses), net". Cumulative gains or losses

recognized in equity are recognized through profit or loss in the statement of income at the time all or some of the foreign operation (the hedged item) is sold or otherwise disposed of.

b. Intangible assets.

Goodwill

Goodwill or negative goodwill on the acquisition of an investment is calculated as the difference between the consideration paid or payable for a business at the acquisition date and the net fair value of the assets and liabilities of the entity acquired. Goodwill paid for control of an entity (subsidiary) is recognized under "intangible assets." In turn, negative goodwill paid for a subsidiary is a gain recognized immediately through profit or loss for the period (as determined by the acquisition date). Goodwill is assessed for impairment on an annual basis. Goodwill is stated at cost less impairment losses. Recognized Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units (CGU) for impairment testing purposes. Specifically, allocations are made to such cash generating units as are expected to benefit from the business combination originating goodwill, which are identified based on operating segment.

Software and projects

Software licenses we acquire are capitalized at cost incurred and amortized over the estimated useful life.

The costs for software development or maintenance are expensed as incurred. Expenditures related directly to unique, identifiable software we control, and which are likely to generate economic benefits greater than the costs for over a one-year period, are recognized as intangible assets. Direct expenditures include remuneration of the software development team.

Expenditures for development of software recognized as assets are amortized using the straight-line method over the useful life.

c. Affiliates - Step Acquisitions

The cost of an affiliate acquired in stages is measured by the total amount paid under each transaction.

Cumulative gain or loss previously recognized in comprehensive income, while classified as an available-for-sale asset, is subsequently reversed against the investment account and restated as part of the acquisition cost.

Goodwill is calculated at each acquisition step as the difference between acquisition cost and the fair value of net assets in proportion to interest acquired.

The investment total book value is assessed for impairment by comparing carrying value and recoverable value (determined as the higher of selling value less costs to sell or value in use) when the requirements of the CPC 38/IAS 39 suggest an impairment loss on the investment may have occurred.

d. Contingent assets and liabilities and legal obligations

The recognition, measurement, and disclosure of contingent assets and liabilities and legal obligations observe the criteria defined in CPC 25/IAS 37.

- *Contingent assets* - These are not recognized unless management has full control over their realization, or there are secured guarantees, or a final, unappealable court decision is in place, permitting assumption that a gain will materialize. Contingent assets, whose realization is deemed to be probable, as applicable, are just disclosed in the financial statements.
- *Contingent liabilities* - These are recognized based on a number of factors including: the opinion of counsel; the nature of the lawsuit; similarity to previous lawsuits (precedents); complexity of the proceedings; and court precedents. Contingent liabilities are recognized where a loss is assessed as probable, since this would imply probable outflow of resources for settlement of the obligation, as long as the sums involved are measurable with sufficient reliability. Contingent liabilities assessed as a

possible loss are not recognized but are disclosed in notes to financial statements, whereas those that are assessed as a remote loss are neither recognized nor disclosed.

- *Legal obligations* - Legal obligations result from tax lawsuits in which the Company is discussing the legality, validity or constitutionality of certain taxes and charges. These are fully recognized in the financial statements regardless of any assessment as to the prospects for a win or defeat.
- *Other Provisions* - Provisions are recognized where BM&FBOVESPA has a present obligation, whether legal or constructive, resulting from past events, and it is probable an outflow of resources will be required to settle the obligation, provided a reliable estimate of amount can be made.

e. Impairment of assets

Assets with indefinite useful life, such as goodwill, are not amortized but are assessed for impairment on an annual basis. Assets that are subject to amortization are assessed for impairment at any time events or changes in circumstances suggest the carrying value may not be fully recoverable. Where carrying value exceeds recoverable value the impairment loss is recognized of fair value less costs to sell or value in use. Recoverable value is defined as the higher of fair value less costs to sell or value in use. For impairment assessment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units, or CGUs). An impairment loss for a non-financial asset (Except for goodwill) is subsequently reversed if at the date of a report there has been a change in the estimates used to determine recoverable value.

f. Foreign currency translation

Items included in separate financial information of each company included in our consolidated financial statements are measured using the currency of the primary economic environment in which we operate ("functional currency"). Our financial statements are presented in Brazilian *reais*, which is the functional currency of BM&FBOVESPA.

Transactions in foreign currency are translated into our Brazilian *reais* (our functional currency) using the exchange rates as of the transaction dates or, as the case may be, the relevant measurement dates. A foreign exchange gain or loss arising from the settlement of these transactions or from the translation, at end-of-period exchange rates, of monetary assets and liabilities in foreign currency, are recognized through profit or loss, unless deferred in comprehensive income as part of a hedge of a net investment in a foreign operation.

In the case of changes in foreign currency affecting the value of a net investment in a foreign operation whose functional currency differs from ours, the effects of changes correlated solely with foreign exchange rates are recognized in comprehensive income, under the "Equity Adjustment Account," and recognized through profit or loss only when the investment is sold or written off. In applying the equity method of accounting, unrealized gains on transactions with subsidiaries and associates are eliminated.

The exchange gains and losses on non-monetary financial assets related to the investment in shares of the CME Group, which was classified as available-for-sale until July 2010, were included in comprehensive income. After July 2010, when switched to accounting for our investment in the CME Group under the equity method of accounting, the effects of changes in foreign currency were recognized in comprehensive income.

g. Deferred income tax and social contribution

Deferred taxes are calculated on income tax and social contribution losses and the temporary differences between the tax calculation bases of assets and liabilities and the respective book values in the financial statements.

Deferred tax assets are recognized to the extent that it is probable sufficient future taxable profit will be available to be offset against temporary differences and/or tax losses, considering projections of future income performed on the basis of internal assumptions and future economic scenarios which present uncertainties and may ultimately differ from actual events.

Deferred tax liabilities are recognized in relation to all taxable temporary differences, that is, differences that should result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying value of an asset or liability is recovered or settled.

Deferred income tax and social contribution are not recorded if resulting from initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction does not affect net income or taxable income (tax loss). Deferred income tax and social contribution are determined using tax rates (and tax laws) promulgated, or substantially promulgated at the balance sheet date, which are applied when the related deferred tax asset is realized or the deferred tax liability is settled.

h. Critical accounting estimates and assumptions

i) *Equity method of accounting*

BM&FBOVESPA applies the equity method of accounting for its investments when it has the ability to exercise significant influence over the operations and financial policies of the investee. Management's judgment regarding the degree of influence we exercise over an investee include key factors as proportionate interest in the shares, representation at board level, whether or not we have a say on defining business guidelines, corporate and financial policies, and on material intercompany transactions.

ii) *Impairment*

Pursuant to We assess assets for impairment on an annual basis, including in particular goodwill and fixed assets, which are tested pursuant to the accounting practices set forth under subsection 10.5(b).

iii) *Recognition of financial instruments*

BM&FBOVESPA classifies financial assets under the following categories of (i) measured at fair value through profit or loss and (ii) available for sale. The classification depends on the purpose for which these financial assets were acquired. Management determines the designation of financial assets upon initial recognition. For additional information on the treatment and management of these assets, see subsection 10.5.(a).

iv) *Stock options plan*

BM&FBOVESPA offers its employees and executives the benefit of a stock options plan. The fair value of these options is recognized as expense in the period in which the right is acquired. Management revisits its estimate of the number of options that are likely to meet vesting requirements and subsequently recognizes the effects of changes in initial estimates, if any, in the statement of income, with an offset to the capital reserve account in equity, as shown in note 3(o) to our financial statements.

10.6. Internal controls adopted to ensure reliable financial reporting

a. Degree of effectiveness of the internal controls; deficiencies and corrective actions.

Our internal controls serve the primary function of providing control over financial reporting, in particular where accounting, financial and statistical data depend on elements such as variance analyses, balance validations, reconciliation with operating systems and support documentation. Internal controls are routinely performed and are designed to provide reasonable assurance that the values and balances recorded in the accounts and financial statements reflect with reasonable reliability the balances of equity and profit and loss accounts.

The improvements to internal controls we developed and implemented over 2010 or are in the course of implementing are part of an internal audit action plan designed to ensure we keep effective and reliable financial reporting controls and processes across Company departments, including our subsidiaries. These include the following:

- a coordinated ERP workflow model for all purchases, hirings and payments (in line with our payment policy);
- developing a plan and implementing in our financial department certain recommendations of our internal audit team and the independent auditors;

- improvements to monitoring indicators related to certain accounting and financial processes;
- integration and automation of information flowing from information originators and the financial department;
- review of the user access profile structure for the financial department.

These initiatives, coupled with those that are ongoing, should heighten the effectiveness of our internal controls system, in line with the high standards we expect to maintain, while driving gains in efficiency and security.

b. Remarks on internal controls deficiencies and recommendations included in the independent auditors' report.

Our independent auditors have conducted a survey and assessment of our accounting and internal controls systems in connection with their audit of our financial statements, with the aim of determining the nature, timing and extent of audit procedures and substantive testing, but not for the purpose of expressing any opinion on the effectiveness of our internal controls.

Accordingly, we have received recommendations on possible improvement to our internal controls system. These recommendations were given due consideration and incorporated into an action plan for additional improvements to our internal controls, the implementation of which is under supervision of our internal auditors.

10.7. Discussion of any offering previously completed.

See subsection 10.1(f) of this form.

10.8. Description of off-balance sheet arrangements.

a. Off-balance sheet items.

Collaterals for transactions – Customer transactions carried out in markets we operate are secured by collateral these customers are required to pledge as margin or otherwise. Collaterals consist mainly of cash, government bonds, corporate debt securities, bank letters of guarantee and stocks, among other things. These collaterals are segregated and treated off-balance sheet, except for cash collateral deposited as margin. For additional information, see the discussion under item 10.9 below.

b. Other off-balance sheet arrangements

Our Settlement Bank (Banco BM&F) manages BM&F FoF ("FIC BM&F"), a fund of funds called *Fundo BM&F Margem Garantia Referenciado DI Fundo de Investimento em Cotas de Fundos de Investimento*, with net assets of R\$173,365 thousand at December 31, 2010 (versus R\$97,376 thousand in the prior year).

In performing activities as custodian, the Banco BM&F is responsible for the custody of:

- Securities held on behalf of nonresident investors, which at December 31, 2010, totaled R\$118,610 thousand (versus R\$77,229 thousand one year earlier);
- (ii) agricultural securities registered with the custody registration system operated by our Company, which at December 31, 2010 amounted to R\$51,216 thousand (versus R\$260,606 thousand one year ago).

10.9. Discussion of off-balance sheet arrangements reported under subsection 10.8

Central counterparty risk

Credit risk – BM&FBOVESPA performs the role of central counterparty to ensure multilateral clearing and settlement of transactions. We operate four central counterparty clearing facilities, which we absorbed during the exchange integration process that combined BM&F and Bovespa (the former two independent exchanges), which the Central Bank considers to perform systemically material roles. We call them (i) equities

clearing house (commonly known as CBLC), (ii) derivatives clearing house, (ii) FX clearing house; and (iii) government bonds clearing house.

Our clearing facilities operate pursuant to Law No. 10,214 dated March 27, 2001, which authorizes multilateral clearings and settlements, regulates the role of central counterparty performed by systemically material clearing facilities, and permits the use of collaterals posted by defaulting participants to settle their obligations within the scope of our clearing and central counterparty activities, including in the event of insolvency, intervention, bankruptcy and extrajudicial liquidation.

Through these clearing facilities, BM&FBOVESPA acts as central counterparty to ensure multilateral clearing and settlement (CCP) for transactions carried out on derivatives market (including futures, forward, options and swap markets), the spot FX market, the bonds markets (cash, forward and repo markets, in addition to securities lending market) and, in addition, trades carried out on equities markets (including cash, forward options, futures and securities lending markets), including the corporate debt market (cash and securities lending markets). This means that in acting as central counterparty, to ensure transactions carried out or registered in our trading and registration systems BM&FBOVESPA is responsible for ensuring full completion to a substantial portion of all trading activity in the domestic capital markets.

The central counterparty clearing facilities are responsible for providing efficiency and stability to the market by ensuring trades are properly cleared and settled. A CCP interposes itself between counterparties to financial transactions, becoming the buyer to the sellers and the seller to the buyers. Acting in the capacity of central counterparty, we absorb the risks of the counterparties in-between a trade transaction and its clearing and settlement, carrying out multilateral activities for financial settlement and clearing of securities and financial assets, and in the event of default resort to certain established safeguard mechanisms, or in extreme situations may have to resort to our own net assets. In modeling and managing CCP risks, we focus on calculation, controls and mitigation of credit risk related to clearing participants.

Our clearing facilities are not directly exposed to market risks, as they do not hold net long positions or net short positions in either contracts or assets traded in our markets. However, an increase in price volatility could affect the magnitude of amounts to be settled by market participants, which in turn could increase the default rate amongst these participants. In addition, as the clearing facilities ensure clearing and settlement of transactions carried out by participants including in the event of failed settlement or default, this could result in losses if settlement amounts were to exceed those of existing margin. Thus, while we are not directly exposed to market risks, they may impact and heighten the credit risks to which we are exposed.

For proper risk mitigation, each clearing facility has its own risk management system and safeguard structure. Each of these structures comprises the universe of mechanisms and remedies a clearing house may resort to in order to cover losses from failed settlement by a participant. The key components of these safeguard structures include collateral deposited by market participants, often in the form of margin, plus special funds intended to cover possible losses due to default and, in addition, co-liability undertaken by brokers and clearing agents regarding transactions they intermediate or clear. These risk management systems and safeguard structures are described in detail in applicable rulebooks and the operating manuals adopted by our clearing houses, which were tested and homologated by the Central Bank, pursuant to Resolution 2,882 of 2001 issued by the Brazilian National Monetary Council and Central Bank Circular 3,057 of 2001.

Set forth below are the principal elements comprising the safeguard structure of our derivatives clearing house in the year to December 2010.

- Collaterals pledged by participants of derivatives markets;
- Co-liability undertaken by brokers and clearing agents regarding transactions they intermediate or clear, and collateral pledged by these market participants;
- Special Clearing Participant Fund (*Fundo de Desempenho Operacional*), whose net assets at December 31, 2010, totaled R\$1,162,122 thousand (versus R\$1,126,126 thousand in the prior year and R\$1,145,908 thousand at the transition date of January 1, 2009). This special clearing fund is a pool of funds made up of contributions from clearing agents that also hold access permits granting settlement and trading access permits, and was formed to ensure settlement of transactions in the event of default by one or more clearing agents;

- Agricultural Market Trading Fund (*Fundo de Operações do Mercado Agropecuário*), whose net assets at December 31, 2010 and 2009 totaled R\$50,000 thousand. This fund was set up as a mutual fund to ensure the settlement of transactions where the underlying are agricultural commodities;
- Special Clearing Member Fund (*Fundo Especial dos Membros de Compensação*), whose net assets at December 31, 2010 and 2009 totaled R\$40,000 thousand. This fund was set up as a mutual fund to ensure the settlement of transactions cleared and settled by the derivatives clearing house regardless of category;
- Clearing Fund (*Fundo de Liquidação de Operações*), whose net assets at December 31, 2010, totaled R\$408,509 thousand (versus R\$378,113 thousand in the prior year and R\$387,235 thousand at the transition date of January 1, 2009). This is a pool of financial assets contributed as collateral by clearing participants, which was set up to ensure transactions are settled even after the previously mentioned funds are depleted;
- Segregated assets, which we hold pursuant to article 5 of Law No. 10,214 dated March 27, 2001, which governs the operation of a clearing house, as supplemented by Central Bank Circular 3,507 dated August 31, 2011. At December 31, 2010, we held segregated net assets totaling R\$34,807 thousand (versus R\$31,678 thousand one year ago and R\$28,808 thousand at the transition date of January 1, 2009).

Set forth below are the principal elements comprising the safeguard structure of our FX clearing house in the year to December 2010.

- Collaterals pledged by participants of forex markets;
- Participation Fund (*Fundo de Participação*), whose net assets at December 31, 2010, totaled R\$162,235 thousand (versus R\$154,056 thousand in the prior year and R\$140,584 thousand at the transition date of January 1, 2009). This fund was set up as a pool of financial assets in the form of cash and financial instruments contributed by FX clearing participants to ensure the settlement transactions registered at our FX clearing house;
- FX Operating Funds (*Fundo Operacional da Clearing de Câmbio*), whose net assets at December 31, 2010 and 2009 totaled R\$50,000 thousand. This fund was set up to cover financial losses arising from errors or administrative or operating failures by market participants;
- Segregated assets, which we hold pursuant to article 5 of Law No. 10,214 dated March 27, 2001, which governs the operation of a clearing house, as supplemented by Central Bank Circular 3,507 dated August 31, 2011. At December 31, 2010, we held segregated net assets totaling R\$34,848 thousand (versus R\$31,714 thousand one year ago and R\$28,808 thousand at the transition date of January 1, 2009).

Set forth below are the principal elements comprising the safeguard structure of our government bonds clearing house in the year to December 2010.

- Collaterals pledged by participants of government bonds markets;
- Bonds Market Operating Fund (*Fundo Operacional da Clearing de Ativos*), whose net assets at December 31, 2010 and 2009 totaled R\$40,000 thousand. This fund was set up to cover financial losses arising from errors or administrative or operating failures by market participants;
- Segregated assets, which we hold pursuant to article 5 of Law No. 10,214 dated March 27, 2001, which governs the operation of a clearing house, as supplemented by Central Bank Circular 3,507 dated August 31, 2011. At December 31, 2010, we held segregated net assets totaling R\$24,536 thousand (versus R\$22,373 thousand one year ago and R\$20,277 thousand at the transition date of January 1, 2009).

Set forth below are the principal elements comprising the safeguard structure of our equities clearing house in the year to December 2010.

- Collaterals pledged by participants of the equities markets, including corporate debt securities markets;
- Co-liability undertaken by brokers and clearing agents regarding transactions they intermediate or clear, and collateral pledged by these market participants;
- Settlement Fund (*Fundo de Liquidação*), whose net assets at December 31, 2010, totaled R\$485,409 thousand (versus R\$322,268 thousand in the prior year and R\$350,210 thousand at the transition

date of January 1, 2009). comprises contributions from clearing agents to ensure settlement of transactions in the event of default by one or more clearing agents;

- Segregated assets, which we hold pursuant to article 5 of Law No. 10,214 dated March 27, 2001, which governs the operation of a clearing house, as supplemented by Central Bank Circular 3,507 dated August 31, 2011. At December 31, 2010, we held segregated net assets totaling R\$37,210 thousand (versus R\$33,877 thousand one year ago and R\$30,374 thousand at the transition date of January 1, 2009).

The risk management policy we adopt at our clearing houses is established by our Market Risk Committee, which is composed of BM&FBOVESPA officers, including the chief clearing, depository & risk officer, the chief operations and IT officer, the chief product development officer, the risk management officer and the settlement officer. The responsibilities of this committee include (i) evaluating macroeconomic conditions and government policies, and the effects on our markets; (ii) assessing and determining risk management models, margin calculation methods and stress testing models adopted at our clearing houses, including models and methods to control exposure to intraday trading risks; (iii) setting parameters for these models, in particular stress scenarios for primitive risk factors, (iv) defining eligible collaterals and determining valuation methods, use limits and haircuts, and (v) conducting other related surveys and analyses. Collaterals pledged by market participants make up the principal element of the safeguard structures of our clearing houses as they account for the larger portion of these structures.

Margin requirements for most derivatives contracts and transactions in securities and other financial assets are determined at a level sufficient to cover exposure to market risk, i.e., price fluctuations, typically over a two-day time horizon, which is the expected time of settlement in case a participant defaults, although this time horizon may vary depending on type or nature of a contract or transaction.

Margin calculation models are typically based on stress analysis for assessment of market risk based not only on recent historical volatility, but taking into account unanticipated events that could result in unexpected breakdown of historical correlations, i.e., unexpected departure from historical price and market behavior.

The principal parameters we use in our margin calculation models are stress scenarios (as defined by the market risk committee for (implied and primitive) risk factors affecting the prices of derivatives and securities traded on our markets. The primary risk factors affecting these prices include, among other things, the Brazilian real to U.S. dollar exchange rate, Brazilian forward fixed rate yield curve, the U.S. dollar-denominated Brazilian forward yield curve, the Bovespa Index and the cash prices for stocks.

In defining stress scenarios, the market risk committee combines both quantitative and qualitative analyses. Quantitative analysis is performed based on statistical models for risk assessment, such as, for example, Extreme Value Theory (EVT), estimation of implied volatilities, and Garch family models, in addition to historical simulations. Qualitative analysis in turn considers elements related to domestic and international macroeconomic conditions and government policies, and predictable effects on our markets.

Market risk - Investment of cash funds

Given the importance of that our net equity as a worst-case remedy within the safeguard structure for our clearing and settlement activities, our investment policy calls for lower-risk investing of cash balances, which we typically accomplish by seeking very conservative, highly liquid safe investments. This is evidenced by the significant volume of positions we take in Brazilian government bonds and debt-securities whose yield and coupon rates typically follow the base rate (interbank deposit rates or the Selic rate), whether or not including a spread. We generally buy them directly by entering into repo transactions whose underlying consists of government bonds and debt securities, and by investing in exclusive open-ended investment funds.

Transactions carried out on our markets are secured by collateral pledged as margin in the form of cash, government bonds and corporate debt securities, bank letters of guarantee and stocks, among other things. At December 31, 2010, we held collaterals totaling R\$143,087,657 thousand (versus R\$101,640,805 thousand on year ago and R\$125,676,805 thousand at the transition date of January 1, 2009), as follows:

	At December 31, 2010	At December 31, 2009	At January 1, 2009
	<i>(in thousands of Brazilian reais)</i>		
Derivatives clearing house			
Brazilian government bonds	76,979,261	53,754,858	89,760,722
Bank letters of credit	3,538,492	1,479,341	3,690,835
Stocks	4,934,328	3,351,593	2,678,991
Bank certificates of deposit (CDBs)	1,150,998	1,307,762	2,161,736
Gold	105,958	60,865	319,831
Cash (1)	652,290	555,106	327,644
Other	173,340	95,938	108,008
Subtotal	<u>87,534,667</u>	<u>60,605,463</u>	<u>99,047,767</u>
FX Clearing house			
Brazilian government bonds	3,855,147	3,766,090	3,550,223
Cash (1)	66,520	-	174,060
Subtotal	<u>3,921,667</u>	<u>3,766,090</u>	<u>3,724,283</u>
Government bonds clearing house			
Federal government bonds	928,786	832,125	1,423,484
Equities clearing house (2)			
Brazilian government bonds	22,749,941	15,665,732	10,185,946
Stocks	25,809,847	17,208,344	9,101,835
Sovereign bonds; ADRs (3)	736,905	1,944,896	1,219,499
Bank certificates of deposit (CDBs)	580,066	997,944	467,649
Bank letters of credit	448,054	296,442	239,625
Cash (1)	235,806	247,230	101,927
Other	141,918	76,539	164,790
Subtotal	<u>50,702,537</u>	<u>36,437,127</u>	<u>21,481,271</u>
Total collaterals	<u>143,087,657</u>	<u>101,640,805</u>	<u>125,676,805</u>

(1) The balance of cash deposits is recorded in current liabilities under the 'collaterals for transactions' line item. We manage these resources and their availability; any investing is contingent on, and changes in correlation to, the aggregate level of required clearing margin at the time.

(2) Clearing house for stocks and corporate debt securities, known in the market as CBLC.

(3) US Treasuries and German federal securities, in addition to ADRs (American Depositary Receipt).

a. Other information

Clearing Fund (*Fundo de liquidação de operações*) - Derivatives Clearing House

The clearing fund comprises dedicated contributions required from clearing agents specifically to ensure the clearing and settlement of transactions registered at the clearinghouse in the event of default by one or more clearing participants. Contributions to the participation fund may be made in the form of cash, gold and bank letters of guarantee or, subject to prior approval by us, government bonds, corporate debt securities or other financial instruments satisfactory to us, in our discretion. Clearing participants are jointly and severally liable for replenishing the fund, subject to a limit by member.

The table below sets forth data on balances of contributions deposited in the fund at the transition date and each balance sheet date.

Composition	At December 31, 2010	At December 31, 2009	At January 1, 2009
	<i>(in thousands of Brazilian reais)</i>		
Brazilian government bonds	354,256	314,304	324,980
Letters of credit	35,012	33,000	30,000
Bank certificates of deposit (CDBs)	14,700	20,200	18,560
Stocks	4,541	6,634	7,763
Gold	-	2,925	1,928
Cash (1)	-	1,050	4,005
Total contributions	408,509	378,113	387,236
Aggregate minimum contribution required from participants	(313,000)	(319,500)	(333,500)
Surplus contributions	95,509	58,613	53,736

(1) The balance of cash deposits is recorded in current liabilities under the 'collaterals for transactions' line item. We manage these resources and their availability; any investing is contingent on, and changes in correlation to, the level of required clearing margin at the time.

The minimum contribution required from clearing participants has been set at R\$2,000 thousand, R\$3,000 thousand or R\$4,000 thousand, depending on the type of clearing access permits they hold. Moreover, clearing participants that provide services to other brokers (holders of trading access permits) do so under formal contractual arrangements we register, and are required to pay additional R\$500 thousand per customer trading participant. At December 31, 2010, the aggregate of collaterals deposited with the fund amounted to R\$408,509 thousand (versus R\$378,113 thousand on year ago and R\$387,236 thousand at the transition date of January 1, 2009).

b. Special Clearing Participant Fund (*Fundo de desempenho operacional*) – Derivatives Clearing House

The special clearing participant fund was set up to ensure the settlement of transactions in the event of default by one or more clearing participants that also hold access permits granting them settlement and trading rights. Participants are required to make minimum contributions and, as fund members, are liable for replenishing the fund. Contributions may be in the form of cash, gold and bank letters of guarantee or, subject to prior approval by us, government bonds, private debt securities or other financial instruments satisfactory to us, in our discretion.

The table below sets forth data on balances of collaterals deposited with us at the transition date and balance sheet dates.

Composition	At December 31, 2010	At December 31, 2009	At January 1, 2009
	<i>(in thousands of Brazilian reais)</i>		
Brazilian government bonds	921,678	859,804	863,451
Bank letters of credit	172,210	156,200	160,730
Bank certificates of deposit (CDBs)	52,801	81,310	98,683
Stocks	15,358	20,098	17,647
FIC BM&F	-	1,781	4,177
Other	-	582	-
Cash (1)	75	6,351	1,220

Total contributions	1,162,122	1,126,126	1,145,908
Aggregate minimum contribution required from participants	(989,200)	(1,009,500)	(1,026,700)
Surplus contributions	172,922	116,626	119,208

(1) The balance of cash deposits is recorded in current liabilities under the 'collaterals for transactions' line item. We manage these resources and their availability; any investing is contingent on, and changes in correlation to, the level of required clearing margin at the time.

The minimum contribution clearing participants are required to make to this fund has been set at R\$5,500 thousand, R\$6,500 thousand or R\$7,500 thousand, depending on the type of clearing access permits they hold. The minimum contribution required from commodity brokers holding full trading access permits has been set at R\$6,000 thousand. Brokerage firms holding restricted trading access permits (rights to trade in interest rates, exchange rates and Bovespa Index) pay minimum contribution of R\$4,000 thousand. Holders of access rights permitting a broker to trade in other categories of contracts which are cleared and settled by our derivatives clearing house are required to pay minimum contribution of R\$3,000 thousand. Scalpers may apply for scalper access permits and are required to pay minimum contribution of R\$1,600 thousand in the case of full access permits or, R\$1,000 thousand in the case of restricted scalper access permits (granting rights to trade in interest rates, exchange rates and Bovespa Index).

c. Participation fund (*Fundo de participação*) – Foreign Exchange Clearinghouse

The participation fund was set up to cover financial losses resulting from risks related to banking operations carried out in our FX clearing house. Banks holding permits to operate in our FX clearing house are required to contribute to the fund. Contributions may be in the form of cash deposits, currencies or financial instruments.

The table below sets forth data on balances of collaterals deposited with us at the transition date and balance sheet dates.

Composition	At December 31, 2010	At December 31, 2009	At January 1, 2009
	<i>(in thousands of Brazilian reais)</i>		
Brazilian government bonds	162,235	154,056	140,584

d. Settlement Fund (*Fundo de liquidação*) – Equities Clearing House

Every clearing participant is required to contribute to this dedicated settlement fund, which is intended solely to cover possible losses due to default.

The table below sets forth data on balances of collaterals deposited with us at the transition date and balance sheet dates.

Composition	At December 31, 2010	At December 31, 2009	At January 1, 2009
	<i>(in thousands of Brazilian reais)</i>		
Brazilian government bonds	485,409	322,261	190,629
Shares in exclusive funds, bonds, repo transactions	-	-	159,580
Cash (1)	-	7	-
Total contributions	485,409	322,268	350,209

(1) The balance of cash deposits is recorded in current liabilities under the 'collaterals for transactions' line item. We manage these resources and their availability; any investing is contingent on, and changes in correlation to, the level of required clearing margin at the time.

10.10. Key components of the business plan.

a. Investments

i) Quantitative and qualitative description of ongoing and planned investments.

We have been investing heavily on our technology infrastructure and in strengthening our international partnerships in order to establish a solid foundation on which to accomplish our strategic growth plan and build our future. Moreover, we have redoubled our focus on pursuing new growth opportunities in Brazil and elsewhere, and on realizing our clear objective of investing in financial education and forming an investment-minded middle class so as to widen capital markets penetration, on spurring growth in the equity offering market by increasing the number of listings, and on developing new products.

Technology developments

BM&FBOVESPA aims to offer prime information technology resources and services to customer market participants and investors. To this end, we invested in 2010 an aggregate of R\$219.261 thousand in a number of projects. The discussion below highlights the main projects on whose implementation we have been working.

New trading platform.

In the first half of 2010, consistent with our partnership agreement with the CME Group, we have started the joint development of a multi-asset class trading platform for the trading of equities, derivatives, fixed income securities and other exchange-traded or OTC-traded assets, which is set for phased implementation over the course of the coming year, as it will ultimately replace our four trading systems, which operate trading platforms for the equities, derivatives, corporate securities and bonds markets. This new trading platform will give us a state-of-the-art technology structure and technology independence, will provide customers and participants with streamlined, efficient access to deal-making across markets, and place BM&FBOVESPA high amongst the fastest, most reliable, efficient and technologically advanced exchange-based marketplaces in our industry.

In developing and implementing our new, fully integrated electronic trading platform, we face challenges of multiple dimensions, including as related to application of new technologies, the transmission of knowledge inside our company, implementation, testing and deployment to market participants, and not least importantly, sticking to the implementation schedule. This schedule calls for a three-staged implementation process, where the first, the derivatives module, is set to implement in June 2011, followed by the equities module between the last quarter of 2011 and the first quarter of 2012, and at a later date the fixed-income module. The step comprising analysis and specification of system functionalities for this last stage is set to start in April 2011.

New Data Center.

As a result of the 2008 exchange integration process that combined BM&F and Bovespa we absorbed four data centers, meaning the primary and backup centers of each exchange. We are now in the process of reorganizing and streamlining our technology infrastructure, for which purpose we have planned two new data centers that will be more efficient, provide heightened security features and offer greater capacity than the existing ones they are set to replace, and should thus better support our strategic growth plan. Construction of our new primary data center has begun and is scheduled to end in the second half of 2012, whereas since June 2010 our new backup data center is located at a leased hosting facility.

Partnership with Trading Technologies.

As announced in April 2010, we agreed a partnership with Trading Technologies International (TT), an independent software vendor and developer of high-performance trading software, including the X-TRADER® platform and front-end screen, their flagship order entry product. TT will have a server connected to our data center under a co-location arrangement and the ability to connect their customers to our trading systems.

Brazil Easy Investing.

Brazil Easy Investing is a data feed and order routing software system developed in partnership with Chi-X Global, a company specializing in electronic trading systems, which software system is designed to convert stock quotes into different foreign currencies in real time, and give foreign investors the ability to transmit orders to the Brazilian exchange in their local currencies.

Improvements to technology infrastructure, services, management.

In addition, we hired an international consulting firm to assess our electronic trading technology infrastructure, processes and support services. We were presented with a report on their findings, which includes certain improvement recommendations to both the infrastructure and the technology support services provided to market participants. These recommendations were integrated into a number of action plans for staged-implementation. Consistent with the experts' recommendations, the five action plans we considered to be our top priorities and were selected for prompt implementation (now ongoing and set to complete early in 2012) tackle the following: (i) model of a customer and electronic trading support center, (ii) IT performance management, (iii) IT monitoring strategy, (iv) knowledge transfer with regard to the new electronic trading platform, and (v) crisis management.

ii) sources of financing for these investments.

The primary source of funds we use to finance our strategic investment plans is operating cash flow. We may also consider alternative sources of financing, such as bank loans or some government or development bank financing program, or financing through accessing the either the local or the international capital markets.

iii) planned and ongoing material divestments.

Not applicable.

b. Disclosed acquisitions of plants, equipment, patents and other assets, which are expected to materially influence production capacity.

New trading platform. In the first half of 2010, consistent with our partnership agreement with the CME Group, we have started the joint development of a multi-asset class trading platform for the trading of equities, derivatives, fixed income securities and other exchange-traded or OTC-traded assets, which is set for phased implementation over the course of the coming year, as it will ultimately replace the four existing trading systems.

Purchase of land for the new data center. We have recently purchased 20,000 square meters of land in Santana do Parnaíba, state of São Paulo, Brazil, where we intend to build our new data center. Construction is set to start in 2011 and should be completed by the second half of 2012.

c. new offerings of products and services, including:

i) previously disclosed and ongoing product research.

Not applicable.

ii) total expenses incurred in research for development of new products or services.

Not applicable.

iii) previously disclosed and ongoing development projects.

BM&F Segment:

- ✓ Mini-sized cash-settled soybean futures contracts whose final cash settlement prices would be based on similar derivatives traded on the Chicago Mercantile Exchange (CME);

- ✓ Contractual arrangements have been made for development of middle and back office services targeting Futures Commission Merchants (FCM); and
- ✓ ISVs (Independent Software Vendors): Trading Technologies (TT) will provide X-TRADER® platform and front-end screens for the BM&F segment.

Bovespa Segment:

- ✓ Block Trade Facility;
- ✓ Market markers for options on stocks;
- ✓ Foreign ETFs: Bovespa segment listings of foreign market indexes;
- ✓ Brazil Easy Investing – data feed and order routing system designed to convert stock quotes into different foreign currencies in real time;
- ✓ E-mini S&P 500 futures contracts.

Both segments:

- ✓ New multi-asset class trading platform;
- ✓ New data centers: lease of the premises for our new backup center and purchase of land for construction of the primary data center;
- ✓ ISVs (Independent software vendors): FlexTrade will provide trading screens for both segments (but mostly the Bovespa segment);
- ✓ EntryPoint: unified order entry interface for both segments;
- ✓ Integration of clearing facilities: we intend to integrate our four clearing houses into a single clearing facility, which will permit cross-margining, improve risk management processes and the management of cash participants deposit as margin.

iv) total expenses incurred in developing new products or services.

Over the year to December 2010 we disbursed R\$219,261 thousand in IT projects, such as the development of a new multi-asset class trading platform, a joint cooperation with the CME Group within the scope of the global preferred strategic partnership we have mutually agreed in February 2010, the expansion of our throughput capacity in both segments and the purchased 20,000 square meters of land, where we intend to build our new data center.

10.11. Discussion of additional factors materially influencing operating performance and not previously identified or discussed in this section.

- ✓ Expansion of throughput capacity. In the third quarter we completed the expansion of throughput capacity for the BM&F segment (which climbed to 400 thousand daily trades from 200 thousand previously), and in the fourth quarter we completed the implementation in the Bovespa segment, where throughput went up to 3.0 million daily trades from 1.5 million earlier.
- ✓ New DMA models for the Bovespa segment. In August 2010 the CVM authorized, and in September 2010 we launched three additional Direct Market Access connection models, i.e., DMA via Provider, via Direct Connection and via Co-Location Arrangements (we call them DMA models 2, 3 and 4), which for their efficiency should attract more sophisticated investors to the Brazilian equities markets, including high frequency traders.

ATTACHMENT II

Management proposal, including the information on net income allocation required pursuant to Annex 9-1-II of CVM Instruction 481.

1. State the net income for the year.

Net income for the year ended December 31, 2010, amounted to R\$1,144,560,312.60.

2. State the proposed aggregate dividend and dividend per share amounts, including interim dividends and interest on shareholders' equity previously declared.

The aggregate amount allocated to the dividend account is R\$1,144,560,312.60.

Assuming the annual shareholders' meeting approves the proposed dividend distribution, the aggregate dividend and interest on capital per share distributed for 2010 would be R\$0.576431, which includes interim dividends and interest on shareholders' equity previously declared, as set forth in the table below. This amount represents our best estimate of dividends per share, because the balance of net income (currently R\$0.12360196 per share) that will ultimately be available for dividend distribution is subject to changes related to treasury stock set to be reissued for fulfillment of stock options exercised pursuant to the Company's stock option plan and to the occasional purchase of Company's shares within the scope of the Company's share buyback plan.

Description	Gross yearly dividend per share (in Brazilian reais)	Gross aggregate yearly dividend (in Brazilian reais)
Interest on shareholders' equity	0.014951	30,000,000.00
Interest on shareholders' equity	0.029890	60,000,000.00
Interest on shareholders' equity	0.068231	137,000,000.00
Interest on shareholders' equity	0.022422	45,000,000.00
Dividends	0.098957	198,600,000.00
Dividends	0,119101	235,875,000.00
Interest on shareholders' equity	0.016156	32,000,000.00
Subtotal	0.228175	738,475,000.00
Proposed dividends	0.206723	406,085,312.60
Total proposed distribution for 2009	0.576431	1,144,560,312.60

3. State the ratio of dividends declared to net income for the year:

As a percentage of net income for the year, the aggregate dividend distributions for the year to December 31, 2010 represent 100%.

4. State the aggregate dividends and dividends per share paid out of income ascertained in previous years:

There have been no dividend distribution proposals based on income ascertained in previous years.

5. State the following, net of interim dividends and interest on shareholders' equity previously paid out:

a. Gross amount of dividends and interest on shareholders' equity, as segregated by kind and class of shares.

The gross amount of the proposed dividend distribution is R\$0.206723 per common share issued by the Company, which is the only type or class of outstanding shares. This is an estimate subject to change related to treasury stock to be reissued for fulfillment of stock options exercised pursuant to the Company's stock option plan and to the occasional purchase of Company's shares within the scope of the Company's share buyback plan.

b. Form and date of payment of dividends and interest on shareholders' equity being distributed.

Contingent on the proposed dividend distribution to be approved at the annual shareholders' meeting called to convene on April 18, 2011, payment is scheduled to take place as of May 16, 2011.

c. Possible adjustments for inflation or interest payable on dividend and interest on shareholders' equity distributions.

Payments by way of dividends or interest on shareholders' equity typically include no accruing interest or adjustments for inflation.

d. Date of dividend or interest on shareholders' equity declaration, for identification of ownership structure and the shareholders entitled to payouts (book closure date).

The book closing date that will determine the ownership structure pursuant to which holders of record will be entitled to dividends declared is May 2, 2011.

6. In case interim dividends or interest on shareholders' equity have been declared previously based on income ascertained pursuant to semiannual or other interim financial reports:

a. State the amounts declared by way of dividends and interest on shareholders' equity.

See the table below.

b. State the payout date(s).

Distribution description	Date of BVMF Board Meeting	Payment date	Dividend per share (in Brazilian reais)	Gross aggregate dividend (in Brazilian reais)
Interest on shareholders' equity	February 23, 2010	March 11, 2010	0.014951	30,000,000.00
Interest on shareholders' equity	March 25, 2010	April 13, 2010	0.029890	60,000,000.00
Interest on shareholders' equity	May 11, 2010	May 27, 2010	0.068231	137,000,000.00
Interest on shareholders' equity	August 12, 2010	Sep 10, 2010	0.022422	45,000,000.00
Dividends	August 12, 2010	Sep 10, 2010	0.098957	198,600,000.00
Dividends	November 9, 2010	Nov 25, 2010	0.119101	235,875,000.00
Interest on shareholders' equity	Dec 16, 2010	Jan 19, 2011	0.016156	32,000,000.00
Total interim distribution for 2009				738,475,000.00

7. Provide a table setting forth comparative data, by kind and class of shares, regarding the following:

a. Net income for the year and for the three (3) preceding years.

For purposes of disclosure of earnings per share, this is calculated by dividing the profit distributed to shareholders of BM&FBOVESPA, the average number of shares outstanding during the period, according to the criteria of the CPC - 41 - Earnings per share, issued by the Accounting Pronouncements Committee, and applied retrospectively to the financial statements for the year 2009.

	Year to Dec. 2010	Year to Dec. 2009	Year to Dec. 2008 (1)
	In Brazilian reais	In Brazilian reais	In Brazilian reais
Net income for the year	1,144,560,312.60	881,050,370.16	645,595,591.50
Number of outstanding common shares	2,000,777,767	2,004,766,312.00	2,010,990,091.00
Earnings per share (R\$)	0.572058	0.439478	0.321034

(1) In accordance with accounting practices adopted in fiscal year 2008 for the calculation of earnings per share was considered the number of shares outstanding at the end of the period (December 31, 2008)

b. Dividends and interest on shareholders' equity declared in the three (3) most recent years.

Distribution description	Gross dividend per share (in Brazilian reais)	Kind of shares	Gross aggregate dividend (in Brazilian reais)
Interest on shareholders' equity	0.020320	Common	20,539,417.12

Interest on shareholders' equity	0.072995	Common	149,203,000.00
Dividends	0.069969	Common	143,019,000.00
Interest on shareholders' equity	0.069307	Common	139,375,702.67
Dividends	0.030276	Common	60,623,580.55

Total distribution for 2008

512,760,700.34

Distribution description	Gross dividend per share (in Brazilian reais)	Kind of shares	Gross aggregate dividend (in Brazilian reais)
Interest on shareholders' equity	0.055931	Common	112,000,000.00
Interest on shareholders' equity	0.070653	Common	141,500,000.00
Dividends	0.016727	Common	33,500,000.00
Dividends	0.074888	Common	150,000,000.00
Interest on shareholders' equity	0.009976	Common	20,000,000.00

Total distribution for 2009

457,000,000.00

Distribution description	Gross dividend per share (in Brazilian reais)	Kind of shares	Gross aggregate dividend (in Brazilian reais)
Interest on shareholders' equity	0.014951	Common	30,000,000.00
Interest on shareholders' equity	0.029890	Common	60,000,000.00
Interest on shareholders' equity	0.068231	Common	137,000,000.00
Interest on shareholders' equity	0.022422	Common	45,000,000.00
Dividends	0.098957	Common	198,600,000.00
Dividends	0.119101	Common	235,875,000.00
Interest on shareholders' equity	0.009976	Common	32,000,000.00

Total distribution for 2010

738,475,000.00

It should be noted that the Company issues shares of common stock only.

8. In case of a net income allocation to the legal reserve:

a. State the amount of the net income allocation to the legal reserve.

Pursuant to paragraph 1 of article 193 of Brazilian Corporate Law (Law No. 6.404/76), no allocation is proposed to be made to the legal reserve based on net income for the year to December 2010 because the sum of the balances recorded in the legal reserve and in the capital reserves foreseen in paragraph 1 of article 182 of Brazilian Corporate Law currently exceeds 30% of the capital stock, therefore dispensing the mandatory allocation.

b. Detail the form of calculation of the allocation to legal reserve.

Pursuant to item 'a' above, no allocation is proposed to be made to the legal reserve.

9. In case the capital stock is represented also by shares of preferred stock bearing rights to fixed or minimum dividends:

a. Describe the form of calculation of fixed or minimum dividends.

b. State whether net income for the year suffices to pay the full amount attributable to fixed or minimum dividends.

c. Clarify whether or not any amount of dividend not being paid is a cumulative amount.

d. State the aggregate dividend amount by class of preferred stock entitled to fixed or minimum dividends.

e. State the amount per share, by class of preferred stock, payable by way of fixed or minimum dividends.

Under the Bylaws, the Company issues shares of common stock only.

10. With regard to the mandatory dividend:

a. Describe the form of calculation established in the Bylaws.

Under article 54 of the Bylaws, the balance of net income remaining after the allocation to the legal reserve, must be adjusted for any allocation to the contingency reserves or a write-back of previously reserved and unused amounts, if any. The balance of net income then outstanding will be available for distribution of the yearly mandatory dividend.

b. State whether the mandatory dividends are set to be paid in full.

The mandatory dividend is being paid in full. As supplemented by previous interim distributions, the yearly dividend distribution the board of directors is proposing represents 100% of net income for the year to December 2010.

c. State the amount of any profit retention.

No profit retention or recommendation for retention has been made.

11. In case net income is to be retained in lieu of the mandatory distribution due to circumstances related to the financial condition of the Company:

a. State the retention amount.

b. Give a detailed account of the financial condition of the Company, addressing also aspects related to the analysis of liquidity, working capital (net current assets) and positive cash flows.

c. Justify the profit retention.

Not applicable.

12. In case of a net income allocation to a contingency reserve:

a. State the amount allocated to the contingency reserve.

b. Identify the anticipated losses that are deemed probable, stating the reasons for anticipating said losses.

c. Explain why the losses are deemed probable.

d. Justify the formation of a contingency reserve.

No proposal has been made for allocation of net income to contingency reserves.

13. In case of a net income allocation to the unrealized profit reserve:

a. State the amount allocated to the unrealized profit reserve.

b. Clarify the nature of the unrealized profits being reserved.

No proposal has been made for allocation of net income to unrealized profit reserves.

14. In case of any net income allocation to a bylaws reserve

a. Identify the Bylaws' provisions that establish the bylaws reserve.

b. State the amount allocated to the bylaws reserve.

c. Explain the calculation of the allocation amount.

No proposal has been made for allocation of net income to a bylaws reserve.

15. In case any profit retention is contemplated in a capital expenditure budget:

a. State the amount of the retention.

b. Provide a copy of the capital expenditure budget.

No such profit retention has been proposed.

16. In case of any net income allocation to a tax incentive reserve:

a. State the amount allocated to the tax incentive reserve.

b. Explain the nature of the allocation.

No allocation proposal has been made regarding any tax incentive reserve.

ATTACHMENT III

Information on nominated candidate directors, pursuant to Subsections 12.6 through 12.10 of the Reference Form required under CVM Instruction 480

12.6. Information on the directors, executive officers and fiscal council members

12.6.1 Board of Directors

(Tables 1 and 2)

Table 1	Arminio Fraga Neto	Candido Botelho Bracher	Claudio Luiz da Silva Haddad	Craig Steven Donohue	José Roberto Mendonça de Barros	Julio de Siqueira Carvalho de Araújo
Age	53	51	63	48	65	56
Profession	Economist	Business Administrator	Industrial and mechanical engineer	Businessman	Economist	Banker
Taxpayer ID (CPF)	469.065.257-00	039.690.188-38	109.286.697-34	060.600.507-27	005.761.408-30	425.327.017-49
Position	Independent director	Director	Independent director	Director	Independent director	Director
Appointment date	-	-	-	-	-	-
Investiture date	-	-	-	-	-	-
Term of office	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements
Other positions	Member of the nomination and governance committee and of the risk committee	Compensation committee member	Compensation committee member	-	Nomination and governance committee member	Risk committee member
Appointment by controlling shareholder	No	No	No	No	No	No

Table 2	Luis Stuhlberger	Marcelo Fernandez Trindade	Pedro Pullen Parente	Renato Diniz Junqueira	René Marc Kern
Age	55	46	58	57	46
Profession	Engineer	Lawyer	Business Administrator	Business Administrator	Businessman
Taxpayer ID (CPF)	881.983.918-00	776.785.247-49	059.326.371-53	679.361.308-10	3560470115
Position	Director	Independent director	Independent director	Director	Independent director
Appointment date	-	-	-	-	-
Investiture date	-	-	-	-	-
Term of office	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements	Through to the date of the annual shareholders' meeting that convenes to judge the 2012 financial statements
Other positions	Member of the nomination and governance committee and of the risk committee	Audit committee member	-	-	Compensation committee member
Appointment by controlling shareholder	No	No	No	No	No

12.7. Board advisory committees

Audit Committee

	Luis Nelson Guedes de Carvalho	Marcelo Fernandez Trindade	Paulo Roberto Simões	Sérgio Darcy da Silva Alves	Tereza Cristina Grossi Togni
Age	64	46	60	65	61
Profession	Accountant	Lawyer	Accountant	Financial Consultant	Accountant
Taxpayer ID (CPF)	027.891.838-72	776.785.247-49	567.047.048-68	050.933.687-68	163.170.686-15
Position	Committee Coordinator	Committee member	External member	External member	External member
Appointment date	May 12, 2009	May 12, 2009	May 12, 2009	May 12, 2009	May 12, 2009
Investiture date	May 12, 2009	May 12, 2009	May 12, 2009	May 12, 2009	May 12, 2009
Term of office	2 years	2 years	2 years	2 years	2 years

Other positions	--	Independent Director	--	Member of the Regulations Committee	--
Appointment by controlling shareholder	No	No	No	No	No

Nomination and Governance Committee

	Arminio Fraga Neto	José Roberto Mendonça de Barros	Luis Stuhlberger
Age	53	65	55
Profession	Economist	Economist	Engineer
Taxpayer ID (CPF)	469.065.257-00	005.761.408-30	881.983.918-00
Position	Committee Coordinator	Committee member	Committee member
Appointment date	May 12, 2009	May 12, 2009	May 12, 2009
Investiture date	May 12, 2009	May 12, 2009	May 12, 2009
Term of office	2 years	2 years	2 years
Other positions	Chairman of the Board	Independent director	Director
Appointment by controlling shareholder	No	No	No

Compensation Committee

	Candido Botelho Bracher	Claudio Luiz da Silva Haddad	René Marc Kern
Age	51	63	45
Profession	Business Administrator	Industrial and mechanical engineer	Businessman
Taxpayer ID (CPF)	039.690.188-38	109.286.697-34	3560470115
Position	Committee member	Committee Coordinator	Committee member
Appointment date	May 12, 2009	May 12, 2009	May 12, 2009
Investiture date	May 12, 2009	May 12, 2009	May 12, 2009
Term of office	2 years	2 years	2 years
Other positions	Director	Independent director	Independent director
Appointment by controlling shareholder	No	No	No

Risk Committee

	Arminio Fraga Neto	Julio de Siqueira Carvalho de Araújo	Luis Stuhlberger
Age	53	56	55
Profession	Economist	Banker	Engineer
Taxpayer ID (CPF)	469.065.257-00	425.327.017-49	881.983.918-00
Position	Committee member	Committee member	Committee member

Appointment date	May 12, 2009	May 12, 2009	May 12, 2009
Investiture date	May 12, 2009	May 12, 2009	May 12, 2009
Term of office	2 years	2 years	2 years
Other positions	Chairman of the Board	Director	Director
Appointment by controlling shareholder	No	No	No

12.8. Brief biographical description of the directors, executive officers and fiscal council members

Board of directors

Arminio Fraga Neto

Chairman of the board

Mr. Fraga Neto holds a bachelor's and a master's degree in economics from the Catholic University of Rio de Janeiro (1981) and a PhD degree in Economics from Princeton University (1985). He is the founding partner of Gávea Investimentos (2003), an independent investment management company which focuses on structured investments and private equity. He is a former governor of the Brazilian Central Bank (March 1999 through December 2002). Previously, he was a managing director of the Soros Fund, based in New York, director for International Affairs and member of the Central Bank board of governors, a vice president at the Salomon Brothers, in New York, and Chief Economist and Operations Manager of Banco Garantia. In addition, is a former professor for the master's program of the Catholic University of Rio de Janeiro, of the school of Economics of Fundação Getúlio Vargas, the School of International and Public Affairs of Columbia University (U.S.) and a visiting assistant professor in the Finance Department at Wharton School of the University of Pennsylvania.

Other positions in public companies. Mr. Fraga Neto is a former director of Unibanco – União de Bancos Brasileiros S.A., whose registration as a public company was cancelled following the merger with Banco Itaú in April 2009. He was also a member of the advisory committees of the Bunge group in Brazil (Bunge Alimentos S.A. and Bunge Fertilizantes S.A.).

Candido Botelho Bracher

Director

Mr. Bracher holds a graduate degree in business administration from Fundação Getúlio Vargas. Since 2005, he has been the chief executive officer of Banco Itaú BBA. Previously, he was a vice president of Banco Itaú BBA (2003-2005), an executive officer of Banco BBA Creditanstalt (1988-2003), of Banco Itamarati (1987-1988), executive officer and vice chief executive of Banco de Desenvolvimento do Estado de São Paulo (1985-1987), executive officer of Bahia Corretora and a manager of Banco da Bahia Investimentos (1983-1985), a trader in commodities futures at the Paris offices of the Commodities Corporation (1982), a forex trader at the Swiss Bank Corporation, based in Zürich, Switzerland (1982), and assistant manager for exports at Braswey Indústria e Comércio S.A. (1980).

Other positions in public companies. Mr. Bracher has been vice chief executive of Itaú Unibanco Holding S.A. since May 2005 and a member of the board of directors since December 2008. In addition, Mr. Bracher is a former member of the board of directors of Unibanco – União de Bancos Brasileiros S.A., whose registration as a public company was cancelled following the merger with Banco Itaú in April 2009.

Claudio Luiz da Silva Haddad***Independent director***

Mr. Haddad holds a graduate degree in mechanical and industrial engineering from the Engineering Military Institute of Rio de Janeiro (1969), a master's and doctorate degree in economics from the University of Chicago (1974) and is a graduate of the Harvard Business School Owner/President Management Program (1987). He was formerly a full-time professor at the post-graduate School of Business Administration of Fundação Getúlio Vargas (1974-1979); chief economist at Banco de Investimentos Garantia S.A. (1979); Central Bank director for sovereign debt and open market (1980-1982); partner and officer for corporate financing and, later, for investment banking at Banco de Investimentos Garantia S.A. (1983-1992); chief executive officer of Banco de Investimentos Garantia S.A. (1992- 1998). He is the president of Instituto Veris, which owns and maintains the IBMEC São Paulo, and chairman of the board of directors and principal shareholder of Veris Educacional S.A, a higher education organization which also controls the IBMEC schools. Additionally, he is the president and founding member of Instituto Futuro Brasil, member of the board of directors of the Abril Group, member of the Visiting Committee of the Harvard Business School, and a member of the boards of the David Rockefeller Center for Latin American Studies at Harvard University, of Hospital Israelita Albert Einstein, of Ideal Invest S. and Instituto Unibanco. He is also a member of the International Advisory Committee of the Capital Group and director of the Brazil-Israel Chamber of Commerce.

Other positions in public companies. Mr. Haddad is a former director of Petrobras S.A. (2002-2006).

Craig Steven Donohue***Director***

Mr. Donohue is a lawyer and holds an MBA degree from Northwestern University. He has been CEO and a member of the board of directors of the CME Group since January 2004. He has previously occupied a number of important positions at CME Group, including as managing officer. He is the Chairman of the board of directors of the National Council on Economic Education and a member of the board of the Executives Club of Chicago and the Chicago Chamber of Commerce. He also serves as a Board member of the Chicago Council on Global Affairs, as Vice Chairman of CME Group Foundation and President of the CME Group Community Foundation. He is also a member of the Commodity Futures Trading Commissions Global Markets Advisory Committee, and a member of the global markets advisory committee of the Commodity Futures Trading Commission, or CFTC.

Other positions in public companies. In February 2008, he was elected a member of the board of directors of BM&F, then an independent commodities and futures exchange, whose registration as a public company was cancelled in 2008 following the merger with the São Paulo stock exchange (Bovespa), from which BM&FBOVESPA emerged.

José Roberto Mendonça de Barros***Independent director***

Mr. Barros holds a graduate degree and a PhD in economics from the University of São Paulo and a post-doctorate degree from the Economic Growth Center at Yale University. He is an independent consultant, founder and managing partner of Mendonça de Barros Associados S/S Ltda. (1978), a member of the advisory committee of the Estado de São Paulo publishing group and of the Brazilian Federation of Banks (Febraban). He is also a member of the advisory committee for our *Novo Mercado* listing segment. He is a former Secretary for Economic Policy of the Ministry of Finance and executive secretary of the President's Office of Foreign Trade. In

addition, he was also a visiting professor at the agricultural economics and rural sociology department at Ohio State University and assistant PhD professor of the economics and business school at the University of São Paulo.

Other positions in public companies. Mr. Barros is a former member of the board of directors of CESP - Companhia Energética de São Paulo, Eletropaulo, CPFL and Comgas (1983-1985), member of the strategic committee of Vale (2002-2006), of Fertilizantes Fosfatados S.A. – Fosfertil (2004-2006), of GP Investments (2006- 2009), of Frigorífico Minerva (2007-2008). He was also a member of the board of directors of Bovespa Holding S.A., which then operated the São Paulo stock exchange, whose registration as a public company was cancelled in 2008 after the merger with BM&F, from which BM&FBOVESPA emerged. Additionally, he is currently a director of Tecnisa S.A, member of the advisory committee of Companhia Brasileira de Distribuição (Pão de Açúcar group) and director of Banco Santander (Brasil) S.A.

Julio de Siqueira Carvalho de Araújo

Director

In March 1978, Mr. Araújo joined Banco BCN S.A., and became executive officer in October 1989. In 1997, the bank was acquired by Banco Bradesco. Since 2000, he has been the deputy chief executive officer of Banco Bradesco and in this capacity he also participates in the boards and committees of several companies within the Bradesco conglomerate. He is member of the steering committee and managing officer of the Bradesco Foundation, alternate member of the board of directors of the Interbank Payment Chamber and a sitting member of the deliberative council of the Brazilian Association of Real Estate Credit and Savings (Abecip). He was formerly a sitting member of the board of directors of the Brazilian Clearing and Depository Corporation (CBLC). Mr. Araújo was elected to our board in 2008.

Other positions in public companies. Mr. Araújo is the deputy chief executive officer of Banco Bradesco and executive officer of Bradesco Leasing S.A. Arrendamento Mercantil.

Luis Stuhlberger

Director

Mr. Stuhlberger holds a graduate degree in engineering from *Escola Politécnica* of the University of São Paulo and a postgraduate degree in business administration from Fundação Getúlio Vargas. Having began his career as a futures and commodities trader in 1981, he is currently a minority shareholder of Credit Suisse Hedging-Griffo Investimentos S.A., controlling shareholder of Credit Suisse Hedging-Griffo Corretora de Valores S.A, of Credit Suisse Hedging-Griffo Asset Management S.A and of Credit Suisse Hedging-Griffo Serviços Internacionais S.A. He is the executive officer in charge of portfolio management for companies of CSGH Group, including the Green Investment Fund (Hedging-Griffo Verde) portfolio since 1997.

Other positions in public companies. He holds no other position in public companies.

Marcelo Fernandez Trindade

Independent director

Mr. Trindade holds a law degree from the Catholic University of Rio de Janeiro (PUC-Rio). He has been a member of the law firm of Trindade Sociedade de Advogados since 1986. In addition, since 1993 he has been a tenured Civil Law professor in the Law Department of PUC-Rio. He is currently a business law professor for the postgraduate program of the law school of Fundação Getúlio Vargas, in Rio de Janeiro. Previously, he was a partner at the law firms of Cardoso, Rocha, Trindade e Lara Resende Advogados (1994–1998) and Tozzini Freire Teixeira e Silva Advogados (1999 – 2000 and 2002 – 2004). Between 2000 and 2002, he was a director of the Brazilian Securities Commission (CVM) and the CVM Chairman between 2004 and 2007. He was elected our independent director in May 2008.

Other positions in public companies. Mr. Trindade is a former a member of the board of directors of BM&F, then an independent commodities and futures exchange, whose registration as a public company was cancelled in 2008 following the merger with the São Paulo stock exchange (Bovespa), from which BM&FBOVESPA emerged. He was also a member of Globex Utilidades S.A. (2008-2009).

Pedro Pullen Parente

Independent Director

Early in his civil service career, Mr. Parente worked for Banco do Brasil (1971-1973); he then transferred to the Central Bank (in either case open-competitive examination required), which he left in 2010 when he retired, after having held several positions in the Brazilian Central Bank's Financial Administration Department. Mr. Parente held multiple higher-ranking positions in civil service and government; he served as Secretary of State and as Consultant for the 1988 Brazilian Constitutional Assembly; he was Consultant of the International Monetary Fund, based in Washington D.C., from 1993 to 1994. He served as the Chief Minister for the Civil House and Executive of the Brazilian Ministry of Finance from 1994 to 2002. In 1999, he was a Minister of the Brazilian government, and his last assignment while in office was to coordinate the team overseeing President Fernando Henrique Cardoso's transition. Between 2001 and 2002 he was chairman of the Energy Crisis Management Committee; Chief Operating Officer of Brazilian media company Grupo RBS from 2003 to 2009. Mr. Parente has been the Chief Executive Officer of and President of Bunge Brazil at Bunge Ltd. since January 2010. He is also a member of the boards of AMCHAM Brasil, RBS, FNQ and Conex.

Other positions in public companies. Mr. Parente is a former director of Petrobras S.A., Banco do Brasil, TAM, Bovespa Holding, CPFL, Alparagas and Duratex.

Renato Diniz Junqueira

Director

Mr. Junqueira holds a graduate degree in business administration from Fundação Getúlio Vargas. He was formerly an executive officer at Banco do Comercio e Industria de São Paulo (1973–1987), vice chairman of board of the Brazilian Commodities Exchange (2002–2007). He was formerly also executive officer of Banco Intercap S.A. from 1987 to 2010. He is currently chairman of the Rio de Janeiro stock exchange (BVRJ) and a member of the board of directors of Banco Intercap S/A. He is also a cattle raiser and a farmer and grower of sugarcane.

Other positions in public companies. Mr. Junqueira was formerly a director of BM&F, then an independent commodities and futures exchange, whose registration as a public company was cancelled in 2008 following the merger with the São Paulo stock exchange (Bovespa), from which BM&FBOVESPA emerged.

René Marc Kern

Independent director

Mr. Kern holds a B.S. degree from the University of California, Berkeley, and an M.B.A. and an M.A. degree from the University of Pennsylvania. He was formerly a consultant at Bain & Co, having worked previously at General Atlantic and Morgan Stanley. He is currently managing director of General Atlantic, a global growth equity firm where he is also the global lead executive. Mr. Kern is also a director of Getco Holding Company, LLC, an electronic liquidity provider and trading firm, and Intec Telecoms Systems Plc, a provider of business and operations support systems. He has been our independent director since May 2008.

Other positions in public companies. Mr. Kern was formerly a director of BM&F, then an independent commodities and futures exchange, whose registration as a public company was

cancelled in 2008 following the merger with the São Paulo stock exchange (Bovespa), from which BM&FBOVESPA emerged.

- b. Judgments of guilt issued in administrative or court proceedings (including those of a regulatory or criminal nature) against the directors, officers and fiscal council members

Board of directors

No judgment of guilt (final or otherwise) has been entered against any of our directors in any disciplinary or court proceedings, except that under CVM sanction proceedings No. 2007-1079 Mr. Fábio de Oliveira Barbosa (in the capacity of IRO of Vale) was acquitted of the accusation of failure in timely disclosure of privileged information, and excused under civil fine of R\$100,000.00. The decision was appealed under number 11834 to the Appeals Board of the Brazilian Financial System (CRSFN).

12.9. Marital relationships or domestic partnerships or family relationships (up to the second degree) between:

- a. the directors of the registrant

There are no marital relationships or domestic partnerships or family relationships (up to the second degree) between any directors of the registrant.

- b. (i) the directors of the registrant, and (ii) the directors of its direct or indirect subsidiaries

There are no marital relationships or domestic partnerships or family relationships (up to the second degree) between any directors of the registrant and the directors of its direct or indirect subsidiaries.

- c. (i) the directors of the registrant and its direct or indirect subsidiaries, and (ii) the direct or indirect controlling shareholders

Not applicable, as we have no controlling shareholders.

- d. (i) a the directors of the registrant, and (ii) the directors of its direct or indirect controlling shareholders

Not applicable, as we have no controlling shareholders.

12.10. Work or employment or service provision relationships, or other subordination relationships in the past three full years, tying any of registrant's directors and officers to:

- a. any direct or indirect subsidiary of the registrant

Director Renato Diniz Junqueira was vice chairman of the board of directors of the Brazilian Commodities Exchange (*Bolsa Brasileira de Mercadorias*), or BBM, between 2004 and 2007.

Between February 1998 and June 2008, executive officer Amarílís Prado Sardenberg was operations officer of the Brazilian Clearing and Depository Corporation (CBLC), a wholly-owned subsidiary which merged with BM&FBOVESPA in November 2008, and currently comprises our equities clearinghouse, securities lending facility and central securities depository.

b. any direct or indirect controlling shareholder

Not applicable, as we have no controlling shareholders.

c. any material supplier, customer, debtor or creditor of either the registrant, or a subsidiary, or controlling shareholder or companies under common control

Director Craig Steven Donohue is the CEO and a director of the CME Group, which holds a 4.95% ownership interest in our shares and has an order routing agreement with us. In addition, we hold a 5% interest in CME shares.

BM&FBOVESPA and CME have also executed the following agreements: (i) the Order Routing Agreement, which enables customers using the CME Globex electronic trading platform to trade BM&FBOVESPA products directly, and BM&FBOVESPA's customers to trade CME Group products directly through the their BM&FBOVESPA connections; (ii) the Technology Agreement, with the purpose of jointly developing a new multi-asset class trading platform; and (iii) the Global Preferred Strategic Partnership Agreement, whereby both exchanges will cooperate to jointly identify strategic investments and commercial partnerships with other exchanges in the world, in the equity and derivatives segments.

ATTACHMENT IV

Information on compensation of directors and executive officers, pursuant to Section 13 of the Reference Form required under CVM Instruction 480.

13.1 Description of compensation policy and practices of the board of directors, board of executive officers, members of management, the fiscal council members, the advisory committee members and the audit, risk, financial and compensation committee members as regards the following aspects.

a. Purposes of compensation policy and practices.

As the Company is the result of the integration process that combined BM&F and BOVESPA into BM&FBOVESPA in May 2008 and as there were significant changes in the organization structure and new policies and practices were defined during the year, we have decided, for better understanding of the information disclosed herein and as permitted by CVM Instruction No. 480 of December 7, 2009, to provide information exclusively on the 2009 and 2010 fiscal years, as well as the forecast for the year ended December 31, 2011, wherever applicable.

Our compensation policy seeks to encourage alignment with the corporate purpose of the Company, and drives our officers' and employees' productivity and efficiency, besides maintaining competitiveness in the market in which we operate.

b. Compensation breakdown.

(i) Description and purpose of the compensation components

Board of Directors: For the directors, the compensation is in the form of a fixed monthly remuneration and, for the chairman of the board, the remuneration includes an additional semi-annual fixed payment equivalent to double the compensation received in the six-month period. The fixed component is intended to adequately compensate directors for their participation in meetings, while the additional remuneration of the Chairman of the Board is paid in return for a larger number of tasks required on his part.

In the event an executive and management member (though not a member of the board of executive officers) or any other employee is appointed to a position on the board of directors, this professional will not be entitled to any additional compensation. In addition, under article 22, paragraph 1, of our By-laws, no director may be elected to the board of executive officers.

Board of executive officers and members of management: The compensation policy for executive officers and other management members breaks down as follows:

- A monthly base salary consisting of thirteen monthly payments per year, aimed at direct compensation for services rendered, in line with market practices;
- Benefit package including health and dental care plan, life insurance, meal voucher, private pension fund, use of Company car, medical check-up, parking and use of Company cell phone. These benefits are aimed at offering an attractive package which is minimally consistent with market standards for performance of similar tasks;
- Semiannual (short-term) variable remuneration established and paid under our profit sharing program according to Law No. 10101, dated December 19, 2000. Our profit sharing program defines potential multiples of monthly base salary attributable pursuant to profit-based overall performance targets, job level responsibilities and evaluation of individual performance, aimed at aligning officers with the Company's short and medium-term results; and
- Long-term share-based remuneration structured so as to grant stock purchase options pursuant to the Company's stock option plan (option plan") with regard to profit-based overall performance targets, job level responsibilities and evaluation of individual performance. It is aimed at the alignment of the officers' interests with those of the Company in the long term, as well as the retention of the Company's key management personnel.

Committees: The members of the board advisory committees are entitled to a fixed monthly remuneration. Directors that take part in these committees are entitled to an additional fixed monthly remuneration, limited however to participation in three committees. At this time we have an audit committee, a nomination and corporate governance committee, a compensation committee and a risk committee, all advising the board of directors. To advise the board of executive officers, we have the following committees: agribusiness committee, market committee, market risk committee, athletic club committee and regulation committee. Only the members of the regulation committee receive a fixed monthly compensation. Officers (whether an executive officer or other management member) or other employees that are appointed to serve on any management advisory committee are not entitled to additional remuneration. The aforementioned fixed monthly remuneration is paid for the purpose of compensating officers for their participation in meetings.

Fiscal Council: The Company's fiscal council is not active. The compensation policy for fiscal council members, if and when active, will be established in accordance with applicable law. The Company believes the absence of an active fiscal council is leveled and adequately covered by the audit committee, since under article 57 of our Bylaws the scope of the committee responsibilities goes far beyond that which is assigned to a fiscal council under Brazilian Corporations Law. The audit committee is composed of five independent members, four of them being outside members, and one an independent director. Audit committee members serve for two-year terms. The members of the audit committee are nominated by the nomination and corporate governance committee, and appointed by the board of directors. Outside members must have auditing, compliance/controls, accounting, taxation and similar other specialized knowledge and/or experience, in addition to being required to meet the independence standards established in article 46 of the Bylaws, so as to ensure they will perform their duties with exemption, for the benefit and in the interests of the Company and the shareholders.

(ii) Proportion of each component of the total compensation

The average proportion of each compensation component in the year 2010 according to our current compensation policy is set forth in the table below.

2010	Monthly remuneration	Participation in committees	Benefits	Short-term variable remuneration (<i>profit-sharing</i>)	Long-term variable remuneration (<i>Stock Option</i>)	Total
Board of directors	88,62%	11,38%	0%	0%	0%	100%
Board of executive officers and other members of management	38,73%	0%	6,26%	55,00%	(*)	100%
Committees	100%	0%	0%	0%	0%	100%

* At a meeting held on February 23, 2010, the Board of Directors approved that the granting under the option plan of the year ended December 31, 2010 shall always occur at the beginning of the subsequent year. Thus the option grant held within the scope of the option plan for the year ended December 31, 2010 occurred in January 2011 and, therefore, this will have an impact on the year ending December 31, 2011.

These percentages may vary each year, especially due to the remuneration breakdown being heavily based on variable elements. However, it is expected that by the year 2011, the above ratios will be substantially different from those recorded in 2010.

In 2010, with regard to long-term compensation (stock option), as per the Board of Directors approval, the granting of options for the year ended December 31, 2010 occurred only in January 2011 and this will have an impact on the year ending December 31, 2011.

(iii) Method of calculation and adjustment of each compensation component

The compensation paid to directors and officers is revised every year and submitted for approval at the annual shareholders' meeting. The compensation paid to members of the audit committee, nomination and corporate governance committee, risk committee and compensation committee is revised every year and submitted to the board of directors for approval. The fixed monthly

compensation paid to management is adjusted yearly at rates defined in a collective agreement entered into with the trade union. In addition, under our salary policy, an increase may possibly be given for individual merit. The rules and definitions of the policies for short-term variable compensation (profit-sharing) and long-term variable compensation (stock option) are proposed by the compensation committee and approved by the board of directors according to the guidelines set in the option plan, approved by the extraordinary shareholders' meeting held on May 8, 2008.

Typically, we conduct periodic salary surveys to ensure the Company is in line with market practices and to sustain our retention strategy of paying fixed and long-term compensation that is both commensurate and competitive.

These surveys comprise a sample of companies in the financial market and services sector, of similar size to the Company. From the results of the surveys, job matching is performed with respect to the corresponding positions and functions existing in the Company, for adjustments to the general amounts paid to different positions and levels in a comparative manner. The adjusted results are submitted for approval of the Compensation Committee and subsequent ratification by the Board of Directors, as described above.

Moreover, in keeping with our retention policy we constantly survey market standards on benefits and make adjustments as necessary to remain competitive.

(iv) Reasons that justify compensation composition

Our compensation strategy seeks to balance the short-, medium- and long-term compensation components to ensure alignment with the Company's corporate purpose, whereas permitting us to offer a compensation package that is fair and competitive in our market, can influence attraction and retention, and motivates and compensates our professionals according to the responsibilities of their jobs. Our compensation strategy thus seeks to position the fixed remuneration of our executives at market average, while rewarding them with the differential of short- and long-term variable compensations in line with the overall performance of the Company and the individual.

In the specific case of 2010, as per the Board of Directors' approval at a meeting held on February 23, 2010, a change was made to the granting date. Therefore, the granting of options for the year ended December 31, 2010 occurred only in January 2011 and this will have an impact on the year ending December 31, 2011.

c. *Key performance indicators considered in defining each compensation component.*

Performance target indicators we adopt in allocating short-term and long-term variable compensation, meaning profit-sharing and stock option programs, consist of individual targets and goals we analyze in individual performance evaluations, which are based on factors that are specific to function and job level, and the overall performance target indicators. Such indicators are accounted for both in determining the overall value of profit-sharing to be distributed and in defining the eligibility and amount of grants of stock options to be granted.

In 2009, the overall performance indicator adopted by the Company was EBITDA margin. As of 2010, the overall performance target indicator established by the Board became the quarterly adjusted net income. The total amount of the short-term variable compensation to be paid to officers and employees at the end of each year will, therefore, be calculated based on the Company's adjusted quarterly net income actually ascertained and will represent 3.5% of this amount.

In 2010, the amount ascertained by the Company was within the expected range, which was 70% to 130% of the target set for the corresponding fiscal year. Thus, the total amount of short-term variable remuneration which was paid to the Company's officers and employees during the year ended December 31, 2010 was calculated based on adjusted quarterly net income and represented 3.5% of this amount.

As of 2011 inclusive, the total amount of short-term variable remuneration to be paid to the Company's officers and employees will be calculated based on adjusted quarterly net income effectively ascertained, considering the expenses limit forecast in the year's budget, and will represent 3.5 % of this amount, if it falls within the 90% to 150% range. If adjusted quarterly net income actually ascertained falls under 90% of the target, the short-term variable remuneration will be reduced to 2.0% of adjusted quarterly net income. However, if the adjusted quarterly net income is more than 150% of the target established by the board, the aggregate short-term variable remuneration will equal the sum of: (i) the amount that corresponds to 3.5% computed over 150% of the target, and (ii) the amount that corresponds to 2.0% computed over that portion of adjusted net income which exceeds 150% of the target. If the expenses budgeted for the year exceed the limit, a reduction in the percentage of the aforementioned adjusted net income will be applied at exactly the same rate of increase of realized expense versus budgeted expense. A portion of this aggregate amount will be attributable to Company executive officers, as allocated pursuant to certain base salary multiples that will differ based on individual performance.

In the case of long-term remuneration (stock option), in addition to the aforementioned criteria with respect to defining the option grants, it should be underscored that any benefit granted to the executive shall be obtained only to the extent that the Company shares are appreciated, allowing the Beneficiary to, after the deadline for exercising the options and/or restriction to transfer of shares, sell shares at a price higher than what was paid by the executive upon being granted the options. Therefore, the earning potential of the stock option beneficiary depends on the appreciation of the Company shares on the market.

As for the fixed remuneration and benefits, no performance indicators are taken into account. These compensation components depend on the level of responsibility of the job, and in the specific case of additional fixed remuneration, qualification for the job is also taken into consideration.

d. Discussion on how the compensation is structured to reflect the evolution of performance indicators.

According to our short-term and long-term variable compensation policy, the pool of profit-sharing and stock options is affected by the scope of the overall performance target we adopt (adjusted net

income); in other words, the size of the pool is determined according to year-end results of operations (in 2010, adjusted net income) and the extent to which the performance targets for the year were or were not achieved.

In addition, our policy provides for different compensation levels based on individual performance by any of the officers, (meaning both the executive officers elected pursuant to the Bylaws and the executive performing functions as officers) and the employees, taking into account job level and responsibilities.

e. Discussion on how the compensation policy or practices are aligned with the interests of the Company on short, medium and long term.

We aim to keep a competitive compensation policy vis-à-vis the marketplace in order to attract and retain talent, and keep a capable team of skilled and dedicated people with ability to help the Company attain its short-term, medium-term and long-term goals and strategic objectives. Given that our integrated business model is inextricably linked to the Company's objectives of promoting, developing and expanding the domestic capital markets, which per se imply longer and sustainable cycles, it is crucial for us to have the ability to retain talent, such that our compensation policy must include mechanisms to encourage our people to stay with us for the long haul.

Pursuant to this compensation strategy, we aim to balance the fixed compensation represented by the base salary, short-term compensation (profit sharing) and medium-term and long-term compensation (through the option plan). Therefore, our employees are thus encouraged to attain and exceed the half-yearly and yearly targets which are linked to our profit-sharing program. We also structure our compensation policy so our executives will be motivated to pursue medium-term and long-term goals aimed to benefit the business, add value to the Company and drive share appreciation, the incentive for this being associated to the options granted within the scope of the option plan.

f. Existence of compensation supported by a subsidiary, affiliate or direct or indirect controlling shareholder.

There is no compensation supported by a subsidiary, affiliate or direct or indirect controlling shareholder of the Company.

g. Existence of any remuneration or benefit tied to occurrence of any particular corporate event, such as disposition of registrant's control.

There is no compensation or benefit tied to occurrence of any corporate event involving the Company, such as disposition of control, strategic partnerships or otherwise.

With regard to the option plan, it is forecast that in the event of dissolution of the Company, or of a transformation of the corporate type, or any merger, consolidation or spin-off transaction, or corporate restructuring transaction, from which the Company does not emerge as the surviving company, or if it does survive, in case of a delisting or going private process, any outstanding stock options may be transferred to the surviving company or vest at a predefined earlier date, in the

discretion of our board, provided the option will then be exercisable within a limited period of time, following which, the option plan will end and options not exercised will forfeit with no right to indemnity.

13.2 Information on compensation recognized in the income statement for the year to December 31, 2009 and December 31, 2010 and compensation forecast for the current year, as attributable to directors, officers and fiscal council members.

The tables and notes below set forth the annual compensation allocated to directors, executive officers and audit committee members (it should be noted that the Company does not have an established fiscal council, but its duties are performed by the audit committee provided in its bylaws and functioning on a permanent basis), as (i) recognized in the income statement for the year to December 31, 2010 and December 31, 2009, taking into account the yearly average number of members by body, on a monthly basis, as shown in the table below⁶; and (ii) the forecast for the current year.

Year ended December 31, 2010

<u>Month</u>	<u>Board of directors</u>	<u>Board of executive officers</u>
January	11	6
February	11	6
March	11	6
April	11	6
May	11	6
June	11	6
July	11	6
August	11	6
September	11	6
October	11	6
November	11	6
December (*)	11	6
Total	132	72
Average	11	6.00

(*) At the end of December 2010, the board member Fabio de Oliveira Barbosa resigned and received the full salary for the month of December.

It should be underscored that with regard to long-term compensation (stock option grants according to the option plan) as per the board of directors' approval, the granting of options for the year ended December 31, 2010 occurred only in January 2011 and this will have an impact on the year ending December 31, 2011. (see note in item 13.1 b (ii)).

⁶ Sum of number of members of each body in each of the months of 2010, divided by 12 (months). This calculation is made pursuant to CVM/SEP Official Letter/Circular No. 05/2010.

Year ended December 31, 2010				
	Board of Directors	Board of Executive Officers	Fiscal Council^(*)	Total
Number of members	11	6	n/a	17
Yearly fixed remuneration (in R\$)	3.835.734,86	5.288.126,90	n/a	9.123.861,76
Salary or remuneration	3.399.044,36	4.611.216,86	n/a	8.010.261,22
Direct and indirect benefits	n/a	676.910,04	n/a	676.910,04
Compensation for service in committees	436.690,50	n/a	n/a	436.690,50
Other	n/a	n/a	n/a	n/a
Variable compensation (in R\$)	n/a	9.592.419,87	n/a	9.592.419,87
Bonuses	n/a	n/a	n/a	n/a
Profit Sharing	n/a	8.416.729,19	n/a	8.416.729,19
Compensation for participation in meetings	n/a	n/a	n/a	n/a
Commissions	n/a	n/a	n/a	n/a
Other (1)	n/a	1.175.690,68	n/a	1.175.690,68
Post-employment benefits	n/a	n/a	n/a	n/a
Benefits upon leaving job	n/a	n/a	n/a	n/a
Share-based compensation	n/a	0,00	n/a	0,00
Compensation amount	3.835.734,86	14.880.546,77	n/a	18.716.281,63

(1) Additional rescissory amounts and sign-on bonuses

(*) As discussed in paragraph 13.1 of the Reference Form, while the fiscal council is not active, its responsibilities are adequately covered by the audit committee whose scope of responsibilities under article 47 of the Bylaws goes beyond those Brazilian Corporations Law prescribes for the fiscal council. The audit committee consists of five independent members, four of them being outside members, and one an independent member, all of whom serve for two-year terms. The compensation paid to the outside committee members in 2009 amounted to R\$ 733,668.40 and in 2010 amounted to R\$814,941.08 (these amounts are not included in the above table).

Year ended December 31, 2009

<u>Month</u>	<u>Board of directors</u>	<u>Board of executive officers</u>
January	11	8
February	11	6
March	11	6
April	10	6
May	11	5
June	11	5
July	11	6
August	11	6
September	11	6
October	11	6
November	11	6
December	11	6

Total	131	72
Average	10,92	6.00

The table below provides information about the remuneration of the board of directors, board of executive officers and audit committee held in the year ended December 31, 2009. In this case, the stock-based compensation refers to the grant held on the March 1st, 2009 for a total of 2,490,000 options, or 0.12% of total shares issued at the time at the fair price of R\$ 2.93 (as per item 13.6).

It should be emphasized that the fair price, as provided for in the accounting rules, should consider the forecast conditions of the market at the time of the grant, as mentioned in items 13.6 and 13.9, excluding the specific table for the 2010 Program.

Year ended December 31, 2009				
	Board of directors	Board of executive officers	Fiscal council(*)	Total
Number of members	10,92	6,00	n/a	17
Yearly fixed remuneration (in R\$)	3.702.348,37	4.855.869,38	n/a	8.558.217,75
Salary or remuneration	3.362.935,80	4.249.518,66	n/a	7.612.454,46
Direct and indirect benefits	n/a	606.350,72	n/a	606.350,72
Compensation for service in committees	339.412,57	n/a	n/a	339.412,57
Other	n/a	n/a	n/a	0
Variable compensation (in R\$)	n/a	5.674.487,40	n/a	5.674.487,40
Bonuses	n/a	n/a	n/a	n/a
Profit Sharing	n/a	5.674.487,40	n/a	5.674.487,40
Compensation for participation in meetings	n/a	n/a		0
Commissions	n/a	n/a	n/a	0
Other	n/a	n/a	n/a	0
Post-employment benefits	n/a	n/a	n/a	0
Benefits upon leaving job	n/a	n/a	n/a	0
Share-based compensation	n/a	7.295.700,00	n/a	7.295.700,00
Compensation amount	3.702.348,37	17.826.056,78	n/a	21.528.405,15

The table and note below provide information on the remuneration of the board of directors, board of executive officers and audit committee forecast for the year ending December 31, 2011, which is subject to approval at the Annual General Meeting to be held April 18, 2011. Given that the short-term variable remuneration of the board of executive officers (profit-sharing) is tied to the Company's overall target set for the year, the forecasts in the table below assume a likely outcome scenario and may change depending on the variation of adjusted net income and the expenses of the Company (defining basis for the profit-sharing pool). For example, as per the rule described in item 13.1 "c" of the reference form, where the amounts at year end reach a level that is 10% above the forecast adjusted net income, considering the expenses limit forecast in the year's budget, the amount of short-term variable remuneration (profit-sharing) will be added of R\$953,484.67, which

is equivalent to a 10% increase in the total estimated amount, as provided for in the rule described in item 13.1 "c".

In addition, as decided by our board of directors in connection with the long-term variable compensation, stock option grants under the 2010 program will only be awarded in January 2011 with an impact on the year ending December 31, 2011 (see note in item 13.1 b (ii)). The amount of options granted under the option plan in effect under the 2011 program for the board of executive officers, as approved by the board of directors, comprised a total of 3,120,000 shares, or 0.17% of the outstanding shares issued by the Company. The option strike price was defined based on the closing price of the shares traded in the last 20 exchange sessions of 2010, as established in the option plan.

It should be noted that the calculation of the fair price under the 2011 stock option grant ("2010 Program") considers the market variables at the time of the grant and are reflected in a final fair price amount (R\$ 4.50), which is substantially higher when compared to the 2009 fair price. The pricing model has not changed and the variation results mainly from changes in market conditions that occurred during this period, as mentioned in items 13.6 and 13.9.

Current Year "Forecast for 2011"				
	Board of directors	Board of executive officers	Fiscal council^(*)	Total
Number of members	11	6	n/a	17
Yearly fixed remuneration (in R\$)	4.282.122,50	5.528.760,20	n/a	9.810.882,70
Salary or remuneration	3.738.948,84	4.787.305,79	n/a	8.526.254,63
Direct and indirect benefits	n/a	741.454,41	n/a	741.454,41
Compensation for service in committees	543.173,66	n/a	n/a	543.173,66
Other	n/a	n/a	n/a	0
Variable compensation (in R\$)	n/a	9.534.846,72	n/a	9.534.846,72
Bonuses	n/a	n/a	n/a	0
Profit Sharing	n/a	9.534.846,72	n/a	9.534.846,72
Compensation for participation in meetings	n/a	n/a	n/a	0
Commissions	n/a	n/a	n/a	0
Other	n/a	n/a	n/a	0
Post-employment benefits	n/a	n/a	n/a	0
Benefits upon leaving job	n/a	n/a	n/a	0
Share-based compensation	n/a	15.390.000,00	n/a	15.390.000,00
Compensation amount	4.282.122,50	30.453.606,92	n/a	34.735.729,42

(*) As discussed in section 13.1 of the reference form, while the fiscal council is not active, its responsibilities are adequately covered by the audit committee whose scope of responsibilities under article 47 of the Bylaws goes beyond those sets forth by the Brazilian Corporations Law for the fiscal council. The audit committee consists of five independent members, four of them being outside members, and one an independent member, all of whom serve for two-year terms. The estimated compensation for the year ending December 31, 2011 related to outside committee members amounts to R\$992,924.53.

13.3 Information on variable compensation for the year to December 31, 2010, and variable compensation forecast for the current year.

Our variable compensation policy for the executive officers is based on the concept of multiples of monthly base salaries varying based on job seniority. At each job level, individual performance accounts for the differences.

The tables below set forth information on variable compensation for the executive officers, as (i) recognized in the income statement for the year ended December 31, 2010 and the year ending December 31, 2011, taking into account the number of members in each body actually granted the variable compensation; and (ii) the forecast for the current year.

Year ended December 31, 2010				
	Board of directors	Board of executive officers	Fiscal council	Total
Number of members	n/a	6	n/a	6
Bonuses (in R\$)			n/a	
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Amount forecast in compensation plan if the targets are attained	n/a	n/a	n/a	n/a
Actually recognized in income statement	n/a	n/a	n/a	n/a
Profit Sharing (in R\$)				
Minimum forecast in compensation plan	n/a	8.308.036,10	n/a	8.308.036,10
Minimum forecast in compensation plan	n/a	10.154.266,35	n/a	10.154.266,35
Amount forecast in compensation plan if the targets are attained	n/a	9.231.151,23	n/a	9.231.151,23
Amount actually recognized in income statement	n/a	8.416.729,19	n/a	8.416.729,19

Year ended December 31, 2009				
	Board of directors	Board of executive officers	Fiscal council	Total
Number of members	n/a	6	n/a	6
Bonuses (in R\$)			n/a	
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Amount forecast in compensation plan if the targets are attained	n/a	n/a	n/a	n/a
Actually recognized in income statement	n/a	n/a	n/a	n/a
Profit Sharing (in R\$)				
Minimum forecast in compensation plan	n/a	4,353,266.96	n/a	4,353,266.96
Minimum forecast in compensation plan	n/a	6,097,751.36	n/a	6,097,751.36
Amount forecast in compensation plan if the targets are attained	n/a	5,890,667.01	n/a	5,890,667.01
Amount actually recognized in income statement	n/a	5,674,487.40	n/a	5,674,487.40

The table below sets forth information about the variable compensation forecast for year 2011. Since the short-term variable compensation for executive officers (profit-sharing) depends on whether and how the overall performance targets for the year are achieved, the forecasts set forth in the table below assume a scenario based on estimate of probable results, which thus may change based on actual results determining adjusted net income for of the year and the budgeted expense (basis of determination of the profit-sharing pool). According to the rule described in section 13.1 “c”, the total amount of the short-term variable compensation to be paid to officers and employees in 2011 will be 3.5% of adjusted net income of the Company actually ascertained, considering the expenses limit forecast for the year’s budget, if this income lies within the range of 90% to 150% of the target.

If the adjusted net income is less than 90% of the target, the amount allocated to total short-term variable remuneration will be reduced to 2% of adjusted net income.

If the adjusted quarterly net income is more than 150% of the target established by the board, the aggregate short-term variable remuneration will equal the sum of: (i) the amount that corresponds to 3.5% computed over 150% of the target, and (ii) the amount that corresponds to 2.0% computed over that portion of adjusted net income which exceeds 150% of the target. A portion of this aggregate amount will be attributable to Company executive officers, as allocated pursuant to certain base salary multiples that will differ based on individual performance. If the expenses budgeted for the year exceed the limit, a reduction in the percentage of the aforementioned adjusted

net income will be applied at exactly the same rate of increase of realized expense versus budgeted expense.

On forecasting the minimum and maximum amounts, it should be noted that the distribution of profit sharing, according to the aforementioned rules, is directly affected by adjusted net income, considering the expenses limit forecast for the year's budget, so that: (i) if there is no net income, the amount paid as profit sharing is zero, (ii) there is no maximum amount set as a ceiling, while the distribution rules described above should be observed. For purposes of estimating the minimum and maximum amounts specified in the table below, we considered adjusted net income to be 10% below and 10% above, respectively, of the target set internally for the purpose of the profit sharing program.

Current Year – “Forecast for 2011”				
	Board of Directors	Board of Executive Officers	Fiscal Council	Total
Number of members	n/a	6	n/a	6
Bonuses (in R\$)				
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Minimum forecast in compensation plan	n/a	n/a	n/a	n/a
Amount forecast in compensation plan if the targets are attained	n/a	n/a	n/a	n/a
Actually recognized in income statement	n/a	n/a	n/a	n/a
Profit Sharing (in R\$)				
Minimum forecast in compensation plan	n/a	8.668.042,47	n/a	8.668.042,47
Minimum forecast in compensation plan	n/a	10.488.331,39	n/a	10.488.331,39
Amount forecast in compensation plan if the targets are attained	n/a	9.534.846,72	n/a	9.534.846,72
Amount actually recognized in income statement	n/a	n/a	n/a	n/a

13.4 Information on share-based compensation plan for directors and executive officers as effective in the most recent full year and as forecast for the current year.

a. General terms and conditions.

The Company has a stock option plan (option plan) approved at the Extraordinary General Assembly Meeting held on May 8, 2008, by which the directors and managers of the Company and its subsidiaries and, in special cases, employees appointed by the Chief Executive Officer (beneficiaries).

The option plan gives ample powers for the board of directors to approve the stock option grants and manage them by means of stock option programs (programs), which should define, among other specific conditions: (i) the respective beneficiaries; (ii) the total number of shares to be granted; (iii) the division of option grants into lots, if applicable; (iv) the option strike price; (v) the

vesting period and the period for exercise of the option; (vi) the restrictions on transfers of shares deriving from exercise of an option; and (vii) any penalties. The powers given to the board can be bestowed upon the compensation committee. Currently, the board of directors relies on the advice of the compensation committee to establish the grant conditions under the statutory authority of the compensation committee.

The option plan provides further that each stock option program may establish at the discretion of the board of directors (who relies on the advice of the compensation committee for the formulation of corresponding proposals) and after hearing the chief executive officer, an elected percentage to the base number of stock options granted to each beneficiary based on the reach of overall and/or individual performance targets, limited however by the total number of options allocated for grant to that particular program.

On adopting a particular program, the board will approve the terms and conditions of the stock options granted to each beneficiary under a stock option purchase agreement (stock option agreement or simply agreement) to be celebrated between the Company and each beneficiary. The stock option agreement must stipulate at least the following conditions:

- a) the number of shares that a beneficiary will be entitled to purchase or subscribe for upon exercising the option, at the strike price per share, pursuant to the corresponding program;
- b) the percentage increase in the base number of options allocated to the beneficiary and the criteria for determining it, as well as the period of management evaluation to determine it
- c) the initial vesting period during which the option may not be exercised and the option expiration date and last date for total or partial exercise of the option;
- d) transfer restrictions regarding the shares delivered upon exercise of the option and penalties for not respecting these restrictions; and
- e) any other terms and conditions not conflicting with the option plan or the relevant program.

The shares resulting from exercise of an option will enjoy rights established in the option plan, in the relevant program and in the stock option agreement, in addition to being assured rights to dividends and other distributions after acquired under an option, whether through subscription or a purchase of shares.

The programs and stock option agreements are also subject to the following general conditions:

- a) no share may be delivered to a beneficiary upon exercise of the option unless all legal and regulatory requirements have been fully satisfied;
- b) no provision of the option plan, of any program or the stock option agreement may be construed as assurance that the relevant beneficiary will continue to provide services to the Company as an

officer or employee or service provider, or construed in any way that would hinder our right to remove an officer or terminate an employee or service provider as we may deem fit.;

c) the stock options granted under the option plan, and the option exercise by a beneficiary, are not in any way related to, nor bound to the beneficiary's fixed remuneration or profit-sharing payment;

d) the beneficiary will not have shareholder rights or privileges other than those that are provided under the option plan pursuant to the options in the stock option agreement; and

e) the beneficiary will only enjoy full shareholder rights and privileges after having actually subscribed for, or purchased the shares for which the option was exercised.

Currently, there are three stock option grant programs, which were approved by the board, respectively, "2008 BVMF option program", "2009 BVMF option program" and "2010 BVMF option program". The conditions of the approved programs are substantially similar and are described in greater detail in subparagraphs below.

In addition to the option plan, upon the integration of BM&F S.A., the Company incorporate the BM&F S.A. stock option plan (BM&F option plan), approved at the BM&F S.A. shareholders meeting held on September 20, 2007. This involved the assumption of 19,226,388 stock options by the Company representing an equal number of Company shares. Of this total, 5,461,546 options remain outstanding at December 31, 2010. These shares do not fall within the limits provided for in the current option plan.

It should be noted that in the case of BOVESPA Holding SA there was no assumption of any part of the option plan, since all shares were vested and exercised at the time of the integration.

Finally, as per the board of directors approval on February 23, 2010, the stock option grant for the year ended December 31, 2010 occurred only in January 2011 and it will have an impact on the year ending December 31, 2011 (see note in item 13.1 b (ii)).

b. Key plan objectives.

The purpose of the Company's stock option plan, which was established according to article 168, paragraph 3, of Brazilian Corporations Law (Law No. 6404/76), is to give the officers, employees and service providers of the Company and of the companies in which it is the direct or indirect controlling shareholder the opportunity to become a shareholder of the Company. The aim is to align the interests of these officers, employees and service providers with those of the Company and the shareholders, including by having them share in the risks inherent in investments in the capital markets, whereas permitting the Company and its affiliates to attract and retain talent at any level, including officers, employees and service providers.

c. Information on how the plan contributes to these objectives.

The objective of promoting a greater alignment of interests is achieved by offering the opportunity to officers and employees to become shareholders. Therefore, the grants are formatted in such a way that the beneficiaries may only enjoy a possible gain in the medium and long term as the Company shares appreciate in the market. The aim is for compensated officers and employees to commit themselves to the Company's long-term goals and to the generation of value in the medium and long term.

Furthermore, the need for beneficiaries to remain bound to the Company so that they can exercise their options in the future is aimed at retaining talent among the Company's key personnel. In short, the possibility of future gains subject to the beneficiary's loyalty to the Company should contribute to maintaining the participant's position in the Company in the long term.

d. Information on how the plan fits into the compensation policy.

The option plan contributes substantially to the total compensation of management members, and in this respect fits into the compensation policy goals to closely tie in individual performance with the Company goals, since it is an additional incentive for the officers to take medium and long-term actions that aggregate value to the Company. This incentive is ultimately reflected on the possibility of gains resulting from the appreciation of the Company shares in the market. Additionally, stock option grants provide the possibility of gains only through long-term commitment and act as a strong instrument for attraction and retention of talent.

e. Information on how the plan aligns the interests of management members with those of the Company on medium and long term.

The option plan provides for different levels of compensation based on performance, which is the incentive for redoubling efforts to attain the overall performance targets of the Company and taking medium and long-term actions to aggregate value to the Company, and positively influence the market price of the shares. The officers are strongly encouraged to pursue sustainable results for the Company to the extent that, as shareholders, they have a vested interest in pushing efficient management practices for enhanced results, and in attracting and retaining highly qualified professionals, driving growth and adding value to the business. The mechanisms that allow the alignment of beneficiaries' interests over time include, for example, the vesting periods during which the options cannot be exercised and the timeframe for exercising the options. The division into option lots, with exercise over time, serves as encouragement for retention of talent during these periods, allowing them to become shareholders of the Company with progressively greater involvement and to earn a profit which will be increased the longer they remain in the Company. On the other hand, the restriction on transfer of shares allows this alignment of interests to be modulated for a longer period, so any gain can only be realized during the course of such period.

f. Maximum number of shares allocated to the plan

According to the option plan approved at the extraordinary shareholders' meeting held on May 8, 2008, the options granted may not exceed the maximum number of shares up to 2.5% (two point five percent) of the Company's capital stock as of the grant date. Based on the number of shares issued by the Company as of December 31, 2010, the total number of shares included in the option plan may reach 51,100,357 shares. There are 10,849,191 options granted by the Company to be exercised, so the Company could still grant, as of the year ending December 31, 2011 and based on the total amount referred to above, a balance of options totaling 40,251,166 shares, subject to the 2.5% limit of capital stock for each grant.

In addition to the limit above, the option plan provides that, in succession to BM&F SA due to its incorporation by the Company on May 8, 2008, the option plan of that company (BM&F plan) was assumed by the Company. Therefore, the beneficiaries of the BM&F will be entitled to exercise the options for purchase of shares issued by the Company. This led to the assumption by the Company of 19,226,388 options, representing an equal number of shares of the Company. Of this total, 5,461,546 options remain outstanding at December 31, 2010. These shares do not fall within the 2.5% limit under the Company's option plan.

g. Maximum number of option grants.

The Company's option plan approved by the Extraordinary General Shareholders' Meeting held on May 8, 2008, provides that the options granted shall not comprise more than the maximum limit of shares up to 2.5% (two point five percent) of the Company's capital stock as of the granting date. Based on the number of shares issued by the Company on December 31, 2010, the total of options covered by the option plan can be 51,100,357 share options. There are 10,849,191 options granted by the Company to be exercised, so the company can still grant as of the year ending December 31, 2011 and based on the total value referred to above, a balance of options totaling 40,251,166 shares, subject to the 2.5% limit of capital stock for each grant.

h. Conditions for acquisition of shares.

The rules for the existing option plan provides that the board of directors or the compensation committee, as appropriate, shall establish periodically stock option programs (Programs), which should define: (i) the respective beneficiaries; (ii) the total number of shares to be granted; (iii) the division of option grants into lots, if applicable; (iv) the option strike price; (v) the vesting period and the period for exercise of the option; (vi) the restrictions on transfers of shares deriving from exercise of an option; and (vii) any penalties. Each Program will establish, at the discretion of the board or committee, as appropriate and after hearing the opinion of Chief Executive Officer, a percentage increase in the base number of options granted to each beneficiary based on the overall and/or individual targets and respecting the limits provided for in the plan. For further information on the conditions for acquisition of shares under the option plan and its programs, see especially the subitems (a) (i) and (j) of this Item 13.4.

i. Criteria for pricing the option (strike price).

The option plan establishes as an overall rule that the option strike price is the average of the closing price of the Company shares at the last 20 trading sessions before the date of the option grant. In approving any particular program, the board of directors may authorize up to 20% discount on the option strike price incurred on the basic amount as described above, provided that the circumstance of a given program authorizing a discount will not require the same or other discounts being authorized under subsequent stock option programs.

j. Criteria determining the exercise period.

The rules of the option plan provide that options may be exercised fully or partially during the timeframe specified and the periods set for each program and in the respective stock option grant agreements at the discretion of the board or compensation committee, as appropriate. In any case, upon defining such deadlines, both these bodies should consider meeting the objectives of the option plan so that those deadlines envisage the medium to long term future, focusing on the alignment of interests and talent retention.

With regard to the existing programs, the beneficiaries may exercise their options at a rate of one quarter per year. The 2010 program provided the following staggered exercise periods: (i) ¼ from January 3, 2011, (ii) ¼ from January 3, 2012, (iii) ¼ from January 3, 2013, and (iv) ¼ from January 3, 2014. For the 2008 programs, the staggered exercise periods were as follows: (i) ¼ from June 30, 2009, (ii) ¼ from June 30, 2010, (iii) ¼ from June 30, 2011, and (iv) ¼ from 30 June 2012. For the 2009 program, the staggered exercise periods were as follows: (i) ¼ from December 30, 2009; (ii) ¼ from December 30, 2010; (iii) ¼ from December 30, 2011; and (iv) ¼ from December 30, 2012.

The existing program provisions stipulate that the options may be exercised fully or partially after the end of the vesting period but in any event within at most seven years from the date on which any portion of the option first vested. In case of partial exercise, the remainder of that particular option will be exercisable, pursuant to the terms and conditions of the relevant program, in any subsequent exercise period through to the expiration of the programs, at which time any unexercised options will be automatically forfeited with no right to indemnity.

k. Form of settlement.

Assuming that other conditions and requirements are met, a beneficiary that wishes to exercise vested stock options under any particular program must give the Company written notice of exercise specifying the number of shares he/she aims to acquire. The notice of exercise shall be considered valid and effective upon delivery in the due dates established by the Company, in view of the requirements to make them available for acquisition pursuant to the terms of the stock plan. Upon receiving the written notice, the Company is responsible for informing the strike price to the beneficiary, while the Company management must take all steps necessary to formalize the acquisition of shares and exercise of options. The strike price shall be paid by beneficiaries in the manner stipulated by the board of directors or the compensation committee, as appropriate.

After the option is exercised, the Company, the beneficiary and any other parties concerned with the transaction shall execute the relevant documents required for effectiveness of the transaction and assignment and transfer of the shares. The transaction documents will include provisions regarding transfer restrictions with due observance of the formalities provided in the law and the Bylaws. Shares thus acquired will enjoy the same rights as the other shares of similar class issued by the Company.

The company may temporarily suspend the exercise rights at any time an applicable law or regulations restrict or prevent the beneficiary from trading in Company shares. Payment of the option strike price is to be made in one lump sum by the beneficiary, provided no share will be delivered to the beneficiary unless all the legal, regulatory and other requirements have been fulfilled.

l. Transfer restrictions.

The option plan assigns to the board of directors or compensation committee, as is the case, the decision to establish a transfer restriction period during which a beneficiary may not sell, transfer or otherwise dispose of shares acquired under the option plan, or any additional shares he may have acquired as stock dividends, or as a result of a share split, share issuance or by any means other than a disbursement of additional funds, or any securities convertible into, or exercisable or exchangeable for shares issued by the Company, provided any such additional shares and other securities correlate with, and are attributable to ownership of shares acquired by exercise of a stock option granted under the option plan. Such transfer restriction period may not exceed two years from the option grant date.

Nevertheless, a beneficiary may at any time sell any number of shares, as necessary to pay for all or some of the strike price (in the latter case, provided staggered payment arrangements are permitted under the relevant stock option program).

Where staggered payment arrangements are permitted under a stock option program, shares acquired under the relevant program will be subject to transfer restrictions for as long as the strike price has not been paid in full, such that any sale during this period will require prior consent from the board of directors, including as the case may be consent granted upon recommendation of the compensation committee. If consent is granted, the proceeds from the sale will be used primarily to pay off any outstanding balance of the strike price.

Additionally, a beneficiary will not be permitted to establish any lien on his shares as long as payment is pending for any portion of the strike price, and for as long as the shares are subject to transfer restrictions. In any event, beneficiaries will undertake not to encumber the shares in any way that would hamper enforcement of the provisions of the option plan.

It should be noted that for the existing programs, no transfer restriction period has been set.

m. Criteria and events triggering suspension, alteration or termination of the stock option plan.

The Option Plan may be terminated at any time by the board of directors, without prejudice the prevalence of restrictions on the negotiability of the shares, and without modifying rights and obligations of any agreement existing on the purchase option in effect.

Additionally, in the event of dissolution of the Company, or a transformation of the corporate type, or any merger, consolidation or spin-off transaction, or corporate restructuring transaction, from which the Company does not emerge as the surviving company, or if it does survive, in case of a delisting or going private process, any outstanding stock options may be transferred to the surviving company or vest at a predefined earlier date, at the discretion of the board, provided that the option will then be exercisable within a limited period of time, following which the stock option program will end and options not exercised will forfeit with no right to indemnity.

The beneficiaries will be given reasonable prior notice of any of the above events so that they can exercise their options at their discretion and within the period established by the board of directors or proposed by the compensation committee, as the case may be.

n. Information on how a director or officer leaving the Company impacts his rights under the share-based compensation plan.

In the event of removal from office for a violation of the office responsibilities or any fiduciary or other duties intrinsic to the position, or for dismissal with cause or for termination of service agreement with cause, as defined under Brazilian civil and labor law, any unexercised options will forfeit with no right to indemnity regardless of whether or not their respective options vested.

If the legal relationship between the Company and a beneficiary, whether an employee or service provider, terminates without cause either through removal or resignation from a management office, or due to dismissal or termination of the service, or also due to voluntary resignation, then: (i) vested options will be exercisable within 90 days after the event, provided this period must not exceed the original exercise period set forth by the respective program; and (ii) vesting options will forfeit without right to indemnity.

In the event of death or permanent disability of a beneficiary, whether an officer or employee or service provider, vesting options will vest, and his option rights under any existing options will be exercisable by the heirs and successors, or in case of disability, by the beneficiary, within one year after the death or permanent disability. Options not exercised within this one-year period will forfeit with no right to indemnity. In any such event the options will be exercisable either fully or partially for payment in one lump sum, provided that in the case of death of a beneficiary the option rights will be apportioned amongst the heirs and successors according to the relevant will or probate. Shares acquired in any such event will be free of any transfer restrictions and clear for sale at any time.

The above applies similarly in the event of retirement, if the beneficiary agrees to a non-compete clause, meaning he must not work, as an employee or otherwise, for companies or institutions operate in any way in the same market as the Company for a 120-day period.

No provision of the option plan, the program or the agreements under the option plan may be construed as assurance that the relevant beneficiary will continue to provide services to the Company as an officer or employee or service provider, or construed in any way that would hinder our right to remove an officer or terminate an employee or service provider.

13.5 Number of shares and convertible securities issued by the Company or its direct or indirect controlling shareholders, or subsidiaries or companies under common control, which at the end of year were held directly or indirectly, in Brazil or abroad, by directors, executive officers and fiscal council members, as grouped by body.

2010

Company Shares	Company Shares	(%)
Board of directors	656.302	0,03%
Board of executive officers	2.776.997	0,14%
Fiscal council	n/a	n/a
Total	3.433.299	0,17%

13.6 Share-based payments to directors and executive officers recognized in the income statement for the year ended December 31, 2009 and December 31, 2010, and share-based payments forecast for the current year.

The tables below set forth information about the share-based remuneration of the board of executive officers (i) recognized in the year ended December 31, 2010 and December 31, 2009, considering the number of members of each body actually receiving share-based remuneration; and (ii) forecast for the current year.

	Year ended December 31, 2010		
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	0	0
Regarding each option grant:			
- Date of grant	n/a	n/a	n/a
- Number of options grants	n/a	n/a	n/a
- Vesting dates	n/a	n/a	n/a
- Last exercise date	n/a	n/a	n/a
Transfer restrictions period	n/a	n/a	n/a
Strike price: price-weighted average for the following option groups:	n/a	n/a	n/a

Year ended December 31, 2010			
	Board of directors	Board of executive officers	Total
- Outstanding at start of year	n/a	n/a	n/a
- Lost during the year	n/a	n/a	n/a
- Exercised during the year	n/a	n/a	n/a
- Expired during the year	n/a	n/a	n/a
Fair value as of the option grant date	n/a	n/a	n/a
Possible dilution for other shareholders after giving effect to exercise of all options granted	n/a	n/a	n/a

It should be noted that with regard to long-term compensation (stock option grants according to the option plan) as per the board of directors' approval, option grants for the year ended December 31, 2010 occurred only in January 2011 and it will have an impact on the year ending December 31, 2011 (see note in item 13.1 b (ii)).

Year ended December 31, 2009			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	6	6
Regarding each option grant:			
- Date of grant	n/a	3/1/2009	
- Number of options grants	n/a	2,490,000	
- Vesting dates	n/a	622,500 - 12/30/09 622,500 - 12/30/10 622,500 - 12/30/11 622,500 - 12/30/12	
- Last exercise date	n/a	12/30/2016	
Transfer restrictions period	n/a	n/a	
Strike price: price-weighted average for the following option groups:	n/a	R\$ 6.60	R\$ 6.60
- Outstanding at start of year	n/a	R\$ 6.60	R\$ 6.60
- Lost during the year	n/a	R\$ 6.60	R\$ 6.60
- Exercised during the year	n/a	R\$ 6.60	R\$ 6.60
- Expired during the year	n/a	R\$ 6.60	R\$ 6.60
Fair value as of the option grant date	n/a	R\$ 2,93	R\$ 2,93
Possible dilution for other shareholders after giving effect to exercise of all options granted	n/a	0.12%	0.12%

Due to the BM&F incorporation, the Company assumed 19,226,388 stock options from which 7,859,384 options were granted to the officers of the former corporation, entitling them to the acquisition of a similar number of Company shares at a set strike price of R\$1.00 per share. As of December 31, 2010, there were 1,464,846 outstanding stock options granted to officers under the BM&F option plan, which have yet to vest thus remaining outstanding.

Pursuant to the option plan, as of December 19, 2008, the Company granted a number of options which on vesting will be exercisable at a strike price of R\$5.174 per share, which was the average

closing price in the 20 trading sessions preceding the grant date. This lot comprised a total of 1,540,000 staggered options granted to Company officers, which vest evenly over a period of four vesting dates (the 2008 program).

Since then lots 1 and 2 were vested and some officers who held stock options for the 2008 program have earned the right to exercise their options. On December 31, 2010, there were 280,000 stock options granted to officers in 2008 under the 2008 program which had not yet been vested.

Under the option plan, on March 1, 2009, 2,490,000 stock options were granted to officers with a set strike price of R\$6.60 per share. Thereafter, there were no new grants or changes in vesting conditions under this plan. On December 31, 2010, there were 955,000 stock options granted to officers which had not yet been vested.

On January 3, 2011 the amount of options granted to executive officers under the 2010 Program, as approved by the board of directors, comprised 3,420,000 million shares representing 0.17% of total shares issued by the Company, and their strike price was defined based on the share price at the last 20 trading sessions of 2010, in accordance with the option plan.

It should be noted that with regard to long-term compensation (stock option grants according to the option plan) as per the board of directors' approval, option grants for the year ended December 31, 2010 occurred only in January 2011 and it will have an impact on the year ending December 31, 2011 (see note in item 13.1 b (ii)).

Current Year Forecast for 2011			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	6	6
Regarding each option grant:			
- Date of grant	n/a	03/01/2011	
- Number of options grants	n/a	3.420.000	
- Vesting dates	n/a	855.000 - 03/01/11 855.000 - 03/01/12 855.000 - 03/01/13 855.000 - 03/01/14	
- Last exercise date	n/a	03/01/2018	
Transfer restrictions period	n/a	n/a	
Strike price: price-weighted average for the following option groups:	n/a	R\$ 12,91	R\$ 12,91
- Outstanding at start of year	n/a	R\$ 12,91	R\$ 12,91
- Lost during the year	n/a	R\$ 12,91	R\$ 12,91
- Exercised during the year	n/a	R\$ 12,91	R\$ 12,91
- Expired during the year	n/a	R\$ 12,91	R\$ 12,91
Fair value as of the option grant date	n/a	R\$ 4,50	R\$ 4,50
Potential dilution for other shareholders after giving effect to exercise of options grants	n/a	0,17%	0,17%

13.7 Outstanding stock options held by directors and executive officers at the end of the most recent full year.

The tables below set forth information regarding the outstanding options of the executive officers recognized in the year ended December 31, 2010 considering the number of members of each body actually receiving variable remuneration.

It should be noted that with regard to long-term compensation (stock option grants according to the option plan) as per the board of directors' approval, option grants for the year ended December 31, 2010 occurred only in January 2011 and it will have an impact on the year ending December 31, 2011 (see note in item 13.1 b (ii)).

Year ended December 31, 2010 – 2010 Program			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	6	6
Vesting options:			
Number of vesting options	n/a	n/a	n/a
Vesting dates	n/a	n/a	n/a
Last exercise date	n/a	n/a	n/a
Transfer restrictions period	n/a	n/a	n/a
Strike price in the year: weighted average	n/a	n/a	n/a
Fair value as of end of year		n/a	n/a
Vested options:			
Number of vested options	n/a	n/a	n/a
Last exercise date	n/a	n/a	n/a
Transfer restrictions period	n/a	n/a	n/a
Strike price in the year: weighted average	n/a	n/a	n/a
Option fair value as of end of year	n/a	n/a	n/a
Fair value for all options as of end of year	n/a	n/a	n/a

Year ended December 31, 2010 – 2009 Program			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	6	6
Vesting options:			
Number of vesting options	n/a	955.000	955.000
Vesting dates	n/a	477.500 – 30/12/2011 477.500 – 30/12/2012	
Last exercise date	n/a	30/12/2016	
Transfer restrictions period	n/a	n/a	n/a
Strike price in the year: weighted average	n/a	6,60	6,60
Fair value as of end of year		2,93	2,93
Vested options:			
Number of vested options	n/a	617.500	617.500
Last exercise date	n/a	30/12/2016	
Transfer restrictions period	n/a	n/a	n/a

Year ended December 31, 2010 – 2009 Program			
	Board of directors	Board of executive officers	Total
Strike price in the year: weighted average	n/a	6,60	6,60
Option fair value as of end of year	n/a	2,93	2,93
Fair value for all options as of end of year	n/a	2,93	2,93

Due to the BM&F incorporation, the Company assumed 19,226,388 stock options from which 7,859,384 options were granted to the officers of the former corporation, entitling them to the acquisition of a similar number of Company shares at a set strike price of R\$1.00 per share. On of December 31, 2010, there were 1,464,846 non-exercisable stock options and no exercisable options were available.

Under the option plan, on December 19, 2008, the Company granted a lot of options at a strike price of R\$5,174 per share, corresponding to the weighted average of the closing price at which the shares traded in the last 20 trading sessions preceding the grant date granted on vesting. A total of 1,540,000 staggered stock options had been granted to officers equally distributed in four vesting dates over a period of four years (2008 program). On December 31, 2010 there were 280,000 non-exercisable stock options and 70,000 exercisable options.

13.8 Options exercised and shares delivered to directors and executive officers as share-based compensation in the year to December 31, 2009 and December 31, 2010.

The table below sets forth information regarding options exercised and shares delivered to executive officers as part of the Company's share-based compensation policy for the year to December 31, 2010 and December 31, 2009 considering the number of members from each body who actually exercised their options and received shares.

Year ended December 31, 2010 – 2010 Program			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	0	0
Exercised options:			
Number of shares from option exercise	n/a	0	0
Strike price in the year: weighted average	n/a	0	0
Difference between strike price and the market price of the shares	n/a	0	0
Shares delivered:	n/a	0	0
Number of shares from option exercise	n/a	0	0
Strike price: weighted average	n/a	0	0

Year ended December 31, 2010 – 2010 Program			
	Board of directors	Board of executive officers	Total
Difference between strike price and the market price of the shares	n/a	0	0

Year ended December 31, 2009 – 2009 Program			
	Board of directors	Board of executive officers	Total
Number of beneficiaries	n/a	0	0
Exercised options:			
Number of shares from option exercise	n/a	0	0
Strike price in the year: weighted average	n/a	0	0
Difference between strike price and the market price of the shares	n/a	0	0
Shares delivered:	n/a	0	0
Number of shares from option exercise	n/a	0	0
Strike price: weighted average	n/a	0	0
Difference between strike price and the market price of the shares	n/a	0	0

As set forth in paragraph 13.6 above, due to the incorporation of BM&F S.A., the Company assumed 19,226,388 stock options of which 7,859,384 were granted to the officers from the former corporation, entitling them to acquire an equal number of shares from the Company at the strike price of R\$1.00 per share. On December 31, 2010, there were 1,464,846 outstanding stock options from the officers under the BM&F option plan, which had not yet been vested.

Under the option plan, on December 19, 2008, the Company granted a lot of options at a strike price of R\$5,174 per share, corresponding to the weighted average of the closing price at which the shares traded in the last 20 trading sessions preceding the grant date granted on vesting. A total of 1,540,000 staggered stock options had been granted to officers equally distributed in four vesting dates over a period of four years (2008 program). On December 31, 2010 there were 280,000 stock options granted in 2008 to the officers under the option plan which had not yet been vested.

Under the option plan, on March 1st, 2009, the Company granted 2,490,000 stock options to officers at a set strike price of R\$6.60 per share. After that, no new grants or changes to the vesting conditions occurred under the option plan. On December 31, 2010, there were 955,000 stock options granted to the officers which had not yet been vested.

13.9 Summary information required for a clear understanding of the data provided under paragraphs 13.6 to 13.8, such as an explanation of the method for pricing the shares and options.

a. pricing model;

Because of the factors described in items (b) and (c) of this paragraph 13.9, in determining the options' fair value we used Hull's binomial pricing model. This model presents advantages equivalent to such as the Black-Scholes model, used in valuations of European options, and is therefore relatively easy to build allowing exercise at any point in time until expiration and payment of dividend associated with the respective option.

b. data and assumptions used taken into account in the pricing model, including price-weighted average, strike price, expected volatility, option lifespan, expected dividends and risk-free interest rate;

The main assumptions used in pricing the options were:

- the options were valued according to market conditions as at the grant dates under each grant program;
- the risk-free interest rate was estimated by using interest-based futures contracts assuming a count convention spanning the duration of the option;
- the prices for the shares were adjusted to account for dividend payments;
- the expected volatility used for pricing was defined pursuant to item (d) of this paragraph 13.9; and
- the assumed expiration date of the options was the last exercise date under the option.

Other classic assumptions for option pricing models were used, such as removing the possibility of arbitrage and constant volatility over time.

The key assumptions are thus the following:

Data and Assumptions	2010 Program
Date of grant	03/01/2011
Share price (R\$)	13,40
Strike price (R\$)	12,91
Expected volatility (year)	25,00%
Option lifespan (last vesting)	7 years
Expected dividends	80%
Risk-free interest rate (per year of 252 business days)	11,78%

c. method used and assumptions adopted to incorporate expected effects of early exercise;

In determining the fair value of the options the following aspects were taken into account:

- the stock option model we adopt allows for early exercise after a certain future date (the vesting date) between the grant date and the last exercise date;
- the underlying shares pay dividends between the grant date and the last exercise date.

Therefore, until the vesting date, the options mimic European-style options (early exercise not permitted) whereas after vested the options may be exercised earlier than anticipated under certain circumstances, mimicking American-style options. Similar options are known as Bermuda or Mid-Atlantic options, and by construal their price must lie between the price of a European option and the price of an American option of like characteristics. For the payment of dividends, two effects on the option price should be taken into consideration: (i) a typical drop in the market price for the shares after they start trading ex-dividend; and (ii) the influence these payments have on an early-exercise decision.

d. form of determining expected volatility;

The shares underlying the options under the programs were not outstanding for options listed on the date of the fair price calculation, and therefore it was not possible to define their implied volatilities through market prices. As a result, the Company estimated an average options volatility between the volatility calculated by means of broadly accepted model (EWMA) and the implied volatility by an independent data provider.

e. any other option feature included in measuring the option fair value.

All major characteristics of the options are described and covered in the preceding paragraphs.

13.10 Private pension plans granted to directors and executive officers.

	Board of directors	Board of executive officers	Total
Number of members	n/a	6	0
Name of plan		Mercaprev	
Number of officers eligible for retirement	n/a	1	0
Conditions for early retirement	n/a	n/a	0
Updated amount of contributions accrued in private pension plan up to end of previous year, net of direct contributions by the officers	n/a	3.893.443,51	3.893.443,51
Total accrued contributions over previous year, net of direct contributions by the officers	n/a	438.110,56	438.110,56
Is early redemption possible and on what conditions	n/a	Yes, only the employee's portion	-

13.11 Average remuneration paid to directors, executive officers and fiscal council members.

In 2010, the stock options for the year 2010 as per the board of directors approval (see item 13.1 b (ii)) occurred on January 3, 2011, and it will have an impact on the year ending December 31, 2011.

In the case of the board of directors, two members left the Company, one in April and one in June, and a new member was hired in June at a lower salary. We therefore considered the four members of the board with effective exercise of their functions over a twelve month period. To inform the highest remuneration, we considered all salaries paid in the year ended December 31, 2010, whereas the board member with the highest remuneration performed his functions over a full year.

One member of the board of directors received no remuneration in the year 2010. The average amount of remuneration received by an individual board member during 2010 was R\$383,573.49.

	Year ended December 31, 2010		
	Board of directors	Board of executive officers	Fiscal Council
Number of members	11,00	6,00	n/a
Amount of highest individual remuneration (in R\$)	1.403.705,84	4.208.247,98	n/a
Amount of lowest individual remuneration (in R\$)	204.000,00	1.769.140,17	n/a
Average individual remuneration (in R\$)	348.703,17	2.480.091,13	n/a

* As discussed in paragraph 13.1 of the Reference Form, while the fiscal council is not active, its responsibilities are adequately covered by the audit committee whose scope of responsibilities under article 47 of the Bylaws goes beyond those the Brazilian Corporations Law prescribes for the fiscal council.

The Company's audit committee consists of five independent members, four of them being outside members, and one an independent member, all of whom serve for two-year terms. For the composition of the amounts listed in the table below, we considered compensation paid to four outside committee members in 2010. The highest remuneration paid in 2010 amounted to R\$241,352.46 and the lowest was R\$190,194.02. The average remuneration paid in 2010 was R\$203,735.27.

Due to changes in board composition as of April 2009, the information on lowest remuneration takes into account just the five members actually in office throughout the 12-month period, whereas the information on highest remuneration takes into account the aggregate amount recognized in the income statement. This notwithstanding the board member earning the highest remuneration was in office for just the period from May to December 2009.

In the case of the board of executive officers, it should be noted two members left the Company in February and one in May, whereas a new officer joined our Company in July. The information on lowest remuneration takes into account the five members actually in office throughout the 12-month period, whereas information on the highest remuneration takes into account the aggregate amount recognized in the income statement for the year to December 31, 2009. The executive officer that earns the highest remuneration was in office for the full year.

Two members of the board of directors received no remuneration in 2009. The average remuneration of the nine members who did receive remuneration in 2009 was R\$415,061.48.

It should be noted that the composition of 2009 remuneration includes the amount related to long-term compensation (stock option grants) calculated based on the fair value of options as described in paragraphs 13.4, 13.6, 13.7, 13.8 and 13.9.

Year ended December 31, 2009			
	Board of directors	Board of executive officers	Fiscal Council
Number of members	10.92	6.00	n/a
Amount of highest individual remuneration (in R\$)	936,091.88	5,453,734.08	n/a
Amount of lowest individual remuneration (in R\$)	204,000.00	2,326,769.28	n/a
Average individual remuneration (in R\$)	339,042.89	2,971,009.46	n/a

13.12 Discussion on contractual arrangements, insurance policies and other documents used in structuring compensation schemes or indemnity mechanisms covering removal from office or retirement of directors and officers; including information on related financial effects impacting the Company.

We do not adopt any specific policy for the compensation and/or indemnification of officers in the event of termination or retirement, except for benefits granted under the relevant private pension plans in effect in the event of retirement, as described in paragraph 13.10. It should be noted that the D&O insurance, which covers civil liability of directors and officers, held by the Company is not extensive and is not related to the termination or retirement, whereas its purpose is to ensure financial protection and tranquility for all and management members, who can thus focus on day-to-day management decisions, which is a competitive advantage in retaining qualified talent.

13.13 Information on percentage of total compensation paid to each of the board of directors, board of executive officers and fiscal council, which is attributable to members

qualifying as parties related to the direct or indirect controlling shareholders, as defined under applicable accounting principles.

The Company has no controlling shareholder, and therefore there is no compensation recognized in the income statement regarding directors or officers deemed to be parties related to direct or indirect controlling shareholders.

13.14 Information (segregated by body) on amounts recognized in the income statement as remuneration paid to members of each of the board of directors, board of executive officers and fiscal council for any reason other than their responsibilities as members of these bodies, such as, for example, fees and commissions for consulting or advisory services.

There is no amount recognized in the income statement as remuneration paid to directors or officers for reasons other than their responsibilities as members of the board of directors or the board of executive officers.

13.15 Information (segregated by body) on amounts recognized in the income statements of subsidiaries, companies under common control and direct or indirect controlling shareholders, as remuneration paid to members of each of the board of directors, board of executive officers and fiscal council, including information specifying on what account these amounts were paid.

The Company has no controlling shareholder, and therefore there are no companies under common control. There are no amounts recognized in the income statements of subsidiaries, as remuneration paid to directors or officers of the Company.

13.16 Other information deemed relevant by the registrant.

There is no further information regarding the officers' compensation which has not been set forth in the items of paragraph 13.