Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to the JBS 2Q08 earnings conference call. Today we have with us Mr. Joesley Mendonça Batista 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 to download at the investors information section.

Also, this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After the JBS's presentation, we will initiate the questions and answers session for analysts and investors only. Right after this session, we will open the Q&A session for journalists, when new instructions will be given.

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, IR Officer. Mr. O'Callaghan, you may begin your conference.

Jeremiah O'Callaghan:

Thank you very much. I am very proud to have the opportunity to make this presentation in English today, after Joesley has just made the presentation in Portuguese. It is not easy to follow up on the footsteps of our president. But I will make the effort, and Joesley will be available for Q&A as soon as we finish this presentation as will Wesley Batista and other directors of the JBS Group who are all available for questions and answers as soon as we finish this presentation.

I would like to start as we usually start these presentations by talking about the mission of JBS. This is something we do in all of our presentations and we think it is important for our employees, our investors and our customers to realize that we take our mission extremely seriously and we like to remind ourselves daily of the responsibilities that we have in front of all these people and in front of the public.

And our mission is to be the best as 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 for our employees the certainty of a better future.

On top of the mission, we also like to remember the values of the JBS Group, which are the foundation of the culture of the Group. And our values are six: they are planning, determination, discipline, availability, openness and simplicity. We like to maintain things as simple as we possibly can at all times, which is the last of our values.

During the presentation of the results of the 2Q08, we have included in the presentation an organogram of the management of the JBS Group, and I would like to briefly go through that organagram so that our investors and the public can get further enlightenment to the management structure of the JBS Group.

As our CEO and Chairman, we have Mr. Joesley Batista; in Brazil, as our Chief Executive Officer, we have got Mr. Humberto Magalhães, who stays here in São Paulo – Humberto has been working with us for over eight years now; in Argentina, we have Mr. Nelson Dalcanale, he is our Chief Executive Officer in Argentina, and who has been with JBS since 2001; in Italy, since we acquired our participation in the Inalca Group, we have Mr. Luigi Scordamaglia – I hope I pronounced it correctly – and Mr. Paolo Boni – that was easier to pronounce, Paolo.

We also have our Financial Director here in Brazil, Mr. Sérgio Longo; our Legal Director, Mr. Francisco de Assis; and under the Management of Wesley Batista, who is our CEO for the United States and Australia, we have got Iain Mars, who I think will stay us, regardless of the fact that it is 1:30 in the morning in Australia; we have Mr. Martin Dooley, who runs our pork and business units in the United States; Mr. Brent Eastwood, who is our New Zealand origin, but who runs our trading business in the United States.

Also Mr. André Nogueira, who is our CFO, our Chief Financial Officer in the United States, and who has large experience working for Banco do Brasil, and who joined us when we acquired Swift in the United States just over a year ago; and upon the authorization from the Department of Justice for the acquisitions of the companies we already announced, we have Mr. Richard Vesta, who runs the beef division of Smithfield; of National Beef, Mr. David Colwell, and Mr. Tim Kline who, upon the authorization of the Department of Justice, will be the CEO of our beef division in the United States; and finally the feedlot Company Five Rivers in the United States, Mr. Mike Thoren.

Moving on now to page six in our presentation and into the strategy of our Company. We have prepared a slide on the question of the strategy, which we feel has a lot of massages in it that it demonstrates a positive cycle of how JBS acts from pursuing growth to acquisitions, using a strong financial structure with the experienced management that we just talked about, implementing cost reduction and the acquisitions that we make, expanding production and adding value to the products we produce, thus improving margins.

And we also feel that it is important to have an industry where we are producing a product of animal origin, there are many risks involved; so it is very important to have a diversified global production platform to mitigate any risks related to animal health issues or animal health barriers in more specific regions of the world. So that basically is the full cycle of the JBS strategy.

As I mentioned, JBS has been built through acquisitions, and on page seven of the presentation we have a slide demonstrating the acquisitions that have been made in the last 15 years approximately, from Goiás, in Brazil, branching out into other Brazilian states, and from Brazil to the Mercosul; and from the Mercosul growing globally in North America and Europe and Australia.

It is important to remember that JBS is a Company which is more than 50 years old, so it is a Company that has been active and operating in the beef sector for many years. It is not a Company which appeared recently on the market, which does not have beef operations in its DNA, and basically the policy of the Company is to continue to implement this strategy that we implemented in Brazil, outside of Brazil, and continue growing through acquisitions.

Now let us talk a little bit about the numbers, the results of the 2Q08, which is a period from April, May and June up until the June 29th in the United States, because of the fact that we have to finalize the numbers based on the end of the week in the United States, so there is a minor difference between the period in South America and the period in the United States and in Australia.

The highlights of the quarter, we would like to start talking about the highlights, mentioning the fact that JBS has gained market share in mature markets during this quarter, notwithstanding the fact that 78% of our revenue was generated in what we could denominate developed markets, such as United States, Europe and Australia. The Company presented almost 22% growth in its consolidated net revenue when compared with the previews quarter, increasing revenue from R$5.859 billion to practically R$7.13 billion.

We think that is significant, taking into consideration that almost 4/5 of our revenue comes from outside of South America. This demonstrates the ability to have revenue growth in mature and developed markets. The second highlight is in relation to the beef units in JBS USA, which includes the Australian operation, and these units performed extremely well. Margin has grew from 0% in the 1Q to above 5% in the 2Q08; that is an increase in USD terms from just under US$1 million to almost US$133 million, which is in the beef unit in JBS USA.

Again, there was a significant increase in the net revenue of the beef unit, which went from US$1.977 billion to US$2.630 billion quarter on quarter; that represents a 33% growth. Also the consolidated EBITDA of the Company increased by almost 65% in the 2Q08 in relation to the 1Q, going from just over R$176 million to almost R$291 million.

In Brazil, the net revenue of JBS increased by almost 14% in the period in comparison with the previous quarter, regardless of the adverse conditions of the industry in Brazil, primarily due to the serious increase in cattle prices in Brazil, and thus allowing the Company to continue on a historic strategy of market growth in South America. Since the IPO of JBS and prior to the IPO of JBS, JBS has been growing both in Brazil and Argentina, and regardless of the first moment portability in Brazil with cattle prices having increased so much, our strategy does not change because of this adversity.

For the coming semester, JBS has positive expectations, considering the diversified global production platform, which minimizes negative regional impacts. JBS in the United States continues to operate in this quarter and the 3Q positively, and JBS United States is exporting almost twice as much as the industry average in the United States.

And again, I think it is important to remember that JBS grew in South America, developing the international market and basically JBS is taking expertise, the knowledge of the international market to its operation in the United States and is incrementing its sales out of the United States based on previous experience from its operations in South America. The Company believes that, if the present conditions prevail, relevant margins will be sustained during the next two quarters, during the 2H08.

Looking at the numbers on slide number ten, we see that the revenue increased almost 22% from R$5.86 billion to practically R$7.13 billion, and we see that the consolidated margin went from 3% to 4.1%. We can look at each business units separately during the presentation and get a bit more color on each of these units.

On slide number 11, we have got the distribution of revenue globally over the last 12 months distributed firstly in the United States and Australia, 74% of the revenue has come from JBS USA and Australia; 5% of the revenue has come from the Inalca JBS Company in Europe, which has operations distribution network in Russia and in a number of African countries, as well a strong partnership with McDonald's. And 21% of the revenue comes from our South American operations. That gives us an idea; these are the numbers over the last 12 months.

On page 12, we have the slide related to the debt profile of the Company. We can see that the leverage net debt EBITDA has gone from 2.9x to 2.8x, and we also have two other slides showing the cash and debt amortization, and debt by currency; 40% approximately in Real and 60% in other currencies.

Moving on to the performance by business units, which we mentioned earlier, highlighting once again, JBS USA, including JBS Australia, where we have had a revenue increase in USD from US$1.976 billion to US$2.63 billion, and a margin height from US$-6 million to US$132.9 million. JBS Pork in the United States, again, we have had revenue increase, from US$536 million to US$620 million and a margin increase from US$15.7 million to US$19.9 million with a margin of 3.2%, an EBITDA margin of 3.2%. Inalca JBS in Euros, we had a revenue increase from €132 million to €155 million and minor margin changed from 5.6% to 4.8%, that although due to the fact that there was a revenue increase the EBITDA went from €7.4 million to €7.5 million. This is in Euros and Italian European GAAP. And in the Mercosul, our net sales increased from R$1.271 billion to R$1.425 billion and margin and a margin compression from R$132.7 million to R$58.2 million, 10.4% to 4.1% percentage basis.

On page 14, it is interesting first to talk a little about the Swift operation in the United States of America, since we bought this operation one year ago and since we have made promises to the market at that time. So, I think it is important to reflect upon the compliances of the promises we have made to the market. We have the financial impact of the turnaround of the cost reduction, which we preliminarily estimated at U$169.5 million. To date, one year later, we have US$135.1 million of that realized. We already talked about the margin and about the revenue and it is interesting also to see that we had fixed cost, we had reduction of almost US$50 from R$212.3 per head for US$164.2 per head, 2Q07 against 2Q08, and this cost we had includes packing cost, plant cost, SG&A, depreciation and interest and those do not include any logistics.

We mentioned earlier that JBS exports out of the USA were performing better than the market average. We feel that the experience we have in operating in South America has taught us a lesson to operate efficiently globally. We have taken that lesson to the USA, JBS beef exports are up 54% year on year against an industry average increase of 29%. And that is to demonstrate the experience we have in the global market and the potential we have to preserve margins through the winter months in North America by continuing to expand our exports particularly to develop markets like South Korea, which has been very positive, surprise in the last couple of weeks, the demand from South Korea is much greater than we thought it would be after the difficult there was in implementing the regulation to re-access that market strength. There was strong demand also from Japan, from Taiwan and we feel that that demand will help balance this situation during the winter months and help us maintain part of these margins during the year the winter months in North America.

On page 16, we have got the Bloomberg graph on price and cutout gaps in the USA. This is public and I think it may be good to keep an eye on this. We can see that margins in the USA have been preserved at levels, which will be expected out of an industry, which is operating in normal circumstances.

On page 17, we have gone on sales distribution by business unit. We have got beef in the USA representing 43%, pork in the USA 16%, beef in Australia 14%. In Australia, there is a little bit of non-beef because of the acquisition of Tasman. There was some small (inaudible), beef in Italy is 5%, beef in Argentina is 2% and in Brazil 20%. And all these sales, 63% is domestic in each market and 37% are exports. These are numbers which can se sourced out of Bloomberg, there are public numbers.

I am sorry, this JBS, there is a mistake in our presentation, this JBS and not Bloomberg

It is very interesting, I think if we look at the next slide, which again is JBS and not Bloomberg and it is interesting to see that one of the largest market for JBS purchases is Japan, but the largest is the European Union, than we have Russia, Mexico, South Korea, China, Canada, the USA, Taiwan, Hong Kong and others. We have quite a number of strong markets and develop markets, mutual markets with a strong income per capita. These are markets for quality products, these are not price sensitive of these markets as other markets might be most of them like Japan and Europe and Russia and South Korea (inaudible) Taiwan (inaudible).

Again, on page 19, again the source is JBS, it is not Bloomberg, we have a graph, which demonstrates that the margin per head, the USD per head margins in Brazil are being preserved in a market where cattle prices are increasing substantially and as we have been discussing in previous call, there is a tendency to have converging margins. But if we look at the absolute price of an animal in Brazil and if we take 5% of 1,000 and 10% of 500, I have an example, margins per head in USD have decreased in Brazil, but they are still at potentially higher levels. So, it is not a reduction in the percentage margin, which would concern us as much as if we have a major reduction in the USD per head margin, which is something although we had a reduction in margin, it is still in potential level.

Speaking of converging prices and obviously converging margins as a result of converged prices on slide number 20, we have cattle prices in the USA in red, relatively stable over the period, cattle prices out of Australia, which have increased in USD, partially because of the increase in the value of the Australian dollar and we had prices in Brazil quite substantially over the last 18 months from below US$1.75 a kilo bordering up US$4 a kilo carcass and we also can see they are aligned. Where in

Europe line we had potential cattle price increases over the last number of months and that cost continues also to grow converging close to or above the USA and Australia levels. In Argentina, we have had relatively prices mainly to the policy of the administration of the government there.

And now to go to our final considerations. JBS USA including JBS Australia is generating strong cash flow, which is competitive in relation to its peers and in a position to continue growing. I think it is important to highlight again the revenue increase that we had in JBS USA including JBS Australia. The acquisitions that we announced in the USA, its process at the Department of Justice in the USA is going through its normal course and the administration of JBS does not see any negative news coming or any negative aspects of the way of the process being conducted by the DOJ.

After a very tough first six months in Argentina, because of the issues related to the structure, the overall situation in Argentina, JBS Argentina is currently operating with its full capacity and it is looking very favorably at the 2H08. We believe that we will have positive results through the 2H08 and we are confident that we can demonstrate our ability to reduce margins and double digits during the 2H08 in that market.

JBS will continue growing and following its projects in the Mercosul. Again, I remember what we said at the time of the IPO, our strategy is to continue to grow in this market as the opportunities arise and this is not because we had adverse situation over the last number of months or over the next coming number of months that our strategy will change. We continue to pursue a growth strategy in this market regardless of the lack of availability of cattle due to the reduction of herd side, regardless the restriction on the exports to the European Union, regardless of the very high raw material costs, which combines to compress margins.

As a final consideration, the management of JBS is committed to maintaining the leverage ratio of JBS below 3x, net debt / EBITDA. That finalizes our presentation. We will now go to Q&A and our president Joesley Batista will be commanding the Q&A from now on. Thank you very much.

Pedro Herrera, HSBC:

A quick question regarding Brazil and your margins and the cattle prices at significant high levels in the last quarter and year on year. How do you see that progressing going forward towards the end of 2008 and 2009? Is there any expectation of cattle price at more rational levels in 2009 and what is the timeframe in your opinion for these price levels to get back to more normalized historical levels? In your margins, of course.

Joesley Mendonça Batista:

Good afternoon everybody. Pedro, actually, the cattle price in Brazil higher than the USA cattle price is a surprise for everybody here. One year ago, I could never forecast these prices in Brazil. After saying this, when I see as the Brazilian economy is booming, in the other hand, the United States, Brazil and other countries are increasing the interest rates, trying to stabilize the inflation. So, we are seeing the world economy slowing down. But, I cannot forecast the cattle price.

What I really think is that with these prices in Brazil, we will operate with low margins as we are doing. It is just impossible to go against this trend. The Brazilian currency seems to keep becoming stronger. The Brazilian economy seems to keep growing; the cattle herd demands three to four years to go back to the historical numbers because we decreased our herd. So, we decreased our annual slaughter. The over capacity in Brazil is huge. I think the only way to see the margins growing back as I said, in relative terms, in percentage, we are facing lower margins percentage, but in absolute terms, in USD term, it is not so bad. So, we do not to operate with 10% EBITDA margin if the cattle price is higher than in the United States, we can operate with 5%. It is the same USD per head of earnings.

Pedro Herrera:

Thank you.

Luis Miranda, Deutsche Bank:

Good morning. Can you remind us of what the slaughter in Brazil in the 1H07, I just want to get a sense of how much less are you slaughtering now. Or what have you slaughtered in the 1H of the year compared to the last?

Joesley Mendonça Batista:

When we compare the 1Q07 to 1Q08, the major players, JBS, Marfrig, the other players, the major players decreased their herd, their slaughter from the 1Q07 to the 1Q08 roughly 20%. JBS, when we saw that number, we became really worried about this and we pushed the volumes again back to the normal capacity. And then in the 2Q we achieved 860,000. It means 10% higher than the 2Q of 2007.

But actually, in the first six months, it is still 10% below. We have made plans here to recover this market share and we want to finish the year with 10% of growth. I think it would be reasonable.

Luis Miranda:

OK. I think I might be missing something. Because I see EBITDA down by 35% in the 1H08 compared to the 1H07 and if you are making the same EBITDA per head and you only sold 10% less, I do not know, maybe I am missing something, but it does not seems to have a…

Joesley Mendonça Batista:

When I say the same USD per head, I say in average terms. I am saying that in USD term, the average USD per head from 2003, 2004, 2005, 2006, it used to be around US$50 per head, something like this. Now, even with the margins in percentage terms coming down, it is higher than US$50 per head.

Luis Miranda:

OK. So it is an exchange rate. Alright, thank you very much.

Guilherme Arruda, UBS:

Hi, everyone. I just wanted to be clear in the margins. It sounds that we are focusing a lot on the deterioration in Brazil, but in my view this deterioration is also creating opportunities for you in the United States and in Australia, for instance, where you are gaining market share in exports to Russia, for instance, and other countries, Europe.

So, could you talk a little bit about consolidated margins? I mean, I think in Argentina, the issue has already been solved, in Brazil, OK, it can deteriorate a little more, but the outlook seems positive for the United States and Australia as well.

On a consolidated basis, your margins were 4.1% now, do you think in the 3Q and 4Q it is going to be better than that or the same level? What do you think?

Joesley Mendonça Batista:

OK. Thanks. Two things: one, I think that the main highlights of the quarter should be that we increased our sales from US$5.8 billion to US$7.1 billion, from the 1Q to the 2Q, so we had a huge increase. Another highlight that in all consolidated numbers, I am answering all based on your question, when you look at the EBITDA margin in a consolidated number, we come from US$176 million to US$290 million, it is 65% higher the consolidated number of money that we made from the 1Q to the 2Q.

Again, when we look in percentage terms, it may look not so good, but actually, we grew a lot, and the bad news to Brazil is the good news for the United States. The bad news for Brazil, that the cattle price here is higher than in the United States, is a good new for the United States, that the cattle price in the United States is lower than Brazil. So, we are making more money there and less money here.

After this, there is another consideration that is when we look, because of the BR GAAP, we get to consolidated margin to 4.1%, but actually, if we consider each GAAP and do not consider the appreciation or depreciation of the Real, we had margins higher than 4.1%, because the United States operated with 4.8%, Europe 4.8%, Brazil and Mercosul 4.1%, the average could not be 4.1%. Because of the BR GAAP, when we convert to Real, mainly because of this, you can be sure.

We are confident that after having better situation in Argentina, South Korea is opening to the United States and Australia keeps running well, the United States pork business, actually the better season of the United States is the 2H. I expect to be here in the next quarter talking about better numbers, talking about the consolidated numbers, better than the 2Q.

Guilherme Arruda:

OK. Thanks a lot.

Alex Roberts, Santander:

Hi, everybody. Thanks. I wanted to get into the beef margin improvement in the United States, I mean, going from basically zero to 5 p.p. of margin, I guess I am talking about the US GAAP numbers, is it sensible to say that this improvement in prime line, it sounds like you are saying really the major issue is increasing volume and that really helps dilute fixed costs. Is it as simple as that?

Maybe you could help us kind of really understand, like telling us how you are in the synergies that you talked about when you did the second shift of Greeley. Are you kind of in the middle of that process or has it finished? And has that helped? Any color that you could give us vis-à-vis where you might think the United States beef margin could be in the 3Q. I mean, do we get a drop back down or do you think that we are kind of in this mid-single digit?

And my second and last question, excuse me, but this did not come up in the earlier call and I was surprised about it. Just any color on this financial charge that we saw in note 20, it suggests that you will start here in the quarter financial derivatives related to USD Real, indebtedness mistreated in national.

It was a bigger number when I saw than what I was expecting, what really is going on there and will we perhaps see something like this in the 3Q? Thank you very much.

Joesley Mendonça Batista:

Thank you, Alex. Answering the two questions, the major benefits that we got came from the cost side. We had roughly US$15 per head of cost reduction. About this, less than US$10 comes from the volume.

We showed in page 14 that we reduced the cost from SG&A, variable costs, packaging, supply, improving the carcass yield and these kinds of things, actually in the efficiency. Mainly because of this that we are confident that most part of this profit comes from the efficiency, not from the market, not from the cattle price nor from the beef price.

The second answer about the capital increase, we had the capital increase of BNDES and other pension funds of US$1.5 billion made at around April, and maybe we, if the DOJ gives us the authorization, we will be making the closing around September.

We received R$2.552 billion that is to represent US$1.5 billion. As I have a commitment in USD, I had two options, one option was on that day buy the US$1.5 billion, send to the United States and stay with this money there in the United States waiting for the authorization.

Actually, I preferred to do the opposite. And then we would be seen now in the balance sheet a variation in the investment in overseas companies. Actually, I preferred to do another strategy, I kept the money in Reais, I made the hedge here and now we are seeing variation in the currency, in the financials.

Actually we had a huge benefit, because if we had sent the money to the United States, the variation in the investments in overseas companies you cannot deduct these negative results in the income taxes. As we did not send the money, it stayed here, this amount can be deducted, we had the benefit of roughly 35% of this amount in the income taxes statement.

For example, until the closing of the situation we will keep in the same situation, for sure, I need to guarantee that I have US$1.5 billion. Because this is my commitment with the acquisition, so in any time I need to be able to buy US$1.5 billion. It does not matter if it is two per one or one per one, it needs to be US$1.5 billion.

After saying this, for example, the Real in July appreciated until now, it is roughly R$0.04, which means R$600 million more. For me this does not matter, for the JBS company what really matters is that we need to have US$1.5 billion to pay the acquisitions. That is it.

Alex Roberts:

So after the payment, this might not be then a recurring item.

Joesley Mendonça Batista:

Yes and no. No in these lines, but imagine, I will take this money, US$1.5 billion, send it to the United States, then, for example, today, when we move it to our balance sheet, we have in rough numbers US$1.5 billion that we have already invested in Swift USA, Swift Argentina, Australia, in USD. These US$1.5 billion are in the account of investments in overseas companies. After sending the money, I will not have the hedge but I will increase this number from US$1.5 billion to US$3 billion.

So, I will keep being impacted about the investments in overseas companies that come from US$1.5 billion to US$3 billion. The negative news is that these losses we can not consider in the income taxes. Now I can consider in the income taxes, after sending the money I cannot consider it anymore. Was I able to explain you? Did you understand?

Alex Roberts:

Yes. And in that topic, I can talk about it offline, but I appreciate the explanation. Thank you.

Ruth Mazzoni, Standard:

Hello. Just a couple of questions. In terms of the operations in Australia, I understand that there you have those hot slaughter or cold in a sort of traditional cold slaughter. I was wondering whether or not, because it seems to me that hot slaughter would be good to do in Brazil and I was wondering if you would introduce that in Brazil and if that could be a way to improve margins there. Or do we have to wait until three or four years until that cattle supply issues are resolved and over capacity becomes consolidated?

And then, just a kind of external question: do you think that it is crazy to think about potentially the United States exporting beef to Brazil?

Joesley Mendonça Batista:

I will answer about the United States exporting to Brazil, not because of the hormone growth, but if we would consider only the price, for sure. We are selling beef from the United States to Chile, for example, from Australia to Chile. That is our backyard.

And when we compare, there are many cuts in the United States that are very competitive in Brazil. If we could buy beef with hormone growth here in Brazil, for sure, about price.

About the Australian market, I will ask Iain, are you in the line?

Ruth Mazzoni:

Sorry, can I just ask a follow-up question on that? If it is (inaudible) that can be exported to Europe, could be exported to Brazil, theoretically, no? Or is that not part of your business?

Joesley Mendonça Batista:

If what you ask has non-hormone growth beef, that is what we export from the United States to Europe. We could export for Brazil, for sure, but actually the United States do not have that volume. It is a small volume. But if the prices become interesting, for sure, the United States will start creating the volumes.

Ruth Mazzoni:

OK. Thank you.

Joesley Mendonça Batista:

Iain, can you answer about the question of Australia? Are you awake? What time is it in Australia now?

Iain Mars:

The time is 2:15 AM, but I am still awake. Hot-boned beef is down here in Australia, in a limited line, it is mostly done in New Zealand, but it is down in there at probably for lean cow beef, so it really is for manufactory. Swift in Australia we do not do any hot-bone beef, although we are starting a model and we should go into it. I do not think there is any commercial activity of hot-boned beef coming in America. I hope that answers your question.

Ruth Mazzoni:

Yes. Thank you.

Pedro Herrera, HSBC:

(inaudible), and your JBS USA beef including Australian markets that went from zero to 5%. Can you break that down? How much was from the United States side and how much was from Australia?

Joesley Mendonça Batista:

Actually we did not breakdown because we thought it was better not to breakdown, so we would apologize to show the numbers altogether that we think that is better for JBS.

Pedro Herrera:

OK. Thank you.

Daniel Sensel, Lehman Brothers:

Hi. Good morning. Basically my question was the previous question, regarding the breakdown between the United States and Australian bases. Thank you.

Christine McCracken, Cleveland Research:

Good morning. Just a follow-up on your earlier comments on exports; you have obviously done a good job there, specifically out of the United States. They strengthened even more that period recently, because I am a bit surprised given the run up in beef prices.

Can you talk about if there is inventory building in further price increases or is this really sustainable prices, some of the increase demand and some of these other prices in the world. Can you talk about it all?

Joesley Batista Mendonça:

Wesley, are you on the line?

Wesley Batista Mendonça:

Yes. I am on the line.

Joesley Batista Mendonça:

Could you answer?

Wesley Batista Mendonça:

Yes. We are looking for a sustainable growth in the United States export. You know, we opened Korea two or three weeks ago. We are exporting to a lot of different markets, the United States it not used to export for Russia, for example, for different countries. We are looking for a sustainable demand in a lot of these markets, and it is not only exactly what we are talking about earlier in this call; we are very competitive now globally, the United States beef, we can compete with all the markets today for any reason. But the main reason is because the USD is much more competitive now. We are looking for sustainable growth in the exports.

Christine McCracken:

I will leave it there. Thank you.

Sharon Dunn, Greeley Tribune:

Hi. (inaudible) over the revenues this quarter compared to the really substantial losses from last year, and can you point to any one area that you believe is responsible for this growth?

Joesley Mendonça Batista:

Wesley, could you keep answering the questions about the United States, please?

Wesley Mendonça Batista:

We have a lot of different areas that we have improved; we have improved in exports, we are exporting much more volume compared to last year, and much more volume compared to when you look at the United States industry. On the efficiency, we are running all plants much more efficiently, much better built, much more efficient in all plants.

And about cost, we are running much less cost, much more efficiency and cost, we believe we are very competitive compared to our competitors. Basically these three areas, these three most important areas, we have this result much better than Swift used to have.

Joesley Mendonça Batista:

I could add to this answer saying that this is one of our global advantage, about being a global Company; we have offices all around the world, this may be the main reason that we are increasing our export sales more than the average of our competitors. Actually, because we are selling for the same chain, for the same market that we used to sell from Brazil, as Brazil is not so competitive, we are losing market in Brazil and gaining market in the United States.

Sharon Dunn:

Thank you. And who answered the first question?

Joesley Mendonça Batista:

Wesley is answering the first question; Wesley is the CEO of JBS USA and is speaking from Greeley, Colorado. Iain Mars, from Australia, he is in Brisbain in our office in Australia; here is Joesley speaking, I am the CEO of JBS globally and I am speaking from Brazil.

Wesley answers about the United States, Ian about Australia, and I, Joesley, answer about general terms.

Sharon Dunn:

Thank you. Can you tell me how far along in operating your own fleet of trucks in Greeley?

Wesley Batista:

Sorry, can you repeat, please?

Sharon Dunn:

How far along are you guys in operating your new fleet of trucks in Greeley?

Wesley Batista:

I cannot understand exactly what you are…

Joesley Mendonça Batista:

She is asking about the 'transportadora' em Greeley. Desde quando, o que nós fizemos.

Wesley Batista:

We started the trucking business last month; we are now running around 80 trucks and we will run 200 trucks by the end of this year.

Sharon Dunn:

Are you operating out of the Greeley plant for that?

Wesley Batista:

No, we operate very close to the Greeley plant but not inside the Greeley plant. It is another place.

Sharon Dunn:

Can you divulge that at all?

Wesley Batista:

Sorry?

Sharon Dunn:

Is that in Greeley?

Wesley Batista:

Yes, in Greeley.

Sharon Dunn:

OK.

Lauren Etter, Wall Street Journal:

Hi, everybody. Thank you very much for taking my call. I have a question pertaining the United States business: cattle numbers are expected to contract in the coming months. Are you anticipating paying more for cattle in the coming months? And if so, how is that going to impact your business in the United States?

Also, second question, what will the higher cattle prices mean for wholesale beef prices and retail beef prices?

Joesley Mendonça Batista:

Actually, in our business, the cattle business has long-term cycles, from three to five years. We do not expect to see prices increasing that much mainly because the global beef prices are already very high; the United States is producing a big volume; Brazil decreased its production but it still has big volumes.

I am not sure about the commodity prices in general terms, if it will keep going up. I think we are closer to the end of this cycle, the commodity cycle.

Lauren Etter:

OK. So, any comments on wholesale and retail beef prices over the next months?

Wesley Mendonça Batista:

Lauren, I think it is exactly what Joesley said, the variation of these cattle cycles, in our opinion, will follow exactly the same cycle in this business as in years before.

Lauren Etter:

OK. So, I will not ask this again, but any comments on the wholesale beef prices over the next few months? Do you have any outlook as to how wholesale beef prices are going to perform over the next few months?

Wesley Mendonça Batista:

I cannot answer exactly what the retail price will be, but in my opinion this market will follow the same trend as every year: some months the prices go up, some months there is more supply. They will follow the supply and demand.

Lauren Etter:

Thank you very much.

Steve Kay, Cattle Buyers Weekly:

Good morning, gentlemen. I wanted to just go back and perhaps, Wesley, if you could just think about attempting to guide me through your beef-per-head costs in the United States. That cost reduction is impressive. Am I correct in saying if I look at the cost production numbers – I am looking at the chart on the right-hand side of the top of page

14 – firstly, there are preliminary estimates versus the amount actually realized; am I correct in saying that those numbers were on an annualized basis?

And then secondly, if your improvements in carcass yield, you estimate is US$95.7 million and you have only realized US$54.4 million; how much more do you think you can realize? Do you think you realize over the next year the rest of that amount? And how will that bring down further your fixed cost per head in Beef USA?

Wesley Mendonça Batista:

Sorry, Steve, you asked two questions: about the yield, when you look at the chart here, we project US$95 million in improvements of yields, and we captured now US$54 million of this total US$95 million. Definitely we are working to achieve all this number we project and we will achieve this number at the end of this year.

About yields, is this your question?

Steve Kay:

Can you just tell me: were those numbers, the US$54.4 million, realized over the first year of operations?

Wesley Mendonça Batista:

Exactly, the first year, since we bought Swift until now.

Steve Kay:

First year. So, you are saying that you will achieve that US$95.7 million by the end of this year, in other words, in the next five months?

Wesley Mendonça Batista:

Exactly, but this number in an annualized basis.

Steve Kay:

Right. OK. Secondly, will that then bring down the per-head cost or will that remain the same?

Wesley Mendonça Batista:

Per-head cost? What is your question?

Steve Kay:

Now on the 2Q your fixed cost per head is US$164.2 per head. The improvements in the yield will not change that fixed cost, will it?

Wesley Mendonça Batista:

No, the improvement in the yield will go to the meat margin; it will not go to the cost.

Steve Kay:

Right. And just on the fixed cost, Wesley, that is all slaughter and fabrication, as well as the other cost that you mentioned, is that correct?

Wesley Mendonça Batista:

Yes, this is not exactly only the slaughter and the fabrication; there are other costs but we will not disclose exactly what the cost is. We call this ‘internal’ here, ‘fixed cost’, but this is not only slaughter and fabrication.

Just to add, this is our measure here, what we measure. Before we had US$212/head, and now we have US$164/head. But it is not necessarily slaughter and fabrication.

Steve Kay:

Right. You said that that now makes you very competitive; can I just ask you a quick question about current beef margins in the United States, Wesley? Can you tell me, firstly, what your per-head margins in the 2Q for United States beef were approximately on a per-head basis? And whether they are better or not quite as good as the 2Q and the 3Q?

Wesley Batista:

Exactly what Joesley said earlier in this call, we are not disclosing the meat margin and we are not disclosing the numbers between here and Australia because we think it is better for JBS not to disclose this. We apologize we cannot answer this question.

Steve Kay:

So, were United States margins on a per-head basis on the 2Q better than in Australia?

Wesley Batista:

Again, we apologize; we publish these numbers together for the reason we understand is better for JBS.

Steve Kay:

OK.

Operator:

At this time, I would like to turn the call back over to Mr. Joesley Mendonça Batista, CEO, for his final considerations.

Joesley Mendonça Batista:

OK. Thanks everybody, the investors, Nelson Dalcanale, who is in Argentina joining us in this call, the CEO of Argentina JBS operations. Thanks Iain Mars, thanks Wesley, thanks everybody. We are proud to be here showing how we could turn around the ex-Swift, actual JBS USA beef operation, and we expect to keep improving this business, keep growing and keep consolidating the beef business in a global basis. Thanks everybody, have a good afternoon.

Operator:

Thank you. This thus concludes today's presentation. You may disconnect your line at this time, and have a nice day.