JBS S.A.
CNPJ No. 02.916.265/0001-60
NIRE No. 35.300.330.587
Authorized Capital Publicly Held Company

MATERIAL FACT

The Senior Management of JBS S.A. ("JBS" or the "Company"), in compliance and for the purposes of CVM Ruling No. 358/02, as amended, and further to the Material Facts disclosed on September 16, 2009, October 22, 2009 and December 7, 2009 ("Material Facts"), hereby informs the market of the following:

(A) Capitalization of JBS in Brazilian reais in an amount equivalent to USD 2 billion.

As set forth in item (a) of the Call Notice for the General Shareholders' Meeting of the Company to be held on December 29, 2009, the Company intends to implement the capitalization mentioned in the Material Facts, by means of the issue of debentures, mandatorily exchangeable for shares issued by JBS USA, in the total amount in Brazilian reais equivalent to USD 2,000,000,000.00 (two billion US dollars).

The debentures to be issued by the Company are considered by the Company as the adequate instrument to sustain its capital structure, since the debentures will never be paid in cash by the Company, but will be mandatorily exchangeable for shares issued by JBS USA Holding, Inc. ("JBS USA") or convertible into shares of the Company. The debentures will only be convertible into shares of the Company if JBS USA does not become a publicly-held Company with shares registered at the Stock Exchange (liquidity event), as will be set forth in the relevant deed of issuance of the debentures. The total amount of the debentures (Brazilian reais equivalent to USD 2.000.000.000,00) comfortably meets the capitalization necessity of the Company (previously estimated at USD 2,500,000,000.00). The funds obtained through the issue of the debentures shall be allocated to pay up a capital increase of JBS USA. With this transaction, the totality of the debenture holders will hold an equity participation of not less than 20.0% and not more than 25.0% of JBS USA, prior to the capitalization and the liquidity event.

Neither the issue of the debentures, nor the exchange of debentures for shares issued by JBS USA or the conversion of the debentures into shares of the Company, as the case may be, will be registered with the Securities and Exchange Commission (*Comissão de Valores Mobiliários*) ("CVM"), since the debentures will be privately placed, without public sale efforts to investors.

Besides, neither the debentures, nor the JBS USA or the Company's shares, as the case may be, will be registered under the US 1933 Titles and Securities Law ("Securities Act"), thus prohibited from being offered or sold in the US or to US persons, and placed in accordance with the registry exemption set forth in Regulation S of the Securities Act.

In light of the characteristics of the debentures, the Company's shareholders shall have the priority right to subscribe for the debentures, proportionate to the number of the Company shares held by them, as per the shareholding position on the date of issue of the debentures, provided that the shareholders of JBS in the US or that are considered as US persons (as per the Securities Act) will not be able to subscribe for the debentures, but will only be able to, prior to the effective issuance of debentures, assign or sell their preemptive right to subscribe for the debentures to non-US residents third parties, since the debentures are being offered in accordance with the registry exemption set forth in Regulation S of the Securities Act.

The funds obtained through the Issuance shall be fully allocated to pay up the capital increase of JBS USA, with the purpose of (i) completing the transaction reflected in the Stock Purchase Agreement whereby JBS USA, after subscription of new shares, will become the owner of shares representing sixty-four percent (64%) of the total voting capital of Pilgrim's Pride Corporation; and (ii) reinforcing the Company's consolidated capital structure, for execution of investment plans and expansion projects, in addition to making feasible the completion of the project of integrating the Company's transactions with Bertin.

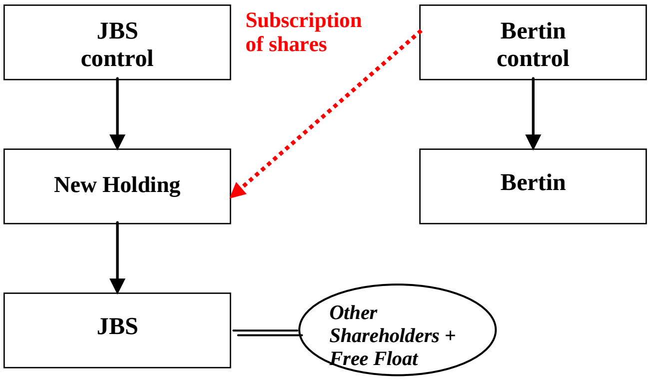
The Company informs that it is in an advanced phase of negotiation with an investor in order to guarantee the subscription of the totality of the debentures up to the limit in Brazilian reais equivalent to USD 2,000,000,000.00. Once such negotiation is concluded and the adhesion of such investor to the transaction is confirmed, which is expected to happen in the coming days, the Company shall disclose the pertinent information to the market. The issuance of the debentures will be appreciated in the General Shareholders' Meeting due to be held on December 29, 2009.

(B) Integration of Operation of JBS and Bertin

With regard to the integration of the operations of JBS and Bertin, the management of JBS informs that (i) it has been notified, on the date hereof, by the JBS controlling shareholders, that they have reached an agreement with the controlling shareholders of Bertin S.A. for the implementation of the business unification of Bertin and JBS; and (ii) the respective Boards of Directors approved the terms and conditions for merging Bertin shares into JBS shares ("Share Merger") as described below, in accordance with item 3 (ii) of CVM Practice Bulletin CVM 35/08, by means of execution of the respective protocol and justification for the Share Merger (the "Protocol and Justification").

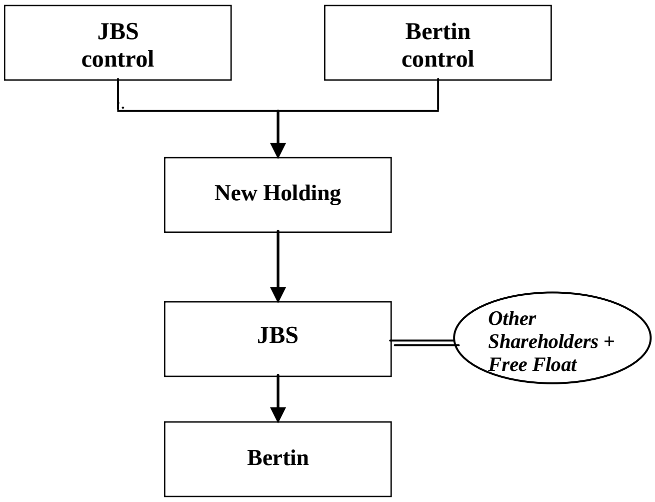
The combined business structure of JBS and Bertin as agreed by its respective controlling shareholders, includes, in brief, the steps explained below:

Step 1. The Bertin controlling shareholders are due to approve, in a general shareholders' meeting, the Share Merger through the issuance of new JBS common shares. As a next step, the Bertin controlling shareholders will subscribe new shares in the New Holding, to be paid up by transfer to the New Holding of the part of the new JBS shares to be attributed to the controlling shareholders of Bertin ("New JBS Shares"), in the manner set out in "Step 2" below:



Step 2. The JBS shareholders will approve the Share Merger in an Extraordinary General Meeting as called to occur on December 29, 2009, as indicated below. The New JBS Shares will be transferred directly by JBS to the New Holding for payment of the shares subscribed for the Bertin controlling shareholders in "Step 1" above.

As a result of such transaction: (i) the current JBS and Bertin controlling shareholders will hold an indirect equity interest in JBS through the New Holding, it being agreed and accepted that, in any event, control of the New Holding will be held by the current JBS controlling shareholders; and (ii) Bertin will become a wholly-owned subsidiary of JBS, resulting in the following structure:



The exchange ratio for the purpose of the Share Merger, estimated in the Material Fact disclosed on September 16, 2009, and indicated below, was established in accordance with the procedures suggested in CVM Practice Bulletin No. 35/08, including the presentation of the recommendations of the Special Independent Committees of JBS and Bertin to the senior managements of JBS and Bertin, respectively.

Once the Share Merger is approved, which is expected to take place at the General Shareholders' Meeting to be held on December 29, 2009, a merger corporate transaction where Bertin will be merged into JBS, without the issue of new common shares of JBS, as per the applicable regulation, will be submitted for deliberation at a General Shareholders' Meeting of JBS to be held in January, 2010.

The current JBS controlling shareholders' obligation to consummate the transaction described above involving all steps for the JBS and Bertin business combination structure is subject to the approval of the issuance of debentures by JBS, as established in item (a) of the call notice for the General Shareholders' Meeting to be held on December 29, 2009, as described in Chapter (A) of this material fact.

In addition, the parties' obligation to consummate the transaction described above is subject to it being cleared by the antitrust authorities, as applicable, and to usual conditions such as the absence of a material adverse effect on the assets to be contributed and the satisfactory completion of the due diligence investigation on said assets.

Execution of the Protocol and Justification and Definition of the Exchange Ratio

As mentioned above, on December 12, 2009, the Protocol and Justification related to the Share Merger was executed by the management of JBS and Bertin, in accordance with the terms described below. For the purposes of the determination of the exchange ratio of shares held by Bertin shareholders for JBS shares, the shares issued by JBS and Bertin were valued by its respective economical values, including in accordance with the recommendations of the Special Independent Committees, resulting in an exchange ratio of one share issued by Bertin for 32,45518835 shares issued by JBS.

The senior managements of each of the companies believe that the Share Merger is justifiable for allowing a reduction in overlapping costs while generating gains on an operational scale, which will eventually foster higher investments and a greater growth rate on sustainable terms. The JBS-Bertin synergy will translate into a greater capacity to face the challenges ahead on the domestic and international markets, being in line with the strategy adopted by JBS and Bertin towards a continued growth of the businesses.

The proposed transaction

As stated in the Material Facts disclosed on September 16, 2009, October 22, 2009 and December 7, 2009, JBS will absorb into its capital stock the total outstanding shares of Bertin, whose shareholders will receive JBS shares in return. As a result of this transaction, Bertin will become a wholly-owned subsidiary of JBS, pursuant to article 252 of Law 6404/76, as amended ("Corporation Law").

Share Merger. The Share Merger will entail no change in the quantity and characteristics of the Bertin shares, all of which will thenceforth be owned directly by JBS. The Bertin shares will be replaced with new common shares issued by JBS.

Exchange Ratio. In meetings held on December 7, 2009, the members of the Board of Directors of JBS and Bertin have (i) met with its respective Special Independent Committees ("JBS Committee" and "Bertin Committee", respectively); and (ii) examined the reports prepared by the members of the JBS Committee and Bertin Committee.

In said December 7, 2009 meetings, the members of the Committees informed that: (i) they were completely free to contract advisors of their free choice to analyze the significant aspects of the Share Merger, to the extent deemed necessary thereby; (ii) they held meetings attended by the senior managers of each of the companies, the respective advisors, whose works were permanently supervised, all seeking revision of the transaction process, the structure and definition of said exchange; (iii) they requested and received all explanations and information required to perform their function, revised the documents prepared for the transaction as well as the reports and opinions prepared and submitted to the respective boards of directors.

The JBS Committee recommended that the share exchange ratio is situated at a range in which the value attributed to JBS is between 53.5% and 70.2% of the combined company, and the value attributed to Bertin is between 46.5% and 29.8% of the combined company. The Bertin Committee, in turn, recommended that the share exchange ratio occurs within a range between 31.23 to 34.61 shares issued by JBS for one share issued by Bertin. Thus, the share exchange ratio previously announced, at the equity value proportion of approximately 40%/60% to Bertin and JBS, respectively (which would be equal to an exchange ratio of 32.45518835 JBS shares for one share issued by Bertin) is located within the ranges suggested by the Committees, and is subject to the satisfactory completion of the due diligence investigation.

Considering the arguments presented and the ranges permitted by said Committees, and after having debated in relation to the most appropriate exchange ratio, the JBS Board Members and Bertin Board Members decided to adopt the exchange ratio of 32.45518835 shares issued by JBS for one share issued by Bertin, at the equity value proportion of approximately 40%/60% to Bertin and JBS, respectively, as previously announced to the market, as it was to their understanding that this ratio meets the recommendations made by both Committees. As the exchange ratio approved by the Boards of Directors of both companies falls within the ranges suggested by the respective Special Independent Committees of the companies involved, as indicated below, the senior management of each of the Companies believes that the companies' shareholders were given an equitable treatment.

The fractional common shares resulting from the exchange of Bertin shares held by each shareholder who does not group his fractional shares with other Bertin shareholders to make whole shares will be rounded down to the nearest whole number, and JBS will pay out the shortfall in cash within thirty (30) business days as from receipt of the proceeds from trading of the shares corresponding to this set of fractional holdings on BMF Bovespa S.A. – Bolsa de Valores, Mercadorias e Futuros – BOVESPA.

Special Independent Committees. The Companies installed their respective Special Independent Committees, pursuant to CVM Practice Bulletin No. 35 of September 1, 2008, with the sole and exclusive purpose of analyzing the Share Merger conditions and put forward their recommendations to the Board of Directors of JBS and of Bertin.

Increase in the Capital Stock of JBS. If the Share Merger is approved by the shareholders of JBS and of Bertin, the JBS capital stock will be increased by R$ 11,987,963,196.14, by way of issuance of 929,392,550 common registered shares in book-entry form and non-par, at the unit issue price of R$ 12,89870808, as set forth in the Protocol and Justification. All of these new common shares in the capital stock of JBS will be (i) subscribed for by the Bertin shareholders, pursuant to article 252, paragraph 2 of the Corporation Law; (ii) paid up by means of contribution of the Bertin shares, which will thus be incorporated into the JBS equity; and (iii) promptly after their allocation to the Bertin shareholders proportionate to the equity interests held by the latter in the capital stock of Bertin and with due regard for the exchange ratio proposed above, the shares allocated to the current controlling shareholders of Bertin will be delivered directly to the New Holding, denominated "FB Participações S.A.", in payment for the capital stock subscribed in FB Participações S.A. Accordingly, the JBS capital stock, in the amount of R$ 16,483,544,165.08, will thenceforth be represented by 2,323,481,376 common registered shares in book-entry form and non-par.

Equity Variations. The base date of the Share Merger will be September 30, 2009. Equity variations after the base date at each of the Companies will be reflected in the respective financial statements.

Bylaws. The JBS bylaws will be amended to reflect the new capital stock value, the new number of common shares representing the Company's capital stock, and the change in the core business to include the activities carried out by Bertin. The Bertin bylaws may be adapted to its new status as wholly-owned subsidiary of JBS.

Rights attached to the JBS shares. The JBS common shares to be ascribed to the Bertin shareholders in replacement of their Bertin shares will have the same rights as those attached to the JBS outstanding shares, and all of them will be fully entitled to the benefits, including dividends and other remuneration of capital, which may be declared by JBS.

Withdrawal rights. The Share Merger will allow for the exercise of withdrawal rights by both the JBS shareholders and the Bertin shareholders (as the case may be) who abdicate or abstain from the Share Merger resolution, or who do not attend the corresponding Extraordinary General Meeting, and who express their intention of exercising their withdrawal rights within thirty (30) days from publication of the minutes of the General Meetings of JBS shareholders (for the JBS shareholders) and of Bertin shareholders (for the Bertin shareholders) at which the Share Merger is approved. The reimbursement value of the JBS shares held by the shareholders mentioned in the above item, calculated at the net equity value stated on the JBS balance sheet as of September 30, 2009, is R$ 3.54548463 per share, considering the outstanding share.

(C) Additional information.

General Meetings. On this date, a call notice is being published for the Extraordinary General Meeting of JBS to be held on December 29, 2009, in order to resolve the Share Merger, among other matters stated in the agenda. We were informed that an Extraordinary General Meeting of Bertin will be called prior to resolving the Share Merger.

Costs. The Share Merger implementation costs are estimated at R$ 7,000,000.00, already including the expenses with disclosure, auditors, appraisers, attorneys and other advisors.

Regulatory Authorities. The JBS-Bertin transaction was notified to the Brazilian Administrative Council for Economic Defense – CADE and to other international competition authorities. Said transaction was already approved by the competent EC antitrust authority. Any other reporting on the Share Merger will be made to the pertinent Brazilian and international governmental authorities, pursuant to prevailing laws and regulations.

Documents available. As from this date, the documents that supported the planning, appraisal, promotion and implementation of the Share Merger are available to the shareholders from 9 a.m. to 5 p.m. from Monday through Friday, at the Company's administrative office situated at Av. Marginal Direita do Rio Tietê, 500, Vila Jaguara, in the City of São Paulo, State of São Paulo, Zip Code 05118-100; and (ii) at the Brazilian Securities Commission (CVM) and at BM&FBOVESPA, and also on their respective websites at www.cvm.gov.br and www.bovespa.com.br.

JBS Governance. In light of the transactions contemplated herein, a General Shareholders' Meeting of JBS shall be called in the coming days, to be held in January 2010, for the purposes of modifying the size and composition of the Company's Board of Directors, which, as per Article 16 of the bylaws, can be composed by up to 11 members, provided that all appointed members and all of those that are eventually appointed to the Board shall be appointed in their position for a unified term of duration, until the Ordinary Shareholders' Meeting to be held in 2011.

São Paulo, December 14, 2009

Jeremiah O'Callaghan
Diretor de Relações com Investidores
JBS S.A.

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.

With regard to the debentures informed in the first part of this material fact, it is established that neither the issue of debentures, nor the JBS or the Company's shares can be offered or sold in the US or to US persons, and placed in accordance with the registry exemption set forth in Regulation S of the Securities Act. This announce does not constitutes a sale offer or solicitation of purchase offer or any security and can not be understood as an offer, solicitation or sale of any security in any jurisdiction in which such offer, solicitation or sale is deemed as illegal.