Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to JBS 3Q08 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 this call and the slides are being broadcast in the Internet at the Company's website www.jbs.com.br/ir, and that the presentation is available for 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 question and answer session for analyst and investors.

Before we proceed, 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:

Good morning to everybody and welcome to JBS conference call to analyze the results of this 3Q08. Besides myself, Joesley Batista is also here with us, Sergio Longo, our CFO in Brazil is also present, as well as Eliseo Fernandez, our Controller and Administration Director.

It is a pleasure to start talking about JBS once again. Starting on page two of our presentation in English, we would like to briefly repeat, as we do at the beginning of all the calls, just to remind ourselves of our mission and of our values. The mission of the Company is to be the best at what we set out to do, totally focused on our business, ensuring the best products and services for our customers, solidity for our suppliers, satisfactory profitability for our shareholders, and the certainty of a better future for all our collaborators, all our employees.

And the values of JBS are planning, determination, discipline, availability, openness, and simplicity.

On pages four and five of our presentation in English, which is available at our site, we have the résumé of the Board of Directors and of the Top Management of the Company; and I will briefly go through the main (inaudible) that, just so that we are reminded of the strong and solid and long-term management, which covers JBS.

On the Board of Directors we have José Batista Sobrinho, whose initials, JBS, form the name of the Company; he is the founder of the Company. And we have his three sons, Mr. José Batista Junior, Wesley Mendonça Batista, and as the President of the Board and our CEO, Joesley Batista.

We also have Marcos Vinícius Pratini de Moraes, who is an independent Board member; and Mr. Demósthenes Marques, who is the representative of the Fund which participates in the capital of JBS to be nominated a Board member to represent the BNDES – the Brazilian Development Bank.

As main executives, our CEO in Brazil is Humberto Magalhães, who has been with the Company for almost a decade and has grown through the rank of the Company. In Argentina, Nelson Dalcanale, who has worked with us for many years in Brazil and who has recently become our CEO in Argentina. Recently, in our joint venture with the Cremonini Group, we have Mr. Luigi Scordamaglia and Mr. Paolo Boni, who, if I am not mistaken, are listening in with us today and will be available for questions and answers at the end. And Mr. Sergio Longo, who is here present today also; our Legal Director Mr. Francisco de Assis e Silva; and as I mentioned earlier, also Mr. Eliseo Fernandez, who is our Management and Controlling Director.

Under Mr. Wesley Batista, in the United States, we have as business units CEOs Iain Mars in Australia, who is English and lived in Brazil for many years, and who has been working in the meat sector since he left the university. In the United States, Mr. Martin Dooley, who has been with the Company since he left university in 1983, and who runs the Pork business unit of JBS in the United States. Brent Eastwood, who is from New Zealand, lived many years in Australia and is now running our Trading and Distribution business out of the United States. Our CFO in the United States, André Nogueira, who has had his career developed in Banco do Brasil and who joined us last year when we acquired Swift in the United States. And we welcome Richard Vesta, who is running JBS Packerland, formerly the Beef Division of the Smithfield Group; and also Mike Thoren, who runs Five Rivers and will continue with us – we are pleased to announce – and continues to run our feedlot operations in the United States. As well as Mr. David Colwell, who is the CEO of our Beef USA business unit.

Moving on to page six, we have a little chart on page six which is quite colorful but it is there because we think it is fundamental for the strategy of the Company and we like to demonstrate the consistency with which JBS has grown and will continue to grow through making acquisitions of companies where we see think can add value, having an adequate financial structure, using our experienced management to turn these acquisitions around, reducing cost, increasing productivity, and expanding the value of the products, which in turn will improve margins. And also part of the strategy is geographic diversification and all these initiatives, potential damage-free risks or commercial (inaudible) barriers. And this circle goes around in a circle, as this is an ongoing situation.

On page seven of our presentation, we have a chart that we have been showing for many quarters now, and basically the history of the acquisitions of JBS. And we start here in 1993, when we made acquisitions initially in Brazil, then in South America, and from South America to North America, and Australia and also into Europe. So, this is the chart of each of the acquisitions that the Company has made and the consequent net sales increase as the acquisitions were integrated.

Specifically regarding the numbers we are going to present today, before we talk about the numbers of the JBS results we would like to talk a little bit about the impact of the crisis, which is probably in the minds of most of the people who are listening to us, more than the results of the Company. And so we decided to talk firstly about the impact of the crisis and then about the results, then, towards the end of the presentation, the outlook for the next quarters, and finally questions and answers, when our CEO and President Joesley will be with us to questions and answers.

We had many complications about the question of servicing and renewing the short-term debt of the Company; so, we have prepared on page nine a very specific chart with each credit facility which we have to finance out.

Short-term debt and the amortization per quarter of bad debt and the probable scenario, as we see it, as well as a pessimistic scenario, which we do not expect to see, but if we see deterioration of the present global financial crisis, we already have prepared a chart to accommodate our short-term debt within a less optimistic scenario then we have got right now at the moment.

So, on page nine there is quit a detailed chart and there the numbers speak for themselves. The total short-term debt of JBS for the next 12 months, for the next four quarters, is just under R$2 billion. Cash and equivalent, the Company holds R$2.256 billion; and in a probable scenario we see amortization of R$154 million over the period; and in a pessimistic one, R$457 million. I think it is also important to mention that in this profile that we prepared, there is no mention or calculation of ongoing cash generation over the quarters that we are analyzing here; so, this is a probable scenario and a pessimistic scenario without taking into consideration the cash generation over the next four quarters.

So, if we add the EBITDA of those quarters, obviously these numbers will be more attractive than they are presented in this chart. Also, we hear from investors and analysts quite a lot about the liquidity of JBS; these questions obviously are important at a time like this, during this global credit crisis. So, we prepared, on page ten, another chart which is basically to analyze the metrics through which we could have some measures of the liquidity of JBS and then the comparison of JBS with its peers in Brazil and with its peers in the United States.

The important point in this presentation is that the working capital requirement of JBS is actually greater than the net debt that the Company carries at the moment, which means that all our short-term debt is dedicated to working capital and not just financing assets or any other immobilized financing. And if we take our total net debt and discounted from our working capital, we would have a surplus of R$370 million.

Net debt/EBITDA of 2.3x; and our total net debt represents one month revenues of the Company, which is something we always look up from the time we had grown from a Company in Brazil, we always measure our debt against the revenue period it would take us to pay for the total debt.

In comparison with our Brazilian peers, we see that net debt/EBITDA average is 3.5x or 4.5 months of revenue to pay for the total net debt. And in the United States, when we do the comparison with the public companies, which are our peers in the United States, the net debt/EBITDA is 5.2x or 2 months of revenue of the companies.

On page 11, the highlights of the quarterly results of JBS, which were the best quarterly consolidated results in the history of the Company, with EBITDA of R$470.5 million, net revenue of R$7.7715 billion, and net profit of R$654 million.

JBS USA Beef business also performed at a historic level and confirmed the already increased margin, showing consistency in the turnaround that the management in the United States has performed, bringing the margin from 5.1% up to 5.6%, and that leads to prove that the measures that have been taken by the management of JBS Beef in the United States are measures that consistently have preserved margins at this level, the cost of the measure is more than any market-related issue. So, it is important to demonstrate that consistently, as we grow, from one quarter to the next, we continue to demonstrate the ability of the management to preserve margins at these levels.

Also, in this Pork business unit in the United States, we had a significant increase in the margin of 3.2% of the 7.6%, and again this is a reflection of the quality of the management (inaudible) team in the United States, who have worked hard to reach these margins and we believe we will be able to preserve these margins consistently over the next quarters.

In Brazil, JBS has increased its market share considerably; has had a net revenue growth of 27.2%, and at the same time it has improved its margins form 5.5% in the 2Q08 to 6.2% in this last quarter.

Again, in an adverse situation in Brazil, market share improvement and margin increase thanks to the solidity of the management of the business units in Brazil.

And we have also seen quite a change in the situation in Argentina, after the factor which were impacting negatively in the business during the 1H08 have been removed, our EBITDA has gone from P-11.7 million in the 2Q to P19.6 million in this 3Q08; quite a significant turnaround.

As we move on to page 12 on the presentation, and we see these numbers represented graphically, 9% increase on net sales from R$7.129 billion to R$7.771 billion and EBITDA increase of 61.8% on top of 64.5%, which was on top of 86%; so, it is a very consistent EBITDA growth over the last three quarters and with the margin going from 1.4% to 3% to 4.1% and now to 6.1% in the last four quarters.

On page 13, we have a breakdown by business units. JBS USA Beef, including Australia, revenue of US$2.756 billion and EBITDA of US$155.6 million, 5.6% margin; Pork in the United States, which has performed excellently, increasing EBITDA from US$19.9 million to over US$52 million in the period, from 3.2% to 7.6%; net sales, which went from US$620 million to US$682 million. And in Italy, in Euros, again this business performed well, with revenue of €143 million and margin increase from 4.8% to 5.3%, going from €7.5 million to €7.6 million. Finally, Mercosul, Brazil with Argentina, revenue in Reais going from R$1.425 billion to R$1.811 billion, and EBITDA going from R$58.2 million to R$102.2 million, 4.1% to 5.6% margin.

On page 14, we have visually, on a global market, where the revenue comes from, where the increase has been had over the last quarters and basically it gives us an idea of the global platform, which JBS (inaudible).

On page 15, just to emphasize the question related to the leverage of the Company, we talk about the net debt/EBITDA of 2.3x earlier on, and obviously when we talk about the last 12 months we consider two quarters that have not performed well, which was the 4Q07 and the 1Q08. And the chart on page 15 is to illustrate as we move these negative results of these quarters and replace them with much better results from this quarter, which we are going through right now, and the 1Q09 the leverage of the Company will continue to decrease. And this is a commitment which the management of the Company has reiterated in many occasions.

So, we expect to be announcing, when we announce the full year results of 2008 an improvement in relation to the 2.3x present.

Something else that we talked about in the past, in the United States, prior to the acquisition of Swift by JBS, Swift was performing on average below the market average, and when we made the acquisition we talked to the market and we reiterated that we felt we were capable of bringing Swift to JBS nowadays to perform at least on par with its peers, and the graph on page 16 demonstrates that we have done that and, in fact, as we look at that graph we see that we have outperformed the average of our peers in the United States and we feel that as we continue to implement the cost cutting measures and the synergies that we are implementing, (inaudible) we can continue to perform at these levels ongoing.

On page 17, since we announced recently after the closure of the 3Q the closing and the payment of Smithfield including Five Rivers, we have prepared a pro forma chart on page 17, which is self-explanatory. And net revenues of JBS of US$15.6 billion going out to US$18.7 billion including Smithfield and Five Rivers. EBITDA going to over US$700 million; average margin, taking the last 12 months, at 3.8%; and then we have the cash, the short-term debt, the long-term debt, the net debt, the net debt/EBITDA , which having integrated Smithfield and Five Rivers already, we have a minor adjustment in the net debt/EBITDA from 2.3x to 2.4x, which we are committed, as I mentioned earlier, to reduce as we remove the negative quarters of the end of last year and the beginning of this year.

114 different units between slaughter facilities and PDR distribution that goes around the globe, and more than 55,000 employees. Something also we mentioned earlier is JBS knowledge of the global trade; JBS grew in South America primarily exporting products that were efficient to export and gaining a good knowledge of the global requirement. And we have taken that knowledge to the United States and our exports out of the United States are performing 64% greater than they did in 2007, and that reflects a 33% average increase across the industry.

We have increased exports 64% out of the United States year on year because of our knowledge of the global market and also because of the opening up of markets in a global strong demand, the United States will be exporting more and will be performing more as we go forward and as the barriers, which were put up at the beginning of 2004, are being removed because of the mad cow disease in the beginning of 2004.

The revenue by region, on the chart number 19, JBS Beef USA 43% of revenue; Pork USA, 14%; Australia Beef, 13%; Brazil, 22%. The 50% of the business we have in Italy jointly with Cremonini represents 5% – 50% represents 5% – and then 3% of our revenues come from the business unit run by Nelson in Argentina.

Of all the products we produce globally, almost 2/3 is consumed where it is produced, domestically; and just over 1/3 is exported. That includes all the production platforms of JBS globally.

And then on the next page, page 20, we have the export by destination. US$1.7 billion export in the 3Q08 and growing; we expect to be exporting US$2 billion per quarter ongoing in 2009. Russia is the largest destination; we export to Russia most of our productive platform. Japan is the second largest, then Mexico, then the European Union, Canada, South Korea, China, the United States itself – we export to the United States from Australia, from South America, industrialized products from South America –, Hong Kong, Taiwan, and then 25% to other markets.

It is important to highlight South Korea, which started importing United States beef only at the beginning of the 3Q; it already represents 4% of our total export and growing.

On page 21, this is the traditional chart that we get from Bloomberg, comparing cutout prices and cattle prices in the United States. And as we can see, the margins of the JBS Beef business in the United States has performed superior to this graph and we continue to increase our margin, although if we do a very simple comparison between cutout prices and cattle beef prices in the United States, we see that the indication is that margins would be more negative. Because of the cost cutting measures we have taken, because of the synergies we have implemented, because of the volume of exports out of the United States, our margins continue to increase, although this indicator may give the impression that if we were in a more (inaudible) market margins would not be that good.

On page 22, something we talk about regularly also, is the fact that as we globalize, as trades globalize, and as JBS globalizes, margins tend to converge, prices tend to converge and margins tend to converge. We have a decrease in the average price of cattle across the globe, the United States being the most expensive, followed by Uruguay, Brazil, Australia, and then Argentina.

On page 23, a very interesting analysis of the acquisitions we have made in the United States, which demonstrate that at the time of the acquisitions the enterprise value was a much higher multiple of what it is today in relation to the EBITDA.

The Smithfield Beef acquisition that we announced just over six months ago, the EV/EBITDA was 8.1x, and with results this business has produced over the last quarters is now 4.1x. And we can see the same comparison in relation to Swift in the United States at the time of the acquisition, 15.1x and right now, 5.5x, with an increase in EBITDA of 175% over the last five quarters.

The final considerations before I hand you over to questions and answers, which Joesley, who is next to me, is going to reply to: the best consolidating results in the history of the Company, planning and discipline contributed to risk reduction – we have mentioned this earlier and this is why we repeat the values of the Company; planning and discipline are two of the values of the Company and it helped reduce the risk of the Company. We have had a consistent improvement on the consolidated results of the Company over the last quarters; we have a commitment from the Management to reduce the leverage – we talked about that gradually coming down from 2.9 to 2.3, and with a tendency to continue to reducing over the next quarters. We talked about liquidity; we feel the Company has an appropriate liquidity for the business. We will continue to grow, we are committed to growth; JBS has grown through adversities at all times and we see the present crisis as an immense opportunity to continue that growth. And finally and very importantly, regardless of the negative aspects of the present macroeconomic scenario, the Management of this Company forecasts substantially improved consolidated operational results for 2009; improved results in relation to 2008.

Having said that, I now complete the presentation. We would like to move now to questions and answers, which will be coordinated by Joesley.

Eric Ollom, ING:

Good morning, everybody. Congratulations on the result. Joesley, could you just flash out a little bit the guideline for 2009, just in terms of what sorts of capacity, improvements or increases you are expecting to see in Mercosul, and what sort of margin improvement you are expecting to see across the board probably specifically in the United States. And whether this guideline includes consolidations of Smithfield and Five Rivers into your base line versus 2008. Thank you.

Joesley Mendonça Batista:

Hello, everybody. Let me try to answer one per one. In Mercosul, we are running with a capacity of around 12,000 to 15,000 heads per day. We will most probably be working around 20,000 in 2009; major reason is because of capacity expansion that we are finishing in Campo Grande, Barretos, Vilhena, some part trough this year in Brazil.

Second question is about the margin in the United States; the margins in the United States, as we showed in the numbers, we have already achieved better results than expected in the first forecast. In 2009, we are confident that we will enter 2009 already integrated, so we will have the full year benefit of everything we did during all this year, 2008, and the end of 2007.

So, when you look to our results, you observe that in the 4Q07 we had very poor margins, in the first part of 2008 we had very poor margins; so, the main reason that I expect that 2009 will be much better than 2008 is that we will be much more stabilized in the United States.

About Smithfield Beef, we have just acquired it some days ago. We will be having advantages in synergies in the SG&A, in the purchase, in the logistics, as all the market saw we optimize and we reduce in cost in Swift we will be walking in the same direction in Smithfield – in JBS Packerland, now. Mainly in these three things.

We forecasted something around US$25 million on synergies, but we are now convinced that we will be able to do better than this.

Eric Ollom:

OK. Thank you very much.

Rusty Johnson, Harding Lovdner:

Pretty impressive results. Two questions I am curious about: one, you mentioned in your release that the Company pays for transportation cost, presumed domestically and I would imagine on export side. With the freight rates falling and, of course, with the diesel prices falling globally, can we expect to see some margin recapture from logistics cost going into 2009? And is that the material part of your cost structure?

And I have one more question on Brazil capacity, if you do not mind.

Joesley Mendonça Batista:

The logistic cost is not that material in our business.

Rusty Johnson:

OK. So, in Brazil, we noticed when your CAPEX went into full substantial capacity (inaudible) and you talked in the past about high prices of beef and the industry of which you are a producer is in excess capacity. What is your strategy there and how do we think about your ramping your slaughtering capacity demonstrably, as I read in this quarter's result, and what is going to come out of this? Presumably more market share gains, which you have already achieved? I am not really sure how I read the Brazilian industry.

Joesley Mendonça Batista:

I am not sure I understood your question about Brazil, but we are expanding capacity as we ramp up the production of our factory from 1,000 heads per day to 3,000 heads per day, so a much more efficient plan.

What we are observing here is that there are many small plants closing, they shut down a lot of capacity in Brazil, mainly coming from the small slaughterhouses, and maybe the plants that have bad locations.

At the beginning of the year, we were at around 260 plants in unit terms in all Brazil; now, we are already lower than 200.

Rusty Johnson:

OK. So, simply you are taking share?

Joesley Mendonça Batista:

Yes.

Rusty Johnson:

Are you taking share because you pay a more attractive (inaudible) price, or just because you have the financial strength to actually pay for the cattle head that you gain in the share?

Joesley Mendonça Batista:

Essentially we are gaining share mainly because it is a combination. We keep growing, we have a strong financial position, so we can keep selling beef to the external market, we can keep paying cash, buying cattle with cash. Actually, our efficiency, our financial conditions, it was already an advantage.

Two months ago until now, when we started facing this huge crisis, these advantages became much more important in this new scenario. So, actually we are seeing many small industries shutting down plants, they are not selling beef to the external (inaudible) too much, because it increases the working capital needs. And based on our analysis, we came from a 12% market share, we are close to 18% already.

Pedro Herrera, HSBC:

Good morning, gentlemen. Congratulations on the results. Quick question: regarding the National Beef acquisition, you are clearly going forward pursuing the acquisition. Any thoughts on walking away from that acquisition, one? And two, what are your acquisition plans domestically in Brazil, now that the market has been under pressure and there seems to be significant assets that you can exploit, based on your clearly very good results?

Joesley Mendonça Batista:

We will keep following the National Beef acquisition. We think that we will have that deal. We are not thinking about giving up this acquisition. We will definitely do our best to have that deal; we think that it is very important to increase our efficiency. We are working around US$150/head in the costs side, we are confident that with National Beef we can take this below US$120. So, it is really important.

Due to our financial position now, the fact that we will follow the National acquisition, it will not change the ability of JBS to grow in the Mercosul during 2009 if we have opportunities.

Marcelo Menusso, Deutsche Bank:

Good morning. Related to the previous question, from my understanding these funds for the acquisitions of National and Smithfield – well, now just National – they are already available and they are hedged. Let us say that the American authorities decide not to let the acquisition go ahead. Are you required to use this money for other investments or can you use it for debt reduction? What are the plans for these funds if the American authorities decide to keep their decision? And then also when do you expect to have a final decision regarding that?

Joesley Mendonça Batista:

Maximum six or seven months more, we will have the final decision. The money came from equity investments, so it is already in the Company. This is already reducing the net debt financial position. We need to observe that National Beef presented in its last numbers, numbers much stronger than it was supposed to have when we acquired that company.

So, if we acquired National Beef today, when we consider the last 12 months of National Beef with all the numbers, we would keep below 3x leverage; even with National Beef and Smithfield Beef acquisition. So, even completing all the acquisitions, we keep below 3x. This is one thing.

Another thing, another answer is that if we do not acquire National Beef, we will have the money to acquire, to do what else we think is possible.

Jose Bernal, Standard NY Securities:

Good morning. Congratulations on your results. I just want to know what is the status of the United States financing of US$750 million of the revolving credit facility and also the US$500 million of this term loan. And if you could give us more color on that. And if that concludes, can you tell us the financial terms?

And also what is the percentage of (inaudible) your debt? Thank you.

Joesley Mendonça Batista:

About the ABL, we reduced the ABL from US$750 million to US$400 million, mainly because we did not conclude the acquisition of National Beef. And about the term loans, as the market changed a lot and interest conditions, the fee conditions, all the price of the term loans started increasing too much; and we have money in cash and this is not that essential – we would like to do this if it were in a good price. If it is expensive, we do not feel that we need this term loan to keep implementing our plans.

The ABL that we raised yesterday is amounted to US$400 million, it can grow to US$500 million, if it is necessary, if we need it. And it is based on receivables and inventories mainly.

Jose Bernal:

And what is the tenor of the loans, of the (inaudible)?

Joesley Mendonça Batista:

Three years.

Jose Bernal:

Three years. Thank you.

Denis Parisien, Santander:

Good morning, gentlemen. Congratulations on the results. And by the way, thank you very much for the additional disclosure in the press release. I very much appreciated it. Could you just clarify, on the last question, the term loan; are you saying that you are going to pay that down?

I saw a news wire story yesterday saying that you had refinanced all your short-term debt. I am a little confused exactly what the status of your short-term debt is and what you are doing with that term loan. If you could clarify that for me, I would appreciate it.

Joesley Mendonça Batista:

First, let us separate. The term loan was not to refinance short-term debt. We disclosed our debt, we may remember that the total net debt of JBS is less than its working capital needs. So, the US$1.3 billion on net debt is mainly in the Brazilian, Italian, Australian commercial banks, that we made two scenarios, a most probable scenario and a pessimistic scenario, that we consider in a very pessimistic scenario that the banks could be refinancing 75% of the loan.

We may keep in our minds that these loans are export credit financing, it is anticipation in receivables, it is mainly to finance working capital. So, we do not think about refinancing this to a long term. Because this has a small interest rate level; it is basically to finance working capital.

We do not think it is healthy, we do not think it is a good idea to have a long-term debt to finance working capital, because we will be paying much higher interest rates just to have a long-term financing working capital. So, we will keep working with our commercial banks here, in Italy, in Australia, financing our working capital in a short term; this is the first answer.

The second is that the only reason that we were considering to raise the money in the term loan was if it were a normal and low interest rate. As the market started becoming so difficult, the interest rate started going up, so it made no sense to put in place this loan. So, we just stopped with this idea, and we raised US$400 million in ABL, with an interesting interest rate until this moment. So, we cannot link the term loan to finance the working short term.

And another thing: we may remember that what the Company has in cash today is more than all of the short-term debt that we do not consider as a short-term debt. Because as it is in the commercial banks and it is financing the working capital, we do not consider a possibility that all the commercial banks will not anticipate a receivable anymore. If it happens, it is because the world has ended.

Jorge, Legg Mason:

Hi, Joesley. Basically my question is: are you trying to reconcile the volumes of JBS USA, the Beef side, and JBS Pork? I noticed that the slaughtered animals increased at a much slower rate than the total volume. I was wondering why is this different?

Joesley Mendonça Batista:

I did not understand your question. You are suggesting that the volumes…? Could you ask again?

Jorge:

Yes. Basically, for example, if you go to the JBS Pork unit, you see that the total animals killed increased 9.8% year over year. But if you add…

Joesley Mendonça Batista:

In the United States Pork?

Jorge:

In the United States Pork.

Joesley Mendonça Batista:

OK. The number of animals…

Jorge:

Of animals killed increased 9.8% year over year. But if you add up the total volume, including domestic market and exports, the total volume increased 30%. So, my question aims to why this difference? Why if you slaughter 10% more animals you have 30% more volume?

Joesley Mendonça Batista:

OK. I understood, and I do not know the answer. I need to check here.

Wesley is in the line; do you have any idea about this? Maybe there is anything you – Wesley? We do not have Wesley.

I am sorry, but we do not think the pork became so much fatter than it seems.

Jorge:

OK. So, could it be eventually then the difference?

Joesley Mendonça Batista:

Yes, it can be eventually. But I would not like to answer something that I really do not know.

Jorge:

OK. And it is a similar pattern I saw in JBS Beef on the United States side.

Joesley Mendonça Batista:

OK. We will check these numbers and we will send you…

Jorge:

OK. I will follow up later. Thank you very much.

Wesley Mendonça Batista:

Joesley?

Joesley Mendonça Batista:

Wesley, você entrou?

Wesley Mendonça Batista:

Estou na linha.

Joesley Mendonça Batista:

Você entendeu essa pergunta?

Wesley Mendonça Batista:

Entendi.

Joesley Mendonça Batista:

Você sabe a resposta?

Wesley Mendonça Batista:

Basically, to answer the question, we increased 9% in volume in the number of ham, and we increased 30% in volume mainly because we shipped a lot of products that we froze in the 2Q and we shipped a lot of products for Russia, for other markets, and our volume is more than our number of kills.

Joesley Mendonça Batista:

(inaudible) about the inventories.

Jorge:

OK. Thank you very much.

Rebisson Bonfim, Miller Tabak Robert:

Hi. Congratulations on the results.

Joesley Mendonça Batista:

We are not hearing you. Could you, please, speak louder?

Rebisson Bonfim:

Sorry. Can you hear me now?

Jeremiah O'Callaghan:

It is improving.

Rebisson Bonfim:

OK. Sorry about that —

Jeremiah O'Callaghan:

Now it is good.

Rebisson Bonfim:

My question is in regard to the United States taxation; obviously a big driver of derivatives for the acquisition that had to do with the diversification but also with the ability of exports growing from the United States. With the appreciation of the USD, how do you think that will impact the role of exports from the United States to other countries?

Joesley Mendonça Batista:

Wesley, could you answer this question, please?

Wesley Mendonça Batista:

Yes. Basically, we do not expect so much impact in exports. Of course we need to see what these quarters will be, if the quarters will continue to be strong or not. But when you see, for example, in Japan, the opposite is favored because the Yen is stronger when compared to the USD. And this has helped our exports from Japan, both in beef and pork.

When you look at the currency in Mexico, in Canada, basically we do not compete in Mexico, in Canada with South America; we basically compete with the United States, Canada, and Mexico. Only in this level that the currency is now, we do not expect a big impact.

Rebisson Bonfim:

OK. Can you also address the price of cattle; and I apologize if you have talked about this but I had a hard time getting on the call today. But can you talk about price of cattle in Brazil versus in the United States. Obviously, price of cattle in Brazil has reached a level almost as high as price of cattle in the United States. Is that trend continuing as we change that? What is your expectation?

Joesley Mendonça Batista:

First, we do not know what will happen with the currency. If we look at the cattle price in Reais terms, it did not decrease too much. What really happened indeed was that the Real depreciated too much.

We saw a real decrease in USD terms in the United States much stronger than what we saw in Reais terms, but in USD terms converted to Real compared to USD in the United States, Brazil decreased in a much faster pace.

Nobody knows about the global recession. But we think that all the global prices are walking to convert in a more similar price. These have been our thoughts one year ago; it has been more than one year that we have been talking about the converging prices.

We think that the prices will keep in the converging direction. We do not know if it will be on the high side or on the low side, but what we have been seeing is the same movement, the same volatility in all the markets at the same time, at the same moment.

Rusty Johnson, Harding Lovdner:

Hi. I would like to go back and talk about two things. One: on the pork side, that had such a strong result; is that due truly to your management execution of self-help? Or were there dynamics involved in the United States pork market that really led to the excellent results there?

And secondly, going back to the absolute decline in USD terms of cattle, what does that really say for margins? Are you going to be able to hold your profitability with the falling input costs? Because in the past there was a margin pressure, if we see in your chart cattle pricing coming down, can we confirm that is a good thing? Or are margins going to just basically move with that?

Joesley Mendonça Batista:

Wesley, could you answer about the pork?

Wesley Mendonça Batista:

Yes, I can. We think it is a combination; of course we would better believe we have a very strong business, we have a very strong operation in pork, a very strong management. We definitely believe this result came from the strong management that we have and we are not integrated. We do not have the high cost of grain impacting our business. It is a combination. But actually we think we have a very stronger management and a very strong pork operation.

Rusty Johnson:

Excellent.

Joesley Mendonça Batista:

And I think I can add to this answer that the pork division was already a very profitable business. Combined with our low-cost mentality, this combination is really improving the results.

Could you ask the cattle price question again? Are you talking about cattle in the United States or in Brazil, or all around the world?

Rusty Johnson:

What are we going to think about that? Presumably your working capital (inaudible) maybe does not matter. But is this a good thing for you? Presumably a buyer of cattle, is this going to be good for margins or could we not confirm that?

Joesley Mendonça Batista:

OK. You are talking about general terms. Our profit comes from the difference between buying and selling. This shortage of capital is reducing our competitors. It is increasing our margins. When the cattle price reduced, we decreased the working capital, but not necessarily we reduced the margins.

We expect to make more money with a lower cattle price than to make… We expect that it is a good news to us, when we see the capital prices going down.

Rusty Johnson:

That is what I said. Is in part that because of your other competitors were actually lacking capital? I think you suggested they actually buy these cows, so competition is actually falling for the cows, therefore the price is coming down?

Joesley Mendonça Batista:

Yes. The lack of capital is a huge opportunity to us. It can be a huge opportunity to us, because many competitors… In the past, everybody could raise money almost for the same price, and could have the money. Today, not all the competitors can compete in a same level. So, in the past, if we had 5% on profits, everybody could export.

Nowadays, to export, some competitors need to have maybe 30% or 40% on profits to be a profitable operation because they would need to raise money in a very high price. So, this lack of capital, we have been seeing this as a huge opportunity.

Eric Ollom, ING:

Hi. Could you perhaps tell us what is your capital expending plan for 2009? And what sort of rates of return you are looking on that plan to expand capital versus, buying back securities, whether equity or debt, given the very low crisis in the current market environment?

Joesley Mendonça Batista:

We do not expect spending too much CAPEX in 2009. We are prepared to analyze opportunities of maybe acquiring companies all around the world, but I definitely think it will be in a much lower price than we saw in the last months.

So, first answer: very small CAPEX; second, acquisitions by much lower price than we saw in the last months. And the return of these investments for sure will be… We need to be reasonable compared to the financial market on that time. If the interest rates are high, for sure we will need to make acquisitions for a much higher return than we saw in the last months.

After saying this, we will keep following our previous strategy, which was not to spend money in 2008, and look for new opportunities in Mercosul in 2009. That is what we said in the beginning of 2008. We will keep following our strategy; we think this will be the best to do with JBS.

We are seeing some very low JBS bonds, in a very low price; maybe this will be an opportunity to buy some bonds back, or all the bonds. Actually, we think that the market is very confused to make decisions today. We are preferring to wait and see what will happen in the next few months to decide for anything.

Eric Ollom:

OK. So, just to put a number for the CAPEX for 2009; the guidance for 2008 was R$600 million, and that was before any NBP or Smithfield. For 2009, for modeling purposes, would it be fair to say a similar number, R$600 million?

Joesley Mendonça Batista:

Lower than this. The only plan that we have until now is to finish the investments that we were already working on and to build a new facility close to São Paulo to support the logistics side. It will be maybe 50%, maybe 300%, or something around this.

Denis Parisien, Santander:

Good morning again. Thanks for taking my follow-up call. You mentioned in the press release, looking historically at some numbers and finding a relatively low sensitivity to the purchase of beef from, I guess, interruptions in income growth. We have seen some studies that showed contrary to that.

Do you not think that there will be some income elasticity, that the interruption in growth in per capita income, particularly in emerging market in developing countries, should at least interrupt the growth path? Maybe it would just flatten out. But would the growth path of the increase consumption in these not be interrupted by an interruption in per capita income? Thanks.

Joesley Mendonça Batista:

It is a very interesting question, because the most we understand the dynamics of our business, we can better understand the market.

The cycle of the cattle is from three to four years, depending on the country. In the United States it is three years, in Brazil it is four years. What does it mean? It means that the cattle that will be slaughtered in 2009, in 2010, in 2011, and in Brazil, for example, in 2012, it is already done. We have nothing to do. It is already being produced. It is on the road.

For example, for 2009, the global cattle production is inelastic; there are already the cattle that will be slaughtered. So, the economy does not matter, the earnings per capita does not matter; this cattle will be slaughtered. What we can discuss is for which price we will sell this.

And if all the population decides or just does not have money to buy all of this beef, for sure they will stop buying any other protein to buy the beef. Because you can decrease the production of poultry, you can decrease the production of pork; you cannot decrease the production of beef for the next three or four years.

So, this is the main reason that when we look to the historical consumption of beef, it is not directly related to crisis, to global crisis, to earnings per capita. The global beef consumption is much more related to how much cattle we produce than to how much beef the consumer wants to buy. I do not know if I was clear.

Operator:

Thank you. I will now turn the conference over to Mr. Joesley Mendonça Batista, CEO, for final considerations.

Joesley Mendonça Batista:

OK. I would like to thank everybody, and I would like to thank the confidence. JBS is a beef company that is working in this market for more than 50 years. We have been facing many crisis, we will be facing this one too. We have an experienced team, experienced people. We have been dealing with beef for many years.

We think that we will have great opportunities to keep growing even with all of this financial crisis. I would like to make it clear that it is not that we are lucky people that we have liquidity and we are ready to face all this crisis; it is because we work on this business for a long time.

And I think that we have been taking the right decisions to arrive to these days with more than US$1 billion in cash, with a profitable Company, completely integrated. We are not in integration process; we have already integrated the business. Now we will be focused on Smithfield Beef, which is now JBS' Packerland and Five Rivers.

We expect to integrate this business very fast; we do not expect to spend one or two years working on this. We expect that in the next three or four months it will be already done. And again, thanks, everybody, thanks for your time. And let us keep working to have much better results on the 4Q. Thanks, everybody.

Operator:

Thank you. This does conclude today's conference call. You may disconnect your line at this time, and have a nice day.