Operator:

Good morning, ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to JBS 2008 earnings conference call. Today we have with us Mr. Joesley Mendonça Batista, CEO and Jeremiah O'Callaghan, IR Officer.

We would like to inform you that there is a simultaneous webcast being broadcast on the Internet at the Company's website at www.jbs.com.br/ir, and that the presentation is available to download at the investors information section.

Also, this event is being recorded and all participants will be in a listen-only mode during the Company's presentation. After the JBS's presentation, we will initiate the questions and answers session for analyst and investors only.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of JBS management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of JBS and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. O'Callaghan, the IR Officer. Mr. O'Callaghan, you may begin your conference.

Jeremiah O'Callaghan:

Thank you. Thank you very much you all for joining us once again. We are honored to have so many people listening to our conversation and we are pleased to be presenting our consolidated numbers for 2008 and our numbers for the last quarter of last year.

We have a simultaneous presentation on the Internet where you can accompany the slides which we will be talking about as we go forward. And as we start we like always to remember the values of our Company, which is the foundation of our culture, which is planning, determination, discipline, availability, openness and simplicity. These are the values of JBS and we like to remind ourselves and all involved with our Company regarding these values as we make our presentations.

I would like also to mention that Mr. Joesley Mendonça Batista is participating in this presentation from the United States and will be available for the questions and answers as soon as we finish the presentation.

The highlights of 2008, we would like to start by mentioning the deleverage of JBS. The deleverage has gone from 3.74x at the end of 2007 to less than 2x in the end of 2008, 1.95x the net debt/EBITDA ratio.

Our adjusted pro forma net income in 2008 would have been more than R$1 billion if we adjusted it to include the exchange rate variation on investments made abroad and if we were to exclude the goodwill amortization also in our results of 2008, so that is quite a significant number, which has been reduced because of legislation changes and because of goodwill.

Net revenue in 2008 as compared to 2007 more than doubled, from R$14.1 billion to over R$30 billion, R$30.3 billion. EBITDA year on year also increased almost two fold, from R$591 million in 2007 to R$1.156 billion in 2008. And as a result of these numbers, we are proposing a dividend distribution which is 3x greater in 2008 than it was in 2007. In 2007 there was a dividend distribution of R$17.5 million and we are proposing a dividend distribution of more than R$51 million in 2008.

As part of the highlights, we would also like to mention that the integration of the acquisitions that we made last year of the Tasman Group in Australia, which was integrated with our previous Swift Australia operation and of the Smithfield beef and Five Rivers operations in the United States which were integrated into our JBS Swift operation in the United States increased our global production platform and will help us reduce costs and have more efficient penetration in the global market as we introduce synergies.

Also at the beginning of last year, we finalized the acquisition of 50% of INALCA Group and that enhances our reach into the East European market and into the African market where INALCA has distribution centers and has local sales teams and has a traditional footprint on those markets.

And as a final highlight, the risk control and the management policy on JBS during a time of volatility and of derivative losses in Brazil has served us well and the Company has suffered no losses because of these issues which have been highlighted in Brazil over the second half of the last quarter of last year.

On page five of our presentation, we have a quick look of our debt profile. Our total short-term debt is just over R$2.2 billion, while we have cash and equivalents of practically R$2.3 billion and we have broken down the debt quarter by quarter to what is maturing in 2009, and we have prepared a probable scenario which we feel very comfortable we will be able to comply with, meaning that we are not concern about any reduction in credit facilities or any further difficulties in maintaining these credit facilities as they mature during 2009. And we presented that quarter by quarter what we are projecting what we will have to be paying out during 2009.

On page six, we have the historic net revenue over the last four years, from 2005 up 2008 and the highlight being that the revenue has gone from just over R$14 billion in 2007 to more than R$30 billion in 2008, while at the same time the EBITDA has gone from R$591 million to more than R$1.156 billion, year on year 2007 to 2008.

On the next slide we have a look at the revenue evolution by quarter and the EBITDA by quarter as well. We can see that seasonally at the last quarter of the year, particularly in the United States is always the weakest quarter, but nonetheless, if we compare the last quarter of 2007 with the last quarter of 2008 we have had a substantial increase in our EBITDA from R$95 million to R$270 million, last quarter 2007 against last quarter of 2008.

Then on page eight we have the breakdown of each business unit. JBS USA including Australia, beef in USA including Australia, the pork business, INALCA JBS and JBS Mercosul each individually, perhaps it would be important to mention a drop in revenue and in EBITDA in the Mercosul during the last quarter of 2008, primarily because of the lack of available cattle in Brazil and due to stock reevaluation in Argentina, as the result in Argentina was below what we would have hoped for it at this time of the year.

On page nine, again, we go back to the question of the debt profile of the Company. We have a leverage of less than 2x net debt/EBITDA and as we go into 2009 and we place EBITDA for the 1Q09, substituting the 1Q08, we continue to believe that we will continue to deleverage the Company and there is the possibility that we can reach 1.5x leverage as we go into 2009.

On page ten there is a comparison between our beef business in the United States and the beef business of our peers, and it is important to highlight that the margins for the whole industry have improved and JBS continues to demonstrate its ability to be a reference in this market.

Our margin gain quarter against quarter in the beef business in the United States, if we take the last quarter of 2007 against the last quarter of 2008, we had a 7.3 p.p. gain year on year when we compare the quarter with the quarter.

And then, as we look at the consolidated gross revenue, almost half of our consolidated gross revenue comes from beef in the United States, 19% from Brazil, 14% is our pork business in the United States and then we have Australia, Italy and Argentina.

And by market we have about 1/3 of all of our revenue coming from exports, out of all of our production platforms and 2/3 of our products are consumed domestically where it is produced.

Then we have a breakdown of exports by destination, and I think it is important to highlight that we have a quite fragmented market. We are not highly concentrated in any given market. We have exports to our neighbor countries in North America, to Asia, quite good volumes of exports also to the European Union, particularly industrialized products out of South America, and also growing exports to the Middle East. Of our total gross revenue in 2008, which was approximately US$16 billion, US$5.6 billion was international trade.

And then on page 13 we highlighted once again the enterprise value of the acquisitions that we made in the United States, the Swift acquisition in 2007 and the Smithfield acquisition in 2008. There has been a lot of questioning of the multiple of the enterprise value against the EBITDA and when we look at the last 12 months and we redo this calculation we see that the Swift acquisition has gone from a more than a 15x multiple down to under a 4x multiple and Smithfield from an 8x multiple to 3.5x multiple in the last 12 months, which demonstrates, I think, that the assets were not overly expensive but there was a possibility to increase the EBITDA to levels where we reached today 3x to 4x times leverage.

And as final considerations on page 14, as some of these we are repeating from our call of the 3Q08, the management is committed to continue reducing the leverage of the Company, this is something we are repeating, quarter after quarter, and which we are proving that we have done.

We believe that we have brought the Company to an appropriate liquidity level and we plan to maintain the Company at this level during a period of international crisis. We also plan to continue growing. We think that it is important to preserve the financial health of our Company during this crisis period so that we can be prepared for opportunities when opportunities arise and we may move out of this crisis.

And we also believe that we will provide better consolidated results in 2009 against 2008 regardless of some of the negative aspects of the macroeconomic scenario. So we continue focused on increasing our revenue, increasing our efficiency and increasing our margins during 2009.

And we would like to highlight that also we have proven to the market and we continue to keep focus on planning and discipline which will maintain the Company outside of any risk situation. We are not going to put the Company under risk under any circumstances and the management is committed to that and we have the instruments in place to guarantee that.

With that, I would like to hand you back so that we can initiate the questions and answers session.

Alexandre Pizano, Merrill Lynch:

Hi. Thank you. Good morning everyone. My question is regarding the US operation. From the data we can gather for the market average, we can see the beef margins increase throughout January and part of February, and I would like to know if you have actually seen that in your US operations and what has been the dynamic of prices in January and February versus 4Q and in your by products, so offal and leather? Thank you.

Joesley Mendonça Batista:

Hi. This is Joesley, Wesley, are you in the call?

Wesley Mendonça Batista:

Yes.

Joesley Mendonça Batista:

I think it should be better you answer this question.

Wesley Mendonça Batista:

Our meat margin in January and February is better this year comparing to 2008. We are running with better meat margin. About the drop(credit about the high market, all the drop credit dropped substantially. We have seen this market dropping very hard and now it is more stable and we think the drop credit will stay around this level now, but overall the meat margin is much better these first two months comparing the first two months last year.

Alexandre Pizano:

OK. So would you say on average we could have a better 1Q09 than we had 4Q08?

Wesley Mendonça Batista:

Probably yes.

Alexandre Pizano:

OK. Thank you.

Alex Robarts, Santander:

Hi. Everybody. Thank you. I wanted to go back also to the US beef operations. As you look here at Smithfield and the consolidation process, you know, what things have you learned from your Swift consolidation process that you think will really be applicable to get synergies from Smithfield as we come in 2009?

And could you give us a sense of, let us say, right now or at the time of consolidation, perhaps three months ago or four months ago, what the level of EBITDA margin that you had at Smithfield was versus ongoing Swift operation? That is the first question.

The second question really relates to your general outlook on your domestic selling prices in US beef, you have come down about 17% 3Q to the 4Q to that US$2.7 per kilo average price point. If you could give us some color, Wesley or Joesley or Jeremiah, about where do you think that average USD selling price can evolve during this 1H of the year. That would be great. Thank you.

Joesley Mendonça Batista:

Wesley, I think you should keep answering the questions about United States, OK?

Wesley Mendonça Batista:

OK. Basically, about the average prices, what we are seeing, like you said the market dropped significantly. We think in this 1Q we will see this price stabilizing. We think we are close to the bottom of the beef price. We do not expect to see substantially drops in the price anymore. We think we will see average prices for this 1Q and this 1H09 stable, around the current prices today.

About the integration, about the first question, we have been doing some integration with Smithfield and Five Rivers. We will accelerate these integrations now after we decided not to continue the National acquisition, we will start to accelerate this integration; we have a lot of opportunities and for sure we have opportunities to reduce cost, we have opportunity to reduce a lot of SG&As. We have opportunity to improve our whole distribution structure in the United States, all the Smithfield plants location is very complementary with our plants and also the Five Rivers, all the feedlots are very well located with our plants. We will accelerate this integration now.

Alex Robarts:

I mean, is it safe to assume – sorry just kind of go back into this, but – at the time of the acquisition was this Smithfield beef asset operating near the higher, similar or lower EBITDA margin than the Swift?

Wesley Mendonça Batista:

Higher.

Alex Robarts:

Higher? OK.

Wesley Mendonça Batista:

In percentage base, higher. When you look the average year for Smithfield, it is higher than our average year in Swift, but when you compare the last two quarters, they are similar. We have been improving our margin here, when you look at the last two quarters, the 3Q and 4Q, they are similar.

Alex Robarts:

OK. Thank you very much.

Pedro Herrera, HSBC:

Hi, gentlemen. Good morning. A couple of quick questions. When you walked away from National Beef, did that entail any kind of fee or breakup fee or any kind of fee? Secondly, are you currently pursuing any other acquisition or any alternative acquisition whether in the United States or domestically in Brazil or in Mercosul? And lastly, what exactly is going on in Argentina?

Wesley Mendonça Batista:

About the breakup fee, it is US$25 million. This is the breakup fee. About Argentina I think Joesley can answer better. And other opportunities, we are not looking at any opportunity now, we are not in any transaction, we are not doing any deal now.

Joesley Mendonça Batista:

OK. Could you repeat your question about Argentina?

Operator:

The gentleman has left the queue at this time.

Amy Stepnowski, Hartford Investment Management:

Yes. Good morning. I have two questions. I would like you to follow up on the Argentina question first, wondering perhaps, you had noted in your release that there were some non-payments in some of your exports, I was just wondering if you could comment on whether do you think those were fairly isolated or have you experienced anything like that in your other businesses?

And then if you could comment on working capital, specifically your payment terms. In December at the ADR presentation in New York you spoke about looking towards trying to reduce payment terms. I was just wondering if you have been successful at all – it has not been that long of a period of time, but – but obviously in the current environment, reducing working capital needs is always beneficial, so I was wondering if you could comment on that as well.

Jeremiah O'Callaghan:

Regarding non-payments, I think that this was the term you used of exports, when we are talking about exports, we are not talking about non-payments. In some cases there were some difficulties in delivering contracts because people did not have credit facilities so goods had to be resold.

When we talk about defaults, we talk about contract defaults, and not payment defaults, we have not had payment defaults per say. So I think that was important, maybe there is a misunderstanding regarding the fact that there may have been a default with cargo that has been taken away without the payment, but that is not the case.

What was the second question, I am sorry, could you just repeat it?

Amy Stepnowski:

Sure, with regards to the working capital, in December at your ADR presentation, the Group commented on the attempt to try to reduce payment terms, obviously to affect working capital needs. I was just wondering if you have been successful in trying to reduce the amount of days paid that the clients have to pay.

Joesley Mendonça Batista:

If you check in the Brazilian operation for example, this is more comparable because we did not start any new factory, you will realize that we decreased our receivables, we decreased our inventories, we are working in a very tight policy about working capital needs.

Amy Stepnowski:

OK. Thank you.

Jose Bernal, Standard New York Securities:

Hello, good morning and congratulations on your results. My question is on the United States operations and on the slide number ten of the presentation you show the EBITDA margin evolution and it feels that the Company is doing better than the industry or the average, of the other peers, so my question is if that is including the Australian operation. Is that the reason why much of these peers can now know the impact of the stronger operation?

Joesley Mendonça Batista:

This is only beef in United States.

Jose Bernal:

Only beef in United States. OK. So if I may ask another question regarding your reliance on short-term credit lines, in calculated facilitiesis 39%. I was wondering if the Company is planning to reduce this reliance in the short term in the credit line.

Joesley Mendonça Batista:

I did not understand your question.

Jose Bernal:

Well, as for the 4Q08, the short term of the Company was almost 39% of the total debt. So, my question is if the Company is planning to reduce its reliance on the short-term debt.

Joesley Mendonça Batista:

Actually we feel very comfortable with the short-term and the long-term debt. Sometimes people ask about the composition in the long-term and short-term debt, what the percentage is in the long term and in the short term and I always try to remind people that before this question we need to analyze and divide what the debts financing are.

In my understanding, to finance working capital is better to have more debt in the short term, and based on my thoughts to finance fixed assets it is better to have in the long term. As the majority of our debt or the size of our net debt is very close to the size or to the amount of our working capital needs, because every time you have a long term debt you pay more interests.

And pay more interests to finance working capital, I do not know if it is a good idea. So, summarizing, when we compare the net debt with working capital needs and with the fixed assets financing, you will realize that 90% of our net debt finance working capital. So we could have 90% of our debt in the short term. We have already 50%-50%, so we think that we are in a more than in a comfortable position.

Jose Bernal:

OK. Thank you.

Aaron Holsberg, RBS:

Good morning. I was wondering if you could give us some guidance. What should we expect to see in the 1Q in Brazilian operations in terms of export and domestic volumes, export and domestic pricing and cattle cost?

Joesley Mendonça Batista:

The cattle cost, I will answer in USD terms. I think my personal and our JBS scenario is that the cattle price in Brazil, in USD terms, will go down.

About the export sales, it will be slightly better than the 4Q –

Aaron Holsberg:

Volume.

Joesley Mendonça Batista:

What?

Aaron Holsberg:

Volume.

Joesley Mendonça Batista:

Yes. Volume. And about the volumes, in general terms, I think it will be from almost the same from the 4Q to a little bit better. We are I think the worst in terms of volume in exports that we have passed.

Aaron Holsberg:

Why did domestic volume fell from 3Q to 4Q given it was the holiday season and that is usually peak season?

Joesley Mendonça Batista:

I did not get your question.

Aaron Holsberg:

It looks like your domestic Brazilian beef volumes fell from 3Q to 4Q.

Joesley Mendonça Batista:

The local sales?

Aaron Holsberg:

Volumes.

Joesley Mendonça Batista:

Volumes? Yes. All the volumes dropped. We slaughtered less cattle in the 4Q compared to the 4Q.

Aaron Holsberg:

OK. But you did not get any sort of boost for the holiday season?

Joesley Mendonça Batista:

Yes. But in general terms, even selling more beef in the local market and less beef to the external sales, the total volume was lower. We worked in a slow pace, very careful about the credits and the clients. We are really worried about the leverage in the Company, taking out risks and being ready to, when things become better, start growing again.

This has not been our focus on growing on this quarter.

Duncan Vise, AIG Investments:

Good morning, guys. Just two questions. Excluding the acquisitions, how much free cash flow did you guys generate in the 4Q?

Joesley Mendonça Batista:

Hi, Duncan. I cannot calculate. I do not have this number in my mind without the acquisitions. But I think that you have all the numbers here that permit you to make this math in the financial statement.

Duncan Vise:

OK. And then just the second question is just on domestic volumes in the United States for January and February.

Joesley Mendonça Batista:

I am telling you that our debt in USD terms was US$1.4 billion in the 3Q and is kept in the same level even after investing in Smithfield Beef almost US$600 million.

Duncan Vise:

OK. So that US$1.4 billion includes US$600 million 4Q from Smithfield.

Joesley Mendonça Batista:

Yes. Even after disbursing US$600 million, we kept our debt in USD terms in the same level. We generated a positive cash flow.

Duncan Vise:

And then the second question is really on US volumes on the beef side in January and February. How are those looking on a year-over-year comparison? Are volumes right now positive in the US or are they slightly negative or very negative right now?

Wesley Mendonça Batista:

This January and February compared to the same period in 2008 is similar, it is the same volume.

Duncan Vise:

OK. Great. Thank you guys.

Revisson Bonfim, MTR:

Good morning, everyone, or good afternoon, if you are in Brazil. I have a couple of questions. If you could go back to the topic of acquisitions now that National Beef is behind you, and I understand that the Company's focus is on maintaining liquidity. But with the amount of bankruptcy filings of companies in Brazil – and I am assuming a lot of those assets could be purchased at very distressed levels – would the Company be considering any acquisition? A name that comes to mind that has recently filed bankruptcy like Arantes, which we know had very good plants. Would a company like that be in your radar for acquisition? It is my first question.

Joesley Mendonça Batista:

In a distressed prices, yes, we could analyze.

Revisson Bonfim:

But is it something that you guys are considering, are looking that, are in discussion with any of the beef producers that are in bankruptcy currently?

Joesley Mendonça Batista:

Telling you the truth, I am hearing proposals about this daily. But I am just waiting.

Revisson Bonfim:

OK. Thank you for that. Going back to cattle prices in Brazil, you had mentioned that in USD terms, you expect the price of cattle to go down, obviously, I am assuming; is that because you think the USD is going to continue to appreciate against the Brazilian Real? How much of the price in cattle in Brazil will be driven by the appreciation of the USD versus just the lower price in the domestic market?

Joesley Mendonça Batista:

No. I am not suggesting that we will have more devaluation of the Real. What I am convinced is that the cattle price in USD will go down maybe because the Real will devaluate or the price in Real will go down. Just that.

Alex Robarts, Santander:

The pork business in the United States, interesting to see in the 4Q, looking on a year-on-year basis, you have the sales very much flat on a year-on-year basis, but there was some cost and/or expense issues that made that margin contraction and absolute EBITDA fall.

Could you give us a little color behind that? My sense is that it was more an operating expense issue that led to the year-on-year pork EBITDA and margin decline, or what is it also costs? If you could give us some color, that would be great.

Wesley Mendonça Batista:

Basically, it is not anything related to cost increase. Basically the margin performed less compared to the same period in 2007. It is basically inventory price decrease. We saw a huge price decrease in all the commodities and imports, and we have a big inventory price drop. And basically this is the (40:26) cost increase anything about this.

Farah Alfman, Stephens:

Good morning. The increase in United States dairy cattle herd liquidation helping your Smithfield operation?

Wesley Mendonça Batista:

No. It is opposite. We have more supply, the margin has been very good; it has not hurt our margin.

Farah Alfman:

It has not hurt, but has it helped your margin at your Smithfield facilities?

Wesley Mendonça Batista:

Yes.

Farah Alfman:

And how do you anticipate the increase of the ground beef type meat on the United States market impacting the overall cutout?

Wesley Mendonça Batista:

Just a minute. At the end of the day, this assembling business we need to sell the whole carcass. The ground beef consumption, we are looking at more strong consumption in ground beef, but at the end of the day we need to sell the whole carcass and to get the best value for the whole carcass.

Some cuts improve consumptions, some cuts are a little bit slow, but in the end of the day we are not seeing the ground beef affecting margin positively or negatively.

Rafael Elias, Knight:

Good afternoon. Just a quick question, if you could give us some guidance on your expectations for capital expenditures in 2009, please.

Joesley Mendonça Batista:

Actually, this year of 2009, we are managing the Company very, very carefully, quarterly, and reviewing the budget quarterly. We are not planning too much capital expansion. We finalized all of our main investments in this 4Q, because we think we need to generate positive cash flow.

So, we took all of our capital expansion, we decided to finalize on the 4Q, and we almost finalized all the main investments. In 2009, only if things change, the liquidity change, we will be more aggressive. We will be very, very conservative on this side.

Amy Stepnowski, Hartford Investment Management:

Just one follow-up question, again referring back to the December presentation. You spoke about growth, and obviously you are speaking now about being very careful in terms of CAPEX and expenditures, managing on a quarterly basis, but you have mentioned that if you were going to expand, you would be interested in moving into other proteins, or other animals; pork was something that was mentioned.

Obviously, as the market has gotten worse since September, is that still something that, as you look quarter by quarter, is still on your agenda or you remain focused just in beef?

Joesley Mendonça Batista:

Our strategy is exactly the same. Since one year ago, we thought that we would have great opportunities of acquisitions in 2009 in South America, it is confirmed that and I think that we will have great opportunities. We are not anxious about this, but I think that we will have great opportunities in a distressed price.

And about another protein, as we are already the leader in United States, the leader in Australia, if we grow, we can grow in beef here in Latin America, but after this, the other most obvious road would be the pork, because we already operate in pork in the United States.

But on this scenario, we are not looking for acquisitions. This is part of the past, aggressive acquisitions, spending a lot of money, investing a lot of money. I think that we are in a new scenario. We are in a scenario to deleverage the Company, to preserve the cash and to wait for good opportunities.

Jose Bernal, Standard NY Securities:

Good morning. I am just wondering, in the 4Q, the Company mentioned the reduced slaughtering capacity in Brazil. So I was wondering if you can tell what the utilization rate was for that quarter. Thank you.

Joesley Mendonça Batista:

We are really concerned about credit with clients, not only in Brazil but in the exports sales too. As we are working in a very conservative basis, we prefer to reduce the volumes to decrease the inventories to put the money in cash, then try to accelerate slaughter.

Because actually I am convinced we will grow only because some companies will decrease their volumes, and some companies will lose market share because of the financial issues. So, we worked on the 4Q much more focused on making the Company as most healthy as possible, deleveraging the Company, then gaining market share and making some more profits here or there. I think we are not at this time.

Jose Bernal:

OK. I have one more question, if I may. I want to know if the Company has any strategy to improve the EBITDA margin in the Brazilian operation.

Joesley Mendonça Batista:

We are working with from 5% to 6% on the EBITDA margin in Brazil. I think that we will be able to keep this on this level, but we will need to check if many other players stop their activity, maybe these margins can go higher. If the Real devaluates much more than this, maybe we could increase the margins.

But I think that it is from 5% to 6% to better, not to worse. This is the direction.

Sharon Dunn, Greeley Tribune:

Good morning, gentlemen. Thank you for taking this. Given the difficult economy, do any of your plans for efficiencies call for cutting back operations in the Greeley plant, specifically employee layoff?

Wesley Mendonça Batista:

No.

Sharon Dunn:

Will you be cutting back in a way, shape or form maybe a second shift?

Wesley Mendonça Batista:

No. It is the opposite. We have been hiring more people here in Greeley, we have been expanding our business in Greeley, we are building our business here, we are hiring more people. And the Greeley plant we are running two shifts, and we will continue running these two shifts.

Sharon Dunn:

Thank you, sir.

Rafael Elias, Knight:

I just missed asking what your maintenance CAPEX estimate for 2009 is; not expansion, but just maintenance.

Jeremiah O'Callaghan:

Wesley, would you like to reply to that?

Wesley Mendonça Batista:

Yes. Overall or only in the United States?

Rafael Elias:

Overall, please.

Jeremiah O'Callaghan:
Overall, we have done research at each business unit, and we estimate it will be between US$250 million and US$280 million.

Wesley Mendonça Batista:

But this is total CAPEX, not only maintenance.

Jeremiah O'Callaghan:
Yes. This is total CAPEX.

Steve Kay, Cattle Buyers Weekly:

Good morning and afternoon, gentlemen. It seems like in every major producing country that you are in, of course, whether it is Brazil, Argentina, here in North America and in Australia, because of drought and outflooding, that cattle numbers, at least in the short term, and possibly for two or three years, are going to be shrinking in each of the areas where you have your major production platforms.

What is going to be your key strategy in each location to counter those shrinking numbers?

Wesley Mendonça Batista:

We have a little bit different opinion. We think the size of the herd in Brazil, we think will start to grow again. We do not believe that it will continue to reduce, we believe that we will grow again in Brazil.

Also in Australia, we think the size of the herd will grow, we have been looking at a lower number of cow slaughter in Australia, a smaller number; we are not pessimist about the size of the herd.

Steve Kay:

What about in North America?

Wesley Mendonça Batista:

North America has declined. We think we will be in a very strong position with our acquisition with Five Rivers to support our plants, to turn our plants full. We think we will be in a very good position.

Steve Kay, Cattle Buyers Weekly:

Thank you. Just a quick question, Joesley, regarding the termination of the National acquisition. I just wanted to verify, that is a US$25 million termination fee paid to National's owners? Is there no other expense involved in that?

And secondly, can you tell me if the decision to terminate was primarily because of an inability, not able to come to any agreement with the Justice Department or also some divergence of opinion as to how to proceed with National's owners as well?

Wesley Mendonça Batista:

Basically, the breakout fees, US$25 million, no other expenses; it is straightforward US$25 million.

About the decision to terminate the transaction, it is an economic decision. Basically we have been working to see if we could divest some assets to reach an agreement with the Justice Department, but you know in this financial market now, it does not make sense to sell plants in a cheaper price and to acquire National does not make sense for JBS.

We decided to terminate the transaction based on this reason.

Steve Kay:

In essence, will you prepare to sell plants but not have the price that you might have got for them?

Wesley Mendonça Batista:

I am not saying that we are prepared to sell plants, but we worked to see if there was any possibility to do some divestments. But you know in this market is not the appropriate time to divest assets.

Steve Kay:

Right. Thanks a lot, Wesley. See you Tuesday.

Operator:

This concludes the question and answer session at this time. We will now turn the floor back over to the speakers for any final comments.

Jeremiah O'Callaghan:
Wesley, would you like to do a summing up please?

Wesley Mendonça Batista:

Yes. I would like to say that, as we mentioned in this call, our focus is to keep our Company in a very healthy liquidity position. You can see our numbers, we closed our fiscal yearend with approximately US$1 billion cash, plus the availability in credit line that we have here in the United States and in Brazil.

We feel this is a very strong position for us. We think in this crisis we will see a lot of opportunities, we definitely believe that JBS is in a very healthy and in a very good position to get opportunities in the future. We will keep our management focused in reducing cost increase, margin efficiency, and deleverage our Company every day.

We are proud of our 2008 numbers. When we acquired Swift here, a lot of people asked us the possibility to achieve US$200 million EBITDA in the United States, and we delivered almost US$400 million.

Overall, we are optimistic about our future. We would like to thank all of you, who have been believing on JBS, have been supporting our Company, and we will continue to work hard, trying everyday our best to improve value for all of our stakeholders, and thank you very much for all of you participating in this call.

Operator:

Thank you. This concludes today’s conference. You may disconnect your lines at this time, and have a great day.