

**ACQUISITION OF BANCO POPULAR DO BRASIL S.A.**

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Shareholders,

According to the articles 223 to 227 and 264 of the Law 6,404 from 12.15.1976, I present to the approval of the shareholders the proposal of acquisition, by Banco do Brasil S.A., of Banco Popular do Brasil S.A., as follows:

1. To approve the Protocol of Merger and Justification of the Merger of Banco Popular do Brasil S.A. by Banco do Brasil S.A.;
2. To approve and ratify the hiring of KPMG Auditores Independentes, CNPJ/MF number 57.755.217/0001-29, headquartered at Rua Dr. Renato Paes de Barros Street, 33, 17th floor, Itaim Bibi, São Paulo - SP, as responsible for the equity accounting appraisal report of Banco Popular do Brasil S.A.;
3. To approve the appraisal reports mentioned in item "2." above;
4. To approve and declare effective the merger of Banco Popular do Brasil S.A. by Banco do Brasil S.A., in the terms of the Protocol of Merger and Justification of the Merger, and also to authorize Banco do Brasil's administration to execute the complimentary acts related to the merger;
5. To approve the conversion of the net equity of Banco Popular do Brasil S.A. to Banco do Brasil S.A., in the terms of the Protocol of Merger and Justification of the Merger.

Banco Popular do Brasil S.A. is a privately held corporation, constituted as a fully owned subsidiary of Banco do Brasil, to work specifically in the microfinance sector.

Considering the continuing quest for the strengthening of the organizational and operational structure of the Conglomerate Banco do Brasil, the merger of Banco Popular do Brasil S.A. by Banco do Brasil S.A. enables the integration of activities and goals of both companies.

For Banco do Brasil S.A., the merger is justified by increasing its position in the relationship with the microfinance sector and the intensification of the process of simplification, integration and consolidation of financial operations with this segment.

At the same time, the move enables the unification of the corresponding performance of Banco do Brasil S.A. and Banco Popular do Brasil S.A., allowing the opportunity to offer customized products and services and the profitability of the customer base of the Banco Popular do Brasil S.A., from the use of a business model and portfolio of retail's product from Banco do Brasil S.A.

The merger enables also the conduct of business with the microfinance sector through a single institution, allowing the consolidation for all commercial, financial and accounting purposes.

To your appreciation,

Brasília (DF), May 6th, 2010

Ademir Bendine  
Board of Directors Vice-chairman