



Notice to the Shareholders

JBS S.A. ("Company") hereby informs its shareholders that, pursuant to the decision of the Board of Directors Meeting held on May 17, 2011, a capital increase of up to three billion, four hundred and seventy nine million and six hundred thousand reais (R\$3,479,600,000.00) was approved within the limitations of the Company's authorized capital, increasing the capital stock from eighteen billion, eighty three million, five hundred and forty four thousand, one hundred and sixty-five reais and eight cents (R\$18,083,544,165.08) to up to twenty one billion, five hundred and sixty three million, one hundred and forty four thousand, one hundred sixty five reais and eight cents (R\$ 21,563,144,165.08), upon the issuance of up to four hundred and ninety four million, two hundred and sixty one thousand, three hundred and sixty three (494,261,363) new ordinary shares, no par value and identical to the shares currently outstanding, aiming the capitalization of credits arising from the Debentures (as defined below). The capital increase was approved by the Board of Directors of the Company subject to: (a) the approval of the "Private Instrument of First Amendment to the First Issuance of Debentures Convertible into Shares and with Swap Provisions, Issued by JBS S.A. ("Deed of Debentures") under the terms and conditions proposed by the Board of Directors, by the majority of the holders of debentures issued under the Deed of Debentures ("Debentures"), at a General Meeting of the Debenture Holders; and (b) the approval by the Company's Extraordinary Shareholders Meeting of (i) the waiver of the obligation of the shareholder BNDES Participações S.A. - BNDESPAR to perform the public share offering mentioned in article 53 of the By-laws, as permitted by paragraph 8 of such article; and (ii) the terms and conditions proposed by the Board of Directors for the amendment to the Deed of Debentures. Such conditions were complied with at the extraordinary shareholders meeting and the general meeting of debenture holders of the Company which occurred on the date hereof. In view of the above, the Company hereby provides the following clarifications to its shareholders:

Subscription Rights - The shareholders holding shares of the Company on June 3, 2011 shall be entitled to subscribe the capital increase in the proportion of 0.199400102 new, nominative, registered and no par value ordinary share, to one (1) ordinary share issued by the Company and held by them. The shares acquired as from June 6, 2011 shall not be entitled to right to subscribe new shares.

Assignment of Rights to Subscribe New Shares- The right of the current shareholders to subscribe new shares may be freely assigned by the shareholders of the Company to third parties, pursuant to article 171, §6, of Law 6,404/1976.

Justification for the Capital Increase - As made public by the Material Fact dated May 18, 2011 and the Notice to the Market dated May 12, 2011, the management of the Company has been promoting the rebalancing of its financial operations. The capitalization of the credit of the Debentures is an important step for the Company, not only because it eliminates the uncertainties regarding a mandatory initial public offering of shares of JBS USA Holdings, Inc., but also because it allows the improvement of the Company's capital structure, which will result in considerable gains for the Company and its shareholders.

Subscription Procedure – The shareholders intending to exercise their right to subscribe the capital increase shall indicate the number of shares they intend to subscribe and the form of payment. The shareholders whose shares are held by Banco Bradesco S.A., financial institution depository of shares issued by the Company, will receive a subscription list at their address registered with Banco Bradesco S.A., and will be able to subscribe the capital increase during the term mentioned below at any branch of Banco Bradesco S.A. duly authorized to provide services to shareholders, upon the presentation of the following documents: Individuals: identity card and taxpayer registration (CPF). Legal Entities: last restated Articles of Association or By-laws, taxpayer registration (CNPJ), corporate documents granting powers of representation, identity card and taxpayer registration of the company's representative. Shareholders whose shares are held by BM&FBOVESPA shall exercise their right to subscribe the capital increase through their depository agent.

Issuance Price – The issuance price of each new ordinary share to be subscribed is seven reais and four cents (R\$ 7.04).

Form of Payment – The payment of the shares shall be made in cash, on the date of the subscription.

Subscription Period – The shareholders may exercise their right to subscribe shares during a thirty-day (30) period, from June 6, 2011 to July 5, 2011.

Rights of Subscribed Shares - After the homologation of the capital increase by the Board of Directors, the new shares shall be entitled to the same rights granted to the ordinary shares currently outstanding.

Homologation - The amount of the capital increase shall correspond to the exact amount of the credit represented by the Debentures used in the Capital Increase, which may be part or the total amount of the Debentures. Thus, no shares will remain to be subscribed. After the subscribers of the Capital Increase make the corresponding payment, a Board of Directors meeting shall be called to confirm the subscription and payment of all of the shares related to the Capital Increase and to ratify the partial or full increase of the capital stock. In case the capital increase corresponds to an amount lower than the credit represented by the totality of the debentures, the Company shall publish a Notice to the Shareholders informing that the shareholders which exercised the right to subscribe shares will have the right to withdraw from the capital increase within five (5) business days and receive the amount paid for the subscribed shares, without interest or monetary adjustment. The subscription receipts shall only be available for trade after the end of the term of withdrawal mentioned above.

São Paulo, June 3, 2011.

Jeremiah O'Callaghan
Investidor Relations' Officer