



A New Phase in Operational Efficiencies in Brazil

JBS S.A. informs its shareholders and the market in general that it will take a further step in its operational integration strategy on September 1st, with a view towards generating more value for its shareholders, offering a wider range of price competitive products through cost reduction and efficiency gains. This will be achieved by re-managing production at six industrial units, due to factors such as fiscal inefficiencies as a result of tax legislation, the proximity with other production units and the pursuit of a more efficient product portfolio to expand the Company's presence in the domestic Brazilian market.

This strategy phase of the Company consists in:

- Shutting down activities in the Presidente Epitacio (São Paulo state) plant due to fiscal inefficiencies in that State. The plant's production will be transferred to the Company's industrial units in Mato Grosso do Sul;
- Transferring of slaughter and deboning activities from the Teófilo Otoni (Minas Gerais state) plant to Iturama and Ituiutaba plants, both located in the same state;
- Relocating slaughter and deboning activities of the Maringá (Paraná state) plant to the plant in Naviraí (Mato Grosso do Sul state);
- Transferring deboning activities from the plants in Água Boa (Mato Grosso state) and Alta Floresta (Mato Grosso state) to Barra do Garças (Mato Grosso state) and Diamantino (Mato Grosso state), respectively. Slaughter at the Diamantino plant will double from the current 1,000 head/day to 2,000 head/day;
- Deboning from the Pimenta Bueno (Rondonia state) plant will be transferred to the plant in Vilhena, in the same state.

With this strategy, JBS implements a further step towards capturing synergies within its industrial complex in Brazil. Production is expected to increase by at least 5% through a more efficient capacity utilization of its production facilities and there will be no interruption in serving customers both abroad and in Brazil. As a result of these actions, the Company expects to generate savings of approximately R\$ 200 million on an annualized basis between cost reduction and tax efficiencies.

JBS does not foresee a resumption of operations in the plants closed while the current conditions persist, especially the issues concerning fiscal legislation.

With a view towards minimizing the social impacts in the local communities, JBS will offer opportunities to a substantial portion of the employees involved to transfer to other units and will support the relocation of those who have lost their jobs. The balance between the layoffs and the number of people hired in the plants that will increase slaughter and deboning activities will be positive, with 500 new jobs in the communities.

São Paulo, 30th of August, 2011.

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