Offering Memorandum

BRF S.A.

(Incorporated in the Federative Republic of Brazil)

€500,000,000

2.750% Senior Notes due 2022

We are offering €500,000,000 aggregate principal amount of 2.750% senior notes due 2022. The notes will bear interest at the rate of 2.750% per year. Interest on the notes will be payable annually in arrears on June 3 of each year, beginning on June 3, 2016. The notes will mature on June 3, 2022.

We may redeem the notes, in whole or in part, at any time after June 3, 2016 at a redemption price based on a "make-whole" amount plus accrued and unpaid interest. We may also redeem the notes, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest in the event of specified events relating to applicable tax laws.

The notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior and unsecured indebtedness. The notes will be structurally subordinated to all existing and future liabilities of our subsidiaries.

For a more detailed description of the notes, see "Description of the Notes" beginning on page 60.

See "Risk Factors" beginning on page 16 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Issue Price: 99.548% plus accrued interest, if any, from June 3, 2015.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the "Securities Act," or the securities laws of any other jurisdiction. The notes are being offered only to qualified institutional buyers under Rule 144A under the Securities Act, or "Rule 144A," and to persons outside the United States under Regulation S under the Securities Act, or "Regulation S."

There is currently no market for the notes. We have applied to list the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market. This offering memorandum constitutes a prospectus for the purposes of Luxembourg law dated July 10, 2005 on prospectuses for securities, as amended.

Delivery of the notes will be made on or about June 3, 2015 to investors in book-entry form through a common depositary for Euroclear S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, Luxembourg, or Clearstream.

Joint Book-Running Managers

BNP PARIBAS	**BofA Merrill Lynch**	**Citigroup**	**Deutsche Bank**	**Morgan Stanley**	**Santander**

The date of this offering memorandum is June 3, 2015.

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You should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized anyone to provide you with different information. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the notes.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes described in this offering memorandum. Banco Santander, S.A., BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Merrill Lynch International and Morgan Stanley & Co. International plc will act as initial purchasers with respect to the offering of the notes. This offering memorandum does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of the notes.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (2) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers or their agents have any responsibility therefor.

You acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or their agents or any person affiliated with the initial purchasers or their agents in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those as set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us, the initial purchasers or their agents.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. We have furnished the information contained in this offering memorandum.

None of the U.S. Securities and Exchange Commission, or the "SEC," any state securities commission or any other regulatory authority, has approved or disapproved the notes, nor has any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions."

The notes have not been, and will not be, registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the "CVM." The notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

The Luxembourg Stock Exchange takes no responsibility for the contents of this offering memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

We confirm that, after having made all reasonable inquiries, the information contained in this offering memorandum with regards to us is true and accurate in all material respects and that there are no omissions of any other facts from this offering memorandum which, by their absence herefrom, make this offering memorandum misleading in any material respect. We accept responsibility accordingly for the information contained in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of the company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this offering memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the notes under applicable legal investment or similar laws or regulations.

The offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This offering memorandum and its contents should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the

United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE STABILIZATION MANAGER) (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILIZATION MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS WITHIN BRAZIL

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE CVM. THE NOTES MAY NOT BE OFFERED OR SOLD IN BRAZIL, EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE A PUBLIC OFFERING OR UNAUTHORIZED DISTRIBUTION UNDER BRAZILIAN LAWS AND REGULATIONS. THE NOTES ARE NOT BEING OFFERED INTO BRAZIL. DOCUMENTS RELATING TO THE OFFERING OF THE NOTES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN BRAZIL, NOR BE USED IN CONNECTION WITH ANY OFFER FOR SUBSCRIPTION OR SALE OF THE NOTES TO THE GENERAL PUBLIC IN BRAZIL.

INCORPORATION BY REFERENCE

We are incorporating by reference into this offering memorandum our annual report on Form 20-F for the year ended December 31, 2014, which we filed with the SEC on March 30, 2015 (SEC File No. 001-15148), or our "2014 Form 20-F," including the following sections:

- the information under the caption "Introduction" of our 2014 Form 20-F;
- the information contained in "Item 3: Key Information" of our 2014 Form 20-F, with the exception of financial data from the years ended December 31, 2010 and 2011;
- the information contained in "Item 4: Information on the Company" of our 2014 Form 20-F;
- the information contained in "Item 5: Operating and Financial Review and Prospects" of our 2014 Form 20-F, with the exception of financial data from the years ended December 31, 2010 and 2011;
- the information contained in "Item 6: Directors, Senior Management and Employees" of our 2014 Form 20-F, including "E. Share Ownership—Share Ownership of Directors, Executive Offers and Members of the Fiscal Council and the Statutory Audit Committee" on page 111 and "E. Share Ownership—Stock Option Plan and Performance Plan" on page 112;
- the information contained in "Item 7: Major Shareholders and Related Party Transactions" of our 2014 Form 20-F;
- the information contained in "Item 8: Financial Information" of our 2014 Form 20-F, with the exception of financial data from the years ended December 31, 2010 and 2011;
- the information contained in "Item 10: Additional Information—Description of Share Capital" on page 127 and "—Rights of Common Shares" on page 128 of our 2014 Form 20-F;
- the information contained in "Item 11: Quantitative and Qualitative Disclosures About Market Risk" of our 2014 Form 20-F; and
- the audited consolidated financial statements of BRF S.A. and its subsidiaries, including the report of the independent registered public accounting firm, contained in our 2014 Form 20-F.

The information below can be found in the indicated sections of our 2014 Form 20-F:

Information	**Section in our 2014 Form 20-F**
Our date of incorporation and length of life	Item 4. Information on the Company—A. History and Development of the Company—Corporate History, of our 2014 Form 20-F
	Exhibit 1.01 (Bylaws I – Name, Registered Office, Duration and Purpose), Section Four, of our 2014 20-F
Legislation under which we operate and our legal form	Exhibit 1.01 (Bylaws I – Name, Registered Office, Duration and Purpose), Section Four, of our 2014 20-F
Description of our subsidiaries	Item 4. Information on the Company—A. History and Development of the Company—Corporate Structure, of our 2014 Form 20-F

Exhibit 8.01 (Subsidiaries of the Registrant), of our 2014 Form 20-F

Incorporation by reference of our 2014 Form 20-F means that our 2014 Form 20-F is considered part of this offering memorandum.

The information in our 2014 Form 20-F is an important part of this offering memorandum. Our 2014 Form 20-F contains important information about our company and our results of operations and financial condition.

Any statement contained in our 2014 Form 20-F will be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained herein modifies or supersedes that statement.

You should read "Available Information" for information on how to obtain our 2014 Form 20-F and other information relating to our company.

AVAILABLE INFORMATION

We are a reporting company under Section 13 or Section 15(d) of the U.S. Securities and Exchange Act of 1934, as amended, or the "Exchange Act," and file periodic reports with the SEC. However, if at any time we cease to be a reporting company under Section 13 or Section 15(d) of the Exchange Act, or are not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will be required to furnish to any holder of a note which is a "restricted security" (within the meaning of Rule 144 under the Securities Act) or to any prospective purchaser thereof designated by such a holder, upon the request of such a holder or prospective purchaser, in connection with a transfer or proposed transfer of any such note pursuant to Rule 144A under the Securities Act or otherwise, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Our 2014 Form 20-F and our other periodic reports filed with the SEC, including any interim financial reports, are available free of charge from the SEC at its website (www.sec.gov) or from our website, www.brf-br.com. In addition, our 2014 Form 20-F is available free of charge at the office of the Luxembourg listing agent and published on the website of the Luxembourg Stock Exchange (www.bourse.lu). Other than as set forth under "Incorporation by Reference" above, information on these websites is not incorporated by reference into this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated or the context otherwise requires, all references in this offering memorandum to "BRF S.A.," "BRF," the "company," the "issuer," "we," "our," "ours," "us" or similar terms are to BRF S.A. (formerly known as BRF – Brasil Foods, S.A.), the issuer of the notes, and its consolidated subsidiaries and jointly controlled companies and references to "Sadia" are to Sadia S.A., formerly a wholly-owned subsidiary of BRF, which merged with and into BRF on December 31, 2012.

All references in this offering memorandum to the "*real*," "*reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil. All references to "U.S. dollars," "dollars" or "U.S.$" are to U.S. dollars. All references to "euros" or "€" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The exchange rate for *reais* into U.S. dollars based on the selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the "Central Bank," was R$3.1788 to U.S.$1.00 at May 29, 2015, R$3.2080 to U.S.$1.00 at March 31, 2015, R$2.6562 to U.S.$1.00 at December 31, 2014, R$2.3426 to U.S.$1.00 at December 31, 2013 and R$2.0435 to U.S.$1.00 at December 31, 2012. The exchange rate for *reais* into euros based on the selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the "Central Bank," was R$3.4941 to €1.00 at May 29, 2015, R$3.4457 to €1.00 at March 31, 2015, R$3.2270 to €1.00 at December 31, 2014, R$3.2265 to €1.00 at December 31, 2013 and R$2.6954 to €1.00 at December 31, 2012. See "Exchange Rates" for information regarding exchange rates for the Brazilian currency since January 1, 2009. The *real*/U.S. dollar and *real*/Euro exchange rate fluctuates widely, and their respective selling rates at May 29, 2015 or any other date may not be indicative of future exchange rates.

Solely for the convenience of the reader, we have translated certain amounts included in this offering memorandum from *reais* into U.S. dollars using the selling rate as reported by the Central Bank at March 31, 2015. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate. In addition, translations should not be construed as representations that the *real* amounts represent or have been or could be converted into U.S. dollars as of that or any other date.

We maintain our books and records in *reais.*

Our audited consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, December 31, 2013 and December 31, 2012, included in our 2014 Form 20-F, which is incorporated by reference in this offering memorandum, have been prepared in accordance with International Financial Reporting Standards, or "IFRS," as issued by the International Accounting Standards Board, or "IASB." Our unaudited interim consolidated financial statements as of March 31, 2015 and for each of the three-month periods ended March 31, 2015 and 2014, included in this offering memorandum, have been prepared in conformity with IFRS for interim financial reporting in accordance with IAS 34—Interim Financial Reporting.

Our audited consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, December 31, 2013 and December 31, 2012 are included in our 2014 Form 20-F, which is incorporated by reference in this offering memorandum and have been audited by Ernst & Young Auditores Independentes S.S., or "EY", as stated in their report included therein. Our unaudited interim consolidated financial statements as of March 31, 2015 and for each of the three-month periods ended March 31, 2015 and 2014 are included in this offering memorandum and have been reviewed by EY, as stated in their report included herein.

In December 2014, we entered into an agreement with Lactalis do Brasil – Comércio, Importação e Exportação de Laticínios Ltda., or "Lactalis," a company controlled by Parmalat S.p.A., an Italian publicly held company pertaining to the Groupe Lactalis, for the sale of plants and trademarks related to our dairy division. See "Summary—Recent Developments—Agreements with Lactalis." In 2014, we reported our dairy segment as a discontinued operation. In the past, we reported our results according to four segments—Brazil, Foreign (International), Food Services and Dairy. In the three months ended March 31, 2015, we began to report our results by region only—Brazil, Middle East and Africa, Asia, Europe/Eurasia and Latin America (excluding Brazil). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of

Operations—Business Segments and Product Lines” as well as Note 5 to our interim consolidated financial statements as of and for the three-month period ended March 31, 2015.

Some percentages and amounts included in this offering memorandum have been rounded for ease of presentation. As a result, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

Non-GAAP Financial Measures

This offering memorandum includes EBITDA and net debt, which are not financial measures computed under IFRS. The presentations of EBITDA and net debt included in this offering memorandum may not be comparable to those of other companies. For our definitions of EBITDA and net debt and reconciliations of net profit from continued operations to EBITDA, see “Summary—Summary Financial and Other Information.”

Market and Other Information

Industry and market data included in this offering memorandum is based on industry publications, government publications, reports by market research firms or other published sources. Some industry and market data is also based on our estimates, which are derived from internal analyses as well as third-party sources. Although we believe these sources are reliable, we have not independently verified the information and cannot assure you of its accuracy or completeness. Data regarding our industry and markets is intended to provide general guidance but is inherently imprecise. In addition, although we believe these estimates were reasonably derived, you should not place undue reliance on estimates, as they are inherently uncertain.

Trademarks

Unless the context otherwise requires, all brand names included in this offering memorandum are registered trademarks of our company.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements, including within the meaning of the Securities Act or the Exchange Act.

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are forward-looking statements. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks, known and unknown, and uncertainties and are made in light of information currently available to us.

Our forward-looking statements are subject to risks and uncertainties, including as a result of the following factors:

- the implementation of the principal operating strategies of our company, including integration of current acquisitions as well as the conclusion of acquisition or joint venture transactions or other investment opportunities that may occur in the future;
- general economic, political and business conditions in the markets in which we do business, both in Brazil and abroad;
- the cyclicality and volatility of raw materials and selling prices;
- health risks related to the food industry;
- the risk of outbreak of animal diseases;
- more stringent trade barriers in key export markets and increased regulation of food safety and security;
- strong international and domestic competition;
- interest rate fluctuations, inflation and exchange rate movements of the *real* in relation to the U.S. dollar and other currencies;
- the declaration or payment of dividends;
- the direction and future operation of our company;
- the implementation of our company's financing strategy and capital expenditure plans;
- the factors or trends affecting our company's financial condition or results of operations; and
- other factors identified or discussed under "Risk Factors" in this offering memorandum and under "Item 3. Key Information—D. Risk Factors" to our 2014 Form 20-F.

Because they involve risks and uncertainties, forward-looking statements are not guarantees of future performance, and our actual results or other developments may differ materially from the expectations expressed in the forward-looking statements. With respect to forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events. In light of such limitations, you should not make any investment decision on the basis of the forward-looking statements contained herein.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

BRF is incorporated under the laws of Brazil. All, or substantially all, of its directors and officers reside outside the United States. Substantially all of the assets of BRF are located in Brazil. As a result, it may not be possible (or it may be difficult) for you to effect service of process upon us or these other persons within the United States or to enforce judgments obtained in United States courts against us or them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

In the terms and conditions of the notes, BRF will (1) agree that the courts of the State of New York and the federal courts of the United States, in each case sitting in the Borough of Manhattan, The City of New York, will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the notes and, for such purposes, irrevocably submit to the jurisdiction of such courts and (2) name an agent for service of process in the Borough of Manhattan, The City of New York. We have been advised by Machado, Meyer, Sendacz e Opice Advogados, our Brazilian counsel, that a judgment of a United States court for the payment of money, including for civil liabilities predicated upon the federal securities laws of the United States, may be enforced in Brazil, subject to certain requirements described below. Such counsel has advised that a judgment against BRF, its directors and officers thereof, or certain advisors named herein obtained in the United States would be enforceable in Brazil upon confirmation of that judgment by the Superior Court of Justice (*Superior Tribunal de Justiça*), or "STJ." That confirmation will be available only if the U.S. judgment:

- fulfills all formalities required for its enforceability under the laws of the United States;
- is issued by a court of competent jurisdiction after proper service of process is made or sufficient evidence of our or these other persons absence is given, in accordance with Brazilian law;
- is final and therefore not subject to appeal;
- is for payment of a specified sum of money;
- is authenticated by a Brazilian diplomatic office in the United States and is accompanied by a sworn translation into Portuguese; and
- is not against Brazilian national sovereignty or public policy or equitable principles (as set forth in Brazilian law).

The confirmation process may be time-consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment, including for violation of the securities laws of countries other than Brazil, including the federal securities laws of the United States.

We have been further advised by our Brazilian counsel that (1) original actions may be brought in connection with this offering memorandum predicated solely on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against BRF or its directors and officers thereof and certain advisors named herein, provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, national sovereignty or equitable principles and provided further that Brazilian courts can assert jurisdiction over such actions; and (2) the ability of a creditor to satisfy a judgment by attaching certain assets of BRF or the other persons named above is limited by provisions of Brazilian law, given that assets are located in Brazil.

In addition, a plaintiff (whether Brazilian or non-Brazilian) that resides outside Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that could secure payment. This bond must have a value sufficient to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian judge, except in such instances involving (1) enforcement of foreign judgments that have been duly confirmed by the STJ, (2) collection of claims based on instruments that may be enforced in Brazil without review of merit (*título executivo extrajudicial*), which does not include the notes, and (3) counterclaims (*reconvenção*). Notwithstanding the foregoing, we cannot assure you that confirmation of any judgment will be obtained, that the process described above can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the notes.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing, including our 2014 Form 20-F incorporated by reference in this offering memorandum (copies of which may be obtained as indicated under "Available Information"), "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements.

Our Company

We are one of the largest producers of poultry in the world and the seventh largest food company in terms of market capitalization. Our processed products include marinated, frozen, whole and cut chickens, *Chester®* rooster and turkey meats, specialty meats, frozen processed meats, frozen prepared entrees, portioned products and sliced products. We also sell margarine, sweet specialties, sandwiches, mayonnaise, and animal feed. We are the holder of brands such as *Sadia, Perdigão, Qualy, Chester, Perdix* and *Paty*. We estimate that we were responsible for 14% of the world trade in poultry in 2014.

Our growth strategy is focused on creating new, convenient, practical and healthy products for our consumers based on their needs. We seek to achieve that goal through strong innovation to provide us with increasing value-added items that will differentiate us from our competitors and strengthen our brands.

With 34 plants in all regions of Brazil, we have among our main assets a widespread distribution network that enables our products to reach Brazilian consumers through more than 750,000 monthly deliveries from 35 distribution centers, 20 of which are located in Brazil and serve the domestic market and 15 of which are located abroad and serve our export markets.

In the international markets, BRF has a leading brand, *Sadia*, in various categories in Middle Eastern countries. We maintain 19 sales offices outside of Brazil serving customers of more than 120 countries on five continents. We have seven industrial units in Argentina, two in Europe (England and Holland) and one in Abu Dhabi, United Arab Emirates, that was inaugurated on November 26, 2014.

We have acquired three new distributors in the Middle East: (1) Federal Foods Limited, or "Federal Foods," (United Arab Emirates), of which we had acquired a 49% stake in 2013 and acquired the remaining economic rights in April 2014; (2) Al Khan Foodstuff LLC, or "AKF," (Sultanate of Oman), of which we acquired a 40% stake in July 2014; and (3) Alyasra Food Company W.L.L., or "Alyasra," (Kuwait), of which we acquired 75% of its frozen food retail distribution business in November 2014. In addition, in April 2014, we announced the discontinuation of our joint venture with Dah Chong Hong Limited, or "DCH," in China, a partner that was responsible for the distribution of Sadia products in the Chinese market, but we continue to have a healthy commercial partnership with DCH in Hong Kong and Macau in the retail and food services.

We have been a public company since 1980. Our shares have been listed on the *Novo Mercado* of the São Paulo Stock Exchange (*BM&FBOVESPA S.A.—Bolsa de Valores Mercadorias e Futuros*), or "BM&FBOVESPA," as BRFS3 for eight years and we are also traded on the New York Stock Exchange, or "NYSE," (ADR level III). Since 2005, we have been part of BM&FBOVESPA's Corporate Sustainability Index, or "ISE," portfolio in acknowledgement of our strong commitment to sustainable development. This commitment has been reinforced and internationally recognized since 2012, upon our entrance into the portfolio of Emerging Markets of Dow Jones Sustainability Index.

A breakdown of our products is as follows, all of which are sold both in Brazil and to our international customers:

- ***Meat Products***, consisting of *in natura* meat, which we define as frozen whole and cut chicken, frozen pork and frozen beef cuts;

- ***Processed Food Products*** includes the following:
    - marinated, frozen, whole and cut chicken, roosters (sold under the *Chester*® brand) and turkey;
    - specialty meats, such as sausages, ham products, bologna, frankfurters, salami, bacon and other smoked products; and
    - frozen processed meats, such as hamburgers, steaks, breaded meat products, *kibes* and meatballs;
- ***Other Processed Products*** includes the following:
    - frozen prepared entrees, such as lasagna and pizzas, as well as other frozen foods; and
    - margarine, mayonnaise, mustard and ketchup;
- ***Other***, consisting of soy meal, refined soy flour and animal feed.

In the domestic Brazilian market, we operate 34 meat processing plants, 13 dairy products processing plants (which are in the process of being sold to Lactalis), three margarine processing plants, three pasta processing plants, one dessert processing plant and three soybean crushing plants, all of them near our raw material suppliers or the main consumer centers. We have an advanced logistics system with 20 distribution centers, nine of which are owned by BRF and 11 of which are leased by third parties, all of which serve the domestic market and export markets.

In our export markets, we operate seven meat processing plants, one margarine and oil processing plant, one sauce and mayonnaise processing plant and one frozen vegetables processing plant. We have 15 distribution centers located overseas, as well as commercial offices in the United Kingdom, France, Spain, Italy, Austria, Hungary, Netherlands, Russia, Singapore, South Korea, China, Japan, Saudi Arabia, the United Arab Emirates, South Africa, Argentina, Uruguay, Chile, the Cayman Islands, France, Germany, Kuwait, Nigeria, Oman, Portugal and Spain.

Our Industry

We manage our business to target both the Brazilian market and the international export markets.

Brazilian Market

As a Brazilian company, with a significant portion of our operations in Brazil, we are significantly affected by local economic conditions. Because of our significant operations in Brazil, fluctuations in Brazilian demand for our products affect our production levels and revenues.

Real GDP in Brazil increased at an average annual rate of 3.4% from 2002 through 2014. In 2014, Brazil's GDP grew by only 0.1%, as compared to 2.3% in 2013 and 0.9% in 2012. Since March 2013, the Central Bank has increased the SELIC interest rate, which is the short-term benchmark interest rate. Nevertheless, despite the recent increases, the long-term trend remains downward, from 17.8% as of December 31, 2004 to 13.25% as of April 30, 2015. In April 2015, the National Amplified Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo),* or "IPCA," increased by 0.71% , 0.61 percentage points lower than the increase of 1.32% recorded for the month of March 2015. For the first three months of 2015, the IPCA had increased 4.56%.

During this time, Brazil also experienced a reduction in its reservoir levels, restricting electricity generation and leading to an increase in energy prices authorized by the Brazilian Electricity Regulatory Agency (*Agência Nacional de Energia Elétrica*), or "ANEEL," which affected the Brazilian economy generally.

The unemployment rate and consumer confidence levels also have an impact on consumption levels in Brazil. The unemployment rate for the three months ended March 2015 was 6.2%, an increase of 1.9 percentage points when compared to the 4.3% in December 2014. The Consumer Confidence Index for April 2015 was 101.6, 5.0% lower than the one reported on March 2015 of 106.9 and 10.1% lower when compared to the end of 2014 (113.0).

According to the Brazilian Association of Supermarkets (*Associação Brasileira de Supermercados*), or "ABRAS," in March 2015, supermarket sales in real terms (deflated by the IPCA), increased 7.15% compared to the previous month and increased 0.57% compared to March 2014. On a year to date basis, net sales increased 1.46%, compared to the same period of 2014.In nominal values, industry sales increased 8.56% over the previous month and 8.74% compared to March 2014. For the twelve months ended December 31, 2014, sales increased 9.22%.

Export Markets

The information set forth in this "Export Markets" subsection relates to Brazilian exports as a whole and not only to exports of our company.

Historically, the first quarter of the year is characterized by a seasonal decline in protein exports following peak consumption levels in the months leading up to the end of the year.

Brazilian exports of chicken increased 0.6% in the three months ended March 31, 2015 compared to the corresponding period in 2014 in terms of volume, with a reduction of 7.8% in terms of sales, in U.S. dollars, primarily as a result of the 8.3% decline in the average prices of exports in the first quarter of 2015. Pork exports registered declines of 18.1% in volume and 23.4% in sales, in U.S. dollars, in the three months ended March 31, 2015, compared to the corresponding period in 2014, with the average price of exports falling by 6.5% in the first quarter of 2015. Beef exports recorded a strong decrease of 34.9% in volume and 28.4% in sales, in U.S. dollars, in the three months ended March 31, 2015 compared to the corresponding period in 2014.

Brazilian exports of chicken in the three months ended March 31, 2015 totaled 877.7 million tons on sales of U.S.$1.5 billion. During the first quarter of 2015, China emerged as one of the top three leading importers (8.8%), together with Saudi Arabia (18.0% of total exports from Brazil) and Japan (12.0%). This result was partially explained by the Chinese announcement in 2014 of the certification of five additional Brazilian chicken processing units in 2014.

Pork shipment volume in the three months ended March 31, 2015 amounted to 90.0 thousand tons of sales, totaling of U.S.$222.5 million. The leading importers, Russia, Hong Kong and Angola, represented 42%, 26% and 6%, respectively, of total exports from Brazil, while the Ukraine remained closed to Brazilian exports since 2013. Beef shipments in the three months ended March 31, 2015 totaled 327.5 thousand tons with sales of U.S.$1.4 billion. Volumes decreased 34.9% compared to the same period in 2014, mainly due to decline in volumes exported to Venezuela and Russia, which accounted for 75% of the total decline. Exports to both countries were affected by the overall economic weakness caused by the sharp decline in oil prices in the first quarter of 2015.

Competitive Strengths

We believe our major competitive strengths are as follows:

- ***Leadership in the Brazilian Food Market with Strong Brands and a Global Presence.*** We are one of the largest food companies in Brazil, the largest company in Brazilian agribusiness, with a size and scale that allows us to compete in Brazil as well as in our export markets. We are the seventh largest food company in the world in terms of market capitalization. We believe our leading position allows us to take advantage of market opportunities by expanding our business, increasing our offer of added value products and improving our initiatives in export markets. In 2014, we slaughtered approximately 1.7 billion chickens and other poultry and 9.6 million hogs and cattle. In the first three months of 2015, we slaughtered approximately 407 million chickens and other poultry and 2.2 million hogs and cattle. In 2014, we sold approximately 4.3 million tons of poultry, hogs, beef and processed products, whereas in the first three months of 2015 we sold 1.1 million tons. Our own and licensed brands are highly recognized in Brazil and we are expanding the presence of our export brands in key export markets. Our *Sadia* and *Perdigão* brands were awarded "Most Valuable Brand in Brazil" in 2014 and 2012, respectively, by *Isto e Dinheiro Magazine*. Our sustainable practices have also brought BRF great recognition over the years. We are the only representative of the food sector on a list of ten leading companies in terms of transparency published by the Carbon Disclosure Project, or "CDP." We are the only company in the food sector to have been included in BM&FBOVESPA's Corporate Sustainability Index, or "ISE," for the last 10 years. We became part of the Emerging Markets portfolio of the Dow Jones Sustainability Index two years ago and are also among the companies listed on the Global Compact 100 Index, a new list of the United Nations Global Pact.

- ***Extensive Distribution Network in Brazil and the Export Markets.*** We believe we are one of the few companies with an established distribution network that can deliver frozen and chilled products in practically any region of Brazil. Moreover, we export products to approximately 120 countries and are developing our own distribution network in Europe, including through a potential new joint venture with Invicta Food Group Limited, where we sell directly to food processing companies and local distributors. In Asia, we signed a binding memorandum of understanding with PT Indofood Suskes Makmur Tbk, or "Indofood," in December 2014 for the incorporation of a joint venture to develop commercial opportunities for the poultry and processed food business in Indonesia, as well as for the distribution of processed foods, and in April 2015, we agreed to create a new joint venture with Singapore Food Industries Pte. Ltd., or "SFI." We operate in the Middle East through equity interests we have acquired in distribution companies such as AKF, the leader in the distribution of frozen and chilled food in the Sultanate of Oman, the retail frozen foods distribution business of Alyasra, the leader in the distribution of frozen, chilled and dried food in Kuwait, Federal Foods, the leader in the distribution of food in the United Arab Emirates, and Al Wafi in Saudi Arabia. In Argentina, we are working to optimize all the distributors of the Avex, Flora Dánica, Quickfood and Sadia brands. Our established distribution capacities and logistical experience allow us to expand our national and international business, leading to higher sales volume and a greater coverage of our line of products.

- ***Low Cost Producers in a Growing Global Market.*** We believe we have a competitive advantage over producers in some of our export markets due to our lower labor costs and efficient animal production in Brazil. We have also achieved a scale of production and quality that allows us to compete effectively with the main producers in Brazil and other countries. We have established a series of programs aimed at maintaining and improving our cost effectiveness, including programs to optimize our supply chain by integrating demand, production, inventory management and customer service. Our Shared Service Center (*CSC - Centro de Serviços Compartilhados*) centralizes our administrative and corporate activities, and our BRF Value Generation system (*GV BRF - Geração de Valor BRF*") provides our managers with a more efficient use of fixed and working capital, while our Zero-Base Budget (*OBZ - Orçamento Base Zero*) is directed at enhancing the efficiency of cost management.

- ***Strategic and Diversified Geographic Allocation.*** Our slaughterhouses are strategically positioned in different regions of Brazil (South, Southeast and Midwest). This allows us to offset the risks of any restrictions on exports that may occur or be imposed on us in particular regions of the country due to sanitary or other concerns. The geographical diversity of our plants in ten Brazilian states also allows us to reduce the cost of transport due to their proximity to the grain-producing regions and the country's main export ports. In order to have a greater focus on our core business, in 2014 we entered into a strategic partnership with Minerva, through which we transferred our beef operations to them, in exchange for an equity stake in their company. This transaction was approved by Brazil's antitrust agency (*Conselho Administrativo de Defesa Econômica*, or "CADE") in August 2014. We also signed a contract to sell our dairy division to Lactalis, which was approved by CADE on May 7, 2015. In 2014, we also opened our first processed food plant in the Middle East in Abu Dhabi, in the United Arab Emirates. This is an important step in our international expansion and aims to provide improved options to our clients by making local operations available, which provide us with increased flexibility in adapting our products to local preferences. Our operations are carried out in compliance with the specific requirements of each country and is subject to rigorous controls in all of our production processes.

- ***Emphasis on Quality, Safety and Diversified Portfolio of the Product.*** We are committed to food safety and quality in all of our operations to meet the specifications of our clients, prevent contamination and reduce the risks of epidemics of animal illnesses. We monitor the treatment of our poultry and hogs raised in all the stages of their lives and throughout the entire production process. In 2013, we launched a campaign in Brazil to publicize the Sadia Total Guarantee Program (*Programa de Garantia Total Sadia*) that ensures our chickens have no hormones or preservatives and are inspected individually. Moreover, we were the first Brazilian company approved by the European Food Safety and Inspection System, which qualified us to sell processed poultry products to European consumers. This means that our clients include some of the most demanding clients in the world and that we meet their quality controls and external audits. We have a diversified variety of products that give us the flexibility to direct our production according to the market demand and the seasonality of our products. To support this continuous innovation of our product portfolio, we have been continuously investing in our Technology Center in Jundiaí, in upstate São Paulo.

- ***Committed Management Team.*** Our management endeavors to follow best practices in our operations and corporate governance standards, as demonstrated by the listing of our common shares on the *Novo Mercado* segment of the São Paulo stock exchange. Companies listed on this stock market must agree to adopt the highest standards of corporate governance. Pedro Faria assumed the position of Global CEO in January 2015. He is leading a long-term cycle focused on excellence and high performance, consolidating the management model that has been implemented to date, based on people, quality, efficiency and meritocracy. He is also continuing with our international expansion plans, focusing on gaining new markets in a sustainable way so that BRF moves increasingly closer to the consumers, meeting their preferences and requirements.

Business Strategy

Our general strategy consists of using our competitive advantage as a low-cost producer of food in large scale to increase the return on invested capital and continue to grow sustainably in the coming years. We intend to continue to strengthen our global distribution network and client base, providing a portfolio of diversified, innovative products directed at the market and supported by strong international and local brands. The main elements in our strategy are the following:

- ***Strengthening our Global Distribution Network.*** We are continuing to develop our capacity to distribute outside Brazil in order to enhance the services we provide to our current clients and expand our base of export clients. We expect to continue to carry out this long-term distribution strategy in 2015, with the aim of increasing the awareness of our brands globally and expanding to countries where we believe there is a potential for a profitable distribution of our products. We are focusing on expanding our distribution network in Europe, the Middle East and Asia to increase our coverage and give support to marketing efforts in these key regions. We are also considering carrying out processing some products abroad, in order to allow us to deliver these products directly to the clients located in these markets. One example of this effort was the opening of our first food processing plant in the Middle East in 2014. We may also consider certain acquisitions as a means of achieving this goal. For example, in December 2014 we signed a binding memorandum of understanding with Indofood for the incorporation of a joint venture to develop commercial opportunities for the poultry and processed food business in Indonesia. In 2014, we also concluded the acquisition of 100% of the economic rights of Federal Foods Limited, a private company headquartered in Abu Dhabi in the United Arab Emirates, in 2014, 40% of AKF in the Sultanate of Oman and 75% of the retail frozen foods distribution business of Alyasra in Kuwait, which allowed us to expand our distribution network in this region.

- ***Increasing our Domestic and International Client Base.*** We intend to continue strengthening our Brazilian and international client base by continuing to offer high quality products and services. We intend to focus on efficiency to increase BRF's competitiveness on the global stage, delivering high quality services to our clients and raising distribution and logistics abroad to a central position in our business. We believe there will be considerable opportunities to increase penetration in the export markets, particularly as we are expanding our production base to other countries and actively support efforts to reduce or eliminate existing trade barriers. Our objective is to strengthen our presence in key export markets. We believe there are also opportunities to expand penetration in the Brazilian market by increasing our client base and raising the productivity of the sales team. As of March 31, 2015, sales in the Brazilian market represented approximately 53.8% of our total net sales while sales in the export markets represented 46.2%.

- ***Refocusing our Core Business according to Consumer and Market Preferences.*** We are focused on delivering innovative products that our clients regard as having added value. We intend to refocus our most important categories of products, as well as increase our market penetration, through a more granular view (by category, channel, region, brands and consumer/consumption segments). As part of this plan, we transferred our beef plants to Minerva in 2014, a transaction that was approved by the CADE in August 2014. We also signed a sales contract for our dairy division with Lactalis in December 2014. We are plan to align our strategy, processes and people to the needs of our clients by creating an integrated medium-term plan for our value chain that is strong, flexible and focused on value creation. Lastly, we intend to promote a pricing model aimed at providing a more rational pricing scheme.

- ***Diversifying our Lines of Products, Particularly Focusing on Higher Value Added Food Products.*** The merger between Perdigão and Sadia in 2009 brought a great variety of processed products to our portfolio and created one of the biggest exporters of poultry products in the world. In 2011, we acquired two companies in Argentina, Avex and Flora Dánica, with the purpose of expanding our competitive base, leveraging our export platform and accessing the potential of the Argentinean market. Avex produces fresh poultry products and Flora Dánica produces mayonnaise, sauces and margarines, amongst other items. We intend to continue to diversify our product lines, focusing on processed foods with prices that generally fluctuate less than our cuts of fresh poultry and pork and which may be directed to specific markets. In line with this strategy, we intend to provide products that deliver greater practicality to our consumers, such as the Fácil and Soltíssimo lines, launched in 2014. Additionally, we recently built a new plant in Abu Dhabi, inaugurated on November 26, 2014, that will service our Middle East and Africa segment. We have also continued to implement reductions of stock keeping units, or "SKUs," to provide a stronger portfolio of products.

- ***Pursuing Leadership in Low Costs.*** We continue to enhance our cost structure in order to maintain competitive costs and increase the efficiency of our operations. We intend to obtain greater economies of scale through the efficient use of our production capacity, as well as the elimination of redundancies. We are implementing an optimal operational footprint based on analyzing the current layout of our plants, their cost of grains and the costs of freight to ports in order to increase our capacity and enhance growth. We are also continuing to implement new technologies in order to rationalize our production and distribution activities.

- ***Creating Synergies Through Acquisitions and Other Initiatives.*** Our recent acquisitions, including our association with Sadia, have helped create valuable synergies. Our business strategy aims to expand our operations in Brazil and in export markets. In 2014, we began our new Go to Market, or "GTM," project, which is designed to provide more efficiency to our sales teams by integrating them to the logistical networks in the countries in which they operate. This has led to an increase in opportunities for product sales. After the implementation of this project, we were able to increase by 22% the number of active clients in this small retail sector from December 2013 to December 2014, and the cross-selling between the brands reached 77% from 53% in the same period.

- ***Maintaining a Strong and Strategic Business Structure.*** We have recently revised our long-term strategic plan, the BRF 17, which states our objective of being one of the largest food companies in the world, admired for its brands, innovation and results, and contributing to a better and sustainable world. We intend to guarantee a total alignment between strategy and execution, ensuring that we are a flexible organization that delivers the desired results, focusing on our core businesses and a high return on investment. To support this strategic management, we are building a new culture that is strong and unique, aligned to the organization and the decision-making process of value creation, and establishing a performance culture in the company that is strengthened by meritocracy. This new culture will reinforce our commitment to attract, develop and retain talent, a key element for the company's sustainable development. In Brazil, we expect to make efforts to identify the role and position of each category of product to capture the value gaps in the main businesses (by channels, regions, brands and consumer/consumption segments) and revitalize the traditional categories through innovation. We expect to take advantage of the potential of the Sadia name as an iconic brand and develop Perdigão as a strong Brazilian brand. On the international front, we are creating a genuinely global company focused on four complementary themes: brand, portfolio, progress in distribution and local production. Through our long-term planning, we are positioning ourselves to focus less on commodities and more on manufactured products with strong brands. To achieve this, any strategic transactions will be focused on acquisitions of processors and distributors in export markets, the construction of plants and the development of products and marketing campaigns for different cultures and tastes, and consolidating Sadia as a global brand. To do so, we are developing strong local brands, such as Paty in the Argentinean market and Perdigão in the Brazilian market.

Recent Developments

Tender Offers

On May 20, 2015, we and our subsidiaries Sadia Overseas Ltd., or "Sadia Overseas," and BFF International Limited, or "BFF," launched cash tender offers for (i) any and all outstanding 6.875% Senior Notes due 2017, or the "2017 Notes," issued by our subsidiary Sadia Overseas, or the "2017 Notes Tender Offer," (ii) any and all outstanding 7.250% Senior Notes due 2020, or the "2020 Notes," issued by our subsidiary BFF, or the "2020 Notes Tender Offer," and (iii) any and all outstanding 5.875% Senior Notes due 2022, or the "2022 Notes," issued by us, , or the "2022 Notes Tender Offer," or together with the 2017 Notes and the 2020 Notes, the "Existing Notes," or together with the 2017 Notes Tender Offer and the 2020 Notes Tender Offer, the "Tender Offers." As of May 20, 2015, U.S.$159,765,000 million aggregate principal amount of 2017 Notes, U.S.$219,642,000 million aggregate principal amount of 2020 Notes were outstanding and U.S.$750,000,000 million aggregate principal amount of 2022 Notes were outstanding.

The Tender Offers expired at 8:00 a.m., New York City time, on May 28, 2015.

This offering memorandum is not an offer to purchase, or the solicitation of an offer to sell, the Existing Notes. The Tender Offers were made only by and pursuant to the terms of the Offer to Purchase of BRF, dated May 20, 2015, and the related Letter of Transmittal and Notice of Guaranteed Delivery.

Brazilian Press Reports of Alleged Tax Investigations

There have recently been reports in the Brazilian press alleging that we and certain other Brazilian companies have made improper payments to officials of the Brazilian Board of Tax Appeals (*Conselho Administrativo de Recursos Fiscais*), or "CARF," a Brazilian tax appeals tribunal. It is alleged that the purpose of such improper payments was to induce those officials to reduce or waive certain tax-related penalties imposed by the Brazilian federal revenue service which were under appeal at the CARF. Notwithstanding these reports, we have not received any notification from any government authority regarding these alleged investigations. We are presently conducting an internal review relating to the allegations. The review is in the early stages, and we have not reached any conclusions. We cannot assure you that we are not currently under investigation, or that we may not face potential liability and/or damage to our reputation.

Agreement with Lactalis

In December 2014, we entered into an agreement with Lactalis for the sale of plants and trademarks related to our dairy division. The transaction was valued at R$1.8 billion (U.S.$697.8 million), to be received at closing, subject to usual adjustments for working capital and net debt, as per the terms of the contract. On May 7, 2015, the transaction was approved by CADE. We do not anticipate any material impact on the conclusion of the transaction, which is expected to occur in the second quarter of 2015.

Shareholders' Remuneration

At our annual shareholders' meeting on April 8, 2015, our shareholders approved the distribution of remuneration to our shareholders in the amount of R$824.3 million in the form of dividends and interest on shareholders' equity for the year ended December 31, 2014. Out of this total, (i) R$361 million was paid on August 15, 2014 (corresponding to R$0.41421437 per share based on the free float of 871,529,393 shares as of June 30, 2014) in the form of interest on shareholders' equity and (ii) R$463.3 million was paid on February 13, 2015 (corresponding to 0.53414316 per share based on the free float of 867,284,349 shares as of December 31, 2014) in the form of dividends and interest on shareholders' equity, in each case, with due retention of withholding tax pursuant to Brazilian law.

BRF GmbH Joint Ventures

On April 16, 2015, our subsidiary BRF GmbH signed an agreement to form a joint venture SFI, a wholly-owned subsidiary of SATS Ltd., a leading provider of gateway services and food solutions in Asia and listed on the Singapore stock exchange. BRF GmbH expects to hold 49% of the shares of the new joint venture vehicle, SATS BRF Food Pte. Ltd. SFI will contribute its food distribution business, including a sublease of two meat processing facilities and a warehouse; the machinery related to such processing facilities; and a license agreement for the use of certain brands and trademarks in Singapore.

On April 22, 2015, our subsidiary BRF GmbH also signed an agreement to form a joint venture with Invicta, a company with a strong distribution network for processed food in the United Kingdom, Ireland and Scandinavian region. BRF GmbH expects to hold 62.0% of the joint venture vehicle, with Invicta owning the remaining 38.0%.

Corporate Governance Changes

On April 28, 2015, our Board of Directors approved certain changes to our corporate governance structure, including: (i) the change of name of the Strategy and Markets Committee to the "Strategy, M&A and Markets Committee;" and (ii) the merger of the Finance and Risk Policy Committee with the Governance and Sustainability Committee, resulting in the "Finance, Governance and Sustainability Committee." Members to the committees serve two year terms with an option for reelection.

Our principal executive offices are located at Rua Hungria, 1400, Jardim Europa, 01455-000, São Paulo, SP, Brazil, and our telephone number at this address is +55-11-2322-5286/5048/5049. Our internet address is www.brf-br.com/ir. The information on our website is not incorporated by reference into this offering memorandum.

THE OFFERING

The following summary of the terms and conditions of the notes highlights information presented in greater detail elsewhere in this offering memorandum, including under "Description of the Notes." This summary is not complete and does not contain all the information you should consider before investing in the notes.

Issuer	BRF S.A.
Notes offered..	€500,000,000 aggregate principal amount of 2.750% senior notes due 2022.
Issue price	99.548%, plus accrued interest, if any, from June 3, 2015.
Issue date	June 3, 2015
Maturity date...	June 3, 2022
Interest..	The notes will bear interest from June 3, 2015 at the rate of 2.750% per year, payable annually in arrears on each interest payment date.
Interest payment dates	June 3, beginning on June 3, 2016.
Ranking	The notes will: • be senior unsecured obligations of BRF; • be effectively junior in right of payment to any secured indebtedness of BRF to the extent of the value of the assets securing such indebtedness; • rank equally in right of payment with all of BRF's existing and future unsecured unsubordinated indebtedness; • be senior in right of payment to any future subordinated indebtedness of BRF; and • be structurally subordinated to all of the existing and future liability of each of BRF's subsidiaries. As of March 31, 2015, we had consolidated total indebtedness of R$12,721.9 million (U.S.$3,965.7 million). Of our consolidated total indebtedness, BRF S.A. had (1) R$971.8 million (U.S.$302.9 million) of secured indebtedness on an unconsolidated basis to which the notes will be effectively subordinated and (2) R$9,812.2 million (U.S.$3,058.7 million) of unsecured indebtedness on an unconsolidated basis, which will rank equally in right of payment with the notes; and our subsidiaries had R$1,937.9 million (U.S.$604.1 million) of total indebtedness (excluding trade payables and intercompany liabilities), all of which will be structurally senior to the notes. As of March 31, 2015, our investments in our subsidiaries amounted to R$5,118.6 million, representing 13.9% of

	our consolidated total assets and 34.6% of our consolidated shareholders' equity.
Optional redemption...	We may redeem the notes, in whole or in part, at any time after June 3, 2016 at a redemption price based on a "make-whole" amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, provided that no less than €100 million in aggregate principal amount of notes must remain outstanding immediately following any partial redemption. See "Description of the Notes—Redemption—Optional Redemption."
Tax redemption	We may redeem the notes, in whole but not in part, at 100% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, upon the occurrence of specified events relating to applicable tax law. See "Description of the Notes—Redemption—Redemption for Tax Reasons."
Additional amounts	We will pay additional amounts in respect of any payments of interest or principal so that the amount you receive under the notes, after applicable withholding tax, if any, will equal the amount that you would have received if no withholding tax had been applicable, subject to certain exceptions as described under "Description of the Notes—Additional Amounts."
Covenants	The indenture governing the notes will contain covenants that limit future actions to be taken, or transactions to be entered into, by us and our subsidiaries. The indenture will limit our and our subsidiaries' ability to, among other things: • create certain liens; • enter into certain sale and leaseback transactions; and • merge, consolidate or sell substantially all of our assets. However, these covenants are subject to significant exceptions. See "Description of the Notes—Covenants."
Events of default	The indenture will set forth the events of default applicable to the notes, including an event of default triggered by cross-acceleration of other debt in an amount of U.S.$150.0 million or more.
Further issuances..	We may from time to time, without notice to or consent of the holders of the notes, create and issue an unlimited principal amount of additional notes of the same series as the notes offered hereby, provided that

	if the additional notes are not fungible with the notes for United States federal income tax purposes, the additional notes will have a separate ISIN number.
Use of proceeds..	We expect the net proceeds from the sale of the notes to be approximately €494.0 million after deducting estimated fees and expenses of the offering. We intend to use the net proceeds of this offering as described under “Use of Proceeds.”
Form and denomination..	The notes will be issued in the form of global notes in fully registered form without interest coupons. The global notes will be exchangeable or transferable, as the case may be, for definitive certificated notes in fully registered form without interest coupons only in limited circumstances. The notes will be issued in registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. See “Description of the Notes—Principal, Maturity and Interest” and “Form of the Notes.”
Settlement..	The notes will be delivered in book-entry form through The Bank of New York Mellon, as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System, or “Euroclear,” and Clearstream Banking, *société anonyme*, or “Clearstream.” See “Book-Entry, Delivery and Form.”
Transfer restrictions..	The notes have not been, and will not be, registered under the Securities Act and are subject to limitations on transfer, as described under “Transfer Restrictions.”
Listing of the notes...	We have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. If the listing of the notes on the Euro MTF Market would, in the future, require us to publish financial information either more regularly than we otherwise would be required to, or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may delist the notes and, at our option, seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system.
Governing law..	The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, registrar, transfer agent and paying agent.......	The Bank of New York Mellon
Principal paying agent..	The Bank of New York Mellon Trust (Japan), Ltd.
London paying agent..	The Bank of New York Mellon, London Branch

Luxembourg paying agent, transfer agent and listing agent	The Bank of New York Mellon (Luxembourg) S.A.
Risk factors	You should carefully consider all of the information contained in this offering memorandum prior to investing in the notes. In particular, we urge you to carefully consider the information set forth under “Risk Factors.”

Summary Financial and Other Information

The following summary financial information as of December 31, 2014 and 2013 and for the three years ended December 31, 2014, 2013 and 2012 should be read in conjunction with our audited consolidated financial statements included in our 2014 20-F, which is incorporated by reference in this offering memorandum. The summary financial information as of March 31, 2015 and for each of the three-month periods ended March 31, 2015 and 2014 should be read in conjunction with our unaudited interim consolidated financial statements included in this offering memorandum. Our audited consolidated financial statements incorporated by reference in this offering memorandum have been prepared in accordance with IFRS, as issued by IASB. Our unaudited interim consolidated financial statements included in this offering memorandum have been prepared in conformity with IFRS for interim financial reporting in accordance with IAS 34—Interim Financial Reporting. The results for the three-month period ended March 31, 2015 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2015 or any other period.

The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Presentation of Financial and Other Information."

	Three Months Ended March 31,			Year Ended December 31,			
	2015(1)	**2015**	**2014**	**2014(1)**	**2014**	**2013**	**2012**
	(in millions of U.S.$)	**(in millions of *reais*)** *(unaudited)*	**(in millions of *reais*)**	**(in millions of U.S.$)**	**(in millions of *reais*)**	**(in millions of *reais*)**	**(in millions of *reais*)**
Summary Statement of Income Information:							
Net sales	2,197.1	7,048.3	6,706.6	9,042.0	29,006.8	27,787.5	25,974.6
Cost of sales	(1,522.7)	(4,884.7)	(4,930.8)	(6,389.5)	(20,497.4)	(20,877.6)	(20,072.1)
Gross profit	**674.4**	**2,163.6**	**1,775.8**	**2,652.6**	**8,509.4**	**6,909.9**	**5,902.5**
Operating income (expenses):							
Selling expenses	(337.8)	(1,083.6)	(1,000.0)	(1,314.4)	(4,216.5)	(4,141.0)	(3,808.4)
General and administrative expenses	(33.5)	(107.5)	(94.2)	(125.3)	(402.1)	(427.3)	(364.7)
Other operating expenses, net	(85.1)	(273.0)	(120.7)	(136.6)	(438.1)	(458.1)	(391.8)
Income from associates and joint ventures	(18.3)	(58.6)	11.4	8.0	25.6	12.9	22.3
Operating income	**199.8**	**640.9**	**572.3**	**1,084.3**	**3,478.3**	**1,896.4**	**1,359.9**
Financial expenses	(618.5)	(1,984.2)	(447.6)	(801.6)	(2,571.5)	(1,564.8)	(1,135.8)
Financial income	585.0	1,876.7	251.1	492.8	1,580.8	817.3	565.2
Income before taxes	166.3	**533.4**	**375.8**	**775.4**	**2,487.6**	**1,148.9**	**789.3**
Current	(3.2)	(10.4)	(5.9)	(36.6)	(117.4)	(13.1)	(28.3)
Deferred	(19.1)	(61.3)	(42.7)	(73.3)	(235.2)	(116.0)	43.6
Profit from continued operations	**143.9**	**461.7**	**327.2**	**665.5**	**2,135.0**	**1,019.7**	**804.6**
Profit from discontinued operations	**0.9**	**3.0**	**(7.8)**	**28.0**	**89.8**	**47.2**	**(27.2)**
Net profit	**144.9**	**464.7**	**319.4**	**693.5**	**2,224.8**	**1,066.8**	**777.4**
Attributable to:							
Controlling shareholders	144.8	464.6	315.4	693.6	2,225.0	1,062.4	770.0
Non-controlling interest	—	0.1	4.0	(0.1)	(0.2)	4.4	7.4

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

	At March 31,		At December 31,		
	2015(1)	**2015**	**2014(1)**	**2014**	**2013**
	(in millions of U.S.$)	**(in millions of *reais*)** *(unaudited)*	**(in millions of *U.S.$*)**	**(in millions of *reais*)**	**(in millions of *reais*)**
Summary Balance Sheet Information:					
Cash and cash equivalents	1,831.0	5,873.8	1,872.5	6,006.9	3,127.7
Marketable securities	191.3	613.6	183.1	587.5	459.6
Trade accounts receivable, net	798.7	2,562.2	949.8	3,046.9	3,338.4
Inventories	1,040.3	3,337.4	916.9	2,941.4	3,111.6
Biological assets	374.4	1,201.2	352.4	1,130.6	1,205.9
Other current assets	693.1	2,223.6	566.4	1,817.0	1,850.4
Assets from discontinued operations and held for sale	611.8	1,962.8	610.3	1,958.0	148.9
Total current assets	**5,540.7**	**17,774.6**	**5,451.5**	**17,488.3**	**13,242.5**
Marketable securities and restricted cash	57.5	184.4	55.3	177.3	155.2
Trade accounts receivable, net	2.8	8.9	2.4	7.7	7.8
Biological assets	217.4	697.5	213.0	683.2	569.0

	At March 31,		At December 31,		
	2015(1)	2015	2014(1)	2014	2013
Other non-current assets	964.2	3,093.1	910.5	2,920.9	2,712.6
Investments in associates and joint ventures	121.9	391.2	136.7	438.4	108.0
Property, plant and equipment, net	3,145.4	10,090.3	3,135.7	10,059.3	10,821.6
Intangible assets	1,395.5	4,476.9	1,349.3	4,328.6	4,757.9
Total non-current assets	**5,904.7**	**18,942.3**	**5,802.8**	**18,615.4**	**19,132.1**
Total assets	**11,445.4**	**36,716.9**	**11,254.3**	**36,103.7**	**32,374.6**
Short-term debt	756.5	2,426.7	853.8	2,738.9	2,696.6
Trade accounts payable	1,365.6	4,381.0	1,239.8	3,977.3	3,674.7
Other current liabilities	666.8	2,139.0	730.9	2,344.6	2,064.7
Liabilities of discontinued operations	162.1	520.1	158.4	508.3	—
Total current liabilities	**2,951.0**	**9,466.8**	**2,982.9**	**9,569.1**	**8,436.0**
Long-term debt	3,209.2	10,295.2	2,758.9	8,850.4	7,484.6
Other non-current liabilities	632.9	2,030.3	621.7	1,994.3	1,757.8
Total non-current liabilities	**3,842.1**	**12,325.5**	**3,380.5**	**10,844.7**	**9,242.4**
Total current and non-current liabilities	**6,793.1**	**21,792.3**	**6,363.4**	**20,413.8**	**17,678.4**
Capital	3,884.2	12,460.5	3,884.2	12,460.5	12,460.5
Capital reserves	32.5	104.1	34.1	109.4	113.8
Income reserves	1,238.8	3,974.1	1,230.0	3,945.8	2,511.9
Retained earnings	136.0	436.3	—	—	—
Treasury shares	(406.5)	(1,304.0)	(95.0)	(304.9)	(77.4)
Other comprehensive loss	(269.2)	(863.6)	(193.4)	(620.4)	(353.7)
Attributable to interest of controlling shareholders	4,615.8	14,807.4	4,859.9	15,590.4	14,655.1
Attributable to non-controlling interest	36.5	117.2	31.0	99.5	41.1
Total shareholders' equity	**4,652.3**	**14,924.6**	**4,890.9**	**15,689.9**	**14,696.2**
Total liabilities and shareholders' equity	**11,445.4**	**36,716.9**	**11,254.3**	**36,103.7**	**32,374.6**

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

	At and for the Three Months Ended March 31,			At and for the Year Ended December 31,			
	2015(1)	2015	2014	2014(1)	2014	2013	2012
	(in millions of U.S.$)	(in millions of *reais*) *(unaudited)*	(in millions of *reais*)	(in millions of U.S.$)	(in millions of *reais*)	(in millions of *reais*)	(in millions of *reais*)
Other Financial information (unaudited):							
Net debt (at period end)(2)	1,941.9	6,229.5	5,989.6	1,568.6	5,032.0	6,784.3	7,018.3
EBITDA(3)	296.5	951.2	859.6	1,467.8	4,708.7	3,013.7	2,302.4
Net debt/ LTM EBITDA(2)(3)(4)	—	1.3x	1.9x	—	1.1x	2.3x	3.1x
EBITDA margin(5)	—	13.5%	12.8%	—	16.2%	10.8%	8.9%

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015, 2015 of R$3.2080 = U.S.$1.00.

(2) We define net debt as short term debt minus other financial assets and liabilities, net plus long-term debt minus cash and cash equivalents (including restricted cash) and current and non-current marketable securities. Net debt is a supplemental measure of our financial condition and used in making certain management decisions. It is not a prescribed measure under IFRS. However, our presentation of net debt is not meant to suggest that all of our cash, cash equivalents and marketable securities are available to service our debt, particularly as a portion of our cash, cash equivalents and marketable securities are necessary to provide working capital in connection with our business and certain of our cash constitutes restricted cash, as described in the notes to the table below.

The following table sets forth our net debt at the dates indicated:

	At March 31,			At December 31,			
	2015(a)	2015	2014	2014(a)	2014	2013	2012
	(in millions of U.S.$)	(in millions of *reais*) *(unaudited)*		(in millions of U.S.$)	(in millions of *reais*)		
Short-term debt	756.5	2,426.7	2,690.8	853.8	2,738.9	2,696.6	2,440.8
(-) Other financial assets and liabilities, net	(55.9)	(179.4)	(79.6)	(66.8)	(214.3)	(345.6)	(220.1)
(+) Long-term debt	3,209.2	10,295.2	7,236.9	2,758.9	8,850.4	7,484.6	7,077.5
(-) Cash, cash equivalents and current and non-current marketable securities(b)	2,079.7	6,671.8	4,017.7	2,110.9	6,771.7	3,742.5	2,720.1
Net debt (unaudited)	1,941.9	6,229.5	5,989.6	1,568.6	5,032.0	6,784.3	7,018.3

(a) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015, 2015 of R$3.2080 = U.S.$1.00.

(b) This line item includes restricted cash of (i) R$120.5 million as of March 31, 2015; (ii) R$103.6 million as of March 31, 2014, (iii) R$115.2 million as of December 31, 2014; (iv) R$99.2 million as of December 31, 2013, and (v) R$93.0 million as of December 31, 2012.

(3) We calculate EBITDA as profit from continued operations *plus* current and deferred income and social contribution taxes *plus* financial expenses, net *plus* depreciation and amortization. We use EBITDA as a supplemental measure of our financial performance as well as of our ability to generate cash from operations. We also use EBITDA in making certain management decisions. EBITDA is not a prescribed measure under IFRS and should not be considered as a substitute for net profit or loss, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. The use of EBITDA has material limitations, including, among others, the following:

- EBITDA adds back financial expenses, including interest expense. However, because we borrow money to finance some of our operations and capital expenditures, interest is a necessary and ongoing part of our costs.
- EBITDA adds back current and deferred income taxes expense, but the payment of these taxes is a necessary and ongoing cost of our operations.
- EBITDA adds back depreciation and amortization, but because we use property, plant and equipment to generate revenues in our operations, depreciation is a necessary and ongoing component of our costs.
- EBITDA as calculated by us may not be comparable to similarly titled measures of other companies.

The following table reconciles EBITDA to our consolidated profit from continued operations:

	As of and for the three months ended March 31,			**As of and for the year ended December 31,**			
	2015(a)	**2015**	**2014**	**2014(a)**	**2014**	**2013**	**2012**
	(in millions of U.S.$)	**(in millions of *reais*)** *(unaudited)*		**(in millions of U.S.$)**	**(in millions of *reais*)**		
Profit from continued operations	143.9	461.7	327.2	665.5	2,135.0	1,019.7	804.6
(+) Income and social contribution taxes(b)	22.4	71.7	48.6	109.9	352.6	129.1	(15.3)
(+) Financial expenses, net	33.5	107.5	196.5	308.8	990.7	747.5	570.6
(+) Depreciation and amortization	96.7	310.3	287.3	383.5	1,230.4	1,117.4	942.5
EBITDA (unaudited)	296.5	951.2	859.6	1,467.8	4,708.7	3,013.7	2,302.4

(a) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

(b) Includes current and deferred income and social contribution tax expense.

(4) Net debt/LTM EBITDA calculations for March 31, 2015 and 2014 are calculated using EBITDA figures for the twelve months ended March 31, 2015 and 2014, respectively.

(5) Represents EBITDA divided by net sales.

	At and for the Three Months Ended March 31,		**At and for the Year Ended December 31,**		
	2015	**2014**	**2014**	**2013**	**2012**
Operating Information:					
Poultry slaughtered (million heads per period)	406.6	409.2	1,663.6	1,795.9	1,792.4
Pork/beef slaughtered (thousand heads per period)	2,246.8	2,354.5	9,620.6	9,744.1	10,874.1
Total sales of meat and other processed food products (thousand tons per period)	1,054.5	1,041.3	4,307.1	4,595.4	4,809.0
Employees (at period end)(1)	105,476	108,179	108,829	110,138	113,992

(1) The number of employees includes permanent and temporary employees.

RISK FACTORS

Prospective purchasers of notes should carefully consider the risks described below, as well as the other information in this offering memorandum, before deciding to purchase any notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs, and, as a result, the trading price of the notes could decline and you could lose all or part of your investment.

Risks Relating to Our Business and Industry

Our results of operations are subject to cyclicality and volatility affecting both our raw material prices and our selling prices.

Our business is largely dependent on the cost and supply of corn, soy meal, soybeans, hogs, cattle, milk and other raw materials, as well as the selling prices of our poultry, pork and beef, all of which are determined by constantly changing market forces of supply and demand, which may fluctuate significantly, and other factors over which we have little or no control. These other factors include, among others, fluctuations in local and global poultry, hog, cattle and milk production levels, environmental and conservation regulations, economic conditions, weather, animal and crop diseases, cost of international freight and exchange rate fluctuations, a particular concern given the recent significant depreciation of the Brazilian *real* against the U.S. dollar and the euro.

Our industry, both in Brazil and abroad, is also characterized by cyclical periods of higher prices and profitability, followed by overproduction, leading to periods of lower prices and profitability. We are not able to mitigate these risks entirely. Although not usual in our industry, we negotiate long-term contracts with some of our suppliers, especially soybean meal and soybean oil. In 2014, the average corn price in Brazil was 0.5% higher than the average corn price in 2013. Corn prices in December 2014 were 12.7% higher than in December 2013, mostly because of the depreciation of the *real* against the U.S. dollar in the last quarter of 2014. In 2014, the average soybean meal price in Brazil was 5.3% higher than the average price in 2013, and comparing December 2013 to December 2014, soybean meal prices in Brazil were down by 9.1%. The effect of decreases or increases in the price of raw materials on our gross margin is greater for our products that are similar to commodities in nature, rather than our value-added products. They are also affected by political and market conditions in the regions where suppliers are located.

Our financial performance is also affected by domestic and international freight costs, which are vulnerable to volatility in oil prices. We may not be successful in addressing the effects of cyclicality and volatility on costs and expenses or the pricing of our products, and our overall financial performance may be adversely affected. Natural disasters, pandemics or extreme weather, including floods, excessive cold or heat, hurricanes or other storms, as well as fires, such as a recent one we experienced at our plant in Toledo that required the temporary re-allocation of plant functions to other facilities, could impair the health or growth of livestock or interfere with our operations due to power outages, damage to our production and processing facilities or disruption in transportation channels or information systems, among other issues.

Recent and future acquisitions or joint ventures may divert management resources or prove to be disruptive to our company.

We regularly review and pursue opportunities for strategic growth through acquisitions, joint ventures and other initiatives. We have completed several acquisitions in recent years, such as the acquisitions in 2014 of all equity interest in Federal Foods, a company headquartered in Abu Dhabi, United Arab Emirates; a 40% stake in AKF in the Sultanate of Oman; and a 75% stake in Alyasra's frozen retail distribution business in the State of Kuwait. Also, on October 1, 2014, Minerva incorporated all of the shares of a BRF subsidiary in exchange for 16.29% of the total and voting capital of Minerva at that date. For more details on these and other transactions, see "Item 4. Information on the Company—A. History and Development of the Company—Other Acquisitions and Investments in 2014" in our 2014 Form 20-F.

Acquisitions, new businesses and joint ventures, especially involving sizeable enterprises, may present financial, managerial and operational risks and uncertainties, including:

- challenges in realizing the anticipated benefits of the transaction;
- diversion of management attention from existing businesses;
- difficulty with integrating personnel and financial and other systems;
- difficulty identifying suitable candidate businesses or consummating a transaction on terms that are favorable to us;
- challenges in retaining an acquired company's customers and key employees;
- increased compensation expenses for newly hired employees; and
- exposure to unforeseen liabilities or problems of the acquired companies or joint ventures;

Acquisitions outside of Brazil may present additional difficulties, such as compliance with foreign legal and regulatory systems and integration of personnel to different managerial practices and would increase our exposure to risks associated with international operations.

We may be unable to realize synergies and efficiency gains from our recent acquisitions in the timeframe we anticipate or at all, because of integration or other challenges. In addition, we may be unable to identify, negotiate or finance future acquisitions, particularly as part of our international growth strategy, successfully or at favorable valuations, or to effectively integrate these acquisitions or joint venture businesses with our current businesses. Any future joint ventures or acquisitions of businesses, technologies, services or products might require us to obtain additional equity or debt financing, which may not be available on favorable terms, or at all. Future acquisitions and joint ventures may also results in unforeseen operating difficulties and expenditures, as well as strain on our organizational culture.

Deterioration of general economic conditions could negatively impact our business.

Our business may be adversely affected by changes in Brazilian and global economic conditions, which may result in increased volatility in our markets and contribute to net losses. At the end of 2014, oil prices declined significantly and is expected to lead to lower economic growth in relevant oil dependent regions, such as several countries in the Middle East, Russia, Venezuela and Angola. Thus, per capita meat consumption in these areas could be affected as well. Because of the global nature of our business, we remain subject to the risk of economic volatility worldwide, and economic and political disruptions around the world can have a material adverse effect on our business and results of operations.

Health risks related to the food industry could adversely affect our ability to sell our products.

We are subject to risks affecting the food industry generally, including risks posed by contamination or food spoilage, evolving nutritional and health-related concerns, consumer product liability claims, product tampering, the possible unavailability and expense of liability insurance and the potential cost and disruption of a product recall. Among such risks are those related to raising animals, including disease and adverse weather conditions. Meat is subject to contamination during processing and distribution. Contamination during processing could affect a large number of our products and therefore could have a significant impact on our operations.

Our sales are dependent on consumer preferences and any actual or perceived health risks associated with our products, including any adverse publicity concerning these risks, could cause customers to lose confidence in the safety and quality of our products, reducing the level of consumption of those products.

Even if our own products are not affected by contamination, our industry may face adverse publicity if the products of other producers become contaminated, which could result in reduced consumer demand for our products in the affected category. We maintain systems designed to monitor food safety risks throughout all stages of the production process (including the production of poultry, hogs and cattle) but any product contamination could have a material adverse impact on our business, results of operations, financial condition and prospects.

Raising animals and meat processing involve animal health and disease control risks, which could have an adverse impact on our results of operations and financial condition.

Our operations involve raising poultry and hogs and processing meat from poultry, hogs and cattle, which require us to maintain animal health and control disease. We could be required to destroy animals or suspend the sale of some of our products to customers in Brazil and abroad in the event of an outbreak of disease affecting animals, such as the following: (1) in the case of hogs, cattle and certain other animals, foot-and-mouth disease and A(H5N1) influenza (discussed below); (2) in the case of cattle, foot-and-mouth disease and BSE and, less likely, (3) in the case of poultry, avian influenza and Newcastle disease. In addition, if the Porcine Reproductive and Respiratory Syndrome and Porcine Epidemic Diarrhea, which have broken out in Europe and the United States, were to outbreak in Brazil, we could be required to destroy hogs. Destruction of poultry, hogs or other animals would preclude recovery of costs incurred in raising or purchasing these animals and result in additional expense for the disposal of such animals. An outbreak of foot-and-mouth disease could have an effect on livestock we own, the availability of livestock for purchase, consumer perception of certain protein products or our ability to access certain markets, which would adversely impact our results of operations and financial condition.

Outbreaks, or fears of outbreaks, of any of these or other animal diseases may lead to cancellation of orders by our customers and, particularly if the disease has the potential to affect humans, create adverse publicity that may have a material adverse effect on consumer demand for our products. Moreover, outbreaks of animal disease in Brazil may result in foreign governmental action to close export markets to some or all of our products, which may result in the destruction of some or all of these animals. Our poultry business in Brazilian and export markets could also be negatively affected by avian influenza.

Chicken and other birds in some countries, particularly in Asia but also in Europe and Africa, have become infected by highly pathogenic avian influenza. In a small number of cases, the avian influenza has been transmitted from birds to humans, resulting in illness and, on occasion, death. Accordingly, health authorities in many countries have taken steps to prevent outbreaks of this viral disease, including destruction of afflicted poultry flocks.

Between 2003 and the first week of 2015, there have been over 1,147 human cases of avian influenza and over 577 related deaths, according to the WHO and Food and Agriculture Organization, or "FAO." The cases reported were caused by the H5N1 and H7N9 viruses. In 2013, direct human-to-human transmission of the H7N9 virus was proven. Various countries in Asia, the Middle East and Africa reported human cases in the last five years and various European countries reported avian flu cases in poultry. More recently, in 2014, there were reports of human cases of avian influenza in Egypt, Indonesia, Cambodia, China and Vietnam. In the Americas, there were reports of human cases of avian influenza in both Canada and the United States. In early 2015, additional new cases of H5N1 and H5N2 were reported in the United States, which has already resulted in restrictions on U.S. exports.

To date, Brazil has not had a documented case of avian influenza, although there are concerns that an outbreak of avian influenza may occur in the country in the future. Any outbreak of avian influenza in Brazil could lead to required destruction of our poultry flocks, which would result in decreased sales of poultry by us, prevent recovery of costs incurred in raising or purchasing such poultry, and result in additional expense for the disposal of destroyed poultry. In addition, any outbreak of avian influenza in Brazil would likely lead to immediate restrictions on the export of some of our products to key export markets. Preventive actions adopted by Brazilian authorities, if any, may not be effective in precluding the spread of avian influenza within Brazil.

Whether or not an outbreak of avian influenza occurs in Brazil, further outbreaks of avian influenza anywhere in the world could have a negative impact on the consumption of poultry in our key export markets or in Brazil, and a significant outbreak would negatively affect our net sales and overall financial performance. Any outbreak could lead to the imposition of costly preventive controls on poultry imports in our export markets.

Accordingly, any spread of avian influenza, or increasing concerns about this disease, may have a material and adverse effect on our company.

We may also be subject from time to time to additional outbreaks of animal-related diseases, such as Porcine Epidemic Diarrhea and foot-and-mouth disease affecting cattle. See "Item 5: Operating and Financial Review and Prospects—A. Operating Results—Effect of Animal Diseases—Other Animal Diseases" in our 2014 Form 20-F for further information.

More stringent trade barriers in key export markets may negatively affect our results of operations.

Because of the growing market share of Brazilian poultry, pork and beef products in the international markets, Brazilian exporters are increasingly being affected by measures taken by importing countries to protect local producers. The competitiveness of Brazilian companies has led certain countries to establish trade barriers to limit the access of Brazilian companies to their markets. Trade barriers can consist of both tariffs and non-tariff barriers. In our industry, non-tariff barriers are a particular concern, especially sanitary and technical restrictions.

Some countries, such as Russia, have a history of erecting trade barriers to imports of food products. In June 2011, Russia imposed restrictions on imports of Brazilian poultry, pork and beef from about 100 producing units due to alleged sanitary concerns, including a complete ban on imports from the states of Rio Grande do Sul, Santa Catarina and Mato Grosso. In August 2014, the ban was suspended.

We have been affected by trade barriers imposed by a number of other countries from time to time. In June 2011, South Africa initiated an anti-dumping investigation against Brazilian chicken. In a preliminary determination, the South African government imposed substantial tariffs on these products (62.9% on whole chicken and 46.5% on boneless cuts), which temporarily interrupted Brazilian exports. The final resolution of the investigation was announced in December 2012 in favor of Brazil, with no application of anti-dumping penalties.

In Europe, another of our key markets, the European Union has adopted a quota system for certain chicken products and prohibitive tariffs for certain products that do not have quotas in order to mitigate the effects of Brazil's lower production costs on local producers over European producers. In addition, the European Union has a ban on certain types of Brazilian meat, including pork, fresh cuts and some premium cuts of frozen beef backs.

In addition, many developed countries use direct and indirect subsidies to enhance the competitiveness of their producers in other markets. In addition, local producers in some markets may exert political pressure on their governments to prevent foreign producers from exporting to their market, particularly during unfavorable economic conditions. Any of the above restrictions could substantially affect our export volumes and, consequently, our export sales and financial performance. If new trade barriers arise in our key export markets, we may face difficulties in reallocating our products to other markets on favorable terms, and our business, financial condition and results of operations might be adversely affected.

We face significant competition from Brazilian and foreign producers, which could adversely affect our financial performance.

We face strong competition from other Brazilian producers in our domestic market and from Brazilian and foreign producers in our export markets. The Brazilian market for whole poultry and poultry and pork cuts is highly fragmented. Small producers can also be important competitors, some of which operate in the informal economy and are able to offer lower prices by meeting lower quality standards. Competition from small producers is a primary reason why we sell most of our frozen (*in natura*) meat products in the export markets and is a barrier to expanding our sales of those products in the domestic market. With respect to exports, we compete with other large, vertically integrated Brazilian producers that have the ability to produce quality products at low cost, as well as with foreign producers.

In addition, the potential growth of the Brazilian market for processed food, poultry, pork and beef and Brazil's low production costs are attractive to international competitors. Although the main barrier to these companies has been the need to build a comprehensive distribution network and a network of outgrowers, international competitors with significant resources could undertake to build these networks or acquire and expand existing networks.

The Brazilian poultry and pork cuts markets, in particular, are highly price-competitive and sensitive to product substitution. Even if we remain a low-cost producer, customers may seek to diversify their sources of supply by purchasing a portion of the products they need from producers in other countries, as some of our customers in key export markets have begun to do. We expect that we will continue to face strong competition in all of our markets and anticipate that existing or new competitors may broaden their product lines and extend their geographic scope. Any failure by us to respond to product, pricing and other moves by competitors may negatively affect our financial performance.

Our international sales are subject to a broad range of risks associated with international operations.

International sales account for a significant portion of our net sales, representing 41.6% in 2012, 48.1% in 2013 and 46.8% in 2014. Our major international markets include the Middle East (particularly Saudi Arabia), Asia (particularly Japan, Hong Kong, Singapore and China), Europe, Eurasia (particularly Russia), Africa and Americas (particularly Argentina), where we are subject to many of the same risks described below in relation to Brazil. Our future financial performance will depend, to a significant extent, on the economic, political and social conditions in our main export markets.

Our future ability to conduct business in our export markets could be adversely affected by factors beyond our control, such as the following:

- exchange rate fluctuations;
- deterioration in international economic conditions;
- impacts on the economy following sharp variations in energy prices;
- political risks, such as turmoil in the Middle East and North Africa, government policies in Argentina and political instability in Venezuela;
- decreases in demand, particularly from large markets such as China;
- imposition of increased tariffs, anti-dumping duties or other trade barriers;
- strikes or other events affecting ports and other transport facilities;
- compliance with differing foreign legal and regulatory regimes; and
- sabotage affecting our products.

The market dynamics of our important export markets can change quickly and unpredictably due to these factors, the imposition of trade barriers of the type described above and other factors, which together can significantly affect our export volumes, selling prices and results of operations.

Our international sales are highly dependent on conditions at a small number of ports in southern Brazil. We export our products primarily through ports in southern Brazil (Paraná, Santa Catarina and Rio Grande do Sul). We have been affected from time to time by strikes of port employees or customs agents, sanitary inspection agents and other government agents at the Brazilian ports from which we export our products. For example, in August 2011, a strike at the Itajaí port affected exports for approximately two months. In the middle of 2012, a strike of Brazilian Sanitary Inspection Agency (*Agência Nacional de Vigilância Sanitária*, or Anvisa) and a nationwide strike of truckers also hampered our export operations. A widespread or protracted strike in the future could adversely affect our business and our results of operations. In 2012, we had new strikes from Anvisa and employees of the federal government. In addition, flooding and similar events affecting the infrastructure necessary for the export of our products could adversely affect our revenues and our results of operations.

Political and economic risks in Middle East could limit the profitability of our operations and our ability to execute our strategy in that region.

In 2014, we finished construction of a new plant in Abu Dhabi in the United Arab Emirates in the Middle East. In addition to being subject to the general risks of international operations described above, we are now subject to the specific risks associated with the fact that the production and distribution capacity we hope to achieve through the project could be lower than our expectations, in each case for a variety of reasons, including (1) governmental inertia, (2) geopolitical risk, (3) imposition of exchange or price controls, (4) imposition of restrictions on exports of our products or imports of raw materials necessary for our production, (5) fluctuation of local currencies against the *real*, (6) nationalization of our property, (7) increase in export tax and income tax rates for our products, and (8) unilateral (governmental) institutional and contractual changes, including controls on investments and limitations on new projects. As a result of these factors, the results of operations and financial conditions of our operations in the Middle East may be adversely affected, and we may experience in the future significant variability in our revenue on both an annual and a quarterly basis from those operations. The impact of these changes on our ability to deliver on our planned projects and execute our strategy cannot be ascertained with any degree of certainty, and these changes may, therefore, have an adverse effect on our operations and financial results.

Political and economic risks in Argentina could limit the profitability of our operations and our ability to execute our strategy in that country.

We have seven production facilities in Argentina, and we view growth of our business in Argentina as an important component of our strategy in South America. We estimate that our integrated operations in the Argentine market represent over R$1 billion of sales per year. However, executing our strategy in Argentina is subject to significant political and economic risks. Political and economic conditions have been volatile in that country for more than a decade. Economic uncertainty, inflation and other factors could lead to lower real salaries, lower consumption and unemployment, which could have an adverse effect on demand for our products. In addition, Argentine government policies may adversely affect our ability to realize a return on our investment in Argentina. For example, the government has imposed restrictions on the conversion of Argentine currency into foreign currencies and on the remittance to foreign investors of proceeds of their investments in Argentina. In April 2012, the Argentine government's effective nationalization of YPF S.A., Argentina's leading energy company, led to a dramatic decline in the prices of Argentine securities and great concern among international investors. Argentine government intervention, investor reactions and economic uncertainty in Argentina could adversely affect the profitability of our operations and our ability to execute our strategy in that country.

Increased regulation of food safety could increase our costs and adversely affect our results of operations.

Our manufacturing facilities and products are subject to regular Brazilian federal, state and local, as well as foreign, governmental inspections and extensive regulation in the food safety area, including governmental food processing controls. We currently comply with all food safety requirements in the markets where we conduct our business. We already incur significant costs in connection with such compliance and changes in government regulations relating to food safety could require us to make additional investments or incur additional costs to meet the necessary specifications for our products. Our products are often inspected by foreign food safety officials, and any failure to pass those inspections can result in our being required to return all or part of a shipment to Brazil, destroy all or part of a shipment or incur costs because of delays in delivering products to our customers. Any tightening of food safety regulations could result in increased costs and could have an adverse effect on our business and results of operations.

Our performance depends on favorable labor relations with our employees and our compliance with labor laws. Any deterioration of those relations or increase in labor costs could adversely affect our business.

As of December 31, 2014, we had a total of 108,829 employees worldwide. All of our production employees are represented by labor unions. Upon the expiration of existing collective bargaining agreements or other collective labor agreements, we may not reach new agreements without union action and any such agreements may not be on terms satisfactory to us, which could result in us paying higher wages or benefits to union workers. If we are unable to negotiate acceptable union agreements, we may become subject to work stoppages or strikes.

Labor costs are among our most significant expenditures. In 2014, they represented 13.9% of our cost of goods sold, representing an increase of 0.9 percentage points compared to 2013.

In the ordinary course of business, we outsource labor to third parties. See "Item 4. Information on the Company—B. Business Overview—Production Process" of our 2014 20-F. If it were to become necessary to revisit this contractual structure, we could incur additional operating expenses.

Environmental laws and regulations require increasing expenditures for compliance.

We, like other Brazilian food producers, are subject to extensive Brazilian federal, state and local environmental laws, regulations, authorizations and licenses concerning, among other things, the interference with protected areas (conservation units, archeological areas and permanent preservation areas), handling and disposal of waste, discharges of pollutants into the air, water and soil, atmospheric emissions, noise and clean-up of contamination, all of which affect our business. Any failure to comply with these laws and regulations or any lack of authorizations or licenses could result in administrative and criminal penalties, such as fines, cancellation of authorizations or revocation of licenses, in addition to negative publicity and civil liability for remediation or compensation for environmental damage without any caps. We cannot operate a plant if the required environmental permit is not valid or updated. Civil penalties may include summons, fines, temporary or permanent bans, the suspension of subsidies by public bodies and the temporary or permanent shutdown of commercial activities. Criminal penalties include fines, temporary interdiction of rights and prison (for individual offenders) and liquidation, temporary interdiction of rights, fines and community services (for legal entities).

Furthermore, pursuant to Brazilian environmental legislation, the corporate entity of a company will be disregarded (such that the owners of the company will be liable for its debts) if necessary to guarantee the payment of costs related to the recovery of environmental damages, whenever the legal entity is deemed by a court to be an obstacle to reimbursement of damages caused to the quality of the environment.

We have incurred, and will continue to incur, capital and operating expenditures to comply with these laws and regulations. Because of the possibility of unanticipated regulatory measures or other developments, particularly as environmental laws become more stringent in Brazil, the amount and timing of future expenditures required to maintain compliance could increase from current levels and could adversely affect the availability of funds for capital expenditures and other purposes. Compliance with existing or new environmental laws and regulations, as well as obligations in agreements with public entities, could result in increased costs and expenses.

Our plants are subject to environmental licensing, based on their pollution potential and usage of natural resources. If, for example, one of our plants is built or expanded without an environmental license or if our environmental licenses expire, are not renewed or have their request of renewal dismissed by the competent environmental authority, we may incur fines ranging between R$500 to R$10 million and other administrative penalties, such as suspension of operations or closing of the facilities in question. Those same penalties may also be applicable in the case of failure to fulfill the conditions of validity foreseen in the environmental licenses already held by us. Currently, some of our environmental licenses are in the renewal process, and we cannot guarantee that environmental agencies will approve our renewal requests within the required legal period. Brazilian Complementary Law No. 140/2011 establishes that renewal of environmental licenses must be requested at least 120 days in advance of its expiration, so that the license may be automatically extended until a final decision from the environmental authority is reached. In the interim, we are permitted to continue operations under the respective license, during the renewal process.

Unfavorable outcomes in legal proceedings may reduce our liquidity and negatively affect us.

We are defendants in civil, labor and tax proceedings and are also subject to consent agreements (*Termo de Ajustamento de Conduta*), or "TAC." Under IFRS, we classify the risk of adverse results in legal proceedings as "remote," "possible" or "probable." We disclose the aggregate amounts of these proceedings that we have judged possible or probable, to the extent the amounts are known or reasonably estimable, and we record provisions only for losses that we consider probable. These disclosures for 2014 are included in "Item 8. Financial Information—Legal Proceedings" of our 2014 Form 20-F incorporated by reference and Note 26 of our consolidated financial statements.

We are not required to disclose or record provisions for proceedings in which our management judges the risk of loss to be remote. However, the amounts involved in certain of the proceedings in which we believe our risk of loss is remote are substantial, and the losses to us could be significantly higher than the amounts for which we have recorded provisions. Even for the amounts recorded as provisions for probable losses, a judgment against us would have an effect on our cash flow if we were required to pay those amounts. Unfavorable decisions in our legal proceedings may, therefore, reduce our liquidity and adversely affect our business, financial condition and results of operations.

With regard to tax contingencies, we are currently defendants in tax cases that involve tax credit offsets. These cases have not yet reached a final ruling by the Brazilian courts. We may face risks arising from tax liabilities and the monetization of tax credits, which can negatively impact our results. The Supreme Court of Brazil has recently ruled that the use of total ICMS tax credits in operations related to food products classified as staple foods in Brazil (*cesta básica*), which benefit from a reduced tax basis in the calculation of the ICMS tax, is improper. The case is currently on appeal and, if the decision is upheld and determined to apply to some or all of BRF's operations, it could have a significant impact on our operations, liquidity and financial results. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Tax Proceedings" of our 2014 Form 20-F.

As of March 31, 2015, we had R$56.2 million in provisions for civil contingencies, R$235.4 million in provisions for tax contingencies and R$341.0 million in provisions for labor contingencies. See Note 24 to our interim consolidated financial statements. We cannot assure you that we will obtain favorable decisions in these proceedings or that our reserves will be sufficient to cover potential liabilities resulting from unfavorable decisions.

In addition, our ability to compete effectively depends in part on our rights to trademarks, logos and other intellectual property rights we own or license. We have not sought to register or protect every one of our marks in every country in which they are or may be used, which means that third parties may be able to limit or challenge our trademark rights there. Furthermore, because of the differences in foreign intellectual property or proprietary rights laws, we may not receive the same level of legal protection in every country in which we operate. Litigation may be necessary to enforce our intellectual property rights, and if we do not prevail, we could suffer a material adverse impact on our business, goodwill, financial position, results of operations and cash flows. Further, third parties may allege that our intellectual property and/or business activities infringe their own intellectual property or proprietary rights, and any litigation in this regard would be costly, regardless of the merits. If we are unsuccessful in defending any such third party claims, or to settle such claims, we could be required to pay damages and/or enter into license agreements, which might not be available under favorable terms. We may also be forced to rebrand or redesign our products to avoid the infringement , which could result in significant costs in certain markets. If we are found to infringe any third party's intellectual property, we could suffer a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

We depend on members of our senior management and on our ability to recruit and retain qualified professionals to implement our strategy.

We depend on members of our senior management and other qualified professionals to implement our business strategies. Efforts to recruit and retain professionals may result in significant additional expenses, which could adversely affect our results. In addition, the loss of key professionals may adversely affect our ability to implement our strategy, as well as the expenses associated to these losses can impact our results.

We rely on our positive image and reputation in the marketplace.

BRF has a strong image related to solid corporate governance and is associated with values such as trust, ethics and transparency. We have a framework of antifraud initiatives that supports all business segments and their commercial standards worldwide. However, we may not be able to mitigate all fraud risk entirely. In cases of bad publicity or acts that may negatively affect our image, we have a Crisis Committee that works with our stakeholders. Any negative reflection on our image or the strength of our brand from these or other activities could have a negative impact on our results of operations, as well as our ability to achieve our growth strategy.

Damages not covered by our insurance policies might result in losses for us, which could have an adverse effect on our business.

As is typical in our business, our plants, distribution centers, vehicles and our directors and officers, among others, are insured. However, certain kinds of losses cannot be insured against, and our insurance policies are subject to liability limits and exclusions. If an event that cannot be insured occurs, or the damages are higher than our policy limits, we may incur significant costs. In addition, we could be required to pay indemnification to parties affected by such an event.

In addition, even where we incur losses that are ultimately covered by insurance, we may incur additional expenses to mitigate the loss, such as shifting production to another facility. These costs may not be fully covered by our insurance. For example, in 2011, fires affected a part of the installations of our Nova Mutum, Mato Grosso unit and part of the installations of our Brasília unit. In 2014, fires affected part of the installations of our Toledo unit.

Although the facilities are covered by fire insurance and the units’ production was temporarily absorbed by other BRF plants, we cannot assure you that all of our direct and indirect costs will be covered by our insurance. Any similar event at other facilities in the future could adversely affect our revenues, expenses and our business.

Our failure to continually innovate and successfully launch new products, as well as maintain our brand image, could adversely impact our operating results.

Our financial success depends on our ability to anticipate changes in consumer preferences and dietary habits and successfully develop and launch new products and product extensions that consumers want. We devote resources to new product development and product extensions, however we may not be successful in developing innovative new products or our new products may not be commercially successful. To the extent that we are not able to effectively gauge the direction of our key markets and successfully identify, develop, manufacture and market new or improved products in these changing markets, our financial results and our competitive position may suffer.

We also seek to maintain and extend the image of our brands through marketing, including advertising, consumer promotions and trade spending. Due to inherent risks in the marketplace associated with advertising, promotions and new product introductions, including uncertainties about trade and consumer acceptance, our marketing investments may not prove successful in maintaining or increasing our market share. Continuing global focus on health and wellness, including weight management, and increasing media attention to the role of food marketing could adversely affect our brand image or lead to stricter regulations and greater scrutiny of food marketing practices.

Our success in maintaining, extending and expanding our brand image also depends on our ability to adapt to a rapidly changing media environment, including increasing reliance on social media and online dissemination of advertising campaigns. The growing use of social and digital media increases the speed and extent that information or misinformation and opinions can be shared.

Negative posts or comments about us, our brands or our products on social or digital media could seriously damage our reputation and brand image. If we do not maintain or extend our brand image, then our product sales, financial condition and results of operations could be materially and adversely affected.

Failures or security breaches of our information technology systems could disrupt our operations and negatively impact our business.

Information technology is an important part of our business operations and we increasingly rely on information technology systems to manage business data and increase efficiencies in our production and distribution facilities and inventory management processes. We also use information technology to process financial information and results of operations for internal reporting purposes and to comply with regulatory, legal and tax requirements. In addition, we depend on information technology for digital marketing and electronic communications between our facilities, personnel, customers and suppliers. Like other companies, our information technology systems may be vulnerable to a variety of interruptions, including during the process of upgrading or replacing software, databases or components thereof, natural disasters, terrorist attacks, telecommunications failures, computer viruses, cyber-attacks, hackers, unauthorized access attempts and other security issues. We have implemented technology security initiatives and disaster recovery plans to mitigate our exposure to these risks, but these measures may not be adequate. Any significant failure of our systems, including failures that prevent our systems from functioning as intended, could cause transaction errors, processing inefficiencies, loss of customers and sales, have negative consequences on our employees and our business partners and have a negative impact on our operations or business reputation.

In addition, if we are unable to prevent security breaches, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, consumers or suppliers. In addition, the disclosure of non-public sensitive information through external media channels could lead to the loss of intellectual property or damage our reputation and brand image.

Risks Relating to Our Indebtedness

We have substantial indebtedness, and our leverage could negatively affect our ability to refinance our indebtedness and grow our business.

At March 31, 2015, our total consolidated debt (comprised of short-term and long-term debt) was R$12,721.9 million (U.S.$3,965.7 million).

Our substantial indebtedness could have major consequences for us, including:

- requiring that a substantial portion of our cash flows from operations be used for the payment of principal and interest on our debt, reducing the funds available for our operations or other capital needs;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate because our available cash flow after paying principal and interest on our debt might not be sufficient to make the capital and other expenditures necessary to address these changes;
- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flows, we would be required to devote a proportionally greater amount of our cash flows to paying principal and interest on debt;
- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- increasing our expenditures due to depreciations in the Brazilian *real*, which can lead to an increased amount of capital needed to service indebtedness that are denominated in U.S. dollars;
- making it difficult for us to refinance our indebtedness or to refinance such indebtedness on terms favorable to us, including with respect to existing accounts receivable securitizations;
- placing us at a competitive disadvantage compared to competitors that are relatively less leveraged and that may be better positioned to withstand economic downturns; and
- exposing our current and future borrowings made at floating interest rates to increases in interest rates.

We have substantial debt that matures in each of the next several years.

As of March 31, 2015, we had R$2,186.5 million of debt that matures in 2015, R$493.9 million of debt that matures in 2016, R$1,068.6 million of debt that matures in 2017, R$1,512.8 million of debt that matures in 2018 and R$7,460.1 million of debt that matures in 2019 and thereafter.

A substantial portion of our outstanding debt is denominated in foreign currencies, primarily U.S. dollars. As of March 31, 2015, we had R$9,323.0 million of foreign currency debt, including R$393.2 million of short-term foreign currency debt. Our U.S. dollar-denominated debt must be serviced by funds generated from sales by our subsidiaries, the majority of which are not denominated in U.S. dollars. Consequently, when we do not generate sufficient U.S. dollar revenues to cover that debt service, we must use revenues generated in *reais* or other currencies to service our U.S. dollar-denominated debt. Depreciation in the value of the *real* or any of the other currencies of the countries in which we operate, compared to the U.S. dollar, could adversely affect our ability to service our debt. Foreign currency hedge agreements may not be effective in covering these currency-related risks.

Any future uncertainty in the stock and credit markets could also negatively impact our ability to access additional short-term and long-term financing, which could negatively impact our liquidity and financial condition. If, in future years:

- the pressures on credit return as a result of disruptions in the global stock and credit markets,
- our operating results worsen significantly,
- we are unable to complete any necessary divestitures of non-core assets and our cash flow or capital resources prove inadequate, or
- we are unable to refinance any of our debt that becomes due, we could face liquidity problems and may not be able to pay our outstanding debt when due, which could have a material adverse effect on our consolidated business and financial condition.

The terms of our indebtedness impose significant restrictions on us.

The instruments governing our consolidated indebtedness impose significant restrictions on us. These restrictions may limit, directly or indirectly, our ability, among other things, to undertake the following actions:

- borrow money;
- make investments;
- sell assets, including capital stock of subsidiaries;
- guarantee indebtedness;
- enter into agreements that restrict dividends or other distributions from certain subsidiaries;
- enter into transactions with affiliates;
- create or assume liens; and
- engage in mergers or consolidations.

Although the covenants to which we are subject have exceptions and qualifications, the breach of any of these covenants could result in a default under the terms of other existing debt obligations. Upon the occurrence of such an event of default, all amounts outstanding under the applicable debt instruments and the debt issued under other debt instruments containing cross-default or cross-acceleration provisions, together with accrued and unpaid interest, if any, might become or be declared immediately due and payable. If such indebtedness were to be accelerated, we may have insufficient funds to repay in full any such indebtedness. In addition, in connection with the entry into new financings or amendments to existing financing arrangements, our subsidiaries' financial and operational flexibility may be further reduced as a result of the imposition of covenants that are more restrictive, the requirements for additional security, and other terms.

Risks Relating to Brazil

Brazilian economic, political and other conditions, and Brazilian government policies or actions in response to these conditions, may negatively affect our business and results of operations.

The Brazilian economy has historically been characterized by interventions by the Brazilian government and unstable economic cycles. The Brazilian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Brazil's economy. For example, the government's actions to control inflation have at times involved setting wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports into Brazil. We have no control over, and cannot predict, what policies or actions the Brazilian government may take in the future.

Our business, results of operations, financial condition and prospects as well as the market prices of our notes may be adversely affected by, among others, the following factors:

- exchange rate movements;
- exchange control policies;
- expansion or contraction of the Brazilian economy, as measured by rates of growth in GDP;
- inflation;
- tax policies;
- other economic, political, diplomatic and social developments in or affecting Brazil, including with respect to alleged unethical or illegal conduct of certain figures in the Brazilian government and legislators, which are currently under investigation;
- interest rates;
- changes in climate and weather patterns;
- energy or water shortages or rationalization, particularly in light of water shortages in parts of Brazil beginning in late 2014;
- liquidity of domestic capital and lending markets;
- changes in environmental regulation; and
- social and political instability, particularly in light of recent protests against public policy (including strikes of truck drivers) and related vandalism in major Brazilian cities.

These factors, as well as uncertainty over whether the Brazilian government may implement changes in policy or regulations relating to these factors, may adversely affect us and our business and financial performance and the market price of our notes.

Dilma Rousseff, the re-elected President of Brazil, has considerable power to determine governmental policies and actions that relate to the Brazilian economy and, consequently, affect the operations and financial performance of businesses, such as our company. The administration may face domestic pressure to retreat from the current macroeconomic policies in an attempt to achieve higher rates of economic growth. We cannot predict what policies will be adopted by the Brazilian government and whether these policies will negatively affect the economy or our business or financial performance. In addition, the recent economic and political instability, caused by the rise of inflation, slow GDP growth, protests and strikes, as well as the Petrobras corruption scandal, has led to a fall in confidence and a government crisis. The general political uncertainty could worsen purchasing power, consumption and supply chain costs. Thus, our financial results may be affected by a slowdown in the domestic market.

The market expectations for 2015 is that Brazilian economy should slow down and the GDP should not grow or could even have a small decrease.

Climate change may negatively affect our business and results of operations.

A consensus has developed in the scientific community that global warming will continue to occur even if greenhouse gas emissions were to be slowed, thereby reinforcing the need to intensify actions to adapt to climate changes. We consider the potential effects of climate change when evaluating and managing our operations and supply chain, recognizing the vulnerability of natural resources and agricultural inputs that are essential for our activities.

The main risks we have identified relate to the alterations in temperature (average and extreme) and changes in rainfall (average and extreme, such as drought, flooding and storms), both of which could affect agricultural productivity, the quality and availability of pasture areas, animal wellbeing and the availability of energy. These changes could have a direct impact on our costs, raising the price of agricultural commodities as a result of long periods of drought or excessive rainfall, increasing operating costs to ensure animal wellbeing, increasing the risk of rationing and raising the price of electrical energy through water shortages and the need for other energy sources to supply the demand for electricity. We also consider potential regulatory changes and monitor trends in changes to licensing legislation for greenhouse gas emissions at the domestic and international levels.

Our operations are largely dependent on electricity and energy-related expenses are our second highest fixed cost. A significant portion of Brazil's installed electric generation capacity is currently dependent upon hydroelectric generation facilities. If the amount of water available to energy producers becomes increasingly scarce due to drought or diversion for other uses, as has occurred in recent years, our energy expenses may increase.

Among the initiatives we have taken to reduce our exposure to climate change and to maintain our competitiveness in terms of costs is the monitoring of stocks in grains purchases and the constant monitoring of the weather in agricultural regions to guide buying decisions, as well as anticipating price movements in the commodity markets. We also undertake efficiency projects to develop more efficient processes that consume less energy. Other initiatives include technological innovations in the animal-raising installations to improve the environment and acclimatization and safeguard the animal's wellbeing. We may fail to continue to implement programs to mitigate effects of climate change, which may affect our business and results of operations in the future.

Inflation, and government measures to curb inflation, may adversely affect the Brazilian economy, the Brazilian securities market, our business and operations, financial condition and the market prices of our notes.

Brazil experienced high inflation rates in the past. According to the General Market Price Index (*Índice Geral de Preços do Mercado*), or "IGP-M," a general price inflation index, the inflation rates in Brazil were 11.3% in 2010, 5.1% in 2011, 7.8% in 2012, 5.5% in 2013 and 3.7% in 2014. In addition, according to IPCA, published by the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or "IBGE," Brazilian consumer price inflation rates were 5.9% in 2010, 6.5% in 2011, 5.8% in 2012, 5.9% in 2013 and 6.4% in 2014. In 2010, 2011, 2012 and 2013, the actual inflation rate was higher than the Central Bank's target of 4.5% with a tolerance range of two percentage points above or below. See "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Principal Factors Affecting Our Results of Operations—Brazilian and Global Economic Conditions" and "—Effects of Exchange Rate Variations and Inflation" of our 2014 Form 20-F.

Brazil may continue experiencing high levels of inflation in 2015, above the Central Bank's target. Periods of higher inflation like in 2014 slow the growth rate of the Brazilian economy, which may lead to lower growth in consumption of food products. Inflation also is likely to continue to put pressure on industry costs of production and expenses, which will force companies to search for innovative solutions in order to remain competitive. We may not be able to pass this cost onto our customers and, as a result, it may reduce our profit margins and net profit. In addition, high inflation generally leads to higher domestic interest rates, and, as a result, the costs of servicing our debt may increase, resulting in lower net profit. In addition, inflation and its effect on domestic interest rates can lead to reduced liquidity in the domestic capital and lending markets, which could affect our ability to refinance our indebtedness in those markets and may have an adverse effect on our business, results of operations, financial condition and the market prices of our notes.

Exchange rate movements may adversely affect our financial condition and results of operations.

From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. In 2010, the *real* appreciated 4.3% against the U.S. dollar. In 2011, 2012, 2013 and 2014, the *real* depreciated 12.6%, 8.9%, 15.8% and 13.4%, respectively, against the U.S. dollar.

Appreciation of Brazilian *real* against the U.S. dollar may lead to a dampening of export-driven growth. Our production costs are denominated in *reais*, but our international sales are mostly denominated in U.S. dollars. Financial revenues generated by exports are reduced when translated to *reais* in the periods in which the *real* appreciates in relation to the U.S. dollar. Any appreciation could reduce the competitiveness of our exports and adversely affect our net sales and our cash flows from exports. On the other hand, a depreciation of Brazilian *real* against the U.S. dollar may lead to higher exports and revenues, but costs may be higher.

Costs are also directly impacted by the exchange rate. Any depreciation of the *real* against the U.S. dollar could create additional inflationary pressures in Brazil by increasing the price of imported products and requiring deflationary government policies. In addition, the prices of soy meal and soybeans, important ingredients of our animal feedstock, are closely linked to the U.S. dollar, and many of the mineral nutrients added to our feedstock must be purchased in U.S. dollars. The price of corn, another important ingredient of our feedstock, is also linked to the U.S. dollar to a lesser degree. In addition to feedstock ingredients, we purchase sausage casings, breeder eggs, packaging and other raw materials, as well as equipment for use in our production facilities, from suppliers located outside Brazil whom we must pay in U.S. dollars or other foreign currencies. When the *real* depreciates against the U.S. dollar, the cost in *reais* of our U.S. dollar-linked raw materials and equipment increases, and these increases could materially adversely affect our results of operations.

We had total foreign currency-denominated debt obligations in an aggregate amount of R$7,596.2 million at December 31, 2014, representing approximately 65.5% of our total consolidated indebtedness at that date. Although we manage a portion of our exchange rate risk through foreign currency derivative instruments and future cash flows from exports in U.S. dollars and other foreign currencies, our foreign currency debt obligations are not completely hedged. A significant devaluation of the *real* in relation to the U.S. dollar or other currencies would increase the amount of *reais* that we would need in order to meet debt service requirements of our foreign currency-denominated obligations.

Fluctuations in interest rates may have an adverse effect on our business, financial condition and the market prices of our notes.

The interest rate is one of the instruments used by the Central Bank to keep inflation under control or to stimulate the economy. In 2014, inflation reached 6.41% according to IBGE. If interest rates fall down, the population has greater access to credit and consume more. This increase in demand can push prices if the industry is not prepared to meet higher consumption. On the other hand, if interest rates go up, the monetary authority inhibits consumption and investment once they get more expensive. Another consequence is the greater return paid by the government securities, impacting directly in the investments which become less attractive. Investment in public debt absorbs money that would fund the productive sector.

At the end of former president Luiz Inácio da Silva's administration, interest rates were lowered to stimulate economic growth. From 2008 to 2010, interest rates decreased from 13.75% to 10.75% and inflation was kept under 5.0%. With the transition to President Dilma Rousseff's administration in January 2011, the Brazilian government has set a goal of cutting public expenditures and stabilizing the economy. The low interest rates from previous years resulted in high inflation rates of 5.8% in 2012, 5.9% in 2013, and 6.41% in 2014, leading to the Central Bank's decision to increase interest rates to stabilize the economy.

At December 31, 2014, approximately 14.2% of our total liabilities with respect to indebtedness and derivative instruments of R$11,846.7 million was either (1) denominated in (or swapped into) *reais* and bears interest based on Brazilian floating interest rates, such as the Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*), or "TJLP," the interest rate used in our financing agreements with Brazilian National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*), or "BNDES," and the

Interbank Deposit Certificate Rate (*Certificado de Depósito Interbancário*), or "CDI" rate, an interbank certificate of deposit rate that applies to our foreign currency swaps and some of our other *real*-denominated indebtedness, or (2) U.S. dollar-denominated and bears interest based on the London Interbank Offered Rate, or "LIBOR." Any increase in the CDI, TJLP or LIBOR rates may have an adverse impact on our financial expenses and our results of operations.

Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability.

The Brazilian government regularly implements changes to tax regimes that may increase our and our customers' tax burdens. These changes include modifications in the tax rates and, on occasion, enactment of temporary taxes, the proceeds of which are earmarked for designated governmental purposes. In the past, the Brazilian government has presented certain tax reform proposals, which have been mainly designed to simplify the Brazilian tax system, to avoid internal disputes within and between the Brazilian states and municipalities, and to redistribute tax revenues. The tax reform proposals provide for changes in the rules governing the federal Social Integration Program (*Programa de Integração Social*), or "PIS," and Social Security Contribution (*Contribuição para o Financiamento da Seguridade Social*), or "COFINS," taxes, the state Tax on the Circulation of Merchandise and Services (*Imposto Sobre a Circulação de Mercadorias e Serviços*), or "ICMS," and some other taxes, such as increases in payroll taxes. These proposals may not be approved and passed into law. The effects of these proposed tax reform measures and any other changes that result from enactment of additional tax reforms have not been, and cannot be, quantified. However, some of these measures, if enacted, may result in increases in our overall tax burden, which could negatively affect our overall financial performance.

Currently, financial revenues generated by legal entities subject to the non-cumulative regime, such as our company, are subject to PIS and COFINS at a 0% rate, except for financial revenues from interest on shareholders' equity. However, according to Brazilian Decree No. 8,426, passed into law on April 1, 2015, PIS and COFINS on financial revenues (other than interest on shareholders' equity) will be levied at rates of 0.65% and 4%, respectively, beginning on July 1, 2015. Under Decree No. 8,426, financial revenues arising from interest on shareholders' equity will remain unchanged at 1.65% for PIS and 7.6% for COFINS. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Results of Operations—Presentation of Net Sales Information."

Risks Relating to the Notes

Developments and the perception of risks in other countries, especially emerging markets, may adversely affect the market value of the notes.

The market price of the notes may be adversely affected by declines in the international financial markets and world economic conditions. Brazilian securities markets are influenced, to varying degrees, by economic and market conditions in other emerging market countries, especially those in Latin America. Although economic conditions are different in each country, investors' reaction to developments in one country may cause the capital markets in other countries to fluctuate. Developments or adverse economic conditions in other emerging market countries have at times resulted in significant outflows of funds from, and declines in the amount of foreign currency invested in, Brazil. For example, in 2001, after a prolonged recession, followed by political instability, Argentina announced that it would no longer continue to service its public debt. The economic crisis in Argentina negatively affected, for several years, investors' perceptions of Brazilian securities. Economic or political crises in Latin America or other emerging markets may significantly affect perceptions of the risk inherent in investing in the region, including Brazil.

The Brazilian economy, as well as the market for securities issued by Brazilian companies, is influenced, to a varying degree, by international economic and market conditions generally, especially in the United States. The prices of shares traded on the BM&FBOVESPA have been historically affected by the fluctuation of interest rates and stock exchange indexes in the United States. Developments in other countries and securities markets could adversely affect the market value of the notes and could also make it more difficult for us to access the capital markets and finance our operations in the future on acceptable terms or at all.

Payments on the notes will be junior to our secured debt obligations and effectively junior to debt obligations of our subsidiaries.

The notes will constitute our senior unsecured obligations. The notes will rank equal in right of payment with all of our existing and future senior unsecured indebtedness. However, the notes will be effectively subordinated to our secured debt to the extent of the assets and property securing such debt. Payment on the notes will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of our subsidiaries.

At March 31, 2015, we had total consolidated debt of R$12,721.9 million (U.S.$3,965.7 million), of which R$11,750.1 million (U.S.$3,662.7 million) was unsecured debt and R$971.8 million (U.S.$302.9 million) was secured debt. Any right of the holders of the notes to participate in our assets and the assets of our subsidiaries upon any liquidation or reorganization will be subject to the prior claims of our secured creditors and the creditors of our subsidiaries. The indenture relating to the notes includes a limitation on our ability and those of our subsidiaries subject to the covenants under the indenture to create or suffer to exist liens, although this limitation is subject to certain significant exceptions.

We conduct a portion of our business operations through our subsidiaries. The ability of these subsidiaries to make dividend payments to us will be affected by, among other factors, the obligations of these entities to their creditors, requirements of the Brazilian Corporations Law and other applicable law, and restrictions contained in agreements entered into by or relating to these entities. As of March 31, 2015, the investments in our subsidiaries amounted to R$5,118.6 million, representing 13.9% of our consolidated total assets and 34.3% of consolidated shareholders' equity. Our subsidiaries had total aggregate indebtedness of R$1,937.9 million as of March 31, 2015.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Payments under the notes are subject to our obtaining certain governmental authorizations.

The issuance of the notes is subject to registration with the Brazilian Central Bank, namely (1) registration of the main financial terms under the relevant Declaratory Registry of Financial Operations (*Registro Declaratório de Operações Financeiras*), or "ROF," on the Information System of the Central Bank, which will be obtained prior to any such issuance and (2) registration of the schedule of payments in connection with any such issuance, which shall occur after the entry of the related proceeds into Brazil. In addition, further authorization from the Central Bank will be required to enable us to remit payments abroad in foreign currency under the notes other than scheduled payments of principal, interest, costs and expenses contemplated by the relevant ROF, such as payments on optional redemptions. We cannot assure you that we would be able to obtain further Central Bank authorization on a timely basis or at all.

You may face foreign exchange risks by investing in the notes.

The notes will be denominated in, and interest will be paid in, euros. If you measure your investment returns by reference to a currency other than the euro, an investment in the notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investment because of economic, political and other factors over which we have no control. Depreciation of that currency against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the notes below the interest rate of the notes and could result in a loss to you when the return on the notes is translated into the currency by which you measure the return on your investment. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the notes.

Restrictions on the movement of currency out of Brazil may impair the ability of holders of the notes to receive interest and other payments on the notes.

The Brazilian government may impose temporary restrictions on the conversion of Brazilian currency into foreign currencies and on the remittance to foreign investors of proceeds of their investments in Brazil. Brazilian law permits the government to impose these restrictions whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance.

The Brazilian government imposed remittance restrictions for approximately six months in 1990. Similar restrictions, if imposed in the future, would impair or prevent the conversion of interest or principal payments on the notes from *reais* into U.S. dollars and the remittance of U.S. dollars abroad to holders of the notes. The Brazilian government may take similar measures in the future.

Judgments of Brazilian courts enforcing obligations under the notes would be payable only in reais.

If proceedings are brought in the courts of Brazil seeking to enforce the notes, we would not be required to discharge such obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes will be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered or (3) on the date on which collection or enforcement proceedings are commenced. We cannot assure you that this amount in *reais* will afford you full compensation of the amount invested in the notes.

We cannot assure you that a judgment of a U.S. court for liabilities under U.S. securities laws would be enforceable in Brazil, or that an original action can be brought in Brazil against BRF for liabilities under U.S. securities laws.

BRF is incorporated under the laws of Brazil and substantially all of its assets are located in Brazil. In addition, all or substantially all of BRF's directors and officers and certain advisors named herein reside in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon BRF or its directors, officers and advisors or to enforce against them in U.S. courts any judgments predicated upon the civil liability provisions of the federal securities laws of the United States. We cannot assure you that confirmation of any judgment will be obtained, that the process can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the notes. See "Service of Process and Enforcement of Judgments."

We cannot assure you that an active trading market for the notes will develop.

The notes constitute a new issue of securities. Although we have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market, we cannot provide you with any assurances regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Brazil and the market for similar securities. The initial purchasers have advised our company that they currently intend to make a market in the notes. However, the initial purchasers are not obligated to do so, and any market-making with respect to the notes may be discontinued at any time without notice.

The notes are subject to transfer restrictions.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A under the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions."

Brazilian bankruptcy laws may be less favorable to you than U.S. bankruptcy and insolvency laws.

If we are unable to pay our indebtedness, including the notes, then we may become subject to bankruptcy proceedings in Brazil. Brazilian bankruptcy laws are significantly different from, and may be less favorable to creditors than, those of the United States. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the notes would be expressed in the *real* equivalent of the U.S. dollar amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered or (3) on the date on which collection or enforcement proceedings are started against us. Consequently, in the event of our bankruptcy, all of our debt obligations that are denominated in foreign currency, including the notes, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. We cannot assure that this exchange rate and the outcome of any bankruptcy proceedings will afford you full compensation for the amount of the notes.

In addition, creditors of the issuer may hold negotiable or other instruments governed by local law that grant rights to attach the assets of the issuer at the inception of judicial proceedings in the relevant jurisdiction, which is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

USE OF PROCEEDS

We expect the net proceeds from the sale of the notes to be approximately €494.0 million after deducting estimated fees and expenses of the offering.

We intend to allocate the net proceeds from the sale of the notes to a sub-portfolio of our treasury liquidity portfolio (the "Green Projects Portfolio") to be invested in Eligible Projects (as defined below) that meet the Eligibility Criteria (as defined below). The Eligibility Criteria have been developed in conjunction with Sustainalytics US Inc. ("Sustainalytics"), an independent environmental, social and governance research and analysis firm. In this project Sustainalytics' role is limited to supporting the development of the Eligibility Criteria (as defined below) and providing a second opinion on the framework of the bond.

The balance of the Green Projects Portfolio, until such amount is used in full, will be reduced at the end of each annual period by the amounts invested in such annual period in Eligible Projects that meet the Eligibility Criteria. The application of funds in the Green Projects Portfolio will be monitored by us during each year and reviewed annually by us or by a third party that we nominate to monitor our compliance on an annual basis, or at other regular intervals to be determined by us or by such third party, and we intend to issue an annual statement reporting our compliance.

"Eligible Projects" means financing (through capital expenditures, equity investments or otherwise) the construction, development or maintenance of new or existing projects that meet the Eligibility Criteria.

"Eligibility Criteria" means projects in the following areas: energy efficiency, greenhouse gas emission reduction, renewable energy, water management, waste management, sustainable and efficient packaging, sustainable forest management and raw material use reduction.

Illustrative examples of projects in which we may invest using the Green Bond Portfolio include:

- *Energy efficiency*: replacement of existing equipment with energy efficient models, reduction in pressure condensation (refrigeration), chiller energy recovery, variable cooling, LED lighting and energy recycling.

- *Greenhouse gas emission reduction*: replacement of treatment system with an activated sludge system that captures/reduces methane emission.

- *Renewable energy*: projects such as biomass, biogas, small run-of-the-river hydroelectricity generation, wind and solar energy;

- *Water management*: use of new technologies aimed at reduction of water consumption.

- *Industrial waste reduction*: reuse of processing wastes as an alternative fuel for power generation, installation of equipment that reduces waste generation and construction of organic waste composting plants.

- *Sustainable forestry*: cultivation of eucalyptus plants used as fuel source for biomass projects using sustainable management principles.

- *Sustainable and efficient packaging*: acquisition of equipment that decreases the use of materials in packaging and making increased use of recyclable materials in the packaging of products.

- *Reduction of raw material use*: optimizing processes to reduce the consumption of animal feed and improving the consistency of the feed, which results in reduced consumption of grains and other raw material.

The Eligible Projects will be developed in our ordinary course of business and/or are aimed at replacing our existing equipment and facilities.

The above examples of Eligible Projects are for illustrative purposes only and no assurance can be provided that disbursements for projects with these specific characteristics will be made by us during the term of the notes.

Pending their use, net proceeds from the sale of the notes may be invested in cash equivalents and short-term marketable securities.

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the U.S. dollar-*real* exchange rate to float freely, and, since then, the U.S. dollar-*real* exchange rate has fluctuated considerably.

In the past, the Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to permit the *real* to float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar and/or the euro substantially. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See "Risk Factors—Risks Relating to Brazil—Exchange rate movements may adversely affect our financial condition and results of operations" and "Risk Factors—Risks Relating to the Notes—Restrictions on the movement of currency out of Brazil may impair the ability of holders of the notes to receive interest and other payments on the notes."

The following table shows the selling rate for U.S. dollars for the periods and dates indicated. The information in the "Average" column represents the average of the daily exchange rates during the periods presented. The numbers in the "Period End" column are the quotes for the exchange rate as of the last business day of the period in question.

	Reais per U.S. Dollar			
Year	**High**	**Low**	**Average**	**Period End**
2010	1.8811	1.6554	1.7593	1.6662
2011	1.9016	1.5345	1.6746	1.8758
2012	2.1121	1.7024	1.9550	2.0435
2013	2.4457	1.9528	2.1605	2.3426
2014	2.7403	2.1974	2.3547	2.6562

Month	**High**	**Low**
November 2014	2.6136	2.4839
December 2014	2.7403	2.5607
January 2015	2.7107	2.5754
February 2015	2.8811	2.6894
March 2015	3.2683	2.8655
April 2015	3.1556	2.8943
May 2015 (through May 29)	3.1788	2.9894

Source: Central Bank.

The exchange rate on May 29, 2015 was R$3.1788 to U.S.$1.00.

The following table shows the selling rate for euros for the periods and dates indicated. The information in the "Average" column represents the average of the daily exchange rates during the periods presented. The numbers in the "Period End" column are the quotes for the exchange rate as of the last business day of the period in question.

Year	*Reais per Euro* High	Low	Average	Period End
2010	2.6139	2.1699	2.3315	2.2280
2011	2.5565	2.1801	2.3278	2.4342
2012	2.7633	2.2465	2.5095	2.6954
2013	3.2682	2.5347	2.8716	3.2265
2014	3.4320	2.8900	3.1206	3.2270

Month	High	Low
November 2014	3.2485	3.1039
December 2014	3.4320	3.1538
January 2015	3.2379	2.9080
February 2015	3.2715	3.0527
March 2015	3.5268	3.2082
April 2015	3.4251	3.1777
May 2015 (through May 29)	3.4941	3.3624

Source: Central Bank.

The exchange rate on May 29, 2015 was R$3.4941 to €1.00.

CAPITALIZATION

The following table sets forth our consolidated debt and capitalization at March 31, 2015 derived or calculated from our unaudited interim consolidated financial statements included in this offering memorandum:

- on an actual basis; and
- as adjusted for the sale of the notes.

You should read this table in conjunction with "Presentation of Financial and Other Information," "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as with our audited consolidated financial statements incorporated by reference and our unaudited interim consolidated financial statements included in this offering memorandum.

	At March 31, 2015			
	Actual		As Adjusted(1)	
	(in millions of U.S.$)(2)	(in millions of *reais*)	(in millions of U.S.$)(2)	(in millions of *reais*)
		(*unaudited*)		
Short-term debt (including current portion of long-term debt):				
***Real*-denominated debt:**				
Total real-denominated debt	633.9	2,033.5	633.9	2,033.5
Foreign currency-denominated debt:				
Total foreign currency-denominated debt	122.6	393.2	122.6	393.2
Total short-term debt	756.5	2,426.7	756.5	2,426.7
Long-term debt				
Real-denominated debt:				
Total real-denominated debt	425.6	1,365.4	425.6	1,365.4
Foreign currency-denominated debt:				
Total foreign currency-denominated debt	2,783.6	8,929.8	3,321.7	10,655.9
Total long-term debt	3,209.2	10,295.2	3,747.3	12,021.3
Total debt	**3,965.7**	**12,721.9**	**4,503.7**	**14,448.0**
Shareholders' equity	4,652.3	14,924.6	4,652.3	14,924.6
Total capitalization (short-term and long-term debt plus shareholders' equity)	**8,618.0**	**27,646.5**	**9,156.0**	**29,372.6**

(1) The "As Adjusted" columns reflect the effect of the estimated net proceeds of €494.0 million, converted into Brazilian *reais* using the selling rat as reported by the Central Bank for *reais* into euros at May 29, 2015 of R$3.4941 to €1.00, from the sale of the notes but not (i) the use of proceeds therefrom or (ii) the results of the tender offer that expired on May 28, 2015. See "Use of Proceeds" and "Summary—Recent Developments—Tender Offers."

(2) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 to U.S.$1.00.

SELECTED FINANCIAL INFORMATION

The following selected financial information as of December 31, 2014 and 2013 and for the three years ended December 31, 2014, 2013 and 2012 should be read in conjunction with our audited consolidated financial statements included in our 2014 Form 20-F, which is incorporated by reference in this offering memorandum. The summary financial information as of March 31, 2015 and for each of the three-month periods ended March 31, 2015 and 2014 should be read in conjunction with our unaudited interim consolidated financial statements included in this offering memorandum. Our audited consolidated financial statements incorporated by reference in this offering memorandum have been prepared in accordance with IFRS, as issued by IASB. Our unaudited interim consolidated financial statements included in this offering memorandum have been prepared in conformity with IFRS for interim financial reporting in accordance with IAS 34—Interim Financial Reporting. The results for the three-month period ended March 31, 2015 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2015 or any other period.

The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Presentation of Financial and Other Information."

	Three Months Ended March 31,			Year Ended December 31,			
	2015(1)	2015	2014	2014(1)	2014	2013	2012
	(in millions of U.S.$)	(in millions of *reais*) *(unaudited)*	(in millions of *reais*)	(in millions of U.S.$)	(in millions of *reais*)	(in millions of *reais*)	(in millions of *reais*)
Summary Statement of Income Information:							
Net sales	2,197.1	7,048.3	6,706.6	9,042.0	29,006.8	27,787.5	25,974.6
Cost of sales	(1,522.7)	(4,884.7)	(4,930.8)	(6,389.5)	(20,497.4)	(20,877.6)	(20,072.1)
Gross profit	**674.4**	**2,163.6**	**1,775.8**	**2,652.6**	**8,509.4**	**6,909.9**	**5,902.5**
Operating income (expenses):							
Selling expenses	(337.8)	(1,083.6)	(1,000.0)	(1,314.4)	(4,216.5)	(4,141.0)	(3,808.4)
General and administrative expenses	(33.5)	(107.5)	(94.2)	(125.3)	(402.1)	(427.3)	(364.7)
Other operating expenses, net	(85.1)	(273.0)	(120.7)	(136.6)	(438.1)	(458.1)	(391.8)
Income from associates and joint ventures	(18.3)	(58.6)	11.4	8.0	25.6	12.9	22.3
Operating income	**199.8**	**640.9**	**572.3**	**1,084.3**	**3,478.3**	**1,896.4**	**1,359.9**
Financial expenses	(618.5)	(1,984.2)	(447.6)	(801.6)	(2,571.5)	(1,564.8)	(1,135.8)
Financial income	585.0	1,876.7	251.1	492.8	1,580.8	817.3	565.2
Income before taxes	166.3	**533.4**	**375.8**	**775.4**	**2,487.6**	**1,148.9**	**789.3**
Current	(3.2)	(10.4)	(5.9)	(36.6)	(117.4)	(13.1)	(28.3)
Deferred	(19.1)	(61.3)	(42.7)	(73.3)	(235.2)	(116.0)	43.6
Profit from continued operations	**143.9**	**461.7**	**327.2**	**665.5**	**2,135.0**	**1,019.7**	**804.6**
Profit from discontinued operations	**0.9**	**3.0**	**(7.8)**	**28.0**	**89.8**	**47.2**	**(27.2)**
Net profit	**144.9**	**464.7**	**319.4**	**693.5**	**2,224.8**	**1,066.8**	**777.4**
Attributable to:							
Controlling shareholders	144.8	464.6	315.4	693.6	2,225.0	1,062.4	770.0
Non-controlling interest	—	0.1	4.0	(0.1)	(0.2)	4.4	7.4

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

	At March 31,		At December 31,		
	2015(1)	2015	2014(1)	2014	2013
	(in millions of U.S.$)	(in millions of *reais*)	(in millions of *U.S.$*)	(in millions of *reais*)	(in millions of *reais*)
	(unaudited)				
Summary Balance Sheet Information:					
Cash and cash equivalents	1,831.0	5,873.8	1,872.5	6,006.9	3,127.7
Marketable securities	191.3	613.6	183.1	587.5	459.6
Trade accounts receivable, net	798.7	2,562.2	949.8	3,046.9	3,338.4
Inventories	1,040.3	3,337.4	916.9	2,941.4	3,111.6
Biological assets	374.4	1,201.2	352.4	1,130.6	1,205.9
Other current assets	693.1	2,223.6	566.4	1,817.0	1,850.4
Assets from discontinued operations and held for sale	611.8	1,962.8	610.3	1,958.0	148.9
Total current assets	**5,540.7**	**17,774.6**	**5,451.5**	**17,488.3**	**13,242.5**
Marketable securities and restricted cash	57.5	184.4	55.3	177.3	155.2
Trade accounts receivable, net	2.8	8.9	2.4	7.7	7.8
Biological assets	217.4	697.5	213.0	683.2	569.0

	At March 31,		At December 31,		
	2015(1)	2015	2014(1)	2014	2013
Other non-current assets	964.2	3,093.1	910.5	2,920.9	2,712.6
Investments in associates and joint ventures	121.9	391.2	136.7	438.4	108.0
Property, plant and equipment, net	3,145.4	10,090.3	3,135.7	10,059.3	10,821.6
Intangible assets	1,395.5	4,476.9	1,349.3	4,328.6	4,757.9
Total non-current assets	**5,904.7**	**18,942.3**	**5,802.8**	**18,615.4**	**19,132.1**
Total assets	**11,445.4**	**36,716.9**	**11,254.3**	**36,103.7**	**32,374.6**
Short-term debt	756.5	2,426.7	853.8	2,738.9	2,696.6
Trade accounts payable	1,365.6	4,381.0	1,239.8	3,977.3	3,674.7
Other current liabilities	666.8	2,139.0	730.9	2,344.6	2,064.7
Liabilities of discontinued operations	162.1	520.1	158.4	508.3	—
Total current liabilities	**2,951.0**	**9,466.8**	**2,982.9**	**9,569.1**	**8,436.0**
Long-term debt	3,209.2	10,295.2	2,758.9	8,850.4	7,484.6
Other non-current liabilities	632.9	2,030.3	621.7	1,994.3	1,757.8
Total non-current liabilities	**3,842.1**	**12,325.5**	**3,380.5**	**10,844.7**	**9,242.4**
Total current and non-current liabilities	**6,793.1**	**21,792.3**	**6,363.4**	**20,413.8**	**17,678.4**
Capital	3,884.2	12,460.5	3,884.2	12,460.5	12,460.5
Capital reserves	32.5	104.1	34.1	109.4	113.8
Income reserves	1,238.8	3,974.1	1,230.0	3,945.8	2,511.9
Retained earnings	136.0	436.3	—	—	—
Treasury shares	(406.5)	(1,304.0)	(95.0)	(304.9)	(77.4)
Other comprehensive loss	(269.2)	(863.6)	(193.4)	(620.4)	(353.7)
Attributable to interest of controlling shareholders	4,615.8	14,807.4	4,859.9	15,590.4	14,655.1
Attributable to non-controlling interest	36.5	117.2	31.0	99.5	41.1
Total shareholders' equity	**4,652.3**	**14,924.6**	**4,890.9**	**15,689.9**	**14,696.2**
Total liabilities and shareholders' equity	**11,445.4**	**36,716.9**	**11,254.3**	**36,103.7**	**32,374.6**

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

	At and for the Three Months Ended March 31,			At and for the Year Ended December 31,			
	2015(1)	2015	2014	2014(1)	2014	2013	2012
	(in millions of U.S.$)	(in millions of *reais*) (*unaudited*)	(in millions of *reais*)	(in millions of U.S.$)	(in millions of *reais*)	(in millions of *reais*)	(in millions of *reais*)
Other Financial information (unaudited):							
Net debt (at period end)(2)	1,941.9	6,229.5	5,989.6	1,568.6	5,032.0	6,784.3	7,018.3
EBITDA(3)	296.5	951.2	859.6	1,467.8	4,708.7	3,013.7	2,302.4
Net debt/ LTM EBITDA(2)(3)(4)	—	1.3x	1.9x	—	1.1x	2.3x	3.1x
EBITDA margin(5)	—	13.5%	12.8%	—	16.2%	10.8%	8.9%

(1) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015, 2015 of R$3.2080 = U.S.$1.00.

(2) We define net debt as short term debt minus other financial assets and liabilities, net plus long-term debt minus cash and cash equivalents (including restricted cash) and current and non-current marketable securities. Net debt is a supplemental measure of our financial condition and used in making certain management decisions. It is not a prescribed measure under IFRS. However, our presentation of net debt is not meant to suggest that all of our cash, cash equivalents and marketable securities are available to service our debt, particularly as a portion of our cash, cash equivalents and marketable securities are necessary to provide working capital in connection with our business and certain of our cash constitutes restricted cash, as described in the notes to the table below.

The following table sets forth our net debt at the dates indicated:

	At March 31,			At December 31,			
	2015(a)	2015	2014	2014(a)	2014	2013	2012
	(in millions of U.S.$)	(in millions of *reais*) (*unaudited*)		(in millions of U.S.$)	(in millions of *reais*)		
Short-term debt	756.5	2,426.7	2,690.8	853.8	2,738.9	2,696.6	2,440.8
(-) Other financial assets and liabilities, net	(55.9)	(179.4)	(79.6)	(66.8)	(214.3)	(345.6)	(220.1)
(+) Long-term debt	3,209.2	10,295.2	7,236.9	2,758.9	8,850.4	7,484.6	7,077.5
(-) Cash, cash equivalents and current and non-current marketable securities(b)	2,079.7	6,671.8	4,017.7	2,110.9	6,771.7	3,742.5	2,720.1
Net debt (unaudited)	1,941.9	6,229.5	5,989.6	1,568.6	5,032.0	6,784.3	7,018.3

(a) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015, 2015 of R$3.2080 = U.S.$1.00.

(b) This line item includes restricted cash of (i) R$120.5 million as of March 31, 2015; (ii) R$103.6 million as of March 31, 2014, (iii) R$115.2 million as of December 31, 2014; (iv) R$99.2 million as of December 31, 2013, and (v) R$93.0 million as of December 31, 2012.

(3) We calculate EBITDA as profit from continued operations *plus* current and deferred income and social contribution taxes *plus* financial expenses, net *plus* depreciation and amortization. We use EBITDA as a supplemental measure of our financial performance as well as of our ability to generate cash from operations. We also use EBITDA in making certain management decisions. EBITDA is not a prescribed measure under IFRS and should not be considered as a substitute for net profit or loss, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. The use of EBITDA has material limitations, including, among others, the following:

- EBITDA adds back financial expenses, including interest expense. However, because we borrow money to finance some of our operations and capital expenditures, interest is a necessary and ongoing part of our costs.
- EBITDA adds back current and deferred income taxes expense, but the payment of these taxes is a necessary and ongoing cost of our operations.
- EBITDA adds back depreciation and amortization, but because we use property, plant and equipment to generate revenues in our operations, depreciation is a necessary and ongoing component of our costs.
- EBITDA as calculated by us may not be comparable to similarly titled measures of other companies.

The following table reconciles EBITDA to our consolidated profit from continued operations:

	As of and for the three months ended March 31,			**As of and for the year ended December 31,**			
	2015(a)	**2015**	**2014**	**2014(a)**	**2014**	**2013**	**2012**
	(in millions of U.S.$)	**(in millions of *reais*)** *(unaudited)*		**(in millions of U.S.$)**	**(in millions of *reais*)**		
Profit from continued operations	143.9	461.7	327.2	665.5	2,135.0	1,019.7	804.6
(+) Income and social contribution taxes(b)	22.4	71.7	48.6	109.9	352.6	129.1	(15.3)
(+) Financial expenses, net	33.5	107.5	196.5	308.8	990.7	747.5	570.6
(+) Depreciation and amortization	96.7	310.3	287.3	383.5	1,230.4	1,117.4	942.5
EBITDA (unaudited)	296.5	951.2	859.6	1,467.8	4,708.7	3,013.7	2,302.4

(a) Translated for convenience only using the selling rate as reported by the Central Bank for *reais* into U.S. dollars at March 31, 2015 of R$3.2080 = U.S.$1.00.

(b) Includes current and deferred income and social contribution tax expense.

(4) Net debt/LTM EBITDA calculations for March 31, 2015 and 2014 are calculated using EBITDA figures for the twelve months ended March 31, 2015 and 2014, respectively.

(5) Represents EBITDA divided by net sales.

	At and for the Three Months Ended March 31,		**At and for the Year Ended December 31,**		
	2015	**2014**	**2014**	**2013**	**2012**
Operating Information:					
Poultry slaughtered (million heads per period)	406.6	409.2	1,663.6	1,795.9	1,792.4
Pork/beef slaughtered (thousand heads per period)	2,246.8	2,354.5	9,620.6	9,744.1	10,874.1
Total sales of meat and other processed food products (thousand tons per period)	1,054.5	1,041.3	4,307.1	4,595.4	4,809.0
Employees (at period end)(1)	105,476	108,179	108,829	110,138	113,992

(1) The number of employees includes permanent and temporary employees.

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MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements, our unaudited interim consolidated financial statements and the information presented under “Presentation of Financial and Other Information,” “Summary—Summary Financial and Other Information” and “Selected Financial Information.” This discussion and analysis should also be read in conjunction with “Item 5: Operating and Financial Review and Prospects” in our 2014 Form 20-F incorporated by reference in this offering memorandum.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in “Risk Factors” and “Forward-Looking Statements.”

Results of Operations

Business Segments and Product Lines

In September 2014, we entered into a binding memorandum of understanding with Parmalat S.p.A. for the sale of our daity division. In December 2014, we entered into an agreement with Lactalis do Brasil for the sale of plants and trademarks related to our dairy division. See “Summary—Recent Developments—Agreements with Lactalis.” In 2014, we reported our dairy segment as a discontinued operation. In the three months ended March 31, 2015, net profit from discontinued operations totaled R$3.0 million, compared to a loss of R$7.8 million in the same period in 2014. In the past, we reported our results according to four segments—Brazil, Foreign (International), Food Services and Dairy. In the three months ended March 31, 2015, we began to report our results according to the following regions, divided according to sales channels:

- ***Brazilian market***, which includes our sales within Brazil;
- ***Middle East and Africa**, or “MEA,”* which includes our export sales to the Middle East and Africa regions;
- ***Asia***, which includes our export sales to the Asia region;
- ***Europe/Eurasia***, which includes our export sales to the Europe and Eurasia regions; and
- ***Latin America***, or “LATAM,” which includes our export sales to the Latin America region.

Within these segments, we report net sales in important product categories, to the extent relevant to a given segment:

- ***Meat Products***, consisting of *in natura* meat, which we define as frozen whole and cut chicken, frozen pork and frozen beef cuts;
- ***Processed Food Products*** includes the following:
    - o marinated, frozen, whole and cut chicken, roosters (sold under the *Chester*® brand) and turkey;
    - o specialty meats, such as sausages, ham products, bologna, frankfurters, salami, bacon and other smoked products; and
    - o frozen processed meats, such as hamburgers, steaks, breaded meat products, *kibes* and meatballs;

- ***Other Processed Products*** includes the following:
  - frozen prepared entrees, such as lasagna and pizzas, as well as other frozen foods; and
  - margarine, mayonnaise, mustard and ketchup;
- ***Other***, consisting of soy meal, refined soy flour and animal feed.

In the three months ended March 31, 2015, we generated 39.1% of our net sales from *in natura* poultry, 6.5% from *in natura* pork and *in natura* beef, 51.9% from processed and other processed meat products and 2.5% from other sales. No single customer or economic group represented more than 5% of our total net sales in the three-month period ended March 31, 2015.

In the Brazilian market, which accounted for 53.8% of our net sales in the three months ended March 31, 2015, we operate under such brand names as *Sadia*, *Perdigão*, *Chester*, *Batavo*, *Elegê*, *Miss Daisy*, *Qualy* and *Becel* (through a strategic joint venture with Unilever), which are among the most recognized names in Brazil. In our export markets, which accounted for the remaining 46.2% of our total net sales in the three months ended March 31, 2015, the leading brands were *Perdix, Sadia, Hilal, Halal, Paty, Corcovado, Batavo, Fazenda, Borella* and *Confidence*.

We export to more than 120 countries, primarily to distributors, the institutional market (which includes restaurants and food service chains) and food processing companies. In the three months ended March 31, 2015, our exports accounted for 46.2% of our net sales, of which exports (1) 46.0% were to the Middle East and Africa, (2) 22.8% were to Asia, (3) 19.1% were to Europe/Eurasia and (4) the remaining 12.1% were to Latin America.

Results of Operations as a Percentage of Net Sales for the Three Months Ended March 31, 2015 Compared to the Three Months Ended March 31, 2014

The following table sets forth the components of our results of operations as a percentage of net sales for the three months ended March 31, 2015 and 2014.

	Three Months Ended March 31,	
	2015	**2014**
	(%)	(%)
Net sales	100.0	100.0
Cost of sales	(69.3)	(73.5)
Gross profit	**30.7**	**26.5**
Operating expenses:		
Selling expenses	(15.4)	(14.9)
General and administrative expenses	(1.5)	(1.4)
Other operating expenses	(3.9)	(1.8)
Income from associates and joint ventures	(0.8)	0.2
Operating income	**9.1**	**8.5**
Financial expenses	(28.2)	(6.7)
Financial income	26.6	3.7
Income before taxes	**7.6**	**5.6**
Current taxes	(0.1)	(0.1)
Deferred taxes	(0.9)	(0.6)
Profit from continued operations	**6.6**	**4.9**
Loss from discontinued operations	**—**	**(0.1)**
Net profit	**6.6**	**4.8**
Attributable to:		
Controlling shareholders	6.6	4.7
Non-controlling interest	0.0	0.1

Presentation of Net Sales Information

We report net sales after deducting taxes on gross sales and discounts and returns. Our total sales deductions can be broken down as follows:

- *ICMS Taxes* — ICMS is a state value-added tax on our gross sales in the Brazilian market at a rate that varies by state and product sold. Our average ICMS tax rate for the three months ended March 31, 2015 was 10.81%;

- *PIS and COFINS Taxes* — The PIS and the COFINS taxes are federal social contribution taxes levied on our gross revenues from the Brazilian market at the rates of 1.65% for PIS and 7.60% for COFINS for the three months ended March 31, 2015. However, (1) exports are not subject to these taxes, (2) we currently benefit from a suspension of these taxes with respect to our in natura pork, poultry and beef cuts and (3) our financial revenues have benefitted from a PIS and COFINS tax rate of zero since 2004. However, financial revenues are expected to be taxed at new rates as of July 1, 2015. For more information, see "Risk Factors—Changes in tax laws may increase our tax burden and, as a result, negatively affect our profitability." Although in recent years we have accumulated tax credits with respect to both PIS and COFINS, the change expected to take effect on July 1, 2015 may result in a change in our net balance of PIS and COFINS taxes; and

- *Discounts, Returns and Other Deductions* — Discounts, returns and other deductions are unconditional discounts granted to customers, product returns and other deductions from gross sales.

Most of our deductions from gross sales are attributable to the ICMS, PIS and COFINS taxes. As a result, our deductions from gross sales in the Brazilian market, which are subject to these taxes, are significantly greater than our deductions from gross sales in our export markets.

The table below sets forth our gross sales and deductions for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		
	2015	**2014**	**Change**
	(in millions of *reais*) *(unaudited)*		(%)
Gross sales:			
Brazilian market sales	4,632.3	4,289.0	8.0
Middle East and Africa market sales	1,599.6	1,317.2	21.4
Asia market sales	756.8	707.0	7.0
Europe/Eurasia market sales	665.2	760.9	(12.6)
Latin America market sales	440.7	460.1	(4.2)
	8,094.6	7,534.2	7.4
Sales deductions			
Brazilian market sales	(843.7)	(712.8)	18.4
Middle East and Africa market sales	(100.3)	(14.9)	573.2
Asia market sales	(12.0)	(7.4)	62.2
Europe/Eurasia market sales	(43.1)	(51.1)	(15.7)
Latin America market sales	(47.2)	(41.4)	14.0
	(1,046.3)	(827.6)	26.4
Net sales			
Brazilian market sales	3,788.6	3,576.2	5.9
Middle East and Africa market sales	1,499.4	1,302.4	15.1
Asia market sales	744.7	699.5	6.5
Europe/Eurasia market sales	622.1	709.8	(12.4)

	Three Months Ended March 31,		
	2015	2014	Change
	(in millions of *reais*) *(unaudited)*		(%)
Latin America market sales	393.5	418.7	(6.0)
TOTAL	7,048.3	6,706.6	5.1

In the past, we reported net sales by segment. In the first quarter of 2015, we began to report net sales by region: Brazil, the Middle East and Africa, "MEA," Asia, Europe/Eurasia and Latin America (excluding Brazil). Within these regions, we report a breakdown of net sales by the following product categories: (1) poultry (*in natura* whole poultry and cuts), (2) pork and beef cuts (*in natura* cuts), (3) processed food products (processed foods, frozen and processed derivatives of poultry, pork and beef), (4) other processed food products (processed foods such as margarine and vegetable and soybean-based products) and (5) others (including animal feed, soy meal and refined soy flour).

Three Months Ended March 31, 2015 Compared with Three Months Ended March 31, 2014

The following provides a comparison of our results of operations for the three months ended March 31, 2015 against our results of operations for the three months ended March 31, 2014, based on our unaudited interim consolidated financial statements prepared in accordance with IAS 34—Interim Financial Reporting, included elsewhere in this offering memorandum.

As described in more detail below, our consolidated results of operations for the three months ended March 31, 2015 increased in comparison with the three months ended March 31, 2014.

Net Sales

Our net sales increased 5.1%, to R$7.0 billion, in the three months ended March 31, 2015, from R$6.7 billion in the corresponding period in 2014, primarily as a result of higher average prices of 13.3% and strong results in Brazil, MEA and Asia, where an increase in average prices offset reductions in volumes.

In the three months ended March 31, 2015, sales to our export markets benefited from an average 21.1% devaluation year-on-year of the *real* against the U.S. dollar, increasing average prices in *reais* by approximately 13.3%. This devaluation was instrumental in offsetting the decline in volume of 7.2% (in line with our strategy of decreasing volumes to regions with low margins in our international markets).

Brazilian Market

Net sales in the Brazilian market increased 5.9%, to R$3.8 billion, in the three months ended March 31, 2015, from R$3.6 billion in the corresponding period in 2014, primarily as a result of a 9.8% rise in prices that offset a 3.5% decrease in volumes.

Sales volumes in the Brazilian market decreased 3.5% to 577.6 thousand tons in the three months ended March 31, 2015, from 598.6 thousand tons in the corresponding period in 2014, primarily as a result of decreases in volumes from animal feed, hatcheries and sub-products. Average selling prices increased 9.8% to R$6.56 per kilogram in the three months ended March 31, 2014 from R$5.97 per kilogram in the corresponding period in 2014, primarily as a result of increases in prices of animal feed, hatcheries and sub-products.

The following table provides a breakdown of changes in net sales and sales volumes in the Brazilian market.

	Net Sales			Sales Volumes		
	Three Months Ended March 31,			Three Months Ended March 31,		
	2015	2014	Change	2015	2014	Change
	(in millions of *reais*) *(unaudited)*		(%)	(in thousands of tons)		(%)
Brazilian Market						
Meat:						
In natura:						
Poultry	566.3	447.6	26.5	107.8	80.7	33.6
Pork/Beef	194.2	270.4	(28.2)	23.7	33.5	(29.0)
Total meats (in natura)	760.5	718.0	5.9	131.6	114.3	15.2
Processed(1)	2,863.1	2,619.6	9.3	403.9	384.0	5.2
Other(2)	165.1	238.6	(30.8)	42.1	100.3	(58.1)
Total	3,788.6	3,576.2	5.9	577.6	598.6	(3.5)

(1) "Processed" products, as of the first quarter of 2015, now include certain dairy products, such as cream cheese, that we have retained from our dairy segment, which was sold in 2014.
(2) "Other" includes animal feed, hatcheries and sub-products.

The following table sets forth our average selling prices in the Brazilian market.

	Average Selling Prices		
	Three Months Ended March 31,		
	2015	2014	Change
	(in *reais* per kg)		(%)
Brazilian Market	6.56	5.97	9.8

Europe/Eurasia

Net sales from Europe/Eurasia operations decreased 12.4%, to R$622.1 million in the three months ended March 31, 2015, compared to R$709.8 million in the corresponding period in 2014, primarily as a result of a 15.7% reduction in sales volumes from Russia as a result of their internal economic conditions and our strategy of reducing our exposure to this market. Average prices increased 4.0% in real terms compared to the corresponding period in 2014.

	Net Sales			Sales Volumes		
	Three Months Ended March 31,			Three Months Ended March 31,		
	2015	2014	Change	2015	2014	Change
	(in millions of *reais*, otherwise specified) *(unaudited)*		(%)	(in thousands of tons, unless otherwise specified)		(%)
Europe/Eurasia						
Meat:						
In natura meat:						
Poultry	117.0	104.2	12.3	20.1	18.6	8.1
Pork/Beef	102.4	188.3	(45.6)	9.8	19.9	(50.6)
Total in *natura* meat	219.4	292.6	(25.0)	29.9	38.5	(22.3)
Processed	402.7	417.2	(3.5)	42.4	47.3	(10.4)
Total	622.1	709.8	(12.4)	72.3	85.8	(15.7)

The following table sets forth our average selling prices in our Europe/Eurasia market.

	Average Selling Prices		
	Three Months Ended March 31,		
	2015	2014	Change
	(in *reais* per kg)		(%)
Europe/Eurasia	8.60	8.27	4.0

Middle East and Africa

Net sales in the Middle East and Africa region increased 15.1%, to R$1.5 billion in the three months ended March 31, 2015, compared to R$1.3 billion in the corresponding period in 2014, primarily as a result of an increase in revenues from countries as Saudi Arabia and the United Arab Emirates as a result of our strategy of acquiring distributors in the Middle East, which offset reductions of 6.4% in volumes mostly from Africa, particularly Angola, which is a country whose economy relies significantly on the oil industry and was impacted by the sharp fall in oil prices during the period. Average prices increased 23.0% in real terms compared to the corresponding period in 2014, primarily as a result of the devaluation of the *real* against the U.S. dollar.

	Net Sales			Sales Volumes		
	Three Months Ended March 31,			Three Months Ended March 31,		
	2015	2014	Change	2015	2014	Change
	(in millions of *reais*, otherwise specified) *(unaudited)*		(%)	(in thousands of tons, unless otherwise specified)		(%)
Middle East and Africa						
Meat:						
In natura meat:						
Poultry	1,339.7	1,152.5	16.2	225.0	241.5	(6.8)
Pork/Beef	26.0	72.2	(64.0)	3.8	10.6	(62.9)
Total in *natura* meat	1,365.7	1,224.7	11.5	229.1	252.6	(9.3)
Processed	133.7	77.7	72.1	23.6	17.5	35.1
Total	1,499.4	1,302.4	15.1	252.8	270.1	(6.4)

The following table sets forth our average selling prices in our Middle East and Africa market.

	Average Selling Prices		
	Three Months Ended March 31,		
	2015	2014	Change
	(in *reais* per kg)		(%)
Middle East/Africa	5.93	4.82	23.0

Asia

Net sales in the Asia region increased 6.5%, to R$744.7 million in the three months ended March 31, 2015, compared to R$699.5 million in the corresponding period in 2014, primarily as a result of an increase in average prices that more than offset a 9.1% decrease in volumes in the region compared to the same period in 2014. Average prices increased 17.1% in real terms compared to the corresponding period in 2014, primarily as a result of the devaluation of the *real* against the U.S. dollar.

	Net Sales			**Sales Volumes**		
	Three Months Ended March 31,			**Three Months Ended March 31,**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
	(in millions of *reais*, otherwise specified) *(unaudited)*		**(%)**	**(in thousands of tons, unless otherwise specified)**		**(%)**
Asia						
Meat:						
In natura meat:						
Poultry	651.7	590.0	10.4	100.1	106.9	(6.3)
Pork/Beef	76.4	94.4	(19.1)	9.1	13.2	(31.3)
Total in *natura* meat	728.1	684.4	6.4	109.2	120.1	(9.1)
Processed	16.7	15.1	10.6	2.0	2.2	(10.6)
Total	744.7	699.5	6.5	111.2	122.4	(9.1)

The following table sets forth our average selling prices in our Asia market.

	Average Selling Prices		
	Three Months Ended March 31,		
	2015	**2014**	**Change**
	(in *reais* per kg)		**(%)**
Asia	6.70	5.72	17.1

Latin America

Net sales from Latin America operations decreased 6.0%, to R$393.5 million in the three months ended March 31, 2015, compared to R$418.7 million in the corresponding period in 2014, primarily as a result of a 29.3% decrease in volumes after we ceased shipments to Venezuela due to defaults on payments. Average prices increased 32.9% in real terms compared to the corresponding period in 2014.

	Net Sales			**Sales Volumes**		
	Three Months Ended March 31,			**Three Months Ended March 31,**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
	(in millions of *reais*, otherwise specified) *(unaudited)*		**(%)**	**(in thousands of tons, unless otherwise specified)**		**(%)**
Latin America						
Meat:						
In natura meat:						
Poultry	78.7	137.7	(42.8)	14.0	29.4	(52.3)
Pork/Beef	61.2	86.4	(29.2)	4.8	9.9	(37.5)
Total in *natura* meat	139.9	224.1	(37.6)	20.2	39.3	(48.6)

	Net Sales			Sales Volumes		
	Three Months Ended March 31,			Three Months Ended March 31,		
	2015	2014	Change	2015	2014	Change
	(in millions of *reais*, otherwise specified) (*unaudited*)		(%)	(in thousands of tons, unless otherwise specified)		(%)
Processed	239.9	184.8	29.8	27.1	27.6	(1.8)
Other	13.8	9.8	40.8	—	—	—
Total	393.5	418.7	(6.0)	47.3	66.9	(29.3)

The following table sets forth our average selling prices in our Latin America market.

	Average Selling Prices		
	Three Months Ended March 31,		
	2015	2014	Change
	(in *reais* per kg)		(%)
Latin America	8.32	6.26	32.9

Cost of Sales

Cost of sales decreased 0.9%, to R$4,884.7 million in the three months ended March 31, 2015 compared to R$4,930.8 million in the corresponding period in 2014, with a decrease in sales volumes of 7.2% in the same period. These variations were primarily as a result of an 8.1% decrease in the price of soybeans and a 3.8% decrease in the price of soybean meal during the period. This decrease was partially offset by a 3.0% increase in the price of corn, the appreciation of the real against the U.S. dollar during the period and an increase in food conversion costs resulting from a Brazilian truck driver strike during the period.

Gross Profit and Gross Margin

Gross profit increased 21.8% to R$2.2 billion in the three months ended March 31, 2015 compared to R$1.8 billion in the corresponding period in 2014. Our gross margin increased 4.2 percentage points to 30.7% in the three months ended March 31, 2015, compared to 26.5% in the corresponding period in 2014, primarily as a result of the increase in average prices in all regions, but particularly in Latin America, the Middle East and Asia.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 8.9% to R$1.2 billion in the three months ended March 31, 2015 compared to R$1.1 billion in the corresponding period in 2014, representing 16.9% of our net sales in the first quarter of 2015, compared to 16.3% in the corresponding period in 2014. Selling expenses increased 8.4%, mainly due to higher marketing expenses in connection with our *Perdigão* marketing campaign and an increase in trade marketing. General and administrative expenses increased by 14.1% compared to the corresponding period in 2014. In the three months ended March 31, 2015, compared to the corresponding period in 2014, operating expenses were impacted by increased expenses resulting from our acquisition of interest in Federal Foods and Alyasra in the Middle East and overhead costs associated with these distributors.

Other Operating Expenses, Net

Other operating expenses, net increased 126.2% to R$273.0 million in the three months ended March 31, 2015 from R$120.7 million in the corresponding period in 2014. This includes the following expenses: R$41.7 million attributed to idle capacity during the Brazilian truck driver strike during the period, R$34.7 million for restructuring of our marketing area and R$27.0 million in tax adjustments.

Operating Income

Operating income before financial expenses, net, increased 12.0% to R$640.9 million in the three months ended March 31, 2015, from R$572.3 million in the corresponding period in 2014, representing an operating margin of 9.1% of net sales compared to the 8.5% recorded in the same period 2014. The increase reflects increased average prices, better allocation of volumes and sales efforts among the regions and better distribution capacity as a result of acquisitions in the Middle East.

The table below sets forth our operating income on a segment basis:

	Operating Income by Segment Three Months Ended March 31,		
	2015	**2014**	**Change**
	(in millions of *reais*) *(unaudited)*		(%)
Brazil	306.1	380.1	(19.5)
Europe/Eurasia	59.0	84.8	(30.4)
Middle East and Africa	115.4	25.5	352.5
Asia	163.9	72.9	124.8
Latin America	(3.5)	9.1	(138.5)
Total	**640.9**	**572.3**	**12.0**

In the Brazilian segment, our operating results were R$306.1 million in the three months ended March 31, 2015, a 19.5% decrease over R$380.1 million in the corresponding period in 2014, representing an operating margin of 8.1% compared to 10.6% in the corresponding period in 2014. The operating results in the Brazilian segment accounted for 47.8% of our consolidated operating results for the three months ended March 31, 2015. Operating results were affected by an increase in operating expenses for marketing, idle capacity from the truck driver strike and other expenses.

In the Europe/Eurasia segment, our operating results were R$59.0 million in the three months ended March 31, 2015, a 30.4% decrease over R$84.8 million in the corresponding period in 2014, representing an operating margin of 9.5% compared to 12.0% in the corresponding period in 2014. The operating results in the Europe/Eurasia segment accounted for 9.2% of our consolidated operating results for the three months ended March 31, 2015. Operating results were affected by a decrease in volumes to this region, particularly to Russia.

In the Middle East and Africa segment, our operating results were R$115.4 million in the three months ended March 31, 2015, a 352.5% increase over R$25.5 million in the corresponding period in 2014, representing an operating margin of 7.7% compared to 2.0% in the corresponding period in 2014. The operating results in the Middle East and Africa segment accounted for 18.0% of our consolidated operating results for the three months ended March 31, 2015. Operating results were positively affected by our acquisitions of distributors in the region.

In the Asia segment, our operating results were R$163.9 million in the three months ended March 31, 2015, a 124.8% increase over R$72.9 million in the corresponding period in 2014, representing an operating margin of 22.0% compared to 10.4% in the corresponding period in 2014. The operating results in the Asia segment accounted for 25.6% of our consolidated operating results for the three months ended March 31, 2015. Operating results were positively affected by an increase in prices.

In the Latin America segment, our operating loss was R$3.5 million in the three months ended March 31, 2015, compared to an operating income of R$9.1 million in the corresponding period in 2014, representing a negative operating margin of 0.9% compared to a positive operating margin of 2.2% in the corresponding period in 2014. The absolute operating results in the Latin America segment accounted for 0.5% of our consolidated operating results for the three months ended March 31, 2015. Operating results were negatively affected by our stopping of sales to Venezuela.

Financial Income (Expenses), Net

Financial expenses, net totaled R$107.5 million in the three months ended March 31, 2015, representing a 45.3% decrease from R$196.5 million in the corresponding period in 2014, primarily as a result of gains on derivative transactions, interest on equity from investees in which we do not have significant influence and financial investments.

Income Tax and Social Contribution

Current and deferred income tax and social contribution expenses were R$71.7 million in the three months ended March 31, 2015, representing a 47.5% increase as compared to R$48.6 million in the corresponding period in 2014. Our income tax and social contribution in the first quarter of 2015 was 13.4% of our pre-tax results for the quarter.

Net Profit

For the reasons described above, net profit was R$464.7 million in the three months ended March 31, 2015, representing a 45.5% increase as compared to R$319.4 million for the corresponding period in 2014. Our net margin for the three months ended March 31, 2015 was 6.6%, representing a 1.8 basis point increase as compared to our net margin of 4.8% for the corresponding period of 2014.

Liquidity and Capital Resources

Our main cash requirements are the servicing of our debt, capital expenditures relating to expansion programs, acquisitions and the payment of dividends and interest on shareholders' equity. Our primary cash sources have been cash flow from operating activities, loans and other financings, offerings of our common shares and sales of marketable securities. We believe that these sources of cash will be sufficient to cover our working capital needs in the ordinary course of our business.

For a description of our cash flows for the year ended December 31, 2014, see "Item 5: Operating and Financial Review and Prospects—Liquidity and Capital Resources" in our 2014 Form 20-F.

Cash Flows from Operating Activities

We recorded net cash flows from operating activities of R$1,481.0 million in the three months ended March 31, 2015, compared to net cash flows from operating activities of R$951.8 million in the corresponding period in 2014. Our operating cash flow for the three months ended March 31, 2015 reflects net profit from continued operations of R$461.6 million, net non-cash adjustments of R$1,611.8 million and net changes in operating assets and liabilities of R$596.2 million. The net changes in operating assets and liabilities in the three months ended March 31, 2015 included a decrease in trade accounts receivable of R$424.0 million due to the collection of holiday sales from December 2014 and investments of trading securities, net of redemptions of trading securities of R$17.0 million, partially offset by an increase in inventories of R$394.8 million, interest paid in the amount of R$120.1 million, payroll and other related charges of R$153.2 million and an increase in trade accounts payable of R$380.2 million.

Cash Flows Used in Investing Activities

We recorded R$193.0 million in net cash flows used in investing activities in the three months ended March 31, 2015, compared to R$288.8 million in the corresponding period in 2014. In the three months ended March 31, 2015, our cash used in investing activities consisted primarily of acquisitions of property, plant and equipment in the amount of R$157.0 million and the acquisition and rearing of breeding stock in the amount of R$132.2 million. We recorded an increase in the redemptions of available-for-sale securities of R$75.7 million and an investment in available securities of R$1.1 million, and had a cash inflow of proceeds from the disposal of property, plant and equipment of R$40.2 million.

Cash Flows Used in Financing Activities

We recorded net cash flows used in financing activities of R$1,976.8 million in the three months ended March 31, 2015, compared to R$409.7 million in the corresponding period in 2014. In the three months ended March 31, 2015, we received proceeds from loans and financings in the amount of R$470.7 million, which was more than offset by repayments of debt totaling R$974.7 million and payments of dividends and interest on shareholders' equity in the amount of R$463.3 million related to the 2014 fiscal year. We acquired 16.3 million of our own shares at a cost of R$1,028.8 million in order to hold treasury shares to comply with our stock option plan.

Debt

Our principal debt instruments as of March 31, 2015 are described below. The descriptions below update and supersede the descriptions set forth in "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Debt" in our 2014 Form 20-F. For more information on these facilities, including information on average interest rates and weighted average maturities, see Note 19 to our audited consolidated financial statements included in our 2014 Form 20-F and Note 18 to our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2015, included in this offering memorandum.

	Short-Term Debt as of March 31, 2015	Long-Term Debt as of March 31, 2015	Total Debt as of March 31, 2015	Total Debt as of December 31, 2014
	(in millions of *reais*) (*unaudited*)			
Local currency:				
Development bank credit lines	233.2	406.6	639.8	763.7
Other secured debt	45.4	238.2	283.6	294.7
Export credit facilities	537.9	—	537.9	967.7
Bonds	13.7	497.3	511.0	501.2
Working capital facilities	1,193.5	—	1,193.5	1,239.8
PESA loan facility	0.8	212.6	213.4	213.5
Other	9.0	10.7	19.7	12.5
Local currency	**2,033.5**	**1,365.4**	**3,398.9**	**3,993.1**
Foreign currency:				
Export credit facilities	1.6	1,273.6	1,275.2	1,059.4
Bonds	192.6	7,632.7	7,825.3	6,414.0
Development bank credit lines	21.9	17.5	39.4	42.4
Other secured debt	8.1	6.0	14.1	11.6
Working capital facilities	169.0	—	169.0	68.8
Foreign currency	**393.2**	**8,929.8**	**9,323.0**	**7,596.2**
Total	**2,426.7**	**10,295.2**	**12,721.9**	**11,589.3**

Local Currency Debt

Development Bank Credit Lines

BNDES FINEM Facilities. We have a number of outstanding obligations with BNDES, including loans under its FINEM program, in the amount of R$435.1 million as of March 31, 2015. The loans from BNDES were entered into to finance purchases of machinery and equipment and construction of improvement and expansion of our production facilities. Principal and interest on the loans are generally payable monthly, with maturity dates varying from 2015 through 2018. The principal amount of the loans is denominated in *reais*, the majority of which bears interest at the TJLP rate plus a margin. These loans are included in the line "Development bank credit lines—Local currency" in the table above.

FINEP Financing. We obtained certain financing from *Financiadora de Estudos e Projetos*, or "FINEP," a public financing company under the Ministry of Science, Technology and Innovation, with maturity dates between 2015 and 2019. The outstanding debt under this financing was R$204.7 million at March 31, 2015. We obtained FINEP credit lines with reduced rates for projects relating to research, development and innovation.

Export Credit Facilities

Export Credit Notes. We have export credit notes in local currency, totaling R$537.9 million as of March 31, 2015. These notes bear interest at fixed rates, with maturity dates in 2015. These credit lines are included in the line "Export credit facilities—Local currency" in the table above.

Working Capital Facilities

Rural Credit Financing. We have short-term rural credit loans in the amount of R$1,193.5 million as of March 31, 2015 with several commercial banks under a Brazilian federal government program that offers favorable interest rates as an incentive to invest in rural activities. We generally use the proceeds of these loans for working capital. These credit lines are included in the line "Working capital facilities—Local currency" in the table above.

PESA Loan Facility

PESA. We have a loan facility obtained through the Special Sanitation Program for Agroindustrial Assets (*Programa Especial de Saneamento de Ativos*), or "PESA," for an outstanding amount of R$213.4 million as of March 31, 2015, subject to the variation of the IGP-M as of March 31, 2015, plus interest of 4.9% per year, secured by endorsements and pledges of public debt securities.

Other Local Currency Financings

Finame Financing. We and our subsidiaries obtained certain financing through several banks from the Special Agency for Industrial Financing (*Agência Especial de Financiamento Industrial*), or "FINAME," for a total of R$0.5 million as of March 31, 2015. We use the funds from these contracts to purchase machinery and equipment. These contracts are secured, usually by the pledge of the financed assets (which cannot be subject to further liens), and are generally supported by guarantees. Most of the contracts provide for acceleration of the debt in the event of corporate restructuring without prior consent of the creditor. These loans are included in the line "Other secured debt—Local currency" in the table above.

Industrial Credit Notes. We had outstanding industrial credit notes (*Cédulas de Crédito Industrial*), receiving credits from official funds, the Constitutional Fund for Financing in the Midwest (*Fundo Constitucional de Financiamento de Centro-Oeste*) and the Constitutional Fund for the Financing of the Northeast (*Fundo Constitucional de Financiamento do Nordeste*), or "FNE," in the amount of R$283.6 million as of March 31, 2015. The notes have maturity dates in 2015, except that the industrial credit notes with respect to the FNE mature in 2023. These titles are secured by liens on machinery and equipment and real estate mortgages. We guarantee the industrial credit notes with respect to the FNE in an amount in excess of the principal amount of the notes. These loans are included in the line " Other secured debt —Local currency" in the table above.

Leasing. We lease our fleet of vehicles under finance leases, with the amount of principal and interest payable monthly, with maturity dates in 2015. These loans are included in the line "Other secured debt—Local currency" in the table above.

State Tax Incentive Financing Programs. We also had R$19.7 million outstanding as of March 31, 2015 under credit facilities offered under state tax incentive programs to promote investments in those states. Under these programs, we are granted credit proportional to the payment of ICMS tax generated by investments in the construction or expansion of manufacturing facilities in these states. The credit facilities have a 20-year term and fixed or variable interest rates based on the IGP-M plus a margin. These credit lines are included in the line "Other—Local currency" in the table above.

Foreign Currency Debt

Export Credit Facilities

Export Prepayment Facilities. We had several export prepayment facilities in an aggregate outstanding amount of R$965.4 million as of March 31, 2015. The indebtedness under these facilities is generally denominated in U.S. dollars, with maturity dates in 2019. Interest under these export prepayment facilities accrues with six-month LIBOR plus a spread. Under each of these facilities, we receive a loan from one or more lenders secured by the accounts receivable relating to exports of our products to specific customers. The facilities are generally guaranteed by BRF S.A. The covenants under these agreements include limitations on liens and mergers. These credit lines are included in the line "Export credit facilities—Foreign currency" in the table above.

Business Loan Facilities. We had several trade-related business loan facilities in an aggregate outstanding amount of R$320.8 million as of March 31, 2015. The indebtedness under these facilities is denominated in U.S. dollars, and matures in four years. These facilities bear interest at LIBOR plus a margin, payable quarterly. The proceeds from these facilities are used to import raw materials or for other working capital needs. The facilities are generally guaranteed by BRF. The principal covenants under these agreements include limitations on mergers and sales of assets. These credit lines are included in the line "Export credit facilities—Foreign currency" in the table above.

Bonds

BRF Senior Notes due 2024. In May 2014, we issued U.S.$750.0 million principal amount of 4.75% notes due 2024, payable semiannually beginning November 22, 2014, or the "2024 USD Notes." The bonds contain certain covenants, including limitations on liens, sale-leaseback transactions and certain mergers and consolidations.

Of the total proceeds from the 2024 USD Notes, U.S.$61.0 million was used to repurchase 2017 Notes and U.S.$409.6 million was used to repurchase 2020 Notes in a tender offer, or the "2014 Tender Offer." We paid aggregate cash premium of U.S.$86.4 million for the notes tendered in the 2014 Tender Offer. We determined that there was no substantial change in the terms of existing bonds, so the exchange transaction was accounted for as a modification of a financial liability. The value of the premium, interest paid and transaction costs is being amortized over the life of the 2024 USD Notes, according to the requirements of CPC 38 (IAS 39).

BRF Senior Notes due 2023. In May 2013, we issued U.S.$500.0 million principal amount of 3.95% notes due 2023, payable semiannually beginning November 22, 2013, or the "2023 USD Notes," and (ii) R$500.0 million principal amount of 7.75% notes due 2028, payable semiannually beginning November 22, 2013, or the "2023 BRL Notes." The bonds contain certain covenants, including limitations on liens, sale-leaseback transactions and certain mergers and consolidations.

Of the total proceeds from the 2023 USD Notes, U.S.$150.0 million was used in an offer to exchange, or the "2013 Exchange Offer," a portion of the 2017 Notes and a portion of the 2020 Notes for the 2023 USD Notes. In connection with the 2013 Exchange Offer, we paid premiums and accrued interest to the date of closing of the transaction in the amounts of U.S.$5.0 million and U.S.$31.0 million to the holders of the 2017 Notes and 2020 Notes, respectively. We determined that there was no substantial change in the terms of existing bonds, so the exchange transaction was accounted for as a modification of a financial liability. The value of the premium, interest paid and transaction costs is being amortized over the life of the 2023 USD Notes, according to the requirements of CPC 38 (IAS 39).

BRF Senior Notes due 2022. In June 2012, we issued senior notes in the aggregate amount of U.S.$500.0 million. The notes were guaranteed by Sadia (prior to Sadia's merger into BRF S.A.) and bear interest at a rate of 5.875% per year and mature on June 6, 2022. The bonds contain certain covenants, including limitations on liens, sale-leaseback transactions and certain mergers and consolidations. Later the same month, we issued an additional U.S.$250.0 million of senior notes under the same indenture and with the same terms and conditions.

BFF Notes. In January 2010, we, through our subsidiary BFF, issued the 2020 Notes in the aggregate amount of U.S.$750.0 million, of which U.S.$219.6 million were outstanding as of March 31, 2015. The bonds are guaranteed by BRF S.A. and Sadia (prior to Sadia's merger into BRF S.A.), bear interest at a rate of 7.250% per year and mature on January 28, 2020. The bonds contain certain covenants, including limitations on liens, sale-leaseback transactions, certain mergers and consolidations, and transactions with affiliates.

Sadia Bonds. In May 2007, Sadia Overseas issued the 2017 Notes in the aggregate amount of U.S.$250.0 million, of which U.S.$159.8 million was outstanding as of March 31, 2015. The bonds are guaranteed by us, bear interest at a rate of 6.875% per year and mature on May 24, 2017. The bonds contain certain covenants, including limitations on liens, sale-leaseback transactions, certain mergers and consolidations, and transactions with affiliates.

Quickfood Bonds. A subsidiary of BRF in Argentina, Quickfood, issued securities guaranteed by BRF, in the amount of ARS150.0 million with nominal interest rate of 21.8% per year and effective rate of 22.1% per year, with maturity dates between 2015 and 2016. As of March 31, 2015, the principal amount outstanding of such bonds was ARS107.0 million. In March 2014, Quickfood issued securities guaranteed by BRF, in the amount of ARS436.0 million with nominal interest rate of 24.1% per year and effective rate of 27.0 % per year with maturity dates between 2015 and 2018. As of March 31, 2015, the principal amount outstanding of such bonds was ARS436.0 million.

Development Bank Credit Lines

BNDES Facilities. The values set forth in the table above mainly consist of total borrowings of R$39.4million related to the BNDES Monetary Unit, or "UMBNDES" currency basket, which are the currencies in which BNDES borrows, and are subject to interest at the UMBNDES rate, reflecting fluctuations in daily exchange rates of the currencies of this basket. These loans are guaranteed by BRF S.A. and, in most cases, are secured by assets. The covenants under these agreements include limitations on indebtedness, liens and mergers and sales of assets. These loans are included in the line "Development bank credit lines—foreign currency" in the table above.

Working Capital Facilities

Working capital in foreign currency. This funding consists of funds obtained from financial institutions, mainly used for working capital and short-term import financing operations of subsidiaries located in Argentina. The funding is denominated in Argentine pesos and U.S. dollars, maturing in substantial part in 2015. These credit lines are included in the line "Working capital facilities—Foreign currency" in the table above.

Other Secured Debt

Investments Financing. Our subsidiaries in Argentina have obtained financing for investment projects for the acquisition of capital goods and construction of necessary facilities for the production of goods and services and the marketing of goods (excluding inventories) in the amount of ARS14.2 million with an interest rate of 15.1% and maturity dates between 2015 and 2016. These loans are included in the line "Other secured debt—Foreign currency" in the table above.

International Credit Facilities

Revolving Credit Facility. In order to improve our liquidity management, in 2014 we and our wholly-owned subsidiary BRF Global GmbH entered into a revolving credit facility in the amount of U.S.$1.0 billion, maturing in May 2019, with a syndicate of twenty-eight banks. This revolving credit facility accrues interest at three-month LIBOR plus an applicable margin, which is calculated based on the company's credit rating at the time of borrowing. As of the date hereof, we have not made any borrowings under this revolving credit facility.

Derivatives

We entered into foreign currency exchange, commodity and interest rate derivatives under which we had exposure of R$179.4 million as of March 31, 2015. The counterparties include several Brazilian financial institutions and involve interest rate swaps and the purchase and sale of currency. Their maturity dates vary from 2015 through 2019. These transactions do not require any guarantees and follow the rules of the BM&FBOVESPA or CETIP S.A., a trading and securities registration company. These derivatives are recorded in our balance sheet as other financial assets and liabilities. See "Item 11—Quantitative and Qualitative Disclosures About Market Risk" in our 2014 Form 20-F.

Covenants and Covenant Compliance

Several of the instruments governing our indebtedness contain limitations on liens, and some of the instruments governing our indebtedness contain other covenants, such as limitations on indebtedness, mergers and sales of assets, and transactions with affiliates. At March 31, 2015, we were in compliance with the covenants contained in our debt instruments.

Our debt instruments include customary events of default. The instruments governing a substantial portion of our indebtedness contain cross-default or cross-acceleration clauses, such that the occurrence of an event of default under one of those instruments could trigger an event of default under other indebtedness or enable a creditor under another debt instrument to accelerate that indebtedness.

BUSINESS AND INDUSTRY UPDATES

Industry Update for the Three Months Ended March 31, 2015

Brazilian Market

As a Brazilian company, with a significant portion of our operations in Brazil, we are significantly affected by local economic conditions. Because of our significant operations in Brazil, fluctuations in Brazilian demand for our products affect our production levels and revenues.

Real GDP in Brazil increased at an average annual rate of 3.4% from 2002 through 2014. In 2014, Brazil's GDP grew by only 0.1%, as compared to 2.3% in 2013 and 0.9% in 2012. Since March 2013, the Central Bank has increased the SELIC interest rate, which is the short-term benchmark interest rate. Nevertheless, despite the recent increases, the long-term trend remains downward, from 17.8% as of December 31, 2004 to 13.25% as of April 30, 2015. In April 2015, the IPCA increased by 0.71% , 0.61 percentage points lower than the increase of 1.32% recorded for the month of March 2015. For the first three months of 2015, the IPCA had increased 4.56%.

During this time, Brazil also experienced a reduction in its reservoir levels, restricting electricity generation and leading to an increase in energy prices authorized by ANEEL, which affected the Brazilian economy generally.

The Unemployment rate and consumer confidence levels also have an impact on consumption levels in Brazil. The Unemployment rate for the three months ended March 2015 was 6.2%, an increase of 1.9 percentage points when compared to the 4.3% in December 2014. The Consumer Confidence Index for April 2015 was 101.6, 5.0% lower than the one reported on March 2015 of 106.9 and 10.1% lower when compared to the end of 2014 (113.0).

According to ABRAS, in March 2015, supermarket sales in real terms (deflated by the IPCA), increased 7.15% compared to the previous month and increased 0.57% compared to March 2014. On a year to date basis, net sales increased 1.46%, compared to the same period of 2014.In nominal values, industry sales increased 8.56% over the previous month and 8.74% compared to March 2014. For the twelve months ended December 31, 2014, sales increased 9.22%.

Export Markets

The information set forth in this "Export Markets" subsection relates to Brazilian exports as a whole and not only to exports of our company.

Historically, the first quarter of the year is characterized by a seasonal decline in protein exports following peak consumption levels in the months leading up to the end of the year.

Brazilian exports of chicken increased 0.6% in the three months ended March 31, 2015 compared to the corresponding period in 2014 in terms of volume, with a reduction of 7.8% in terms of sales, in U.S. dollars, primarily as a result of the 8.3% decline in the average prices of exports in the first quarter of 2015. Pork exports registered declines of 18.1% in volume and 23.4% in sales, in U.S. dollars, in the three months ended March 31, 2015, compared to the corresponding period in 2014, with the average price of exports falling by 6.5% in the first quarter of 2015. Beef exports recorded a strong decrease of 34.9% in volume and 28.4% in sales, in U.S. dollars, in the three months ended March 31, 2015 compared to the corresponding period in 2014.

Brazilian exports of chicken in the three months ended March 31, 2015 totaled 877.7 million tons on sales of U.S.$1.5 billion. During the first quarter of 2015, China emerged as one of the top three leading importers (8.8%), together with Saudi Arabia (18.0% of total exports from Brazil) and Japan (12.0%). This result was partially explained by the Chinese announcement in 2014 of the certification of five additional Brazilian chicken processing units in 2014.

Pork shipment volume in the three months ended March 31, 2015 amounted to 90.0 thousand tons of sales, totaling of U.S.$222.5 million. The leading importers, Russia, Hong Kong and Angola, represented 42%, 26% and 6%, respectively, of total exports from Brazil, while the Ukraine remained closed to Brazilian exports since 2013. Beef shipments in the three months ended March 31, 2015 totaled 327.5 thousand tons with sales of U.S.$1.4 billion. Volumes decreased 34.9% compared to the same period in 2014, mainly due to decline in volumes exported to Venezuela and Russia, which accounted for 75% of the total decline. Exports to both countries were affected by the overall economic weakness caused by the sharp decline in oil prices in the first quarter of 2015.

Updates to Legal Proceedings

The following information supplements and updates the descriptions set forth under "Item 8. Financial Information—A. Consolidated Statements and Other Information—Legal Proceedings" in our 2014 Form 20-F.

Social Security Contribution Assessment

On April 1, 2015, the Brazilian Internal Revenue Service (*Secretaria da Receita Federal*) filed a tax assessment against us in the amount of R$75.9 million related to alleged irregularities in (i) our Stock Options Plan, (ii) our Profit Sharing Program and (iii) certain variable compensation to executive and managerial employees from 2011 and 2012. We filed an administrative appeal on May 4, 2015. Our legal advisors have classified our risk of loss as possible. The claimed amount is not included in our total possible contingencies amount for the period ended March 31, 2015.

ICMS Assessment

On March 30, 2015, the São Paulo State Treasury Office (*Secretaria de Fazenda do Estado de São Paulo*) filed a tax assessment against us in the amount of R$54.4 million related to alleged irregularities in the collection of ICMS taxes levied on certain *in natura* beef transactions carried out in 2012 and 2013. We filed an administrative appeal on April 28, 2015. Our legal advisors have classified our risk of loss as possible. The claimed amount is not included in our total possible contingencies amount for the period ended March 31, 2015.

Updates to Management Section

At our general shareholders' meeting held on April 8, 2015, the following members of the board of directors were nominated : Abilio dos Santos Diniz, Vicente Falconi Campos, Walter Fontana Filho, Luiz Fernando Furlan, José Carlos Reis de Magalhães Neto, Manoel Cordeiro Silva Filho, Marco Geovanne Tobias da Silva, Henri Philippe Reichstul and Paulo Guilherme Farah Correa. In addition, Eduardo Pongracz Rossi was appointed as alternate to Abilio Diniz; Sergio Ricardo Miranda Nazaré, as alternate to Marco Geovanne Tobias da Silva; Mateus Affonso Bandeira was appointed as alternate to Vicente Falconi Campos; Fernando Shayer was appointed as alternate to José Carlos Reis de Magalhães Neto; Eduardo Fontana D Avila was appointed as alternate to Walter Fontana Filho; Roberto Faldini was appointed as alternate to Luiz Fernando Furlan; Mauricio da Rocha Wanderley was appointed as alternate to Manoel Cordeiro Silva Filho; Arthur Prado Silva was appointed as alternate to Paulo Guilherme Farah Correa and Jose Violi Filho was appointed as alternate to Henri Philippe Reichstul.

As of December 18, 2014, the following executive officers were elected by our board of directors for a two-year term beginning on January 1, 2015:

	Senior Management
Name	**Position Held**
Pedro de Andrade Faria	Chief Executive Officer, Global
Augusto Ribeiro Júnior	Chief Financial and Investor Relations Officer
Flavia Moyses Faugeres	Vice President
Glberto Antonio Orsato	Vice President
José Roberto Pernomian Rodrigues	Vice President
Hélio Rubens Mendes dos Santos Junior	Vice President
Rodrigo Reghini Vieira	Vice President

At the general shareholders' meeting held on April 8, 2015, the following members of our fiscal council were nominated: Attilio Guaspari, Reginaldo Ferreira Alexandre and Marcus Vinicius Dias Severini. In addition, the following individuals were nominated as alternates: Susana Hanna Stiphan Jabra, as alternate to Attilio Guaspari; Marcos Tadeu de Siqueira, as alternate to Marcus Vinicius Dias Severini; and Walter Mendes de Oliveira Filho, as alternate to Reginaldo Ferreira Alexandre.

DESCRIPTION OF THE NOTES

BRF S.A. (the "Issuer"), a *sociedade anônima* (corporation) organized under the laws of the Federative Republic of Brazil ("Brazil"), will issue €500,000,000 aggregate principal amount of 2.750% senior notes due 2022 (the "notes") under an indenture to be dated as of June 3, 2015 (the "indenture"), among the Issuer, The Bank of New York Mellon, as trustee (the "trustee"), registrar and paying agent and transfer agent, The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent and transfer agent, the Bank of New York Mellon, London Branch, as London paying agent, and The Bank of New York Mellon Trust (Japan), Ltd., as principal paying agent.

The following is a summary of the material provisions of the indenture. It does not include all of the provisions of the indenture. You are urged to read the indenture because it, and not this summary, defines your rights. The terms of the notes include those stated in the indenture. You can obtain a copy of the indenture in the manner described under "Available Information" in this offering memorandum. You can find definitions of certain capitalized terms used in this section of this offering memorandum under "Certain Definitions."

Until the notes have been paid, we will maintain a paying agent, a registrar and a transfer agent in New York City and, if and for so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, we will maintain a paying agent and transfer agent in respect of the notes in Luxembourg. The trustee will initially act as paying agent, registrar and transfer agent for the notes. You may present notes for registration of transfer and exchange at the offices of the registrar, which initially will be the trustee's corporate trust office in New York City. No service fee will be charged for any registration of transfer or exchange or redemption of notes, but we may require payment in certain circumstances of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. We may change any paying agent, registrar or transfer agent without prior notice to holders. We will promptly provide notice of the termination or appointment of any paying agent, registrar or transfer agent, or of any change in the office of any paying agent, registrar or transfer agent as described under "—Notices." At our option, we may pay interest, Additional Amounts, if any, and principal (and premium, if any) at the trustee's principal corporate trust office in New York City or by check mailed to the registered address of each holder.

Brief Description of the Notes

The Notes

The notes will:

- be the senior unsecured obligations of the Issuer;
- initially be issued in an aggregate principal amount of €500.0 million;
- bear interest at an annual rate of 2.750%;
- mature at 100% of their principal amount on June 3, 2022;
- be issued in fully registered form without coupons, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof;
- rank equally in right of payment with all existing and future senior unsecured Indebtedness of the Issuer (other than obligations preferred by statute or by operation of law); and
- rank senior in right of payment to all existing and future Indebtedness that is subordinated to the notes.

As of March 31, 2015, the Issuer had consolidated total indebtedness of R$12,721.9 million (US$3,965.7 million). Of the Issuer's consolidated total indebtedness, the Issuer had (1) R$971.8 million (U.S.$302.9 million) of secured indebtedness on an unconsolidated basis to which the notes will be effectively subordinated and (2) R$9,812.2 million (U.S.$3,058.7 million) of unsecured indebtedness on an unconsolidated basis, which will rank equally in right of payment with the notes; and the Issuer's Subsidiaries had R$1,937.9 million (U.S.$604.1 million) of total indebtedness (excluding trade payables and intercompany liabilities), all of which will be structurally senior to the notes. As of March 31, 2015, the investments in the Issuer's Subsidiaries amounted to R$5,118.6 million, representing 13.9% of the Issuer's consolidated total assets and 34.6% of its consolidated shareholders' equity.

Although the indenture will limit the incurrence of Liens on the assets of the Issuer and its Subsidiaries, these limitations are subject to significant exceptions. In addition, the indenture does not impose any limitation on the incurrence of Indebtedness, the making of investments or restricted payments, including the payment of dividends or distributions in respect of Share Capital, by the Issuer or any Subsidiary of the Issuer.

The Issuer's Subsidiaries will be subject to the restrictive covenants of the indenture. However, under Brazilian law, holders will not have any claim against the Subsidiaries of the Issuer and, in the event of a bankruptcy, liquidation or reorganization of any Subsidiaries, such Subsidiaries will pay creditors holding their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

Principal, Maturity and Interest

The Issuer will issue the notes in fully registered form without coupons, in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The notes will be unlimited in aggregate principal amount and will be issued in an initial aggregate principal amount of €500.0 million.

The notes will mature on June 3, 2022 (the "Stated Maturity Date"). On that date, the Issuer will pay the registered holders of the notes the principal amount thereof in euros.

Interest on the notes will accrue from June 3, 2015 at the rate of 2.750% per annum and will be due and payable annually in arrears on each June 3, commencing on June 3, 2016 to the Persons who are registered holders at the close of business on each business day immediately preceding the applicable interest payment date (whether or not a Target Settlement Day). Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. The Issuer will pay interest on overdue principal at 1.00% per annum in excess of the above rate and will pay interest on overdue installments of interest at such higher rate, in each case to the extent permitted by applicable law. Interest on the notes will be payable in euros. Interest will be computed on the basis of a 365-day year or a 366-day year, as applicable, and the actual number of days elapsed.

Additional Notes

The Issuer may from time to time and without the consent of holders of the notes issue additional notes ("Additional Notes"). The notes and any Additional Notes will be substantially identical other than the issue price, issuance dates and the dates from which interest will accrue. Unless the context otherwise requires, for all purposes of the indenture and this "Description of the Notes," references to the notes include any Additional Notes that may be issued. If any Additional Notes are not fungible with the notes for U.S. federal income tax purposes, such Additional Notes will have a different ISIN number or numbers and will be represented by a different global note or notes.

Redemption

Optional Redemption

The Issuer may redeem the notes, in whole or in part, at any time after June 3, 2016 at a redemption price equal to the greater of (1) 100% of principal amount thereof, and (2) the sum of the present values, calculated as of the redemption date, of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the redemption date) due after the redemption date through the Stated Maturity Date, discounted to the redemption date on an annual basis (assuming a 365-day year or a 366-day year, as applicable, and the actual number of days elapsed) at the Comparable Government Bond Rate plus 40 basis points, plus in each case accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date. Any redemption of notes by the Issuer pursuant to this paragraph will be subject to either (1) there being at least €100.0 million in aggregate principal amount of notes (including any Additional Notes) outstanding after such redemption or (2) the Issuer redeeming all the then outstanding principal amount of the notes.

No such redemption shall be effective unless and until the trustee receives the amount payable upon redemption as set forth above.

Any notice of optional redemption will be made not less than 30 days or more than 60 days before the redemption date. All notices will be given in accordance with the provision set out under "—Notices" below.

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate; provided, however, that the selection of notes held in global form shall be in accordance with the applicable procedures of the depositary. If the notes are to be redeemed in part only, the notice of redemption will state the principal amount of the notes that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of the note upon cancellation of the original note. Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption.

Redemption for Tax Reasons

The Issuer may redeem the notes, in whole but not in part, upon notice of not less than 30 nor more than 60 days, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any, to the redemption date, if as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Taxing Jurisdiction (as defined under "—Additional Amounts" below); or

(2) any amendment to or change in an official interpretation or application regarding such laws, treaties, regulations or rulings (including a determination by a court of competent jurisdiction),

which amendment or change becomes effective on or after the Issue Date, the Issuer has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the notes, any Additional Amounts in excess of those attributable to a Brazilian withholding tax rate of 15%, or 25% in the case of a "Non-Resident Holder" of the notes resident or domiciled in a "tax haven jurisdiction" (each as defined and described in "Taxation—Brazilian Taxation"), determined without regard to any interest, fees, penalties or other additions to tax and the Issuer determines in good faith that such obligation cannot be avoided by the use of reasonable measures available to the Issuer (including, without limitation, by changing the jurisdiction from which or through which payment is made, to the extent such change would be a reasonable measure in light of the circumstances); provided that:

(a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the notes then due and payable, and

(b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

No such redemption shall be effective unless and until the trustee receives the amount payable upon redemption as set forth above.

Immediately prior to the delivery of any notice of redemption to the holders pursuant to this provision, the Issuer will deliver to the trustee:

(i) an Officers' Certificate (A) stating that the Issuer is entitled to effect such redemption, (B) setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and (C) stating that all governmental approvals, if any, necessary to effect such redemption have been obtained and are in full force and effect; and

(ii) an Opinion of Counsel in the relevant Taxing Jurisdiction (as such term is defined under "—Additional Amounts" below) to the effect that (A) the Issuer has or will become obligated to pay such

Additional Amounts as a result of such amendment or change and (B) all governmental approvals, if any, necessary to effect such redemption have been obtained and are in full force and effect.

Any notice of redemption pursuant to this provision will be irrevocable.

The foregoing provisions will apply mutatis mutandis to the laws and official interpretations or applications of any jurisdiction in which any successor permitted under "Covenants—Merger, Consolidation and Sale of Assets" or Substituted Issuer (as described under "Substitution of the Issuer") is organized, but only with respect to events arising after the date of succession or substitution.

No Mandatory Redemption or Sinking Fund

The Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the notes.

Open Market Purchases

The Issuer or its Affiliates may at any time and from time to time purchase notes in the open market or otherwise. Any such repurchased notes will not be resold other than in compliance with applicable requirements or exemptions under the relevant securities laws.

Additional Amounts

All payments made by the Issuer under, or with respect to, the notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (collectively, "Taxes") imposed or levied by or on behalf of Brazil or any other jurisdiction in which the Issuer is organized or is a resident for tax purposes or within or through which payment is made or any political subdivision or taxing authority or agency thereof or therein (each, a "Taxing Jurisdiction") unless the Issuer is required to withhold or deduct Taxes by law or by the official interpretation or administration thereof.

If the Issuer is so required to withhold or deduct any amount for, or on account of, such Taxes from any payment made under or with respect to the notes, the Issuer will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each holder or beneficial owner (including Additional Amounts) after such withholding or deduction will not be less than the amount such holder or beneficial owner would have received if such Taxes had not been required to be withheld or deducted; provided, however, that the foregoing obligation to pay Additional Amounts does not apply to:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder or beneficial owner, if the relevant holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the relevant Taxing Jurisdiction (other than the mere receipt of such payment or the ownership or holding of or the execution, delivery, registration or enforcement of such note);

(2) any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar Taxes;

(3) any Taxes payable otherwise than by deduction or withholding from payments of principal of, premium, if any, or interest on, such note;

(4) any Taxes that would not have been so imposed but for the presentation of such notes (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the holder or beneficial owner thereof would have been entitled to Additional Amounts had the notes been presented for payment on any date during such 30-day period;

(5) any Taxes that would not have been so imposed if the holder or beneficial owner of the note had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (provided

that (a) such declaration of nonresidence or other claim or filing for exemption is required by the applicable law, regulations or administrative practice of the Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or part of such Taxes and (b) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law, regulations or administrative practice of the Taxing Jurisdiction, the relevant holder or beneficial owner at that time has been notified by the Issuer or any other person through whom payment may be made, that a declaration of non-residence or other claim or filing for exemption is required to be made);

(6) any payment to a holder of a note that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or note, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or note would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such note;

(7) any withholding or deduction that is required to be made pursuant to the European Union Directive on the taxation of savings income (the "Directive") implementing the conclusions of the European Council of Economic and Finance Ministers (ECOFIN) meeting on November 26-27, 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive;

(8) any Taxes imposed in connection with a note presented for payment by or on behalf of a holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant note to another paying agent in a member state of the European Union if the holder is a resident of the European Union for tax purposes; or

(9) any Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code (collectively, "FATCA").

Such Additional Amounts will also not be payable where, had the beneficial owner of the note been the holder of the note, it would not have been entitled to payment of Additional Amounts by reason of any combination of clauses (1) to (9), inclusive, above.

The foregoing provisions will survive any termination or discharge of the indenture and will apply mutatis mutandis to any Taxing Jurisdiction with respect to any successor Person to the Issuer. The Issuer will (i) make such withholding or deduction of applicable Taxes and (ii) remit the full amount deducted or withheld to the relevant Taxing Jurisdiction in accordance with applicable law. The Issuer will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Taxing Jurisdiction imposing such Taxes and will furnish such certified copies to the trustee within 30 days after the date the payment of any Taxes so deducted or so withheld is due pursuant to applicable law or, if such tax receipts are not reasonably available, furnish such other documentation that provides reasonable evidence of such payment.

At least 30 days prior to each date on which any payment under or with respect to the notes is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Issuer will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the trustee an Officers' Certificate, among other things, stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the trustee to pay such Additional Amounts to holders of notes on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters.

The Issuer will pay any present or future stamp, transfer, court or documentary taxes, or any other excise or property taxes, charges or similar levies or Taxes which arise in any jurisdiction from the initial execution, delivery or registration of the notes, the indenture or any other document or instrument in relation thereto or the enforcement of the notes following the occurrence and during the continuance of any Default, excluding all such Taxes, charges or similar levies imposed by any jurisdiction other than a Taxing Jurisdiction unless resulting from, or required to be paid in connection with, the enforcement of the indenture or notes or any other document or instrument in relation thereto following the occurrence and during the continuance of any Default, and the Issuer will agree to indemnify the holders and beneficial owners of the notes and the trustee for any such Taxes, charges or similar levies paid by such holders or beneficial owners or the trustee.

Whenever in this offering memorandum, the indenture or the notes there is any reference to the payment of principal, premium, if any, or interest, or any other amount payable under or with respect to the notes by the Issuer, such reference will be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Covenants

The following covenants will, so long as any of the notes remains outstanding, apply to the Issuer and its Subsidiaries.

Limitation on Liens

The Issuer will not, and will not cause or permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit or suffer to exist any Lien, other than a Permitted Lien, of any kind against or upon any Property or assets of the Issuer or any of its Subsidiaries whether owned on the Issue Date or acquired after the Issue Date, or any proceeds therefrom, or assign or otherwise convey any right to receive income or profits therefrom unless it has made or will make effective provision whereby (a) the notes will be secured by such Lien equally and ratably with (or prior to, in the event such Indebtedness is subordinated in right of payment to the notes) all other Indebtedness of the Issuer or any Subsidiary secured by such Lien and (b) if such Lien secures obligations subordinated to the notes in right of payment, such Lien will be subordinated to a Lien securing the notes in the same Property as that securing such Lien to the same extent as such subordinated obligations are subordinated to the notes. Any Lien created for the benefit of the holders of the notes pursuant to the preceding sentence will provide by its terms that such Lien will be automatically and unconditionally released and discharged upon release and discharge of the initial Lien.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any of its Subsidiaries to, enter into any sale and leaseback transaction; provided, however, that the Issuer or any Subsidiary may enter into a sale and leaseback transaction if:

(1) the Issuer or that Subsidiary, as applicable, could have incurred a Lien to secure such Indebtedness pursuant to the covenant described above under "—Limitation on Liens"; and

(2) the gross cash proceeds and/or Fair Market Value of any Property received in connection with such sale and leaseback transaction are at least equal to the Fair Market Value, as set forth in an Officers' Certificate delivered to the trustee, of the Property that is the subject of such transaction.

Merger, Consolidation and Sale of Assets

The Issuer will not, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any Subsidiary of the Issuer to sell, assign, transfer, lease, convey or otherwise dispose of) all or substantially all of its assets (determined on a consolidated basis) whether as an entirety or substantially as an entirety to any Person unless:

(1) either the Issuer will be the surviving or continuing corporation or the Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or the Person which acquires by sale, assignment, transfer, lease, conveyance or other disposition the properties and assets of the Issuer, and of the Issuer's Subsidiaries, substantially as an entirety (the "Surviving Entity"):

(a) will be a Person organized and validly existing under the laws of Brazil, the United States of America, any state thereof or the District of Columbia, or any other country that is a member country of the European Union or of the Organisation for Economic Co-operation and Development (OECD) on the date of the indenture; and

(b) will expressly assume, by supplemental indenture (in form and substance reasonably satisfactory to the trustee), executed and delivered to the trustee, the due and punctual performance of every covenant of the notes and the indenture on the part of the Issuer to be performed or observed thereunder (including the payment of Additional Amounts, subject to the same exceptions as set forth under "—Additional Amounts");

(2) immediately after giving effect to such transaction and the assumption contemplated by clause (1)(b) above (including, without limitation, giving effect to any Indebtedness and Acquired Indebtedness incurred or anticipated to be incurred and any Lien granted in connection with or in respect of the transaction), no Default or Event of Default will have occurred or be continuing;

(3) the Issuer or the Surviving Entity will have delivered to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the applicable provisions of the indenture and that all conditions precedent in the indenture relating to such transaction have been satisfied; and

(4) the Issuer or the Surviving Entity agrees to indemnify each holder and beneficial owner of the notes against any tax, assessment or governmental charge thereafter imposed on such holder or beneficial owner of the notes solely as a consequence of such consolidation, merger, sale, assignment, transfer, lease, conveyance, or other disposition with respect to the payment of principal of, or interest on, the notes.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Issuer, the Share Capital of which constitutes all or substantially all of the properties and assets of the Issuer, will be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The indenture will provide that upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of the Issuer in accordance with the foregoing, in which the Issuer is not the surviving or the continuing corporation, the successor Person formed by such consolidation or into which the Issuer is merged or to which such conveyance, lease or transfer is made will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the indenture and the notes with the same effect as if such surviving entity had been named as such. Upon such substitution, the Issuer will be released from its obligations under the indenture.

Notwithstanding anything to the contrary in the foregoing, so long as no event or condition that, with the giving of notice, the lapse of time or failure to satisfy certain specified conditions, or any combination thereof, would constitute an Event of Default under the indenture or the notes or an Event of Default will have occurred and be continuing at the time of such proposed transaction or would result therefrom, any merger or consolidation of the Issuer with an Affiliate organized solely for the purpose of reincorporating the Issuer in another jurisdiction need only comply with clauses (1) and (4) of the first paragraph of this covenant.

Reports to Holders

The Issuer will provide or make available to the trustee the following reports (and will also provide the trustee with electronic versions or, in lieu thereof, sufficient copies of the following reports referred to in clauses (1) through (5) below for distribution, at the Issuer's expense, to all holders of the notes):

(1) within 120 days following the end of each fiscal year of the Issuer after the Issue Date, English language versions of the audited annual financial statements (including the notes thereto) that the Issuer or its Subsidiaries file with CVM, prepared in accordance with GAAP and presented in the English language or, if the Issuer is no longer required to file such financial statements, financial statements meeting the requirements of CVM on the Issue Date and accompanied by an opinion of internationally recognized independent public accountants selected by the Issuer, which opinion shall be in accordance with generally accepted auditing standards in Brazil;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the quarter ending after the Issue Date, all quarterly financial statements (including the notes

thereto) that the Issuer or its Subsidiaries file with CVM, prepared in accordance with GAAP and presented in the English language and accompanied by a "special review" (*revisão especial*) report of internationally recognized independent public accountants selected by the Issuer or, if the Issuer is no longer required to file such financial statements, financial statements meeting the requirements of the CVM on the Issue Date;

(3) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Issuer with (a) the CVM, (b) the Luxembourg Stock Exchange or any other stock exchange on which the notes may be listed or (c) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Brazil or elsewhere and, in the case of clause (c), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act);

(4) simultaneously with the delivery of the audited annual financial statements referred to in clause (1) above, an Officers' Certificate from the Issuer stating whether a Default or Event of Default exists on the date of such certificate and, if a Default or Event of Default exists, setting forth the details thereof and the action which the Issuer is taking or proposes to take with respect thereto; and

(5) for so long as the notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish to any holder or to any prospective purchaser designated by such holder, upon request of such holder, any financial and other information (to the extent not otherwise provided pursuant as set forth above) described in Rule 144A(d)(4) under the Securities Act with respect to the Issuer and its Subsidiaries to the extent required in order to permit such holder to comply with Rule 144A with respect to any resale of its notes unless, during that time, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act and no such information about the Issuer is otherwise required pursuant to Rule 144A.

As an alternative to providing the trustee and the holders of the notes with the information described above, the Issuer may post copies of such information on a website maintained by or on behalf of the Issuer or provide substantially comparable public availability of such information. Delivery to the trustee and the holders of notice as provided under "—Notices" of the availability of the information described above on a website maintained by or on behalf of the Issuer will constitute delivery of such information to the holders for purposes of the "—Reports to Holders" covenant. Delivery of the above reports (other than paragraph (4) above) to the trustee is for informational purposes only, and the trustee's receipt of such reports will not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants in the indenture (as to which the trustee is entitled to rely exclusively on Officers' Certificates).

If, and for so long as, the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the above information will also be made available in Luxembourg through the offices of the paying agent in Luxembourg. See "—Paying Agents, Registrar and Transfer Agents; Listing Agent."

U.S. Dollar Equivalent

For purposes of determining compliance with any covenant in the indenture that is limited or otherwise refers to a specified amount of U.S. dollars, the amount of any item denominated in a currency other than U.S. dollars will be the U.S. Dollar Equivalent of such item.

Additional Covenants

The indenture will contain affirmative covenants with respect to, among other things, the following matters: (1) payment of principal and interest, (2) payment of taxes and other claims, (3) maintenance of properties, (4) maintenance of corporate existence and (5) maintenance of insurance.

Substitution of the Issuer

The Issuer may, without the consent of any holder of the notes, be replaced and substituted by any direct or indirect Wholly-Owned Subsidiary as principal debtor in respect of the notes (in that capacity, the "Substituted Issuer"); provided that the following conditions are satisfied:

(1) such documents will be executed by the Substituted Issuer, the Issuer and the trustee as may be necessary to give full effect to the substitution, including a supplemental indenture under which the Substituted Issuer assumes all of the Issuer's obligations under the indenture and the notes (the "Issuer Substitution Documents"); and pursuant to which the Substituted Issuer shall undertake in favor of each holder, the trustee and the agents to be bound by the terms and conditions of the notes and the provisions of the indenture as fully as if the Substituted Issuer had been named in the notes and the indenture as the principal debtor in respect of the notes in place of the Issuer (or any previous substitute) and pursuant to which the Issuer shall unconditionally and irrevocably guarantee (the "Guarantee") in favor of each holder the payment of all sums payable by the Substituted Issuer as such principal debtor on the same terms mutatis mutandis as the notes, and the covenants and events of default shall continue to apply to the Issuer in respect of the notes as if no such substitution had occurred, it being the intent that the rights of holders in respect of the notes shall be unaffected by such substitution;

(2) if the Substituted Issuer is organized in a jurisdiction other than Brazil, the Issuer Substitution Documents will contain covenants (1) to ensure that each holder of the notes has the benefit of a covenant in terms corresponding to the obligations of the Issuer in respect of the payment of Additional Amounts (but replacing references to Brazil with references to such other jurisdiction); and (2) to indemnify each holder and beneficial owner of the notes against all taxes or duties (other than taxes or duties imposed pursuant to FATCA) (x) which are imposed by the jurisdiction in which the Substituted Issuer is organized (including any political subdivision or taxing authority thereof) and arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution, to the extent such taxes or duties are incurred or levied against such holder or beneficial owner of the notes as a result of the substitution and would not have been so incurred or levied had the substitution not been made or (y) which are imposed on such holder or beneficial owner of the notes by any country (including any political subdivision or taxing authority thereof) in which such holder or beneficial owner of the notes resides or is subject to tax on a net income basis and which would not have been so imposed had the substitution not been made; provided that, any holder or beneficial owner making a claim with respect to such tax indemnity shall provide the Substituted Issuer with notice of such claim, along with supporting documentation, within 30 days of the announcement of the substitution of the Issuer;

(3) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion from a firm of lawyers in the country of incorporation of the Substituted Issuer, to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the Substituted Issuer;

(4) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion from a firm of Brazilian lawyers acting for the Issuer to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the Issuer;

(5) the Issuer shall have delivered, or procured the delivery, to the trustee of a legal opinion from a leading firm of New York lawyers to the effect that the Issuer Substitution Documents constitute legal, valid and binding obligations of the parties thereto under New York law;

(6) the Substituted Issuer shall have appointed a process agent in the Borough of Manhattan, the City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the notes or the Issuer Substitution Documents;

(7) there will be no outstanding Event of Default in respect of the notes; and

(8) the substitution will comply with all applicable requirements under the laws of Brazil.

Upon the execution of the Issuer Substitution Documents as referred to in paragraph (a)(i) above, the Substituted Issuer shall be deemed to be named in the notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the notes shall thereupon be deemed to be amended to give effect to the substitution. Except as set forth above, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations, other than its Guarantee, in respect of the notes and its obligation to indemnify the trustee and agents under the Indenture.

The Issuer Substitution Documents shall be deposited with and held by the trustee for so long as any Note remains outstanding and for so long as any claim made against the Substituted Issuer or the Issuer by any holder in relation to the notes or the Issuer Substitution Documents shall not have been finally adjudicated, settled or discharged.

Not later than 10 business days after the execution of the Issuer Substitution Documents, the Substituted Issuer shall give notice thereof to the holders in accordance with the provisions described in the indenture.

Holders are urged to consult their tax advisors regarding any potential adverse tax consequences that may result from a substitution of the Issuer.

Events of Default

The following events will be "Events of Default" under the indenture:

(1) any failure to pay the principal of or premium, if any, on any notes, when such principal becomes due and payable, at maturity, upon redemption or otherwise;

(2) any failure to pay interest and Additional Amounts, if any, on any notes or any other amount (other than principal for the notes) when the same becomes due and payable, and the default continues for a period of 30 days;

(3) any failure to comply with "—Merger, Consolidation and Sale of Assets:"

(4) a default in the observance or performance of any other covenant or agreement contained in the indenture (other than the payment of the principal of or premium, if any, or interest and Additional Amounts, if any, on any note), which default continues for a period of 60 days after the Issuer receives written notice specifying the default (and demanding that such default be remedied) from the trustee or the holders of at least 25% of the outstanding principal amount of the notes (with a copy to the trustee if given by the holder);

(5) any failure to pay at final maturity (giving effect to any applicable grace periods and any extensions thereof) the principal amount of any Indebtedness of the Issuer or any of its Subsidiaries, or the acceleration of the final stated maturity of any such Indebtedness if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final maturity or which has been accelerated, aggregates U.S.$150.0 million or more at any time;

(6) one or more judgments in an aggregate amount in excess of U.S.$150.0 million shall have been rendered against the Issuer or any of its Subsidiaries (other than any judgment as to which a reputable and solvent third-party insurer has accepted full coverage) and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and nonappealable;

(7) the Issuer or any Significant Subsidiary shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or similar official for all or any substantial part of the Property of the Issuer or such Significant Subsidiary, (b) make a general assignment for the benefit of the creditors of the Issuer or such Significant Subsidiary, (c) be adjudicated bankrupt (*decretação de falência*) or insolvent, (d) file a voluntary petition in bankruptcy or a petition seeking judicial reorganization (*pedido de recuperação judicial*), seeking extrajudicial reorganization (*pedido de recuperação extrajudicial*), or seeking to take advantage of any applicable insolvency law, (e) file any answer admitting the allegations of a petition filed against the Issuer or such Significant Subsidiary in any bankruptcy, reorganization or insolvency proceeding, or (f) take any corporate action for the purpose of effecting any of the foregoing under Brazilian Law No. 11,101/05 or any other applicable law;

(8) without its application, approval or consent, a proceeding shall be instituted in any court of competent jurisdiction, seeking in respect of the Issuer or any Significant Subsidiary adjudication in bankruptcy (*decretação de falência*), dissolution, winding-up, liquidation, a composition, arrangement with creditors, readjustment of debt, the appointment of a trustee, receiver, administrador, liquidator or similar official for the Issuer or such Significant Subsidiary or other like relief under any applicable bankruptcy or insolvency law; and either (a) such proceeding shall not be actively contested by the Issuer or such Significant Subsidiary in good faith, or (b) such proceedings shall continue undismissed for any period of 90 consecutive days, or (c) any conclusive order, judgment or decree shall be entered by any court of competent jurisdiction to effect any of the foregoing;

(9) the Issuer or any Significant Subsidiary shall cease or threaten to cease to carry out its business except (i) in the case of a Significant Subsidiary, a winding-up, dissolution or liquidation for the purpose of and followed by a consolidation, merger, conveyance or transfer whereby the undertaking, business and assets of such Significant Subsidiary are transferred to or otherwise vested in the Issuer or any of its subsidiaries or affiliates, or the terms of which shall have been approved by a resolution of a meeting of the holders or (ii) a voluntary winding-up, dissolution or liquidation of a Significant Subsidiary where there are surplus assets in such Significant Subsidiary attributable to the Issuer or any Significant Subsidiary, and such surplus assets are distributed to the Issuer or such Significant Subsidiary, as applicable;

(10) the Issuer or any Significant Subsidiary shall convene a meeting for the purpose of proposing, or otherwise propose or enter into, any composition or arrangement with its creditors or any group or class thereof, or anything analogous to, or, having a substantially similar effect to, any of the events specified in this paragraph (10) or in paragraph (7), (8) or (9) above shall occur in any jurisdiction;

(11) any event occurs that under the laws of Brazil or any political subdivision thereof has substantially the same effect as any of the events referred to in any of paragraphs (7), (8), (9) or (10); or

(12) any of the notes, the indenture or any part thereof, shall cease to be in full force and effect or is declared to be null and void and unenforceable or inadmissible in evidence in the courts of Brazil, or is found to be invalid, or it becomes unlawful for the Issuer to perform any obligation thereunder or the Issuer shall contest the enforceability of or deny its obligations under the indenture (other than by reason of release in accordance with the terms of the indenture) or the Issuer shall contest the enforceability of or deny its obligations under the notes or the indenture.

If an Event of Default (other than an Event of Default specified in clauses (7), (8), (9), (10) or (11) above) occurs and is continuing and has not been waived, the trustee or the holders of at least 25% in principal amount of outstanding notes may declare the principal of and premium, if any, accrued interest and Additional Amounts, if any, on all the notes to be due and payable by notice in writing to the Issuer and the trustee (if given by the holders) specifying the Event of Default and that it is a "notice of acceleration" (the "Acceleration Notice"), and the same shall become immediately due and payable. All amounts due and payable shall be paid in an amount in euros.

If an Event of Default specified in clause (7), (8), (9), (10) or (11) above occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all of the outstanding notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

The indenture will provide that, at any time after a declaration of acceleration with respect to the notes as described in the preceding paragraphs, the holders of a majority in principal amount of the outstanding notes may rescind and cancel such declaration and its consequences:

(a) if the rescission would not conflict with any judgment or decree;

(b) if all existing Events of Default have been cured or waived except nonpayment of principal, premium, if any, interest or Additional Amounts, if any, that has become due solely because of the acceleration;

(c) if the Issuer has paid or deposited with the trustee (to the extent the payment of such interest is lawful) interest on overdue installments of interest and overdue principal and premium, if any, and Additional Amounts, if any, which has become due otherwise than by such declaration of acceleration; and

(d) if the Issuer has paid or deposited with the trustee compensation acceptable to the trustee and reimbursed the documented expenses, disbursements and advances of the trustee, its agents, and counsel under the indenture.

No such rescission will affect any subsequent Default or impair any right consequent thereto.

The holders of a majority in principal amount of the outstanding notes may waive any existing Default or Event of Default under the indenture, and its consequences, except a default in the payment of the principal of or premium, if any, interest or Additional Amounts, if any, on any notes.

Holders may not enforce the indenture or the notes except as provided in the indenture. The trustee is under no obligation to exercise any of its rights or powers under the indenture at the request, order or direction of any of the holders, unless such holders have offered to the trustee an indemnity acceptable to the trustee. Subject to the provisions of the indenture and applicable law, the holders of a majority in aggregate principal amount of the then outstanding notes have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

The Issuer will be required, concurrently with issuance of its audited annual financial statements, to furnish to the trustee at its principal corporate trust office in New York City annual statements as to the performance of its obligations under the indenture and as to any default in such performance. Under the indenture, the Issuer will be required to provide an Officers' Certificate to the Trustee at the trustee's principal corporate trust office in New York City promptly upon (and in any case within ten days of) any Officer obtaining knowledge of any Default or Event of Default provided that such Officers' Certificate shall be provided at least annually, whether or not such Officers know of any Default or Event of Default that has occurred and, if applicable, describe such Default or Event of Default and the status thereof.

If a Default or an Event of Default occurs and is continuing, and a responsible officer of the trustee has received written notice thereof, the trustee shall notify each holder as provided herein under "—Notices" of the Default or Event of Default within five days after receiving written notice thereof; provided that except in the case of a Default or an Event of Default in payment of principal of, or premium, if any, or interest on any notes, the trustee may withhold the notice to the holders if a committee of its trust officers in good faith determines that withholding the notice is in the interests of the holders.

No Personal Liability of Directors, Officers, Employees and Shareholders

No past, present or future director, officer, employee, incorporator, or shareholder of the Issuer, as such, will have any liability for any obligations of the Issuer under the notes or the indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the U.S. federal securities laws or under Brazilian corporate law. It is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Issuer may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding notes ("legal defeasance"). Legal defeasance means that the Issuer will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding notes, except for:

(1) the rights of holders to receive payments in respect of the principal of and premium, if any, interest and Additional Amounts, if any, on the notes when such payments are due;

(2) the Issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payments;

(3) the rights, powers, trust, duties and immunities of the trustee and agents and the obligation of the Issuer in connection therewith; and

(4) the legal defeasance provisions of the indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer released with respect to certain covenants that are described in the indenture ("covenant defeasance") and thereafter any omission to comply with such obligations will not constitute a Default or Event of Default with respect to the notes. In the event covenant defeasance occurs, certain events (not including nonpayment, bankruptcy, receivership, reorganization and insolvency events with respect to the Issuer) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either legal defeasance or covenant defeasance:

(a) the Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the holders cash in euros, noncallable German *Bundesanleihe* securities, or a combination thereof, in such amounts and at such times as will be sufficient, in the written opinion of a nationally recognized firm of independent public accountants delivered to the trustee, to pay the principal of, premium, if any, interest and Additional Amounts, if any, on the notes on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(b) in the case of legal defeasance, the Issuer will have delivered to the trustee an Opinion of Counsel in the United States confirming that:

(i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(ii) since the date of the indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the holders and beneficial owners of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to U.S. federal income tax in the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred;

(c) in the case of covenant defeasance, the Issuer will have delivered to the trustee an Opinion of Counsel in the United States confirming that the holders and beneficial owners of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax in the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(d) no Default or Event of Default will have occurred and be continuing on the date of such deposit pursuant to clause (a) of this paragraph;

(e) such legal defeasance or covenant defeasance will not result in a breach of, or constitute a default under, any material agreement or instrument (other than the indenture) to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound;

(f) the trustee will have received an Officers' Certificate of the Issuer stating that the deposit was not made with the intent of preferring the holders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and

(g) the trustee will have received an Officers' Certificate of the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the legal defeasance or the covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights, powers, trust, duties and immunities of the trustee and agents or registration of transfer or exchange of the notes, as expressly provided for in the indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the trustee for cancellation; or

(b) all notes not theretofore delivered to the trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their stated maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the trustee, and the Issuer has irrevocably deposited or caused to be deposited with the trustee funds in an amount sufficient to pay and discharge the entire Indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal of, premium, if any, interest and Additional Amounts, if any, on the notes to the date of deposit (if amounts are then due and payable) or to the redemption or maturity date together with irrevocable instructions from the Issuer directing the trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Issuer has paid all other sums payable by it under the indenture; and

(3) the trustee will have received an Officers' Certificate of the Issuer and an Opinion of Counsel stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Modification of the Indenture

From time to time, the Issuer and the trustee, without the consent of the holders, may amend, modify or supplement the indenture and/or the notes:

(1) to cure any ambiguity, defect or inconsistency contained therein;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of the Issuer's obligations under the indenture and the notes in accordance with the covenant described under "Covenants—Merger, Consolidation and Sales of Assets";

(4) to allow any Subsidiary or any other Person to guarantee the notes;

(5) to provide for the issuance of Additional Notes in accordance with the indenture;

(6) to evidence the replacement of the trustee as provided for under the indenture;

(7) if necessary, in connection with any addition or release of any security permitted under the indenture;

(8) to conform the text of the indenture or the notes to any provision of this "Description of the Notes" section to the extent that such provision in this section was intended to be a verbatim recitation of a provision of the indenture or the notes;

(9) to surrender any right conferred upon the Issuer;

(10) to comply with any requirements of the SEC in connection with any qualification of the indenture under the U.S. Trust Indenture Act of 1939, as amended; or

(11) to make any other change that would provide any additional rights or benefits to the holders or that does not materially and adversely affect the rights of any such holder or beneficial owner under the indenture or the notes.

Other amendments of, modifications to and supplements to the indenture and the notes may be made with the consent of the holders of a majority in principal amount of the then outstanding notes issued under the indenture, except that, without the consent of each holder affected thereby, no amendment may:

(a) reduce the percentage of the principal amount of the notes whose holders must consent to an amendment, supplement or waiver of any provision of the indenture or the notes;

(b) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, or Additional Amounts, if any, on any notes;

(c) reduce the principal of or change or have the effect of changing the fixed maturity of any notes, or change the date on which any notes may be subject to redemption or reduce the redemption price therefor;

(d) change the currency in which amounts due in respect of the notes are payable;

(e) make any change in provisions of the indenture (i) protecting the right of each holder to receive payment of principal of, premium, if any, interest and Additional Amounts, if any, on such note on or after the due date thereof, (ii) protecting the right of each holder to bring suit to enforce such payment, or (iii) permitting holders of a majority in outstanding principal amount of notes to waive Defaults or Events of Default;

(f) subordinate the notes in right of payment to any other Indebtedness of the Issuer or otherwise affect the ranking of the notes in a manner adverse to the holders;

(g) release any security interest that may have been granted in favor of the holders other than pursuant to the terms of such security interest;

(h) amend or modify the provisions described under "—Additional Amounts" or reduce the price payable pursuant to a redemption made pursuant to "—Redemption—Redemption for Tax Reasons"; or

(i) make any change in the preceding amendment and waiver provisions.

The consent of the holders will not be necessary under the indenture to approve the particular form of any proposed amendment. It will be sufficient if such consent approves the substance of the proposed amendment. After an amendment to the indenture pursuant to the preceding paragraph becomes effective, the Issuer will be required to give notice to the holders as provided under "—Notices," briefly describing such amendment. Any failure to give such notice to all holders, or any defect therein, will not impair or affect the validity of such amendment.

In addition, under certain circumstances the holders of a majority in principal amount of the notes outstanding may waive compliance with certain covenants and provisions of the indenture. See "—Events of Default."

Meetings of Holders

The indenture will contain provisions for convening meetings of holders to consider matters affecting their interest. A meeting of the holders may be called by the trustee, the Issuer or any Affiliate thereof or holders of at least 10% in aggregate principal amount of the outstanding notes. The indenture will provide that notes owned by the Issuer or its affiliates will be deemed not outstanding for, among other purposes, consent to any such modification.

The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in aggregate outstanding principal amount of the notes, and at any adjourned meetings will be persons holding or representing 25% in aggregate principal amount of such outstanding notes. Any instrument given by or on behalf of any holder in connection with any consent to or vote for any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of such note. Any modifications, amendments or waivers to the indenture or to the terms and conditions of the notes will be conclusive and binding on all holders, whether or not they have given such consent or were present at any meeting.

Currency Indemnity

Euro is the sole currency of account and payment for all sums payable under the notes and the Indenture. Any amount received or recovered in respect of the notes in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Subsidiary or otherwise) by a holder of the notes in respect of any sum expressed to be due to such holder from the Issuer will constitute a discharge of their obligation only to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in such other currency on the date of that receipt or recovery (or, if it is not possible to purchase euros on that date, on the first date on which it is possible to do so). If the euro amount that could be recovered following such a purchase is less than the euro amount expressed to be due to the recipient under any note, the Issuer will indemnify the recipient against the cost of the recipient's making a further purchase of euros in an amount equal to such difference. For the purposes of this paragraph, it will be sufficient for the holder of the notes to certify that it would have suffered a loss had the actual purchase of euros been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of euros on that date had not been possible, on the first date on which it would have been possible).

These indemnities, to the extent permitted by law:

- constitute separate and independent obligations from the Issuer's other obligations;
- give rise to a separate and independent cause of action;
- apply irrespective of any waiver granted by any holder of the notes; and
- will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note or any other judgment or order.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Jurisdiction and Service of Process; Sovereign Immunity

The Issuer will irrevocably submit to the non-exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States, in each case sitting in the Borough of Manhattan, the City of New York for purposes of any suit, action or proceeding instituted in connection with the indenture or the notes. The Issuer will appoint National Corporate Research, Ltd., 10 East 40th Street, 10th Floor, New York, New York 10016, as its authorized agent to accept service of process in any such suit, action or proceeding. Such appointments will be irrevocable so long as any of the notes remain outstanding or until the irrevocable appointment of a successor agent. In addition to the foregoing, the holders of notes may serve legal process in any other manner permitted by applicable law. The above provisions do not limit the right of any holder or the trustee to bring any action or proceeding against either the Issuer or its Properties in other jurisdictions where jurisdiction is independently established.

To the extent that the Issuer has or hereafter may acquire or have attributed to it any sovereign or other immunity under any law, the Issuer will agree to waive, to the fullest extent permitted by law, such immunity in respect of any claims or actions regarding its obligations under the notes or the indenture.

The Trustee

The Bank of New York Mellon will be the trustee under the indenture. The address of the trustee's corporate trust office is 101 Barclay Street, Floor 7 East, New York, New York 10286, Attention: Global Finance Americas. Except during the continuance of an Event of Default, the trustee will be required to perform only such duties as are specifically set forth in the indenture. During the existence of an Event of Default, the trustee will exercise such of the rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Issuer will indemnify the trustee against any and all loss, liability or expense, including attorneys' fees and expenses incurred by it without gross negligence or willful misconduct on its part arising out of and in connection with its duties under the indenture.

The indenture will contain certain limitations on the rights of the trustee, should it become a creditor of the Issuer, to obtain payments of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; provided that if the trustee acquires certain conflicting interests, it must eliminate such conflict or resign.

Luxembourg Listing

Application has been made to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. Following the issuance of the notes, we will use our commercially reasonable efforts to obtain listing of the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. If the European Union's directive (2003/0045(COD), the "Transparency Directive") would require us to publish financial information either more regularly than we would otherwise be required to or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may delist the notes and, at our option, seek an alternative admission to listing, trading and/or quotation for the notes by another listing authority, stock exchange and/or quotation system outside the European Union. In such event, we will give notice of the identity of such other listing authority, stock exchange and/or quotation system to the holders of the notes as described under "—Notices."

Paying Agents, Registrar and Transfer Agents; Listing Agent

Until the notes have been paid, we will maintain a paying agent, a registrar and a transfer agent in New York City and, if and for so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, we will maintain a paying agent and transfer agent in respect of the notes in Luxembourg.

The trustee will initially act as paying agent, registrar and transfer agent for the notes in New York. The Bank of New York Mellon (Luxembourg) S.A. is the Luxembourg listing agent and will be the Luxembourg paying agent and Luxembourg transfer agent for the notes. The Bank of New York Mellon Trust (Japan), Ltd. is the principal paying agent for the notes. The addresses of the trustee and Luxembourg paying agent and Luxembourg transfer agent and principal paying agent are set forth on the inside back cover of this offering memorandum.

We may change any paying agent, registrar or transfer agent without prior notice to holders. We will promptly provide notice of the termination or appointment of any paying agent, registrar or transfer agent, or of any change in the office of any paying agent, registrar or transfer agent as described under "—Notices."

Transfer

Holders may present notes for registration of transfer and exchange at the offices of the registrar, which initially will be the trustee's principal corporate trust office. No service fee will be charged for any registration of transfer or exchange or redemption of notes, but we may require payment in certain circumstances of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Notices

All notices will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders at their registered addresses as recorded in the notes register not later than the latest date, and not earlier than the earliest date, prescribed in the notes for the giving of such notice or if a note is held in global form, all notices to the holders shall be given to the depositary in accordance with its applicable procedures. Any requirement of notice hereunder may be waived by the Person entitled to such notice before or after such notice is required to be given, and such waivers will be filed with the trustee. Notwithstanding any other provision herein, where the indenture provides for notice of any event to any holder of an interest in a global note (whether by mail or otherwise), such notice shall be sufficiently given if given to the depositary for such note (or its designee), according to the applicable procedures of such depositary, if any, prescribed for the giving of such notice.

If, and for so long as, the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market, and the rules of the Luxembourg Stock Exchange so require, we will also give notices to holders by publication in a daily newspaper of general circulation in Luxembourg. We expect that newspaper will be the *Luxemburger Wort*. If publication in Luxembourg is impracticable, we will make the publication in a widely circulated newspaper in London or elsewhere in Western Europe. We expect that newspaper to be, but it need not be, the Financial Times. By "daily newspaper," we mean a newspaper that is published on each day, other than a Saturday, Sunday or holiday, in Luxembourg or, when applicable, elsewhere in Western Europe. All notices to holders may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If we are unable to give notice as described in this paragraph because the publication of any newspaper or the website of the Luxembourg Stock Exchange is suspended or it is otherwise impractical for us to publish the notice, then we, or the trustee, will give holders notice in another form. That alternate form of notice will be deemed to be sufficient notice to you. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder will affect the sufficiency of any notice given to another holder.

Prescription

Claims against the Issuer for the payment of principal, premium, if any, interest or Additional Amounts, if any, in respect of the notes will be prescribed unless made within six years of the due date for payment of such principal, premium, if any, or interest and Additional Amounts.

Certain Definitions

The following is a summary of certain of the defined terms to be used in the indenture. Reference is made to the indenture for the full definition of all such terms, as well as any other terms used herein for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary of the Issuer or at the time it merges or consolidates with or into the Issuer or any of its Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary of the Issuer or such acquisition, merger or consolidation and which Indebtedness is without recourse to the Issuer or any of its Subsidiaries or to any of their respective properties or assets other than the Person or the assets to which such Indebtedness related prior to the time such Person became a Subsidiary of the Issuer or the time of such acquisition, merger or consolidation.

"*Affiliate*" means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other person who is a director or executive officer (i) of such specified Person, (ii) of any Subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, "control" of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Board of Directors*" means, as to any Person, the board of directors (*conselho de administração*) or similar governing body of such Person or any duly authorized committee thereof.

"*Board Resolution*" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the trustee.

"*Capitalized Lease Obligation*" means, as to any Person, the obligations of such Person under any lease that is required to be classified and accounted for as capital lease obligations on a balance sheet prepared in accordance with GAAP and, for purposes of this definition, the amount of such obligations at any date will be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"*Commodity Agreement*" means any hedging agreement or other similar agreement or arrangement designed to protect the Issuer or any Subsidiary against fluctuations in commodity prices (excluding contracts for the purchase or sale of goods in the ordinary course of business).

"*Common Shares*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common shares, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common shares.

"*Comparable Government Bond*" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of the Independent Investment Banker, a German *Bundesanleihe* security whose maturity is closest to the maturity of the notes, or if such Independent Investment Banker in its discretion considers that such similar bond is not in issue, such other German *Bundesanleihe* security as such Independent Investment Banker may, with the advice of three brokers of, and/or market makers in, German *Bundesanleihe* securities selected by such Independent Investment Bank, determine to be appropriate for determining the Comparable Government Bond Rate.

"*Comparable Government Bond Rate*" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the notes, if they were to be purchased at such price on the third Target Settlement Day prior to the date fixed for redemption or the date of accelerated payment, would be equal to the gross redemption yield on such Target Settlement Day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such Target Settlement Day as determined by the Independent Investment Banker.

"*Consolidated Net Worth*" means, with respect to any Person, the consolidated stockholders' equity of the Person, determined on a consolidated basis in accordance with GAAP, less (without duplication) amounts attributable to Disqualified Share Capital of such Person.

"*Currency Agreement*" means any foreign exchange contract, currency swap agreement, currency option or other similar agreement or arrangement designed to protect the Issuer or any of its Subsidiaries against fluctuations in currency values.

"*Default*" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Share Capital*" means that portion of any Share Capital which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof on or prior to 91 days after the final maturity date of the notes for cash or is convertible into or exchangeable for debt securities of the Issuer or its Subsidiaries at any time prior to such anniversary.

"*euro*" or "€" means the lawful currency of the member states of the European Union that participate in the third stage of the European Economic and Monetary Union.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto.

"*Fair Market Value*" means, with respect to any asset or Property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value will be determined by the Board of Directors of the Issuer acting in good faith and will be evidenced by a Board Resolution of the Board of Directors of the Issuer delivered to the trustee; provided, however, that with respect to any price less than U.S.$25.0 million only the good faith determination by the Issuer's senior management will be required.

"*GAAP*" means (i) International Financial Reporting Standards, (ii) accounting practices generally accepted in the United States or (iii) accounting practices prescribed by Brazilian Corporation Law, the rules and regulations issued by the CVM and the accounting standards issued by the Brazilian Institute of Independent Accountants (*Instituto dos Auditores Independentes do Brasil*), in each case as in effect from time to time, in the Issuer's discretion.

"*holder*" means the Person in whose name a note is registered on the registrar's books.

"*Indebtedness*" means with respect to any Person, without duplication:

(1) all Obligations of such Person for borrowed money;

(2) all Obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all Capitalized Lease Obligations of such Person;

(4) all Obligations of such Person issued or assumed as the deferred purchase price of Property, all conditional sale obligations and all obligations under any title retention agreement (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 120 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and any deferred purchase price represented by earn-outs consistent with the Issuer's past practice);

(5) all Obligations for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, whether or not then due;

(6) guarantees and other contingent obligations in respect of Indebtedness referred to in clauses (1) through (5) above and clause (8) below;

(7) all Obligations of any other Person of the type referred to in clauses (1) through (6) above that are secured by any Lien on any Property or asset of such Person, the amount of any such Obligation being deemed to be the lesser of the Fair Market Value of the Property or asset securing such Obligation or the amount of such Obligation;

(8) to the extent not otherwise included in this definition, net obligations of all Interest Swap Obligations and all Obligations under Currency Agreements and Commodity Agreements (the amount of any obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such person at such time); and

(9) all Disqualified Share Capital issued by such Person with the amount of Indebtedness represented by such Disqualified Share Capital being equal to the greater of its voluntary or involuntary liquidation preference and its "*maximum fixed repurchase price,*" but excluding accrued dividends, if any. Notwithstanding the foregoing, Indebtedness will not include any Share Capital other than Disqualified Share Capital. For purposes hereof, the "*maximum fixed repurchase price*" of any Disqualified Share Capital which does not have a fixed repurchase price will be calculated in accordance with the terms of such Disqualified Share Capital as if such Disqualified Share Capital were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Share Capital, such Fair Market Value shall be determined reasonably and in good faith by the Board of Directors of the Issuer of such Disqualified Share Capital.

"*Independent Investment Banker*" means an investment bank of recognized standing that is a primary dealer in German *Bundesanleihe* securities, selected by the Issuer in good faith.

"*Interest Payment Date*" means the stated maturity of an installment of interest on the notes each June 3 of each year, beginning on June 3, 2016.

"*Interest Swap Obligations*" means the obligations of any Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and will include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"*Issue Date*" means June 3, 2015 (being the original issuance date of the notes).

"*Legal Holiday*" means a Saturday, a Sunday or a day on which commercial banks and foreign exchange markets are authorized or required by law to close in London, England, New York, New York, São Paulo, Brazil, or Luxembourg. If a payment date is a Legal Holiday at the place of payment, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest will accrue for the intervening period.

"*Lien*" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale, repurchase or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"*Obligation*" means all payment obligations, whether or not contingent, for principal, premium, interest, additional amounts, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means the Chief Executive Officer, the President, the Chief Financial Officer or any other officer of the Issuer duly appointed at a meeting of its Board of Directors.

"*Officers' Certificate*" means a certificate signed in the name of the Issuer by two Officers of the Issuer , at least one of whom shall be the principal financial officer of the Issuer and delivered to the trustee.

"*Opinion of Counsel*" means a written opinion of counsel, who may be an employee of or counsel to the Issuer, reasonably acceptable to the trustee.

"*Permitted Liens*" means the following types of Liens:

(1) Liens for taxes, assessments or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Issuer or its Subsidiaries will have set aside on its books such reserves as may be required pursuant to GAAP;

(2) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law or pursuant to customary reservations or retentions of title incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as will be required by GAAP will have been made in respect thereof;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(4) any judgment Lien not giving rise to an Event of Default;

(5) easements, rights-of-way, defects, zoning restrictions and other similar charges or encumbrances in respect of real Property not interfering in any material respect with the ordinary course of the business of the Issuer or any of its Subsidiaries;

(6) any interest or title of a lessor under any Capitalized Lease Obligation; *provided* that such Liens do not extend to any Property or assets which is not leased Property subject to such Capitalized Lease Obligation;

(7) Liens securing Purchase Money Indebtedness; *provided*, *however*, that (a) the Indebtedness will not exceed (but may be less than) the cost (i.e., purchase price) of the Property or assets acquired, together, in

the case of real Property, with the cost of the construction thereof and improvements thereto, and will not be secured by a Lien on any Property or assets of the Issuer or any Subsidiary of the Issuer other than such Property or assets so acquired or constructed and improvements thereto and (b) the Lien securing such Indebtedness will be created within 180 days of such acquisition or construction or, in the case of a Refinancing of any Purchase Money Indebtedness, within 180 days of such Refinancing; and *provided*, *further,* that, to the extent that the property or asset acquired is Share Capital, the Lien also may encumber other property or assets of the Person so acquired;

(8) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(9) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other Property relating to such letters of credit and products and proceeds thereof;

(10) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Issuer or any of its Subsidiaries, including rights of offset and set-off;

(11) Liens securing Interest Swap Obligations which Interest Swap Obligations relate to Indebtedness that is otherwise permitted under the indenture;

(12) Liens securing Indebtedness under Currency Agreements and Commodity Agreements that are permitted under the indenture;

(13) Liens securing Acquired Indebtedness; *provided* that:

(a) such Liens secured such Acquired Indebtedness at the time of and prior to the incurrence of such Acquired Indebtedness by the Issuer or any of its Subsidiaries and were not granted in connection with, or in anticipation of, the incurrence of such Acquired Indebtedness by the Issuer or any of its Subsidiaries; and

(b) such Liens do not extend to or cover any Property or assets of the Issuer or of any of its Subsidiaries other than the Property or assets that secured the Acquired Indebtedness prior to the time such Indebtedness became Acquired Indebtedness of the Issuer or any of its Subsidiaries and are no more favorable to the lienholders than those securing the Acquired Indebtedness prior to the incurrence of such Acquired Indebtedness by the Issuer or any of its Subsidiaries;

(14) Liens existing as of the Issue Date, and any extension, renewal or replacement thereof; *provided, however*, that the total amount of Indebtedness so secured, if applicable, is not increased;

(15) Liens securing the notes and all other monetary obligations under the indenture;

(16) Liens securing Indebtedness which is incurred to Refinance any Indebtedness which has been secured by a Lien permitted under this covenant; provided, however, that such Liens: (i) are no less favorable to the holders of the notes and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced; and (ii) do not extend to or cover any Property or assets of the Issuer or any of its Subsidiaries not securing the Indebtedness so Refinanced;

(17) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(18) Liens on assets that are the subject of a sale and leaseback transaction permitted by the provisions of the indenture;

(19) any rights of set-off of any person with respect to any deposit account of the Issuer or any Subsidiary arising in the ordinary course of business and not constituting a financing transaction;

(20) any Liens granted by the Issuer or any Subsidiary to secure borrowings from, directly or indirectly, (a) *Banco Nacional de Desenvolvimento Econômico e Social* — BNDES or any other Brazilian governmental development bank or credit agency, (b) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer, or (c) Banco do Brasil S.A. or its affiliates under the *Fundo do Centro-Oeste* incentive program of the Brazilian federal government;

(21) any liens on the inventory of the Issuer or any Subsidiary securing the obligations of the Issuer and its Subsidiaries in the ordinary course of business under the Crédito Rural financing program of the Brazilian government;

(22) any Liens on the receivables of the Issuer or any Subsidiary securing the obligations of such Person under any lines of credit or working capital facility; *provided* that the aggregate amount of receivables securing Indebtedness shall not exceed 80% of the Issuer's aggregate outstanding receivables from time to time;

(23) Liens on carbon credits or certificates of emission reductions or Liens securing clean development mechanisms projects; and

(24) Liens incurred by the Issuer or any of its Subsidiaries with respect to obligations that do not exceed, at the time of incurrence, 12.5% of the Consolidated Net Worth of the Issuer at any one time outstanding.

"*Person*" means an individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof, or any other legal entity.

"*Preferred Stock*" means, with respect to any Person, any Share Capital of such Person that has preferential rights to any other Share Capital of such Person with respect to dividends or redemptions or upon liquidation.

"*Property*" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Share Capital in, and other securities of, any other Person. For purposes of any calculation required pursuant to the indenture, the value of any property will be its Fair Market Value.

"*Purchase Money Indebtedness*" means Indebtedness of the Issuer and its Subsidiaries incurred for the purpose of financing all or any part of the purchase price, or the cost of installation, construction or improvement, of Property or equipment, *provided* that the aggregate principal amount of such Indebtedness does not exceed the lesser of the Fair Market Value of such Property or such purchase price or cost.

"*Refinance*" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "*Refinanced*" and "*Refinancing*" will have correlative meanings.

"*R$*" means the real, being the lawful currency of Brazil.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Share Capital*" means:

(1) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person;

(2) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person; and

(3) any warrants, rights or options to purchase any of the instruments or interests referred to in clause (1) or (2) above.

"*Significant Subsidiary*" means any Subsidiary of the Issuer which, at the time of determination, either (1) had assets which, as of the date of the Issuer's most recent quarterly consolidated balance sheet, constituted at least 10% of the Issuer's total assets on a consolidated basis as of such date, or (2) had revenues for the 12-month period ending on the date of the Issuer's most recent quarterly consolidated statement of income which constituted at least 10% of the Issuer's total revenues on a consolidated basis for such period.

"*Subsidiary*" means, with respect to any Person, (1) any corporation of which the outstanding Share Capital having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances will at the time be owned, directly or indirectly, by such Person, or (2) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system is open.

"*U.S. dollar*" or "*U.S.$*" means the U.S. dollar, being the lawful currency of the United States of America.

"*U.S. Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time of determination thereof, the amount of U.S. dollars obtained by translating such other currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable other currency as published in U.S. dollars on the date that is two Target Settlement Days prior to the date of such determination. Notwithstanding any other provision of the indenture, no specified amount of U.S. dollars will be deemed to be exceeded due solely to the result of fluctuations in the exchange rates of currencies.

"*Wholly-Owned*" means, with respect to any Subsidiary, a Subsidiary 95% of the outstanding Share Capital of which (other than any director's or other similar qualifying shares) is owned by the Issuer and one or more Wholly-Owned Subsidiaries (or a combination thereof).

BOOK-ENTRY, DELIVERY AND FORM

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and/or Clearstream, as applicable, currently in effect. The information in this section concerning Euroclear and Clearstream has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the trustee, the Paying Agents, the Transfer Agents, the Registrars nor the Initial Purchasers take any responsibility for the accuracy thereof. Investors wishing to use the facilities of Euroclear and/or Clearstream, as applicable, are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities. None of the Issuer, the trustee nor any other party to the Indenture will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the notes held through the facilities of Euroclear and/or Clearstream, as applicable, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

General

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the “Rule 144A Global Notes”). Notes sold to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). On the date the notes are delivered in book-entry form, as set forth on the cover page of this Offering Memorandum, the Global Notes will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the “Rule 144A Book-Entry Interests”) and ownership of interests in the Regulation S Global Notes (the “Regulation S Book-Entry Interests” and, together with the Rule 144A Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream, as applicable, or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream and their participants.

Except as set forth below under “Definitive registered notes,” the Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests.

So long as the notes are held in global form, the nominee for the common depositary for Euroclear and Clearstream (or their respective nominees) will be considered the sole holder of Global Notes for all purposes under the indenture and ‘‘holders’’ of Book-Entry Interests will not be considered the owners or ‘‘holders’’ of notes for any purpose. As such, participants must rely on the procedures of Euroclear and/or Clearstream, as applicable, and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests in order to transfer their interests in the notes or to exercise any rights of holders under the Indenture.

None of the Issuer, the trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof).

The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of a series of notes are to be redeemed at any time, Euroclear or Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to Euroclear and/or Clearstream, as applicable, or their respective nominees, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of the Notes—Additional Amounts." If any such deduction or withholding is required to be made, then, to the extent described under "Description of the Notes—Additional Amounts," the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the trustee will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the trustee, the Paying Agents, the Transfer Agents, the Registrar or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear or Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interests in such notes through Euroclear or Clearstream in euros.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that it will take any action permitted to be taken by a holder of the notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction. Neither Euroclear nor Clearstream will exercise any discretion in the granting of consents, waivers or the taking of another action in respect of the Global Notes. However, if there is an event of default under the notes, Euroclear and/or Clearstream, as applicable, reserves the right to exchange the Global Notes for definitive registered notes in certificated form, and to distribute such definitive registered notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds.

The Global Notes will bear a legend to the effect set forth under "Transfer Restrictions." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer and certification requirements discussed under "Transfer Restrictions."

Book-Entry Interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. See “Transfer Restrictions.”

Book-Entry Interests in the Regulation S Global Note may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Rule 144A Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a ‘‘qualified institutional buyer’’ within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “Transfer Restrictions,” and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction.

Subject to the foregoing, and as set forth in “Transfer Restrictions,” Book-Entry Interests may be transferred and exchanged as described under “Description of the Notes.” Any Book-Entry Interest in a Global Note that is transferred to a person who takes delivery in the form of a Book-Entry Interest in another Global Note will, upon transfer, cease to be a Book- Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

In the case of the issuance of definitive registered notes, the holder of a definitive registered note may transfer such note by surrendering it to the registrar. In the event of a partial transfer or a partial redemption of a holding of definitive registered notes represented by one definitive registered note, a definitive registered note will be issued to the transferee in respect of the part transferred and a new definitive registered note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no definitive registered note in a denomination less than €100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the definitive registered notes.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered notes:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or
- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through either Euroclear or Clearstream following an Event of Default under the Indenture.

In the case of the issuance of definitive registered notes, the holder of a definitive registered note may transfer such Note by surrendering it to the registrar or transfer agent. In the event of a partial transfer or a partial redemption of a holding of definitive registered notes represented by one definitive registered note, a definitive registered note will be issued to the transferee in respect of the part transferred and a new definitive registered note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; provided that no definitive registered note in a denomination less than €100,000 will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the definitive registered notes.

The Issuer will not be required to register the transfer or exchange of definitive registered notes for a period of 15 calendar days preceding: (i) the record date for any payment of interest on the applicable series of notes; (ii) any date fixed for redemption of the applicable series of notes; or (iii) the date fixed for selection of the applicable series of notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any notes selected for redemption. In the event of the transfer of any definitive registered note, the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the applicable Indenture. The Issuer may require a holder to pay any taxes and fees required by law and permitted by the applicable Indenture and the applicable series of notes.

If definitive registered notes are issued and a holder thereof claims that such definitive registered note has been lost, destroyed or wrongfully taken, or if such definitive registered note is mutilated and is surrendered to the registrar or at the office of the transfer agent, the Issuer will issue and the trustee (or an authenticating agent appointed by the trustee) will authenticate a replacement definitive registered note if the trustee's and our requirements are met. The Issuer or the trustee may require a holder requesting replacement of a definitive registered note to furnish an indemnity bond sufficient in the judgment of both to protect us, the trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a definitive registered note is replaced. The Issuer may charge for any expenses incurred by us in replacing a definitive registered note.

In case any such mutilated, destroyed, lost or stolen definitive registered note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new definitive registered note, pay, redeem or purchase such definitive registered note, as the case may be.

Definitive registered notes may be transferred and exchanged only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such notes. See "Transfer Restrictions. "Global Clearance and Settlement under the Book-Entry System

Application has been made to admit the notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the trustee or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to Book-Entry Interests.

The information in this section concerning Euroclear and Clearstream and their respective book-entry systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

TAXATION

The following discussion summarizes certain Brazilian and U.S. federal income tax considerations that may be relevant to you if you invest in the notes. This summary is based on laws and regulations now in effect in Brazil and laws, regulations, rulings and decisions now in effect in the United States, any of which may change at any time and are subject to differing interpretation. Any change could affect the continued accuracy of this summary. Changes in the Brazilian tax regulations may only apply in relation to the future.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax aspects of the notes applicable to a holder of the notes who is an individual, entity, trust or organization that is not resident or domiciled in Brazil for purposes of Brazilian taxation ("Non-Resident Holder") and does not purport to be a comprehensive description of all the tax aspects of the notes. Therefore, each Non-Resident Holder should consult its own tax advisor concerning the Brazilian tax consequences in connection with the notes.

Payments Made by the Issuer Under the Notes

Generally, Non-Resident Holders are taxed in Brazil when their income is derived from Brazilian sources. The applicability of Brazilian taxes with respect to payments on the notes will depend on (i) the origin of such payments and (ii) the domicile of the beneficiaries thereof.

Interest, fees, commissions (including any original issue discount and any redemption premiums) and any other income payable by a Brazilian obligor to an individual, entity, trust or organization domiciled outside Brazil with respect to debt obligations derived from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, such as the notes, is subject to withholding income tax.

The rate of withholding income tax is generally 15%, unless: (1) the Non-Resident Holder of the notes is resident or domiciled in a tax haven jurisdiction (it is deemed to be a jurisdiction that does not impose any tax on income or which imposes such tax at a maximum effective rate lower than 17%, or where the laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the effective beneficiary of the income attributed to non-residents), in which case the applicable rate is 25% (the withholding income tax rate remains 15% in the event of interest income payable by a Brazilian obligor to an individual, company, trust or organization domiciled outside Brazil in respect of debt obligations resulting from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, including commercial paper, as provided for in Section 10 of Normative Instruction no. 1,455, dated March 6, 2014 , issued by the Brazilian Revenue Service ("RFB")); or (2) a lower rate is provided for in an applicable tax treaty between Brazil and the other country where the Non-Resident Holder is domiciled.

On June 23, 2008, Law 11,727 introduced the concept of "privileged tax regime" in connection with transactions subject to Brazilian transfer pricing rules and also applicable to thin capitalization/cross border interest deductibility rules, which is broader than the concept of a tax haven jurisdiction. Pursuant to Law No. 11,727, a jurisdiction will be considered as a privileged tax regime if it (1) does not tax income or taxes it at a maximum rate lower than 17%; (2) grants tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or a said territory or (b) conditioned upon the non-exercise of a substantial economic activity in the country or a said territory; (3) does not tax or taxes proceeds generated abroad at a maximum rate lower than 17% or (4) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out.

In addition, on June 4, 2010, the Brazilian tax authorities enacted Normative Instruction No. 1,037, as amended, listing (i) the countries and jurisdictions considered tax haven jurisdictions, and (ii) the privileged tax regimes. Although we are of the opinion that the most appropriate interpretation of the current Brazilian tax legislation leads to the conclusion that the above mentioned "privileged tax regime" concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, this is a controversial issue not definitively analyzed by Brazilian courts. In this sense, we are not able to assure that the broader definition of tax haven jurisdiction will not be applied to interest and other payments made to a Non-Resident Holder of the notes.

Brazil and Japan are signatories to a treaty ("Japan Treaty") for the avoidance of double income taxation. Under the Japan Treaty, payments of interest to entities incorporated in Japan (or a branch thereof) or other types of income deemed similar to income from borrowed funds under Brazilian tax law will be subject to a Brazilian withholding tax rate of 12.5%.

We believe and intend to take the position for tax purposes that, as long as such payments are made by the issuer to a Japanese paying agent pursuant to the terms and conditions of the notes and provided further that such Japanese paying agent is a tax resident of Japan and is qualified for the benefits of the Japan Treaty with respect to the notes, interest (including any original issue discount) will likely be subject to Brazilian tax at a rate of 12.5% pursuant to the Japan Treaty. For this purpose, the principal paying agent must be granted discharge powers and be authorized to receive payments on behalf of the holders of the notes, which would release the Brazilian debtor from the payment obligations. If the issuer is not able to rely on the Japan Treaty to make the payments, or the payments are not made by us to the principal paying agent, any such payments will be subject to the Brazilian withholding tax at the rates referred to above. In the event that the issuer is required to make any payment in connection with the notes to a Non-Resident Holder, the issuer will be allowed under Brazilian law to pay such additional amounts as may be necessary to ensure that the net amounts receivable by the Non-Resident Holder after the assessment of withholding income tax will equal the amounts that would have been payable in the absence of such withholding, subject to certain exceptions as described under "Description of the Notes—Additional Amounts."

Capital Gains

According to Article 26 of Law No. 10,833, enacted on December 29, 2003, capital gains derived from the disposition of assets located in Brazil by a non-resident to another non-resident made outside Brazil are subject to taxation in Brazil at a rate of 15% or 25%, depending on whether the beneficiary is resident of a tax haven jurisdiction under Brazilian law.

Considering that the notes are issued abroad and, therefore, may not fall within the definition of assets located in Brazil for purposes of Law No. 10,833, gains on the sale or other disposition of such notes made outside Brazil by a Non-Resident Holder, other than a branch or a subsidiary of a Brazilian resident, to another non-resident would not be subject to Brazilian taxes. However, considering the general scope of Law No. 10,833 and the absence of judicial guidance in respect thereof, it is impossible to predict whether such interpretation will ultimately prevail in the Brazilian courts. If the position mentioned above does not prevail, gains realized by a Non-Resident Holder from the sale or other disposition of the notes could be subject to Brazilian withholding income tax at a rate of 15% or 25%, if the Non-Resident Holder is domiciled in a tax haven jurisdiction.

Other Tax Considerations

In addition to withholding income tax, Brazilian law imposes a Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou Relativas a Títulos e Valores Mobiliários*), or "IOF/Exchange," due on the conversion of reais into foreign currency and on the conversion of foreign currency into reais. Currently, the IOF/Exchange rate for almost all foreign currency exchange transactions, including foreign exchange transactions in connection with payments under the notes to Non-Resident Holders, is 0.38%.

As a general rule, foreign exchange transactions in connection with cross border loans and financings, for both the inflow and outflow of proceeds into and from Brazil, are currently subject to IOF/Exchange at a zero percent rate. However, for foreign exchange transactions (including simultaneous foreign exchange transactions) executed in connection with the inflow of proceeds to Brazil deriving from crossborder loans or financings or international bond issuances, subject to registration with the Central Bank and with the minimum average term of

180 days or less, the IOF/Exchange tax rate is 6% (this rate of 6% will be levied with penalties and interest in case of loans or financings or international bonds with minimum average term longer than 180 days in which an early redemption occurs in the first 180 days). The Brazilian government is permitted to increase this rate at any time up to 25%. Any such increase in rates may only apply to future foreign exchange transactions.

Stamp, Transfer and Other Similar Taxes

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the notes, except for gift and inheritance taxes imposed by some Brazilian states on gifts and bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

United States Federal Income Taxation

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. Except where noted, this summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquires the notes upon original issuance at their initial offering price.

A "U.S. holder" means a person that is for United States federal income tax purposes a beneficial owner of the notes and any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes and does not deal with foreign, state, or local or other tax considerations that may be relevant to you in light of your personal circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;

- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to holders of the notes whose “functional currency” is not the United States dollar;
- the potential application of the Medicare tax on net investment income;
- alternative minimum tax consequences, if any; or
- any state, local or foreign tax consequences.

If a partnership holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the notes, you should consult your tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Payments of Interest

Subject to the foreign currency rules discussed below, stated interest on a note (including any Brazilian tax withheld) will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for United States federal income tax purposes.

If you use the cash method of accounting, you will be required to include in income the U.S. dollar value of the amount of interest received, determined by translating euros received at the spot rate on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. You will not recognize exchange gain or loss upon the receipt of such payment.

If you use the accrual method of accounting, you may determine the amount of income recognized with respect to such interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period,
- the last day of the taxable year if the accrual period straddles your taxable year, or
- the date the interest payment is received if such date is within five business days of the end of the accrual period.

In addition, if you use the accrual method of accounting, upon receipt of an interest payment on a note (including, upon the sale of a note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), you will recognize exchange gain or loss, which will generally be treated as United States source ordinary income or loss, in an amount equal to the difference between the U.S. dollar value of such payment (determined by translating the euros received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

In addition to stated interest on the notes, you will be required to include in income any Additional Amounts (as described under “Description of the Notes—Additional Amounts”) paid in respect of any Brazilian tax withheld. Accordingly, the amount of interest income included by you in gross income for United States federal income tax purposes with respect to a payment of interest will generally be greater than the amount of cash actually received (or receivable) by you with respect to the payment. You may be entitled to deduct or credit this tax, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Except with respect to any exchange gain or loss described above, interest income (including any Additional Amounts) on a note generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange and Retirement of Notes

Upon the sale, exchange, retirement or other taxable disposition of a note, you will recognize gain or loss equal to the difference between the amount you realize thereon (less an amount equal to any accrued interest, which will be taxable as interest to the extent not previously included in income) and your adjusted tax basis in the note. Your adjusted tax basis in a note will, in general, be your U.S. dollar cost for that note. If you purchased a note with euros, your U.S. dollar cost generally will be the U.S. dollar value of the euros paid for such note determined at the time of such purchase. If your note is sold, exchanged, retired or disposed of in a taxable transaction for an amount denominated in euros, then your amount realized generally will be based on the spot rate on the date of such sale, exchange, retirement or other taxable disposition. If, however, you are a cash method taxpayer and the notes are traded on an established securities market for United States federal income tax purposes, euros paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of notes traded on an established securities market, provided that the election is applied consistently. An accrual method taxpayer that does not make the election described above will recognize foreign currency exchange gain or loss (generally taxable as United States source ordinary income or loss) upon the sale, exchange, retirement or other taxable disposition of a note for an amount denominated in euros to the extent that the U.S. dollar value of the euros received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realized.

Subject to the foreign currency rules discussed herein, any gain or loss you recognize in excess of the exchange gain or loss will be capital gain or loss and will be long-term gain or loss if at the time of the sale, exchange, retirement or other disposition the note has been held for more than one year. Such gain or loss will generally be treated as United States source gain or loss. Consequently, you may not be able to claim a credit for any Brazilian tax imposed upon a disposition of a note unless that credit can be applied (subject to applicable limitations) against the United States federal income tax due on other income treated as derived from foreign sources. Alternatively, you may deduct any Brazilian tax imposed upon a disposition of a note, provided that you do not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the taxable year. Long-term capital gains of non-corporate U.S. holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A portion of your gain or loss recognized upon the sale, exchange, retirement or other taxable disposition of a note may be treated as exchange gain or loss. Exchange gain or loss will generally be treated as United States source ordinary income or loss. For these purposes, the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount of the note determined on the date payment is received or the note is disposed of (or deemed disposed of) and (ii) the U.S. dollar value of the principal amount of the note determined on the date you acquired the note (or are deemed to acquire the note). The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the note.

Exchange Gain or Loss with Respect to Euros

Your tax basis in the euros received as interest on a note or on the sale, exchange, retirement or other taxable disposition of a note will be the U.S. dollar value thereof at the spot rate in effect on the date the euros are received. Any gain or loss recognized by you on a sale, exchange or other taxable disposition of the euros will generally be treated as United States source ordinary income or loss.

Reportable Transactions

Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a note or euros received in respect of a note to the extent that such sale, exchange, retirement or other taxable disposition results in an ordinary loss in excess of a threshold amount. You should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Substitution of the Issuer

The issuer may, subject to certain conditions, be replaced and substituted by any direct or indirect wholly-owned subsidiary (the "Substituted Issuer") as principal debtor in respect of the notes (see "Description of the Notes—Substitution of the Issuer"). This substitution would generally be treated for United States federal income tax purposes as a deemed taxable exchange of the notes for new notes issued by the Substituted Issuer and thus may result in certain adverse tax consequences to you. In addition, if the Substituted Issuer is organized in a jurisdiction other than Brazil, the Substituted Issuer will have an obligation to indemnify each holder and beneficial owner of the notes against certain taxes or duties which may be incurred or levied against such holder or beneficial owner as a result of any substitution and which would not have been so incurred or levied had such substitution not been made. You should consult your own tax advisors regarding any potential adverse tax consequences to you that may result from a substitution of the issuer.

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments on the notes and the proceeds from a sale of a note paid to you, unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number, or, in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements, representations to and agreements with BRF and the initial purchasers:

(1) You acknowledge that:

- the notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

- unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

- you are a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and are purchasing notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in reliance on Rule 144A; or

- you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither we nor the initial purchasers nor any person representing BRF or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained or incorporated by reference in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions of and request information from us.

(4) You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing notes, and each subsequent holder of the notes by its acceptance of the notes will agree, that until the end of the Resale Restriction Period (as defined below), the notes may be offered, sold or otherwise transferred only:

(a) to BRF;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales that occur outside the United States in reliance upon Regulation S; or

(e) under any other available exemption from the registration requirements of the Securities Act.

You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is determined by the issuer (in the case of Rule 144A notes) or 40 days (in the case of Regulation S notes) after the later of (1) the closing date and (2) the last date that BRF or any of their affiliates was the owner of the notes or any predecessor of the notes (the "Resale Restriction Period"), and will not apply after the applicable resale restriction period ends;

- if a holder of notes proposes to resell or transfer notes under clause (e) above before the applicable resale restriction period ends, the seller must deliver to BRF and the trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the notes not for distribution in violation of the Securities Act;

- BRF and the trustee reserve the right to require in connection with any offer, sale or other transfer of notes under clause (e) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to BRF; and

- each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES:* SUCH DATE AS MAY BE DETERMINED BY THE ISSUER] [*IN THE CASE OF REGULATION S NOTES:* 40 DAYS OR SUCH LATER DATE AS MAY BE DETERMINED BY THE ISSUER] AFTER THE LATER OF (1) THE ORIGINAL ISSUE DATE HEREOF AND (2) THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY), ONLY (A) TO THE ISSUER, (B) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) THROUGH OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN RELIANCE UPON REGULATION S OR (E) UNDER ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR OTHER TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, A CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER.

The resale restriction period may be extended, in our discretion, in the event of one or more issuances of additional notes, as described under "Description of the Notes—Additional Notes." The above legend may be removed at our direction after the resale restriction period (including any such extension thereof).

(5) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement among BRF and the initial purchasers, BRF has agreed to sell to the initial purchasers, and each of the initial purchasers has severally agreed to purchase the principal amount of notes set forth opposite its name in the table below.

Initial Purchasers		Principal Amount
Banco Santander, S.A.	€	83,334,000
BNP Paribas		83,334,000
Citigroup Global Markets Limited		83,333,000
Deutsche Bank AG, London Branch		83,333,000
Merrill Lynch International		83,333,000
Morgan Stanley & Co. International plc		83,333,000
Total	€	500,000,000

The obligations of the initial purchasers under the purchase agreement, including their agreement to purchase notes from BRF, are several and not joint. The purchase agreement provides that the initial purchasers will purchase all the notes if any of them are purchased.

The initial purchasers initially propose to offer the notes for resale at the issue price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

In the purchase agreement, we have agreed that:

- we will not offer or sell any of our debt securities (other than the notes) for a period of 30 days after the date of this offering memorandum without the prior consent of the initial purchasers; and
- we will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. In the purchase agreement, each initial purchaser has agreed that:

- the notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the notes, it will offer or sell notes only to qualified institutional buyers in compliance with Rule 144A and outside the United States in compliance with Regulation S.

In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

The notes are a new issue of securities, and they are subject to certain restrictions on resale and transfer as described under "Transfer Restrictions." We have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market. BRF does not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system other than the Euro MTF Market. The initial purchasers have advised us that they intend to make a market in the notes, but they are not obligated to do so. The initial purchasers may discontinue any market making in the notes at any time in their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the notes, the initial purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the initial purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

The initial purchasers and/or their affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the notes and the initial purchasers and/or their affiliates may also purchase some of the notes to hedge their risk exposure in connection with such transactions. Also, the initial purchasers and/or their affiliates may acquire the notes for their own propriety accounts. Such acquisitions may have an effect on demand for and the price of the notes.

Selling Restrictions

The notes are offered for sale only in those jurisdictions where it is lawful to make such offers.

The notes have not been offered, sold or delivered and will not be offered, sold or delivered, directly or indirectly, and this offering memorandum or any information incorporated by reference herein or any other offering material relating to the notes, has not been and will not be distributed in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

Brazil

The notes have not been, and will not be, registered with the CVM. The notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations.

European Economic Area (EEA)

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that relevant Member State (the “relevant implementation date”), an offer to the public of notes described in this offering memorandum may not be made in that Relevant Member State other than:

- to any legal entity that is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the joint bookrunners for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the issuer or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does would not, if the Issuer were not an "authorised person," apply to the Issuer; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Switzerland

The notes may not and will not be publicly offered, distributed or re-distributed in or from Switzerland and neither this offering memorandum nor any other solicitation for investments in the notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. This offering memorandum may not be copied, reproduced, distributed or passed on to others without the prior written consent of the initial purchasers. This offering memorandum is not a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to the Listing Rules of the SIX Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules.

Hong Kong

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore, or the SFA, and accordingly, the notes may not be offered or be the subject of an invitation for subscription or purchase, nor will this offering memorandum or and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the notes, whether directly or indirectly, be circulated or distributed to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the

SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) or any person, pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Each holder of the notes should note that any subsequent sale of the notes acquired pursuant to an offer in this offering memorandum made under exemptions (a) or (b) above within a period of six months from the date of initial acquisition is restricted to (1) institutional investors (as defined in Section 4A of the SFA), (2) relevant persons as defined in Section 275(2) of the SFA, and (3) persons pursuant to an offer referred to in Section 275(1A) of the SFA.

Where the notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than U.S.$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Relationships with Initial Purchasers

Certain of the initial purchasers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, BRF and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments

LEGAL MATTERS

The validity of the notes offered and sold in this offering will be passed upon for us, with respect to New York law by Simpson Thacher & Bartlett LLP, São Paulo, Brazil, and with respect to Brazilian law by Machado, Meyer, Sendacz e Opice Advogados, São Paulo, Brazil. The validity of the notes offered and sold in this offering will be passed upon for the initial purchasers, with respect to New York law by Davis Polk & Wardwell LLP, São Paulo, Brazil, and with respect to Brazilian law by Pinheiro Guimarães –Advogados, São Paulo, Brazil.

INDEPENDENT ACCOUNTANTS

The audited consolidated financial statements of BRF S.A. appearing in BRF S.A.'s Annual Report on Form 20-F for the year ended December 31, 2014 have been audited by Ernst & Young Auditores Independentes S.S., independent accountants, as set forth in their report included therein, and incorporated herein by reference.

With respect to our unaudited interim consolidated financial statements as of March 31, 2015 and for each of the three-month periods ended March 31, 2015 and 2014 included elsewhere in this offering memorandum, Ernst & Young Auditores Independentes S.S. have applied limited procedures in accordance with professional standards for a review of such information. However, their report dated April 28, 2015 appearing herein states that they did not audit and they do not express an opinion on these unaudited interim consolidated financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Ernst & Young Auditores Independentes S.S.'s principal executive offices are located at Avenida Presidente Juscelino Kubitschek, 1830, Torre II, 10th floor, Itaim-Bibi, 04543-900, São Paulo, SP, Brazil.

LISTING AND GENERAL INFORMATION

(1) The notes have been accepted for clearance and settlement through Euroclear and Clearstream. The CUSIP, ISIN and common code numbers for the notes are as follows:

	Rule 144A Global Note	Regulation S Global Note
ISIN	XS1242327325	XS1242327168
Common code	124232732	124232716

(2) Copies of our latest audited consolidated financial statements and unaudited interim consolidated financial information, if any, may be obtained free of charge at the offices of the Luxembourg paying agent. Copies of our bylaws, the indenture (including forms of notes) and this offering memorandum will be available free of charge at the offices of the Luxembourg paying agent. BRF publishes its consolidated financial statements on an annual and quarterly basis.

(3) Our current bylaws (*Estatuto Social*) are filed as Exhibit 1.01 to our 2014 Form 20-F.

(4) Except as disclosed in this offering memorandum, there has been no material adverse change in our financial position since March 31, 2015, the date of the latest unaudited interim consolidated financial statements included in this offering memorandum.

(5) Except as disclosed in this offering memorandum, we are not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as we are aware is any such litigation or arbitration pending or threatened.

(6) We have applied to list the notes on the Luxembourg Stock Exchange for trading on the Euro MTF Market.

(7) The issuance of the notes was authorized by our Board of Directors on May 29, 2015.

INDEX TO FINANCIAL STATEMENTS

BRF S.A.

Unaudited Interim Consolidated Financial Statements

A free translation from Portuguese into English of Report on review of interim consolidated financial statements prepared in accordance with IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board – IASB

Report on review of interim consolidated financial statements

The
Management and shareholders
BRF S.A.

Introduction

We have reviewed the accompanying interim consolidated financial statements of BRF S.A. and its subsidiaries (the "Company") as of March 31, 2015, comprising of the interim consolidated balance sheet as of March 31, 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standard on Review Engagements (NBC TR 2410 – *Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade* and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

São Paulo, April 28, 2015.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

/s/ Antonio Humberto Barros dos Santos
Accountant CRC-1SP161745/O-3

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.
CONSOLIDATED BALANCE SHEETS
March 31, 2015 and December 31, 2014
(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

ASSETS	Note	03.31.15	12.31.14
CURRENT ASSETS			
Cash and cash equivalents	6	**5,873.8**	6,006.9
Marketable securities	7	**613.6**	587.5
Trade accounts receivable, net	8	**2,562.2**	3,046.9
Notes receivable	8	**221.3**	215.1
Inventories	9	**3,337.4**	2,941.4
Biological assets	10	**1,201.2**	1,130.6
Recoverable taxes	11	**990.1**	1,009.1
Other financial assets	20	**476.4**	43.1
Other current assets		**535.8**	549.7
		15,811.8	15,530.3
Assets of discontinued operations and held for sale	12	**1,962.8**	1,958.0
Total current assets		**17,774.6**	17,488.3
NON-CURRENT ASSETS			
Marketable securities	7	**63.9**	62.1
Trade accounts receivable, net	8	**8.9**	7.7
Notes receivable	8	**337.1**	361.7
Recoverable taxes	11	**933.0**	912.1
Deferred income and social contribution taxes	13	**888.1**	714.0
Judicial deposits	14	**627.3**	615.7
Biological assets	10	**697.5**	683.2
Restricted cash	7	**120.5**	115.2
Other non-current assets		**307.6**	317.4
Investments in associates and joint ventures	15	**391.2**	438.4
Property, plant and equipment, net	16	**10,090.3**	10,059.3
Intangibles	17	**4,476.9**	4,328.6
Total non-current assets		**18,942.3**	18,615.4
TOTAL ASSETS		**36,716.9**	36,103.7

See accompanying notes to the interim consolidated financial statements.

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.
CONSOLIDATED BALANCE SHEETS
March 31, 2015 and December 31, 2014
(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	03.31.15	12.31.14
CURRENT LIABILITIES			
Short-term debt	18	**2,426.7**	2,738.9
Trade accounts payable	19	**4,381.0**	3,977.3
Payroll and related charges		**477.6**	427.1
Tax payable		**365.8**	299.9
Interest on shareholders' equity		**2.5**	430.9
Employee and management profit sharing		**106.6**	395.8
Other financial liabilities	20	**655.8**	257.4
Provision for tax, civil and labor risks	24	**255.4**	243.0
Pension and other post-employment plans	23	**56.1**	56.1
Other current liabilities		**219.2**	234.4
		8,946.7	9,060.8
Liabilities of discontinued operations	12	**520.1**	508.3
Total current liabilities		**9,466.8**	9,569.1
NON-CURRENT LIABILITIES			
Long-term debt	18	**10,295.2**	8,850.4
Tax payable		**28.3**	25.9
Provision for tax, civil and labor risks	24	**924.2**	942.8
Deferred income and social contribution taxes	13	**125.7**	90.2
Pension and other post-employment plans	23	**268.6**	258.0
Other non-current liabilities		**683.5**	677.4
Total non-current liabilities		**12,325.5**	10,844.7
SHAREHOLDERS' EQUITY	25		
Capital		**12,460.5**	12,460.5
Capital reserves		**104.1**	109.4
Income reserves		**3,974.1**	3,945.8
Retained earnings		**436.3**	-
Treasury shares		**(1,304.0)**	(304.9)
Other comprehensive loss		**(863.6)**	(620.4)
Equity attributable to interest of controlling shareholders		**14,807.4**	15,590.4
Equity attributable to non-controlling interest		**117.2**	99.5
Total shareholders' equity		**14,924.6**	15,689.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**36,716.9**	36,103.7

See accompanying notes to the interim consolidated financial statements.

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.
CONSOLIDATED STATEMENTS OF INCOME
Three-month periods ended March 31, 2015 and 2014
(Amounts expressed in millions of Brazilian Reais, except earnings per share and share data)

	Note	03.31.15	03.31.14
CONTINUED OPERATIONS			
NET SALES	28	**7,048.3**	6,706.6
Cost of sales	32	**(4,884.7)**	(4,930.8)
GROSS PROFIT		**2,163.6**	1,775.8
OPERATING INCOME (EXPENSES)			
Selling expenses	32	**(1,083.6)**	(1,000.0)
General and administrative expenses	32	**(107.5)**	(94.2)
Other operating expenses, net	30	**(273.0)**	(120.7)
Income (loss) from associates and joint ventures	15	**(58.6)**	11.4
OPERATING INCOME		**640.9**	572.3
Financial expenses	31	**(1,984.2)**	(447.6)
Financial income	31	**1,876.7**	251.1
INCOME BEFORE TAXES		**533.4**	375.8
Current	13	**(10.4)**	(5.9)
Deferred	13	**(61.3)**	(42.7)
PROFIT FROM CONTINUED OPERATIONS		**461.7**	327.2
DISCONTINUED OPERATIONS			
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	12	**3.0**	(7.8)
NET PROFIT		**464.7**	319.4
Attributable to			
Controlling shareholders		**464.6**	315.4
Non-controlling interest		**0.1**	4.0
		464.7	319.4
EARNINGS PER SHARE			
Weighted average shares outstanding - basic		**855,679,386**	871,018,774
Earnings per share - basic	26	**0.54297**	0.36216
Weighted average shares outstanding - diluted		**856,332,069**	871,385,835
Earning per share - diluted	26	**0.54255**	0.36201
EARNINGS PER SHARE FROM CONTINUED OPERATIONS			
Weighted average shares outstanding - basic		**855,679,386**	871,018,774
Earnings per share - basic	26	**0.53949**	0.37116
Weighted average shares outstanding - diluted		**856,332,069**	871,385,835
Earning per share - diluted	26	**0.53907**	0.37101

See accompanying notes to the interim consolidated financial statements.

BRF S.A.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Three-month period ended March 31, 2015 and 2014
(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

	Note	03.31.15	03.31.14
Net profit		**464.7**	319.4
Other comprehensive income			
Gains (losses) on foreign currency translation adjustments		**150.8**	(39.6)
Gains on available for sale marketable securities	7	**16.5**	3.8
Unrealized gains (losses) on cash flow hedge	4	**(624.5)**	234.1
Taxes on unrealized loss on cash flow hegde	4	**209.5**	(79.0)
Net other comprehensive income to be reclassified to the statement of income in subsequent periods		**(247.7)**	119.3
Actuarial gains on pension and post-employment plans	23	**6.8**	4.1
Taxes on actuarial gains on pension post-employment plans	23	**(2.3)**	(1.4)
Net other comprehensive income with no impact into subsequent statement of income		**4.5**	2.7
Total comprehensive income		**221.5**	441.4
Attributable to			
Controlling shareholders		**221.5**	437.4
Non-controlling interest		**-**	4.0
		221.5	441.4

See accompanying notes to the interim consolidated financial statements.

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Three-month period ended March 31, 2015

(Amounts expressed in millions of Brazilian Reais, except Dividend and Interest on own equity per share data)

	Attributed to interest of controlling shareholders														
		Capital reserves		Income reserves				Other comprehensive income (loss)							
	Paid-in capital	Capital reserve	Treasury shares	Legal reserve	Reserve for expansion	Reserve for capital increases	Reserve for tax incentives	Acumulated foreign currency translation adjustments	Available for sale marketable securities	Gains (losses) on cash flow hedge	Actuarial gains (losses)	Retained earnings	Total equity	Non-controlling interest	Total equity
BALANCES AT JANUARY 01, 2015	**12,460.5**	**109.4**	**(304.9)**	**384.6**	**1,901.4**	**1,274.3**	**385.5**	**(152.6)**	**(17.3)**	**(448.8)**	**(1.7)**	**-**	**15,590.4**	**99.5**	**15,689.9**
Comprehensive income:															
Loss on foreign currency translation adjustments	-	-	-	-	-	-	-	150.8	-	-	-	-	**150.9**	-	**150.9**
Unrealized gain on available for sale securities	-	-	-	-	-	-	-	-	16.6	-	-	-	**16.6**	-	**16.6**
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	-	-	(415.0)	-	-	**(415.0)**	-	**(415.0)**
Actuarial gain on pension and post-employment plans	-	-	-	-	-	-	-	-	-	-	4.5	-	**4.5**	-	**4.5**
Net profit	-	-	-	-	-	-	-	-	-	-	-	464.6	**464.6**	-	**464.6**
TOTAL COMPREHENSIVE INCOME								**150.8**	**16.6**	**(415.0)**	**4.5**	**464.6**	**221.6**	**-**	**221.6**
Appropriation of income:															
Reserve for tax incentives	-	-	-	-	-	-	28.3	-	-	-	-	(28.3)	**-**	-	**-**
Share-based payments	-	4.9	-	-	-	-	-	-	-	-	-	-	**4.9**	-	**4.9**
Loss on treasury shares sold	-	(10.3)	-	-	-	-	-	-	-	-	-	-	**(10.3)**	-	**(10.3)**
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	**-**	17.7	**17.7**
Treasury shares acquired	-	-	(1,028.8)	-	-	-	-	-	-	-	-	-	**(1,028.8)**	-	**(1,028.8)**
Treasury shares sold	-	-	29.6	-	-	-	-	-	-	-	-	-	**29.6**	-	**29.6**
BALANCES AT MARCH 31, 2015	**12,460.5**	**104.1**	**(1,304.0)**	**384.6**	**1,901.4**	**1,274.3**	**413.8**	**(1.9)**	**(0.7)**	**(863.8)**	**2.8**	**436.3**	**14,807.4**	**117.2**	**14,924.6**

See accompanying notes to the interim consolidated financial statements.

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Three-month period ended March 31, 2014

(Amounts expressed in millions of Brazilian Reais, except Dividend and Interest on own equity per share data)

	Attributed to interest of controlling shareholders														
		Capital reserves		Income reserves				Other comprehensive income (loss)							
	Paid-in capital	Capital reserve	Treasury shares	Legal reserve	Reserve for expansion	Reserve for capital increases	Reserve for tax incentives	Acumulated foreign currency translation adjustments	Available for sale marketable securities	Gains (losses) on cash flow hedge	Actuarial gains (losses)	Retained earnings (losses)	Total equity	Non-controlling interest	Total equity
BALANCES AT JANUARY 01, 2014	**12,460.5**	**113.8**	**(77.4)**	**273.4**	**1,170.7**	**822.7**	**245.2**	**(32.3)**	**(5.3)**	**(341.7)**	**25.7**	**-**	**14,655.1**	**41.1**	**14,696.2**
Comprehensive income:															
Loss on foreign currency translation adjustments	-	-	-	-	-	-	-	(39.6)	-	-	-	-	(39.6)	-	(39.6)
Unrealized loss on available for sale securities	-	-	-	-	-	-	-	-	3.8	-	-	-	3.8	-	3.8
Unrealized gain on cash flow hedge	-	-	-	-	-	-	-	-	-	155.1	-	-	155.1	-	155.1
Actuarial loss on pension and post-employment plans	-	-	-	-	-	-	-	-	-	-	2.7	-	2.7	-	2.7
Net profit	-	-	-	-	-	-	-	-	-	-	-	**315.4**	**315.4**	**4.0**	**319.4**
TOTAL COMPREHENSIVE INCOME								**(39.6)**	**3.8**	**155.1**	**2.7**	**315.4**	**437.4**	**4.0**	**441.4**
Appropriation of income:															
Reserve for tax incentives	-	-	-	-	-	-	26.8	-	-	-	-	(26.8)	-	-	-
Share-based payments	-	4.9	-	-	-	-	-	-	-	-	-	-	4.9	-	4.9
Loss on treasury shares sold	-	(4.7)	-	-	-	-	-	-	-	-	-	-	(4.7)	-	(4.7)
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.6)	(2.6)
Treasury shares sold	-	-	28.8	-	-	-	-	-	-	-	-	-	28.8	-	28.8
BALANCES AT MARCH 31, 2014	**12,460.5**	**114.0**	**(48.6)**	**273.4**	**1,170.7**	**822.7**	**272.0**	**(71.9)**	**(1.5)**	**(186.6)**	**28.4**	**288.6**	**15,121.5**	**42.5**	**15,164.0**

See accompanying notes to the interim consolidated financial statements.

(A FREE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BRF S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three-month period ended March 31, 2015 and 2014
(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

	03.31.15	03.31.14
OPERATING ACTIVITIES		
Net profit	**461.6**	323.3
Adjustments to reconcile net income to net cash provided by operating activities from continued operations		
Non-controlling interest	**-**	4.0
Depreciation and amortization	**310.3**	287.3
Equity income of associates and joint ventures	**58.6**	(11.4)
Results on disposals of property, plant and equipment	**(9.9)**	(8.1)
Deferred income tax	**61.3**	42.7
Provision for tax, civil and labor risks	**16.5**	27.7
Other provisions	**227.5**	(46.4)
Exchange rate variations and interest	**947.4**	83.4
Changes in operating assets and liabilities		
Investments in trading securities	**(76.9)**	(175.4)
Redemptions of trading securities	**59.9**	89.8
Other financial assets and liabilities	**(659.6)**	(28.1)
Trade accounts receivable	**424.0**	484.1
Inventories	**(394.8)**	58.6
Biological assets - current assets	**(70.6)**	2.5
Trade accounts payable	**380.2**	53.8
Payment of tax, civil and labor provisions	**(54.7)**	(39.0)
Interest paid	**(120.1)**	(122.3)
Payment of income taxes	**(1.0)**	(2.8)
Interest on shareholders' equity received	**9.0**	-
Other operating assets and liabilities	**(91.6)**	(79.7)
Net cash provided by operating activities from continued operations	**1,477.1**	944.0
Net cash provided by operating activities from discontinued operations	**3.9**	7.8
Net cash provided by operating activities	**1,481.0**	951.8
INVESTING ACTIVITIES		
Investments in available for sale securities	**(1.1)**	-
Redemptions of available for sale securities	**75.7**	3.1
Investments in restricted cash	**(5.3)**	(4.3)
Investments in associates and joint venturies	**(0.4)**	(1.9)
Additions to property, plant and equipment	**(157.0)**	(200.1)
Additions to biological assets - non-current assets	**(132.2)**	(120.1)
Proceeds from disposals of property, plant and equipment	**40.2**	48.2
Additions to intangible	**(6.9)**	(0.3)
Net cash used in investing activities from continued operations	**(187.0)**	(275.4)
Net cash used in investing activities from discontinued operations	**(6.0)**	(13.4)
Net cash used in investing activities	**(193.0)**	(288.8)
FINANCING ACTIVITIES		
Proceeds from debt issuance	**470.7**	1,030.5
Repayment of debt	**(974.7)**	(1,099.3)
Treasury shares acquired	**(1,028.8)**	-
Treasury shares disposal	**19.3**	24.1
Payments of dividends and interest on shareholders' equity	**(463.3)**	(365.0)
Net cash used in financing activities	**(1,976.8)**	(409.7)
EFFECT ON EXCHANGE RATE VARIATION ON CASH AND CASH EQUIVALENTS	**555.5**	(67.3)
Net (decrease) in cash and cash equivalents	**(133.1)**	185.7
At the beginning of the period	**6,006.9**	3,127.7
At the end of the period	**5,873.8**	3,313.4

See accompanying notes to the interim consolidated financial statements.

1. COMPANY'S OPERATIONS

BRF S.A. ("BRF") and its consolidated subsidiaries (collectively the "Company") is one of Brazil's largest companies in the food industry. BRF is a public company, listed on the New Market of Brazilian Securities, Commodities & Futures Exchange ("BM&FBOVESPA"), under the ticker BRFS3, and listed on the New York Stock Exchange ("NYSE"), under the ticker BRFS. Its headquarter are located at 475, Rua Jorge Tzachel in the City of Itajaí, State of Santa Catarina. With a focus on raising, producing and slaughtering of poultry and pork for processing, production and sale of fresh meat, processed products, pasta, sauce, mayonnaise, frozen vegetables and soybean by-products, among which the following are highlighted:

- Whole chickens and frozen cuts of chicken, turkey and pork;
- Ham products, bologna, sausages, frankfurters and other smoked products;
- Hamburgers, breaded meat products and meatballs;
- Lasagnas, pizzas, cheese breads, pies and frozen vegetables;
- Margarine, sauces and mayonnaise; and
- Soy meal and refined soy flour, as well as animal feed.

As disclosed in the consolidated financial statements for the year ended December 31, 2014, the Company's Management decided to discontinue segment of dairy products after analyzing an offer for acquisition made by a subsidiary of Groupe Lactalis, details of which are presented in note 12.

The Company's Management has also changed its management structure and thus, three-month period ended March 31, 2015, the Company's activities became organized in 5 operating segments, being: Brazil, Europe, Middle East and Africa ("MEA"), Asia and Latin America ("LATAM") (note 5).

In the Domestic Market, the Company operates 34 meat processing plants, 3 margarine processing plants, 3 pasta processing plants, 1 dessert processing plant and 3 soybean crushing plants, located close to the Company's raw material suppliers or the main consumer centers.

The Company has an advanced distribution system and uses 20 distribution centers to deliver its products to supermarkets, retail stores, wholesalers, restaurants and other institutional customers in domestic and foreign markets.

In the Foreign Market, the Company operates 7 meat processing plants, 1 margarine and oil processing plant, 1 sauces and mayonnaise processing plant, 1 frozen vegetables processing plant and 15 distribution centers, besides subsidiaries or sales offices in Argentina, Austria, Cayman Islands, Chile, China, France, Germany, Hungary, Italy, Japan, Kuwait, Nigeria, Oman, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, The Netherlands, United Arab Emirates, United Kingdom, Uruguay and Venezuela. The Company exports to more than 120 countries.

The table below summarizes the direct and indirect ownership interests of the Company, as well as the activities of each subsidiary, associate and joint venture:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

1.1. Interest in subsidiaries

Entity		Main activity	Country	Participation	% of equity interest 03.31.15	% of equity interest 12.31.14
Avipal Centro-Oeste S.A.	(a)	Industrialization and commercializations of milk	Brazil	Direct	**100.00%**	100.00%
BRF GmbH		Holding	Austria	Direct	**100.00%**	100.00%
Al Khan Foodstuff LLC		Import, commercialization and distribution of products	Oman	Joint venture	**40.00%**	40.00%
Al-Wafi Food Products Factory LLC		Industrialization and commercialization of products	United Arab Emirates	Indirect	**49.00%**	49.00%
Badi Ltd.		Import and commercialization of products	United Arab Emirates	Indirect	**100.00%**	100.00%
Al-Wafi Al-Takamol Imp.		Import and commercialization of products	Saudi Arabia	Indirect	**75.00%**	75.00%
BRF Al Yasra Food K.S.C.C.		Import and commercialization and distribution of products	Kuwait	Indirect	**75.00%**	75.00%
BRF Foods GmbH		Industralization, import and commercialization of products	Austria	Indirect	**100.00%**	100.00%
BRF Foods LLC		Import and commercialization of products	Russia	Indirect	**90.00%**	90.00%
BRF France SARL	(c)	Marketing and logistics services	France	Indirect	**100.00%**	100.00%
BRF Global Company Nigeria Ltd.		Marketing and logistics services	Nigeria	Indirect	**99.00%**	99.00%
BRF Global Company South Africa Proprietary Ltd.		Import and commercialization of products	South Africa	Indirect	**100.00%**	100.00%
BRF Global Company Nigeria Ltd.		Marketing and logistics services	Nigeria	Indirect	**1.00%**	1.00%
BRF Global GmbH	(b)	Holding and trading	Austria	Indirect	**100.00%**	100.00%
Qualy 5201 B.V.	(b)	Import, commercialization of products and holding	The Netherlands	Indirect	**100.00%**	100.00%
Xamol Consultores Serviços Ltda.	(a)	Import and commercialization of products	Portugal	Indirect	**100.00%**	100.00%
BRF Japan KK		Marketing and logistics services	Japan	Indirect	**100.00%**	100.00%
BRF Korea LLC		Marketing and logistics services	Korea	Indirect	**100.00%**	100.00%
BRF Singapore PTE Ltd.		Marketing and logistics services	Singapore	Indirect	**100.00%**	100.00%
Federal Foods LLC		Import and commercialization of products	United Arab Emirates	Indirect	**49.00%**	49.00%
Perdigão Europe Ltd.		Import and commercialization of products	Portugal	Indirect	**100.00%**	100.00%
Perdigão International Ltd.		Import and commercialization of products	Cayman Island	Indirect	**100.00%**	100.00%
BFF International Ltd.		Financial fundraising	Cayman Island	Indirect	**100.00%**	100.00%
Highline International	(a)	Financial fundraising	Cayman Island	Indirect	**100.00%**	100.00%
BRF Germany GmbH	(d)	Import and commercialization of products	Germany	Indirect	**100.00%**	100.00%
BRF Holland B.V.	(e)	Administrative services	The Netherlands	Indirect	**100.00%**	100.00%
BRF B.V.	(f)	Industrialization, import and commercializations of products	The Netherlands	Indirect	**100.00%**	100.00%
BRF Hungary LLC	(g)	Import and commercialization of products	Hungary	Indirect	**100.00%**	100.00%
BRF Iberia Alimentos SL	(h)	Marketing and logistics services	Spain	Indirect	**100.00%**	100.00%
BRF Italia SPA	(i)	Import and commercialization of products	Italy	Indirect	**67.00%**	67.00%
BRF UK Ltd.	(j)	Import and commercialization of products	England	Indirect	**100.00%**	100.00%
BRF Wrexham Ltd.	(k)	Industrialization, import and commercializations of products	England	Indirect	**100.00%**	100.00%
Sadia Chile S.A.		Import and commercialization of products	Chile	Indirect	**40.00%**	40.00%
Sadia Foods GmbH	(a)	Import and commercialization of products	Germany	Indirect	**100.00%**	100.00%
BRF Foods LLC		Import and commercialization of products	Russia	Indirect	**10.00%**	10.00%
Wellax Food Logistics C.P.A.S.U. Lda.		Import and commercialization of products	Portugal	Indirect	**100.00%**	100.00%
Elebat Alimentos S.A.	(l)	Industrialization and commercialization of products	Brazil	Direct	**99.99%**	99.00%
Establecimiento Levino Zaccardi y Cia. S.A.		Industrialization and commercializations of dairy products	Argentina	Direct	**98.26%**	98.26%
K&S Alimentos S.A.		Industrialization and commercialization of products	Brazil	Affiliate	**49.00%**	49.00%
Minerva S.A.		Industrialization and commercialization of products	Brazil	Affiliate	**16.29%**	16.29%
Nutrifont Alimentos S.A.		Industrialization and commercialization of products	Brazil	Affiliate	**50.00%**	50.00%
PP-BIO Administração de bem próprio S.A.		Management of assets	Brazil	Affiliate	**33.33%**	33.33%
PSA Laboratório Veterinário Ltda.		Veterinary activities	Brazil	Direct	**100.00%**	100.00%
Elebat Alimentos S.A.	(l)	Industrialization and commercialization of products	Brazil	Indirect	**0.01%**	1.00%
Sino dos Alpes Alimentos Ltda.	(a)	Industrialization and commercializations of products	Brazil	Indirect	**99.99%**	99.99%
PR-SAD Administração de bem próprio S.A.		Management of assets	Brazil	Affiliate	**33.33%**	33.33%
Quickfood S.A.		Industrialization and commercialization of products	Argentina	Direct	**90.05%**	90.05%
Sadia Alimentos S.A.		Import and commercialization of products	Argentina	Direct	**99.98%**	99.98%
Avex S.A.		Industrialization and commercialization of products	Argentina	Indirect	**95.00%**	95.00%
Flora Dánica S.A.		Industrialization and commercialization of products	Argentina	Indirect	**95.00%**	95.00%
GB Dan S.A.		Industrialization and commercialization of products	Argentina	Indirect	**5.00%**	5.00%
Flora San Luis S.A.		Industrialization and commercialization of products	Argentina	Indirect	**95.00%**	95.00%
Flora Dánica S.A.		Industrialization and commercialization of products	Argentina	Indirect	**5.00%**	5.00%
GB Dan S.A.		Industrialization and commercialization of products	Argentina	Indirect	**95.00%**	95.00%
Flora San Luis S.A.		Industrialization and commercialization of products	Argentina	Indirect	**5.00%**	5.00%
Sadia International Ltd.		Import and commercialization of products	Cayman Island	Direct	**100.00%**	100.00%
Sadia Chile S.A.		Import and commercialization of products	Chile	Indirect	**60.00%**	60.00%
Sadia Uruguay S.A.		Import and commercialization of products	Uruguay	Indirect	**100.00%**	100.00%
Avex S.A.		Import and commercialization of products	Argentina	Indirect	**5.00%**	5.00%
Sadia Alimentos S.A.		Import and commercialization of products	Argentina	Indirect	**0.02%**	0.02%
Sadia Overseas Ltd.		Financial fundraising	Cayman Island	Direct	**100.00%**	100.00%
UP Alimentos Ltda.		Industrialization and commercializations of products	Brazil	Affiliate	**50.00%**	50.00%
Vip S.A. Emp. Part. Imobiliárias		Commercialization of owned real state	Brazil	Direct	**100.00%**	100.00%
Establecimiento Levino Zaccardi y Cia. S.A.		Industrialization and commercializations of dairy products	Argentina	Indirect	**1.74%**	1.74%
Sino dos Alpes Alimentos Ltda.	(a)	Industrialization and commercializations of products	Brazil	Indirect	**0.01%**	0.01%

(a) Dormant subsidiaries.

(b) The wholly-owned subsidiary BRF Global GmbH started to operate as a trading in the European market as from May 1, 2013. In addition, it owns 101 direct subsidiaries in Madeira, Portugal, with an investment of R$4.0 as of March 31, 2015 (R$3.0 as of December 31, 2014) and a direct subsidiary in Den Bosch, The Netherlands, denominated Qualy 20 with an investment of R$4.3 as of March 31, 2015 (R$4.4 as of December 31, 2014). The wholly-owned subsidiary Qualy 5201 B.V. owns 213 subsidiaries in The Netherlands being the amount of this investment of R$16.6 as of March 31, 2015 (R$14.6 as of December 31, 2014). The purpose of these 2 subsidiaries is to operate in the European market to increase the Company's market share, which is regulated by a system of poultry and turkey meat import quotas.

(c) Change the corporate name from Perdigão France SARL to BRF France SARL.

(d) Change the corporate name from Plusfood Germany GmbH to BRF Germany GmbH.

(e) Change the corporate name from Plusfood Holland B.V. to BRF Holland B.V.

(f) Change the corporate name from Plusfood B.V. to BRF B.V.

(g) Change the corporate name from Plusfood Hungary Trade and Service LLC to BRF Hungary LLC.

(h) Change the corporate name from Plusfood Iberia SL to BRF Iberia Alimentos SL.

(i) Change the corporate name from Plusfood Italy SRL to BRF Italia SPA.

(j) Change the corporate name from Plusfood UK Ltd to BRF UK Ltd.

(k) Change the corporate name from Plusfood Wrexham to BRF Wrexham Ltd.

(l) On February 27, 2015, change in equity interest through capital increase.

1.2. Seasonality

The Company does not operate with any significant seasonality through the year. In general, during the fourth quarter of each year demand in Brazil is slightly stronger than in the other quarters, due to Christmas and New Year Celebrations, being the best-selling products in this period are: turkey, Chester® and ham.

2. MANAGEMENT'S STATEMENT AND BASIS OF PREPARATION AND PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company's interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for interim financial reporting in accordance with IAS 34 – Interim Financial Reporting ("IAS 34").

The Company's interim consolidated financial statements are expressed in millions of Brazilian Reais ("R$"), as well as the amounts of other currencies disclosed therein. The result information is prepared by their accumulated over the same period last year.

The preparation of the Company's interim consolidated financial statements requires Management to make judgments, use estimates and adopt assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities as of the reporting date. However, the uncertainty inherent to these judgments, assumptions and estimates could result in material adjustments to the carrying amounts of the affected assets and liabilities in future periods.

The Company reviews its judgments, estimates and assumptions on a quarterly basis.

The interim consolidated financial statements were prepared on the historical cost except for the following items which are measured at fair value:

- derivative and non-derivative financial instruments, being changes to fair value recognized through the statement of income;
- available for sale financial assets; and
- share-based payments and employee benefits.

As a result of the Company's decision to discontinue the operating segment of dairy products the consolidated statements of income and cash flows for the three-months ended March 31, 2015 and 2014 are disclosed in accordance with the requirements of IFRS 05 – Non-current Assets Held for Sale and Discontinued Operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared based on the accounting policies and estimates calculation methodology adopted in the preparation of the consolidated financial statements for the year ended December 31, 2014 (note 3).

There were no changes to such policies and estimates calculation methodology. As allowed by IAS 34, the details of the accounting policies adopted by the Company are not disclosed. Hence, the interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014, in order to allow the users of this interim financial information to further understand the Company's capacity of profit and future cash flows generation as well as its financial conditions and liquidity.

The exchange rates in Brazilian Reais that are effective at the balance sheet dates are as follows:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Exchange rate at the balance sheet date	**03.31.15**	12.31.14
U.S. Dollar (US$ or USD)	**3.2080**	2.6562
Euro (€ or EUR)	**3.4457**	3.2270
Pound Sterling (£ or GBP)	**4.7642**	4.1405
Argentine Peso ($ or ARS)	**0.3637**	0.3172
Rial Omã (OMR)	**8.3325**	6.8992
Dirhan (AED)	**0.8735**	0.7232
Average rates		
U.S. Dollar (US$ or USD)	**2.8634**	2.3536
Euro (€ or EUR)	**3.2172**	3.1221
Pound Sterling (£ or GBP)	**4.3344**	3.8721
Argentine Peso ($ or ARS)	**0.3295**	0.2905
Rial Omã (OMR)	**7.4378**	6.1134
Dirhan (AED)	**0.7796**	0.6408

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

4.1. Overview

In the normal course of its business, the Company is exposed to credit, liquidity and market risks, which are actively managed in conformity with the Risk Policy and internal guidelines subject to such policy.

The policy and guidelines, as well as monitoring process, evolution and approval of risk management were disclosed in detail in the consolidated financial statements for the year ended December 31, 2014 (note 4) and there is no change in the three-months ended March 31, 2015.

a. Credit risk management

The Company is subject to the credit risk related to trade accounts receivable, financial investments and derivative contracts, as follows:

- Credit risk associated with trade accounts receivable is actively managed by dedicated team, through specific systems. Furthermore, it should be noted the diversification of the customer portfolio and the concession of credit to customers with good financial and operational conditions. The Company does not usually require collateral for sales to customer, and it has contracted credit insurance policy for specific markets; and

- Credit risk associated with financial investments and derivative contracts is mitigated by the Company's policy of working with prime institutions.

On March 31, 2015, the Company had financial investments over R$10.0 at the following financial institutions: Banco BNP, Banco Bradesco, Banco do Brasil, Banco do

Nordeste, Banco HSBC, Banco Itaú, Banco Safra, Banco Santander, Caixa Econômica Federal, Standard Chartered and Societe Generale.

The Company also held derivative contracts with the following financial institutions: Banco Bradesco, Banco do Brasil, Banco HSBC, Banco Itaú, Banco Santander, Banco Votorantim, Barclays, Citibank, Deutsche Bank, ING Bank, JP Morgan, Merrill Lynch, Banco BNP and Rabobank.

b. Liquidity risk management

Liquidity risk management aims to reduce the impacts caused by events that may affect the Company's cash flow. Thus, the Company utilizes the following metrics:

- Cash Flow at Risk ("CFaR"), which aims to statistically estimates the cash flows for the next twelve months and the Company's liquidity exposure. The Company determined that the minimum cash available should be equivalent mainly to the average monthly billing and EBITDA for the last twelve-month period; and

- Value at Risk ("VaR") is used for derivative transactions that require payments of periodic adjustments. Currently, the Company holds only BM&F operations with daily adjustments and in order to monitor them, such methodology is utilized, which statistically measures potential maximum adjustments to be paid at intervals of 1 to 21-days.

The Company maintains its leverage levels in order to avoid any impact to its ability to settle commitments and obligations. As a guideline, the majority of the debt should be in long term. On March 31, 2015, the long term debt portion accounted for 80.9% (76.4% as of December 31, 2014) of the total outstanding debt with an average term greater than 5 years.

The table below summarizes the commitments and contractual obligations that may impact the Company's liquidity:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

	03.31.15							
	Book value	Cash flow contracted	Up to 9 months	2016	2017	2018	2019	After 5 years
Non derivative financial liabilities								
Loans and financing	4,385.6	5,005.0	2,227.4	511.9	589.2	1,012.8	193.2	470.5
BRF bonds	6,902.4	9,736.0	357.7	357.7	357.7	838.4	319.0	7,505.5
BFF bonds	706.9	960.0	25.5	51.1	51.1	51.1	51.1	730.1
Sadia bonds	524.9	600.6	35.2	35.2	530.2	-	-	-
Quickfood bonds	202.1	284.5	70.5	116.2	49.2	48.6	-	-
Trade accounts payable	4,381.0	4,381.0	4,381.0	-	-	-	-	-
Capital lease (1)	210.5	320.3	81.0	42.6	26.3	22.9	22.4	125.1
Operational lease	-	608.8	115.0	128.8	96.1	77.5	62.2	129.2
Derivative financial liabilities								
Financial instruments designated as cash flow hedge								
Interest rate and exchange rate derivatives	231.4	275.1	15.6	39.4	39.3	180.1	0.7	-
Currency derivatives (NDF)	188.4	(99.3)	(101.2)	1.9	-	-	-	-
Fixed exchange rate	111.8	111.0	111.0	-	-	-	-	-
Currency derivatives (options)	116.4	18.9	18.9	-	-	-	-	-
Financial instruments not designated as cash flow hedge								
Currency derivatives (Future)	5.3	5.3	5.3	-	-	-	-	-
Interest rate and exchange rate derivatives	2.5	0.2	0.2	-	-	-	-	-

(1) It does not include the capital leases contracted with financial institutions which are included in loans and financing line above.

c. Interest rate risk management

It is the risk the Company incurs in economic losses resulting from changes in interest rates, which could affect its assets and liabilities.

The Company's Risk Policy does not restrict exposure to different interest rates, neither establishes limits for fixed or floating rates. However, the Company continually monitors the market interest rates in order to evaluate any need to enter into hedging transaction to protect from the exposure to fluctuation such rates and manage the mismatch between its financial investments and debts. In these transactions the Company enters into contracts that exchange floating rate for fixed rate or vice-versa. Such transactions were designated by the Company as cash flow hedge.

The Company's indebtedness is essentially tied to the London Interbank Offered rate ("LIBOR"), fixed coupon ("R$ and USD"), Long Term Interest Rate ("TJLP") and Monetary Unit of the Bank National Economic and Social Development ("UMBNDES") rates. In case of adverse changes in the market that result in LIBOR, TJLP and UMBNDES rise, the cost of the floating indebtedness rises and on the other hand, the cost of the fixed indebtedness decreases in relative terms.

With regards to the Company's marketable securities, the main index is the Interbank Deposit Certificate ("CDI") for investments in the domestic market and fixed coupon ("USD") for investments in the foreign market.

d. Foreign exchange risk management

It is the risk to variations of foreign exchange rates that may cause the Company to incur unexpected losses, leading to a reduction of assets or an increase in liabilities.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Assets and liabilities denominated in foreign currency are as follows:

	03.31.15	12.31.14
	Total exposure	
Cash and cash equivalents and marketable securities	**5,297.4**	4,551.2
Trade accounts receivable	**1,532.1**	1,693.3
Accounts receivable from subsidiaries	**0.4**	1.2
Future dollar agreements	**914.3**	252.3
Embedded derivative (note 12.2)	**2,238.4**	1,853.4
Inventories	**2.1**	21.1
Exchange rate contracts (Swap)	**-**	(4.6)
Loans and financing	**(9,323.1)**	(7,596.2)
Bonds designated as cash flow hedge	**962.4**	796.9
Exports prepayments designated as cash flow hedge	**962.4**	796.9
Trade accounts payable	**(1,148.7)**	(957.2)
Other assets and liabilities, net	**151.6**	97.6
	1,589.4	1,506.0
Foreign exchange exposure (in US$)	**495.5**	567.0
Foreign exchange exposure impacting the statement of income (in US$)	**557.1**	550.5
Foreign exchange exposure included in other comprehensive income (in US$)	**(61.6)**	16.5
Foreign exchange exposure (in US$)	**495.5**	567.0

The Company's net foreign exchange exposure as of March 31, 2015 corresponds to an asset amounting to US$495.5. Due to the impacts of the functional currency, net foreign exchange exposure is composed of: (i) an asset totaling US$557.1, on which variations are recorded in statement of income and (ii) a liability totaling US$61.6, on which variations are recognized in comprehensive income. On March 31, 2015, the net foreign exchange exposure is within the limit set by the Company's Risk Policy.

e. Commodity price risk management

In the normal course of its operations, the Company purchases commodities, mainly corn, soymeal and oil and live hogs, which are some of the individual components of production cost.

Corn, soymeal and oil prices are subject to volatility resulting from weather conditions, crop yield, transportation and storage costs, government's agricultural policy, foreign exchange rates and the prices of these commodities on the international market, among others factors. The prices of hogs acquired from third parties are subject to market conditions and are influenced by internal availability and levels of demand in the international market, among other aspects.

The Risk Policy establishes limits for hedging the corn and soymeal purchase flow, aiming to reduce the impact resulting from a price increase of these raw materials, and may utilize derivative instruments or inventory management for this purpose. Currently, the management of inventory levels is used as a hedging instrument.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

f. Capital management

The Company's definition of the adequate capital structure is essentially associated with (i) cash strength as a tolerance factor to liquidity volatility, (ii) financial leverage and (iii) maximization of the opportunity cost of capital.

The cash and liquidity strategy takes into consideration the historical scenarios of volatility of results as well as simulations of sectorial and systemic crises and is based on permitting the resilience in scenarios of restricted access to capital.

Financial leverage aims the balance between the different sources of funding and their conditions of allocation in order to maximize the opportunity cost to BRF in its business expansion initiatives. Moreover, the objective of maintaining the investment grade disciplines the weighting of using own and third party capital.

The Company monitors levels of debt and net debt, which are shown below:

			03.31.15	12.31.14
	Current	**Non-current**	**Total**	Total
Foreign currency debt	**(393.2)**	**(8,929.8)**	**(9,323.0)**	(7,596.2)
Local currency debt	**(2,033.5)**	**(1,365.4)**	**(3,398.9)**	(3,993.1)
Other financial liabilities	**(655.8)**	**-**	**(655.8)**	(257.4)
Gross debt	**(3,082.5)**	**(10,295.2)**	**(13,377.7)**	(11,846.7)
Marketable securities and cash and cash equivalents	**6,487.4**	**63.9**	**6,551.3**	6,656.5
Other financial assets	**476.4**	**-**	**476.4**	43.1
Restricted cash	**-**	**120.5**	**120.5**	115.2
Net debt	**3,881.3**	**(10,110.8)**	**(6,229.5)**	(5,031.9)

4.2. Derivative and non-derivative financial instruments designated as hedge accounting

The Company applies hedge accounting to its derivative instruments classified as cash flow hedges, in accordance with the Risk Policy. Cash flow hedges consist of hedging the exposure to variations in cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable transaction that could affect profit and loss.

The Risk Policy has also the purpose of determining parameters of use of financial instruments, including derivatives, which are designed to protect the operating and financial assets and liabilities, which are exposed to the variations of foreign exchange rates, the fluctuation of the interest rates and changes to the commodity prices.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The Company, within its hedge accounting strategy, utilizes the following financial instruments:

- Non-deliverable forwards – NDF
- Interest rate and currency swap
- Deliverable forwards
- Options
- Export prepayments – PPEs
- Senior unsecured notes – Bonds

4.2.1 Breakdown of the balances of derivative financial instruments

The positions of outstanding derivative financial instruments as follows:

				03.31.15		12.31.14
Instrument	**Hedge object**	**Reference currency (notional)**	**Reference value (notional)**	**Fair value (1)**	Reference value (notional)	Fair value (1)
Financial instruments designated as cash flow hedge						
NDF - Dollar sale	Currency	USD	**250.8**	**(112.1)**	439.7	(62.7)
NDF - Euro sale	Currency	EUR	**66.5**	**(9.0)**	74.0	0.2
NDF - Pound Sterling sale	Currency	GBP	**30.8**	**(15.9)**	41.6	(2.1)
NDF - Yen sale	Currency	JPY	**12,923.0**	**(50.9)**	16,993.2	(2.8)
Currency swap - US$	Currency	BRL	**250.0**	**(153.0)**	250.0	(90.3)
Interest rate swap - US$	Interest	USD	**200.0**	**(33.4)**	200.0	(29.1)
Deliverable forwards - US$	Currency	USD	**222.5**	**(109.9)**	102.5	(2.8)
Deliverable forwards - Euro	Currency	EUR	**11.0**	**(1.8)**	8.0	0.3
Options (Collar) - US$	Currency	USD	**600.0**	**(53.7)**	164.0	(4.0)
Options (Put) - US$	Currency	USD	**375.0**	**30.9**	10.0	-
Interest rate swap - US$	Interest	USD	**200.0**	**(45.1)**	200.0	(38.6)
				(553.9)		(231.9)
Financial instruments not designated as cash flow hedge						
NDF - Yen sale	Currency	JPY	**-**	**-**	1,000.0	1.1
Embedded derivative - (note 12.2)	Currency	USD	**697.8**	**374.0**	697.8	28.0
Currency swap - US$	Currency	USD	**-**	**-**	2.8	(1.8)
Interest rate - R$	Interest	BRL	**590.0**	**(2.5)**	590.0	(1.4)
Future - BM&FBOVESPA	Currency	USD	**285.0**	**(5.3)**	95.0	(5.7)
NDF - Euro	Currency	EUR	**170.0**	**7.8**	150.0	0.1
NDF - Pound Sterling	Currency	GBP	**20.0**	**0.3**	20.0	(2.6)
NDF - Peso	Currency	USD	**-**	**-**	3.4	(0.1)
				374.3		17.6
				(179.6)		(214.3)

(1) The market value determination method used by the Company consists of calculating the future value based on the contracted conditions and determining the present value based on market curves, obtained from the database of Bloomberg and BM&FBOVESPA.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

a. Non-deliverable forwards – NDF

The position of the outstanding NDF as of March 31, 2015, by maturity, as well as the weighted average exchange rates and the fair value, are presented as follows:

PUT			R$ x US$			R$ x EUR			R$ x GBP			R$ x JPY
Maturities	**Notional (US$)**	**Average rate**	**Fair value**	**Notional (EUR)**	**Average rate**	**Fair value**	**Notional (GBP)**	**Average rate**	**Fair value**	**Notional (JPY)**	**Average rate**	**Fair value**
Financial instruments designated as cash flow hedge												
April 2015	67.0	3.1126	(7.4)	9.9	3.1693	(2.8)	4.3	4.0961	(2.9)	1,000.0	0.0222	(4.7)
May 2015	46.2	2.5392	(31.9)	12.8	3.2848	(2.5)	4.6	4.1861	(2.8)	1,000.0	0.0224	(4.8)
June 2015	32.6	2.6095	(21.1)	10.6	3.4497	(0.6)	4.6	4.3034	(2.5)	2,016.7	0.0239	(6.9)
July 2015	43.5	2.6862	(25.7)	6.1	3.4803	(0.4)	4.9	4.3278	(2.7)	2,008.8	0.0241	(6.9)
August 2015	27.7	2.8184	(13.4)	3.1	3.5179	(0.2)	2.6	4.3691	(1.4)	2,008.8	0.0242	(7.1)
September 2015	11.6	2.9844	(4.2)	6.0	3.4958	(0.6)	2.6	4.4002	(1.4)	2,008.8	0.0244	(7.1)
October 2015	7.7	2.8035	(4.2)	2.0	3.4507	(0.4)	2.7	4.4360	(1.5)	1,000.0	0.0232	(4.8)
November 2015	10.0	2.9434	(4.3)	5.0	3.5387	(0.6)	1.5	4.4760	(0.8)	1,879.9	0.0236	(8.6)
December 2015	4.5	3.4673	0.1	4.0	3.6068	(0.4)	1.0	5.1450	-	-	-	-
January 2016	-	-	-	4.0	3.6356	(0.4)	1.0	5.2210	0.1	-	-	-
February 2016	-	-	-	3.0	3.7165	(0.1)	1.0	5.1300	-	-	-	-
	250.8	**2.8194**	**(112.1)**	**66.5**	**3.4259**	**(9.0)**	**30.8**	**4.3785**	**(15.9)**	**12,923.0**	**0.0237**	**(50.9)**

PUT			EUR x US$			GBP x US$
Maturities	**Notional (EUR)**	**Average rate**	**Fair value**	**Notional (GBP)**	**Average rate**	**Fair value**
Financial instruments not designated as cash flow hedge						
June 2015	170.0	1.0861	7.8	20.0	1.4866	0.3
	170.0	**1.0861**	**7.8**	**20.0**	**1.4866**	**0.3**

CALL			R$ x US$
Maturities	**Notional (US$)**	**Average rate**	**Fair value**
Financial instruments not designated as cash flow hedge			
June 2015	697.8	2.7328	374.0
	697.8	**2.7328**	**374.0**

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

b. Interest rate and currency swaps

The position of interest rate and currency swaps is presented as follows:

Instrument	Maturity	Assets (Hedged object)	Liabilities (Protected risk)	Notional	Fair value
Financial instruments designated as cash flow hedge					
Interest rate	01.22.18	LIBOR 6M + 2.82% p.a.	5.86% p.a.	**100.0**	**(16.3)**
Interest rate	06.18.18	LIBOR 3M + 2.60% p.a.	5.47% p.a.	**100.0**	**(17.1)**
Interest rate	02.01.19	LIBOR 6M + 2.70% p.a.	5.90% p.a.	**100.0**	**(22.6)**
Interest rate	02.01.19	LIBOR 6M + 2.70% p.a.	5.88% p.a.	**100.0**	**(22.4)**
					(78.4)
Currency swap	05.22.18	R$ + 7.75%	US$ + 1.60%	**250.0**	**(153.0)**
					(231.4)
Financial instruments not designated as cash flow hedge					
Interest rate - Bond	05.22.18	R$ (Fixed rate of 7.75% p.a.)	68.84% CDI	**50.0**	**(0.4)**
Interest rate - NCE	06.19.15	R$ (Fixed rate of 8.00% p.a.)	66.30% CDI	**50.0**	**-**
Interest rate - NCE	11.19.15	R$ (Fixed rate of 10.84% p.a.)	89.84% CDI	**300.0**	**(1.7)**
Interest rate - NCE	06.29.15	R$ (Fixed rate of 8.00% p.a.)	67.35% CDI	**90.0**	**-**
Interest rate - NCE	10.29.15	R$ (Fixed rate of 10.84% p.a.)	89.35% CDI	**100.0**	**(0.4)**
					(2.5)

c. Deliverable forwards

The position of deliverable forwards designated as cash flow hedge is presented as follows:

						03.31.15
			R$ x US$			**R$ x EUR**
Maturities	**Notional US$**	**Average US$**	**Fair value**	**Notional EUR**	**Average EUR**	**Fair value**
April 2015	**15.0**	2.6817	**(8.1)**	**-**	-	**-**
May 2015	**5.0**	2.7387	**(2.5)**	**-**	-	**-**
June 2015	**35.0**	2.6723	**(20.4)**	**-**	-	**-**
July 2015	**5.0**	2.7910	**(2.5)**	**5.0**	3.4126	**(0.7)**
August 2015	**15.0**	2.8302	**(7.2)**	**3.0**	3.4977	**(0.2)**
September 2015	**45.0**	2.8281	**(22.5)**	**-**	-	**-**
October 2015	**35.0**	2.8779	**(16.6)**	**3.0**	3.3037	**(0.9)**
November 2015	**17.7**	2.8964	**(8.5)**	**-**	-	**-**
December 2015	**20.0**	2.9440	**(9.1)**	**-**	-	**-**
January 2016	**29.8**	3.0087	**(12.5)**	**-**	-	**-**
	222.5	**2.8391**	**(109.9)**	**11.0**	**3.4061**	**(1.8)**

d. Options

The Company designates as a cash flow hedge only the variation in the intrinsic value of its options, recognizing the time value of the premium in the financial result. If the hedge is not effective and the option is not exercised due to devaluation of the Brazilian Real, the losses related to the options will be recognized as financial expenses in the statement of income.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The Company has designated transactions involving options denominated collar which is a purchase of a put option ("PUT") and a sale of a call option ("CALL").

When the market price of any of the options is not available in an active market, the fair value is based on an option pricing model (Black-Scholes or Binomial).

				03.31.15
				R$ x US$
Type	Maturities	Notional (US$)	Average US$	Fair value
Financial instruments designated as cash flow hedge				
Collar - Call (Sale)	April 2015	(40.0)	2.9248	(11.9)
Collar - Put (Purchase)	April 2015	40.0	2.7525	-
Collar - Call (Sale)	May 2015	(50.0)	3.0778	(9.7)
Collar - Put (Purchase)	May 2015	50.0	2.7660	-
Collar - Call (Sale)	June 2015	(30.0)	3.3367	(3.8)
Collar - Put (Purchase)	June 2015	30.0	3.0033	1.3
Collar - Call (Sale)	July 2015	(70.0)	3.2571	(12.6)
Collar - Put (Purchase)	July 2015	70.0	2.8814	1.3
Collar - Call (Sale)	August 2015	(65.0)	3.5336	(6.1)
Collar - Put (Purchase)	August 2015	65.0	3.0808	3.7
Collar - Call (Sale)	September 2015	(60.0)	3.5954	(5.8)
Collar - Put (Purchase)	September 2015	60.0	3.1217	4.4
Collar - Call (Sale)	October 2015	(70.0)	3.6544	(7.2)
Collar - Put (Purchase)	October 2015	70.0	3.1286	4.9
Collar - Call (Sale)	November 2015	(70.0)	3.6635	(8.2)
Collar - Put (Purchase)	November 2015	70.0	3.1143	5.2
Collar - Call (Sale)	December 2015	(55.0)	3.6214	(7.8)
Collar - Put (Purchase)	December 2015	55.0	2.9736	1.8
Collar - Call (Sale)	January 2016	(30.0)	3.6700	(4.5)
Collar - Put (Purchase)	January 2016	30.0	3.2750	3.3
Collar - Call (Sale)	February 2016	(60.0)	3.7102	(5.3)
Collar - Put (Purchase)	February 2016	60.0	3.2750	3.3
		-		**(53.7)**
Put (Purchase)	April 2015	60.0	3.1267	0.8
Put (Purchase)	May 2015	125.0	3.1862	8.3
Put (Purchase)	June 2015	120.0	3.1810	15.5
Put (Purchase)	July 2015	14.0	3.3400	2.2
Put (Purchase)	August 2015	26.0	3.0585	1.1
Put (Purchase)	September 2015	20.0	3.1000	1.1
Put (Purchase)	October 2015	10.0	3.4400	1.9
		375.0		**30.9**

4.2.2 Breakdown of the balances of non-derivative financial instruments

The position of non-derivative financial instruments is presented as follows:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Instrument	Hedge object	Reference currency (notional)	03.31.15 Value (notional)	03.31.15 Fair value (1)	12.31.14 Value (notional)	12.31.14 Fair value (1)
Financial instruments designated as cash flow hedge						
PPEs	Exchange	USD	300.0	962.4	300.0	796.9
Bonds	Exchange	USD	300.0	962.4	300.0	796.9
			600.0	1,924.8	600.0	1,593.8

(1) Notional converted by Ptax rate in effect at year-end.

a. Export prepayments – PPEs

The position of PPEs is presented as follows:

Hedge Instrument	Type of risk hedged	Maturities	Notional (US$)	Average rate	Fair value 03.31.15
PPE	US$ (E.R.)	02.2017 to 02.2019	300.0	1.7796	962.4

b. Senior unsecured notes – Bonds

The position of bonds designated as cash flow hedges is presented as follows:

Hedge Instrument	Type of risk hedged	Maturities	Notional (US$)	Average rate	Fair value 03.31.15
BRF SA BRFSBZ5	US$ (E.R.)	06.2022	150.0	2.0213	481.2
BRF SA BRFSBZ3	US$ (E.R.)	05.2023	150.0	2.0387	481.2
			300.0	2.0300	962.4

4.3. Gains and losses of derivative and non-derivative financial instruments

The unrealized gains and losses of derivative and non-derivative financial instruments designated as cash flow hedges are recorded as a component of other comprehensive income, as set forth below:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

	03.31.15	12.31.14
Derivatives designated as cash flow hedges		
Foreign exchange risks	**(432.0)**	(152.7)
Interest risks	**(73.4)**	(59.3)
	(505.4)	(212.0)
Non-derivatives designated as cash flow hedges		
Foreign exchange risks	**(781.9)**	(450.8)
Gross losses	**(1,287.3)**	(662.8)
Deferred taxes on losses	**423.6**	214.1
Losses, net of taxes	**(863.7)**	(448.7)
Change in gross losses	**(624.5)**	(162.8)
Income taxes on financial instruments adjustments	**209.5**	55.8
Impact in other comprehensive income	**(415.0)**	(107.0)

On March 31, 2015, the realized transactions with derivative and non-derivative financial instruments designated as cash flow hedge resulted in a loss of R$123.7 (loss of R$92.8 as of March 31, 2014), composed by a net loss amounting to R$114.5 (loss of R$90.6 as of March 31, 2014) recorded as gross revenues and a net loss of R$9.2 (loss of R$2.2 as of March 31, 2014) recorded in the financial result.

4.4. Breakdown of financial instruments by category – except derivatives

						03.31.15
	Loans and receivables	**Available for sale**	**Trading securities**	**Held to maturity**	**Financial liabilities**	**Total**
Assets						
Amortized cost						
Marketable securities	-	-	-	63.9	-	63.9
Restricted cash	-	-	-	120.5	-	120.5
Trade accounts receivable	2,571.1	-	-	-	-	2,571.1
Other credits	558.5	-	-	-	-	558.5
Other receivables	184.1	-	-	-	-	184.1
Fair value						
Marketable securities	-	305.2	308.4	-	-	613.6
Liabilities						
Amortized cost						
Trade accounts payable	-	-	-	-	(4,381.0)	(4,381.0)
Loans and financing						
Local currency	-	-	-	-	(2,861.0)	(2,861.0)
Foreign currency	-	-	-	-	(9,323.1)	(9,323.1)
Capital lease payable	-	-	-	-	(210.5)	(210.5)
Fair value						
Loans and financing - NCE	-	-	-	-	(537.9)	(537.9)
	3,313.7	305.2	308.4	184.4	(17,313.5)	(13,201.8)

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

						12.31.14
	Loans and receivables	Available for sale	Trading securities	Held to maturity	Financial liabilities	Total
Assets						
Amortized cost						
Marketable securities	-	-	-	62.1	-	62.1
Restricted cash	-	-	-	115.2	-	115.2
Trade accounts receivable	3,054.6	-	-	-	-	3,054.6
Other credits	576.7	-	-	-	-	576.7
Other receivables	195.5	-	-	-	-	195.5
Fair value						
Marketable securities	-	303.9	283.6	-	-	587.5
Liabilities						
Amortized cost						
Trade accounts payable	-	-	-	-	(3,977.3)	(3,977.3)
Loans and financing						
Local currency	-	-	-	-	(3,454.4)	(3,454.4)
Foreign currency	-	-	-	-	(7,596.2)	(7,596.2)
Capital lease payable	-	-	-	-	(243.8)	(243.8)
Fair value						
Loans and financing - NCE	-	-	-	-	(538.7)	(538.7)
	3,826.8	303.9	283.6	177.3	(15,810.4)	(11,218.8)

4.5. Determination of the fair value of financial instruments

The Company discloses its financial assets and liabilities at fair value, based on the appropriate accounting pronouncements, which refer to concepts of valuation and disclosure requirements.

The fair value measurement is based on 3 levels of hierarchy which considers observable and non-observable inputs. Observable inputs reflect market data obtained from independent sources, while non-observable inputs reflect the Company's valuation methodologist. These 2 types of inputs create the hierarchy of fair value set forth below:

- Level 1 – Prices quoted (unadjusted) for identical instruments in active markets;
- Level 2 – Prices quoted in active markets for similar instruments, prices quoted for identical or similar instruments in non-active markets and evaluation models for which inputs are observable; and
- Level 3 – Instruments whose significant inputs are non-observable.

The table below presents the overall classification of financial assets and liabilities according to the valuation hierarchy. The fair value of financial instruments presented below was based on prices observed in active markets, level 1 of the hierarchy for fair value measurement.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

				03.31.15
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets				
Available for sale				
Credit linked notes	**248.5**	**-**	**-**	**248.5**
Brazilian foreign debt securities	**56.7**	**-**	**-**	**56.7**
Held for trading				
Bank deposit certificates	**-**	**66.6**	**-**	**66.6**
Financial treasury bills	**241.8**	**-**	**-**	**241.8**
Other financial assets				
Derivatives designed as hedges	**-**	**94.3**	**-**	**94.3**
Derivatives not designated as hedges	**-**	**382.1**	**-**	**382.1**
	547.0	**543.0**	**-**	**1,090.0**
Liabilities				
Financial liabilities				
Loans and financing	**-**	**(537.9)**	**-**	**(537.9)**
Other financial liabilities				
Derivatives designed as hedges	**-**	**(648.0)**	**-**	**(648.0)**
Derivatives not designated as hedges	**-**	**(7.8)**	**-**	**(7.8)**
	-	**(1,193.7)**	**-**	**(1,193.7)**

				12.31.14
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets				
Available for sale				
Credit linked notes	187.9	-	-	187.9
Brazilian foreign debt securities	92.4	-	-	92.4
Investment funds	23.6	-	-	23.6
Held for trading				
Bank deposit certificates	-	64.8	-	64.8
Financial treasury bills	218.8	-	-	218.8
Other financial assets				
Derivatives designed as hedges	-	13.8	-	13.8
Derivatives not designated as hedges	-	29.3	-	29.3
	522.7	107.9	-	630.6
Liabilities				
Financial liabilities				
Loans and financing	-	(538.7)	-	(538.7)
Other financial liabilities				
Derivatives designed as hedges	-	(245.7)	-	(245.7)
Derivatives not designated as hedges	-	(11.7)	-	(11.7)
	-	(796.1)	-	(796.1)

The following is a description of the valuation methodologies utilized by the Company for measuring financial instruments at fair value:

- Investments in Credit linked notes, Brazilian foreign debt securities, Financial Treasury Bills ("LFT"), investment funds and stocks are classified at Level 1 of the fair value hierarchy, as the market prices are available in an active market;

- Investments in Bank Deposit Certificates ("CDB") are classified at Level 2, since the determination of fair value is based on the price quotation of similar financial instruments in non-active markets; and

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

- Derivative financial instruments are valued through existing pricing models widely accepted by the financial market and described in Appendix III of the Risk Policy. Readily observable market inputs are used, such as interest rate forecasts, volatility factors and foreign currency rates. These instruments are classified at Level 2 in the valuation hierarchy, including interest rates swap and foreign currency derivatives.

4.6. Comparison between book value and fair value of financial instruments

Except for the items presented below, the book value of all other financial instruments approximate fair value. The fair value of financial instruments presented below was based on prices observed in active markets, level 1 of the hierarchy for fair value measurement.

			03.31.15		12.31.14
	Maturity	**Book value**	**Fair value**	Book value	Fair value
BRF bonds					
BRF SA BRFSBZ5	2022	**(2,446.0)**	**(2,600.6)**	(1,995.2)	(2,101.5)
BRF SA BRFSBZ4	2024	**(2,406.2)**	**(2,382.4)**	(1,961.0)	(1,953.9)
BRF SA BRFSBZ3	2023	**(1,539.3)**	**(1,537.4)**	(1,245.0)	(1,241.5)
BRF SA BRFSBZ7	2018	**(511.0)**	**(427.5)**	(501.2)	(439.5)
BFF bonds					
Sadia Overseas BRFSBZ7	2020	**(706.9)**	**(816.4)**	(595.4)	(679.6)
Sadia bonds					
Sadia Overseas BRFSBZ6	2017	**(524.9)**	**(556.5)**	(427.3)	(457.5)
Quickfood bonds					
Quickfood	2016	**(202.1)**	**(202.1)**	(190.1)	(190.1)
		(8,336.4)	**(8,522.9)**	(6,915.2)	(7,063.6)

4.7. Table of sensitivity analysis

The Company has financing, loans and receivables denominated in foreign currency and in order to mitigate the risks resulting from exchange rate exposure, it contracts derivative financial instruments.

The Company understands that current interest rate fluctuations do not affect its financial results significantly, since it opted to fix the exchange rate of a significant portion of its floating interest rates debts by using derivative transactions (interest rates swaps). The Company designates such derivatives as cash flow hedges and, therefore, their effectiveness is monitored through prospective and retrospective tests.

In the table presented below, 5 scenarios are considered for the next twelve-month period, considering the percentage variations of the quote of the parity between the Brazilian Reais and U.S. Dollar, Brazilian Reais and Euro, Brazilian Reais and Pounds Sterling and Brazilian Reais and Yen, whereas the most likely scenario is that one adopted by the Company. The total of export sales analyzed corresponds to the total of derivative financial instruments increased by the amortization flow of PPEs designated as cash flow hedge.

BRF S.A.
Notes to the Interim Consolidated Financial Statements
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(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Parity - Brazilian Reais x U.S. Dollar		3.2080	2.8872	2.4060	4.0100	4.8120
Transaction/Instrument	Risk	Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Financial instruments designated as cash flow hedge						
Non-deliverable forward	Devaluation of R$	(97.5)	(17.0)	103.7	(298.7)	(499.8)
Deliverable forwards	Devaluation of R$	(82.1)	(10.7)	96.4	(260.5)	(438.9)
Options - currencies	Devaluation of R$	-	198.3	667.5	317.5	798.7
PPEs	Devaluation of R$	(428.5)	(332.3)	(187.9)	(669.1)	(909.7)
Bonds	Devaluation of R$	(353.4)	(257.2)	(112.8)	(594.0)	(834.6)
Swaps	Devaluation of R$	(145.5)	(105.9)	(46.6)	(244.4)	(343.2)
Exports	Appreciation of R$	179.5	(170.6)	(867.5)	241.7	140.1
Financial instruments not designated as cash flow hedge						
Embedded derivative	Appreciation of R$	331.6	107.8	(228.0)	891.2	1,450.8
Dollar future sales - BM&FBovespa	Devaluation of R$	18.9	110.4	247.5	(209.6)	(438.2)
Net effect		**(577.0)**	**(477.2)**	**(327.7)**	**(825.9)**	**(1,074.8)**
Shareholders' equity		(927.5)	(695.3)	(347.2)	(1,507.5)	(2,087.4)
Statement of income		350.5	218.1	19.5	681.6	1,012.6

Parity - Brazilian Reais x Euro		3.4457	3.1011	2.5843	4.3071	5.1686
Transaction/Instrument	Risk	Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Financial instruments designated as cash flow hedge						
Non-deliverable forward	Devaluation of R$	(1.3)	21.6	55.9	(58.6)	(115.8)
Deliverable forwards	Devaluation of R$	(0.4)	3.3	9.0	(9.9)	(19.4)
Exports	Appreciation of R$	1.7	(24.9)	(64.9)	68.5	135.2
Financial instruments not designated as cash flow hedge						
NDF and Deliverable forward (cash flow hedge)	Devaluation of R$	6.6	65.1	153.0	(139.9)	(286.3)
Net effect		**6.6**	**65.1**	**153.0**	**(139.9)**	**(286.3)**
Shareholders' equity		-	-	-	-	-
Statement of income		6.6	65.1	153.0	(139.9)	(286.3)

Parity - Brazilian Reais x GBP		4.7642	4.2878	3.5732	5.9553	7.1463
Transaction/Instrument	Risk	Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Financial instruments designated as cash flow hedge						
NDF	Devaluation of R$	(11.9)	2.8	24.8	(48.5)	(85.2)
Exports	Appreciation of R$	11.9	(2.8)	(24.8)	48.5	85.2
Financial instruments not designated as cash flow hedge						
NDF	Devaluation of R$	0.1	9.6	23.9	(23.7)	(47.5)
Net effect		**0.1**	**9.6**	**23.9**	**(23.7)**	**(47.5)**
Shareholders' equity		-	-	-	-	-
Statement of income		0.1	9.6	23.9	(23.7)	(47.5)

Parity - Brazilian Reais x JPY		0.0268	0.0241	0.0201	0.0335	0.0402
Transaction/Instrument	Risk	Current Scenario	Scenario I 10% appreciation	Scenario II 25% appreciation	Scenario III 25% devaluation	Scenario IV 50% devaluation
Financial instruments designated as cash flow hedge						
NDF	Devaluation of R$	(39.5)	(4.9)	47.0	(125.9)	(212.3)
Exports	Appreciation of R$	39.5	4.9	(47.0)	125.9	212.3

5. SEGMENT INFORMATION

The operating segments are reported consistently with the management reports provided to the Board of Directors and Directors for assessing the performance of each segment and allocating assets.

As disclosed in note 1, in order to reflect the Company's Organizational Charger, segment information for the 1st quarter of 2015, have been prepared based on five reportable segments, as follows: Brazil, Europe, Middle East and Africa ("MEA"), Asia and Latin America ("LATAM"), which primarily observe the Company's business regions.

These segments comprise operations sales of all distribution channels and are subdivided according to the nature of products as described below:

- Poultry: involves the production and sale of whole poultry and in-natura cuts.

- Pork and beef: involves the production and sale of in-natura cuts.

- Processed products: involves the production and sale of processed foods, frozen and processed products derived from poultry, pork and beef.

- Other processed products: involves the production and sale of processed foods like margarine, vegetable and soybean-based products.

- Other sales: involves the production and trade of animal feed, soy meal, refined soy flour, cheese and cream cheese.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The net sales for each operating segment are presented below:

	03.31.15	03.31.14
Brazil		
Poultry	**566.3**	447.6
Pork and beef	**194.2**	270.4
Processed products	**2,863.1**	2,619.6
Other sales	**165.1**	238.6
	3,788.7	3,576.2
Europe		
Poultry	**117.0**	104.2
Pork and beef	**102.4**	188.3
Processed products	**402.5**	417.1
Other sales	**0.2**	0.2
	622.1	709.8
MEA		
Poultry	**1,339.7**	1,152.5
Pork and beef	**26.0**	72.2
Processed products	**133.6**	77.7
	1,499.3	1,302.4
Asia		
Poultry	**651.7**	590.0
Pork and beef	**76.4**	94.4
Processed products	**16.7**	15.1
	744.8	699.5
LATAM		
Poultry	**78.7**	137.7
Pork and beef	**61.1**	86.4
Processed products	**239.9**	184.8
Other sales	**13.7**	9.8
	393.4	418.7
	7,048.3	6,706.6

The operating income for each operating segment is presented below:

	03.31.15	03.31.14
Brazil	**306.1**	380.1
Europe	**59.0**	84.8
MEA	**115.4**	25.5
Ásia	**163.9**	72.9
LATAM	**(3.5)**	9.1
	640.9	572.3

No customer was individually or in aggregate responsible for more than 5% of net sales for the three-month period March 31, 2015 and 2014.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The goodwill and intangible assets with indefinite useful life (trademarks) arising from business combination were allocated to the reportable operating segments, considering the nature of the products manufactured in each segment (cash-generating unit), as presented below:

	Goodwill		Trademarks		Total	
	03.31.15	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14
Brazil	**1,151.4**	1,151.4	**982.5**	982.5	**2,133.9**	2,133.9
Europe	**304.8**	303.3	**20.1**	20.1	**324.9**	323.4
MEA	**785.9**	749.6	**170.4**	170.4	**956.3**	920.0
Ásia	**78.3**	78.3	**-**	-	**78.3**	78.3
LATAM	**273.7**	242.7	**108.8**	94.9	**382.5**	337.6
	2,594.1	2,525.3	**1,281.8**	1,267.9	**3,875.9**	3,793.4

Information referring to the total assets by operating segments is not being disclosed, as it is not included in the set of information made available to the Company's Management, which take investment decisions and determine allocation of assets on a consolidated basis.

6. CASH AND CASH EQUIVALENTS

	Average rate (p.a.)	03.31.15	12.31.14
Cash and bank accounts			
U.S. Dollar	-	**1,478.2**	1,309.8
Brazilian Reais	-	**56.1**	101.7
Euro	-	**137.3**	311.3
Other currencies	-	**177.2**	115.7
		1,848.8	1,838.5
Highly liquid investments			
In Brazilian Reais			
Investment funds	10.48%	**13.7**	13.8
Savings account	5.01%	**8.5**	-
Bank deposit certificates	12.49%	**803.3**	1,644.1
		825.5	1,657.9
In U.S. Dollar			
Term deposit (1)	0.71%	**1,999.7**	1,521.4
Overnight	0.10%	**1,008.2**	901.9
In Euro			
Term deposit (1)	0.86%	**108.7**	78.2
Other currencies			
Term deposit (1)	5.15%	**10.3**	9.0
Investment funds	9.48%	**72.6**	-
		3,199.5	2,510.5
		5,873.8	6,006.9

(1) Matures with various dates through October 12, 2015.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

7. MARKETABLE SECURITIES

	WATM [1]	Currency	Average interest rate (p.a.)	03.31.15	12.31.14
Available for sale					
Credit linked note	5.27	US$	3.77%	**248.5**	187.9
Brazilian foreign debt securities	3.10	US$	1.34%	**56.7**	92.4
Investment funds	-	ARS	-	**-**	23.6
				305.2	303.9
Held for trading					
Bank deposit certificates ("CDB")	3.74	R$	12.43%	**66.6**	64.8
Financial treasury bills	3.10	R$	12.56%	**241.8**	218.8
				308.4	283.6
Held to maturity					
Financial treasury bills	2.56	R$	12.56%	**63.9**	62.1
				63.9	62.1
				677.5	649.6
Current				**613.6**	587.5
Non-current				**63.9**	62.1

(1) Weighted average maturity in years.

There were no changes in the characteristics of marketable disclosed above as compared to the information disclosed in the financial statements for the year ended December 31, 2014 (note 8).

The unrealized loss from the change in fair value of the available for sale securities, recorded in other comprehensive income, corresponds to an accumulated loss of R$0.7 net of income tax of R$0.2 (loss of R$17.3 net of income tax of R$0.2 as of December 31, 2014).

Additionally, on March 31, 2015, of the total of marketable securities, R$118.0 (R$32.4 as of December 31, 2014) were pledged as collateral for operations with future contracts denominated in U.S. Dollars, traded on the Futures and Commodities Exchange (“BM&FBOVESPA”).

The Company has also restricted cash of R$120.5 on March 31, 2015 (R$115.2 on December 31, 2014), represented by investments in national treasury certificates which matures in 2020, and were pledged as collateral for the loan obtained through the Special Program Asset Restructuring (“PESA”) (note18).

The Company conducted an analysis of sensitivity to foreign exchange rate as disclosed in note 4.7.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

8. TRADE ACCOUNTS RECEIVABLE, NET AND NOTES RECEIVABLE

	03.31.15	12.31.14
Trade accounts receivable, net		
Domestic customers	**1,214.5**	1,476.4
Domestic related parties	**1.6**	1.6
Foreign customers	**1,532.1**	1,693.3
Foreign related parties	**0.4**	1.3
	2,748.6	3,172.6
(-) Adjustment to present value	**(10.2)**	(10.2)
(-) Allowance for doubtful accounts	**(167.3)**	(107.8)
	2,571.1	3,054.6
Current	**2,562.2**	3,046.9
Non-current	**8.9**	7.7
Notes receivable	**584.4**	603.0
(-) Adjustment to present value	**(8.0)**	(9.6)
(-) Allowance for doubtful accounts	**(18.0)**	(16.7)
	558.4	576.7
Current	**221.3**	215.1
Non-current (1)	**337.1**	361.7

(1) Weighted average maturity of 2.77 years.

Notes receivable are comprised mainly by receivables from the (i) sale of Ana Rech assets to JBS, of R$137.4, (ii) sale of assets of Vila Anastácio, former headquarters of Sadia, of R$58.6 and (iii) sale of Carambeí plant to Seara, of R$164.9 and (iv) disposal of various other assets and farms, R$172.0.

The trade accounts receivable from related parties refers to transactions carried out with associates UP!, K&S and Nutrifont in the domestic market and with joint venture AKF in the foreign market.

The rollforward of allowance for doubtful accounts is presented below:

	03.31.15	12.31.14
Beginning balance	**107.8**	107.5
Additions	**86.7**	91.3
Business combination	**-**	2.8
Reversals	**(15.1)**	(57.8)
Write-offs	**(9.9)**	(34.0)
Exchange rate variation	**(2.2)**	(2.0)
Ending balance	**167.3**	107.8

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The aging of trade accounts receivable is as follows:

	03.31.15	12.31.14
Not yet due	**2,316.1**	2,793.4
Overdue		
01 to 60 days	**153.3**	118.9
61 to 90 days	**27.6**	30.0
91 to 120 days	**8.4**	42.1
121 to 180 days	**36.3**	74.0
181 to 360 days	**114.1**	13.8
More than 361 days	**92.8**	100.4
(-) Adjustment to present value	**(10.2)**	(10.2)
(-) Allowance for doubtful accounts	**(167.3)**	(107.8)
	2,571.1	3,054.6

9. INVENTORIES

	03.31.15	12.31.14
Finished goods	**2,021.2**	1,551.4
Goods for resale	**22.8**	23.0
Work in process	**214.5**	207.0
Raw materials	**451.3**	517.5
Packaging materials	**94.3**	96.3
Secondary materials	**258.2**	232.7
Warehouse	**169.5**	164.9
Goods and imports in transit	**159.8**	200.2
Advances to suppliers	**7.3**	10.7
(-) Provision for adjustment to realizable value	**(3.9)**	(1.2)
(-) Provision for deterioration	**(18.1)**	(19.5)
(-) Provision for obsolescense	**(15.6)**	(18.1)
(-) Adjustment to present value	**(23.9)**	(23.5)
	3,337.4	2,941.4

The write-offs of products sold from inventories to cost of sales during three-months ended March 31, 2015 totaled R$4,884.7 (R$4,930.8 as of March 31, 2014). Such amounts include the additions and reversals of inventory provisions presented in the table below:

	12.31.14	**Additions**	**Write-offs**	**Exchange rate variation**	**03.31.15**
Provision for adjustment to realizable value	(1.2)	(1.7)	-	(1.0)	**(3.9)**
Provision for deterioration	(19.5)	(7.0)	9.4	(1.0)	**(18.1)**
Provision for obsolescence	(18.1)	(0.6)	1.8	1.3	**(15.6)**
	(38.8)	**(9.3)**	**11.2**	**(0.7)**	**(37.6)**

On March 31, 2015, inventory items of R$40.0 (R$40.0 as of December 31, 2014) were pledged as collateral for rural credit operations.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

10. BIOLOGICAL ASSETS

The current and non-current balances of biological assets are segregated are presented below:

	03.31.15	12.31.14
Live animals	**1,201.2**	1,130.6
Total current	**1,201.2**	1,130.6
Live animals	**470.9**	460.8
Forests	**226.6**	222.4
Total non-current	**697.5**	683.2
	1,898.7	1,813.8

Live animals are classified in the categories: poultry, pork and cattle and separated into consumable and for production. There were no changes in classification of nature of biological assets as compared to the information disclosed in the consolidated financial statements for the year ended December 31, 2014 (note 11).

During the three-months period ended March 31, 2015, Management did not identify any event that could impact the business model on the assumptions utilized in the determination of fair value of biological assets in 2014.

The quantities and balances per category of live animals are presented below:

	03.31.15		12.31.14	
	Quantity (thousand of heads)	**Value**	Quantity (thousand of heads)	Value
Consumable biological assets				
Immature poultry	**177.2**	**544.6**	177.9	516.0
Immature pork	**3.5**	**656.6**	3.4	614.6
Total current	**180.7**	**1,201.2**	181.3	1,130.6
Production biological assets				
Immature poultry	**6.3**	**88.8**	6.8	89.3
Mature poultry	**11.3**	**163.5**	11.5	155.0
Immature pork	**0.2**	**44.1**	0.2	44.6
Mature pork	**0.4**	**173.8**	0.4	171.3
Immature cattle	**-**	**0.5**	-	0.4
Mature cattle	**-**	**0.2**	-	0.2
Total non-current	**18.2**	**470.9**	18.9	460.8
	198.9	**1,672.1**	200.2	1,591.3

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The rollforward of biological assets for the year is presented below:

	Current			Non-current				
	Poultry	Pork	Total	Poultry	Pork	Cattle	Forests	Total
Balance as of 12.31.14	516.0	614.6	1,130.6	244.3	215.9	0.6	222.4	683.2
Acquisition	35.6	283.7	319.3	6.7	31.2	-	-	37.9
Increase due to reproduction, consumption of animal feed, medication and remuneration of outgrowers	306.8	40.5	347.3	90.9	3.2	0.1	-	94.2
Depreciation	-	-	-	(77.1)	(19.0)	-	(5.2)	(101.3)
Harvest	-	-	-	-	-	-	(0.2)	(0.2)
Transfer between current and non-current	12.7	13.4	26.1	(12.7)	(13.4)	-	-	(26.1)
Transfer of property, plan and equipment	-	-	-	-	-	-	9.6	9.6
Reduction due to slaughtering	(327.6)	(295.6)	(623.2)	-	-	-	-	-
Exchange rate variation	1.1	-	1.1	0.2	-	-	-	0.2
Balance as of 03.31.15	**544.6**	**656.6**	**1,201.2**	**252.3**	**217.9**	**0.7**	**226.6**	**697.5**

Breeding animal costs are depreciated using the straight-line method for a period from 15 to 30 months.

11. RECOVERABLE TAXES

	03.31.15	12.31.14
State ICMS ("VAT")	**1,086.7**	1,048.2
PIS and COFINS ("Federal Taxes to Social Fund Programs")	**294.5**	289.4
Income and social contribution tax	**534.1**	585.2
IPI ("Federal VAT")	**59.8**	59.6
Other	**185.1**	172.0
(-) Provision for losses	**(237.1)**	(233.2)
	1,923.1	1,921.2
Current	**990.1**	1,009.1
Non-current	**933.0**	912.1

The rollforward of the provision for losses is presented below:

	12.31.14	Additions	Write-offs	Exchange rate variation	03.31.15
State ICMS ("VAT")	(169.5)	(5.6)	2.8	-	**(172.3)**
PIS and COFINS ("Federal Taxes to Social Fund Programs")	(31.5)	-	-	-	**(31.5)**
Income and social contribution tax	(9.0)	-	-	-	**(9.0)**
IPI ("Federal VAT")	(14.7)	-	-	-	**(14.7)**
Other	(8.5)	(0.1)	0.1	(1.1)	**(9.6)**
	(233.2)	**(5.7)**	**2.9**	**(1.1)**	**(237.1)**

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

12. ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

12.1. Breakdown of the balances

	03.31.15			12.31.14		
	Dairy segment	**Other**	**Total**	Dairy segment	Other	Total
Asset						
Current assets						
Trade accounts receivable	**233.0**	**-**	**233.0**	233.0	-	233.0
Inventories	**213.0**	**-**	**213.0**	213.0	-	213.0
Total current assets	**446.0**	**-**	**446.0**	446.0	-	446.0
Non-current assets						
Investments	**726.0**	**-**	**726.0**	15.1	-	15.1
Property, plant and equipment, net	**118.8**	**0.6**	**119.4**	750.7	74.8	825.5
Intangible	**671.4**	**-**	**671.4**	671.4	-	671.4
Total non-current assets	**1,516.2**	**0.6**	**1,516.8**	1,437.2	74.8	1,512.0
Total assets	**1,962.2**	**0.6**	**1,962.8**	1,883.2	74.8	1,958.0
Liabilities						
Current liabilities						
Trade accounts payable	**279.0**	**-**	**279.0**	279.0	-	279.0
Payroll and related charges	**14.3**	**-**	**14.3**	14.3	-	14.3
Tax payable	**14.3**	**-**	**14.3**	14.4	-	14.4
Deferred income tax	**212.5**	**-**	**212.5**	200.6	-	200.6
Total current liabilities	**520.1**	**-**	**520.1**	508.3	-	508.3
Total liabilities	**520.1**	**-**	**520.1**	508.3	-	508.3
Assets and liabilities of discontinued operations and held for sale	**1,442.1**	**0.6**	**1,442.7**	1,374.9	74.8	1,449.7

12.2. Discontinued operations

On December 05, 2014, BRF entered into sales and purchase agreement (“SPA”) with Lactalis (“buyer”), which established the terms and conditions for the sale of operating segment of dairy products, including (i) the manufacturing facilities located in the cities of Bom Conselho (PE), Carambeí (PR), Ravena (MG), Concórdia (SC), Teutônia (RS), Itumbiara (GO), Terenos (MS), Ijuí (RS), Três de Maio I (RS), Três de Maio II (RS) and Santa Rosa (RS and (ii) the related assets and trademarks (*Batavo*, *Elegê*, *Cotochés*, *Santa Rosa* and *DoBon*) dedicated to such segment (“Transaction”).

At that date, the value of such Transaction was set forth at US$697.8 (equivalent to R$1,800.0), to be received at the conclusion date of the transaction, subject to usual adjustments for working capital and net debt, as determined by the terms of SPA.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Since the value of Transaction was fixed in U.S. Dollars and, considering that the functional currency of BRF and of buyer is different from U.S. Dollars, an embedded derivative was recognized under the terms of IAS 39. The fair market value of the embedded derivative totaled R$374.0 on March 31, 2015 and was recorded as other financial assets with effect in the statement of income of R$346.1.

The conclusion of the Transaction is also subject to compliance with precedent conditions, such as necessary investments to adapt the assets to transfer to the buyer and regulatory approval (including the Administrative Council for Economic Defense ("CADE")). The Company does not expect significant impact on the conclusion of the Transaction, planned for the 2nd quarter of 2015.

On February 27, 2015, the Company made a capital increase in the wholly-owned subsidiary Elebat of R$710.2 in the form of property, plant and equipment.

The statements of income and cash flows from discontinued operations that represent the dairy segment performance are disclosed as follows:

STATEMENTS OF INCOME

	03.31.15	03.31.14
Net sales	**544.7**	632.2
Cost of sales	**(436.6)**	(515.3)
Gross profit	**108.1**	116.9
Operating income (expenses)		
Selling	**(88.9)**	(111.9)
General and administrative	**(5.7)**	(7.7)
Other operating expenses, net	**(8.5)**	(7.9)
Income from associates	**(1.0)**	-
Income before taxes	**4.0**	(10.6)
Current income and social contribution taxes	**(1.0)**	2.7
Net income from discontined operations	**3.0**	(7.8)

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

STATEMENTS OF CASH FLOWS

	03.31.15	03.31.14
Net profit (loss) from discontinued operations	**3.0**	(7.8)
Adjustments to reconcile net income to net cash provided by discontinued operations		
Depreciation and amortization	**-**	15.6
Equity in income of associates	**0.9**	-
Net cash provided by discontinued operating activities	**3.9**	7.8
Investing activities from discontinued operations		
Additions to property, plant and equipment	**(6.0)**	(13.4)
Net cash used in investing activities from discontinued operations	**(6.0)**	(13.4)
Net cash provided from discontinued operations	**2.1**	5.7

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

13. INCOME AND SOCIAL CONTRIBUTION TAXES

13.1. Deferred income and social contribution taxes

	03.31.15	12.31.14
Assets		
Tax loss carryforwards (corporate income tax)	**1,042.5**	697.8
Negative calculation basis (social contribution tax)	**387.0**	263.2
	1,429.5	**961.0**
Temporary differences		
Provisions for tax, civil and labor risks	**200.7**	204.2
Suspended collection taxes	**73.7**	69.1
Allowance for doubtful accounts	**28.0**	7.7
Provision for property, plant and equipment losses	**16.9**	15.5
Provision for tax credits credits	**74.9**	73.9
Provision for other obligations	**44.1**	52.9
Employees' profit sharing	**33.7**	118.9
Provision for inventory losses	**10.0**	11.6
Employees' benefits plan	**110.4**	106.8
Business combination - Sadia (1)	**542.9**	583.8
Unrealized losses on derivatives financial instruments	**153.0**	56.6
Other temporary differences	**76.0**	60.1
	2,793.8	2,322.1
Liabilities		
Temporary differences		
Business combination - Sadia (1)	**(736.3)**	(750.5)
Business combination - other companies	**(62.4)**	(75.7)
Unrealized gains on derivatives	**(121.0)**	(10.6)
Difference between tax basis and accounting basis of goodwill amortization	**(223.6)**	(223.2)
Difference between tax depreciation rate and accounting depreciation rate (useful life)	**(497.5)**	(511.4)
Estimated annual effective tax rate - IAS 34	**(202.8)**	-
Other temporary differences	**(62.1)**	(36.7)
	(1,905.7)	(1,608.1)
Total net deferred tax assets	**888.1**	714.0
Business combination - Dánica and Avex (deferred tax liability)	**(17.2)**	(15.6)
Business combination - AFC (deferred tax liability)	**(39.9)**	(34.6)
Business combination - AKF (deferred tax liability)	**(5.1)**	(4.3)
Business combination - Federal Foods (deferred tax liability)	**(9.1)**	(7.8)
Other - exchange variation	**(54.4)**	(27.9)
	(125.7)	(90.2)
Total deferred tax	**762.4**	623.8

(1) The deferred tax asset on the business combination with Sadia is mainly computed on the difference between the accounting and tax basis of goodwill determined in the purchase price allocation. Deferred tax liabilities on business combinations Sadia are substantially represented by the fair value of property, plant and equipment, trademarks and contingent liabilities.

Certain subsidiaries of the Company have tax loss carryforwards and negative basis of social contribution of R$16.5 and R$16.3, respectively, (R$16.5 and R$16.3 as of December 31, 2014), for which no deferred tax asset was recorded. If there was an expectation that such tax credits would be realized the amount to be recognized in the balance sheet would be R$5.6 (R$5.6 as of December 31, 2014).

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

13.2. Estimated time of realization

Deferred tax arising from temporary differences that will be realized as they are settled or realized. The period of the settlement or realization of such differences would not be properly estimated and is tied to several factors that are not under control of Management.

When assessing the likelihood of the realization of deferred tax assets on income tax loss carryforward and negative calculation bases of social contribution tax, Management considers the Company's budget, strategic plan and projected taxable income. Based on this estimate, Management believes that it is probable that the deferred tax will be realized, as shown below:

2015	**207.3**
2016	**177.7**
2017	**218.9**
2018	**243.0**
2019 onwards	**582.6**
	1,429.5

The rollforward of deferred tax is set forth below:

	03.31.15	12.31.14
Beginning balance	**623.8**	645.1
Deferred income and social contribution taxes recognized in the statement of income	**(61.3)**	(235.2)
Deferred income and social contribution taxes transfered to assets held for sale - dairy segment	**11.9**	200.6
Deferred income and social contribution taxes recognized in other comprehensive income	**207.3**	52.8
Deferred income and social contribution taxes recognized in business combination	**-**	(46.7)
Other	**(19.3)**	7.2
Ending balance	**762.4**	623.8

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

13.3. Income and social contribution taxes reconciliation

	03.31.15	03.31.14
Income before taxes from continued operations	**533.4**	375.8
Nominal tax rate	**34%**	34%
Expected tax expense at nominal tax rate	**(181.3)**	(127.8)
Reconciling itens:		
Equity interest in income of subsidiaries, associates and joint venture	**(20.6)**	3.9
Exchange rate variation on foreign investments	**116.9**	(31.1)
Difference of tax rates on results of foreign subsidiaries	**216.3**	94.6
Investment grant	**9.6**	9.1
Estimated annual effective tax rate - IAS 34	**(202.8)**	5.5
Other permanent differences	**(9.8)**	(2.8)
	(71.7)	(48.6)
Current income tax	**(10.4)**	(5.9)
Deferred income tax	**(61.3)**	(42.7)

The taxable income, current and deferred income tax from foreign subsidiaries is presented below:

	03.31.15	03.31.14
Taxable income (loss) from foreign subsidiaries	**724.1**	267.6
Current income tax credit (expense) from foreign subsidiaries	**(11.0)**	(2.4)
Deferred income tax from foreign subsidiaries	**(13.5)**	2.6

The Company has determined that the earnings recorded by the holdings of its wholly-owned subsidiaries located abroad will not be redistributed. Such resources will be used for investments in the subsidiaries, and thus no deferred income tax was recognized. The total of undistributed earnings corresponds to R$2,877.9 as of March 31, 2015 (R$1,896.5 as of December 31, 2014).

Brazilian income taxes are subject to review for a 5-year period, during which the tax authorities might audit and assess the Company for additional taxes and penalties. Subsidiaries located abroad are taxed in their respective jurisdictions, according to local regulations.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

14. JUDICIAL DEPOSITS

The rollforward of the judicial deposits is presented below:

	12.31.14	Additions	Reversals	Write-offs	Price index update	Exchange rate variation	03.31.15
Tax	352.2	6.8	(22.4)	-	7.9	-	**344.5**
Labor	231.4	30.5	(4.6)	(16.0)	6.7	0.5	**248.5**
Civil, commercial and other	32.1	1.4	(0.2)	-	1.0	-	**34.3**
	615.7	**38.7**	**(27.2)**	**(16.0)**	**15.6**	**0.5**	**627.3**

15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

15.1. Investments breakdown

	03.31.15	12.31.14
Investment in subsidiaries and associates	**83.0**	137.4
Goodwill Minerva	**243.7**	247.3
Goodwill AKF	**62.9**	52.4
	389.6	437.1
Other investments	**1.6**	1.4
	391.2	438.4

The exchange rate variation on the investments in foreign subsidiaries, whose functional currency is Brazilian Reais, resulted in a gain of R$343.9 on March 31, 2015 (loss of R$91.6 as of march 31, 2014) and was recognized as financial income.

On March 31, 2015, these subsidiaries, associates and joint ventures do not have any restriction to transfer dividends or repay their loans or advances to the Company.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

15.2. Summary of financial information of associates

	K&S		Minerva		Nutrifont		PP-BIO		PR-SAD		UP!		Total	
	03.31.15	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14	**03.31.15**	12.31.14
Current assets	**46.6**	46.1	**2,700.7**	2,648.9	**50.7**	40.4	**-**	-	**-**	-	**45.3**	73.1		
Non-current assets	**12.8**	8.9	**3,994.0**	3,566.3	**101.7**	123.7	**4.3**	4.1	**7.1**	6.0	**0.2**	0.2		
Current liabilities	**(19.5)**	(18.5)	**(1,594.2)**	(1,357.8)	**(112.4)**	(130.7)	**-**	-	**-**	-	**(33.9)**	(73.3)		
Non-current liabilities	**(0.8)**	(0.8)	**(4,820.2)**	(4,182.3)	**(8.3)**	(3.1)	**-**	-	**-**	-	**-**	-		
Shareholder's equity	**39.1**	35.8	**280.3**	675.0	**31.7**	30.3	**4.3**	4.1	**7.1**	6.0	**11.6**	-		
% of participation	**49.00%**		**16.29%**		**50.00%**		**33.33%**		**33.33%**		**50.00%**			
Book value of investment	**19.2**	17.5	**45.7**	110.0	**15.9**	15.1	**1.4**	1.4	**2.4**	2.0	**5.8**	-		
Transfer to held for sale	**-**	-	**-**	-	**(15.9)**	(15.1)	**-**	-	**-**	-	**-**	-		
Book value of investment	**19.2**	17.5	**45.7**	110.0	**-**	-	**1.4**	1.4	**2.4**	2.0	**5.8**	-	**74.5**	130.9
Dividends declared	**-**	1.2	**-**	-	**-**	-	**-**	-	**-**	-	**-**	63.7		

	K&S		Minerva		Nutrifont		PP-BIO		PR-SAD		UP!	
	03.31.15	03.31.14	**03.31.15**	03.31.14	**03.31.15**	03.31.14	**03.31.15**	03.31.14	**03.31.15**	03.31.14	**03.31.15**	03.31.14
Net revenues	**30.6**	27.4	**1,435.4**	-	**-**	-	**-**	-	**-**	-	**42.8**	46.9
Net income (loss)	**3.4**	2.9	**(409.0)**	-	**(1.9)**	0.1	**-**	-	**-**	-	**11.6**	15.8
Equity pick-up	**1.7**	1.4	**(66.6)**	-	**(1.0)**	-	**-**	-	**-**	-	**5.8**	7.9
Transfer to held for sale	**-**	-	**-**	-	**1.0**	-	**-**	-	**-**	-	**-**	-
Equity pick-up	**1.7**	1.4	**(66.6)**	-	**-**	-	**-**	-	**-**	-	**5.8**	7.9

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

15.3. Summary of financial information of joint venture

	AKF	
	03.31.15	12.31.14
Assets		
Current	**101.3**	73.9
Cash and cash equivalents	**12.0**	8.3
Prepaid expenses	**1.1**	0.1
Other current assets	**88.2**	65.6
Non-current	**6.5**	5.7
Liabilities		
Current	**(84.0)**	(61.0)
Trade accounts payable	**(12.3)**	(7.3)
Tax payable	**(4.3)**	(3.6)
Other current liabilities	**(67.4)**	(50.0)
Non-current	**(2.6)**	(2.4)
Long-term debt	**-**	(0.2)
Deferred income	**(2.6)**	(2.2)
Shareholder's equity	**21.2**	16.2
% of participation	**40.00%**	**40.00%**
Book value of investment	**8.5**	6.5

	AKF	
	03.31.15	12.31.14
Net sales	**68.1**	-
Depreciation and amortization	**(0.3)**	-
Financial expense	**(0.2)**	-
Income before taxes	**1.3**	-
Net income (loss)	**1.3**	-
Equity pick-up	**0.5**	-

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

16. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment rollforward is presented below:

	Weighted average depreciation rate (p.a.)	12.31.14	Additions	Additions from discontinued operations	Disposals	Reversals	Transfers [1]	Net transfers between held for sale	Exchange rate variation	03.31.15
Cost										
Land	-	545.0	-	-	(0.4)	-	(16.0)	-	3.0	**531.6**
Buildings and improvements	-	5,099.3	0.5	-	(0.9)	-	71.2	(0.2)	22.8	**5,192.7**
Machinery and equipment	-	6,303.4	4.5	0.1	(19.3)	-	151.6	-	39.6	**6,479.9**
Facilities	-	1,757.4	-	-	(0.1)	-	40.7	-	12.6	**1,810.6**
Furniture	-	100.4	0.1	-	(0.2)	-	5.3	-	9.2	**114.8**
Vehicles	-	144.0	0.2	-	(4.1)	-	(1.4)	(0.2)	(5.6)	**132.9**
Construction in progress	-	607.7	161.5	5.9	(0.2)	-	(286.5)	(6.0)	7.2	**489.6**
Advances to suppliers	-	20.3	6.5	-	-	-	(4.4)	-	0.7	**23.1**
		14,577.5	**173.3**	**6.0**	**(25.2)**	**-**	**(39.5)**	**(6.4)**	**89.5**	**14,775.2**
Depreciation										
Buildings and improvements	3.07%	(1,359.8)	(38.1)	-	0.7	-	(1.7)	-	(4.7)	**(1,403.6)**
Machinery and equipment	5.86%	(2,486.2)	(90.2)	-	9.4	-	5.5	-	(17.2)	**(2,578.7)**
Facilities	3.89%	(507.9)	(17.6)	-	0.1	-	(0.1)	-	(1.9)	**(527.4)**
Furniture	7.97%	(54.6)	(2.0)	-	0.1	-	0.2	-	(1.7)	**(58.0)**
Vehicles	18.74%	(59.0)	(5.3)	-	1.8	-	0.8	0.1	(0.8)	**(62.4)**
		(4,467.5)	**(153.2)**	**-**	**12.1**	**-**	**4.7**	**0.1**	**(26.3)**	**(4,630.1)**
Provision for losses		**(50.7)**	**(4.5)**	**-**	**-**	**0.4**	**-**	**-**	**-**	**(54.8)**
		10,059.3	**15.6**	**6.0**	**(13.1)**	**0.4**	**(34.8)**	**(6.3)**	**63.2**	**10,090.3**

(1) Refers to the transfer to intangible assets and biological assets in the amount of R$24.7 and R$9.6, respectively.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The Company has fully depreciated items that are still operating, which are set forth below:

	03.31.15	12.31.14
Cost		
Buildings and improvements	**117.8**	127.2
Machinery and equipment	**661.0**	671.1
Facilities	**75.7**	71.7
Furniture	**16.9**	19.1
Vehicles	**5.1**	4.5
Others	**40.1**	39.9
	916.6	933.5

During three-month period March 31, 2015, the Company capitalized interest in the amount of R$4.7 (R$10.8 as of March 31, 2014). The weighted average interest rate utilized to determine the capitalized amount was 6.40% (6.05% p.a. as of March 31, 2014).

On March 31, 2015, the Company had no commitments assumed related to acquisition and/or construction of property, plant and equipment items.

The property, plant and equipment items that are pledged as collateral for various transactions are presented below:

		03.31.15	12.31.14
	Type of collateral	**Book value of the collateral**	Book value of the collateral
Land	Financial/Labor/Tax/Civil	**292.7**	320.9
Buildings and improvements	Financial/Labor/Tax/Civil	**1,696.7**	1,670.5
Machinery and equipment	Financial/Labor/Tax	**2,114.0**	2,053.8
Facilities	Financial/Labor/Tax	**650.9**	640.4
Furniture	Financial/Labor/Tax/Civil	**19.4**	18.7
Vehicles	Financial/Tax	**8.9**	10.8
Others	Financial/Labor/Tax/Civil	**79.3**	76.9
		4,861.9	4,792.0

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

17. INTANGIBLES

Intangible assets are comprised of the following items:

	Weighted average amortization rate (p.a.)	Cost	Accumulated amortization	03.31.15	12.31.14
Non-compete agreement	2.44%	0.4	(0.4)	**-**	-
Goodwill	-	2,594.1	-	**2,594.1**	2,525.3
Outgrowers relationship	12.50%	14.0	(4.4)	**9.6**	9.7
Trademarks	-	1,281.8	-	**1,281.8**	1,267.9
Patents	17.34%	4.9	(2.4)	**2.5**	2.6
Customer relationship	7.71%	405.5	(27.4)	**378.1**	330.0
Supplier relationship	42.00%	11.2	(9.1)	**2.1**	2.5
Software	20.00%	492.9	(284.2)	**208.7**	190.6
		4,804.8	**(327.9)**	**4,476.9**	4,328.6

The intangible assets rollforward is set forth below:

	12.31.14	Additions	Disposals	Transfers	Exchange rate variation	03.31.15
Cost:						
Goodwill:	2,525.3	-	-	-	68.8	**2,594.1**
Ava	49.4	-	-	-	-	**49.4**
Avex	28.9	-	-	-	4.2	**33.1**
BRF AFC	138.4	-	-	-	24.3	**162.7**
Dánica	7.4	-	-	-	1.1	**8.5**
Eleva Alimentos	808.1	-	-	-	-	**808.1**
Federal Foods	57.5	-	-	-	11.9	**69.4**
Incubatório Paraíso	0.7	-	-	-	-	**0.7**
Paraíso Agroindustrial	16.8	-	-	-	-	**16.8**
Perdigão Mato Grosso	7.6	-	-	-	-	**7.6**
Plusfood	21.1	-	-	-	1.4	**22.5**
Quickfood	175.6	-	-	-	25.7	**201.3**
Sadia	1,214.0	-	-	-	-	**1,214.0**
Non-compete agreement	0.4	-	-	-	-	**0.4**
Outgrowers relationship	13.7	0.3	-	-	-	**14.0**
Trademarks	1,267.9	-	-	-	13.9	**1,281.8**
Patents	4.8	-	-	-	0.1	**4.9**
Customer relationship	351.4	-	-	-	54.1	**405.5**
Supplier relationship	10.1	-	-	-	1.1	**11.2**
Software	453.6	6.6	(3.0)	28.6	7.1	**492.9**
	4,627.1	**6.9**	**(3.0)**	**28.6**	**145.1**	**4,804.8**
Amortization:						
Non-compete agreement	(0.4)	-	-	-	-	**(0.4)**
Outgrowers relationship	(4.0)	(0.4)	-	-	-	**(4.4)**
Patents	(2.3)	(0.2)	-	-	0.1	**(2.4)**
Customer relationship	(21.4)	(7.0)	-	-	1.0	**(27.4)**
Supplier relationship	(7.6)	(0.6)	-	-	(0.9)	**(9.1)**
Software	(262.9)	(17.4)	3.0	(3.9)	(3.0)	**(284.2)**
	(298.5)	**(25.6)**	**3.0**	**(3.9)**	**(2.8)**	**(327.9)**
	4,328.6	**(18.7)**	**-**	**24.7**	**142.3**	**4,476.9**

For the three-month period ended March 31, 2015, Management did not identify and event that could indicate an impairment of such assets.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

18. LOANS AND FINANCING

	Charges (p.a.)	Weighted average interest rate (p.a.)	WAMT [1]	Current	Non-current	03.31.15	12.31.14
Local currency							
Working capital	6.42% (6.26% on 12.31.14)	6.42% (6.26% on 12.31.14)	0.5	1,193.5	-	**1,193.5**	1,239.8
Development bank credit lines	Fixed rate / TJLP + 1.94% (Fixed rate / TJLP + 2.50% on 12.31.14)	3.78% (3.89% on 12.31.14)	1.5	233.2	406.6	**639.8**	763.7
Export credit facility	10.10% (9.63% on 12.31.14)	10.10% (9.63% on 12.31.14)	0.5	537.9	-	**537.9**	967.7
Bonds	7.75% (7.75% on 12.31.14)	7.75% (7.75% on 12.31.14)	3.2	13.7	497.3	**511.0**	501.2
Other secured debts and financial lease	8.14% (8.14% on 12.31.14)	8.14% (8.14% on 12.31.14)	3.5	45.4	238.2	**283.6**	294.7
Special program asset restructuring	Fixed rate / IGPM + 4.90% (Fixed rate / IGPM + 4.90% on 12.31.14)	8.04% (8.54% on 12.31.14)	5.0	0.8	212.6	**213.4**	213.5
Fiscal incentives	Fixed rate / 10.00% IGPM + 1.00% (Fixed rate / 10.00% IGPM + 1.00% on 12.31.14)	1.81% (1.52% on 12.31.14)	4.7	9.0	10.7	**19.7**	12.5
				2,033.5	**1,365.4**	**3,398.9**	3,993.1
Foreign currency							
Bonds	5.81% (5.87% on 12.31.14) + e.r. US$ and ARS	5.81% (5.87% on 12.31.14) + e.r. US$ and ARS	7.4	192.6	7,632.7	**7,825.3**	6,414.0
Export credit facility	LIBOR + 2.71% (LIBOR + 2.71% on 12.31.14) + e.r. US$	3.06% (3.01% on 12.31.14) + e.r. US$	3.1	1.6	1,273.6	**1,275.2**	1,059.4
Working capital	Fixed rate + LIBOR + 2.71% (Fixed rate + LIBOR + 2.71% on 12.31.14) + e.r. US$ and ARS	19.09% (22.97% on 12.31.14) + e.r. US$ and ARS	-	169.0	-	**169.0**	68.8
Development bank credit lines	UMBNDES + 2.22% (UMBNDES + 2.22% on 12.31.14) + e.r. US$ and other currencies	6.31% (6.34% on 12.31.14) + e.r. US$ and other currencies	1.1	21.9	17.5	**39.4**	42.4
Other secured debts and financial lease	15.08% (15.08% on 12.31.14) + e.r. ARS	15.08% (15.08% on 12.31.14) + e.r. ARS	0.7	8.1	6.0	**14.1**	11.6
				393.2	**8,929.8**	**9,323.0**	7,596.2
				2,426.7	**10,295.2**	**12,721.9**	11,589.3

[1] Weighted average maturity in years.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The main characteristics of loan and financing agreements entered to by the Company were disclosed in note 20 of the consolidated financial statements for the year ended December 31, 2014.

18.1. Loans and financing maturity schedule

The maturity schedule of the loans and financing is as follows:

	03.31.15
2015	2,186.5
2016	493.9
2017	1,068.6
2018	1,512.8
2019 onwards	7,460.1
	12,721.9

18.2. Guarantees

	03.31.15	12.31.14
Total of loans and financing	12,721.9	11,589.3
Mortgage guarantees	971.2	1,102.7
Related to FINEM-BNDES	474.4	594.9
Related to FNE-BNB	283.0	293.5
Related to tax incentives and other	213.8	214.3
Statutory lien on assets acquired with financing	0.5	1.0
Related to FINEM-BNDES	0.5	0.6
Related to financial lease	-	0.4

The Company is the guarantor of a loan obtained by Instituto Sadia de Sustentabilidade from the BNDES. The loan was obtained with the purpose of allowing the implementation of biodigesters in the farms of the outgrowers which take part in the Company´s integration system, targeting the reduction of the emission of Greenhouse Gases. The value of these guarantees on March 31, 2015 totaled R$50.0 (R$53.3 as of December 31, 2014).

The Company is the guarantor of loans related to a special program, which aimed the local development of outgrowers in the central region of Brazil. The proceeds of such loans are utilized by the outgrowers to improve farm conditions and will be paid by them in 10 years, taking as collateral the land and equipment acquired by the outgrowers through this program. The guarantee totaled R$277.8 as of March 31, 2015 (R$280.1 as of December 31, 2014).

On March 31, 2015, the Company contracted bank guarantees in the amount of R$2,089.9 (R$2,048.3 as of December 31, 2014). The variation occurred in this period is related to bank guarantees offered mainly in litigations involving the Company´s use of tax credits. These guarantees have an average cost of 0.90% p.a. (0.90% p.a. as of December 31, 2014).

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

18.3. Commitments

In the normal course of the business, the Company enters into agreements with third parties which are mainly related to the purchases of raw materials, such as corn and soymeal, where the agreed prices can be fixed or to be fixed. The Company enters into other agreements, such as electricity, packaging supplies and manufacturing activities. The amounts of these agreements at the date of these financial statements are set forth below:

	03.31.15
2015	**3,271.4**
2016	**1,094.7**
2017	**746.0**
2018	**664.3**
2019 onwards	**2,375.8**
	8,152.2

19. TRADE ACCOUNTS PAYABLE

	03.31.15	12.31.14
Domestic suppliers		
Third parties	**3,249.0**	3,029.7
Related parties	**19.4**	18.8
	3,268.4	3,048.5
Foreign suppliers		
Third parties	**1,148.7**	957.2
	1,148.7	957.2
(-) Adjustment to present value	**(36.1)**	(28.4)
	4,381.0	3,977.3

During the three-month period ended on March 31, 2015, the average payment term to suppliers is 77 days.

The trade accounts payable to related parties refer to transactions with associates UP! and K&S in the domestic market.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

20. OTHER FINANCIAL ASSETS AND LIABILITIES

	03.31.15	12.31.14
Derivatives designated as cash flow hedges		
Assets		
NDF	**0.7**	9.7
Currency option contracts	**93.6**	3.2
Deliverable forwards contracts	**-**	0.9
	94.3	13.8
Liabilities		
NDF	**(188.4)**	(77.1)
Currency option contracts	**(116.4)**	(7.2)
Deliverable forwards contracts	**(111.8)**	(3.4)
Exchange rate contracts currency (Swap)	**(231.4)**	(158.0)
	(648.0)	(245.7)
Non derivatives designated as cash flow hedges		
Assets		
NDF	**8.1**	1.3
Embedded derivative (note 12.2)	**374.0**	28.0
	382.1	29.3
Liabilities		
NDF	**-**	(2.8)
Exchange rate contracts currency (Swap)	**(2.5)**	(3.2)
Dollar future contracts - BM&FBOVESPA	**(5.3)**	(5.7)
	(7.8)	(11.7)
Current assets	**476.4**	43.1
Current liabilities	**(655.8)**	(257.4)

The collateral given in the transactions presented above are disclosed in note 7.

21. LEASES

The Company is lessee in several contracts, which are classified as operating or finance leases.

21.1. Operating lease

The minimum future payments of non-cancellable operating lease are presented below:

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

	03.31.15
2015	**115.0**
2016	**128.8**
2017	**96.1**
2018	**77.5**
2019 onwards	**191.4**
	608.8

The payments of operating lease agreements recognized as expense in the three-month period ended March 31, 2015 amounted R$73.6 (R$65.8 as of March 31, 2014).

21.2. Finance lease

The Company enters into finance leases mainly for the acquisitions of machinery, equipment, vehicles, software and buildings, as presented below:

	Weighted average interest rate (p.a.) (1)	03.31.15	12.31.14
Cost			
Machinery and equipment		**33.6**	32.0
Software		**46.9**	73.0
Vehicles		**28.2**	28.2
Buildings		**128.7**	128.7
		237.4	261.9
Accumulated depreciation			
Machinery and equipment	18.11%	**(18.7)**	(16.6)
Software	20.00%	**(18.8)**	(48.3)
Vehicles	13.98%	**(9.6)**	(8.8)
Buildings	15.43%	**(22.5)**	(20.2)
		(69.6)	(93.9)
		167.8	168.0

(1) The period of depreciation of leased assets corresponds to the lowest between the term of the contract and the useful life of the asset, as determined by IAS 17.

The minimum future payments required for these finance leases are demonstrated as follows, and were recorded as current and non-current liabilities:

			03.31.15
	Present value of minimum payments (1)	Interest	Minimum future payments (2)
2015	59.3	21.7	81.0
2016	29.1	13.6	42.7
2017	17.1	9.2	26.3
2018	15.3	7.7	23.0
2019 onwards	89.8	57.6	147.4
	210.6	**109.8**	**320.4**

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

(1) Comprises the amount of R$0.1 related to financial lease of vehicles which is recorded as loans and financing.
(2) Comprises the amount of R$0.1 related to financial lease of vehicles which is recorded as loans and financing.

The contract terms for both modalities, with respect to renewal, adjustment and purchase option, are according to market practices. In addition, there are no clauses of contingent payments or restrictions on dividends distribution, payments of interest on shareholders' equity or obtaining debt.

22. SHARE BASED PAYMENT

The rules of the stock options plan granted to executives were disclosed in the consolidated financial statements for the year ended December 31, 2014 (note 24) and have not changed since then.

The breakdown of the outstanding granted options is presented as follows:

	Date		Quantity		Grant (1)	Price of converted share (1)	
Grant date	Beginning of the year	End of the year	Options granted	Outstanding options	Fair value of the option	Granting date	Updated IPCA
05/02/11	05/01/12	05.01.16	2,463,525	218,045	11.36	30.85	39.42
05/02/12	05/01/13	05.01.17	3,708,071	794,257	7.82	34.95	42.49
05/02/13	05/01/14	05.01.18	3,490,201	1,320,747	11.88	46.86	53.49
04/04/14	04/03/15	04.03.19	1,552,564	1,318,346	12.56	44.48	47.78
05/02/14	05/01/15	05.01.19	1,610,450	1,280,944	14.11	47.98	51.53
12/18/14	12/17/15	12.17.19	5,702,714	5,702,714	14.58	63.49	66.43
			18,527,525	**10,635,053**			

(1) Values expressed in Brazilian Reais.

The rollforward of the outstanding granted options for the three-month period ended March 31, 2015 is presented as follows:

Outstanding options as of December 31, 2014	**11,390,846**
Exercised:	
Grant of 2013	(85,795)
Grant of 2012	(126,855)
Grant of 2011	(183,896)
Grant of 2010	(80,833)
Cancelled:	
Grant of 2014	(159,144)
Grant of 2013	(81,323)
Grant of 2012	(37,947)
Outstanding options as of March 31, 2015	**10,635,053**

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The weighted average exercise prices of the outstanding options related to service conditions is R$58.37 (fifty eight Brazilian Reais and thirty seven cents), and the weighted average of the remaining contractual term is 50 months.

The Company records as capital reserve in shareholders' equity the fair value of the options in the amount of R$97.8 (R$92.9 as of December 31, 2014). During the three-month period ended March 31, 2015 the amount recognized as expense was R$4.9 (R$4.9 as of March 31, 2014).

During the three-month period ended March 31, 2015 the Company's executives exercised 477,379 shares, with an average price of R$40.47 (forty Brazilian Reais and forty seven cents) totaling R$19.3. In order to comply with this commitment, the Company utilized treasury shares with an acquisition cost of R$62.08 (sixty two Brazilian Reais and eight cents), totaling R$29.6, recording a loss of R$10.3 as capital reserve.

The fair value of the granted stock options related to service condition was measured using the Black-Scholes pricing model, as disclosed in the consolidated financial statements for the year ended December 31, 2014 (note 24). There is no change in the methodology adopted during the three-month period ended March 31, 2015.

23. PENSION AND OTHER POST-EMPLOYMENT PLANS

The Company offers pension and other post-employment plans to the employees. The characteristics of such benefits were disclosed in the consolidated financial statements for the year ended December 31, 2014 (note 25) and have not been changed during this period.

The actuarial liabilities and the related effects in the statement of income are presented below:

	Liabilities	
	03.31.15	12.31.14
Medical assistance	**119.0**	115.7
F.G.T.S. Penalty	**129.1**	124.5
Award for length of service	**50.0**	48.3
Other	**26.6**	25.7
	324.7	314.2
Current	**56.1**	56.1
Non-current	**268.6**	258.0

The Company based on estimated costs for the year 2015, according to an appraisal report prepared in 2014 by an actuarial expert, recorded in statement of income for the period in counterpart to comprehensive income an expense of R$6.8 (expense of R$4.1 on March 31, 2014), related to supplementary post-employment plans. Regarding other benefits to employees, recorded in statement of income for the period in counterpart to liabilities an expense of R$10.6 (R$10.6 on March 31, 2014).

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

24. PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company and its subsidiaries are involved in certain legal proceedings arising from the normal course of business, which include civil, administrative, tax, social security and labor claims.

The Company classifies the risk of unfavorable decisions in the legal proceedings as "probable", "possible" or "remote". The provisions recorded relating to such proceedings is determined by the Company's Management based on legal advice and reasonably reflect the estimated probable losses.

The Company's management believes that its provision for tax, civil and labor risks, accounted for according to IAS 37 is sufficient to cover estimated losses related to its legal proceedings, as presented below:

24.1. Contingencies for probable losses

The rollforward of the provisions for tax, civil and labor risks is summarized below:

	12.31.14	Additions	Reversals	Payments	Price index update	Exchange rate variation	03.31.15
Tax	252.4	25.4	(31.6)	(19.5)	7.5	1.2	**235.4**
Labor	330.4	36.1	(16.0)	(28.8)	17.1	2.2	**341.0**
Civil, commercial and other	57.4	3.2	(0.7)	(6.4)	2.7	-	**56.2**
Contingent liabilities	545.6	-	-	-	-	1.4	**547.0**
	1,185.8	**64.7**	**(48.3)**	**(54.7)**	**27.3**	**4.8**	**1,179.6**
Current	243.0						**255.4**
Non-current	942.8						**924.2**

24.2. Contingencies classified as a risk of possible loss

The Company is involved in other tax, civil, labor and social security contingencies, for which losses have been assessed as possible by management with the support from legal counsel and therefore no provision was recorded. On March 31, 2015 the total amount of the possible contingencies was R$10,034.5 (R$9,268.5 as of December 31, 2014, from which R$547.0 (R$545.6 as of December 31, 2014) were recorded at the estimated fair value resulting from business combinations with Sadia, Avex and Dánica as determined by paragraph 23 of IFRS 03, disclosed in the table of item 24.1. The details of these contingencies were properly disclosed in the consolidated statements for the year ended December 31, 2014 (note 26.2).

24.2.1. State ICMS ("VAT") – Basic Food Basket

In a meeting held on October 16, 2014 and disclosure of decision on February 13, 2015, the Federal Supreme Court ("STF") was favorable to Tax Authority of State of Rio Grande do Sul, in the judgment of the extraordinary appeal No.635.688 submitted by company Santa Lúcia. The STF ruled that companies could not recognize full VAT credits relating to products included in the basic food basket which have reduced rate of VAT.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Although this decision has wide general repercussions and forms a precedent for other taxpayers and courts, there will still be, in accordance with applicable law, a motion for clarification, which will include a determination of the date at which the effects of the decision are applicable to the Company. Due to this uncertainty, the Company is unable to reliably measure the effect of the decision or to record its impact in its consolidated financial statements.

24.2.2. Tax Assessment Notice – Income Tax and Social Contribution

On February 05, 2015, BRF was notified of tax assessment notices which are claiming Income and Social Contribution Taxes, of R$534.5, related to the compensation of tax loss carryforwards and negative calculation basis that exceed the limit of 30%, carried out based on legal opinion, upon the merger of Sadia S.A. Legal defenses will be filed by the Company's legal advisors has assessed the risk of loss as possible.

25. SHAREHOLDERS’ EQUITY

25.1. Capital stock

On March 31, 2015, the capital subscribed and paid by the Company is R$12,553.4, which is composed of 872,473,246 book-entry shares of common stock without par value. The value of the capital stock is net of the public offering expenses of R$92.9.

The Company is authorized to increase the capital stock, irrespective of amendment to the bylaws, up to the limit of 1,000,000,000 common shares, in book-entry form without par value.

25.2. Interest on shareholders’ equity and dividends

On February 13, 2015 the payment of R$463.3 was made related to the interest on shareholders’ equity and dividends proposed by the Management on December 18, 2014 and approved in the Shareholders Ordinary Meeting on April 4, 2015.

25.3. Breakdown of capital stock

	03.31.15	12.31.14
Common shares	**872,473,246**	872,473,246
Treasury shares	**(20,971,618)**	(5,188,897)
Outstanding shares	**851,501,628**	867,284,349

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

25.4. Rollforward of outstanding shares

	Quantity of outstanding of shares	
	03.31.15	12.31.14
Shares at the beggining of the period	**867,284,349**	870,687,739
Purchase of treasury shares	**(16,260,100)**	(6,000,000)
Sale of treasury shares	**477,379**	2,596,610
Shares at the end of the period	**851,501,628**	867,284,349

25.5. Treasury shares

During the three-month period ended March 31, 2015, as authorized by the Board of Directors, the Company acquired 16,260,100 shares of its own shares at a cost of R$1,028.8, with the objective of maintaining treasury shares to comply with the provisions of stock option plans, both approved by special meeting of Board of Directors held on December 18, 2014.

The Company has 20,971,618 shares in treasury, with an average cost of R$62.18 (sixty two Brazilian Reais and eighteen cents) per share, with a market value corresponding to R$1,327.5.

During the three-month period ended March 31, 2015, the Company sold 477,379 treasury shares due to exercise of the stock options of the Company's executives.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

26. EARNINGS PER SHARE

	03.31.15	03.31.14
Basic numerator		
Net profit for the period attributable to controlling shareholders	**464.6**	315.4
Basic denominator		
Common shares	**872,473,246**	872,473,246
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Net earnings per share basic - R$	**0.54297**	0.36216
Diluted numerator		
Net profit for the period attributable to controlling shareholders	**464.6**	315.4
Diluted denominator		
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Number of potential shares (stock options)	**652,683**	367,061
Weighted average number of outstanding shares - diluted	**856,332,069**	871,385,835
Net earnings per share diluted - R$	**0.54255**	0.36201

Continued operations	**03.31.15**	03.31.14
Basic numerator		
Net profit for the period from continued operations attributable to controlling shareholders	**461.6**	323.3
Basic denominator		
Common shares	**872,473,246**	872,473,246
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Net earnings per share basic - R$	**0.53949**	0.37116
Diluted numerator		
Net profit for the period from continued operations attributable to controlling shareholders	**461.6**	323.3
Diluted denominator		
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Number of potential shares (stock options)	**652,683**	367,061
Weighted average number of outstanding shares - diluted	**856,332,069**	871,385,835
Net earnings per share diluted - R$	**0.53907**	0.37101

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Discontinued operations	**03.31.15**	03.31.14
Basic numerator		
Net profit (loss) for the period from discontinued operations attributable to controlling shareholders	**3.0**	(7.8)
Basic denominator		
Common shares	**872,473,246**	872,473,246
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Net earnings per share basic - R$	**0.00348**	(0.00900)
Diluted numerator		
Net profit (loss) for the period from discontinued operations attributable to controlling shareholders	**3.0**	(7.8)
Diluted denominator		
Weighted average number of outstanding shares - basic (except treasury shares)	**855,679,386**	871,018,774
Number of potential shares (stock options)	**652,683**	367,061
Weighted average number of outstanding shares - diluted	**856,332,069**	871,385,835
Net earnings per share diluted - R$	**0.00348**	(0.00900)

On March 31, 2015, from the total of 10,635,053 stock options outstanding (5,258,676 as of March 31, 2014) granted to executives of the Company, 5,702,714 options (2,141,837 as of March 31, 2014) were not considered in the calculation of the diluted earnings per share due to the fact that the exercise price until the vesting period was higher than the average market price of the common shares during the period, so that they did not cause any dilution effect.

27. RELATED PARTIES – PARENT COMPANY

As part of the Company's operations, rights and obligations arise between related parties, resulting from transactions of purchase and sale of products, loans agreed on normal conditions of market for similar transactions, based on contracts.

All the relationships between the company and its subsidiaries were disclosed irrespective of the existence or not of transactions between these parties.

All the transactions and balances among the companies were eliminated in the consolidation and refer to commercial and/or financial transactions.

All companies disclosed in note 1.1 are controlled by BRF, except for UP!, Minerva and Nutrifont, which are associates. During the three-month period ended March 31, 2015, Instituto de Desenvolvimento Gerencial and Indg Tecnologia e Serviços consulting firms, which BRF has no equity interest, but are related to members of its Board of Directors, provided advisory services for strategic management and organizational restructuring.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

Due to the acquisition of biodigesters from Instituto Sadia de Sustentabilidade, the Company has recorded a payable to this entity of R$47.2 included in other liabilities as of March 31, 2015 (R$50.0 as of December 31, 2014).

The Company entered into loan agreements with its subsidiaries. Below is a summary of financial charges for the transactions which corresponding balance is exceeding R$10.0 at the balance sheet date:

Counterparty			Balance	Interest
Creditor	Debtor	Currency	03.31.15	rate (p.a.)
Sadia Overseas Ltd.	BRF Global GmbH	US$	474.0	7.0%
BRF GmbH	BRF Global GmbH	US$	467.8	1.1%
BFF International Ltd.	BRF Global GmbH	US$	191.7	8.0%
Sadia International Ltd.	Wellax Food Comércio	US$	184.2	1.5%
Quickfood S.A.	Avex S.A.	AR$	157.9	25.8%
Perdigão International Ltd.	BRF Global GmbH	US$	119.9	0.9%
BRF GmbH	BRF Foods GmbH	US$	118.6	1.2%
BRF GmbH	BRF Holland B.V.	EUR	86.3	3.0%
BRF GmbH	BRF Foods LLC	US$	60.3	2.5%
BRF Holland B.V.	BRF B.V. (NL)	EUR	39.4	3.0%
Wellax Food Comércio	BRF GmbH	EUR	27.7	1.5%
Perdigão International Ltd.	BRF Brasil Foods S.A	US$	19.6	0.4%
BRF GmbH	BRF Global GmbH	EUR	14.2	1.5%
BRF Holland B.V.	BRF GmbH	EUR	13.8	1.5%
BRF Holland B.V.	BRF Wrexham Ltd	GBP	12.1	3.0%

27.1. Other Related Parties

The Company has leased properties owned by FAF. For the three-month period ended March 31, 2015, the total amount related to rent was R$2.2 (R$1.6 as of March 31, 2014). The rent value was set based on market conditions.

27.2. Granted guarantees

All granted guarantees on behalf of related parties are disclosed in note 18.2.

27.3. Management compensation

The management key personnel include the directors and officers, members of the Board of Directors and the head of internal audit. As of March 31, 2015 and 2014, there were 24 professionals.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

The total compensation and benefits paid to these professionals are demonstrated below:

	03.31.15	03.31.14
Salary and profit sharing	**11.1**	14.9
Short term benefits [(1)]	**0.2**	0.3
Private pension	**0.2**	0.1
Termination benefits	**10.6**	7.1
Share based payment	**2.9**	1.6
	25.0	24.0

[(1)] Comprises: Medical assistance, reimbursement of educational expenses and others.

28. NET SALES

	03.31.15	03.31.14
Gross sales		
Brazil	**4,632.3**	4,289.0
Europe	**665.2**	760.9
MEA	**1,599.6**	1,317.2
Asia	**756.8**	707.0
LATAM	**440.7**	460.1
	8,094.6	7,534.2
Sales deductions		
Brazil	**(843.7)**	(712.8)
Europe	**(43.1)**	(51.1)
MEA	**(100.3)**	(14.9)
Asia	**(12.0)**	(7.4)
LATAM	**(47.2)**	(41.4)
	(1,046.3)	(827.6)
Net sales		
Brazil	**3,788.6**	3,576.2
Europe	**622.1**	709.8
MEA	**1,499.4**	1,302.4
Asia	**744.7**	699.5
LATAM	**393.5**	418.7
	7,048.3	6,706.6

29. RESEARCH AND DEVELOPMENT COSTS

Consist of expenditures on internal research and development of new products which are recognized when incurred and amounted to R$17.7 for the three-month period ended March 31, 2015 (R$13.8 as of March 31, 2014).

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

30. OTHER OPERATING INCOME (EXPENSES), NET

	03.31.15	03.31.14
Income		
Recovery of expenses	**1.5**	3.8
Gain on disposal of property, plant and equipment	**-**	8.0
Provision reversal	**-**	6.3
Other	**13.5**	30.6
	15.0	48.7
Expenses		
Employees profit sharing	**(105.5)**	(46.4)
Idleness costs [(1)]	**(41.7)**	(10.2)
Restructuring charges	**(34.7)**	(46.0)
Other employees benefits	**(17.4)**	(14.6)
Management profit sharing	**(12.8)**	(2.9)
Loss on the disposals of property, plant and equipment	**(9.9)**	-
Provision for civil and labor risks	**(6.7)**	(1.9)
Provision for tax risks	**(5.2)**	(3.4)
Stock options plan	**(4.9)**	(4.9)
Other	**(49.2)**	(39.1)
	(288.0)	(169.4)
	(273.0)	(120.7)

[(1)] Idleness cost includes depreciation charge R$6.6 and R$4.4 for the three-month period ended March 31, 2015 and 2014, respectively.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

31. FINANCIAL INCOME (EXPENSES), NET

	03.31.15	03.31.14
Financial income		
Exchange rate variation on assets	**715.8**	-
Gains on derivative transactions	**345.5**	-
Gains on the translation of foreign investments [1]	**343.9**	-
Exchange rate variation on marketable securities	**336.2**	-
Interest on assets	**69.0**	52.5
Interest on cash and cash equivalents	**45.1**	16.3
Interests on financial assets classified as		
Held for trading	**7.8**	6.4
Held to maturity	**7.0**	5.7
Available for sale	**3.2**	2.0
Exchange rate variation on liabilities	**-**	84.7
Exchange rate variation on loans and financing	**-**	78.5
Others	**3.2**	5.0
	1,876.7	251.1
Financial expenses		
Exchange rate variation on loans and financing	**(959.7)**	-
Exchange rate variation on other liabilities	**(736.6)**	-
Interest on loans and financing	**(177.4)**	(151.0)
Adjustment to present value	**(39.7)**	(32.4)
Interest on liabilities	**(39.3)**	(25.5)
Losses on the translation of foreign investments [1]	**-**	(91.6)
Exchange rate variation on assets	**-**	(53.9)
Losses on derivative transactions	**-**	(47.5)
Others	**(31.5)**	(45.7)
	(1,984.2)	(447.6)
	(107.5)	(196.5)

[1] Refers to investments in subsidiaries whose functional currency is Brazilian Real.

(Amounts expressed in millions of Brazilian Reais, unless otherwise stated)

32. STATEMENT OF INCOME BY NATURE

The Company has chosen to disclose its statement of income by function and thus presents below the details by nature:

	03.31.15	03.31.14
Costs of sales		
Costs of goods	**3,218.8**	3,514.5
Depreciation	**260.6**	246.8
Amortization	**0.9**	0.6
Salaries and employees benefits	**742.7**	645.0
Others	**661.7**	523.9
	4,884.7	4,930.8
Sales expenses		
Depreciation	**15.6**	14.7
Amortization	**2.9**	1.3
Salaries and employees benefits	**253.9**	233.4
Indirect and direct logistics expenses	**523.8**	503.7
Others	**287.4**	246.9
	1,083.6	1,000.0
Administrative expenses		
Depreciation	**7.3**	2.3
Amortization	**23.0**	14.3
Salaries and employees benefits	**65.3**	60.5
Fees	**6.7**	6.4
Others	**5.2**	10.7
	107.5	94.2
Other operating expenses [(1)]		
Depreciation	**6.6**	7.2
Others	**281.4**	162.2
	288.0	169.4

[(1)] The composition of other operating expenses is disclosed in note 30.

33. NEW ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED AND NOT YET ADOPTED

During three-month period ended March 31, 2015, the Company has not been required to adopted new accounting standards and pronouncements.

34. SUBSEQUENT EVENTS

34.1. Signed an agreement to a joint venture formation - Singapore Food Indústrias Pte. Ltd. (“SFI”)

On April 16, 2015, BRF announced to the market, through its wholly-owned subsidiary BRF GmbH, it has signed with Singapore Food Industries Pte. Ltd. ("SFI") documents for the formation of a joint venture in Singapore and an acquisition of 49% of the shares of a new company to be formed by SFI namely SATS BRF Food Pte. Ltd. ("SATS BRF"), for the purchase price of approximately USS19.0 ("Transaction"). SFI is a wholly-owned subsidiary of SATS Ltd., which is the leading provider of gateway services in Asia, and listed on the Singapore Exchange ("SGX").

Within the scope of Transaction, SFI shall transfer to SATS BRF its food distribution business, which will include: (i) sublease of 2 meat processing facilities and 1 warehouse; (ii) equipment related to such processing facilities and (iii) license agreement for the use of certain trademarks in Singapore.

SATS BRF will focus on expand the offer of processed foods and semi-processed of high value added, initially for the Singapore market and will benefit from (i) BRF´s fully integrated supply, go-to-market operations, product development and global trademarks capabilities as well as (ii) SATS’ domain knowledge of Asian local markets and state-of-the-art production facilities.

The completion of the Transaction is subject to the compliance of the parties with the precedent conditions.

34.2. Formation of joint venture - Invicta Food Group Limited (“IFGL”)

On April 22, 2015, BRF announced to the market, through its wholly-owned subsidiary BRF GmbH, it has signed with the shareholders of the entire share capital of Invicta Food Group Limited ("IFGL" and "Current Shareholders"), the final documents for the formation of a joint venture ("JV") between BRF GmbH and IFGL, which shall have as main objective the distribution of processed food in the in the United Kingdom, Ireland and Scandinavia (“Transaction and Territory”).

Within the scope of Transaction, IFGL contributed with its current operation to the JV, with a strong presence in the food service market in the United Kingdom and BRF GmbH contributed its current operation in the Territory to the JV and acquired additional equity interest in JV for the amount of GBP 18.0, in order to provide that, at the conclusion of the Transaction, BRF GmbH holds 62% of the JV's total share capital and the Current Shareholders the remaining 38%.

35. APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements were approved by the Board of Directors on April 28, 2015.

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