PERDIGÃO COMPANIES

Our growth nourishes the world

Perdigão Annual Report of Sustainability 2008

A wide range of products of **recognized quality** in Brazil and in more than **110 countries**.

Establishing the path of a global company

Introduction

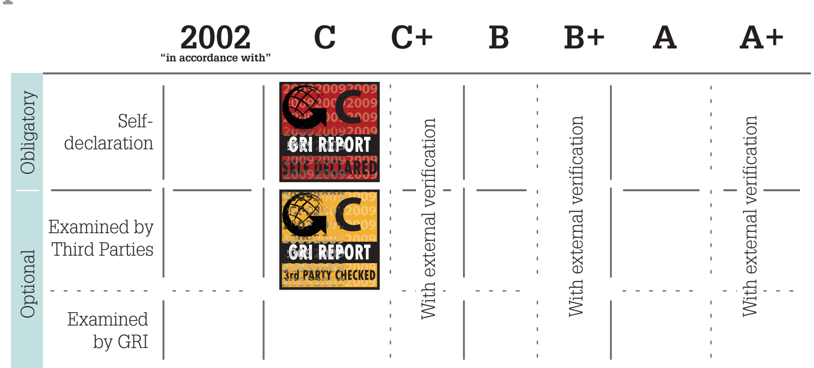
The publishing of the Annual Report in accordance with the Global Reporting Initiative (GRI) guidelines is an important advance for Perdigão, underlining the commitment of Company, management and employees to economic, environmental and social development. For Perdigão, sustainability is a constantly evolving process.

For this first year, the items and sustainability indicators covered in the report were established for the purpose of obtaining an Application Level C for the GRI guidelines. The Annual Report complies with economic, social and environmental performance indicators that have been defined internally through the GRI workshops and involving leaders and managers from various areas of the Company.

All the information is consolidated with the exception of environmental performance data, which excludes the businesses acquired in 2008. The results shown here are for the period from January 1 to December 31 2008 and are available in both Portuguese and in English.

We invite all to evaluate our report and contribute to next year's version. At the end of the publication we provide details of channels that can be used to clarify doubts and make suggestions.

GRI Application Levels Table



Confirmation of the Application Level of GRI G3 Guidelines

2008 Sustainability Annual Report
PERDIGÃO S.A.

BSD Consulting has verified the application level of the Guidelines for the Sustainability Report of the Global Reporting Initiative GRI (G3 version) of this edition of Perdigão's Annual Sustainability Report. The Company has declared it to be in conformity with Level C in its report and we are able to confirm that Level C of the GRI G3 was achieved in a consistent manner in the 2008 version.

BSD Consulting

Verifier Responsible:
Beat Grüninger, Associate Sustainability Assurance Practitioner IRCA, No. 1189266

2008 Highlights

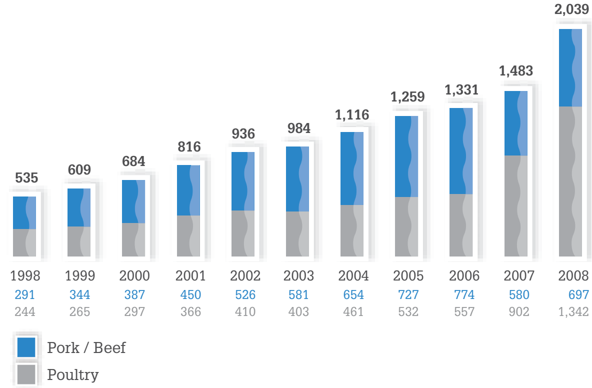
R$ million	2008	2007	2006	2005	2004
Gross Sales	**13,161**	**7,789**	**6,106**	**5,873**	**5,567**
Domestic Market	8,104	4,589	3,644	3,036	2,840
Exports	5,057	3,199	2,461	2,837	2,727
Net Sales	**11,393**	**6,633**	**5,210**	**5,145**	**4,883**
Gross Profit	**2,759**	**1,873**	**1,344**	**1,459**	**1,351**
Gross Margin (%)	24.2	28.2	25.8	28.4	27.7
Operating Income	**709**	**504**	**191**	**547**	**498**
Operating Margin (%)	6.2	7.6	3.7	10.6	10.2
EBITDA	**1,159**	**803**	**456**	**745**	**595**
EBITDA Margin (%)	10.2	12.1	8.7	14.5	12.2
Net Income	**54**	**321**	**117**	**361**	**296**
Net Margin (%)	0.5	4.8	2.3	7.0	6.1
Adjusted Net Income (1)	**155**	**321**	**117**	**361**	**296**
Adjusted Net Margin (%)	1.4	4.8	2.3	7.0	6.1
Market Value	**6,155**	**8,230**	**4,975**	**3,523**	**2,559**
Total Assets	**11,219**	**6,543**	**4,829**	**3,625**	**2,800**
Shareholders' Equity	**4,111**	**3,226**	**2,105**	**1,223**	**970**
Net Debt	**3,390**	**429**	**633**	**765**	**774**
Net Debt/EBITDA	2.92	0.53	1.39	1.03	1.30
Earnings per Share - R$ (2)	0.26	1.73	0.71	2.70	2.20
Net Sales per Employee/year - R$ thousand	193.1	148.2	133.4	144.7	155.5
Productivity per Employee (tons/year)	57.0	41.4	39.7	36.1	36.3
Shares	206,958,103	185,957,152	165,957,152	44,652,384	44,652,384
Treasury Shares	430,485	430,485	430,485	143,495	143,495

(1) Adjusted Net Income = the portion relative to amortized goodwill due to in 4Q08, without tax.
(2) Consolidated excluding treasury shares, adjusted according to the split ocurred in April, 2006.

Production of meat

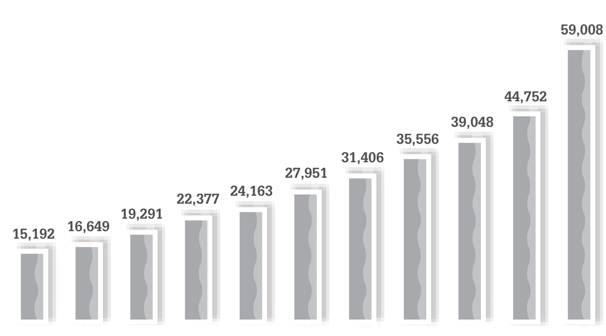
In thousands of tons

CAGR = 14.3%



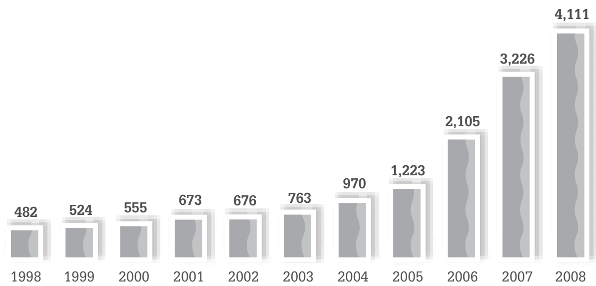
Number of employees

CAGR = 14.5%

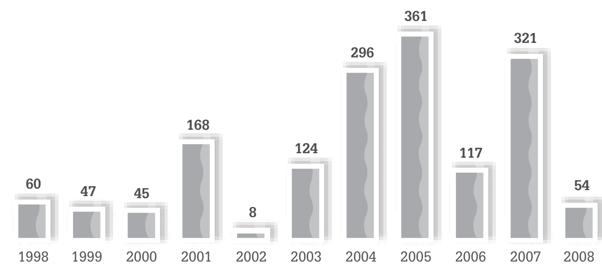


Shareholders’ equity
R$ million

CAGR = 23.9%

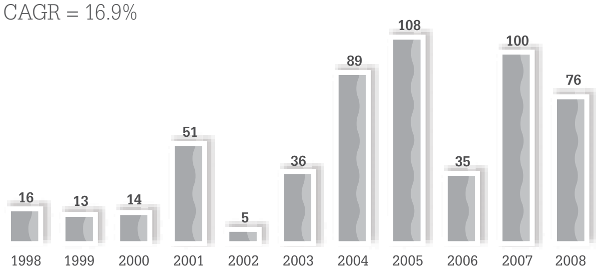


Net income
R$ million



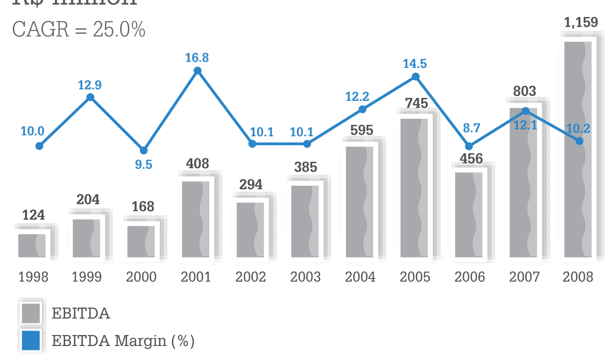
Shareholders’ payout
R$ million

CAGR = 16.9%



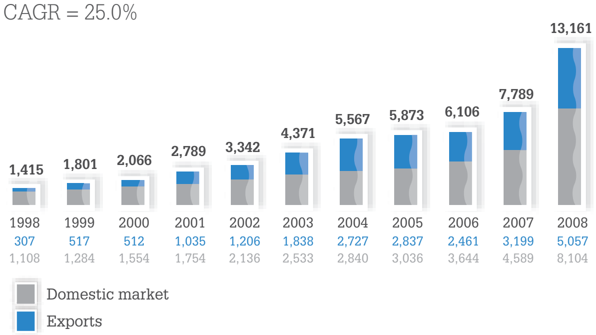
Ebitda
R$ million

CAGR = 25.0%



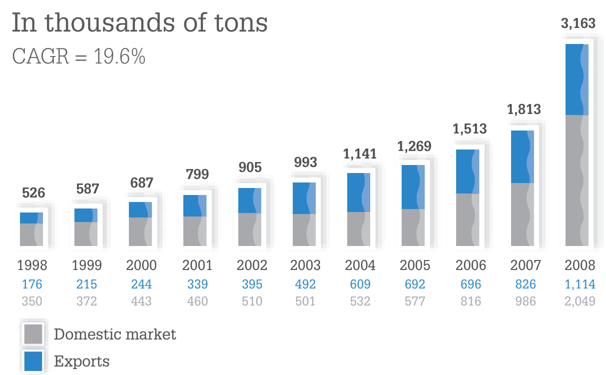
Gross sales
R$ million

CAGR = 25.0%



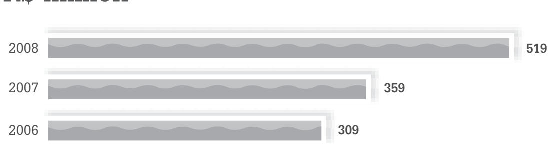
Sales*
In thousands of tons

CAGR = 19.6%



* Including meat, dairy and other processed products

Social investments*
R$ million



*include internal and external investments

Environmental investments
R$ million

PERDIGÃO
COMPANIES

Our growth nourishes the world

Annual Report of Sustainability 2008

Content

There's Perdigão in your future

Mission

To be a part of people's lives by offering tasty foods, high quality and at affordable prices anywhere in the world.

Vision

Principles and Values

Reliability
We are reliable, ethical and transparent. We do what we promise and, in so doing, build a relationship of mutual respect with our customers, suppliers, co-workers and shareholders.

Quality
We have obsession with quality and food safety. We seek to be in the vanguard of innovation and contribute to the well-being of our consumers worldwide.

Participation
We strive passionately to be one of the best global food companies. We are committed to what we do and we do it with perseverance, single-mindedness and determination.

Simplicity
We believe in operational simplicity and we put this approach into practise in the way we work. We solve our problems in a speedy and practical manner.

People
We develop, prioritize and are committed to the team spirit and on this basis we build the future for our company.

Efficiency
We practice a management style, which focuses on efficiency and profitability, avoiding waste and in this way we respect our shareholders.

Social and Environmental Responsibility
We play, and will increasingly play and important role as a catalyst for social development in the communities where we operate.

Message from the Management

One of the largest Brazilian food companies with diversified product portfolio

In 2008, Perdigão's focus was very much on the acquisition of new businesses and the expansion of activities, underscoring the solid basis that supports the Company's strategy of sustainable growth. It was also a year of consolidation of best Corporate Governance practices, an important competitive advantage.

Among the operations concluded in the period, the most important was the negotiation of the Eleva acquisition and in line with the objective of reinforcing our presence in our leading markets – meats and dairy products. We were able to merge Eleva's operations in February 2008 through a well-structured operation for incorporating the businesses, payment being effected partially in the form of a cash consideration and the rest through the incorporation of shares, with the transfer of equal rights to all the Company's shareholders. In April 2008, we also acquired the Minas Gerais-based company, Cotochés, a traditional dairy products industry.

During the year we announced the construction of the Bom Conselho agroindustrial complex in the state of Pernambuco for expanding our business into emerging markets within Brazil. Bom Conselho will have two industrial units – one for dairy products and the other for specialty meats – and a distribution center primarily serving the Northeast region. This region has been reporting a significant growth in population with sufficient disposable income to access the consumer market.

In line with our ongoing internationalization, we also acquired the European based processed meats company, Plusfood, thus expanding our footprint in various markets.

The strategy of leadership and diversification of the businesses is in line with the Company's action plan through to 2020 and is designed to reduce the concentration of activities, dilute the associated risks of the business and consequently ensuring better results for our investors.

In spite of the unsettled international scenario, 2008 was a year of economic growth and increasing incomes for Brazilians – which helped create an enlarged consumer base and positively impact our results. Overseas, we successfully penetrated new markets through exports, proprietary distribution channels and the insertion of higher added value products emanating from our European plants.

In the light of this trading environment, sales reached R$ 13.2 billion, a year-on-year growth of 69%, while our operating result was 40.6% higher, generating EBITDA of R$ 1.2 billion, a 44.4% improvement on fiscal year 2007.

The adverse international situation which continues to cause oscillations in the financial markets and commodity price volatility – intensified in Brazil by the sharp devaluation of the Real against the US dollar -, generated additional financial expenses, albeit without cash disbursements during the year, pressuring net earnings.

In the face of an intensifying global financial crisis in the final quarter of the year, the Company anticipated changes and realigned its focus in the light of events. Some one-off adjustments in production for export to match declining inventories were made and we also strengthened our financial position, protecting our assets and liabilities and maintaining a strict policy of risk management.

The year was also one of important changes in organizational structure. After a succession plan process which lasted more than a year, the functions of Chief Executive Officer and Chairman of the Board of Directors are once again being exercised independently, in line with the principles of corporate governance that have always guided Perdigão's business philosophy.

We continued to implement measures for achieving operating efficiency and improving management systems. In this context, we invested heavily in merging the processes and systems of our recent acquisitions, introducing the standards which have made Perdigão a market bellwether. We also revamped the supply chain to reduce costs and increase productivity, upgrading our sales team to maintain excellence in customer service. Our determination remains undiminished to incorporate and align these businesses, promoting value added, capturing synergies and embracing significant improvements in the consolidated performance of the Company over the medium to long term. Based on the guidelines for creating value and planned synergies for the incorporated businesses, we are undertaking a review of commercial expenses, seeking to reduce these with the implementation of the SAP software. This investment - the conclusion of which is forecast for early 2009 - will be responsible for important gains in distribution and supply chain synergies with an improvement in procedures and the integration of product lines. Benefits will also accrue to operating administrative processes centered at the Perdigão Services Center (CSP).

Another important project begun in 2008 is the new commercial model. This has its strategic focus on the customer, maximizing the strength of our businesses portfolio, our brands and our distribution chain.

These projects bolster the agility with which we make our decisions, a competitive advantage in times of adversity such as during the floods in the state of Santa Catarina. The impact on our shipments was attenuated through the rapid transfer of cargo from the Port of Itajaí/Navegantes to the ports of Paranaguá, São Francisco and Rio Grande.

The flooding in Santa Catarina inspired a large part of our employees to offer help to the victims, evidence of the consolidation of the volunteer spirit in the Company. Corporate support for volunteer work is just one of more than 50 initiatives and social projects that we are implementing.

We have also intensified our environmental projects. In line with Kyoto Protocol guidelines and with good practices adopted worldwide, we are working to reduce the emissions of polluting gases. Under the Clean Development Mechanism (CDM), we are burning gas emissions emanating from hog farming activities, minimizing the consumption of water in our processes as well as encouraging its reuse, and unceasingly searching for alternatives to reduce the energy we expend. As a reflection of our good socio-environmental practices, for the fourth consecutive year, our shares were selected to be a component of Bovespa's Corporate Sustainability Index (ISE).

In the field of corporate governance, Eleva's acquisition and incorporation was well received in the way it was conducted, respecting the rights of minority shareholders - 90% of which adhered to the share issue -, and emphasizing transparency in communication with the market - in line with our strategy as a Company with diffused capital and more than 30 thousand shareholders.

Our confidence in the gradual and consistent progress of results is backed by the Company's solid capital expenditures program and the drive to diversify and expand the businesses – this with a view to disciplined and sustained growth together with the enhancement of the brand names and businesses in our chosen markets.

We have prepared the Company to pursue a growth trajectory with a balanced management of the risks of the business and optimizing opportunities as they appear. The Company announced a 20% cut in meat production for export during the first quarter of 2009 for adjusting inventory levels in the industry given the running down of stocks at importers at the end of 2008. As a result, some industrial units supplying overseas markets announced technical stoppages and vacation shutdowns for the first quarter of 2009.

Our major challenge over the next few years will be to maintain the sustainable growth. Perdigão will continue to pursue its mission of becoming a world-class company with operations in various countries, the commitment to increasingly improve on corporate governance practices and advance the sustainability model. Above all, it will seek to offer the consumer practical and tasty solutions with quality.

Nildemar Secches
Chairman of the Board of Directors

José Antonio do Prado Fay
Chief Executive Officer

Profile

A Perdigão is one of the largest food companies and meat processors in the world, exporting its products to more than 110 countries. With its registered headoffice in São Paulo (SP), it ranks third in the world in poultry slaughtering capacity and is one of the ten largest in the hog-slaughtering segment. It is also one of the leading Brazilian companies in milk catchment and production of dairy products, pastas and pizzas.

Its specialized distribution system of chilled and frozen products made up of a large and complex structure of 28 distribution centers and 19 outsourced distributors. Using state-of-the-art systems and based on its accumulated supply chain expertise acquired over the years, Perdigão's sales reach more than one hundred thousand customers nationwide – among small, medium and large retailers. As a result, it is able to supply 98% of the Brazilian population within 24 hours.

Its product portfolio is made up of more than 2,500 items (SKUs) including meat, dairy product, margarine, pasta, pizza and frozen vegetables segments, among others.

In the domestic market - 56% of its total sales – the Company operates under such brand names as Perdigão, Chester®, Batavo, Elegê, Doriana, Becel (through a strategic joint venture with Unilever) and Turma da Mônica (under license). In export markets, accounting for the remaining 44% of sales, the leading brands are Perdix, Fazenda, Borella and Confidence.

Founded in 1934 in the state of Santa Catarina by descendents of Italian immigrants, the Company currently employs more than 59 thousand and operates 42 industrial units in 11 states. Perdigão has a further three plants in Europe and one in Argentina.

During its 74 years of existence, the Company has established a track record through organic growth, acquisitions and the implementation of processes and systems for increasing productivity - initiatives instrumental in implementing the strategy of consolidation as an international and diversified company.

Characterized by a dispersed and diffused shareholding control, Perdigão grants equal rights and protection mechanisms to all its shareholders. Its shares are listed on the São Paulo Stock Exchange (Bovespa) and the New York Stock Exchange (NYSE) through a Level III ADR Program. Perdigão also has a Bovespa Novo Mercado listing, a segment reserved for companies practicing the strictest levels of corporate governance. Its shares are a component of the Ibovespa stock index, the most important indicator of average price performance in the Brazilian equities market. For the fourth consecutive year, Perdigão has been included in the ISE (Corporate Sustainability Stock Index) made up of a select group of companies committed to corporate, environmental and social responsibility.

Perdigão's products reach **98% of the Brazilian population** and more than **110 countries**

2 Value generation

With management focused on expansion of its business, reduction of risk and cost control, Perdigão enjoys a global reputation for creating effective shareholder value

Strategy and investments

As part of its continued expansion in the past few years, in 2008 Perdigão invested in acquisitions and organic growth. At the same time, it focused on the expansion of its product line, notably those products with higher value added. The Company consolidated its position in the market for dairy products and meats, reinforcing its presence along the entire animal protein chain. Perdigão also gained market share in the margarines business, a segment where it began operations in 2007.

The year was marked by the incorporation of Eleva Alimentos, the largest acquisition ever made by Perdigão and worth R$ 1.7 billion. This purchase represented the Company's expansion into the dairy products segment, to be followed soon after with the acquisition of Cotochés, a regional leader in the same business in the state of Minas Gerais, for R$ 54 million plus the assumption of R$ 15 million in debt.

During the year, the Company has sought to capture synergies from these and other acquisitions by integrating systems and production and through adjustments to the distribution chain, the objective being to introduce improvements, obtain greater efficiency and cost savings. One of the measures in this direction has been the construction of new distribution centers (DCs) in the states of São Paulo and Goiás and the expansion of capacity at existing ones in the states of Ceará and Bahia.

During the incorporation phase of the new acquisitions, Perdigão has dedicated special attention to the employees by fostering a favorable working environment and seeking to maintain the Company's tradition of low labor turnover. Jobs have been maintained and the benefits enjoyed by Perdigão's employees extended to the other companies.

In the overseas markets, the conclusion of the Plusfood incorporation has enabled the Company to diversify its operations in Europe into processed and chilled products. The raw material is exported from Brazil to European processing plants, which then supply retailers throughout the region.

In other regions, the Company has continued to pursue its international strategy with the startup in proprietary distribution out of Dubai (United Arab Emirates). Perdigão also made its debut as an exporter of dairy products (powdered milk and butter) as well as continuing the process of transforming the Batavo name into an export brand in this segment. An executive division for international marketing has been set up to examine business opportunities for the Perdigão brands overseas and to establish goals and strategies.

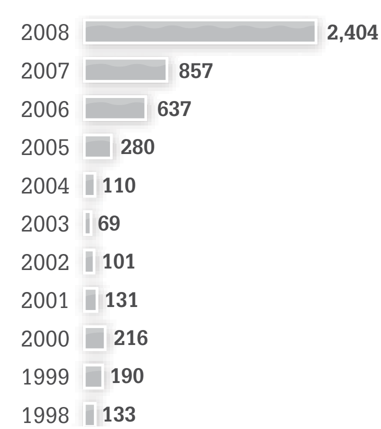
Investments for the year including both capital expenditures and acquisitions, totaled R$ 2.4 billion – 179.4% more than in 2007. The acquisitions of Eleva (dairy products and meats), Plusfood (meat processing in Europe) and Cotochés (dairy products) amounted to R$ 1.8 billion, against R$ 347.6 million in 2007, a 408% increase year-on-year and 73.8% of the total investment outlay during the year.

Of the remaining R$ 628.4 million, 26.2% was invested in improvements and upgrading productivity at various plants in the Brazilian Midwest (Rio Verde-GO, Nova Mutum-MT, Mirassol D'Oeste-MT), in the South (Videira-SC, Capinzal-SC, Marau-RS, Carambei-PR), as well as at the DCs in São Paulo, Goiás, Pernambuco and Bahia. Further expenditure was dedicated to investment in information technology as well as new projects announced for the meat and dairy product activities lines.

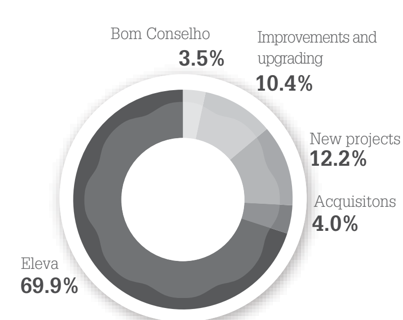
Investments in poultry and hog breeder stock was R$ 208.3 million - an increase of 65.2%, a reflection of organic growth and the incorporation of the Eleva businesses.

Investments

R$ million
CAGR = 33.5%



2008 Investments



Main investments

R$ million

New business	Announcement /Conclusion	Investments*	Location	Description
PLUSFOOD *Meat processing*	May 22, 2007 Jan 2, 2008	R$ 45	Oosterwolde - The Netherlands Wrexham - United Kingdom Constanza - Romenia	Acquisition of 100% of the Company, with 3 units in Europe
ELEVA *Dairy products and meats*	Oct 30, 2007 Feb 22, 2008	R$ 1,676	Argentina, Brazil (Bahia, Goiás, Mato Grosso do Sul, São Paulo and Rio Grande do Sul)	Acquisition of 100% of the Company - 46% in cash and 54% in shares
COTOCHÉS *Dairy products*	April 2, 2008	R$ 54	Ravena and Rio Casca - MG	Acquisition of 100% of the company with 2 industrial units
DAIRY PRODUCTS PLANT	June 10, 2008 Feb, 2010	R$ 65	Três de Maio - RS	Unit under construction
MEAT PROCESSING	Sep, 17 2007	R$ 100	Bom Conselho - PE	Unit under construction: 18-24 months
DAIRY PRODUCTS PLANT	Sep, 17 2007 Second half 2009	R$ 70	Bom Conselho - PE	Unit under construction: 16-24 months
NOVA MUTUM EXPANSION *Poultry Slaughter*	Aug, 17 2007 Second half 2010	R$ 130	Nova Mutum - MT	Increase in production capacity
AGROINDUSTRIAL COMPLEX *Special Poultry - Turkey*	March 20, 2007 Sep 2008	R$ 240	Mineiros - GO	Increase in production capacity

* Total investments

Perspectives 2009

Perdigão will continue to concentrate on completing the consolidation of its businesses, on the capture of synergies and in reducing costs as part of the process of incrementing returns. In the light of the current global context, the Company will further refine its policy of risk management in order to ensure that the solid financial position, achieved to date, remains in place going forward.

Perdigão began 2009 with a policy of slimming down inventory in anticipation of possible falling demand in Russia and Europe and in the light of the reduction in orders from Brazilian retailers – a situation that will tend to return to normal from the beginning of the second half.

Despite this trading environment, Perdigão intends to grow its business both in terms of volume as well as sales revenue, benefiting from the wide range of products that it is able to offer the market. Set against a less favorable global economic background, revenues should increase at a slower pace than has been the case in years past, albeit on a continued sustainable basis in tandem with the same return on investments.

The Terra Nova Project will contribute towards realizing these objectives by implementing a new commercial model, results being expected from the second half of 2009 in Brazil and overseas.

Another major challenge for the year is the preparation of the long-term strategic plan, which will set targets up to 2015. Just as with the current action plan through 2011, so the next will have internationalization as one of it priorities, a process that is gaining traction each year as the Company grows into one of the largest businesses in the world food industry.

The discipline of taking a long-term view of chosen markets, permanently evaluating the risks and analyzing the opportunities are a critical part of the Company's operations based on gradual and solid growth.

Perdigão is already in the process of making the necessary adjustments in alignment with recent Brazilian legislation on the adoption of international standards of disclosure such as the International Financial Reporting Standards - IFRS for financial statements.

Domestic market

In spite of a highly complex global environment, Perdigão is maintaining its growth targets for the Brazilian market, benefiting from the effective growth in personal incomes over the past few years. Under tighter credit conditions, the consumer tends to spend more on food thus presenting opportunities for the Company given its portfolio comprises a comprehensive mix of products meeting the full spectrum of customer demand.

The Company intends to expand its sales of higher added value products both in processed meats (elaborated, specialty and frozen), and also other processed products (pastas, pizzas, dairy products, margarines, frozen vegetables, among others).

Exports

Perdigão plans to ramp up operations at its Plusfood plants in Europe and break into new markets worldwide as part of the Company's process of internationalization.

The principal objectives in export markets are (i) to increase sales volume in meat products, encompassing both in natura and also processed items, with a strategic focus on increasing business in this market; (ii) to increment the export of items specifically targeting retail and food service segments in the European market; (iii) to climb the ranking from third to second largest Brazilian exporter of dairy products, particularly of higher value added Batavo branded products; (iv) to enhance and reposition the Company's brands in each of its existing markets (Perdix, Fazenda, Batavo); and (v) to implement Total Perdigão Service (ATP) in the overseas operations.

Operating management

With the objective of gains in productivity at its units, Perdigão will continue to invest in automation and in the implementation of new technologies, as well as maintain an efficient environmental management structure model for preserving natural resources and controlling the consumption of water and energy.

Organized by business activity, the production area is made up of units grouped into regional areas. The meats business together with other processed products is composed of six regional areas: Rio Grande do Sul, Santa Catarina, Paraná, Goiás, Mato Grosso and Pernambuco. The structuring of the dairy products business, given its recent nature, is currently being implemented along the same lines. In the margarines segment, Perdigão operates through Up Alimentos, a joint venture with Unilever.

Unlike recent years when its priority was new acquisitions, in 2009, the Company will prioritize the consolidation of the businesses and the capture of synergies. Part of this move towards closer integration is the adaptation of the supply chain, reducing expenses through amalgamating the delivery of different products and the adoption of a common system across the entire operating spectrum.

The goals established for each business unit are:

- Consolidation of investments in the state of Goiás and continuation of initiatives already taken in the Brazilian Midwest;
- Continued construction of the Bom Conselho Agroindustrial Complex (PE), consisting of one dairy products unit, a specialty meat products plant and a distribution center;
- Increasing beef cattle slaughtering in Mirassol D'Oeste (MT) to full capacity;
- Certifying industrial units to meet the requirements of new markets;
- Continuing the ATP process, reinforcing enhanced responsiveness to customer needs;
- Expansion of the Milk Fidelity project, a series of solutions and incentives for producers to guarantee productivity and improve milk quality. Implemented at Bom Conselho, the program is being extended to other states.

The integration of the companies acquired in the past two years is expected to result in a significant reduction in expenses with an increase in production scale, integration of the supply chain, distribution and warehousing, optimization of the sales team and the adoption of more advanced technology.

Financial management

Perdigão will continue to pursue a policy of balanced resource application, calculating the inherent risks of each operation, and thus maintaining the solid financial position achieved in 2008 and ensuring liquidity and returns to shareholders. The Company will also continue to employ traditional protection mechanisms against volatility in grain prices, and interest and foreign exchange rates.

The principal focus in 2009 will be on financial management, consisting of improved risk management, a proactive posture for maintaining a balanced financial position, reducing possible market impacts and generating the necessary cash flow to satisfy working capital and investment requirements.

The Company believes that it can reduce the net debt/EBITDA ratio given the shift in strategic focus to more gradual growth rates and improving margins to a level appropriate to investment and working capital requirements.

Sustainability

Perdigão's focus on growth with sustainability enhances intangible assets. These are viewed as important competitive advantages, contributing to meeting corporate targets. With the involvement of all stakeholders, we believe that it is possible to harmonize the policy of sustainability based on three pillars:

- Economic-financial: the long-term strategy is directed towards maintaining average growth reported over the last decade, to returns at higher margins, an effective increase in added value and the allocation of investments, these to form the basis of the next sustained growth cycle encompassing the period of the 2009-2015 business plan;
- Environmental: the development of innovative solutions for preserving and protecting the environment and surpassing the normal legal requisites, always factoring the environmental impact into economic feasibility studies;
- Social: seek to establish favorable conditions for improving the situation of the local population in regions where the Company has operations through the medium of social programs.

3

Efficiency

The expansion of sales of meats, dairy products and other processed products allows Perdigão to meet the needs of all consumer classes

Sectoral analysis

Market performance was impacted by extreme volatility during the year. Export markets were characterized by the need to constantly pass higher grain prices on to the end product and by the appreciation in the Brazilian Real. From September, the international financial crisis produced a complete contrast to the previous nine months with commodity prices slumping and the Real devaluating against the US dollar. The worsening of the credit crunch in the last quarter triggered inventory liquidation, significantly impacting world prices in the final quarter of the year, the dollar denominated price curve sliding sharply.

In turn, the domestic market continued to benefit from the growth in household incomes. However, easier credit in the domestic market and extended maturities translated into less resources for non-durables such as food and benefiting durable goods sales up to the third quarter. However, this scenario was reversed in the final quarter of 2008 due to a deterioration in the international scenario with corresponding downward adjustments in production and employment in various sectors of the Brazilian economy, leaving the consumer more cautious and provoking a significant drop in consumption, particularly of durables.

In such a situation where an exact assessment of the impacts is difficult, Perdigão believes that it is better prepared for these adversities and well placed in what is a fundamental and basic sector, to supply customer requirements. In addition, the Company has a broad range of products and brands to meet the needs of all consumer groups.

Exports

Brazilian poultry export volume totaled 3.6 million tons in 2008, 10.9% higher than 2007, according to the Brazilian Chicken Producers and Exporters Association (ABEF). In US dollar terms exports rose 40% to reach US$ 6.9 billion.

Physical exports of pork meat declined from 606 thousand tons in 2007 to 529 thousand tons in 2008, although prices rose 42.2%, translating into a 20.1% increase in exports by value.

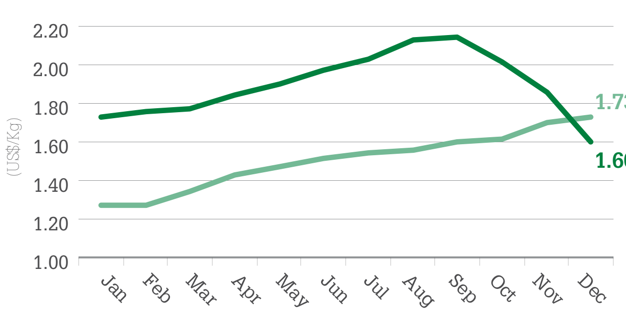
Beef exports were also down - by 14.4% - largely reflecting a European Union trade ban. Brazil shipped 1.4 million tons of beef, generating revenues of US$ 5.3 billion, 20.3% more than in 2007 due to a 40.5% price rise year-on-year. Revised Russian pork and beef import quotas were also reflected in reduced export volume.

With the worsening of the international crisis in the fourth quarter, importers downsized inventory, which, together with the grave financial situation in which producers found themselves, resulted in a sharp drop in US dollar prices, as the accompanying graphs show.

In the dairy products market, powdered milk export volume was 82.8 thousand tons, 99% more than in 2007, while the value of shipments was US$ 377 million, a year-on-year increase of 127.4%.

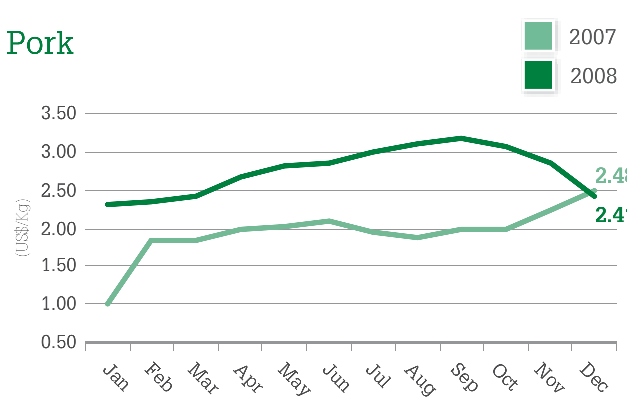
Exports average price

Poultry



Source: Abef

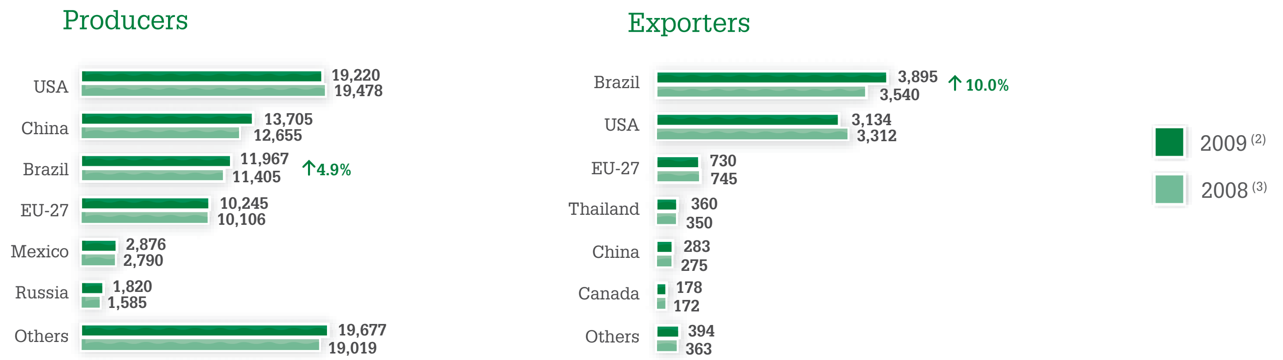
Pork



Source: Abipec

World poultry panorama (1)

Thousand tons – "Ready to cook" equivalent



(1) Includes chicken, special poultry and turkey | **(2)** Estimated | **(3)** Preliminary data

Source: USDA - Oct/08

Domestic consumption

Real incomes rose 3.4%, while nominal income increased 9.6%. According to the Brazilian government statistics office – IBGE, employment grew by 4.7% driven by a range of different economic sectors.

AC Nielsen data for 2008 reported a growth of 2.6% in frozen meat products, while demand for frozen pasta jumped 19.3% and frozen pizzas by 3.6%. Specialty meats dipped slightly by 1.7% and margarines by 1.4%. The market for dairy products posted growth of 3.5%.

Raw materials

Domestic market corn prices increased 9% according to the FNP Institute in contrast to lower prices on the Chicago Board of Trade – CBOT, indicative of product availability.

FNP statistics reported a rise in soybean prices of about 30% reflecting CBOT commodity prices and currency variation. Data published by the Center for Advanced

World beef panorama

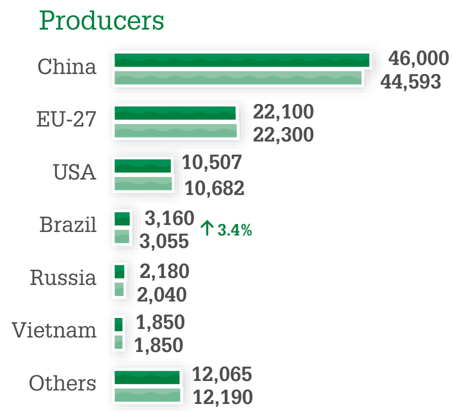
Thousand tons – equivalent carcass

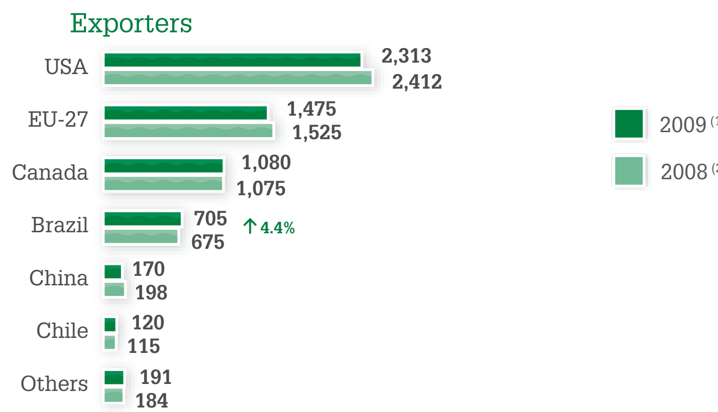
(1) Estimated | **(2)** Preliminary data

Source: USDA - Oct/08

World pork panorama

Thousand of tons – equivalent carcass





(1) Estimated | **(2)** Preliminary data

Source: USDA - Oct/08

Studies in Applied Economics – Cepea shows that average prices for in natura milk were 2.2% higher and while falling back in the last quarter, caused strong upward momentum in production costs until September, milk producer prices rising by 34%. Live cattle prices increased 37.6% on the back of tighter supply.

Perspectives

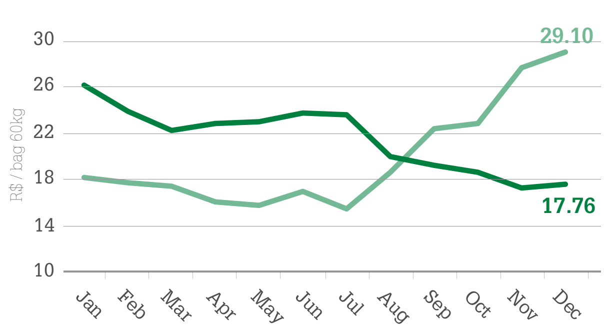
Both ABEF and the Brazilian Pork Industry and Export Association – ABIPECS are forecasting growth in exports of chicken and pork meats of 5% and 3.5%, respectively. This reflects the reopening of the Chinese market as well as the penetration of new markets, in addition to competitiveness of the Brazilian product in more consolidated markets. However, average US Dollar export prices will remain under pressure, and should be less than 2008.

Higher unemployment is expected in Brazil, although average household income should increase due to the annual adjustment in the minimum wage and declining inflation.

Grains prices

Corn

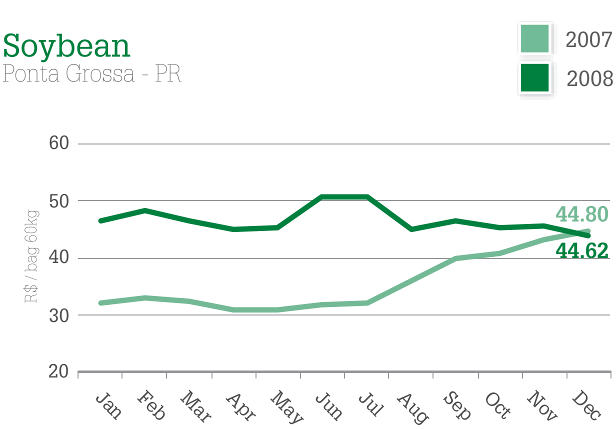
Cascavel - PR



Ch. 2008/07 = 8.6%

Soybean

Ponta Grossa - PR



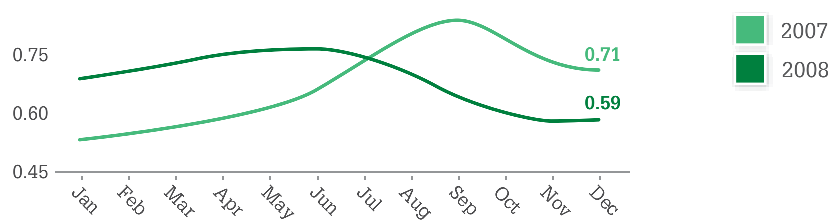
Ch. 2008/07 = 30.9%

Source: Instituto FNP

The National Supply Council – Conab is forecasting a decline in the Brazilian grain crop - soybeans down by 4% and corn by 14%. This reduced output is unlikely to affect supplies in the light of healthy inventory levels for these raw materials, in particular, corn.

Milk price*

In R$



* Average price paid to producer

Source: CEPEA e Scot Consultoria

Operating performance

Production

Meat production increased 37.5% during the year on the back of organic growth and the incorporation of the new businesses. Poultry and hog slaughtering rose 37.6% and 25.2%, respectively.

On the other hand, the output of dairy products increased 279.7% due to the acquisition of Eleva and Cotochés. Growth was also driven by an increase in Batavo-branded processed dairy products and supply agreements with third parties such as Cooperativa Central de Laticínios do Estado de São Paulo (CCL) in São Paulo and Cooperativa Central de Produtos de Leite (CCPL) in Rio de Janeiro, the latter agreements being rescinded at the end of the year.

Other processed products posted an increase of 162.4%, reflecting the increase in the margarine segment as well as significant rises in other lines such as pastas, pizzas and frozen vegetables.

The Company announced a 20% cut in meat production for export during the first quarter of 2009 as part of the process of adjusting inventory levels in the industry given the running down of stocks at importers from the end of 2008. As a result, some industrial units supplying overseas markets announced technical stoppages and vacation shutdowns for the first three months of 2009.

Domestic market

With sales 76.6% higher, the domestic market reported R$ 8.1 billion in revenues, a result driven by good year-on-year performances from meats 36.2% of increase, dairy products 237.4% higher and other processed products a growth of 53.8%.

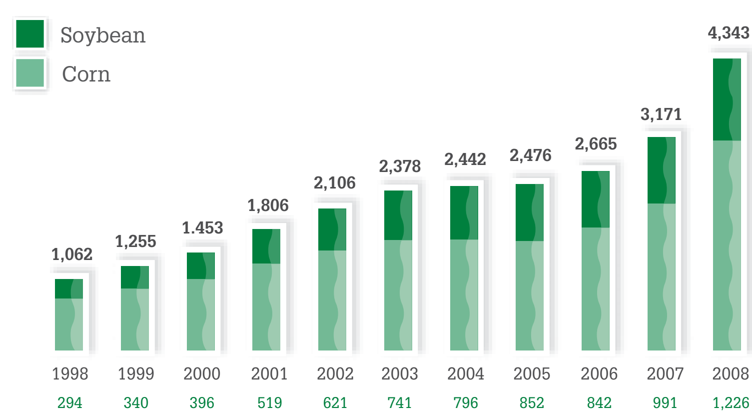
Meat

This activity accounted for 52.4% of domestic market sales, volumes growing by 26.3%. Elaborated/ processed with higher aggregate value and good contribution margins, reported growth of 11.3% in volumes,

Grain consumption

In thousand of tons

CAGR = 15.1%

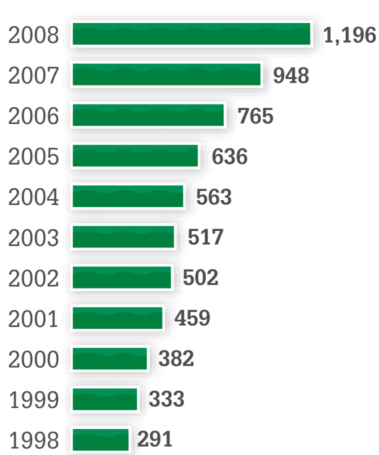


	Thousand tons			R$ million		
Domestic market	**2008**	**2007**	**Ch. %**	**2008**	**2007**	**Ch. %**
Meat	815.8	646.0	26.3	4,250.4	3,120.2	36.2
In natura	164.6	61.0	169.6	677.3	279.3	142.5
Poultry	125.9	47.6	164.6	490.6	215.2	128.0
Pork/beef	38.6	13.4	187.4	186.7	64.1	191.3
Elaborated/processed (meat)	651.2	584.9	11.3	3,573.1	2,840.9	25.8
Dairy products	1,127.6	278.0	305.7	2,807.1	832.1	237.4
Milk	880.1	127.5	590.1	1,690.5	242.8	596.4
Dairy products/juice/others	247.5	150.4	64.5	1,116.6	589.4	89.5
Other processed	105.7	62.3	69.6	603.4	392.3	53.8
Soybean products/others	218.6	184.5	18.5	443.4	244.5	81.4
Total	2,267.7	1,170.8	93.7	8,104.2	4,589.2	76.6
Processed	1,004.4	797.7	25.9	5,293.1	3,822.6	38.5
% Total sales	44.3	68.1		65.3	83.3	

Elaborated/processed product sold*

In thousand of tons

CAGR = 15.2%



* including meat, other processed products and dairy products

with a 12.8% improvement in average prices, although still under pressure from 21.3% higher average costs.

In parallel, the 142.5% and 169.6% increase in sales revenues and sales volume of in-natura products following the Eleva merger, triggered a squeeze on margins. This was due to higher production costs of the principal raw materials and also to poultry production at the plant in the state of Bahia (previously owned by Eleva), a region where grains are not produced and is therefore dependent on transportation of these inputs or on acquisition through government auction. The Company has taken measures to improve productivity at Eleva's plants and, gradually, the product mix as well.

Dairy products

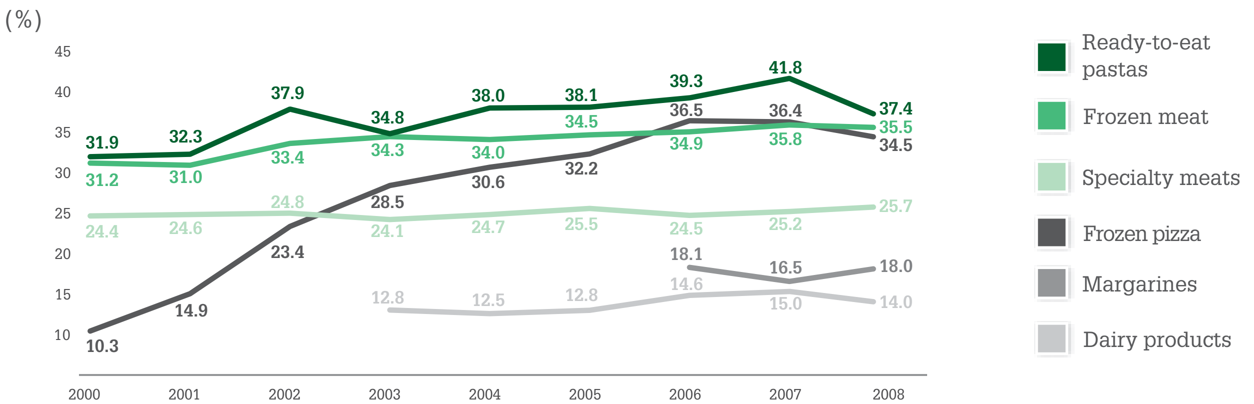
Dairy products, which represent 34.6% of domestic sales, recorded a growth of 237.4% in revenues and 305.7% in volumes. Processed dairy products posted an increase of 89.5% in sales revenues and 64.5% in volumes.

The increase in average prices was not enough to entirely offset higher average production costs in relation to milk prices at the producer level during the year. However, catchment prices eased in the final quarter, contributing to an improvement in margins.

Milk sales incorporating long life milk (UHT), pasteurized and powdered milk - increased 590.1% in volume due to the consolidation of the Eleva and Cotochés businesses. The Company experienced atypical circumstances particularly in the case of UHT milk, where a significant third quarter adjustment had to be made in view of growth in supplies of this product set against stagnating demand, resulting in a sharp decline in retail prices.

Oversupply also characterized the powdered milk market due to soaring world production which pushed down prices. Perdigão undertook a review of fluid milk volumes and an adjustment in production costs to reestablish product margins, these measures having a positive impact on results for the final quarter of the year.

Market share



Source: AC Nielsen

Other processed products

These products including pastas, pizzas, margarines, frozen vegetables, cheese bread, and the soybean-based vegetarian line, among others, reported growth of 53.8% in sales revenues and 69.6% in volumes. The decline in average prices compared with the preceding year is justified by the change in mix with the introduction of margarines which provide interesting contribution margins to the portfolio as a whole but have a low unit value.

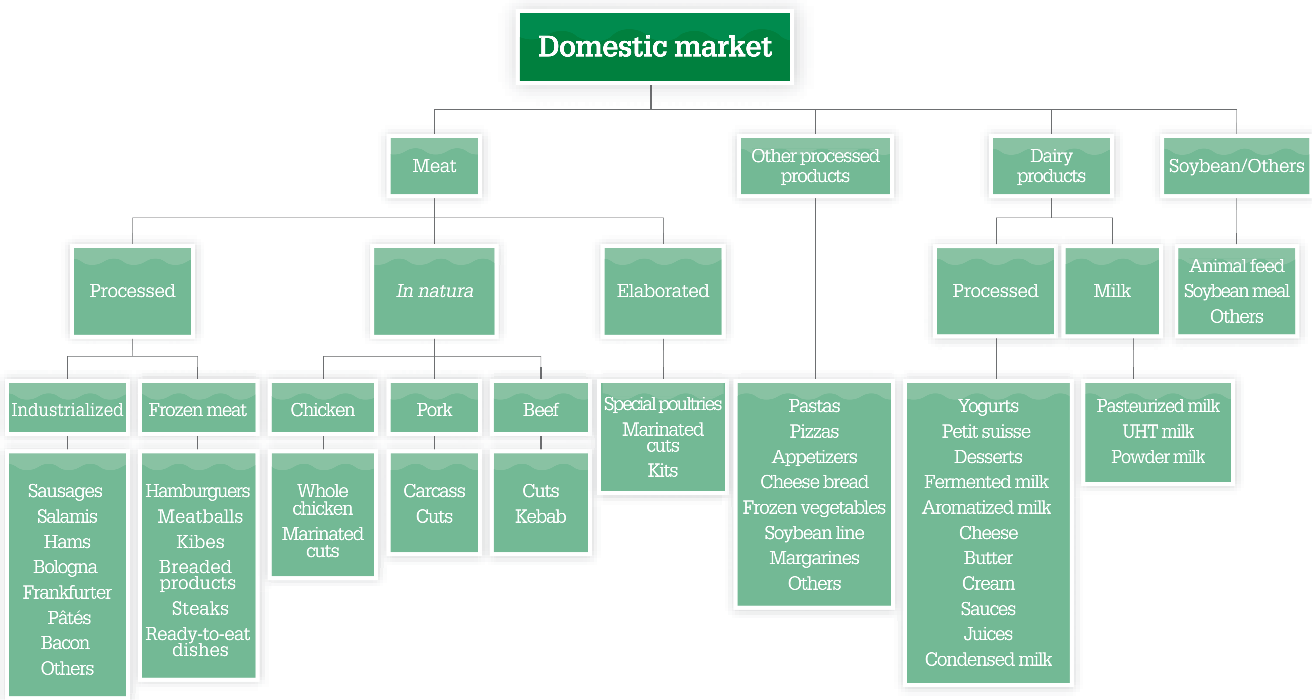
Processed products

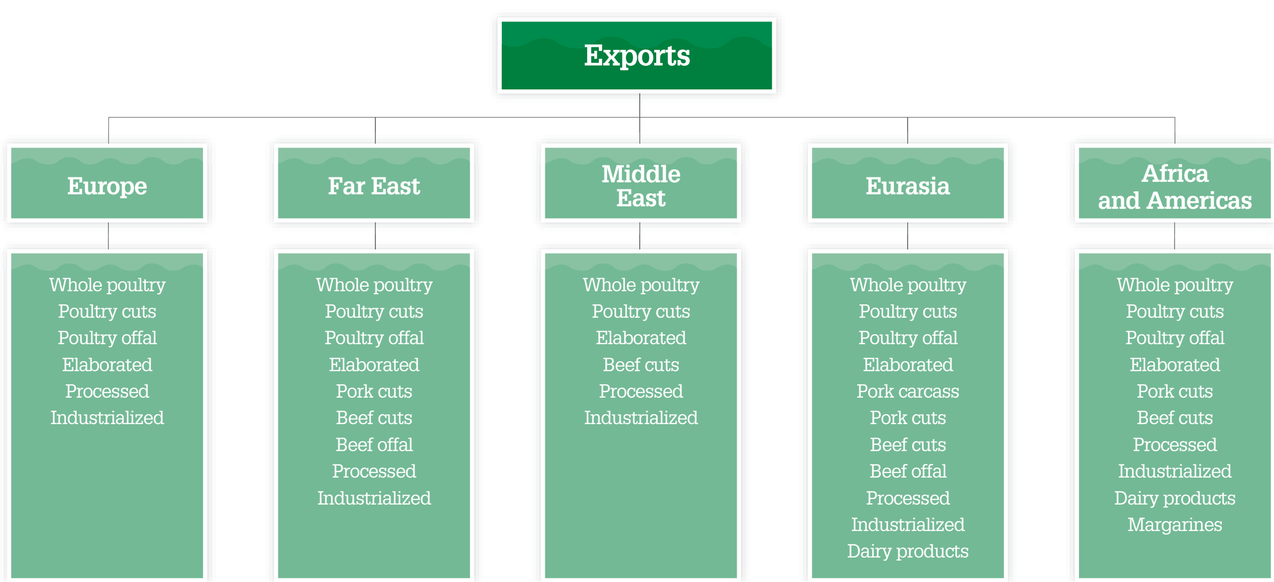
Representing 65.3% of sales revenues from the domestic market, processed products – core to the Company's strategy – registered growth of 38.5% and 25.9% in sales revenue and volumes, respectively, contributing significantly to operating margins. The decrease in the relative share of this segment in the Company's business was due to the increase in higher meat and milk volume (in-natura).

Marketing

The Company ran marketing campaigns for promoting the specialty meats and pizza lines as well as Batavo dairy products, including the Pense Light line, and the Elegê brand, the objective in all cases being the improvement of brand penetration and the commercial alignment of the product portfolio.

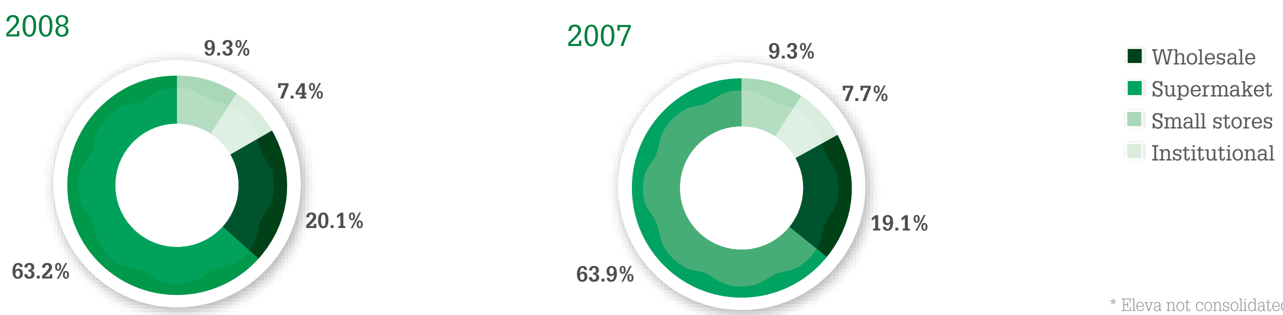
Products line





Distribution channels*

In revenues - domestic market



* Eleva not consolidated

Exports

Exports rose 58.1% in revenues and 34.8% by volume. Sales performance was notably strong in the principal markets, especially the Middle East, Far East, Eurasia, Europe, Africa and South America allowing the Company to partially offset the increase in costs up to the end of September, favorably impacting margins.

Revenues from overseas sales of meats represented 97.3% of all exports, with sales 54.1% higher in revenue terms and 32.9% better in volumes. Processed meat product volumes, including Plusfood, were up 25.5%. In-natura poultry and pork meat increased by 34.6% during the year, including the Eleva business.

Dairy product exports were R$ 127.8 million, equivalent to 15.8 thousand tons, basically made up of powdered milk, cheese and butter.

Processed products accounted for 22.1% of exports, growing by 38.8% in revenues and 27.4% in shipment volume. The Company was obliged to increase prices during the course of the year to partially offset narrower margins caused by a disproportional rise in raw material costs. Average FOB (Free on Board) US dollar prices reported an increase of 24.7% compared with 2007.

However, the adverse scenario in the fourth quarter resulted in changes in the trading environment: (i) an accentuated fall in international prices (15.2% in the last quarter); (ii) flooding and damage to port infrastructure in the state of Santa Catarina in southern Brazil, resulting in reduced shipments in November with the backlog not totally offset by the end of the year in spite of the rapid switch of cargo to other ports.

In local currency terms, average meat prices increased 16% with the average cost 18.7% higher compared with the same period in 2007, considering a foreign exchange variation of 32% in the period.

Perdigão reported the following performance in its leading overseas markets:

- **Europe:** Exports registered an increase of 18.1% in revenues and 5.2% in volume, Plusfood's business also included. However, demand from industry for imported frozen products was lackluster due to greater supplies of chilled products on the market. Demand pressure for proteins and the credit crunch could favor chicken meat products – a lower priced and healthier protein.
- **Middle East:** A significant increase of 79% in export revenues and 50.1% in volume confirms Perdigão's greater penetration in various countries in the region. The Company increased its business in this market thanks to production growth capacity following the acquisition of Eleva as well as the strategy of tailoring production to customer requirements.

- **Far East:** Export revenues climbed 45.4% in revenues and 16.8% in volume, demand from the Japanese market being the highlight while China reported weaker business. Surplus supplies increased inventory levels, which combined with the international crisis, pushed prices lower. China reopened for chicken meat imports offering additional opportunities in 2009. However, the Chinese authorities had still not begun issuing the necessary import licenses.
- **Eurasia:** The Company incorporated the pork and beef production units certified to export, especially to the Russian market where there was important demand for proteins up to September with an improvement in prices ahead of the winter season and the end-of-the-year holiday period. Year-on-year sales increased 46.8% against a 4.9% improvement in volume.
- **Africa, the Americas and Other Countries:** There was a significant increase of 227.6% in export revenues and 145.6% in volumes due to demand for whole chicken and other animal protein, mainly beef, together with an improvement in mix, in turn increasing revenues to these markets. Demand came principally from Angola, Egypt, Mozambique, Uruguay and Venezuela.

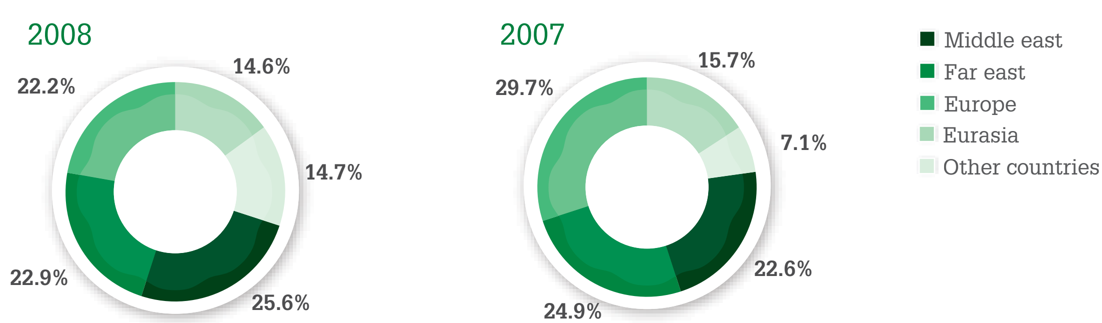
The Company successfully concluded the total integration of the European-based Plusfood. The SAP R-3 system was implemented in the sales, finance and supply chain areas. This permitted the joint distribution and consolidation of the supply chain, sales and finance teams as well as eliminating structural overlaps. A new line in fresh pie products has been introduced, improving the Plusfood's competitive edge in this important and profitable market segment in the United Kingdom. Perdigão also invested in a further cold cuts' production line. A sales team dedicated to food service and retail channels has been formed to increase direct sales to consumers together with another team focused on serving industries and processors.

Fourth quarter performance was a positive one, especially when the increasingly difficult conditions arising from the decline in international prices as well as port logistics in Brazil are taken into account. Exports of meats rose by 51.1%, with meat volumes 11% higher while dairy products amounted to 5.3 thousand tons, representing a growth of 7% by volume. In spite of the slump in US dollar prices, average prices in Reals posted an increase reflecting the devaluation of the local currency against the US dollar.

Exports	Thousand tons 2008	Thousand tons 2007	Thousand tons Ch. %	R$ million 2008	R$ million 2007	R$ million Ch. %
Meat	1,096.4	824.8	32.9	4,922.5	3,193.6	54.1
In natura	909.2	675.6	34.6	3,833.7	2,394.7	60.1
Poultry	767.0	555.2	38.2	3,014.8	1,865.7	61.6
Pork/beef	142.2	120.4	18.1	818.8	529.0	54.8
Elaborated/processed (meat)	187.2	149.2	25.5	1,088.9	798.8	36.3
Dairy products	15.8	-	-	127.7	-	-
Milk	12.7	-	-	106.8	-	-
Dairy products	3.1	-	-	21.0	-	-
Other processed	1.5	1.4	4.9	6.8	5.9	16.6
Total	1,113.7	826.2	34.8	5,057.1	3,199.4	58.1
Processed	191.8	150.6	27.4	1,116.7	804.7	38.8
% Total sales	17.2	18.2		22.1	25.2	

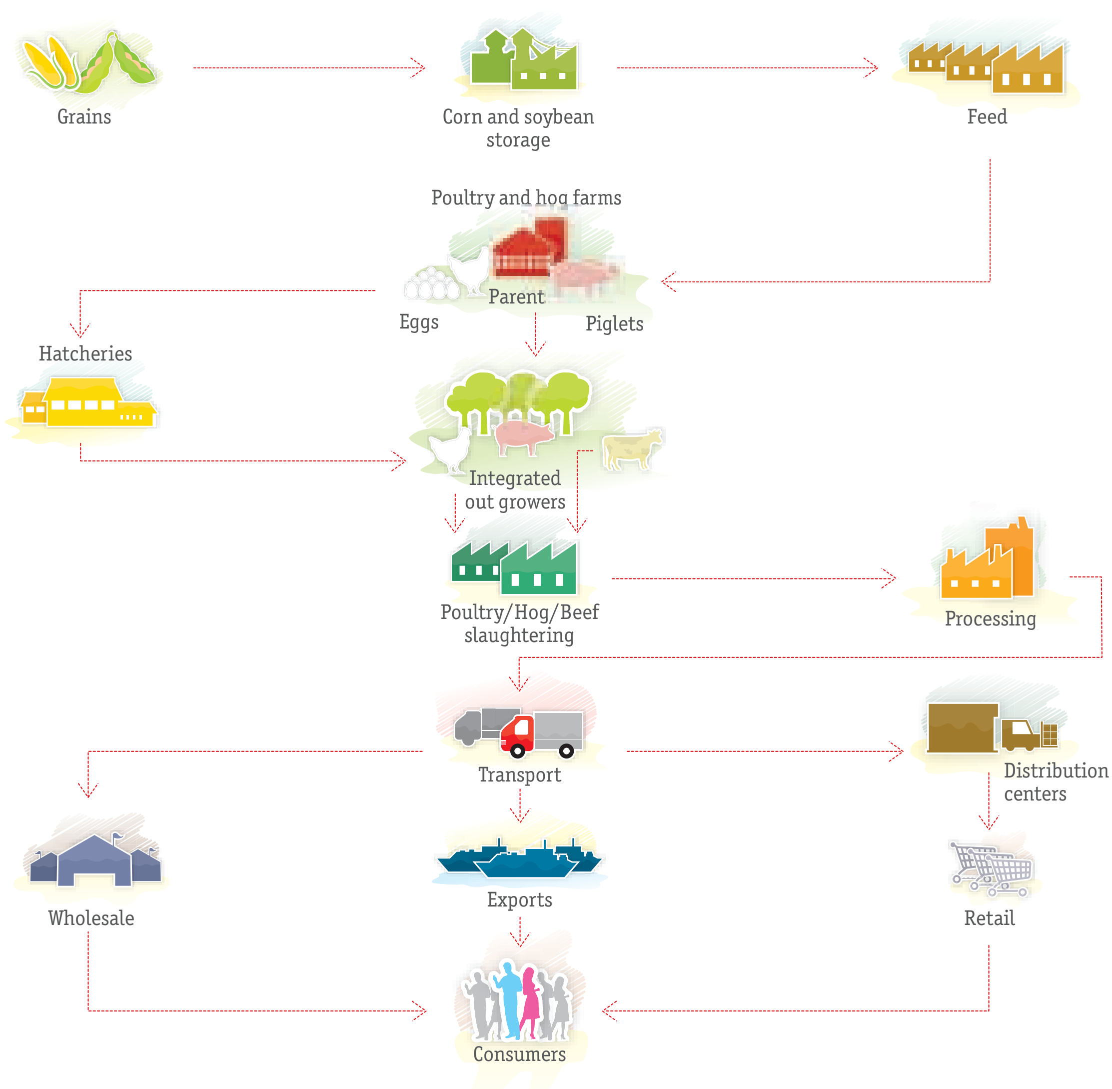
Exports by region

% in revenues

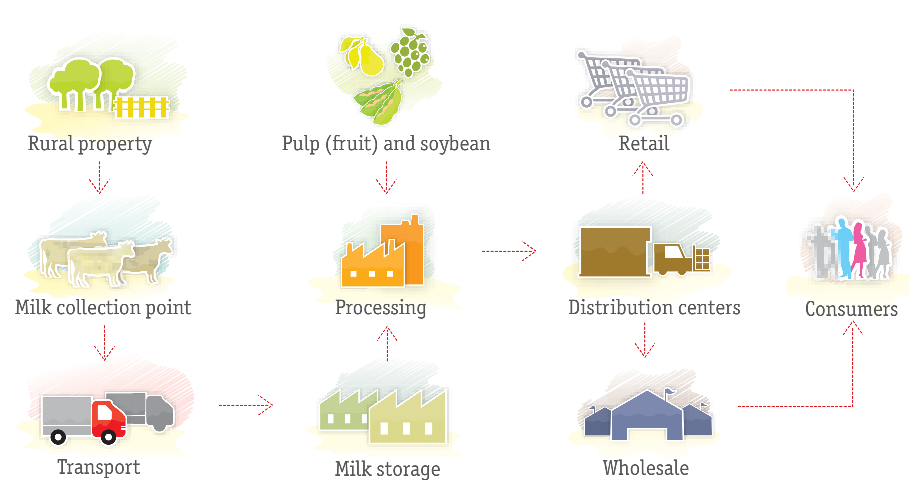


Total sales	Thousand tons 2008	Thousand tons 2007	Thousand tons Ch. %	R$ million 2008	R$ million 2007	R$ million Ch. %
Meat	1,912.2	1,470.8	30.0	9,172.9	6,313.8	45.3
In natura	1,073.8	736.6	45.8	4,510.9	2,674.0	68.7
Poultry	892.9	602.8	48.1	3,505.4	2,081.0	68.5
Pork/beef	180.9	133.9	35.1	1,005.5	593.1	69.5
Elaborated/processed (meat)	838.5	734.1	14.2	4,662.0	3,639.8	28.1
Dairy products	1,143.3	278.0	311.3	2,934.9	832.1	252.7
Milk	892.8	127.5	600.1	1,797.3	242.8	640.4
Dairy products/juice/others	250.6	150.4	66.6	1,137.6	589.4	93.0
Other processed	107.2	63.7	68.2	610.2	398.2	53.2
Soybean products/others	218.6	184.5	18.5	443.4	244.5	81.4
Total	3,381.4	1,997.0	69.3	13,161.3	7,788.6	69.0
Processed	1,196.3	948.3	26.1	6,409.7	4,627.3	38.5
% Total sales	35.4	47.5		48.7	59.4	

Meat production chain



Dairy products production chain



Growing

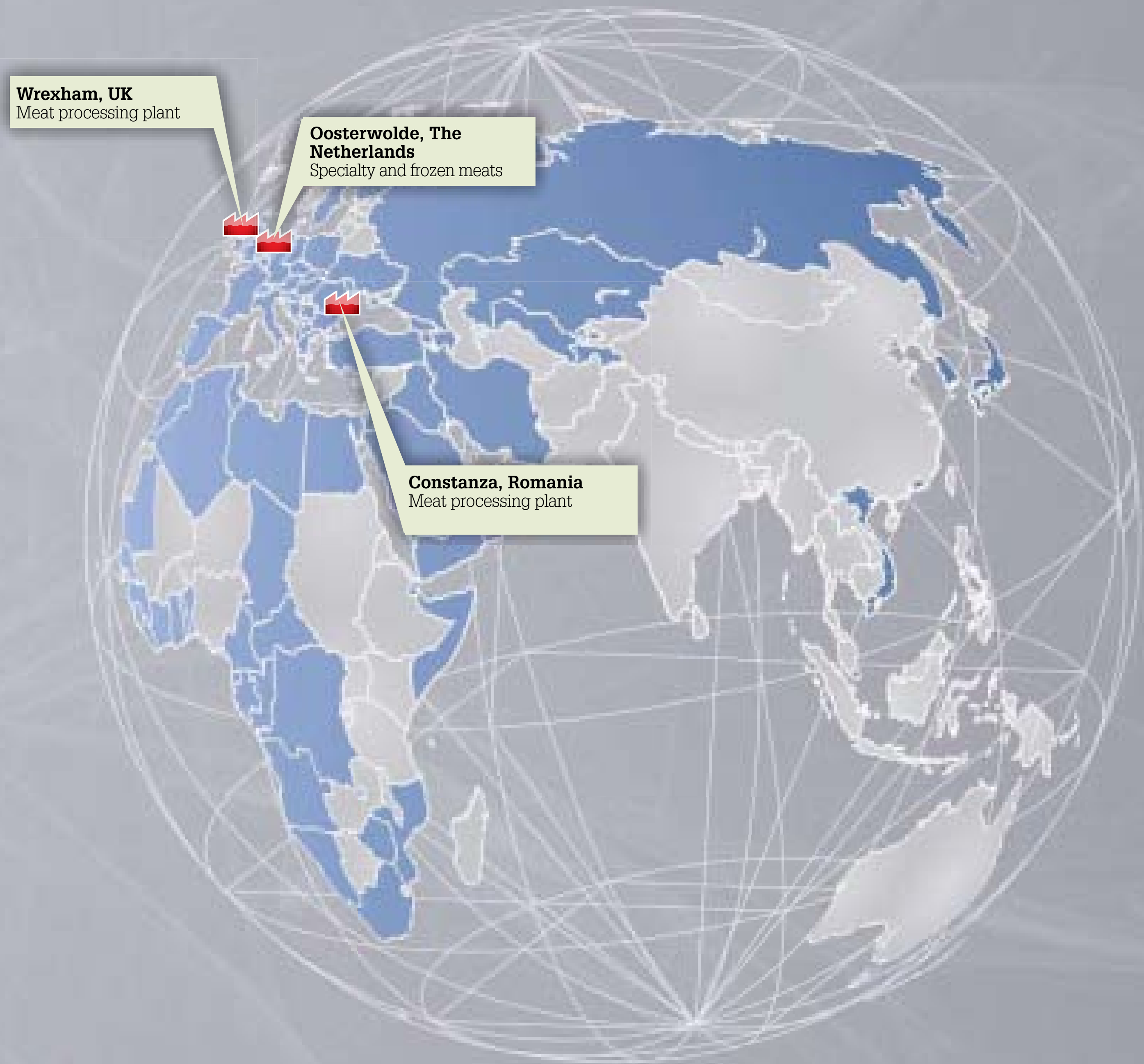
4 industrial units abroad

Countries we exported in 2008

Americas	Africa	Europe	Eurasia	Middle East	Far East
Antigua and Barbuda	Algeria	Albania	Armenia	Bahrain	Hong Kong
Argentina	Angola	Austria	Azerbaijan	Egypt	Japan
Aruba	Benin	Belgium	Georgia	Iran	Singapore
Bahamas	Cameroon	Bulgaria	Kazakhstan	Iraq	South Korea
Bermuda	Cape Verde	Croatia	Moldavia	Jordan	Vietnan
British Virgin Islands	Central African Rep.	Cyprus	Russia	Kuwait	
Canada	Chade	Denmark	Tajikistan	Lebanon	
Cuba	Comore Islands	England	Turkey	Oman	
Dominica	Congo	Estonia	Ucraine	Qatar	
Guyane	Congo	Finland	Uzbekistan	Saldi Arabia	
Haiti	Djibuti	France		United Arab Emirates	
Netherland Antilles	Equatorial Guinea	Germany		Yemen	
Paraguay	Gabon	Greece			
Suriname	Gambia	Hungry			
Uruguay	Ghana	Ireland			
Venezuela	Gibraltar	Italy			
	Guinea-Bissau	Kosovo			
	Ivory Coast	Latvia			
	Liberia	Luxembourg			
	Libya	Macedonia			
	Mauritania	Malta			
	Mauritius	Marshall Islands			
	Mayotte	Monaco			
	Morocco	Poland			
	Mozambique	Portugal			
	Namibia	Romania			
	Senegal	Slovakia			
	Sierra Leone	Slovenia			
	Somalia	Spain			
	South Africa	Tchec Republic			
	Togo	The Netherlands			
	Tunisia				
	Zimbabwe				

Industrial units Perdigão

Presence in Europe, Middle East and Asia



Offices in Europe

Assen	The Netherlands
Budapest	Hungary
London	England
Moscow	Russia
Hertogenbosch	The Netherlands
Verona	Italy
Viena	Austria

Offices in the Middle East

Dubai	United Arab Emirates

Offices in Asia

Singapore	Singapore
Tokyo	Japan

Offices abroad

Exports

activity abroad

10 offices

More than 110 importing countries

Economic-financial performance (MD&A)

Net sales

Net sales reached R$ 11.4 billion, in line with growth forecasts for the year and reflecting a good performance in the Company's chosen markets and the consolidation of acquired businesses. However, these results should be seen in the light of diminishing export volumes and an abrupt slide in average prices on the international market in the final quarter of 2008.

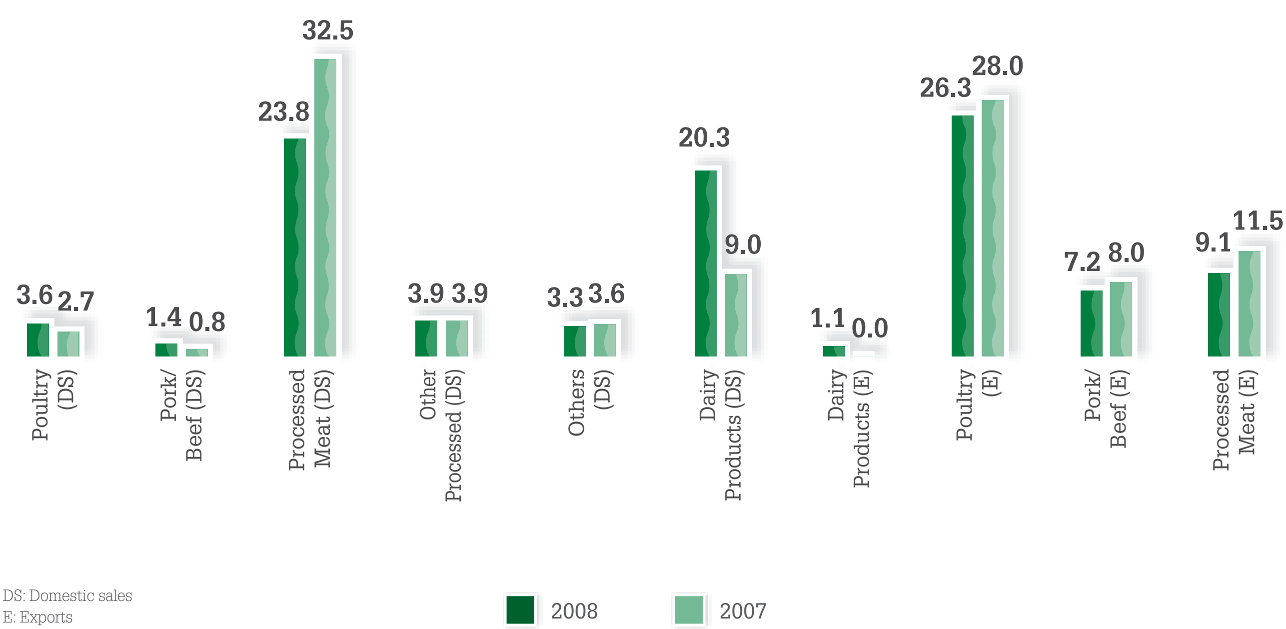
The growth of 71.8% in the Company's net sales for the fiscal year, plus a good operating performance, is testimony to the skill with which the businesses have been managed in a panorama of high volatility during the period.

The domestic market corresponded to 56% of sales with net sales of R$ 6.4 billion, 84.5% more than 2007, particularly driven by year-end sales, which reported enhanced prices and product mix. Exports were responsible for R$ 5.0 billion, equivalent to 44% of total net sales, a year-on-year growth of 57.7%.

The Company's strategic focus is to add value to the product portfolio, this strategy reflecting a growth of 38.5% in sales and 26.1% in volumes, supported by processed products in the form of meats, dairy products, margarines, pizzas and pastas as well as other products in the same category. Processed products registered a relatively smaller participation of net sales, declining from 54.1% to 44.3% of the total due to the greater exposure to poultry, pork and milk commodity products, and principally in the light of the consolidation of the Eleva and Cotochés acquisitions.

Breakdown of net sales

(%)



DS: Domestic sales
E: Exports

Cost of sales

The cost of goods sold increased 81.4% in the year, 9.6% above sales growth. However, this trend was ameliorated in the fourth quarter due to efforts to stabilize margins. In spite of this, the year was characterized by a high degree of mismatch between prices and costs of principal raw materials (corn, soybean meal, milk and beef).

While a gradual decline in prices has been recorded in corn and soybean trading on the Chicago Board of Trade – CBOT and the second winter corn crop in Brazil has permitted the doubling of final inventory for this commodity, grain prices came under intense pressure in the first half of 2008, translating into higher production costs up to the end of the third quarter. In addition, the Company experienced the impact of the sharp currency variation in the fourth quarter. However, as a result of the expansion of the businesses, the impact of these commodities has actually been relatively less significant in the breakdown of total company costs.

Milk, another important raw material in the price composition of dairy product costs, fell 1.8% during the year compared with 2007, and by 7.3% between the third and fourth quarters of 2008, partially adjusting catchment prices, which had been above normal levels due to greater demand from processors, especially those in the long-life milk (UHT) segment. However, the cost of milk accumulated a steep increase up to September, compressing margins on fluid milk products.

In addition, other production costs involving secondary materials, packaging, freight and labor – principally a reflection of collective labor agreements – contributed to the increase in cost of sales sold. Cost of sales sold increased to R$ 8.6 billion against R$ 4.8 billion in 2007, representing 75.8% of net sales as opposed to 71.8% in 2007.

Gross profit and gross margin

By virtue of the significant performance in sales together with the newly consolidated businesses, Perdigão posted growth of 47.3% in gross profit for 2008, equivalent to R$ 885.6 million. Total gross profit for fiscal year 2008 was R$ 2,758.9 million against R$ 1,873.3 million in the preceding year with an increase of R$ 885.6 million in gross profit. As explained above, due to increases in production costs, gross margin fell from 28.2% to 24.2% during the year.

Operating expenses

The fiscal year's operating expenses warrant particular mention, despite the adversities of the period, due to the significant improvement of 260 basis points from 18% of net sales against 20.6%, thanks to increased sales.

Worthy of mention is the contribution margin generated by the new businesses which was instrumental in lowering commercial expenses from 19.3% to 16.6% of the net sales despite increases in the shape of higher costs of freight, warehousing and port charges. The impact of these expenses intensified in the last quarter due to the consequences of flooding at the ports of Itajaí and Navegantes in the state of Santa Catarina, and damage to port infrastructure. This forced the Company to divert all exports shipped from the region to the ports of Rio Grande (RS), Paranaguá (PR) and São Francisco (SC).

Accumulated operating expenses for the year were 49.7% higher, commercial expenses growing 47.9% and administrative expenses by 76.1%. In addition to the overheads from consolidated businesses, the cost of rescissions of retiring executives in line with the succession plan as well as administrative restructuring due to acquisitions are included in this item.

Operating Income and Operating Margin

In spite of the complex business environment of highly volatile commodity prices and a grave financial and economic crisis, Perdigão successfully improved its operating margins, gradually adjusting the divergence between costs and prices.

Operating income before financial results and other operating results was 40.6% higher – a gain of R$ 204.6 million during the year from R$ 503.9 million to 708.5 million, and a margin of 6.2% as against 7.6% in 2007.

Financial Results

Perdigão's decision to protect its assets and liabilities using a structured policy to strictly meet the needs of its own businesses alone, once more proved to be a prudent course of action. The strategy covers the leveraging of resources for the growth of the Company and its operations as well as the rigorous managing of risks associated with financial operations.

In the light of the foreign exchange scenario, which saw an approximate 32% devaluation of the Brazilian Real against the US dollar, (comparing closing rates for 2007 and 2008) and a 22% decline in the fourth quarter against the third, Perdigão recognized the translation effect (without implying a cash disbursement) on net average currency exposure of financial expenses amounting to R$ 416 million for the year and R$ 318 million for the final quarter. The financial expenses arising from the exchange rate effect are gradually compensated as export shipments proceed.

As a result, net financial expenses for the year were R$ 630.3 million against R$ 105.4 million in 2007. In the fourth quarter, the same item amounted to R$ 383.9 million, a year-on-year increase of 453.5%.

The Company considers all its assets and liabilities indexed to the US dollar in its net exposure position which at the end of the period was US$ 821 million, short-term currency debt being totally protected through the use of financial instruments such as non-deliverable forwards (NDFs) and swaps, and BM&F Bovespa operations.

Net debt, equivalent to total gross debt, less cash and cash equivalents, increased 690% (or R$ 3.4 billion), largely concentrated in long-term maturities. Increased leverage reflects necessary expenditure on investments and acquisitions - and the resulting increased need for loans due to greater working capital requirements

combined with reduced operating cash generation in the first half of 2008 and to worldwide pressure on production costs. In spite of good sales performance, these factors plus the foreign exchange translation effect on currency denominated debt increased the net debt/EBITDA ratio from 0.5 to 2.9 times although it should be recalled that net debt for 2007 included the effect of the primary share offering for the acquisition of Eleva.

The Company's financial position is a secure and comfortable one: the short-term debt payment schedule has been lengthened to a supportable maturity profile from the end of 2008 through 2009. This will allow Perdigão to proceed with its investment plans, propitiating continuous and sustained growth in spite of the credit crunch.

Debt

R$ million

	On 12/31/08			On 12/31/07	
	Current	Non current	Total	Total	Ch. %
Local currency	460	768	1,228	620	98
Foreing currency	1,186	2,952	4,138	1,646	151
Gross debt	**1,646**	**3,720**	**5,366**	**2,266**	**137**
Cash investments					
Local currency	772	0	772	1,453	(47)
Foreing currency	1,204	-	1,204	384	213
Total cash investments	**1,976**	**0**	**1,976**	**1,837**	**8**
Net accounting debt	**(330)**	**3,720**	**3,390**	**429**	**690**
Exchange rate exposure - US$ million			(821)	(309)	166

EBITDA

R$ million

	2008	2007	Ch. %
Net income	54.4	321.3	(83.1)
Non controlling shareholders	0.4	3.2	(87.9)
Employees / management profit sharing	16.9	27.2	(37.9)
Income tax and social contribution	(255.3)	32.1	-
Other operating result	111.0	19.9	458.1
Net financial	630.3	105.4	498.1
Depreciation, amortization and depletion	601.6	293.6	104.9
= Ebitda	**1,159.3**	**802.7**	**44.4**

Other operating results

Of the amount of R$ 261.9 million booked to the Other Operating Results account, goodwill on acquisitions for the fiscal year was appropriated for R$ 153.0 million, 58.4% of this amount. Expenses amounting to R$ 62.6 million incurred with the rescission of contracts covering the dairy products business with CCL and CCPL were also recognized – a decision taken to rationalize costs and operating processes. Other revenues and expenses refer to cost of idle capacity, values written down due to obsolescence and impairment costs on goods no longer employed in the production process.

Income tax and social contribution

In the light of the value amortized in fiscal year 2008 attributed to goodwill on acquisitions, the currency translation effect of devaluation on financial expenses and appropriated interest on shareholders' equity, income tax for the year was a positive R$ 255.3 million against a negative R$ 32.1 million in 2007.

Net income and net margin

In view of the foregoing, the net income for the year was R$ 54.4 million against R$ 321.3 million in 2007. The good operating performance, reflected in the corresponding margins, was insufficient to fully offset the impacts of currency devaluation on financial expenses and the recognition of part of the goodwill amortization (neither of which involved cash disbursements).

Changes arising from the implementation of Law 11.638/07 and Provisional Measure 449/08 are shown in Explanatory Note 2 to the Financial Statements.

EBITDA

Management once again successfully met the challenges imposed by the difficulties in the international scenario and by the consolidation of new and complex businesses, focusing on creating added value and the strategic vision of sustained growth.

EBITDA reached R$ 1,159.3 million – 44.4% more than 2007, EBITDA margin increasing to 10.2%. The nominal gain from the additional cash generation was R$ 356.6 million.

Shareholders' equity

Shareholders' Equity amounted to R$ 4.1 billion at the end of 2008 against R$ 3.2 billion at the end of 2007, a 27.4% rise taking into account the paying in of the increased capital following the partial exercising of the greenshoe option and the incorporation of the shares of Eleva Alimentos S.A.'s shareholders. The annualized return on shareholders' equity was 1.7% due to nonrecurring effects (exchange rate effects and goodwill).

Capital increase: on January 14 2008, Credit Suisse (Brasil) S. A., partially exercised the greenshoe option of the share issue due to strong demand for the primary offering at the end of 2007, issuing a further 744,200 shares at a price of R$ 45.00 per share, corresponding to R$ 33.5 million. Consequently, the total amount paid in was R$ 934 million from the primary offering and equivalent to 20.7 million shares. The respective funds were allocated first and foremost to the payment of the R$ 764.8 million cash consideration for the Eleva acquisition, representing 46% of the total amount of the operation.

Incorporation of shares: on February 21 2008, the Board of Directors approved the incorporation of 54% of the shares, held by Eleva Alimentos' shareholders, in Perdigão S.A. on the basis of an exchange ratio of 1.74308855 of Eleva shares for each Perdigão share. This amounted to the issuance of 20,256,751 million shares, the Company's capital stock consequently amounting to R$ 3,445,042,795.00, represented by 206,958,103 common shares.

Corporate restructuring: Perdigão has implemented a corporate reorganization of its business to simplify the corporate structure and allow the gradual capture of synergies through the consolidation of activities and consequent reduction in financial and operating costs and the rationalization processes.

Amortization of goodwill: as stated in the material fact of January 5 2009 and the ruling of the Brazilian Securities and Exchange Commission in Official Letter CVM/SEP/GEA-2 020/2009, the Company has reversed the account entry fully amortizing goodwill in the gross amount of R$ 1,518.6 million, net of the amortized installments of goodwill applicable to the 2008 financial statements. The original goodwill amount applied to acquisitions and fully amortized at the time of their incorporation in 2008 as described in the material facts published on April 11 2008 and November 27 2008. The reverse entries were recognized in the quarters to which the goodwill had been originally appropriated and figures for these same quarters have been republished.

The accounting and fiscal treatment will be executed according to currently prevailing practices and to avoid any change to dividend rights or any other shareholder entitlement.

Incorporations

Date	Incorporated
EGSM: 02/27/09	Perdigão Agroindustrial S.A.
EGSM: 12/18/08	Batávia S.A., Maroca & Russo (Cotochés) and Perdigão Mato Grosso
E/OGSM: 04/30/08	Eleva Alimentos S.A.

Becel Pro-Active Margarine, Becel Pro-Active Milk and Becel Pro-Active yogurts are products made, commercialized and distributed by Up Alimentos, joint venture created in 2007 by Perdigão and Unilever. Becel's royalties belong to Unilever.

In the light of the foregoing, the amount of R$ 1.5 billion in goodwill on acquisitions based on forecasts of results for future fiscal years has been booked to Non-Current Assets under the 'Intangible' item and will be subject to annual evaluation using the impairment test (non-recoverable).

Cash flow

R$ million

	2008	2007
Cash flow from operating activities		
Net income	54.4	321.3
Adjustments to reconcile net income to net cash provide by	1,328.1	239.0
	1,382.5	560.3
Variation		
Trade accounts payable, net	(194.9)	(99.3)
Inventories	(464.5)	(223.8)
Trade accounts payable	255.8	94.1
Other assets and liabilities	(344.3)	6.1
	634.6	337.4
Cash flow from investments activities		
Cash investments	96.8	190.6
Investments in fixed assets	(1,737.4)	(1,026.0)
Business acquisitions	13.0	4.2
	(1,627.6)	(831.2)
Cash flow from financial activities		
Loans and financing	1,199.2	440.8
Capital increase	33.5	900.0
Captial distribution	(114.3)	(75.6)
	1,118.4	1,265.2
Net increase (decrease) in cash	125.4	771.4

Competitiveness 4

The brands under which Perdigão trades, the wide and **efficient supply chain** and technological innovations constitute important **competitive advantages** that ensure the **good performance** of the businesses

Supply chain

Mega Distribution Centers have been built or expanded to handle the **business expansion**

The efficiency of Perdigão's supply chain is one of the Company's principal competitive advantages. Responsible for 14% of the entire Brazilian refrigerated truck fleet, Perdigão makes 22 thousand deliveries daily to the Brazilian retail sector. In so doing its reach extends to 98% of the nation's population – an operation which is made possible thanks to a complex network of 28 distribution centers (DCs) and 19 outsourced distributors.

The biggest challenges during the year involved the adaptation of the supply chain to absorb a larger quantity of products, maximize the utilization of each distribution center and unify management systems. As a result, the Company is able to reduce storage and freight costs its services to customer requirements, while at the same time improving its financial performance.

Perdigão has built a new DC of 302 thousand m2 in the city of Embu in the state of São Paulo, 27 kilometers from the state capital to serve its customers in São Paulo, the Santos metropolitan area and the Paraíba Valley. The installations, due to be unveiled in April 2009, are equipped with the most advanced technological resources such as transelevators, automatic storage and retrieval handling equipment, thus saving space and improving operating agility.

Automated handling equipment is used on a large scale in the construction of the Rio Verde (GO) DC and in the duplication of the units in Fortaleza (CE) and Salvador (BA), which are capable of operating with the full range of company products. In addition to enhanced productivity, the use of robotics avoids the need for manual handling in extremely cold temperatures of between minus 18 and 22 degrees.

The enlargement of the supply chain will provide support for distribution in urban areas, expand delivery routes and serve more customers in less time with fewer vehicles as well as reducing CO_2 emissions and their impact on the environment.

Procurement

Supply Chain is organized according to the characteristics of the inputs, the suppliers' market and logistical aspects. The segments are divided into five main categories:

- **Raw materials:** grains and grain products (corn, soybeans, soybean meal, and other grains) used in the production of animal feed, industrial meats, milk, fruit, vegetables and ingredients;
- **Materials:** materials involving direct (packaging) or indirect (maintenance, support, safety) application in production activities;
- **Animals:** include all live animals bred on an integrated outgrower basis or acquired in the spot market;
- **Services:** all services undertaken by outsourced parties, such as restaurant, laundry and security or those services engaged for one-off requirements;
- **Permanent assets:** real estate, machinery and equipment acquired for expansion and modernization of plants and the supply chain.

In prioritizing suppliers situated in close proximity to its plants, Perdigão contributes to regional development, creating opportunities in areas distant from the country's main economic hubs. On average, 80% of all raw material procurement is conducted locally. The state of Goiás benefits most from this policy, more than 95% of company requirements being obtained from within the state.

Local purchases percentage in relation to the needs of each region

Regional	Percentage of local purchases* (%)
Rio Grande do Sul	79%
Santa Catarina	81%
Paraná	66%
Goiás	96%
Mato Grosso	81%
Total	80%

* Local purchases are those made in establishments inside the state which the buyer unit is localized.

The entire process of supplier ratification is based on rigid criteria and in accordance with ethical standards and socio-environmental responsibility in addition to the requirements of nutritional health and compliance with the legislation.

Technology

Perdigão is noted for its investments in management tools, systems and processes. During the year, the Company transferred technological know-how to the units it incorporated from Eleva, modernizing and adapting them to Perdigão's standards to ensure the maintenance of high standards of productivity.

The search for cost savings – an incessant part of the Company's activities – was further intensified during 2008, a year marked by increased commodity prices. In the same vein, efforts were made to reduce distribution center water and energy consumption through the replacement of obsolete motors by more modern ones.

Perdigão also endeavors to anticipate the requirements of new markets by pre-certifying its industrial plants to cover the most diverse prerequisites possible, particularly animal well-being. The Company trains technicians and integrated outgrowers in line with the strictest overseas market regulations, a practice that is to be intensified during 2009.

In the environmental area, five of Perdigão's industrial plants already have ISO 14001 certification – Marau (RS), both for poultry and also pork, Serafina Corrêa (RS), Herval D´Oeste (SC) and Lages (SC) – and a further three are being prepared to receive the same certification in 2009: Capinzal (SP), Carambeí (PR) and Rio Verde (GO). This certification is not only demonstrative of corporate concern in maintaining standards of environmental management, but also establishes Perdigão's credentials with its business partners and the financial market.

In May 2008, the Technology Center ran its third scientific committee held over three days with eight short courses on such themes as functional foods and intelligent packaging, demonstrating the Company's policy of seeking innovations and exchanging know-how. The event, which was attended by scientists from renowned universities, also discussed the latest technologies and market tendencies.

The agricultural technology center conducted more than a hundred experiments as part of the ongoing effort for improved performance in livestock processing at the industrial plants. The Company also organized various training cycles for public health poultry and hog inspectors and animal feed factory supervisors.

Another of the year's highlights in the technological area was the intensification of Pense Light Line product launches with lower sodium and fat content. The packaging for this line has been developed on the ecological design concept, which allows for greater recycling capacity and reduced environmental impact.

Intangible assets

A significant part of Perdigão's market value is expressed in intangible elements. While these cannot be measured, they are perceived by stakeholders as important competitive advantages, contributing to the meeting of targets set out in the strategic plan.

Brand

The Perdigão brand's 74 years of tradition is a strategic element in consolidating the company image, serving as an important step in expansion in both domestic as well as international markets.

The Company seeks to maintain the reputation it has achieved down the years by running product satisfaction surveys. It also evaluates the level of awareness, image and consumer loyalty in relation to the Perdigão brand besides assessing on a daily basis the quality of its products at the Technology and Product Development Center.

According to Brand Finance, Perdigão is one of the most valuable brand names in Brazil.

Synonymous with quality, the Perdigão name adds value and reliability to other brands under the Company umbrella: Perdix, Chester®, Borella, Batavo, Halal, Sulina, Toque de Sabor, Pense Light, Escolha Saudável, Confidence, Fazenda, Confiança, Nabrasa and brands under license such as Turma da Mônica.

In the past few years, other well-known brands in the food product market have been added to the portfolio, such as Doriana, Claybon, Delicata, Fribo, Elegê, Santa Rosa, Veg, Avipal, among others. In 2008, the Company increased its penetration in the state of Minas Gerais through the Cotochés regional brands.

Human capital

Perdigão's employees with their characteristic commitment, performance and motivation, constitute one of the corner stones of the Company's success.

The composition of the labor force emphasizes the importance of diversity, encouraging a dynamic corporate culture - a competitive advantage critical to the Company achieving its goal of internationalization.

The Company retains corporate talents by continually investing in technical and behavioral training of its teams, promoting the dissemination of tendencies and advanced processes which foster individual and collective development.

Supply chain management

Behind the complex warehousing and distribution model for Perdigão's products, there is a range of systems that is integral to the supply chain, from the stage at which raw materials are received to final delivery to the small retailer. It is this capacity to manage all phases of the process and guarantee rapid supply anywhere in the country that gives the Company its considerable competitive edge.

Management tools

Production and administrative processes and user-friendly access to information are perfected through state-of-the-art tools used by world-class companies and adapted to the reality of Perdigão. Among these modern tools, particularly worthy of mention are More Value Perdigão (MVP), Total Service Perdigão (ATP), Total Quality Perdigão (QTP) and the Shared Services Center (CSP).

Industrial units in Brazil

City	State	Nº of Units	Activities
Meat units			
Bom Conselho**	PE	1	Industrialized factory
Bom Retiro do Sul	RS	1	Meat processing
Capinzal	SC	1	Poultry slaughtering and poultry processing
Carambeí	PR	1	Pork and poultry slaughtering (including turkey); chicken, turkey and pork processing
Caxias do Sul*	RS	1	Pork slaughtering
Dourados	MS	1	Poultry slaughtering
Herval D'Oeste	SC	1	Pork slaughtering and pork processing
Jataí	GO	1	Poultry slaughtering and poultry processing
Jaraguá do Sul*	SC	1	Pork slaughtering
Lages	SC	1	Pasta, pizza and cheese bread processing; beef processing
Lajeado	RS	1	Pork and poultry slaughtering and pork processing
Marau	RS	3	Pork and poultry slaughtering and processing
Mato Castelhano*	RS	1	Pork slaughtering
Mineiros	GO	1	Special poultry (turkey) slaughtering and processing
Mirassol D'Oeste	MT	1	Beef factory
Nova Mutum	MT	1	Poultry slaughtering and processing
Porto Alegre	RS	1	Poultry slaughtering
Rio Verde	GO	1	Pork and poultry slaughtering; poultry, pork, pies and pasta processing
Salto Veloso	SC	1	Poultry, pork and beef processing
São Gonçalo dos Campos	BA	1	Poultry slaughtering and processing
Serafina Corrêa	RS	1	Poultry slaughtering
Videira	SC	1	Pork and poultry slaughtering and processing
Videira*	SC	1	Pork and poultry slaughtering

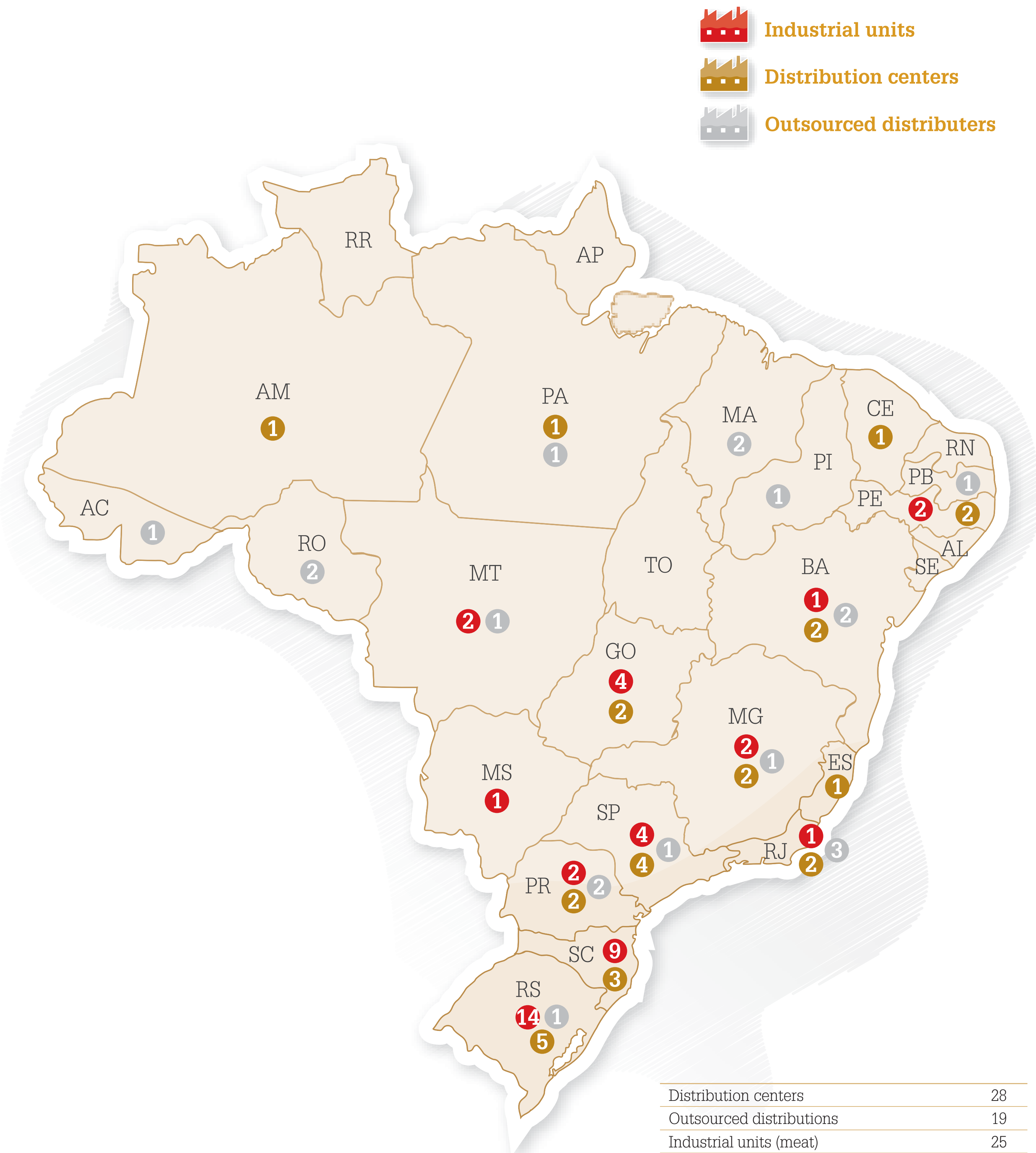
Dairy units

Amparo*	SP	1	Dairy products
Barra Mansa*	RJ	1	Dairy products
Bom Conselho**	PE	1	Dairy products
Carambeí	PR	1	Dairy products
Conceição do Pará*	MG	1	Dairy products
Concórdia	SC	1	Dairy products
Ijuí	RS	1	Dairy products
Itatiba*	SP	1	Dairy products
Itumbiara	GO	1	Dairy products
Ravena	MG	1	Dairy products
Santa Rosa	RS	1	Dairy products
São Lourenço	RS	1	Dairy products
São Paulo*	SP	1	Dairy products
Teutônia	RS	1	Dairy products
Três de Maio**	RS	1	Dairy products

Soybean and margarines units

Valinhos	SP	1	Margarine processing
Videira	SC	1	Soybean crushing

* Made to order
** Under construction



Distribution centers	28
Outsourced distributions	19
Industrial units (meat)	25
Industrial units (dairy products)	15
Industrial units (soybean)	1
Industrial units (margarines)	1
Units abroad	
Meat processing	3
Cheese processing	1

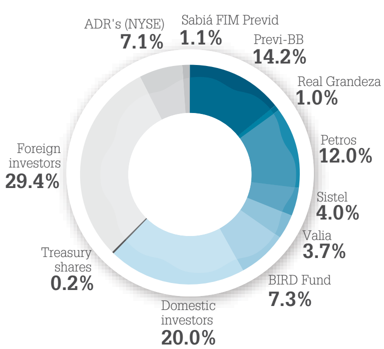
Transparency 5

Perdigão transmits greater **transparency**, **liquidity** and **confidence** to its shareholders by adopting best **corporate governance** practices

Corporate Governance

Shareholder's Composition

Basis: 12.31.08
Number of commom shares: 206,958,103
Capital stock: R$ 3.4 billion



Perdigão adopts best corporate governance practices based on a continual process of organizational improvement, translating into greater transparency, liquidity and confidence for its investors.

The first company in the food sector to list on Bovespa's Novo Mercado (2006), Perdigão complies strictly with listing regulations, among them, diffused control, protection mechanisms and equality of rights.

Company data is given full disclosure in its investor relations website where information on its vision of sustainability and actions with respect to the theme can be found. The Company has adhered to Level C of GRI guidelines for the publication of this report in order to ensure that communication is even more transparent.

Investor relations

In addition to constantly improving relations with its investors and through information mandatorily required by the regulatory authorities, Perdigão underscores its presence in the market by arranging one-on-one meetings, conference calls, public meetings (APIMECs) and through meetings with financial institutions, road shows and conferences. It also provides full disclosure of all information through its investor relations website: www.perdigao.com.br/ir. In 2008, the Company recorded a 51% increase in investor attendances.

Rating

Perdigão has two corporate credit ratings: BB+, assigned by Standard & Poor´s, and Ba1 – Global Local Currency Corporate Family from Moody´s Investor Service, the two highest levels among companies in the food sector worldwide.

Succession plan

Announced in April 2007, one of the most important events in the Company's corporate governance policy was successfully concluded in October 2008, when the new Chief Executive Officer assumed his post and the executive accumulating the functions of Chairman of the Board and CEO resumed his full-time post as Chairman alone. This planned hand-over of the Company's command underscored the harmonious relations with the members of the Board of Directors and the Board of Executive Officers.

As a component part of the succession plan, the Board of Directors approved appointments (in substitution of those either retiring or transferred) to the following statutory positions: Finance and Investor Relations, Operations, Supply Chain, Control and Planning and Perdigão Business Unit.

Awards and recognition	Reason	Institution
Best Company in Corporate Governance Awards 2008 *Grand Prix in the categories: Best IR Program, Annual Report, Website, Conference Call, Corporate Brand and IR Professional*	The capital markets awarded this distinction in view of the Company's high standards of corporate governance in line with Bovespa's New Market regulations. The award also reflects dispersed control, mechanisms for shareholder protection and equality of rights, always seeking to add value with greater transparency and liquidity as well as establishing the foundations for growth in the businesses based on economic-financial, social and environmental sustainability.	IR Magazine *Research was conducted by the Fundação Getúlio Vargas - FGV*
Best Listed Companies *Silver Prize – Market Value between R$ 5 and R$ 15 billion Category*	Company liquidity and economic return (variation of EVA between 2006 and 2007) and economic return of the share (TSR- Cost of Capital), Corporate Governance and Sustainability.	Capital Aberto magazine *With Stern Stewart as consultants and under the guidance of Prof. Alecandre di Miceli da Silveira, FIPECAFI - Center for Studies in Corporate Governance*
Creation of Value *Food Sector*	Best creation of value in 2007.	Abrasca (Brazilian Association of Listed Capital Companies)
Best CEOs *Consumer Goods Category*	Research undertaken with international investors and institutions.	Institutional Investor *US magazine ranking*
Most Shareholder-friendly Companies *Consumer Goods Category*	Research undertaken with international investors and institutions - for good relations with its investors.	Institutional Investor *US magazine ranking*
Primary Share Offering *Silver in the category: Public and Ranking Bronze in the category: Brokers*	Chosen from among the Best Primary Share Offerings in 2007 in accordance with Ranking.	InfoMoney *Manages one of the largest finance portals on the Brazilian internet*
Fritz Müller Award *Category: Environmental Management*	For the Integrated Management System at the Herval d'Oeste-SC unit.	State Environmental Agency (Fatma)
Model Company in Sustainability *2008 Edition*	The evaluation methodology combines the concept of sustainability based on the environmental, social and financial economic dimensions, and evaluates aspects such as strategy, commitments and practices including questions such as transparency and conduct in relation to bribery and corruption.	Guia Exame de Sustentabilidade
Product Launch of the Year *Categories: Ready- and semi-ready-to-eat, chilled and frozen dishes and dairy products*	The Perdigão brand was a winner with the pork rump steak and the Batavo brand with skimmed yogurt with honey – *Pense Light*.	ABRAS' (Brazilian Supermarkets' Association Super Hiper Magazine)
Packaging – Brand *Leading Cases of Packaging*	Perdigão and Y&R were the highlights with the Lasagna and Perdigão Pizza products. The award is designed to highlight and enhance the best Brazilian packaging, including design and innovation, marketing results, practicality and environmental impact.	EmbalgemMarca magazine

Novo Mercado

Perdigão listed on BM&F Bovespa's Novo Mercado (New Market) on April 12 2006 at the same time adhering to the Market's Arbitration Chamber in accordance with the arbitration clause in the Bylaws and the market's regulations.

Meetings

Although its capital is of a dispersed nature, the Company's meetings are customarily held with a quorum in excess of 70%. In addition to a direct approach to investors for encouraging their participation in meetings, Perdigão delivers a reference manual covering: (i) a letter from management, signed by the Chairman, CEO and the Finance and Investor Relations Officer, explaining the reasons for the meeting and the importance of investor participation; (ii) guidance as to how to take part in General Shareholders' Meetings; (iii) the channel for clarifying doubts and procedures in the IR area; (iv) a model power of attorney and proxy statement; (v) a list of Company appointees to act as attorney-in-fact or lawyers to represent investors in voting resolutions; (vi) the possibility of investor justification in the event of a vote against a resolution so that management can be made aware of the reasons for this action.

Code of ethics

Perdigão is convinced that to achieve its objectives, it must act correctly and transparently with its employees, shareholders, customers, clients, suppliers, service providers, government and society as a whole, as well as exercising its social function in a responsible manner.

The Company is committed to its employees' quality of life and professional development, to the excellence of its products and services and to the effective participation in the communities where it has its operations.

These principles are enshrined in the Code of Ethics and Conduct, in force since January 1996, establishing values and guidelines as a basis for the decisions and attitudes of employees in the exercising of their responsibilities as well as a yardstick for the relationship with customers, suppliers, service providers and other stakeholders. The fundamental values which govern Perdigão's decisions and attitudes are based on dignity, freedom, integrity, loyalty and justice.

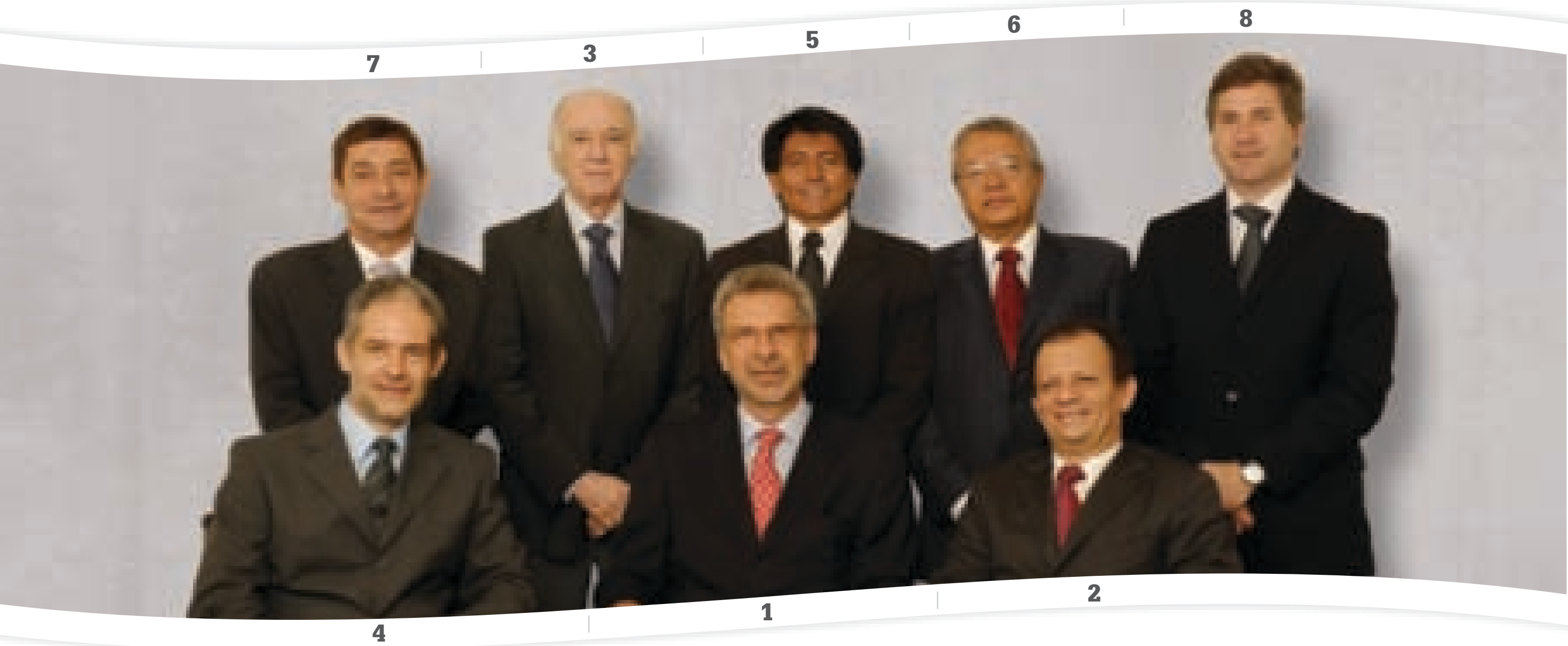
Non-compliance with the guidelines described in the Code renders the offending party/parties liable to penalties prescribed in law, and possibly rescission of the labor or commercial contract. The Company maintains channels through which management may be notified of infringements of ethical principles. Information is communicated to either the Chief Executive Officer or the Audit Department through widely disclosed channels.

Management

During the year, a new management model was adopted and organized on the basis of Business Units to prepare the Company for the transition period implicit in the succession process. At the same time, the Company's executive officers were allocated to various posts and functions on a job rotation basis enabling them to obtain a better all-round view of operations.

This phase now concluded, Perdigão believes it has laid the foundations for further growth.

Board of Directors



Perdigão's Board of Directors is made up of eight members with a two-year term of office, the majority of seats being held by independent directors. The Board adopts a strategic function by defining the business and investment plan, providing direction to corporate projects and deciding and evaluating the Company's performance and that of its officers.

1 Nildemar Secches_Chairman of the Board of Directors

Mechanical Engineer, he has a postgraduate degree in Finance and a Ph.D. in Economics. He sits on the boards of Weg, Ultrapar Participações, Suzano Papel e Celulose and Iochpe-Maxion. He was an executive director of the National Economic and Social Development Bank – BNDES, the Iochpe-Maxion Group and was President of the ABEF. Until 2008 he accumulated the post of Chief Executive Officer of Perdigão.

2 Francisco Ferreira Alexandre_Vice Chairman of the Board of Directors

Engineer and Lawyer with a postgraduate degree in Economics and Personnel Management and an MBA in Corporate Finance, he has been director of Previ (Banco do Brasil pension fund) since 2003, and is currently its Chief Administration Officer.

3 Jaime Hugo Patalano_Member (Independent Member)

Economist and Accountant, he was President of the Board of Directors of Fundação de Assistência e Previdência Social – Fapes, the BNDES pension fund. He was Finance and Administrative Director at Instituto Brasileiro de Análises Sociais e Econômicas – Ibase.

4 Luis Carlos Fernandes Afonso_Member

Economist, with a postgraduate degree in environmental and economic development and a master's degree in economics, he was Finance Secretary in the city governments of São Paulo, Campinas and Santo André. Director of Public Policies' Studies Center (CEPP).

5 Manoel Cordeiro Silva Filho_Member (Independent Member)

With a degree in Business Administration and a postgraduate degree in Economic Engineering and an MBA in Finance, his career at Companhia Vale do Rio Doce spanned 32 years. He was Investment and Finance Director at Fundação Vale do Rio Doce de Seguridade Social-VALIA and Coordinator of the National Investments Committee - ABRAPP.

6 Maurício Novis Botelho_Member (Independent Member)

Mechanical Engineer with a postgraduate degree in Corporate Finance and Administration, he was Chief Executive Officer of Embraer also holding positions at E. B. Engenharia, Cobrel, Tenenge, Cia Bozzano Simonsen and OTL – Odebrecht. He is currently Chairman of the Board of Directors of Embraer.

7 Décio da Silva_Member (Independent Member)

Mechanical Engineer with a postgraduate degree in Business Administration, he was Chief Executive Officer, Production Director, Regional Director and Sales Director of Weg, a company where he is currently Chairman of the Board of Directors.

8 Rami Naum Goldfajn_Member (Independent Member)

Production Engineer with an MBA in Business Administration, with an international extension program, he is Partner in Governança & Gestão Investimentos and a member of the Board of Directors of Portobello. He was Chief Executive Officer and Finance Director of Eleva Alimentos and Finance Director of the Estado de São Paulo Group.

Fiscal Council / Audit Committee

The Council is made up of three independent members, one of them with the position of financial expert. The Fiscal Council meets on a regular monthly basis and when necessary, takes decisions jointly with the Board of Directors.

Attílio Guaspari_ Indepentend Member of the Financial Specialist

Engineer with a master's degree in Administration Sciences. He was Supervisor for the Financial area and Head of Auditing for the BNDES as well as Financial and Administrative Director of Embrafilme. Since 1986 he has been a member of various Board of Directors such as Brasil Ferrovias SA, FAPES, Industrias Verolme- Ishibrás and Projeto Jari.He is current a member of the Fiscal Council of Perdigão SA and the Audit Committee of the BNDES.

Fábio dos Santos Fonseca_Independent Member

Economist, with a master's degree in Business Administration and Accountancy, he is a college professor. He was Executive Head at the Brazilian Securities and Exchange Commission – CVM.

Décio Magno Andrade Stochiero_Independent Member

Business Administrator with an MBA in Asset and Investment Portfolio Evaluation, he is Manager for Planning and Corporate Control at Fundação Sistel, where he has also held the posts of Fixed Income and Real Estate Analysis Manager and Planning and Investment Analysis Manager.

Committees

Made up of members of the Board of Directors, the Board of Executive Officers and outside professionals, the Company has four advisory committees: Audit (Fiscal Council), Governance and Ethics, Strategy and Finance, Compensation and Executive Development. In addition, the Company has a Disclosure Committee in accordance with Sarbanes Oxley regulations.

Senior Advisory Board

The Advisory Board is made up of the following members: João Rozário da Silva, Wang Wei Chang and Ricardo Robert Menezes.

Board of Executive Officers

Perdigão's executive board is made up of ten members, elected by the Board of Directors with two-year terms of office, reelection being permitted.

José Antônio do Prado Fay_Chief Executive Officer

Mechanical Engineer with a postgraduate degree in industrial systems, he assumed the chief executive officer's post at Perdigão in October 2008 having held the position of general director for the Perdigão Business Unit up to then. He has held various posts at leading companies such as the Bunge Group, Batávia and Electrolux.

Antônio Augusto De Toni_General Director of the Perdix Business Unit

Trade Finance Administrator with specialization in Marketing Administration, International Administration and Corporate Finance and an MBA in Agribusiness. He was the executive responsible for Perdigão's export area and prior to that, sat on the regional executive board for the Chapecó.

Gilberto Antônio Orsatto_Human Resources Officer

Business Administrator with a postgraduate degree in Regional Economics and an MBA in Administration, he has worked at Perdigão since 1980, holding posts in several different areas of the company. He was also Director for the regional offices in the South of Brazil.

Leopoldo Viriato Saboya_CFO and Investor Relations Officer

Agronomist engineer with a master's degree in Applied Economics, he has worked at Perdigão since 2001. He has held posts in the areas of strategic planning, corporate finance, capital markets, M&A and competitive intelligence. He took over the financial officer's position of the Company in 2008.

Luiz Adalberto Stábile Benicio_Technology Officer

A graduate in Animal Sciences with a master's degree and Ph.D. in Animal Nutrition and an MBA in Business Administration, he has worked at Perdigão since 1986, holding various posts at the Company over this period including Animal Nutrition management.

Nelson Vas Hacklauer_Business Development Officer

Business administrator, he joined the Company in 1983, holding the positions of Administration and Commercial Officer, Finance and Investor Relations Officer.

Nilvo Mittanck_Chief Operating Officer

Mechanical Engineer, he has an MBA in Business Administration with an executive international specialization program. He has worked at the Company since 1985, holding several different posts during this period. He relinquished his position as Supply Chain Officer to assume the Chief Operating Officer post.

Paulo Ernani de Oliveira*_Chief Operating Officer

Agronomist engineer, he has worked at Perdigão since 1989. He is president of the Santa Catarina Meats and Meat Products Industries Association (Sindicarne) and also a member of the fiscal council of the Poultry Farming Association of the State of Santa Catarina.

Ricardo Robert Athayde Menezes*_Institutional Relations Officer

Journalist, he joined Perdigão in 1990. He previously worked at the Organizações Globo and in the Federal Government. He was communication and parliamentary relations manager at Companhia Brasileira de Alimentos-Cobal and Head of Marketing for the Banco Espírito Santo.

Wlademir Paravisi_General Director of the Batavo Business Unit

Accountant with an MBA in Business Administration and Agribusiness and concluded the Wharton Advanced Management Program. He has worked at the Company since 1978, holding various executive positions during his career.

**On February 19 2009, the Board of Directors approved the resignation of Paulo Ernani de Oliveira upon his retirement, and of Ricardo Robert Menezes, who will become a member of the Senior Advisory Board. A decision was taken by the Board to record a vote of thanks for the excellent services rendered by both.*

Area executive boards

Airton Petrini	Deputy Executive Officer Batávia
Achim Lubbe	General Director Plusfood (Retail and Food Service)
Alcione Antonio Santin	Domestic Sales Officer
Antonio Carlos Zanella	Finance and Planning Officer
Augusto Gitirana Gomes Ferreira	Supply Chain Officer
Claudia Jordão Ribeiro Pagnano	General Director Perdigão Business
Eric Michel Boutaud	Marketing Officer
Flavio Carlos Kaiber	Deputy Executive Officer - Paraná
Gentil Gaedke	Deputy Executive Officer - Santa Catarina
Ideraldo Luiz Lima	Deputy Executive Officer - Mato Grosso
Joaquim Goulart Nunes	Deputy Executive Officer for Quality
José Maurício Mora Puliti	Planning and Control Officer
Luiz Alberto Machado de Brito	Deputy Executive Officer - Goiás
Luiz Alfredo Cardoso de Oliveira	Regional Director – Middle East and Africa
Marisilda Nabhan Guerra	Deputy Executive Officer for Food Service
Maritza de Oliveira Krauss	Regional Director - Europe (Industry) and Eurasia
Marta Kiyomi Ikeda	Regional Director - Asia
Peter Bosch	Deputy Executive Officer - Dairy Products
Rogerio Moraes De Oliveira	Marketing Officer
Sidiney Koerich	Deputy Executive Officer – Nova Mutum

Capital markets

The tumultuous situation in capital markets worldwide significantly impacted company share and ADR performance as was the case with the assets of other listed companies worldwide.

The shares trading under the PRGA3 symbol depreciated 32.8% for the year, less than recorded for the leading Brazilian stock indices, while the ADRs – trading under the PDA symbol fell 46.4% – a larger decrease due to the adjustment in price for movements in the foreign exchange rate.

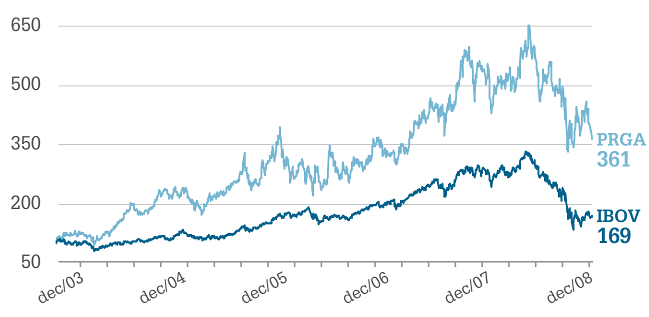
Average daily financial trading volume on the Bovespa and NYSE was US$ 26.8 million in 2008, 45% more than 2007.

Physical trading volume in shares rose 6% and ADRs, 97% during the year. With these results, Perdigão led the transactions for the food sector on the Bovespa, representing 37.8% of this business while taking a 43.2% share in ADR turnover of food industry companies in the case of the NYSE. The Company maintained a good performance in relation to its competitors and the market, thanks to the confidence of investors and in turn, due to high standards of corporate governance, earnings and a well-defined long-term strategy.

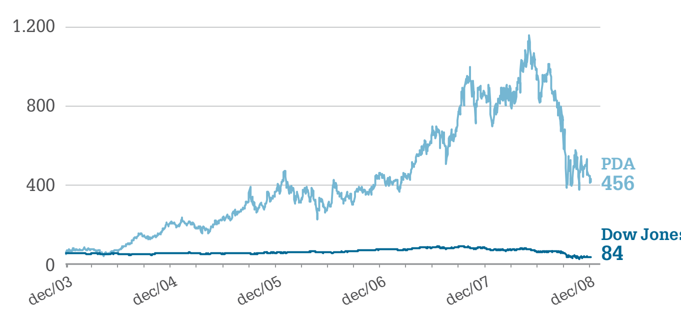
Performance

Basis 100 - Dec 03 - 5 years series

Shares x Ibovespa



ADRs x Dow Jones



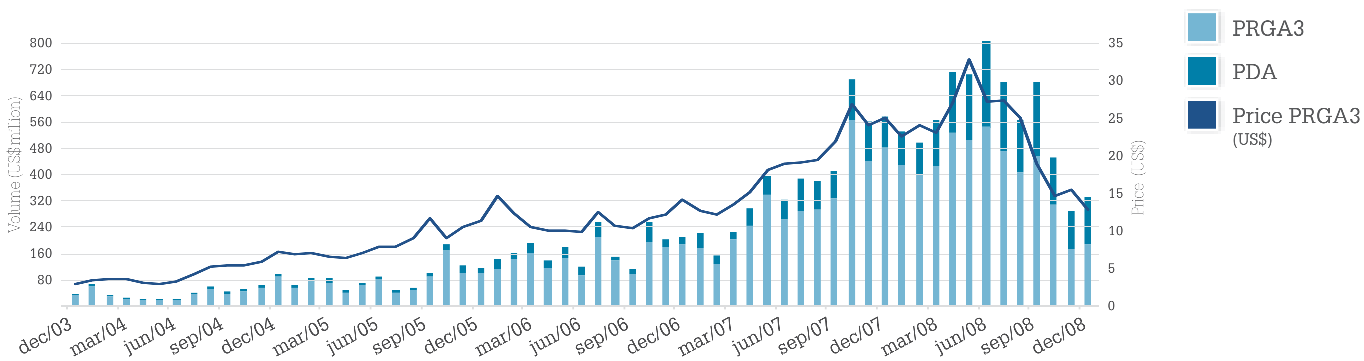
PRGA3	2008	2007
Share price - R$ *	29.74	44.26
Traded shares (volume) - million	209.4	197.6
Performance	(32.8%)	47.6%
Bovespa index	(41.2%)	43.6%
IGC (Brazil corp. Gov. Index)	(45.6%)	31.5%
ISE (corp. Sustainability index)	(41.1%)	40.4%

PDA	2008	2007
Share price - US$ *	26.38	49.24
Traded ADRs (volume) - million	45.3	23.0
Performance	(46.4%)	78.6%
Dow Jones index	(33.8%)	6.4%

* Closing price

Monthly traded volume

Average YTD 2008: US$ 26.8 million/day - 45% higher



Remuneration of Shareholders

Perdigão adopts a policy of approximately 30% payouts on net income in shareholder remuneration.

At its Ordinary and Extraordinary General Meeting of April 30 2008, the Board of Directors ratified a decision approving shareholder remuneration amounting to R$ 76.4 million, corresponding to R$ 0.37 per share, paid out on August 29 2008 and equivalent to R$ 0.25 per share, and on February 27 2009, the remaining R$ 0.12 per share as interest on shareholders' equity, income tax being withheld at source in accordance with current legislation. The amount distributed to shareholders for fiscal year 2008, represented 140% of net income recorded for the period.

Risk management

Intrinsic to Perdigão's strategic plan is the dilution of the risks inherent in its businesses for protecting Company performance and all its stakeholders as follows.

Operating risks

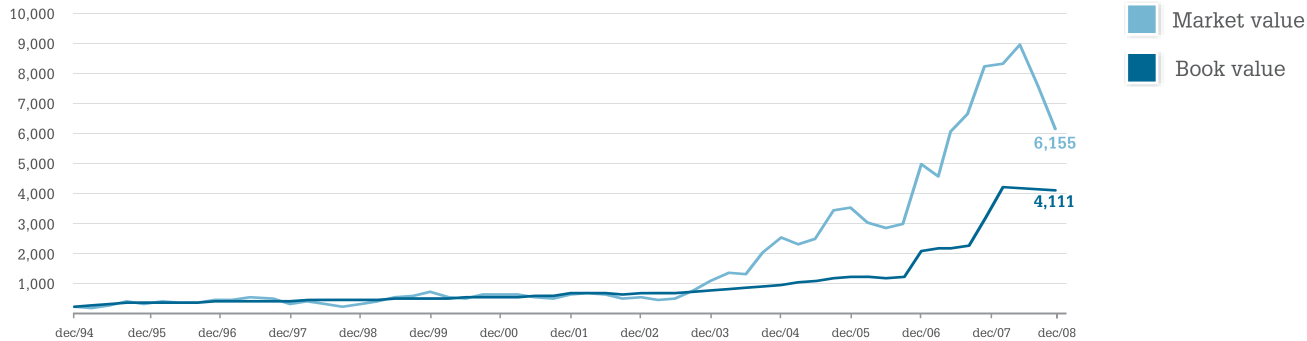
Sanitary controls: Perdigão exercises control over its field and industrial operations to prevent, and if possible eliminate, animal health risks. This policy covers a wide range of aspects from the selection of sites destined for company investments to guidance and inspection of the Company's integrated outgrowers.

The slaughtering units are strategically located in different regions of Brazil, an essential factor in reducing the risks arising from export restrictions in the event of trade bans on products from a specific region of the country.

Market value

R$ million

The market value increased more than 35 times.



The Company manages the business risks for protecting its performance

Food safety

Product safety is ensured through a tracking system that identifies producers, breeding stock, the type of animal feed used, medications administered and tests of finished product quality as well as storage and distribution records. All data is quickly and accurately made available, allowing corrective measures to be adopted in emergency situations, for example, should farms or poultry installations need to be isolated due to animal health suspicions or at any stage in the production process. These measures are adopted to prevent contamination and to reduce risks of animal epidemics.

Grain price volatility

Since grains, especially corn and soybeans, account for a large part of production costs of animal feed, Perdigão adopts practices for managing these commodities to ensure full and uninterrupted supplies. Among these measures are: avoidance of transportation of grains over long distances through the building of industrial units in agricultural frontier regions, the maintenance of buffer stocks as an insurance against unexpected price rises and daily monitoring of the market, using hedge operations at critical times when there is a threat of price volatility.

Environmental protection

Perdigão complies with the environmental protection and conservation regulations dictated by both Brazilian legislation and international rules. Indeed, the Company seeks to improve on these determinations, having teams that are trained and equipped to deal with emergency situations should any failure in the rigid controls for solid waste disposal, treatment of effluent and gas emissions at the plants be detected.

In addition, Perdigão cooperates towards achieving the goal of reducing greenhouse gas emissions by adhering to the international targets under the Kyoto Protocol. One of the measures for reducing gas emissions is the installation of biodigestors at hog rearing farms, a program which is described in the sustainability chapter.

Insured operations

Perdigão's industrial assets are insured against material damage and loss of profits. Similar coverage is taken out on warehousing facilities and product transportation as well as civil liability involving operations.

Financial risks

Financial Policy: In 2008, Perdigão announced to the market that it does not operate in the leveraged derivatives market, thus reiterating its principles of transparency and sound financial policy. Its cash position is entirely invested in liquid instruments with first class banks. Financial transactions are used exclusively to protect its assets and liabilities and cash flow in line with its formal policy for managing financial risk, this being monitored by the Strategies and Finance Committee and approved by the Board of Directors.

Risk analysis: The Company continuously monitors market tendencies and scenarios in readiness to adjust production to commercial demand in a rapid and decisive manner, planning its production processes in line with national and international forecasts.

Investments: The creation of shareholder and investor value is a basic Company tenet based upon detailed analysis of the expected return from its projects. For this purpose, Perdigão uses the EVA® (Economic Value Added) concept – on which in turn the MVP (More Value Perdigão) is based – the Company only taking on board those projects which assure effective generation of value on invested capital.

Financial: The Board of Executive Officers and the various advisory committees use a monitoring tool to analyze the financial markets on a daily basis. This enables the Company to measure and assess the importance of the risks, facilitating key decisions where necessary to minimize them.

Currency: Perdigão adopts a conservative posture in relation to currency risk. Its policy is to maintain an oversold foreign exchange position equivalent to about three months of exports, not contracting the use of leveraged derivative operations.

Credit controls: The Company operates an advanced on-line credit control system that monitors the flow of information in real time. Each sales office has a set limit which is an integral part of the central credit committee system.




Sustainability 6

The **socio-environmental** actions constitute the **bedrock** of Perdigão's sustainability for meeting the 2020 plan

Perdigão contributes to improve the income in the regions in which it operates by working with the integrated outgrowers

Since its foundation, Perdigão has always endeavored to operate in an environmentally responsible manner in its relations with employees, society, customers and suppliers. In all its activities, the Company's supports projects that go beyond complying with the minimum legal requirements, building a bond of cooperation with neighboring communities and respecting the entire spectrum of human diversity by adopting an ethical posture that prioritizes equal treatment for all stakeholders.

In this chapter, the Company highlights some specific actions, which it is implementing in the environmental, social and personnel management fields, and presenting their performance indicators.

During 2008, the Company invested R$ 214.8 million in fringe benefits, training and skills upgrading, R$ 34.7 million in environmental improvement projects and R$ 1.1 million in social initiatives focused on external constituencies and neighboring communities. Resources were allocated to projects and actions for improving the organizational climate and the quality of life of employees and the community in the regions in which Perdigão operates. Additional investments have been made to find solutions for minimizing the impacts of the Company's activities on the environment.

At the same time, Perdigão maintains a consistent policy of generating value for its shareholders. All projects are examined and approved or improved on the basis of their return on investment, as well as the potential impacts on society and the environment.

In 2008, the Company successfully met the challenge of more effectively fostering the culture of sustainability among its more than 59 thousand employees, underscoring the importance of sustainable actions for guaranteeing the future of its businesses.

In this context, Perdigão held lectures on the sustainability theme, encouraging employee involvement in social programs which it develops and sponsors as well as the use of in-house channels such as the Perdigão Hoje house magazine, the Jornal da Gente and wall bulletins. The dissemination of the corporate sustainability policy remains one of the Company's challenges in 2009 with the inclusion of a more focused communication with suppliers, partners and the community.

Worthy of note is the emphasis on improving income distribution by working with small farmers in developing regions in locations where there are industrial plants – a feature intrinsic to Perdigão's operations. This initiative contributes to the strengthening of small agricultural businesses as well as helping to prevent the rural exodus from the land to the cities. And by providing better conditions of income and housing, Perdigão is contributing to an increase in the Human Development Index (HDI) of the cities where it is present.

Economic-financial aspects

The added value generated by Perdigão in 2008 increased 59.8%, totaling R$ 3.9 billion. The increase is due to an improvement in sales revenue, albeit with a larger allocation in interest charges due to the currency effect.

Added value distribution

R$ million

	2008	2007
Human Resources	1,320.2	969.5
Taxes	1,201.1	1,018.9
Interest	1,310.9	120.1
Retention	-22.0	221.1
Interest on Capital	76.4	100.2
Minority Interest	0.4	3.2
Total	3,886.9	2,432.9

Environmental management

Perdigão has intensified its efforts in Occupational Safety, Health and Environment (SSMA) for maintaining a trajectory of excellence and in line with its objective of becoming a world-class company. The Company believes this is fundamental to underscoring its leadership in the markets in which it operates and achieving the vision proposal set for 2020 in a responsible and sustainable manner.

During the year, the Company began the Perdigão Project for meeting its SSMA targets – 16 drivers closely involving the workforce and management. The project's core objective is to stimulate a culture of safety and correcting eventual risk situations in the working environment by mobilizing employees to adopt a preventive posture and to be able to recognize risk situations. DuPont, perceived as a world benchmark in SSMA, is providing consultancy services. In 2008, the Company invested R$ 2.57 million, holding 30 seminars and training 678 participants.

More than just complying with the letter of Brazilian environmental law and minimizing eventual impacts of the Company's activities on the environment, Perdigão proposes to proactively foster actions to protect the environment. The aim is to achieve a balance between the interests of the business and the need to conserve natural resources, especially those of a non-renewable nature. Currently the main challenge is to ensure that recent acquisitions adjust to existing environmental policies.

Perdigão has adopted environmental audits as part of its due diligence prior to concluding acquisitions to ensure that expansion of the business is in line with corporate policies. These audits were part of the studies for the incorporation of Eleva (2007) and Cotochés (2008).

The Company's environmental investments are applied in the expansion and adaptation of effluent treatment systems, the expansion, adjusting and installation of treatment processes, transportation and suitable disposal of solid waste, and initiatives for reducing water consumption and for environmental education.

During 2008, R$ 34.7 million was spent to these ends, a year-on-year increase of more than 55% as shown for the investments in each one of the projects being implemented.

Prevention and management	Investment (R$ million)
Investments to environmental control	R$ 0.04
Projects of water reuse and reduction of consumption	R$ 0.1
Investment in energy reduction of consumption	R$ 0.4
Investment in reduction of consumption: Biomass	R$ 2.8
Total of prevention and management	R$ 3.34

Provision, treatment and mitigation	Investment (R$ million)
Adequacy and allocation of solid waste	R$ 0.07
Adequacy of Effluent Treatment Stations	R$ 14.5
Total of provision, treatment and mitigation	R$ 14.6

Investments in forests	Investment (R$ million)
Leasing payments	R$ 2.7
Conservation and implementation operations	R$ 14.1
Total of investments in forests	R$ 16.8

Environmental Projects	
Total investments 2008	R$ 34.7
Total investments 2007	R$ 22.4

Water Consumption

Perdigão makes intensive use of water and electricity and for this reason runs programs for rationalizing use and reuse of these resources at its units.

The Company adheres to strict principles in the capture of water for the industrial units. Only surface resources and aquifers are tapped together with a small amount from the public water supply. Perdigão's Energy Conservation Program (Procep) is responsible for monitoring the amounts involved.

Water capture by activity*

Water capture (m^3 / year)	Superficial water	Underground water	Public provision	Total
Total	18,126,023.04	3,442,010.06	518,657.66	22,086,690.76
% capture	82.07%	15.58%	2.35%	100%

* Source: PROCEP

The Company keeps conscious water use and reuse and develops initiatives for reducing its consumption

Water reuse

Water reuse is among Perdigão's priorities. For reuse, effluents are separated and following treatment, the resulting water is allocated to appropriate activities. Reuse today amounts to approximately 30% of the total consumed at the Company's plants.

Water reuse percentage*

Total consumption (m^3 / year)	Reused water (m^3 / year)	(%)
22,086,690.76	9,413,231.84	29.88

* Calculation: reused water divided by total water consumed plus reused water multiplied by 100

Final disposal

The Company treats 100% of effluent generated from industrial processes at Effluent Treatment Plants (ETEs). In the case of the slaughtering and industriali units, the ETE process consists of three phases. During preliminary treatment, the larger solid waste is removed. The effluent then undergoes primary treatment using a physical chemical system. The final process involves biological treatment through a secondary activated sludge system.

In addition, the Company permanently monitors the performance of ETEs permitting immediate action for preventing alterations to the quality of the effluent discharged. Perdigão adopts stricter standards than required by the environmental protection agencies.

Energy consumption

The Perdigão Energy Rationalization and Conservation Program (Procep) was implemented in 1994 for improving energy efficiency. Consequently, it has been possible to reduce the quantity of resources required in the production processes allowing part of the installed capacity to be transferred to future production increases and avoiding new investments in energy.

Monitoring of the program is made through technical indicators at each utility. The indicator is a ratio between the consumption of the utility and plant output (ton of finished product – TPA) and in the case of boilers, the ratio between quantity of steam generated and the quantity of fuel burnt.

The main indicators monitored are:

- KWH/TPA – energy consumption per ton of finished product.
- TON STEAM/TPA – ton of steam per ton of finished product.
- KG STEAM/KG FUEL – mass of steam per mass of fuel.

Direct consumption of energy broken down by primary energy source

Calculation of indicators was based on Perdigão's industrial units (meats), representing 83.21% of total energy consumption. The Eleva and Cotochés operations have been excluded as has the dairy products business and the agricultural units (animal feed, breeding incubators, poultry farms, etc). The main plants of the recent acquisitions are being incorporated into the Procep management system and will be included in the 2009 report.

Energy is consumed largely for steam generation used in the production process at slaughtering units. The resource most used to fire the boilers is biomass in the form of wood chips, firewood from tree trunks or timber offcuts (sawmill waste). However, there are specific processes where, for technical reasons biomass cannot be used and must be replaced by BPF (Bio Power Fluid), Shale or LPG.

Diesel oil consumption is used principally for the generation of electric energy through generators, the use of this equipment being restricted to the minimum.

Unit	Source of renewable energy (MW)		Source of non-renewable energy (MW)		% Renewable
MEAT	Ethanol	1.75	BPF	20,910.39	96%
	Rice husk briquettes	64.20	Diesel	2,441.44	
	Wood Chips	722,624.28	Gasoline	16.58	
	Firewood	414,081.25	LPG	2,793.25	
	Vegetable oil	97,84	Kerosene	0.08	
	Offcuts	85,266.92	Shale	22,957.42	
	Sawdust	3,073.37			
	TOTAL	1,225,210.61	TOTAL	49,119.17	

Ratios for conversion from kW/kg or kW/L	Ethanol	6.40	BPF	11.34
	Rice husk briquettes	5.35	Diesel	10.03
	Wood chips	2.91	Gasoline	12.10
	Firewood	2.91	LPG	12.82
	Vegetable oil	9.30	Kerosene	9.65
	Offcuts	2.91	Shale	11.08
	Sawdust	4.88		

Indirect energy consumption broken down by primary energy source

Electricity is the only indirect energy source used by Perdigão, and mostly supplied through the grid - National Interconnected System (SIN) - and distributed by local electricity energy concessionaires.

Business Unit	Renewable energy source (MW)		Source of non-renewable energy (MW)		% Renewable
MEAT	Hidroeletric power	519,948.14	Gas	65,787.48	83%
	Biomass	26,562.08	Oil	27,303.35	
	Wind power	2,223.80	Nuclear	11,119.01	
			Mineral coal	8,092.17	
	TOTAL	548,734.02	TOTAL	112,302.01	

Percentage by energy source in relation to ANEEL's site - accessed in 02/19/09	Hidroeletric power	77.2%	Gas	10.7%
	Biomass	4.3%	Oil	4.4%
	Wind power	0.4%	Nuclear	1.8%
			Mineral coal	1.3%
	TOTAL	81.9		18.1%

OBS: as the business units are located in several states, the percentages considered were those from Sistema Interligado Naciona (SIN).

Sustainable hog farming program

Perdigão's Sustainable Hog Farming Program is designed to reduce greenhouse gas emissions (GGE) generated by the integrated outgrowers and is based on the Kyoto Protocol's Clean Development Mechanism (CDM). It involves the installation of biodigestors at outgrower hog farms and eliminates the impact of hog manure on the environment.

The Program is supported by the Perdigão Institute for Sustainability (IPS) both in terms of investments as well as for monitoring and maintenance, and has as its target the generation of Certified Emissions Reductions carbon credits (CERs), which are sold to entities or companies which have GGE reduction targets. Each CER represents a ton of CO2 equivalent. CER sales will allow the cost of the investment in biodigestors and burning systems to be absorbed as well as to remunerate participating integrated outgrowers. Any remaining value is invested in IPS socio-environmental projects.

In addition to eliminating manure, the Program also contributes to the improvement of living conditions at the rural properties since the burning off of gases can be used as an alternative energy source for heating shelters for animal confinement, domestic lighting or powering generators and motors. The biodigestors also help reduce the odor caused by traditional treatment systems (lagoons and manure compost dumps), reducing the presence and multiplication of vector insects. Again, effluent from the biodigestor process can be used as fertilizer thus adding value and reducing the production costs of crop and pasture cultivation.

Work on construction and installation of the biodigestors is 30% concluded and finalization is slated for 2009. The project is supported by the National Economic and Social Development Bank - BNDES and has a budget of R$ 10.3 million.

The Perdigão Institute project benefits 131 producers and is expected to reduce emissions by 152,273 ton CO2 equivalent /year. In addition a further project is being implemented in partnership with AgCert, this time involving 85 producers and generating a reduction of 16.94% in GGE from hog farming activities.

The first stage of the program (PDD1) in Rio Verde, state of Goiás and the state of Rio Grande do Sul, has already been validated by the Interministerial Commission on Global Climate Change and is in the phase of registration at the United Nations Framework Convention on Climate Change (UNFCC). The second stage of the program (PDD2) involving integrated outgrowers in the states of Goiás and Santa Catarina is currently being validated by the Designated Operational Entity, and the third (PDD3), in the states of Rio Grande do Sul, Paraná and Santa Catarina is in the final phase of conclusion.

Perdigão and Eleva integrated hog farmers' GHGs emissions inventory

	Integrated Out Growers	% Integrated Out Growers	Ton. CO_2 eq /year	% reduction
Perdigão	2,099	100%	809,180	
AgCert	85	4%	137,105	17%
IPS - 3 PDDs	131	6%	152,273	19%

Renewable forestry program

This consists of renewable pine and eucalyptus forest plantations on Company-owned farms or in the form of partnerships with regional producers. The project not only generates rental income but also has the added advantage of maximizing the use of idle farmland.

Perdigão is studying a project for obtaining CERs through the planting of these forests which serve as an energy source for steam generation at the industrial units.

Social management

Perdigão's sustainable initiatives in this area cover activities involving its various stakeholders. The Company is conscious of the reach and impact of its actions and in its relations with stakeholders, seeks to implement actions that range from employee training and skills enhancement programs to providing guidance to partners in the generation of energy from alternative resources. Social actions encompass educational, environmental and sporting areas.

In line with the world trend to healthier foods and lifestyles, another company priority is the development of products with lower sodium content and reduced fat levels as well as encouraging the practice of sport through such initiatives as the Perdigão Integration Games and the "5 km Perdigão".

Employees

The emphasis that Perdigão places on the importance of human capital is apparent in various projects. The Company is aware of the need for experienced, skilled and motivated professionals to ensure the continuous growth of the businesses. Human Resources policy is thus focused on consistent growth, incentivating and creating opportunities for professional development. In addition, events are organized which promote quality of life at work, the prevention of work-related illnesses and problems caused by substance abuse such as alcohol and cigarettes.

Employee hiring is undertaken based on a selection process – tapping both in-house as well as external manpower. The focus is on the identification of professionals with the characteristics that match the needs of the post and who are ethical, trustworthy and efficient – both in the way they perform their duties as well as in the management of resources – and prepared to resolve problems in a practical and expeditious manner.

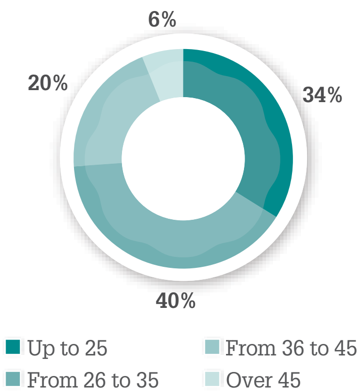
Total number of employees by contract type

Type of contract	Number of employees
Determined duration	234
Indeterminate duration	58,774
Cooperative members	0
Outsourced labor	4,659
Interns	420
TOTAL	64,087

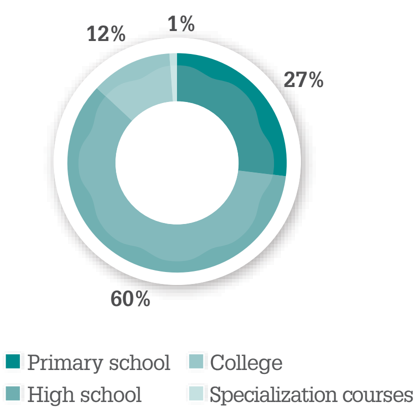
Rotation ratio considering gender and age group

Company	Male	Female	Up to 30 years	From 30 to 50 years	Over 50 years
The entire company	3.42 %	2.19%	3.81%	2.03%	0.97%

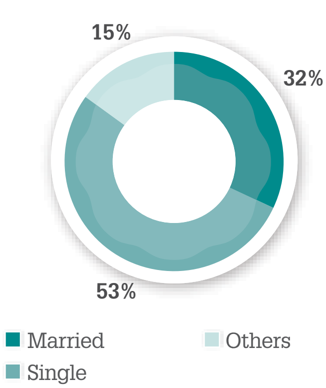
Age group



Academic background



Marital status



In the light of the implementation of the new managerial selection model in 2008, 95% of all staff-level movements were the result of collegiate decisions. All executive hiring or promotions were subject to prior skills evaluations with the participation of the candidate's immediate superior and a representative from Human Resources. The Company recorded 85 promotions and hiring, 83% of these drawn from in-house resources.

In 2008, Perdigão invested R$ 16.8 million in the development of its employees, representing an average of 39.9 hours of training per capita. This investment was allocated to different programs, the majority designed and implemented by the Perdigão Academy. This corporate educational concept was implemented in 2006 and is characterized by an integrated vision of the processes for personnel and business strategy development, thus building a bridge for the Company's sustainability through 2020.

Listed below are some of the Company's more important actions and programs in 2008:

Leadership Development Program (PDL)

This Program is designed to maximize and expand the leadership capacity of employees at the managerial level based on a series of key competences for achieving outstanding performance in this area. The focus is on the sustainability of the businesses and the growth of Perdigão and its professionals. This fast-track development program is divided into six modules of 40 hours every three months. During the course of the training the participants undergo a process of coaching and improvement in languages skills. Fifteen executives concluded the Program in 2007 while a fresh group was started in 2008 for qualifying new managers in 2009.

The Perdigão Way of Leading (JPL)

JPL is an important vehicle in the Company's personnel management given the program's wide-ranging and consistent nature, aligned to strategic objectives. Very much in tune with the Perdigão Academy's other programs, it has provided the opportunity for the approximation of people and areas of the Company through the sharing of knowledge, ideas and greater learning. The program is divided into modules and by the end of 2008 had been responsible for training 1,340 employees covering the full leadership spectrum of the Company.

Perdigão Trainee Program

This program seeks to recruit high-flying youngsters for training in the Company, thus ensuring Perdigão's future development. In its new format, the first group made up of 15 trainees. The majority of whom were hired by the Company. The Program proving to be highly relevant to the Company's needs. The second group, which begins in 2009, reported an increase of 72% in the number of enrollments (10,423 candidates), group numbers being increased by five places.

Sales Academy

A training program was organized in 2008, specific to the needs of the sales force. More than three thousand salespersons took part in the modules, training being conducted by a team of supervisors and merchandizing technicians with the objective of ensuring that teams display a high level of performance and help sustain corporate growth. This program also used remote teaching methods resulting in a 99% course conclusion rating.

Improvement Program

Focused on professionals working in the administrative areas, this action program continued to promote a balanced approach between development of technical and behavioral skills and the improvement of the organizational climate through teamwork and greater involvement in relation to the Company's common objectives. The training seeks to develop the necessary skills of these professionals to enable them to achieve a systemic vision of Perdigão as well as improve service quality. The program was rolled out for the first time in 2008 at the units in Santa Catarina, Rio Grande do Sul, Paraná, São Paulo, Mato Grosso and Goiás, with 350 people being trained.

Pension plan

Since 1997, the Company has been responsible for the operations of the Perdigão Sociedade de Previdência Privada (PSPP), a closed complementary pension entity for providing supplementary retirement benefits to the employees of the Perdigão companies.

PSPP manages a defined contribution plan. The plan is voluntary and available to all employees. Currently, 16,079 employees are members, the plan offering the traditional retirement benefits, as well as benefits for early retirement, incapacity, pensions in the event of death and proportional benefits.

The defined percentage contribution is 0.70% of wage levels corresponding up to 10 URP (Perdigão Reference Unit, currently equivalent to R$ 2,650.80) and 3.70% on any amount above this ceiling. Participants have the option of making supplementary contributions on a totally voluntary basis, equivalent to a percentage of wages or any fixed value at the option of the employee.

The sponsor's contributions are made according to member's basic contribution in line with the following table:

Age (years)	Sponsor's contribution
Up to 40 years	100% of member's basic contribution
From 41 to 50 years	From 100% to 200% of member's basic contribution
Over 51	From 200% to 300% of member's basic contribution

While PSPP is basically a defined contribution plan, it has a defined benefit feature as well, the actuarial liability of which relates to the present value of future benefits to retired members, since the benefit (lifetime income) is set following the date of retirement. The plan currently pays a pension to 44 retirees who receive monthly lifetime stipends.

The plan's liabilities are covered by a fund that is separate from the sponsor's resources. An independent company (Towers Perrin) undertakes an annual evaluation of the plan by beneficiary. The latest evaluation shows that the plan is in equilibrium in actuarial and financial terms in accordance with current market principles.

PSPP has selected HSBC and Itaú as investment managers. Both financial institutions manage the pension funds resources according to PSPP's investment policy. Perdigão has engaged Consultoria Financeira Risk Office as financial consultant for market risk control and management, the books of the plan also being independently audited on an annual basis.

Agreements, collective negotiations and labor union representation

Given the nature of Perdigão's business, employees are represented by the Meat Industry and Products, Food Industries and Similar Workers Union in their respective places of work. All employees are covered by the collective wage agreements and are represented by the labor union.

Social programs

Project	Inception	Description - Objectives	Beneficiaries	Scope
Perdigão's Integration Games	1989	To promote integration, fraternization and strengthening of friendship and fellowship bonds through the sport.	Employees	All units
New Human Being Program	1996	To develop educative work with the company's pregnant women, providing a healthier and more peaceful pregnancy.	Employees	All units
Perdigão's 5 km	2007	To promote the employees perception about the importance of including the physical activity in day-by-day life.	Employees and community	All units
Teenagers and Adults Education Program - EJA	1996	To provide to our employees the opportunity to conclude primary education. The employees' strong support was responsible for the initiative success and the project was expanded to the community.	Employees and community	All units
Farm School	2004	To remedy the Brazilian Middle-West technological pattern discrepancy which has intensified with the growth of poultry and pork breeding in the region. Sponsored by FINEP-Perdigão-Fesurv, it seeks to empower the work force capable of attending the agroindustries' growing demand.	Community	Rio Verde (GO)
Perdigão's Housing Program – PROHAB	1997	To facilitate the access to a house, to improve the life quality, to provide comfort, satisfaction and security, besides supplying the local habitation deficit, offering fair prices and better payment options.	Employees	All units

Communities

Initiatives in Bom Conselho

Perdigão conducts a series of activities at Bom Conselho (PE) where it is constructing an industrial complex, part of its policy of bringing development to the regions where it operates: a Digital Inclusion Work Station, which trained more than 220 students in 2008, delivery of 6,500 books to the municipal public library, donation of a paramedic unit, Cinema Recycling – free sessions exhibiting Brazilian movies to the local community, and Friends of the Environment Workshop, a space dedicated to raising awareness on the importance of recycling, these latter two initiatives in partnership with Tetra Pak.

Semear Project

The program's focus is on the training of children from farming families, preparing them to manage the family properties through a more efficient rural management system with the emphasis on sustainability. In this way, the Company contributes to the sustainability of its partners' farms and helps stem the exodus from the countryside. The project has already been responsible for graduating 60 students and there are a further courses with three more groups totaling 102 students currently in progress. Perdigão is the leading sponsor of the project, supplying transportation, nutritional needs, educational materials and

financial support for the students, as well as providing technical manpower (company managers, supervisors and coordinators) for giving direction to the experimental projects and for monitoring curricular activities. The Semear Project has been implemented in partnership with the Santa Catarina state government, which provides the physical space, teaching staff and educational structure.

Perdigão Social Action

This initiative contributes to the improvement in the quality of life of the communities close to the industrial units, facilitating access to services in the areas of healthcare, citizenship and education as well as activities directed to culture, leisure and sports. In 2008, the Social Action program was responsible for more than 71 thousand attendances in the cities of Pontão (RS), Campos Novos, Herval D'Oeste and Itajaí in the state of Santa Catarina, Carambeí (PR), Mineiros (GO), Nova Mutum (MT) and Bom Conselho (PE).

Cinema in Movement

This initiative is not simply a program for exhibiting movies. It also involves facilities for reflecting, stimulating debate and using Brazilian movies as a pedagogic tool. Supported by incentives under the federal Rouanet Law for fostering culture, Perdigão sponsored an itinerant circuit in eight cities over three months – June, July and August- , holding free sessions for showing the most recent Brazilian film productions.

Program for People with Special Needs

Offers primary and high school courses to people with special needs in preparation for entering the labor market. The courses also include the teaching of Braille and 'libras', the Brazilian sign language. The Centers integrate the actions of SESI – School for Adolescents and Adults and the Program for Inclusion of People with Special Needs. SESI (Social Service for Industry) supplies the furnishings for the classrooms and Perdigão, the space and infrastructure, in addition to paying a monthly fee to SESI for managing the teaching. Centers are installed in Videira (SC) and Marau (RS), benefiting more than 90 students.

Volunteer Support Program

The Program is to stimulate volunteer work among the Company's employees through corporate sponsored campaigns. Among the initiatives implemented in 2008 was the Volunteer for Sustainability Project which encourage staff in the São Paulo, Videira and Itajaí offices to adopt sustainable practices in their daily routines (reducing the use of disposable cups, turning off computer monitors, not leaving faucets running, avoiding excessive printing). The campaign also mobilized all the Company's units to collect provisions and clothes to help the victims of the Santa Catarina floods.

Atende Program

With the support of the National Economic and Social Development Bank - BNDES, Perdigão delivered nine medical support units to the municipal government. These units are manned by specialist physicians who work the entire network on a rotational basis. The company also donated two ambulances to the Municipal Health Secretariat to facilitate emergency attendance, as well as dental clinics for the nine units. The Program has also funded nine police posts for ensuring public safety in the community.

Customers

Perdigão's products are subject to standardized procedures with respect to food label content, ensuring that the consumer has all the information needed for the use of the product, methods of preparation, handling, conservation, performance and consumption. The standardized procedure is also designed to meet legal labeling requirements and ensure that communication of products made at different industrial units is uniform.

Rigorous compliance with quality standards and identity of bodies such as the ministries of Agriculture and Health, and Inmetro reflect in the credibility of how the products and the company are viewed by government authorities, customers and the end consumer.

Parameters contained in the nutritional facts table are monitored through periodic laboratory analysis to check that the stated nutritional content always corresponds to reality. Information on vitamins, minerals and/or special substances such as fibers and hydrolyzed collagen, are also stated on the packaging, which shows the exact ingredients used in manufacture.

The Company adopts the same procedure for outsourced products. Information on the supplier's production unit is printed on the labels as well as its registration number with the Ministry of Agriculture. Supplier audits are carried out to ensure the same standard of quality as for products made by Perdigão itself.

One of the initiatives taken in the product development area is to offer solutions that contain natural ingredients or which have healthy nutritional characteristics. Low salt, fat or sugar versions with more vitamins, calcium or other additives are in line with current trends in the consumer market. These nutritional advantages are displayed on the labels in a clear manner and in accordance with the specific legislation.

Perdigão dedicates particular care with formulations derived from soybeans and uses only those with Identity Preserved certification, thus ensuring alignment with Brazilian and European legislation on genetically modified organisms.

The Company has also concentrated on low trans fats products in accordance with international legislation, besides offering a product line under the "Minha Escolha" (My Choice) seal with a reduced sodium, saturated fat and total fats content.

My Choice Program

A global initiative, this helps consumers to easily and quickly identify healthy food options at the point of purchase. The initiative also acts as a stimulus to the industry to improve the composition of its products thus increasing the availability of healthier food and drink. My Choice Program products have controlled levels of saturated fats, trans fats, sugars and sodium (salt). According to the World Health Organization (WHO), these nutrients when consumed in excess, can be the cause of chronic illnesses such as diabetes, obesity and cardiovascular illnesses.

Ministry of Agriculture approval is awaited to include the My Choice seal on "Pense Light Batavo" line of products.

Safe use of the product

The product labels contain 'Use before' information, form of conservation before and after opening as well as the recommended period for consumption after opening. Perdigão also includes warnings on its labels in accordance with the legislation with respect to allergenic ingredients such as gluten and phenylalanine.

Product disposal and environmental and social impacts

Perdigão uses food carton packaging derived from certified forests and those using sustainable stewardship methods. UHT packaging products with a recycling ratio of 23% are discarded by the consumers as dry refuse. The Company does not use multi-layer packaging (aluminized plastic packaging and co-extruded plastics), since their separation is difficult and time-consuming, and such material tends to accumulate in landfills. Secondary and tertiary shrunk film is already made from recycled material while packaging in the form of monolayer plastic film, jars, buckets, cups, plastic lids, paper bags, monolayer plastic bags and cans are all recyclable.

While not featuring on the labels, the characteristics of the byproducts, such as milk serum, are also monitored and can be critical in the choice of preferred production processes in order to minimize the difficulties in treating effluent when for example discharge is necessary.

Consumer Services Center

The Consumer Services Center, set up in 1984 for improving customer and consumer relationships, has a structure equipped with state-of-the-art technologies covering all the Company's brands. In addition to a Customer Call Center (SAC), which recorded 258 thousand contacts during the year, the Consumer Services Center has an experimental kitchen for developing new ways of preparing products and a cookery center responsible for courses to 12 thousand consumers in 2008.

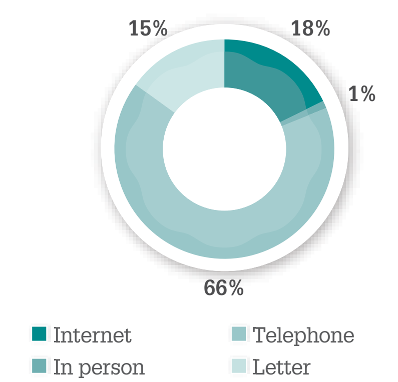
Perdigão ran a satisfaction survey with about 50 thousand consumers during the year, the objective being to continuously improve products and services. The survey reported a satisfaction rate of 99.8%.

Communication and marketing

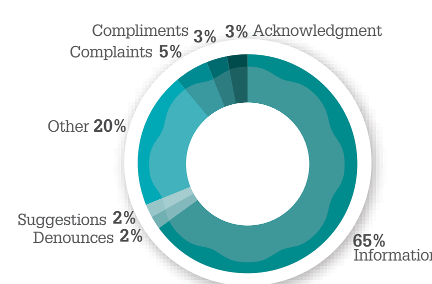
In line with the reputation that permeates its businesses and the respect with which it treats its consumers, Perdigão operates a system of transparent and ethical communication. This is in compliance with the requirements of bodies that regulate publicity in Brazil such as the National Advertising Self-Regulation Council (Conar), the Company taking particular care to respect the rules which apply to advertising directed at young children.

Since 2008, Perdigão has also adhered to the recommendations of the Brazilian Advertisers Association (ABA), which has adopted closed captioning in advertising by its members as a permanent rule.

Communication channels



Manifestations



Social report - Ibase model

R$ million

1 - Basis of calculation	**2008 Amount**			**2007 Amount**			**Ch.**
Net revenues (NR) 72%	11,393.0			6,633.4			72%
Operating results (OR) 41%	708.5			503.9			41%
Gross payroll (GP)	1,555.8			1,121.8			39%
2 - Internal social indicators	**Value**	**% of GP**	**% of NR**	**Value**	**% of GP**	**% of NR**	**Ch.**
Food	73.4	4.72%	0.64%	47.7	4.25%	0.72%	54%
Mandatory payroll taxes and benefits	302.0	19.41%	2.65%	193.6	17.26%	2.92%	56%
Private pension plan	6.9	0.44%	0.06%	6.6	0.59%	0.10%	4%
Health	31.0	1.99%	0.27%	21.9	1.95%	0.33%	41%
Safety and health at workplace	2.7	0.17%	0.02%	1.4	0.12%	0.02%	95%
Education, Training and Professional development	19.9	1.28%	0.17%	17.7	1.58%	0.27%	12%
Transports	41.8	2.69%	0.37%	25.2	2.24%	0.38%	66%
Culture	2.0	0.13%	0.02%	0.4	0.04%	0.01%	378%
Day care or stipend for day care	1.0	0.07%	0.01%	0.4	0.04%	0.01%	156%
Profit-sharing	16.4	1.06%	0.14%	34.3	3.06%	0.52%	-52%
Other	19.7	1.27%	0.17%	8.8	0.78%	0.13%	124%
Total - Internal social indicators	516.8	33.22%	4.54%	358.0	31.92%	5.40%	44%
3 - External social indicators	**Value** (in R$ thousand)	**% of GP**	**% of NR**	**Value**	**% of GP**	**% of NR**	**Ch.**
Education	0.7	0.10%	0.01%	0.6	0.12%	0.01%	22%
Culture	0.0	0.00%	0.00%	0.0	0.00%	0.00%	
Health and sanitation	0.0	0.00%	0.00%	0.0	0.00%	0.00%	
Sports	0.1	0.02%	0.00%	0.1	0.02%	0.00%	61%
Hunger relief and food security	0.0	0.00%	0.00%	0.0	0.00%	0.00%	
Other	0.2	0.03%	0.00%	0.1	0.01%	0.00%	274%
Total contributions to society	1.1	0.15%	0.01%	0.8	0.15%	0.01%	46%
Taxes (excluding payroll taxes)	965.5	136.27%	8.47%	866.5	171.96%	13.06%	11%
Total – External social indicators	966.6	136.42%	8.48%	867.3	172.10%	13.07%	11%
4 - Environmental indicators	**Value**	**% of GP**	**% of NR**	**Value**	**% of GP**	**% of NR**	**Ch.**
Related to company operations	34.7	4.90%	0.30%	22.4	4.45%	0.34%	55%
External projects	0.0	0.00%	0.00%	-	0.00%	0.00%	
Total invested in environment	34.7	4.90%	0.30%	22.4	4.45%	0.34%	55%
Regarding the establishment of annual targets to minimize toxic waste and consumption during production/operation and to improve the better use of natural resources, the company:	[ ] does not establish targets [ ] attains 0 to 50% targets [ ] attains 50 to 75% targets [X] attains 75 to 100% targets						
5 - Employee composition indicators	**2008**			**2007**			**Ch.**
# of employees at the end of term	59,008			44,752			32%
# of hires during term	14,256			5,704			150%
# of outsourced employees	4,659			5,049			-8%
# of interns	420			294			43%

# of employees over 45	4,034	2,425	66%
# of women working at the company	21,725	16,905	29%
% of management positions occupied by women	14.29%	9.50%	
# of black employees working at the company	14,169	8,895	59%
% of management positions occupied by blacks	6.88%	5.00%	
# of employees with disabilities	509	378	35%
6 - Information relating to the exercise of corporate citizenship	**2008**	**Targets 2009**	
Ratio of highest to lowest compensation at company	45.7	-	
Total # of accidents at the company	1,093	Reduce 30%	
Social and environmental projects developed by the company were selected by:	[X] top level executives		
The company's standards for safety and cleanliness in the workplace were set by:	[X] top level executives and mid-level management [X] all employees + Cipa		
Concerning freedom of association, the right to collective bargaining and employee representation in unions, the company:	[X] encourages and follows ILO		
The company pension plan covers:	[X] top level executives and mid-level management [X] all employees		
The profit-sharing program covers:	[X] top level executives and mid-level management [X] all employees		
In the selection of suppliers, the standards for ethics and social/ environmental responsibility used at the company:	[X] are required		
In the selection of suppliers, the standards for ethics and social/environmental responsibility used at the company:	[X] organizes and stimulates it		
Total Added Value to be distributed (in thousands of reais):	In 2008: 3,886.9	In 2007: 2,432.9	
Distribution of Added Value:	30.90% government 33.97% employees 1.98% shareholders 33.73% third parties -0.57% retained earnings	41.88% government 39.85% employees 4.25% shareholders 4.94% third parties 9.09% retained earnings	

GRI reference index

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4.10 Processes for evaluating performance (economic, environmental, and social)	NA	
4.11 Explanation of whether and how the precautionary principle is addressed by the organization	NA	
4.12 Externally developed principles and other initiatives to which the organization subscribes	NA	
4.13 Memberships in associations	NA	
Stakeholder engagement		
4.14 List of stakeholder groups engaged by the organization		The formal stakeholders engagement process was not realized in 2008
4.15 Basis for identification and selection of stakeholders with whom to engage		The formal stakeholders engagement process was not realized in 2008
4.16 Approaches to stakeholder engagement	NA	
4.17 Key topics and concerns that have been raised through stakeholder engagement	NA	
5 Management approach and performance indicators		
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EC4 Significant financial assistance received from government	NA	
EC5 Range of ratios of standard entry level wage compared to local minimum wage	NA	
EC6 Policy, practices, and proportion of spending on locally-based suppliers	39,40	
EC7 Procedures for local hiring	NA	
EC8 Impact of infrastructure investments and services provided for public benefit	NA	
EC9 Describing significant indirect economic impacts	NA	
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EN1 Materials used by weight or volume	NA	
EN2 Percentage of materials used that are recycled input materials	NA	
EN3 Direct energy consumption by primary energy source	60	
EN4 Indirect energy consumption by primary source	61	
EN5 Energy saved due to conservation and efficiency improvements	NA	
EN6 Initiatives to provide energy-efficient or renewable energy based products and services	NA	

EN7 Initiatives to reduce indirect energy consumption and reductions achieved	NA	
EN8 Total water withdrawal by source	59	
EN9 Water sources significantly affected by withdrawal of water	NA	
EN10 Percentage and total volume of water recycled and reused	59	
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EN12 Description of significant impacts of activities, products, and services on biodiversity	NA	
EN13 Habitats protected or restored	NA	
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EN16 Total direct and indirect greenhouse gas emissions by weight	NA	
EN17 Other relevant indirect greenhouse gas emissions by weight	NA	
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	61	
EN19 Emissions of ozone-depleting substances by weight	NA	
EN20 NO, SO, and other significant air emissions by type and weight	NA	
EN21 Total water discharge by quality and destination	NA	
EN22 Total weight of waste by type and disposal method	NA	
EN23 Total number and volume of significant spills	NA	
EN24 Weight of transported waste deemed hazardous	NA	
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats	NA	
EN26 Initiatives to mitigate environmental impacts	27,29,30	
EN27 Percentage of products and packaging materials that are reclaimed by category	NA	
EN28 Monetary value fines and total number of sanctions for noncompliance with environmental laws	NA	
EN29 Significant environmental impacts of transporting products and members of the workforce	NA	
EN30 Total environmental protection expenditures and investments by type	58,68	
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LA2 Total number and rate of employee turnover by age group, gender, and region	62	
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NA	
LA4 Percentage of employees covered by collective bargaining agreements	64	
LA5 Notice description (procedures and period)	NA	
LA6 Percentage of total workforce represented in formal joint management–worker health and safety committees	NA	
LA7 Rates of injury, occupational diseases, lost days	NA	
LA8 Education, training, counseling, prevention, and risk-control programs	NA	
LA9 Health and safety topics covered in formal agreements with trade unions	NA	
LA10 Average hours of training per year per employee by employee category	NA	
LA11 Programs for skills management and lifelong learning	63	
LA12 Percentage of employees receiving regular performance and career development reviews	NA	
LA13 Composition of governance bodies and breakdown of employees per category	NA	
LA14 Ratio of basic salary of men to women by employee category	NA	
Human Rights Performance Indicators		
HR1 Description of policies and clauses to manage human right aspects	NA	
HR2 Suppliers and contractors that have undergone screening on human rights and actions taken	NA	
HR3 Policies to assessments concerning aspects of human rights	NA	
HR4 Total number of incidents of discrimination and actions taken	NA	
HR5 Policies to exercise freedom of association and actions taken to support these rights	NA	
HR6 Measures taken to contribute to the elimination of child labor	NA	
HR7 Measures to contribute to the elimination of forced or compulsory labor	NA	
HR8 Policies for training concerning aspects of human rights to security personnel	NA	
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken	NA	
Society Performance Indicators		
SO1 Programs and practices that assessment and manage the impacts of operations on communities	NA	
SO2 Percentage and total number of business units analyzed for risks related to corruption	NA	
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures	NA	
SO4 Actions taken in response to incidents of corruption	NA	
SO5 Public policy positions and participation	NA	
SO6 Policies in financial contributions to political parties, politicians, and related institutions	NA	
SO7 Number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices	NA	
SO8 Description of significant fines and total number of non-monetary sanctions	NA	
Product Responsibility Performance Indicators		
PR1 Policies to preserve consumer's health and safety, during use of products and services	NA	
PR2 Non-compliance concerning health and safety impacts of products and services	NA	
PR3 Type of products and services information required by procedures of labeling	66	
PR4 Non-compliance concerning product and service information and labeling	NA	
PR5 Practices related to customer satisfaction, including results of surveys	67	
PR6 Programs for adherence to laws, standards, and voluntary codes	67	
PR7 Incidents of non-compliance concerning marketing communications	NA	
PR8 Complaints regarding breaches of customer privacy and losses of customer data	NA	
PR9 Fines for noncompliance concerning the provision and use of products and services	NA	

* NA - Not avaiable

Corporate Information

Head Office Address

Av. Escola Politécnica, 760
CEP: 05350-901
São Paulo-SP – Brazil
Phone: (55) 11-3718.5300
Fax: (55) 11-3718.8070
www.perdigao.com.br

Investor Relations

Leopoldo Viriato Saboya – Director
Edina Biava – Manager
Av. Escola Politécnica, 760
CEP: 05350-901
São Paulo-SP – Brazil
Phone: (55) 11-3718.5301/5306/5465/5791
Fax: (55) 11-3718.5297
E-mail: acoes@perdigao.com.br
www.perdigao.com.br/ir

Depositary Banks

Brazil
Banco Itaú S/A
Av. Engenheiro Armando de Arruda Pereira, 707 – 9º floor
04344-902 São Paulo-SP – Brazil
Phone: (55) 11-5029.1908
Fax: (55) 11-5029.1917

United States
The Bank of New York
Investor Services
P.O. Box 11258
Church Street Station
New York NY 10286-1258 USA
Phone: 1-888-269-2377
E-mail: shareowners@bankofny.com
www.bankofny.com

Stock Exchange Ticker Symbols

São Paulo Stock Exchange – Bovespa
PRGA3 – commom shares – New Market (Novo Mercado)

New York Stock Exchange – NYSE
PDA – Level III ADRs

Newspapers for Official Publications

Diário Oficial do Estado de São Paulo
Valor Econômico

Independent Accountants

KPMG Auditores Independentes

All forward looking statements in this report with respect to the Company's business, projections and results and to the Company's potential growth are mere forecasts and were based on management's outlook with respect to the future of the Company. This outlook is highly conditional upon charges in the market, overall economic performance of Brazil and of the sector and the international markets, such an outlook being subject to change.

Credits

General coordination
Financial and Investor Relations Director

Contribution
Institutional Relations, Marketing, Domestic Market, External Market, Financial Control, Human Resources and Operations departments

Editorial Content
MZ Comunicação Corporativa Integrada
Mario Blander
Paul Steele

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MZ Design

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BSD Consulting

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PERDIGÃO COMPANIES
Av. Escola Politécnica, 760
Jaguaré 05350-901
São Paulo, SP, Brazil
Phone: (55) 11-3718.5301/5306/5465/5791
Fax: (55) 11-3718.5297

http://www.perdigao.com.br
http://www.perdigao.com.br/ir
acoes@perdigao.com.br

http://www.perdigao.com.br