



MATERIAL FACT

JBS S.A. ("JBS S.A." or the "Company" - BM&FBOVESPA: JBSS3, OTCQX: JBSAY), in compliance with the provisions set forth in the Brazilian Securities Exchange Commission ("CVM") Rule no. 358, dated January 3, 2002, as amended, informs its shareholders and the market in general that BNDES Participações S.A. – BNDESPAR has notified the Company that it is against the proposed reorganization disclosed to the market through a material fact on May 11, 2016 ("The Reorganization"), and is exercising its veto right as stated in clause 4.2 of the shareholders agreement with JBS. As a result of this, the Company is cancelling the steps towards the implementation of the Reorganization.

JBS, through its geographic diversification, its portfolio of value added and convenient products, strong and recognized brands, continue to invest in the strengthening of its position as a global leader in the food sector, in a period where the world economy and the fundamentals of the food sector are gradually recovering, pursuing and proposing alternatives which aim to maximize value for its shareholders and stakeholders.

JBS will host a conference call with the market to discuss this material fact at 12 noon in Portuguese and 1pm in English, BRT time. Information regarding the call will become available shortly on the Company's website www.jbs.com.br/ir.

São Paulo, October 26, 2016

Jeremiah O'Callaghan

Investor Relations Officer