



## Capital Increase, Debentures

Date, Time and Venue: On May 17, 2011, at 10:30 a.m., at the headquarters of JBS S.A. ("Company"), located at Av. Marginal Direita do Tietê, 500, Vila Jaguara, CEP 05118-100, in the city and state of São Paulo.

Call Notice: Call notice was sent via e-mail to the members of the Board of Directors, pursuant to Article 18 of the Bylaws.

Attendance: All members of the Board of Directors were present. Prior to the meeting, Marcus Vinicius Pratini de Moraes forwarded his vote to Joesley Mendonça Batista, whereas Guilherme Rodolfo Laager forwarded his vote to Wesley Mendonça Batista.

Presiding Board: Joesley Mendonça Batista, Chairman; and Alexandre Tadeu Seguin, Secretary.

Resolutions: (A) In order to balance the Company's financial transactions, pursuant to Notice to the Market dated May 12, 2011, the members of the Board of Directors unanimously decided to increase the Company's capital stock at the amount of debt raised from "JBS S.A.'s 1st Issue of Convertible Debentures with Exchange Clause" ("Debentures"). Accordingly, observing the conditions set forth herein, the Board members approved the proposal for capital increase within the authorized capital limit and, consequently, with no amendments to the Bylaws, at up to three billion, four hundred seventy-nine million and six hundred thousand reais (R\$3,479,600,000.00), through the private issue of up to four hundred ninety-four million, two hundred sixty-one thousand and three hundred sixty-three (494,261,363) new non-par common shares identical to existing ones, at seven reais and four centavos (R\$7.04) each ("Capital Increase"). The issue price was determined based on item III of Article 170 of Law 6404/76, using the market value of the Company shares resulting from the weighted average between the closing price and the daily volume of shares traded under ticker symbol JBSS3 over the past one hundred (100) trading days on BM&FBOVESPA prior to December 31, 2010. The proposed issue price enables the capitalization of credits of Debenture holders, thereby allowing the balance of the Company's financial transactions and meeting non-controlling shareholders' interests. It is due to the fact that the proposed issue price corresponds to the value of the Company shares based on the period prior to the Limit Date, as defined in the Indenture of Debentures, for the tender offer of JBS USA Holdings Inc., pursuant to the Indenture of Debentures, the cancellation of which resulted in a fine of five hundred twenty-one million and nine hundred forty thousand reais (R\$521,940,000.00) paid by debenture holders, which, according to the Company's opinion, has affected the market value of the shares under ticker symbol JBSS3. In addition, the fact that the proposed issue price corresponding to the quotation price based on the weighted average between the closing price and the daily volume of shares traded under ticker symbol JBSS3 over the sixty (60) trading days on BM&FBOVESPA prior to May 10, 2011, plus bond premium of approximately nineteen per cent (19%), was also considered, which, taking into account the explanations above, is reasonable and meet the Company's interests. Below are the conditions under which the Capital Increase is approved: (a) approval by majority of the Debenture holders at the general meeting of debenture holders of the terms and conditions of the Amendment to JBS S.A.'s 1st Issue of Convertible Debentures and with Exchange Clause ("Amendment"), to allow (i) the use of the amount corresponding to the Debentures to pay in Company shares in the Capital Increase; and (ii) the Company to use the redemption of the Debentures not used in the Capital Increase, at their Unit Par Value, within one hundred twenty (120) days as of the announcement of capital increase/preemptive right exercise period, as defined in the Amendment proposal ("Agenda of the General Debenture Holders' Meeting"); and (b) approval by the special shareholders' meeting of (i) exemption of the shareholder BNDESPAR from conducting the tender offer referred to in paragraph 8, Article 53, of the Bylaws; and (ii) the Amendment ("Agenda of the General Debenture Holders' Meeting"). Pursuant to Article 171 of Law 6404/76, the Company's shareholders, after the conditions above are met, will have preemptive right to subscribe new common shares to

be issued at the proportion of the number of shares they hold. The Company's Board of Executive Officers was authorized to take the necessary measures for the effectiveness of the Capital increase approved herein, specially concerning the disclosure of resolutions taken at this meeting, pursuant to Law 6404/76 and CVM Rule 358/02, and of Notice to Shareholders about the necessary procedures for the exercise of preemptive right to which the shareholders are entitled, provided that the aforementioned conditions are met;

(B) The Board members unanimously and without restrictions approved the terms and conditions of the Amendment, as per draft attached hereto; and (C) the Board members also unanimously approved the call of a Special Shareholders' Meeting and a General Debenture Holders' Meeting opportunely to resolve on the Agenda of these meetings.

Closure and Drawing up of the Minutes: There being no further business to discuss, and after the Chairman offered the floor to anyone who intended to speak, as no one did, the meeting was adjourned for the time necessary to draw up these minutes, which were then read, approved and signed by all attending Board members.

Attending Board Members: Joesley Mendonça Batista, Wesley Mendonça Batista, José Batista Sobrinho, José Batista Junior, Natalino Bertin, Valere Batista Mendonça Ramos, Vanessa Mendonça Batista, Guilherme Narciso de Lacerda and Peter Dvorsak.

São Paulo, May 17, 2011.

Joesley Mendonça Batista

Wesley Mendonça Batista

José Batista Sobrinho

José Batista Junior

By proxy: Marcus Vinicius Pratini de Moraes  
Joesley Mendonça Batista

Natalino Bertin

Valere Batista Mendonça Ramos  
Wesley Mendonça Batista

By proxy: Guilherme Rodolfo Laager

Vanessa Mendonça Batista

Peter Dvorsak

Guilherme Narciso de Lacerda  
Secretary

Alexandre Tadeu Seguim

PRIVATE INSTRUMENT OF THE FIRST AMENDMENT TO THE INDENTURE OF JBS S.A.'S 1ST ISSUE OF CONVERTIBLE DEBENTURES AND WITH EXCHANGE CLAUSE

Between

JBS S.A.  
as Issuer,

AND

PLANNER TRUSTEE DTVM LTDA.  
representing the community of interests of debenture holders

Dated

[            ] [    ], 2011

PRIVATE INSTRUMENT OF THE FIRST AMENDMENT TO THE INDENTURE OF JBS S.A.'S 1ST ISSUE OF CONVERTIBLE DEBENTURES AND WITH EXCHANGE CLAUSE

JBS S.A., a publicly-held company, with headquarters located at Avenida Brigadeiro Faria Lima, nº 2.391, 2º andar, conj. 22, sala 2, Jardim Paulistano, in the city and state of São Paulo, inscribed in the roll of corporate taxpayers (CNPJ/MF) under number 02.916.265/0001-60, herein represented pursuant to its Bylaws, hereinafter referred to as "Issuer" or "Company", as issuer of subordinated debentures, mandatorily exchangeable for sponsored Brazilian depositary receipts (BDRs) level II and III, backed by voting common shares issued by JBS USA HOLDINGS, INC, legal entity with headquarters located at Promontory Circle, 1770, Greeley, Colorado, 80634, in the United States of America, inscribed in the roll of Corporate Taxpayers (CNPJ/MF) under number 10.956.264/0001-77 ("JBS USA") or mandatorily convertible into Issuer shares ("Debentures"); and

Planner Trustee DTVM Ltda., financial institution authorized to operate by the Central Bank of Brazil, with headquarters located at Avenida

Brigadeiro Faria Lima, 3900, 10º andar, in the city and state of São Paulo, inscribed in the roll of corporate taxpayers (CNPJ/MF) under number 67.030.395/0001-46, representing the community of interests of holders of the debentures purpose of this issue ("Debenture Holders"), herein represented pursuant to its articles of association, hereinafter referred to "Trustee,"

WHEREAS:

on December 29, 2009, the Issuer and the Trustee signed the "Private Instrument of Indenture of JBS S.A.'s 1st Issue of Convertible Debentures and with Exchange Clause" ("Indenture"), based on the resolution of the Special Shareholders' Meeting of the Issuer held on that date;

The Issuer's Board of Directors Meeting held on May 17, 2011 unanimously approved the capital increase of up to three billion, four hundred seventy-nine million and six hundred thousand reais (R\$3,479,600,000.00), through the private issue of up to four hundred ninety-four million, two hundred sixty-one thousand and three hundred sixty-three (494,261,363) new shares at seven reais and four centavos (R\$7.04) each, through the capitalization of credits represented by the Debentures ("Capital Increase");

the Annual Shareholders' Meeting and the General Debenture Holders' Meeting held on [ ] [ ], 2011 ("Meetings") unanimously approved the terms and conditions of said Private Instrument of the First Amendment to the Indenture of JBS S.A.'s 1st Issue of Convertible Debentures and with Exchange Clause ("First Amendment"), to allow (i) the use of the amount corresponding to the Debentures to pay in Issuer's shares in the Capital Increase; and (ii) the Company to use the redemption of Debentures not used in the Capital Increase, at their Unit Par Value, as defined in the Indenture; and

the Issuer and the Trustee intend to formalize the amendments to the Indenture to include the provisions mentioned in the paragraph above,

The parties RESOLVE to sign this First Amendment, in accordance with the following clauses and conditions:

1. The parties decide to amend items III.9.1, III.9.2 and III.16.1 of the Indenture to include provisions relating to the possibility of using Debentures to pay in the Company shares and redeem the Debentures by the Company, where applicable. In view of said resolution, the items III.9.1, III.9.2 e III.16.1 now read as follows:

#### "III.9.MATURITY OF DEBENTURES

II.9.1. Debentures will fall due within sixty (60) years as of the Issue Date ("Maturity Date"), that is, December 28, 2069; Debentures will be canceled in the event of Conversion into Shares, Exchange or Capitalization of Debenture, as provided for in the Indenture and in the Amendment.

III.9.2. Notwithstanding the previous paragraph, the Issuer shall pay all Debentures at their Unit Par Value, whether through Exchange, Conversion into Shares or Capitalization of Debentures, where applicable, within the terms indicated below. Except for provision in item III.16.1(iii) below, the Unit Par Value shall not be paid in cash."

#### "III.16. SETTLEMENT OF DEBENTURES

III.16.1 The Unit Par Value of Debentures shall be fully paid through: (i) Exchange, after realization of the Liquidity Event (as defined below), pursuant to this Clause III.16; (ii) Conversion into Shares, in case of non-realization of the Liquidity Event, within the period established in Clause III.16.1.2 below; or (iii) the use by Debenture Holders of the equivalent amount of Debentures for the payment of shares issued in the Company's capital increase, within the authorized capital limit, approved by the Company's Board of Directors ("Capitalization of Debentures"). In case of item III.16.1(iii) above, the Company may redeem Debentures not used for the Company's capital increase within one hundred twenty (120) days after approval by the Debenture Holders' Meeting concerning Capitalization of Debentures, provided that Debenture Holders representing at least ninety-nine point ninety-nine per cent (99.90%) of the Issue decide to use the amount corresponding to their Debentures in the Capitalization of Debentures."

2. The capitalized words herein are defined in the Indenture.

3. Other terms and conditions provided in the Indenture not expressly altered by this instrument remain effective.

In witness whereof, the Issuer and the Trustee sign this Indenture in two (2) counterparts of equal content and form, along with two (2) witnesses, who are undersigned herein.

São Paulo, [ ] [ ], 2011.

Issuer:

JBS S.A.

Name:

Position:

Trustee:

Planner Trustee DTVM Ltda.

Name:

Position:

Witnesses:

Name:

CPF: Name:

CPF: