

Sponsors

We thank the following sponsors:

Gold

Boehringer-Ingelheim Vetmedica, Inc.
Pfizer Animal Health

Bronze

Alpharma Animal Health
Bayer Animal Health
Intervet/Schering Plough Animal Health
National Pork Board

Copper

AgStar Financial Services
American Association of Swine Veterinarians
IDEXX
IVESCO
Novartis Animal Health US, Inc.
Novus International Inc.
PIC USA
PigCHAMP

University of Minnesota Institutional Partners

College of Veterinary Medicine
University of Minnesota Extension
College of Food, Agriculture and Natural Resources Sciences

Formatting

Tina Smith Graphics
www.tinasmithgraphics.com

CD-ROM

David Brown
www.davidbrown.us

Logo Design

Ruth Cronje, and Jan Swanson;
based on the original design by Dr. Robert Dunlop

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, or sexual orientation.

A Wall Street view of the protein markets

Farha Aslam

Stephens Inc., Food & Agribusiness Equity Research

Recent trends:

- Equity markets have been volatile
- Hog markets have been tough to predict
- Leg quarter prices have been variable
- Cattle prices have also vacillated
- Grain prices have gone up and down
- Protein stocks challenging investments
- Investors prefer to rent rather than own
- Brazilian protein companies expand

➤ JBS

• Brazil

- ◆ Bertin
- ◆ JBS Hides

• United States

- ◆ Swift Beef
- ◆ Smithfield Foods Beef
- ◆ Five Rivers
- ◆ Pilgrims Pride (64%)

• Europe

- ◆ Inalca

• Australia

- ◆ Tasman

➤ Marfrig

• Brazil

- ◆ Pampeano
- ◆ Mabella
- ◆ DaGranja
- ◆ Pena Branca
- ◆ Seara

• United States

- ◆ Keystone Foods

• Europe

- ◆ Moy Park

• Other South American

- ◆ Quickfood
- ◆ Zenda

Advantages of global presence

- Geographic diversification reduces risk
- Scale to optimize production platform
- Customer relationships leveraged across markets and proteins

Successful business strategies

- Strong balance sheet
- Best cost producer
- Well defined risk management
- Clear growth strategy
- Good communication

Best cost producer

- Products with adequate ROIC
- Consistent capital investments in the right place
- Careful site selection for plants
- Constant measurement
- Aggressive benchmarking

Well defined risk management

- Predictability is a myth
- On any given day, anything can happen
- Some events are rare and inconsequential
- But others can be rare and catastrophic
- Identify and assess risks

Farha Aslam

- Know the Numbers
- Assess the risk/return ratio
- Commit adequate resources
- Continually reassess risks

Clear Growth Strategy

- Better aligned business organization
- Disciplined execution
- More efficient capital allocation

Good communication

- Define Sstakeholders
- Share success and failure
- Consistency key to building credibility

Future opportunities and challenges

- Consolidation
- Environment, animal welfare, sustainability
- Population growth
- GDP growth
- Global trade
- Protein sector consolidation
- Retail consolidation

Protein demand growth

- Population growth
- Income expansion

Global trade risks

- Disease concerns
 - BSE (mad cow)
 - Avian influenza (bird flu)
 - H1N1 (swine flu)
- Political issues
 - Recent russian trade restrictions
 - Chinese tariffs on US poultry products

Global trade challenges

- Brazil expanding production
- Russia: Importer to exporter
- WTO Doha trade negotiations stalled
- Free trade agreements not ratified

Conclusion

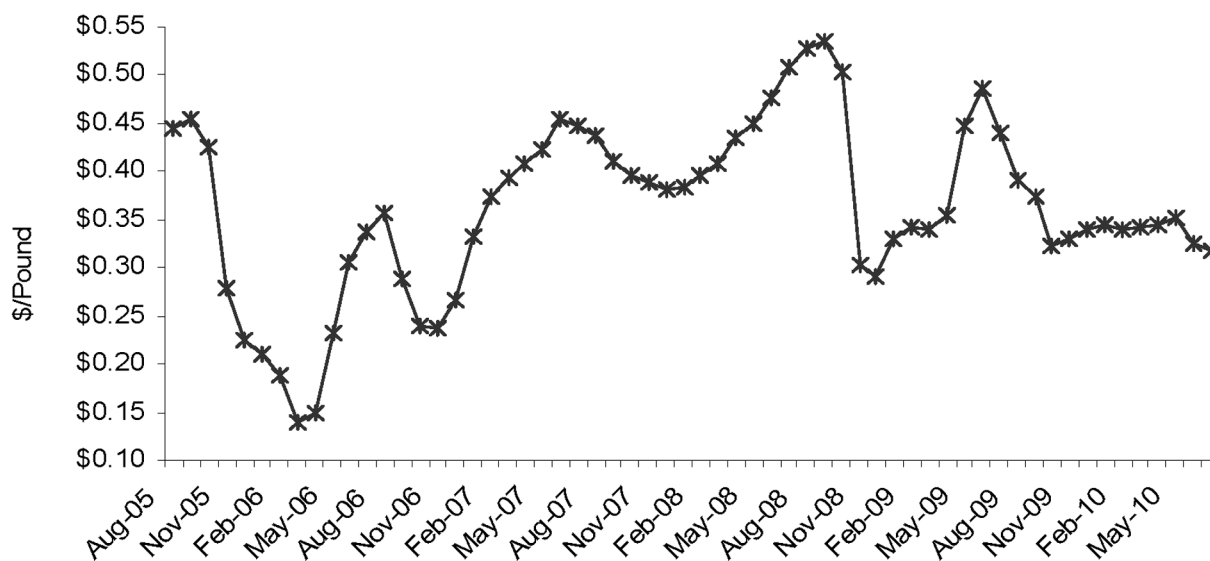
- Protein markets will Become more global
- Prices and input costs will be volatile
- Good operators have opportunity to grow

Hog markets have been tough to predict



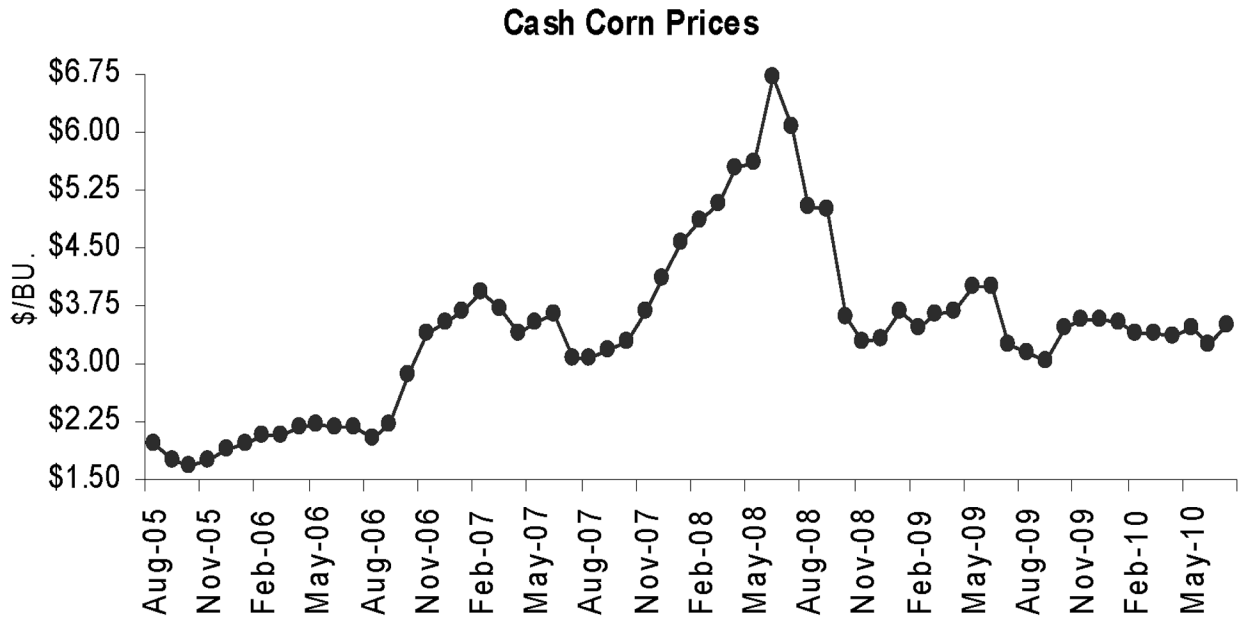
Source: FactSet Research Systems Inc. and Stephens Inc

Leg quarter prices have been variable



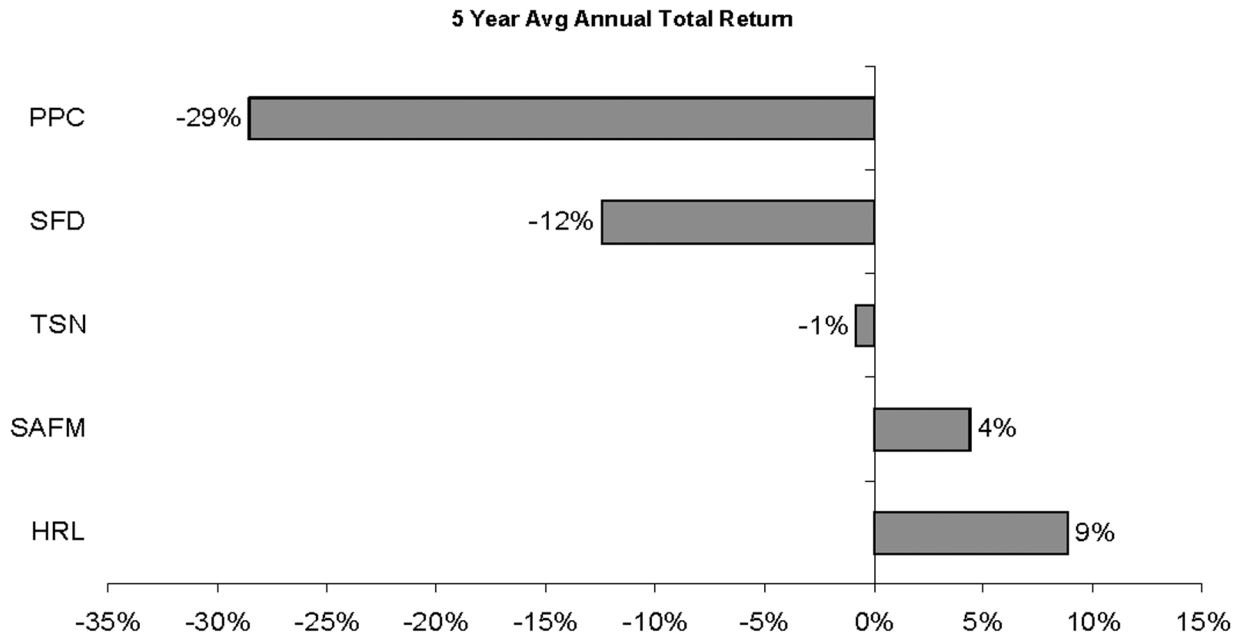
Source: USDA and Stephens Inc.

Grain prices have gone up and down



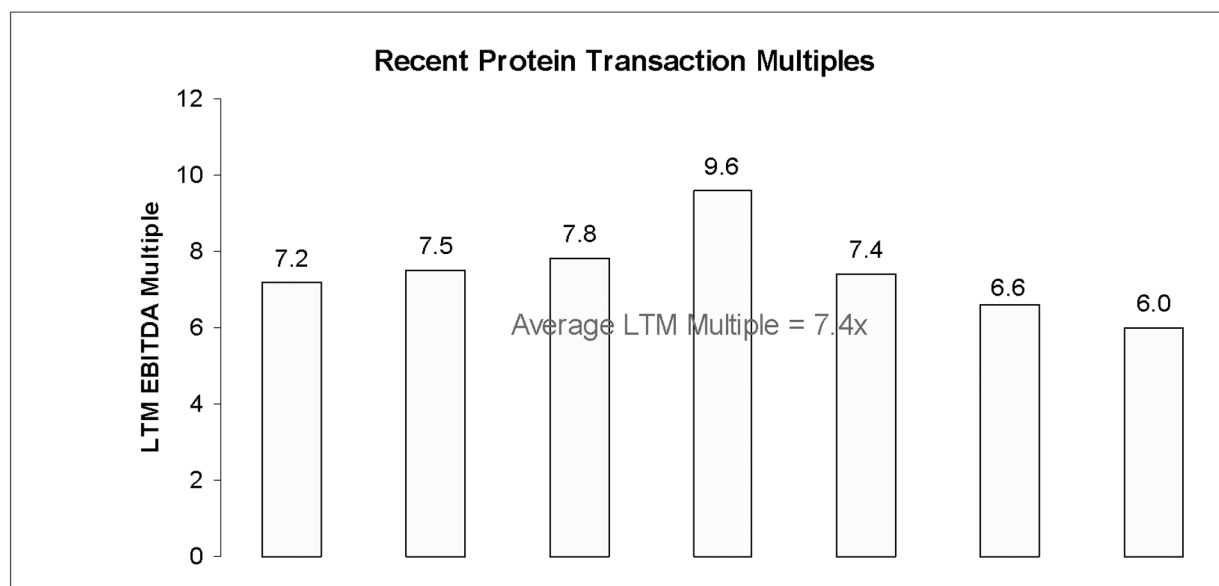
Source: Wall Street Journal and Stephens Inc.

Protein stocks challenging investments



Source: Company Reports and Stephens Inc.

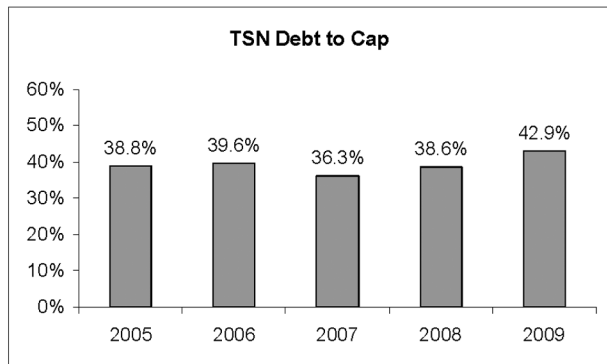
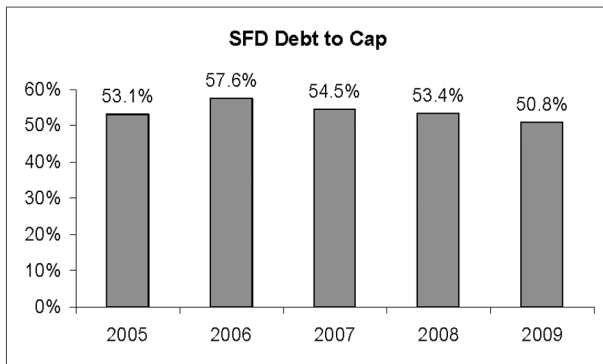
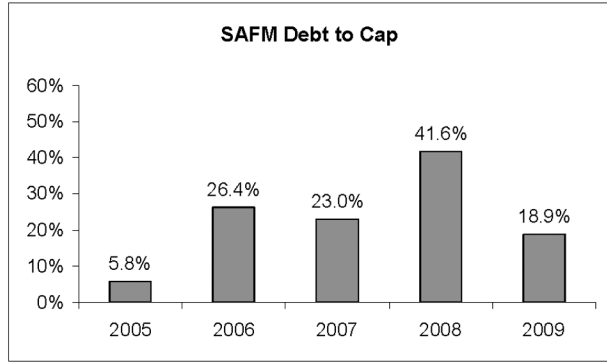
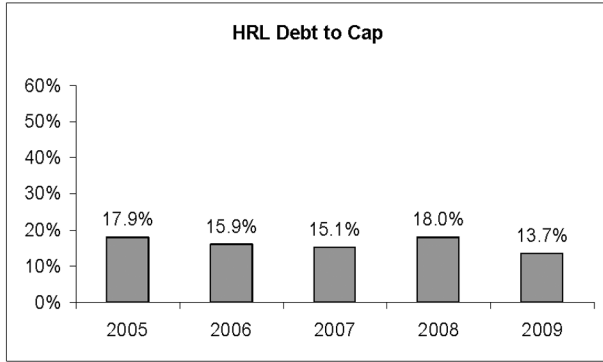
Protein transaction values



Transaction Date	Pending	1/4/2010	12/28/2009	9/18/09	12/17/08	10/23/08	6/8/07
Target	Keystone Foods, LLC	Seara Alimentos SA	Pilgrim's Pride Corp	Sadia S.A.	Groupe Smithfield	Smithfield Beef	Swift & Co.
Acquirer	Marfrig Alimentos SA	Marfrig Alimentos SA	JBS USA	Perdigao SA	Campofrio	JBS S.A.	JBS S.A.
Transaction Value	\$1,260	\$900	\$3,105	\$4,561	\$1,058	\$565	\$1,388
LTM Sales Multiple	0.2	0.5	0.4	0.9	0.6	0.2	0.1
Norm. EBITDA Multiple	7.2	7.5	7.8	9.6	7.4	6.6	6.0

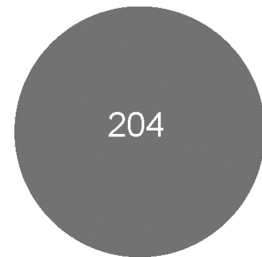
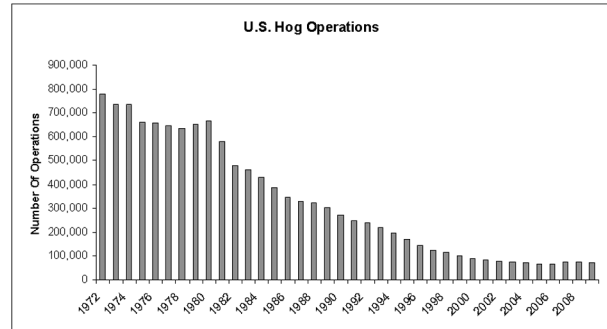
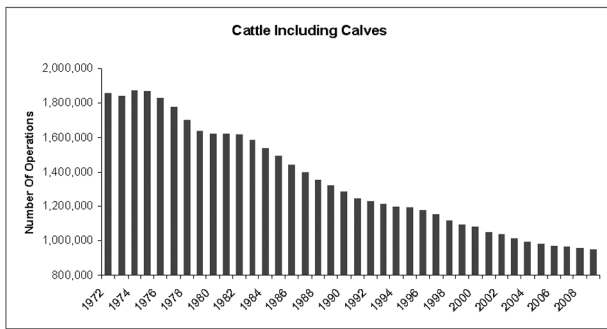
Source: Company Reports, Capital IQ and Stephens Inc.

Strong balance sheet



Source: Company Reports and Stephens Inc.

Protein sector consolidation



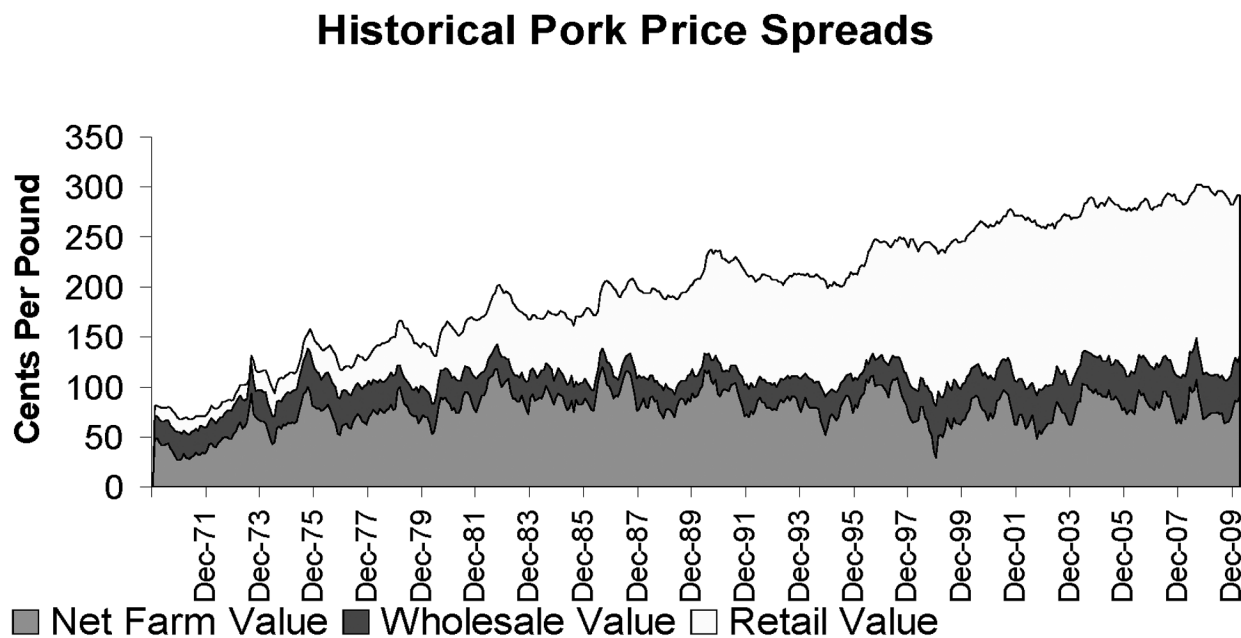
Source: USDA, WattPoultry and Stephens Inc.

Retail consolidation



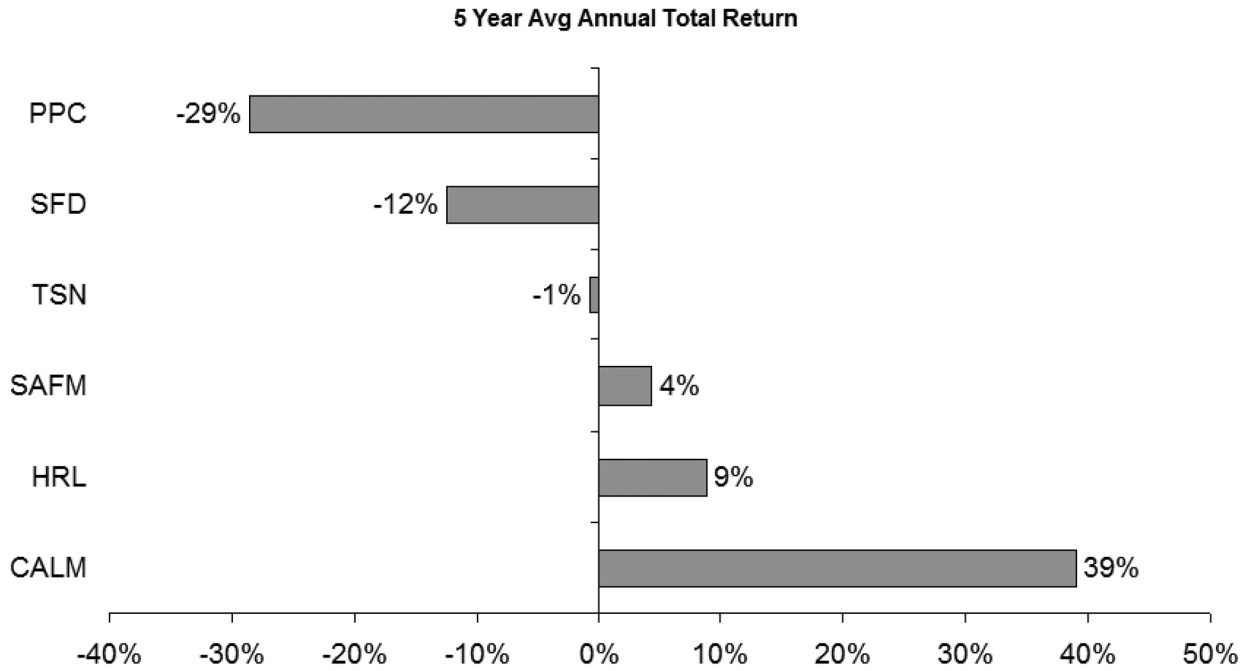
Source: U.S. Census Bureau and Stephens Inc.

Retailers have garnered share of profit pool



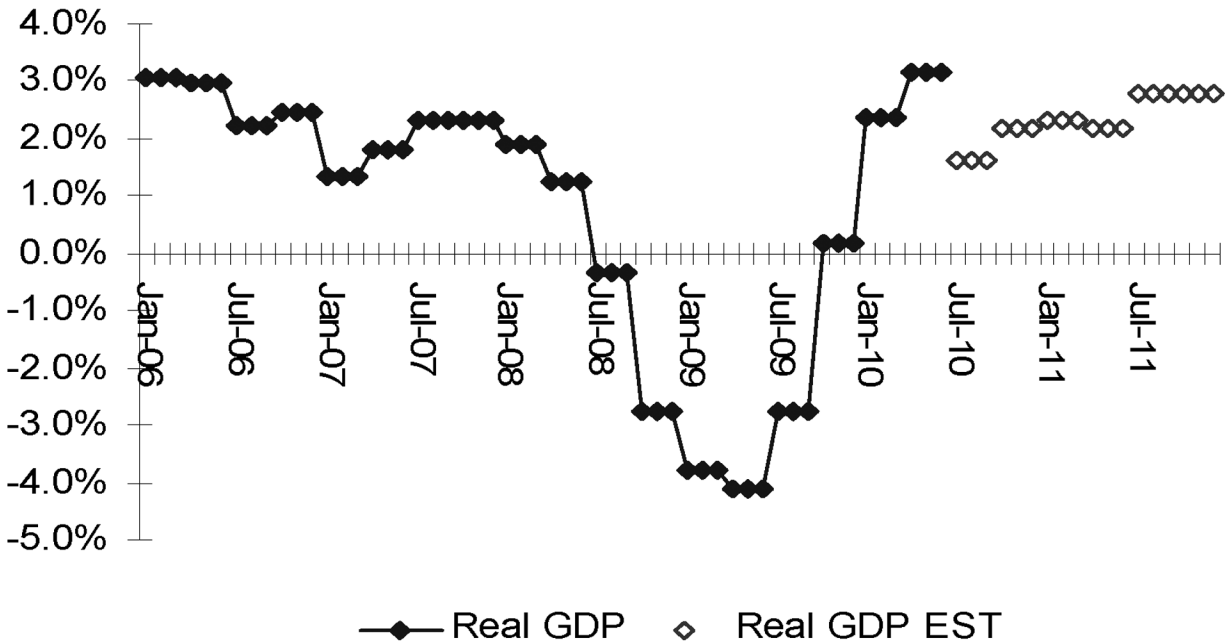
Source: USDA and Stephens Inc.

Environment, animal welfare, sustainability



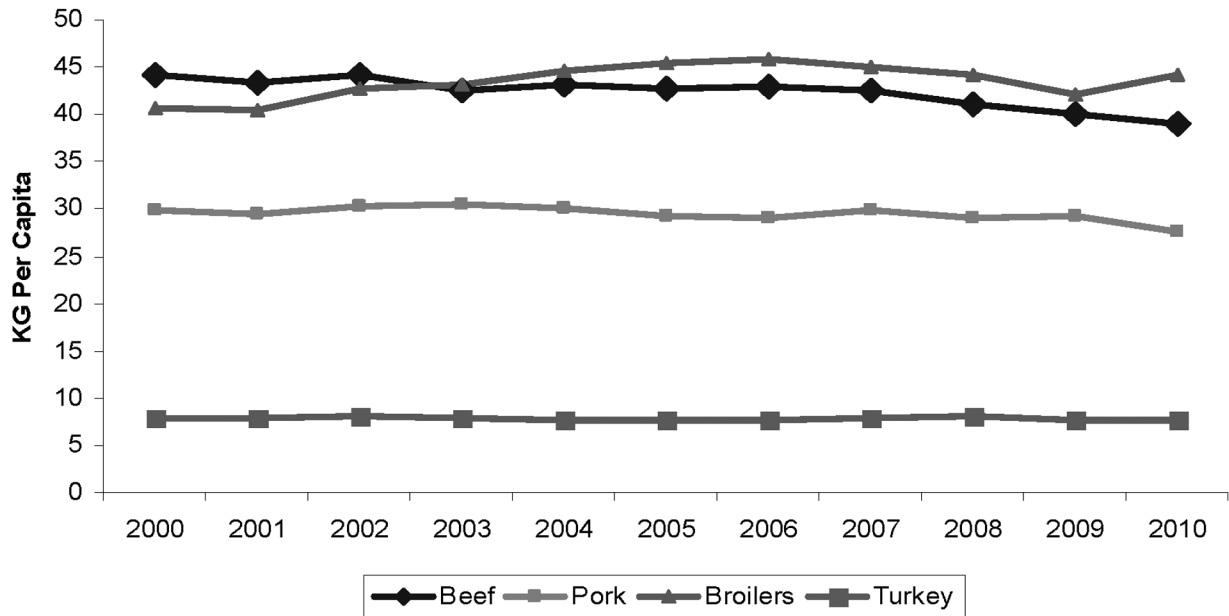
Source: Company Reports and Stephens Inc.

US GDP growth



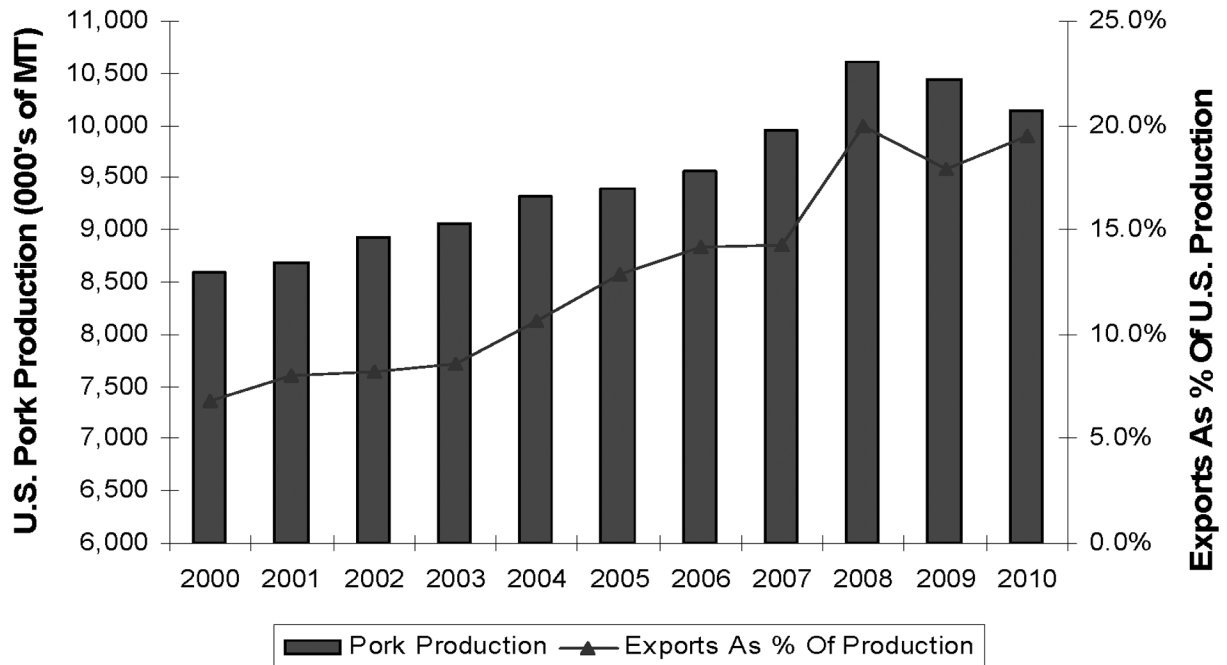
Source: U.S. Bureau of Labor Statistics and Stephens Inc.

US per capita protein consumption



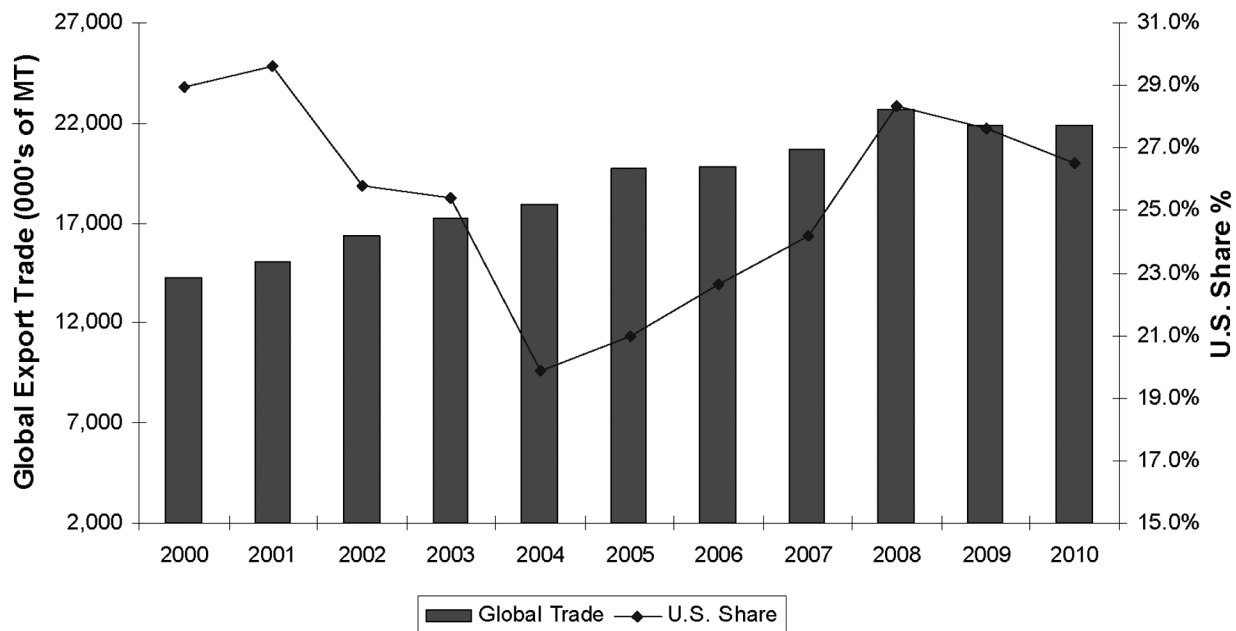
Source: USDA and Stephens Inc.

Exports greater portion of production



Source: USDA and Stephens Inc.

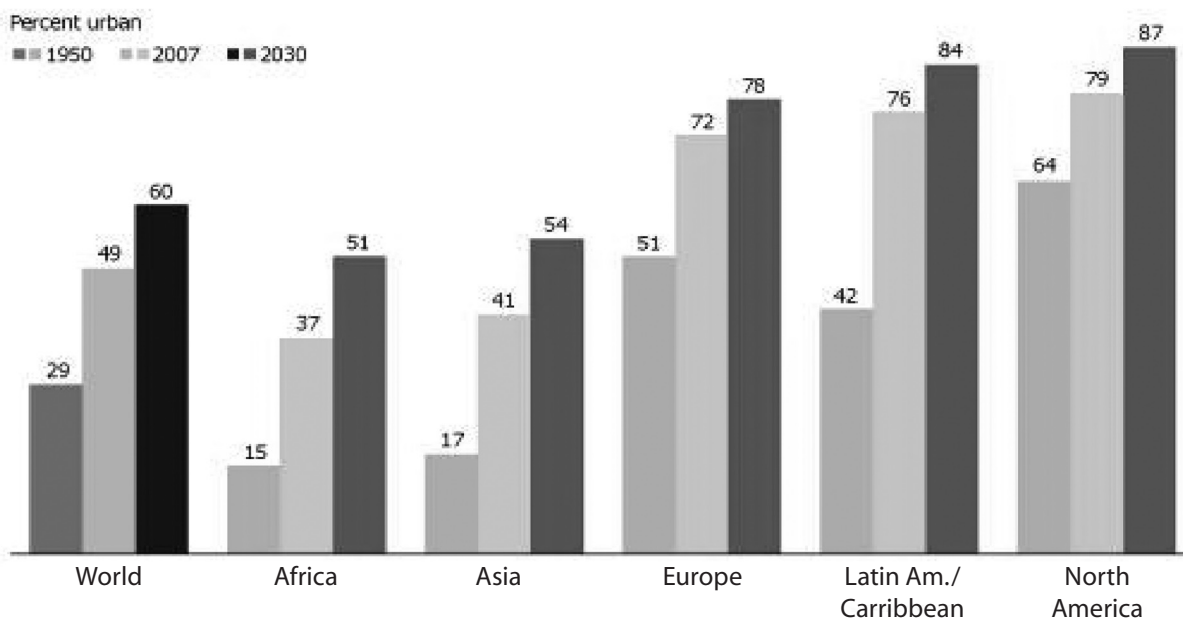
Global protein trade trends



Source: USDA and Stephens Inc.

Global urbanization

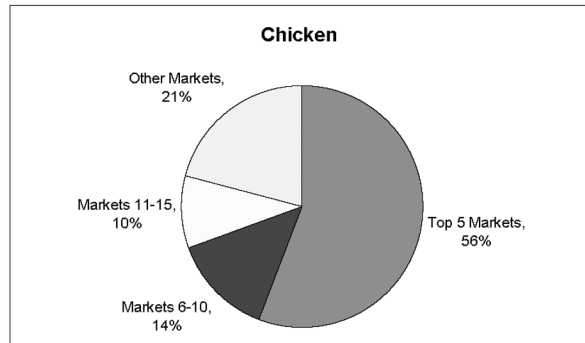
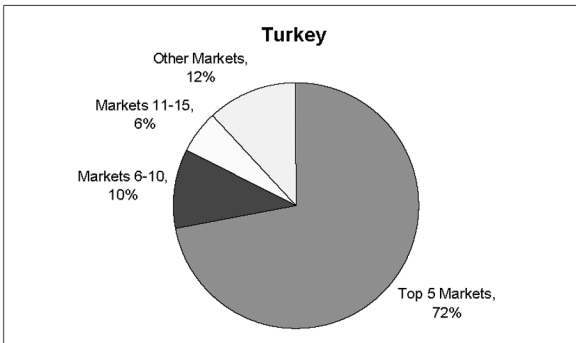
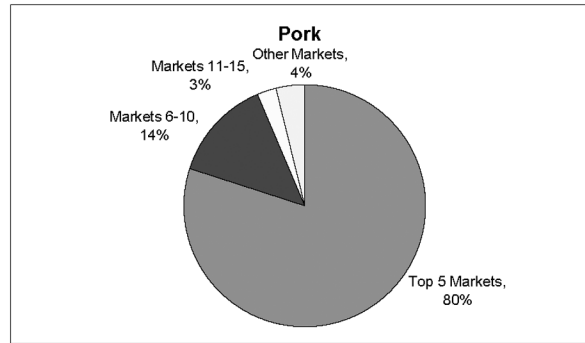
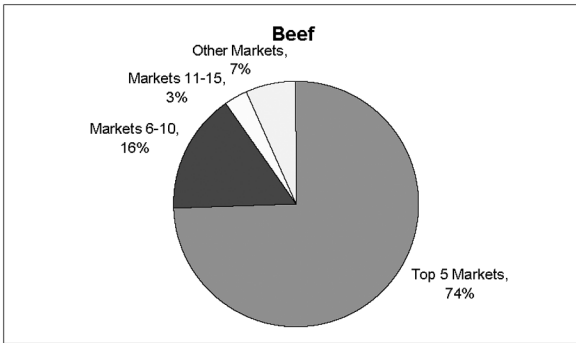
By 2030, nearly two-thirds of the world's population will live in urban areas



Source: Bureau of Labor Statistics and Stephens Inc.

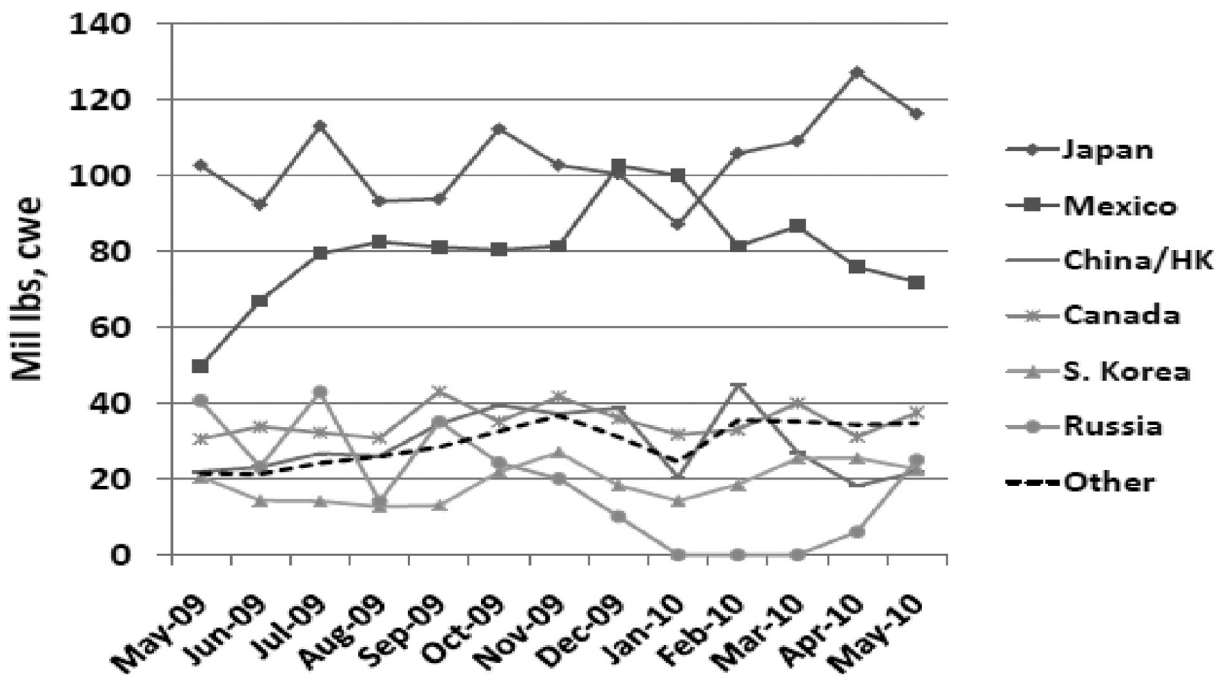
A Wall Street view of the protein markets

US protein trade concentration



Source: USDA, USMEF and Stephens Inc.

US pork exports



Source: Global Agritrends and Stephens Inc.

Farha Aslam

Public companies mentioned in this presentation:

Hormel Foods (HRL-\$XX.XX)

Sanderson Farms (SAFM-\$XX.XX)

JBS SA (JBSAY-\$XX.XX)

Smithfield Foods (SFD-\$XX.XX)

Pilgrims Pride Cor. (PPC-\$XX.XX)

Tyson Foods (TSN-\$XX.XX)

Private and foreign companies mentioned in this presentation:

Marfrig Alimentos SA

Keystone Foods

Perdigao

Sadia

Campofrio

REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this presentation has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Rating definitions:

Company stock ratings: OVERWEIGHT (O) – The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) – The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) – The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) – The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc.'s Ratings (as of 6/30/10)

	% Investment Banking Clients	
<u>Rating</u>	<u>%</u>	<u>(Past 12 Months)</u>
BUY	57	20
HOLD	42	5
SELL	1	0

OTHER DISCLOSURES

This presentation has been prepared solely for informative purposes as of its stated date and is not a solicitation, or an offer, to buy or sell any security. It does not purport to be a complete description of the securities, markets or developments referred to in the material. Information included in the presentation was obtained from internal and external sources which we consider reliable, but we have not independently verified such information and do not guarantee that it is accurate or complete. Such information is believed to be accurate on the date of issuance of the presentation, and all expressions of opinion apply on the date of issuance of the presentation. No subsequent publication or distribution of this presentation shall mean or imply that any such information or opinion remains current at any time after the stated date of the presentation. We do not undertake to advise you of any changes in any such information or opinion. Additional information available upon request.

