



Material Fact - INALCA JBS

JBS SA (JBSS3) in accordance with CVM Instruction nº 358 of January 3rd 2002, communicates to its shareholders and to the market in general that it has on this day filed an injunction with the Italian relevant legal authorities with a view towards resolving pending Corporate Governance issues with the Cremonini Group from whom JBS bought 50% of INALCA to form INALCA JBS. INALCA JBS represents 2.8% of the consolidated company's revenues.

Due to the noncompliance of certain valid contractual clauses, JBS SA, who owns 50% of INALCA JBS, is taking this action in the Italian judicial system in order to guarantee that its shareholders are in no way jeopardized. The injunction is in preparation for arbitration at the ICC (International Chamber of Commerce) in Paris and is directly related to the Board Members indicated by JBS (including the Chairman of the Board) having complete access to all relevant information and installations of INALCA JBS and to the fulfillment of the clause which delegates to JBS SA the nomination of the CFO of INALCA JBS as well as the CFO of all subsidiaries of INALCA JBS.

Through this action, JBS SA is comfortable in the fact that the correct balance within INALCA JBS will be maintained and the best interests of its shareholders will be preserved."

São Paulo, July 07, 2010

Jeremiah O'Callaghan
Investors Relations Officer

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of JBS. These are merely projections and, as such, are based exclusively on the expectations of JBS' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in JBS' filed disclosure documents and are, therefore, subject to change without prior notice.