

MATERIAL FACT

JBS ANNOUNCES CANCELLATION OF SHARES HELD IN TREASURY AND APPROVAL OF A NEW SHARE BUYBACK PROGRAM

JBS S.A. (BM&FBOVESPA: JBSS3, OTCQX: JBSAY, "Company") announces to its shareholders and the market in general that on February 08, 2017, its Board of Directors approved a new Share Buyback Program ("Buyback Program"), in accordance with article 19, item XVI of the Company's Bylaws and in compliance with Annex 30-XXXVI of the Brazilian Securities Exchange Commission ("CVM") Instruction 480, as of December 7, 2009, as amended by CVM Instruction 567, as of September 17, 2015 ("ICVM 567").

- JBS' Buyback Program, as a continuing policy of the Company, aims to maximize value generation to shareholders by efficiently managing its capital structure.
- In accordance with paragraph 3, article 8, of ICVM 567, there are currently 1,518,442,071 (one billion, five hundred and eighteen million, four hundred and forty two thousand and seventy one) common shares outstanding, all nominative, book-entry and without par value ("Outstanding Shares"). In addition, there were no shares held in treasury when the Buyback Program was approved, considering the cancellation of 128,110,093 (one hundred and twenty eight million, one hundred and ten and ninety-three) shares which was also approved by the Company's Board of Directors on February 8, 2017.
- According to the terms of the Buyback Program, and in compliance with article 8 of ICVM 567, JBS may buy back up to 151,844,207 (one hundred and fifty one million, eight hundred and forty four thousand, two hundred and seven) common shares issued by the Company, all nominative, book-entry and without par value, which represent up to 5.56% of the total shares and up to 10% of the outstanding shares. The eventual purchase of those shares will be made on the BM&FBOVESPA S.A. - *Bolsa de Valores, Mercadorias e Futuros* ("BM&FBOVESPA") at market prices.
- Execution of the Buyback Program will not alter the Company's controlling shareholder nor its administrative structure.
- Considering that all shares eventually purchased will be held in treasury for future sale and/or cancellation, the Company will not incur any income from the transactions.
- The expire date in connection with the share buyback program is August 08, 2018, totaling 18 months.
- Brokers that are authorized to intermediate this buyback program are: (1) AGORA CTVM S.A (Praia de Botafogo, 300, Sala 601 e 301 (Parte), Rio de Janeiro/RJ, CEP 22250040); (2) ATIVA INVESTIMENTOS S.A. CTCV (Av. das Américas, 3500, Salas 314 a 318, Ed. Londres, Condomínio Le Monde, Rio de Janeiro/RJ, CEP 22640102); (3) BRADESCO S.A. CTVM (Av. Paulista, 1450, 7º floor, São Paulo/SP, CEP 1310100); (4) BRASIL PLURAL CCTVM S.A. (Rua Surubim, 373, Térreo, Conjuntos 01 - Parte e 02 - Parte, São Paulo/SP, CEP 04571050); (5) BTG PACTUAL CTVM S.A. (Av. Faria Lima, 3477, 11º floor, Edifício Pátio Malzoni, São Paulo/SP, CEP 04538133); (6) CITIBANK DTVM S.A.

(Av. Paulista, 1111, 2º floor, Parte, São Paulo/SP, CEP 1311920); (7) CONCORDIA S.A. CVMCC (Rua Líbero Badaró, 4, 25 e 23º floor, São Paulo/SP, CEP 1009905); (8) CREDIT SUISSE BRASIL S.A. CTVM (Rua Leopoldo Couto de Magalhaes Junior, 700, 10º floor (Parte) e 12º a 14º floor (Partes), São Paulo/SP, CEP 04542000); (9) GOLDMAN SACHS DO BRASIL CTVM (Rua Leopoldo Couto de Magalhaes Junior, 700, 16º e 18º floor, São Paulo/SP, CEP 04542000); (10) ICAP DO BRASIL CTVM LTDA (Av. das Américas, 3500, floor 2, Salas 201, 202, 203, 204, 205, 219 e 220, Rio de Janeiro/RJ, CEP 22640102); (11) ITAÚ CV S.A. (Av. Faria Lima, 3500, 3º floor, Parte, São Paulo/SP, CEP 04538132); (12) MERRILL LYNCH S.A. CTVM (Av. Brigadeiro Faria Lima, 3400, Conjunto 161, Parte A, São Paulo/SP, CEP 4538132); (13) MORGAN STANLEY CTVM S.A. (Av. Brigadeiro Faria Lima, 3600, 6º floor, São Paulo/SP, CEP 04538132); (14) SANTANDER CCVM S.A. (Av. Presidente Juscelino Kubitschek, 2041, 2235 - Parte, 24º floor, São Paulo/SP, CEP 4543011); (15) UBS BRASIL CCTVM S.A. (Av. Brigadeiro Faria Lima, 4.440, 7º floor, Parte, São Paulo/SP, CEP 04538132); (16) XP INVESTIMENTOS CCTVM S.A. (Praia de Botafogo, 501, sala 601, A1, Rio de Janeiro/RJ, CEP 22250040).

- Shares eventually purchased in connection with the Buyback Program shall be paid with income and capital reserves, with the exception of reserves specified in article 7, paragraph 1, of ICVM 567, with results from the current fiscal year with the exception of those to be allocated as future reserves according to article 7, paragraph 1, of ICVM 567.
- The Board of Directors understands that the eventual implementation of this Buyback Program will not affect the Company's capacity to fulfill its obligations nor the payment of mandatory minimum dividends.

Finally, JBS reiterates its commitment to maintaining its shareholders and the market in general informed as to the next steps of the Buyback Program and of any other matter that may be of interest to the market.

São Paulo, February 10, 2017

Jeremiah O'Callaghan

Investor Relations Officer