



MINERVA S.A.

Publicly-held Company

Corporate Taxpayer's ID (CNPJ/MF): 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, in accordance with paragraph 4 of Article 157 of Law 6,404 of December 15, 1976, as amended ("Brazilian Corporation Law"), under the terms and for the purposes of CVM Instruction 319, of December 3, 1999, as amended ("ICVM 319") and CVM Instruction 358, of January 3, 2002, as amended ("ICVM 358"), complementing the material fact disclosed on August 20, 2014 ("Material Fact August 20, 2014") and the material fact disclosed on November 1, 2013, and published in the newspapers of wide circulation adopted by the Company on November 5, 2014 ("Material Fact November 01, 2013"), hereby informs its shareholders and the market in general on the proposal for the merger of shares, by the Company, pursuant to Article 252 of the Brazilian Corporation Law, of Mato Grosso Bovinos S.A. ("Merged Company" and, jointly with the Company, the "Companies" and the "Transaction") under the terms and conditions established in the "Private Instrument of the Protocol and Justification of Merger, by Minerva S.A., of Shares Issued by Mato Grosso Bovinos S.A." entered into by the management of the Companies on September 15, 2014 ("Protocol and Justification"), to be resolved at the extraordinary shareholders' meeting to be held on first call on October 1, 2014, in accordance with the terms detailed below.

1. Reasons or purposes of the transaction and interest of the Companies in its execution

1.1. Reasons and purposes of the Transaction. The Transaction has the purpose of integrating the Company to the slaughtering and deboning activities that were carried out by BRF (definition below) and which are currently conducted and explored by the Merged Company in the Várzea Grande and Mirassol D'Oeste plants ("Beef Activities"). Note that the Merged Company is a closed-capital company (i) currently controlled by BRF S.A., a corporation with headquarters in Itajaí, state of

Santa Catarina, at Avenida Jorge Tzachel, n.º 475, Fazenda, CEP 88.301-600, inscribed in the roll of corporate taxpayers (CNPJ/MF) under number 01.838.723/0001-27, registered with the CVM as a publicly-held company category "A" under the code 1629-2 ("BRF") and (ii) with the purpose of holding the Beef Activities. Due to the Transaction, the Company will be the holder of all shares issued by the Merged Company and will begin to operate the Beef Activities through the Merged Company, contributing with its operational experience in the beef slaughtering and commercialization sector.

1.2. Interest of the Shareholders in the Transaction. In the understanding of the Company's managers, the Transaction will add value to its shares, due to the adoption of the best management practices related to the Beef Activities, expansion of the Company's share base and rationalization of the capital.

1.3. Benefits. The Transaction will bring operational, administrative, financial and economic benefits to the Company, namely:

- (i) The adoption of the best management practices and the strengthening of cultures and business competences related to the Beef Activities, ensuring increased technology innovation and product development capacity, with a strong platform for sustainable growth;
- (ii) Substantial synergy gains, due to the integration of the Beef Activities to the Company's operational structure and the location of the production units;
- (iii) Significant operational advantages, associated mainly with the productivity gains brought by the improvement in production scale and distribution of products offered by the Company;
- (iv) The integration of the Beef Activities with the activities developed by the Company, a company with a large cattle slaughtering operational base and a wide experience in the sector (including in beef commercialization), leading to synergy gains, cost reduction and expansion of the operational scale; and
- (v) Expressive gain in competitiveness and efficiency and strengthening of the Company's positioning to face the challenges in the national and international markets.

1.4. Goodwill. Eventual goodwill resulting from the Transaction will be determined, in accordance with the Pronouncement of the Accounting

Pronouncements Committee (CPC) no. 15 (R1) (Businesses Combinations), approved by CVM Resolution no. 665/11, through the preparation of a purchase price allocation study after the implementation of the Transaction, pursuant to applicable legislation. The eventual goodwill resulting from the Transaction will not be immediately available as a fiscal benefit for the Company.

1.5. Costs of the Transaction. The Company's managers estimate that total costs and expenses for carrying out and completing the Transaction, including legal advisory, appraisal and audit fees, as well as costs for preparing and publishing corporate documents should not be higher than six hundred thousand reais (R\$600,000.00).

2. Corporate and negotiation documents prior to the Transaction

2.1. On November 1, 2013, the Company and BRF entered into an investment agreement, through which they established the terms and conditions to carry out the Transaction upon compliance with certain conditions precedent ("Investment Agreement"). The signature of the Investment Agreement was resolved and approved by the Company's Board of Directors at a meeting held on November 1, 2013.

2.2. On September 15, 2014, the Company's and Merged Company's management entered into the Protocol and Justification.

2.3. At the meeting held on September 15, 2014, the Company's Board of Directors declared to be favorable to the approval of the Transaction, authorizing the calling of the a Company's shareholders' meeting to be held on first call on October 1, 2014.

2.4. At the meeting held on the same date, September 15, 2014, the Company's Fiscal Council also declared to be favorable to the approval of the Transaction.

2.5. On September 16, 2014, a Company's shareholders' meeting was called to resolve on the Transaction and other matters on the agenda.

2.6. It is also important mentioning that on November 1, 2013, VDQ Holdings S.A. (the Company's controlling shareholder), and BRF S.A. entered into a shareholders' agreement whose efficacy is suspended and conditioned to the effective conclusion of the Transaction ("Shareholders' Agreement"). The purpose of the Shareholders' Agreement is to regulate the rights and obligations of the signatories with relation to the Company, as well as the general principles that will govern the relationship as Company shareholders, in accordance with Article 118 of

the Brazilian Corporation Law, particularly regarding the provisions, among other issues, related to corporate structure, management, restrictions on the transfer of shares and exercising of voting rights. Upon the implementation of the Transaction, the Shareholders' Agreement will automatically become in force.

2.6.1. A copy of the Shareholders' Agreement will be at the disposal of the shareholders on the websites of the Brazilian Securities and Exchange Commission (CVM) (www.cvm.gov.br), the BM&FBOVESPA – Securities, Commodities and Futures Exchange (www.bm&fbovespa.com.br) as well as on the Company's headquarters (Prolongamento da Avenida Antônio Manoço Bernardes, s/n.º, Rotatória Família Vilela de Queiroz, Chácara Minerva, city of Barretos, state of São Paulo, CEP 14.781-545).

2.6.2. If the Transaction is approved, the Shareholders' Agreement will automatically become in force.

3. Exchange ratio, number of shares to be attributed to the shareholders of the Merged Company and treatment of share fractions

3.1. Criterion for determining the exchange ratio. The exchange ratio was freely negotiated, agreed and discussed between the managements of the Companies and adequately reflects the vision of the Company's management, the best assessment of the Company and the Merged Company about their respective fair values, given the nature of their activities, inserted in a set of economic, operational and financial premises, and considered fair and providing equal treatment to the shareholders of both Companies.

3.2. Exchange Ratio. In line with the aforementioned, on the date of the approval of the Transaction, the shareholders of the Merged Company will receive, proportionally to their interest on the Merged Company, 0.160825713 new non-par, registered, book-entry common shares issued by the Company for each share of the Merged Company held thereby, resulting on a total issue, by the Company, of twenty-nine million (29,000,000) new non-par, registered, book-entry common shares, while the Merged Company will become a wholly-owned subsidiary of the Company.

3.3. Fractions of Company shares. Eventual fractions of Company shares attributed to the shareholders of the Merged Company will be disregarded.

4. Criterion for Equity Valuation

4.1. Appraisal Company. The Company contracted Verdus Auditores Independentes, a general partnership inscribed in the roll of corporate taxpayers (CNPJ) under number 12.865.597/0001-16, with its articles of incorporation registered in the 5th Capital City Register of Deeds and Documents and Register of Legal Entities, on November 5, 2010, under registration number 44.34, and the 1st Contractual Amendment on August 26, 2013, under registration number 52.174, with headquarters at Rua Amália de Noronha, 151, 5^o andar, cj. 502, parte – Pinheiros, in the city and state of São Paulo – CEP 05410-010 ("Appraisal Company"), for the preparation of the appraisal report with the purpose of determining the accounting value of the shares issued by the Merged Company, to be merged into the Company ("Appraisal Report").

4.2. Statement by the Appraisal Company. In accordance with the legislation in force, the Appraisal Company declared that: (i) it does not directly or indirectly hold any securities or security-linked derivatives issued by the Parties; (ii) it does not have a conflict of interest that would jeopardize the independence necessary for the performance of its functions; and (iii) there is no restriction, by any of the Parties, their controlling shareholders and/or administrators, to the execution of the necessary works.

4.3. Appraisal Criterion. The Appraisal Company adopted the accounting criterion for the appraisal of the value of the shares of the Merged Company to be merged into the Company.

4.4. Base Date. The base data adopted for the preparation of the Appraisal Report was August 31, 2014 ("Base Date").

4.5. Audited Financial Statements. The Appraisal Report was based on the audited financial statements of the Merged Company on the Base Date. The audit of the financial statements was prepared by Ernst & Young Auditores Independentes S/S. A copy of the auditors' report related to the financial statements of the Merged Company was made available to the shareholders as exhibit to the management proposal to be submitted to the shareholders' meeting to be held on first call on October 1, 2014, and may be accessed on the websites of the CVM (www.cvm.gov.br), the BM&FBOVESPA (www.bm&fbovespa.com.br), on the Company's investor relations' webpage (www.minervafoods.com/ri), and on the Company's headquarters (Prolongamento da Avenida Antônio Manoço Bernardes, s/n.º, Rotatória Família Vilela de Queiroz, Chácara Minerva, city of Barretos, state of São Paulo, CEP 14.781-545).

4.6. Attributed Value. Pursuant to the Appraisal Report, the shares of the Merged

Company to be merged into the Company's equity were attributed the amount of one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four reais (R\$180,319,424.00), equivalent to a price per share issued by the Merged Company of one real (R\$1.00).

4.7. Equity Variations. The Company will absorb the variations in the Merged Company's share price occurred between the Base Date and the effective date of the Transaction.

4.7.1 The net balance of the variations in the Merged Company's share price occurred between the Base Date and the effective date of the Transaction will be: (i) booked in the Company's capital reserve account, if positive; or (ii) recognized in the Company's result, if negative.

5. Treatment of the shares issued by one Company and held by the other

5.1. Inexistence of Shares issued by one company and held by the other. There are currently no shares, convertible securities, or any other acquisition, conversion or subscription rights issued or granted by one of the Companies and held by the other company.

6. Company Capital Increase, Issue of New Shares and Rights of the New Shares

6.1. Company Capital Increase. The Transaction will lead to a Company capital increase from the current seven hundred seventy-four million, one hundred thirty-six thousand and ninety-eight reais and sixty-six centavos (R\$774,136,098.66) to eight hundred thirty-four million, one hundred thirty-six thousand and ninety-eight reais and sixty-six centavos (R\$834,136,098.66), thus resulting in an increase of sixty million reais (R\$60,000,000.00), with the issue of twenty-nine million (29,000,000) non-par, registered, book-entry common shares to be paid in through the merger of all the shares issued by the Merged Company.

6.1.1 The difference between the total value of the shares issued by the Merged Company merged into the Company, as verified based on the Appraisal Report, equivalent to one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four reais (R\$180,319,424.00), and the value of the capital increase mentioned above, will be fully allocated to the creation of the Company's capital reserve, in accordance with Article 182, paragraph 1, item "a" of the Brazilian Corporation Law. As a result, the

Transaction will result in the allocation of R\$120,319,424.00 to create the Company's capital reserve.

6.2. Subscription of new shares. On the date of the Transaction, the Merged Company will subscribe, on behalf of its shareholders, proportionally to their interest on the Merged Company, a total of twenty-nine million (29,000,000) new non-par, registered, book-entry common shares issued by the Company for each share of the Merged Company, which will be paid in through the merging of all the shares issued by the Merged Company.

6.3. Attribution and issue of new shares. In accordance with Article 252, paragraph 3 of the Brazilian Corporation Law, the shareholders of the Merged Company will received directly from the Company the twenty-nine million (29,000,000) new non-par, registered, book-entry common shares issued, proportionally to their interest in the Merged Company upon the approval of the Transaction.

6.4. Preemptive Rights. In accordance with paragraph 1 of Article 252 of the Brazilian Corporation Law, the Company's shareholders will not have preemptive rights to subscribe to the capital increase described herein.

6.5. Rights of the new shares. The new non-par, registered, book-entry common shares to be issued by the Company and attributed to the shareholders of the Merged Company will be entitled to the same political and economic rights as those of the other shares of the same class and type issued by the Company, fully participating on the Company's results and being entitled to dividends and interest on equity, declared as of the date of the approval of the Transaction, even those related to results related to the current fiscal year and/or previous years.

7. Capital Stock of the Companies before the Transaction

7.1. Capital Stock of the Merged Company before the Transaction. The Merged Company's capital stock on this date is of one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four reais (R\$180,319,424.00) divided into one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four (180,319,424) non-par, book-entry common shares, distributed among the shareholders of the Merged Company as follows:

Shareholder	Shares	%
BRF	180,319,423	> 99.99%
PSA Laboratórios Veterinários	1	< 0.01 %
TOTAL	180,319,424	100%

7.2. Capital Stock of the Company before the Transaction. The Company's capital stock on this date is of seven hundred seventy-four million, one hundred thirty-six thousand and ninety-eight reais and sixty-six centavos (R\$774,136,098.66) divided into one hundred and forty-nine million and ninety (149,000,090) non-par, registered, book-entry common shares, distributed among the Company's shareholders as follows:

Shareholder	Shares	%
VDQ Holdings S.A.	51,150,198	34.33%
Other	97,849,892	65.67%
TOTAL	149,000,090	100%

8. Capital Stock of the Companies after the Transaction and Statutory Amendments

8.1. Capital Stock of the Company. After the Transaction, and the consequent capital increase mentioned above, the Company's capital stock will be of eight hundred thirty-four million, one hundred thirty-six thousand and ninety-eight reais and sixty-six centavos (R\$834,136,098.66) divided into one hundred and seventy-eight million and ninety (178,000,090) non-par, registered, book-entry common shares, distributed among the Company's shareholders as follows:

Shareholder	Shares	%
VDQ Holdings S.A.	51,150,198	28.74%
BRF	29,000,000	16.29%
Other	97,849,892	54.97%
TOTAL	178,000,090	100%

8.2. Capital Stock of the Merged Company. After the Transaction, and the consequent conversion of the Merged Company into a wholly-owned subsidiary of the Company, the Merged Company's capital stock will continue to be of one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four reais (R\$180,319,424.00) divided into one hundred eighty million, three hundred nineteen thousand, four hundred and twenty-four (180,319,424) non-par, book-entry common shares, distributed among the Merged Company's shareholders as follows:

Shareholder	Shares	%
Minerva S.A.	180,319,424	100%
TOTAL	180,319,424	100%

9. Right of withdrawal, reimbursement value and reconsideration of the transaction

9.1. Right of withdrawal of the Company's shareholders. In accordance with Article 252 of the Brazilian Corporation Law, Company shareholders which do not approve the Transaction, either by dissenting, abstaining or not attending, will have the right to withdraw from the Company, within the thirty (30) days subsequent to the publication of the minutes of the shareholders' meeting which approves the Transaction, upon the reimbursement of the shares proved to be held thereby at the end of the trading session of November 4, 2013, date immediately prior to the publication in the newspapers of the Material Fact November 1, 2013 (reference date defined in accordance with *Ofício Circular SEP n.º 1/2014*, since the date of publication in the newspaper is not the same date of submission and disclosure of Material Fact November 1, 2013 via IPE System), and held by the shareholder, without interruption, until the date of the effective exercise of the right of withdrawal.

9.1.1. Reimbursement Value. In accordance with Article 45 of the Brazilian Corporation Law, dissenting shareholders will receive the amount of R\$2.972408504 per share reimbursed, corresponding to the price of each Company share, calculated based on the Company's financial statements related to the fiscal year ended December 31, 2013, approved by the Company's annual shareholders' meeting of April 24, 2014.

9.1.2. Review of the Reimbursement Value. In accordance with Article 45, paragraph 2 of the Brazilian Corporation Law, dissenting shareholders will be entitled to, upon withdrawal, request a special balance sheet to determine the reimbursement value of the shares. The special balance will be calculated on a date prior to the approval of the Transaction to be established by the Company's management, within a maximum of sixty (60) days between the date of the preparation of the special balance and the date of the approval of the Transaction. In this case, after the end of the term for reconsideration of the Transaction, the shareholder will receive eighty percent (80%) of the reimbursement value calculated based on the Company's shareholders' equity on December 31, 2013, with the remaining balance, if any, being paid within one hundred and twenty (120) days as of the date of the Company's extraordinary shareholders' meeting which approves the Transaction.

9.1.3. Payment of the reimbursement of the shares to dissenting shareholders. The value reimbursed will be paid to the Company's dissenting

shareholders within thirty (30) days as of the end of the term for exercising the right of withdrawal.

10. Authorization by the antitrust authority

10.1. As announced to the shareholders and the market in general pursuant to Material Fact August 20, 2014, the Transaction was approved by the Brazilian Antitrust Authority (CADE) after the signature of an Agreement on Concentration Control ("ACC"), through which the parties commit to adopt a structural solution involving MDF (Minerva Dawn Farms), to eliminate the competitive concerns identified by the authority. A copy of the ACC was made available to the shareholders as exhibit to the management proposal to be submitted to the shareholders' meeting to be held on first call on October 1, 2014, and may be accessed on the websites of the CVM (www.cvm.gov.br), the BM&FBOVESPA (www.bm&fbovespa.com.br), on the Company's investor relations' webpage (www.minervafoods.com/ri), and on the Company's headquarters (Prolongamento da Avenida Antônio Manço Bernardes, s/n.º, Rotatória Família Vilela de Queiroz, Chácara Minerva, city of Barretos, state of São Paulo, CEP 14.781-545).

11. Other Information related to the Transaction

11.1. Indemnification Obligations. Through the Investment Agreement, the Company presented the usual statements and guarantees in this type of transaction, and commits to indemnify BRF S.A. (i) for eventual inaccuracies, errors, deficiencies, violations or falsity related to the statements and guarantees provided; (ii) for contingencies materialized in effective disbursements or arising from acts and events occurring prior to the date of the Company's extraordinary shareholders' meeting which approves the Transaction, and whose discussions regarding the existence of the act, event, or legal situation: (a) have not been disclosed to the market through the Company's reference form, notices to the market, notices to shareholders or material facts; and/or (b) have not been mentioned or provisioned in the Company's financial statements or accounting information; (iii) for breaches on obligations assumed by the Company in the Investment Agreement and/or (iv) active occurrences that may be perceived by Newco Bovinos related to events occurred or practiced prior to the date of the shareholders' meeting which approves the Transaction.

Pursuant to the Investment Agreement, the Company's obligation to indemnify BRF is subject to certain limits, as described below:

- (i) The Company will indemnify BRF only for losses eventually claimed

thereby within a period of five (5) years as of the date of the shareholders' meeting which approves the Transaction;

- (ii) The Company will not indemnify BRF for any losses the latter may incur (pursuant to the terms mentioned in the Investment Agreement) until the total amount of the losses reaches one hundred and sixty million reais (R\$160,000,000.00) restated by the IPCA consumer price index as of the shareholders' meeting which approves the Transaction, given that, after this amount is reached, the Company will indemnify BRF only for the losses exceeding said minimum value; and
- (iii) considering the aforementioned, the Company's obligation to indemnify BRF will be limited, in any case, to an overall amount of three hundred and one million reais (R\$301,000,000.00), restated by the IPCA consumer price index as of the shareholders' meeting which approves the Transaction.

Note, finally, that the Company's obligation to indemnify BRF pursuant to the Investment Agreement will fully cease to exist if BRF's interest (on the date when an indemnification is due by the Company to BRF) in the Company's capital stock, which on the date of the approval of the Transaction will be equivalent to approximately 16.3%, reduces by more than 60% after the implementation of the Transaction.

11.2. Amendment to the Bylaws. The implementation of the Transaction will imply the amendment to the Company's bylaws to reflect the capital increase, in addition to other adjustments detailed in the project for the amendment to the Company's bylaws made available to the shareholders in the exhibit to the Company's management proposal to be submitted to the shareholders' meeting to be held on first call on October 1, 2014 and that can be accessed on the websites of the CVM (www.cvm.gov.br), the BM&FBOVESPA (www.bm&fbovespa.com.br), on the Company's investor relations webpage (www.minervafoods.com/ri), and at the Company's headquarters (Prolongamento da Avenida Antônio Manço Bernardes, s/n.º, Rotatória Família Vilela de Queiroz, Chácara Minerva, city of Barretos, state of São Paulo, CEP 14.781-545).

12. Other conditions of the Transaction

12.1. Extraordinary Shareholders' Meeting of the Merged Company. The implementation of the Transaction will depend on the holding of an extraordinary

shareholders' meeting of the Merged Company to resolve and approve, among other matters: (i) the Protocol and Justification; (ii) the ratification of the appointment and contracting of an Appraisal Company to prepare the Appraisal Report; (iii) the Appraisal Report; (iv) the Transaction, pursuant to the terms and conditions of the Protocol and Justification; and (v) the practice, by the management of the Merged Company, of all the necessary acts for the implementation of the Transaction, including the subscription of the Company's capital increase on behalf of the shareholders of the Merged Company, and the effective transfer of all the shares issued by the Merged Company to the Company.

12.2. Extraordinary Shareholders' Meeting of the Company. The implementation of the Transaction will depend on the holding of a Company extraordinary shareholders' meeting to resolve and approve, among other matters: (i) the Protocol and Justification; (ii) the capital increase with the issue of twenty-nine million (29,000,000) new non-par, registered, book-entry common shares to be paid in through the merger of all the shares of the Merged Company. (iii) the ratification of the appointment and contracting of an Appraisal Company to prepare the Appraisal Report; (iv) the Appraisal Report; (v) the Transaction, pursuant to the terms and conditions of the Protocol and Justification; (vi) the amendment of the bylaws; (vii) the election of two (2) new sitting members and respective alternates for the Company's board of directors; and (viii) the practice by the management of the necessary acts to execute the Transaction.

13. Documents made available

All documents related to the Transaction, including, but not limited to, the Protocol and Justification, the Appraisal Report, the management proposal to be submitted to the shareholders' meeting to be held on first call on October 1, 2014, the project for the amendment of the Company's bylaws and the other documents required by CVM Instruction 481, of December 17, 2009 will be available on the websites of the CVM (www.cvm.gov.br), the BM&FBOVESPA (www.bm&fbovespa.com.br), on the Company's investor relations webpage (www.minervafoods.com/ri), and at the Company's headquarters (Prolongamento da Avenida Antônio Manço Bernardes, s/n.º, Rotatória Família Vilela de Queiroz, Chácara Minerva, city of Barretos, state of São Paulo, CEP 14.781-545).

Barretos, September 16, 2014

Minerva S.A.
Eduardo Pirani Puzziello
Investor Relations Officer