Market Value
R$ 31.8 billion
US$ 17.1 billion

Prices
BRFS3 R$ 36.42
BRFS US$19.55

Shares:
872,473,246
Common shares
3,019,442
Treasury shares

Basis:12/31/11

BRF Webcast

Data: 03/23/2012

09h00 Portuguese
11h30 English

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Dear Shareholders

BRF – Brasil Foods S.A. (BM&FBOVESPA: BRFS3 and NYSE: BRFS) announces its results for the year 2011 - one to be commemorated for its intense activity, challenges and many important achievements – part of the process of building a major company born from the merger of two companies with a track record of more than 70 years.

With the approval of the merger between BRF and Sadia by the Administrative Council for Economic Defense (CADE) in July, we have advanced in the direction of building a solid Brazilian multinational in the food sector - cause for satisfaction and pride among our entire team.

In 2011, we were confronted with a hostile scenario in the export market with the deceleration in several of the world economies and the continual appreciation of the Real. Our costs also came under pressure as a result of the rise in commodity prices and an increase in payroll above inflation. However, it was exactly in this inclement environment that we succeeded in ending the year with excellent results, given the momentum, clear evidence of the Company's major potential going forward and this in spite of the delay during a good part of the year before receiving the final report on the merger from the anti-trust authorities.

Net sales amounted to R$ 25.7 billion, 13.3% greater than in 2010, closing 2011 with an output equivalent to 6.2 million tons of products. Cash generation expressed as EBITDA, grew 23.1%, reaching R$ 3.2 billion. Net income reported year-on-year growth of 97% reaching R$1.6 billion adjusted for the provision for the incorporation of Sadia S.A., scheduled to take place in 2012. These results have been made possible thanks to the capture of synergies from the merger, swift remedial action in the face of cost increases, the penetration of our brands and our widely dispersed distribution network in the domestic market.

We continue to invest heavily in Brazil and to move forward with our internationalization through selective acquisitions and the construction of a plant overseas. Out of investments of R$ 1.9 billion during the year, we allocated R$ 260.2 million to new businesses, including acquisitions.

We see great potential in the Argentine market and its vocation for agribusiness and for this reason, have expanded our operation in Argentina through the intermediary of the BRF unit. This will be in addition to the existing Sadia businesses and the two acquisitions made during the year, Avex and the Dánica Group. We will also absorb the processed division of Quickfoods and with it, the Paty brand (absolute leader in its category) to be received from Marfrig in exchange for the assets which we shall transfer during 2012 as part of the agreement signed with CADE.

During the year, we took the decision to build a processed products plant in the United Arab Emirates, a region strategic to our internationalization process. Forecast to be unveiled in early 2013, this unit will be important in consolidating the Company's share of Halal-related products market. Local

production capacity will allow us to offer flexibility and adapt our products to regional and cultural demands and also expand the food service and retail portfolio enabling closer proximity to the region's consumers.

The Company is also expanding its horizons in Asia. In addition to opening a sales office in China, we have constituted a joint venture with Dah Chong Hong Limited. This operation will allow us to distribute our products in the Chinese market, process meat at local units, disseminate the Sadia brand and enter the retail and food channels. There are also plans before the end of 2013, to build a plant in the country.

From the point of view of organizing our operations, the year was particularly notable for the unification and modernization of IT systems (SAP). We have also standardized processes and implemented a structure to monitor projects/synergies (PMO), which has permitted us to make advances in the merger process and to effectively operate as a single company with all that this represents in the administrative, commercial, manufacturing, human and behavioral areas. We have made progress in the capture of synergies post merger, achieving a gross gain of R$ 702 million in 2011 (R$ 562 million of net synergies before tax and participations) in a period in which we were still operating with the companies on only a partially unified basis.

New challenges lie ahead, inherent to the current stage of our business and arising from a macroeconomic scenario which remains volatile, principally in the overseas market. However, in the domestic market we see a positive outlook both in the traditional retailing area as well as in the food service business, notwithstanding the first half of 2012, when we expect to see continued adaptations due to the implementation of the Performance Commitment Agreement with CADE. In parallel, we will continue to pursue projects which seek to capture synergies and efficiency gains while investing substantially in improvements to the commercial, logistics and innovation areas. We will be working on this in juxtaposition with the formation of the new Company's internal culture which also involves the integration of customs, values and credos of the countries where we are developing new businesses.

Again we are developing our commitment to building a better society, implementing at all stages of the production chain the mission to promote sustainability and improve the relationship with our stakeholders. It is in this spirit that we are developing actions of socio-environmental responsibility notably in the form of control of emissions, reduced water consumption and an enhanced relationship with the communities surrounding our operations. Our commitment is to local development based on initiatives identified and conducted jointly with community representatives. Such initiatives are in alignment with the principles of the Global Compact to which the Company subscribes in relation to human rights, labor rights, the environment and combating corruption.

The Company has improved the opening of the segments in which it operates segregating those for the domestic market, export market, food service and dairy products in line with its governance policy, the objective of which is transparency of the businesses and accountability in the rendering of corporate information.

Results to date show that we are on the right track and prepared to overcome the challenges that we will certainly face if we are to achieve our ambitions. In pursuit of these conquests, we are counting on a team driven by a commitment to the Company and guided by the ethical convictions which are enshrined in our organizational culture. These are characteristics which make the difference in scaling even greater heights in the global food market.

São Paulo (SP), March 2012.

Nildemar Secches
Chairman of the Board of Directors

José Antonio do Prado Fay
Chief Executive Officer

FINANCIAL INFORMATION- 4Q11 and 2011

2011

- Net sales totaled R$ 25.7 billion, a 13.3% increase driven by the performance of the principal segments in the Company's business;
- Total volume reached 6.2 million tons, a growth of 2.1%, particularly supported by the meat business in the domestic market and the food service segment.
- Gross profit was R$ 6.7 billion, a 16.2% increase.
- EBITDA posted a record R$ 3.2 billion, 23.1% higher and equivalent to an EBITDA margin of 12.6% (100 basis points superior) reflecting the performance of the Company's businesses and the capture of synergies, although grain costs and instability in export markets caused some pressure on margins.
- Net income was R$ 1.4 billion, representing a 5.3% net margin and 70.1% increase. Net income adjusted for the provision of R$ 215 million realized for the incorporation of Sadia S.A., was R$ 1.6 billion, 96.8% higher.
- Financial trading volume in the Company's shares reached an average of US$ 79.6 million/day for the year, 74.1% greater than reported for 2010.

4Q11

- Net sales totaled R$ 7.1 billion, an increase of 10.9%, driven principally by the performance in sales of the processed meat segments to the domestic and food service market;
- Total volumes reached 1.6 million tons, a growth of 3.6%, supported by sales of festive product lines.
- Gross profit totaled R$ 1.9 billion, 5.8% higher with a gross margin of 27.4%.
- EBITDA reached R$ 919.5 million, 4.1% down on the fourth quarter for the previous year with an EBITDA margin of 13%, a reflection of export performance.
- Net income was R$ 121.0 million, equivalent to a 1.7% net margin, a decline of 66.4% due to the recognition of the provision for the incorporation of Sadia S.A., due to be concluded before the end of 2012. The net result adjusted for the provision was R$ 336 million, a 7% decline.
- Financial trading volume in the Company's shares posted an average US$ 69.5 million/day in the quarter, 40.5% higher than in 4Q10.

HIGHLIGHTS (R$ Million)	4Q11	4Q10	% Ch.	2011	2010	% Ch.
Net Sales	**7,099**	6,400	10.9	**25,706**	22,681	13.3
Domestic Market	**4,303**	4,009	7.3	**15,419**	13,515	14.1
Exports	**2,796**	2,391	16.9	**10,287**	9,166	12.2
Gross Profit	**1,947**	1,840	5.8	**6,659**	5,730	16.2
Gross Margin	***27.4%***	*28.7%*	*-130 bps*	***25.9%***	*25.3%*	*60 bps*
EBIT[1]	**704**	781	(9.8)	**2,395**	1,874	27.8
Net Income	**121**	360	(66.4)	**1,367**	804	70.1
Net Margin	***1.7%***	*5.6%*	*-390 bps*	***5.3%***	*3.5%*	*180 bps*
Adjusted Net Income*	**336**	360	(6.7)	**1,582**	804	96.8
*Adjusted Net Margin**	***4.7%***	*5.6%*	*-90 bps*	***6.2%***	*3.5%*	*270 bps*
EBITDA	**920**	959	(4.1)	**3,244**	2,635	23.1
EBITDA Margin	***13.0%***	*15.0%*	*-200 bps*	***12.6%***	*11.6%*	*100 bps*
Earnings per share[2]	**0.14**	0.41	(66.3)	**1.57**	0.92	70.5
Adjusted earnings per share	**0.39**	0.41	(6.5)	**1.82**	0.92	**97.3**

(1) - Adjusted Net Income - Excluding the absorption of the tax loss relative to the incorporation of Perdigão Agroindustrial S.A. booked to first quarter results 2009.

(2) - Consolidated earnings per share (in R$), excluding treasury shares and including the split of shares approved on April, 2010.

*Adjusted Net Income - Excluding the absorption of the tax loss relative to the incorporation of Sadia SA. booked to 2012, in the amount of R$215 million.

(The variations commented in this report are comparisons for the 4th quarter 2011 in relation to the 4th quarter 2010, or for the accumulated period January to December 2011 in relation to the accumulated period January to December 2010.

SECTORIAL PERFORMANCE

Global Economy – The economies of the leading emerging market economies continued to expand, sustaining world growth in spite of uncertainties in the Eurozone and slower growth in the developed economies. The International Monetary Fund's (IMF) latest updates are projecting world GDP at 3.8% for 2011, a 1.6% growth for developed economies and 6.4% for the emerging market economies group for the same year. The Fund sees a slower global economy in 2012 albeit this far from classifying as a recession. The outlook is for the developed countries to maintain their investments in the emerging market economies and the Eurozone to intensify its efforts to resolve the crisis in the area.

Eurostat, the region's statistics agency, reported that Eurozone GDP shrank by 0.3% in 4Q11, compared with 3Q11 and rose 0.7% against the same period for the preceding year. The IMF is predicting a "slight" recession in the Eurozone in 2012, while the German and French economies are expected to continue growing.

Meanwhile, the Chinese economy is expected to grow 9.2% in 2011 (IMF data). The country has suffered the threat of slowing exports in the face of global uncertainty, but despite lower expected growth rates for this year, the IMF is forecasting that "China has space for an anti-cyclic fiscal response and should use this space" to stimulate domestic demand and expects a recovery in growth of about 9.0% for 2012.

Domestic Economy – The deceleration in the Brazilian economy in 2H11 was more than expected, principally reflecting monetary and fiscal tightening in early 2011 and the deterioration in world markets. Brazilian GDP at market prices reported a variation of 1.3% in 4Q11 versus 2.1% in 3Q11.

In December/11, volumes of restricted retail sales (which do not include vehicles, parts and building materials) reported a year-on-year increase of 6.7%. Hyper- and supermarket segments posted a 4.0% increase in sales, below the 9.0% for 2010 versus 2009. This more modest showing can be attributed to factors such as the increase in the cost of food as well as a delayed response to the sharp deceleration in real incomes in the final months of the year. For 2012, prospects are for a recovery in consumption at the retail level driven by the expressive hike in the minimum wage that should favorably impact positively lower income families.

In 2012, the outlook is that interest rate cuts, the nominal increase of 14 % in the minimum wage and the expected dilution of international tension could all have a beneficial impact on the Brazilian economy. Low unemployment rates and rising consumption are expected to act as drivers of Brazilian growth. More specifically, the consumption of basic items and foodstuffs at the retail level are forecast to record increasing growth in 2012 thanks to higher purchasing power in lower income households. IMF forecasts indicate an evolution in Brazilian GDP of 3.0% in 2012, rising 4.9% in 2013.

Brazilian Exports - In 4Q11, the volume of Brazilian chicken exports was 7.7% higher than 3Q11. Compared with the same quarter of 2010, this increase was 7.9%. Revenue from chicken exports in US$ was 8.9% higher in 4Q11 against 3Q11 and more than 20% against 4Q10. According to the Brazilian Poultry Farmers Union -UBABEF/Secex data, chicken export volume in 2011 was 3.2% higher than the preceding year (with a revenue increase of 21.2%). The progressive opening of the Chinese market, which begun in 2011, will be crucial to providing growth momentum in Brazilian exports over the next few years.

The performance in the pork meat segment was less vigorous in 4Q11 as well as the year as a whole. Export volumes in 4Q11 versus 3Q11 rose just 2.2% while revenue increased more than 12.0% on the same comparative basis. However, in relation to 4Q10, export volume in the final quarter of 2011 was 1.6% down, although revenue increased 11.5%. Export volumes ended 2011 with a decline of 4.4% compared to 2010 and an increase of revenue of 7.0%. With the Russian trade ban on Brazilian meat in 2011, which had a major negative impact on the segment, the expectation for the pork processing industry is for diversification of export destinations in 2012. Asia represents the best prospects for sustaining Brazilian overseas sales in 2012, with promising business in markets such as Hong Kong, China and South Korea. Recent approval for pork shipments by the US could help open up markets such as Japan and South Korea. For the president of Abipecs, (Brazilian Pork Production Industry and Exporters Association) these Asian markets are important for the quantity of meat consumed and the demand for better quality and higher value-added products. The measure could also open up exports to Europe, another market where sanitary rules are particularly demanding.

In relation to beef (in natura and industrialized), total export tonnage in 4Q11 increased 2.6% against 3Q11 (revenues increasing 1.8% in the same period). In relation to 4Q10, there was growth in export volume of 10.9% and an increase in revenue of 26.1%. Exported volumes of beef fell 10.8% in 2011 against 2010. On the other hand, revenue was 11.7% over 2010, driven by higher meat export prices and exchange rates for the US dollar.

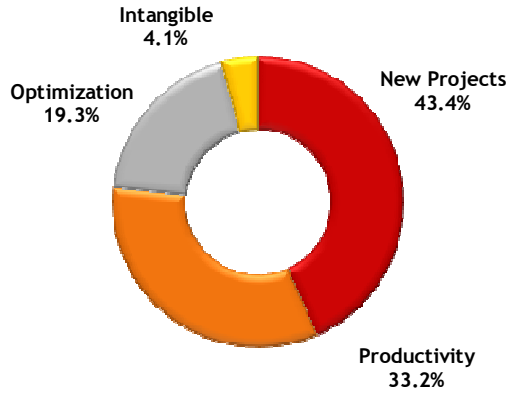
In general, 2012 is shaping up to be a positive year for Brazilian meat exports. Expectations of opening of new markets, the recovery in traditional ones and the growth in demand coming from emerging markets should lift the volume of Brazilian meat exports during 2012, more especially chicken meat which will benefit from the impact of higher beef prices.

Raw Materials – The average price of a sack of corn on the domestic market fell 4.4% in 4Q11 versus 3Q11 due to the reduction of 12.3% in export volume in relation to the preceding year. Compared with 4Q11 and 4Q10, domestic corn prices remained 4.9% higher due to the sharp rise in prices on the international commodities markets (+ 10.5% above 4Q10) partly offset by final inventory 2.2% higher in Brazil when compared with the previous year. Soybean prices on the Brazilian market suffered a decline of 3.7% in 4Q11 versus 3Q11 with the outlook of a record area under this crop in Brazil and Argentina in addition to greater supplies coming onto the US market in September/October. Compared with 4Q11 and 4Q10, prices on the domestic market fell 6.0% due to higher year-on-year inventory. Prices on the international soybean market rose 5.5% compared with 4Q11 and 4Q10 due to a decline in output in US production of 90.6 in 2010 to 83.2 million tons in 2011(-8.2%). In the year 2011, corn increased 37.5% and soybeans, 14.7% in the Brazilian market, while international prices registered an increase of 59% for corn and 25.9% for soybeans.

INVESTMENTS AND PROJECTS

Investments

2011: R$1.4 billion – 105% higher.

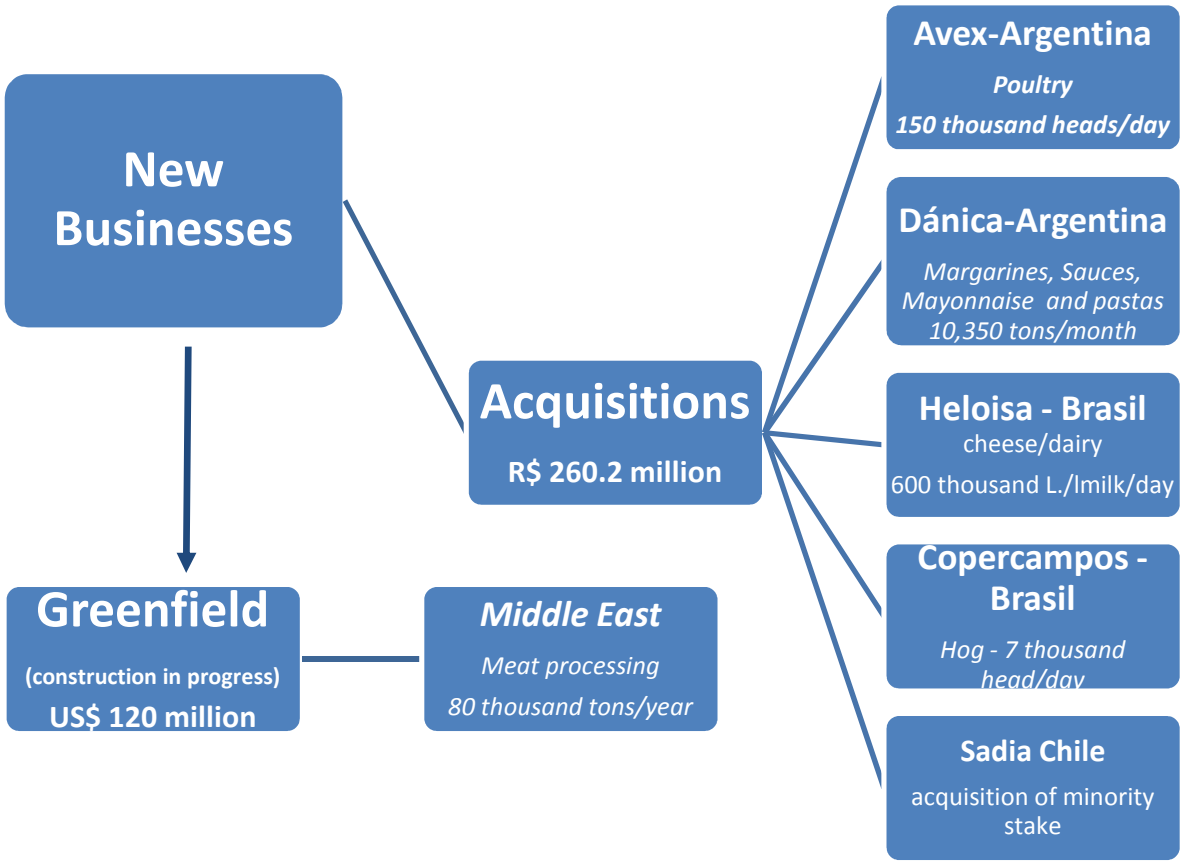


The Company is committed to sustained growth as outlined in the Strategic Plan of 2015. BRF allocated R$ 1.9 billion, a year-on-year increase of 84.1%, to projects of modernization and expansion in the production units, revamping of the portfolio, updating of IT systems and innovation as well as the acquisition of overseas assets. Investments were also made in the domestic dairy products business, including R$ 279 million applied in manufacturing improvements with a view to extracting additional synergies.

Investments in CAPEX – Investments amounted to R$ 1.4 billion, 105% higher, directed mainly to projects involving productivity, improvements, increased capacity and automation at industrial units in the South and Midwest regions, as well as for new plants in Lucas do Rio Verde(MT) and Vitória de Santo Antão (PE). The Company's outlay for replenishing poultry and hog breeder stock was more than R$ 492 million, an increase of 41%.

New Businesses – Investments in new businesses amounted to R$ 260.2 million. BRF allocated R$ 188 million to the acquisition of a shareholding stake in Avex and for the control of the Dánica Group, both based in Argentina. Additional investments were made in the Plusfood plant in the Netherlands for ramping up capacity and improving productivity.

In addition to the announcement of plant construction in the Middle East and the new joint venture in the Chinese market, in Brazil, the Company acquired Heloísa, a company focused on dairy products. It also exercised an option to buy Copercampos, investments in which had already been anticipated as a result of the ongoing partnership in hog slaughtering and pork meat processing.



Logistics – The Company has established an international supply chain structure with offices in the Middle East, Latin America and in China. In Brazil, a further R$ 82 million was injected into the distribution centers for improvements in performance, notably for automation and rationalization of processes. Additional expenditures were made in staff training and skills upgrading.

Information Technology – As a result of investments in processes, the Company was able to merge the management platform of BRF and Sadia - critical to the capture of synergies identified with the unification of the two companies. Approximately R$ 98.9 million in 2011 was expended on the installation for the improvement and integration of projects involving about 300 people on a full time basis over a period of 18 months.

Environment – The investments in the environment amounted to R$ 146.1 million, particularly for waste disposal, treatment and mitigation (51% of the total) and prevention and management (24%). Resources directed to the 3S Program (Sustainable Hog Farming System) cover treatment of hog manure, involving the installation of biodigestor systems at those integrated outgrowers participating in the program.

OPERATING PERFORMANCE

Production

In 2011, BRF produced 5.8 million tons of foodstuffs, in volume terms, 4.1% higher than reported in 2010. The larger part of this growth was in the meats segment. The Company pursued a policy of prioritizing enhanced commercialization margins for all segments in detriment to growth in volume and market share.

Operations were terminated at São Lourenço do Sul (RS) and Itatiba (SP) and production transferred to Carambeí (milk-based beverages) and Teutônia (pasteurized milks). The decision to relocate manufacturing activities was due principally to logistical questions.

During the year, the production process was focused on redirecting production from Russia to other markets without impacting volume output. In line with plan, the Company also started operations at Copercampos and gradually ramped up capacity at the Lucas do Rio Verde (MT) plant. Also in line with plans, additional production synergies were captured and organizational structuring implemented following CADE's approval.

The Company also established a procurement intelligence area for monitoring risks and opportunities along the more important production chains and implemented Global Sourcing. A significant portion of captured synergies were obtained through the implementation of optimization projects as a result of joint efforts by the supplies and technical areas.

On the innovation front, BRF launched 288 new SKUs, namely: Food Services - 14; domestic market – 43; exports – 121; beef - 82 and 28 in the dairy products segment. A start was made on the construction of a new technologies center in Jundiaí (SP) to support the innovation processes with operations scheduled to begin during 2012.

PRODUCTION	4Q11	4Q10	% Ch.	2011	2010	% Ch.
Poultry Slaughter (million heads)	**438**	413	6%	**1,756**	1,623	8%
Hog/ Cattle Slaughter (thousand heads	**2,762**	2,670	3%	**10,979**	10,563	4%
Production (thousand tons)						
Meats	**1,039**	1,010	3%	**4,250**	3,992	6%
Dairy Products	**272**	280	(3%)	**1,102**	1,110	(1%)
Other Processed Products	**113**	120	(6%)	**445**	469	(5%)
Feed and Premix (thousand tons)	**2,840**	2,717	5%	**11,239**	10,723	5%

Domestic Market

Domestic market sales evolved 14.3% to R$ 11.6 billion, a period marked by lower robust consumption rates compared with 2010. Additionally, the increase in the price of commodities exerted upward pressure on production costs. On the other hand, price and cost management policy, the efforts made to improve sales team productivity and investments in innovation contributed positively to results.

Meats – Despite an increase in costs – more especially those of grains – the meats segment posted a 18% improvement in revenue with the commercialization of 1.8 million tons in the year. Total revenue was R$ 9 billion.

Other processed products – In 2011, BRF dedicated special attention to innovation in the frozen product business. The distribution of the Sadia-branded products under the *Escondidinho* label was expanded throughout Brazil and reported excellent sales performance.

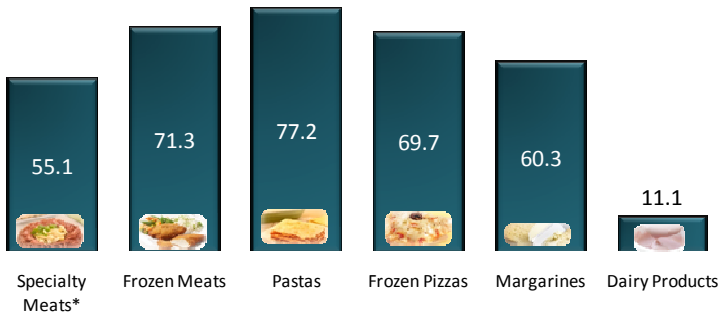
The Perdigão *Meu Menu* line was also expanded, consumer reception being particularly good. Total revenue for the segment was R$ 2.0 billion, a growth of 2.3%.

	THOUSAND TONS			R$ MILLION		
DOMESTIC MARKET	**4Q11**	**4Q10**	**% Ch.**	**4Q11**	**4Q10**	**% Ch.**
Meats	**480**	**469**	**2**	**2,600**	**2,436**	**7**
In Natura	**90**	**99**	**(9)**	**467**	**539**	**(13)**
Poultry	58	71	(18)	256	329	(22)
Pork/Beef	32	28	15	210	210	0
Elaborated/Processed (Meats)	**389**	**371**	**5**	**2,133**	**1,896**	**12**
Other Processed	**112**	**107**	**5**	**534**	**483**	**10**
Others sales	**93**	**87**	**7**	**151**	**133**	**14**
Total	**685**	**664**	**3**	**3,285**	**3,052**	**8**
Processed	502	478	5	2,667	2,380	12
% Total Sales	73%	72%		81%	78%	

	THOUSAND TONS			R$ MILLION		
DOMESTIC MARKET	**2011**	**2010**	**% Ch.**	**2011**	**2010**	**% Ch.**
Meats	**1,760**	**1,664**	**6**	**9,032**	**7,652**	**18**
In Natura	**379**	**350**	**8**	**1,887**	**1,632**	**16**
Poultry	251	232	8	1,112	933	19
Pork/Beef	128	118	8	774	699	11
Elaborated/Processed (Meats)	**1,381**	**1,314**	**5**	**7,145**	**6,020**	**19**
Other Processed	**429**	**446**	**(4)**	**2,043**	**1,996**	**2**
Others sales	**440**	**389**	**13**	**555**	**529**	**5**
Total	**2,629**	**2,499**	**5**	**11,630**	**10,177**	**14**
Processed	1,810	1,760	3	9,188	8,017	15
% Total Sales	69%	70%		79%	79%	

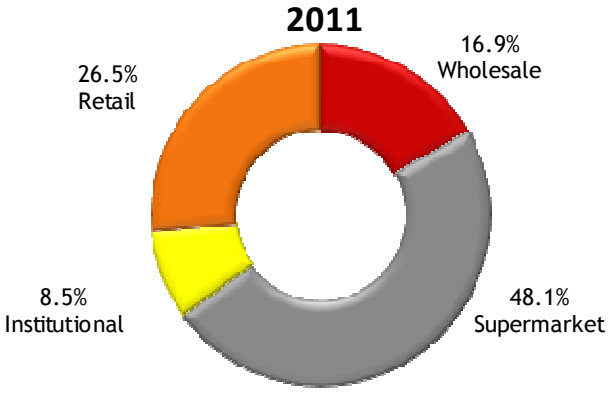
In the quarter, net sales to the domestic market amounted to R$ 3.3 billion, 7.6% higher than recorded in 4Q10. The highlight for the quarter was elaborated/processed products which posted an increase of 12.5% in revenues and accounted for 59% of the operating margin reported for the quarter in this market, more particularly due to the festive products line (year-end holiday period).

Market Share - % - In volumes



Source: AC Nielsen
** A methodological change was made in the AC Nielsen database in 2010, distorting the comparison with the historical data.*

*Distribution Channels **



* *Includes domestic market meats, other processed products, food service and dairy products.*

Exports

Operations in the international market developed satisfactorily in 2011. Despite oscillations in foreign exchange rates, the economic crisis in Europe, the Russian trade ban on Brazilian meat imports and the escalating costs of commodities, net sales grew 12.3% to R$ 10 billion, equivalent to a volume of 2.2 million tons, 1.2% lower than the preceding year due to the strategy of prioritizing wider margins.

Some markets such as Europe, Japan, China and Singapore helped drive a positive performance while the Middle East and Egypt, affected by popular uprisings (the Arab Spring), as well as Iraq, reported a weaker business climate. The European Plusfood division turned in results above forecast reflecting strategic changes in the client and product portfolios and the modernization of the industrial unit in the Netherlands.

In the quarter, net revenue from exports amounted to R$ 2.7 billion, 16.9% higher than recorded in 4Q10. Margins for the quarter were squeezed by higher local inventory in the Japanese and Middle Eastern markets where there was a decline in prices and volumes. In addition, there was a strike early in the quarter at the port of Itajaí which required shipments to be diverted. Consequently, the operating margin in the export market fell from 5.5% in 4Q10 to 1.2% in 4Q11.

Market performance

Far East – Volumes grew 4% and revenues, 20.1% in the year despite pressure to reduce prices in the final quarter in the Japanese market, which had performed well up to the end of the first half. We expect margins to be squeezed in this market until local inventories adjust to demand.

Eurasia – Revenues fell 26.6%, with volumes also down 31.5% due to the Russian ban on imports from the majority of Brazilian exporting plants. The ban has since been lifted and exports should normalize as from February 2012. However, the Ukraine took a large part of the volume originally destined for Russia, alleviating most of the negative impact of these import restrictions.

Europe – In this region, difficulties in some countries, especially Greece, Italy and Portugal have had no impact on our businesses. Sales revenue in this market increased 8.1%, albeit on lower volumes of 9.2% due to the Company's switch in strategic focus to higher value added particularly in the case of those products made at Plusfood, which expanded its portfolio, from the increased local productive capacity.

Middle East – Sales revenue was up 5.7% on stable volume. Margins were squeezed for products such as chicken griller – a heavily demanded product in this market, more especially in the 2H11. However, while our marketing campaigns focused on the religious period of Ramadan with the objective of further enhancing customer loyalty to the Sadia brand - Top of Mind in the region -, it also served to relieve some of the pressure on margins for *in natura* products. The Company's objective in this market is to add value by building a new industrial unit in the United Arab Emirates focused on the production of processed products (breaded products, hamburgers, etc.).

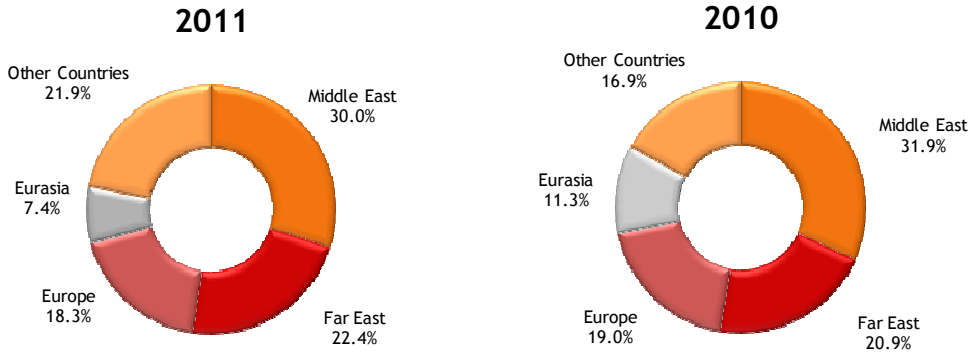
South America – Revenues increased 55.2% and volumes 14.8%. In addition to growing demand in these markets, business benefited from the incorporation of the acquired Avex and Dánica operations as from 4Q11 in Argentina.

Africa and other countries – In Africa, the Company continued to pursue its principal objective of improving relationships with some distributors in those regions of the continent considered strategic, the area as a whole growing sales revenue by 32.7%, while in other countries growth was 51.7%.

	THOUSAND TONS			R$ MILLION		
EXPORTS	**4Q11**	**4Q10**	**% Ch.**	**4Q11**	**4Q10**	**% Ch.**
Meats	**551**	**527**	**5**	**2,602**	**2,293**	**13**
In Natura	**468**	**439**	**7**	**2,115**	**1,847**	**15**
Poultry	407	372	9	1,709	1,467	17
Pork/Beef	61	66	(8)	406	380	7
Elaborated/Processed (meats)	**83**	**89**	**(6)**	**487**	**446**	**9**
Other Processed	**6**	**7**	**(15)**	**122**	**45**	**169**
Others sales	**2**	**0**	**-**	**9**	**0**	**-**
Total	**559**	**534**	**5**	**2,733**	**2,339**	**17**
Processed	89	96	(7)	609	492	24
% Total Sales	16%	18%		22%	21%	

	THOUSAND TONS			R$ MILLION		
EXPORTS	**2011**	**2010**	**% Ch.**	**2011**	**2010**	**% Ch.**
Meats	**2,153**	**2,220**	**(3)**	**9,876**	**8,890**	**11**
In Natura	**1,840**	**1,875**	**(2)**	**8,126**	**7,238**	**12**
Poultry	1,582	1,594	(1)	6,572	5,724	15
Pork/Beef	258	281	(8)	1,554	1,513	3
Elaborated/Processed (Meats)	**313**	**345**	**(9)**	**1,750**	**1,652**	**6**
Other Processed	**24**	**18**	**28**	**175**	**91**	**93**
Others sales	**40**	**6**	**-**	**42**	**4**	**-**
Total	**2,217**	**2,244**	**(1)**	**10,093**	**8,985**	**12**
Processed	337	363	(7)	1,925	1,743	10
% Total Sales	15%	16%	-	19%	19%	-

Exports by Region - (% net sales)



Dairy products – An improved product mix was instrumental in increasing the dairy product sales revenue 9.8% to R$ 2.5 billion. The atypical spike in sugar and the continual upward pressure on milk prices paid to the producers, pressured production costs in the segment.

Some important steps were taken in remodeling the industrial complex in this segment and launching the Naturis line, Sadia-branded danbo and mozzarella cheeses and the ecologically correct packaging for Batavo milk.

In 4Q11, dairy product revenue rose 4.7%, although, operating performance was negative at 2.3%. The strategic plan provides for the upgrading of the product mix with higher value added products in addition to integration of logistics with other segments, permitting gains in synergies and expansion of the sales portfolio.

	THOUSAND TONS			R$ MILLION		
DAIRY	4Q11	4Q10	% Ch.	4Q11	4Q10	% Ch.
Dairy Products	**252**	**256**	**(1)**	**607**	**579**	**5**
Milk	201	201	(0)	408	381	7
Dairy Products- processed	51	54	(7)	199	199	(0)

	THOUSAND TONS			R$ MILLION		
DAIRY	2011	2010	% Ch.	2011	2010	% Ch.
Dairy Products	**1,071**	**1,078**	**(1)**	**2,539**	**2,312**	**10**
Milk	861	873	(1)	1,720	1,586	9
Dairy Products- processed	209	205	2	818	726	13

Food Service – In 2011, this segment reported a performance which was better than the average for the market. This reflects the importance of the Food Service business in the Company's expansion strategy in a process which adds in customer service as a competitive differential. Sales revenue increased 19.7% to R$ 1.4 billion. The result is largely due to the growth in the consumption of away-from-home meals, increased purchasing power nation-wide, more especially the C class, and by the increase in food service chains as a result of a growing number of shopping malls not only in the major cities but also in upcountry areas. The management model for the area contributed to results, reflecting the adoption of processes representing the best practices of both Sadia and Perdigão following the effective merger of the two. Examples are the added value in the delivery of beef and the improved focus on the service provider areas with dedicated portfolio and commercialization areas. In addition, the adding of value in the positioning of the global accounts contributed to the performance of the Food Service segment.

FOOD SERVICE	THOUSAND TONS 2011	2010	% Ch.	R$ MILLION 2011	2010	% Ch.
TOTAL	275	240	14.7	1,444	1,207	19.7

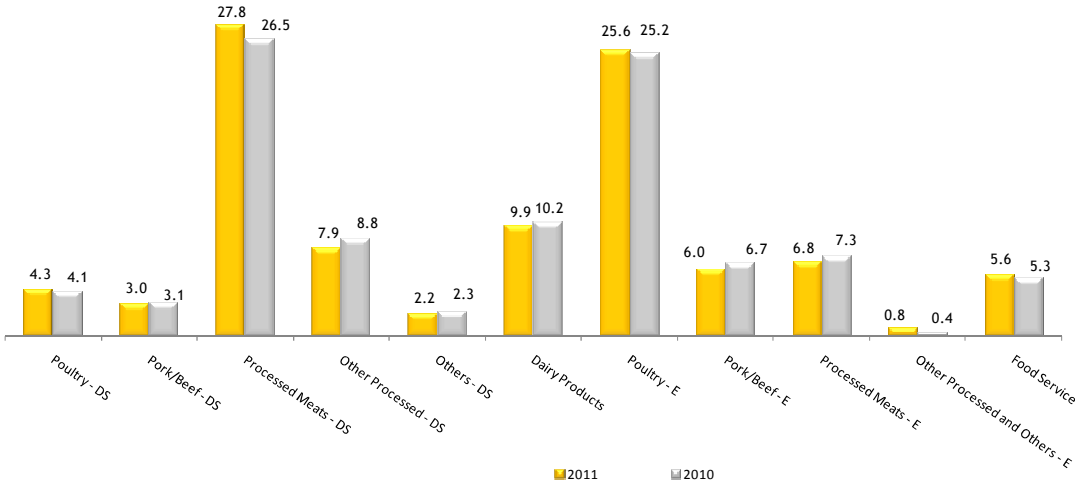
In 4Q11, food service sales grew 10%, posting an operating margin of 15.8%, processed products responding for 62% of the operating result for the quarter, in this segment.

FOOD SERVICE	THOUSAND TONS 4Q11	4Q10	% Ch.	R$ MILLION 4Q11	4Q10	% Ch.
TOTAL	90	77	16.3	474	430	10.1

ECONOMIC AND FINANCIAL PERFORMANCE

Net Sales – BRF registered net operating sales of R$ 25.7 billion in the year, 13.3% higher, principally supported by good performance in the domestic market and the Food Service segment. In 4Q11, net operating revenue totaled R$ 7.1 billion, a 10.9% increase, driven by the commercialization of the festive line of products (year-end holiday season).

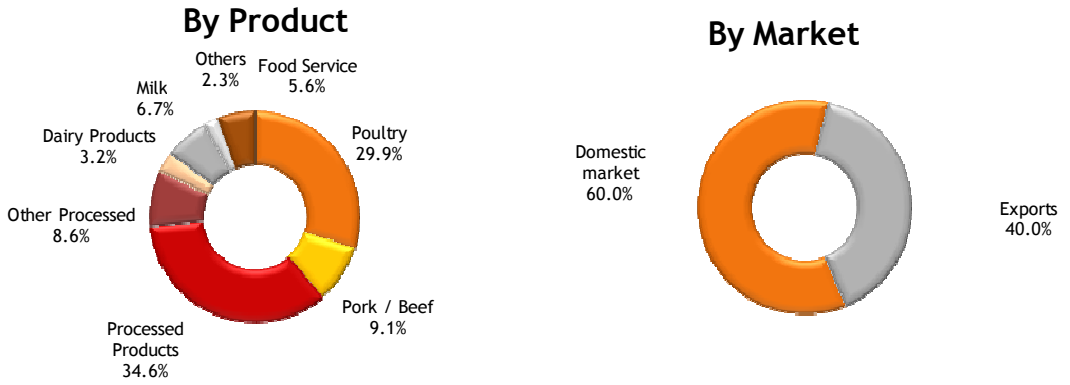
Breakdown in Net Sales (%)



DS- Domestic Sales

E- Exports

Net Sales by product and by market - (%)



Cost of Sales – The cost of sales rose 12.4% to R$ 19 billion. Although the cost of the corn and soybean meal – increased 38% and 15%, respectively, during the year and there was also pressure from other costs such as direct raw materials and labor, COGS was 74.1% of net sales, 60 basis points lower than the preceding year, principally due to captured synergies.

In 4Q11, the cost of sales reported a year-on-year 13% increase, representing a 130 basis points rise in COGS from 71.3% to 72.6%. 4Q10 benefited from a well adjusted inventory policy both for raw materials as well as seasonal products, built up to confront grain costs.

Gross Profit and Gross Margin – Gross Profit amounted to R$ 6.7 billion, a gain of 16.2%, reflecting an improvement of 60 basis points, or 0.6 percentage points in gross margin, which increased from 25.3% to reach 25.9% of net sales, supported by revenue performance and synergy gains. In 4Q11, Gross Profit amounted to R$ 1.9 billion – a year-on-year increase of 5.8%, which we consider positive given the excellent performance in 4Q10 when costs were lower.

Operating Expenses – Operating expenses were 10.6% higher due to investments in the implementation of IT systems and in consultancy work related to the merger. Besides that, we obtained 40 basis points of gains. In 4Q11, operating expenses amounted to R$ 1.2 billion – 17.4% higher, a reflection of the increase in fixed commercial overheads and administrative expenses/management compensation.

Other Operating Results – The amount of R$ 402.7 million in other operating results is 2.2% higher than the preceding year and incorporates income from the reversal of provisions, recovery of expenses, benefits plan and insurance claims. Expenses include: costs with the pre-operational phase of the new industrial units, loss damages, provision for tax and civil risks. In line with IFRS rules, participations in profits are also booked to this item.

Operating Profit and Margin **–** The Company recorded an operating margin which was 130 basis points higher – from 6.5% to 7.8%, the operating result indicative of the improvement in business performance. Operating income before financial expenses (EBIT) reached R$ 2 billion, a gain of 34.8%.

However in 4Q11, there was a decline of 9.2% to R$ 508 million in operating profit – EBIT, equivalent to an operating margin of 7.2% (150 basis points below the figure registered in 4Q10). This reflects greater pressures from costs of the principal raw materials, direct materials, exports and a one-off spike in fixed commercial and administrative expenses.

Financial – Net financial expenses totaled R$ 479.5 million (0.7% lower) and remained largely unchanged in relation to the preceding year. While currency volatility during the course of the year had an impact on increased outstanding debt and financial overheads, efficient risk management and the adoption of best practices of hedge accounting mitigated the adverse effects on financial result.

In addition to the foreign exchange translation effect, allocation of cash to investments in Capex and acquisitions made during the year, increased net debt by 48.7% to R$ 5.4 billion, resulting in a net debt/EBITDA ratio of 1.7 times, with a book currency exposure of US$ 470.7 million.

In 4Q11, financial expenses were 21.6% higher than the same period in 2010 due to the foreign exchange translation effect on loans, financing and other currency denominated liabilities as well as an impact on the conversion of overseas investments.

In the light of the high level of exports, the company conducts operations with the specific purpose of currency hedging. In accordance with hedge accounting standards (CPC 38 and IAS 39), the Company uses financial derivatives (for example: NDF) and non-derivative financial instruments (for example: foreign currency debt) for conducting hedging operations and concomitantly, to eliminate the respective unrealized foreign exchange rate variations from the income statement (under the Financial Expenses line).

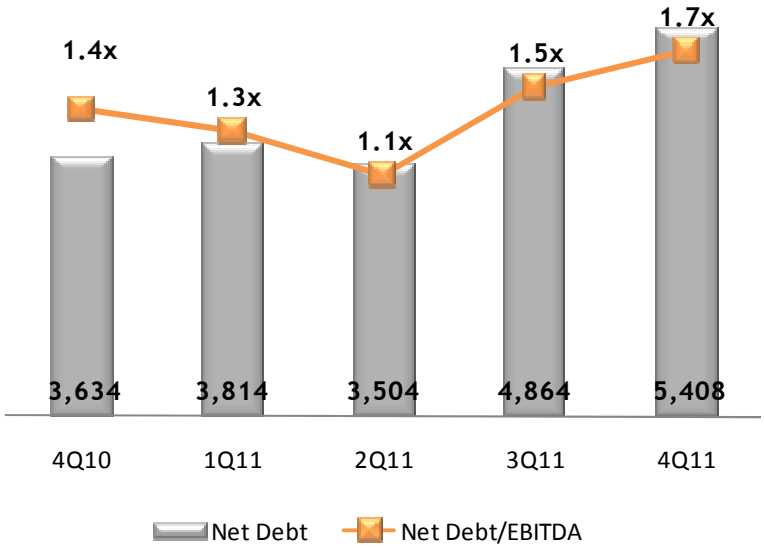
The use of non-derivative financial instruments for foreign exchange cover continues to permit significant reduction in the net currency exposure in the balance sheet, resulting in substantial benefits through the matching of currency liability flows with export shipments and therefore contributing to a reduction in the volatility of the financial result.

In 12.31.11, the non-financial derivative instruments designated as hedge accounting for foreign exchange cover amounted to USD 645.2 million with a reduction in currency exposure in the balance sheet of the same value. In addition, the financial derivative instruments designated as hedge accounting according to the concept of a cash flow hedge for coverage of highly probable exports, totaled USD 1,360 million + EUR 316 million + GBP 69,3 million and also contributed directly to the reduction in currency exposure. In both cases, the unrealized result for foreign exchange rate variation was booked to shareholders' equity, thus avoiding the impact on the Financial Expenses.

Debt Profile

R$ Million

	12.31.2011			12.31.2010	
DEBT	**Current**	**Non current**	**TOTAL**	**TOTAL**	**% Ch.**
Local Currency	1,814	1,515	3,330	3,216	4
Foreing Currency	1,909	3,086	4,995	4,069	23
Gross Debt	**3,723**	**4,601**	**8,324**	**7,285**	**14**
Cash Investments					
Local Currency	1,133	70	1,203	1,059	14
Foreing Currency	1,630	83	1,713	2,592	(34)
Total Cash Investments	**2,763**	**153**	**2,916**	**3,651**	**(20)**
Net Accounting Debt	**960**	**4,448**	**5,408**	**3,634**	**49**
Exchange Rate Exposure - US$ Million			471	**(85)**	-



Income Tax and Social Contribution **–** Income tax and social contribution totaled R$156.5 million for the year, 20.3% lower, due to differences in tax rates on the earnings of foreign subsidiaries and the foreign exchange translation effect on overseas investments. However, in 4Q11, the Company booked R$ 215 million under this item with respect to the constitution of a provision for losses of income tax and deferred social contribution on tax losses and negative base for social contribution on net income and not to be used following the incorporation of Sadia into BRF, in accordance with expected for 2012, in line with CPC 24 (Subsequent Events – IAS 10), and CPC 32 (Taxes on Profits – IAS 12). The foregoing value reflects Management's current best estimates. The final impact of Sadia's incorporation with BRF will be calculated as at 31 December 2012. The provision will not affect the amount of dividends proposed/distributed relative to fiscal year 2011, and relating to the dividend distribution through the intermediary of payment of interest on shareholders' equity.

Net Income and Net Margin – Net income was R$ 1.4 billion in the year with a net margin of 5.3%, an increase of 70.1% in relation to the preceding year, reflecting BRF's good operating performance and synergies captured – this despite the twin challenges of exports and associated currency volatility. In 4Q11, net income reached R$ 121 million, 66.4% down due to the factors explained above.

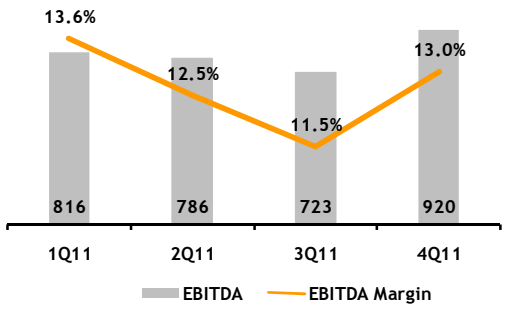
As mentioned in the previous item, a provision was constituted in 4Q11 for the future incorporation of Sadia. Excluding this effect, the adjusted net income for the year would have been R$ 1.6 billion, an increase of 96.8%, with a net margin of de 6.2% and R$ 336 million in 4Q11, 6.7% lower and equivalent to net margin of 4.7%.

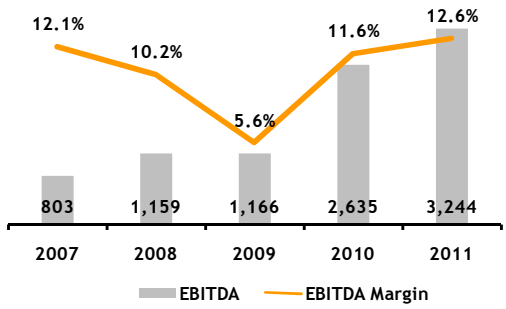
EBITDA – EBITDA reached R$ 3.2 billion, 23.1% higher, recording a gain of *100* basis points in relation to the preceding year, building in the improvement in results and synergy gains in commercial cost and expense variables. On a year-on-year comparative basis, 4Q11 reported a reduction of 4.1%. In spite of factors already discussed such as: pricing pressure in some export markets, pressure from grain prices – reflecting in higher production costs for the principal raw materials, and strikes in the port of Itajai delaying shipments due to the need for diversion to other port causing the Company to turn in a narrower EBITDA margin, there was significant cash generation in 4Q11.

EBITDA Breakdown

EBITDA - R$ Million	4Q11	4Q10	% Ch.	2011	2010	% Ch.
Net Income	**121**	360	(66)	**1,367**	804	70
Non Controlling Shareholders	**2**	(0)	-	**(2)**	1	-
Income Tax and Social Contribution	**200**	48	319	**157**	196	(20)
Net Financial	**186**	153	22	**480**	483	(1)
Equity Accounting and Other Operating Result	**187**	195	(4)	**357**	370	(4)
Depreciation, Amortization and Depletion	**224**	204	10	**886**	780	14
= **EBITDA**	**920**	959	(4)	**3,244**	2,635	23

Annual and Quarter EBITDA - R$ million





Shareholders' Equity – As of 12/31/11, Shareholders' Equity was R$ 14.1 billion against R$ 13.6 billion in 12/31/10, a 3.5% increase and representing a 11.6 % return on annualized investments.

Combination of the Businesses – The accounting and fiscal treatment given to the association agreement was measured in line with the prevailing practices with allocation either to fixed assets or long-term assets, under the "Intangible" item and to be subject to annual evaluation using the impairment test (non-recoverability).

IFRS – BRF has adapted its procedures in full for evaluation of balance sheet items, changes in requirements for disclosure of information, and analysis of the economic essence of the transition to IFRS rules, in accordance with Brazilian accounting pronouncements.

CAPITAL MARKETS

Performance

BRF's shares closed fiscal year 2011 posting an appreciation of 33.2%, against a devaluation of 18.1% in the Ibovespa, the principal stock index for the Brazilian equities market. This ranked the Company' shares among the ten securities reporting the best appreciation for the period on the BM&FBovespa. Trading on the New York Stock Exchange (NYSE), BRF's ADRs also recorded a positive performance, rising 15.8% compared with the 5.5% for the Dow Jones Industrial Average.

PERFORMANCE	4Q11	4Q10	2011	2010
Share price - R$*	36.42	27.34	36.42	27.34
Traded Shares (Volume) - Millions	111.6	125.3	593.7	558.7
Performance	13.2%	6.2%	33.2%	20.5%
Bovespa Index	8.5%	(0.2%)	(18.1%)	1.0%
IGC (Brazil Corp. Gov. Index)	7.9%	2.3%	(12.5%)	12.5%
ISE (Corp. Sustainability Index)	8.6%	3.2%	(3.3%)	5.8%
Share price - US$*	19.55	16.88	19.55	16.88
Traded Shares (Volume) - Millions	109.2	71.1	488.8	286.9
Performance	11.5%	8.7%	15.8%	28.9%
Dow Jones Index	12.0%	7.3%	5.5%	11.0%

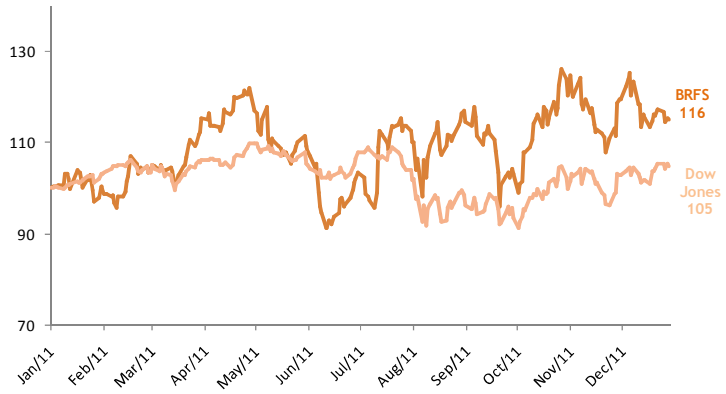
** Closing Price*

The average daily financial trading volume on the BM&FBovespa and NYSE was US$ 79.6 million, 74.1% more than reported for the previous year. The Company's shares are a component of the principal stock indices for the Brazilian market, led by the Ibovespa, which includes the 69 most traded securities on the exchange, and the Corporate Sustainability Index (ISE), made up of equities of 36 companies committed to social responsibility and corporate sustainability. BRF's ADRs incorporate 57 indices on the NYSE for the US market, being one of the most traded Brazilian securities on the exchange.

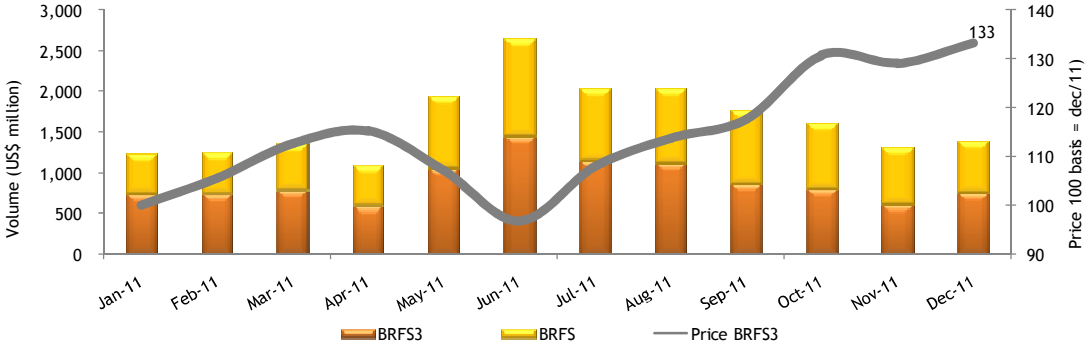
Share Performance



ADR Performance



Financial Trading Volume - Accumulated 2011
Average US$ 79.6 million/day (74.1% higher to the Ac. 2010)



SOCIAL BALANCE

Social Balance – At the end of 2011, BRF employed 132,696, of which 120,096 were direct employees (308 with labor contracts for a fixed duration); 12,301 outsourced personnel and 299 interns.

Enhancement of Human Capital – BRF has expanded the number of women in leadership positions by 2011, included themes and aspects of sustainability in the integration process of new hires as well as focusing on the internal communication of the company for increasing employee awareness of the Group's business. All this has been achieved based on a program for enhancing and training of the local labor force, the improvement of management practices for increasing employee satisfaction, the inclusion and education of the sustainability issue in the strategies of organizational development, and for providing guidance to employees as agents for sustainability.

BRF also runs programs for training leaders appropriate to their various hierarchical levels. During the third quarter, 100% of the leaders in the Company's operating areas took part in the 'Our Way of Leading' program. Individual development plans were concluded for 100% of the vice presidents, directors and managers and a functional competences model established for the areas and for senior management. Thus, managers and teams can already be guided by competencies in processes for attraction and selection, training and development, career appraisal and guidance.

The Company also operates a Trainees Program – since January 2011 with a group of 30 participants selected from a total of about 15 thousand applicants. The selection process for the group began in the third quarter of 2011 with the significant number of 19,065 enrolled candidates. During the quarter, the Interns Program was begun - designed for the formation of future young professionals. The team which will act through the Global Development Program was also selected. This is a project which focuses on the overseas market and is designed to hire qualified professionals who are able to bring their professional experience and knowledge to bear in the BRF's chosen markets. After a period of training, development and familiarization with the Company, these professionals will be ready to assume leadership positions.
Begun in early 2011, the Company also conducted initiatives under the Attraction and Retention Plan for employees at the industrial plants. Among these initiatives were the standardization of positions and salary brackets and the implementation of an assiduity plan.

BRF Culture – The year 2011 was characterized by the development and consolidation of the new BRF Culture. On the approval of the merger between Perdigão and Sadia, one of the priorities for personnel management was to unify the best practices of each one of the merged companies in order to consolidate corporate values, principles and beliefs responsible for driving the new organization. The building of the new culture is a participative process and takes into account the transversal application of sustainability questions in management.

An initial stage of the Culture Project was the Leadership Meeting in September 2011, when 600 executives from all locations were encouraged to reflect on the theme. All the managers, directors, vice presidents and the CEO took part, beginning a process which seeks to make the Company a benchmark in personnel management.

BRF 15's international expansion and strategic planning entails additional challenges in the building of the new culture. In addition to preparing Brazilian in-house stakeholders for this change, the Company will have to have an understanding of external customs and integrate employees from different origins.

Even prior to the merger, BRF had developed a robust communication plan to keep employees abreast of developments in this process in a rapid and transparent manner during and after the approval by the Brazilian anti-trust authorities.

SSMA - BRF implemented its SSMA Project in 2008 for matters related to Health, Safety and Environment, initially contemplating the operational areas. Due to concern in expanding this practice – its focus being on safe behavior, the health of direct employees and outsourced workers and on sustainability – in October (2010), steps were taken to extend the project to all the areas, also benefiting the communities contiguous to company plants. In the quarter, the Company implemented the project's initiatives at the corporate units. Numbers indicate that the expanded project has been highly successful. The accident frequency rate with time off work declined 35% in lower than a year (the accident frequency rate is the total number of accidents with time off work divided by a million man/hours worked pursuant to the NBR 14,280 standard).

The Company delivered 252 houses in 2011 under the Housing program operated by BRF for its employees.

Stock Option Plan – Currently, the Company has granted R$ 3,911,236 (three million, nine hundred and eleven thousand, two hundred and third-six) stock options to 55 executives with a maximum vesting period of five years as established in the Compensation Plan Regulations approved by the AGM/EGM of 03/31/2010.

Added Value – R$ million

ADDED VALUE DISTRIBUTION	2011	2010	% Ch.
Human Resources	3,766	3,164	19
Taxes	3,743	3,530	6
Interest	1,645	1,642	0
Interest on shareholder's equity	632	263	141
Retention	735	542	36
Non-controlling shareholders	(2)	1	-
Total	**10,519**	**9,142**	15

Sustainability

Sustainability for BRF is part of its strategy and is thoroughly integrated into its mission, vision and values. More than just preserving the environment or generating jobs, this understanding incorporates the notion that the Company must act in a differentiated manner, managing the daily routine and attitudes of the organization based on a series of guidelines, practices and actions with a view to achieving positive results *pari passu* with economic, environmental and social aspects.

In 2011, key stakeholders of the Company were invited to assess its evolution on the basis of the six pillars defined for sustainability, an indication that the Company is on the right track. Participants contributed to some important decisions for action, such as expanding the dissemination of the Company's sustainability practices along its chain of suppliers. Another important achievement was BRF's adherence to Level A compliance of the GRI – Global Reporting Initiative guidelines in the annual report on economic, financial, social and environmental information for the year 2011.

CORPORATE GOVERNANCE

The first company in the food and beverage sector and the first with a market tradition to sign up to BM&FBovespa *Novo Mercado* listing regulations, BRF has ethics, transparency and equitability as the bedrock of its corporate governance model. The Company's best practices, include shares of the common type only; equitable rights, a premium on public offerings and mechanisms for protecting investors; prohibition on shareholders and executives obtaining advantages through access to insider information; a policy for securities trading and disclosure of material facts; a code of ethics and conduct; and the use of arbitration as a quick and specialized medium for solving conflicts of interest.

Remuneration paid out to Shareholders – The Board of Directors approved the remuneration to shareholders for the total amount of R$ 632.1 million, corresponding to R$ 0.726723260 per share with payouts on 08/29/2011 (R$ 0.33591469 per share) and on 02/15/12 (R$ 0.39080857 per share) in the form of interest on shareholders' equity with retention of withholding tax at source in accordance with legal requirements. The amount paid out to shareholders with respect to fiscal year 2011, represented 40% of net adjusted earnings for the period.

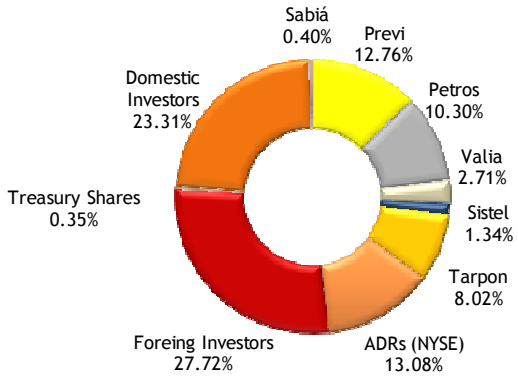
Buyback of Shares - On 05/30/11 the Company's Board of Directors authorized a share buy-back program to run for 90 days for the acquisition of up to 4,068,336 common shares, all book entry and with no par value, corresponding to 0.466% of its capital stock. The Program is designed to maintain the shares as treasury stock to attend the needs of the "Stock Option

Plan" and the "Additional Stock Option Plan", both approved by the Ordinary and Extraordinary Shareholders' Meeting of 03/31/2010. The total repurchase amount during the period was 2,630,100 shares.

Rating – Fitch Ratings has assigned a BBB- rating to the Company with stable Outlook (*investment grade).* Standard & Poor´s has attributed a BB+ rating and Moody's, Ba1 with a positive Outlook.

Difuse Control – Equal rights

As of 12.31.11



Capital Stock - R$ 12.6 billion *Nr.of Shares - 872,473,246*

New Market - BRF signed up to the BM&FBovespa's *Novo Mercado* Listing Regulations on 04.12.06 binding it to settle disputes through the Arbitration Panel under the arbitration commitment clause written into its bylaws and regulations.

Risk Management - BRF and its subsidiaries adopt a series of previously structured measures for maintaining the risks inherent to its businesses under the most rigorous control, details of this management are shown in explanatory note 4 of the Financial Statements. Risks involving the markets in which the Company operate, sanitary controls, grains, nutritional safety and environmental protection as well as internal controls and financial risks are all monitored.

Independent Audit - – Meeting the determination of Instruction CVM 381/2003, we hereby inform that in the fiscal year ended on December 31, 2011 we hired our Independent Auditors for related and unrelated external audit work. Such related and unrelated works had a duration of less than one year and amounted to about R$ 900 thousand, representing approximately 37% of the amount of the consolidated fees relating to the external audit for BRF and were related to tax revision, comfort letter and revision of the IT architecture. Due to the scope and procedures carried out, such services did not affect the independence and objectivity of the Independent Auditors.

In our relationship with the Independent Auditor, we try to assess the conflict of interests with the non-audit works based on the principle that the auditor shall not audit their own work, exercise management functions and promote our interests.

Pursuant to CVM Instruction 480/09 at a meeting on 03/22/12, management declares it has discussed, reviewed and agreed the opinions expressed in the report of the independent auditors and also the financial statements for the fiscal year ending 12/31/11.

Association of BRF and Sadia – On 07/13/11, the Administrative Council for Economic Defense – CADE approved the Association between BRF and Sadia S.A., conditional on compliance with the provisions contained in the Performance Commitment Agreement -TCD, which was also signed on the same date.
The measures established in the TCD are limited to Brazil only and the markets and/or categories of products specified therein. The Company and Sadia are free to operate in the export market as a whole, the domestic dairy products market and the domestic food service business as long as they do not infringe TCD requirements and effectiveness. The documents with respect to this agreement are available in the website: www.brasilfoods.com/ri.

On the basis of an analysis of the results announced in 2010, the sale of assets and brands agreed with CADE represent revenues of R$ 1.7 billion and equivalent to volumes of 456 thousand tons of in natura, elaborated and processed products as well as festive product lines and margarines. Suspended Perdigão and Sadia brand categories are equivalent to a further R$ 1.2 billion in sales revenues.

Agreement was also reached on the sale of the entire direct or indirect stake in the capital stock of Excelsior Alimentos S.A. by the wholly owned subsidiary of BRF to Sadia S.A., with the consequent transfer to the future purchaser of the entire tangible and intangible assets. The respective impacts of this divestment are also incorporated in the amounts mentioned in the preceding paragraph.

The Perdigão brand as well as all the rights associated to it, remains the property of BRF and is used normally in various processed food categories such as breaded items, hamburgers, bologna sausage, fresh sausage, frozen ready-to-eat meals (except lasagna), bacon, festive poultry-based products, in addition to the entire line of *in natura* products, among others. In 2010, the volume subject to TCD restrictions would have represented sales of about one third of all Perdigão branded products.

Expected Synergies – We estimate our net synergies before taxes and participations as a result of the BRF/Sadia merger, post-CADE approval, at about R$ 562 million in 2011. The Company aims to capture net synergies before taxes and participations of about R$ 1 billion per year for the period 2012 - 2013 after which these will stabilize around this amount. To achieve this result, BRF will require approximately R$ 700 million in investments for the period 2011 - 2013.

Expected synergies are in line with the survey conducted by the Company. However, realization of the synergies will be contingent on the success of the processes to be implemented in the areas of supplies (grains and other raw materials), manufactures, agriculture and logistics as well as the investments which will be needed to obtain these gains.

Awards and Highlights	Reason	Institution
Best Investor Relations by a Latin American Company in the US Market	*BRF is a among the finalists with the best Investor Relations for Latin American companies in the American market*	**IR Magazine US Awards**
Best Companies for Shareholders in the category: market value higher than R$ 15 billion	*Corporate Governance (highest attributed score – 10); liquidity; creation of value; return on shares and dividends; and sustainability.*	**Capital Aberto magazine in partnership with Stern Stewart do Brasil and the Fipecafi Center for Governance Studies**
Best CEO, CFO, IR Executive	*Best Executives for the LA Food sector according to the opinion of investors and analysts*	**Institutional Investor**
IR Team and IR Program	*Best in the LA Food Sector according to the opinion of investors and analysts*	**Institutional Investor**
SESI Award	*BRF is awarded in the Innovation and Safe and Healthy Working Environment categories*	**SESI/FIESC**
Meu Menu	*1st place in the Ready-to-Eat category*	**Product of the Year**
Top of Mind 2011	*For the seventh consecutive year, Elegê is the most recalled brand of milk among consumers in the state of Rio Grande do Sul*	**Amanhã magazine**
Company of the Year (Food)	*Elected company of the year in the food category*	**IstoÉ Dinheiro**
Sustainable Management Forum	*Maximum Highlight Certificate with In-house Stakeholders*	**Anuário Expressão**
Top of mind-Qualy margarine	*20 years from its launch, Qualy Margarine is for the sixth time Top of Mind in its category in the Folha's survey.*	**Folha de São Paulo newspaper**

ATTACHMENT I

BALANCE SHEET	12.31.2011	12.31.2010	Ch. %
Assets	**29,983**	**27,752**	**8**
Current Assets	**11,124**	**10,021**	**11**
Noncurrent Assets	**18,860**	**17,731**	**6**
Long Term Assets	4,655	4,399	6
Investments	20	17	17
Property, Plant and Equipment	9,798	9,067	8
Intangible	4,386	4,247	3
Liabilities	**29,983**	**27,752**	**8**
Current Liabilities	**7,988**	**5,686**	**40**
Long Term Liabilities	**7,886**	**8,429**	**(6)**
Shareholders' Equity	**14,110**	**13,637**	**3**
Capital Stock Restated	12,460	12,460	-
Reserves/Accumulated earnings	1,837	1,134	62
Equity Evaluation Adjustments / Other Results	(162)	35	-
Treasury Shares	(65)	(1)	8,739
Non Controlling Shareholders	40	8	424

ATTACHMENT II

INCOME STATEMENT - Corporate Law	4Q11	4Q10	% Ch.	2011	2010	% Ch.
Net Sales	**7,099**	**6,400**	**11**	**25,706**	**22,681**	**13**
Domestic Market	4,303	4,009	7	15,419	13,515	14
Exports	2,796	2,391	17	10,287	9,166	12
Cost of Sales	(5,152)	(4,560)	**13**	(19,047)	(16,951)	12
Gross Profit	**1,947**	**1,840**	**6**	**6,659**	**5,730**	**16**
Operating Expenses	(1,243)	(1,059)	17	(4,264)	(3,856)	11
Income before other operational results- EBIT	704	781	(10)	2,395	1,874	28
Other Operating Results/Equity Accounting	(196)	(221)	(11)	(394)	(390)	1
Financial Expenses, net	(186)	(153)	22	(480)	(483)	(1)
Income Before Financial Exp. and Other Results	**323**	**407**	**(21)**	**1,522**	**1,001**	**52**
Income Tax and Social Contribution	(200)	(48)	319	(157)	(196)	(20)
Non-Controlling shareholders	(2)	0	-	2	(1)	-
Net Income	**121**	**360**	**(66)**	**1,367**	**804**	**70**
Adjusted Net Income*	**336**	**360**	**(7)**	**1,582**	**804**	**97**
EBITDA	**920**	**959**	**(4)**	3,244	**2,635**	**23**

**Adjusted Net Income - Excluding the absorption of the tax loss relative to the incorporation of Sadia SA. booked to 2012, in the amount of R$215 million.*

All forward-looking statements contained in this report regarding the Company's business prospects, projected results and the potential growth of its businesses are mere forecasts based on local management expectations in relation to the Company's future performance. Dependent as they are on market shifts and on overall performance of the Brazilian economy and the sector and international markets, such estimates are subject to change.

On July 13 2011, the plenary session of the Administrative Council for Economic Defense - CADE approved the Association between BRF and Sadia S.A., conditional on compliance with the provisions in the Performance Agreement - TCD signed between the parties. These documents can be accessed via the website: www.brasilfoods.com/ri.