

SUL AMÉRICA S.A.

CNPJ/MF nº 29.978.814/0001-87

NIRE 3330003299-1

Publicly Held Company

CVM nº 21121

MATERIAL FACT

SUL AMÉRICA S.A. (BM&FBovespa: SULA11) ("Company"), pursuant to the provisions in Article 157, §4, of Law 6,404/76 and CVM Instruction 358/05, hereby informs its shareholders and the market that its Board of Directors approved on this date the 1st (first) issuance of Unsecured Debentures, Not Convertible into Shares, in a Single Series, issued by the Company, amounting to R\$500,000,000.00 (five hundred million reais), for public distribution with restricted placement efforts, under CVM Instruction 476/09 ("Restricted Offer" and "Debentures", respectively).

The issuance will comprise 50,000 (fifty thousand) Debentures with nominal value of R\$10,000.00 (ten thousand reais). For all legal purposes, the Debentures issuance date will be February 6th, 2012 ("Issuance Date"). The Debentures will have a term of five (5) years from the Issuance Date, maturing, therefore, on February 6th, 2017.

The nominal value of each of the Debentures will be paid in three successive annual installments, from the third year of the issuance, and will bear interest corresponding to 100% (one hundred percent) of the accumulated variation of the average daily rate of DI - *Depósitos Interfinanceiros* - financial deposits for one day, "over extra-group", expressed as a percentage per year, base 252 (two hundred and fifty-two) working days, calculated and published daily by CETIP, in the daily bulletin available on its website (<http://www.cetip.com.br>) ("DI Rate"), plus a spread equivalent to a certain percentage per year, base 252 (two hundred and fifty-two) working days, to be defined according to the Bookbuilding Process, and in any case, limited to 1.35% per year.

The net proceeds obtained by the Company with the issuance will be used to (i) meet cash needs resulting from the expansion of operations and / or any Company's subsidiary, directly or indirectly controlled by the Company, (ii) reinstate the Company's cash position after the payment of financial debt; and (iii) general corporate purposes.

The Restricted Offer is automatically exempted from registration for public distribution in the CVM pursuant to Article 6 of CVM Instruction 476/09.

Rio de Janeiro, January 4, 2012

Arthur Farme d'Amoed Neto

Investor Relations Officer