



## JBS Clarifies CADE Report Regarding Company's Operations

JBS SA ("Company") communicates to its shareholders and to the market in general that the Superintendent General of the Brazilian Anti-trust Authority (CADE) issued an Opinion in a report published last Thursday night February 14, 2013 regarding acquisitions made by the Company, namely, SSB (a tannery in Colider and a beef processing facility both in the State of Mato Grosso) and a beef processing facility in Ponta Porã in the State of Mato Grosso do Sul, both of which submitted to CADE for analysis. The opinion issued is subjective and inconclusive and argues "the necessity to deepen studies regarding the degree of competition in the sector and the impact of these operations in cattle sourcing as well as in aspects related to pricing at final consumer level, with the onus on the entity (CADE) to carry out such analysis".

Having analyzed the report and bearing in mind its inconclusive nature, the Company wishes to inform:

- JBS will demonstrate to CADE that none of the operations completed over the last number of years infringe any anti-trust regulations bearing in mind that there continues to be intense rivalry in the sector. There also exists the opportunity for new entrants to participate in this activity seeing that entrance barriers are low.
- Cattle prices paid to cattle ranchers remain stable to slightly higher over the period of time when JBS made acquisitions. JBS recognizes the importance to remunerate adequately its suppliers, thus, maintaining incentives towards the continuity of the activity.
- The cattle ranching activity itself has shown significant concentration which can be illustrated by the fact that JBS sources one third of all its livestock in Brazil from 3% of the registered cattle farmers in the country.
- JBS had in 2011 approximately 15,4% market share in the slaughter activity in Brazil based on data compiled by both the United States Department of Agriculture (USDA) and by ANUALPEC (a specialized publication on the sector).
- JBS has always acted in compliance with anti-trust regulation and with the understanding that rentals or leases are not mandatorily subject to anti-trust analysis with one exception: a long-term rental (10 years) accompanied by a purchase option which the Company submitted for analysis. Other rentals and leases carry an average term of 2 years.

JBS also highlights that all cases submitted to CADE clearly demonstrated the Company's true market share. As a result, the Company understands that it has always demonstrated the utmost transparency when communicating with the relevant authorities and expects that in an essentially technical analysis all operations proposed to anti-trust authorities will receive their approval with the result that the Company's values will continue to permeate the social and economic activities of the country and specifically the relevant agricultural sector.

São Paulo, February 15th 2013.  
Jeremiah O'Callaghan  
Investor Relations Officer

