The Management of Marfrig Global Foods ("Marfrig") presents the Management Report and Financial Statements, accompanied by the reports of the Independent Auditors and Audit Board, for the fiscal year ended December 31, 2015.

In view of the divestment of Moy Park and Marfood's beef jerky assets in the USA, as well as the Company's decision to divest its assets in Argentina and MFG Agropecuária, company responsible for the feedlot operations in Brazil, Marfrig's consolidated results reflect the discontinuation of these operations and the restatement of the 2014 financial statements. The results of these operations for 2014 and 2015 are presented under "Net income (loss) from Discontinued Operations." Argentina's and MFG Agropecuária assets and liabilities are presented under "Assets Held for Sale" and "Liabilities Related to Assets Held for Sale".

1. MESSAGE FROM MANAGEMENT

Marfrig's strategy remained guided by its strategic plan "Focus to Win", which had great advances in 2015.

Focus on the objectives was essential in a global scenario that remained challenging. Weaker growth in developing countries led the International Monetary Fund (IMF) to revise downwards to 3.1% its GDP growth forecast for 2015, despite the ongoing recovery of the U.S. economy and other mature markets.

In China, another important market for the company, the shift in the government's growth policy from an economy based on investment and manufacturing to a stronger focus on consumption and services led GDP to grow by 6.9% in the year. Regarding Brazil, GDP is projected to decrease 3.7% p.a., reflecting the deterioration of the country's economic crisis.

In view of the strategic decision to strengthen the company's focus on the food service industry at the global level, in June 2015, it announced the sale of Moy Park for US$1.5 billion. Marfrig's proceeds from the sale came to US$1.2 billion, with JBS assuming Moy Park's net debt of GBP 193 million.

Today, Marfrig has a leaner and more focused operation, with two business units, Keystone and Marfrig Beef, each accounting for around 50% of global revenues.

In line with its commitment to deleverage the company and adjust its capital structure, after receiving the proceeds from the sale, Marfrig continued with its Liability Management process and during the 4Q15 repurchased US$470 million of its senior notes maturing between 2017 and 2021.

Regarding the strategy to capture operating efficiency gains, the Company decided to temporarily reduce its production capacity by around 30%, seeking to adjust to the cattle supply available for slaughtering in the Brazilian market. As a result, Marfrig maintained ten plants in operation and closed the year with an effective capacity utilization rate of 90.1%.

Turning to the main financial indicators, Marfrig's gross revenue was R$19 billion, advancing 22.4% on 2014, explained by the weaker Brazilian real and the strong sales volume at Keystone.

Consolidated adjusted EBITDA was R$1.8 billion, increasing 32.3% from 2014. Adjusted EBITDA margin was 9.5%, expanding 60 bps. This performance was supported by the better operating performance at Marfrig Beef Brazil and Keystone, which was partially offset by lower margins at the Uruguay operation in the second half of 2015.

Marfrig's commitment to sustainable development yielded important achievements and international recognition in 2015. The company was highlighted by The Business Benchmark on Farm Animal Welfare (BBFAW) as one of the world's best companies in animal welfare practices. Marfrig moved up one position in the ranking to Tier 2, making it the best-ranked Brazilian multinational.

Once again, Marfrig figured among the select group of listed companies in the annual ranking 200 Biggest – Large Groups compiled by the yearbook published in December 2015 by the communication vehicle *Valor Econômico*.

Marfrig placed 34th in the ranking based on its gross revenue, climbing three positions from the ranking in the 2014 yearbook.

Another important achievement by the company was winning the Best Corporate Awards 2015 organized by the magazine *Latin Finance*, in the category Best Capital Markets Strategy – Brazil.

Acknowledgements

First, I would like to wish everyone an excellent 2016 and to congratulate our team for their commitment and dedication in surpassing our goals in this still volatile and challenging macroeconomic scenario. I would also like to thank our Clients, Suppliers and Shareholders for their partnership and support in bringing our projects to fruition.

In 2015, Marfrig Global Foods made meaningful progress in the execution of its strategic plan Focus to Win. The asset divestments and efforts to capture operating efficiency gains enabled the Company to lay a more robust foundation for its future growth. I also want to highlight the advances achieved in the food service and export channels as well as our continued expansion in Asia.

Our strategic focus for 2016 remains on becoming a more efficient company. With the restructuring and asset divestment phase now behind us, we will continue to move forward in improvement on our capital structure, focusing on reducing our leverage through more robust free cash flow.

The year was marked by the restructuring of our operations and the assets divestments, turning us into a leaner and more focused company, while maintaining its global and diversified footprint.

The commitment of the team to add value throughout the chain and to adjust the operational structure is reflected in the results delivered. For the third consecutive year, Marfrig delivered the targets it had set.

I thank our Clients for the confidence placed in us and our Employees, Partners and Suppliers for their dedication and competence in helping us to attain our achievements. I also thank our Shareholders for their support in the execution of our strategic plan, which is essential to strengthening the company.

We remain committed to our strategy and focused on creating a solid and profitable company.

Marcos Antonio Molina dos Santos
Chairman of the Board

Martin Secco
Chief Executive Officer

2. MARFRIG GLOBAL FOODS

Marfrig Global Foods is a Brazilian multinational corporation with a broad international footprint, with presence in 11 countries, and is one of the most diversified and largest companies in the global protein industry. Its business model is formed by 45 production units, distribution centers and offices located in South America, North America, Europe, Oceania and Asia. Its activities include the production, processing, further processing, sale and distribution of foods made from animal proteins, as well as a variety of other food products, such as frozen vegetables and desserts.

With approximately 31,000 employees, the Company operates in the food service, retail and food processing segments, offering innovative, safe and healthy solutions. It has a diversified and comprehensive portfolio of products that can be found in major restaurant and supermarket chains, as well as households, in some 100 countries.

Marfrig is also the largest lamb producer in South America, the largest private company in Uruguay and the third largest beef producer in the world. Its business model comprises two divisions, both of which have global operations:

Keystone Foods: one of the largest global suppliers of high-value protein products to the fast food (quick service restaurants or QSRs), retail and food processing industries. Headquartered in the USA, Keystone's presence and operating platform is located in seven U.S. states and six countries in the APMEA region. Focused on innovation and committed to the highest food safety and quality standards, it combines its vast expertise in the food industry with a strong focus on clients to offer a complete mix of fresh and frozen products.

Marfrig Beef: was the pioneer in the sale and promotion of beef and lamb in the Brazilian market. With vast expertise in Brazil's food service segment, it also has a strong presence in foreign markets, where it is equally recognized for the quality of its premium products. Marfrig's international operations in South America focus on exporting premium beef and lamb cuts and on leveraging in its strategic position in Uruguay and Chile, which gives Marfrig access to major consumer markets around the world.

3. PERFORMANCE

According to the USDA, protein consumption (beef, poultry and pork) in 2015 amounted to 253.7 million tons. Emerging markets (Latin America, Asia and Africa) accounted for 60% of this amount, and China accounted for 50% of these countries. The change in China's monetary policy, with more incentives on domestic growth and expanding the middle class, has had a positive impact on protein consumption.

Industry Scenario - Beef

Brazil

After the impact in the first quarter from the reduction of beef exports to Russia and Venezuela, two of the industry's major importers, a recovery in industry margins was observed as of the second quarter. A key factor was the closing of local capacity, which enabled the industry to better adjust to cattle supply available for slaughtering, and the opening up of China to fresh beef imports from Brazil, which partially offset the weaker Brazilian demand, affected by the deterioration of the country's recession.

Uruguay

Unlike Brazil, Uruguay posted a strong performance in early 2015, marked by export volume growth of 21.7% in 1Q15 compared to the same quarter of 2014. This scenario, however, reversed during the second half of 2015, due

to a longer dry season and the narrowing of export spreads, which showed signs of recovery at the end of last quarter of 2015.

Industry Scenario – Poultry and Food Service segment

After three years of strong growth and margin expansion, the industry's profitability decreased over the course of 2015 due to an increase in supply. The scenario was worsened by an outbreak of avian flu in the United States in the first half of the year, which affected the country's exports.

On the other hand, input costs declined. According to the USDA, average corn and soybean prices fell 4% and 24%, respectively, in relation to 2014.

For the food service segment, the U.S. National Restaurant Association (NRA) projects sales growth of 3.8% in 2015 compared to 2014, to US$709.2 billion.

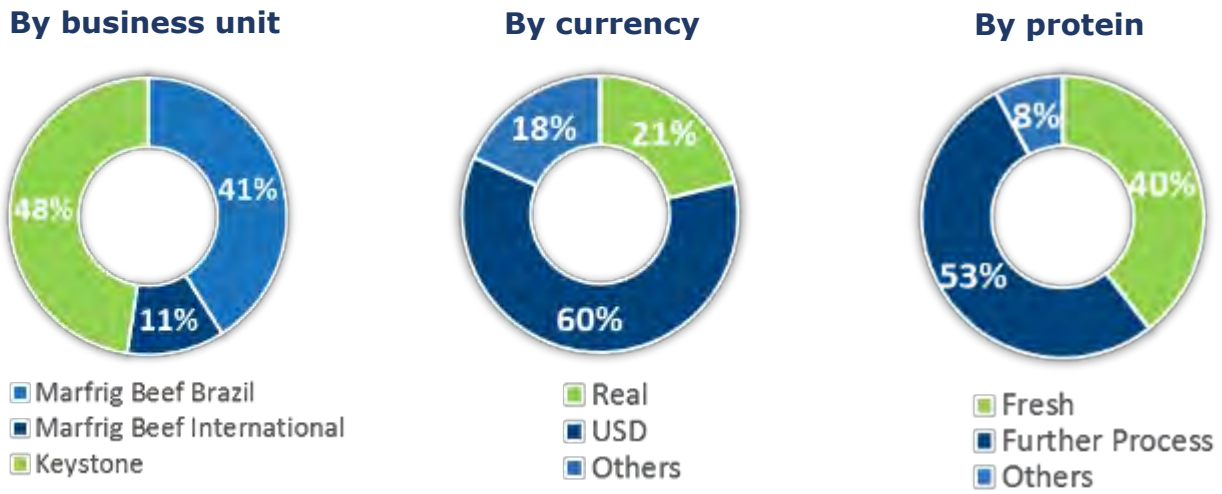
In the APMEA region, global food service chains continued to expand. McDonald's, for instance, opened 81 stores in China, 38 in Korea and 24 in the Philippines.

3.1. Consolidated Results

- **Net Revenue**

Marfrig Global Food's consolidated net revenue amounted to R$19 billion in 2015, growing by 24.2% on 2014. The main factors supporting this performance were: (i) the 41.6% depreciation of the Brazilian real against the U.S. dollar; (ii) the 7.6% increase in Keystone's net revenue in U.S. dollar; (iii) which were partially offset by weaker sales volume at the Marfrig Beef Brazil division. In U.S. dollar, net revenue was approximately US$6 billion.

Note that even after its decision to divest assets, Marfrig remains a highly globalized company and one of the world's largest and most diversified protein producers. The growth of the international operations, Keystone and Marfrig Beef International, led them to account for 59.0% of total revenue in 2015. Considering Brazilian exports, international operations represented 78.7% of the Company's total revenue. Sales to Brazil's domestic market represented only 21.3% of the total.



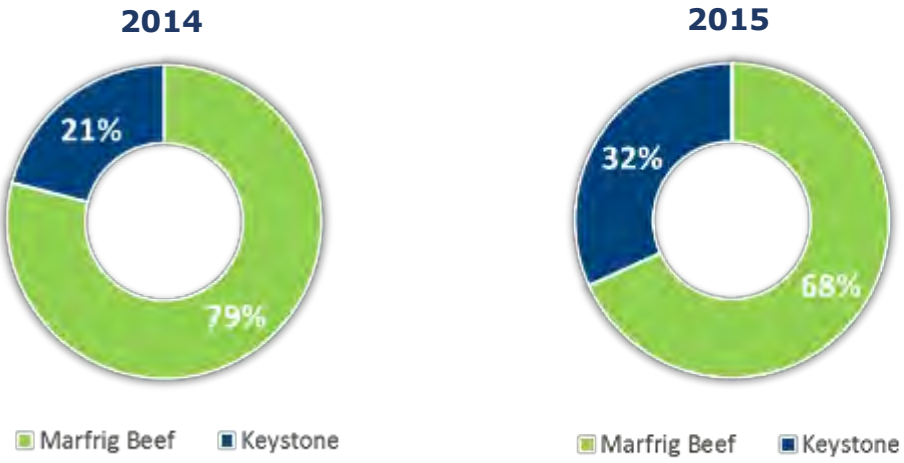
- **Cost of Goods Sold**

In 2015, COGS amounted to R$17 billion, 25.4% more than in 2014, explained by (i) higher sales volume at Keystone; (ii) the average depreciation of the Brazilian real against the U.S. dollar; and (iii) the higher average cattle price in Brazil, which rose 15% according to ESALQ index; (iv) which were partially offset by lower fixed costs, due to the closures of slaughtering capacity in Brazil; and (v) lower grain costs in the international operations.

COGS (R$ Million)	2015	Share (%)	2014	Share (%)	Chg. (%)
Raw Material	12,078.1	72.8%	9,755.5	73.8%	23.8%
Labor	1,835.7	11.1%	1,419.7	10.7%	29.3%
Production Costs	2,165.5	13.1%	1,683.6	12.7%	28.6%
Other Costs	510.4	3.1%	368.6	2.8%	38.4%
TOTAL	**16,589.7**	**100.0%**	**13,227.4**	**100.0%**	**25.4%**
Marfrig Beef	*8,335.5*	*50%*	*7,748.1*	*58.6%*	*7.6%*
Keystone Foods	*8,254.2*	*50%*	*5,479.4*	*41.4%*	*50.6%*

- **Gross Profit and Gross Margin**

Gross profit amounted to R$2.3 billion in the year, advancing 16.2% on 2014. Of this amount, 42% came from the International Operations (Keystone and Marfrig Beef International). One of the highlights was the 110 bps expansion in the contribution by Keystone, which accounted for R$732.0 million or 32% of consolidated gross profit.



Gross margin stood at 12.2%, down 80 bps from 2014, explained by the margin contraction in Brazilian exports in 1Q15 resulting from the reduction in purchases from Russia in the global beef market, and by the margin contraction in the Uruguay operation in the second half of the year.

- **Selling, General and Administrative Expenses (SG&A)**

Selling, general and administrative (SG&A) expenses amounted to R$944.0 million in the year, down 1.3% from 2014.

Selling expenses fell R$72 million, reflecting the reduction in marketing expenses, which in 2014 had been affected by the sponsorship of the FIFA World Cup.

General and administrative expenses increased 17.2% from 2014, mainly due to the effects of translating the international units results into Brazilian reais, which is the Company's functional currency.

At Marfrig Beef, G&A expenses declined 10.8% in the year, representing a nominal decrease of R$23 million. The depreciation of the Brazilian real against the U.S. dollar was offset by the efforts to reduce and cut fixed expenses as part of the "Focus to Win" program.

SG&A (R$ Million)	2015	2014	Chg. (%)
Sales Expenses	**541.1**	**613.1**	**-11.7%**
% of Net Revenues	*2.9%*	*4.0%*	
General & Administrative Expenses	**402.9**	**343.7**	**17.2%**
% of Net Revenues	*2.1%*	*2.3%*	
TOTAL DVG&A	**944.0**	**956.8**	**-1.3%**
% of Net Revenues	***5.0%***	***6.3%***	
Marfrig Beef(% NR)	*7.2%*	*8.7%*	
Keystone Foods (% NR)	*2.6%*	*2.5%*	

- **Adjusted EBITDA and Adjusted EBITDA Margin**

In 2015, consolidated adjusted EBITDA amounted to R$1.8 billion, growing 32.3% on the prior year. Adjusted EBITDA margin was 9.5%, a 60 bps expansion from the 8.9% margin in 2014. The key factors in this performance were (i) the recovery in beef spreads in the Brazil operation; (ii) the growth of 17.2% in Keystone's EBITDA in U.S. dollars; and (iii) the depreciation of the Brazilian real against the U.S. dollar; (iv) which were partially offset by the lower sales volume in the Brazil operation and the margin contraction in the Uruguay operation in the second half of 2015.

The international operations accounted for 47% of adjusted EBITDA in the year, a 200 bps expansion from 45% in 2014. Keystone, in particular, accounted for 41% of adjusted EBITDA, increasing its contribution by 900 bps.

3.1.1. Keystone

Keystone posted net revenue of US$2.7 billion in 2015, an increase of 7.6% from 2014. This performance is explained by: (i) the successful Key Accounts strategy, which grew 22% globally; and (ii) sales volume growth in APMEA. In Brazilian real, the unit's net revenue amounted to R$9.0 billion, accounting for 48% of the Company's consolidated net revenue.

In the United States, net revenue amounted to US$1.9 billion, increasing 3.0% from 2014. The main growth factor was Key Accounts sale volume expansion.

In the APMEA region, net revenue amounted to US$792 million, increasing 20.6% higher than the US$657 million of 2014, highlighting the sales volume growth of 23.1%, driven by the expansion of QSR channels, especially in China and Thailand.

Gross profit advanced 23.8% on 2014 to US$216 million. Gross margin stood at 8.0%, expanding 100 bps on the 7.0% margin recorded in 2014, due to (i) double digit growth in Key Account volumes (23%); (ii) lower poultry meat costs in USA (13%/ton); (iii) lower grain prices in USA leading to lower feed costs (11%/ton); (iv) operational efficiencies in APMEA and USA.

In the year, SG&A expenses amounted to US$70 million, increasing 10.6% from 2014, due to expenses recovery in 2014 and provisions update aligned with the results growth. However it´s important to highlight that the SG&A as percentage of net revenues was 2.6%, in line with the previous year (2.5%).

Consequently, adjusted EBITDA was US$216 million, growing 17.2% from 2014. EBITDA margin was 8.0%, around 60 bps higher than the prior year. In Brazilian real, adjusted EBITDA in 2015 was R$730 million, increasing 66.7% from 2014.

3.1.2. Marfrig Beef

Marfrig Beef posted net revenue of R$9.9 billion in 2015, increasing 6.4% on the prior year to account for 52% of the Company's consolidated revenue. The lower sales volume was offset by the higher average price in the Brazilian market and the weaker Brazilian Real against the U.S. dollar. In 2015, Brazilian exports and the international units accounted for 59% of the Marfrig Beef division's revenue, reflecting the Company's competitive positioning in the global beef industry.

A highlight for Brazilian exports was the opening of the Chinese market to the country's beef exports. Today, of the Company's ten operating plants, three are certified to export to China.

Despite the challenging scenario in the Brazilian market, Marfrig Beef Brazil posted net revenue of R$7.8 billion in 2015, 1.4% more than in 2014. The lower sales volume, which was affected by the slowdown in local demand and the adjustment of capacity to the current cattle supply, was offset by: (i) higher domestic prices; and (ii) a better sales mix, with a stronger focus on the food service, small retailer and export channels. The division also benefited from the weaker Brazilian real against the U.S. dollar, which offset the drop in international beef prices.

Net revenue from the International Units amounted to US$650 million in 2015, down 8.3% from 2014, mainly due to: (i) lower prices in the global industry; and (ii) especially in the domestic market, which, despite sales volume growth of 4.8%, posted a revenue decline of 8.8%, reflecting the lower prices in the global market and the 17.4% depreciation of the Uruguayan peso against the U.S. dollar.

In 2015, gross profit was R$1.6 billion, in line with the previous year. Gross margin, however, contracted 90 bps to 15.9%. The performance is mainly explained by: (i) the weak performance of Brazilian exports in the first quarter, which were affected by the reduction in Russian demand; and (ii) the contraction in margins at the Uruguay operation in the second half of 2015, reflecting a longer dry season and the lower average sales price. In Brazil, gross profit was affected by the cost of cattle, whose average price increased 15%, according to ESALQ.

In 2015, selling, general and administrative (SG&A) expenses amounted to R$709 million, down 12.2% from 2014, representing savings in nominal terms of R$98 million. In line with the "Focus to Win" strategy, whose goal is to structurally reduce fixed costs and expenses, SG&A expenses corresponded to 7.2% of net revenue, declining 150 bps from 8.7% in 2014.

In view of the aforementioned, Marfrig Beef posted adjusted EBITDA of R$1.1 billion, advancing 15.8% on the prior year. EBITDA margin was 10.7%, expanding 90 bps on the margin of 9.8% in 2014.

3.2. Financial Result

The net financial result in 2015 was an expense of R$3.1 billion, compared to an expense of R$2.1 billion in 2014.

Marfrig holds net exposure to the U.S. dollar (more dollar-denominated liabilities than dollar-denominated assets), which means that any change in the exchange rate has an impact on the accounting financial result. However, the effect from currency translation on debt contracted by operating subsidiaries abroad, which have a different functional currency than the parent company, is recorded under equity, with no impact on profit or loss.

Therefore, the effect from the 47.0% depreciation of the Brazilian real against the U.S. dollar on the consolidated net exposure adversely affected the financial result by R$1.1 billion.

The financial result, excluding currency translation effects, was an expense of R$2.0 billion, increasing 25.1% from

2014, which is explained by: (i) the R$113 million increase in "Bank fees, commissions, charges and other" due to the non-cash charge of the issuance costs associated to the repurchase of the senior notes; and (ii) the net mark-to-market adjustment of derivative instruments; which were partially offset by (iii) the R$136 million gain related to the repurchase of senior notes below their face value.

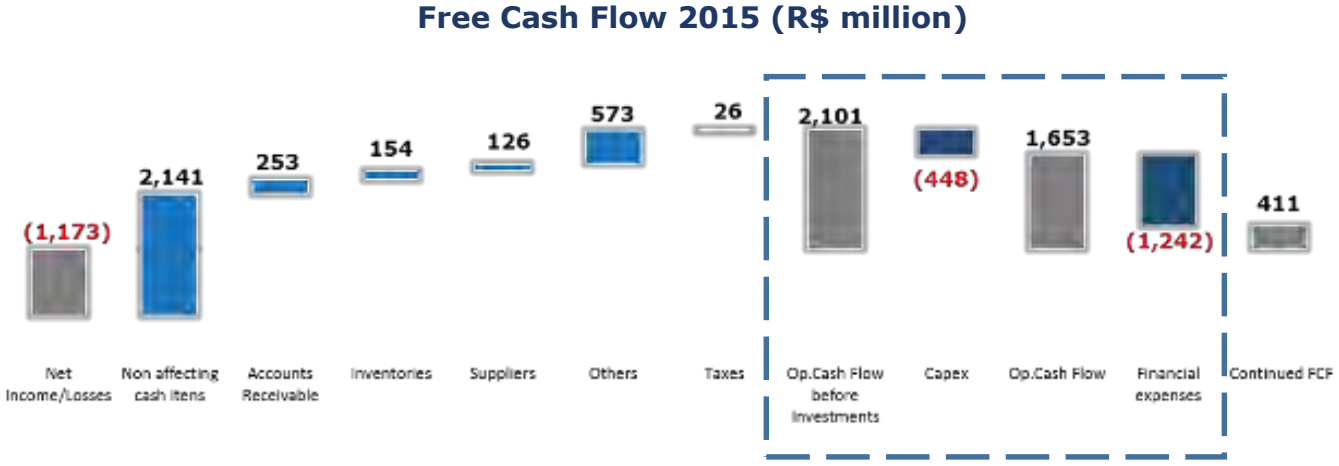
NET FINANCIAL RESULT (R$ million)	2015	2014	Var.(%)
Financial Income	**585.0**	**282.2**	**107.3%**
Interest income	108.8	108.0	0.7%
Financial income (loss) from derivatives	325.5	173.3	87.8%
Other	150.7	0.9	17161.8%
Financial Expenses	**(2,612.7)**	**(1,902.5)**	**37.3%**
Interest expenses / Debentures / Leasing	(1,321.4)	(1,018.2)	29.8%
Financial income (loss) from derivatives	(582.6)	(288.1)	102.2%
Bank fees, commissions, discounts and other	(708.7)	(596.2)	18.9%
Net Exchange Variation	**(1,058.9)**	**(441.6)**	**139.8%**
Net Financial Result	**(3,086.6)**	**(2,061.9)**	**49.7%**

3.3. Net Income (Loss)

Marfrig posted a net loss of R$586 million in 2015, which represents an improvement of 20.8% from the net loss of R$740million in 2014. The improvement was influenced by the better operating result, as explained before, and the positive impact from the divestment of Moy Park in 3Q15.

3.4. Cash Flow

The Company's commitment to generating free cash flow grows stronger every year, and in 2015 led to operating free cash flow of R$2.1 billion, or R$138 million more than in 2014. The result of the strategy outlined in the "Focus to Win" program demonstrates the joint efforts made by all business units, especially the Marfrig Beef segment, which maintained its focus on controlling expenses and improving its working capital. Together, all initiatives led to a free cash flow of R$411 million in the year. Considering only the continued operations and excluding the effects of transactions with discontinued operations, free cash flow was **R$103 million**.



Note: Net income/loss does not includes capital gains and results from discontinued operations

3.5. Capital Structure, Liquidity and Rating

Indebtedness and Debt Profile

Marfrig ended 2015 with consolidated gross debt of US$3.1 billion, representing a decline of 25% from 2014. Measured in Brazilian real, gross debt stood at R$12 billion, affected by the 47.0% appreciation of the U.S. dollar in the period. Gross debt denominated in Brazilian Real corresponded to 6.7% of the total.

The balance of cash and equivalents came to US$1.3 billion, increasing 28.0% from the previous year, which is explained by the proceeds from the Moy Park divestment.

Net debt in U.S. dollar fell 42.4% to US$1.8 billion. In Brazilian real, net debt stood at R$7.1 billion.

In keeping with its liquidity strategy, the Company obtained, in December 2015, an amendment and extension of Keystone's current credit facilities. The credit facilities available increased by US$270 million to US$900 million, and consist of a US$530 million revolving credit facility maturing in 2020 and a US$370 million term loan maturing in 2022.

Liquidity and Debt

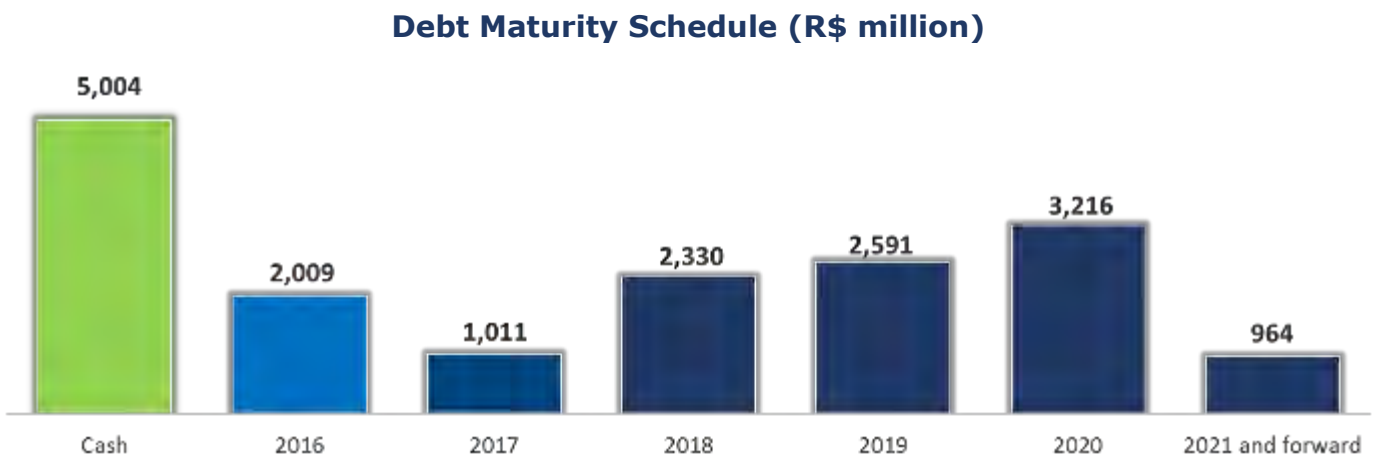
The leverage ratio (net debt/EBITDA LTM) ended the period at 2.26x, down significantly from 4.98x at the end of the prior year. Contributing to this performance was EBITDA growth in the last 12 months and the capital gain of R$1.4 billion from the Moy Park divestment.

It is important to note that bank and market funding transactions include contractual provisions that allow for excluding currency translation effects from the leverage ratio calculation. Accordingly, the ratio for this purpose ended 4Q15 at 0.54x (for more information, see Note 32.6 to the 2015 financial statements).

In management's opinion, the ratio that best reflects the Company's current leverage is the ratio of net debt to annualized adjusted EBITDA from continued operations in 4Q15. This ratio stood at 3.38x and reflects a slight difference of 1.6% between the closing exchange rate of R$3.90/US$1.00 used to translate net debt and the average exchange rate in the quarter of R$3.84/US$1.00.

Debt Maturity Schedule (R$ million)

At December 31, 2015, the average debt duration was 4.1 years, with only 16.6% of debt maturing in the short term and the remaining 83.4% in the long term. The Company's borrowing cost was 7.88%, compared to 7.65% in 2014.



Indicators

	2015	2014
Net Debt / EBITDA LTM	2.26	4.98
Net Debt / Adj. 4Q EBITDA Annualized	3.38	3.83
Cash & Equiv./ Short Term Debt	2.49	1.60
Net Debt / Total Assets	0.34	0.42
Current Liquidity	1.82	1.79

	2015	2014
Duration (months)	50	49
Average Cost of Debt (p.a.)	7.88%	7.65%
Long Term Debt (%)	83.4%	85.0%
Debt in R$ (%)	6.7%	8.4%
Debt in other currencies (%)	93.3%	91.6%

Credit Risk Rating – Global Scale

In October 2015, Fitch Ratings published a report reaffirming Marfrig's "B+" rating and upgrading the outlook from "stable" to "**positive**". The change in recommendation was supported by the acceleration of the deleveraging process after the divestment of Moy Park and expectations of improvement in free cash flow in the following 24 months.

Agency	National Scale	International Scale	Perspective
Standard and Poor's	br BBB	B+	Stable
Fitch Ratings	BBB+ Bra	B+	Positive
Moodys		B2	Stable

3.6. Capital Expenditure

CAPEX (R$ million)	2015	2014	Chg.%
Investments in Fixed Assets	**400.5**	**284.6**	**40.7%**
Fixed Assets	328.6	232.9	41.1%
Biologial Asstes	71.9	51.7	39.0%
Investments in Intangible Assets & Investmen	**47.1**	**12.7**	**269.7%**
TOTAL	447.6	297.4	50.5%

Investments came to R$448 million in 2015, an increase of R$150 million on 2014, mainly influenced by the discontinued operations and the effects from the translation of amounts at the international units to Brazilian real, which is the Company's functional currency. During the year, R$329 million was invested in maintaining and expanding production units, while R$72 million was invested in renewing parent stocks.

4. GUIDANCE

At Marfrig Day, the Company announced its guidance for the year, which considered the Moy Park operations and the assets in Argentina, Marfood and MFG. Therefore, for comparison purposes, the following table considers the discontinued operations. For the third straight year, all targets were met in line with the guidance.

	Target Range 2015 (1)	Combined Result 2015 (4)
Net Revenue	R$23 to R$25 billion	R$ 25 billion
Adjusted EBITDA Margin(2)	8.0% to 9.0%	8.5%
Capital Expenditure	R$650 million	R$556 million
Free Cash Flow(3)	R$100 to R$200 million	R$213 million



(1) Assumptions based on the exchange rates of R$2.70/US$1.00 and R$4.30/£1.00
(2) Excludes non-recurring items.
(3) Operating cash flow after capital expenditure, interest expenses and income tax.
(4) Unaudited amounts including the discontinued operations: Moy Park, Argentina, Marfood and MFG. Excludes the proceeds from the Moy Park divestment.

CORPORATE GOVERNANCE

Marfrig Global Foods has has a business management model that complies with the rules of the Securities and Exchange Commission of Brazil (CVM), the Novo Mercado Regulations of the São Paulo Stock Exchange (BM&FBovespa) and the recommendations of the Brazilian Code of Corporate Governance Best Practices of the Brazilian Corporate Governance Institute (IBGC). The Group conducts its business based on transparency in the reporting of information to its various stakeholders (shareholders, investors, clients, consumers, suppliers, employees and society) and adopts corporate governance practices that exceed legal recommendations and compliance.

In addition to the Board of Directors and permanent Audit Board, the Corporation has four committees supporting the Board of Directors, whose main responsibility is to assess matters of interest in order to improve the quality and speed of the decision-making process. These committees are the Audit Committee, Financial & Risk Management Committee, Compensation Committee, Corporate Governance & Human Resources Committee and Management Committee.

Some of Marfrig's most notable practices and instruments that support Corporate Governance include:

- **Code of Ethics:** establishes the ethical foundation for compliance and strengthens governance by defining the values, principles and practices that guide good corporate conduct, in line with best practices and legal requirements.
- **Anticorruption Manual:** based on Brazilian anticorruption legislation, the manual informs how the Company's integrity policies translate into processes and practical procedures to be followed.
- **Securities Trading Policy:** establishes the rules and procedures to be adopted by the Company and its related persons regarding trading in securities issued by Marfrig, assuring to all stakeholders that ethical conduct is adopted by those with access to material information.
- **Disclosure Policy:** sets the practices for the disclosure and use of information to be observed by the Controlling Shareholder, Managers and members of the Audit Board, as well as by anyone who, due to their position, function or duties at the Company, may come to acquire knowledge of a Material Act or Fact of the Company, in accordance with CVM Instruction 358 of January 3, 2002 and CVM Instruction 369 of June 11, 2002.
- **Dividend Policy:** in accordance with Brazilian Corporation Law and Marfrig's bylaws, an Annual Shareholders' Meeting must be held within the first four months of each year to decide on the distribution of annual dividends. When the dividends distribution is informed, all shareholders are entitled to receive a minimum dividend corresponding to 25% of adjusted net income calculated based on the financial statements.

Submission to Market Arbitration Chamber

The Company, its shareholders, Managers and members of the Audit Board have committed to resolve through arbitration, before the Market Arbitration Chamber, any dispute or controversy arising between them that relates to or originates from, in particular, the application, validity, effectiveness, interpretation, breach and their effects on the provisions contained in the Brazilian Corporation Law, in the Company's Bylaws, in the regulations issued by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil (CVM), as well as in the other rules applicable to the functioning of the capital markets in general, as well as those set forth in the Novo Mercado Regulation, in the Arbitration Commitment, in the Sanctions Regulations and in the Novo Mercado Listing Agreement.

Relationship with the independent auditors

Pursuant to CVM Instruction 381/2003, which refers to the rendering of other services by our independent auditors – BDO RCS Auditores Independentes SS – we hereby declare that fees related to services other than those associated with the external audit represented less than 5% of the total fees paid to the group of auditors by Marfrig Global Foods S.A. and its subsidiaries, and the performed services do not affect the auditors independency.

5. CAPITAL MARKETS and INVESTOR RELATIONS

Marfrig's stock, traded on the Novo Mercado segment of the BM&FBovespa (MRFG3), ended the year quoted at R$6.35 per share, for a gain of 4% from end-2014. The increase observed since late June, after the announcement of the Moy Park divestment, when the share price reached R$7.17 per share in 2015, was affected by the deterioration in Brazil's economic scenario.

Average daily financial trading volume in the stock increased 8%, from R$13.8 million to R$15.0 million.

The ADRs traded on the over-the-counter market (MRRTY) in New York ended the year quoted at US$1.54 per share, down 32% from 2014. In the same period, the S&P Index declined by 1% to 2,063 points.

In the composition of the Bovespa Index valid from September to December 2015, Marfrig ranked 52nd in terms of liquidity, which represents improvement of four places from the previous portfolio, and had a weighting of 0.33% in the index.

6. SOCIAL AND ENVIRONMENTAL PERFORMANCE

The year 2015 was marked by continuous strengthening of Marfrig's strategic pillars for Sustainable Development, which permeate all business units and serve as reference for the development of local actions, which jointly foster and ensure the sustainability of the entire production system. The pillars forming the Company's Sustainability strategy are: (1) Customers, (2) Suppliers, (3) the Environment, (4) Workplace, (5) Economic and (6) Social.



As part of its commitment to sustainable production and preserving biodiversity, the Company has undertaken various public commitments in partnership with large organizations. Some of the highlights of 2015 include:

- **Greenpeace Pact:** In the 2015 audit, Marfrig once again obtained an excellent result, being the only Company in the industry with 100% geo-referenced maps, which attests to its leadership in working together with its supply chain. The Company works together with its suppliers to develop good management practices, ensuring higher productivity and better environmental preservation, which makes it possible to access more demanding markets. This effort led to an increase in exports to the European market and sales of canned meat at a major supermarket chain in the United Kingdom.
- **Rainforest Alliance Certified™:** Marfrig launched, in partnership with an European client, the first Rainforest Alliance-certified hamburger. The patty, which is made from beef produced in accordance with the highest environmental, social, economic, animal welfare and production management standards, will be sold at retail chains across Europe.
- **The Nature Conservancy:** we made advances in promoting good practices in southern Pará state, and also provided technical support to producers in both environmental and animal welfare aspects. In addition to these field initiatives, we worked to develop a commercial plan to sell the products arising from the project, which will improve visibility and engagement by end consumers.

During the year, Marfrig Beef received the 5th Fecomercio Sustainability Award for its project of geospatial monitoring of the beef supply chain in Brazil, which ensures the origin of animals sourced close to the Amazon Biome.

Regarding its commitment to animal welfare, in 2015, Marfrig moved up one tier in the ranking compiled by the **Business Benchmark on Farm Animal Welfare** (BBFAW) of companies with world's best animal welfare practices, and was classified as **Tier 2**, alongside other major global companies. On the previous year, Marfrig had already figured among Brazil's best-placed companies in the ranking with a Tier 3 ranking.

These recognitions result from the various initiatives adopted by Marfrig Global Foods involving its suppliers, seeking to strengthen the relationship, to develop competencies and to improve the quality of the products reaching consumers' tables.

A reference and pioneer in its market segments, Marfrig adopts the principle of guaranteeing transparency and advancing sustainability. For this reason, it publishes its annual report in accordance with the framework of the Global Reporting Initiative (GRI), which features the major achievements and challenges on the work fronts established by its sustainability pillars. A full version of the document is available on the Company's Investor Relations website: www.marfrig.com.br/ri.

7. SOCIAL RESPONSIBILITY

Grounded in the principles of social responsibility, the various industrial units of Marfrig Global Foods organize important programs to support local communities. These include:

- **Cultivating Hope** – involving over 45,000 children from 40 public schools throughout Brazil, this program focuses on developing rural activities by offering theoretical and practical training in soil preparation, cultivation, healthy eating and environmentally sustainable production.
- **Own Home** – workers at Marfrig Uruguay organize into Mutual Support Cooperatives through which they acquire properties and work together to build homes. Marfrig Uruguay supports the initiative by providing financing for the acquisitions. The amounts are discounted from their wages in accessible and previously agreed upon installments. The project has already benefitted around 30 employees.
- **KEYSTAR** - stablished in 2008, the program balances environmental stewardship, social responsibility and

profitable growth to operate sustainably within the global and local communities where Keystone does businesses. For example, in Thailand, Keystone employees, together with a group of 175 volunteers, supported the local community in different programs, such as tree planting, hospital visits and blood donation. For more information, go to: http://www.keystonefoods.com/corporate-social-responsibility/keystar.

8. PEOPLE MANAGEMENT

The business performance of Marfrig Global Foods is the product of the efforts of its 30,276 employees located in the various countries where it operates. Accordingly, the Corporation strives to support its professionals in their career development through good practices in attracting, retaining and developing talent, while also encouraging diversity in the workplace.

Number of Employees by Business Unit

	2015	2014	Change (%)
Holding Company	77	116	-33.6%
Marfrig Beef	18,207	21,422	-15.0%
Keystone	11,992	11,377	5.4%
Total	**30,276**	**32,935**	**-8.0%**
Net revenue per employee	**R$ 624,000**	**R$ 462,000**	**35.0%**

In 2015, the Company organized the first meeting to discuss Marfrig's corporate culture. Involving leaderships down to the manager level, the four days involved integration and discussions to reinforce the foundations of the Company's Vision, Mission and Values.

Over the course of the year, Marfrig Beef business unit opened its second trainee program, for which 8,114 applications were received. The unit expects to identify new talent, just like in the first program conducted in 2014. Keystone Foods introduced in 2015 **OneKeystone**, an initiative to increase alignment of messaging and global access to information. The first step in that initiative was **KeyConnect**, a global intranet where leaders can communicate to Keystone employees and employees can post questions and find critical information.

9. OUTLOOK

The slowdown in the Chinese economy, the recession in Russia and the downward revision in expectations for commodity exports led the International Monetary Fund (IMF) to revise downward to 3.7% its forecast for world GDP growth for 2016.

On the other hand, lower crude oil prices are expected to boost consumption, especially in developed markets and in countries that import the commodity. In this context, the IMF projects growth of 3.6% in the U.S. economy.

In the case of China, GDP growth is forecasted at 6.8%, reflecting the shift in government policy from exports towards internal consumption, a change that could leverage growth in the consumption of fresh beef and processed food products.

In this still challenging scenario, though with various opportunities, Marfrig's strategy will remain focused on capturing potential growth in the global protein industry and on maximizing value creation and returns for shareholders by maintaining its commitment to strengthening its business through:

1. Organic growth, operational improvements, productivity and margin expansion.

2. Adjustment of the Marfrig Beef business, prioritizing food service channels and growing exports.

3. Financial discipline through deleveraging and consequently reducing financial expenses and boosting free cash flow.

4. Accelerating growth in the Asian market by expanding Keystone's operations in the food service channel and by growing exports from the Marfrig Beef unit.

APPENDICES

CONTINUED ADJUSTED EBTIDA RECONCILIATION (R$ million)	2015	2014	Var. (%)
Net Profit / Loss	**(1,173.3)**	**(834.5)**	**40.6%**
(+) Provision for income and social contribution taxes	(682.5)	(305.2)	123.6%
(+) Non-controlling Interest	47.3	19.2	146.4%
(+) Net Exchange Variation	1,058.9	441.6	139.8%
(+) Net Financial Charges	2,027.7	1,620.3	25.1%
(+) Depreciation & Amortization	432.9	329.4	31.4%
(+) Equity Income	23.8	17.8	33.5%
EBITDA	**1,734.7**	**1,288.6**	**34.6%**
(+) Other Operacional Revenues/Expenses	56.3	65.3	-13.8%
Adj. EBITDA	**1,791.0**	**1,353.9**	**32.3%**