



NOTICE TO THE MARKET

JBS Explains News Flow in the Press During Recent Months

JBS S.A. (BM&FBOVESPA: JBSS3, OTCQX: JBSAY, "JBS" or "Company") communicates to its shareholders and to the market in general explanations regarding recent episodes involving the Company.

Parliamentary Inquiry (CPI) into the BNDES

Since the beginning of the fourth quarter of 2015, the name of JBS has been mentioned in association with the parliamentary inquiry into the BNDES (the Brazilian Development Bank), which refers to an investigation into the overall financing and lending operations of the bank. JBS always made it clear that its relationship with the bank is a result of the sale of an equity stake to the BNDESPAR (the investment arm of the BNDES) and thus does not involve loans at subsidized interest rates as commonly commented by the press and by the market. All the transactions regarding the capital increase of the BNDESPAR occurred in a transparent and visible manner and all of the corporate acts were performed in accordance with the Brazilian Capital Market legislation, are public and are available on the website of the CVM (the Brazilian Stock Market Regulator – www.cvm.gov.br) and on the website of JBS Investor Relations (www.jbs.com.br/ir). JBS is absolutely confident that none of the ramifications of the parliamentary inquiry could be a basis for causing any losses to the operations or the business of the Company.

The TCU Audit of the BNDES

The Brazilian State Audit Tribunal (TCU), in compliance with its function as a fiscal organ, is auditing the BNDES, not JBS. Nonetheless, the Company always made it clear to its shareholders and to the market in general that all of the corporate acts as a result of the BNDESPAR investments in the Company were carried out in accordance with the Brazilian Capital Market Legislation, are public and are available on the website of the CVM (the Brazilian Stock Market Regulator – www.cvm.gov.br) and on the website of JBS Investor Relations (www.jbs.com.br/ir). It is also important to highlight that JBS was already a publicly listed company with shares traded on BM&FBOVESPA and all of the investments made by BNDESPAR in JBS occurred at market value, under the analysis of CVM and in compliance with the current legislation.

The BNDES itself publicly commented the present phase of the analysis of the TCU, mentioning that the tribunal decided to deepen its analysis and that this phase will be an opportunity for the bank to clarify doubts and to demonstrate that the transactions were profitable and were carried out with technical discipline, in an impersonal and fair manner common to BNDES deals. JBS is totally convinced and confident in stating that all of the transactions done with the BNDESPAR were performed in a totally transparent, serious and fair manner. As a result, the Company has no concerns that the conclusion of the audit process could negatively impact its business or its intrinsic value.

Accusation of the Public Prosecutor

In relation to news flow on the accusation presented by the Public Prosecutor (MPF) regarding crimes against the Brazilian Financial System involving Joesley Batista, Chairman of the Board of JBS and President of J&F Investimentos, the Company explains that JBS is not related to this complaint. This accusation originated during an internal audit at Banco Original by the Brazilian Central Bank in May, 2012. Banco Original presented its defense at the Administrative Level, with proof of the fairness of the operations. The audit resulted in a recommendation of a fine of R\$250,000 against each of the parties involved and did not result in any type of personal impediment to those involved, all of whom continued to occupy positions in the financial market.

JBS reinforces the note put out by J&F which stated that the documentation regarding the present accusation is still to be made available. After analyzing the file, J&F will lodge its defense, its rationale and the necessary proof which will demonstrate that the financial transactions were carried out within market practices and strictly in accordance with the rules of the regulator (Brazilian Central Bank). These facts endorse the arguments already presented during the administrative process conducted by the Brazilian Central Bank and reinforces the innocence of J&F and of the executives involved removing any doubts associated with the transaction.

JBS is absolutely secure that this case will be resolved without damage or threat to the financial stability of the Company as a result of the manner in which the companies within the J&F group are managed, with a totally independent structure and corporate governance and ethical conduct adopted by all of the executives of each company.

Unfounded News Flow

Furthermore, the name of Wesley Batista has been associated in an irresponsible manner in a note published by a local blog in an attempt to link his name with the present phase of the Car-Wash investigation known as Triple X. The Company states that Wesley never owned, partnered in or was a beneficiary of a company called Avel, as incorrectly alleged in the blog. He had a power of attorney to represent this firm between 2006 and 2008.

Avel as a corporation was never operational and never even opened a bank account or realized any financial or equity transactions. Furthermore, Wesley Batista is not in any way connected to Global Participações Empresariais and Elany Trading LLC.

In a slanderous manner, the blog attempts to associate JBS, through its President Wesley Batista, with other firms under investigation in the present phase of the Car-Wash investigation due to the simple fact that Avel shared the same jurisdiction and locality of an offshore company named in the investigation. The blog distorted facts with the clear objective to mislead the public, jeopardizing the image and reputation of JBS and its President. The Company will take all applicable legal measures to repair the damage caused as a result of this slander.

JBS and its President categorically state that they don't own nor have any type of relationship with real state in Guarujá, State of São Paulo – Brazil, a target of the Triple X Investigation and furthermore have no relationship with any Offshore company under investigation.

JBS laments that the phase through which Brazil is transiting contributes to foster news flow and citations, which generate uncertainty, questioning and losses for those who believe and invest in JBS. The Company firmly states that it is absolutely confident, serene and secure in providing explanations for these issues and is available to discuss and clarify any doubts or questionings that remain with shareholders, investors, analysts and stakeholders in general.

São Paulo, January 28th, 2016

Wesley Batista
Global CEO of JBS

Joesley Batista
Chairman of the Board of JBS

Jeremiah O'Callaghan
Investor Relations Officer of JBS S.A.