

**Announcement: JBS S.A.**

**Moody's continues to review JBS ratings for possible downgrade after acquisitions**

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**Approximately USD 575 million of rated debt affected**

Sao Paulo, March 05, 2008 -- Moody's ratings for JBS S.A. ("JBS"), including its B1 local currency corporate family rating and B1 senior unsecured bond rating, will remain under review for possible downgrade following the company's announced agreement to acquire National Beef Packing Company, LLC ("National Beef"); Smithfield Beef Group Inc., including full ownership of its subsidiary, Five Rivers Ranch Cattle Feeding; and Tasman Group for a total consideration of approximately USD 1.8 billion. The closing of all transactions are subject to regulatory approvals.

"If the transactions receive regulatory approval, JBS will become the largest beef processor in the United States and further consolidate its position as the largest beef processor globally with improved size, scale and geographic and product diversification", said Moody's analyst Soummo Mukherjee. At the same time, we highlight the integration and execution challenges that JBS will face because of its recent flurry of acquisitions, including ten acquisitions since 2007. "Moody's will particularly focus its review on the ability of JBS to turn around its troubled US beef operations in an operating environment that may continue to present cost pressures and weaker demand," added Mukherjee.

In order to finance the acquisitions, JBS will raise approximately BRL 2.55 billion (USD 1.5 billion) in shares through a private placement at an issuance price of BRL 7.07 per share and pay for the remainder with company's own cash. We also note that JBS recently refinanced the USD 750 million in short-term maturities at Swift & Company for a period of three to five years with three local banks, thus alleviating immediate liquidity concerns.

The review for possible downgrade will continue to focus on whether JBS's growth and acquisition strategy will be compatible with a credit profile that is commensurate with its current B1 rating. More specifically, the review will consider the company's operational strategy for the U.S. market, especially related to beef operations, as well as examine all of the company's operational and business segments on a projected basis and compare expected credit metrics with those of rated global and domestic industry peers.

Headquartered in São Paulo, Brazil, JBS is the world's largest beef producer in terms of slaughter capacity, and the leading player in Brazil and Argentina. After the acquisition of Swift in July 2007, JBS became the third largest processor of beef and pork in the US and the leading beef processor in Australia. With net revenues on a pro-forma basis of approximately USD 11.5 billion, JBS together with Swift have a slaughter capacity of approximately 51,400 heads per day for cattle and 47,900 heads per day for hogs.

National Beef, headquartered in Kansas City, Missouri, is a processor of fresh beef products. The company also provides refrigerated transportation services. Revenues for the twelve months ended November 24, 2007 were approximately USD5.7 billion.

Smithfield Beef Group, Inc., headquartered in Smithfield Virginia, is the fifth largest US beef processor. Sales for the twelve months ended October 31,2007 were approximately USD2.8 billion.

Tasman Group, headquartered in Brooklyn, Australia, is one of Australia's largest meat processors with net revenues of approximately USD465 million and processing approximately 2.7 million heads of cattle and small stocks per annum.

Sao Paulo  
Soummo Mukherjee  
Asst Vice President - 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

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