



JBS denies Public Prosecutor's accusations of breach of agreements

JBS S.A. informs its shareholders and the market in general that it has not violated any agreement or commitment made to public and civil institutions in Brazil. The Company stresses that it adopts strict controls of its raw material sourcing, follows a rigorous sustainability policy, monitors its suppliers and rejects any practices that harm the environment or people.

With regard to the notification received from the Public Prosecutor's Office in the State of Mato Grosso last Monday (October, 17th 2011), in which the Company is accused of violating the State's sustainable livestock agreement, JBS vigorously denies that the Company participated in the practices mentioned by the public office. After carrying out an audit in its cattle sourcing system, the Company's findings in relation to the accusations are :

- Farms embargoed by Ibama (Brazilian Environmental Institute)

Purchases made from the 13 embargoed farms were effected prior to the publication on Ibama's website of the list of constraint's which included the farms mentioned.

- Farms located on indigenous lands

Regardless of JBS having repeatedly requested information from all responsible public offices at Federal, State and Municipal levels, a list or database indicating properties who engage in irregular farming activities n indigenous reserves has never been made available to the Company. Therefore, JBS absorbed all operational costs and is proceeding to precision map 100% of the ranches that supply cattle to the Company using a GPS system. As a result of this mapping, all geographical coordinates collected by the Company indicate that the properties mentioned in the Prosecutor's notification are not inside indigenous reserves.

Furthermore, with regard to the ranches mentioned in the notification, a number have never had any commercial relationship with JBS and are not listed in the Company's supplier database.

Thus, there is clear proof that data consulted by the Public Prosecutor's Office and released by non-governmental organizations was not properly checked and has lead to inaccurate conclusions by public entities.

It is further important to highlight that the public authorities' deadline for registration of farm boundaries in the State of Mato Grosso has been extended to November 2012. The availability of this information would increase the accuracy of ranch locations.

- Farm embargoed by the Ministry of Labor

Given the difficulty in obtaining precise information, within a reasonable timeframe and procedure, JBS continues to review the case of the one ranch that was allegedly included in the Ministry of Labor's list of restricted properties.

São Paulo, 19th of October, 2011.

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