



## JBS Will Operate Frangosul Plants in Brazil

JBS SA (JBSS3) communicates to its shareholders and to the market in general that the Company took a further step towards consolidating its position as the leading producer and processor of meats globally. As the second largest chicken producer in the world, JBS announces that it will initiate operations in this sector in Brazil having signed an agreement to lease Frangosul plants. Frangosul is controlled by the French company, Doux.

According to the agreement signed, JBS will not take on any pending matters, liabilities, loans or any other impediments. The agreement is focused on a contract to lease the assets which will be operated by JBS and whereby all employees of Frangosul will be hired and all contracts with integrated growers and with service providers will be maintained.

With this chicken operation in Brazil, JBS will increase its production capacity in this meat category by more than 15% reaching a total of nearly 9 million birds/day. The operations in Brazil are located in traditional grain and poultry production regions and are allied with operations in 12 US States and in Mexico and Porto Rico where JBS already owns one of the largest production complexes in the world in this sector.

The assets will permit JBS to have a relevant operation in the chicken sector in Brazil allowing technology and knowledge transfer between its various production units. The US and Brazil are the two most relevant countries in the chicken sector. Together they represent 30% of global consumption, 36% of global production and almost 70% of global chicken exports. These indicators prove the relevance and competitiveness of these two countries, their global reach and their very dynamic domestic markets.

The agreement to lease the Frangosul assets is further proof of JBS confidence in the Brazilian agri-business sector. With this agreement, JBS will maintain approximately 60 thousand jobs in the country and will guarantee the maintenance of jobs for the 6 thousand ex-Frangosul direct employees as well as maintaining 1500 integrated growers in business. As a result 20 thousand direct and indirect jobs are being preserved.

In order to create the correct structure, JBS will create a new business unit named JBS Chicken Brazil. The new structure will have James Cleary as President and CEO. James is 47 years old and has vast experience in the meat sector. Originally Irish, James holds a degree in finance and immigrated to Brazil in the early nineties to run a company specialized in the production and sale of meat based value added products.

JBS understands that it is strategically important to have a relevant production platform in the chicken sector in both Brazil and North America similar to its beef operations. The Company believes that in this manner value is being brought to its shareholders as activities are being balanced in the low cost regions of the world.

JBS will hold a teleconference with investors and analysts on Monday, May 7, 2012, at 9am Brasilia time (8am EST) in Portuguese (+55 11 4688-6361 code JBS), and at 10am Brasilia time (9am EST) in English (+1 412 317 6029 USA or +55 11 4688 6361 Brazil code JBS), to present more details regarding the transaction.

São Paulo, May 4, 2012.

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