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BANCO BTG PACTUAL S.A.	BTG PACTUAL PARTICIPATIONS, LTD.
Publicly Held Company	Publicly Held Company
Corporate Taxpayer ID: 30.306.294/0001-45	Corporate Taxpayer ID: 15.073.274/0001-88

MATERIAL FACT

Banco BTG Pactual S.A. (“Banco”) and BTG Pactual Participations, Ltd. (“BTGP” and, together with Banco, the “Companies”), in accordance with CVM Instruction 358/02, hereby inform their shareholders and the market in general that they are currently evaluating the potential effects of the independent trading of the securities issued by the Companies, seeking to address, among other things, (i) greater transparency of the assets of each of the Companies, with clearer differentiation between the banking and asset management activities performed by Banco and the private equity investment vehicle activities performed by BTGP, (ii) the possibility of greater liquidity for securities issued by Banco, which securities, if traded without a corresponding interest in BTGP, would become eligible to be incorporated into major trading indexes (which currently is not permitted by applicable rules), and could also be targeted as an investment by a broader range of potential investors, and (iii) the specific context of each of the Companies, particularly with respect to their capital structures.

The Companies are analyzing all applicable structural, regulatory, legal and operational matters for a potential implementation of such independent trading. However, as of the present time, no decision has been made by their respective boards of directors to implement any alternative structure or how any such alternative structure would be implemented. It should be noted that the proposed bylaws amendments which are the subject of the shareholder meetings, as mentioned below, if approved, will not, on their own, result in any changes to the securities issued by the Companies or to their trading structure. Accordingly, there is no guarantee that any alternative structure will be implemented as a matter of fact, and there is no definition on the terms and conditions of any alternative structure that would be eventually approved. In any case, the Companies clarify that each shareholder will be afforded the option of maintaining its position in BBTG11 units (which will continue to be traded even after potential independent

trading), with the current rights granted to such units remaining unchanged, irrespective of whether or not any new trading structure is also approved.

In this context, the Companies summon, on the date hereof, extraordinary general shareholders' meetings (a) of Banco, to be held on February 13, 2017; and (b) of BTGP, the first meeting to be held on February 3, 2017, and the second meeting to be held on February 13, 2017 ("2nd BTGP GSM"), the 2nd BTGP GSM to occur only in the event that the proposed resolution is approved at the first BTGP meeting, to approve certain amendments to the Companies' respective bylaws. The proposed amendments are intended to increase the flexibility of trading in the securities of the Companies in order to allow the shares issued by Banco and issued by BTGP to be traded independently, which is expected to be implemented through the creation of new units composed exclusively of shares of each of the Companies. Furthermore, the purpose of the proposed amendments is to grant to the holders of the new units, if such units are eventually issued, the same rights granted to minority holders of units currently traded under ticker symbol BBTG11.

The controlling shareholders of the Companies have already indicated that they will vote in favor of the proposed resolutions, provided that, with respect to the 2nd BTGP GSM, as required by BTGP's bylaws, the approval or the respective matters depend on the approval of a majority of the minority shareholders of BTGP present at such meeting.

In addition, it should be clarified that this potential independent trading, should it be implemented, may bring about additional risks to holders of BBTG11 units, including, but not limited to, risks resulting from a reduction in the liquidity of BBTG11 units. The risks relating to the new structure will be described in due course after the independent trading structure has been defined, if implemented at all.

The documentation relating to the shareholders' meetings, including the respective management proposals, will be made available, on this date, on the *Comissão de Valores Mobiliários*' website at (www.cvm.gov.br), BM&FBOVESPA's website at (www.bmfbovespa.com.br), as well as on the Companies' website at (www.btgpactual.com).

The Companies will keep their shareholders and the market duly informed regarding the matters described above

LEGAL NOTICE. This material fact contains forward-looking statements that are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions and are mainly based on the Companies' current expectations and estimates of future events and trends that affect or may affect their business, financial condition, results of operations, cash flow,

liquidity, prospects, the trading price of their securities (including BBTG11 units or any of the securities underlying such units) and their ability to obtain greater transparency, better liquidity conditions or independent trading of their securities as described above on reasonable terms or at all. These forward-looking statements are subject to several risks and uncertainties, which may change from time to time. It's impossible for the Companies to predict how forward-looking statements may be affected by such risks and uncertainties, and the Companies do not have any duty to, and do not intend to, update or revise the forward-looking statements in this announcement, except as may be required by law.

São Paulo, January 27, 2017.

BANCO BTG PACTUAL S.A.
JOÃO MARCELLO DANTAS LEITE
Investor Relations Officer

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