



## **MINERVA S.A.**

Publicly-Held Company

Corporate Taxpayer ID (CNPJ): 67.620.377/0001-14

State Registry (NIRE) No. 35.300.344.022 | Brazilian Securities and Exchange  
Commission (CVM) No. 02093-1

### **MATERIAL FACT**

Minerva S.A. ("Minerva" or "Company"), one of the South America's leading companies in production and sale of *in natura* meat, live cattle and related products, which also operates processing beef, pork and poultry, in compliance with Article 157, 4th paragraph of Law No. 6.404, of December 15, 1976, as amended ("Corporations Law"); CVM Instruction No. 358, of January 3, 2002, as amended; and CVM Instruction No. 565, of June 15, 2015, informs to its shareholders and to the market the following:

The Board of Directors of the Company, at its meeting held on February 21, 2017, approved to submit to the shareholders' meeting of the Company, among other subjects, the following proposals: (i) the merger of Mato Grosso Bovinos S.A. ("Mato Grosso" or "Merged Company") into the Company, under the terms of "Private Instrument of Protocol and Reasoning of the Merger of Mato Grosso Bovinos S.A. into Minerva S.A." (the "Protocol" and the "Merger"); (ii) new plan to grant the option to purchase shares issued by the Company ("Stock Option Plan"); and (iii) increase of the limit of the authorized capital of the Company:

#### **I. Merger of Mato Grosso into the Company**

##### **1. Identification of the companies involved in the transaction and short description of its activities.**

###### **1.1. Minerva**

(a) *Identification.* Minerva S.A., Publicly-held Company, headquartered in São Paulo, city of Barretos, at extension of Avenida Antonio Manço Bernardes, n/n, at Rotatória Família Vilela de Queiroz, Minerva Farm, Zip Code 14781-545, enrolled with the Brazilian Corporate Taxpayer ID ("CNPJ/MF") under No. 67.620.377/0001-14 with its articles of incorporation duly registered at Board Trade of the State of São Paulo ("JUCESP") under the State Registry ("NIRE") No. 35.300.344.022, registered at CVM as a Class A publicly held Company under No. 20931.

(b) *Activities*. The Company operates in the production and sale of *in natura* meat, live cattle and related products, as well as processing beef, pork and poultry.

## 1.2. Mato Grosso

(a) *Identification*. Mato Grosso Bovinos S.A., joint-stock company incorporated and existing under the laws of Brazil, headquartered in São Paulo, state of São Paulo, at Rua Leopoldo Couto de Magalhães Júnior, No. 758, 8º andar, conjunto 82, sala A, Zip Code 04.542-000, enrolled under the Corporate Taxpayer's ID (CNPJ/MF) No. 15.514.479/0001-51, with its articles of incorporation registered at JUCESP under NIRE No. 3530046398-6.

(b) *Activities*. (i) industrialization, sale and exploration of food, mainly the animal protein derived products and food products which use the cold chain as distribution support; (ii) exploitation of slaughterhouses, tanneries, cold stores, canning factories, tinned or not, of meat, fat and dairy, vegetal oil industrialization, as well as the exploration of cold stores as deposit, to conserve, store or classify meat; and (iii) exploitation of livestock and livestock farming through the marketing of cattle, sheep, pigs and other live animals.

## 2. **Description and purpose of the transaction**

2.1. Transaction. Merger of Mato Grosso into the Company, which capital stock is wholly-owned by the Company. The implementation of the Merger will result in the succession of Mato Grosso by the Company, universally and without interruption, concerning all its assets, rights, claims, faculties, powers, immunities, actions, exceptions, duties, obligations, subjections, liens and liabilities. After the implementation of the Merger, Mato Grosso will be extinguished.

2.2. Reason and purpose of the Transaction. The Merger's background is the reorganization of both parties businesses, in order to redistribute its assets, debts and projects to improve its capital and management structure and, at the same time, allow the relocation of such assets and debts more efficiently.

## 3. **Main benefits, risks and costs of the transaction**

3.1. Shareholders' interest in the Merger and benefits for the parties. Considering that the Merged Company and the Company are within the same corporate group, and the Merged Company is wholly-owned by the Company, the merger shall rise substantial management, financial and economic benefits to the parties, which are:

- (i) Streamlining and simplification of the corporate structure, and, consequently, consolidation and reduction of the expenses and combined operational expenditures;
- (ii) The combination of corporate resources and equity involved in the operation of the parties will enhance the operations, assets and cash flows management, resulting in the improvement of the operational and financial resources, and, as a consequence, will benefit the corporate activities performed by the parties; and
- (iii) The better operational integration of the parties will allow an improved utilization of the existent synergies and the creation of new complementing ways between the corporate activities, to seek the generation of value to the parties.

3.2. Goodwill. The goodwill registered by the Company when it merged the shares (*incorporou as ações*) of Mato Grosso will allotted in the Company in accordance with its nature and, pursuant to applicable tax laws, might be appropriated for tax purposes in subsequent fiscal years, under the terms of specific tax rules.

3.3. Risk Factors. Considering that the Company holds 100% (one hundred percent) of the capital stock of the Merged Company, the Company understands that the Merger does not rise the risk exposure of the Company or of the Merged Company and does not impact the risk taken by the shareholders, the investors and third parties.

3.4. Cost estimation. The parties **estimate** that the total costs and expenses to perform the Merger, including attorney's fees and auditor's fees, and the costs to perform and publish the corporate acts should not exceed the amount of R\$75,000.00 (seventy-five thousands Brazilian reais).

3.5. Management opinion. The managers of the Company understand that the Merger will streamline the activities of the corporate group of the Company, what justifies the transaction.

#### **4. Replacement ratio of the shares**

4.1. Inexistence of replacement ratio of the shares. the Merger will be performed without replacement ratio of shares, considering that (i) the Company holds the totality of the shares issued by the Merged Company, and there are no minority shareholders to migrate to the Company; (ii) the shares of Mato Grosso held by the Company will be extinguished after the Merger; (iii) the Merger will not increase the capital of the Company; and (iv) the Merger will not imply in issuance of new shares by the Company.

## **5. Equity Elements: Assets and debts**

5.1. Equity Elements: Assets and Debts. All assets and debts of the Merged Company shall be merged into the Company, and the Company shall succeed the Merged Company, universally and without interruption, concerning all its assets, rights, claims, faculties, powers, immunities, actions, exceptions, duties, obligations, subjections, liens and liabilities.

## **6. Asset evaluation**

6.1. Appraiser Company. **VERDUS AUDITORES INDEPENDENTES**, simple company, under the Corporate Taxpayer's ID (CNPJ) No. 12.865.597/0001-16, with its articles of incorporation registered in the 5th City Register of Deeds and Documents and Register of Legal Entities, on November 5, 2010, under the registry No. 44348, and the 1st Contractual Amendment, on August 26, 2013, under the registry No. 52174, registered at the Regional Accountancy Council of the State of São Paulo, under No. 2SP 027.296/O-2, headquartered at Rua Amália de Noronha, 151, 5º andar, cj. 502, parte - Pinheiros, São Paulo - SP, CEP 05410-010 ("Appraiser Company"), was hired as an expert company, to prepare the accounting appraisal report of the net equity of the Merged Company.

6.2. Ratification of the appointment and hiring of the Appraiser Company. The hiring of the Appraiser Company to evaluate the book value of the net equity shall be ratified by the shareholders of the Company in an extraordinary shareholders' meeting.

6.3. Statement of the Appraisal Company. Under the terms of the current Law, the Appraiser Company stated that: (1) it does not hold, directly or indirectly, any security or derivative expressed as security issued by either the Company or Mato Grosso; (2) does not have any conflict of interest, direct or indirect, that may otherwise reduce the necessary independence to carry out its duties; and (3) that the Merged Company, the Company, its controllers, shareholders or managers, did not, in any way: (a) directed, limited, difficult or practiced any acts that might compromise the access, use, or knowledge of the information, goods, documents or work methodologies material to the quality of its respective conclusions, (b) restricted, in any way, its capacity to determine the conclusions presented independently, or (c) determined the methodologies used to prepare the accounting appraisal report by book value of the net equity of the Merged Company.

6.4. Valuation criteria. The net equity of the Merged Company was evaluated by book value.

6.5. Base-Date. The base-date of the Merged Company net equity evaluation was December 31, 2016 ("Base-Date").

6.6. Appraisal Report. The Appraiser Company prepared an appraisal report to the Merged Company, to determine the Merged Company net equity book value in the Base-Date ("Accounting Appraisal Report").

6.7. Attributed value. Accordingly to the Accounting Appraisal Report, the Appraiser Company concluded, based on its work, that the amount of R\$ 465,902,857.07 (four hundred sixty five million, nine hundred and two Thousand, eight hundred fifty seven Brazilian reais and seven cents) represents, in all material aspects, the book value of the net equity of Mato Grosso to be merged into the Company. The book value was ascertained according to the accounting practices adopted in Brazil.

6.8. Patrimonial variation. The patrimonial variation of the net equity of the Merged Company occurred between the Base-Date and the Merge approval date shall be borne exclusively by the Company.

## **7. Submission of the transaction for approval of Brazilian or foreign authorities**

7.1. Not submission of the transaction for approval of Brazilian or foreign authorities. The Merger is not subject to the approval of competition defense authorities or any governmental authority in Brazil or abroad.

## **8. Replacement ratio of the shares calculated in accordance with Article 264 of Corporations Law**

8.1. Unenforceability of the replacement ratio of shares for comparison reasons. The parties understand that the valuations of net equities of the Company and the Merged Company adjusted by Market prices to comply with the obligation of comparing the replacement ratio set forth in Article 264 of the Corporations Law are not necessary, considering that (i) the Company holds the totality of the shares of the Merged Company, and there are no further shareholders to enter the Company; (ii) the shares of Mato Grosso held by the Company will be extinguished in the Merger; (iii) the Merger will not increase the capital of the Company; and (iv) the Merger will not imply in issuance of new shares by the Company.

## **9. Withdrawal Right and reimbursement amount value**

9.1. Withdrawal right of the Merged Company's shareholders. Considering that the Company holds the totality of the capital stock of the Merged Company, the approval of the Merger in the extraordinary shareholders' meeting of Mato Grosso will depend on the affirmative vote of the only shareholder. In this regard, there will be no dissenting shareholder in the resolution which will approve the Merger, according to Articles 137 and 230 of the Corporations Law.

9.2. Withdrawal right of the shareholders of the Company. Under the terms of Articles 136 and 137 of Corporations Law, the current shareholders of the Company are not entitled to the withdrawal right arising from the approval of the Merger by the extraordinary shareholders meeting.

## **10. Other information relating to the Transaction**

10.1. Succession in goods, rights and obligations. The Company shall succeed the Merged Company, universally and without interruption, concerning all its assets, rights, claims, faculties, powers, immunities, actions, exceptions, duties, obligations, subjections, liens and liabilities held by the Merged Company, in the moment of the Merger.

10.2. Documents. The Protocol and the Accounting Appraisal Report prepared according to the applicable law, will be made available to the shareholders in the electronic pages of CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), BM&FBOVESPA ([www.bvmf.com.br](http://www.bvmf.com.br)) and Company ([www.minervafoods.com/ri](http://www.minervafoods.com/ri)), as well as in the headquarters of the Company and the Merged Company, in the following addresses:

To the shareholders of the Company:

Avenida Antônio Manço Bernardes, n/n, Rotatória Família Vilela de Queiroz  
Chácara Minerva, Barretos, SP  
Zip Code 14.781-545

To the shareholder of Mato Grosso:

Rua Leopoldo Couto de Magalhães Júnior, No. 758, 8º andar, conjunto 82, sala A  
São Paulo, SP  
Zip Code 04.542-000

## **II. Stock Option Plan**

The Stock Option Plan has the purpose of permit that managers, non-statutory officers, vice presidents, superintendents and key collaborators of the Company and its controlled companies chosen by the Board of Officers ("Participants") acquire shares issued by the Company, in order to stimulate the expansion, success and the achievement of the corporate purpose of the Company, align the shareholders' interests to the Participants and provide the Company and its controlled companies the possibility to keep the key persons to enable its development.

Under the terms of the Stock Option Plan proposal, to the Participants shall be granted options to acquire, within the limit of authorized capital, by means of subscribing newly-issued shares or purchase treasury shares, a total amount of

shares representing until 5% (five per cent) of the total capital stock in a totally diluted basis, what means, after the exercise of all options by the Participants.

The whole copy of the proposal of the Stock Option Plan will be made available to the shareholders in the electronic pages of CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), BM&FBOVESPA ([www.bvmf.com.br](http://www.bvmf.com.br)), and Company ([www.minervafoods.com/ri](http://www.minervafoods.com/ri)), as well as in Company's headquarters.

### **III. Increase in the limit of the Company's authorized capital**

The Board of Officers also approved, among other subjects, the amendment in the Company's Bylaws, to increase the limit of the Company's authorized capital without the obligation to reform and consolidate its Bylaws, in order to provide greater capitalization flexibility to the Company.

In this regard, the management of the Company purposes the amendment of Article 6 of the Bylaws of the Company to increase the limit of the Company's authorized capital, from the current 202,351,518 (two hundred and two million, three hundred and fifty-one thousand, five hundred and eighteen) registered common shares, with no par value, to 300,000,000 (three hundred million) registered common shares, with no par value.

The whole copy of the proposal of the Bylaws amendment will be made available to the shareholders of the Company in the electronic pages of CVM ([www.cvm.gov.br](http://www.cvm.gov.br)), BM&FBOVESPA ([www.bvmf.com.br](http://www.bvmf.com.br)) and Company ([www.minervafoods.com/ri](http://www.minervafoods.com/ri)), as well as in Company's headquarters.

The Company reaffirms its commitment to keep the shareholders and general Market informed on the progress of this and any other matter of interest.

Barretos, February 21, 2017.

**Minerva S.A.**  
**Eduardo Pirani Puzziello**  
**Investors Relations Officer**