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(Convenience translation into English from the original previously issued in Portuguese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Shareholders of of
JBS S.A.
São Paulo — SP

1. We have performed a special review of the accompanying quarterly information of JBS S.A. (the "Company") as of 30 September 2010, consisting of the balance sheet and the related statements of operations, changes in shareholders' equity, cash flows and value added, as well as notes and management report for the quarter then ended, all expressed in Brazilian reais, and prepared under the responsibility of the Company's management. The financial statements of Pilgrim's Pride Corporation, its indirectly controlled company, was reviewed by other independent accountants. Our review of the carrying values of this investment in the controlled company and the equity in its earnings as of 30 September 2010 is supported by the work of those other independent accountants.

2. Except for the matter mentioned in paragraph No. 3, our review was performed in accordance with specific standards established by IBRACON (Brazilian Institute of Independent Auditors) together with the Federal Association of Accountants (CFC) which consisted principally of: a) inquiry of and discussion with the managers responsible for the accounting, financial and operating areas as to the main criteria adopted in preparing the Quarterly Information and b) review of the information and subsequent events that have or may have material effects on the financial situation and operations of the Company.

3. As mentioned in Note No. 1.c., the Company's management, because of doubts about the quality and credibility of the accounting information presented in the financial statements of the "Inalca JBS S.p.A.", chose not to consolidate them in the financial statements of JBS SA for the quarter and period of nine months ended 30 June 2010. Furthermore, the auditing of the financial statements of "Inalca JBS S.p.A." for the periods then mentioned, whose auditing is the responsibility of other independent accountants, has not been completed to date. Due to the uncertainties generated by the subjects mentioned in this paragraph, we cannot conclude as to their possible impacts on the financial statements of JBS SA for the quarter and period of nine months ended 30 June 2010.

4. According to our special review, except for the possible adjustments that might result from the review of the investment mentioned in paragraph No. 3, we are not aware of any relevant changes which should be made to the Quarterly Information referred to above for it to be in conformity with Brazilian accounting practices and the standards issued by CVM - Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Information.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Shareholders of
JBS S.A.
São Paulo — SP

5. As mentioned in note 4, during 2009 various Technical Pronouncements, Interpretations and Guidelines issued by the Committee of Accounting Pronouncements (CPC) and effective as from 2010 were approved by CVM, changing Brazilian accounting practices. These changes, which were adopted in advance by the Company for the preparation of annual financial statements for the year ended 31 December 2009, were also adopted in the preparation of the Quarterly Information for the quarter ended 30 September 2010. The Quarterly Information for the previous period, presented for comparison purposes, was adjusted to include changing Brazilian accounting practices as provided for in Accounting Policies, Changes in Accounting Estimates and Error Correction (NPC 12).

6. The Quarterly Information mentioned in the first paragraph also includes comparative accounting information on income (loss) for the quarter ended 30 September 2009, obtained from the Quarterly Information for that quarter, and on the balance sheet as of 31 December 2009 and 1 January 2009, obtained from the financial statements as of 31 December 2009. The limited review of the Quarterly Information for the quarter ended 30 September 2009 and the audit of the financial statements for the year ended 31 December 2009 were performed by us. We issued our review report on 4 November 2009 and our opinion on 1 March 2010 with no qualification, therefore before adjustments and a new preparation of the accounting information mentioned in note 4. In connection with our review described in paragraph 1, we have reviewed the adjustments described in the notes and in our opinion these adjustments are adequate and were correctly made, considering all significant aspects.

7. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, 05 November 2010

Orlando Octávio de Freitas Júnior
Engagement partner
BDO Auditores Independentes

Márcio Serpejante Peppe
Engagement partner
BDO Auditores Independentes

JBS S.A
Brazilian corporate legislation
Quarterly Financial Statements and Independent Auditor's Review Report
As of September 30, 2010 and 2009

Balance sheets
(In thousands of Reais)

	September 30, 2010	December 31,2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 7)	**2,652,369**	4,097,027
Trade accounts receivable, net (Note 8)	**1,709,523**	1,273,377
Inventories (Note 9)	**1,019,602**	758,536
Recoverable taxes (Note 10)	**1,041,479**	841,306
Prepaid expenses	**15,652**	13,233
Other current assets	**207,426**	296,882
TOTAL CURRENT ASSETS	**6,646,051**	**7,280,361**
NON-CURRENT ASSETS		
Long-term assets		
Judicial deposits and others	**58,502**	70,640
Deferred income taxes (Note 22)	**29,924**	30,357
Recoverable taxes (Note 10)	**553,770**	550,848
Total long-term assets	**642,196**	**651,845**
Investments in subsidiaries (Note 12)	**10,568,139**	7,234,791
Other investments	**10**	10
Property, plant and equipment, net (Note 13)	**7,535,545**	7,602,767
Intangible assets, net (Note 14)	**11,298,810**	11,299,624
	29,402,504	**26,137,192**
TOTAL NON-CURRENT ASSETS	**30,044,700**	**26,789,037**
TOTAL ASSETS	**36,690,751**	**34,069,398**

	September 30, 2010	December 31,2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable (Note 15)	**437,334**	627,542
Loans and financings (Note 16)	**4,149,607**	3,926,390
Payroll, social charges and tax obligation (Note 19)	**339,542**	287,082
Declared dividends	**-**	122,953
Debit with third parties for investment (Note 21)	**124,658**	427,523
Other current liabilities	**311,716**	485,145
TOTAL CURRENT LIABILITIES	**5,362,857**	**5,876,635**
NON-CURRENT LIABILITIES		
Loans and financings (Note 16)	**6,428,106**	5,311,023
Convertible debentures (Note 18)	**3,462,212**	3,462,212
Deferred income taxes (Note 22)	**357,396**	375,061
Provision for contingencies (Note 20)	**131,543**	210,088
Debit with related parties (Note 11)	**1,775,033**	1,106,890
Debit with third parties for investment (Note 21)	**156,268**	162,976
Other non-current liabilities	**104,829**	56,882
TOTAL NON-CURRENT LIABILITIES	**12,415,387**	**10,685,132**
SHAREHOLDERS' EQUITY (Note 23)		
Capital stock	**18,046,067**	16,483,544
Capital reserve	**709,172**	714,503
Revaluation reserve	**108,168**	112,352
Profit reserves	**885,392**	810,538
Valuation adjustments to shareholders' equity	**761**	(914)
Accumulated translation adjustments	**(1,077,790)**	(612,392)
Accumulated profit	**240,737**	-
	18,912,507	**17,507,631**
TOTAL SHAREHOLDERS' EQUITY	**18,912,507**	**17,507,631**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,690,751**	**34,069,398**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of income for the nine months period ended September 30, 2010 and 2009
(In thousands of Reais)

	2010	Adjusted IFRS 2009
NET SALE REVENUE (Note 24)	**8,739,143**	**3,800,419**
Cost of goods sold	**(6,863,594)**	(3,093,330)
GROSS INCOME	**1,875,549**	**707,089**
OPERATING INCOME (EXPENSE)		
General and administrative expenses	**(364,909)**	(140,623)
Selling expenses	**(716,184)**	(362,222)
Financial income (expense), net (Note 25)	**(1,053,105)**	(386,837)
Equity in subsidiaries (Note 12)	**547,342**	177,071
Non-recurring expenses (Note 26)	**(56,090)**	-
Other (expense) income, net	**861**	2,045
	(1,642,085)	**(710,565)**
NET INCOME BEFORE TAXES	**233,464**	**(3,476)**
Current income taxes	**2,155**	2,232
Deferred income taxes	**934**	(11,048)
	3,089	**(8,816)**
NET INCOME (LOSS) OF THE PERIOD	**236,553**	**(12,292)**
Net Income (Basic) per thousand shares reais	**93.77**	**(8.79)**

Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)

	2010	Adjusted IFRS 2009
Net income before taxes	**233,464**	(3,476)
Financial income (expense), net (Note 25)	**1,053,105**	386,837
Depreciation and amortization	**214,476**	68,192
Equity in subsidiaries (Note 12)	**(547,342)**	(177,071)
Non-recurring expenses (Note 26)	**56,090**	-
AMOUNT OF EBITDA	**1,009,793**	**274,481**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of income for the three months period ended September 30, 2010 and 2009
(In thousands of Reais)

	2010	Adjusted IFRS 2009
NET SALE REVENUE (Note 24)	**3,104,689**	**1,305,379**
Cost of goods sold	**(2,418,238)**	(1,061,098)
GROSS INCOME	**686,451**	**244,281**
OPERATING INCOME (EXPENSE)		
General and administrative expenses	**(145,967)**	(51,117)
Selling expenses	**(281,760)**	(124,318)
Financial income (expense), net (Note 25)	**(139,210)**	48,685
Equity in subsidiaries (Note 12)	**65,410**	78,745
Non-recurring expenses (Note 26)	**(45,450)**	-
Other (expense) income, net	**(3,300)**	1,024
	(550,277)	**(46,981)**
NET INCOME BEFORE TAXES	**136,174**	**197,300**
Current income taxes	**701**	770
Deferred income taxes	**(3,387)**	(13,560)
	(2,686)	**(12,790)**
NET INCOME OF THE PERIOD	**133,488**	**184,510**
Net Income (Basic) per thousand shares reais	**52.91**	**131.89**

Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)

Net income before taxes	**136,174**	197,300
Financial income (expense), net (Note 25)	**139,210**	(48,685)
Depreciation and amortization	**70,548**	24,723
Equity in subsidiaries (Note 12)	**(65,410)**	(78,745)
Non-recurring expenses (Note 26)	**45,450**	-
AMOUNT OF EBITDA	**325,972**	**94,593**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statement of changes in shareholders' equity for the nine months period ended September 30, 2010
(In thousands of Reais)

	Capital stock	Capital reserve	Revaluation reserve	Profit reserves		Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
		Goodwill		Legal	For expansion				
BALANCE AS OF DECEMBER 31, 2009	**16,483,544**	**714,503**	**112,352**	**7,768**	**23,225**	**(914)**	**(612,392)**	**-**	**16,728,086**
Adjustments to first-time adoption of IFRS (note 2)	-	-	-	-	779,545	-	-	-	779,545
BALANCE ADJUSTED AS OF JANUARY 1, 2010	**16,483,544**	**714,503**	**112,352**	**7,768**	**802,770**	**(914)**	**(612,392)**	**-**	**17,507,631**
Capital increase	1,600,000	-	-	-	-	-	-	-	1,600,000
Transaction costs for the issuing of titles and securities	(37,477)	-	-	-	-	-	-	-	(37,477)
Treasury shares	-	(5,331)	-	-	-	-	-	-	(5,331)
Adjustment of net income destination from previous year	-	-	-	-	61,476	-	-	-	61,476
Realization of revaluation reserve	-	-	(4,184)	-	-	-	-	4,184	-
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	1,675	-	-	1,675
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	42,907	-	42,907
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(508,305)	-	(508,305)
Net income of the period	-	-	-	-	-	-	-	236,553	236,553
IFRS adjustment	-	-	-	-	13,378	-	-	-	13,378
BALANCE AS OF SEPTEMBER 30, 2010	**18,046,067**	**709,172**	**108,168**	**7,768**	**877,624**	**761**	**(1,077,790)**	**240,737**	**18,912,507**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statement of changes in shareholders' equity for the three months period ended September 30, 2010
(In thousands of Reais)

	Capital stock	Capital reserve	Revaluation reserve	Profit Reserves		Valuation adjustments to shareholders' equity	Accumulated translation adjustments	Accumulated Profit	Total
		Goodwill		Legal	For expansion				
BALANCE AS OF JUNE 30, 2010	**18,047,181**	**714,503**	**109,530**	**7,768**	**890,184**	**1,059**	**(744,943)**	**105,887**	**19,131,169**
									-
Capital increase	-	-	-	-	-	-	-	-	-
Transaction costs for the issuing of titles and securities	(1,114)	-	-	-	-	-	-	-	(1,114)
Treasury shares	-	(5,331)	-	-	-	-	-	-	(5,331)
Realization of revaluation reserve	-	-	(1,362)	-	-	-	-	1,362	-
Valuation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	(298)	-	-	(298)
Accumulated translation adjustments in subsidiaries shareholders' equity	-	-	-	-	-	-	(6,078)	-	(6,078)
Exchange variation rate of investments in foreign currency	-	-	-	-	-	-	(326,769)	-	(326,769)
Net income of the period	-	-	-	-	-	-	-	133,488	133,488
IFRS adjustment	-	-	-	-	(12,560)	-	-	-	(12,560)
BALANCE AS OF SEPTEMBER 30, 2010	**18,046,067**	**709,172**	**108,168**	**7,768**	**877,624**	**761**	**(1,077,790)**	**240,737**	**18,912,507**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of cash flows for the nine months period ended September 30, 2010 and 2009
(In thousands of Reais)

	2010	2009
Cash flow from operating activities		
. Net income of the period	**236,553**	1,554
Adjustments to reconcile net income to cash provided		
. Depreciation and amortization	**214,476**	68,192
. Allowance for doubtful accounts	**5,807**	4,493
. Equity in subsidiaries	**(547,342)**	(202,396)
. Write-off of fixed assets	**40,956**	2,718
. Deferred income taxes	**(934)**	11,048
. Current and non-current financial charges	**102,854**	(450,240)
. Provision for contingencies	**(78,546)**	4,094
. Capital loss on investments	**9,199**	-
. Adjustment of assets and liabilities to present value	**-**	325
	(16,977)	**(560,212)**
Variation in operating assets and liabilities		
Increase in trade accounts receivable	**(549,389)**	(41,330)
Decrease (increase) in inventories	**(261,066)**	243,158
Increase in recoverable taxes	**(195,657)**	(88,439)
Decrease (increase) in other current and non-current assets	**(15,582)**	91,002
Decrease in trade accounts payable	**(189,807)**	(125,050)
Increase (decrease) in other current and non-current liabilities	**(479,843)**	120,385
Increase in debits with related parties	**781,123**	1,084,111
Net cash generated by (used in) operating activities	**(927,198)**	**723,625**
Cash flow from investing activities		
Additions to property, plant and equipment and intangible assets	**(432,290)**	(412,667)
Increase in investments	**(2,858,441)**	(71,128)
Net cash used in investing activities	**(3,290,731)**	**(483,795)**
Cash flow from financing activities		
Loans and financings	**5,690,022**	1,660,894
Payments of loans and financings	**(4,456,167)**	(1,721,313)
Capital increase	**1,600,000**	-
Transaction costs for the issuing of titles and securities	**(55,252)**	-
Shares acquisition of own emission	**(5,331)**	(28,530)
Net cash provided by financing activities	**2,773,272**	**(88,949)**
Net increase (decrease) in cash and cash equivalents	**(1,444,657)**	150,881
Cash and cash equivalents at the beginning of the period	**4,097,026**	1,522,973
Cash and cash equivalents at the end of the period	**2,652,369**	**1,673,854**

The accompanying notes are an integral part of the financial statements

JBS S.A.

Statements of cash flows for the three months period ended September 30, 2010 and 2009
(In thousands of Reais)

	2010	2009
Cash flow from operating activities		
. Net income of the period	**133,488**	151,495
Adjustments to reconcile net income to cash provided		
. Depreciation and amortization	**70,548**	24,723
. Allowance for doubtful accounts	**1,248**	1,200
. Equity in subsidiaries	**(65,410)**	(49,361)
. Write-off of fixed assets	**12,185**	1,686
. Deferred income taxes	**3,387**	13,560
. Current and non-current financial charges	**(266,536)**	(189,046)
. Provision for contingencies	**3,529**	2,447
. Capital loss on investments	**9,199**	-
. Adjustment of assets and liabilities to present value	**-**	1,242
	(98,362)	**(42,054)**
Variation in operating assets and liabilities		
Decrease in trade accounts receivable	**95,241**	8,766
Increase in inventories	**(98,135)**	(10,767)
Increase in recoverable taxes	**(88,135)**	(30,353)
Increase in other current and non-current assets	**82,835**	(19,319)
Increase in trade accounts payable	**195,806**	1,459
Increase in other current and non-current liabilities	**(151,638)**	67,154
Increase (decrease) in debits with related parties	**(354,746)**	156
Net cash generated by (used in) operating activities	**(417,134)**	**(24,958)**
Cash flow from investing activities		
Additions to property, plant and equipment and intangible assets	**(167,866)**	(116,790)
Decrease (increase) in investments	**15,355**	(1,519)
Net cash used in investing activities	**(152,511)**	**(118,309)**
Cash flow from financing activities		
Loans and financings	**2,282,806**	266,405
Payments of loans and financings	**(817,808)**	(350,141)
Transaction costs for the issuing of titles and securities	**(18,889)**	-
Shares acquisition of own emission	**(5,331)**	(15,504)
Net cash provided by financing activities	**1,440,778**	**(99,240)**
Net increase (decrease) in cash and cash equivalents	**871,133**	(242,507)
Cash and cash equivalents at the beginning of the period	**1,781,236**	1,916,361
Cash and cash equivalents at the end of the period	**2,652,369**	**1,673,854**

The accompanying notes are an integral part of the financial statements

1 Operating activities

JBS S.A (the Company) is a listed company in the Novo Mercado segment, which requires the highest level of corporate governance in the Brazilian market and its shares are traded on the BM&F Bovespa S.A - Stock Exchange, Commodity and Forward.

The operations of the Company and its subsidiaries consists of:

a) Activities in Brazil

The Company owns and operates slaughterhouses, cold storage and meat processing operations for the production of beef, canned goods, fat, animal rations and beef by-products, which are produced in the twenty six plants located in the States of São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Rio de Janeiro and Paraná.

The Company distributes its products through distribution centers located in the State of São Paulo, Rio de Janeiro, Brazilia, Manaus e Curitiba and a container terminal for export in the city of Santos.

Aiming to minimize transportation costs, the Company uses its own operations for the transport of cattle for slaughter and products intended for export.

JBS Embalagens Metálicas Ltda. (JBS Embalagens) produces metal cans in its plant located in the State of São Paulo, for the Company use.

The subsidiary JBS Confinamento Ltda. (JBS Confinamento) is located in Castilho, State of São Paulo and in Nazario, State of Goias, and engages in cattle feedlot operations.

Beef Snacks do Brasil Indústria e Comércio de Alimentos Ltda. (Beef Snacks), an indirect subsidiary of the Company is located in Santo Antônio da Posse, State of São Paulo, in operation since August 2007 produces Beef Jerky. Beef Snacks purchases fresh meat in the domestic market and exports to the United States of America.

Incorporation of Bertin S.A. (Bertin)

Due to Bertin's incorporation on December 29, 2009 synergy and interaction of JBS and Bertin has been created and, as a result, since December 29, 2009 the Company assumed Bertin's operations.

Bertin was a wholly Brazilian company and was engaged in slaughter, processing and distribution of beef and derivatives, leather processing, processing and sale of personal hygiene and domestic cleaning products, production of pet food, production of metal packaging, cargo transportation and recycling. Bertin's activities were grouped into the following business units: meat, leather, electricity, oil, biodiesel, personal care and hygiene, pet products, can plant, logistics and environmental.

Bertin had a total of forty nine units, of which fifteen leather units located in the States of São Paulo, Maranhão, Goiás, Mato Grosso, Mato Grosso do Sul, Espírito Santo, Tocantins, Pará, Rondônia and Minas Gerais; fifteen slaughtering plants located in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Goiás, Pará, Tocantins, Bahia, Minas Gerais and Rondônia; six commercial units located in the States of Rio de Janeiro, Bahia, Minas Gerais, Paraná and Rio Grande do Sul; four cosmetics units in the State of São Paulo and Paraná; two transportation companies located in the State of São Paulo; three beef stores located in the State of São Paulo; one by-product unit in the State of Minas Gerais; one beef jerky unit located in the State of Pernambuco; one pet products unit located in the State of São Paulo and one recycling unit in the State of São Paulo.

Due to Bertin’s incorporation, the asset and liabilities accounts of Bertin were consolidated into the Company as of December 29, 2009, as well as, on the interim financial statements as of December 31, 2009.

b) Activities abroad

The Company has indirect subsidiaries located in England and Egypt, which are responsible for the sales and distribution of the Company's products in Europe, Asia, and Africa.

JBS Argentina S.A. (JBS Argentina), an indirect wholly-owned subsidiary of the Company, operates slaughterhouses and cold storage facilities for the production of beef, canned goods, fat, animal food and beef by-products, in seven plants located in the provinces of Buenos Aires, Entre Rios, Santa Fé and Córdoba.

JBS Argentina has three subsidiaries: One meat-packing slaughterhouse in Berezategui (Consignaciones Rurales), other can factory located in Zarate (Argenvases), both located in the province of Buenos Aires, and one meat-packing slaughterhouse in Cordoba.

On the currently scenario that the meat industry is going through, the Company has decided to temporarily suspend the operations of the following units: San Jose, Colonia, Caroya, Consignaciones Rurales and partially in Pontevedra.

JBS Trading USA, Inc. (JBS Trading USA) and its subsidiaries, Tupman Thurlow Co., Inc. (Tupman) and Astro Sales International, Inc. (Astro) located in the United States of America sale processed beef products mainly in the North-American market.

Jerky Snack Brands, Inc (Jerky Snack), an indirect wholly-owned subsidiary of the Company, located in the United States of America, produces and sells meat snacks (Beef Jerky, Smoked Meat Sticks, Kippered Beef Steak, Meat&Cheese, Turkey Jerky and Hunter Sausage). Jerky Snack purchases meat from Brazil and in the local market and its the consumer market is mainly the United States of America.

Global Beef Trading Sociedade Unipessoal Lda (Global Beef Trading), an indirect wholly-owned subsidiary of the Company, located in Ilha da Madeira, Portugal, sells food products such as beef, chicken and pork. Global Beef Trading imports the products from Latin America and exports to several countries in Europe, Africa and Asia.

JBS USA Holdings Inc. (JBS USA) engages in slaughtering, processing, packaging and delivery of fresh, further processed and value-added beef and pork "in natura" products for sale to customers in the United States and international markets. The fresh meat products prepared by JBS USA include chilled meat cuts following standard industry specifications.

Smithfield beef, currently known as JBS Packerland, owns four cattle units and one feedlot cattle unit, and Five Rivers, known as JBS Five Rivers, own ten cattle feedlot units.

In the United States of America, JBS USA owns eight beef slaughtering plants, three pork processing facilities, one lamb slaughtering plant, one case ready plant and eleven feedlot locations. In Australia, JBS USA owns ten beef and small animals slaughterhouses and operates five feedlots, which provide grain-fed cattle for its processing operations.

JBS USA divides its operation into three categories: Beef, Pork and Chicken, which operates the business of poultry purchased by the PPC in US market.

The Company owns 50% of Inalca JBS S.p.A, (Inalca JBS), that is Italy's leading beef company and one of the main operators in the European processing beef sector. It produces and markets a complete range of fresh and frozen meat, vacuum-packed, portioned products, canned meat, ready-to-eat meals, fresh and frozen hamburger, minced meats and, pre-cooked products. Inalca JBS owns six facilities in Italy, specialized by production line, and nine foreign facilities in Europe and Africa.

Inalca JBS's wholly-owned subsidiary Montana Alimentari S.p.A. (Montana) is among Italy's leading companies in the segment of production, marketing and distribution of cured meats, snacks and ready-to-eat products, with over 230 products. Montana owns the well-known brands "Montana" and "IBIS" and four facilities, specialized by product line and located in areas with Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.). Montana is also one of Italy's largest operators in the canned and pre-sliced meat market.

The indirect subsidiary Toledo International NV (Toledo) and its subsidiaries Toledo International NV, Toledo Europe BVBA, Toledo Interfoods BVBA and Clayton Foods do Brasil, located in Belgium, have basically trading operations for the European, African, South American, Dutch and Belgian markets, selling cooked meat and other products. Additionally they develop logistics operations, warehousing, product customization and new product development.

A direct subsidiary CJSC Prodcontract (Prodcontract) is a company located in Russia, an importer and distributor of fresh beef and frozen for the Russian Market, among the three largest importers of beef from the Russian market.

Incorporation of Bertin S.A. (Bertin)

The indirect subsidiary Bertin Paraguay S.A (Bertin Paraguay), located in Assunção, Paraguay, slaughters and process chilled and frozen beef and raw leather. Most of its production is destined to export to others subsidiaries of JBS Group. It is licensed to export to the European Union, Chile, Russia and other markets. In July 2009 Bertin Paraguay constituted a new plant, San Antonio, which starts its operation in the second half of 2010.

The indirect subsidiary Frigorífico Canelones S.A (Frigorífico Canelones), located on Canelones, Uruguay, slaughters and process “in natura” beef to export and frozen and chilled meat for local markets. Also sells meat cuts with bones, mainly to the local market.

The indirect subsidiary Egygate Distribution (Egygate), located on Egypt, is a delivery center of food products located on Egypt.

The indirect subsidiary Misr Cold Centers and Storage (Misr Cold), located on Egypt, is a storage of fruits, meats and other kind of products that need to be frozen or chilled.

The indirect subsidiary Rigamonti Salumificio SpA (Rigamonti), located in Italy, consists on the leadership of the Italian market in production and sales of Bresaola (dry bovine beef). It is part of its operation also the production and sales of dry cured horse meat and flat cured pork belly (bacon), as well as the commercialization of cured ham.

The indirect subsidiary Sampco, Inc. (Sampco), localized on Chicago, in the United States of America, imports processed meats primarily from South America for sale principally in the United States, Canada and the Caribbean. Sampco also imports other foods such as canned fish, fruits and vegetables from other regions, including the Far East, for sale in North America and Europe.

The indirect subsidiary Trump Asia Enterprises Limited (Trump), located on China, has one leather processing plant, and two commercial offices in Hong Kong.

Pilgrim’s Pride Corporation (PPC) acquisition

As of December 28, 2009 the Company concluded the operation by its subsidiary JBS USA., through the subscription of new shares, and become the owner of shares representing 64% of the capital stock and voting capital of PPC, located in Pittsburg, Texas, United Sates of America , by 800 millions of US dollar which were settled in cash.

The PPC is a company located in Delaware, United States of America, one of the largest poultry processing in the United States of America, with operations in Mexico and Puerto Rico. Export commodities chicken for more than 90 countries, the main products are "in-kind", chilled whole or in pieces. The main customers are restaurant chains, food processors, distributors, supermarkets, wholesalers, distributors and other retail, and export to eastern Europe (including Russia), Far East (including China), Mexico and other world markets .

c) Inalca JBS and it's subsidiary, Montada Alimentari and it's subsidiaries.

As of July 7, 2010, JBS S.A. filed an injunction in Italian court, aiming to discuss outstanding issues related to Corporate Governance of Group Cremonini, which on December 22, 2007 JBS acquired 50% of Inalca, forming the Inalca JBS (representing on March 31, 2010, 2.8% of consolidated revenue of JBS).

The remaining issues are mainly related to the failure of certain contractual terms relating to (i) full access to all information and facilities of Inalca JBS by board members appointed by JBS (including the Chairman) and (ii) the fulfillment of the contractual clause that delegates to JBS S.A., the appointment of Administrative and Financial Director of Inalca JBS as well as Inalca JBS Managing Directors, (iii) - full operation of the Internal Audit. Through this injunction, JBS S.A. believes that will reach the appropriate stability administrative of Inalca JBS and safeguarding the interests of its shareholders.

As of August 2, 2010, was filed with the ICC (International Chamber of Commerce) in Paris (France), request for action in the House to settle any outstanding issues cited in Corporate Governance on Inalca JBS.

The inability to exercise some control functions guaranteed by contract clauses valid under Corporate Governance of Inalca JBS generated concern about the quality and credibility of accounting information presented in the financial statements of Inalca JBS, for the period of three and nine months ended on September 30, 2010. As a result of all these legal procedures and doubts about the quality and credibility of accounting information of Inalca JBS, the financial statements of JBS S.A. for the period ended September 30, 2010 were not consolidated with the updated accounting information of Inalca JBS, for the six months period ended on September 30, 2010, see Note 3. Thus, for equity calculation purposes the financial statements have been repeated the information from the first quarter of Inalca JBS.

The legal procedures are in its normal course, without any relevant information so far.

2 Elaboration and presentation of interim financial statements

The authorization for completion of these interim financial statements was given at the Board of Directors' meeting held on November 11, 2010.

The interim financial statements have been prepared and submitted in accordance with the CPC 21 - Interim Financial Reporting. In the preparation of interim financial statements for the period of nine months ended September 30, 2010, all the pronouncements have been adopted, interpretations and guidelines applicable to them, issued by the CPC. In addition, these pronouncements, interpretations and guidelines were applied consistently to the annual financial statements of December 31, 2009 for comparison purposes and customer item 21 of the CPC 37.

The accounting practices in Brazil were changed during 2008, according to the Law n° 11.638 promulgated on December 28, 2007, with the respective modifications introduced by the Executive Act n° 449 (actual Law nº 11.941/09) of December 3, 2008, and the effects of the initial adoption were only recognized by the Company and its subsidiaries during the fourth quarter of 2008, and published in the financial statements of December 31, 2008.

The effects related the first-time adoption of all applicable Pronouncements, Interpretations and Orientations, issued by CPC are presented in the Note 4.

The Company included in its financial statements the Economic Value Added (EVA) report. The objective of this report is to demonstrate the wealth generated by the Company, and the distribution of this wealth among the elements that contributed to its generation, such as employees, lenders, shareholders, government and others, as well as the wealth portion not distributed.

Transitional Tax Regime (Regime Tributário Transitório - RTT) - The amounts presented in financial statements are considering the adoption of the Tax Regime Transition (RTT) by the Company, as allowed by Law n° 11.941/09, which aims to maintain neutrality tax changes in the Brazilian corporate law, introduced by Law n° 11.638/07 and by the Law n° 11.941/09.

According with the CPC 21 - Interim Financial Reporting, the Company maintains the same accounting policies adopted in the most recent annual financial statements, and comparative. If these policies or methods have been changed, the Company discloses the nature and effects of such change.

3 Significant accounting practices

The main accounting practices used in the preparation of these interim financial statements, as described below, have been consistently applied all over the reported periods and years, unless otherwise stated.

a) Profit and loss calculation

Revenue and expenses are recorded on the accrual basis. Revenue includes the fair value of the payment received or receivable for sale of products and services in the normal course of business.

Revenue is net of taxes, returns, rebates and discounts, as well as of intercompany sales. Revenue is recognized when the risks and rewards of ownership have been transferred to the buyer.

According to CPC 30 - Revenue, the Company recognizes revenue when, and only when:

(i) the amount of revenue can be measured reliably;
(ii) it is probable that the economic benefits will flow to the Company; and
(iii) specific criteria for each activity of the Company and its subsidiaries have been met. The amount of revenue is not considered reliably measurable until all contingencies related to the sale have been transferred to the buyer. The Company's estimates are based on historical data, considering the type of customer, type of transaction and specifications of each sale.

b) Accounting estimates

The preparation of interim financial statements requires management to adopt assumptions and exercise its judgment in determining and recording accounting estimates. Significant estimates include the useful life of property, plant and equipment, allowance for doubtful accounts, inventories, deferred tax assets, provision for contingencies and valuation of derivative instruments. Actual results could differ from those estimates.

c) Financial instruments

Subsequent measurement of financial instruments occurs at each balance sheet date, according to the rules for each category of financial assets and liabilities: (i) assets and liabilities measured at fair value through profit or loss, (ii) held to maturity, (iii) loans and receivables (iv) available for sale.

The financial instruments of the Company and its subsidiaries are represented by cash, accounts receivable, accounts payable, debentures, loans and financing. They are initially recognized at fair value plus costs directly attributable to the acquisition or issue, except for financial instruments classified as instruments measured at fair value through results, which the costs are recorded on profit and loss of the period. The main financial assets recognized by the Company are: cash and cash equivalents and accounts receivable. The main financial liabilities recognized by the Company are: trade accounts payable, loans and financing and debentures.

The Company and its subsidiaries record derivatives in accordance with CPC 38 - Financial Instruments: Recognition and measurement and OCPC 03 - Financial Instruments. Financial instruments are recognized on the balance sheet only when the Company becomes a party to the contractual provisions of these instruments. A financial asset or liability is initially recognized at fair value, plus transaction costs that are directly attributable to its acquisition or issue.

d) Allowance for doubtful accounts

Allowance for doubtful accounts is recorded in an amount considered sufficient to cover probable losses on accounts receivable.

The allowance for doubtful accounts expense was recorded under the caption "Operating Expenses" in the Income Statement. When no additional recovery is expected, the allowance for doubtful accounts is usually reversed against the definitive write-off of the account receivable.

e) Inventories

Inventories are stated at average cost of acquisition or production, not in excess of market or realizable value. The cost of inventories is recognized in income when inventories are sold. Biological assets are stated by market value.

f) Investments

Investments in subsidiaries are accounted for using the equity method.

As mentioned in Note 1.c, the Company's financial statements do not have the effect of equity on its equity interest in Inalca JBS referring to the six months ended September 30, 2010.

(Expressed in thousands of Brazilian reais)

In order to provide additional information for the users of financial statements, considering the importance of investment in the Company Inalca JBS, and therefore provide more detail for comparison purposes, the pro forma financial statements of the Company will be presented for the six months period ended on September 30, 2010 with the effects of equity accounting of Inalca JBS for the three months period ended on September 30, 2010.Thus, for consolidation purposes the financial statements have been repeated the information from the first quarter of Inalca JBS.

	September 30, 2010		
ASSETS	**JBS S.A. Company***	**Inalca JBS ****	**JBS S.A. Pro forma**
Cash and cash equivalents	2,652,369	-	**2,652,369**
Trade accounts receivable, net	1,709,523	-	**1,709,523**
Inventories	1,019,602	-	**1,019,602**
Recoverable taxes	1,595,249	-	**1,595,249**
Other current and non current assets	311,514	-	**311,514**
Investments in subsidiaries	10,568,139	13,644	**10,581,783**
Property, plant and equipment, net	7,535,545	-	**7,535,545**
Intangible assets, net	11,298,810	-	**11,298,810**
TOTAL ASSETS	**36,690,751**	**13,644**	**36,704,395**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable	437,334	-	**437,334**
Loans and financings	10,577,713	-	**10,577,713**
Convertible debentures	3,462,212	-	**3,462,212**
Other current and non-current liabilities	3,300,985	-	**3,300,985**
Shareholders' equity	18,912,507	13,644	**18,926,151**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,690,751**	**13,644**	**36,704,395**

	Nine months period ended on September 30, 2010		
	JBS S.A. Company*	**Inalca JBS ****	**JBS S.A. Pro forma**
Net sale revenue	8,739,143	-	**8,739,143**
Costs of goods sold	(6,863,594)	-	**(6,863,594)**
GROSS INCOME	**1,875,549**	**-**	**1,875,549**
General and administrative expenses	(1,081,093)	-	**(1,081,093)**
Financial income (expense), net	(1,053,105)	-	**(1,053,105)**
Equity in subsidiaries	547,342	13,644	**560,986**
Other (expenses) income	(55,229)	-	**(55,229)**
Current income taxes	3,089	-	**3,089**
NET INCOME OF THE PERIOD	**236,553**	**13,644**	**250,197**
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)			
Net income before taxes	233,464	13,644	**247,108**
Financial income (expense), net	1,053,105	-	**1,053,105**
Depreciation and amortization	214,476	-	**214,476**
Equity in subsidiaries	(547,342)	(13,644)	**(560,986)**
Non-recurring expenses	56,090	-	**56,090**
AMOUNT OF EBITDA	**1,009,793**	**-**	**1,009,793**

(Expressed in thousands of Brazilian reais)

	Three months period ended on September 30, 2010		
	JBS S.A. Company*	Inalca JBS ***	JBS S.A. Pro forma
Net sale revenue	3,104,689	-	**3,104,689**
Costs of goods sold	(2,418,238)	-	**(2,418,238)**
GROSS INCOME	**686,451**	**-**	**686,451**
General and administrative expenses	(427,727)	-	**(427,727)**
Financial income (expense), net	(139,210)	-	**(139,210)**
Equity in subsidiaries	65,410	(410)	**65,000**
Non-recurring expenses	(48,750)	-	**(48,750)**
Current income taxes	(2,686)	-	**(2,686)**
NET INCOME OF THE PERIOD	**133,488**	**(410)**	**133,078**
Statement of EBITDA (Earnings before income taxes, interest, depreciation and amortization)			
Net income before taxes	136,174	(410)	**135,764**
Financial income (expense), net	139,210	-	**139,210**
Depreciation and amortization	70,548	-	**70,548**
Equity in subsidiaries	(65,410)	410	**(65,000)**
Non-recurring expenses	45,450	-	**45,450**
AMOUNT OF EBITDA	**325,972**	**-**	**325,972**

* Contemplating the first quarter 2010 of Inalca JBS.
** Unaudited information, for the second and third quarter 2010 of Inalca JBS.
*** Unaudited information, for the third quarter 2010 of Inalca JBS.

g) Property, plant and equipment

According to CPC 37 - First-time adoption of International Financial Reporting Standards - IFRS, an entity may elect to measure an item of fixed assets at the date of transition to IFRS at its fair value and use that fair value as its estimated cost at that date . Thus, the fixed asset is recorded the fair value, stated at historical acquisition cost plus spontaneous revaluations conducted on various dates until December 31, 2007 for a significant proportion of goods in fixed assets, based on reports of specialized company. Such reassessments are being performed in its entirety, based on depreciation or disposal of revalued assets.

Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets at the annual rates mentioned in Note 13.

h) Intangible assets

Intangible assets are stated at acquisition cost, less amortization. Intangible assets with indefinite useful lives are not amortized but tested for impairment annually.

i) Impairment

Property, plant and equipment, intangible assets, deferred charges and other assets (current and noncurrent) are tested for impairment at least annually, if indications of potential impairment exist. Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis, regardless of whether or not there is any indication of impairment, pursuant to CPC 01 - Impairment.

j) Other current and noncurrent assets

Other current and noncurrent assets are stated at cost or realizable value including, if applicable, income earned through the balance sheet date.

k) Current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, including, if applicable, charges and monetary or exchange variations.

l) Contingent assets and liabilities

Contingent assets are recognized only when their realization is virtually certain, based on favorable final judicial decision. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are accrued when losses are probable and the amounts can be estimated reliably. Contingent liabilities classified as possible are only disclosed and contingent liabilities classified as remote are neither accrued nor disclosed.

m) Income tax and social contribution

Current taxes

Current taxes are computed based on taxable income at tax rates in effect, according to prevailing legislation.

Deferred taxes

Deferred income and social contribution tax liabilities arise from revaluation reserves and temporary differences. Deferred income tax assets arise from tax losses and temporary differences and deferred social contribution tax assets arise from temporary differences.

n) Segment reporting

Segment reporting is presented consistently with the internal report provided to the Company's Executive Board in charge of allocation of funds, performance evaluation by segment and strategic decision making.

o) Adjustment of assets and liabilities to present value

Long-term monetary assets and liabilities as well as current items, when the effect is material in relation to the interim financial statements as a whole, are adjusted to their present value.

In the present value calculation adjustment the Company considered the following assumptions: (i) the amount to be discounted; (ii) the dates of realization and settlement; and (iii) the discount rate.

The discount rate assumption relies on current market valuations as to time value of money and specific risks for each asset and liability.

During the current year, due to recent worldwide financial crisis, the Company has adopted some procedures to minimize customers default risk and increase the cash structure. In addition, the Company reviewed its credit policy, adopted the reduction of customers' receiving period, improved the management of suppliers' payable period, the resources applications and also, in some situations, applied customer's advances policy.

The amounts of customers, suppliers and taxes on the Company has increased due to the recent businesses combinations as well the reduction in financial cycle became the current adjustment to present value irrelevant relating the amounts that it is related.

Customer's receiving and suppliers' payable period of the overseas subsidiaries are substantially shorter than local market, as well the discounting rates used on assumptions of present value calculation.

Based on the above, the Company reviewed its present value calculations of long-term assets and liabilities, and short term when relevant, as of December 31, 2009 and concluded that the costs to develop this information is higher than the benefits regarding the immateriality. The Company's management supported by the requirements of CPC 12, deemed appropriated the write-off of the Present Value Adjustment accounted until December 31, 2009, accordingly the management's decision does not impact in the quality and reliability of the financial statements. In accordance with CPC 12, the Company will perform time basis analysis (at least on reporting period), and if identified the need for accounting the Present Value Adjustment, to improve the quality and presentation of its financial statements, the adoption of the accounting will occur immediately.

p) Foreign currency translation

Functional and reporting currency

The items of the interim financial statements are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The Company's functional currency is the Real (R$).

q) Dividends

The dividend distribution proposed by Management that is equivalent to the mandatory minimum dividend of 25% is recorded under the caption "Declared Dividends" in liabilities since it is considered a legal obligation established by the Company's bylaws. However, the amount of dividends higher than the mandatory minimum dividend, declared after the period covered by the interim financial statements but before the date of authorization for release of the interim financial statements, is recorded under the caption "Proposed Additional Dividends" in shareholders' equity, with a disclosure in the notes to the financial statements.

r) Statement of comprehensive income

This statement presents net revenue, foreign currency translation, derivatives adjustment (net of taxes), unrealized gain (loss) on pensions, unrealized gains (losses) on securities, net of taxes, as described in note 27.

s) Business combination

The interim financial statements present the results of business combinations under the acquisition method in accordance with CPC 15. In the consolidated balance sheet, identifiable assets acquired and liabilities and any contingencies assumed in the business combinations are initially recognized at fair value at the acquisition date.

t) Statements of Cash Flow

The statements of cash flows have been prepared by the indirect method starting from the financial information in accordance with the instructions contained in CPC 3 - Statement of Cash Flows.

4 First-time adoption of full CPC

Due to the merging process of Brazilian General Acceptable Accounting Principles - BRGAAP into International Financial Reporting Standards - IFRS by Law 11.638/07, new Pronouncements, Interpretations and Orientations had been issued during 2009.

In connection with the merging process into IFRS, the opening balance on January 1, 2009 and the Equities on December 31, 2009 and September 30, 2010 including the Statements of Income on September, 2009 and September, 2010 had been reconciliated to be in accordance with the new accounting procedures adopted in Brazil, where no relevant adjustments were identified.

Considering the relevance of implementation of IFRS in Brazil which increase the reliability of the financial statements, in accordance with Instruction CVM n 457, of July 13, 2007, and based on Deliberation CVM n 609 of December 22, 2009 that explain the first-time adoption of IFRS, the management of the Company decided to present, the interim financial reporting in accordance with full CPC. Thus, the interim financial reporting are prepared in accordance with all applicable Pronouncements, Orientations and Interpretations issued by CPC, accordingly with the first-time adoption procedures.

(a) New Pronouncements, Interpretations and Orientations issued by CPC with adoption on January 1, 2010, that reflect the operation and the Financial Statements of the Company

(Expressed in thousands of Brazilian reais)

CPC 15 – Business Combinations – The adoption of this Pronouncement impact significantly the concepts and methodology of recognition, measurement and presentation of a business combination, particularly the procedures for allocation of goodwill regarding future economic benefits within the balance sheet accounts, through the fair value. The main impact in the Financial Statements of the Company will be presented by the businesses combinations of the incorporation of Bertin, presented in the Note 6.

CPC 20 – Borrowing Costs – The Pronouncement requires the Company capitalization of borrowing costs directly attributable to the acquisition, constructions or production of a qualifying assets as part of the cost of that asset, presented as "Construction in Progress" in the Financial Statements. The borrowing costs of the Company and its subsidiaries regarding to the qualifying asset are compound by interest expenses and exchange variations that will not be fully allocated in the Statements of Income, due to part of these costs must be recognized as assets costs.

The explanation of the differences in accounting practices which affects the Company are described in the footnotes bellow.

		January 1, 2009
		Shareholders' Equity
Amount in BRGAAP*	**Ref**	**6,134,411**
Borrowings costs adjustments	a	14,893
Adjustments related investments in subsidiaries		
Reclassification of minority interests to the shareholders' equity	b	(2,458)
Assets deferred reversal	c	(1,603)
Fair value on businesses combinations	d	794,059
Deferred taxes	e	55,321
Others	f	(728)
Total relating accounting practices adjustments		**859,484**
Amount in BRGAAP (CPC)		**6,993,895**

		December 31, 2009	
		Shareholders' Equity	Net income
Amount in BRGAAP *	**Ref**	**15,085,196**	**129,424**
Borrowings costs adjustments	a	37,036	22,143
Adjustments related investments in subsidiaries			
Reclassification of minority interests to the shareholders' equity	b	1,642,890	-
Measurement adjustment on biological assets	g	(6,342)	(6,342)
Fair value on businesses combinations	d	480,533	(136,220)
Bargain purchase on PPC	h	185,189	185,189
Deferred taxes	e	84,796	29,475
Others	f	(1,667)	(2,959)
Total relating accounting practices adjustments		**2,422,435**	**91,287**
Amount in BRGAAP (CPC)		**17,507,631**	**220,711**

(Expressed in thousands of Brazilian reais)

		September 30, 2010	
		Shareholders' Equity	Net income
Amount in BRGAAP *	**Ref**	**17,304,938**	**525,323**
Borrowings costs adjustments	a	46,022	8,986
Adjustments related investments in subsidiaries			
Reclassification of minority interests to the shareholders' equity	b	1,116,794	-
Measurement adjustment on biological assets	g	37,879	44,221
Fair value on businesses combinations	d	223,739	(256,794)
Bargain purchase on PPC	h	185,189	-
Deferred taxes	e	(387)	(85,183)
Others	f	(1,667)	-
Total relating accounting practices adjustments		**1,607,569**	**(288,770)**
Amount in BRGAAP (CPC)		**18,912,507**	**236,553**

(a) - In accordance with CPC 36 (R) borrowing costs related to funding for construction of qualifying assets must be added to the cost of the asset.

(b) - Reclassification on the presentation of minority interests into shareholders' equity in accordance with CPC 36.

(c) - According to CPC 01, deferred charges was extinguished, and any remaining balances classified as an expense (if applicable).

(d) - Refers to the adjustment of practice adopted between the accounting treatment for acquisitions, fair value, since in JBS USA has applied the methodology of accounting for acquisitions of companies through its fair value, being classified in its profit and loss of the period consisting mainly of depreciation and amortization.

(e) - Refers to the impact of deferred income tax relating to differences in practices identified.

(f) - Other adjustments related to the differences in practices.

(g) - According with CPC 29, the biological assets must be valued at market price.

(h) - Refers to the difference in practices related to the letter (b), where there was gain on bargaining because of the negotiated acquisition price , whereas the PPC was in bankruptcy protection, leading to a trading value lower than the market value.

* BRGAAP are the Brazilian generally accounting accepted practices in place since January 1, 2009, CPC 01 to CPC 14.

5 Incorporation of Bertin S.A. (Bertin)

The Company incorporated Bertin on December 31, 2009, as announced to the market at that time.

CONSOLIDATED STATEMENTS OF INCOME - Pro forma

Due to the incorporation of Bertin by the Company near the end of year 2009, the statements of income as of September 30, 2010 had a significant increase, making impossible a comparison with the interim financial statements for the prior period. To enhance comparability of these consolidated interim financial statements, shown below is (pro forma) statements of income as of September 30, 2009 including the incorporation made by the Company, for the purpose of presenting the combined result of these companies in the nine months period ended as of September 30, 2009 with the net income of the Company in the current quarter:

(Expressed in thousands of Brazilian reais)

	Nine months period ended as of September 30,			
	2010	2009 - Pro-forma		
	JBS S.A.	JBS S.A. (Company)	Bertin S.A. (Company)	JBS S.A. Bertin S.A.
Net operating revenue	**8,739,143**	3,800,419	4,387,907	**8,188,326**
Cost of products sold	**(6,863,594)**	(3,093,330)	(3,527,637)	**(6,620,967)**
GROSS INCOME	**1,875,549**	707,089	860,270	**1,567,359**
Selling, general and administrative expenses	**(1,081,093)**	(502,845)	(519,454)	**(1,022,299)**
Financial expenses, net	**(1,053,105)**	(386,837)	(98,301)	**(485,138)**
Other (expenses) income	**(55,229)**	2,045	5,020	**7,065**
Income and social contribution taxes	**3,089**	(8,816)	(35,989)	**(44,805)**
Equity in subsidiaries	**547,342**	177,071	43,542	**220,613**
NET INCOME (LOSS)	**236,553**	**(12,292)**	**255,088**	**242,796**
Statement of EBITDA (Earnings before interest, taxes, depreciation and amortization)				
Income (loss) before provision for income and social contribution taxes	**233,464**	(3,476)	291,077	**287,601**
Financial income, net	**1,053,105**	386,837	98,301	**485,138**
Depreciation and amortization	**214,476**	68,192	109,524	**177,716**
Equity in subsidiaries	**(547,342)**	(177,071)	(43,542)	**(220,613)**
Non-recurring expenses	**56,090**	-	-	**-**
EBITDA	**1,009,793**	**274,481**	**455,360**	**729,841**

	Three months period ended as of September 30,			
	2010	2009 - Pro-forma		
	JBS S.A.	JBS S.A. (Company)	Bertin S.A. (Company)	JBS S.A. Bertin S.A.
Net operating revenue	**3,104,689**	1,305,379	1,393,606	**2,698,985**
Cost of products sold	**(2,418,238)**	(1,061,098)	(1,153,031)	**(2,214,129)**
GROSS INCOME	**686,451**	**244,281**	**240,575**	**484,856**
Selling, general and administrative expenses	**(427,727)**	(175,435)	(171,781)	**(347,216)**
Financial expenses, net	**(139,210)**	48,685	(76,367)	**(27,682)**
Other (expenses) income	**(48,750)**	1,024	3,639	**4,663**
Income and social contribution taxes	**(2,686)**	(12,790)	26,450	**13,660**
Equity in subsidiaries	**65,410**	78,745	18,431	**97,176**
NET INCOME (LOSS)	**133,488**	**184,510**	**40,946**	**225,456**
Statement of EBITDA (Earnings before interest, taxes, depreciation and amortization)				
Income (loss) before provision for income and social contribution taxes	**136,174**	197,300	14,496	**211,796**
Financial income, net	**139,210**	(48,685)	76,367	**27,682**
Depreciation and amortization	**70,548**	24,723	33,952	**58,675**
Equity in subsidiaries	**(65,410)**	(78,745)	(18,431)	**(97,176)**
Non-recurring expenses	**45,450**	-	-	**-**
EBITDA	**325,972**	**94,593**	**106,385**	**200,978**

(Expressed in thousands of Brazilian reais)

6 Business Combinations

6.1 - Bertin's Incorporation

On September 16, 2009, J&F and ZMF, until then shareholders of the Company, and the controlling shareholders of Bertin, agreed to initiate a process to unify the operations of the two companies. Bertin was a Brazilian company and one of the largest meat exporters in Latin America. Pursuant to the association agreement: (1) the controlling shareholders of the Company agreed to contribute the shares owned directly or indirectly by them, representing 51.4% of the Company, in exchange for the shares to be issued by a recently created holding company called FB Participações S.A. (FB Participações); and (2) the controlling shareholders of Bertin agreed to contribute all their shares representing 73.1% of Bertin's capital in exchange for the shares to be issued by FB Participações.

On December 23, 2009 the former shareholders of the Company, J&F and ZMF, contributed, respectively, a total of 632,781,603 and 87,903,348 common shares to FB Participações, a current shareholder of the Company.

On December 28, 2009, the Company completed the process of association with the Bertin Group by a corporate restructuring that, after the previous acquisition of all 28,636,178 Bertin shares by the Company on December 29, 2009, resulted in the merger with Bertin. The controlling shareholders of Bertin contributed a total of 679,182,067 shares, that they received due to the above-mentioned share acquisition, to increase capital of FB Participações, in the total amount of R$ 4,949,046, upon issue by FB Participações of 2,334,370,128 new registered common shares without par value.

At the Extraordinary General Meeting held on December 29, 2009, the shareholders approved the acquisition of Bertin shares and a subsequent merger, ratified at the Extraordinary General Meeting held on December 31, 2009, under the terms of the agreement entered into by and between the two parties, which was disclosed to the market as material developments.

The business value, related to the merger with Bertin, was R$ 11,987,963, equivalent to the merger of 100% of the acquirer's shareholders' equity. The amount paid is based on the economic value of Bertin at the date of the deal, and total goodwill (excess) was R$ 9,460,609, as shown below:

Summary of goodwill allocation operation	
Amount invested in Bertin	11,987,963
Bertin's shareholders' equity as of Dec 31, 2009	2,527,354
Goodwill	**9,460,609**

For purposes of goodwill allocation under CPC 15, only goodwill related to the groups of property, plant and equipment and intangible assets (basically trademarks and patents) was taken into account. Deferred tax liabilities and other adjustments to assets (such as prepaid expenses) are not applicable in accordance with CPC 15 and CPC 32. Regarding trademarks and patents, the measurements of the dairy products division (Vigor and Leco) as well as of the processed meat division (Bertin) were considered. The calculation of the residual goodwill after allocation of generated goodwill to the related asset accounts is as follows:

Goodwill allocation - R$ thousand	
Goodwill arising from operation	**9,460,609**
(-) Fair value of property, plant and equipment	(146,152)
(-) Fair value of trademarks and patents	(267,959)
(+) Effect of income and social contribution taxes of inve	23,428
Residual goodwill	**9,069,926**

The residual goodwill after the above-mentioned allocations was recorded as "Goodwill" for accounting purposes, which is not amortizable and is tested for impairment as required by CPC 01.

(Expressed in thousands of Brazilian reais)

7 Cash and cash equivalents

Cash, bank accounts and short-term investments are the items of the balance sheet presented in the statements of the cash flows as cash and cash equivalents and are described as below:

	September 30, 2010	December 31, 2009
Cash and cash equivalents	**647,327**	3,712,853
CDB-DI (bank certificates of deposit)	**1,617,377**	367,757
Investment funds	**289,672**	16,417
National treasury bill	**97,993**	-
	2,652,369	**4,097,027**

CDB-DI (bank certificates of deposit) are held by financial institutions, with floating-rate and yield an average of 100% of the variation of the interbank deposit certificate (Certificado de Depósito Interbancário - CDI).

Investments in national treasury bill are fixed income assets.

Investments funds

The Company is the exclusive shareholder of Novo Eldorado Fundo de Investimento Multimercado (Novo Eldorado fund) and in Ediom Fundo de Investimento Multimercado (Ediom fund), both investment funds, whose applications on September 30, 2010 were R$ 136,761 and R$ 152,911 respectively. These investmemts are classified as available for sale.

On September 30, 2010, the composition of these investments funds were approximately 90% investment in government securities remunerated by the Selic variation, and of the remaining balance only 1.2% refers to investment in derivatives, which is considered immaterial as described in items 24, 26 and 30 of the Basic Conceptual Framework - appoved by CVM.

Bellow is the composition of equities and notional investment funds as of September 30, 2010 and December 31, 2009 the financial statements filed by the respective funds at the CVM - Brazilian Securities Commission.

	September 30, 2010		**December 31, 2009**	
	Shareholder's equity	Notional **(a)**	Shareholder's equity	Notional **(a)**
Novo Eldorado fund	**136,761**	**578,945**	13,930	10,057
Ediom fund	**152,911**	**19,120,388**	1,000	-

(a) - The accounting Notional, extracted from the financial statements of these funds, contemplates the sum of acquired and sold positions, without considering the net effect between these positions.

Below is presented the Notional effect, showing the breakdown of Bovespa's products and the net effect of acquired and sold positions on September 30, 2010 and December 31, 2009:

	Novo Eldorado fund	
	Sept 30, 2010	**Dec 31, 2010**
Forward (Bovespa, Cattle forward, Currency and Interests)		
Acquired Positions	**172,606**	691
Sold Positions	**406,339**	9,366
Net effect - forward	**(233,733)**	**(8,675)**
Net effect - Forward	**(233,733)**	**(8,675)**

(Expressed in thousands of Brazilian reais)

Risks related to Novo Eldorado fund

The risks to which the fund is exposed are in line with the respective policies that allow leverage of funds, and are in accordance with the limitations of VaR, stop loss and leverage permitted by the shareholders. VaR is calculated to 1 (one) day with a confidence interval of 99%.

On September 30, 2010 VaR - Value at Risk for the Novo Eldorado fund is R$ 1,555 (R$ 13 on December 31, 2009).

	Ediom fund	
	Sept 30, 2010	**Dec 31, 2010**
Options (Currency and Interests)		
Purchase Positions	**9,518,613**	-
Sold Positions	**9,495,190**	-
Net effect - options	**23,423**	**-**
Forward (Bovespa, Cattle forward, Currency and Interests)		
Purchase Positions	**106,585**	-
Net effect - forward	**106,585**	-
Net effect - Options and forward	**130,008**	**-**

Risks related to Fundo Ediom fund

The net effect of the options on interest rates are referring to 32,000 contracts positions released (sold) against 32,000 contracts holders (purchased).

The net effect of the options on currencies summarize the positions of 600 contracts released (sold) and 600 contract holders (purchased).

The risks to which the fund is exposed are in line with the respective policies that allow leverage of funds, and are in accordance with the limitations of VaR, stop loss and leverage permitted by the shareholders. VaR is calculated to 1 (one) day with a confidence interval of 99%.

On September 30, 2010 VaR - Value at Risk for the Ediom fund is R$ 483.

8 Trade accounts receivable, net

	September 30, 2010	**December 31, 2009**
Receivables not yet due	**1,294,339**	770,116
Overdue receivables:		
From 1 to 30 days	**211,350**	316,443
From 31 to 60 days	**98,850**	101,783
From 61 to 90 days	**78,412**	51,675
Above 90 days	**152,680**	156,962
Allowance for doubtful accounts	**(126,108)**	(123,602)
	415,184	503,261
	1,709,523	**1,273,377**

Pursuant to CPC 38, below are the changes in the allowance for doubtful accounts, the Company's policy for collection of trade accounts receivable in default and the estimate for recovery/losses of the accrued amounts.

	2010	**December 31, 2009**
Initial balance	**(123,602)**	**(8,271)**
(+) Additions	**(5,755)**	(6,018)
(+) Acquisition	**-**	(109,313)
(-) Write-offs	**3,249**	-
Final balance	**(126,108)**	**(123,602)**

(Expressed in thousands of Brazilian reais)

9 Inventories

	September 30, 2010	December 31, 2009
Finished products	**590,302**	422,202
Work in process	**165,428**	80,507
Raw materials	**159,991**	154,809
Warehouse spare parts	**103,881**	101,018
	1,019,602	**758,536**

10 Recoverable taxes

	September 30, 2010	December 31, 2009
Value-added tax on sales and services (ICMS / IVA / VAT)	**985,701**	896,294
Excise duty - IPI	**57,593**	55,544
Social contribution and taxation on billings - PIS and Cofins	**404,983**	282,683
Income tax withheld at source - IRRF	**75,284**	84,844
Other	**71,688**	72,789
	1,595,249	**1,392,154**
Current and Long-term:		
Current	**1,041,479**	841,306
Non-current	**553,770**	550,848
	1,595,249	**1,392,154**

Value-added tax on sales and services (ICMS / IVA / VAT)

Recoverable ICMS refers to excess of credits derived from purchases of raw materials, packaging and other materials over tax charges due on domestic sales, since exports are tax-exempted.

The above-mentioned tax credit is under examination and homologation by the Tax Authority of the State of São Paulo. The Company expects to recover the total amount of the tax credit, including the ICMS credits from other states (difference between the statutory rate for tax bookkeeping and the effective rate for ICMS collection in the state of origin), which are being challenged by the São Paulo State. However, the procedure adopted by the Company is supported by prevailing legislation, according to external and internal legal counsel.

PIS and COFINS (social contribution on net income)

Refers to non-cumulative PIS and COFINS credits arising from purchases of raw materials, packaging and other materials used in the products sold in the foreign market.

IRRF (withholding income tax)

Refers to withholding income tax levied on short-term investments, which can be offset against income tax payable on profits.

General comments

Based upon previous decisions of the Board of Tax Appeals and the legal counsel's opinion, which considers that a favorable decision is almost certain, the Company and JBS Embalagens recorded the monetary adjustment of their PIS, COFINS and IPI tax credits based on SELIC (Central Bank overnight rate), in the amount of R$ 146,090. As of this date, the Company received R$ 28,986, and the remaining balance of R$ 117,104 is recorded in noncurrent assets, in consolidated.

(Expressed in thousands of Brazilian reais)

11 Related parties transactions

Intercompany balances shown in the balance sheet and statement of operations are as follows:

COMPANY	September 30, 2010 Trade accounts receivable	September 30, 2010 Trade accounts payable	December 31, 2009 Trade accounts receivable	December 31, 2009 Trade accounts payable
Direct subsidiaries				
JBS Confinamento Ltda.	**1,944**	**36,553**	138	4,638
JBS Embalagens Metálicas Ltda.	**6**	**3,171**	-	500
JBS USA, Inc	**382**	**-**	-	-
Inalca JBS S.p.A	**-**	**-**	3,479	4
JBS Itália SRL	**6,049**	**-**	-	-
Indirect subsidiaries				
JBS Global Beef Company Lda.	**48**	**-**	48	-
JBS Global (UK) Limited	**39,075**	**-**	21,920	-
JBS Argentina S.A.	**-**	**716**	-	2,259
The Tupman Thurlow Co.	**-**	**-**	4,432	-
Global Beef Trading SU Lda.	**9,821**	**1**	521	-
Beef Snacks Brasil Ind.Com. Ltda.	**9**	**-**	7	-
Marr Russia L.L.C	**1,177**	**-**	1,734	-
Frimo Sam	**151**	**-**	-	-
Austrália Meat	**-**	**46**	-	1,144
Subsidiaries incorporated [(1)]				
S.A. Fabrica de prod. alimenticios vigor	**3,082**	**-**	3,029	3,029
Cia Leco de Prod. Alimenticios	**2,421**	**20**	2,152	-
Cascavel Couros Ltda	**13,754**	**709**	112,872	230,771
Novaprom Food Ingredients Ltda	**1,040**	**232**	1,024	112
Biolins Energia Ltda	**712**	**2,228**	34,382	22
Sampco Inc.	**26,604**	**-**	30,529	-
Laticinios Serrabella Ltda	**-**	**-**	-	-
Frigorífico Canelones S.A.	**-**	**542**	-	533
Rigamonti Salumificio Spa	**3,481**	**-**	-	-
Wonder Best Holding Company	**29,759**	**-**	10,857	-
Trump Asia Entreprise Ltd	**10,123**	**-**	6,422	-
Other related parties				
JBS Agropecuária Ltda.	**404**	**54**	137	2,446
Flora Produtos de Hig. Limp. S.A.	**4,472**	**767**	5,297	238
	154,514	**45,039**	**238,980**	**245,696**

(Expressed in thousands of Brazilian reais)

Mutual contracts between related parties recorded on the balance sheet as credits and debits with related parties:

COMPANY	Currency	Maturity	Annual rate	September 30, 2010 Mutual Contracts	December 31, 2009 Mutual Contracts
Direct subsidiaries					
Mouran Alimentos Ltda.	R$	Sep 13, 2011	CDI + 12% p.a.	**41,898**	11,455
JBS Confinamento Ltda.	R$	Apr 1, 2011	CDI + 4% p.a.	**127,482**	76,010
JBS Embalagens Metálicas Ltda.	R$	Aug 16, 2012	CDI + 12% p.a.	**56,929**	49,043
JBS USA, Inc	US$	Aug 16, 2011	Libor + 2,5% p.a.	**(773,607)**	-
JBS Slovakia Holdings s.r.o.	EURO	Mar 12, 2012	4,5% p.a.	**(1,126,053)**	(941,640)
JBS Itália SRL	EURO	Jun 18, 2011	Libor + 3% p.a.	**2,798**	-
Indirect subsidiaries					
JBS Global Beef Company Lda.	EURO	Dec 31, 2011	Libor + 2% p.a.	**(39,814)**	(40,918)
JBS Argentina S.A.	US$			**123,008**	-
The Tupman Thurlow Co.	US$	May 5, 2011	Libor + 3% p.a.	**-**	13,943
Beef Snacks Brasil Ind.Com. Ltda.	R$	Jan 24, 2011	CDI + 4% p.a.	**82,923**	74,373
Beef Snacks International BV	EURO	Dec 31, 2012	Libor + 2% - 3% p.a	**3,651**	3,569
JBS HU Ltd	EURO	May 19, 2011	12% p.a.	**(95,122)**	(90,108)
Subsidiaries incorporated (1)					
S.A. Fabrica de Prod. Alimenticios Vigor	R$	Dec 31, 2011	CDI	**(199,318)**	(278,228)
Cascavel Couros Ltda	R$	Dec 31, 2011	CDI + 12% p.a.	**(29,061)**	-
Novaprom Food Ingredients Ltda	R$	Dec 31, 2011	CDI + 6% p.a.	**8,311**	-
Biolins Energia Ltda	R$	Dec 31, 2011	CDI + 12% p.a.	**37,241**	-
Sampco Inc.	US$	Jan 10, 2013	Libor + 5% p.a.	**-**	11,951
Bertin Paraguay	US$	Jul 21, 2011	Libor + 5% p.a.	**3,701**	3,660
				(1,775,033)	**(1,106,890)**

(Expressed in thousands of Brazilian reais)

Impacts of related party transactions on Income Statements:

	September 30, 2010			September 30, 2009		
	Financial income (expenses)	Purchases	Sales of products	Financial income (expenses)	Purchases	Sales of products
Direct subsidiaries						
Mouran Alimentos Ltda.	1,252	-	-	1,234	-	-
JBS Confinamento Ltda.	9,385	82,946	2,360	4,688	39,484	1,576
JBS Embalagens Metálicas Ltda.	7,089	31,577	6	7,787	32,442	-
JBS Global A/S	-	-	-	11	-	-
JBS USA, Inc	(11,547)	-	2,835	21,636	-	2,831
Inalca JBS S.p.A	-	-	18,568	-	-	26,252
JBS Slovakia Holdings s.r.o.	(36,086)	-	-	(16,458)	-	-
JBS Itália SRL	25	-	6,269	-	-	-
Indirect subsidiaries						
JBS Global (UK) Limited	-	-	75,815	-	-	53,100
JBS Argentina S.A	-	4,725	-	-	9,302	-
The Tupman Thurlow Co.	93	-	6,293	633	-	35,321
Global Beef Trading SU Lda.	-	48	67,068	-	-	43,951
Beef Snacks Brasil Ind.Com. Ltda.	7,620	18	-	7,212	11	-
Beef Snacks International	151	-	-	(56)	-	-
JBS HU Ltd	(7,824)	-	-	(3,520)	-	-
Frimo Sam	-	-	162	-	-	-
Marr Russia L.L.C	-	-	30,742	15	-	99,090
Australia Meat	-	2,238	-	-	-	-
Swift & Company Trade Group	-	-	124	-	-	-
Subsidiaries incorporated (1)						
S.A. Fabrica de Prod. Alimenticios Vigor	-	63	34,808	-	-	-
Laticinios Serrabella Ltda	-	-	34	-	-	-
Cascavel Couros Ltda	-	11,511	162,509	-	-	-
Novaprom Food Ingredients Ltda	-	1,686	5,558	-	-	-
Biolins Energia Ltda.	-	20,757	6,599	-	-	-
Sampco Inc.	136	-	80,603	-	-	-
Frigorífico Canelones S.A.	-	1,836	-	-	-	-
Rigamonti Salumificio Spa	-	-	3,611	-	-	-
Wonder Best Holding Company	-	-	31,331	-	-	-
Trump Asia Entreprise Ltd	-	-	7,746	-	-	-
Bertin Paraguay	163	717	-	-	-	-
Other related parties						
JBS Agropecuária Ltda.	-	29,681	1,344	-	50,940	1,022
Flora Produtos de Hig. Limp. S.A.	-	428	31,081	-	1,418	47,525
	(29,543)	188,231	575,466	23,182	133,597	310,668

(1) - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated, impacting only assets and liabilities.

(Expressed in thousands of Brazilian reais)

Guarantees provided and / or received

The Company guarantees US Bonds operation of the subsidiary JBS USA in the amount of US$ 700 million with final maturity in 2014.

The parent company J&F Participações S.A guarantees Eurobonds operation of the Company in the amount of US$ 275 million with final maturity in 2011.

JBS USA together with its subsidiaries, JBS USA, LLC and Swift Beef Company, guarantee, in an unsecured way, US$ 300 million of notes issued by the Company in 2016 as a result of commitment contained in the indenture governing such notes.

Details of transactions with related parties

The Company and its subsidiaries conduct commercial transactions between them, mainly sales operations, realized with normal price and market conditions, when existing.

On the mutual contracts are calculated exchange rate and interests, when applicable.

No allowance for doubtful accounts or bad debts expenses relating to related-party transactions were recorded for the nine months period ended as of September 30, 2010, and the year ended December 31, 2009.

JBS USA purchase and sale agreement

On December 21, 2009, the Company and JBS USA entered into a purchase and sale agreement pursuant to which it has been agreed to issue and sell 20%-25% of JBS USA common stock to the Company for an aggregate purchase price of US$2.0 billion. The percentage of shares to be issued and sold shall be equal to US$ 2.0 billion divided by the valuation of assets in U.S. dollars of JBS USA, based on the number of shares outstanding immediately prior to the IPO of JBS USA (the "JBS USA's IPO "), but calculated based on the IPO price per share of JBS USA, multiplied by 100. As a result of this purchase and sale. Accordingly, prior to the completion of JBS USA anticipated initial public offering (“IPO”), JBS USA will anticipate that to the Company that will hold a 20%-25% interest directly, in addition to the remaining controlling interest the Company will continue to hold in JBS USA indirectly through JBS Hungary Holdings Kft.

The consolidated balance of related parties, on the amount of R$ 181.574 as of September 30, 2010 (R$ 326,972 as of December 31, 2009), has the following composition:

a) Not consolidated Companies

The amount of R$ 129,653 (R$ 279,405 as of December 31, 2009) regarding part of the line of credit of US$ 200 million, with market interests, between the indirect subsidiary JBS Five Rivers and J&F Oklahoma, subsidiary of J&F Participações S.A., not consolidated, where J&F Oklahoma uses this credit for cattle acquisition for fattening that are placed in the fattening of JBS Five Rivers to be prepared for the slaughter.

J&F Oklahoma is still part in 2 commercial agreements with subsidiaries of the Company:

i) Cattle supply and feeding agreement with JBS Five Rivers, where it takes the responsibility for the cattle from J&F Oklahoma and collects the medicinal and fattening costs, besides a daily fee of rent in line with market terms;
ii) Sales and purchase cattle agreement with JBS USA of at least 500,000 animals/year, starting from 2009 up to 2011 with market prices.

JBS Five Rivers also guarantee in third degree, after warranty of the assets from J&F Oklahoma and its parent company, up to US$ 250 million in a line of credit of J&F Oklahoma.

b) Companies partially consolidated

The amount of R$ 51,921 (R$ 47,567 as of December 31, 2009) refers to credits of subsidiaries partially consolidated, as follows :

	September 30, 2010	**December 31, 2009**
Beef Snacks do Brasil Ltda.	**41,462**	37,186
Beef Snacks International BV.	**3,708**	3,720
Jerky Snack Brands, Inc.	**6,751**	6,661
	51,921	**47,567**

(Expressed in thousands of Brazilian reais)

Remuneration of key management

The Company's management includes the Executive Board and the Board of Directors. The aggregate amount of compensation received by the members of the Company's management for the services provided in their respective areas of business in the nine months period ended as of September 30, 2010, in the year ended December 31, 2009 is the following:

	Members	September 30, 2010	Dec 31, 2009
Executive Board and Board of Directors	**14**	**3,741**	4,243
	14	**3,741**	**4,243**

The alternate members of the Board of Directors are paid for each meeting of Council in attendance

The Counsel Director and Investor Relations Director are part of the employment contract regime *CLT* (which is the Consolidation of Labor Laws), where follows all the legal prerogatives of payments and benefits. Not included any remuneration bonuses of the Company or other corporate benefits to additional employees or that should be extended to their family.

Except to those described above, the other members of the Executive Board, and Management Board are not part of any employment contract or any other contracts for additional business benefits such as post-employment benefits or other long-term benefits, termination of work that does not conform to those requested by the *CLT* , where applicable, or payment based on shares.

12 Investments in subsidiaries

Relevant information about subsidiaries in the year ended on September 30, 2010:

September 30, 2010	Number of shares (Thousand)	Participation	Capital stock	Shareholders' equity	Net income (loss)
JBS Embalagens Metálicas Ltda.	10,002	99%	2	32,964	(1,967)
JBS Global Investments S.A.	93,000	100%	157,560	75,112	11,416
JBS Holding Internacional S. A.	804,235	100%	804,235	239,760	(137,530)
JBS Global A/S (Denmark)	1,250	100%	456,979	465,156	4,497
Mouran Alimentos Ltda.	120	100%	120	(32,428)	(4,590)
JBS USA, Inc.	0.1	100%	4,992,663	6,849,640	532,386
JBS Trading USA, Inc.	20	100%	16,942	(5,076)	(3,530)
JBS Confinamento Ltda.	415,001	100%	415,001	402,304	1,968
Inalca JBS S.p.A	280,000	50%	674,128	928,188	24,492
JBS Slovakia Holdings, s.r.o.	0.001	100%	1,192,531	1,262,858	82,100
JBS Italia S.R.L.	0.100	100%	23	(813)	(849)
CJSC Prodcontract	10	70%	-	(20,427)	4,754
Subsidiaries of incorporated (1)					
Bertin Holding GMBH	96	100%	77	166,362	(4,840)
Novaprom Foods e Ingredientes Ltda	792	60%	792	3,126	(1,967)
S.A. Fabrica de Prod. Alimenticios Vigor	165,447	99%	104,031	219,022	40,838
Cascavel Couros Ltda	265,127	100%	240,861	298,856	12,400
Bertin USA Corporation	-	100%	-	48,697	66
Biolins Energia S.A.	10,672	100%	43,727	43,827	100

(Expressed in thousands of Brazilian reais)

	December, 2009	Addition (disposal)	Exchange rate variation (i)	Equity in subsidiaries: Shareholders' Equity (ii)	Equity in subsidiaries: Income Statements	September, 2010
JBS Embalagens Metálicas Ltda.	**34,581**	-	-	-	(1,947)	**32,634**
JBS Global Investments S.A.	**66,037**	-	(1,783)	(558)	11,416	**75,112**
JBS Holding Internacional S. A.	**402,886**	-	-	(25,596)	(137,530)	**239,760**
JBS Global A/S	**143,657**	353,389	(34,169)	(2,218)	4,497	**465,156**
Mouran Alimentos Ltda.	**(19,486)**	(9,199)	-	-	(3,743)	**(32,428)**
JBS USA, Inc.	**4,122,234**	2,482,743	(332,948)	45,225	532,386	**6,849,640**
JBS Trading USA, Inc.	**(1,766)**	-	47	173	(3,530)	**(5,076)**
JBS Confinamento Ltda.	**56,677**	350,000	-	(6,341)	1,968	**402,304**
Inalca JBS S.p.A	**463,011**	-	(18,416)	7,253	12,246	**464,094**
JBS Slovakia Holdings, s.r.o.	**1,251,415**	-	(98,288)	27,631	82,100	**1,262,858**
JBS Italia S.R.L.	**-**	24	(1)	13	(849)	**(813)**
Prodcontract	**-**	(18,139)	703	(191)	3,328	**(14,299)**
Subsidiaries of incorporated [1]						
Bertin Holding GMBH	**142,582**	32,001	(3,381)	-	(4,840)	**166,362**
Novaprom Foods e Ingredientes Ltda	**3,056**	-	-	-	(1,180)	**1,876**
S.A. Fabrica de Prod. Alimenticios Vigor	**177,927**	(864)	(554)	-	40,454	**216,963**
Cascavel Couros Ltda	**283,847**	2,609	-	-	12,400	**298,856**
Bertin USA Corporation	**43,154**	6,678	(1,201)	-	66	**48,697**
Biolins Energia S.A.	**43,727**	-	-	-	100	**43,827**
Transfer to Other current liabilities (Negative equity)	**21,252**	-	-	-	-	**52,616**
Total	**7,234,791**	**3,199,242**	**(489,991)**	**45,391**	**547,342**	**10,568,139**

[1] - Refers to the subsidiaries of the incorporated Bertin, that for better visualization and understanding of the users of the information, were segregated.

(i) - As defined in CPC 2, refers to the exchange rate variation of foreign currency investments that are accounted under the equity method, which was accounted directly to shareholders' equity of the Company on the line "Accumulated translation adjustments".

(ii) - Refers to the reflex of valuation adjustments and exchange rate variation of foreign investments, accounted in valuation adjustments to shareholders' equity in the subsidiaries, whose effect is being recognized when calculating the equity in subsidiaries, directly to shareholders' equity of the Company.

(Expressed in thousands of Brazilian reais)

13 Property, plant and equipment, net

	Average annual depreciation rates	Cost	Revaluation	Accumulated depreciation	Net amount September 30, 2010	Net amount December 31, 2009
Buildings	3 a 20%	2,535,133	116,742	(190,176)	**2,461,699**	2,385,975
Land	-	938,826	9,352	-	**948,178**	1,262,583
Machinery and equipment	8 a 10%	3,208,612	44,753	(383,309)	**2,870,056**	2,495,004
Facilities	10%	806,604	21,815	(83,371)	**745,048**	697,255
Computer equipment	20 a 100%	65,440	743	(37,026)	**29,157**	26,338
Vehicles	14 a 50%	433,083	190	(177,782)	**255,491**	262,679
Construction in progress	-	195,780	-	-	**195,780**	446,176
Other	10 a 100%	51,047	3,865	(23,204)	**31,708**	26,757
Impairment		(1,572)	-	-	**(1,572)**	-
		8,232,953	**197,460**	**(894,868)**	**7,535,545**	**7,602,767**

Changes in property, plant and equipment

December 31, 2009	Additions	First-time adoption of CPC	Write-offs [1]	Depreciation	September 30, 2010
7,602,767	527,064	8,985	(390,953)	(212,318)	**7,535,545**

[1] - R$ 350 million related to the capitalization of Planura farm from the Company to the subsidiary JBS Confinamento, Note 12.

The balance of construction in progress refers to investments for expansion, modernization and adaptation of meat-packing plants, aiming to maintain current and obtain new certifications required by the market. When these assets are concluded and start operating, they will be transferred to a proper property, plant and equipment account and then will be subject to depreciation.

Until December 2007, revaluations were performed on property, plant and equipment items of several Company's plants, as supported by reports issued by the specialized firm SETAPE- Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda., and offsetting entries were made to the revaluation reserve account and the provision for deferred income and social contribution taxes. The method and assumption applied to estimate the fair value of the assets were determined based on current market prices. As of September 30, 2010, the total amount of property, plant and equipment revaluation is R$ 197,460 which the revaluation reserve is R$ 108,168 and the provision for income and social contribution taxes is R$ 51,150. For revalued property, plant and equipment, the Company recorded accumulated depreciation of R$ 38,141.

Property, plant and equipment are tested for impairment at least annually if indications of potential impairment exist.

The Company demand its subsidiaries reviewed the useful life of their property, plant and equipment by engaging a The Company and its subsidiaries engaged the specialized firm SETAPE – Serviços Técnicos de Avaliações do Patrimônio e Engenharia S/C Ltda. to review the useful life of their property, plant and equipment. Significant divergences were found in comparison with the useful lives adopted as of December 31, 2009. The useful life of all property, plant and equipment items was duly reviewed and has been applied since January 1, 2010

Interest capitalization - Borrowing costs

Pursuant to CPC 20 – Borrowing costs, the Company capitalized those borrowing costs directly attributable to the construction of qualifying assets, which are exclusively represented by construction in progress. The borrowing costs allocated to the qualifying assets as of September 30, 2010 and December 31, 2009 are shown below:

	September 30, 2010	December 31, 2009
Construction in progress	**149,758**	409,052
(+) capitalized borrowing costs	**46,022**	37,124
	195,780	**446,176**

(Expressed in thousands of Brazilian reais)

14 Intangible assets, net

	September 30, 2010	December 31, 2009
Goodwill	**10,840,478**	11,108,844
Trademarks	**452,574**	184,615
Softwares	**5,758**	6,165
	11,298,810	**11,299,624**

Changes in intangible assets

December 31, 2009	Additions	Write-offs	Amortization[1]	September 30, 2010
11,299,624	19,891	(2,158)	(18,547)	**11,298,810**

[1] - Refers to the amortization of definite intangible assets acquired in business combinations.

Goodwill

Company

In July 2007 the Company acquired a 100% interest in Swift Foods Company, currently known as JBS USA , with goodwill of R$ 877,609, based on expected future earnings of the acquired business, which will be paid over a period of 5 years. Goodwill amortized as of December 31, 2008 is R$ 248,656.

In January 2007 the Company acquired 100% of JBS Trading USA, Inc., with goodwill of R$ 21,725 based on expected future earnings of the acquired business, which will be amortized over the period and extent of the related projections, no more than ten years. As of December 31, 2008, accumulated goodwill amortization is R$ 6,035.

On December 22, 2007 the Company acquired a 50% interest in Inalca S.p.A., presently known as Inalca JBS, with goodwill of 94,181 thousand Euros, equivalent to R$ 217,596 as of September 30, 2010, based on expected future earnings of the acquired business.

On December 29, 2009 the Company acquired Bertin. The market value of this operation was ascertained based on an appraisal report prepared by a specialized company. The base value of the operation of share exchange between the companies amounted to R$ 11,987,963, generating a goodwill of R$ 9,069,926. Pursuant to CPC 15 – Business combinations, in 2010 the goodwill was allocated to the respective asset accounts, based on the appreciation of assets.

In July 2010 the Company acquired 70% interest in CJSC Prodcontract, with a goodwill of R$ 18,140, based on expected future earnings of the acquired business.

Company - Resulting from the incorporated Bertin

Goodwill from Bertin USA Corporation	13,183
Goodwill from Novaprom Foods Ingredients	12,000
Goodwill from Vigor shares	798,503
Goodwill from Phitoderm	4,044
Goodwill from Goult Participações	48,598
Goodwill from Leco shares	13,846
	890,174

In accordance with CVM Decision No. 565, dated December 17, 2008, and CVM Decision No. 553, dated November 12, 2008, since January 1, 2009 the Company has adopted the criterion of not to amortize goodwill based upon expected future earnings, which is in line with CPC 15. Under these CVM decisions and the CPC 01, intangible assets with indefinite life can no longer be amortized.

(Expressed in thousands of Brazilian reais)

15 Trade accounts payable

	September 30, 2010	December 31, 2009
Commodities	**107,968**	149,351
Materials and services	**307,369**	444,625
Finished products	**21,997**	33,566
	437,334	**627,542**

16 Loans and financings

Type	Average annual rate of interest and commissions	September 30, 2010	December 31, 2009
FINAME	TJLP and interest from 1.5% to 3.08%	**290,010**	330,159
FINAME	Currency basket and interest from 3.30% to3.73%	**366**	563
FINAME	Interest from 6.83% to 11.2%	**12,686**	24,465
FINEM	TJLP and interest of 3.00% to	**36,592**	426,675
FINEM	BNDES currency basket and interest of 2.90%	**-**	22,588
FININP	Exchange variation and interest of 3.8%	**-**	974
ACC - (advances on exchange contracts)	Exchange variation, Libor plus interest from 0.45% to 7.20%	**1,559,590**	1,499,167
EXIM - export credit facility	TJLP and interest from 3.00% to 5.5%	**795,558**	185,136
EXIM - export credit facility	Interest from 5.19% to 18.27% and exchange variation	**52,803**	326,678
BNDES Automatic	Currency basket and interest of 3.2%	**16,829**	-
Euro Bonds	Exchange variation and interest of 9.375%	**468,079**	485,439
Working capital- Brazilian Reais	CDI + interest of 6.00%	**208,259**	14,976
Prepayment	Exchange variation + Libor and interest from 1.00 to 2.30%	**1,592,514**	1,514,128
144-A	Exchange variation + interest of 8.25% to 10.50%	**2,663,791**	545,670
NCE/COMPROR	Interest from 113.9% to 120.0%% of CDI	**2,847,190**	1,510,450
Foreign loan	Exchange variation + Interest from 10.25%	**-**	624,342
Foreign loan from multilateral organisms	Exchange variation + Libor and interest of 1.85%	**-**	87,370
FCO - Middle West Fund	Interest of 10.00%	**2,016**	2,470
FNO - North Fund	Interest of 10.00%	**30,875**	34,670
Working capital - Agriculture	TR and Interest of 10.50%	**-**	75,686
Working capital - Processing	Interest of 152.00% of CDI	**-**	212,425
Working capital - Foreign currency	Exchange variation + Interest of 4.50%	**-**	117,498
Credit note - Export	Interest of 124.50% of CDI	**555**	1,195,328
Other		**-**	556
		10,577,713	**9,237,413**
Breakdown:			
Current liabilities		**4,149,607**	3,926,390
Non current liabilities		**6,428,106**	5,311,023
		10,577,713	**9,237,413**

(Expressed in thousands of Brazilian reais)

Maturities of long-term debt are as follows:

2011	**307,952**	2,482,552
2012	**1,617,694**	922,847
2013	**1,083,476**	528,826
2014	**459,236**	187,092
2015	**306,090**	32,559
2016	**1,109,395**	1,139,869
2017	**6,938**	6,862
2018	**1,533,353**	6,443
2019	**3,972**	3,973
	6,428,106	**5,311,023**

ACCs (advances on exchange contracts) are credit facilities obtained from financial institutions by the Company, and the acquired company Bertin, in the amount of US$ 920.547 as of December 31, 2009 (US$ 860,996 as of December 31, 2009), to finance export transactions.

EUROBONDS - On January 26, 2006 the Company issued bonds in the total amount of US$ 200 million and, on February 8, 2006, issued US$ 75 million bonds, totaling US$ 275 million, with a payment term of 5 years and coupon of 9.375% per year. The operation is guaranteed by the Company and its indirect subsidiary J&F Participações S.A.

144-A - It refers to three capture operations by the issuance of 144-A notes in the international market, with a payment term of 10 years performed on the Company as the following: on July 28, 2006, on the amount of R$ 300 million with a coupon of 10.5% p.a., guaranteed and endorsement by the Company; on July 29, 2010, on the amount of R$ 900 million, with a coupon of 8.25% p.a., guaranteed endorsement by the Company, and on October 13, 2006 by the incorporated Bertin, on the amount of R$ 350 million with a coupon of 10.25% p.a. without guarantee.

FINAME / FINEM – Financing agreements with BNDES are secured by the assets subject matter of the financing.

17 Credit operations, guarantees and covenants

Notes 2011 - JBS S.A. - On February 6, 2006, the Company issued Notes 2011, maturing in February 2011, at the value of US$275 million. Notes 2011 are guaranteed by J&F, by Flora Produtos de Higiene e Limpeza Ltda. (a subsidiary of J&F) and by JBS Agropecuária Ltda. The interest rate applicable to the notes is 9.375% starting February 6, 2006, and quarterly paid on February 7, May 7, August 7 and November 7, counted upon May 7, 2006. The principal amount of the notes should be fully paid by February 7, 2011.

Covenants. The issuance instrument of Notes 2011 contains covenants that restrict the Company and some of its subsidiaries from:

. incurring additional debt, if the ratio net debt/EBITDA is higher than a determined index;
. putting lien on goods, revenue or assets;
. making certain loans or investments;
. selling or disposing of assets;
. paying certain dividends and making other payments;
. paying in advance, cancelling or changing certain debts;
. liquidating, consolidating, merging or acquiring the business or assets of other entities;
. taking part in certain joint-ventures or creating certain types of subsidiaries;
. having certain transactions with related parties;
. executing lease transactions with repurchase option (sale/leaseback).
. changing the control without making a purchase offer on Notes 2011.

As mentioned above, the terms and conditions for Notes 2011 include covenants. They forbid the Company and its subsidiaries, besides JBS USA, to incur any debts (observed certain exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4,75/1.0.

Again, as mentioned above, Notes 2011 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Besides, according to Notes 2011, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2011; (ii) the Company incurs at least US$ 1.00 of debt under the terms of the net income/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the jointly net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$30 million.

Default events. The indenture of Notes 2011 establishes usual default events. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If default takes place, the issuer or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accumulated interest on the notes.

Repurchase offer. In December 2009, the Company made an offer on the repurchase of Notes 2011, at a total approximate value of US$2.4 million. The mentioned offer was made according to the Company's obligation under the indenture that governs the notes of making an offer to buy them in case of a change in control (as defined in the indenture). A control change took place on December 31, 2009, when the Company merged Bertin S.A.

Notes 2016 - JBS S.A. - On August 4, 2006, the Company issued Notes 2016 maturing in 2016, at the value of US$300 million. The interest rate applicable to the notes is 10.50% p.a. and are semiannually paid on February 4 and August 4, counted upon February 4, 2007. The principal amount of the notes should be fully paid by February 4, 2016. JBS Finance Ltd is the co-issuer of Notes 2016.

Covenants: The indenture governing Notes 2016 requires that any significant subsidiary (i.e., any subsidiary that represents at least 20% of the total assets or annual gross revenue of the Company, according to its most recent financial statements) ensures entire obligation of the Company as stated in Notes 2016. Notes 2016 are guaranteed by JBS Hungary Holdings Kft (indirect wholly owned subsidiary of the Company), by JBS USA Holdings and its subsidiaries, JBS USA, LLC and Swift Beef Company. Other subsidiaries of the Company (including subsidiaries of JBS USA) may be required to guarantee the Notes 2016 in the future.

Covenants. The issuance instrument of Notes 2016 contains covenants that restrict the Company and some of its subsidiaries from:

. incurring additional debt, if the ratio net debt/EBITDA is higher than a determined index;
. putting lien on goods, revenue or assets;
. selling or disposing of assets;
. paying certain dividends and making other payments;
. having certain transactions with related parties;
. liquidating, consolidating, merging or acquiring the business or assets of other entities;
. taking part in certain joint-ventures or creating certain types of subsidiaries;
. executing lease transactions with repurchase option (sale/leaseback).
. changing the control without making a purchase offer on Notes 2016.

As mentioned above, the terms and conditions for Notes 2016 include covenants. They forbid the Company and its subsidiaries, besides JBS USA, to incur any debts (observed certain exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4,75/1.0.

Again, as mentioned above, Notes 2016 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Besides, according to Notes 2016, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2016; (ii) the Company incurs at least US$ 1.00 of debt under the terms of the net income/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the jointly net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$30 million.

Default events: The indenture of Notes 2016 establishes usual default events. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If default takes place, the issuer or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accumulated interest on the notes.

Bertin's Notes 2016 - On November 9, 2006, Bertin S.A., an enterprise of which the Company is the successor through merger, issued Bertin's Notes 2016 at the principal value of US$350 million (still under the name of Bertin Ltda.). The interest applicable to Bertin's Notes 2016 corresponds to 10.25%, per annum, paid every six months on April 5 and October 5, beginning April 5, 2007. The principal value of the notes should be fully paid by October 5, 2016.

Guarantees - The indenture that governs Bertin's Notes 2016 requires that any significant subsidiaries (as previously mentioned) guarantee all obligations of the Company established in Bertin's Notes 2016. They are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company), by JBS USA and its subsidiaries, JBS USA Holdings, Inc., JBS USA, LLC, Flora Produtos de Higiene e Limpeza Ltda. (subsidiary of J&F) and by Swift Beef Company. Other controlled companies of the Company (including the subsidiaries of JBS USA) can be required to guarantee the Bertin's Notes 2016 in the future.

Covenants. The indenture of Notes 2016 contains usual contract restrictions, restricting the Company and some of the subsidiaries from:

. incurring additional debt if the net debt/EBITDA ratio is higher than a determined index and if the operation is not specifically allowed in the indenture of Bertin’s Notes 2016;
. putting lien on goods;
. paying dividends or making certain payments to shareholders;
. selling or disposing of assets;
. having certain transactions with related parties;
. liquidating, consolidating, merging or acquiring the business or assets of other entities;
. executing lease transactions with repurchase option (sale/leaseback);
. changing the company’s control without making a purchase offer on Bertin’ Notes 2016.
. in a general manner, limits dividends or other payments to shareholders by restricted subsidiaries.

As indicated above, the terms and conditions for Bertin’s Notes 2016 include covenants that forbid the Company (as legal successor of Bertin) and the subsidiaries, to incur any debts (observing certain exceptions) unless the pro form net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debit is incurred is lower than 4.75/1.0.

Besides, Bertin’s Notes 2016 restrict the Company and its subsidiaries from: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) making loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of the business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; (d) when imposed by standard documents of BNDES or other international governmental agencies.

Besides, according to the notes, the Company can only, directly or indirectly, declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) it is not in default in relation to the notes; (ii) the Company incurs at least US$ 1.00 of debt under the terms of the net income/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the jointly net income in a certain year or when in a determined year where there is loss, the payment value does not exceed US$ 30 million.

Default events: The issuance instrument of Bertin's Notes 2016 establishes usual default events. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If default takes place, the issuer or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accumulated interest on the notes.

On December 14, 2009, Bertin began a process of consent solicitation with the holders of Bertin's Notes 2016 . It aimed, among others, (i) to turn even certain terms of the indenture of the notes, especially those related to the covenants and default events of the Company's Notes 2016; and (ii) except the control change of Bertin, due to its merger by the Company, from the cases of control change.

Notes 2018 - JBS S.A. - On Julys 29, 2010, the Company issued Notes 2018 maturing in 2018, at the value of US$900 million. The interest rate applicable to the notes is 8.25% p.a. and are semiannually paid on January 29 and July 29 of each year, counted upon January 29, 2011. The principal amount of the Notes 2018 should be fully paid by January 29, 2018. JBS Finance Ltd is the issuer of Notes 2018.

They are guaranteed by JBS Hungary Holdings Kft. (indirect wholly-owned subsidiary of the Company) and by the Company.

Covenants. The indenture of Notes 2018 contains usual contract restrictions, restricting the Company and some of the subsidiaries from:

. incurring additional debt if the net debt/EBITDA ratio is higher than a determined index and if the operation is not specifically allowed in the indenture of Bertin's Notes 2016;
. putting lien on goods;
. paying dividends or making certain payments to shareholders;
. selling or disposing of assets;
. having certain transactions with related parties;
. liquidating, consolidating, merging or acquiring the business or assets of other entities;
. executing lease transactions with repurchase option (sale/leaseback);
. changing the company's control without making a purchase offer on Notes 2018.

As mentioned above, the terms and conditions for Notes 2016 include covenants. They forbid the Company and its subsidiaries, besides JBS USA, to incur any debts (observed certain exceptions) unless the pro forma net debt / EBITDA ratio of the Company (as defined in the indenture) at the date the debt is incurred is lower than 4,75/1.0.

Again, as mentioned above, Notes 2018 establish restrictions to the Company and its subsidiaries in the execution of certain actions, such as: (i) paying dividends or making any other payments of securities; (ii) paying debts or other obligations; (iii) obtaining loans or advances; or (iv) transferring its properties or assets. Despite that, such payments can be made in certain cases, such as, (a) when there are certain obligations incurred before the issuance of the notes; (b) they are established in law; (c) when the transfer of assets takes place in the normal course of business, or under clauses usually accepted in joint venture agreements executed by the subsidiaries; or (d) when imposed by standard documents of BNDES (National Bank of Economic and Social Development).

Besides, according to Notes 2018, the Company will not be able, directly or indirectly, to declare or pay any dividends or make any distributions related to securities issued by the Company (except for debt instruments convertible or exchangeable for such amounts), if (i) there has been default in relation to the notes 2018; (ii) the Company incurs at least US$ 1.00 of debt under the terms of the net income/EBITDA ratio test established in the indenture of the notes mentioned in the paragraph above; and (iii) the total value to be paid does not exceed 50% of the jointly net income in a certain year or when in a determined year where there is loss, reduced 100% loss.

Default events: The indenture of Notes 2018 establishes usual default events. They include non-compliance with or violation of terms, restrictions and other agreements contained in the mentioned instrument, besides default of other debt in case the effect leads to anticipated payment, lack of payment within the grace periods applicable of other debt waived or extended, rendering of unfavorable sentences or court orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency. If default takes place, the issuer or holder of at least 25% of the principal amount of the notes outstanding at the time is entitled to declare immediately payable the principal and accumulated interest on the notes.

Guaranteed revolving credit line of J&F Oklahoma - J&F Oklahoma has a revolving line of credit at an amount of US$ 600 million with a commercial bank. Its controlling company, J&F, has executed an agreement with J&F Oklahoma where it will made contributions to J&F Oklahoma if J&F Oklahoma does not comply with the financial obligations established under that line of credit. In the event J&F Oklahoma does not comply with the obligations and that is not remedied by J&F, under the terms of the filiations contract, Five Rivers will be forced to pay US$250 million of the obligations. That line of credit is available for revolving loans and letters of credit.

Commitment fee of 0.45% is applicable to new credit. That line of credit matures on October 7, 2011. Such credit line and the respective guarantees are supported by assets of J&F Oklahoma and of Five Rivers. The credit line is used to finance the purchase of cattle by J&F Oklahoma, that is then fed in Five River's feed wards according to the supply and cattle feeding agreements above-described. The cattle is sold to JBS USA, LLC pursuant to the cattle purchase and sale agreements also described above.This facility was amended and restated on September 10, 2010. The amended and restated facility has availability up to $800,0 million and matures on September 23, 2014.

Revolving line of credit for J&F Oklahoma - Five Rivers is a party to an agreement with J&F Oklahoma, where Five Rivers undertook to grant up to US$200 million in revolving loans to J&F Oklahoma. The loans will be used by J&F Oklahoma to acquire animals for confinement in the feed yards of Five Rivers. Interest is applicable to those loans at annual LIBOR, plus 2.25% or basic prime rate plus 1%, and the interest is payable at least quarterly. The maturity of the line of credit is on October 24, 2011. The interest rate at September 26, 2010 was 4,25%. This facility was amended on September 10, 2010 to mature on September 11, 2016. As of September 26, 2010, outstanding borrowings were $76,5 million.

Loans among companies of the same group payable by JBS USA Holdings, Inc. to a subsidiary of JBS S.A. - On March 29, 2009, JBS USA owed a total of US$658.6 million for various loans between companies of the same group of the Company, from now on called JBS HU Liquidity Management LLC (Hungary), an indirect wholly-owned subsidiary of the Company. The product of those loans was destined to finance the operations of JBS USA and for the Acquisition of the enterprises Tasman and JBS Packerland. On April 27, 2009, the loan agreements were consolidated in a single loan agreement, the due dates of the principal amount of the loans were extended to April 18, 2019, and the interest rate was changed 12% per annum.

The net outcome of the offer and sale of Notes 2014 (less US$100 million) was used in the amortization of accumulated interest and part of the principal amount of loans between companies of the same group. Besides, JBS USA executed a loan agreement between companies of the same group at the principal value of US$6 million under the same terms of the previous loan agreement between companies of the consolidated group.

Description of Indebtedness of JBS USA

Senior Secured Credit Facility — On November 5, 2008, JBS USA entered into a senior secured revolving credit facility (the “Credit Agreement”) that allows borrowings up to US$400.0 million, and terminates on November 5, 2011. Up to US$75.0 million of the Credit Agreement is available for the issuance of letters of credit. At September 30, 2010, US$31.5 million of the availability was used towards letters of credit. Borrowings that are index rate loans will bear interest at the prime rate plus a margin of 2.25% and the all-in rate as of September 30, 2010 was 5.5%. Upon approval by the lender, LIBOR rate loans may be taken for one, two or three month terms, (or six months at the discretion of the agent) at LIBOR plus a margin of 3.25%. There were no outstanding borrowings at September 30, 2010.

Availability. Availability under the Credit Agreement is subject to a borrowing base. The borrowing base is based on certain JBS USA domestic wholly-owned subsidiaries' assets as described below, with the exclusion of JBS Five Rivers. The borrowing base consists of percentages of eligible accounts receivable, inventory and supplies less certain eligibility and availability reserves. As of September 30, 2010, borrowing availability was US$366.2 million.

Security and Guarantees. Borrowings made by JBS USA under the Credit Agreement are guaranteed by JBS S.A., JBS USA Holdings and all domestic subsidiaries of JBS USA except JBS Five Rivers. Furthermore, the borrowings are collateralized by a first priority perfected lien and interest in accounts receivable, finished goods and supply inventories of all domestic subsidiaries of JBS USA except JBS Five Rivers.

Covenants. The Credit Agreement contains customary representations and warranties and a springing financial covenant that requires a minimum fixed charge coverage ratio of not less than 1.15 to 1.00. This ratio is only applicable if borrowing availability falls below the minimum threshold, which is the greater of 20% of the aggregate commitments or US$70.0 million. The Credit Agreement also contains negative covenants that limit the ability of JBS USA and certain of its subsidiaries to, among other things:

- have capital expenditures greater than US$175.0 million per year, plus 50% of unused permitted capital expenditures from the preceding year;
- incur additional indebtedness;
- create liens on property, revenue or assets;
- make certain loans or investments;
- sell or dispose of assets;
- pay certain dividends and other restricted payments;
- prepay or cancel certain indebtedness;
- dissolve, consolidate, merge or acquire the business or assets of other entities;
- enter into joint ventures other than certain permitted joint ventures or create certain other subsidiaries;
- enter into new lines of business;
- enter into certain transactions with affiliates and certain permitted joint ventures;
- agree to restrictions on the ability of the subsidiaries to make dividends;
- agree to enter into negative pledges in favor of any other creditor; and
- enter into sale/leaseback transactions and operating leases.

The Credit Agreement also contains customary events of default, including failure to perform or observe terms, covenants or agreements included in the Credit Agreement, payment of defaults on other indebtedness, defaults on other indebtedness if the effect is to permit acceleration, entry of unsatisfied judgments or orders against a loan party or its subsidiaries, failure of any collateral document to create or maintain a priority lien and certain events related to bankruptcy and insolvency or environmental matters. If an event of default occurs the lenders may, among other things, terminate their commitments, declare all outstanding borrowings to be immediately due and payable together with accrued interest and fees, and exercise remedies under the collateral documents relating to the Credit Agreement. At September 30, 2010, JBS USA was in compliance with all covenants.

On April 27, 2009, the Credit Agreement was amended to allow the execution of the US$700.0 million senior unsecured notes due 2014 described below. Under the amendment, the existing limitation on distributions between JBS USA and JBS USA Holdings was amended to allow the proceeds of the senior unsecured notes due 2014, less transaction expenses and US$100.0 million retained by JBS USA, to be remitted to JBS USA Holdings as a one time distribution. Also, the unused line fee was increased from 37.5 basis points to 50.0 basis points.

On August 13, 2009, the Credit Agreement was amended to eliminate JBS USA's obligation to report daily mark-to-market summary of inventory market values to the administrative agent.

On September 11, 2009, the Credit Agreement was amended to modify the change of control definition so that JBS S.A. is required to own, directly or indirectly, more than 50% rather than 100% of the capital stock of JBS USA Holdings. In addition, the amendment excludes capital expenditures that are financed with initial public offering proceeds from the fixed charge coverage ratio covenant calculation and any capital expenditures and acquisitions that are financed with such proceeds are not subject to the respective covenant limitations in the Credit Agreement. Finally, the aggregate amount of permitted capital leases was increased from US$25.0 million to US$50.0 million.

On May 7, 2010 the Credit Agreement was amended and restated ("Amended and Restated Credit Agreement") to allow JBS USA Holdings to make acquisitions with proceeds from an equity contribution or loan from JBS S.A. or a subsidiary of JBS S.A. that is not a subsidiary of JBS USA Holdings. In addition, the permitted acquisitions requirements under the Amended and Restated Credit Agreement for such acquisitions as well as acquisitions financed with any potential initial public offering proceeds of JBS USA Holdings have been modified. Furthermore, any capital expenditures that are financed with such proceeds are not subject to the covenant limitations in the Amended and Restated Credit Agreement. Finally, the aggregate amount of permitted capital leases and fixed asset indebtedness was increased from US$50.0 million to US$100.0 million.

On July 27, 2010, JBS USA executed an amendment to the Amended and Restated Credit Agreement to permit the Company to guarantee any new debt issuances by JBS S.A. or its subsidiaries with certain exceptions.

Installment note payable – The installment note payable relates to JBS USA financing of a capital investment. The note bears interest at LIBOR. The rate as of September 30, 2010 was 0.26% plus a fixed margin of 1.75% per annum with payments due on the first of each month. The note matures on August 1, 2013.

Unsecured credit facility – Swift Australia entered into an Australian dollar ("A$") denominated A$120.0 million unsecured credit facility on February 26, 2008 to fund working capital needs and letter of credit requirements. This facility terminated on October 1, 2009 with the A$40.0 million letter of credit facility extended to June 30, 2010. On May 5, 2010, the facility was revised to reflect current letters of credit requirements to a facility limit of A$1.9 million and is subject to an annual review starting June 30, 2011. At September 30, 2010, the amount of outstanding letters of credit under this facility was US$1.8 million.

Intercompany loans – From October 26, 2009 through April 28, 2010, JBS USA made eight intercompany loans to Swift Australia amounting to US$167.0 million to fund working capital and general corporate purposes. Each loan had a one year maturity with interest at the three-month LIBOR plus a fixed margin of 5% per annum. While these loans eliminated upon consolidation, the loans were denominated in USD, but reported by our Australian subsidiary in AUD. Therefore, the loans generated foreign currency transaction gains or losses depending on fluctuations in the period end AUD to USD exchange rate. On May 4, 2010, the loans payable and related interest were paid in full. The agreements were terminated.

A$250 million revolving loan payable between JBS USA and Swift Australia – On May 4, 2010, JBS USA issued a long-term intercompany revolving promissory note to Swift Australia for A$250.0 million with interest based on the three-month Bank Bill Swap Bid Rate ("BBSY") plus 3% and a maturity date of May 4, 2012 to fund working capital and general corporate purposes. While these loans eliminate upon consolidation, the loans are denominated in AUD, but reported by JBS USA in USD. Therefore, the loans generate foreign currency transaction gains or losses depending on fluctuations in the period end AUD to USD exchange rate. The average interest rate at September 30, 2010 was 7.85%.

A$50 million revolving loan receivable from Swift Australia – On May 4, 2010, JBS USA Holdings issued an intercompany revolving promissory note to Swift Australia for A$50.0 million with interest based on the three-month BBSY plus 3% and a maturity date of May 4, 2012 to fund working capital and general corporate purposes. While these loans eliminate upon consolidation, the loans are denominated in AUD, but reported by JBS USA Holdings in USD. Therefore, the loans generate foreign currency transaction gains or losses depending on fluctuations in the period end AUD to USD exchange rate. As of September 30, 2010, outstanding borrowings were A$47.5 million, or approximately $45.6 million. The average interest rate at September 30, 2010 was 7.89%.

US$50 million revolving loan receivable from JBS USA – On April 19, 2010, JBS USA Holdings issued a US$50.0 million intercompany revolving promissory note to JBS USA with interest based on the three-month LIBOR plus a fixed margin of 2.5% and a maturity date of March 31, 2012 to fund working capital and general corporate purposes. There were no outstanding borrowings at September 30, 2010.

Unsecured term loan facility – On February 12, 2010, Swift Australia entered into an unsecured $10.0 million facility with Banco Santander. The loan bears interest at the three-month LIBOR plus a fixed margin of 3% per annum. The interest rate at September 30, 2010 was 3.66%. There were no outstanding borrowings at September 30, 2010.

Secured credit/ multi-option bridge facility – JBS Southern entered into an A$80.0 million secured multi-option bridge facility on May 2, 2008 to fund working capital and letter of credit requirements. This facility terminated on January 26, 2010.

11.625% senior unsecured notes due 2014 – JBS USA Holdings' wholly-owned subsidiaries JBS USA and JBS USA Finance, Inc. issued 11.625% notes due 2014 in an aggregate principal amount of $700.0 million on April 27, 2009. These notes are guaranteed by JBS USA Holdings, JBS S.A., JBS Hungary Holdings Kft., and each of the U.S. restricted subsidiaries that guarantee the Credit Agreement (subject to certain exceptions). Interest on these notes accrues at a rate of 11.625% per annum and is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2009. The principal amount of these notes is payable in full on May 1, 2014. The original issue discount of approximately $48.7 million is being accreted over the life of the notes.

Covenants. The indenture for the 11.625% senior unsecured notes due 2014 contains customary negative covenants that limit JBS USA and its restricted subsidiaries' ability to, among other things:

- incur additional indebtedness, based on net debt to EBITDA ratio;
- incur liens;
- sell or dispose of assets;
- pay dividends or make certain payments to our shareholders;
- permit restrictions on dividends and other restricted payments by its restricted subsidiaries;
- enter into related party transactions;
- enter into sale/leaseback transactions; and
- undergo changes of control without making an offer to purchase the notes.

Events of default. The indenture also contains customary events of default, including failure to perform or observe terms, covenants or other agreements in the indenture, defaults on other indebtedness if the effect is to permit acceleration, failure to make a payment on other indebtedness waived or extended within the applicable grace period, entry of unsatisfied judgments or orders against the issuer or its subsidiaries, and certain events related to bankruptcy and insolvency matters. If an event of default occurs, the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding may declare such principal and accrued interest on the notes to be immediately due and payable. At September 26, 2010, JBS USA and JBS USA Finance, Inc. were in compliance with all covenants.

Dividend Restrictions – Certain covenants of indebtedness and debt guarantee terms include restrictions on our ability to pay dividends, make loans or advances. As of December 27, 2009 and September 26, 2010, the Company had $107.2 million and $302.4 million, respectively, of retained earnings available to pay dividends.

The five various intercompany loans issued in 2008 described below from JBS S.A., were subsequently assigned to JBS HU Liquidity Management LLC ("Hungary"), a wholly-owned, indirect subsidiary of JBS S.A. which is organized in the country of Hungary. On April 27, 2009, in connection with the issuance of the 11.625% senior unsecured notes by JBS USA, these intercompany loan agreements were consolidated into one loan agreement, the maturity date was extended to April 18, 2019, and the interest rate was changed from approximately 6.5% to 12% per annum with interest payable semi-annually. The net proceeds of the offering of the 11.625% senior unsecured notes due 2014 (other than $100.0 million) were used to repay accrued interest and a portion of the principal on these intercompany loans. On January 1, 2010, the Company capitalized interest in the amount of $5.5 million into this loan. On March 12, 2010, the loan payable and related interest was paid in full.

US$100 million loan payable to JBS HU Liquidity – On April 28, 2008, the Company entered into an unsecured loan agreement with its parent, JBS S.A., for US$100.0 million with a maturity date of April 28, 2011. The funds received from this loan were used to fund the Tasman Acquisition (see Note 2). On March 27, 2009, this loan was assigned to Hungary.

US$25 million loan payable to JBS HU Liquidity – On May 5, 2008, the Company entered into an unsecured loan agreement with JBS S.A. for US$25.0 million with a maturity date of May 5, 2011. The funds received were used to fund operations. On March 27, 2009, this loan was assigned to Hungary.

$25 million loan payable to JBS HU Liquidity – On June 10, 2008, the Company entered into an unsecured loan agreement with JBS S.A. for $25.0 million with a maturity date of June 10, 2011. The funds received from this loan were used to fund operations. On March 27, 2009, this loan was assigned to Hungary.

$350 million loan payable to JBS HU Liquidity – On June 30 2008, the Company entered into an unsecured loan agreement with JBS S.A. totaling $350.0 million with a maturity date of June 30, 2011. The funds received were used to pay outstanding unsecured bank debt. On March 27, 2009, this loan was assigned to Hungary.

$250 million loan payable to JBS HU Liquidity – On October 21, 2008, the Company entered into an unsecured loan agreement with JBS S.A. for $250.0 million with a maturity date of October 21, 2011. The funds received were used for the Smithfield Acquisition (see Note 2). On March 27, 2009, this loan was assigned to Hungary.

US$6 million loan payable to JBS HU Liquidity – On May 20, 2009, the Company entered into an unsecured loan agreement with Hungary for US$6.0 million with a maturity date of May 20, 2019. The proceeds were used to repay a portion of the consolidated intercompany note referenced above. The loan agreement has a stated interest rate of 12% with interest payable semi-annually. On January 1, 2010, the Company capitalized interest in the amount of US$0.4 million into this loan. On March 12, 2010, the loan payable and related interest was paid in full.

Description of Indebtedness of PPC

On December 28, 2009, PPC used the proceeds received from borrowings under the Exit Credit Facility (see below) and available cash to repay indebtedness under its prior credit agreements in the amount of $1.4 billion. PPC also used the proceeds received from the sale of 64% of the outstanding common stock of the reorganized PPC to repay indebtedness under the Senior Unsecured Notes totaling $651.9 million.

Senior Unsecured Note – PPC has indebtedness under Senior Notes due in 2015 bearing interest at a rate of 7 5/8% and a principal amount outstanding of $0.1 million at September 26, 2010.

Senior Subordinated Unsecured Notes – PPC has indebtedness under senior subordinated notes due in 2017 bearing interest at 8 3/8% and a principal amount outstanding of $3.5 million at September 26, 2010. PPC has indebtedness under senior subordinated notes due in 2013 bearing interest at 9 1/4% and a principal amount outstanding of $0.3 million as of September 26, 2010.

Exit Credit Facility – Upon exiting from bankruptcy on December 28, 2009, PPC and certain of its subsidiaries, the To-Ricos, Ltd. and To-Ricos Distribution, Ltd., entered into the Exit Credit Facility ("Exit Credit Facility"). This facility provides for an aggregate commitment of $1.8 billion consisting of a revolving loan commitment of $600.0 million, Term A loan commitments ("Term A") of $375.0 million and Term B loan commitments ("Term B") of $775.0 million. The revolving loan commitment and the Term A loans will mature on December 28, 2012. Term B loans will mature on December 28, 2014. On December 28, 2009, PPC borrowed $375.0 million under the Term A loan, $775.0 million under the Term B loan. On December 28, 2009, PPC also paid transaction costs totaling $50.0 million related to the Exit Credit Facility (see Note 3). The availability under the revolving loan commitment was $447.5 million as of September 26, 2010.

The Term A must be repaid in 12 equal quarterly principal installments of US$12.5 million beginning on April 15, 2010, with the final installment due on December 28, 2012. The Term B must be repaid in 16 equal quarterly principal installments of US$12.5 million beginning on April 15, 2011, with the final installment due on December 28, 2014. Additionally, following the end of each fiscal year, a portion of PPC's excess cash flow must be used to repay outstanding principal amounts under the Term A and Term B loans. Covenants in the Exit Credit Facility also require PPC to use the proceeds they receive from certain asset sales and specified debt or equity issuances and upon the occurrence of other events to repay outstanding borrowings under the Exit Credit Facility.

The Exit Credit Facility includes a $50.0 million sub-limit for swingline loans (loans with same day availability), and a $200.0 million sub-limit for letters of credit. Outstanding borrowings under the revolving loan commitment bear interest at a per annum rate equal to 3.5% plus the greater of the U.S. prime rate, the average federal funds rate plus 0.5%, and the one-month LIBOR rate plus 1.0%, in the case of alternate base rate loans, or 4.5% plus the one, two, three or six-month LIBOR rate adjusted by the applicable statutory reserve, in the case of Eurodollar loans. Outstanding Term A and Term B-1 loans bear interest at a per annum rate equal to 4.0% plus greater of the U.S. prime rate, the average federal funds rate plus 0.5%, and the one month LIBOR rate plus 1.0%, in the case of alternate base rate loans, or 5.0%, plus the one, two, three or six-month LIBOR Rate adjusted by the applicable statutory reserve, in the case of Eurodollar loans.

Outstanding Term B-2 loans bear interest at a per annum rate equal to 9.0%. Commitment fees charged on the unused revolving commitments under the Exit Credit Facility bear interest at a per annum rate equal to 1.0%. As of September 26, 2010, PPC had approximately US$40.8 million of outstanding letters of credit.

All obligations under the Exit Credit Facility are unconditionally guaranteed by certain of PPC's subsidiaries and are secured by a first priority lien on the domestic (including Puerto Rico) accounts receivable and inventory of PPC and its subsidiaries; 100% of the equity interests in the To-Ricos Borrowers and PPC's domestic subsidiaries and 65.0% of the equity interests in PPC's direct foreign subsidiaries; substantially all of the personal property and intangibles of PPC, the To-Ricos Borrowers and the guarantor subsidiaries; and substantially all of the real estate and fixed assets of PPC and the subsidiary guarantors.

The Exit Credit Facility contains customary representations and warranties. Actual borrowings by PPC under the Exit Credit Facility are subject to a borrowing base, based on certain eligible inventory, eligible receivables and restricted cash under the control of the Exit Facility agent. The borrowing base formula is reduced by the sum of inventory reserves, rent and collateral access reserves, and any amount more than 15 days past due that is owed by PPC or its subsidiaries to any person on account of the purchase price of agricultural products or services (including poultry and livestock) if that person is entitled to any grower's or producer's lien or other security arrangement. Revolving loan availability under the borrowing base is also limited to an aggregate of US$25.0 million with respect to To-Ricos as joint borrower.

The Exit Credit Facility provides that PPC may not incur capital expenditures in excess of $225.0 million in fiscal year 2010, $275.0 million in fiscal year 2011 and $350.0 million per fiscal year thereafter. PPC must also maintain a minimum fixed charge coverage ratio and a minimum level of tangible net worth and may not exceed a maximum leverage ratio. The Exit Credit Facility contains various covenants that restrict PPC's ability to, among other things, incur additional indebtedness, incur liens, pay dividends or make certain restricted payments, consummate certain asset sales, enter into certain transactions with JBS USA and other affiliates, merge, consolidate and/or sell or dispose of all or substantially all of PPC's assets. PPC was in compliance with all covenants as of September 26, 2010 and expects to remain in compliance for the foreseeable future, however, chicken prices, commodity prices, access to export markets and other factors could affect PPC's ability to maintain compliance with its financial covenants.

Of these financial covenants, PPC management believes the fixed charge coverage ratio will be the most susceptible to these factors. In order to continue to meet the covenant, gross profit will have to improve over the results PPC experienced in the thirteen and thirty-nine weeks ended September 26, 2010, or PPC management will have to initiate additional cost-cutting or restructuring activities.

The Exit Credit Facility allows PPC to provide additional advances to its subsidiaries up to $61.8 million. After the Term A loans are repaid in full, PPC may provide additional advances to its subsidiaries up to $131.8 million, subject to certain conditions. Management believes that all of PPC's subsidiaries, including PPC's Mexican subsidiaries, will be able to operate within this limitation.

ING Credit Agreement – On September 25, 2006, a subsidiary of PPC, Avícola Pilgrim's Pride de México, S. de R.L. de C.V. (the "Mexico Borrower"), entered into a secured revolving credit agreement (the "ING Credit Agreement") with ING Capital, LLC, as agent (the "Mexico Agent") and the lenders party thereto (the "Mexico Lenders"). The ING Credit Agreement has a revolving commitment of 557.4 million Mexican pesos, a U.S. dollar-equivalent $44.0 million at September 26, 2010. There were no outstanding borrowings at September 30, 2010. The availability under the Mexico revolving credit facility was $44.0 million as of September 30, 2010.

Outstanding amounts under the ING Credit Agreement bear interest at a rate per annum equal to the LIBOR Rate, the Base Rate or the TIIE Rate, as applicable, plus the Applicable Margin (as those terms are defined in the ING Credit Agreement).

The ING Credit Agreement requires PPC to make a mandatory prepayment of the revolving loans in an aggregate amount equal to 100% of the net cash proceeds received by certain Mexico subsidiaries of PPC (the "Mexico Subsidiaries"), as applicable, in excess of thresholds specified in the ING Credit Agreement, from the sale of certain assets by the Mexico Subsidiaries; from any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceedings of, any property or asset of any Mexico Subsidiary; or from the incurrence of certain indebtedness by a Mexico Subsidiary. Any such mandatory prepayments will permanently reduce the amount of the commitment under the ING Credit Agreement. The Mexico Subsidiaries pledged substantially all of their receivables, inventory, and equipment and certain fixed assets.

Capital and Operating Leases – The Company and certain of its subsidiaries lease the corporate headquarters in Greeley, Colorado; a waste water treatment facility in Mayfield, Kentucky; a freezer in Nacogdoches, Texas; a hatchery in Center, Texas; and a vehicle maintenance facility in Tenaha, Texas under capital leases. Under operating leases, the Company and certain of its subsidiaries lease distribution facilities located in New Jersey, Florida, Nebraska, Colorado and Texas; a feedlot in New Mexico; warehouses in Arkansas, Georgia and Puerto Rico; administrative offices in Georgia and Texas; sales offices in Kentucky, Tennessee, Texas and Virginia; a data center in Texas; marketing liaison offices in South Korea, Japan, Mexico, China, and Taiwan; its distribution centers and warehouses in Australia; and a variety of equipment. These operating leases expire between 2010 and 2022. Future minimum lease payments at September 26, 2010, under capital and noncancellable operating leases with terms exceeding one year are as follows (in thousands):

For the fiscal years ending December:	Capitalized Lease Obligations	Noncancellable Operating Lease Obligations
2010 (remaining)	1,984	18,277
2011	6,498	59,057
2012	5,423	36,825
2013	5,285	24,832
2014	5,275	11,613
Thereafter	23,000	24,370
Net minimum lease payments	47,465	174,974
Less: Amount representing interest	(4,522)	-
Present value of net minimum lease payments	**42,943**	**174,974**

Rent expense associated with operating leases was $9.0 million and $29.6 million for the thirteen and thirty-nine weeks ended September 27, 2009, respectively. Rent expense associated with operating leases was $25.5 million and $79.0 million for the thirteen and thirty-nine weeks ended September 26, 2010, respectively.

18 Convertible debentures

The Company received on December 22, 2009 correspondence from BNDES Participações SA - BNDESPAR, communicating the approval of the investment conduct through the subscription of subordinated debentures, convertible into shares and transfer clause of the first private placement the Company to be held in single series.

The Agreement Investment signature was approved by the Board of Directors in a resolution held on December 7, 2009.

The funds were fully used to subscribe a capital increase in JBS USA, in order to complete the transaction reflected in the Stock Purchase Agreement whereby the JBS USA, by subscription of new shares, became the owner of shares representing 64% (sixty-four per cent) of the total voting capital of PPC and strengthen the capital structure consolidated by the Company for implementation of investment plans and expansion projects, and enable the completion of the integration of operations with Bertin.

On December 28, 2009, the Company issued 2,000,000 debentures at the unit par value of R$ 1,739.80. The total value of the debentures is R$3,479,600. Issuance and transaction costs corresponded to R$17,388 and there is no premium in the in this fund raising operation. Under the terms of the indenture, the debentures corresponded to US$2 billion at issuance date. The 2,000,0000 debentures will be obligatorily exchangeable for certificates of deposit of securities (Brazilian Depositary Receipt - BDR) sponsored Level II or III, supported by voting common shares issued by JBS USA Holdings, Inc., or obligatorily convertible into shares issued by the Company, in the event the latter does not have liquidity.

Liquidity event means to combine the completion of an initial public offering of JBS USA, in the minimum amount equivalent to US$ 1,5 billion with primary placement of at least 50%, either through IPO or follow-on, where JBS USA (a) becomes a Reporting company with the Securities and Exchange Commission, (b) has shares listed on the New York Stock Exchange or NASDAQ, (c) has a minimum free float (excluding potential involvement of debenture holders) of 15% and (d) that the capital of JBS USA, on the day of the liquidity event, be composed of single species and class stocks, noting that will be allowed to issue classes of preferred shares with different political rights after the liquidity event.

The Liquidity event has to occur until December 31, 2010, subject to mandatory conversion into shares of debentures. However, the Company may, at least 5 days before the deadline, notify the trustee that intends to extend the deadline until December 31, 2011, in this case it must pay on the date of notification and in national currency, the debenture holders a premium of 15% on par value of all the Debentures then outstanding.

The maturity of the debentures will be 60 years from the issuance date, on December 28, 2069.

Due to the end of the deadline for apportionment of surplus in the issuance of debentures, on February 19, 2010, the Company communicated, based on the information received from bank Bradesco S.A., depository institution of the Company's debentures, that all debentures issued were subscribed, as approved during a general extraordinary meeting held on December 31, 2009 at the Company.

Each debenture can only be converted into shares of the Company, exclusively in the following cases: (i) if the Liquity Event has not occurred within the period established in the indenture, (ii) in case certain requirements described in the indenture are not met, or (iii) in the occurrence of an Anticipated Expiration as established in the indenture. The number of common shares issued by the Company in the conversion of the debentures is based on the division of (a) their unit par value, plus a prize of 10% (ten percent); and (b) a conversion price based on the weighted average of the price of the common shares in negotiation ("JBSS3") in the 60 (sixty) trading sessions before date of conversion of the debentures. Such average should be adjusted for the declared proceeds, limited to the a floor of R$6.50 (six reais and fifty cents) per share action and a ceiling of R$12.50 (twelve reais and fifty cents) per share ("Conversion into Shares"). The Liquidity Event should take place until December 31, 2010, and the Company can extend such period to December 31, 2011, subject to the payment of an extension premium of 15% (fifteen percent) on the unit par value of all outstanding debentures.

In case the Liquidity Event does not occur until the limit date and the Company has not paid the extension premium, the debentures will be obligatorily converted into shares of the Company on January 31, 2011. In the event the period was extended from the limit date and the Liquidity the has not occurred until January 31, 2011, the debentures will be obligatorily converted into actions of the Company on January 31, 2012.

Shareholders' Agreement

On December 22, 2009 the Company celebrated a Shareholder Agreement with J&F Participações S.A., ZMF Fundo de Investimento and BNDES PARTICIPAÇÕES - BNDESPAR, where BNDESPAR assumed commitment of accomplishing an investment in the Company through the subscription of debentures of the Company, as detailed above.

During the term of the Shareholders' Agreement, and while it continues being an Eligible Shareholder, the shareholder BNDESPAR will be entitled to interfering in any of the matters mentioned below (each one is an "Approval Item"):

(i) contracting by the Company and/or by any of its controlled companies of any debt (except in relation to refinancing of debt or already existing obligation, or debt between companies of the same group that do not affect the Maximum Debt Limit), implying that the ratio of the division between the Net Debt and EBITDA (in both cases related to the last four quarters, according to the quarterly or annual consolidated financial statements of the Company) calculated on a pro forma basis is higher than 5.5 (" Maximum Debt Limit");

(ii) the distribution of dividends, interest on equity capital or any other form of compensation to the shareholders by the Company, implying that the ratio of the division between Net Debt and EBITDA (in both cases related to the last four quarters, according to the quarterly or annual consolidated financial statements of the Company) calculated on a pro forma basis and after distribution, is higher than 4.0 ("Managerial Indebtedness Limit");

(iii) a reduction in the capital stock of the Company, of JBS USA and/or of any of their respective controlled companies, that, if executed, would exceed the Managerial Indebtedness Limit. Exceptions to this restriction are the controlled companies whose capital stock is directly or indirectly held by JBS in a percentage equal to or higher than 99% ("Exempt Controlled Companies");

(iv) proposition of an extrajudicial recovery plan, judicial recovery plan or filing of bankruptcy by the Company or by JBS USA;

(v) liquidation or dissolution of JBS, of JBS USA or of any of their controlled companies (except for Exempt Controlled Companies);

(vi) reduction in JBS's obligatory dividends;

(vii) amendments to article 33 of JBS's by-laws, so that the audit committee would start working in a non-permanent manner or any other changes in the by-laws of JBS regarding the business purpose (aiming a significant change in the business carried out by JBS), or other changes that conflict with any dispositions of the Shareholders' Agreement;

(Expressed in thousands of Brazilian reais)

(viii) change, merger, spin-off, combination, including of shares, or any other corporate restructuring involving JBS, JBS USA and their controlled companies (except for (a) operations between Exempt Controlled Companies, or (b) in operations between (i) JBS or JBS USA and (ii) any of their Exempt Controlled Companies), including exchange, payment through shares or assignment of share subscription rights;

(ix) any operations between JBS and/or its controlled companies, on the one hand, and any related parties of JBS, on the other hand, amounting to more than R$100,000,000.00 (one hundred million reais) for a period of 12 (twelve) months, taken as a whole or individually;

(x) disposal or encumbrance, by JBS and/or by its controlled companies, of noncurrent assets that, individually or cumulatively, have, in a period of 12 (twelve) months, a value of more than 10% (ten percent) of the Company's total assets (column 'Company", that is, non-consolidated numbers), based on the most recent financial statements;

(xi) approval of the annual budget of JBS and/or of its controlled companies in the event an increase in the ratio Net Debt/EBITDA would exceed the Managerial Indebtedness Limit;

(xii) investments of capital, as a whole or individually, not considered in the business plan or budget approved by the Board of Directors of the Company, that, if made, would exceed the Managerial Indebtedness Limit;

(xiii) (A) the cancellation of the registration of the Company or of JBS USA, as public-held corporations, or a reduction in the listing level of the Company with the Stock and Exchange of São Paulo (BMF&BOVESPA); or (B) the creation of types or classes of share of JBS USA under different policies or equity rights (including, without limitation, preferred shares);

(xiv) any acquisition operation by JBS or by its controlled companies of (a) ownerships interests that would be considered significant investments for JBS (even if acquired by a controlled company) as defined in the applicable legislation, and not included in the of business plan or budget approved by the Board of Directors of JBS or (b) noncurrent asset items, that, if executed, would exceed the Managerial Indebtedness Limit; and

(xv) giving of collateral or guarantees by JBS and/or its controlled companies to guarantee obligations of third parties, except for obligations of JBS and/or of its controlled companies, at an individual value lower than R$ 200,000,000.00 (two hundred million reais).

19 Payroll, social charges and tax obligation

	September 30, 2010	December 31, 2009
Payroll and related social charges	**68,976**	65,564
Accrual for labor liabilities	**150,166**	81,650
Income tax	**13,114**	2,715
Social contribution	**4,736**	1,059
ICMS / VAT tax payable	**13,303**	15,899
PIS / COFINS tax payable	**56**	27,257
FOMENTAR (Brazilian social contribution)	**3,978**	3,986
FUNRURAL (Brazilian Rural Workers' Assistance Fund)	**69,074**	69,079
Others	**16,139**	19,883
	339,542	**287,092**

(Expressed in thousands of Brazilian reais)

20 Provision for contingencies

The Company is part in several procedure arising out of the regular course of their businesses, to which the provisions based on estimation of their legal consultants were established. The main information related to these procedures on September 30, 2010 and December 31, 2009, are as follows:

	Number of lawsuits	September 30, 2010	Dec 31, 2009
Labor	**5,938**	**42,839**	40,579
Civil	**355**	**5,938**	4,229
Tax and Social Security	**424**	**82,766**	165,280
Total	**6,717**	**131,543**	**210,088**

Tax Proceedings

a) ICMS - Value Added Tax (Imposto sobre Operações Relativas à Circulação de Mercadorias e sobre a Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação)

The Tax Authority of the State of São Paulo (Secretaria da Fazenda do Estado de São Paulo) filed several administrative proceedings against the Company, under which the Tax Authority challenges the amount of the Company's ICMS tax credits arising from the purchase of cattle and meat transfer by the Company in other Brazilian states. The Tax Authority of the State of São Paulo claims that the tax incentives should be approved by Confaz , and are known as a "Tax War". The Tax Authority of the State of São Paulo do not recognizes the Company's ICMS tax credits up to the amount of the ICMS tax guaranteed in such other states. The Company estimates that the claims under these administrative proceedings amount to R$ 1,087,263 in the aggregate. In addition to presenting its defense in such administrative proceedings, the Company has filed legal proceedings seeking the payment of damages from such other states if the Tax Authority of the State of São Paulo prevails in these administrative proceedings.

The legal proceedings filed by the Company suspended the requirements of the State of São Paulo. Based on the opinion of the Company's legal counsels. The management believes, based on the advices from its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision were done.

The Tax Authority of the State of Goiás filed other administrative proceedings against the Company, due to interpretation divergences of the Law concerning the export VAT credits. Based on the opinion of the Company's external legal counsel, the management of the Company believes the Company will prevail in most of these proceedings, on the amount of R$ 204,094. The management believes, based on the advices from its legal counsel, that its arguments will prevail in these procedures, which is the reason why no provision were done.

b) Social contributions — Rural Workers' Assistance Fund (FUNRURAL)

In September 2002, the INSS (Brazilian Social Security Institute) filed two administrative proceedings (autos de infração) against the Company, seeking to collect certain social security contributions (which are referred to as contributions to the Rural Workers' Assistance Fund (NOVO FUNRURAL) referring the period from January 1999 to December 2003, in the amount of R$ 69,200, and from 2003 until 2006, in the amount of R$ 198,800, with the aggregate amount of R$ 268,000 million, that the Company should have allegedly withheld in connection with purchases of cattle from individual ranchers. As a result of a decision by a lower court in a proceeding to adjudicate a writ of mandamus action filed by the Company in order to challenge the constitutionality of such social security contributions, the administrative proceedings have been stayed and the INSS has been enjoined from collecting these social security contributions from the Company.

The INSS has not timely appealed from this decision and, accordingly, the proceeding has been submitted to the review of the Regional Federal Court of the 3rd Region as a matter of law. Currently, the proceedings await a ruling by such appellate court. Based on the opinion of the Company's legal counsel supported by precedents of the Federal Supreme Court in a similar case, the Company's management believes that the Company will prevail in these proceedings. Accordingly, the Company has not established any provision for contingencies arising from these proceedings.

Recently, according recent decision of the STF (Brazilian Supreme Courte) in other comparative claims, the Administration still believes that the final decision of it administrative claims will be favorable to the Company, excluding the obligation to pay the amounts described by this claim.

c) Other tax and social security procedures

The Company is a Party in additional 307 tax and social security procedures, in which the individual contingencies are not relevant for the Company's context. We highlight that the ones with probable loss risk have contingencies for R$82,766, as of September 30, 2010.

Labor Proceedings

As of September 30, 2010 the Company was party to 5,938 labor and accident proceedings, involving total value of R$ 588,294 Based on the opinion of the Company's external legal counsel, the Company's management recorded a provision in the amount of R$ 42,839 for losses arising from such proceedings. Most of these lawsuits were filed by former employees of the Company seeking overtime payments and payments relating to their exposure to health hazards.

Civil Proceedings

a) Slaughterhouse at Araputanga

In 2001, the Company (formerly known as Friboi Ltda.), entered into a purchase agreement for the acquisition of one slaughterhouse located in the City of Araputanga, State of Mato Grosso, from Frigorífico Araputanga S.A. ("Frigorífico Araputanga"). As a result of the payment of the purchase price by the Company and the acknowledgement by Frigorífico Araputanga of compliance by the Company with its obligations under the purchase agreement, a public deed reflecting the transfer of title of the slaughterhouse from Frigorífico Araputanga to the Company was registered with the applicable real estate notary.

As (i) Frigorífico Araputanga was a beneficiary of certain tax benefits granted by the Federal Government through an agency responsible for fostering the development of the northern region of Brazil (*Superintendência de Desenvolvimento da Amazônia* – SUDAM) and (ii) the slaughterhouse sold to the Company was granted by Frigorífico Araputanga to SUDAM as collateral for these tax benefits the consent of SUDAM was required for the registration of the public deed with the applicable real estate notary. In September 2004, Frigorífico Araputanga S.A. filed a lawsuit against the Company in a state court located in the City of Araputanga, State of Mato Grosso, alleging that the Company breached the purchase agreement and seeking an injunction to prevent the Company from finalizing the transfer of the slaughterhouse and a declaratory judgment that the purchase agreement and the public deed registered with the real estate notary were null and void.

The parties are waiting for new appraisal. The first judicial expert appraisal was favorable to the company, that after evaluating the payments made by Agropecuária Friboi, the appraisal concluded that the debit was already paid. The judicial appeal number 2006.01.00.024584-7 was judged favorably to the Company, when the "TRF" Regional Federal Court declared valid the purchase title deeds of the property, object of discussion. Based on the Company's legal advisers' opinion and based on Brazilian jurisprudence management of the Company believes that their arguments will prevail and no provision was registered.

b) Trademark Infringement

In July 2005, Frigorífico Araputanga filed a lawsuit against the Company seeking damages in the amount of R$ 26,938 and punitive damages in the amount of R$100,000 for the use by the Company of the trademark "Frigoara" without Frigorífico Araputanga's consent. The amounts of the claim were based upon a report presented by Frigorífico Araputanga to the trial court, which appraised the value of the trademark "Frigoara" at R$ 315,000.

The Company presented its defense against this lawsuit alleging that (i) the lawsuit should be analyzed and reviewed together with the lawsuit relating to the purchase of the slaughterhouse from Frigorífico Araputanga by the Company, (ii) the trademark "Frigoara" was used by the Company for a limited period of time, with the written consent and upon the request of Frigorífico Araputanga (the use of the trademark by the Company was a requirement of SUDAM to consent to the registration of the public deed contemplating the transfer of the slaughterhouse from Frigorífico Araputanga to the Company) and (iii) the amount of any damages under the lawsuit should be limited to a percentage of products sold by the Company under the trademark "Frigoara," pursuant to article 208 of the Intellectual Property Law. Almost all of the products manufactured by the Company were marketed under the trademark "Friboi." The only product marketed by the Company under the trademark "Frigoara" was minced meat, in limited amounts.

Following a determination of the judge of the trial court, the lawsuit was submitted to the review of the Federal Court of Cáceres on January 17, 2007. The judge of the Federal Court of Cárceres determined that this lawsuit be joined with the lawsuit relating to the purchase of the slaughterhouse by the Company from Frigorífico Araputanga. The Federal Government will be notified to issue an opinion on the matter under discussion in this lawsuit. Based on the Company's legal counsel opinion supported by precedents of the Federal Brazilian Supreme Court (Supremo Tribunal Federal) and the Brazilian Superior Court of Justice (Superior Tribunal de Justiça), the Company's management believes that the Company will prevail in these proceedings.

c) Other civil proceedings

The Company is also part to other civil proceedings that in the evaluation of the Administration and its legal advisers, the loss expectation on September 30, 2010 is R$ 5,938.

(Expressed in thousands of Brazilian reais)

Other proceedings

On September 30, 2010, the Company had other ongoing civil, labor and tax proceedings, on the approximately amounting of R$ 76,321 whose materialization, according to the evaluation of legal advisors, it is possible to loss, but not probable, for which the Company's management does not consider necessary to set a provision for possible loss, in line with the requirements of the CVM nº. 594 from 2009 and CPC 25.

21 Debit with third parties for investment

On incorporated Bertin current liabilities, the amount of R$ 120,976 as of September 30, 2010 (R$ 427,523 as of December 31, 2009 refers to the acquisition of the remaining debt investments, with discharge during the year 2010. Investments acquired are i) Plant Pimenta Bueno (R$ 12,101), ii) Gould Participações Ltda. concerning the acquisition of Grupo Vigor, acquired in 2007 (R$ 78,875) and iii) Electricity Co. Araguaia (R$ 30,000).

The Company refers to 65 million of Euros, corresponding, on September 30, 2010, to R$150,176 (R$ 162,976 on December 31, 2009) to be added to the purchase price of Inalca JBS , should the company reaches, at least, one of the following goals: average EBITDA for the years 2008, 2009 and 2010 equal or higher than 75 million of Euros or, alternatively, an EBITDA equal or higher than 90 million of Euros for the fiscal year of 2010. If none of these goals are met, this debit will revert to the amount of the premium assessed on the purchase.

On May 11, 2009 the Company made a purchase and sale agreement with C. Sola Participações e Representações S/A, regarding the acquisition of the industrial complex of Teófilo Ottoni, State of Minas Gerais, in the amount of R$ 16,886, and in September 30, 2010 the Company has in the current liabilities R$ 3,682 and of R$ 6,092 in the non-current liabilities (R$ 3,744 and R$ 8,962 respectively in December 30, 2009).

22 Income taxes

Income tax and social contribution are recorded based on taxable profit in accordance with the laws and applicable rates. Income tax and social contribution-assets are recognized on temporary differences. Income tax and social contribution tax-liabilities were recorded on the revaluation reserves established by the Company and on temporary differences.

a) Reconciliation of income tax and social contribution of the Company

	Three months period ended as of September 30,	
	2010	**2009**
Income (loss) before income tax and social contribution	**136,174**	197,300
Addition (exclusion), NET:		
Permanent differences (substantially equity in subsidiaries)	**(225,594)**	(73,492)
Temporary differences	**(9,961)**	(39,881)
Calculation basis for income tax and social contribution	**(99,381)**	**83,927**
Income tax and CSLL	**-**	-
Reversal of income tax and CSLL of revaluation	**701**	770
	701	**770**
Temporary differences	**9,961**	39,881
Deferred income tax and social contribution	**(3,387)**	**(13,560)**

(Expressed in thousands of Brazilian reais)

b) Deferred income tax and social contribution

	September 30, 2010	December 31, 2009
Assets:		
. On tax losses and temporary differences	**29,924**	30,357
	29,924	**30,357**
Liabilities:		
. On revaluation reserve and temporary differences	**357,396**	375,061
	357,396	**375,061**

The Company and its subsidiaries have a history of future taxable net income. The Company expects to recover the tax credits arising there from within eight years due to the termination of the causes of their contingencies.

The Company expects to recover the tax credits referring to it deferred asset as following:

	September 30, 2010
2010	1,512
2011	6,049
2012	6,049
2013	6,049
2014	6,049
2015 to 2017	2,986
2018 to 2020	1,230
Total	**29,924**

The criteria for utilization of tax losses in taxable compensation, comply with the limits of the relevant tax legislation, limited in Brazil 30% of the positive basis for the calculation of income tax and social contribution.

23 Shareholders' equity

a) Capital Stock

The Capital Stock on September 30, 2010 is represented by 2,567,471,476 ordinary shares, without nominal value. From the total shares, as described in letter e) below, 44,690,100 shares are maintained in treasury.

The Company is authorized to increase its capital by an additional 3,000,000,000 ordinary nominative shares. According with the social statute the Board of Directors shall determine the number, price, payment term and other conditions of the issuance of shares.

The Company may grant options to purchase shares to directors, employees or persons who will provide services, or the directors, employees or persons providing services companies under its control, excluding the preemptive rights of shareholders in issuing and exercise of stock options.

b) Profit reserves

Legal reserve

Computed based on 5% of the net income of the year.

Reserve for expansion

Consists of the remaining balance of the net income after the computation of legal reserve and dividend distribution. The purpose of this reserve is to provide funds to investment in assets.

c) Revaluation reserve

Revaluation reserve reflects the appraisal effected by the Company, net of tax effects that are progressively offset against retained earnings to the same extent that the increase in value of the revalued property is realized through depreciation, disposal or retirement.

(Expressed in thousands of Brazilian reais)

d) Dividends

Mandatory dividends corresponds to not less than 25% of the adjusted net income of the year, according to article 202 of Law 6.404/76.

e) Treasury shares

The Board of Directors of the Company, based on the amendment of it by-laws and according to the normative instructions of CVM nº 10/80, 268/97 and 390/03, authorized the acquisition of not more than 41,113,898 shares for maintenance in treasury and subsequent cancel or alienation without reduction of the social capital.

On September 30, 2010, the Company maintained 44,690,100 treasury shares, with an average unit cost of R$ 6,19 and the minimum and maximum acquisition prices were R$ 2,68 and R$ 10,81, respectively, with no disposal of acquired shares. The amount of 44,690,100 treasury shares on September 30, 2010, 9,763,900 shares were acquired during 2009, which were supported by approval of the Board of Directors' meeting occurred on December 29, 2008, that approve the acquisition limit of 41,113,898 own issued shares. The Company have repurchased shares on the total amount of 700,000 during the current year.

The market value of the shares according to the BOVESPA as of September 30, 2010 R$ 7,31 (December 31, 2009 was R$ 9,32)

24 Net sale revenue

	Three months period ended as of September 30,	
	2010	**2009**
Gross sale revenue		
Products sales revenues		
Domestic sales	**2,131,318**	1,011,127
Foreign sales	**1,255,842**	454,356
	3,387,160	**1,465,483**
Sales deduction		
Returns and discounts	**(119,970)**	(43,852)
Sales taxes	**(162,501)**	(116,252)
	(282,471)	**(160,104)**
NET SALE REVENUE	**3,104,689**	**1,305,379**

25 Financial income (expense), net

	Three months period ended as of September 30,	
	2010	**2009**
Exchange variation	**428,561**	287,003
Results on derivatives	**(373,642)**	(211,251)
Interest - Loss	**(239,912)**	(90,993)
Interest - Gain	**60,151**	66,495
Taxes, contribution, tariff and others	**(14,368)**	(2,569)
	(139,210)	**48,685**

26 Non-recurring expenses

Non-recurring expenses for the nine months period ended on September 30, 2010 are referring to reorganization and restructuring costs due to Bertin' incorporation, and donations to political parties in election campaigns in 2010 elections.

(Expressed in thousands of Brazilian reais)

27 Statement of comprehensive income

In accordance with CPC 21 - Interim Statements, the Company shall submit the statement of comprehensive income for the quarter and accumulated period.

	Nine months period ended as of September 30, 2010	2009
NET PROFIT (LOSSES) OF THE CONTINUING OPERATIONS	**236,553**	**(12,292)**
Other general results		
Adjustment of assets evaluation in the controlled	**1,675**	1,555
Accumulated Adjustment of conversion in the Company	**42,907**	(234,768)
Exchange variation on foreign investments	**(508,305)**	(970,307)
Total comprehensive income for the period	**(227,170)**	**(1,215,812)**
Total comprehensive income for the period attributable to:		
Company's Shareholders	**(225,177)**	**(1,224,454)**
Non-controllers	**(1,993)**	**8,642**
	(227,170)	**(1,215,812)**

	Three months period ended as of September 30, 2010	2009
NET PROFIT (LOSSES) OF THE CONTINUING OPERATIONS	**133,488**	**184,510**
Other general results		
Adjustment of assets evaluation in the controlled	**(298)**	(746)
Accumulated Adjustment of conversion in the Company	**(6,078)**	(72,305)
Exchange variation on foreign investments	**(326,769)**	(289,819)
Total comprehensive income for the period	**(199,657)**	**(178,360)**
Total comprehensive income for the period attributable to:		
Company's Shareholders	**(136,728)**	**(180,966)**
Non-controllers	**(62,929)**	**2,606**
	(199,657)	**(178,360)**

28 Transaction costs for the issuing of titles and securities

In accordance with the prerequisites under the CPC 08 – Transaction costs for issuing of titles and securities, the costs related to the transactions in the issuing of titles and securities must be accounted and stated in a highlighted in the financial statements.

During the fiscal years of 2009 and 2010, the Company has carried out , respectively, transactions for the issuance of debentures and Public Offering of Shares - POS. However, to render this transactions effective, the Company incurred in transaction expenses, i.e., the expenses directly attributable to the activities that are necessary to effect these transactions, exclusively.

a) Debentures

To effect the transaction of issuance of debentures, the Company incurred in transaction expenses of R$ 17,388, which were classified as a reducer of the fair value of the debentures , initially recognized for R$ 3,479,600, therefore, evidencing the net value received of R$ 3,462,212.

The debentures must be convertible, mandatorily, with security deposit certificates (Brazilian depositary receipts - BDRs) sponsored of levels II or III, secured in ordinary shares, issued by JBS USA when the company went public (IPO), then the financial costs that support the issuance of the debentures will be reclassified for the Fiscal Year results, If the Liquidity Event does not take place, the bonds will covert, mandatorily, into shares issued by the Company. Therefore, the financial costs will be recorded directly under an account that reduces the Capital Stock .

In accordance with the CPC 38, the financial instruments hired by the Company must be presented at their fair values. Therefore, as this is a certain Bond transaction, the par value expressed on the Bonds correspond to the fair value of the transaction, and the carrying out of adjustments related to the variation between the par and the fair value is not necessary.

b) Initial Public Offering of shares - IPO

As of September 30, 2010, the Company had incurred in expenses of the order of R$ 37,477 related to the costs of the transaction for securing resources to initial Public Offering, whose recording is under the temporary accounts of the asset, as advanced payment. As soon as the process of securing resources is over, there will be a reclassification of these values to the account that reduces the asset account, highlighted in the net asset, eventual effects deducted.

c) Bonds

On September 30, 2010, the Company had engaged in R$ 17,775 relating to the transaction costs of procedures for fundraising, by the Bonds emission - on the amount of US$ 700,000 and US$ 200,000 made in July and September 2010 respectively, whose accounting is kept prominently in a reduction of debts, the amortization will occur according with the debt payments.

29 Operating segments

The Company, that is the main decision maker of its direct and indirect subsidiaries and considering the requirements of CPC 22 – Segment Reporting, has opted for presenting the consolidated operating segment reporting.

The Administration has defined the operational segments that can report to the Group, based on the reports use to make strategic decisions, analyzed by the Executive Board of Officers, which are segmented as per the commercialized product point of view, and per geographical location.

The modalities of commercialized products include Beef, Poultry and Pork Meat. Geographically, the Administration takes into account the operational performance of its unities in s o Brazil, USA (including Australia), South America (Argentine, Paraguay and Uruguay), Italy.

Even though the Pork Meat segment does not meet the quantitative requirements of CPC 22, the Administration concluded that this segment ought to be presented as t is monitored by the Executive Board of Officers as a segment with potential for growth and therefore must contribute, in the future, significantly for the revenues of the Group.

The Beef segment exploits the slaughter house and the frigorific of bovines, the industrialization of meat, preservatives, fat, feed and derivate products, with 26 industrial unities located in the States of: São Paulo, Goiás, Mato Grosso, Mato Grosso do Sul, Rondônia, Minas Gerais, Acre, Rio de Janeiro and Paraná. In addition, there are producing unities in the USA, Italy, Australia, Argentine, Uruguay, Paraguay, the three latter ones with consolidated analyzes, as well as in the USA and Australia.

The Poultry is represented by in natura products, refrigerated as a whole or in pieces, whose productive unities are located in the USA and in Mexico, servicing restaurant chains, food processors, distributors, supermarkets, who sale and other retail distributors, in addition to exporting to the Eastern Europe (including Russia), the Eastern Hemisphere (including China), Mexico and other international markets.

The Pork Meat segment slaughters, processes and delivers “in natura” meet with one operational unity in the USA servicing the internal and the foreign market. The products prepared by JBS USA include, also, specific industrial standards cuts, refrigerated.

(Expressed in thousands of Brazilian reais)

Due to the significant percentage of the above-mentioned operational segments, the remaining segments and activities in which the Company acts are not relevant and are presented as "Others".

The accounting policies of the operational segments are the same as the ones described in the significant accounting policies summary. The Company evaluates its performance per segment, based on the profit or the losses before taxes, and it does not include the non-recurrent gains and losses and the exchange losses – EBITDA.

There are no revenues arising out of transactions with one only foreign client that represent 10% or more of the total revenues

The information per businesses' operational segment, analyzed by the Executive Board of Officers, and related to the period of September 30, 2010 and 2009, are as following:

29.1 - Net revenue by product line:

	Three months period ended on September 30,	
	2010	2009
Net revenue of the segment		
Beef	**8,980,587**	7,274,429
Pork Meat	**1,353,318**	1,048,735
Poultry	**2,994,078**	-
Others	**741,616**	56,741
Total	**14,069,599**	**8,379,905**

29.2 - Depreciation by product line:

	Three months period ended on September 30,	
	2010	2009
Depreciation and amortization		
Beef	**132,373**	235,483
Pork Meat	**12,424**	54,817
Poultry	**150,324**	-
Others	**6,495**	336
Total	**301,616**	**290,636**

29.3 - EBITDA by product line:

	Three months period ended on September 30,	
	2010	2009
EBITDA		
Beef	**429,003**	410,089
Pork Meat	**191,345**	103,385
Poultry	**309,515**	-
Others	**96,549**	1,652
Total	**1,026,412**	**515,126**

(Expressed in thousands of Brazilian reais)

29.4 - Assets by segment:

	September 30, 2010	December 31, 2009
Assets		
Beef	**33,271,092**	33,720,794
Pork Meat	**1,097,921**	750,411
Poultry	**7,341,265**	5,514,598
Others	**3,521,802**	4,712,157
Total	**45,232,080**	**44,697,960**

29.5 - Revenues by geographic area:

	Three months period ended on September 30,	
	2010	2009
Net revenue		
United States of America (including Australia)	**10,223,348**	6,368,551
South America	**3,490,994**	1,558,641
Italy*	**67,763**	390,652
Others	**287,494**	62,061
Total	**14,069,599**	**8,379,905**

29.6 - Depreciation by geographic area:

	Three months period ended on September 30,	
	2010	2009
Depreciation and amortization		
United States of America (including Australia)	**217,129**	250,329
South America	**83,078**	29,178
Italy*	**824**	11,108
Others	**585**	21
Total	**301,616**	**290,636**

29.7 - EBITDA by geographic area:

	Three months period ended on September 30,	
	2010	2009
EBITDA		
United States of America (including Australia)	**653,975**	439,721
South America	**363,730**	48,344
Italy*	**(2,604)**	26,480
Others	**11,311**	581
Total	**1,026,412**	**515,126**

(Expressed in thousands of Brazilian reais)

29.8 - Assets by geographic area:

	September 30, 2010	December 31, 2009
Assets		
United States of America (including Australia)	**15,753,359**	12,083,978
South America	**26,506,430**	29,762,734
Italy*	**1,179,436**	1,195,650
Others	**1,792,855**	1,655,598
Total	**45,232,080**	**44,697,960**

* As described in Note 1 and 3, it hasn't been contemplated the information from the third quarter 2010 of Inalca JBS.

30 Expenses by nature

The Company has opted for the presentation of its Income Statement per function. As per requested by the CPC, following, there is the detailing of the Income Statement per nature:

	Three months period ended on September 30,	
Classification by nature	**2010**	**2009**
Depreciation and amortization	**(70,548)**	(24,723)
Expenses with personnel	**(327,554)**	(136,725)
Raw material use and consumption materials	**(1,159,545)**	(731,677)
Taxes, fees and contributions	**(326,348)**	(96,451)
Third party capital remuneration	**(489,744)**	(134,735)
Other expenses	**(549,326)**	16,232
	(2,923,065)	**(1,108,079)**
Classification by function	**2010**	**2009**
Cost of goods sold	**(2,418,238)**	(1,061,098)
Selling expenses	**(281,760)**	(124,318)
General and administrative Expenses	**(145,967)**	(51,117)
Financial income (expense), net	**(139,210)**	48,685
Equity in subsidiaries	**65,410**	78,745
Other (expense) income, net	**(3,300)**	1,024
	(2,923,065)	**(1,108,079)**

31 Insurance coverage

As of September 30, 2010, the maximum individual limit for coverage was R$ 99,000. This coverage includes all types of casualties.

For the incorporated Bertin, the insurance policy has the same above-mentioned characteristics; however, the maximum indemnification limit for September 30, 2010 was of R$ 200,000.

32 Risk management and financial instruments

The Company and its subsidiaries are exposed to market risks arising from their operations, mainly related to possible changes in exchange rates, interest rates, commodity prices, credit risks and liquidity risk that may adversely affect the value of assets, liabilities or projected cash flows and profits. To minimize the risks of exposure the Company manages the risks of its financial instruments in assets and liabilities in an integrated way with its subsidiaries, hiring derivative financial instruments to minimize the risk of their exposure integrated net.

(Expressed in thousands of Brazilian reais)

a) Management risk policy

The Company has a formal risk administration policy, controlled by the administration treasury department that uses control instruments through appropriate systems and qualified professionals in risk measurement, analysis and administration that make possible the reduction of the daily risk exposure. This policy is permanently monitored by the financial committee and for Directors of the Company that have the responsibility of the strategy definition to the risk administration, determining the position limits and exhibition. Additionally, operations with speculative financial instruments character are not allowed.

b) Management risks objectives and strategies

Through management risks the Company looks for mitigating the economical and accounting exposure of its exchange variation operations, credit risks, interest rates and commodities purchase prices (cattle). The strategies are based on detailed analyses of the Company's financial statements customers, consult to monitoring risk and credit agencies, and also risk to bring to zero the expository of forwards on Stock Exchange.

c) Discretion of the Treasury

Having identified the Company exposure, the business units prices and turn to zero their risks on the Treasury, which consolidates these risks and seeks protection with market operations on Stock Exchange. These risks are monitored daily, to correct additional exposures caused by risks of "gaps" and controls margins and adjustments. The discretion of the Treasury to determine the position limits necessary to minimize the Company's exposure to foreign currencies and/or interest rates is limited to the analysis parameters of VAR (Value at Risk) portfolio of derivatives.

d) Interest rate risk

The risk of interest rate on short term investments, loans and financing is reduced by the strategy of equalization of the rates contracted to CDI through forward contracts on the Stock Exchange. The parameters for coverage take into consideration the relevance of the net exposure, based on amounts, terms and interest rates compared to the CDI. The internal controls used for risk management and coverage are made through spreadsheets and monitoring of operations performed and calculation of VAR for 1 day with a confidence interval of 99%. The nominal values of these contracts are not recorded in the financial statements. The results of the daily adjustments of position of forward contracts on the Stock Exchange, Commodity and Forward are recognized as income or expense in the income statement accounts.

The Company is exposed, mainly, to oscillation of the LIBOR rate, the loans rates are relating to the LIBOR rate. The strategy of the Administration is not to apply derivatives to this specific risk, because the possible oscillation would not affect materially the cash flow. The risk of exposure to interest rate of the Company on September 30, 2010 is described below:

Net liabilities and assets exposure to CDI rate:	**September 30, 2010**	**December 31, 2009**
NCE / Compror / Others	**3,217,241**	**3,356,542**
CDB-DI	**(1,657,402)**	**(497,268)**
Investment funds	**(398,971)**	**(18,821)**
Subtotal	**1,160,868**	**2,840,453**
Liabilities exposure to LIBOR/EURIBOR rate:		
ACC -advances on exchange contracts	**1,691,881**	1,760,571
Working capital - Euros	**304,351**	310,830
Working capital - Americans Dollars	**59,128**	46,446
Pre-payment	**1,592,514**	1,521,175
Foreign Loans	**-**	87,370
US revolver	**785,281**	489,152
Others	**15,776**	88,830
Subtotal	**4,448,931**	**4,304,374**

(Expressed in thousands of Brazilian reais)

Liabilities exposure to TJLP rate:	September 30, 2010	December 31, 2009
FINAME / FINEM	**340,879**	988,477
EXIM - export credit facility	**1,046,378**	511,814
Subtotal	**1,387,257**	**1,500,291**
TOTAL	**6,997,056**	**8,645,118**

Breakdown of the derivatives financial instruments for interest risk protection

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R$)	Market value- R$	Impact on the 3rd quarter 2010 income statements
Forwards (BM&F)	July, 2011 to July, 2012	DI	R$	BM&F	98,121	31	(911)

e) Exchange variation risks

The risk of exchange rate variation on loans, financing, trade accounts receivable in foreign currency from exports, inventories and any other payables denominated in foreign currency, are protected by a strategy of minimizing the daily position of assets and liabilities exposed to variation in exchange rates, by engaging in hedging the foreign exchange futures at BM&F contracts SWAP, seeking to bring the position to zero. The parameter of protection is based on net exposure in foreign currency, seeking to reduce excessive exposure to the risks of exchange rate changes balancing its assets not denominated in the foreign currency, against its obligations not denominated in the functional currency, thereby protecting the balance sheet of the Company and its subsidiaries. The internal controls used for risk management and hedging are made through spreadsheets and monitoring the operations performed and calculation of VAR for 1 day with a confidence interval of 99%.

The nominal values of these contracts are not recorded in the financial statements. The results of operations of the counter currency futures market, accounted and not financially settled and the daily adjustments of position of currency futures contracts on the Stock Exchange, Commodity and Forward - BM&F are recognized as income or expense in the income statement accounts.

Bellow are presented the assets and liabilities exposed to exchange rate variation risks that are subject to derivative instruments, as well as the effects of such accounts in the income statements for the period ended on September 30, 2010 and December 31, 2009:

			Income statements effects on third quarter ended September 30, 2010	
EXPOSURE	**September 30, 2010**	**December 31, 2009**	**Exchange variation**	**Derivatives**
OPERATING				
Cash and cash equivalents - US$ / € / £	**1,683,287**	801,187	-	-
Accounts receivable - US$ / € / £	**3,065,310**	2,554,393	**(61,773)**	**(37,052)**
Inventories - cattle - US$ / € / £	**3,360,931**	2,659,999	**-**	**-**
Sales orders - US$ / € / £	**832,639**	321,390	**(20,793)**	**16,008**
Trade accounts payable - US$ / € / £	**(2,206,218)**	(1,863,872)	**-**	**-**
Subtotal	**6,735,949**	**4,473,097**	**(82,566)**	**(21,044)**

(Expressed in thousands of Brazilian reais)

FINANCIAL				
Credits with subsidiaries - US$ / €	**-**	-	**128,093**	**-**
Loans and financings - US$	**(8,586,389)**	(9,536,050)	**305,306**	**(397,968)**
Imports payable - US$	**(3,125)**	(4,485)	**566**	**-**
Amounts receivable (payable) of forward contracts	**(30,391)**	(24,107)	**-**	**-**
Subtotal	**(8,619,905)**	**(9,564,642)**	**433,965**	**(397,968)**
TOTAL	**(1,883,956)**	**(5,091,545)**	**351,399**	**(419,012)**

The changes in foreign rates can impact in losses to the Company, due to possible assets decrease or increase in the liabilities. The mainly exposure that the Company is subjected, related to exchange variation, refers to US dollars, Euros and Pounds variations against Brazilian reais.

Below is presented the foreign currency exposure covered by derivative financial instruments:

	September 30, 2010	**December 31, 2009**
Cash and cash equivalents - US$ / € / £	**1,683,287**	801,187
Trade accounts receivable - US$ / € / £	**3,065,310**	2,554,393
Inventories - cattle - US$ / € / £	**3,360,931**	2,659,999
Sales orders - US$ / € / £	**832,639**	321,390
Trade accounts payable - US$ / € / £	**(2,206,218)**	(1,863,872)
Loans and financings - US$	**(8,586,389)**	(9,536,050)
Imports payable - US$	**(3,125)**	(4,485)
	(1,853,565)	**(5,067,438)**
Forwards (BM&F) - Parent Company	**1,485,151**	1,302,755
Forwards (NewEdge) - Parent Company	**350,008**	188,965
Swap (over-the-countermark - CETIP) - Parent Company	**169,420**	174,120
	2,004,579	**1,665,840**
Foreign currency exposure in R$	**(1,853,565)**	(5,067,438)
Notional protection	**2,004,579**	1,665,840
Relation	**108%**	**33%**

Incorporation Bertin effects

Bertin was reducing its protection policy for exchange rates, and prices at sign cattle risks which it was exposed. The Company, after the incorporation, has implemented its protection policy to those assets and liabilities mentioned above.

However, as of December 31, 2009 the balances and expositors incorporated through Bertin impacted significantly the Company expositor relation (33% of derivatives coverage). With the intention of providing additional information, the covering index was 84% eliminating the effects of the incorporation on December 31, 2009, showing the continuous effectiveness of the Company in herein protection financial instruments.

(Expressed in thousands of Brazilian reais)

JBS USA Holdings Inc.

On September 30, 2010, JBS USA and its subsidiaries had a high covering of its exchange risks, due to sales in foreign currency, and the related derivatives.

On the third quarter 2010, JBS USA and its subsidiaries recognized R$ 305 (-R$4.840 as of September 30, 2009), due to the variation of fair value and liquidation of these derivatives. The fair value of these derivatives, on September 30, 2010, are registered in the assets and liability, by R$ 63,829 and R$ 58,474 (R$ 9,091 and R$ 10,137 on December 31, 2009), respectively.

Breakdown of the derivatives financial instruments for exchange variation risks

Derivative	Maturity	Receivable	Payable	Counterpart	(notional R$)	Market value- R$	Impact on the 3rd quarter 2010 income statements
Forwards (BM&F)	November 2010	US$ exchange variation	R$	BM&F	872,500	(11,294)	(420,901)
				Total	872,500	(11,294)	(420,901)

Breakdown of the derivatives financial instruments for exchange variation risks

The financial instruments are derivative swap contract to hedge the net currency exposure of the Company and it's consolidated subsidiaries assets and liabilities, and are classified as financial asset or liability measured at fair value through income. It has been hired by the Bank Credit Suisse.

Starting day Swap	Principal (Amortizations) US$	Maturity date Swap	Contract value (Assets)- R$	Fair value (Assets) - R$	Contract value (Liabilities)- R$	Fair value (Liabilities) - R$	Swap result September 30, 2010
			(a)	(b)	(c)	(b)	(d)
16/08/10	100,000	16/11/10	2,610	2,400	5,180	4,764	(2,364)
16/11/10	100,000	14/02/11	2,608	2,327	5,305	4,735	(2,408)
14/02/11	100,000	16/05/11	14,578	12,622	17,341	15,015	(2,393)
	(11,111)		-	-	-	-	
16/05/11	88,889	15/08/11	14,610	12,266	17,216	14,454	(2,188)
	(11,111)		-	-	-	-	
15/08/11	77,778	14/11/11	14,644	11,912	17,085	13,898	(1,986)
	(11,111)		-	-	-	-	
14/11/11	66,667	14/02/12	14,687	11,570	16,884	13,301	(1,731)
	(11,111)		-	-	-	-	
14/02/12	55,556	14/05/12	14,660	11,178	16,623	12,674	(1,496)
	(11,111)		-	-	-	-	
14/05/12	44,444	14/08/12	14,686	10,834	16,297	12,022	(1,188)
	(11,111)		-	-	-	-	
14/08/12	33,333	14/11/12	14,672	10,470	15,926	11,364	(894)
	(11,111)		-	-	-	-	
14/11/12	22,222	14/02/13	14,604	10,080	15,459	10,670	(590)
	(11,111)		-	-	-	-	
14/02/13	11,111	14/05/13	14,418	9,626	14,862	9,922	(296)
			136,777	**105,285**	**158,178**	**122,820**	**(17,535)**

Impact on the Income Statements on the third quarter period of 2010:	**2,800**

(a) The swap assets contract value is calculated based on the dollar exchange rate on the maturity plus interest of 6% p.a.

(b) The assets and liabilities fair value is calculated based on the contracts adjusted by the present value of CDI on the maturity month of swap.

(c) The swap liabilities contract value is calculated based on the dollar exchange rate on the maturity date plus interest o 120% variation of maturity and beginning month of CDI.

(d) Swap result is the difference between assets and liabilities.

Hedge accounting

The notional is not registered in the balance sheet. The accounting is based on the methodology denominated hedge accounting, according to IAS 39 - financial Instruments - Recognition and Measurement, the exchange variation of the sales orders to impact the derivatives protection.

The Administration of the Company describes as fair value hedge the orders sales contracts with the protection objective for the exchange risk between the recruiting date and the date of shipment of the goods. The sale price in foreign currency is closed on the date of the contract. For this covering, the Company uses dollar forward negotiated with BM&F. At least, at the financial statements preparation, the Company evaluates the effectiveness of these operations that normally must stay in a covering of 85% to 125% of the variation of the fair value of the protected risk.

f) Credit risks

The Company is potentially subject to credit risks related to accounts receivable, whose value is presented in Note 8. The Strategies to reduce the credit risk is based on the spread of portfolio, not having customers or business group representing over 10% of consolidated sales, credit-related financial ratios and operational health, credit limits, detailed analysis of the financial ability of customers through own federal tax number, affiliates companies and partners federal tax number, and through consult with the agencies of information and constant monitoring of customers.

The Company limits its exposure to credit risk by customer and market, through its department of credit analysis and portfolio management clients. Thus, the Company seeks to reduce the economic exposure to a particular customer and/or market that may represent significant losses to the Company in the event contractual default or implementation of sanitary or trade barrier in countries to which it exports. The market risk exposure is monitored by the Credit Committee of the Company that meets regularly with the commercial areas for analysis and control of the portfolio. Historically, there were no significant losses on its accounts receivables.

The parameters used are based on the daily flows of information monitoring operations that identify additional purchase volumes in the market, eventual contracts default, bad checks, and protests or lawsuits against their customers. Internal controls include the assignment of credit limits and configuration status granted to each individual client and automatic lock-billing in the event of default, timeouts or occurrence of restrictive information.

To minimize the credit risks of derivative contracts, the Company has a strategy to concentrate these operations in the futures market where the counterparty is the futures and commodities exchange. For these instruments, the variations of just value of derivatives occurs by daily adjustments, which are paid or received in cash daily, reducing the risk of default.

g) Commodities purchase price (cattle)

The Company's sector is exposed to volatility in cattle prices, whose fluctuation derives from factors out of the Company's control, such as climate factors, supply levels, transportation costs, agricultural and other policies. The Company, in accordance with its policy of inventories, maintains its strategy of risk management, based on physical control, which includes anticipated purchases, combined with operations in the futures market, and reducing the daily position of purchases cattle contracts to future delivery through contracting of cattle future hedge at BM&F, aimed at resetting the position and ensuring the market price.

On September 30,2010, the Company had open derivatives position covering 90% of its needs for cattle purchases estimated until November 2010.

The parameters for reducing risk in cattle purchases are based on the physical position portfolio of the futures market, considering determined values and terms. The internal controls used for risk management are done through spreadsheets and monitoring of the transactions concluded and calculating 1-day VAR, with 99% confidence interval.

(Expressed in thousands of Brazilian reais)

The segment in which JBS USA Holdings Inc. and its subsidiaries are present is exposed to volatility in cattle prices, in grains such as corn and soybean meal and in energy, such as natural gas, electricity and diesel, whose fluctuations derive from factors out of the Company's control, such as climate, supply levels, transportation costs, political conditions, supply and demand, among others. The direct subsidiary JBS USA and its subsidiaries purchase derivatives aiming at reducing price risk related to the forecast needs for purchase of these commodities for the next 12 months. The Companies may enter into long-term contracts for specific commodities in case necessary. On September 30, 2010, the direct subsidiary JBS USA Holdings, Inc. and its subsidiaries had open derivatives positions covering 4.4% of its cattle purchase needs forecast until September 2011, 20.3% of its hogs needs forecast until September 2011, 0.8% of its grains needs until September 2011.

The parameters for risk reduction are based on the constant monitoring of the commodities exposure, considering values and terms negotiated, comparing that with the budget of the risk management team for the year. For these commodities fundamental to the business, such as live cattle, hogs, grains and energy ("fundamental commodities"), the stop loss for a trader ("Stop Loss") is assumed to be 25% of his budget for the year, calculated using the result of 10 days of operations and independent from the result accumulated in the current exercise of each trader ("calculating stop loss"). Each trader will be authorized to two "stop loss" in every 12-month period.

During these "stop loss", the trader will have to close his open positions and stay out of this transaction for two weeks or more, in case judged necessary by the financial committee. In case the loss exceeds the 25% authorized, as previously mentioned, this committee will have a formal conversation with the trader that exceeded the limit, analyzing if it will be appropriate to extend an additional "stop loss", reviewing the VAR limits and margins for this trader or if the employment contract will be terminated.

On the third quarter 2010, the Company and its subsidiaries recognized R$ 9,553 (a gain of R$ 15,156 on the third quarter of 2009) in the cost of goods sold, resulting from the fluctuation of fair value of these commodities instruments and of settlements of these instruments that took place in the period. The fair value of these derivatives, on September 30, 2010, are registered in the assets and liabilities, for R$63,829 and R$ 58,474 (R$ 9,091 and R$ 10,137 in December 31, 2009), respectively.

Below is presenting the assets, liabilities and total firm commitments exposed to risks of commodities price fluctuations:

EXPOSURE	**September 30, 2010**	**December 31, 2009**
OPERATING		
Firm Contracts for cattle purchase - R$	**234,615**	17,026
Firm contracts for grains and energy - R$	**1,463,458**	283,143
TOTAL	**1,698,073**	**300,169**

h) Liquidity Risk

Liquidity risk arises from the management of working capital of the Company and its subsidiaries and amortization of financing costs and principal of the debt instruments. It is the risk that the Company and its subsidiaries will find difficulty in meeting their financial obligations falling due.

The Company and its subsidiaries manage their capital based on parameters optimization of capital structure with a focus on liquidity and leverage metrics that enable a return to shareholders over the medium term, consistent with the risks assumed in the transaction.

The Management of the Company's liquidity is done taking into account mainly the immediate liquidity indicator modified, represented by the level of cash plus investments divided by short-term debt. It is also maintained a focus on managing the overall leverage of the Company and its subsidiaries to monitor the ratio of net debt to "EBITDA" at levels we considered to be manageable for continuity of operations.

Based on the analysis of these indicators, the management of working capital has been defined to maintain the natural leverage of the Company and its subsidiaries at levels equal to or less than the leverage ratio that we want to achieve.

(Expressed in thousands of Brazilian reais)

The index of liquidity and leverage consolidated are shown below:

	September 30, 2010	December 31, 2009
Cash and cash equivalents	4,402,454	5,067,530
Loans and financings - Current	5,004,589	5,123,099
Liquidity indicator changed	0.88	0.99
Leverage indicator	2,9x	3,1x

The drop in the liquidity indicator was changed caused by the need to use cash to restructure the operations of companies acquired at the end of 2009. The leverage of the company remained at similar levels.

The table below shows the fair value of financial liabilities of the Company and its subsidiaries according to their salaries, without considering the present value discount cash flow hired:

September 30, 2010	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	2,604,687	-	-	-	2,604,687
Loans and Financings	5,004,589	2,916,126	4,171,296	2,860,577	14,952,588
Derivatives financing liabilities	24,194	5,310	887	-	30,391
TOTAL	7,633,470	2,921,436	4,172,183	2,860,577	17,587,666

December 31, 2009	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	More than 5 years	Fair Value
Trade accounts payable	2,546,036	-	-	-	2,546,036
Loans and Financings	5,123,099	4,837,860	3,095,835	1,370,319	14,427,113
Derivatives financing liabilities	24,155	18,251	2,523	-	44,929
TOTAL	7,693,290	4,856,111	3,098,358	1,370,319	17,018,078

i) Estimated market values

The assets and liabilities are represented in the financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement.

The market values of non-derivative financial instruments and derivatives were estimated based on information available on the market.

j) Guaranteed margins

The Company has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at September 30, 2010 is R$ 286,352 (R$ 230,643 at December 31, 2009). This warranty is superior to the need presented for these operations. The indirect subsidiary has securities pledged as collateral for derivative transactions with the commodities and futures whose balance at September 30, 2010 is R$ 77,256 (R$ 50,800 at December 31, 2009). This warranty is superior to the need presented for these operations.

(Expressed in thousands of Brazilian reais)

k) Fair value of financial instruments

The assets and liabilities are represented in the financial statements at cost and their appropriations of revenues and expenses are accounted for in accordance with its expected realization or settlement. The derivatives market of future fair values are calculated based on daily adjustments for changes in market prices of stock futures and commodities that act as counterparty. The swap is obtained by calculating independently the active and passive parts, bringing them to their present value. The future prices used to calculate the curve of the contracts were drawn from the Bloomberg database.

In accordance with IFRS 7, the Company and its subsidiaries classify the measuring of fair value in accordance with the hierarchical levels that reflects the significance of the indices used in this measurement, as the following levels:

Level 1: Prices quoted in active markets (unadjusted) for identical assets and liabilities;

Level 2 - Additional information available, except those of Level 1, in which prices are quoted for similar assets and liabilities, either directly by obtaining prices in active markets or indirectly, as valuation techniques that use data from active markets.

Level 3 - The indices used for calculation are not derived from an active market. The Company and its subsidiaries do not have this level of measurement instrument.

As noted above, the fair values of financial instruments, except for those maturing in the short term, equity instruments with no active market and contracts with discretionary features that fair value can not be reliably measured, are presented in hierarchical levels of measurement below:

	Level 1	Level 2	Level 3
Current liabilities			
Derivatives	(12,856)	(17,535)	-

Find below, the comparison between accounting records and the respective fair values:

		September 30, 2010		December 31, 2009	
		Book Value	Market Value	Book Value	Market Value
(i)	Cash and banks	2,346,081	2,346,081	4,551,441	4,551,441
(iii)	Financial investments	2,056,373	2,056,373	516,089	516,089
(iii)	Trade accounts receivable	3,889,885	3,889,885	3,201,437	3,201,437
(iii)	Credits with related parties	181,574	181,574	326,972	326,972
(i)	Derivatives	-	-	48,844	48,844
	Total financial assets	**8,473,913**	**8,473,913**	**8,644,783**	**8,644,783**
(iii)	Trade accounts payable	2,604,687	2,604,687	2,546,036	2,546,036
(iii)	Loans and financings	14,952,588	14,952,588	14,427,113	14,427,113
(ii)	Convertible debentures	3,462,212	3,462,212	3,462,212	3,462,212
(i)	Derivatives	30,391	30,391	38,235	38,235
	Total liabilities assets	**21,049,878**	**21,049,878**	**20,473,596**	**20,473,596**
		(12,575,965)	**(12,575,965)**	**(11,828,813)**	**(11,828,813)**

Classification by financial instrument categories

(i) Financial assets and Liabilities measured at cost or fair value through income
(ii) Held to maturity
(iii) Loans and receivables
(iv) Available for sale

(Expressed in thousands of Brazilian reais)

l) Sensibility analysis

With the aim of providing information on how to behave market risks to which the Company and its subsidiaries are exposed on September 30, 2010, we simulate possible changes of 25% and 50% in the relevant variables of risk in relation to the likely scenario. The Administration believes that the closing prices used in measuring assets and liabilities, based on the date of these interim consolidated financial statements represent a scenario likely to impact the outcome. Following are the net result between the result of exposures and their derivatives:

Exchange risk

Exposure	Risk	Probable scenario (I)	Scenario (II) Variation - 25%	Scenario (III) Variation - 50%
Financial	Depreciation R$	433,965	(1,198,596)	(2,397,191)
Operation	Depreciation R$	(82,566)	417,928	835,856
Hedge derivatives	Appreciation R$	(419,012)	497,287	994,573
		(67,613)	**(283,381)**	**(566,762)**
Premise	Exchange	1.6942	2.1178	2.5413

33 Material facts

S.A. Fábrica de Produtos Alimentícios Vigor announces the results of its consent solicitation

S.A. Fábrica de Produtos Alimentícios Vigor ("Vigor"), a wholly owned subsidiary of JBS S.A., announced the results of their consent solicitation relating to its U.S.$100.0 million in aggregate principal amount of 9.25% Step-up Notes due 2017 conducted in accordance with Vigor's Consent Solicitation Statement, dated September 1, 2010, which expired on Friday, September 24, 2010.

Vigor received consents from holders representing approximately 86.6% of the aggregate principal amount of the Notes. Accordingly, Vigor received the requisite consents to execute a supplemental indenture containing all of the provisions of the Proposed Amendments as described in the Consent Solicitation.

Completion of the Acquisition of the Assets of Rockdale Beef

JBS S.A completed, through its wholly owned subsidiary, Swift Australia, the acquisition of the Assets of Rockdale Beef. JBS paid AUD 40.5 Million (Approx USD 37.3 Million) for the business, which is subject to further adjustments based on the level of the working capital at completion. With a meat works capacity of approximately 200,000 cattle per annum, and a feedlot capacity of over 53,000 cattle, Rockdale Beef will further enhance JBS's Australian presence.

JBS announces a Joint Venture with Jack Link's Beef Jerky

JBS S.A. reached an agreement with Jack Link's Beef Jerky whereby the largest beef producer in the world is uniting with the number 1 U.S. meat snack brand to form a Joint Venture (JV) to operate two meat snack facilities owned by JBS in Brazil. The Brazilian facilities are located in Santo Antonio de Posse and Lins, in the State of São Paulo, and carry state of the art equipment to produce meat snacks specific to the needs of consumers worldwide.

Under the terms of the agreement, JBS will supply the raw material at market prices and will jointly operate the facilities in Brazil with Jack Link's. JBS will then sell the semi-manufactured product to Jack Link's Beef Jerky for further processing, packaging and distribution in the U.S. and elsewhere. Proceeds from the JV will be shared on a 50/50 ratio and is expected to become operative before the end of this year.

In addition to the JV, JBS also announced that it has reached an agreement with the same Jack Link's Beef Jerky group to sell its United States based meat snack plant in Mankato, Minnesota, for an undisclosed sum.

(Expressed in thousands of Brazilian reais)

34 Supplemental information - Economic value added

	Nine months period ended September 30,	
	2010	**2009**
Revenue		
Sales of goods and services	**9,229,485**	4,120,721
Other income	**11,922**	2,071
Allowance for doubtful accounts constitution (write-off)	**(5,807)**	(4,493)
	9,235,600	4,118,299
Goods		
Cost of services and goods sold	**(5,213,281)**	(2,625,740)
Materials, energy, services from third parties and others	**(1,340,581)**	(618,435)
Others	**-**	(325)
	(6,553,862)	(3,244,500)
Gross added value	**2,681,738**	**873,799**
Depreciation and Amortization	**(214,476)**	(68,192)
Net added value generated by the Company	**2,467,262**	**805,607**
Net added value by transfer		
Equity in subsidiaries	**547,342**	202,396
Financial income	**1,367,868**	543,759
Others	**(8,611)**	2,313
Net added value to distribution	**4,373,861**	**1,554,075**
Distribution of added value		
Labor		
Salaries	**740,693**	325,669
Benefits	**115,252**	36,454
FGTS (Brazilian Social Charge)	**50,381**	17,350
	906,326	**379,473**
Taxes and contribution		
Federal	**351,219**	130,632
State	**418,416**	91,148
Municipal	**1,804**	147
	771,439	**221,927**
Capital Remuneration from third parties		
Interests	**2,373,971**	931,808
Rents	**34,579**	13,287
Others	**50,993**	6,026
	2,459,543	**951,121**
Owned capital remuneration		
Retained earnings of the period	**236,553**	1,554
	236,553	**1,554**
Added value distributed	**4,373,861**	**1,554,075**

(Expressed in thousands of Brazilian reais)

Supplemental information - Economic value added

	Three months period ended September 30, 2010	2009
Revenue		
Sales of goods and services	**3,266,276**	1,421,650
Other income	**5,008**	1,042
Allowance for doubtful accounts constitution (write-off)	**(1,248)**	(1,200)
	3,270,036	**1,421,492**
Goods		
Cost of services and goods sold	**(1,779,509)**	(873,441)
Materials, energy, services from third parties and others	**(523,682)**	(226,147)
Others	**-**	(1,242)
	(2,303,191)	**(1,100,830)**
Gross added value	**966,845**	**320,662**
Depreciation and Amortization	**(70,548)**	(24,723)
Net added value generated by the Company	**896,297**	**295,939**
Net added value by transfer		
Equity in subsidiaries	**65,410**	49,361
Financial income	**326,522**	173,343
Others	**(11,095)**	763
Net added value to distribution	**1,277,134**	**519,406**
Distribution of added value		
Labor		
Salaries	**261,616**	113,904
Benefits	**47,986**	16,855
FGTS (Brazilian Social Charge)	**17,952**	5,966
	327,554	**136,725**
Taxes and contribution		
Federal	**185,334**	53,040
State	**140,450**	43,366
Municipal	**564**	45
	326,348	**96,451**
Capital Remuneration from third parties		
Interests	**449,890**	125,677
Rents	**14,614**	6,235
Others	**25,240**	2,823
	489,744	**134,735**
Owned capital remuneration		
Retained earnings of the period	**133,488**	151,495
	133,488	**151,495**
Added value distributed	**1,277,134**	**519,406**

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