



JBS confirms the closing and payment of Smithfield Beef and Five Rivers

JBS S.A.

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Authorized Capital Publicly Held Company

MATERIAL FACT

JBS S.A. completes the purchase of “Smithfield Beef” and of the cattle feeding operations known as “Five Rivers”.

JBS S.A. is proud to announce that it today completed the purchase of the beef unit of the Smithfield Group (Smithfield Beef) as well as their feedlot operations

known as Five Rivers (Five Rivers). The total amount paid was USD565.0 million in cash. There is no debt assumption.

“Smithfield Beef” has head offices in Green Bay, Wisconsin and will be known as “JBS Packerland” from today onwards. “Five Rivers” has head offices in

Loveland, Colorado and will be known as “JBS Five Rivers” from today onwards.

“JBS Packerland” represents a geographic diversification for JBS adding a further four beef slaughter plants to those already operated by the Company in the USA. Besides operating in the Mid-West, JBS will now also have facilities in the North-East and in the South-West. A further slaughter capacity of 7,600 head per day will be added to the existing 20,500 that the Company already operates in the United States.

“JBS Five Rivers” was formerly part the Swift Group and has 10 Feed Yards with a one time capacity to fatten 820,000 head of cattle in four different states adjacent to the existing JBS slaughter facilities. Almost 2 million head of cattle were fattened in these feed yards in the last twelve months.

“JBS Packerland” had net revenue of over USD3.0 billion in the last twelve months to September 2008, generating an EBITDA of more than USD130.0 million. “JBS Five Rivers” as a service company raised cattle worth more than USD1.7 billion in the same period, with an EBITDA of USD8.8 million.

The integration of these acquisitions with the existing JBS facilities in the United States provides the opportunity for the Company to continue to reduce costs and introduce the synergies which will add value to both suppliers and customers.

São Paulo, October 23, 2008

Jeremiah O’Callaghan
Investors Relation Director

