

10.05.2007 - BESC incorporation kick off

In addition to the Material Facts released on April 19th, 2007 and June 22nd, 2007, the National Treasury, the Government of the State of Santa Catarina and the Banco do Brasil inform that they signed today (October, 5th), in Brasilia, the Amendment to the PROES Contract (Program of Incentive to the Reduction of the State Government in the Banking Industry), related to Banco do Estado de Santa Catarina S.A. (BESC) and Besc S/A – Mortgage Loan (BESCRI).

The amendment aims at the retreat of BESC and BESCRI from the PND (National Program for Privatization) and its efficacy is restricted to the publication of specific regulation, by the Federal Senate and the release of a Presidential Decree, which will allow the starting of the incorporation process of Besc by Banco do Brasil. The final term for the incorporation will be in 12 months, starting from the date of the contract of the last evaluating company.

Banco do Brasil and Besc also formalized a Services Contract with the State of Santa Catarina, for R\$ 250 million and for a period of 60 months, to centralize, manage and process the State financials and of the State payroll. This amount will be paid to the State only after the incorporation of Besc by Banco do Brasil.

During the term of the Contract, BB assures the maintenance of the actual brand in the Besc network, beyond preserve banking service in all the municipalities served by Besc.

Brasília (DF) and Florianópolis (SC), October 5th, 2007.

Banco do Brasil S.A.

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