



Notice to Shareholders

JBS S.A.
CNPJ nº 02.916.265/0001-60
NIRE 35.300.330.587
Authorized Capital Publicly Held Company

NOTICE TO SHAREHOLDERS

JBS S.A. ("Company") hereby informs its Shareholders and announces to the general market, in compliance with article 157, Paragraph 4, of Law No. 6404/76 ("Brazilian Corporation Law") and with Brazilian Securities Commission (CVM) Ruling No. 358/02, that the shareholders of the Company approved, at an Extraordinary General Meeting held on December 29, 2009 ("EGM"), the 1st private issue of exchangeable subordinate debentures convertible into shares issued by the Company to be carried out in a single series ("Debentures") ("Issue"), as informed in the minutes of the EGM and in the Private Deed of Issue ("Deed"). The Debentures shall be mandatorily exchangeable for supported level II or III Brazilian depository receipts backed by common voting shares issued by JBS USA Holding, Inc. ("JBS USA") ("BDRs") ("Exchange"), or mandatorily convertible into shares issued by the Company ("Conversion into Shares"), depending on whether the Company consummates the Liquidity Event defined below. The Debentures shall not be publicly or privately traded by the Debenture Holders. The issue date of the Debentures is December 28, 2009 ("Issue Date"). The period within which the Shareholders shall exercise their preemptive right to subscribe for Debentures begins on December 30, 2009 and ends on January 29, 2010, subject to the following conditions:

1. Total amount of the Issue and quantity of Debentures to be issued

1.1 The total amount of the issue is three billion four hundred and seventy-nine million six hundred thousand reais (R\$ 3,479,600,000.00).

1.2 The Company shall issue up to two million (2,000,000) Debentures.

2. Par value per Debenture

The par value of each Debenture shall be one thousand seven hundred and thirty-nine reais and eighty centavos (R\$ 1,739.80) on the Issue Date ("Par Value per Debenture").

3. Allocation of funds

The funds shall be fully allocated to pay-in the contribution to the capital increase of JBS USA in order to (a) complete the transaction provided for in the Stock Purchase Agreement whereby JBS USA, through the subscription of new shares, shall become owner of shares representing sixty-four per cent (64%) of the total and voting capital stock of Pilgrim's Pride Corporation ("Purchase"), and (b) boost the Company's consolidated capital structure to implement investment plans and expansion projects, and allow the completion of the project for integration of the business of the Company with Bertin S.A. Contributions in cash to the capital made from December 1, 2009 up to ten (10) days after the placement of Debenture has been completed shall be counted for purposes of checking the payment in full of the contribution to the capital increase of JBS USA.

4. Type and form of the Debentures to be issued

The Debentures shall be subordinate book-entry debentures convertible into common shares issued by the Company and exchangeable for BDRs backed by one single type and class of shares of JBS USA, to be publicly traded in the USA and abroad, subject to the terms and conditions set forth in the Deed, without issuance of certificates. For all purposes and effects, the Debentures shall not be freely negotiable, and the ownership of the Debentures shall be evidenced upon statement issued by Banco Bradesco S.A. ("Paying Bank" or "Book-Entry Agent").

5. Debentures Maturity

5.1 The maturity date of the Debentures shall be sixty (60) years after the Issue Date ("Maturity Date"), on December 28, 2069, and the Debentures shall be cancelled in the event of conversion or exchange, as provided for below.

5.2 Notwithstanding the foregoing, the Company shall mandatorily pay in full the Debentures at its Par Value per Debenture, always upon Exchange or Conversion into Shares, as applicable, within the periods of time set forth below. No payment shall be made in cash under any circumstances for the Par Value per Debenture.

6. Earnings

6.1 In view of the characteristics of the Debentures, the Debenture holders under this Issue ("Debenture Holders") shall be entitled, upon Exchange, to receive dividends, capital remunerations, bonus and any other earnings, net of applicable taxes ("Earnings"), declared by JBS USA and distributed to the Company from the Issue Date up to the date on which the BDRs are actually received, proportionally to the number of BDRs resulting from the Exchange and held by each Debenture Holder.

6.1.1 The earnings shall be paid to the Debenture Holders upon Exchange. If the dividends have been paid in cash by JBS USA, the Earnings relating thereto shall be paid to the Debenture Holders in national currency and adjusted as provided for in the Deed. If the dividends have been paid in assets other than cash, the Earnings relating thereto shall be paid to the Debenture Holders in national currency and adjusted as provided for in the Deed.

6.1.2 The cash Earnings that may be distributed by JBS USA from the Issue Date to the date on which BDRs are actually received shall be set apart by the Company as reserve for payment and shall be paid as adjusted by 95% of the Interbank Deposit Certificate - CDI (net of taxes applicable to the Company) from the date of receipt of said Earnings by the Company to the date of payment thereof.

6.2 The shares backing the BDRs under the Exchange shall be entitled under any circumstances to such declared Earnings, even if not paid by JBS USA from the Issue Date. The Company also agrees to assign such rights to the Debenture Holders, if necessary.

6.3 In the event of Conversion into Shares, the Debenture Holders shall be entitled to receive in full the dividends declared by the Company after Conversion into Shares.

7. Subscription and Payment

7.1 The Debentures shall be subscribed and paid-in at the Par Value per Debenture within the periods for subscription fixed below and in Brazilian currency. The payment shall be made in cash and in Brazilian currency.

7.2 The subscription of the Debentures shall be formalized upon filling out the Debenture subscription bulletin, in which subscribers shall also inform their interest in the reserve of remainder. Upon the subscription of the Debentures, the Debentures shall be fully paid-in by the subscriber in certain branches of the Paying Bank (as mentioned below), and the shareholders whose custody is with the Depository Center of BM&FBovespa S.A. – Stock, Commodities and Futures Exchange ("BM&FBovespa") shall exercise their rights through their custody agents and according to the rules prescribed by the Depository Center of BM&FBovespa.

7.3 The subscribed Debentures that are not paid-in on the respective date of subscription thereof may, at discretion of the Company, be cancelled or sold by the Company in the form to be defined by the Company, and placement of part of the Debentures is therefore allowed.

8. Preemptive Right and Subscription List

8.1 Since the Debentures are convertible into shares, the shareholders of the Company shall have a preemptive right to subscribe for the Debentures in accordance with article 109, subsection IV, of the Brazilian Corporation Law, proportionally to the number of shares of the Company held by each shareholder on the date of the EGM ("Preemptive Right"), for a period beginning on December 30, 2009 and ending on January 29, 2010 ("Preemptive Right Period"). For the purposes of the Preemptive Right, all shares of stock outstanding shall be considered, i.e. one billion three hundred and ninety-four million eighty-eight thousand eight hundred and twenty-six (1,394,088,826) common shares issued by the Company, already excluding the forty-three million nine hundred and ninety thousand one hundred (43,990,100) treasury shares. Accordingly, the applicable ratio resulting from the division of two million (2,000,000) Debentures by one billion three hundred and ninety-four million eighty-eight thousand eight hundred and twenty-six (1,394,088,826) common shares issued by the Company, for exercise of the Preemptive Right, is zero point one four three four six two eight eight percent (0.14346288%). The shares to be issued by the Company as a result of the merger of the Bertin shares into the Company, as also approved at the EGM, shall have no Preemptive Right in the subscription of the Debentures.

8.2 If the number of Debentures to be subscribed upon Preemptive Right is not an integer, the fractional number shall be rounded upwards to the next integer if the first decimal place is equal to or higher than five (5) tenths, disregarding the decimal places after the first decimal place for rounding purposes as provided for herein.

8.3 The shareholders who desire to subscribe for Debentures as described above shall go exclusively to the branches of the Paying Bank listed below, where they shall sign the Debentures subscription bulletin. If a shareholder is represented by an attorney-in-fact, the attorney-in-fact shall bear the documentation evidencing the powers vested on him to represent the shareholder and subscribe for Debentures on his/her behalf. The shareholders whose shares are held in custody with the Depository Center of BM&FBovespa shall exercise their respective rights through their custodian agents and according to the rules of the Depository Center of BM&FBovespa.

8.4 The signature of the Debentures subscription bulletin shall be immediately followed by the payment in full of the subscribed Debentures, even in the event of no subscription of all Debentures under this Issue, as provided for in section 7 above.

8.5 Upon subscribing for Debentures during the Preemptive Right Period, the shareholders shall express their interest (or lack of interest) to subscribe for the remaining Debentures not subscribed during the Preemptive Right Period, on a proportional basis to the subscribed Debentures. Such interest shall be expressed in the aforementioned Debentures subscription bulletin. After expiration of the Preemptive Right Period, the shareholders expressing their interest in reserve of remainder ("Remainder") in the subscription bulletin shall subscribe for the respective Remainder within five (5) business days after the notice of determination of the Remainder. The number of Debentures to which each subscriber shall be entitled (First Apportionment Deb.) shall be fixed by multiplying the total number of non-subscribed Debentures (Non-Subscribed Deb.) by the percentage calculated by dividing the number of Debentures subscribed by the relevant subscriber (Subscribed Deb.) by the total number of Debentures subscribed by all subscribers who have claimed to be entitled to the remainder (Total Subscribed Deb.) ("First Apportionment"), as described in the formula below:



8.6 After the expiration of the period for subscription of the Remainder from the First Apportionment, the shareholders interested in the reserve of remainder who expressly show their interest in the subscription bulletin relating to the First Apportionment shall subscribe for the new remainder ("Second Apportionment") within five (5) days after the notice of determination of the remainder from the First Apportionment. The number of Debentures to which each subscriber shall be entitled in the Second Apportionment (Sec. Apportionment Deb.) shall be fixed by multiplying the total number of non-subscribed Debentures after the First Apportionment (Deb. Not Subscribed. After First Apportionment) by the percentage calculated by dividing the number of Debentures subscribed by the relevant subscriber in the First Apportionment (Deb. Subscribed in First Apportionment) by the total number of Debentures subscribed by all subscribers (Total Deb. Subscribed in the First Apportionment) who have claimed to be entitled to the Remainder in the subscription bulletin of the First Apportionment, as described in the formula below:



8.7 Subscription bulletins for the Remainder from the First Apportionment and Second Apportionment may be requested at certain branches of the Paying Bank, and the shareholder desiring to subscribe for such Debentures shall pay them in full immediately. The shareholders whose shares are under custody with the Depository Center of BM&FBovespa shall exercise their respective rights through their custody agents and according to the rules of the Depository Center of BM&FBovespa.

9. Method of settlement or redemption of the Debentures

9.1 The Par Value per Debenture shall be fully paid as follows: (i) upon Exchange after occurrence of the Liquidity Event (as defined below); or (ii) upon Conversion into Shares in the event of non-occurrence of the Liquidity Event within the term stipulated in section 11.3 below.

9.1.1 For the purposes of the Issue, "Liquidity Event" means cumulatively: (i) the closing of a public offering of JBS USA's shares with primary placing of at least 50%, whether through initial public offering or follow-on offering, in an amount of at least one billion and five hundred million US Dollars (USD 1,500,000,000), whereby JBS USA (a) becomes a company registered with the Securities and Exchange Commission, (b) has its shares listed with the New York Stock Exchange or NASDAQ, (c) has a free float (Debenture Holders' potential equity interest excluded) of at least fifteen per cent (15%), and (d) the capital stock of JBS USA as of date of the Liquidity Event consists of shares of one sole type and class, thus being entitled to the same rights and benefits.

9.1.2 The Liquidity Event shall take place by December 31, 2010 ("Deadline"), under penalty of compulsory Conversion of the Debentures into Shares. However, the Company may send notice to the Fiduciary Agent at least five (5) days before the Deadline informing that it intends to extend the Deadline to December 31, 2011 ("Extended Deadline"), provided that in this case the Company shall pay to the Debenture Holders, as of the date of the notice and in Brazilian currency, a premium in the amount of fifteen per cent (15%) on the Par Value per Debenture of the total number of Debentures then outstanding.

9.2 The Exchange shall mandatorily occur within up to thirty (30) days after the date of the notice of Liquidity Event by the Company. The Company shall send such notice within no longer than five (5) days after the settlement of the Liquidity Event to be published in the newspapers "Valor Econômico" and "Official Gazette of the State of São Paulo".

9.3 The BDRs shall be made available to the Debenture Holders in the first business day after the expiration of the thirty (30)-day period set forth in section 9.2 above.

9.3.1 Except as provided for in section 9.1.2, in the event of request of Extended Deadline by the Company, the Company shall not pay under any circumstance to the Debenture Holders any amount relating to Debentures in Brazilian currency. The Debentures shall not be understood by the Debenture Holders as being a debt of the Company, and therefore the issue of the Debentures for any price shall not contravene or breach any financial covenant of the Company.

9.4 If the Liquidity Event does not take place by the Deadline and the Company has not paid the Deadline extension premium, the Debentures shall mandatorily be converted into Shares of the Company on January 31, 2011, or, if such date is not a business day, in the first business day immediately thereafter, and on such date the shares of the Company resulting from said conversion shall be made available to the Debenture Holders. If the Company has extended the Deadline upon payment of the premium provided for in section 9.1.2 and the Liquidity Event has not occurred by the Extended Deadline, the Debentures shall mandatorily be converted into Shares of the Company on January 31, 2012, or, if such date is not a business day, in the first business day immediately thereafter, and on such date the shares of the Company resulting from said conversion shall be made available to the Debenture Holders.

10. Debentures Exchangeability

10.1 Upon occurrence of the Liquidity Event, each of the Debentures shall be mandatorily exchanged for BDRs representing shares issued by JBS USA. The number of BDRs for which each Debenture shall be exchanged shall take into account that if all Debentures are subscribed and paid-in (i.e. there shall be 2,000,000 Debentures), the Debentures shall be exchanged for a percentage ("Percentage") of the shares issued by JBS USA before the Liquidity Event, as per formula below:

$$\text{Percentage} = (\text{USD } 2,000,000,000 / V) * 100$$

V = means valuation by JBS USA as of the offering at the time of the Liquidity Event, regardless of the funds invested in JBS USA upon the Liquidity Event (pre money valuation), calculated as follows:

$$V = Ba * Va$$

Ba = Number of shares of JBS USA immediately before the Liquidity Event.

Va = Value per Share (gross value relating to any commissions, costs or taxes incurred) of JBS USA as of the Liquidity Event, as determined in the face of the final prospectus relating to the Liquidity Event.

10.2 If the Percentage amount exceeds 25%, said amount shall be deemed 25% for purposes of Exchange, and if it is lower than 20%, it shall be deemed to be 20% for purposes of Exchange.

10.3 After the Percentage is obtained as provided for in sections 10.1 and 10.2 above, in the events set forth in section 10.6.1 below, the Percentage shall be adjusted proportionally.

10.4 The Company expressly represents that it shall be the legal owner of the common shares issued by JBS USA that may be Exchanged, and the Company agrees to ensure, for the purposes of Exchange, that said shares shall be fully paid-in and free and clear of any liens or encumbrances of any kind.

10.5 The Company, JBS USA, Planner Trustee DTVM Ltda. ("Fiduciary Agent") and the Debenture Holders shall perform all acts necessary for implementing the Exchange, as applicable.

10.5.1 As regards the BDRs resulting from the Exchange ("BDRs Resulting from Exchange") the parties hereby agree that:

(i) the BDRs Resulting from Exchange shall have the same characteristics and conditions and shall be entitled to the same rights and benefits as the shares issued and registered by JBS USA in connection with the Liquidity Event; and

(ii) the BDRs Resulting from Exchange shall be part of the Level II or III BDRs Sponsored Program, which shall ensure that the BDRs shall be entitled to all political and equity rights of the shares they represent, including, without limitation, voting and transfer rights, and also cause the cancellation of the Program to be conditional upon prior approval by the majority of the holders of BDRs.

10.5.2. In order to secure compliance with the United States Securities Act, the BDRs shall be deposited, in the name of the Debenture Holders, with a custodian institution, which will only make the BDRs available to the Debenture Holders 195 days after the Liquidity Event. During this period, (A) the custodian institution shall keep the BDRs in the name of the Debenture Holders, with no transfer of ownership, loan or other transactions involving the BDRs; (B) the Debenture Holders, then holders of the BDRs, may exercise all rights attaching to the BDRs (except for selling rights), including, without limitation, the right to vote and to receive Earnings (defined); (C) the custodian institution shall make the BDRs available to the Debenture Holders on the first business day after expiration of the period set out above.

10.6 The exchange percentages provided for in section 10.1 shall be observed without any charge to the holders of the Debentures, regardless of any split, combination or capital increase through bonus on shares issued by JBS USA as from the Issue Date.

10.6.1 The Percentage under section 10.1 (as duly adjusted under section 10.2) is based on the following assumptions:

that the Issue has been paid in the Full Amount of the Issue; and

(ii) that within the period from December 1, 2009 to the date of the Liquidity Event there has occurred or there will occur no other increase in the capital or any issue of bonds or securities convertible into shares of JBS USA through public or private issue (except (a) for the use of the proceeds from said Issue to capitalize JBS USA, (b) for the Liquidity Event, or (c) for the capitalization of reserves in JBS USA), including, without limitation, upon consolidation, merger, corporate reorganization or any other transaction, without prejudice to the provisions of item 12.2, as well as any employee stock option programs (any such capitalization being referred to as an "Additional Capitalization").

10.6.2. If the Issue has not been paid-in in the Full Issue Amount, or if any Additional Capitalization may be made, the parties hereby agree that the Percentage, after the application of section 10.2, shall be equitably adjusted by the Company in order to reflect the new JBS USA capitalization reality. For such purpose the Company submit in good faith the Percentage adjustment (after application of section 10.2) for approval of the Debenture Holders, and the Debenture Holders shall evaluate in good faith the proposal of the Company and shall approve it if it reflects the assumptions provided for above.

10.7 The Debenture Holder may only Exchange all Debentures held by him/her and is not permitted to Exchange only part thereof.

11. Conversion of Debentures

11.1 Subject to section 10 above, in the event of section 11.2 below or in the event of Acceleration, each Debenture shall be solely, exclusively and mandatorily converted into a number of common shares of the Company resulting from the division between (a) the Par Value per Debenture, plus a ten per cent (10%) premium, and (b) the conversion price determined according to the weighted average per volume of the price of the common share of the Company traded in BM&FBovespa under code "JBSS3" in the sixty (60) trading sessions immediately before the date of actual conversion of the Debentures, as adjusted for declared amounts, subject to an upper limit of six Reais and fifty cents (R\$ 6.50) per share and a lower limit amount of twelve Reais and fifty cents (R\$12.50) per share ("Conversion Price").

11.2 The Conversion into Shares shall only occur i) in the event of non-verification of the Liquidity Event within the period fixed in section 9.1.2, (ii) in the event of non-verification of the requirements described in section 10.5.1, or (iii) in the events of Acceleration defined below.

11.3 If the Liquidity Event does not take place by the Deadline and the Company has not paid the Deadline extension premium, the Debentures shall be mandatorily converted into shares of the Company on January 31, 2011, or, if such date is not a business day, in the first business day immediately thereafter, and on such date the shares of the Company resulting from said conversion shall be made available to the Debenture Holders, and the Fiduciary Agent, the Paying Bank and the Company hereby agree to take all measures necessary for notifying and formalizing the Conversion into Shares. If the Company has extended the Deadline upon payment of the premium provided for in section 9.1.2 and the Liquidity Event has not occurred by the Extended Deadline, the Debentures shall mandatorily be converted into shares of the Company on January 31, 2012, or, if such date is not a business day, in the first business day immediately thereafter, and on such date the shares of the Company shall be made available to the Debenture Holders, and the Fiduciary Agent, the Paying Bank and the Company hereby agree to take all measures necessary for notifying and formalizing the Conversion into Shares.

11.3. The Conversion Price shall be simultaneously and proportionally adjusted to the splits or combinations of shares, or increases in the capital of the Company through bonus, on any account, as applicable, with no charge to the holders of the Debentures and on the same proportion established for such events.

11.4 a> The common shares of the Company resulting from the Conversion into Shares shall have the same characteristics and conditions and shall be entitled to the same rights and benefits conferred currently and in the future by the Bylaws upon the common shares of the Company.

11.5 The increase in the capital of the Company resulting from Conversion into Shares, to be carried out as provided for in article 166, paragraph III, of the Brazilian Corporation Law, and in the Bylaws of the Company, shall be approved by the Board of Directors of the Company within up to thirty (30) days from the actual date of the Conversion into Shares<.

11.6 The shares resulting from the Conversion into Shares may be freely negotiated by their holder.

11.7 In the event of resolution on capital increase or issue of bonds or securities convertible into shares of the Company, before the Conversion into Shares, upon public or private issue by the Company, including any employee stock option programs, the Company shall propose in good faith an adjustment to the formula for Conversion described above, and such adjustment shall be submitted to the Debenture Holders for approval, in good faith, in order to reflect the new reality of capitalization of the Company.

11.8 The fractions of common shares resulting from the Conversion into Shares carried out under this section 11 shall be paid in Brazilian currency within up to five (5) days after the date of the Conversion into Shares for the Conversion Price. The Company may also obtain all or part of the funds therefor upon the sale of grouped fractions at BM&FBovespa.

11.9A Debenture Holder is only permitted to convert all Debentures held by him/her into shares of the Company, but is not permitted to convert just a part thereof.

12. Term for placement of Debentures and cases of Acceleration of payment of Debentures

12.1 The maximum period for the placement of the Debentures by the Company shall be six (6) months from the Issue Date.

12.2 Before the occurrence of the Liquidity Event, the Fiduciary Agent may declare acceleration of all Debentures and require the payment by the Company of the balance of the Debentures, always upon Conversion into Shares ("Acceleration") upon the occurrence of any of the following events:

(i) default (a) in obligation of payment under the Deed not cured within ten (10) days from the period stipulated or, if no period is stipulated, from the notice by the Fiduciary Agent, or (b) in any other obligation under the Deed cured within thirty (30) days from the period stipulated or, if no period is stipulated, from the notice by the Fiduciary Agent;

(ii) petition for judicial or extrajudicial reorganization or bankruptcy filed by the Company or by JBS USA, or adjudication of bankruptcy against the Company or JBS USA, according to applicable law;

(iii) dissolution or liquidation of the Company or JBS USA;

(iv) withdrawal of the Company from the Novo Mercado of BM&FBovespa, except if previously approved by Debenture Holders representing the majority of the outstanding Debentures;

(v) merger of the Company or JBS USA with and into another company (other than a company directly or indirectly controlled by JBS), or the merger of its shares into another company (other than a company directly or indirectly controlled by JBS), or consolidation transaction involving the Company or JBS USA, except if previously approved by Debenture Holders representing the majority of the outstanding Debentures;

(vi) if for any reason the Acquisition is not paid by May 1, 2010; or

(vii) if, for any reason (other than acts for which a Debenture Holder may be held liable), no Exchange occurs after the Liquidity Event, and in this case the conversion shall be made for the Debenture Holders who may not have received the BDRs to which they were entitled in connection with the Exchange.

13. Procedure for subscription of Debentures and negotiation of subscription rights

13.1 The brokers shall send and provide to the holders of shares of the Company the documents necessary for the subscription or shall fill out the respective subscription bulletin, as directed by Bradesco, financial institution acting as depositary of the book-entry shares of the Company, or BM&FBOVESPA, as applicable, within the period beginning on December 30, 2009 and ending on January 29, 2010 (inclusive).

13.2 The shareholders who desire to negotiate their subscription rights during the period for exercising the Preemptive Right may do so, and the shareholders may request the respective bulletin for assignment of rights that shall be issued by Bradesco, or give instruction to their broker to trade such rights directly in the stock exchange.

13.3 Once a bulletin for assignment of rights is issued, and in the event of disposal thereof, a statement on the other side (overleaf) of the bulletin for assignment of rights shall be required with the duly notarized signature of the assignor, and any other further requirement prescribed by the relevant custody agents shall also be met.

13.4 The subscribers shall express in the bulletin for subscription of shares that they are interested in the reserve of Remainder.

13.5 The shareholders whose custody of shares is with the Depositary Center of BM&FBOVESPA shall exercise their respective rights to subscribe for Debentures and Remainder through the custody agents.

13.6 Subscription rights shall be conferred to the shareholders who acquired their shares up to December 29, 2009. Shares acquired as from December 30, 2009 shall be deemed as former subscription rights.

14. Assignment of Preemptive Subscription Rights

14.1 The Preemptive Right may be freely assigned by the shareholders of the Company to third parties according to article 171, paragraph 6, of the Brazilian Corporation Law.

15. Remainder Procedure

15.1 After expiration of the period for the exercise of the Preemptive Right, the Company shall perform one or more apportionments of any Remainder, or of any Remaining Parts of Remainder, and may sell such Remaining Parts of Remainder in the stock exchange, pursuant to article 171, paragraph 7, item "b", of the Brazilian Corporation Law, and, at the discretion of the Board of Directors after the First Apportionment of Remainder, so long as the total amount subscribed is at least one billion seven hundred and thirty-nine million eight hundred thousand reais (R\$ 1,739,800,000.00), through the issue of at least one million (1,000,000) new Debentures. In the event of apportionment of Remainder, or Remaining Parts of Remainder, the shareholders who express in the subscription bulletin that they are interested in the reserve of Remainder shall subscribe for said apportioned Remainder within five (5) days from the publication of the Notice to the Market by the Company.

16. Documentation for subscription of Debentures and assignment of rights

16.1 Natural Person: Identity Card (RG), Individual Taxpayers Register with the Ministry of Finance (CPF/MF), and confirmation of address.

16.2 Legal Entity: Articles of Association or Bylaws, and the Minutes of the Meeting that elected the managers in office, duly filed with the competent Commercial Registry, and confirmation of address.

16.3 In the event of representation by attorney-in-fact, the public or private power of attorney with the signature certified by Notary Public is required.

17. Customer service locations

17.1 At the custodian agents of BM&FBOVESPA or at the branches of Banco Bradesco, at the following addresses:

| | |
|---------------------|--------------------------------|
| São Paulo (SP) | Rua 15 de Novembro, 233 |
| Rio de Janeiro (RJ) | Rua Primeiro de Março, 45/47 |
| Belo Horizonte (MG) | Rua da Bahia, 951, Centro |
| Curitiba (PR) | Rua Marechal Deodoro, 170 |
| Porto Alegre (RS) | Praça Oswaldo Cruz, 10, Centro |

18. Resolution of Disputes

18.1 Any dispute relating to this Issue shall be referred to arbitration, according to Law No. 9307/96, and shall finally be resolved in compliance with the Regulations of the Trade Arbitration Chamber organized by BM&FBovespa.

18.2 Except for the exercise in good faith of the nullity actions provided for in Law No. 9307/96, the Company, the Fiduciary Agent and the Debenture Holders (“Parties”) waive the right to file any appeal against the arbitral award or to claim any exceptions against the enforcement thereof. Judgment upon the arbitral award may be entered in any court having jurisdiction, and the arbitral award shall be rendered in the Brazilian territory and shall be final and binding on the Parties and their successors on any account.

18.3 Exclusively for purposes of coercive measure or protective, temporary or permanent injunction which may be required to guarantee the enforcement of the arbitral award, the Parties hereby elect the courts of the Judicial District of the City of Rio de Janeiro, State of Rio de Janeiro, to the exclusion of any other courts, however privileged they may be.

19. Restrictions applicable to U.S. persons or persons within the United States

19.1. U.S. persons or persons within the United States (as defined in Regulation S promulgated under the Securities Act of 1933), including individuals or legal entities having address in the United States, trading in securities or acting as agents for such persons, shall in no event exercise preemptive rights for subscription of the Debentures or otherwise buy the Debentures. The Shareholders that have any doubts whether they or the companies they represent qualify as U.S persons or persons within the United States under Regulation S should consult with their attorneys.

20. Additional Information

20.1 For further information contact the Investor Relations Department of the Company located at Av. Marginal Direita do Tietê, 500 – District of Vila Jaguará, in the City of São Paulo, State of São Paulo, or by phone: +55 (11) 3144-4147 or +55 (11) 3144-4224, facsimile: +55 (11) 3144-4279, email: jerry@jbs.com.br, or on the site <http://www.jbs.com.br/ir/>.

20.2 The Company emphasizes that the Debentures shall be issued for private placement, with no effort to publicly sell it to investors, and the partial placement of the Debentures is permitted. The Debentures may not be privately or publicly traded by the Debenture Holders.

20.3 The Company shall keep its shareholders and the market in general informed about the evolution of the subject-matter of this notice.

São Paulo , December 29, 2009.

Jeremiah O'Callaghan
Investors Relations Officer