

## **06.22.2007 - BB/BESC - Evaluate equity value in the M&A process**

Pursuant to § 4 of Article 157 of Law no 6,404, dated December 15, 1976, according to CVM (Brazilian Securities and Exchange Commission) Regulation 358, dated January 03, 2002 and in addition to the Material Fact released on April 19th , 2007, Banco do Brasil and Banco do Estado de Santa Catarina S.A. - BESC hereby inform that:

1. Banco do Brasil filed a request of opinion to CVM, on May 24th ,2007, about the possible methodologies to assess value of Banco do Brasil (acquirer) and BESC and BESCRI (acquirees). The purpose of the questioning was to assure the fully compliance with the Brazilian Corporate Law when determining how to evaluate the equity value in the M&A process.

2. The CVM Board, in a meeting held on June 19th , 2007, understood that:

a) pursuant to article 2241 of the Law nº 6,404/76, it is possible to adopt market value to assess Banco do Brasil's equity worth and discounted cash flow (DCF) to assess BESC and BESCRI, since the management of the companies involved understands and justifies that the criteria chosen are the ones that evaluate them better;

b) with regard to the article 2642 of the same Law, the book value criterion is not accepted. However, to comply with the Law, it is possible to adopt the DCF methodology to compare acquirer and acquirees equity worth.

3. We inform that the extract of the minutes of the referred meeting, of number 24/07, can be fo

und in the CVM website.

4. Finally, we would like to emphasize that the M&A process is still being studied by Banco do Brasil, as well as the definition about possible criteria to be adopted to evaluate the companies involved.

Brasília (DF) and Florianópolis (SC), June 22nd , 2007.

Aldo Luiz Mendes

Chief Finance Officer

Banco do Brasil S.A.

Luis Mário Lepka

Investor Relations Officer

Banco do Estado de Santa Catarina S.A.

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(1) article 224 establishes the conditions to be submitted to the acquirer and acquiree companies' shareholders meetings due to an M&A process, including possible criteria to be adopted to evaluate the companies involved, as well as those related to the shares exchange ratio.

(2) article 264 establishes the need of a comparative appraisal report when companies involved in an M&A are under the same controlling shareholder.