The Company operates in multiple taxing jurisdictions within the United States, and is subject to audits from various tax authorities. As of July 27, 2008, the liability for uncertain tax positions included $1.5 million of accrued interest. The Company recognized $49,000 and $66,000 of interest expense in tax expense during the quarters ended July 27, 2008 and July 29, 2007, respectively. As of July 27, 2008, the liability for uncertain tax positions included $3.7 million that, if recognized, would impact the effective tax rate.

9. Other accrued liabilities

Other accrued liabilities consist of the following at July 27, 2008 (in thousands):

Feed	$11,520
Derivative financial instruments	10,829
Self-insurance reserves	3,000
Utilities	2,739
Freight	2,434
Customer programs	1,220
Litigation-related matters	1,535
Property taxes	1,123
Legal and professional fees	623
Other	6,963
	$41,986

10. Related-party transactions

The Company has a trademark and license agreement with SF Investments, Inc. (a wholly owned subsidiary of Smithfield Foods, Inc.) for the right to use certain trademarks of Smithfield Foods, Inc. in connection with the sale of certain food products. The Company made royalty payments related to this agreement of $1.6 million and $1.3 million during the quarters ended July 27, 2008 and July 29, 2007, respectively.

Through an informal agreement with its parent, Smithfield Foods, Inc., the Company was provided certain administrative services by Smithfield Foods, Inc. Under this arrangement, the Company was charged $4.5 million and $3.1 million during the quarters ended July 27, 2008 and July 29, 2007, respectively.

11. Regulations and litigation

The Company is subject to various laws and regulations administered by federal, state and other government entities, including the Environmental Protection Agency (EPA) and corresponding state agencies, as well as the United States Department of Agriculture, the United States Food and Drug Administration, the United States Occupational Safety and Health Administration and similar agencies in foreign countries. The Company believes that it is in compliance with these laws and regulations in all material respects and that continued compliance with these laws and regulations will not have a material adverse effect on its financial position or results of operations or cash flows.

In February 2003, the EPA promulgated regulations under the Clean Water Act governing confined animal feeding operations (CAFOs). Among other things, these regulations impose obligations on CAFOs to manage animal waste in ways intended to reduce the impact on water quality. These new regulations were challenged in federal court by both industry and environmental groups. Although a 2005 decision by the court invalidated several provisions of the regulations, they remain largely intact.

From time to time and in the ordinary course of its business, the Company is named as a defendant in legal proceedings related to various issues, including worker’s compensation claims, tort claims and contractual disputes. While the resolution of such matters may have an impact on the Company’s financial results for the period in which they are resolved, the Company believes that the ultimate disposition of these matters will not, individually or in the aggregate, have a material adverse effect upon its business or consolidated financial statements.

12. Fair value measurements

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, on April 28, 2008. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value hierarchy gives the highest priority to quoted market prices (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities accessible by the reporting entity.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable for an asset or liability. Unobservable inputs should only be used to the extent observable inputs are not available.

The Company's derivative financial instruments as of July 27, 2008, were measured at fair value based on Level 1 inputs.

Five Rivers Ranch Cattle Feeding LLC
Balance sheets
(in thousands)

	(Unaudited) September 30, 2008	March 31, 2008
Assets		
Current assets		
Cash	$ 4	$ 3
Accounts receivable	13,612	16,819
Inventories	631,885	600,161
Prepaid expenses	2,986	2,470
Derivative financial instruments	13,951	27,792
Total current assets	662,438	647,245
Property, plant and equipment, net	88,875	88,339
Water rights	12,144	12,144
Deferred financing costs, net	3,359	2,291
Other investments	1,695	1,162
Total assets	$ 768,511	$ 751,181
Liabilities and Members' Equity		
Current liabilities		
Note payable	$ 444,100	$ 395,300
Borrowings on margin accounts	7,154	10,012
Bank overdraft	18,935	11,171
Accounts payable	20,791	9,156
Accrued expenses	4,502	5,197
Derivative financial instruments	3,310	5,406
Total current liabilities	498,792	436,242
Deferred compensation	170	170
Total liabilities	498,962	436,412
Commitments		
Members' equity		
Members' equity	274,416	274,416
Retained earnings (accumulated deficit)	(21,700)	11,249
Accumulated other comprehensive income	16,833	29,104
Total members' equity	269,549	314,769
Total liabilities and members' equity	$ 768,511	$ 751,181

The accompanying notes are an integral part of these financial statements.

Five Rivers Ranch Cattle Feeding LLC
Statements of operations
(in thousands)

	(Unaudited) Six Months Ended September 30, 2008	2007
Revenues	$850,947	$769,843
Cost of revenues	864,019	718,588
Gross profit (loss)	(13,072)	51,255
Operating expenses		
Selling, general and administrative expenses	6,762	7,289
Depreciation and amortization expense	4,607	4,292
Total operating expenses	11,369	11,581
Income (loss) from operations	(24,441)	39,674
Other income (expenses)		
Interest income	161	479
Earnings from unconsolidated affiliate	65	142
Other income	117	1,916
Interest expense	(8,851)	(15,428)
Total other expense, net	(8,508)	(12,891)
Net income (loss)	$ (32,949)	$ 26,783

The accompanying notes are an integral part of these financial statements.

Five Rivers Ranch Cattle Feeding LLC
Statements of members' equity
Six months ended September 30, 2008 and 2007
(Unaudited)

(in thousands)

	Members' Equity	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
Six months ended September 30, 2007				
Balance, March 31, 2007	$274,416	$(26,208)	$(8,634)	$239,574
Comprehensive income:				
Net income	—	26,783	—	26,783
Net gain on cash flow hedges	—	—	(9,870)	(9,870)
Reclassification adjustment for losses included in net income	—	—	8,634	8,634
Comprehensive income				25,547
Balance, September 30, 2007	$274,416	$575	$(9,870)	$265,121
Six months ended September 30, 2008				
Balance, March 31, 2008	$274,416	$11,249	$29,104	$314,769
Comprehensive loss:				
Net loss	—	(32,949)	—	(32,949)
Net gain on cash flow hedges	—	—	16,833	16,833
Reclassification adjustment for gains included in net loss	—	—	(29,104)	(29,104)
Comprehensive loss				(45,220)
Balance, September 30, 2008	$274,416	$(21,700)	$16,833	$269,549

The accompanying notes are an integral part of these financial statements.

Five Rivers Ranch Cattle Feeding LLC
Statements of cash flows
(in thousands)

	(Unaudited) Six Months Ended September 30, 2008	2007
Cash flows from operating activities:		
Net income (loss)	$ (32,949)	$ 26,783
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization	4,607	4,292
Amortization of deferred financing costs	455	455
Equity in earnings of unconsolidated affiliate	(65)	(142)
Change in derivative fair value	(526)	(10,122)
Change in operating assets and liabilities:		
Accounts receivable	3,207	(3,847)
Inventories	(31,724)	(140,759)
Prepaid expenses	(450)	(1,194)
Other assets	—	250
Accounts payable	10,939	20,343
Net cash used in operating activities	(46,506)	(103,941)
Cash flows from investing activity:		
Purchase of property, plant and equipment	(5,199)	(7,561)
Investment in Southfork Solutions, Inc.	(100)	(120)
Net cash used in investing activities	(5,299)	(7,681)
Cash flows from financing activities:		
Capitalized debt fees	(1,903)	—
Bank overdraft	7,764	12,018
Proceeds from note payable, net	48,800	99,600
Borrowings on margin account, net	(2,858)	—
Net cash provided by investing activities	51,803	111,618
Decrease in cash	(2)	(4)
Cash at beginning of period	6	6
Cash at end of period	$ 4	$ 2
Cash paid for interest	$ 8,429	$ 11,086

The accompanying notes are an integral part of these financial statements.

Five Rivers Ranch Cattle Feeding LLC
Unaudited notes to financial statements

1. Organization and nature of operation

Five Rivers Ranch Cattle Feeding LLC ("the Company") is a limited liability company organized on May 20, 2005, in the state of Delaware. The Company is a 50/50 joint venture between ContiBeef LLC ("ContiBeef") and MF Cattle Feeding, Inc. ("MF") (the "Members"). The Members exercise joint control over the Company. ContiBeef is a wholly-owned subsidiary of Continental Grain Company, and MF is a wholly-owned subsidiary of Cattle Production Systems, Inc. whose parent company is Smithfield Beef Group, Inc. ("Smithfield Beef"), which is a wholly-owned subsidiary of Smithfield Foods, Inc. On May 20, 2005, the operating assets and certain liabilities of ContiBeef and MF were transferred to the Company at net book value in exchange for equity interests in the Company.

The Company was engaged in raising feeder cattle for itself and for outside customers, and then ultimately selling the cattle to meat packing companies ("packers"). Feedlot operations are located in Idaho, Texas, Colorado, Kansas, and Oklahoma.

2. Summary of significant accounting policies

Interim Periods and Basis of Presentation—The Company's fiscal year-end is on March 31st. The information included in these financial statements reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's financial position and results of operations for the interim periods presented. Balance sheet amounts are as of September 30, 2008 and March 31, 2008 and operating result amounts are for the six months ended September 30, 2008 and 2007, and include all normal and recurring adjustments that we considered necessary for the fair summarized presentation of our financial position and operating results. Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not necessarily be indicative of the operating results for the full fiscal year.

Accounts Receivable—Accounts receivable are primarily from feedlot customers for their share of feed, medicine, and other supplies for the care of those cattle and billed to the feedlot customer every month. Based on past history and the ability to collect final feed bills from the packers upon shipment of the finished cattle, the Company has no history of bad debt. Accordingly, at September 30, 2008 and March 31, 2008, an allowance for doubtful accounts was not required.

Inventories—Inventories of livestock, feed, silage, processing supplies, and medication are stated at the lower of cost (first-in, first-out or "FIFO") or market. Farm inventory is stated a lower of cost (FIFO) or market and includes seeds and other costs related to the production of the next season's crops. Parts, medication and other inventories are stated at average cost.

Property, Plant and Equipment—Property, plant and equipment was stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 25 years for farm buildings, 10 to 30 years for land improvements and buildings, and 2 to 12 years for machinery, equipment, furniture, and purchased software. Maintenance and repairs are expensed as incurred, while betterments and expenditures that materially improve or extend the life of an asset are capitalized. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from the respective asset account and any resulting gain or loss is reflected in the statement of operations in the period realized. The costs of developing internal-use software are capitalized and amortized when placed in service over the expected useful life of the software. Major renewals and improvements that extend the useful life of the asset are capitalized while maintenance and repairs are expensed as incurred. The Company has historically and currently accounts for planned major maintenance activities as they are incurred in accordance with the guidance in the Financial Accounting Standards Board ("FASB") FASB Staff Position ("FSP") AUG Air-1: *"Accounting for Planned Major Maintenance Activities."* The applicable interest charges incurred during the construction of assets if material are capitalized. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* the Company assesses the recoverability of long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. When future undiscounted cash flows of assets are estimated to be insufficient to recover their related carrying value, the Company compares the asset's estimated future cash flows, discounted to present value using a risk-adjusted discount rate, to its current carrying value and records a provision for impairment as appropriate.

Depreciation and amortization expense for the six months ended September 30, 2008 and September 30, 2007 totaled $4.6 million and $4.3 million, respectively.

Deferred Financing Costs—Debt financing costs totaling $4.5 million were capitalized and are being amortized over the terms of the related loan agreements using the straight-line method. Accumulated amortization of the debt financing costs was $3.1 million at September 30, 2008 and $2.7 million at March 31, 2008, respectively.

Bank Overdraft—The majority of the Company's bank accounts are zero balance accounts where cash needs are funded as checks are presented for payment by the holder. Checks issued pending clearance that result in overdraft balances for accounting purposes are included in the change in the related balance and are reflected as a financing activity on the statement of cash flows.

Self-Insurance Accruals—The Company is self-insured for employee medical and dental benefits and purchases insurance policies with deductibles for certain losses relating to worker's compensation and general liability. The Company has purchased stop-loss coverage in order to limit its exposure to any significant levels of certain claims. Self-insured losses are accrued based upon periodic third party actuarial reports of the aggregate uninsured claims incurred using actuarial assumptions accepted in the insurance industry and the Company's historical experience rates. The Company has recorded a prepaid asset with an offsetting liability to reflect the amounts estimated as due for claims incurred and accrued but not yet paid to the claimant by the third party insurance company in accordance with SFAS No. 140, *"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."*

Derivatives and Hedging Activities—The Company accounts for its derivatives and hedging activities in accordance with SFAS No. 133, "*Accounting for Derivative Financial Instruments and Hedging Activities,"* ("SFAS No. 133"), and its related amendment, SFAS No. 138, *"Accounting for Certain Derivative Instruments and Certain Hedging Activities."* The Company uses derivatives (e.g., futures and options) for the purpose of mitigating exposure to changes in commodity prices. The fair value of each derivative is recognized in the balance sheet within current assets or current liabilities. Changes in the fair value of derivatives are recognized immediately in the statements of operations.

Income Taxes—The Company is treated as a flow-through entity for income tax purposes and, therefore, the Company's taxable income is included in the Members' respective consolidated U.S. federal income tax returns. The Company is not allocated any current or deferred U.S. federal income expense (benefit) arising from the Company's operations included in the Members' results.

Revenue Recognition—The Company sells live cattle to packers located primarily in the Plains states. Revenue is generally recognized when live cattle are shipped to customers, based on terms as set forth by The Packers and Stockyards Act of 1921. The Company records transactions based on lot by lot accounting, generally recognizing revenue as cattle are shipped or on delivery depending on the terms of the sale, and will adjust revenues to reflect the results of the grading process as reported to the Company by the packer. The risk of loss transfers to the packer upon shipment, unless the Company has hired the transporter for shipment, in which case risk of loss transfers at delivery. Hotel revenue charged to customers for cattle feeding and care is recognized on a daily basis and is recorded in feedlot sales in the statements of operations. Animal feed supplement sold to third parties is recognized when the product is delivered and is recorded in feedlot sales in the statement of operations.

Advertising Costs—Advertising costs are expensed as incurred. Advertising costs were $67 thousand and $99 thousand for the six months ended September 30, 2008 and 2007, respectively.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires the Company to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, the Company has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Changes in the estimates and assumptions used by the Company could have significant impact on the Company's financial results. Actual results could differ from those estimates. Significant estimates with regard to these financial statements include the estimate of asset useful lives and insurance accruals.

Concentration of Business and Credit Risk—Substantially all of the Company's business is on a credit basis. The Company extends credit to cattle feeding customers based on the fact that cattle are held in our feedyards, shipped directly to packers, and the packers will deduct final feedbills from any proceeds due to the customer. The demand for the Company's product and service is dependent upon the general economy, cost of feeder cattle, live cattle, corn and other feedstocks, weather, and other factors that may affect the pricing of food commodities.

Fair Value of Financial Instruments—The carrying amounts of the Company's financial instruments, including cash, trade receivables, and payables, approximate their fair values due to the short-term nature of the instruments. The fair value of the Company's debt approximates market value as its line of credit bears interest at floating market rates based on LIBOR. Open derivative contracts are traded on the Chicago Mercantile Exchange and are marked to market on a daily basis and are recorded in the balance sheet.

Recent Accounting Pronouncements—In March 2008, the FASB issued SFAS No. 161, *"Disclosures about Derivative Instruments and Hedging Activities."* SFAS No. 161 provides for enhanced disclosures about the use of derivatives and their impact on a Company's financial position and results of operations. This statement is effective for the Company's fiscal year 2009. The Company does not expect the adoption of SFAS No. 161 to have a material impact on its financial position, results of operations, or cash flows.

In December 2007, the FASB issued SFAS No. 141(R) *"Business Combinations."* SFAS No. 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction and any non-controlling interest in the acquiree at the acquisition date, measured at fair value at that date. This includes the measurement of the acquirer's shares issued as consideration in a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gains and loss contingencies, the recognition of capitalized in–process research and development, the accounting for acquisition related restructuring cost accruals, the treatment of acquisition related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance and deferred taxes. One significant change in this statement is the requirement to expense direct costs of the transaction, which under existing standards are included in the purchase price of the acquired company. This statement also established disclosure requirements to enable the evaluation of the nature and financial effect of the business combination. SFAS No. 141(R) is effective for business combinations consummated after December 31, 2008. The statement also requires that any adjustments to uncertain tax positions from business combinations consummated prior to December 31, 2008 no longer be recorded as an adjustment to goodwill, but be reported in income.

3. Accounts receivable

Accounts receivable at September 30, 2008 and March 31, 2008, were as follows (in thousands):

	September 30, 2008	**March 31, 2008**
Trade	$13,547	$16,736
Employee advances	65	83
Total accounts receivables	$13,612	$16,819

4. Inventories

Inventory balances at September 30, 2008 and March 31, 2008, were as follows (in thousands):

	September 30, 2008	**March 31, 2008**
Livestock	$591,972	$574,082
Silage	20,415	13,657
Planting seeds and supplies	444	365
Parts	740	718
Feed	17,032	10,356
Medication and other	1,282	983
Total inventory	$631,885	$600,161

5. Property, plant and equipment

Property, plant and equipment at September 30, 2008 and March 31, 2008 were as follows (in thousands):

	September 30, 2008	March 31, 2008
Land and improvements	$66,995	$65,580
Buildings	9,045	8,898
Machinery, equipment and fixtures	35,878	33,348
Capitalized software	636	636
Construction-in-progress	2,888	2,009
	115,442	110,471
Accumulated depreciation	(26,567)	(22,132)
Total property and equipment, net	$88,875	$88,339

6. Water rights

The Company has recorded intangible assets in the form of water rights with indefinite lives at the Kuner and Gilcrest feedlots. This intangible asset is recorded at its carryover basis of $12.1 million. The Company's annual impairment testing date coincides with its fiscal year-end. If an assessment indicates impairment, the impaired asset is written down to its fair value based on the best information available in accordance with SFAS 142, "*Goodwill and Other Intangible Assets.*" There were no impairments recorded as of September 30, 2008 and March 31, 2008.

7. Other investments

Investments at September 30, 2008 and March 31, 2008 are as follows (in thousands):

	September 30, 2008	March 31, 2008
50% interest—Northern Colorado Feed, LLC	$1,085	$1,033
500,000 common shares—Southfork Solutions, Inc.	600	500
Membership	10	10
Total other investments	$1,695	$1,543

Northern Colorado Feed, LLC—The Company owns a 50% interest in Northern Colorado Feed, LLC, which is an unconsolidated affiliate accounted for under the equity method. Investments in entities in which we lack control but have the ability to exercise significant influence over operating and financial policies are accounted for on the equity method. Under the equity method, the investment, originally recorded at cost, (fair value at date of acquisition) is adjusted to recognize our share of the net earnings or losses of the affiliate as they occur. The Company's share of earnings in the investment for the six months ended September 30, 2008 and 2007 totaled $67 thousand and $142 thousand, respectively.

Southfork Solutions, Inc.—The Company considers their investment in Southfork Solutions available-for-sale as defined in SFAS No. 115. *"Accounting for Certain Investments in Debt and Equity Securities."* Accordingly, this investment is considered an available for sale security recorded at fair value. Fair value was estimated using valuation methodologies based on available and observable market information. Such valuation methodologies include reviewing the value ascribed to the most recent financing proposal by Southfork Solutions and reviewing their underlying financial performance. Southfork Solutions is a privately held company that is developing technology for animal identification and tracking purposes.

Membership—The Company has a membership with Feeders' Advantage LLC, a Idaho limited liability corporation which is 50% owned by MWI Veterinary Supply Co., a wholly owned subsidiary of MWI Veterinary Supply, Inc. The remaining 50% is owned by various members, each paying $10 thousand for membership. As a requirement of membership, each member is required to purchase all of its veterinary supplies from MWI Veterinary Supply.

8. Accrued liabilities

Accrued liabilities at September 30, 2008 and March 31, 2008, were as follows (in thousands):

	September 30, 2008	March 31, 2008
Employee compensation, bonus and benefits	$1,509	$2,820
Reserve for workers compensation and automobile liability insurance	1,441	1,038
Interest	—	286
Other	1,552	1,053
Total accrued liabilities	$4,502	$5,197

9. Note payable

The Company entered into a $550 million revolving credit agreement (the “Facility”) with a maturity date of May 20, 2010. During April 2006, the line of credit was reduced by $25 million as provided for in the credit agreement. At September 30, 2008, the Company was utilizing $444.1 million of the Facility, and had an outstanding letter of credit of $1.5 million leaving $79.4 million in unused line of credit with $31.1 million available to be borrowed by the Company according to the terms of the credit agreement. At March 31, 2008, the Company was utilizing $395.3 million of the Facility, and had an outstanding letter of credit of approximately $1.5 million leaving $128.24 million in unused line of credit with $116.8 million available to be borrowed by the Company according to the terms of the credit agreement. Borrowings under the Facility bear interest at variable rates based on LIBOR. The Company’s policy is to pay down the outstanding principal balance of the line of credit and to borrow additional amounts to finance working capital requirements. Accordingly, the Company classifies the debt as a current liability in the balance sheet. The credit agreement is collateralized by certain fixed assets, accounts receivable and inventories of the Company. Among other requirements, the Facility requires the Company to maintain certain financial ratios, minimum levels of net worth, and establish limitations on certain types of payments, including dividends, investments, and capital expenditures. The Company is in compliance with all covenants.

10. Commitments

The Company utilizes in its operations buildings and equipment which are leased under operating lease agreements, extending through March 2013. The following is a schedule of the future minimum obligations under the operating leases that have initial or remaining non-cancelable lease terms in excess of one year at September 30, 2008 (in thousands):

Periods ending September 30	Amount
2008	$329
2009	218
2010	202
2011	206
2012	211
Thereafter	165
Total	$1,331

Rent expense under all operating leases was approximately $.7 million and $.7 million for the six months ended September 30, 2008 and 2007, respectively. The initial term of the Loveland office lease is seven years with one five-year extension. There is also a separate lease for 2,254 square feet of adjoining office space that is currently being occupied by Five Star Cattle Systems, a MF Cattle Feeding, Inc. subsidiary. The lease allows for 3% annual escalations, and includes the tenant’s pro rata share of operating expenses.

11. Related party transactions

The Company has an agreement with ContiBeef whereby ContiBeef would provide certain services by ContiGroup Companies, Inc. for $1 million annually. Expenses for the six months ended September 30, 2008 and 2007 were $265 thousand and $390 thousand, respectively.

12. Significant customers

Outside customers accounted for 3% and 16% of the total cattle on feed at the Company's feedyards for the six months ended September 30, 2008 and 2007, respectively.

13. Employee benefit plans

The Company sponsored a defined contribution plan 401(k) Plan, administered by The Vanguard Group. All employees may participate by contributing a portion of their annual earnings to the plan. The Company's contributions are based on each participant's level of contribution and cannot exceed the maximum allowable for tax purposes. Total contributions were approximately $105 thousand and $86 thousand for the six month period ended September 30, 2008 and 2007, respectively.

14. Derivative instruments and hedging activity

The Company is exposed to market risk, such as changes in commodity prices for its main raw materials—feeder cattle and corn, and its finished product—live cattle. The Company's exposure to commodity price risk relates to raw material and finished product price fluctuations caused by supply conditions, weather, economic conditions, and other factors. To manage volatility associated with these exposures, the Company may enter into derivative transactions pursuant to established Company policies. Generally, the Company utilizes commodity futures and option contracts to reduce the volatility of commodity input prices on corn and feeder cattle and commodity prices on live cattle.

Options are used to economically hedge a portion of the market risk, even though the Company has elected not to designate these positions as accounting hedges. The Company enters into futures and options transactions with established brokers.

The Company considers its use of derivative instruments to be an economic hedge against changing prices. At September 30, 2008 and March 31, 2008, all open derivative contracts were recorded at fair value in accordance with SFAS No. 133. These contracts are recorded within current assets when the unrealized value is a gain and within current liabilities when the unrealized value is a loss. The Company designates contracts for the future purchase or sale of certain commodities as normal purchase normal sales and thus these contracts are not marked-to-market. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking the hedge transactions. The Company links all hedges to forecasted transactions and assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items, both at the inception of the hedge and on an ongoing basis.

Trading Activities—During the six months ended September 30, 2008 and 2007, the Company had the following derivative activities, which while economic hedges, were not accounted for as hedges and whose gains or losses are reflected in "Other revenues" on the Statements of Operations:

- *Corn Purchases*—As of September 30, 2008 and 2007, the Company had open derivative contracts on 700 thousand and 11.5 million bushels of corn, respectively, to hedge or unwind pricing on future purchases at various feedyards. At September 30, 2008 and 2007, these positions had unrealized losses totaling $557 thousand and $224 thousand, respectively. During the six months ended September 30, 2008, the Company recorded $474 thousand in realized gains on these positions. During the six months ended September 30, 2007, the Company recorded $14 thousand in realized losses on these positions.
- *Feeder Cattle Purchases*—As of September 30, 2008, the Company had open derivative contracts on 300,000 pounds of feeder cattle to hedge purchases at various feedyards which carried an unrealized loss of $8 thousand. At September 30, 2007, there were no open positions on feeder cattle that were not designated as accounting hedges, and realized losses totaling $418 thousand were recorded for the six months then ended.
- *Live Cattle Sales*—As of September 30, 2008 and 2007, the Company had open derivative contracts on 220.4 million and 166.7 million pounds of live cattle, respectively, to hedge future sales at various feedyards. At September 30, 2008 and 2007, these positions had net unrealized losses totaling $2.3 million and $4.3 million, respectively. During the six months ended September 30, 2008 and 2007, the Company recorded realized gains on these positions of $10.8 million and $10.9 million, respectively.
- *Natural Gas Purchases*—During the six months ended September 30, 2008, the Company recorded $23 thousand in unrealized losses on natural gas contracts to hedge future purchases at various feedyards. As of September 30, 2007, there were no open derivative contracts on natural gas.

- *Soybean Meal Purchases*—During the six months ended September 30, 2007, the Company recorded $96 thousand in realized gains on soybean meal. There was no soybean meal derivative contracts traded for the period ended September 30, 2008.

Hedging Activities—During the six months ended September 30, 2008 and 2007, the Company had the following derivatives which were appropriately designated and accounted for as hedges:

- *Feeder Cattle Purchases*—As of September 30, 2008 and 2007, the Company had no open derivative contracts on feeder cattle. For the six months ended September 30, 2007, the Company recorded $229 thousand in realized gains on feeder cattle hedges which have been recorded in other income due to ineffectiveness of these hedges.

- *Live Cattle Sales*—As of September 30, 2008, the Company had open derivative contracts on 164.6 million pounds of live cattle to hedge future sales at various feedyards which are being accounted for as cash flow hedges. These positions had unrealized gains totaling $13.5 million and realized gains totaling $3.3 million which were recorded in accumulated other comprehensive loss. During the six months ended September 30, 2008, the Company realized $13.0 million in losses on live cattle hedges. Of this, $3.7 million of losses have been recorded in cost of sales, and $9.3 million of losses have been recorded in other income due to ineffectiveness of these hedges.

  As of September 30, 2007, the Company had open derivative contracts on 182 million pounds of live cattle to hedge future sales at various feedyards which were being accounted for as cash flow hedges. These positions had unrealized losses totaling $8.7 million and realized losses totaling $1.3 million which were recorded in accumulated other comprehensive income. During the six months ended September 30, 2007, the Company realized $3 million in gains on live cattle hedges. Of this, $600 thousand of gains have been recorded in cost of sales, and $2.4 million in gains have been recorded in other income due to ineffectiveness on these hedges.

15. Disclosures about fair value of financial instruments

The Company adopted SFAS No. 157, *"Fair Value Measurements."* SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires additional disclosures about fair value measurements. The criterion that is set forth in this standard is applicable to the fair value measurement where it is permitted or required under other accounting pronouncements. SFAS No. 157 defines fair value as the exit price, which is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. SFAS No. 157 establishes a three-tier fair value hierarchy that prioritizes inputs to valuation techniques used for fair value measurement.

- Level 1 consists of observable market data in an active market for identical assets or liabilities.
- Level 2 consists of observable market data, other than that included in Level 1, that is either directly or indirectly observable.
- Level 3 consists of unobservable market data. The input may reflect the assumptions of the Company, not a market participant, if there is little available market data and the Company's own assumptions are considered by management to be the best available information.

In the case of multiple inputs being used in fair value measurement, the lowest level input that is significant to the fair value measurement represents the level in the fair value hierarchy in which the fair value measurement is reported. The adoption of SFAS No. 157 has not resulted in any significant changes to the methodologies used for fair value measurement. The Company uses derivatives for the purpose of mitigating exposure to market risk in commodity prices. The Company uses exchange-traded futures and options to hedge grain and natural gas commodities.

The fair value of derivative assets and liabilities are reflected on the balance sheet totaling $13.9 million and $3.3 million, respectively. The fair value measurements are performed on a recurring basis and the level of the fair value hierarchy in which they fall are as follows at September 30, 2008 (in thousands):

Level 1	**September 30, 2008**
Assets:	
Commodity derivatives—total fair value	$13,951
Liabilities:	
Commodity derivatives—total fair value	$3,310

16. Subsequent events

On October 23, 2008, Smithfield Foods acquired from Continental Grain Company its 50% ownership interest in the Company and simultaneously on that date JBS USA, Inc. effectively acquired 100% ownership interest in the Company in a transaction accounted for as a purchase. The livestock inventory was retained by Smithfield Foods and Continental Grain Company. The nature of operations of the Company was modified so that in periods following the change of control, the Company will provide cattle feeding services only and will not sell cattle except on behalf of the cattle owners. As a result of this change, certain accounting policies including derivative trading activities were changed by the successor company.

shares

Common stock

Prospectus

J.P.Morgan **BofA Merrill Lynch**

, 2009

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

No action is being taken in any jurisdiction outside the United States and Brazil to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Until , 2009, all dealers that buy, sell or trade in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

Information not required in the prospectus

Item 13. Other expenses of issuance and distribution.

The following table sets forth the expenses (other than underwriting compensation expected to be incurred) in connection with this offering. All of such amounts (except the SEC registration fee and FINRA filing fee) are estimated.

SEC registration fee	$111,600
FINRA filing fee	75,500
NYSE listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of directors and officers.

Upon completion of this offering, the Registrant's amended and restated certificate of incorporation will contain provisions that eliminate, to the maximum extent permitted by the General Corporation Law of the State of Delaware, the personal liability of the Registrant's directors and executive officers for monetary damages for breach of their fiduciary duties as directors or officers. The Registrant's amended and restated certificate of incorporation and bylaws will provide that the Registrant must indemnify its directors and executive officers and may indemnify its employees and other agents to the fullest extent permitted by the General Corporation Law of the State of Delaware.

Sections 145 and 102(b)(7) of the General Corporation Law of the State of Delaware provide that a corporation may indemnify any person made a party to an action by reason of the fact that he or she was a director, executive officer, employee or agent of the corporation or is or was serving at the request of a corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of an action by or in right of the corporation, no indemnification may generally be made in respect of any claim as to which such person is adjudged to be liable to the corporation.

The Registrant has entered into indemnification agreements with its current directors and executive officers, in addition to the indemnification provided for in its amended and restated certificate of incorporation and bylaws, and intends to enter into indemnification agreements with any new directors and executive officers in the future.

The Registrant has purchased and intends to maintain insurance on behalf of each any person who is or was a director or officer of the Registrant against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The Underwriting Agreement (see Exhibit 1.1 hereto) provides for indemnification by the international underwriters of the Registrant, certain of its stockholders and its executive officers and directors, and by the Registrant of the underwriters, for certain liabilities, including liabilities arising under the Securities Act.

See also the undertakings set out in response to Item 17 herein.

Item 15. Recent sales of unregistered securities.

On April 27, 2009, in a transaction exempt from the registration requirements of the Securities Act of 1933, or the Securities Act, our wholly owned subsidiaries JBS USA, LLC and JBS USA Finance, Inc. issued 11.625% senior unsecured notes due 2014 in an aggregate principal amount of $700.0 million, which, after deducting initial purchaser discounts, commissions and expenses in respect of this offering, generated net proceeds of approximately $650.8 million. The notes were sold to several initial purchasers for whom J.P. Morgan Securities Inc. and Banc of America Securities LLC acted as representatives, and resold by the initial purchasers to qualified institutional buyers in reliance upon Rule 144A under the Securities Act and to persons outside the United States in reliance upon Regulation S of the Securities Act. The proceeds of the note issuance were used to repay $100.0 million of borrowings under our secured revolving credit facility and to repay $550.8 million of the outstanding principal and accrued interest on intercompany loans to us from a subsidiary of JBS S.A.

Item 16. Exhibits and financial statement schedules.

The following Exhibits are filed as part of this Registration Statement.

(a) Exhibits:

The attached exhibit index is incorporated herein by reference.

(b) Financial statement schedules.

None.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the international underwriting agreement certificates in such denominations and registered in such names as required by the international underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greeley, State of Colorado, on July 22, 2009.

JBS USA HOLDINGS, INC.

By: /s/ WESLEY MENDONÇA BATISTA

Name: Wesley Mendonça Batista
Title: Chief Executive Officer

Power of attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Wesley Mendonça Batista, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign (1) any and all amendments to this Form S-1 (including post-effective amendments) and (2) any registration statement or post-effective amendment thereto to be filed with the Securities and Exchange Commission pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any other regulatory authority, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ WESLEY MENDONÇA BATISTA **Wesley Mendonça Batista**	President, Chief Executive Officer and Director (Principal Executive Officer)	July 22, 2009
/s/ ANDRÉ NOGUEIRA DE SOUZA **André Nogueira de Souza**	Chief Financial Officer (Principal Financial and Accounting Officer)	July 22, 2009
/s/ JOESLEY MENDONÇA BATISTA **Joesley Mendonça Batista**	Director	July 22, 2009
/s/ JOSÉ BATISTA JÚNIOR **José Batista Júnior**	Director	July 22, 2009

Exhibit index

Exhibit number	Exhibit title
1.1*	Form of Underwriting Agreement
3.1*	Certificate of Incorporation of the Registrant, as currently in effect
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be effective upon closing of the offering
3.3*	Bylaws of the Registrant, as currently in effect
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be effective upon closing of the offering
4.1*	Specimen Common Stock Certificate of the Registrant
5.1*	Opinion of White & Case LLP
10.1.1	Indenture by and among JBS USA, LLC, JBS USA Finance, Inc., JBS USA Holdings, Inc., each of the other guarantors named therein, and The Bank of New York Mellon, dated April 27, 2009
10.1.2	Indenture by and between JBS S.A., JPMorgan Chase Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and J.P. Morgan Bank Luxembourg S.A., dated August 4, 2006
10.1.3	First Supplemental Indenture by and between JBS S.A., JBS Finance Ltd., Flora Produtos de Higiene e Limpeza Ltda., and The Bank of New York Mellon, dated January 31, 2007
10.1.4	Second Supplemental Indenture by and between JBS S.A., JBS Finance Ltd., the Registrant, and The Bank of New York Mellon, dated September 6, 2007
10.1.5	Third Supplemental Indenture by and between JBS S.A., JBS Finance Ltd., and The Bank of New York Mellon, dated August 14, 2008
10.1.6*	Revolving Loan Credit Agreement by and among JBS USA, LLC (formerly JBS USA, Inc.), the other credit parties signatories thereto, General Electric Capital Corporation, GE Capital Markets, Inc., Credit Suisse Securities (USA) LLC, Rabobank Nederland, JPMorgan Securities Inc. and JPMorgan Chase Bank, N.A., dated November 5, 2008
10.1.7*	Amendment No. 1 to Revolving Loan Credit Agreement, dated December 29, 2008
10.1.8*	Amendment No. 2 to Revolving Loan Credit Agreement, dated April 22, 2009
10.1.9*	Guaranty and Security Agreement by and among JBS USA, LLC (formerly JBS USA, Inc.), each other grantor party thereto and General Electric Capital Corporation, dated November 5, 2008
10.1.10*	Amended and Restated Credit Agreement by and among J&F Oklahoma Holdings Inc., Five Rivers Ranch Cattle Feeding, LLC, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, each of the banks or other lending institutions which is a signatory thereto, ING Capital LLC, Bank of America, N.A., US Bank National Association, and Wells Fargo Bank, National Association, dated October 7, 2008
10.1.11*	Second Amendment to Amended and Restated Credit Agreement by and among J&F Oklahoma Holdings Inc., Five Rivers Ranch Cattle Feeding LLC, each of the banks or other lending institutions which is a signatory thereto, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, dated October 31, 2008

Exhibit number	Exhibit title
10.1.12*	Amended and Restated Security Agreement by and among J&F Oklahoma Holdings Inc., Five Rivers Ranch Cattle Feeding LLC, any subsidiary of J&F Oklahoma Holdings Inc. and/or Five Rivers Ranch Cattle Feeding LLC that may execute and deliver the Subsidiary Joinder Agreement, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, dated October 7, 2008
10.1.13*	Consolidated, Amended and Restated Intercompany Loan Agreement dated April 27, 2009 by and between JBS HU Liquidity Management LLC and its Swiss branch, JBS HU Liquidity Management LLC Szombathely (HU) Zug Branch, and JBS USA Holdings, Inc.
10.1.14*	Corporate Offer Letter, by and among Swift Australia (Southern) Pty Limited (formerly Tasman Group Services Pty Ltd A.C.N., Baybrick Pty Ltd, JBS Southern Australia Pty Ltd, JBS Southern Holdco Pty Ltd and NAB, dated May 2, 2008
10.1.15*	AUD120,000,000 Facilities Agreement, by and among Swift Australia Pty Ltd, the guarantors specified therein and Australia and New Zealand Banking Group Limited, dated February 26, 2008
10.1.16*†	Raw Material Supply Agreement, by and between JBS USA Holdings, Inc. and Beef Products Inc., dated February 27, 2008
10.1.17*†	First Amendment to Raw Material Supply Agreement entered into between JBS USA Holdings, Inc. and Beef Products Inc. on February 27, 2008, dated October 20, 2008
10.1.18*	Amended and Restated Promissory Note issued by JBS USA Holdings, Inc. in favor of NBPCO Holdings, LLC, in the amount of US$173,191,457.37, dated December 18, 2008
10.1.19*	Cattle Purchase and Sale Agreement by and between JBS USA, LLC and J&F Oklahoma Holdings Inc., dated October 23, 2008
10.1.20*	Cattle Supply and Feeding Agreement by and between Five Rivers Ranch Cattle Feeding LLC and J&F Oklahoma Holdings Inc., dated October 23, 2008
10.1.21*	JBS USA Holdings, Inc. 2009 Stock Incentive Plan
15	Letter of BDO Seidman, LLP regarding unaudited interim financial information
21	List of subsidiaries of the Registrant
23.1	Consent of BDO Seidman, LLP
23.2	Consent of Grant Thornton LLP
23.3	Consent of Ernst & Young LLP
23.4	Consent of Deloitte & Touche LLP
23.5*	Consent of White & Case LLP (included in Exhibit 5.1)
24	Power(s) of attorney (included in the signature pages)

* To be filed by amendment.
† Portions of these documents are expected to be omitted pursuant to a request by the Registrant for confidential treatment.

Certain debt instruments of the Registrant and its subsidiaries have been omitted as exhibits because the amounts involved in such debt instruments are less than 10% of the Registrant’s total assets. Copies of debt instruments for which the related debt is less than 10% of the Registrant’s total assets will be furnished to the Commission upon request.