

**THE BRAZILIAN NATIONAL TREASURY REVISES THE 2016
ANNUAL BORROWING PLAN - ABP**

The Brazilian National Treasury hereby revises the Federal Public Debt (FPD) composition limits defined in the 2016 Annual Borrowing Plan (ABP). The following indicators were revised:

- a) Fixed rate securities share
- b) Floating rate securities share

The new percentages are in the table below:

FPD Composition Limits in 2016

Indicators	2015	Limits for 2016		2016 ABP Review	
		Minimum	Maximum	Minimum	Maximum
Stock (BRL billion)					
Federal Public Debt	2,793.0	3,100.0	3,300.0	3,100.0	3,300.0
Composition (%)					
Fixed Rate	39.4	31.0	35.0	33.0	37.0
Inflation Linked	32.5	29.0	33.0	29.0	33.0
Floating Rate	22.8	30.0	34.0	27.0	31.0
Exchange Rate	5.3	3.0	7.0	3.0	7.0
Maturity Profile					
% Maturing in 12 months	21.6	16.0	19.0	16.0	19.0
Average Maturity (years)	4.6	4.5	4.7	4.5	4.7

Source: National Treasury

The evolution of Federal Public Debt indicators and their adherence to the ABP limits are permanently monitored as long as the strategy is implemented throughout the year. It aims to identify occasional needs to adjust the limits published in the ABP.

The current revision is a consequence of a demand increase for long-term securities. A favorable scenario for fixed-rate issuances (LTN and NTN-F) and a lower issuance of floating rate securities (LFT) were the main drivers of this change. The adjustment in the issuance strategy has a direct impact on FPD composition.

Finally, the Federal Public Debt management will continue to operate under its guidelines, as disclosed in the 2016 ABP. Consequently, the National Treasury will maintain its long-term goal of increasing both

fixed rate and inflation-linked shares, while reducing the floating rate share. Furthermore, the debt management aims to lengthen the maturity profile and to reduce the percentage maturing in 12 months.

During this process, the National Treasury will continuously monitor market conditions in order to achieve an appropriate balance between cost and risk for the management of the FPD.