

**Rating Action: Camil Alimentos S.A.**

**Moody's assigns Ba3 rating to Camil's notes**

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Sao Paulo, June 16, 2008 -- Moody's assigned a Ba3 foreign currency rating to Camil Alimentos S.A.'s ("Camil") proposed USD 150 million senior unsecured notes issuance. The issuer of the notes is Camil Finance and the notes are unconditionally guaranteed by Camil, subject to closing. This is the first time Moody's has rated debt issued by Camil. The rating outlook is stable.

"Camil's Ba3 rating reflects its strong market position and leading brands in the Brazilian rice and beans market and its relatively stable operating margins", said Moody's Vice-President Senior Analyst, Soummo Mukherjee. "Margins have been stable due to the company's ability to quickly pass through raw material price variations to its customers, with an average lag of only 3 days for beans and two to three weeks for rice," he added.

The rating also incorporates Camil's nationwide distribution network and the geographic diversification of its raw material sourcing and production, with six rice and bean processing plants in Brazil in five different states and six rice processing plants located in six states in Uruguay.

Camil's rating is principally constrained by its relatively narrow product portfolio, with a focus on rice products, and the group's limited consolidated track-record after the acquisition of its Uruguayan rice processing subsidiary, Saman. The company's modest liquidity position in combination with the volatility of its working capital, due to the production cycles of rice and beans, also puts downward pressure on the rating.

Moody's has reviewed preliminary draft legal documentation for the proposed senior unsecured notes and the assigned rating assumes that there will be no material variation from the drafts reviewed and that all agreements will be legally valid, binding and enforceable.

Camil is the leading processor of rice in Brazil in terms of volumes sold and is also a leading beans processor. Camil has invested in marketing and production and has built some of the leading brands for rice and beans, with a reputation for consistency, quality and customer satisfaction. In 1996, the company became a corporation ("sociedade anônima") and in 1998, TCW, an American private equity firm, acquired a 50% stake in the company and was present on the company's management team until 2006. Exposure to private equity was positive for the company's disclosure standards, and Camil has published audited cash flow statements since 2005, which was not mandatory under Brazilian accounting principles.

In November 2007, Camil acquired Saman, Uruguay's largest rice processing company, with a 46% share of Uruguay's rice market. The acquisition was part of Camil's strategic objective to increase the geographical diversification of its revenues through increased exports, since 90% of Saman's revenues are derived from exports. The acquisition will also allow Camil to reduce its overall freight costs to the Northeast region of Brazil. While we understand that Camil intends to continue to take part in the consolidation of the Latin American rice industry, we expect the company to fund such acquisitions so as to maintain leverage within its financial covenant of Net Debt to EBITDA of below 3.5 times (currently at 2.7 times as of February 28, 2008, according to Moody's standard adjustments).

The stable outlook reflects our expectation that Camil will manage its exposure to commodity and currency price fluctuations and be able to consolidate expected synergies from Saman and possible future acquisitions, allowing the company to maintain an EBITDA margin of above 8%. The stable outlook also considers that Camil will maintain adequate liquidity to address its potentially volatile working capital needs and short term debt.

Camil's rating and/or outlook could come under upward pressure if the company is able to increase the geographic and product diversification of its revenues through its acquisition strategy, while maintaining its current leading positions in rice and beans in the Brazilian market. Another important factor for an upgrade will be the company's progress towards improving its corporate governance and disclosure standards, with an independent audit committee and independent and strong board leadership, as well as quarterly investor earnings releases and conference calls. Finally, positive rating momentum would require a more comprehensive liquidity policy specifically addressing peak working capital needs and EBITA to Gross Interest Expenses of above 2.5 times on a three-year average basis.

The rating or outlook could be downgraded if Camil's growth strategy leads to a large debt-financed acquisition or if it loses its leading market positions in Brazil. Quantitatively, negative pressure could arise if

Camil's Net Debt / EBITDA increases to above 3.0 times or if EBITA / Gross Interest Expense falls below 2.0 times without an expected near term improvement.

Headquartered in São Paulo, Brazil and founded in 1963, Camil is one of Latin America's largest companies engaged in the processing, packaging, sales, marketing and distribution of rice and bean products. With an annual installed grain processing capacity of 1.9 million tons, Camil owns and operates sixteen facilities located in different states in Brazil and in Uruguay, with approximately BRL 1 billion in pro-forma net revenues (including 12 months of Camil and 12 months of Saman) for the fiscal year ended on February 29, 2008.

Sao Paulo  
Soummo Mukherjee  
Vice President - Senior Analyst  
Corporate Finance Group  
Moody's America Latina Ltda.  
55-11-3043-7300

Sao Paulo  
Alexander I. Carpenter  
VP - Regional Credit Officer  
Corporate Finance Group  
Moody's America Latina Ltda.  
55-11-3043-7300

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