



JBS Questions Accusations in Acre (Brazil)

JBS SA (JBSS3) states that its procedures for buying cattle in the state of Acre are correct. After being linked to news about the purchase of cattle from embargoed properties in that state, as well as being party in a civil lawsuit filed by public prosecutors on April 14, 2011, the Company undertook detailed investigation and clarifies that such allegations are not true. The lawsuit refers to the possible purchase of 578 head of cattle in the past 4 years.

JBS informs that it has implemented a blocking system for cattle sourcing, which requires prior consultation of the websites of IBAMA (Brazilian Environmental Agency) and the Ministry of Labor on 3 different stages of purchase: during the loading of cattle, at its arrival at the slaughterhouse and before slaughter. This system has been operating since before the signing of the commitments with public organizations, in October 2009 and it ensures that all cattle purchases in the state of Acre were made in compliance with those commitments.

When individually analyzing the information from the Civil Lawsuit and that which was published by the press, we note inaccuracies as follows:

Three of the mentioned Animal Transit Documents (GTA) are not listed in the cattle procurement system nor were they located in the Public Civil Lawsuit acts. Results of a consultation made using the date of these GTAs show that there were no cattle purchases linked to these documents.

Eight of the mentioned GTAs were issued, but the cattle were returned before slaughter because the suppliers' names appeared on the IBAMA embargoed areas list. It is possible that these suppliers did not cancel the GTAs, but it is a fact that the animals were not slaughtered by the Company.

Three GTAs came from properties that did not appear on the embargoed areas list on the day of slaughter and this can be proven through the printed version of the IBAMA website of that day.

Two GTAs relate to suppliers who own an embargoed area, but cattle were not purchased from those areas. Animals were sourced from other farms owned by those suppliers but which do not appear on the embargoed areas list of IBAMA (as indicated on the GTA itself), thus in compliance with the applicable legislation.

JBS states that it has never purchased cattle from those properties that were linked by Public Authorities to labor conditions equivalent to slavery.

Therefore, any discussion about a possible sentencing of the Company to pay any fine is inapplicable. JBS' cattle sourcing has been proved to be correct and in compliance with legislation, as well as with the Company's social and environmental commitments.

All procedures are submitted twice a year to an external and independent audit hired exclusively for this purpose.

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