

## **SUL AMÉRICA S.A.**

National Registry of Corporate Taxpayers' (CNPJ/MF) 29.978.814/0001-87

Number of Corporate Registry Identification (NIRE) 3330003299-1

### **Publicly Held Company with Authorized Share Capital**

**Public company registration number 02112-1**

### **MATERIAL FACT**

**SUL AMÉRICA S.A.** (BM&FBovespa: SULA11) ("Company"), in compliance with the provisions of paragraph 4 of article 157 of the Brazilian Corporations Law No. 6.404/76, as amended, ("Law nº 6.404/76") and of the Brazilian Securities and Exchange Commission Instruction ("CVM") No. 358/2002, as amended, informs its shareholders and the market in general that on this date the Company's Board of Directors approved the issuance of simple, non-convertible, unsecured debentures in up to 2 (two) tranches, in the communicating vessels system, being that the amount of Debentures to be allocated in each tranche will be defined according to the Bookbuilding Procedure ("Debentures") composed of, at least, 350,000 (three hundred and fifty thousand) Debentures (the "Minimum Amount of the Issuance") and a maximum of 500,000 (five hundred thousand) Debentures, with a unit face value of R\$1,000.00 (one thousand Brazilian reais) on the date of issue, for a total issue amount of , at least, R\$350,000,000.00 (three hundred and fifty million reais) and a maximum amount of R\$500,000,000.00 (five hundred million reais) on the issuance date.

The Debentures of the first tranche and the Debentures of the second tranche will mature on December 13, 2019, and December 13, 2021, respectively. The Debentures will be distributed by public offering with restricted placement efforts, pursuant to Law 6385 of December 7/1976, as amended, and CVM Instruction 476/09, as amended ("ICVM 476"), and other applicable legislation and regulations ("Offer") targeting exclusively professional investors, as defined under Article 9-A of CVM Instruction No. 539/13, as amended, with the intermediation of a an institution part of the securities distribution system. The partial placement of the Offer will be permitted, provided that at least the Minimum Amount of the Issuance is placed. In the event the Minimum Amount of the Issuance is not placed in the Offer, the Offer will be canceled.

The net funds obtained by the Company from the Issuance will be used in their entirety for reinforcement and adequacy of liquidity levels available to the Company as well as for various general corporate purposes.

The effective placement of the Offer is subject to favorable capital market conditions and the Offer is automatically waived from registration with the CVM for the public distribution, under article 6 of ICVM 476. The Debentures will be subscribed and paid through the MDA - *Módulo de Distribuição de Ativos* (Asset Distribution Module) and will be registered for trading in the secondary market through the CETIP21 – *Títulos e Valores Mobiliários*, both of which are operated by CETIP S.A. – Mercados Organizados.

The minutes of the Meeting of the Board of Directors of the Company at which the terms and conditions of the offering were approved, as provided for in article 59, §1 of Law 6404/76, is available on the Company's website ([www.sulamerica.com.br/ri](http://www.sulamerica.com.br/ri)), the CVM's website ([www.cvm.gov.br](http://www.cvm.gov.br)), and BM&FBOVESPA's website ([www.bovespa.com.br](http://www.bovespa.com.br)).

**The statement of material fact is for information only, in accordance with applicable law, and does not constitute, and must not be interpreted as, an effort to sell the Debentures.**

Rio de Janeiro, November 07, 2016.

**SUL AMÉRICA S.A.**

Arthur Farne d'Amoed Neto

Vice-President of Control Officer and Investor Relations Officer