



## Merger, Cascavel Couros

JBS S.A. ("Company") in accordance with the Brazilian Securities and Exchange Commission ("CVM") Instructions 358/2002 and 319/1999, informs its shareholders and the market in general that it will submit for consideration by its shareholders, at the Extraordinary Shareholders' Meeting to be held at the Company's headquarters, located at Avenida Marginal Direita do Tietê, 500, Bloco I, 3º Andar, Vila Jaguara, CEP 05118-100, in the City and State of São Paulo, on December 27, 2012, at 9:00 a.m. ("ESM") the proposed merger between the Company and its subsidiary Cascavel Couros Ltda., with headquarters located at Rodovia CE-253, Km 11,8, CEP 62850-000, in the City of Cascavel, State of Ceará, registered under Corporate Registry (NIRE): 23.200.767.568 and Corporate Taxpayer ID (CNPJ/MF): 02.411.238/0001-35 ("Cascavel Couros"), under the terms of Art. 224 of Law No. 6,404/76 ("Merger").

The Merger will simplify the Company's corporate structure, resulting in a decrease in operating expenses, more efficient management and, consequently, significant gains for the Company, which will serve the interests of the Company and its shareholders.

On the date of the Merger, Cascavel Couros will be a wholly-owned subsidiary of the Company. Thus, the Merger does not involve the Company increasing capital or issuing new shares. Since the composition of the Company's capital stock will remain unchanged and the capital stock of Cascavel Couros will be eliminated, it will not be necessary to establish any exchange ratio due to the Merger.

There will be no change in voting rights, dividends or any other rights granted to the Company's shareholders as compared to the shareholder benefits that existed prior to the Merger.

The Company's Bylaws will be amended in the Merger to include the activities carried out by Cascavel Couros that are not currently carried out by the Company, in accordance with the new Bylaws provided in the Proposal from the Board of Directors. The approval of these matters by the ESM will not entail granting dissenting shareholders the right to withdraw from the Company through the reimbursement of the value of their shares, given that the included activities are mere offshoots or complements to the Company's inherent corporate purpose.

The Company's directors have appointed, ad referendum of the ESM, Apsis Consultoria Empresarial Ltda., registered under Corporate Taxpayer's ID (CNPJ/MF) 08.681.365/0001-30, with headquarters at Rua da Assembleia, 35, 12º andar, in the City and State of Rio de Janeiro, registered under CRC RJ-005112/O-9 ("Apsis"), to evaluate the net equity of Cascavel Couros to be transferred to the Company through the Merger. Apsis has already declared that: (i) there is no conflict or community of interests with the partner of Cascavel Couros or with the Company's shareholders or with respect to the Merger; and (ii) the shareholders and directors of the Company, as well as the partner and manager of Cascavel Couros have not directed, limited hindered or performed any acts that might have compromised the access, use or knowledge of information, assets, documents or work methodologies relevant to the quality of the conclusions reached by Apsis.

The net assets of Cascavel Couros to be merged into the Company were evaluated for their book value, based on the balance sheet on September 30, 2012 ("Reference Date"). As a result of its work, Apsis provided the Company with an appraisal report for Cascavel Couros, which reported a net book value, on the Reference Date, of three hundred and thirty-three million, four hundred and thirty-seven thousand, one hundred and fifty-three Brazilian reais and fifty nine centavos (R\$333,437,153.59). Changes in equity at Cascavel Couros and the Company after the Reference Date, up to the Merger date, will be reflected in their respective financial statements.

Given that the merger involves a wholly-owned subsidiary, there is no reason to determine the reimbursement amount for the appraisal rights of dissenting shareholders. For the same reason, in this case there was no need to prepare an appraisal report based on the net equity value of

Cascavel Couros at market prices, of a comparative valuation report and the audited financial statements, as required by Article 264 of Law No. 6,404/76 and Article 12 of CVM Instruction 319/1999. Accordingly, the Company's management submitted a request for confirmation of this understanding from the CVM, which was granted on December 4, 2012.

It is estimated that the total cost of the Merger will be on the order of one hundred and fifty thousand Brazilian reais (R\$150,000.00), relative to the services provided to prepare the appraisal report, legal publications, archiving the corporate acts with the Commercial Registry and other expenses necessary for the Merger.

The Company's directors and the members of its Audit Board met on November 13, 2012, expressed themselves to be in favor of the Merger, under the terms of the Proposal from the Board of Directors and the Merger Protocol and approved the convocation of the ESM. The foundations of the Merger, which are detailed in the Merger Protocol, are subject to final approval by the ESM and the partner of Cascavel Couros.

The Merger Protocol and Justification, the Appraisal Report for Cascavel Couros, the Proposal from the Board of Directors, the manifestation of the Company's Audit Board and the other documents required by the applicable laws and regulations are available to shareholders, as of this date, at the Company's headquarters, as well as on the websites of the Company ([www.jbs.com.br/ri/](http://www.jbs.com.br/ri/)), 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)).

São Paulo, December 11th 2012.

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