



MATERIAL FACT

JBS S.A. ("JBS" or "Company") inform its shareholders and the market in general that, pursuant to the Brazilian Securities Exchange Commission (CVM) Ruling No. 358 dated January 3, 2002, as amended, its Board of Directors approved the execution of an Agreement for the Purchase and Sale of Equity Interests with Condition Precedent and Other Covenants (*Contrato de Compra e Venda de Participações Societárias com Condição Suspensiva e Outras Avenças*) ("Agreement"), which established the terms and conditions for the acquisition of quotas representing the totality of the capital stock of Comércio e Indústria de Massas Alimentícias Massa Leve Ltda. and of real estate properties ("Massa Leve" and "Transaction").

The total consideration to be paid by JBS to the sellers shall be approximately of two hundred and sixty million Brazilian reais (R\$ 260,000,000.00) of which two hundred million Brazilian reais (R\$ 200,000,000.00) shall be paid upon the delivery of shares issued by JBS and currently held in treasury. The delivery of shares issued by JBS and held in treasury is subject to the approval by the CVM, pursuant to CVM Ruling No. 10, dated February 14, 1980, as amended ("CVM Ruling 10").

The amount of shares issued by JBS to be delivered by JBS to the sellers shall be calculated on the basis of the weighted average price (daily average of the financial volume traded by the daily average of the number of shares traded) of the shares issued by JBS during the thirty (30) trade sessions immediately preceding: (i) the date in which the CVM approves the use of shares issued by JBS; or (ii) the date in which the decision of the Brazilian antitrust authorities which approves the Transaction becomes final, whichever is the latest.

In addition to the CVM approval for the use of treasury shares by JBS, pursuant to CVM Ruling 10, the Agreement is subject to the approval of the competent authorities, including the Brazilian Antitrust authorities (CADE).

Massa Leve was founded in 1992 and is located in the municipality of Rio Grande da Serra in the state of Sao Paulo. Massa Leve is the leading fresh pasta producer and the third largest in ready meals and sandwiches in Brazil. This acquisition represents a relevant opportunity to capture synergies when operated jointly with JBS Foods.

JBS will keep the market informed on the developments of the Transaction.

São Paulo, December 23, 2013.

Jeremiah O'Callaghan
Investor Relations Officer