



## **PRESS RELEASE**

### **STRATEGIC ALLIANCE SIGNED BETWEEN JBS S.A. AND CREMONINI S.P.A. IN THE BEEF INDUSTRY.**

**JBS S.A. (Bovespa: JBSS3), the world largest beef producer, has reached an agreement with Cremonini S.p.A. whereby JBS S.A. will enter with a 50% stake in the share capital of Inalca S.p.A., one of the main European beef player, for a total consideration of 225 million Euros based upon an Enterprise Value of Inalca S.p.A. of 600 million Euros.**

The transaction will take place primarily through a capital increase of Inalca S.p.A. (100% owned by Cremonini S.p.A. - CRM.MI) and is aimed at the international development of its production sector.

JBS S.A. ("JBS"), the world's largest beef producer, and Cremonini S.p.A. ("Cremonini") one of the main European players in the production of beef and beef by-products have entered into a binding preliminary contract for the formation of a strategic alliance between JBS and Cremonini ("Alliance"). The Alliance will encompass the whole beef production and beef by-products division of Cremonini (Inalca S.p.A. and Montana Alimentari S.p.A., 100% controlled) in which JBS will own a 50% stake.

The transaction will be structured as follows:

- Cremonini will transfer 100% of Montana Alimentari S.p.A to Inalca S.p.A, for a consideration of 70 million Euros.
- JBS will acquire 50% of Inalca S.p.A for a total consideration of 225 million Euros, of which 46.4% through a capital increase of 210 million Euros and 3.6% through the direct purchase of shares held by Cremonini, for an amount of 15 million Euros.
- Cremonini will subscribe the residual amount of the capital increase of Inalca S.p.A., in the total amount of 10 million Euros.
- The total capital increase of Inalca S.p.A. will be 220 million Euros.

After the conclusion of the corporate reorganization described above, JBS and Cremonini will each own 50% of Inalca S.p.A..

The consideration for the Inalca S.p.A. shares transferred will be subject to an adjustment based on the final Net Debt of the production sector of Cremonini as at 31/12/2007 compared to that forecast of 300 million Euros.

The transaction is based upon the attribution of an Enterprise Value of 600 million Euros to Cremonini's production sector. The agreement also provides for an Earn Out adjustment price premium of an additional 65 million Euros in favour of Cremonini S.p.A. upon the achievement of an average annual EBITDA of 75 million Euros, over the three year period 2008-2010.



The signing of the definitive agreements is scheduled for December 21, 2007, while the transfer of the shares, the capital increase and the finalising of the agreements will occur in January 2008, subject to final contract and to the obtainment of the authorisations from the relevant antitrust authorities.

The capital increase is aimed at providing the company with financial resources necessary to accelerate the growth of the production sector, in the domestic and international markets, also through a focused policy of acquisitions.

In terms of corporate governance, the agreement provides for the appointment of an equal number of directors by each party to the Board of Directors of Inalca S.p.A.. Cremonini will appoint the Chief Executive Officer, and will maintain the operational management of the company. JBS will appoint the Chairman. The current management will be confirmed.

Cremonini will have a put option according to which it will be able to sell its 50% stake in Inalca S.p.A. to JBS at any time during the fourth and tenth year from the closing of the transaction. The Put Option may be exercised provided that Inalca S.p.A.'s consolidated EBITDA is at least equal to 60 million Euros. The price will be a multiple (between 5 and 10 times) the consolidated EBITDA of Inalca S.p.A..

Reciprocal call provisions are also provided for, in the event of change in control of the respective majority shareholders.

The Alliance will create significant product and sale channels synergies between JBS and Cremonini, leaders in their respective markets: JBS is present with production plants and distribution channels in South American, United States and Australian markets, while Cremonini, through Inalca S.p.A., is present in Europe, Russia and Africa.

For JBS, the transaction represents the opportunity to access, through Inalca S.p.A., new markets and clients, among which large multinationals in the fast food sector, processed food producers, large retail chains and foodservice companies. It will also provide JBS access to Inalca S.p.A.'s widely recognised state-of-the-art production technologies and to higher added value products sold under the Montana brand.

For Cremonini, the transaction guarantees the privileged access to the main world beef supply sources in addition to strengthening the global control of the entire supply chain.

Commenting the agreement, **Vincenzo Cremonini, Chief Executive Officer of Cremonini S.p.A.**, stated: "The transaction was finalized thanks to JBS and Cremonini being exactly on the same wave length regarding the strategic vision and on the opportunities for future development of the sector. The capital increase will strengthen in a significant way the equity and financial structure of Inalca S.p.A., which will be able to accelerate its development in Europe, Russia and Africa. Growth will be fostered, not only by the synergies that will come out from both the sales and purchases of the various products, but also from a well planned acquisition policy." This agreement", - Cremonini added – recognises the real value to the substantial investments made in the last years in the production sector. Inalca S.p.A. is in addition rewarded for its excellence in terms of market, technology and management." -"To conclude" – Cremonini went



on – “the transaction allows the real value of the production sector in the Group to emerge, something which, in the last years, has not been appropriately recognized by the financial markets.”

**Joesley Mendonça Batista, Chairman and CEO of JBS**, stated: “The strategic alliance represents an important step in the globalisation strategy of our company and adds significant value to our business as Inalca S.p.A is one of Europe’s largest players in the production of fresh beef and processed products with an important position in the food service sector and high technology. The transaction will also further enhance JBS’ penetration in Europe, Russia and Africa.”

The Financial Adviser for Cremonini S.p.A. has been **AdviCorp** Plc.

#### **Informative Notes**

**JBS S.A** with total revenues of 7.5 billion reais, in the first nine months of 2007, and over 40,000 employees is currently the world’s largest beef producer and exporter. With a daily slaughtering capacity of 51.8 thousand head of cattle, it is the largest global exporter of processed beef. The company’s operations include 23 plants located in 9 Brazilian states and 6 plants located in 3 Argentine provinces, in addition to 8 plants in the USA and 4 in Australia. Additionally, JBS S.A. is the third largest pork producer in the USA, with a slaughtering capacity of 47.9 thousand head per day. Its brands “Friboi”, “Swift”, “Maturatta”, “Cabaña las Lillas”, “Friboi Organic Beef”, “Anglo”, “Mouran” and “Plata” are widely recognized as symbols of quality.

**For more information : [www.jbs.com.br/ri](http://www.jbs.com.br/ri)**

**Cremonini**, with over 7,600 employees, is one of the largest food groups in Europe and operates in three business areas: **production, distribution and catering**. The Group, which had total revenues of 2,348.8 million Euro in 2006, is leader in Italy in the production of beef and meat-based transformed products (Montana) and the marketing and distribution of food products to the catering sector (MARR). It also has a significant presence in the catering sector and, in particular, the leadership in Europe in the on-board train services and, in Italy in railway stations, in airports and in motorway services areas (Chef Express).

**The production sector (Inalca Spa e Montana Alimentari Spa)** with 2,140 employees achieved total consolidated revenues of 1,044.5 million Euro, of which 33% abroad.

**Inalca S.p.A.** is the absolute leader in Italy and one of the main European operators in the processing beef sector. It produces and market a complete range of fresh and frozen meat, packed under vacuum or portioned in a protective atmosphere, canned meat, ready-to-serve products, fresh and frozen hamburger, minced meats and, pre-cooked products.. With a slaughtering capacity of 3,500 heads of cattle/day and processing 260,000 tons of meat/year (of which 50,000 tons of hamburger) the company operates through a production structure made of 6 plants in Italy, specialized by production line, and through 9 foreign facilities in Europe, Russia and Africa.



*Montana Alimentari S.p.A. is one of the main Italian operators on the production, marketing and distribution of cured meats, snack and ready-to-eat products with over 230 products. Owner of the historical brands "Montana" and "IBIS", the company features an industrial structure of 4 plants, specialized by type of production and located in the area distinguished by the Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.) brands. The company is also one of the main operator in the Italian canned meat market, with a market share of 22%, and in pre-sliced products.*

**For more information see : [www.cremonini.com](http://www.cremonini.com).**

Contacts:

**JBS S.A.:**

José Paulo Macedo – Investor Relations Director  
André Gustavo Menezes – Investor Relations Manager  
Tel.: +55 11 3144-4055  
Email: [ir@jbs.com.br](mailto:ir@jbs.com.br)

**Cremonini S.p.A.:**

Luca Macario  
+ 39 335 7478179  
[luca.macario@cremonini.com](mailto:luca.macario@cremonini.com)

Barabino & Partners  
Massimiliano Parboni  
Tel.: + 39 06 6792929

Sao Paulo do Brazil, Castelvetro di Modena, December 6, 2007