



**MINERVA S.A.**

Publicly Held Company  
Corporate Taxpayer's ID (CNPJ) 67.620.377/0001-14  
Company Registry (NIRE): 35.300.344.022

**MATERIAL FACT**

Minerva S.A. ("Minerva" or "Company"), one of the leaders in South America in the production and sale of fresh beef, live cattle and cattle byproducts, with operations also in the beef, pork and poultry processing segments, pursuant to CVM Instruction 358, of January 3, 2002, as amended ("ICVM 358/02"), hereby informs its shareholders and the market in general of the progress of merger process submitted to CADE (Brazilian antitrust authority) for approval of the Investment Agreement entered into by Minerva, its controlling shareholder VDQ Holdings S.A. and BRF S.A. ("BRF") on November 1, 2013, which regulates the terms and conditions for Minerva's acquisition of BRF's slaughtering and deboning assets and operations in the Várzea Grande and Mirassol D'Oeste plants, both located in the state of Mato Grosso, with total slaughtering capacity of 2,600 heads/day ("Transaction").

On August 20, 2014, CADE definitively approved the Transaction by means of the execution of a Merger Control Agreement (*Acordo em Controle de Concentrações* - "ACC"). Under the terms of the ACC, the parties undertake to adopt a structural solution involving MDF (Minerva Dawn Farms), so as to remove the competition concerns identified in CADE's General Superintendence Report ("SG") issued on June 5, 2014 and subject-matter of the Material Fact disclosed on June 6, 2014.

With CADE's decision, Minerva and BRF will carry on the acquisition process to occur by merging shares of a pre-operating company controlled by BRF ("Newco Bovine Division") which, on its turn, will own these assets transferred by BRF.

Accordingly, Newco Bovine Division will become Minerva's wholly-owned subsidiary. On the other hand, BRF will receive 29 million new shares issued by Minerva (BEEF3).

Minerva and BRF also signed an agreement for the supply of beef for industrialization, under market conditions, which will become effective after the completion of the Transaction, thus, ensuring that part of production is transferred to the assets acquired.

The implementation of the Transaction is subject to approval at Minerva's Shareholders' Meeting, to be announced to the market at the appropriate occasion.

The completion of the Transaction represents another phase of Minerva's Capex plan, based on geographical diversification strategy and focused on creating value for shareholders, financial discipline and carrying on the Company's deleveraging process. As a result of this transaction, Minerva will increase its slaughtering capacity by 20% to 15,880 heads/day.

Minerva will keep its shareholders, the Brazilian Securities and Exchange Commission and the market in general informed of any development related to this issue.

Barretos, August 20, 2014.

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