

MARFRIG GLOBAL FOODS S.A.
Public Company
CNPJ/MF Nº 03.853.896/0001-40
(B3: MRFG3)

MATERIAL FACT

São Paulo, April 09, 2018 - Marfrig Global Foods S.A. (“Marfrig” or “Company” – B3: MRFG3 e ADR level 1: MRRTY), pursuant to Instruction nº 358, dated January 3, 2002, as amended, of the Brazilian Securities and Exchange Commission (“CVM”), hereby announces that, through its subsidiary NBM US Holdings, Inc., it has signed an agreement with Leucadia National Corporation (“Leucadia”), controlling shareholder of National Beef Packing Company, LLC (“National Beef”), and National Beef’s other members, for the acquisition of 5,448.40 membership units, representing 51% of the total membership interests of National Beef (the “Transaction”), which will give Marfrig control of National Beef upon closing of the Transaction.

I. RATIONALE

The acquisition of control of National Beef represents an important step in Marfrig's strategy pursuant to which it aims to become one of the global leaders and the preferred partner in the segments in which it operates, generating value for its stakeholders.

This expansion into the U.S. beef sector positions the Company as one of the largest beef producers in the Americas and one of the leading beef producers globally, further expanding its presence to all major global consumer markets.

This Transaction will also contribute to improving the Company's capital structure and is aligned with the objective of strongly reduce its financial leverage. This transaction is part of the Company’s strategic plan, which also includes the decision of selling Keystone Foods, coordinated by JP Morgan and having Rabobank as a co-coordinator.

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II. NATIONAL BEEF

National Beef is headquartered in Kansas City, Missouri state, and has a primary processing capacity of 12,000 heads of cattle per day, accounting for approximately 13% of the total U.S. cattle slaughter capacity. Its primary processing facilities are located in Dodge City and Liberal, Kansas and each have a processing capacity of 6,000 heads of cattle per day.

In addition to the facilities in Dodge City and Liberal, National Beef has three further processing and distribution facilities and a tannery facility in the U.S.. National Beef also has a number of overseas commercial offices located in Japan, South Korea and Hong Kong.

III. THE TRANSACTION

The agreement envisages the acquisition of 5,448.40 membership interests of National Beef, 5,104.00 of which are being sold by Leucadia, representing 48% of the total membership interests of National Beef, and 344.40 of which are being sold by minority members, representing 3% of the total membership interests of National Beef, for a total price of US\$969 million (“acquisition price”).

The acquisition price will be financed by Rabobank and paid in cash at closing. In line with market practice for this type of transaction, the closing of the Transaction is subject to the satisfaction of certain conditions precedent stipulated in the agreement. Following the Transaction, Marfrig’s leverage will be reduced to 3.35x (based on 2017 pro forma data).

An LLC agreement has been agreed and will become effective as of the closing date of the transaction. Leucadia will continue to be a relevant member of National Beef, with a 31% stake and, as other minority shareholders, will be subject to 5-year lockup period.

The Board of Managers of National Beef will consist of up to nine members, of which five will be nominated by Marfrig, two by Leucadia and two by other minority members.

The Transaction will be submitted, within the terms and in accordance with the means provided for by applicable rules, to the competent regulatory bodies for approval,

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including the Federal Trade Commission and Antitrust Division of the U.S. Department of Justice. The Transaction is also subject to BNDESPar approval.

Rabo Securities USA, Inc. acted as Marfrig's financial advisor. Linklaters LLP acted as international counsel and Lefosse Advogados acted as Brazilian counsel to Marfrig.

This notice is being communicated to the São Paulo Stock Exchange (B3), the Securities and Exchange Commission of Brazil (CVM), the U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).

The Company will keep its shareholders and the market fully and opportunely informed of any relevant developments relating to the Transaction.

José Eduardo de Oliveira Miron
CFO and Investor Relations Officer
Marfrig Global Foods S.A.

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