International Conference Call
JBS S.A.
4^{th} Quarter 2011 Earnings Results
March 22, 2012

Operator: Good morning everyone and welcome to JBS S/A's Conference Call. During this call we will present and analyze the results for the $4th^{d}$ Quarter and Full Year of 2011. As requested by JBS this event is being recorded and the recording will be available to listeners this afternoon and can be accessed by following the instructions posted on the Company's website at www.jbs.com.br/ir.

Before we begin please be reminded that today's call may contain forward-looking statements. Such statements involve a certain degree of risk and uncertainty with respect to business, financial trend, strategy and projections and are based on assumptions, data or method, which although considered reasonable by the company may turn out to be incorrect or imprecise or may not be possible to realize. The company gives no assurance that expectations disclosed in this presentation will be confirmed. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and that actual results may differ materially from those in the forward-looking statements due to a variety of factors. The Company specifically disclaims any obligation to update any forward-looking statements which speak only for the date they are made.

Taking part in this call we have Mr. Wesley Batista, President and CEO of JBS S.A.; Mr. Jeremiah O'Callaghan, Director of Investor Relations; Mr. Eliseo Fernandez, Director of Administration of JBS S.A.; Mr. Don Jackson, CEO of JBS USA and Mr. Denilson Molina, CFO of JBS USA.

Now I will turn the conference over to Mr. Jeremiah O'Callaghan. Please sir you may now begin.

Mr. Jeremiah O'Callaghan: Thank you very much, thank you and good morning to all of you. We are pleased to be able to talk with you again today and to discuss with you our 2011 annual results and also the results for the last quarter of the year, the last three months of the year.

Mr. Batista, Wesley Batista will speak with us in a couple of minutes but before he does I would like to go through a few slides that we have posted on our webpage analyzing in some detail some of the numbers related to each of our business units for the year and for quarter. So bear with me for about 10 or 15 minutes while the go through these sides before passing on to Mr. Batista.

Referring to our presentation I would like to take you to page 6 of the presentation where we have the highlights for 2011 and also the highlights for the last quarter, for the last three months of the year and we begin by talking about revenues for 2011. Our net revenues of R$ 62 billion, this was 13%

higher than in 2010. R$ 62 billion, just south of R$ 62 billion in revenues in 2010.

Our Ebitda for the period was R$ 3.15 billion. Our Ebitda was negatively affected by the performance of our chicken business in the US (Pilgrim's Pride Corp.), which underperformed in 2011 and our Ebitda margin for the period was 5.1%.

Our US beef business (JBS beef including Australia) we had revenues of US$ 16.5 billion, an increase of 25.5% over 2010 and an Ebitda of US$ 740 million, also more than 11% higher than the previous year.

Our pork business in the US also had substantial revenue increase from 3 to US$ 3.5 billion, 7.5% greater than 2010 within an Ebitda of US$ 338 million, 22% higher than the previous year.

Here in South America JBS Mercosul we posted revenues of just under R$ 15 billion, 12% higher than in 2010. Ebitda was 24% higher at R$ 1.6 billion.

Also as a highlight for the year we generated more than R$ 600 million in the positive operating cash and also for 2011 we had a negative net income of US$ 75 million… sorry, R$ 75 million. But if we take into account the result at Pilgrim's Pride and we exclude that result we would in fact have had a net income in the region of about R$ 500 million in 2011.

In 4Q we had a positive net income of just under R$ 26 million and so the trend through the year was positive as we finished with a positive net income at the end of the year. At the end of the year we had R$ 5.3 billion in cash or cash equivalents and that is equal to the totality of our short-term debt and our leverage at the end of the period remained stable at 3x net debt/Ebitda excluding Pilgrim's Pride, the same that it was at the end of 3Q of last year.

Moving to page 7 in our presentation just looking at the consolidated results (revenues, Ebitda and Ebitda margin) we can see how things evolved over the last five quarters. Our revenue is going from R$ 14.3 billion at the end of 2010 to almost R$ 17 in the last quarter of last year. Our Ebitda in the same period went from a low of R$ 588 million to a high of R$ 941 million in 4Q of 2011 and our Ebitda margin, which was as low as 4% at 2Q11 improved to 5.6% by the end of 2011.

Now on page 8 of our presentation we have got an annual analysis for each one of our business units and then immediately afterwards we will have a look at the quarterly analysis - but first the annual analysis: JBS in South America (Brazil, Uruguay, Paraguay and Argentina) we had R$ 13.3 billion in revenues in 2010, 14.9 in 2011 and that is an increase of practically 12%. Ebitda in the meantime went from 1.3 to R$ 1.6 billion, an increase of 24% and our Ebitda margin went from 9.7 to 10.7%.

Our beef business in the US - and remember, including Australia - revenues grew from US$ 13.1 billion to US$ 16.5 billion, almost 26% increase year on year in terms of revenues and Ebitda went from US$ 663 million to US$ 722 million while there was some decline in the Ebitda margin from 5.1 to 4.5% in this business unit.

Our pork business revenues went from 3 to US$ 3.5 billion year on year and Ebitda also increased from 276 to US$ 338 million.

Our Pilgrim's Pride business (the chicken business) went from US$ 6.9 billion in revenues in 2010 to US$ 7.5 billion in 2011 and this was the business unit which had a very difficult here last year. An Ebitda have almost US$ 500 million in 2010 went to a negative Ebitda of US$ 150 million in 2011, positive Ebitda margin of 7% to a negative 2%.

Now breaking it down by quarter JBS Mercosul again we had R$ 3.8 billion in revenues at the end of last year and we can see the Ebitda evolving over the last five quarters to something very close about 11% Ebitda margin (11.8 in 2Q, 11.6 in 3Q and 10.7 and 4Q11).

Looking at the beef business in North America and including Australia we had substantial revenue growth quarter on quarter, 4 to US$ 4.5 billion at the end of the last quarter of 2011 and Ebitda and Ebitda margin also substantially increased over the last three quarters coming in from a low of just under US$ 15 million in 2Q to US$ 224 million in the last quarter of 2011 reaching 5% Ebitda margin.

Our pork business had a quarter of which performed above US$ 900 million in revenues, US$ 77 million in Ebitda and Ebitda margin above 8% as we have seen over the last number of quarters.

And the chicken business again on a quarterly analysis basis revenue is between 1.8 and US$ 2 billion per quarter and the first three quarters of last year negative we had a marginally positive Ebitda at the end of the year as the chicken business recovered towards the end of 2011, US$ 22.6 million of positive Ebitda, 1.2% positive margin at the end of 2011.

On page 10 of the presentation to which I am referring so just that we can have a view of where the revenue comes from and where our Ebitda came from in 2011 by business units. South America represented 25%; our North American beef and lamb business including Australia 45%; Pilgrim's Pride, our chicken business units 21%; and in our pork business 10% of our revenue base, whereas we look at Ebitda we have had quite a concentration of Ebitda coming out of South America, 51% in our South American business; 41% in our beef business in North America and 19% coming from the pork business while as I mentioned the chicken business had a negative year last year.

A little bit about organic growth and moving on to the next slide, page 11 in our presentation, and we look at each of the four business units again as we look at these substantial growth we have had excluding acquisitions over the last two or three years. In our beef business in North America more than 67% revenue growth since the beginning of 2009 and more than 75% revenue growth in our pork business in the same period.

While we analyze the chicken business over the last two years, which was when we acquired a controlling interest in Pilgrim's Pride, we have had regardless of the difficulty of last year we still had revenue increase over the 24 months of more than 11%; and our South American business after the merger with Bertin at the end of 2009 almost 30% revenue growth in the last two years.

A little bit about our exports and export destination and referring to slide number 12 in our presentation when we look into our consolidated exports for 2011 US$ 9.6 billion in exports (JBS globally) out of our production platforms and interesting to highlight the fact that most of our exports are going into emerging economies where we see constant growth and particulate people improving their diets and eating more meat. So more than 17% of all our consolidated exports went to Africa and the Middle East; another 12.5% we have grouped together China, Hong Kong and Vietnam as these markets have some interchange among them, so that is 12.5 of all our exports; Mexico a very strong market out of the US, almost 11%; and then we see Japan, the European Union and Russia, South Korea, Canada as well is a relevant destination for our products. But we see a stronger emerging market growth component in our exports and we expects to see the continuity of this in 2012.

Now referring to page 13 in our presentation to talk a little bit about our depth profile. As I mentioned at the beginning our leverage net debt/Ebitda remained stable at 3x excluding Pilgrim's Pride and also remained stable at 4x when we include Pilgrim's Pride and just the reason why we do this operation is because Pilgrim's Pride is a nonrecourse entity and so we like people to have the opportunity to analyze with and without Pilgrim's Pride.

Again as I mentioned we had R$ 5.3 billion in cash or cash equivalents at the end of the quarter and that represents 100% of our dad maturing in the next 12 months, and again more than R$ 600 million in operating cash flow in 2011.

Just a little bit about our debt profile. At short-term stable, at just over 1/4 of the total of our debt and we expect that to reduce in 2012. We issued a bond at the beginning of this year to improve the debt profile going into 2012.

With that I would like to pass it over to our CEO Mr. Wesley Batista for his comments and analysis. Thank you.

Mr. Batista: Thank you Jerry and good morning. Like Jerry already described about each business unit would like to take the look a little bit about 2011 fiscal year. When we analyze JBS in a consolidated basis we were impacted by the pro forma of Pilgrim's that put JBS with less results than we were looking for. But when we looked JBS and split and analyze each business unit we can see our Mercosul operation. In terms of sales our sales went up almost 12%; our

Ebitda margin in the Mercosul operation improved by 1% coming from 9.7% to 10.7% in Ebitda margin.

When we analyze our beef business in the US our sales, our net sales went up over 25% and our Ebitda went from… came from 5.1 to 4.5, but in an absolute number came from US$ 660 million to US$ 739 million. So the same thing happened in the pork business. Sales went up 17% and Ebitda went up from US$ 275 million to US$ 338 million in the year.

So all the business units in our view performed well in 2011 excluding Pilgrim's Pride. As all of you know the chicken industry in the US faced a very challenging year in 2011. The industry overproduced and everybody was not able to pass the increase in grain costs on our sales and in the sales price to offset the grain price increase. So when we look JBS as a whole if you exclude or if you normalize Pilgrim's Pride using normalized results the 2011 year was a year to achieve over 500… not over but around R$ 500 million in net income and overt R$ 4 billion in Ebitda.

But lightly used to say it is what it is. The chicken business performed very... the performance of the chicken business was very difficult in 2011. Fortunately we are seeing a different dynamic starting this year. We are seeing the industry much more balanced in terms of supply and demand. The chicken business is improving since the beginning of this year and we are very confident that this year will be at least a normalized year for the chicken business and the chicken industry in the US and we are very confident that that we will see far better results and far better performance in Pilgrim's Pride and of course this affects JBS in a consolidated basis.

When we look our debt the same thing like Jerry already mentioned. Our net debt/Ebitda excluding Pilgrim's is at 3x and when we include Pilgrim's 4x leverage. So this is from 3Q to 4Q. The leverage is stable in the 3x level excluding Pilgrim's and 4x including Pilgrim's.

So looking back we believe that we did a lot in 2011 but there is still more to do. We are starting 2011… 2012 and we will keep being very focused looking how we can improve our business, how we can operate our business more efficiently and we are confident that we will be able to generate good results in 2012 and we are confident that we will be able to generate good cash flow to reduce debt and to reduce our leverage.

The year started like I mentioned with a much better outlook for the chicken industry and so we are confident that we will see a good performance on the chicken business. In the beef business in the US and the year started with more challenges comparing to the same period in 2011. The pork business is running as expected. We believe that we will be able to deliver in 2012 a good margin, the same kind of margin that could have been seen these last quarters or last years in the pork business.

South America we are very happy with all the improvements that we are getting in our business coming from all the adjustments that we did in 2011 and so also we are confident that we will see a very good performance on the Mercosul business. So overall, again, we are confident that 2011 will be a good year for JBS. I mentioned this in the last calls: JBS is in a moment that we believe we will be able and we need to collect fruits from all the acquisitions and all the deals that to did in these past years and we are confident that we will do this.

So I would like now to open for questions and answers. Operator please can you open?

Q&A Session

Operator: Thank you. Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question please press the star (*) key followed by the one (1) key on your touch-tone phone. If at any time you would like to remove yourself from the questioning queue press star two (*2).

Our first question comes from Mr. Wesley Brooks from Morgan Stanley.

Mr. Wesley Brooks: Hi Wesley, hi Jerry, hi guys, how are you guys doing?

Mr. Batista: How are you Wesley?

Mr. Brooks: My first question I believe on the Portuguese call you were talking about the fact that closing the Argentine plants had an impact on your Mercosul margins in 4Q. Would you be able to give us a rough idea of the way you think Ebitda margins would have been had you not had the… what is you would consider one off impact please?

Mr. Batista: Over 11%.

Mr. Brooks: Ok thank you and my second question was on the US beef business. In the past you have give us an idea the impact that your hedges had on profitability. Do you have the number available that you could tell us like how much of the strong Ebitda relates to hedges and how mature is the underlying Ebitda?

Mr. Batista: Wesley we had a positive impact in terms of mark to market in 4Q. I do not have the number on top of my head; but to remind you and everybody that is in the call the risk management activity in our business is part of the business and so when we sell forward beef sales or buy forward cattle we hedge and we put positions to offset this number. So I could have a negative impact in 2Q and they had a positive impact.

So this is part of our business. In the end of the day how we see and how we analyze the results of 2011 reflects the results of the operation of our business. But answering your question yes, some positive mark to market in 4Q, I do not have the number on the top of my head. We can follow up.

Mr. Brooks: Thank you and if I could have one last question please just around the interest costs. If I look at 3Q versus 4Q the interest expense on (inaudible 25:33) excluding the ForEx gains was about to R$ 140 million higher. Is that what we should expect, is this the new level that we should expect given the way the current Brazilian reais exchange rate is?

Mr. Batista: No. You can expect a lower number. This quarter was higher but you will see lower numbers around 100 million… more than… sorry, I am talking about dollars so yes, the interest cost will be more in the level of 3Q than in 4Q.

Mr. Brooks: Perfect thank you very much.

Mr. Batista: Thank you.

Operator: Excuse me. Our next question comes from Ms. Farha Asoam from Stephens.

Ms. Farha Asoam: Hi good morning.

Mr. Batista: Hi Farha.

Ms. Asoam: Wesley first question on Brazil and Brazilian demand in terms of beef after the 14% minimum wage increase. Could you give us some color on how demand is trending in Brazil?

Mr. Batista: Farha, as you know the Brazilian economy is doing well and we are seeing demand growing in Brazil and we expect that we will continue seeing strong demand in Brazil. So if you look and if you analyze the beef business - and it is not only the beef business - the amount of products that Brazil reduced in exports comparing two 2006, 2007, 2008 and comparing two 2011 the amount of meat that the industry puts in the domestic market is a very substantial amount of products that the Brazilian industry reduced in exports and put in the domestic market.

So this is a demonstration that the demand is very strong in Brazil and so we expect the demand to keep growing in Brazil.

Ms. Asoam: And is there ample cattle supply to meet the demand in Brazil? Could you just give some color about cattle supply in Brazil?

Mr. Batista: Farha we believe and we are already seeing the cattle cycle in Brazil is starting this year… or since the end of last year we are seeing more cattle available in Brazil and we believe we will see a growth in terms of cattle availability in these coming years. So in the last four years, around four years, we saw a quite big cow retention in Brazil and now we are starting to see the other way around and so far we are starting to sell more cows and we will see more cattle available in these coming years and we believe that the Brazilian market and the emerging economies will grow a demand that will be more than enough to absorb all the production that Brazil will increase in these coming years. Hello? Hello?

Operator: Excuse me. Our next question comes from Mr. Alessandro Arlant from Bank of America.

Mr. Alessandro Arlant: Good morning everybody. A couple of questions if I may, the first question Wesley if you could give us your view on the export market looking at Brazil beef versus US beef. In the first half of 2012 we have seen that 1Q this year is much more challenging than last year.

On the US side you had the USDA report talking about or forecasting lower beef exports in 2012. In Brazil we have seen export data for January and February weaker volumes and revenues particularly in February due to issues in Russia and Iran. It seems to be that you have a cattle cycle that is different in the US versus Brazil: tighter supplies in the US and more favorable supplies in Brazil.

And adding to all of this we have the issue of the FX. So putting all this together if you could give us your view we would greatly appreciate it.

Mr. Batista: Alessandro basically like you described we are seeing a lower volume in these three months in 2012 compared to 2011 and we have some markets that bought a lot of product from Brazil last year and Brazil is not shipping the same kind of volume that Brazil did in 2011 and we believe that Brazil will close this year - even with this market that is not present now and not buying products in Brazil - we believe that Brazil will do well in exports. The exchange rate is a little bit more favored in Brazil, So the real at 1.80 is helping exports. Overall we believe that cattle price in Brazil in dollar terms is cheaper than it was in the last two, three years.

And in the other hand cattle price the US is moving up since 2009 and so it is more adjusted like… I call more adjusted because the cattle price and the meat price in the US comparing to South America in the last two years in our view was not adjusted in terms of price difference. So cattle price and meat price in Brazil or comparing to the US in the last two years was almost the same. Now the difference is coming back, so we are seeing cattle price and meat price in the US going higher and Brazil doing the other way around in dollar terms.

So overall we believe that Brazil will export the same kind of volume or a little bit higher than last year (the exchange rate is favored) and the US, even though the US reduced the amount of exports in the beginning of this year, we believe that the US will keep doing well in exports and perhaps the same kind of volume than it did last year. So this is our view.

Mr. Arlant: Ok thank you Wesley and then my second question would be looking at any possible liability management exercises this year, I know you issued at the USA subsidiary recently. Since trade finance particularly from your Brazilian operations is more expensive and in the shorter term in nature would likely go to the international capital markets for the JBS S.A. and with the Brazilian consolidated entity?

Mr. Batista: Alessandro, at this point we are not looking to do any transaction or any deal; but as you mentioned in Brazil the government is putting some restriction in terms of prepayments and ACCs, putting some tax on this credit lines and so perhaps maybe… we can analyze; but at this point we are not analyzing anything.

Mr. Arlant: Great Wesley, thank you very much.

Mr. Batista: Ok thank you.

Operator: Excuse me. Ladies and gentlemen as a reminder to pose a question please press star one.

Our next question comes from Ms. Rebecca Sarmiento from Deutsche Bank.

Ms. Rebecca Sarmiento: Hi good day Wesley and Jerry.

Mr. Batista: Hi Rebecca.

Ms. Sarmiento: I was just trying to reconcile the fact that kills in the US beef division were up year on year and well above the industry average, but volumes were down implying that you are carrying inventory into 1Q12. I was hoping you could shed some light on what is going on there.

Mr. Batista: Sorry Rebecca can you ask again? I do not know if you got your question exactly.

Ms. Sarmiento: Sure. I was just trying to understand your slaughter based on heads was up year on year but the volumes were down during the same period in the US beef business.

Mr. Batista: So are you asking if our volume in the US beef… how is our volume compared… in 2011 comparing to 2012, that is right?

Ms. Sarmiento: They were down but I am trying to understand why, if there is a contraction in weight and that is why kills were up and volumes are down? Or if you are carrying, if you are pushing inventory into 1Q this year.

Mr. Batista: I do not know where you are looking these numbers; but in the beef business the volume is not down; the volume is actually 1.7% up year on year in terms of slaughtering, heads slaughtered; and in terms of tonnage it reflects the same thing, so our domestic sales is 2.9% more in tonnage comparing year on year. So I do not know where are you looking this number.

Ms. Sarmiento: All right.

Mr. Denilson Molina: Wesley excuse me, this is Denilson. Just to remind that the number includes Australia's slaughtering.

Mr. Batista: Yes. The number is in our earnings release. You can see on page 9 these numbers that I am talking about. So it is 1.7% higher in volume year on year.

Ms. Sarmiento: Ok, I will take a better look.
As
Mr. O'Callaghan: We can do a follow up with you Rebecca.

Ms. Sarmiento: Ok perfect. Switching gears the Brazilian call had a lot of focus on what is going on in Mercosul; but looking at the core beef business it seems like sales and volumes and pricing are doing well and that…

Mr. Batista: Hello?

Ms. Sarmiento: Hello? Yes… hello?

Mr. Batista: Rebecca?

Mr. O'Callaghan: Rebecca we can hear you.

Ms. Sarmiento: Yes I am here.

Mr. O'Callaghan: Go ahead with your question.

Ms. Sarmiento: So I was wondering if you could give me a little bit more insight on what is the weakness stemming from Mercosul's other beef… other categories.

Mr. O'Callaghan: Rebecca I think you are perhaps referring to Mercosul consolidated and you would like to know how much was Argentina, if there was a drag in terms of the overall Mercosul's performance; am I correct?

Ms. Sarmiento: Sure, but I guess more specifically… I understand that there has been some plant closings that have impacted the results; but maybe a little bit more detail on some of the smaller subsegments of Mercosul, for instance other processed beef and…

Mr. O'Callaghan: Firstly there is the seasonality issue coming towards the end of the year when kills will be down around Christmas time and so if you are comparing quarter on quarter take that into account. But when they look at each individual one of our businesses our hides business performed par and there was very little variation through the second half of last year. Our dairy business, which is subject of a voluntary shares swap also performed equally on par during the second half of 2011.

Perhaps we could look at Argentina. We closed down facilities gradually through Argentina and we had just one plant operating at the end of the year. But if you compare the last quarter of 2010 against the last quarter of 2011 remembering the seasonality issue our Ebitda margin in South America increased actually from 7.1% at the end of 2010 to 10.7% in the last quarter of 2011. So we can really think about an underperformance, a bit of a seasonality issue and there is the gradual closing of the plants that we have been implementing in Argentina. We are down to one slaughter facility in Argentina and then another processing facility and so that obviously would affect numbers in South America.

Ms. Sarmiento: Ok and if I may one last question: we were surprised by the FX loss in the 4Q given the depreciation of the real. If you could provide a little bit more color on what other FX variation impacted…

Mr. Batista: The real actually closed higher in 4Q comparing to 3Q, so slightly higher and the impact on this number is based on the variation of the real. So if you look at the number you will see the difference.

Mr. O'Callaghan: Rebecca, at the end of 3Q the exchange rate was about 1.84, 1.85 and then at the end of the year it was I think between 1.87, 1.88.

Operator: Excuse me. Our next question comes from Mr. Eric Ollom from Citigroup.

Mr. Eric Ollom: (inaudible 41:40).

Mr. O'Callaghan: You are breaking up Eric. Perhaps you could try again, we could not hear the question. I am sorry Eric, we will put you back on the line to make the question later. We cannot hear what you are saying at all. Who will jump to the next question then we will come back to you in a minute.

Operator: Excuse me. Our next question comes from Mr. Juan Raffetto from MetLife.

Mr. Juan Raffetto: Hi good morning Wesley.

Mr. Batista: Good morning Juan.

Mr. Raffetto: I am sorry if you answered this question but what do you expect for this year in terms of Capex and also if you have any target of leverage ratio you would like to achieve by year-end.

Mr. Batista: Between 900 and R$ 1 billion in Capex, in this range; and leverage we expect to close 2012 at around 2.5x leverage.

Mr. Raffetto: This is net, no?

Mr. Batista: Yes, net.

Mr. Raffetto: Ok right.

Mr. Batista: 2.5x leverage net debt/Ebitda.

Mr. Raffetto: Net debt, perfect, clear, thank you.

Mr. Batista: Ok you are welcome. Thank you.

Operator: Excuse me. Our next question comes from Mr. Eric Ollom from Citigroup.

Mr. Eric Ollom: Hi can you hear me now?

Mr. O'Callaghan: Loud and clear.

Mr. Ollom: Ok perfect, sorry about that. Just I have two questions, one is just a follow up to the prior question and the 2.5 net leverage. Is that with Pilgrim's or without Pilgrim's?

Mr. Batista: With Pilgrim's.

Mr. Ollom: With Pilgrim's, ok and then there has been some talk in the press about the deal in the works of Frangosul. Can you comment on that and then more philosophically can you comment on the desirability of being in pork and poultry within the Mercosul region? Is that something that does interest you? I know that there is... away from Frangosul there is probably a lot of opportunities in the marketplace. Is that something that we could see in 2012?

Mr. Batista: Eric this is Wesley. I apologize, I cannot comment on this so I will not comment on the rumors about Frangosul or any other business. I apologize.

Mr. Ollom: Ok so fair enough, I understand that, but… ok fair enough, fair enough. Thank you.

Mr. Batista: Thank you Eric.

Operator: Excuse me. Our next question comes from Ms. Lucia Kassai from Bloomberg.

Ms. Lucia Kassai: Hi Wesley. I would like to know what is the exchange rate you are working, you see for 2012.

Mr. Batista: We, Lucia, the real… this is your question right?

Ms. Kassai: Yes. We in our projections for this year have some variation month by month; but it is at around 1.80 and 1.90.

Ms. Kassai: 1.80 and 1.90.

Mr. Batista: Yes.

Ms. Kassai: Ok and I also would like to know if you could give us an update on Vigor and the bonds, because you said that you are going to seek consent from bondholders.

Mr. Batista: Lucia I cannot comment too much on Vigor. As you know we are in a silent period. But CVM is analyzing the process and we are waiting to hear more information. So we are in the process as usual, and you are required, to be a public company and we are waiting to see.

And about the consent that we need to ask to complete and to do this transaction we will only do it after we moved more to get the approval to be a public company here… to have Vigor as a public company.

Ms. Kassai: Ok thank you.

Mr. Batista: Welcome.

Operator: Excuse me. Our next question comes from Ms. Maria Fernanda Blaser Debtwire.

Ms. Maria Fernanda Blaser: Hi good morning everybody.

Mr. Batista: Good morning Maria.

Ms. Blaser: Hi. I have two questions, first Wesley you have been mentioning that Brazil is in a positive cycle of cattle and I was wondering if you (inaudible 47:24) any potential acquisition here in Brazil, you know, meatpackers, if you are looking at any small acquisitions to increase capacity for the company here.

Mr. Batista: Lucia… Fernanda, sorry. Sorry, I apologize. As you know we rent some plants and we are improving our production in Brazil and we are not looking at this point exactly to any big deal; but we will analyze if some opportunity comes to us in the beef business in Brazil. We will be looking at.

Ms. Blaser: Ok, because we are hearing that you are very active.

Mr. Batista: I do not know if it is very active or if it is analyzing opportunities.

Ms. Blaser: I would say both.

Mr. Batista: Can be.

Ms. Blaser: My next question is regarding Pilgrim's. You bought an additional 10% stake, I think in the end of last year and I was wondering if you were considering to buy the rest of the shareholders and turn PPC private.

Mr. Batista: Yes, that is right. We increased our stake at Pilgrim's from 60 to 70%... 275.3%. We acquired the shares that were owned by both Pilgrim's, the founder of the company and so he decided to sell and offered to us to buy the shares and we are very confident about the recovery of the chicken business in the US and also we are very confident how we are running Pilgrim's and the approved the transaction and our board and we decided to increase our stake there.

Ms. Blaser: But are you considering to buy the other shareholders, the 25% that is outstanding in the market?

Mr. Batista: We are not looking to buy the remaining. We would like to have Pilgrim's pride is a public company and to have 25% free float is a number that we believe, we think is a reasonable free float and we are not looking to increase our two by the remaining shareholders. So we are not thinking to do this.

Ms. Blaser: Ok thank you.

Mr. Batista: Ok.

Operator: Excuse me. Our next question comes from Ms. Cristina Ronac from Gleacher & Co.

Ms. Cristina Ronac: Hi thank you for the call. My line kept getting drops and I apologize if you have already answered; but can you give us revenue and Ebitda guidance for 2012? Thank you.

Mr. O'Callaghan: Cristina it is Jerry here. We do not give guidance; we get some indications based upon prices and volumes and capacity utilization, but we are not giving guidance regarding revenue or regarding Ebitda for 2012.

Ms. Ronac: Ok thank you.

Operator: Excuse me. This concludes today's question and answer session. I would like to invite Mr. Wesley Batista to proceed with his closing statements. Please sir go ahead.

Mr. Batista: I would like to thank you all to be in the call with us today. Like I mentioned before the 2011 year was the year that we did well in several different business units. Unfortunately the chicken industry in the US performed badly and this affected JBS in a consolidated basis gowing and this 2012 year is a year that we are very confident that we will be able to generate better results, generates good cash flow to reduce leverage and automatically to create value for all of JBS's shareholders.

Thank you and have a good day. Thank you.

Operator: That does conclude the JBS S.A.'s audio conference for today. Thank you very much for your participation and have a good day.