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JBS SA ("Company") communicates to its shareholders and to the market in general that on October 17, 2012, a Canadian subsidiary of JBS USA signed a management agreement whereby it assumes the management of certain Canadian operations of XL Foods. This agreement further permits an exclusive purchase option of these operations and of the US operations of XL Foods. The US operations, however, will continue to be operated by XL Foods during the option period.

In Canada, JBS USA will provide management services to the XL Lakeside beef processing plant located in the province of Alberta with a total capacity to process 4,000 head of cattle per day.

As part of this agreement, JBS USA negotiated the exclusive option to purchase the following assets:

- 1 beef packing plant in Brooks (Alberta/Canada) with capacity to process 4,000 head of cattle per day.
- 1 beef packing plant in Calgary (Alberta/Canada) with capacity to process 1,000 head of cattle per day.
- 1 feedlot in Brooks (Alberta/Canada) with a one-time capacity to feed 70,000 head of cattle.
- 6,600 acres of farmland adjacent to the feedlot in Brooks (Alberta/Canada).
- 1 beef packing plant in Omaha (Nebraska/USA) with capacity to process 1,200 head of cattle per day.
- 1 beef packing plant in Nampa (Idaho/USA) with capacity to process 1,000 head of cattle per day.

Upon exercising the exclusive option to purchase these US and Canadian assets listed above, JBS agrees to pay a total of US\$100 million, half of which in Company shares and half in cash. JBS will in no case assume any of XL Foods debt or liabilities.

JBS will keep the market informed regarding the ongoing actions related to this agreement.

São Paulo, October 17th, 2012.

Jeremiah O'Callaghan
Investor Relations Officer