



**JBS S.A.**

**CNPJ nº 02.916.265/0001-60**

**NIRE 35.300.330.587**

**Authorized Capital Publicly Held Company**

## **NOTICE TO THE MARKET**

**JBS announces its plan to immediately complete the purchase of "Smithfield Beef" while vigorously defending the Department of Justice lawsuit seeking to block the purchase of National Beef**

### **The "Smithfield Beef" Transaction**

São Paulo, Brazil, JBS S.A. (JBSS3) announced today that it plans to immediately complete the purchase of Smithfield Beef Group, Inc. ("Smithfield Beef"), the beef processing and cattle feeding operations of the Smithfield Group for approximately US\$565 (five hundred and sixty five) million in cash. The deal will be paid using Company funds.

The purchase includes 100 percent of Five Rivers Ranch Cattle Feeding LLC ("Five Rivers"), which was previously a 50/50 joint venture with Continental Grain Company ("Continental Grain"). Five Rivers will continue as a service provider, fattening cattle for a negotiated fee for third parties.

### **The National Beef Transaction**

JBS also acknowledged that the Department of Justice filed a complaint in the United States Federal District Court in Chicago challenging JBS S.A.'s acquisition of National Beef Packing Company, LLC, from US Premium Beef, LLC. JBS S.A. plans to vigorously defend the Department of Justice lawsuit.

"We disagree with the Department of Justice's decision to try and block this transaction," said Wesley Batista, JBS USA's President and CEO. "This transaction is highly pro-competitive and will generate significant efficiencies and synergies that will benefit our cattle suppliers and our beef customers. We believe the government's case is misplaced and we look forward to defending this matter in court."

On March 5, 2008, JBS announced the acquisition of National Beef for a total enterprise value of approximately US\$970 (nine hundred and seventy) million. Under the terms of the Membership Interest Purchase Agreement, JBS will





acquire all of the outstanding membership interests of National Beef. JBS will pay the members of National Beef total proceeds of approximately US\$465 (four hundred and sixty five) million cash and US\$95 (ninety five) million in JBS common stock. JBS will assume all of National Beef's debt and other liabilities at closing. The sale will combine all of National Beef's operations and facilities, including National Carriers, Inc., and its ownership in Kansas City Steak Company, LLC with JBS-Swift's beef operations.

### **About JBS S.A.**

JBS S.A. is currently the world's largest beef producer and exporter with a daily slaughtering capacity of 57.6 thousand heads of cattle and the largest global exporter of processed beef. The company's operations include 22 plants located in 9 Brazilian states and 6 plants located in 4 Argentine provinces, in addition to 12 plants in the USA and 9 in Australia. Additionally, JBS S.A. is the third largest pork producer in the USA, with a slaughtering capacity of 47.9 thousand heads per day. Its brands "Friboi", "Swift", "Maturatta", "Cabaña las Lilas", "Organic Beef Friboi", "Anglo", "Mouran" and "Plata" are widely recognized as symbols of quality. More information about JBS S.A. is available at [www.jbs.com.br/ir/](http://www.jbs.com.br/ir/).

**São Paulo, October 20, 2008**

**Jeremiah O'Callaghan  
Investors Relation Director**

*This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to growth prospects of JBS. These are merely projections and, as such, are based exclusively on the expectations of JBS' management concerning the future of the business and its continued access to capital to fund the Company's business plan. Such forward-looking statements depend, substantially, on changes in market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors and risks disclosed in JBS' filed disclosure documents and are, therefore, subject to change without prior notice.*

