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MATERIAL FACT

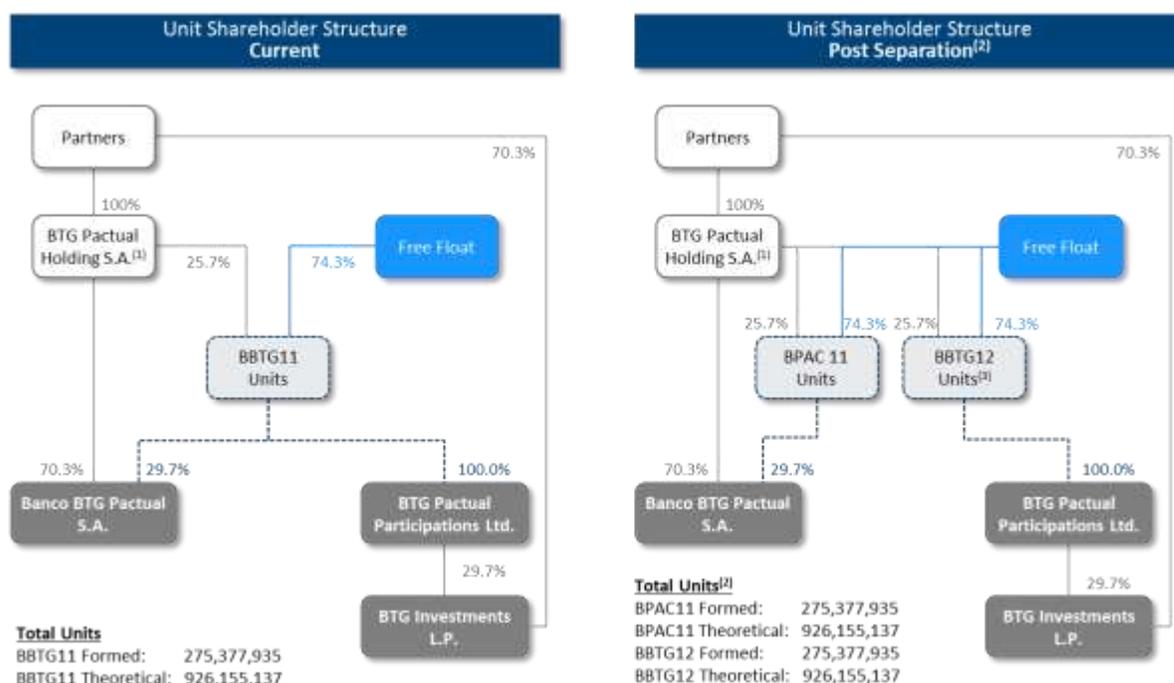
Banco BTG Pactual S.A. ("Banco") and BTG Pactual Participations, Ltd. ("BTGP" and, together with Banco, the "Companies"), in accordance with CVM Instruction 358/02, and further to the Material Fact press release issued by the Companies on January 27, 2017, hereby inform their shareholders and the market in general, as follows:

The respective boards of directors of the Companies have approved, on the date hereof, two new unit programs (the "New Unit Programs") – which units will be traded on the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA") starting on February 16, 2017 (inclusive) – comprised exclusively of securities of each of the Companies: (i) units to be traded under the "BPAC11" ticker symbol, comprised of one common share and two class A preferred shares issued by Banco (the "BPAC11 Units"), and (ii) units to be traded under the "BBTG12" ticker symbol, comprised of one Brazilian depositary receipt ("BDR") representing one class A share and one BDR representing two class B shares issued by BTGP (the "BBTG12 Units", and together with the BPAC11 units, the "BPAC11 and BBTG12 Units"). The New Unit Programs represent a new alternative trading structure for the securities issued by the Companies to be traded in an independent manner. The Companies' respective boards of directors understand that the trading structure of the New Unit Programs is better suited for the current reality of the Companies and is in line with their strategic repositioning.

Holders of the current units traded under the ticker symbol "BBTG11" (the "BBTG11 Units") will be able to opt, should they wish to do so, to migrate all or part of their BBTG11 Unit holdings toward the new BPAC11 and BBTG12 Units, as described in this Material Fact press release. Accordingly, the holders that opt in favor of the new alternative trading structure

through the New Units Program (the "Opting Holders") will receive one BPAC11 Unit and one BBTG12 Unit concurrently with the cancellation of each BBTG11 unit held by such Opting Holder and which has been the subject of an Order to that effect, as described below (the "Migration").

The graphics below illustrate the current trading structure of the securities issued by the Companies and, for comparison, the new alternative trading structure:



Note:

- (1) Includes units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under common control with the *Partnership*.
 - (2) Assumes that all BBTG11 Unit holders have opted to cancel their BBTG11 Units and receive BPAC11 Units and BBTG12 Units. However, in the event that not all holders of BBTG11 Units opt in favor of the Migration toward the New Unit Programs, the BBTG11 Units may continue to exist and be traded.
 - (3) Considering economic interest only (i.e., Class A and Class B shares of BTG Pactual Holding S.A.)
- * Structure simplified for illustrative purposes only. Final percentages may vary due to rounding.

Banco and BTGP's respective organizational structures will not be altered, and there will be neither changes in asset holdings resulting from the New Unit Programs, nor any dilution effect in the equity holdings of each unit holder, , irrespective of whether or not such unit holder opts in favor the New Unit Programs, as described below.

The decision and the commercial terms defined by each Company's board of directors will be applicable only to Opting Holders (it being understood that it will not be possible to form only BPAC11 Units or only BBTG12 Units in isolation within the context of the commercial terms hereby being offered, and that such commercial terms are not applicable to the cancellation of BBTG11 Units that would result in direct ownership of shares issued by Banco or BDRs issued by BTGP without the formation of both BPAC11 and BBTG12 Units.

Opting Holders must manifest their intention to opt in favor of the Migration within a specified deadline, beginning on February 15, 2017 (inclusive) and ending on December 28, 2017 (inclusive) (the "Migration Period"), in compliance with the requirements set forth under the caption "Necessary Operational Procedures for the Migration" below, and, solely during this period, the Companies will waive any cancellation fees otherwise payable by unit holders (as set forth in the bylaws of the Companies and in the unit deposit agreements), which fees are equivalent to 10% of the previous trading day's closing price of such unit, relating to the month preceding the cancellation request (the "BBTG11 Cancellation Fee"). In addition, and on an exceptional basis as it relates to the Migration, the Companies hereby inform Opting Holders that, pursuant to a special arrangement with Banco Bradesco S.A., the entity in charge of the Companies' unit programs (the "Depository"), Opting Holders opting in favor of the Migration by August 11, 2017 (inclusive) (the "Initial Period"), will be required to pay to the Depository (the "Costs") only R\$0.02 (two cents) for the Migration of each BBTG11 Unit, it being understood that such pricing terms have been obtained by virtue of the expected volume of migrations. Following the Initial Period, Opting Holders opting for in favor of the Migration will pay the standard rate charged by the Depository, which is R\$0.10 (ten cents) for each one of the three steps required for the Migration of each BBTG11 Unit.

Considering that, by virtue of the New Unit Programs, the shares issued by Banco will also be traded on the BM&FBOVESPA in the form of BPAC11 Units, and that its buyback program currently in effect contemplated both BBTG11 Units and its underlying securities – which buyback program currently has a balance of 2,873,920 BBTG11 Units, corresponding to 2,873,920 common shares and 5,747,840 class A preferred shares issued by Banco –, Banco's board of directors approved, on February 14, 2017, an extension and amendment to its current buyback program as a logical development from the new alternative trading structure, to provide that its balance be used exclusively (considering also the paragraph below) for the repurchase of up to 2,873,920 BPAC11 Units and its underlying securities beginning on the first day of trading of the BPAC11 Units.

In the same manner, and for the same reasons, BTGP's board of directors approved, on February 14, 2017, a buyback program to repurchase up to 2,873,920 BBTG12 Units and its underlying securities beginning on the first day of trading of the BBTG12 Units.

For the avoidance of doubt, the Companies will no longer repurchase BBTG11 Units under the above-mentioned buyback program.

Rationales for the New Trading Structure

As previously disclosed on the Material Fact press release dated January 27, 2017, the proposed trading structure seeks (i) greater transparency to 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 primarily by BTGP, which will continue managing its legacy asset portfolio, (ii) enable increased liquidity for securities issued by Banco (which entity represents approximately 87% of the net assets of the BBTG11 unit as of December 31, 2016), which securities, if traded without a corresponding interest in

BTGP, would, upon reaching the minimum trading parameters, become eligible to be incorporated into trading indexes (which currently is not permitted by applicable rules due to the underlying BDRs of BTGP), and could also be targeted as an investment by a broader range of potential investors, and (iii) better address the capital structures and liquidity levels of each of the Companies, taking into account each Company's specific context. For more information on the rationales for the New Trading Structure, see the presentation that has been publicly disclosed by the Companies on the date hereof (the "Presentation"), available on the Companies' investor relations website at [www.btgpactual.com/ri].

Analyzing the potential advantages for Banco, it is expected that the new structure to (i) simplify Banco's capital structure and make it more flexible, considering the current complexities resulting from BTGP's offshore structure, and (ii) permit Banco's management to increase its focus on Banco's activities, in view of the new corporate governance structure presented by BTGP as described under the caption "Principal Changes in the Companies" below, even if the composition of Banco's and BTGP's board of directors remains unchanged as of the current time.

Additionally, the Companies understand that the approval of the matters submitted to the general shareholders' meetings held on February 3, 2017 and February 13, 2017, including by a significant majority of the minority shareholders present and entitled to vote, reinforces the market interest in providing for the independent trading of the BPAC11 and BBTG12 Units.

The Partnership has indicated that it intends to allocate in due course at least 31,225,889 BBTG11 Units to the Migration toward BPAC11 and BBTG12 Units, representing approximately 3.4% of the theoretical BBTG11 Units and approximately 11.3% of the formed BBTG11 Units. Other investment vehicles held, individually or collectively, by certain partners and vehicle controlled by the Partnership, may also allocate their formed BBTG11 Units toward the Migration in due course. Considering all such vehicles and the Partnership itself, they would represent approximately 7.6% of the theoretical BBTG11 Units and approximately 25.7% of the formed BBTG11 Units.

Principal Changes in the Companies

As approved in the respective general shareholders' meetings held on February 3, 2017 and February 13, 2017, and based on the new language of the Companies' respective bylaws, the new BPAC11 and BBTG12 Units will grant their holders similar rights as granted to minority holders of BBTG11 Units. Conversely, the same restrictions currently applicable to the BBTG11 Units, including the levying of a per-unit cancellation fee corresponding to 10% of the previous trading day's closing price of such unit, relating to the month preceding the cancellation request – without prejudice for the fees and expenses eventually charged by the Depositary and the BM&FBOVESPA – will continue being charged in relation to the new BPAC11 and BBTG12 Units (subject to the provisions set forth in each Company's bylaws).

Moreover, the Companies hereby announce that they may no longer release combined financial statements of Banco and BTGP in the future, being able to release only (i) financial statements of

Banco, and (ii) financial statements of BTGP, in each case, independently and in accordance with their own respective applicable accounting rules, in addition to continuing to publish their respective annual reports (*formulários de referência*). Furthermore, the Companies expect quarterly earnings releases and conference calls to be even more focused on the financial and operational results and other matters relating to Banco.

The Companies will establish an operating costs and related expenses sharing arrangement between themselves so as to provide for a rational and equitable division of such costs and expenses. Such division may be revisited periodically to the extent that any potential distortions are observed in the initial arrangement.

In addition, and still with the objective of mitigating potential conflicts of interest in eventual transactions among related parties to be carried out by Banco, on the one hand, and BTGP, on the other hand, the Companies will publish, in due course, as is expected will be done throughout 2017, a minimal independent administrative structure by BTGP, without prejudice to the applicable approvals of the Companies internal governance bodies.

Necessary Operational Procedures for the Migration

In order to opt in favor of the Migration, thus canceling its BBTG11 Units and receiving new BPAC11 and BBTG12 Units, in the proportion of one BPAC11 Unit and one BBTG12 Unit for each cancelled BBTG11 Unit, Opting Holders must expressly manifest his decision during the Migration Period, by means of an order to such Opting Holder's custodian (the "Custodian") following the same procedures adopted for such other operations usually carried out through such Custodians or through other specific procedures, should this be requested by such Custodians. Custodians must submit the orders received to the BM&FBOVESPA's Central Depository system (the "System"), which submission will generate a protocol number for each such order that has been submitted (the "Orders"), as well as immediately transferring to the Depository the amounts resulting from the Costs, as explained in the Operational Manual (the "Transfer").

Should such Opting Holder not be a resident of Brazil, such Opting Holder must also complete the section entitled "Remarks" (in up to 80 characters) where the following will need to be entered: "Non-resident investor has certified that it is qualified to carry out the transaction in accordance with the form.", and deliver to the Custodian a form containing representations relating to the minimum eligibility requirements under applicable foreign regulations (the "Non-Resident Investors Certificate") duly executed by such Opting Holder or his legal representative. Following inspection of the information provided and the powers of such Opting Holder, the Custodian will attest to the veracity of the information provided, and will arrange for delivery of the Non-Resident Investors Certificate to the Depository via email to the address 4010.dr@bradesco.com.br, with the subject line "Migration of BTG Pactual units – Protocol No. [*insert protocol number as generated by the System*]". The Non-Resident Investors Certificate has been made available by the Companies on the date hereof on the Companies' investor relations website at www.btgpactual.com/ri.

Orders may be submitted to the System on business days between 07:30 and 14:00 (São Paulo time) and will be processed by the Depository after confirmation of receipt of the Transfer and the necessary validations, conferences and other procedures to effect the unit book entry transfers, to be carried out in the order in which such Orders and the respective forms, as applicable, duly completed and executed, are received. Orders will be processed daily, and all reasonable efforts will be made so that the BPAC11 Units and the BBTG12 Units resulting from such Orders will be available for trading by the opening of the trading day immediately succeeding the date on which such Order has been submitted to the System, it being understood that, in the event that such procedures are unable to be carried out as expected, the Orders may be executed until the end of the business day succeeding the date on which such Orders have been submitted to the System, at which point the System will begin cancelling Orders automatically.

The System will be available exclusively for the Migration insofar as it relates to securities issued by the Companies, it being understood that current holders of BBTG11 Units interested in canceling their BBTG11 Units and holding the securities underlying such BBTG11 Units, rather than BPAC11 Units and the BBTG12 Units, must follow the usual procedures before the Depository and the BM&FBOVESPA, in this case, subject to the BBTG11 Cancellation Fee and any eventual fees and expenses necessary for this purpose.

Furthermore, it should be noted that, from the moment that each Order is submitted to the System, the relevant BBTG11 Units to be cancelled will be blocked from any transfers and from trading in the secondary market until such time that the BPAC11 and BBTG12 Units have been effectively formed. Accordingly, it is important for the BBTG11 Units which are the subject of any Orders relating to the Migration toward the New Unit Programs be available for trading under such Opting Holder's custodial account.

The Companies recommend that unit holders contact their respective Custodians in a timely manner in order to review the operational aspects and deadlines necessary to effect the Migration toward the New Unit Structure, including with respect to the payment of applicable fees to the Depository and the potential need for securing foreign exchange contracts.

For the avoidance of doubt, it is hereby made clear that, should Opting Holders allocate only a portion of the BBTG11 Units held by such Opting Holder toward the Migration, the remainder of the BBTG11 Units held by such Opting Holder may continue to be traded normally on the BM&FBOVESPA.

Unit holders having positions as lenders in BBTG11 Unit loans and/or forward transactions involving BBTG11 Units and that intend to opt in favor of the Migration toward the New Unit Programs should consult their Custodians and/or BM&FBOVESPA regarding the procedures to be followed.

Further details regarding the operational procedures may be clarified in accordance with the "Operational Manual", also made available by the Companies on the Companies' investor relations website at www.btgpactual.com/ri.

Principal Risks

The Migration toward the New Unit Structure may involve additional risks to holders of BBTG11 Units, including, but not limited to, risks resulting from (i) a reduction in the liquidity of BBTG11 Units, (ii) a potential split of the current liquidity of the BBTG11 Units among the BPAC11 Units and the BBTG12 Units, (iii) each Company's distinct future shareholder structure, including potential conflicts of interest in related party transactions involving Banco and BTGP, a shifting focus from the combined structure's dividends policies toward standalone entity dividend policies, increased administrative costs for each Company relating to the shared services and infrastructure, and lesser flexibility in allocation of resources among the Companies, (iv) reduced flexibility in the allocation of private equity investment resources by Banco, (v) the fact that Banco has presented more consistent financial and operational results in recent fiscal years as compared to BTGP, among other risks – without prejudice to the information described above under the caption "Principal Changes in the Companies". For more information on the principal risks relating to the Migration, see the Presentation.

Final Considerations

The Presentation, as well as a copy of the Non-Resident Investors Certificate and the Operational Manual, will be available on the 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 also recommend that unit holders review the Earnings Release, which were also made available on the date hereof on the above-mentioned websites.

The Companies cannot estimate the extent to which BBTG11 holders will opt in favor of the Migration toward the New Unit Programs or, consequently, guarantee that the transactions described above will be concluded within the deadlines or in accordance with the terms or conditions estimated above, or even within different deadlines or in accordance with different terms or conditions, or in any other way.

Prior to opting in favor of the Migration toward the New Unit Program, unit holders should consult their own advisors, including with respect to the respective legal, accounting and tax consequences of such decision for each unit holder, and carry out their own analyses on the proposal, as well as the risk resulting therefrom.

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, BPAC11 Units, BBTG12 Units or any of the respective securities underlying such units) and their ability to obtain the expected benefits from the transactions being contemplated thereby as described above on reasonable terms or at all, including, but not limited to, greater transparency, better liquidity conditions or independent trading of their securities. 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, February 14, 2017.

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