Operator:

Good morning, ladies and gentlemen, and thank you for waiting. At this time, we would like to welcome everyone to JBS' 3Q07 earnings conference call. Today we have with us Mr. Joesley Mendonça Batista, CEO, and Mr. José Paulo Macedo, 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/ri, 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 Company's remarks are completed, there will be a question and answer section. At that time, further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

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. Batista, CEO. Mr. Batista, you may begin your conference.

Joesley Mendonça Batista:

Good afternoon. This is Joesley Batista, the CEO of the Company. Let us start with a brief overview and talk about some highlights about the 3Q.

First of all, this is the 1Q that we are consolidating the numbers of Swift United States and Swift Australia. I am very proud to be here talking about these numbers; I think that we have taken this challenge by a very good way. We are following our plans, we are following our budget. We are being very successful in the turnaround challenge, increasing the volumes of the United States operation, in the beef side, maintaining the pork operation and the Australian operation by a profitable business.

I would like to mention that the main highlight of this quarter is that we concluded our Swift acquisition. During these 120 days of management that we are there, implementing our strategies, we are focused on our internal efficiency, productivity; in decreasing the fixed cost and the variable costs, improving the yields in the process, as we mentioned during the time of the acquisition.

This year, 2007, our main challenge – and that is what we are doing, that is what we are focused on – is to operate as efficiently as our peers, and that is what we are doing.

The pork division, the Australian division, keeps running well; they are making money, having good results after our initial expectations.

In the United States, this division… We remain confident about our capacity to step-up the efficiency of that division to operate in the same level of our peers. We will show further in this presentation that we have been able to do many things.

Talking about South America, we keep growing. We bought one new plant in Argentina; we started up a new cooked frozen beef industry in Andradina, one of the biggest industries of the world of cooked beef; we started up a new container terminal for exports in Cubatão – that is the name of the city – in São Paulo.

In Brazil, we are focused on maintaining our profitability level rather than expanding the sales volume, giving the pressure on raw materials cost during the quarter, we privileged the margins and we decreased our volumes.

We showed our capacity to swap, to change our strategy; we had a huge increase in the consumption of beef in our local market, as the Brazilian economy is running very well.

The local prices went up and we had good opportunities to sell beef in the local market and we slowed down the export sales to increase prices, to be more competitive when compared to the local market. That is what we did. When you look at our numbers, you will see a huge increase in the local market sales, and you will see that we have changed our strategy, temporarily, of course, to sell beef to the local market and to make the external prices go up.

I would like to ask Paulo to talk about the presentation, and then we can have the Q&A after the speech. Thanks for your time.

José Paulo Macedo:

Good morning. I just wanted to start talking a little bit about South American operations and then from middle of the presentation onwards, I am going to talk about what we are doing at the Swift level in the United States.

Coming back on this first slide, results of our South American operations talking gross net revenues increased by 6.5% in the 3Q07 compared to 3Q06.

That was driven, mainly, by an increase in volume of 16.9%, and with a decreased average price in Reais mainly impacted by the devaluation of the USD against the Real.

If we compare these figures with the 2Q07, you will see that our net revenues increased by 12%, with an increase of only 1.4% in volumes, and with an increase in our average price of 10.8%. This explains a little bit what Joesley said in the beginning that we had in this quarter, trying to maintain the profitability of the business as opposed to increasing of volumes.

We have challenging scenarios here in South America with an increase in raw material cost and we have managed to pass prices on to clients in the local market. We have also managed to pass prices on to our clients in the export market, but we also had the effect of the USD devaluation against the Real.

If we look at the numbers for the 9M07, net revenues increased by 17%, with 21% increase in volumes and 3.4% decrease in price in reais.

In the next page, just giving you a little bit of a breakdown on the markets that we sell. In the domestic market in Brazil and Argentina, we have grown our net revenues by 40% when compared to the 3Q06, and that was mainly driven by increase of roughly 30% in volumes and 8.6% in prices. For the 9M07, we see a very large increase in net revenues, of 30.6% for the local market.

Next page, on the export market, we have suffered with the devaluation of the USD against the Real. The net revenues decreased by 7.6%, volumes decreased by 3.4%, and prices in Reais decreased by 4.4% as well.

But, if you look at the prices, average prices in USD terms, they have increased by 8.3%. And if you breakdown this 8.3% in terms of fresh beef and processed beef, we see that the prices for processed beef have increased in the quarter by 15.7%, and we had a decrease in prices of 3.8% in the processed beef.

Another highlight: if we compare the average prices in USD with the 2Q07, we see that prices have increased by 23%. And in the breakdown of processed beef and fresh beef, we see that we experienced an increase in fresh beef prices by 23% in the export market.

Going to the next page, this is just a graph, a chart from Bloomberg to show how prices in the domestic market in Brazil reacted to the price increase of the raw material of the cattle.

We see, basically, that the correlation between deboning beef with the price of cattle is an absolute total correlation and the prices of deboning beef have also increased even more than the raw material.

On the next slide, on the left side, showing EBITDA and EBITDA margin for the period for the South American operation, without consolidating Swift.

We have managed to achieve a margin of 13.1% for the quarter compared to 13.8% for the 3Q06 and 14.1% for 2Q07. And in the average for the year, 9M07, margins decreased from 14.1% to 13.8%.

Again, with the challenging quarter that we had in Brazil, we think that the 13.1% in margin we saw… We are very, very happy with that.

And looking on the right-hand side, we show our net debt/EBITDA for the quarter; it was 2.3x at the end of 2Q07. Now, with the consolidation of the Swift, 3.3x, mainly because we have consolidated the debt and this 1Q for Swift, in terms of EBITDA, was not a very good quarter in terms of margin.

Coming back to our net income, we have posted a net loss of R$78 million this 3Q07. This net loss of R$78 million was mainly impacted by two things: one, the exchange variation, the exchange fluctuation of the USD against the Real in our investments abroad – Swift, Swift Argentina and other international subsidiaries. This is causing an effect on our exchange fluctuation without impacting on EBITDA, without cash impacting into the Company.

This is the reason why we have included in our press release, and we are also confirming this year, that we have decided, the Board of the Company has decided to submit to a shareholders' meeting to take this aspect of the exchange variation out of the calculation of dividends.

Going to the next page, we would like to turn a little bit from the subject and talk about Swift in the United States, what we are doing there, how we see our progress at this stage.

This chart just basically outlines the historical results for Swift, broken down by division. We can see here, mainly, that we have two divisions that have consistently generated good results; which are the pork business and Australia, and we see that the margins and net results on EBITDA for Swift beef has declined along the years.

If we turn to next page, we also see that Swift beef, compared to other Companies in the market, Swift beef is generating an average of 3% margin below its peers along the year.

When we acquired the Company, the slaughtering capacity was 17,200 heads per day. That is for Swift beef only. The Greeley plant, which was a plant with a capacity to operate in two shifts, with 6,000 heads per day, was operating with only one shift, giving 3,400 heads per day. If you consider the two shifts at the Greeley plant and the optimization of three other plants, the effective total slaughtering capacity of the Company, instead of the 17,200 is, actually, 20,500.

When we acquired the Company, the Company was slaughtering 14,500 heads per day. This means that the Company was actually working at 70% capacity, in our view, with a low focus on cost reductions and efficiencies in the production process.

So, this is a focus of our management at Swift: to increase volumes to have a very close control over costs, and to improve our efficiency and leveraging the processes inside the Company.

We are showing, in the next page, that we have managed to create volumes, we have started a second shift at the Greeley plant in the beginning of September. We have hired, already, more than 1,000 people for the second shift in Greeley, and we are progressing very rapidly. We are already slaughtering – the Company, as a whole – 18,500 heads per day and we are targeting to reach 20,500 by the end of the year.

On the next page, we are basically showing what we have done in terms of redefining the Company's organizational structure. We have eliminated overlapping positions and have reduced management levels. We are a much more lean Company now. We have laid off about close to 200 people, 188 people, and that represents an annual savings of US$13 million, roughly.

On the next page, we have also implemented some other actions. We have already talked about the elimination of 188 positions, generating US$13 million, but we have also reduced cost insurance, basically renegotiating existing premiums and deductibles, and very important to say, maintaining all insurance policies required for the adequate continuity of the business. That generated US$8 million of savings. We have also eliminated annual costs with outsourced services from professionals and consultants, generating US$12 million a year of savings.

We have also done many other reductions in terms of materials, traveling and administrative expenses of US$1.5 million per year.

We are delivering our plans in terms of increasing the volumes; by reaching the 20,000 heads per day; we will probably be generating US$1.3 billion of extra revenues next year.

This all combined with all the actions that we have taken, all the savings that we have managed to achieve on a normalized basis, together with some improvements in the yields, we have already generated a reduction, on a normalized basis, of cost per head of, approximately, US$40, against the quarter ended in May and roughly US$28 compared with the fiscal year of 2007.

This is already an important part of the strategy, and, according to our estimates, we are reducing our gap to the industry.

That was our presentation for today. I think we can start the Q&A session. Thank you very much.

Mathew Peck, Caxton:

Thanks for the call today. Two questions: can you please review for us what your short-term debt obligations are? How are you going to refinance your short-term debt; and what your total capital needs are over the next 12 months?

My second question is whether you are looking at or have identified any additional attractive acquisition opportunities. Thank you.

Joesley Mendonça Batista:

What I would like to tell you is that you may be convinced and sure that until the end of this year, all the short debts will be already have refinanced.

We are working on this, and in the next presentation, that will be in February, talking about the numbers of December, you may be sure that we will have already refinanced all the short-term debt. We are finalizing our considerations about how to do this, but it is in a very advanced stage. I would like you to repeat the second question, I did not get it.

Mathew Peck:

Sure. Have you identified any further acquisition opportunities?

Joesley Mendonça Batista:

We are a Company that… We grew, during the last years, by acquisitions. The market can consider that we will keep acquiring companies; we will keep looking for many opportunities – there are many opportunities – and we will keep looking for them, we will keep talking about them, we will keep this mood of growing and acquiring new companies. But, of course, we never know, and even if we knew, we cannot talk about this before all the terms are arranged.

Mathew Peck:

Then can you just quantify for us what you think you need to raise, in terms of additional financing, in order to either refinance existing obligations or to finance capital expenditures?

José Paulo Macedo:

We basically have to refinance US$750 million that we raised for the acquisition.

Mathew Peck:

OK. Thank you.

André Baggio, JP Morgan:

I would like to start to understand a little bit of what is going on in terms of the cattle pricing in Brazil. And if Brazil remains with this higher cattle price, can this expansion that we are seeing in terms of the build-up of slaughterhouses both from you and other Companies which went public or about to come public?

Joesley Mendonça Batista:

I think that Paulo can answer it better than me because my English is not as good as his.

José Paulo Macedo:

With respect to cattle prices, Andre, we basically, and we have shown this during this quarter, we work basically with the spread in the sector.

For us, it does not really matter what the cattle price is. We also have to see at what price they are selling our meat. That is what we did in this quarter in Brazil, the prices have increased and we have managed to increase prices of meat accordingly. We have, of course, in the export market, a longer period of time to test prices onward. That is why there was a little bit of pressure in the margins for the quarter.

So, we would like to see what the price of the cattle is, but we also have to focus on which price to sell our meat. We are seeing, this quarter… This quarter is basically the off-season in Brazil, but what is really moving prices of cattle up in the country is the consumption of meat, which is growing very much. The consumption of the local market in Brazil is keeping cattle prices up.

André Baggio:

Another question I have would be…you are expanding the capacity. Are you taking the space from other producers in Brazil? Do you think there is enough space in the internal market to put all the capacity that you are restoring to the market in the next quarter or so? Do you think there is enough demand, or smaller ones are losing share of the market?

José Paulo Macedo:

I think it is correct to say that as we grow as a Company which is prepared to export, which has the size of JBS, with the penetration in all of the market. Other companies in the country do the same; it is becoming more difficult for the local and regional players to compete with bigger companies.

So, as we grow and become more competitive, become more spread out in terms of geographic location in the country, of course, we are taking space from the other players, small players, which cannot compete in the export market, they are not prepared to compete, and also it is difficult for them to compete with the volumes with the scale we have in Brazil. So, as the largest players in the industry growth, we are taking share in the market.

André Baggio:

OK. Thanks a lot.

Alex Robarts, Santander:

I have a couple of questions. I was hoping we could start out in Brazil. I am trying to understand… I appreciate the slide that you show us the arroba price and the pass through that you were getting with various cuts

When I am looking at your consolidated cost to sales in Brazil, you had about a 5.5% increase in your cost to sales to about R$1 billion. And when I look at the São Paulo arroba price, in the same period, we had an increase of about 13% in Reais, and I am wondering how are you able, or what explains the fact that, given the cattle that is 75% of your cost to sales, how are we supposed to look at what seems to be very interesting control in the cost to sales growth?

Is it the fact that you are getting cattle in some of the other regional markets which are considerably lower than the São Paulo market? I am just trying to understand that São Paulo price movement in a period versus your 5.5% increase of cost to sales?

José Paulo Macedo:

There are two comments that we would like to make here: one of them is, as you probably suggested, with our diversified base in the country, we are able to buy cattle at in our way of dealing things, an average price lower than in the São Paulo price.

And we also, in this quarter, the price of cattle in terms of percentage of our cost of goods sold, was lower than the average because we bought more boning beef from other meat packers to deboning in our meat packing plant.

There was, in some areas of the country, a different correlation of the price of cattle with the price of boning beef that we can also buy from third parties to deboning in our plant. That is basically why cost of goods sold did not grow in the same base that the cattle grew.

Alex Robarts:

OK. And I heard at the Portuguese call earlier… One of the comments was that getting to the São Paulo arroba price of R$80 next year is something that is feasible – I am using that word, hopefully that applies still.

If it is R$80 next year, and I appreciate you have regional market, it seems to me that the cattle price in Brazil would probably be pretty easily a double-digit increase versus average 2007. And do you think, when we look at cost for JBS in 2008, should we also think about a double-digit increase in COGS next year, or do you think with the deboning process, this initiative that you are taking with the deboning meat, you would crack below the average increase of the São Paulo arroba price?

Joesley Mendonça Batista:

Just to organize the ideas. First of all, we are not here to try to discover what the cattle price for the next year will be; if it will be R$80, R$10, R$100 or R$50. All of the dynamics depend on the consumption, the Brazilian economy. And as we have mentioned before, the cattle price is the result of the price of the beef in the local market.

As we have been saying since the IPO, who forms, who determines the cattle prices the local market. As the local market increases its consumption, the local market, the beef local market increases its price and, immediately, increases the cattle price.

After saying this, I can never know about the capacity of the Brazilian consumption. If someone asked me my personal opinion about the beef price in Brazil, I think it is very expensive to the Brazilian people. But what we are seeing now is a huge growth in the Brazilian consumption.

After this, the prices are going up; we slowed down the external sales; we made the external sales go up, and after we sell to the external market for new prices, for higher prices, most probably we will slow down our sales in the local market to sell to the external market.

What we are saying is that the main advantage of JBS is the capacity to grow in the local market, grow in the external market, industrialize the beef. Through this mix of sales, we have been able to maintain our growth in our market. The cattle price only goes up if the local market goes up.

If the local market does not go up… It is not the opposite: you will never see the cattle prices going up at the same time the price in the local market goes down.

Alex Robarts:

OK. Thanks. I just wanted to do one last one on the selling expenses.

We noted in the quarter, on a consolidated basis without Swift, that your selling expenses were up 28% to R$115 million. I guess that probably helps you sell more volume and help the domestic sales, but should we be thinking about this higher level of selling expenses as a percentage of sales, which is about 9% going forward, or are you going to be more coming back down to the 8% level as a percentage of sales that selling expenses were last year?

José Paulo Macedo:

The selling expenses this quarter reflect the marketing campaign that we did to promote Swift's line of products of processed beef here in Brazil. So, this is a direct reflection of investments in marketing campaigns.

Alex Robarts:

So we should have this high level going forward with the percentage of sales; or do you think this might last for a quarter to settle down?

José Paulo Macedo:

It should go back. The marketing campaign is something that we put in the effort for a certain period of time, we will not keep it on forever. This is the idea. It should come down to normal levels.

Alex Robarts:

OK. Thank you very much.

Ruth Mazzoni, Standard NY:

Hi, I wonder if you could just clarify a couple of things for me.

One is: what is the final USD amount of the investments of the BNDES?

Another thing is: could you just clarify this issue that you said about deboning, about the third-party deboning? Could you just clarify how that works?

My other question is about Argentina and a follow-up question on capacity. Then I have some questions about Swift in the United States, how you are going to be working the ramping up of slaughtering, while the herd size is pretty constrained and diminishing in the United States?

Maybe if you could just start with the BNDES and the deboning.

José Paulo Macedo:

Let us start with BNDES. BNDES now has 12.9% of shares in the Company.

Ruth Mazzoni:

But how much money was that?

José Paulo Macedo:

That was roughly US$580 million.

Ruth Mazzoni:

US$580 million? OK.

José Paulo Macedo:

And the next question?

Ruth Mazzoni:

The deboning, I just did not catch the thing about the third-party deboning. Could you please explain that again?

José Paulo Macedo:

We just said that, as cattle prices raised very shortly during this quarter, we can manage our cost of goods sold by not only buying cattle and slaughtering, but also buying boning meat from third-parties, from other producers, to debone in our plants.

Sometimes we seek this alternative when we see that it is advantageous for the Company to do that in terms of deboning beef market than buying the cattle and slaughtering.

We also have to see that we have a very diversified base in the country in terms of geographic location. So, we can now supply with a strategy in terms of different locations in the country.

Ruth Mazzoni:

So that is why, when you do the calculation of actual days of work, you know heads slaughtered per days of work, it is a lot lower than your capacity. Is that part of the information?

José Paulo Macedo:

You also have to see how many days we slaughter when compared to the United States market. Here in Brazil we normally slaughter 20 to 21 days per month.

Ruth Mazzoni:

Yes, that is 210 days for the 9M. I think I came up with 1,700 per day or something like that?

José Paulo Macedo:

When you do this calculation, you also have to… We have some plants that we acquired that we are still investing, so they are not slaughtering at the moment, like the plants in Maringá, in the state of Paraná. The plant is there, already included in our total slaughtering capacity, but we have not started the plant yet. So, if you do this calculation, you are going to reach an efficient number. Our plant in Argentina, that we have just acquired, will start in January. So, the effective capacity of the slaughter was something like 21,000 heads per day.

Ruth Mazzoni:

OK. And why so much extra capacity? What is the benefit in that?

José Paulo Macedo:

Basically, because we have acquired new plants, and we are basically investing in those plants to increase the capacity, so there will be a new start of this plant in the next quarter. Also, historically, in Brazil, we work with 80% of capacity, which is an average for the industry.

Ruth Mazzoni:

Why is that?

José Paulo Macedo:

Because, differently from the United States, the way you raise the cattle, all spread out in the country, with the off-season being more marked, we have also to favor it. The industry in Brazil normally does not work with 100% capacity mainly because the way you raise the cattle, the geographic location, the export to so many countries, so that is basically a feature for the industry.

Ruth Mazzoni:

OK. Maybe we can just talk about Argentina; margins in Argentina. If you would be able to disclose, or give some color into that, and then what would the impact be of this talk about not allowing non-Argentinean slaughterhouses to benefit from the Hilton quota during the quarter?

Joesley Mendonça Batista:

Actually, when you look at the numbers, the best way to do it is to look at the numbers of Brazil, Argentina and other Swift Companies altogether, mainly because of fiscal strategy.

So, it is not enough to look analyze only the Brazilian numbers or only the Argentina numbers.

Argentina is running well; we are growing our capacity, we are growing our space. The Argentinean market, the local market, is growing much faster than all the other markets. We are now operating five plants; we bought a new one, which is Col Car, which will be under JBS' management after January, next January. The exchange rate in Argentina is OK, it is 3.1, 3.15. That is OK, we are running well.

Denis Parisien, Santander:

Hello. Thanks for the call, gentlemen. I have a couple of questions. One is a follow-up on Matt's question on the refinancing.

Can you give us any idea – I know you cannot give us very specific details – but what market you may raise that in, USD or Reais? Any further details would be appreciated.

Secondly I would like to ask about acquisition costs, whether they have in some other sectors, such as sugar and ethanol, but the acquisition cost has increased significantly, and maybe just waiting you and some of your large colleagues from making further acquisitions, focusing more on organic growth. After that, I have a working capital question and labor cost question. Maybe we could start from the top. Thanks.

José Paulo Macedo:

With respect to the refinancing, we are analyzing many, many aspects. At this stage, we cannot say anything, we cannot give any further details, but we will be refinancing by the end of the year. The second question was?

Denis Parisien:

Second question was the acquisition costs. Have those been increasing significantly and dissuading you and some of your peers from continuing on the growth via acquisition and, perhaps, persuading you to move more towards organic growth, somewhat similar fashion as they have in sugar and ethanol industry.

Joesley Mendonça Batista:

As we are saying since the IPO period, what is happening is that, in Brazil, since that time, we think that there are not big opportunities, there are not good and big companies to be acquired anymore; we have already acquired the best industries that would be acquired in the past, and you are completely right that the prices now in Brazil are not attractive.

So, this is the reason that we are expanding our capacity through greenfields, brownfields and that is our strategy here.

In Argentina, we keep thinking that there are some opportunities there; there are not many opportunities, but there are some opportunities. We bought three new factories in the beginning of the year, we bought another one in the middle of the year, and we bought this other factory, Col Car, last month, and we keep looking for other opportunities there. We think that we will be able to acquire some other Companies in Argentina.

Summarizing, we are keeping our previous strategy, which is growing organically here, in Brazil, and through acquisition in Argentina.

Denis Parisien:

Thank you. Further on that, any thoughts for Uruguay or Paraguay, as some of your peers have done?

Joesley Mendonça Batista:

No we are neither looking at Paraguay nor Uruguay. We sincerely do not think it is a good idea to invest in Uruguay in Paraguay.

Denis Parisien:

OK. On working capital, obviously, the acquisition throw up your working capital investment, driving your free cash flow deep in a negative, no doubt you are looking to decrease working capital investment in the coming quarters.

Can you give us any feel of how deep or how quickly that process may take place, and when we may see free cash flow positive on a consolidated basis?

José Paulo Macedo:

This last quarter, we decreased our working capital in terms of percentage; we decreased our inventories, we decreased our receivables, we were able to be more efficient in Brazil and Argentina. On the other hand, we are increasing our working capital needs in the United States, mainly because we are pushing the industry from 14,000 heads per day to 20,000 heads per day.

And we believe that in the Unites States, we will be increasing the working capital until the end of this year, when we achieve our goal to be slaughtering up to 20,000 heads per day. Then, we think that we will stabilize in terms of what we have already done. Of course that if we acquire new Companies, we will need to increase our working capital.

Denis Parisien:

OK, thank you.

You have mentioned in your press release and presentation that you have placed 1,100 workers at Greeley. Although it does not specify, that refers, perhaps, to undocumented workers that the previous shareholders had and the events that took place as for December and the beginning of this year.

Have you estimated how much that would increase your labor cost replacing undocumented workers with documented workers? And is the fine with IRS completely paid off? Is all that incorporated into your projections?

José Paulo Macedo:

First, 1,100 our new workers being hired for the second shift up and running at Greeley plant. It is the level of employees which left the Company after the ICE event last year have been replaced by May after the acquisition.

So, we are talking about 1,100 new employees to run the second shift at Greeley.

Eric Ollom, ING:

Good morning. I have a question regarding the adjusted EBITDA that you present in the press release, it is on page 26.

You identify a US$35.47 million number. I just have some questions about the adjustments, if you bear with me. You have an US$11.5 million number of cost increase in production. My question is: has that already been incurred?

Then you also have an adjustment on Australia earnings, at US$11.68 million. When will that be realized?

And then you have this US$35.47 million number, is this what we should expect to see, more or less, on a quarterly basis coming from Swift in the future? And if the answer to that is yes, when will we start to see that number? And I have a question on pricing.

José Paulo Macedo:

First thing, I will comment on the cost of starting up the second shift in Greeley.

The US$11 million was basically the cost of hiring the people and cost incurred during the quarter without necessary increase in revenues, because we have started the second shift in the first week of September, but we have been hiring people prior to the start of the second shift.

So, it is basically a quarter when you incur all the costs, but you do not get the benefits of the income. We had only less than 30 days of the second shift in Greeley reflected in this quarter.

In respect with the Australia adjustment, if you look at Australia, also in this presentation, if you see, historically, the average EBITDA that Australia generated for the year is roughly US$50 million. So, it is basically, you know, US$10 million, US$12 million, US$15 million per quarter. And Australia had a bad quarter in this 3Q07. But we are normalizing because Australia is already coming back to its normal profitability levels.

Eric Ollom:

OK. So, Australia had a bad quarter, assuming that the market had a bad quarter, therefore, the numbers should come back but, it isn’t in your control, whereas the numbers are more in your control. Is that correct?

José Paulo Macedo:

Yes. It is already coming back.

Eric Ollom:

So, this US$35.5 million is what we should expect to see out of Swift on a quarterly EBITDA, let us say, for this year's 4Q, more or less. That is the sort of run rate we should expect to see, and my question is when will we begin to see that?

José Paulo Macedo:

The comment I would like to make is that the pork business and the Australian business are running very well. Basically, pork and Australia are running very well. And if you look at the 3Q07, basically normalizing, because we have incurred this cost during this quarter, we have not captured the benefit, and we have already seen Australia coming back to its average level.

So, in that respect, yes, we are basically normalizing the EBITDA because we thought that we incurred much more cost than we got the benefits in this quarter.

Eric Ollom:

I guess another way to look at it… When you look at the press release, right above, on page 26, you have the -1.3 rate for Australia, and sort of normalized basis, which would be the addition of these two numbers. And on the beef basis, at -10.34 includes the US$11.5 million increase in production cost? So, in a very straightforward way, that is what I should be looking at on a normalized basis by division?

José Paulo Macedo:

Yes.

Eric Ollom:

OK, fair enough.

In the very beginning of the presentation today, you were talking about fresh beef prices versus processed beef prices and I apologize, but I completely missed that. Could you just reiterate what you said?

Also on the industrialized beef, can you just discuss a little bit about the breakdown of that product; how much of that is corned beef, how much of that is the cattle chunky beef, cooked frozen beef, how much of that is the new products in the prepared food category?

José Paulo Macedo:

Basically, what I said on the export side of the South American business was that prices in USD, when comparing 3Q07 with 3Q06 have increased, on average, by 8.3%

but if you breakdown that number into fresh beef and processed beef, you see that prices for fresh beef in the export market for South America have increased by 15.7% and have decreased by 3.8% in the processed beef.

Also in the comparison with the 2Q07, on average, prices in the export market increased by 23%, 33% for fresh beef and 2.5% including processed beef.

That is a reflection not only of passing through the new cost of raw material, but also of the product mix, because we continue to export a high value added cost a year and we have redirected exports of other cuts to the local markets in Brazil which were consuming a lot of beef.

So it is a reflection of a different mix of export, and also different cost increases to our export client.

Eric Ollom:

OK. And then just on processed beef volumes, if you will; can you just give us some color on the breakdown of that; because obviously the cooked frozen beef is more value added than the corned beef. What is the breakdown?

José Paulo Macedo:

I can go back to that I do not have, effectively, a breakdown of how much of our processed beef… A great portion of our exports is corned beef, the majority is corned beef. But to give you the actual breakdown with precise figures, I will have to get back to you.

Eric Ollom:

That is fine; I will follow up with you later. Thank you.

José Bernal, Santander:

Hello. I have a couple of questions. First one is one on the cash holding.

At the end of the 3Q07, for the consolidated figures, the cash was US$180 million, roughly. So, I would like to know if this is level that we are going to expect going forward. Or probably you are going to use some of the cash to pay down some debt? That is my first question.

The other is regarding Swift, JBS United States. What is the percentage of the revenues that come from export?

José Paulo Macedo:

The first part of your question; we have a policy of maintaining cash in the Company. So, if you ask me if we are going to maintain that, yes – we have a policy to keep a high cash level against any potential problems in the market. So, the policy is, actually, maintaining two months or three months of sales in the Company as cash.

José Bernal:

OK. And the exports?

José Paulo Macedo:

Sorry, what was your second question?

José Bernal:

What percentage of the beef revenues come from exports?

Joesley Mendonça Batista:

In Brazil, it is 50/50; in Argentina, 70% is to the external market; in Australia, 7% is to the external market; and the United States, it is something around US$1 billion, less than US$1 billion.

José Bernal:

So less than 10%?

Joesley Mendonça Batista:

Yes.

José Bernal:

And my last question is: what is the current capacity of slaughtering capacity in Argentina?

Joesley Mendonça Batista:

Now we are running five factories; we bought a new one, there will be six factories. It will be up to 5,000 heads per day. But as Paulo mentioned, you need to observe that we are acquiring new factories, we are bringing these factories to our standards. So, when we talk about their capacity, we are talking about current capacity during this month; you cannot consider that this will be the capacity for the future, not to the past. If you include, for example, Col Car, it will be higher than 6,000 heads per day.

José Paulo Macedo:

6,700 heads per day with Col Car, the last acquisition.

José Bernal:

OK. Thank you.

Eduardo Vicieira, Credit Suisse:

Good afternoon. I have two questions.

First one is regarding CAPEX; could you give us an idea what is expectation for maintaining CAPEX for 2008 for JBS, including and excluding Swift?

And the other question is: I calculated, with the information provided, that, given the EBITDA you obtained in United States bovine operation, and the margin you got there in the 3Q, that the 2% intended improvement in margin would be in the order of around US$125 million. And you showed, on page 12 of your slide presentation, that you already have commented about US$36 million, it is about 30% of the 2% improvement that United States provides.

I was wondering what would be the difference, how would you get that. And I was wondering how much of that would come from you the higher capacity utilization that you have with all your plants running, and what would be the other potential improvement? Thank you.

José Paulo Macedo:

We will basically be achieving that with the improvement that we already made, with the cost reduction that we have already made, with the dilution of our fixed cost, with increase of volumes in our plants, and also with improvement in yields, which will be captured as we train the people that we are hiring for the second shift in Greeley and they will be capturing that along the way.

So, that is basically the difference of how we are going to get that. But, again, we are saying that with the improvements that we have already made, with the savings that we have already made, on a normalized basis, we have already reduced the cost per head in US$40 since we acquired the Company. And in the comparison with the last year, with 3Q07 for Swift, we have reduced that by US$28 per head.

So that is what we have already made, the savings that we have already made, the yield improvements that we have already achieved, and that we expect to achieve with further improvements and further cost savings.

Eduardo Vicieira:

Great. And regarding CAPEX for next year?

José Paulo Macedo:

CAPEX for the quarter was US$12 million for Swift.

Eduardo Vicieira:

And your…?

José Paulo Macedo:

Basically, maintenance CAPEX.

Eduardo Vicieira:

So US$12 million a quarter?

José Paulo Macedo:

Yes. US$12 million for this quarter.

Eduardo Vicieira:

OK. And should it remain at that range?

José Paulo Macedo:

Yes.

Eduardo Vicieira:

OK. Thank you very much.

Operator:

Thank you. This ends our question and answer session. I will turn the floor over back to our host, Mr. Batista, for any closing remarks.

Joesley Batista:

I would like to thank everybody for this call. We are looking at this quarter as a very special quarter. Personally, I congratulate our Directors. Once again, we showed to ourselves and to the market that we were able to rearrange our production in Brazil, to maintain our margins. We are very fast to grow in the local market when the local market gave us the opportunity to make money.

During this period we were able to increase the external prices, we are increasing, we are already in a new level of prices in the external market. So in the 4Q, we will be going back to the new level of prices in the external market.

In the United States, Swift has already improved its production, we came from 14,000 heads to 19,000 heads, and we will finish this year up to 20,000 heads. We are really confident about this

About the fixed cost, variable cost and yield of the cut, we have already improved US$40 per head, and I am sure that we are very close to our peers, our competitors' performance.

I am confident that we have been able our main challenge for 2007, and we will start 2008 with a very competitive base, with a very competitive Company, to be able to face the competition. I am confident that United States market beef will go back to the historical levels of 3% to 4% of EBITDA margin.

I would like to thank everybody for this call and our Investor Relations department is here to discuss more about the numbers and the Company. Thanks everybody, have a good day.

Operator:

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