

BANCO DO BRASIL S.A.

Publicly held company

Corporate taxpayer registration no. (CNPJ/MF)
00.000.000/0001-91**VOTORANTIM FINANÇAS S.A.**

Publicly held company

Corporate taxpayer registration no. (CNPJ/MF)
01.386.256/0001-41**MATERIAL EVENT**

Pursuant to § 4 of Article 157 of Law 6404 of December 15, 1976, and CVM Instruction 358 of January 3, 2002, as of this date Banco do Brasil S.A. ("BB") and Votorantim Finanças S.A. ("VF") announce that they have joined a strategic partnership by signing a private instrument for purchase and sale and subscription of shares between themselves, whereby Banco do Brasil will hold shares amounting to 49.99% of Banco Votorantim's voting capital ("Banco Votorantim") and 50.00% of the total (the "Transaction").

Transaction**(i) Prior restructuring of Banco Votorantim and VF.**

Banco Votorantim's capital is divided into 74,126,202,673 non-par value nominative common shares. Prior to the acquisition, VF will (i) acquire all shares representing BV's capital; (ii) convert 7,412,620,267 of BV's common shares to the same number of BV preferred shares; (iii) sell Banco Votorantim the interest currently held by VF in its subsidiaries BV Sistemas Ltda., CP Promotora de Vendas Ltda., Votorantim Corretora de Seguros Ltda., and Votorantim Bank Limited, so that the latter will then be controlled by Banco Votorantim; and (iv) approve a BV dividend distribution totaling R\$ 750 million.

(ii) Transaction.

The Transaction will be carried out as follows: (i) Banco do Brasil's acquisition of 33,356,791,198 of BV's common shares held by VF for the price of R\$ 3,000 million ("Acquisition"); (ii) Banco do Brasil's subscription of 7,412,620,277 of BV's preferred shares ("Subscription") for the amount of R\$ 1,200 million as detailed in the following table. As mentioned above, the Transaction will be preceded by VF's distribution of R\$ 750 million in dividend reducing pre-subscription shareholder equity to R\$ 5,671 million.

Details of transaction

	Qty. (million)			Amount disbursed (R\$ million)			BB portion - %	
	ON	PN	TOTAL	ON	PN	TOTAL	ON	PN
Acquisition of Banco Votorantim stock held by VF	33,356.8	0.0	33,356.8	3,000	0	3,000	49.9999999925	0.00

Banco Votorantim capital increase	0.0	7,412.6	7,412.6	0	1,200	1,200	0.00	50.0000000337
TOTAL	33,356.8	7,412.6	40,769.4	3,000	1,200	4,200		50.00

The value of the Transaction was consistent with the current level of the stock exchange value of Banco do Brasil itself and was calculated based on an economic and financial valuation drawn up by consultants engaged by Banco do Brasil, which, among other methodologies, covered the outlook for BV's future profitability and discounted cash flow appropriately adjusted to reflect the current economic situation. The acquisition price may be adjusted in relation to any contingencies related to the period prior to closing the Transaction.

BB engaged the following as its advisers: Banco UBS Pactual S.A. (financial advisor), Velloza, Giroto e Lindenbojm Advogados Associados (due diligence and legal counsel for financial adviser), França e Nunes Pereira Advogados (legal advisers) and Banco Fator S.A. (fairness opinion). The following were engaged by VF: The Boston Consulting Group (strategic advisers) and Machado, Meyer, Sendacz e Opice - Advogados (legal advisers).

Purpose of the Transaction

This partnership has a strong business rationale and aims for long-term growth by an alliance of two wholly historically important Brazilian institutions combining two strengths, two business models and two complementary strategies, namely:

- From BB's standpoint, the Transaction is part of its effort to strengthen its activities in the vehicle financing market in which BV has worked and obtained outstanding expertise and rapid growth, which enhances opportunities and complementarities with BB's solid funding structure. In addition, the strategic stake in BV will further strengthen BB's role in other segments such as corporate banking and capital markets.
- From the standpoint of VF and BV, the Transaction reinforces and accelerates BV's growth path leveraging its capability for origination and distribution not only in consumer finance, but also in all other segments in which BV operates. The partnership will add great future value to the financial business, which is very important for Votorantim Group.

Banco Votorantim

BV, which is the seventh largest bank in terms of assets in Brazil's financial system, acts on a diversified basis in segments such as consumer finance, corporate banking, capital markets, brokerage, treasury, international business and asset management. It has head offices in São Paulo and branches in Brazil's major state capitals, with a representation office in London and a brokerage firm in New York. The following table contains the institution's key numbers:

Banco Votorantim S.A. (Conglomerate) - Key numbers - R\$ million

Sep/07	Sep/08	Variation-%
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Assets	64,837	81,872	26.27
Loan Portfolio	23,622	38,222	61.81
Personal	14,562	21,697	49.00
Corporate	9,060	16,525	82.40
Deposits	16,255	23,424	44.10
Shareholder equity	5,802	6,421	10.67
Assets under management	20,297	18,763	-7.56
Net Income (nine months)	787	773	-1.78
Basel ratio - %	13.98	13.58	

Banco Votorantim is an important part of the Votorantim group's portfolio, a wholly Brazilian owned conglomerate with a 90-year history and a staff of more than 50,000 doing business in 12 countries. The Votorantim Group is one of Brazil's largest conglomerates. In addition to the financial sector, it operates in cement, mining and metallurgy, pulp and paper, concentrated orange juice, specialty chemicals, electrical power, and new business ventures. In 2007, the Group's total revenue was R\$ 30.4 billion with EBITDA of R\$ 8.4 billion.

Accounting effects for BB

On concluding the Transaction, BB's consolidated balance sheet will reflect results posted by BV and its subsidiaries in proportion to BB's share in their share capital. Taking the numbers for the period ended September 30, 2008 into account, the partnership would produce the following situation:

R\$ billion	BB ¹	Votorantim	Combination ²
Assets	512.4	81.9	553.3
Loan Portfolio	213.7	38.2	232.8
Court deposits	264.0	23.4	275.7

1. Including the acquisition of Banco Nossa Caixa
2. Pro forma combination of BB and its holding (50%) in Banco Votorantim

Approvals required

The Transaction is subject to approval by the Central Bank of Brazil and other authorities. Once this has occurred, it will be announced to the market.

Brasília, January 9, 2009

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