**MINISTRY OF JUSTICE**
**ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE – CADE**

**SETTLEMENT AGREEMENT**

The **ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE**, hereinafter referred to as **CADE**, herein represented by its President, Dr. Elizabeth Maria Mercier Querido Farina, pursuant to the provisions in article 8 (VII) of Law 8,884/94, dated 11 June 1994, in compliance with the collegiate decision rendered at the 411th Hearing of 28 November 2007, which minutes of proceedings are an integral part hereof, and **JBS S/A** (f/k/a Friboi Ltda.), hereinafter referred to as **COMMITTING PARTY** herein represented by José Marcelo Martins Proença (registered with the Brazilian Bar Association - São Paulo's Chapter under No. 105.435) as a Defendant in the Administrative Proceeding No. 08012.002493/2005-16, resolve to enter into this Settlement, to be governed by the following terms and conditions, all in accordance with the provisions in article 53 of the Law 8,884/94, as amended by the Law No. 11,482/07, in conjunction with Resolution CADE No. 46/2007.

**Clause 1 – Presumption of Law**

1.1 The execution of this Settlement does not constitute acknowledgment as to the matter of fact neither does it constitute plea of guilt of any unlawful act by the Committing Party, its shareholders, managers or servants, in connection with any and all matters being investigated in the Administrative Proceedings No. 08012.002493/2005-16.

**Clause 2 - Purpose**

2.1 Generally, the purpose of this Settlement is to safeguard, protect, and lay down the competitive conditions for the beef cattle purchase market in Brazil, as well as to suspend the Administrative Proceeding No. 08012.002493/2005-16 brought against the Committing Party to investigate possible violation of the public order, as provided under articles 20 and 21 of the Law 8,884/94.

2.1.1 In order to safeguard, protect and ensure market efficiency, the Committing Party may continue to offer, on its own account and under no agreements with the competition, discounted prices for cattle that do not meet the quality specifications (weight, gender, etc) established by the buyer.

**Clause 3 – Obligations of the Committing Party**

3.1 **Implementation of Compliance Program –** The Committing Party undertakes to implement internal rules against antitrust violations and to adopt a Competition Compliance Program, which program shall guide and curb any and all actions, internal or external, of the Company and its employees and servants in relation to third parties, particularly as regards suppliers, customers, competitors and trade associations.

3.1.1 The Committing Party shall submit such Compliance program to the CADE within 30 days as of the execution hereof.

3.1.2 The Committing Party agrees to widely communicate the Compliance Program and effective train all employees directly or indirectly associated to the operational and

commercial activities, who shall be equally required to comply with the rules set forth under such program, subject to disciplinary action for violation.

3.2 **Money Contribution.** The Committing Party agrees to deposit a contribution in cash to the Natural Rights Fund, which contribution shall not constitute fine, penalty or sanction for antitrust violations, in the amount of thirteen million, seven hundred sixty-one thousand, nine hundred and forty-four Brazilian reais and forty-four cents (R$ 13,761,944.44). The conditions and structure of such deposit of money contribution are set forth in the Exhibit I.

**Clause 4 – Term**

4.1 This Settlement shall be in effect for one (1) year after the execution hereof.

**Clause 5 – Dismissal**

5.1 Upon the expiration of the term set forth in the Clause 4 above, and upon determination of the effective fulfillment of the obligations undertaken by the Committing Party under this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 commenced to investigate a possible antitrust violation, on the grounds of articles 20 and 21 of the Law No. 8,884/94 shall be dismissed in connection with the Committing Party, as provided in the article 53(5) and (6) of Law No. 8,884/94.

**Clause 6 – Noncompliance with this Settlement; and Fines**

6.1 Any failure by the Committing Party to comply with this Settlement shall be mandatorily announced by the CADE's Board, under the terms of article 7(VI) of the Law No. 8,884/94, the Committing Party being assured the right to full defense and to produce evidence of its full compliance with its obligations.

6.2 Upon determination by the CADE's Panel of any noncompliance with this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 against the Committing Party brought to investigate possible violation of the economic policy, on the grounds of the articles 20 and 21 of the Law No. 8,884/94 shall be reinstated and the regular investigation efforts resumed, with the Committing Party shall having full and unlimited right to defend itself.

6.3 In the event the CADE's Board determines that the main obligations of the Committing Party under this Settlement fail to be complied with, the Committing Party shall be further subject to a daily fine payable for the duration of the alleged noncompliance, in the amount of five thousand (5,000) UFIR, equivalent to five thousand, three hundred and twenty reais and fifty cents (R$ 5,320.50), as provided in the article 53(1)(II) in conjunction with article 25, both of Law No. 8,884/94.

6.4 Any delay, unreasonably or not previously approved, to provide the reports and information to the CADE shall be investigated thereby, in full observance of the Committing Party's right of defense. Upon determination by the CADE's Board that there has been a default of this Settlement, the Committing Party shall be subject to a daily fine of five thousand (5,000) UFIR, equivalent to five thousand, three hundred twenty reais and fifty cents (R$ 5,320.50).

**Clause 7 – Concurrent Liability**

7.1 The CADE and the Committing Party, acknowledge and agree with their obligations under this Settlement, also on behalf of their employees, servants, subcontractors, and successors, whose actions they are required, under contract or the law, to oversee, monitor or be aware of. Therefore, the CADE and the Committing Party shall disclose thereto the entire contents of this Settlement.

**Clause 8 – Publicity**

8.1. The execution of this Settlement shall be made public by means of publication thereof on the Federal Official Gazette.

IN WITNESS WHEREOF, the parties set their hands on this Settlemeent in four (4) counterparts, same in form and substance.

Brasília, 28 November 2007.

Elizabeth Maria Mercier Querido Farina
President
Brazilian Anti-trust Agency – CADE

José Marcelo Martins Proença
JBS S/A (formerly Friboi Ltda.)

**EXHIBIT I**

1. Pursuant to Clause 3.2 of the Settlement, the Committing Party agrees to deposit to the Natural Rights Fund a money contribution in the amount of thirteen million, seven hundred sixty-one thousand, nine hundred and forty-four reais and forty-four cents (R$ 13,761,944.44). Such Money Contribution does not constitute fine, penalty, or sanction for violation of the economic order.

2. The Committing Party agrees to deposit such money contribution to the Natural Rights Fund pursuant to the following schedule: 30% of the amount, equivalent to four million, one hundred twenty-eight thousand, five hundred and eighty-three reais and thirty-three cents (R$ 4,128,583.33) to be deposited within 30 days and the balance in six (6) equal and consecutive deposits of one million, six hundred five thousand, five hundred and sixty reais and eighteen cents (R$ 1,605,560.18) on the 28th day of each subsequent month, such amounts being restated based on the SELIC rate as of the date of the first deposit of the balance amount.

3. In order to monitor the full compliance with the Committing Party's obligation to deposit such money contribution to the NATIONAL FUND OF NATURAL RIGHTS, the Committing Party agrees to file with CADE, within no later than three days after each deposit being effectively carried out, evidence of the deposit of amount referred to in the item 2 above.

4. The CADE's Panel shall address any delay, unreasonably or not previously approved, to deposit the Money Contribution or demonstrate compliance, pursuant to the Clause 6 of the Letter of Intent.

**MINISTRY OF JUSTICE**
**ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE – CADE**

**SETTLEMENT AGREEMENT**

The **ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE**, hereinafter referred to as **CADE**, herein represented by its President, Dr. Elizabeth Maria Mercier Querido Farina, pursuant to the provisions in article 8 (VII) of Law 8,884/94, dated 11 June 1994, in compliance with the collegiate decision rendered at the 411th Hearing of 28 November 2007, which minutes of proceedings are an integral part hereof, and **ARTEMIO LISTONI,** employee of Friboi Ltda. in the year 2004, hereinafter referred to as **COMMITTING PARTY** herein represented by José Marcelo Martins Proença (registered with the Brazilian Bar Association - São Paulo's Chapter under No. 105.435) as a Defendant in the Administrative Proceeding No. 08012.002493/2005-16, resolve to enter into this Settlement, to be governed by the following terms and conditions, all in accordance with the provisions in article 53 of the Law 8,884/94, as amended by the Law No. 11,482/07, in conjunction with Resolution CADE No. 46/2007.

**Clause 1 – Presumption of Law**

1.1 The execution of this Settlement does not constitute acknowledgment as to the matter of fact neither does it constitute plea of guilt of any unlawful act by the Committing Party, its shareholders, managers or servants, in connection with any and all matters being investigated in the Administrative Proceedings No. 08012.002493/2005-16.

**Clause 2 - Purpose**

2.1 Generally, the purpose of this Settlement is to safeguard, protect, and lay down the competitive conditions for the beef cattle purchase market in Brazil, as well as to suspend the Administrative Proceeding No. 08012.002493/2005-16 brought against the Committing Party to investigate possible violation of the public order, as provided under articles 20 and 21 of the Law 8,884/94.

2.1.1 In order to safeguard, protect and ensure market efficiency, the Committing Party may continue to offer, on its own account and under no agreements with the competition, discounted prices for cattle that do not meet the quality specifications (weight, gender, etc) established by the buyer.

**Clause 3 – Obligations of the Committing Party**

3.1 **Money Contribution.** The Committing Party agrees to deposit a contribution in cash to the Natural Rights Fund, which contribution shall not constitute fine, penalty or sanction for antitrust violations, in the amount of 6,000 UFIRs, pursuant to the article 23 (III) of Law No. 8,884/94, that is: R$ 6,834.60 (six thousand, three hundred and eighty-four Brazilian reais and sixty cents). The conditions and structure of such deposit of money contribution are set forth in the Exhibit I.

**Clause 4 – Term**

4.1 This Settlement shall be in effect for one (1) year after the execution hereof.

**Clause 5 – Dismissal**

5.1 Upon the expiration of the term set forth in the Clause 4 above, and upon determination of the effective fulfillment of the obligations undertaken by the Committing Party under this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 commenced to investigate a possible antitrust violation, on the grounds of articles 20 and 21 of the Law No. 8,884/94 shall be dismissed in connection with the Committing Party, as provided in the article 53(5) and (6) of Law No. 8,884/94.

**Clause 6 – Noncompliance with this Settlement; and Fines**

6.1 Any failure by the Committing Party to comply with this Settlement shall be mandatorily announced by the CADE's Board, under the terms of article 7(VI) of the Law No. 8,884/94, the Committing Party being assured the right to full defense and to produce evidence of its full compliance with its obligations.

6.2 Upon determination by the CADE's Panel of any noncompliance with this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 against the Committing Party brought to investigate possible violation of the economic policy, on the grounds of the articles 20 and 21 of the Law No. 8,884/94 shall be reinstated and the regular investigation efforts resumed, with the Committing Party shall having full and unlimited right to defend itself.

6.3 In the event the CADE's Board determines that the main obligations of the Committing Party under this Settlement fail to be complied with, the Committing Party shall be further subject to a daily fine payable for the duration of the alleged noncompliance, in the amount of five thousand (5,000) UFIR, equivalent to five thousand, three hundred and twenty reais and fifty cents (R$ 5,320.50), as provided in the article 53(1)(II) in conjunction with article 25, both of Law No. 8,884/94.

6.4 Any delay, unreasonably or not previously approved, to provide the reports and information to the CADE shall be investigated thereby, in full observance of the Committing Party's right of defense. Upon determination by the CADE's Board that there has been a default of this Settlement, the Committing Party shall be subject to a daily fine of five thousand (5,000) UFIR, equivalent to five thousand, three hundred twenty reais and fifty cents (R$ 5,320.50).

**Clause 7 – Concurrent Liability**

7.1 The CADE and the Committing Party, acknowledge and agree with their obligations under this Settlement, also on behalf of their employees, servants, subcontractors, and successors, whose actions they are required, under contract or the law, to oversee, monitor or be aware of. Therefore, the CADE and the Committing Party shall disclose thereto the entire contents of this Settlement.

**Clause 8 – Publicity**

8.1. The execution of this Settlement shall be made public by means of publication thereof on the Federal Official Gazette.

IN WITNESS WHEREOF, the parties set their hands on this Settlemeent in four (4) counterparts, same in form and substance.

Brasília, 28 November 2007.

Elizabeth Maria Mercier Querido Farina
President
Brazilian Anti-trust Agency – CADE

José Marcelo Martins Proença
Artemio Listoni

**Exhibit I**

1. Pursuant to the Clause 3.1 of the Settlement, the Committed Party agrees to deposit to the Natural Rights Fund a money contribution in the amount of six thousand UFIRs, pursuant to article 23(III) of Law No. 8,884/94, equivalent to six thousand, three hundred eight-four reais and sixty cents (R$ 6,384.60). Such Money Contribution does not constitute fine, penalty, or sanction for violation of the economic order.

2. The Committed Party agrees to deposit such money contribution to the Natural Rights Fund pursuant to the following schedule: 100% of the contribution, that is, six thousand, three hundred eight-four reais and sixty cents (R$ 6,384.60) within 30 days.

3. In order to monitor the full compliance with the Committed Party's obligation to deposit such money contribution to the NATIONAL FUND OF NATURAL RIGHTS, the Committed Party agrees to file with CADE, within no later than three days after each deposit being effectively carried out, evidence of the deposit of amount referred to in the item 2 above.

4. The CADE's Board shall address any delay, unreasonably or not previously approved, to deposit the Money Contribution or demonstrate compliance, pursuant to the Clause 6 of the Letter of Intent.

**MINISTRY OF JUSTICE**
**ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE – CADE**

**SETTLEMENT AGREEMENT**

The **ADMINISTRATIVE COUNCIL FOR ECONOMIC DEFENSE**, hereinafter referred to as **CADE**, herein represented by its President, Dr. Elizabeth Maria Mercier Querido Farina, pursuant to the provisions in article 8 (VII) of Law 8,884/94, dated 11 June 1994, in compliance with the collegiate decision rendered at the 411th Hearing of 28 November 2007, which minutes of proceedings are an integral part hereof, and **WESLEY MENDONÇA BATISTA,** officer of Friboi Ltda. in the year 2004, hereinafter referred to as **COMMITTING PARTY** herein represented by José Marcelo Martins Proença (registered with the Brazilian Bar Association - São Paulo's Chapter under No. 105.435) as a Defendant in the Administrative Proceeding No. 08012.002493/2005-16, resolve to enter into this Settlement, to be governed by the following terms and conditions, all in accordance with the provisions in article 53 of the Law 8,884/94, as amended by the Law No. 11,482/07, in conjunction with Resolution CADE No. 46/2007.

**Clause 1 – Presumption of Law**

1.1 The execution of this Settlement does not constitute acknowledgment as to the matter of fact neither does it constitute plea of guilt of any unlawful act by the Committing Party, its shareholders, managers or servants, in connection with any and all matters being investigated in the Administrative Proceedings No. 08012.002493/2005-16.

**Clause 2 - Purpose**

2.1 Generally, the purpose of this Settlement is to safeguard, protect, and lay down the competitive conditions for the beef cattle purchase market in Brazil, as well as to suspend the Administrative Proceeding No. 08012.002493/2005-16 brought against the Committing Party to investigate possible violation of the public order, as provided under articles 20 and 21 of the Law 8,884/94.

2.1.1 In order to safeguard, protect and ensure market efficiency, the Committing Party may continue to offer, on its own account and under no agreements with the competition, discounted prices for cattle that do not meet the quality specifications (weight, gender, etc) established by the buyer.

**Clause 3 – Obligations of the Committing Party**

3.1 **Money Contribution.** The Committing Party agrees to deposit a contribution in cash to the Natural Rights Fund, which contribution shall not constitute fine, penalty or sanction for antitrust violations, in the amount corresponding to 10% (ten percent) of the contribution to be paid by JBS S.A (f/k/a Friboi Ltda.), in accordance with article 23 (II) of Law nº 8,884/94, that is: R$ 13,761,944.44 (contribution by the company) x 10% = R$ 1,376,194.44 (one million, three hundred and seventy-six thousand, one hundred and ninety-four Brazilian reais and forty-four cents). The conditions and structure of such deposit of money contribution are set forth in the Exhibit I.

**Clause 4 – Term**

4.1 This Settlement shall be in effect for one (1) year after the execution hereof.

**Clause 5 – Dismissal**

5.1 Upon the expiration of the term set forth in the Clause 4 above, and upon determination of the effective fulfillment of the obligations undertaken by the Committing Party under this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 commenced to investigate a possible antitrust violation, on the grounds of articles 20 and 21 of the Law No. 8,884/94 shall be dismissed in connection with the Committing Party, as provided in the article 53(5) and (6) of Law No. 8,884/94.

**Clause 6 – Noncompliance with this Settlement; and Fines**

6.1 Any failure by the Committing Party to comply with this Settlement shall be mandatorily announced by the CADE's Board, under the terms of article 7(VI) of the Law No. 8,884/94, the Committing Party being assured the right to full defense and to produce evidence of its full compliance with its obligations.

6.2 Upon determination by the CADE's Panel of any noncompliance with this Settlement, the Administrative Proceedings No. 08012.002493/2005-16 against the Committing Party brought to investigate possible violation of the economic policy, on the grounds of the articles 20 and 21 of the Law No. 8,884/94 shall be reinstated and the regular investigation efforts resumed, with the Committing Party shall having full and unlimited right to defend itself.

6.3 In the event the CADE's Board determines that the main obligations of the Committing Party under this Settlement fail to be complied with, the Committing Party shall be further subject to a daily fine payable for the duration of the alleged noncompliance, in the amount of five thousand (5,000) UFIR, equivalent to five thousand, three hundred and twenty reais and fifty cents (R$ 5,320.50), as provided in the article 53(1)(II) in conjunction with article 25, both of Law No. 8,884/94.

6.4 Any delay, unreasonably or not previously approved, to provide the reports and information to the CADE shall be investigated thereby, in full observance of the Committing Party's right of defense. Upon determination by the CADE's Board that there has been a default of this Settlement, the Committing Party shall be subject to a daily fine of five thousand (5,000) UFIR, equivalent to five thousand, three hundred twenty reais and fifty cents (R$ 5,320.50).

**Clause 7 – Concurrent Liability**

7.1 The CADE and the Committing Party, acknowledge and agree with their obligations under this Settlement, also on behalf of their employees, servants, subcontractors, and successors, whose actions they are required, under contract or the law, to oversee, monitor or be aware of. Therefore, the CADE and the Committing Party shall disclose thereto the entire contents of this Settlement.

**Clause 8 – Publicity**

8.1. The execution of this Settlement shall be made public by means of publication thereof on the Federal Official Gazette.

IN WITNESS WHEREOF, the parties set their hands on this Settlemeent in four (4) counterparts, same in form and substance.

Brasília, 28 November 2007.

Elizabeth Maria Mercier Querido Farina
President
Brazilian Anti-trust Agency – CADE

José Marcelo Martins Proença
Wesley Mendonça Batista

**EXHIBIT I**

**Exhibit I**

1. Pursuant to the Clause 3.1 of the Settlement, the Committing Party agrees to deposit to the Natural Rights Fund a money contribution in the amount of ten percent (10%) of the money contribution to be deposited by JBS S/A (formerly Friboi Ltda.), pursuant to the article 23(II) of Law No. 8,884/94, that is: R$ 13,761,944.44 (company contribution) x 10% = one million, three hundred seventy-six thousand, one hundred and ninety-four reais and forty-four cents (R$ 1,376,194.44) Such Money Contribution does not constitute fine, penalty, or sanction for violation of the economic order.

2. The Committing Party agrees to deposit such money contribution to the Natural Rights Fund pursuant to the following schedule: twelve (12) equal and consecutive deposits of one hundred fourteen thousand, six hundred eighty-two reais and eighty-seven cents (R$ 114,682.87), the first of which to be carried out within 30 days and the remaining deposits on the 28th day of each subsequent month, such amounts being restated based on the SELIC rate as of the date of the first deposit of the balance amount.

3. In order to monitor the full compliance with the Committing Party's obligation to deposit such money contribution to the NATIONAL FUND OF NATURAL RIGHTS, the Committing Party agrees to file with the CADE, within no later than three days after each deposit being effectively carried out, evidence of the deposit of amount referred to in the item 2 above.

4. The CADE's Board shall address any delay, unreasonably or not previously approved, to deposit the Money Contribution or demonstrate compliance, pursuant to the Clause 6 of the Letter of Intent.