

Announcement: Marfrig Frigorificos e Comercio Alim. S.A.

Moody's Comments on Marfrig's Planned Acquisitions

Sao Paulo, September 18, 2007 -- Moody's Investors Service ("Moody's") affirmed Marfrig Frigorificos e Comercio de Alimentos S.A.'s ("Marfrig") B1 ratings and stable outlook following the company's announcement that it is in negotiations for a number of strategic acquisitions in Argentina and Uruguay for a total consideration of approximately USD 267 million (BRL 507 million).

Marfrig has reached an initial agreement to acquire 70.51% of the shares of Quickfood S.A. ("Quickfood") in Argentina and 100% of Establecimientos Colonia S.A. ("Colonia") in Uruguay. The company also announced the potential acquisition of two other companies in Argentina: Best Beef S.A. ("Vivorata") and Estancias del Sur S.A. ("EDSA"). All transactions are undergoing due diligence and are expected to close by the end of the year.

"The affirmation of Marfrig's B1 rating is based on the company's already stated strategy to pursue opportunistic acquisitions following its successful IPO in July," said Moody's analyst Soummo Mukherjee. "Although these acquisitions present integration challenges, they are positive for the rating to the extent that geographic diversification of raw material sourcing increases and the potential impact of closure of export markets due to animal disease decreases.", adds Mukherjee.

We note that the exact financing of this transaction has not yet been finalized. However, at the end of June 30th, 2007, Marfrig had a cash and cash equivalent balance of BRL 987 million and an undrawn committed facility of USD 100 million to cover the company's short-term debt of BRL 112 million, working capital needs and growth investments, including capital expenditures and strategic acquisitions.

The current B1 rating and stable outlook assumes that Marfrig will preserve its comfortable liquidity cushion and maintain Debt to EBITDA below 4.0 times according to Moody's definitions. Marfrig's Debt to EBITDA was 3.6 times for the last twelve months ending in June 30th, 2007.

Positive rating momentum would require the company to successfully deliver on its growth strategy, leading to steady operating margin improvement and improved revenue contribution from processed products. In addition Debt / EBITDA would consistently have to fall in the 3.0 - 4.0 times range on a three-year average for an upgrade to be considered.

Marfrig, headquartered in São Paulo, Brazil, is one of the largest beef processing companies in Brazil. With processing plants in Brazil, Argentina and Uruguay, Marfrig processes, prepares packages and delivers fresh, chilled and processed beef products to customers in Brazil and abroad, with approximately 50% of its sales derived from exports. Along with its beef products, the company also operates a wholesale food distribution business which delivers additional food products that it imports or acquires in the local market.

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