



## MINUTES OF THE EXTRAORDINARY SHAREHOLDERS' MEETING 12/27/2012

MINUTES OF THE EXTRAORDINARY SHAREHOLDERS' MEETING  
HELD ON DECEMBER 27, 2012

Date, Time and Venue: December 27, 2012, at 9 a.m., at the headquarters of JBS S.A. ("Company"), located at Marginal Direita do Tietê, 500, Bloco I, 3º andar, Vila Jaguara, CEP 05118-100, in the city and state of São Paulo.

Call Notice: The Call Notice was published in the December 12, 13 and 14, 2012 issues of the Diário Oficial do Estado de São Paulo (D.O.E.S.P.) and O Estado de São Paulo newspaper, pursuant to Article 124 of Law 6404 of December 15, 1976, ("Law 6404/76").

Attendance: Shareholders representing more than eighty-five percent (85%) of the Company's capital stock, as confirmed by the Shareholders' Meeting Attendance Book.

The following persons also attended the meeting: (i) Jeremiah Alphonsus O'Callaghan, a member of the Company's management; (ii) Demetrius Nichele Macei, a member of the Company's Fiscal Council; (iii) Wanderley Higino da Silva, the Company's accounting representative; and (iv) Patricia Cristina Carradas, representing Apsis Consultoria Empresarial Ltda.

Presiding: The necessary quorum was achieved, and the meeting was presided over by Alexandre Tadeu Seguin, who invited Laura de Silva Alvares Affonso to act as secretary.

### Agenda:

- (i) To examine, discuss and approve the Protocol and Justification of the Merger of Cascavel Couros Ltda. by JBS S.A., entered into by the Management of the Company and Cascavel Couros Ltda. ("Cascavel Couros") ("Protocol and Justification"), as well as all the other related acts and provisions;
- (ii) To ratify the nomination and hiring of APSIS Consultoria Empresarial Ltda. to appraise the net equity of Cascavel Couros, for the purposes of Article 226 and 227 and pursuant to Article 8 of Law 6404/76, and the preparation of the respective appraisal report ("Appraisal Report");
- (iii) To examine, discuss and approve the Appraisal Report;
- (iv) To approve the merger of Cascavel Couros by the Company;
- (v) To amend the Company's Bylaws to: (a) include the activities performed by Cascavel Couros in Article 3; (b) include the road transportation of hazardous products in Article 3; and (c) adapt Article 5 to reflect the number of shares into which the capital stock is divided, given the cancellation of treasury shares approved by the Board of Directors' Meeting of August 14, 2012; and
- (vi) Approve the election of an alternate member of the Company's Fiscal Council.

### Resolutions:

As the reading of the agenda was waived, all shareholders present resolved that the minutes of the meeting would be drawn up in summary format, pursuant to Article 130, paragraph 1, of Law 6404/76, shareholders being entitled to present votes in favor and against, which, after being received by the presiding board, will be filed at the Company's headquarters.

(i) After acknowledging the opinion of the Company's Fiscal Council, the attending shareholders examined, discussed and unanimously approved the Protocol and Justification (Exhibit I to these Minutes – Exhibit I – Protocol and Justification), in its entirety and without any reservations. The

Protocol and Justification, prepared in compliance with Articles 224 and 225 of Law 6404/76, once ratified by the Board, will be filed at the Company's headquarters;

(ii) All attending shareholders ratified the nomination and hiring of Apsis Consultoria Empresarial Ltda., registered in the corporate roll of taxpayers (CNPJ/MF) under no. 08.681.365/0001-30 and with the Rio de Janeiro Regional Accounting Council (CRC-RJ) under no. 005112/0-9, headquartered at Rua da Assembleia, 35, 12º andar, in the city and state of Rio de Janeiro and represented by Patricia Cristina Carradas, to appraise Cascavel Couros' shareholders' equity for the purpose of the merger of Cascavel Couros by the Company ("Merger"), pursuant to Articles 226 and 227 and Article 8 of Law 6404/76, and to prepare the respective Appraisal Report. Apsis declared that: (a) there was no conflict or communion of interests with the partner of Cascavel Couros or the Company's shareholders, or the Merger itself; and (b) neither the Company's management or shareholders nor the partner or manager of Cascavel Couros have influenced, limited, hindered or practiced any acts to impair access to or the utilization or acknowledgement of information, goods, documents or working methods pertaining to the quality of Apsis' conclusions;

(iii) The Appraisal Report prepared by Apsis (Exhibit II of these Minutes – Exhibit II – Appraisal Report) was examined, discussed and approved in its entirety and without reservations. Once ratified by the Board, the aforementioned document was filed at the Company's headquarters. Apsis' representative, attending the Meeting, rendered all the necessary clarifications in regard to the Appraisal Report;

(iv) As a result of the resolutions taken, and after acknowledging the approval of the Partner's Meeting of Cascavel Couros held on this date, the Merger was unanimously approved by the attending shareholders, pursuant to the conditions of the Protocol and Justification, with the consequent extinction of Cascavel Couros, the incorporation of all its net assets by the Company and the transfer, of all its goods, rights and obligations to the Company, including, but not limited to, its properties, intellectual property rights and vehicles, as set forth in the exhibits to the Protocol and Justification. As a result of the Merger, the Company will be the successor of Cascavel Couros for all legal purposes, in regard to all its goods, rights and obligations, without interrupting the activities currently performed by Cascavel Couros, which will be, as of this date, fully performed by the Company. The Merger will result in the transfer of Cascavel Couros' to the Company, due to the succession of goods, rights and obligations, without the physical transfer of assets. The Company will make use of the State Registration Number, account ledgers and invoices of Cascavel Couros to be transferred to the Company until said registration and documents are updated or new ones are obtained, whichever is the case.

The shareholders also decided to record that:

(a) Given that, from this date onwards, the Company holds 100% of Cascavel Couros' capital stock, the Merger will not result in any increase or decrease in the Company's shareholders' equity. Consequently, there will be no increase in the Company's capital stock or an issue of new shares and the wording of Article 5 of the Bylaws will remain unaltered;

(b) Due to approval of the Merger and considering that Cascavel Couros is a wholly-owned subsidiary of the Company, dissenting shareholders will not have reimbursement or withdrawal rights;

(c) The Corporate Relations Oversight Department of the Brazilian Securities and Exchange Commission ("CVM") announced its agreement, on December 3, 2012, with the Company's understanding, that there was no need to prepare comparative appraisal reports pursuant to Article 264 of Law 6404/76 or financial statements audited by independent auditors, pursuant to Article 12 of CVM Instruction 319/99, due to the characteristics of the merger;

(d) Cascavel Couros' accounting ledgers will be maintained by the Company's management for the period determined by the law.

The shareholders also resolved to authorize the Company's management, represented by its Bylaws, to take all the appropriate measures and sign all the documents deemed necessary for the implementation and formalization of the merger.

(v) The attending shareholders also unanimously approved:

(a) The inclusion in the Company's corporate purpose, as a result of the Merger, of all the activities undertaken by Cascavel Couros, i.e. the manufacture, sale, importation and exportation of leather, hides and their by-products, and their preparation and finishing, as well as the manufacture of leather artifacts, such as upholstery and others;

(b) The inclusion of the road transportation of hazardous products in the Company's corporate purpose;

(c) Due to those resolutions, the attending shareholders unanimously approved the change to Article 3 of the Company's Bylaws, which shall now read as follows: "Article 3. The Company's mercantile activities are (a) corporate administration; (b) cattle slaughtering and meatpacking, as well as the manufacture, distribution and sale of fresh or processed food products and animal and vegetable products and byproducts (including, but not limited to, beef, pork, mutton and fish products); (c) the processing, preservation and production of conserves made from legumes or other vegetables, in addition to fats, animal feed and canned foods, as well as their importation and exportation; (d) the manufacture of pet food, nutritional animal feed additives, balanced animal feed and special animal feed; (e) the purchase, sale, breeding, fattening and slaughter of cattle, in its own facilities and those of third parties; (f) slaughterhouse operation and the preparation of meat for third parties; (g) the production, sale, importation and exportation of beef tallow, meat meal, bone meal and animal feed; (h) the purchase, sale, distribution and representation of foodstuffs, uniforms and clothing and the provision of general apparel services; (i) the processing, wholesaling, importation and exportation of leather, hides, horns, bones, manes, wool, hair and bristles in bulk, as well as feathers and animal protein; (j) the distribution and sale of beverages, sweets and barbecue utensils, provided they are related to the activities outlined in items "b", "i", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities; (k) the manufacture, distribution and sale of household cleaning products; (l) the manufacture, distribution, sale, importation, exportation, processing and representation of perfumery products and toiletries, as well as personal care and domestic cleaning products, cosmetics and sanitary articles; (m) importation and exportation, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", and "l" of the Company's corporate purpose; (n) the manufacture, leasing and sale of machinery and equipment in general and the assembly of electronic panels, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities, this activity not to represent more than 0.5% of the Company's annual turnover; (o) the sale of chemical products, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose; (p) the manufacture, sale, importation and exportation of plastics, plastic products, scrap in general, agricultural fertilizers and manure, and the collection and biological treatment of organic waste, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities; (q) stamping, can manufacture, the preparation of steel coils (tinplate and chrome-plated) and the coating of steel sheets, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose; (r) the maintenance of closed storage facilities; (s) the maintenance of general warehouses for the storage and conservation of third-party perishable products, pursuant to Federal Decree 1102 of November 21, 1903; (t) municipal, intercity, interstate and international general cargo road transportation services; (u) the generation, cogeneration and sale of electricity and the storage of hot water for heating with the authorization of the competent public authority; (v) the production, sale, importation and exportation of biofuel, biodiesel and their byproducts; (w) the manufacture, distribution, sale and storage of chemical products in general; (x) the production and sale of biodiesel from animal fat, and the importation of vegetable oil and its byproducts, as well as bio-energy; (y) the sale of agricultural inputs in general; (z) the manufacture, distribution, sale and storage of animal and vegetable products and byproducts, glycerin, and animal and vegetable sub-products; (aa) the intermediation and brokering of services and business in general, except real estate; (ab) the provision of laboratory analysis, testing and technical analysis services; (ac) the manufacture of margarine and other vegetable fats, as well as inedible animal oils; (ad) the manufacture of ice cream and other edible iced products; (ae) the wholesaling of other chemical and petrochemical products not previously specified; (af) the manufacture of additives for industrial use; (ag) the manufacture of refined vegetable oils, except corn oil; (ah) the manufacture of synthetic soaps and detergents; (ai) the storage of merchandise for third parties, except general warehousing and furniture storage; (aj) the milling of wheat and the manufacture of byproducts; (ak) the manufacture of organic chemical products not previously specified; (al) the processing, manufacture, distribution, sale, importation, exportation, commissioning, consignment and representation of milk and dairy products; (am) the processing, manufacture, distribution, sale, importation, exportation, commissioning, consignment and representation of food products of any kind; (an) the distribution, sale, importation, exportation, commissioning, consignment and representation of agricultural products, machinery, equipment, parts and inputs needed for the manufacture and sale of the Company's products; (ao) the distribution, sale, importation, exportation, commissioning, consignment and representation of vinegars, beverages in general, sweets and conserves; (ap) the provision of technical support and services to farmers and cattle breeders; (aq) the holding of interests in other companies in Brazil and abroad, as a partner, shareholder or associate; (ar) the generation and sale of electricity; (as) the cogeneration of electricity and the storage of hot water for heating; (at) the manufacture, sale, importation and exportation of leather, hides and their by-products, and their preparation and finishing, as well as the manufacture of leather artifacts, such as upholstery and others; and (au) the road transportation of hazardous products";

(d) The adaptation of Article 5 of the Company's Bylaws to reflect the number of shares into which the capital stock is divided, given the cancellation of shares held in treasury, approved by the Company's Board of Directors Meeting of August 14, 2012, which shall now read as follows: "Article 5. The capital stock is R\$21,561,112,078.68 (twenty one billion, five hundred and sixty one million, one hundred and twelve thousand and seventy-eight reais and sixty-eight centavos), consisting of 2,943,644,008 (two billion, nine hundred and forty-three million, six hundred and forty-four thousand and eight) registered common shares, with no par value.";

(vi) Except for the shareholder BNDES Participações S.A. - BNDESPAR, which abstained, all the attending shareholders elected Ricardo Yocyaky Sugieda, Brazilian, married, business administrator and accountant, bearer of ID card 27.197.665-2 SSP/SP and inscribed in the individual roll of taxpayers (CPF/MF) under no. 278.722.878-03, resident and domiciled in the city and state of São Paulo, with commercial offices in the same city, at Avenida Marginal Direita do Tietê, 500, Vila Jaguara, CEP 05118-100, as an alternate member of the Fiscal Council. Ricardo Yocyaky Sugieda is the alternate for Demetrius Nichele Macei, sitting member of the Fiscal Council, replacing Alexandre Seiji Yokaichiya, who resigned from his position on June 11, 2012.

Ricardo Yocyaky Sugieda, hereby elected, accepted his nomination, having declared his knowledge and understanding of Articles 147 and 162, paragraph 2 of Law 6404/76, and his compliance with the requirements established therein, and having consequently declared that he had not committed any crimes under the law that would prevent him from exercising mercantile activities, or, under penalty of the law, that he was not prevented from exercising the functions of an alternate member of the Company's Fiscal Counsel by any special law, nor had he been convicted or was under the effect of any penalty that may prevent him, even temporarily, from holding public positions, or due to bankruptcy, malfeasance, bribery, graft or embezzlement, or crimes against welfare, the national financial system, antitrust laws, consumer relations, full faith and credit, and ownership, nor had he been declared unfit for such office by a decision of the CVM. The hereby elected alternate member of the Fiscal Council will remain in office until the Company's next Annual Shareholders' Meeting, with the possibility of re-election.

All other provisions of the Bylaws, not altered by the present Shareholders' Meeting, shall remain in force.

Closure, Drawing up and Reading of the Minutes: There being no further business to address, the meeting was adjourned for the time needed to draw up these minutes, which were read, found to be in compliance and signed by all those present. Place and Date: São Paulo, December 27, 2012.

Attending Shareholders: (aa) FB Participações S.A. – represented by Alexandre Tadeu Seguin; BNDES Participações S.A. BNDESPAR – represented by Anna Paula Bottrel Souza; Banco Original S.A. - represented by Ricardo Siciliano; Fundação dos Economistas Federais – FUNCEF - represented by Giovanny Pereira Pinheiro; BT PENSION SCHEME; COLLEGE RETIREMENT EQUITIES FUND; EMERGING MARKETS INTERNATIONAL FUND; GMAM INVESTMENT FUNDS TRUST; ILLINOIS STATE BOARD OF INVESTMENT; BLACKROCK INSTITUTIONAL TRUST COMPANY NA; PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO, JANUS OVERSEAS FUND; PRINCIPAL LIFE INSURANCE COMPANY; AMERICAN AIRLINES; INC MASTER F.<0> B. P. TRUST, PACE INT EMERG MARK EQUITY INVESTMENTS; CAISSE DE DEPOT ET PLACEMENT DU QUEBEC; BELLSOUTH CORPORATION RFA VEBA TRUST, DREYFUS INT F, INC-DREYFUS EM MKT FUND; FLORIDA RETIREMENT SYSTEM TRUST FUND, MUNICIPAL EMPLOYEES RETIR. SYSTEM OF MICHIGAN,, COMMONWEALTH OF PENNSYLV. PUB. SCHOOL. EMP. RET. S./ ALASKA PERMANENT FUND; BNY MELLON GLOBAL FUNDS, PLC; CITY OF NEW YORK GROUP TRUST; CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN; IBM 401 (K) PLUS PLAN; ISHARES MSCI BRAZIL (FREE) INDEX FUND; BNY MELLON FUNDS TRUST – BNY MELLON EMERGING MARKETS FUND; MUNICIPAL E ANNUITY A B FUND OF CHICAGO; PRINCIPAL VARIABLE CONTRACTS FUNDS INC EMERG MAR ACCOUNT. PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO;PRINCIPAL FUNDS, INC. - DIVERSIFIED INTERNATIONAL FUND; PRINCIPAL FUNDS, INC- INTERNATIONAL EMERGING MARKETS FUND; LUCENT TECHNOLOGIES INC. MASTER PENSION TR; MDPIM INTERNATIONAL EQUITY POOL; ONTARIO PUBLIC S EMP UNION P T FUND; PRINCIPAL VARIABLE CONTRACTS FUNDS, INC -DIVER INT ACCOUNT; NEW ZEALAND SUPERANNUATION FUND; JANUS ASPEN SERIES OVERSEAS PORTFOLIO; EVANGELICAL LUTHERAN CHURCH IN AMERICA B O PN; JOHN HANCOCK VARIABLE INS TRUST INTERN EQUITY INDEX TRUST B; EMERGING MARKETS EQUITY TRUST 1; ISHARES PUBLIC LIMITED COMPANY; AT&T UNION WELFARE BENEFIT TRUST; ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND; NATIONAL PENSION SERVICE; EMERGING MARKETS SUDAN FREE EQUITY INDEX FUND; ENVIRONMENT AGENCY ACTIVE PENSION FUND; EMERGING MARKETS INDEX NON -LENDABLE FUND; BMO HARRIS EMERGING MARKETS EQUITY PORTFOLIO; NEW YORK STATE TEACHER'S RETIREMENT SYSTEM; COUNTY EMPLOYEES ANNUITY AND BENEFIT FD OF THE COOK COUNTY; FINANCIAL SECTOR DEVELOPMENT FUND; NATIONAL COUNCIL FOR SOCIAL SECURITY FUND; NORTHERN TRUST INVESTMENT FUNDS PLC; ISHARES MSCI BRIC INDEX FUND; EATON VANCE COLLECTIVE INVESTMENT TFE BEN PLANS EM MQ EQU FD; PRINCIPAL EMERGING MARKETS EQUITY FUND; ADVANCED SERIES TRUST - AST PARAMETRIC EME PORTFOLIO; JAPAN TRUSTEE SERVICES BK, LTD. RE: RTB NIKKO BEA MOTHER FD; MELLON BANK N.A EB COLLECTIVE INVESTMENT FUND PLAN; BEST INVESTMENT CORPORATION; PICTET - EMERGING MARKETS INDEX; PPL SERVICES CORPORATION MASTER TRUST; FIDELITY SALEM STREET TRUST; FIDELITY SERIES G EX US I FD; SCHWAB EMERGING MARKETS EQUITY ETF; COMMONWEALTH SUPERANNUATION CORPORATION; ISHARES MSCI EMERGING MARKETS INDEX FUND; EMERGING MARKETS PLUS SERIES OF BLACKROCK QUANTITATIVE PARTN; NORTHERN TRUST UCITS COMMON CONTRACTUAL FUND; BNY MELLON POOLED EMERGING MARKETS VALUE EQUITY FUND; EMERGING MARKETS EQUITY INDEX MASTER FUND; CF DV EMERGING MARKETS STOCK INDEX FUND; PYRAMIS GLOBAL EX U.S. INDEX FUND LP; DBX MSCI BRAZIL CURRENCY-HEDGED EQUITY FUND; MAINSTAY 130/30 INTERNATIONAL FUND; ISHARES MSCI ACWI EX US INDEX FUND; EMERGING MARKETS EX-CONTROVERSIAL WEAPONS EQUITY INDEX FD B; FIDELITY SALEM STREET TRUST: SPARTAN EMERGING MARKETS IND FD; FIDELITY SALEM STREET TRUST: SPARTAN GL EX U.S. INDEX FUND; MERCER EMERGING MARKETS EQUITY FUND; JOHN HANCOCK FUNDS II STRATEGIC

EQUITY ALLOCATION FUND; LVIP BLACKROCK EMERGING MARKETS INDEX RPM FUND; VANGUARD EMERGING MARKETS STOCK INDEX FUND; STATE OF CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM; STATE STREET EMERGING MARKETS; THE ROCKEFELLER FOUNDATION; VIRGINIA RETIREMENT SYSTEM; THE PENSION RESERVES INVESTMENT MANAG.BOARD; THE GOVERNMENT OF THE PROVINCE OF ALBERTA; SSGA MSCI BRAZ; TEACHER RETIREMENT SYSTEM OF TEXAS; THE TBC PRIVATE TRUST; THE SEVENTH SWEDISH NATIONAL PENSION FUND - AP7 EQUITY FUND; THE MONETARY AUTHORITY OF SINGAPORE; STATE ST B AND T C INV F F T E RETIR PLANS; TREASURER OF THE ST.OF N.CAR.EQT.I.FD.P.TR.; STATE OF CONNECTICUT RET PLANS AND TRT FUN; WASHINGTON STATE INVESTMENT BOARD; WHEELS COMMON INVESTMENT FUND; THE NOMURA T AND B CO LTD RE I E S INDEX MSCI E NO HED M FUN; SPDR S&P EMERGING LATIN AMERICA ETF; SPDR S&P EMERGING MARKETS ETF; SSGA EMERGING MARKETS INDEX PLUS NON LENDING COMMON TR FUND; VANG FTSE ALL -WORLD EX-US INDEX FD, A S OF V INTER E I FDS; STICHTING BEDRIJFSTAKPENSIOENFONDS VOOR DE MEDIA PNO; THE NOMURA T AND B CO LTD RE NIPPON C E MARKETS MOTHER FUND; VANGUARD TOTAL WSI FD, A SOV INTERNATIONAL EQUITY INDEX FDS; UPS GROUP TRUST; THE BANK OF KOREA; THE MASTER TRUST BANK OF JAPAN, LTD AS TRUSTEE OF BNY MELLON; FRONTEGRA HEXAM EMERGING MARKETS FUND; TRUST & CUSTODY S BK, LTD. AS TR FOR COMGEST E EQUITY FUND/ THE MTBJ, LTD. AS TRT F N TRT ALL C WD E IN I F (TAX E QIIO); THE GLENMEDE FUND, INC. PHILADELPHIA INT EMERGING MKTS FUND; SUNSUPER POOLED SUPERANNUATION TRUST; ST JAMES S PLACE GLOBAL EQUITY UNIT TRUST; VANGUARD FUNDS PUBLIC LIMITED COMPANY; ROBECO CAPITAL GROWTH FUNDS; COMGEST GROWTH PLC; BLACKWELL PARTNERS LLC; THE PUBLIC SCHOOL RET SYSTEM OF MISSOURI; THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI; PUBLIC EMPLOYEES RE ASSOC OF NEW MEXICO; STATE OF NEW MEXICO STATE INV. COUNCIL; VANGUARD INVESTMENT SERIES PLC; STATE OF WYOMING; VANGUARD TOTAL INTERNATIONAL STOCK INDEX FD, A SE VAN S F; JNL/MELLON CAPITAL MANAGEMENT EMERGING MARKETS INDEX FUND; THE MASTER TRUST BANK OF JAPAN, LTD. AS T. FOR MTBJ400045835; THE MASTER TRUST BANK OF JAPAN, LTD. AS T. FOR MTBJ400045833; NEW YORK LIFE INSURANCE COMPANY; FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX F; GRD 21 - BANCO SANTANDER (BRASIL) S.A.; MAGELLAN- BANCO SANTANDER S.A. - represented by Paulo Roberto Bellentani Brandão and Alexandre Tadeu Seguin.

This is a free English translation of the extract from the original minutes drawn up in the Company's records.

Alexandre Tadeu Seguin    Laura de Silva Alvares Affonso  
Chairman    Secretary

Exhibit I  
APPRAISAL REPORT "APSIS"

Exhibit II

## PROTOCOL AND JUSTIFICATION

### PROTOCOL AND JUSTIFICATION OF THE MERGER OF CASCAVEL COUROS BY JBS S.A.

The management of the parties identified below:

1. JBS S.A., headquartered at Avenida Marginal Direita do Tietê, 500, Bloco I, 3º Andar, in the city and state of São Paulo, inscribed in the Company Registry (NIRE) under no. 35.300.330.587 and in the roll of corporate taxpayers (CNPJ/MF) under no. 02.916.265/0001-60 ("JBS"); and

2. CASCAVEL COUROS LTDA., headquartered at Rodovia CE-253, Km 11,8, in the city of Cascavel, state of Paraná, CEP 62850-000, inscribed in the Company Registry (NIRE) under no. 23.200.767.568 and in the roll of corporate taxpayers (CNPJ/MF) under no. 02.411.238/0001-35 ("Cascavel Couros"),

JBS and Cascavel being jointly referred to as "Parties" and, individually, as "Party",

CONSIDERING THAT:

(i) On the date of the merger, JBS will hold 100% of Cascavel Couros' shares;

(ii) The merger of Cascavel Couros by JBS ("Merger") will simplify the corporate structure of the Economic Group to which JBS and Cascavel Couros belong, resulting in, among other advantages, operational simplification and greater administrative efficiency between the Parties, with a consequent reduction in the cost of operations between the Parties; and

(iii) The Merger will be deliberated, among other matters, by JBS's shareholders, at an Extraordinary Shareholders' Meeting to be held opportunely ("JBS ESM"),

Pursuant to Articles 224, 225 and 227 of Law 6404/76 and to Articles 1116 to 1118 and 1122 of the Civil Code, the Parties RESOLVE to execute the present Protocol and Justification of Merger of Cascavel Couros by JBS S.A. ("Protocol and Justification"), which will be subjected to the approval of a Joint Board of Directors' and Fiscal Council Meeting, as well as the approval of Cascavel Couros' Partner, at a Partners' Meeting, under the following terms and conditions:

#### 1. CONDITION PRECEDENT

1.1. The following corporate events must take place (and their respective agendas be approved) for the Merger to be concluded:

(i) Cascavel Couros Partners' Meeting to: (a) approve this Protocol and Justification; (b) approve Appraisal Report of the book value of Cascavel Couros' net equity, and (c) approve the Merger of Cascavel Couros by JBS ("Cascavel Couros Meeting"); and

(ii) JBS ESM to: approve this Protocol and Justification; (b) ratify and nominate the specialized company to prepare the Appraisal Report; (c) approve the Appraisal Report and the Merger; and (d) authorize the Board of Executive Officers and/or JBS's proxies to execute any and all agreements and instruments and take all measures deemed necessary in order to conclude the Merger.

## 2. JUSTIFICATION AND BENEFITS OF THE OPERATION

2.1. Given that, on the date of the Merger, Cascavel Couros will be a wholly-owned subsidiary of JBS, the Merger of Cascavel Couros by JBS will simplify the Parties' corporate structure by reducing operating costs and increasing management efficiency, thereby meeting the interests of both Parties and their shareholders. It will also consolidate the Parties into a single company, improving effectiveness and generating operational synergies.

## 3. CONDITIONS OF THE MERGER

3.1. On the date of the Merger JBS will hold 100% of Cascavel Couros' shares. As a result of the Merger, JBS will fully absorb Cascavel Couros' net assets, replacing its shares in Cascavel Couros and which will be extinguished by the Merger.

3.2. As a result, JBS' interest in Cascavel Couros will be replaced, in JBS' balance sheet, by the assets and liabilities constituting the net equity of Cascavel Couros, at their respective book values.

3.3. As a consequence, the Merger will not entail any increase in JBS' capital stock, so there will be no need for an exchange ratio.

3.4. The total cost of the Merger is estimated at one hundred and fifty thousand reais (R\$150,000.00), related to preparation of the appraisal reports, legal publications, filing of the corporate acts at the Registry of Commerce and other expenses deemed necessary for the Merger.

## 4. CRITERION FOR APPRAISING THE NET EQUITY OF CASCAVEL COUROS AND DEALING WITH ANY EQUITY VARIATION

4.1. The net equity of Cascavel Couros' to be transferred to JBS was appraised at its book value on September 30, 2012 ("Reference Date") by the specialized company, Apsis Consultoria Empresarial Ltda., identified below, on the Reference Date and in compliance with the criteria set forth in the applicable legislation.

4.2. JBS' management nominated, to appraise Cascavel Couros' equity, ad referendum of the JBS ESM, Apsis Consultoria Empresarial Ltda., headquartered at Rua da Assembleia, 35, 12º andar, in the city and state of Rio de Janeiro, inscribed in the corporate roll of taxpayers (CNPJ/MF) under no. 08.681.365/0001-30 and registered with the Rio de Janeiro Regional Accounting Council (CRC-RJ) under no. 005112/O-9. As a result of its work, APSIS delivered to JBS an Appraisal Report, which is attached hereto as Exhibit I ("Exhibit 1 – Appraisal Report"). APSIS' nomination will be ratified by JBS' shareholders at the JBS ESM and by Cascavel Couros' Partner at the Cascavel Couros Partners' Meeting.

4.3. APSIS will declare, at the JBS ESM and at the Cascavel Couros Meeting that (i) there is no conflict or communion of interest with Cascavel Couros' partner or the Company's shareholders, or in relation to the Merger; and (ii) the Company's management and shareholders and Cascavel's manager and partner had not directed, limited, hindered or practiced any acts to impair access to, or utilization or knowledge of information, goods, documents or working methodologies relevant to the quality of Apsis' conclusions;

4.4. The equity variations in each of the Parties between the Reference Date and the date of the Merger will be reflected in their respective financial statements.

4.5. Cascavel Couros' goods, rights and obligations to be transferred to JBS are identified in the Appraisal Report and include: (i) the properties listed in Exhibit 4.5(i) to this Protocol and Justification ("Exhibit 4.5(i) – Properties"); (ii) the intellectual property rights listed in Exhibit 4.5(ii) ("Exhibit 4.5(ii) – Intellectual Property Rights"); (iii) the vehicles listed in Exhibit 4.5(iii) ("Exhibit 4.5(iii) - Vehicles"); and (iv) the concession acts of the Ministry of Trade, Industry and Development listed in Exhibit 4.5(iv) ("Exhibit 4.5(iv) – Concession Acts of the Ministry of Trade, Industry and Development").

4.6. Cascavel Couros may continue to conduct operations in its name until all registrations have been formalized and all the authorizations required by the applicable legislation for the conclusion of the Merger have been obtained. Consequently, ongoing import and export operations between the date of the Appraisal Report and the date of the Merger will be attributed to the branch whose opening is described in item 6.2, below.

## 5. WITHDRAWAL RIGHTS AND APPRAISAL REPORT AT MARKET PRICES

5.1. Given that, on the date of the Merger, Cascavel Couros will be a wholly-owned subsidiary of JBS, all the provisions referring to withdrawal rights are not applicable to JBS shareholders. The respective managements of Cascavel Couros and JBS understand that the provisions related to the necessity of preparing an Appraisal Report of Cascavel Couros and of JBS at market prices (Art. 264 of Law 6.404/76), and the presentation of audited financial statements (Art. 12 CVM Instruction 319/99) are also not applicable, pursuant to item 7.1, below.

## 6. CHANGES RESULTING FROM THE MERGER

6.1. Due to the Merger, Article 3 of the Bylaws of JBS will be altered to include the activities performed by Cascavel Couros and shall now read as follows:

"Article 3. The Company's mercantile activities are (a) corporate administration; (b) cattle slaughtering and meatpacking, as well as the manufacture, distribution and sale of fresh or processed food products and animal and vegetable products and byproducts (including, but not limited to, beef, pork, mutton and fish products); (c) the processing, preservation and production of conserves made from legumes or other vegetables, in addition to fats, animal feed and canned foods, as well as their importation and exportation; (d) the manufacture of pet food, nutritional animal feed additives, balanced animal feed and special animal feed; (e) the purchase, sale, breeding, fattening and slaughter of cattle, in its own facilities and those of third parties; (f) slaughterhouse operation and the preparation of meat for third parties; (g) the production, sale, importation and exportation of beef tallow, meat meal, bone meal and animal feed; (h) the purchase, sale, distribution and representation of foodstuffs, uniforms and clothing and the provision of general apparel services; (i) the processing, wholesaling, importation and exportation of leather, hides, horns, bones, manes, wool, hair and bristles in bulk, as well as feathers and animal protein; (j) the distribution and sale of beverages, sweets and barbecue utensils, provided they are related to the activities outlined in items "b", "i", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities; (k) the manufacture, distribution and sale of household cleaning products; (l) the manufacture, distribution, sale, importation, exportation, processing and representation of perfumery products and toiletries, as well as personal care and domestic cleaning products, cosmetics and sanitary articles; (m) importation and exportation, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", and "l" of the Company's corporate purpose; (n) the manufacture, leasing and sale of machinery and equipment in general and the assembly of electronic panels, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities, this activity not to represent more than 0.5% of the Company's annual turnover; (o) the sale of chemical products, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose; (p) the manufacture, sale, importation and exportation of plastics, plastic products, scrap in general, agricultural fertilizers and manure, and the collection and biological treatment of organic waste, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose and to the extent needed to exercise said activities; (q) stamping, can manufacture, the preparation of steel coils (tinplate and chrome-plated) and the varnishing of steel sheets, provided they are related to the activities outlined in items "b", "i", "d", "j", "k", "l" and "m" of the Company's corporate purpose; (r) the maintenance of closed storage facilities; (s) the maintenance of general warehouses for the storage and conservation of third-party perishable products, pursuant to Federal Decree 1102 of November 21, 1903; (t) municipal, intercity, interstate and international general cargo road transportation services; (u) the generation, cogeneration and sale of electricity and the storage of hot water for heating with the authorization of the competent public authority; (v) the production, sale, importation and exportation of bio-fuel, biodiesel and their byproducts; (w) the manufacture, distribution, sale and storage of chemical products in general; (x) the production and sale of biodiesel from animal fat, and the importation of vegetable oil and its byproducts, as well as bio-energy; (y) the sale of agricultural inputs in general; (z) the manufacture, distribution, sale and storage of animal and vegetable products and byproducts, glycerin and animal and vegetable sub-products; (aa) the intermediation and brokering of services and business in general, except real estate; (ab) the provision of laboratory analysis, testing and technical analysis services; (ac) the manufacture of margarine and other vegetable fats, as well as inedible animal oils; (ad) the manufacture of ice cream and other edible iced products; (ae) the wholesaling of other chemical and petrochemical products not previously specified; (af) the manufacture of additives for industrial use; (ag) the manufacture of refined vegetable oils, except corn oil; (ah) the manufacture of synthetic soaps and detergents; (ai) the storage of merchandise for third parties, except general warehousing and furniture storage; (aj) the milling of wheat and the manufacture of byproducts; (ak) the manufacture of organic chemical products not previously specified; (al) the processing, manufacture, distribution, sale, importation, exportation, commissioning, consignment and representation of milk and dairy products; (am) the processing, manufacture, distribution, sale, importation, exportation, commissioning, consignment and representation of food products of any kind; (an) the distribution, sale, importation, exportation, commissioning, consignment and representation of agricultural products, machinery, equipment, parts and inputs needed for the manufacture and sale of the Company's products; (ao) the distribution, sale, importation, exportation, commissioning, consignment and representation of vinegars, beverages in general, sweets and conserves; (ap) the provision of technical support and services to farmers and cattle breeders; (aq) the holding of interests in other companies in Brazil and abroad, as a partner, shareholder or associate; (ar) the generation and sale of electricity; (as) the cogeneration of electricity and the storage of hot water for heating; (at) the manufacture, sale, importation and exportation of leather, hides and their by-products, and their preparation and finishing, as well as the manufacture of leather artifacts, such as upholstery and others;



and (au) the road transportation of hazardous products.”

6.2. The current headquarters of Cascavel Couros, located at Rodovia CE 253, Km 11,8, CEP 62850-000, in the city of Cascavel, state of Ceará, will become a branch of JBS maintaining the same address and activities of Cascavel Couros.

## 7. FINAL PROVISIONS

7.1. Although the Merger is, in principle, subject to Article 264 of Law 6404/76 and Article 12 of CVM Instruction 319/99, the management of JBS submitted a request to the CVM to confirm the Company's understanding that, in this case, it is not necessary to present a comparative appraisal report and the audited financial statements, as is usually required, respectively, by the above-mentioned legal provisions, given that: (i) there will not be, on the date on which the Merger is intended to be approved, any partner in Cascavel Couros other than JBS itself, there therefore being no reason to determine withdrawal value; (ii) there will be no change in JBS' capital stock; (iii) JBS' financial statements, which are audited by independent auditors, pursuant to the prevailing legislation, already consolidate the accounts of Cascavel Couros; and (iv) all information related to the Merger will be amply disclosed to JBS' shareholders through the IPE System.

7.2. The management and/or proxies of JBS are entitled to take all the measures needed to conclude the Merger, including, but not limited to, the removal of Cascavel Couros' registration with the competent federal, state and municipal authorities, as well as the maintenance of its accounting and tax ledgers for the period required by law. All the costs and expenses resulting from the conclusion of the merger will be borne by JBS.

7.3. As a result of the Merger, Cascavel Couros' entire equity will be merged into JBS, which will succeed Cascavel Couros in all its rights and obligations for all legal purposes, without any interruptions.

7.4. The Protocol and Justification, the Appraisal Report and the other documents mentioned herein will be available to the shareholders in due time at the Company's headquarters and on its website ([www.jbs.com.br/ri](http://www.jbs.com.br/ri)) and on the websites of the CVM ([www.cvm.gov.br](http://www.cvm.gov.br)) and the BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)).

And, in witness thereof, they sign the present document in six (6) counterparts of equal form and content.

São Paulo, November 8, 2012.

Director of JBS S.A.:

Wesley Mendonça Batista

Director of Cascavel Couros Ltda.:

Wesley Mendonça Batista

Witnesses:

1. \_\_\_\_\_ 2. \_\_\_\_\_

Name: Name:

ID Card: ID Card:

EXHIBIT I

Appraisal Report

EXHIBIT 4.5(i)

Properties

1. PROPERTY: Registration no. 4.270 – Moura Facundo 2nd Real Estate Registry Office, in the city of Cascavel, state of Ceará - A flat site located at "Cabeceira do Mourão", in the Guanacés district of this county, currently known as "Canadá", with the following characteristics: northern mark at the extreme northeast of the site, on the Cascavel-Pacajus highway, continuing in a straight line from north to south for nine hundred and thirty-two meters (932.00m) to the extreme southeast, bordering on the east with the separated land, then following in a straight line for four hundred and forty meters (440.00m) to mark "10", where it makes an angle of 28°00' and is located in the extreme south of the site, bordering the land of Arilo Bezerra Pereira and before of Manuel Nogueira de Queiroz; from mark "10", it proceeds in a straight line for five hundred and sixty-eight meters (568.00m) until it reaches mark "15", where it makes an angle of 322°00' and continues for a further four hundred and seventy-five meters (475.00m), still in a straight line, to mark "18", where it makes an angle of 29°00' and continues in a straight line for a further one hundred and sixty-six meters (166.00m) to mark "19"; from where it proceeds in a straight line for twenty-two meters (22.00m) to mark "20", where it forms an angle of 36°00'. The stretches from mark "10" to mark "20" total one thousand two hundred and thirty-one meters (1,231.00m) and are located at the western extreme of the site, where they border the land of Abdon Mendes Xavier. From mark "20", it continues in a straight line alongside the highway from Cascavel to Pacajus, which is the extreme north of the site, for nine hundred and seventy meters (970.00m), until it reaches the initial mark at the extreme northeast, completing an irregular polygon with an area of 36 hectares. INCRA REGISTRATION: Code no.145025 0059913, with the following areas in hectares: total area: 201.3; rural mod.: 13.8; no. of rural mod: 13.7: fiscal mod.: 28; no. of fiscal mod.: 7,22; Min. Inst Fraction: 13.8 and registration services for fiscal year 1996/1997 duly paid.

2. PROPERTY – Registration no. 4.252 - Moura Facundo Real Estate 2nd Registry Office, in the city of Cascavel, state of Ceará - A flat site located at "Cabeceira do Mourão", in the Guanacés district of this county, currently named "Canadá", with the following characteristics: starting from mark 0-0, located at the intersection of the highway from Cascavel to Pacajus and the trafficable road to Guanacés, it continues in a straight line, alongside said trafficable road and extends for two hundred and sixty meters (260.00m) to mark "2", where it makes an internal angle of 273°00' and continues in a straight line for a further three hundred and twenty meters (320.00m) to mark "3", where it makes an external angle of 252°00', continuing in a straight line for a further one hundred and forty-five meters (145.00m) to mark "4", where it makes an external angle of 277°00', proceeding always in a straight line for a further two hundred and forty-seven meters (247.00m) to mark "5", where it makes an external angle of 206°00' and continues in a straight line for a further five hundred and twenty-seven meters (527.00m) to mark "7", where it makes an external angle of 298°00'. The stretches between the initial mark 0-0 and mark "7" total one thousand four hundred and ninety-nine meters (1,499.00m) and are located at the extreme east of the site, where it borders the trafficable road to Guanacés, the land of Raimundo Nonato Dantas, the land of Paulo Dantas de Almeida, Luiza Dantas Barbosa Rabelo and Pedro Dantas Barbosa, before of the owners of Bananeiras. From mark "7", it extends in a straight line for seventy meters (70.00m) at the extreme southern edge of the site, where it borders on the land of Arilo Bezerra Pereira, previously with the land of Manuel Nogueira de Queiroz; at the end of the seventy meters (70.00m), it continues in a straight line in a south/north direction for nine hundred and thirty-two meters (932.00m) until it reaches the highway from Cascavel to Pacajus, bordering on the west with the land separated and owned by the seller; at the end of the nine hundred and thirty-two meters (932.00m), in the northwest extreme of the site, it proceeds in a straight line for eight hundred and ninety meters (890.00m) to the initial mark 0-0, the starting point of the demarcation, bordering in the north with the highway from Cascavel to Pacajus, completing an irregular polygon with an area of 30.00 hectares. INCRA REGISTRATION: Code no. 145025005991 3, with the following areas in hectares: Rural Mod: 13.0; N. Rural Mod.: 13.17: Fiscal Mod.: 28; N. Fiscal Mod: 7.22: Min. Inst. Fraction: 13.8; Classification: Mid-sized Productive Property.

3. PROPERTY: Registration no. 588 - Moura Facundo Real Estate 2nd Registry Office, in the city of Cascavel, state of Ceará – Two flat marshy sites forming a single holding, suitable for agriculture, surrounded by barbed wire, one located in Corrente Vieira and the other in Cabeceira do Corrente Buritizal, both in the Bananeias district, now Guanacés, of this county, known as "Camacan", with the following characteristics: beginning from the initial mark 0-0, at the extreme southwest point, on the stretch known as 58 of the highway from Cascavel to Pacajus, it follows in a straight line to the north for four hundred and ninety-five meters (495.00m) to mark 2, from where it continues in a straight line to the north for a further eighty-eight meters (88.00m) to mark 3. The stretches between mark 0=0 and mark 3 total five hundred and eighty-three meters (583.00m) and are located in the extreme west of the site bordering on the land of Telésforo Carneiro Filho. From mark 3, it continues in a straight line for eight hundred and sixty-five meters (865.00m) alongside the trafficable road from Guanacés to Alagadiço Grande until mark 8, from where it continues for a further ninety-two meters (92.00m) to mark 9, from where it follows for a further four hundred and sixty meters (460.00m) to mark 13, from where it continues in a straight line for five hundred and ninety meters (590.00m) to mark 16. The stretches between mark 3 and mark 16 total two thousand and seven meters (2,007.00m) and are located in the extreme north of the site, bordering on the trafficable road from Cascavel to Alagadiço Grande on the land of José Vieira dos Santos, Francisco Elito de Oliveira Filho, Raimundo Nonato Dantas and Raimundo Falcão de Sousa. From mark 16, it continues in a straight line for five hundred and eighty-five meters (585.00m) to mark 18, on a trafficable road, from where it continues for a further four hundred and forty-five meters (445.00m) to mark 20. The stretches between

mark 16 and mark 20 total one thousand and thirty meters (1,030.00m) and are located in the extreme east of the site, bordering on the land of Raimundo Nonato Dantas and a trafficable road. From mark 20, it continues in a straight line for a further one thousand, eight hundred and sixty-eight meters (1,868.00m) to mark 0-0, the initial demarcation point, located in the extreme southwest of the site, bordering on the stretch known as 58 of the highway from Cascavel to Pacajus, forming an irregular polygon with an area of 136.3 hectares". INCRA REGISTRATION: Code no. 145.025.005.991/3, with the following areas in hectares: total area: 136.3: explored area: 25.5; explorable area: 136.2; Module: 25.0; No. of Mods: 5.45: Min. Inst. Fraction: 25.0: classification: land holding for exploration.

Exhibit 4.5(ii)

Intellectual Property Rights

Number	Priority	Brand	Situation	Owner	Class
821874292					
12/15/1999	BERMAS	Register	BERMAS INDÚSTRIA E COMÉRCIO LTDA	NCL(8)	35
821874306					
12/15/1999	BERMAS	Register	BERMAS INDÚSTRIA E COMÉRCIO LTDA	NCL(8)	18

Exhibit 4.5(iii)

Vehicles

Make / Model: GOL 1.6  
Year of Manufacture: 2009 / Year of Model: 2010  
License Plate: NQN 9814  
CHASSIS: 9BWAB05UXAP000256

Make / Model: GOL 1.6  
Year of Manufacture: 2009 / Year of Model: 2010  
License Plate: NQN 9804  
CHASSIS: 9BWAB05U6AP001436

Make / Model: SAVEIRO 1.6  
Year of Manufacture: 2009 / Year of Model: 2010  
License Plate: NQN 9824  
CHASSIS: 9BWKB05W9AP000643

Make / Model: SAVEIRO AMBULANCIA 1.6  
Year of Manufacture: 2008 / Year of Model: 2009  
License Plate: HXY 4767  
CHASSIS: 9BWKB05W49P068960

Make / Model: HONDA / NXR150 BROS ESD  
Year of Manufacture: 2011 / Year of Model: 2012  
License Plate: OCC2098  
CHASSIS: 9C2KD0540CR512131

Make / Model: GOL 1.6  
Year of Manufacture: 2012 / Year of Model: 2013  
CHASSIS: 9BWAB05U1DP058275

Make / Model: GOL 1.6  
Year of Manufacture: 2012 / Year of Model: 2013  
CHASSIS: 9BWAB05U0DP058638

Make / Model: GOL 1.6

Year of Manufacture: 2012 / Year of Model: 2013

CHASSIS: 9BWAB05U6DP066999

Exhibit 4.5(iv)

Concession Acts of the Ministry of Trade, Industry and Development

(a) Concession Act 20110022173 – Validity: 05/02/2013