



Moderator:

This is the meeting of Perdigão with analysts and investors for the presentation and discussion of the results of the 3Q08 and of course the presentation about the strategic outlook for the Company.

It is with great pleasure that we receive Perdigão here. As we are living a historical moment and in this moment of crisis, in which parameters are very much debated in Brazil and abroad. And abroad there is a major debate going on about this. We have Perdigão with us today, a Company that has been a highlight in corporate governance, and this gives us a lot of satisfaction.

During this morning, we will have the CFO Leopoldo Saboya, sitting to our right; also the Director General José Antônio Fay; and the CEO and Chairman of the Board Nildemar Secches.

Before we start our meeting, I would like to give the floor to Rodolfo Zabisky so that he may read the disclaimer.

Rodolfo Zabisky:

Good morning. Thank you, Reginaldo. We would like to inform that the presentation is being webcast in Portuguese with simultaneous interpretation in English, and of course you can access the presentation through the Perdigão website. After the presentation to be made by the executives of the Company, we will have a Q&A session for those who are in this room and also for those who are listening to us through the Internet; and for those of you who are listening to the English translation, I would like you to start to forward your questions now and until the beginning of the Q&A session, and together with Reginaldo we will be coordinating the forwarding of your questions to the Perdigão Executives.

The Company guarantees the transparency and the opportunity for everyone to participate. We would like to clarify that all statements to be made during this presentation, regarding the outlook, projections, targets, operational and financial, are beliefs of the Company Board and information available now. They involve risks, uncertainties, and premises because they refer to future events and they depend on circumstances that might or might not occur.

Investors and analysts must understand that general economic conditions of the industry and other operating factors may affect the future performance of the Company and lead to results that may differ materially from those expressed in these considerations.

OK, so with no further ado, we would like to give the floor to Leopoldo Saboya, so that he may start the presentation.

Leopoldo Saboya:

Good morning, thank you for your presence. Once again we are here to meet with the capital market to talk about our 3Q earnings and debate our outlook. And I would like to say that on the first row we have the Perdigão team; it is not just the three of us who



are here. Our whole team for Planning, Investor Relations, Finance, are here with us today. And today we will be making a slightly different presentation, as I believe you have already noticed.

So, I will make the initial presentation. I will be talking about — I apologize because we have a slight delay here in the slide presentation. OK. So, the idea is to give you an overview of the Company as it is now and an overview of the market, and also explain the earnings of the 3Q. Then Fay will be talking about the performance of our several businesses and he will be talking about our outlook and at the end of the presentation then Nildemar will do the wrap up about all the issues regarding the Company.

As we do have a screen here, Reginaldo did not say this before but I would like to say that officially today Fay is the new CEO of the Company. I believe that you all know that he had already been appointed in April by Nildemar himself, and his name had already been approved and then there was the final approval by the Board of Directors. And it is a great pleasure for us to have Fay with us today. And as of today he is the new CEO of the Company and Nildemar will be the Chairman of the Board, as he already is.

I am still fighting here with the slide presentation. Before talking about our earnings and the impacts and before analyzing all the items on our balance sheet and our financial statements, I think it is important for us to have this against a backdrop to understand how the Company was performing and the impact of the market, both positive and negative.

Perdigão comes from a very strong expansion cycle of its business. This started with the strategic plan in 2005, our famous P11 — I believe most of you or maybe all of you have already heard about it and/or at least has had contact with that. During this period, Perdigão made a whole series of investments, acquisitions, starting new businesses. Eight acquisitions in all, between small, medium, and large acquisitions, and Eleva was the last one, earlier this year. And this process of diversification, getting into new categories, such as dairy products, margarines, and beef.

So, it is important to have this backdrop so that you can see that the Company has been following a very strong growth cycle. And the capex of that was the acquisition of Eleva, which was a major acquisition, and then it was important for Perdigão to focus totally on the integration and synergies between all these businesses. 2008 is and part of 2009 will still be a year with total priority in business integration and also taking advantage of the synergies that were part of the reason why we made all these acquisitions. On the other hand, considering the original business of the Company, which is the slaughter of poultry and of hog, we see maturation of our investments in the Midwest, major investments.

So, it is important to see the Company in this snapshot. This is not a major investment in greenfield projects but it is the maturation of these many investments that we have made in the Midwest, namely in Goiás, Mato Grosso, and also the inclusion of Mato Grosso do Sul with the acquisition of Eleva. So, please, keep this in mind as a backdrop.

Another important point, and we have been seeing this since the beginning of this year that due to this moment that we are living with the incorporation of other companies



and changes in the outlook of profitability, more margin in each one of our businesses, the Company would see its margins operating results improving gradually and consistently, and this is what gives us the certainty that we are delivering a good result during this quarter regarding this consistent and gradual improvement. You saw 7.6% and 8.1% and now we have 9% as EBITDA margin. So, this is what we have been seeing since the beginning of this year.

So, this is the overview of the Company. It is important to show this moment, and now let us talk about the market and the economy. And then Fay and Nildemar will talk in detail. But we cannot say that we did not have a favorable market, at least in the last couple of years. Since the middle 2006 until now, the market has been favorable regarding Brazilian exports, the domestic market driven by income improvement, consumption of food; so, we have favorable winds, so to say, in our consumer market.

The whole processing segment, or the food industry in general has been suffering the impact of a strong agricultural commodities inflation, which started — well, they expected 2006 but it really became stronger in late 2007 and it continued at least until half of 2008. So, Perdigão's year had needed us to pass through this issue of cost in order to bring equilibrium to our balance sheet.

So, extreme volatility in commodity prices; I think everybody saw this. And soybean, for instance, it was US\$16/bushel and now it is lower than US\$9, and going down to US\$8. So, all this really gives us a lot of gray hair on our heads.

Corn, which was almost US\$8/bushel, and those of you who track this know that these are historically unprecedented levels for US\$2/bushel historical prices; and now it is US\$3.6, US\$3.8. So, you can see a very quick change in relative prices and everything regarding exchange rate, mainly now, during this last quarter. And I think you are following all these impacts liquidity, liquidity in the financial market was drastically decreased and this brings impacts on the Company and on the whole chain.

The major question is the following: will we see any reflects of that in real economy? Yes, it is difficult to measure the impact right now and Fay will be talking about each one of our businesses and how we believe that the food market will behave under these circumstances.

And this is when we have the issue of risk management in our view. Risk management has to do with our daily operations; this is not something that we need today and we do not need tomorrow. I usually say that it is like shaving: this has to be done every single day.

So, regardless whether the market is favorable or unfavorable, this is an intrinsic part of our policy and we consider risks and we also see opportunities. Perdigão has a very strong presence in its markets and it is getting ready for a national and international growth. We know that this is a meager moment, so to say, but we see lots of opportunities as well.

After giving you this backdrop, I would like to start talking about this quarter, so I will be focusing on the quarter and you will see that the presentation, different from other quarters, we focused on what I believe is of interest to you.



The highlights now. Perdigão closed the quarter with US\$3.6 billion in gross revenues, very important figures. It means R\$1.2 billion per month. Today, Perdigão is a Company that has a monthly turnover of this magnitude, 80% growth ytd on ytd. Share in the domestic and foreign market, 45% and 55%. EBITDA margin, 9%, as I said before; R\$275 million absolute, 21% growth vis-à-vis the same period of the previous year. So, we having negative net income results, R\$25 million, because of the posting in our books of financial expenditure of about R\$200 million of the exchange rate impact during the quarter on our exchange position.

Year to date, revenues of R\$9.6 billion. If you annualize the revenues, you will see the magnitude that Perdigão has in terms of sales, it is not just in Brazil but it is an important figure because it is comparable to the major food sector players in the world. And EBITDA with absolute growth of R\$133 million, which is a highlight and I will explain later on. We know that the margin is quite lower than the previous year; however, in the absolute figure we are adding a very good value here. Talking more directly about our indebtedness, we have brought some details that are present in our quarterly statement, and we have been stretching or rolling over this debt, over the 1Q and 68% and 32%, long and short; but the [16:02] exchange debt, which is in foreign currency, is more concentrated in the long term, 73% in the long term.

You see that our cash position is very comfortable, R\$1 billion; and it is more or less the size of our short-term indebtedness. So, this is our debt position.

Just to illustrate what I said about the exchange debt, this is where we will see the impact of the exchange rate on our earnings. You can see that this is a debt of R\$450 million only is what matures in the next 12 months, so the exchange rate effect that we see in our earnings has new impact on our cash, as my whole debt is diluted over the long run; and the short run part we have exchange rate hedging, as you will see.

R\$450 million in 12 months, on average R\$35 million per month in terms of maturing vis-à-vis monthly exports by Perdigão, which are around US\$270 million. So, you can see that this is a very small share of the short-term over our exports, how it affects us in the very short run on a balance sheet, the balance sheet effect, as we call it.

So, this is information that you can see in our balance sheet, and we have put it on a chart to make it very clear and very transparent.

Before talking about policy, I would like to say that this is a very long-standing policy. There are many people here who can give you evidence of that, which came to the Company long before we did. And in fact this passive position in foreign currency is offset by an active position in foreign assets; many assets that the Company has in the foreign markets, such as inventory, receivables, investments made by the Company in the acquisition of other companies abroad. And here we have a short-term hedge, which are active USD positions in order to protect the short-terms debt and to keep our exchange rate exposure — we call it exchange rate exposure but in our opinion this is an exchange rate hedge — which gives an amount which is lower than three months of exports, around US\$700 million. And this is also an amount that those of you who follow the Company closely know that this has not changed; this is what we have always had for a long time.



And it is over the US\$700 million that you see the impacts on the quarter, R\$0.32 of variation end to end, from 1.5912 to 1.9144. So, this over R\$0.32 over this amount gives us an impact of the R\$200 million in financial expenses without any cash effects at all on our results.

So, the result also benefits from the exchange rate but not to the same extent. First, because this situation only happened at the end of the 3Q; it was in late September. September started at 1.63 and it closed at 1.91. In September alone you had a major impact in the average exchange rate for September it was R\$1.80. We say “just this” because now it is R\$2.15. But the average exchange rate was R\$1.80, and the average exchange rate for the quarter, which was what ultimately impacts our exchange revenues, it was R\$1.67, the average for the quarter.

So, this shows that the benefit of the exchange rate on our exports still lies in the future. Another important thing that we would like to say is that — well, this illustrates our cash generation. The blue bar is the net operating result; for those of you who follow information about quarterly statements, this means cash flow. And the first part is the so-called net operating result, which is done with a net profit going back to depreciation and financial expenditures, and then you get to the net operating result of the Company. And the red bar is a variation of our accounts assets and liabilities, or variation in our working capital, or the investment being made by the Company in its working capital.

And we see that we are getting into a very favorable cycle. We invested a lot in working capital over the 1H08 mainly because of the major cost increase, food inflation comes before cash, so you first invest in inventory and animals, and then it becomes inventory. And now we start to see a drop in our investments in working capital. After the 4Q08 and the 1Q09, means we will have the realization of the working capital investments that we have already made. So, we think it is important to show you this and say that here on the bottom the EBITDA margin is already improving. It did not have all this improvement during the 3Q because of the exchange rate effect that barely touched it in September.

Investments during the quarter: we made R\$193 million in investments, distributed in our Bom Conselho project, mainly. And I believe that you all know, but just to reinforce it is for the sourcing and processing of milk, and also for meat processing in Pernambuco, another unit. And the new projects, this distribution center in Embu, which is a major distribution center that will be a distribution center for the consolidation of cargo for São Paulo and the surrounding region.

Product activity and improvement or optimization, many important projects in the area of dairy products. During the year, year to date, R\$2.2 billion because it really includes here the acquisition of Eleva. Another important thing to be mentioned, and I believe that Fay will be going in depth into this, is our synergies. This chart shows the economies of scale that we have been achieving in the Company, and you can see operating expenses or commercial expenses going down since earlier this year. It was 19% in 2007 and now it is 15.6%, a gain which is very important in relation to the net sales to stress or to highlight this reduction.

So, if you break it down between fixed expenses and variable expenses, you can see that this is even more invariable than fixed, and I think we have room to improve in the fixed expenses and it will be discussed in our commercial model. What we foresee for



the Company in terms of a new model that will drive a further reduction in these expenditures, so that the Company may take advantage of all the possible synergies in this merging acquisition of so many companies.

Year-to-date EBITDA, you can see that in spite of the fact that we have 8.3% but absolute is on an upward trend; it is important to stress this as well. In the long run, our performance in the capital markets today we have a daily trading volume which is very high, about US\$30 million per day. And from five years ago to now, our daily liquidity was lower than 2, as you can see on this chart. And as you can see, in 2005 it was 4.2; this was when we started the implementation of our growth plan, our P11, with two primary stock offerings. We increased the liquidity of the Company, we entered the New Market, and many other initiatives regarding governance and access to the capital markets, so that our stock has a very interesting performance today and a very strong growth in our ADRs abroad.

OK. So, I would now like to give the microphone to Fay. I talked about the more bureaucratic details and the more interesting part of the presentation will be made by Fay, thank you.

José Antônio Fay:

Good morning. Thank you all very much for being here. Well, figures are not boring, really, because this is the way you can measure a company. So what Leopoldo showed you is the result or the measured result of what we do in our daily routine.

I will give you a view of our business performance, starting with the commodity prices and what we believe will happen, and talking about the foreign markets and the domestic market as well.

In terms of corn, something very interesting is going on. We had a second crop, or an additional crop in the Midwest with a very big delay in terms of its commercialization, which means that today there is a lot of corn in Brazil, which is good for our business; from the viewpoint of Perdigão this is very good. Corn traded in the market parity Chicago is very unstable and we have a tradition of having the trading of corn very separate from the exchange rate because it depends on the quality of the corn and the amount of the crop and there is a lot of corn in the Midwest still. Our positions are short; we believe that there is still room for reduction in the cost of corn.

The market is very fidgety, the USDA published an extra report talking about reduction in crops, and it was not a very conclusive report and it did not show major changes. But the reality is that physically there is a lot of corn in Brazil and we will have the soybean crop in three to four months, and then we will have the need to exchange these greens from the warehouses, because there is no storage space with the situation that we have today.

Regarding meal, soybean is USDA, major crushing companies continue to look into buying soybean and there is little soybean for trading. It is basically in the hands of these crushers, and the trend of the soybean market is to keep its parity, that is to say following the exchange rate.



Now getting into exports, what we see is that there is a certain degree of stability in Brazilian exports. Brazil grew a lot in the last decade and with a lot of international pressure on Brazilian products, which is rather normal. And what happens right now is that we see that there are major opportunities in pork; there are many areas where we can get. But what we see, fundamentally, is a major growth with a certain degree of stability. And we are leaders in the export of broilers, and there is a lot of opportunity.

OK. I am going to talk about milk, which is another important commodity for Perdigão right now. Milk last year and in 2008 mainly, Brazil became a major exporter of milk and this brought about a change in the external market and the domestic market and in the producers' market as well. What happened, fundamentally, was that until 2004 Brazil used to import milk on an ongoing basis; in 2004 some exports started; 2005 more or less; and then 2006, strong exports, 2007 as well. Many drying towers in Brazil, many companies increased their drying capacity aiming at export, and producers saw that there was demand for the product and they started to produce and to have a bigger herd, and you can improve the production of milk very quickly by means of feed.

And so producers started to flood the market with milk and this brought an imbalance between supply and demand, and there was still the possibility of export because New Zealand had been going through a crisis because of the draught, mainly last year and two years ago, which opened a major opportunity for Brazil and as New Zealand came back to the market, and this happened during the 1H08, so this brought an additional imbalance.

So, the milk curve — I always say that it is very risky to say that commodities have a typical curve, because curves are not typical at all, especially this year. This was a period in which the market saw the possibility of exporting a lot and powdered milk got to US\$5,000 per ton, which is completely outside the normal curve. Milk is usually traded at US\$2,000, US\$2,500 per ton and with this increase there was a hike in milk and a surplus of milk we see a downward trend in prices to the producers and this will continue. The South has a stable production and the Midwest has its crop a little bit delayed, so with the rainy season the amount of milk produced will increase in the Midwest.

So, what happened is that there is still the possibility to see lower prices or at least more stable prices for milk. Regarding our breakdown of net sales regarding exports and the domestic market, it is interesting to see that we have a major opportunity for dairy product. We have just started our export of dairy products and we export 45% of the Company's revenues, and we are just starting. What we exported in powdered milk was just a little and we have teams to help us increase our exports and our teams abroad are starting to learn about this market. This is a new market and such as all markets it has different dynamics. But we see a major opportunity for us to increase our share in the milk and dairy market.

Regarding the domestic market, processed meat is our focus; we continue to grow a lot in processed meat. And in export market, poultry; poultry is our major export. OK, so what we foresee for next year — not for next year but until the end of 2008, midterm — United States are facing some major problems regarding poultry; the major producer, Pilgrim, is facing difficulties.



Corn, in spite of the fact that the price has dropped a lot, they still have a higher price than we have, and Americans that have always been our major competitors in the foreign markets, if we take the last few years in which we competed with the USD at R\$1.50, Brazil became much more competitive, with a higher USD rate. We do not know where this is going to stop but from the viewpoint of exports, we have an appreciation of the USD and Brazil becomes more competitive than the United States, and this will bring us some opportunities in the markets that we for with the United States: middle east, Asia, where the demand for protein we see no reason whatsoever for this demand to drop.

We believe that protein demand will continue on a steady upward curve, and the protein that we sell is the cheapest animal protein, which is poultry. And even in a crisis scenario, without minimizing the size and the intensity of the crisis, our products should continue to have a high demand because this is the characteristic of the food industry.

We can choose whether we want to buy something or not, but we cannot choose not to eat. So, if you do not eat for a long time, of course you are going to have problems. So, usually these things are kept steady because they are food. There is a stability trend in consumption and mainly considering that our protein is the one that has the lowest price. There are still many wide markets, that is to say many opportunities. Brazil still faces some very big barriers, some because of us and others created commercially against Brazil.

I believe that the first point over the American difficulties may brings us opportunities to get into markets that will be needing our products and that today create commercial barriers to our products. Another important point is Plusfood, which is a company we acquired in Europe last year; we have tree plants there, one in Holland, one in the United Kingdom and another one in Romania. And we did an initial work for Terran to bring the company to the blue and it is already in the blue. And we have a very clear strategy there.

Why did we acquire Plusfood? Because we want to participate in the retail and food service markets in Europe. In Brazil, if you want to sell frozen goods, you cannot participate in this market because it is a more cold products and frozen products market; and we are very enthusiastic about Plusfood. Our strategy for export products and going international is very important, and in order to achieve this we must have production abroad, and the possibility of selling in Europe fresh prices that have a higher price and that have a better price in frozen food, and Plusfood this is really our entry gate; we see it with very positive eyes.

We will continue to export frozen food from Brazil, we are very competitive cost wise. And we are going to seek more sophisticated markets via Plusfood, working in retail and food service and our international commercial structure is structured like that. We have people who are focused on the industry, which is our traditional participation; then we have our team for retail and food services in some places with our own brand and with their own brand and private label in markets where this is stronger, like the United Kingdom and Germany. We have the retailers there. More or less the same that we have here Wal-Mart and such, where we do private label for them; and in other markets where we still have this opportunity, such as Central Europe, Russia, etc. we work with our own brands.



You have a breakdown of our figures here on this slide, and it is important to see that dairy products will still have a lot of room to grow; and processed products, a little bit of influence of Plusfood here, and processed foods is our major growth. In year-to-date figures, we have a similar result, and if you have any remarks about that we can discuss it.

This is our export structure; this is where we find our products. We have a long tradition for exports and right now this is very important and helpful. We can go directly to our clients. We eliminated a lot of the presence of our traders and brokers in our business, and we decided to go directly. We have more than 1,000 clients in foreign markets, which is very good, especially in a moment of uncertainty, so we can dilute our risk.

If we breakdown into areas, the Middle East is calmer. We do not have major problems, we do not see many problems in the short and mid-term basis for the Middle East. When we focus on the far East, we are also comfortable there for sales purposes; but obviously Asia tends to pose some challenges but not in the short term.

Europe, this is where we have our major consumption problem. Europe, well we had a fair last week and we had the chance to talk to many of our clients worldwide, especially European clients. In addition to a very firm crisis in Europe, the consumption pattern for Europeans; well, Europeans are very cautious and they change their consumption patterns faster upon crisis. People wait until they change their patterns, but in Europe people are very reactive. We were joking sometimes if people use to have a potato a day, then they have half a potato a day because they are facing crisis. They are very special consumers and they really value their money. So, value for money is why we have so much success for private labels in Europe and not necessarily worldwide.

So, consumption changes faster; not only for food but less for food but also for other categories. We have a fast drop in demand. Eurasia, this is more to do with risk. Russia does have a demand; it has seasonality for purchase because they need high inventories before winter time, because we have to think about ships and ports. But there is also risk involved. The Russians, their financial system is more compromised than affected, apparently. And we are very careful in that sense. We sell everything with letter of credits but Russia has more to do with risk management than demand management. It is relatively safe and sound if we consider demand.

Now, let us change gears and move into the domestic market. For the domestic market, this year performance is very good. More focused on durables rather than non-durable products; and that is important for our discussion. So far, if we focus on our GDP growth, it comes more from durable goods rather than non-durables. Foods and perishables were categories, or beverages and food, more specifically; and perishables had low growth rates. And that was expected.

There is an income flow for consumers; for other things, installments, for instance, so actually we compete with the rest of the world. And early in the morning, when I have breakfast and I open the news section and I see all the folders of Casas Bahia, well, if you work on the figures and I check the number of products that are under R\$50 per month, I mean upscale products, for instance, there are a lot of products. And if you consider R\$100, virtually 90% of the folder is under R\$100. So, the credit supply has to do with the durables and sometimes they move away from food consumption.



People select different brands and they work all their daily expenses and they go for their aspirations, for less than 500/monthly if you think about the cost of statements of a car today, so if you think of a shortage of credit, we will have less power on durables and foods should remain with a significant demand. And obviously we have to consider the moment now in order not to exaggerate, not to be too much for or against.

When you think about financial crisis, working capital becomes critical. Everybody tends to get rid of the inventory throughout the chain. But there is a pipeline that is moving forward. Our clients have lower inventories and I am not saying that consumption at the end for the final consumer is lower; but inventory is lower. And we also go on the same effort. So, whenever you have uncertainty, there is a gap, a hole. And depending on the kind of chain you work on, well chances are we will come back to as we were before because we have a constant demand for food. But the first moment, at first, people relieve their inventory pressure and therefore you create a wave towards primary farmers or producers.

Now, price transfer on lending, we keep up with this long process because commodities were triggered and they hit our margins strongly. And recently we have been able to transfer more prices than cost. Costs, in other words, began to be more stable and we still are trying to capture and to have some prices. The impact of commodities will begin to be reduced, and we also have the focus in process products.

And just as Plusfood has an impact in foreign markets improving our increase in processed foods, Eleva goes in the other direction. Eleva used to have more fresh products rather than processed products, and we changed our mix for Eleva since the acquisition, especially the Bahia plant that used to work only for the domestic market, and more than half of it today is focused in the foreign market, so we can benefit more from export opportunities we have before us.

So, can you change slides? Here, we see a much more significant growth in fresh products due to Eleva's effect, as I said before. Year to date, the same picture. It is important to highlight that we are growing above the market for processed foods. Perdigão, therefore, still has a higher growth rate in the market and therefore we have more market share. I know that this is not so significant; there is a lot of instability. But if you have a close look at it, the market is very unstable according to Nielsen's interpretation. But we have some gains in the short-term horizon and also year-to-date figures according to our coverages by Nielsen.

For margarines, and this category we have been focusing on it for a year now; we started in September working with margarines and now we have two or three additional points in the market share. We believe we are more ambitious than that but that is a good starting point. And the dynamic for sales is different in this category, because our inventory in trading is higher than perishables.

And just to close my part, and moving forward and coming to the commercial area — I was not aware that we would be addressing the presentation this way. But for the commercial figures I thought I would give you some highlights on what we are doing. Anyway, our reduction in our commercial costs already happened and we expect to have even higher reduction. We have started this project on November 1st — well we will be starting this week — a pilot study in the Northeast of the Country. We bought a



series of categories from companies and all these companies came with sales forces and their commercial structures; so, we did some fine tuning for our total commercial cost for these companies. You can see the reduction.

And now more effectively, we will try to have more sourcing or capture of our sales force, unifying our commercial departments to have a single sales force for all our categories. And this move is a very touchy one; we are talking about more than 3,500 people involved in sales for the whole Company. Sales is very sensitive, so we had a whole planning and we hired a consulting company to assist us.

What I am trying to say is that we are trying to be more directly involved with the market, our go-to-market strategy. In other words, what model should we use to have more access to the market by channel. We have the lower channel — by the way, we have 60,000 clients; so this is where we have more than 60% or 70% of them — small clients, bakeries for instance. And the effort or cost of delivery is very high and the brand effort is lower. The presence was lower but the cost of delivery was higher; and when we move into upscale markets, I mean effort for the shelf is higher and delivery cost is lower.

When you go to major clients, you are more centralized and you also sell on a decentralized effort because negotiations have to be focused on price. But you need different attitude, different behaviors when you plan and you operate in this market. So, we will have a single sales force focusing on the market as it is by sales channels.

And I am very confident, I am certain that that will give us a very good competitive edge. Perdigão is the company that has the best portfolio to deliver to the market. We are the major client of most retailers. For dairy products, we are the single company that has the whole segment, powdered milk, cheeses, yogurts, etc.

In other words, you name it. We have all categories. Most companies are more focused in one or another category, and our advantage is to be present in all categories, and that is very good. And if we add to that the go-to-market party that we are taking now, we are confident that commercially speaking we have a good evolution, a good performance over the years. And that will be definitely implemented in the 2H09; we are starting right now and after we test all the systems we will have a rollout that will be continued until the 2H09. Thank you. Nildemar?

Nildemar Secches:

Good morning, everyone. First of all I would like to express our gratitude for having you all with us. And today we will be having the first day in which we effectively implement what we introduced two years ago: the succession plan in our Company. We have been through a whole succession plan; it is not over today but today we have a great stride by having Fay as the new CEO in the Company, and we have a whole agenda for the industrial part.

We also have some new positions, new people in new positions, and we want the Company to have a stable growth. And considering this growth process, we have to keep an eye on the financial crisis; and this is the topic of every conversation.



I recall now — I do not know if I am being too optimistic — but I can think about previous crisis we had and I think they were stronger to our business than the one we have today. Think about the ban of Brazilian companies in Europe or nitrofurantoin antibiotics. And then we had the avian influenza, the mad cow disease; a series of sectorial crisis that have a much stronger impact in the Company's health and I think nitrofurantoin was definitely the stronger crisis we had and the worse moment, with the most stressful moment.

The current crisis is a deep one; it is profound, it reaches the basis of the financial system and it is being very strong and it should have very negative outcomes in our real economy. But we should also consider a long-term horizon of the Company. Think about driving a car and you have a strong fog ahead of you. If you stop, somebody will hit you in the back; but if you run too much, you will end up on a cliff. So, you have to keep on driving but you should never lose your direction.

I think that is the Company vision now and that is what we want to go for the future. That is something very interesting, by the way. It has nothing to do with the crisis, actually. If I am not mistaken, early last year when we got together in a meeting we also held with analysts in the Company before the crisis, we told that we would be focusing next year on consolidation of the businesses acquires. Does that have to do with the crisis? No. Obviously with the crisis we need more urgent measures, but that has nothing to do with the crisis. Our acquisition volume was very high in recent years and we foresaw in our planning a year of adjustment in our structures.

When you buy a company as big as Eleva, that used to operate with a different operational system, it takes time to do that, to adjust these operational systems. If you buy Plusfood — and by the way Plusfood is already adjusted to our system — but it also takes time to be adapted as far as operations go, so you can have the same single system and make cost reduction viable.

So, the Company did not lose the long-term focus. It will keep on running and growing. But later this year and early next year, in our plans we already had included — I am not saying an interruption — but an effort concentration trying to benefit from synergies.

And considering benefits from synergies, I think the major or the first — well, if we think about systems that have already been adopted, the second major step has to do with the commercial model, that Fay mentioned before. This year we dedicated virtually everything redesigning our commercial structure. as Fay said before, more than 3,000 people were included in these changes, and on November 1st, well we had a gradual operation, and until the end of the next quarter next year we want to have full implementation.

What does that mean? It means we will be able to make use of the whole portfolio we have to deliver to the market, to better serve the market. And we also want to benefit from this bargaining power that the Company will have now with a very diversified product portfolio.

That was already part of our strategy, it is not something that we found out overnight after the crisis; no, that was our real strategy. And why did you want to move into the dairy segment or why did we want to keep an eye on more synergy? That is because



we wanted to benefit from the structure we have from the productive viewpoint and also the commercial viewpoint and logistics and marketing purposes.

So, that is how our efforts will be focused. And the Company will continue being more international, Plusfood is proving to be critical to our business. I think you are sick and tired of hearing us saying that our target was a company in Europe, and it took us two and a half years to have Plusfood; it was our number 1 target.

And it has proved to be a very fortunate decision we made. We learned it the hard way in Europe, but it is a good entry gate with a very positive outlook in Europe. And very fast we were able to reverse the negative picture, and therefore we have a whole range of opportunities for growth and there we will keep on investing. We are not stopping investing there, specially because we want to benefit more and more from this financial structure and development structure we have there.

As for the capture of synergy and sourcing, Leopoldo and Fay mentioned some figures, and we will keep on seeking more synergies. And you will feel that more effectively as of the 2Q09 or 3Q09. There will be radical changes and I would like to disclose that now.

I do not think that is a problem. By the end of the year, according to our planning, there will be a major consolidation of our companies. We used to have several businesses and acquisitions and corporations; there were separate corporations. And now we are working on the tax issues. And you know the corporate structure, everything is balanced, and by yearend we will probably have a big merger of the Company, turning it into the original model we wanted to have; a big international company.

If you think about all the tax structure we have operating under different categories and moving into the same markets, think about all the problems we had as far as systems were concerned. So, we are trying to have it all consolidated by yearend, our operating systems are already being deployed and many plans; the process has been concluded, and now we have a pilot phase in the commercial area too, and by January we will have it all deployed and implemented.

So, I believe our operation, if you consider the model, it will be more optimized, probably by the 1Q09. And we will try to go smoothly as of the 2Q09, and that is when we believe we will have more significant synergies. And as Fay said before, by implementing the commercial model, we will also benefit from the commercial aspects of the structure and our product portfolio.

I think Leopoldo also mentioned before, this is based on our P11 project, and we believe it has been totally concluded now, with 100% of what we envisaged, reducing the Company risk; in other words, we are operating in several segments, and we do not have risks in any markets now. Our product portfolio today gives us stability, and we believe today, in our segment, or in the segments we are present, we have lower risk as a Company.

As to volume, we have a tradition of trying to meet our goals and be within our budget. And this year we are meeting what we have promised, with one exception that affects slightly or little our business in general, and that has to do with bovine, or the cattle segment. We will have to be more focused there, and the market proved to be more



challenging than what we thought before, considering the supply of imports of raw materials.

And second, because we are more effectively moving into a process, trying to be more mature acknowledgeable about the market. But we will keep on being present in this market, and we expect to go back to our 6,000 slaughtered heads per day goal. And I would say that we had a technical interruption as for investment, and as a result of the outlook we have for the financial market, we had a slight reduction in our investment. We expected to have R\$800 million invested in the breeding stock and now we are investing R\$600 million for this year, giving more time to absorb these new businesses.

So, that is the scenario that I would like to highlight to you, and that is the Company's vision. Our strategy is to keep on growing steadily and healthy. As you can see on the slide for our revenues, our growth rate was 26 times from 1994 to 2008. Our average revenue was 27% per year; as for the market value, 29% on a year basis. We had 15 plants, now we have 42, and now we have almost 60,000 employees.

This growth poses a very big challenge for us to keep on growing at the same rates, and we benefited from our diverse portfolio and market, giving us more opportunities for growth. Certainly for dairy products, we have a higher growth capacity in the short term, but we will be focusing on the whole universe and keeping an eye on all markets. And the Company's strategy is to keep on growing very strongly.

We have an agenda with our timetable is to work this year, as we always have, P5, P11, and now we also have P15, which is our strategic project to be implemented as from now to 2015. And we expect to have it concluded, maybe in the 2H09 it would be concluded, and we will be able to introduce our strategy for growth.

But considering this division, I would say this is part of the Company's DNA, and we want to keep on growing strongly and try to benefit from all opportunities provided by the market. And considering this outlook, we will be growing within that picture, that framework introduced in recent years. I think we are proud to say that over 14 years, we were able to build a Company that was a model of governance; we have always been ahead of all initiatives to enhance the market.

We were part of the New Group and the Novo Mercado; we were in the first group, Level 1; and in Novo Mercado we were also the first food company to be included. We are listed in the New York Stock Exchange, we are also part of the corporate sustainability index, and that is the focus for the Company for the future as well.

Late 1994, early 1995, when we decided to lead Perdigão, we talked to our group of shareholders and the Company body, and we effectively wanted to create a benchmark company. So, our investors invest in hundreds of companies, but they wanted a company to be a reference. And that is our commitment, and we will keep on following this governance, we will always be top on our agenda to drive our decisions.

In addition, the Company's image in the market for consumers and the society as a whole, our Company is a model for economic developments, social and environmental development. We earned many awards and we will have another award tonight, Exame Magazine, and the Company will keep on growing, preserving and sticking to these values that have been so important for the Company in recent years.

That was our message to you, and now I think we will be opening the floor for questions. Thank you.

Moderator:

Yesterday, this became official, that is to say we have a new CEO now. And in the last few years, we had Nildemar being the head of the Company, and the Company had biggest growth by means of acquisitions and also made pioneering initiatives in corporate governance, and became international.

And because of what Perdigão represents today, I would like to ask you for a round of applause for the CEO, who is giving his chair now to Fay for all his achievements.

And before opening for questions, I would like to say that Perdigão is very close to the market, is very transparent as a Company, and I would like to give the APIMEC seal to Perdigão for 14 consecutive presentations for APIMEC, for analysts and investment professionals. I would like to give this to the three of you.

OK. Now I would like to open for questions, and before doing so I would like to say that those of you who are following this presentation through the Internet – it is being broadcast live – through the Internet. And if you wish to ask questions, you may do this by means of the Internet platform itself, and we will be asking your questions here.

As usual, and in order to give everybody the opportunity to ask questions, I would like to ask each person to ask one or two questions only. And we will try to give you a new opportunity, and those of you who will ask a question here, could you please wait for the microphone to be brought to you?

OK, so we may start now.

Aloísio, Banco Geração:

Good morning. I would like to congratulate you for your achievements that you gonna face, following models that we still seeing for a long time.

Today we have already heard that we was enjoying a problem in the capital markets, a liquid problem. I think this is a big problem that world is facing, and this crisis probably Will affect the real economy. When you say in exports, you say that there is no problem with liquid, except the Russians, but Perdigao exports with letter of credit, Perdigao has any warranty about the receive. About the domestic market, what about your relation with 60,000 clients? What will you be doing now with all this that you have of the Company now?

José Antonio Fay:

I would like to start by the domestic market. Our clients, besides this dilution, so to say, 60,000 clients, they get a lot of their revenues cash, because most of the sales of food are made, demand deposits or demand payment, and most of the small and medium



sized clients receive money every single day, so liquidity is not really a problem for them; maybe cash itself would deserve attention on our part.

And another thing that gives us a good safety blanket is that our relationship with our clients, because of the category we operate, which is perishables, every single week we go there. There is a salesperson that goes to the client every week, and sometimes we deliver it two times, three times a week. So, we follow the clients' life in the domestic market. We have a very close follow-up, and this gives us a degree of safety regarding the quality of our portfolio.

Regarding the financial issues, I am referring more to the operational side of the market, of course; issues about prepayment for exports, letters of credit etc., financially they do exist. And I do not know whether Leopoldo would like to say anything about this, but I was referring to the operational aspects: where inventories are, where you have the demand problems and, of course, this has to be supplemented by internal financials.

Leopoldo Saboya:

I think we should say that in the export market we do not have the same diversification of sales per client, but we have about 1.000 clients in the export market. So, this diversification is also very important, because you have no concentration, you are not concentrated in the hand of one or two clients. In terms of sales, we do not depend so much on letters of credit, we use letters of credit for some markets that are more risky and require LCs.

Of course there is a scarcity of credit lines in the world – not only in Brazil – and some clients, of course, in a moment such as this, they ask us to be more flexible, and we are analyzing this on a case-by-case basis. And if necessary, we will do this. As Fay said, we have many longstanding clients who are really our partners, and we work hand in hand with them. So, in our view this issue of liquidity makes us tighten our belts, like everybody else, but it does not radically change our credit situation abroad.

Gabriel, Santander:

Good morning. Could you please get into details about the dairy products segment in the domestic market? What about the behavior of your margins during the 3Q vis-à-vis the two first quarters of this year? I know that the price of the UHT dropped more than the price of milk. And we expect any improvement in your dairy product margin, and maybe a convergence towards a consolidated margin maybe?

José Antonio Fay:

So, let us start. The major event regarding UHT during the 3Q was the adjustment in our inventories. We had very high UHT inventories, and the market still had milk prices based on the US\$4.500, or US\$5.000 that I referred to before for exports, which kept us at a demand level for milk.

On the other hand, in the domestic market, UHT, although it is inelastic, there is no correlation with demand, the difficulty in exports generated a surplus of UHT in the market. And we were still adjusting our inventories then. We worked with inadequate



levels of inventory for UHT during the 1Q and the 2Q, but this has already been solved, which means that the UHT margins will be improving as of the 3Q.

This is not the best moment for UHT in the year. Usually you get to the end of the year, it is more difficult, because of the lower crop that we see in Goiás, and in the South and Minas Gerais, who are the major producers in the off-season as well. But the UHT margins will improve; we have better prices for UHT in the market this month already.

Besides, we have to look at things in general. Cold or refrigerated products have a very good moment, it is a very good moment for yogurt, etc., when you get close to the end of the year. And the advantage of Perdigão is to work in all these areas. So, cold or refrigerated products have a very good demand. Cheese also has a good market, and powdered milk.

We could either keep the domestic market with high inventories, and sometimes it is good for you to have this inventory, because you are going to buy cheap now. And depending on export opportunities, you can export the product that you have. And there is something that we should add to dairy products.

One company in this segment was very liquid in terms of working capital and they started doing foolish things with lots of money in the pocket. And I think a good explanation is this; because this company, from 40 million went to 100 million liters for month, with huge inventories and, of course, it led to a huge loss. And this loss permeated all the other companies in the segment.

And everybody thought they would acquire smaller companies and put them all together and sell them either to us or to GP. So, this was the strategy, everybody's strategy, and all of a sudden we said 'well, that is not really the case'. So, people had to swallow this.

And the market was penalized by this fact during the year. I think this was a major event; excess working capital in the hands of people who were not able to make the right business decisions, so they have to swallow this loss and I think they will return or get back on the right track as of next year.

Inventories, as Fay mentioned, this quarter was the major quarter, not only for this company, but also for us, in terms of laying off all this inventory, and as of the 4Q we go back to normal. But as Fay said, it returns in equal to that is not the best. All of you who work with dairy, you know that this is not the best. So, next year will be back to normal.

Gabriel:

If you do not give additional working capital to companies, do you intend to change to UHT or are you going to keep the same ratio?

José Antonio Fay:

Our focus is always on processed food. This is a category that grows consistently. UHT has vegetative growth (99% of Brazilian), not a lot of room to grow, and yogurt, about 60%, and growing a lot in the last few months. So, this is the second most important

category of perishables; yogurt is a huge category, close to margarine, and with a huge growth. So, our focus is on cold or refrigerated products, and UHT is a very important product for those who want to have dominance in the milk market.

Sometimes UHT is seen as the bad guy, but this is not the case. In some years, UHT is very lucrative because volumes are huge. And you need to have UHT because you need to have a buffer for your milk influence. Because as I say, the cow does not know whether it is Christmas or New Year, so the cow goes there and gives that amount of milk that gets to your plant.

And if you only have perishables in order to transfer this milk, this puts pressure on the market, a sales pressure on the market. Then you are not able to obtain the prices that you want to obtain. So, UHT lasts for four months, the shelf life is four months, and skimmed powdered milk, six months, and there are the major buffers that the milk industry has in order to regulate the production of perishables.

So, you cannot have only perishables or only UHT. And the right thing for Perdigão's strategy is to be on the two sides, so that we may have this balance, removing the pressure from its inventories.

Participant:

Good morning. Could you clarify the situation of shipments since the financial crisis became more serious? Did you have any difficulties regarding shipments? And what is your commercial relation with Russia, exposure, if there has been any change in your relationship with this country and the financial situation of the country?

José Antonio Fay:

I think we must differentiate our situation – not only Perdigão's, but the sector's – with the situation that bovines have in Russia. When you look at slaughterhouses, you focus on bovine. And beef, in Russia, has a major problem, because they have huge inventories of beef; Russians are very aggressive when they see this favorable situation to them, they are putting a lot of pressure on that.

And this is not a situation of Perdigão or competitors; well, I do not know about the competitors here. What we must do, which Leopoldo said, is that we have to manage risk in Russia, because this is when they require more flexibility on we are managing the risk. We have clients with whom we have relations dating back 15 years, so we have a certain degree of security with them, and to make the adequate decisions.

We do not have the same problems regarding beef, which has this kind of bias. Yes, they are quite normalized, they are normal. Of course you have some hiccups in the ports; Brazil has overcrowded ports, and Russia starts to have a lot of inventory at the ports as well, lack of space. But this does not really interfere in our business.

Participant:

My second question has to do with what we can expect. I know that you never give a price guidance, but I would like to know: when you see a drop in commodity prices

such as soybean and corn, what kind of rippling does this have in the price of poultry and pork?

José Antonio Fay:

Well, he is the expert in crisis, so he is going to take your question.

Nildemar Secches:

The relative weight of corn and soybean comes down. It starts with the in natura poultry and then it starts going down with processed, and the second processing, the product that goes to the consumer. And the product that goes to the consumer, especially in the domestic market, the influence of corn is relatively small, and soybean as well.

There will be oscillations that are driven by supply and demand much more, and for fight in the market and cost, nobody looks at the cost of corn when they define lasagna prices, for instance, just to give you one example, or the braided chicken.

But in the countries where you have more corn you have more pressure, you have the exchange rate effect, and in markets where we have a very strong footprint with the devaluation of the currency, you have a higher profitability. And this higher profitability does not really show first, because you have all your pork, all your poultry going up with a higher price of corn.

So, it takes four months for the process to stabilize, on average. So, if you say 'well, the exchange rate will be R\$2.20 and corn will be R\$3, and you have a downward pressure on the price, so whether it is going to see, in a longer or shorter-term, will depend on the commercial struggle. And it should occur; however, it is not going to hinder the margin achieved by companies. What really hinders the margin is competition, and not really relative inputs. They are going to interfere in the short run.

In the short run, you will see a gradual improvement in our margins because prices are already contracted for this month and for the next, depending on the market. So, you have this gradual improvement in the margins, and then you will see at which level they stabilize and then you will have the fight in the market, the regular fight in the market.

But I do not believe in a deterioration of margins, I believe that we will be able to keep, for instance, Japan for over R\$4,000, and corn going down; our contract goes through December and the negotiation for the next quarter.

No, I do not think so. But how much this will be, it will be more a commercial issue than anything.

Participant:

Are your clients bringing pressure on you?

Nildemar Secches:

No. Each market has a different dynamics. Some are shorter, some are longer. What is the consensus? Everybody suffers pressure, of course, because you have not been

able to transfer all the increase in the price of corn. This increase in the price of corn that we saw as of March or April, you have not transferred this completely, so you have this in your inventory.

We work with inventory of live animals, for instance, in poultry – approximately 40 days – and besides the inventory of finished products, and this is what we tell our clients. Many of our competitors gave a prepayment of the exchange, depending on the company. We had less than three months, but some companies have six months, and some had 12 months ahead in terms of their exchange contracted. And they will have to negotiate not to suffer very major commercial loss between the contracted exchange rate and the real price.

As a trend, we will see an adjustment. This is pure math. And the speed, I do not believe this will be to the detriment of margins. The sector was working with very squeezed margins, if you consider historically. And I think we will go back to our historical margins.

Marcel Moraes, Credit Suisse:

First question has to do with the domestic market. The major product by Perdigão are processed foods, and I would like to understand, because when we look at your results, your earnings, we see a combination of Perdigão with Eleva, and this brings a slight distortion of the Company's organic growth during the 3Q and now early in the 4Q. What is the evolution of this organic growth in the product line that represents 60% or 70% of your sales in the domestic market.

José Antonio Fay:

As I said before, during the presentation, our categories, if you see Nielsen's figures, did not have expressive growth. Anyway, if you take specifically processed food, which are the industrialized frozen foods, we grew in almost all categories higher than the market, 0.2 or 0.4 aggregate market share.

In the short run and in the long run, I think the year to date was 0.6 or something like that. The category has this dynamics. It is a category that accelerates closer to the end of the year, mainly industrialized products, and frozen is a category that has the lowest growth rate. The growth rate was very high, very quick, but because of the cost increase it slowed down, and some categories decreased especially in some dairy product markets. But the processed meat product grew but on a lower average than the previous year. And in spite of that, Perdigão has a higher growth than the average for the market.

Marcel Moraes:

In the last few years, it was like your volume grew less than 10%. Are we talking about something lower than 5%?

José Antonio Fay:

No. We are close to 10%.



Marcel Moraes:

The other question has to do, I think Fay has already talked about that, the integration process; but also to put this into perspective, what about your expectations about synergies in 2009? We had R\$70 million in additional synergies, and are you keeping this expectation?

José Antonio Fay:

I believe that yes. And we have to consider our strategy, R\$70 million are aimless performance, are targetplus performance. When you consolidate commercially, you have two viewpoints that you can adopt: one of them is via cost cuts and another one via sales increase, revenue increase. And what we want to achieve is the ratio that we saw, about 14% on the chart in commercial costs increasing our performance, improving our performance; so we are going to optimize the use of the 65,000 clients that we already have in our portfolio in the categories that we have today with us.

And there is a high imbalance in terms of penetration, in terms of coverage and portfolio in clients; some categories we cover 40,000 to 50,000 clients, in other categories we only cover about 20,000 or 15,000 clients. So, we have potential upside, which is very interesting, mainly for these categories where we have a low coverage in our portfolio.

And this is where we are going to achieve more energies and it is achieving opportunities. And it is not really a cost cut, this was not the emphasis we gave to this work, because the major gains will be achieved by means of increasing our presence in the categories that belong to Batavia, for instance; Batavia had about 25,000 clients; Perdigão had 65,000 clients. So, you can see that there is a major potential growth there in margarine, and about 5,000 Unilever clients, and we are already selling to over 40,000 clients. So, these are the figures that we use in order to measure the size and the potential of our sales and the improvement in our commercial synergies.

Nildemar Secches:

And within the project, we met with many of you, and we talked about our expectations regarding synergies and we would say that yes, they are being kept. We are going to obtain these synergies, even for 2009. And I would like to remind you that the bulk of this amount that you mentioned, the only cost reduction that Fay mentioned has to do with the administrative expenses overhead.

Leopoldo Saboya:

And this will happen more strongly in the end of the 3Q, when we end the implementation of the technological platform, and this is when we will see an acceleration of synergies in terms of cost reductions.

Luis Cesta, Banco Espírito Santo:

Ever since the acquisition of Eleva, you have been focusing a lot on productivity in the meat segment in this operation, and you say that it is still lower than the productivity achieved by Perdigão and its own operations. I would like you to update us on that;



what about the improvement of Eleva's productivity? Have you reached already the Perdigão levels, and how long you believe it will take for it to get to Perdigão's levels?

Nildemar Secches:

In general I would say that we have already achieved that. One plant still has some problems, the Bahia plant; this is almost biological, we had to exchange the breeding stock, and in the other plants it is already done in the field. And in the plants, one of the few investments that you saw, that we are maintaining, we will continue, is the investment in the Lajeado plant in order to adapt it to the standards and requirements of Perdigão.

This investment shall be concluded by the end of the year, and as of 2009 it will be according to Perdigão's standards. And the product mix was completely restructured among the different plants. And you may consider that as of the 1Q09, in the field we will have to explore this biological issue in Bahia, but it is rather small, vis-à-vis all the other plants of Eleva. But the standards are very compatible already to Perdigão's.

José Antonio Fay:

So, we are in the biological cycle, everything that had to be done has already been done. And now we have to wait for the biological cycle to get there. Thank you.

Renato, Merrill Lynch:

One question about the domestic market. How do you see supply demand for swine and for poultry next year? Do you think there will be oversupply as some associations have been saying, and what is the impact of that on the Company?

José Antonio Fay:

Exports of swine continue to be very interesting. And for the domestic market, it will continue at the same levels, with a certain scarcity of supply. I do not see a very complicated market for this next year. There are many export opportunities and attempts to open new markets. And I would say that in our view domestic market is very well balanced.

Leopoldo Saboya:

Maybe I could add regarding poultry for next year. Yes, we heard that the pace that Brazil had especially up to August was very strong, for the housing of poultry and mainly because of the growth in exports. So, the growth in housing and production was very adequate so much so that was no negative price pressure. Of course when you analyze, and the associations you referred to, when they analyze their breeding stock, they project the potential housing; and we have the potential to grow two digits in poultry.

And all this repercussion of the change of scenario, etc., there are two sides to the coin: one is the demand side, how much Brazil will be able to grow in terms of exports; we believe that Brazil will still grow its exports next year; and the other side is how

companies will be able to go through this turbulent moment, regarding availability of credit.

So, there are major differences among and between companies in this scenario. Some companies are not so much affected and some are more affected. So, I believe that the supply side will be as I described.

Nildemar Secches:

The association was recommending a reduction in production, and Fay was talking about this; it has to do with the pipeline. You get to the end-client who has a 20-day inventory and he wants to bring it down to ten days; the distributor has 30 days and he wants to bring it down to 15. We have 20 days and we want to bring it... So, everybody wants to do this. And production continues.

So, it gives the feeling of oversupply when at the other end, demand is normal. What happens then, what we are doing and many of the major companies have already learned this; you have to reduce now only to adjust the buffer, the working capital that lies here in between. It does not mean that consumption is having problems. It is an adaptation to go through a certain period.

And this facilitates the commercial side of the operation. When you work with a perishable product and you cannot close your inventory, you have a bargaining power. When you have normal levels you have another bargaining power. It will depend on the strategy by each company. It is healthy for companies to do this. And because of the financial nature of the crisis, there will be a movement in terms of everybody wanting to work almost close to the limit of inventories.

So, we have to adapt in the short run, and in previous crisis this has been taking about two or three months. And otherwise we will have to pay more for storage, we will have worse bargaining power, and I believe that everybody should do this. Now, if anybody does not do this, most probably this Company will have a lock of inventory. Those who have a lot of working capital to spend could endure the market as a whole.

And it will really depend on individual decisions to be made by each company. The association is working to warn its members that this is a natural process that happens, and that everybody should work for a lower level of housings in order not to suffer a lot of pressure.

And we are very much concerned with the fair that will happen in Europe, that Fay mentioned, but clients are really less preoccupied than they were in previous crisis. More questions?

Juliana, Unibanco:

Good morning. I have two brief questions: considering the lower availability of CCA and CCN, what about the average cost you expect for debt, and specially short-term debt?

Leopoldo Saboya:

If you consider current costs, obviously these costs are not proportional to what we had before. Today we have some that are close to the down, and in the peak of the crises we can... Well, can we identify an apex or a peak? It seems to me that rates were around 10% or 15% on a year basis coming from prices such as 4% per year.

We as a company, before we feel comfortable, we are not involved in the market. We are only watching, and now we have timely business and a short-term line basis just to keep our liquidity. You know that the name of the game today is 'liquidity'. We have liquidity, but we have to maintain it. And that is why we start working on our cash, just working on some lines that used to be or are more expensive than before.

But the average cost would not rise significantly, specially because now we feel there are some lines coming to more intermediate costs, considering the 4%, and now we have 15%. So, the average cost should rise, but on a marginal basis. The Company had an important position for liquidity over the 1H08 with a very good cost.

And now, in the end of the year, I think there will be very few adjustments made, and I think we have a lot of funds vis-à-vis BNDES. So, chances are we will not be working at too high prices.

Juliana:

Second question: what about CAPEX reduction, R\$200 million? Is it really a reduction or are you just slowing it for next year? And if you actually reduce it, what will be the impact on the production line? Where does this CAPEX come from?

Leopoldo Saboya:

By the way, pretty much in line with what we said yesterday, from the moment you introduce reduction, please know that this drop was not exclusively caused by the crisis. When the company works on a budget and plans to invest R\$800 million, in September 2007 you had a plan for a series of investments. I am not exaggerating, but hundreds of projects. And not all of them happened as you expected, at the right time.

So, even before the crisis we were behind our planning for many reasons, sometimes simple reasons. We planned a new line in a plant in April, and for production reasons you were able to extend what you had before, and you only invest in June. So, what I am trying to say is that we already had our investments that were slower than originally foreseen.

But we do not have dramatic cuts, just some adjustments and postponements, little projects. But I do not think we will have a significant impact on the Company's growth or the potential for the future. I think there is a lot to do with the Company's optimization. And the investment plan also included Eleva, and late last year, early this year, we did not have a good measurement for investment to adjust Eleva or to keep the plant investment. So, I do not think the impact of the crisis will not be so strong. But we just wanted to announce it, since we had an official revision on the values and amounts.

José Antonio Fay:

And just to add to what he said, Eleva's investments were very much related to dairy products, and we still have productivity for significant gains. And that is why we also postponed some dairy investments; not the major ones. We have a drying tower in Rio Grande do Sul, so we are sticking to the major ones. But for plants, we are just controlling our budget.

Roberto Nogueira, BBA Itaú:

Could you give more details on derivatives forward? And could you give us an idea of the strikes of these papers or securities?

Leopoldo Saboya:

Let me see if I understand that better. You were mentioning forward contracts, forward agreements? First, we do not have strikes, we do not have any agreements with strikes or double-indexing; nothing of that kind. What we shared with you today were the agreements and contracts, or swaps at NDF or BM&F for futures, for hedging contracts of the debt.

So, our liquid or net exchange rate position are concentrated on the three... Well, it is the famous USD day; so very simple, it is the plain vanilla; no agreements with verification or with target. Nothing of that sort. Just swaps and futures positions. That is all. And once again, the single purpose is hedging or to protect our position for the cash flow or balance purposes.

Roberto Nogueira:

And what about the term of these NDFs and swaps? Is it reasonably short?

Leopoldo Saboya:

They are not concentrated at all. They are very widely distributed, by the way. Any further questions?

Gabriela Antici, Goldman Sachs:

I have a question vis-à-vis the internationalization strategy of the Company. It seems to me you have opportunity for growth, and the first step was taken with Plusfood. Two questions; first question: if we consider competitors that were much more aggressive, I wonder if this strategy... Do you think you can have a potential for organic growth over the next two or three years with this acquisition, or will you really have to focus on other acquisitions abroad, and obviously more specifically in Europe?

Second question: do you really have to produce in Europe? And if you produce in Europe, do you think you can stick to your competitive edge, the one you already have producing in Brazil? So, do you focus on distribution abroad or do you actually need a high scale production abroad?

José Antonio Fay:

Maybe I can start and then you can add to that. I would say that the most important thing about the acquisition has to do with strategies. Our strategy, as I said before, is to be involved in retail and food service. And you have to produce in Europe to be part of the market so you can have the best prices and the best portfolio.

Otherwise, if you only export frozen products you can be outside a major part of the market. When we compare ourselves with our competitors in Europe we believe that having Perdigão as the owner, we become more competitive than Europeans. Our import and raw material sources are cheaper than our European counterparts, or competitors.

The second half of your question: will we be searching for acquisitions? They will be connected with our strategy. In Brazil, we are excluded from the swine European market, and that excludes us from a major market. So, chances are we will be trying to solve that question by having an international acquisition.

Would you like to add to that?

Nildemar Secches:

In previous meetings, we said before that we still have an outstanding question in Europe, and in Asia. I think this acquisition is a great platform for us to penetrate this market. As Fay mentioned, I am not saying you need a broader portfolio, but a broader portfolio gives us a stronger commercial advantage and access to clients. So, if you have production there, you can have a faster distribution and production process, specially if you consider fresh products and frozen products. You cannot do that from Brazil.

And you can also complement or add to some lines one meter long hams, for instance; we have a unit there that we will slice the ham; several things, you can complement production in Europe, which is important, and you can have the most important thing, which is the development of products closer to the market. And you can have faster production and faster delivery to clients.

And third, you expand your product portfolio to the market. That was designed to Europe, and as Fay said before, you cannot have the area complemented from Brazil, but we also expect to have the same model in some point in Asia. According to our strategy plan, everything has been previously planned. So, first we want to get it right in Europe, and once is up and running, then we can move to an experience in Asia, unless we have a big opportunity in Asia. But at first, that is our plan.

As for Plusfood absorption, I think it is faster than what we envisaged. So, for the next year, chances are we will reconsider investments in a similar plant in Asia.

Moderator:

More questions? There are no further questions. So, I would like to thank you all very much for coming, for joining us this morning. I would also like to thank the professional



team of Perdigão, who are sharing the audience with us, specially Edna – we all know Edna very well – and she has a hard time with all of us.

I would like to thank our former officers and it is a pleasure to have you with us.

Thank you all the officers, Leopoldo, Fay, and I would like to compliment you on your new position. And Nildemar, I would like to turn the floor over to him now for the final remarks.

Nildemar Secches:

Once again, I would just like to thank you all for coming, and reaffirm our commitment to stick to our high governance levels and keep the Company with the same growth rate. And I wish you all good luck to face the crisis.

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