

BM&FBOVESPA S.A.
BOLSA DE VALORES, MERCADORIAS E FUTUROS
The Brazilian Securities, Commodities and Futures Exchange

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Notice to the Market

BM&FBOVESPA announces 2010 market performance

- Bovespa Segment establishes all-time records in 2010 in terms of total financial volume, daily average volume, total number of trades and daily average number of trades
- Market capitalization reaches a record BRL 2.56 trillion
- Equity lending reached a record financial volume
- ETF trades grow threefold in 2010
- Interest rate futures reach an all-time record in 2010, at almost double the 2009 figure

Bovespa Segment

In 2010, equity markets (Bovespa segment) traded BRL 1.6 trillion, surpassing the BRL 1.37 trillion of 2008. In 2009 volume was BRL 1.3 trillion.

Daily average trading volume in 2010 was a record BRL 6.48 billion, surpassing the BRL 5.52 billion reached in 2008. In 2009 daily average was BRL 5.28 billion.

There was also a record number of daily trades in 2010, at 106,418,437. The previous record was 81,757,927 in 2009. The daily average was a record 430,844 in 2010, surpassing the 332,349 of 2009.

December

In December the Bovespa segment had a BRL 132.48 billion volume and 9,091,400 trades, with daily averages of BRL 6.30 billion and 432,924 trades, in comparison to November when total volume reached BRL 126.38 billion, in 9,260,660 trades, with daily averages of BRL 6.31 billion and 463,033 trades.

Equities

The most traded stocks in 2010 were: Vale PNA with BRL 185.87 billion; Petrobras PN, with BRL 160.52 billion; OGX Petróleo ON, with BRL 70.59 billion; Itauunibanco PN, with BRL 50.03 billion; and BM&FBovespa ON with BRL 41.2 billion.

December

The most traded stocks in December were: Vale PNA with BRL 12.2 billion; Petrobras PN, with BRL 10.59 billion; OGX Petróleo ON, with BRL 5.49 billion; Itauunibanco PN, with BRL 4.35 billion; and Itausa PN with BRL 3.24 billion.

Indexes

The Ibovespa ended 2010 at 69,301 points, up 1.00%. In December the index climbed 2.3%.

The best performing stocks in 2010 were: Souza Cruz ON (+65.78%); Ambev PN (+50.84%); Lojas Renner ON (+47.83%); Braskem PNA (44.67%); and Natura ON (+36.74%). The worst performing stocks in 2010 were: ALL ON (-51.01%); LLX ON (-50.60%); B2W Varejo ON (-33.92%); Fibria ON (-32.23%); and Telemar PN (-27.54%).

The best performing stocks in December were: Klabin S/A PN (+19.39%); Marfrig ON (+18.77%); Sabesp ON (+17.39%); Gerdau PN (+16.26%); and Light S/A ON (+15.70%). The worst performing stocks in December were: LLX ON (-41.24%); Cielo ON (-9.73%); Gol PN (-8.56%); Duratex ON (-8.19%); and MMX ON (-7.95%).

All of the other Bovespa segment stock-exchange indexes ended the year as follows: IBRX-50 (+0.7% at 9,634 points in 2010; up 3.7% in December); IBRX-100 (+2.60% at 22,239 points in 2010; up 3.4% in December); ISE (+5.80% at 2,087 points in 2010, up 3.4% in December); Itel (-7.4% at 1,444 points in 2010; up 3.7% in December); IEE (+11.9% at 27,242 points in 2010; up 2.11% in December); INDX (+9.2% at 10,945 points in 2010; up 4.2% in December); IVBX-2 (+4.3% at 6,040 points in 2010; up 0.50% in December); IGC (+12.5% at 7,629 points in 2010; up 1.05% in December); Itag (+11.7% at 9,845 points in 2010; up 1.04% in December); Small Cap (+22.7% at 1,439 points in 2010; up 1.91% in December); MidLarge Cap (+2% at 979 points in 2010; up 3.5% in December); Iconsumo (+25.5% at 1,683 points in 2010; up 3.4% in December); Imobiliário (+10.5% at 1,036 points in 2010; down 0.9% in December); Ifinanceiro (+10.5% at 3,745 points in 2010; down 0.07% in December); and ICO2 (+10.6% at 1,106 points in 2010; up 1.19% in December).

Market Value

Market capitalization of the 381 companies listed on the BM&FBOVESPA at the end of 2010 was a record BRL 2.56 trillion, surpassing the BRL 2.47 trillion level for 404 companies in 2007. In 2009 the figure was BRL 2.33 trillion for 385 companies.



Special Corporate Governance Levels

At the end of 2010, the 167 companies that are part of the BM&FBOVESPA's special corporate governance levels represented 65.65% of the market capitalization, 75.14% of the financial volume, and 78.77% of the trades in the spot market. At the end of 2009, there were 159 companies, representing 66.92% of the market capitalization, 73.08% of the financial volume, and 79.49% of the spot market trades.

At the end of December, the 167 companies that are part of the BM&FBOVESPA's special corporate governance levels represented 65.65% of the market capitalization, 75.14% of the financial volume, and 78.77% of the trades in the spot market. At the end of November, there were 164 companies, representing 66.96% of the market capitalization, 77.68% of the financial volume, and 80.89% of the spot market trades.

Market Participation

The spot market accounted for 93% of total trading volume in 2010, followed by the options market, with 4.7%, and by the forward market, with 2.3%. The after-market traded BRL 14.2 billion with 910,161 trades.

December

The spot market accounted for 93.7% of total trading volume in December, followed by the options market, with 3.4%, and by the forward market, with 2.9%. The after-market traded BRL 1.1 billion with 59,703 trades, compared to BRL 1 billion and 57,047 trades in the previous month.

Investor Participation

In 2010, institutional investors led derivatives trading (BM&F segment), accounting for 33.29% of contracts traded, compared to 25.67% in the previous year. Foreign investors came next at 29.57%, compared to 34.182%; individuals at 26.41%, compared to 30.54%; financial institutions at 8.35% from 10.44%; companies at 2.31% from 2.17%; and others at 0.06% from 0.05%.

December

In December, institutional investors led derivatives trading (BM&F segment), accounting for 34.29% of contracts traded, compared to 32.56% in the previous month. Foreign investors came next at 32.98%, compared to 34.03% in November; individuals accounted for 20.46%, compared to 23.89%; financial institutions 9.33%, compared to 7.70%; companies for 2.87%, versus 1.75%; and others for 0.07% against 0.06%.



Foreign Investment

The net flow of foreign investment into the Brazilian stock market in 2010 reached BRL 47,381,801,698.80, which is the combined result of the amount of BRL 41,423,77,195.80 in acquisitions carried out by foreign investors in stock offerings (including BRL 23.72 billion registered in Brazil) and the positive balance of BRL 5,958,014,503.00 in direct trading at BM&FBOVESPA.

December

In December, the financial volume traded by foreign investors in the stock market was a negative BRL 334,261,494.00, which is the net balance between stock sales of BRL 43,400,781,487.00 and stock purchases of BRL 43,066,519,993.00.

The foreign investor participation in stock offerings, including IPOs, represented 27.6% of the total BRL 149,967,243,329.30 in transactions related to the publication of the closing announcement dates ending on January 4, 2010, pursuant to information available on the Exchange's website, under the media section.

Investment Clubs

BM&FBOVESPA ended December with 3,054 investment clubs and 40 new registrations. At the end of November, total liquid assets reached BRL 11.04 billion and the number of participants reached 134,994 (latest available data)

Individual Investors

BM&FBOVESPA ended 2010 with 610,915 individual investor stock exchange accounts in custody, compared to 552,364 accounts in 2009.

Home Broker

Average monthly trading via Home Broker hit BRL 47.2 billion in 2010, compared BRL 39.04 billion in 2009. The average monthly number of trades reached 5.3 million in 2010 from 4.12 million in 2009. The volume in Home Broker trades totaled BRL 566.43 billion in 2010, compared to BRL 468.48 billion in 2009.

December

Average daily trading via Home Broker hit 212,477 trades in December, compared to 250,648 in November. The total number of trades reached 4,462,019, compared to 5,012,952 in the previous month. The volume in Home Broker trades totaled BRL 34.94 billion, compared to BRL 40.03 billion in November. Home Broker's participation in the stock market's total volume in December was 24.09%, compared to 27.07% in November. In December, the number of brokerage firms offering Home Broker was 65, the same as in November.



ETFs

The financial volume registered in 2010 by the seven (BRAX11, CSMO11, MOBI11, BOVA11, SMAL11, MILA11 and PIBB11) BM&FBOVESPA Exchange-Traded Funds (ETFs) reached BRL 6.99 billion, in contrast to BRL 4.57 billion for four (BOVA11, SMAL11, MILA11 and PIBB11) in 2009. The ETFs registered 196,567 trades, from 59,460 in 2009.

December

The financial volume registered in December by the seven BM&FBOVESPA Exchange-Traded Funds (ETFs) reached BRL 638.2 million, in contrast to BRL 662.51 million in November. There were 30,059 trades, whereas in the previous month, the number of trades was 25,633. In December the ETF with the highest financial volume was BOVA11 with BRL 545.16 million, in comparison to its total financial volume of BRL 572.82 million in November.

Securities Lending

In 2010, the total number of securities lending transactions reached a record financial volume of BRL 465.60 billion, up 80% on the BRL 258.91 billion of 2009. There were 971,558 of these transactions in 2010 from 711,987 in 2009.

December

In December, the total number of securities lending transactions reached 91,926, with a record financial volume of BRL 49.36 billion, compared to 83,295 transactions and BRL 45.68 billion in November.

Fixed Income

In 2010, the trading volume for the secondary market, counting both the Bovespa Fix and the Soma Fix, totaled BRL 436.28 million, compared to BRL 386.69 million in 2009. Of this total, debentures accounted for BRL 151.15 million, Receivables Investment Funds (FIDC) BRL 93.58 million, and Mortgage Backed Securities (CRI) accounted for BRL 191.54 million.

December

In December, the trading volume for the secondary market, counting both the Bovespa Fix and the Soma Fix, totaled BRL 46.87 million, compared to BRL 24.79 million in November. Of this total, debentures accounted for BRL 7.47 million, Receivables Investment Funds (FIDC) BRL 30.48 million, and Mortgage Backed Securities (CRI) accounted for BRL 8.99 million.

BM&F Segment

Derivatives markets in the BM&F segment (including financial and commodities derivatives) totaled 618,634,157 contracts and BRL 42.51 trillion in volume in 2010, compared to 373,424,479 contracts and BRL 26.78 trillion in 2009. The 2010 figure surpassed the previous record of 426,365,244 contracts traded in 2007. The daily average of contracts traded in the derivatives markets in 2010 was 2,494,493 contracts, in contrast to 1,517,986 in 2009.

December

In December these markets in the BM&F segment totaled 62,099,275 contracts and BRL 4.43 trillion in volume, compared to 54,751,596 contracts and BRL 3.56 trillion in November. The daily average of contracts traded in the derivatives markets in December was 2,957,108 contracts, in contrast to 2,737,580 in November. Open interest contracts ended the last trading day of December with 46,013,611 positions, compared to 41,475,665 in November.

Financial Derivatives

In 2010, interest rate futures (ID) traded a record 293,065,417 contracts, in contrast to 151,958,184 in 2009. The 2010 figure surpassed the prior record of 221,627,417 contracts traded in 2007. US dollar futures ended the year at 82,453,621 contracts traded, compared to 66,776,180 in 2009. Ibovespa futures traded 18,039,345 contracts, compared to 16,350,493 in 2009. The Euro futures contract (EUR) registered 390,295 contracts in 2010, in contrast to 75,265 contracts in 2009.

The five new currency futures contracts, launched in May, 2010 (for Australian Dollar, Canadian Dollar, Japanese Yen, Pound Sterling, and Mexican Peso) ended 2010 on 142,205 contracts traded. Of this total, there 49,090 Australian Dollar contracts.

December

In December, interest rate futures (ID) traded 35,823,215 contracts, in contrast to 27,919,515 in November. The US dollar futures ended the month of December with 5,962,035 contracts, compared to 6,086,055 in the previous month. The Ibovespa futures traded 1,241,180 contracts, compared to 1,416,175 in November. The Euro futures contract (EUR) registered 33,480 contracts, in contrast to 55,710 contracts in November.

Agribusiness Derivatives

In 2010, the BM&FBOVESPA agribusiness derivatives market (including futures and options) totaled 2,702,785 contracts traded, compared to 2,038,242 in 2010.



Live cattle futures and options totaled 1,352,469 contracts traded in 2010, compared to 896,401 in 2009. Arabica coffee ended 2010 with 694,348 contracts, compared to 657,085 in 2009. Soybeans totaled 143,008 contracts, compared to 175,075 in 2009, and cash-settled corn futures and options totaled 490,265 contracts traded, compared to 407,854 in 2009. Hydrous ethanol futures, that was launched in may, 2010, totaled 22,615 contracts.

December

In December, the BM&FBOVESPA agribusiness derivatives market (including futures and options) totaled 157,421 contracts traded, compared to 309,570 in November. Agribusiness markets totaled 131,143 open interest contracts, in contrast to 130,160 in the previous month.

Live cattle futures and options totaled 78,836 contracts traded in December, compared to 187,878 in November. Arabica coffee ended December with 44,953 contracts, compared to 73,108 in November. Soybeans totaled 7,602 contracts, compared to 13,608 in November, and cash-settled corn futures and options totaled 20,544 contracts traded, compared to 31,552 in November. Hydrous ethanol futures totaled 5,486 contracts, compared to 3,424 in November.

Mini Contracts

The derivatives market for mini contracts traded 12,985,237 contracts in 2010, compared to 18,700,470 in 2009. Of this total, the futures market for Ibovespa mini contracts traded 16,705,118, compared to 12,374,969 contracts in the previous year. Mini U.S. dollar futures traded 1,969,427 contracts, compared to 573,839 in the previous year.

December

The derivatives market for mini contracts traded 1,244,764 contracts in December, compared to 1,516,088 in November. Of this total, the futures market for Ibovespa mini contracts traded 1,100,511, compared to 1,340,112 contracts in the previous month. Mini U.S. dollar futures traded 141,396 contracts, compared to 174,281 in November. Mini futures contracts ended December with 20,933 open interest contracts, compared to 28,791 in the previous month.

Spot Gold

The spot gold market (250 grams) traded, in 2010, 9,567 contracts, compared to 12,403 contracts in 2009. Spot gold market volume totaled BRL 179.02 million, compared to BRL 193.03 million in the previous month.

December

The spot gold market (250 grams) traded, in December, 1,592 contracts, compared to 1,125 contracts in November. Spot gold market volume totaled BRL 32.66 million, compared to BRL 24.05 million in the previous month.

Investor Participation

In 2010, financial institutions led derivatives trading (BM&F segment), accounting for 42.40% of contracts traded, compared to 45.46% in the previous year. Institutional investors were responsible for 29.61%, compared to 24.26%; foreign investors for 22.40%, compared to 20.02%; individuals for 3.88%, compared to 7.63%; and companies for 1.71%, versus 2.53%.

December

In December, financial institutions led derivatives trading (BM&F segment), accounting for 45.67% of contracts traded, compared to 39.17% in the previous month. Institutional investors were responsible for 33.63%, compared to 33.59%; foreign investors for 16.31%, compared to 21.62%; individuals for 2.83%, compared to 3.86%; and companies for 1.56%, versus 1.76%.

Individual Investors

At the end of 2010 there were 149,573 individual investors with at least one account registered at the Derivatives Clearinghouse, compared to 109,185 at the end of the previous month.

Volumes and trades by Direct Market Access (DMA)

BM&F Segment

In December, BM&F* market segment transactions carried out through order routing via Direct Market Access (DMA) registered 19,182,892 contracts traded in 1,643,381 trades. In November, the volume reached 21,516,858 contracts traded and 1,957,807 trades.

The volumes registered by each access modality in the BM&F segment were as follows:

- **Traditional DMA** – 8,919,487 contracts traded, in 682,511 trades, in comparison to 11,017,231 contracts and 765,071 trades in November;
- **Via DMA provider** (including orders routed via the Globex System) – 7,642,789 contracts traded, in 228,823 trades, compared to 7,286,474 contracts and 275,751 trades in November;
- **DMA via co-location** – 2,620,616 contracts traded, in 732,047 trades, compared to 3,213,153 contracts and 916,985 trades in November.



In December, transactions carried out by foreign investors presented by CME to BVMF (who use the Globex-GTS order routing system or access BVMF markets via co-location) totaled 1,951,587 contracts traded, in 542,556 trades, compared to 2,386,493 contracts and 652,444 trades in November.

Bovespa Segment

In December, BOVESPA* market segment transactions carried out through order routing via Direct Market Access (DMA) registered a financial volume of BRL 90,034,266,000.00 and 8,996,944 trades. In the previous month the figures were BRL 92,488,376,000.00 and 9,069,486 respectively.

Trading volumes per type of DMA in the Bovespa segment:

- **Traditional DMA** – Volume of BRL 79,911,012,000.00 and 7,687,953 trades, against BRL 54,845,611,000.00 and 5,830,754 trades;
- **DMA via co-location** – Volume of BRL 1,510,987,000.00 and 228,273 trades against BRL 785,595,000.00 and 97,144 trades.

** Direct access to the BM&FBOVESPA market segments is carried out through DMA models 1, 2, 3 and 4. In model 1 or traditional DMA, the client accesses the GTS or Mega Bolsa through technological intermediation of a brokerage house. In model 2 or via DMA provider, the client does not use the technological intermediation of a brokerage house, but rather connects to the system through an authorized access provider. DMA via order routing with CME Globex is also a form of DMA model 2. In model 3, the client connects to the system through a direct connection. In model 4 or via co-location, the client installs its own computer within the Exchange's facilities.*

Notes:

The volumes registered by access modality include both buy and sell sides of a trade.

The volumes by access modality for both the BM&F and the Bovespa market segments have been reported in a consolidated manner in the BM&FBOVESPA statements since May 2009.

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