

Sul América S.A.

Publicly Held Company

CVM nº21121

Corporate Taxpayer ID (CNPJ/MF): 29.978.814/0001-87

Company Registry (NIRE): 3330003299-1

DIVIDEND DISTRIBUTION POLICY

- April, 2012 -

This document, merely informative, brings together and summarizes the main rules and policies applicable to Sul América S.A. ("Company") in relation to the dividend distribution, mentioned in or deriving from:

- Law no. 6,404/76 ("Brazilian Corporation Law");
- Rules issued by CVM – Brazilian Securities and Exchange Commission;
- the Company's Bylaws, effective on this date ("Bylaws"); and
- resolutions of the Company's Board of Directors and/or at General Meeting.

In case of any changes to referred rules and/or policies, the information provided for herein will be revised and adjusted as necessary to reflect said changes.

The main objective of this document is to facilitate the understanding of the matter by the Company's shareholders and the market in general, it being divided into the following topics:

1. Net Income and Basis of Calculation
2. Mandatory Dividend
3. Fiscal Year
4. Parameters for Net Income Allocation
5. Authority and Frequency of Resolution
6. Preferred Share Dividend
7. Information on Payment/Deposit of Dividends
8. Payment of Interest on Equity
9. Additional Dividends Policy
10. Quarterly Distributions

Dividend Distribution Policy of SUL AMÉRICA S.A.

1. Net Income and Basis of Calculation

For the purposes of the Brazilian Corporation Law, the net income is the result for the fiscal year remaining after deducting (i) eventual accumulated losses, (ii) the provision for income tax (IRPJ) and (iii) any amount set aside to pay profit sharing for employees and Management pursuant to Bylaws, observing the limits set forth by applicable law.

The dividends correspond to the Company's net income amount distributed to its shareholders in proportion to each one's share ownership.

2. Mandatory Dividend

The mandatory dividend, as provided for by Article 202 of the Brazilian Corporation Law, corresponds to the minimum amount of net income that the Company shall distribute to its shareholders.

According to the Company's Bylaws, the amount referring to the mandatory dividend cannot be less than twenty-five percent (25%) of the adjusted net income pursuant to Article 202 of the Brazilian Corporation Law.

According to the Brazilian Corporation Law, exceptionally, the mandatory dividend may be waived in the year in which the Company's Management bodies inform at the Annual Shareholders' Meeting that such dividend is incompatible with the Company's financial situation. The undistributed profits, in the aforementioned assumption, if not absorbed by losses in subsequent years, shall be paid as soon as the Company's financial situation allows so.

3. Fiscal Year

The Company's fiscal year comprises twelve (12) months, ending on December 31 of every year.

4. Net Income Allocation Parameters

Pursuant to the Company's Bylaws, the net income for the year, calculated according to item 1 above, will be allocated as follows:

- (A) 5% to the legal reserve up to an amount equal to 20% of the capital stock and its recording may be exempted in the year its balance, plus capital reserves amount exceeds 30% of the capital stock;
- (B) 25% of the adjusted net income pursuant to Article 202 of the Brazilian Corporation Law to be distributed to shareholders as mandatory dividend; and
- (C) once observed the allocations of previous items, up to 71.25% to the statutory reserve aiming the expansion of company business, which cannot exceed the capital stock amount, pursuant to Article 199 of the Brazilian Corporation Law, the purpose of which is (i) to ensure funds to be invested in permanent assets; (ii) to

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strengthen working capital so that to ensure proper operating conditions to the company's purpose; and (iii) to finance redemption operations, reimbursement or acquisition of shares issued by the Company.

The recording of a statutory reserve may be exempted by resolution made at the Shareholders' Meeting in the event of payment of additional dividends to the mandatory dividend. Once reached the limit provided for by Article 199 of the Brazilian Corporation Law, the Shareholders' Meeting as proposed by the Management bodies, shall resolve on the respective allocation: (a) for capitalization; or (b) for distribution of dividends to shareholders.

5. Authority and Periodicity of Resolution

The resolution on the allocation of the Company's net income for the year, annually verified, based on the audited financial statements, shall be incumbent upon the Annual Shareholders' Meeting to be held within the first four months following the end of the fiscal year, as proposed by the Company's Management.

The Company may also draw up balance sheets for shorter periods and declare, by resolution of the Board of Directors, dividends to the profit account verified in these balance sheets, in view of the total amount to be distributed at the end of the respective fiscal year, observing the limits provided for by laws.

Also by resolution of the Board of Directors, interim dividends can be declared to the retained earnings account or profit reserves existing in the last annual or semiannual balance sheet.

Also by decision of the Company's Board of Directors, the dividends, including interim dividends may be paid as interest on equity.

Interim dividends shall always be credited and deemed as prepayment of mandatory dividend.

6. Preferred Share Dividend

The dividends attributed to each preferred share shall be equal to those attributed to each common share and preferred shares are not entitled to minimum or fixed dividends.

7. Information on Payment/deposit of dividends

Unless if otherwise resolved by the appropriate body to declare dividends, the Company shall pay dividend to the person who, on the date dividend is declared, is registered as the owner or beneficiary of the share, and the Company may establish that dividend shall become due on the date of effective payment to occur on a date subsequent to the resolution by the appropriate body.

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The dividend shall be paid within sixty (60) days as of the date dividend was declared or another term set at the Shareholders' Meeting, as long as in any case, within the same fiscal year.

The Company shares are book-entry which shall be registered at the custodian agent.

The shareholders users of fiduciary custodies shall have their dividends credited according to the procedures adopted by BM&FBovespa S.A. - Securities, Commodities and Futures Exchange and by Brazilian Clearing and Depository Corporation (CBLC).

8. Payment of Interest on Equity

By decision of the Board of Directors, interest on equity may be paid to shareholders, pursuant to applicable laws.

The amount paid or credited as interest on equity may be attributed to the mandatory dividend and composing this amount for all legal effects.

Contrary to dividends, the payment of interest on equity is not tax exempted, currently being subject to the withholding income tax as per effective tax rate(s), except for tax-exempted or immune shareholders.

The information contained herein related to the distribution of dividends shall apply, where applicable, to the payment of interest on equity.

9. Policy for Additional Dividends

In a meeting held on April 19, 2012, the Board of Directors approved that the Company will adopt, from 2013 onwards the minimum amount of 30% of the annual adjusted net income as its dividend distribution proposal for results verified in the financial statements for the 2012 onwards fiscal years – the 30% payout proposal includes the mandatory dividends of 25%. The distributions in each case, are subject to the respective proposals for the allocation of net income made by the Company's Management and to the approval at the Annual General Meeting, and may be reviewed based on the Company's plans and needs, considering upon that occasion, factors, such as relevant acquisitions and investments and the compliance with regulatory requirements. In any case, any distribution of interim dividends or interest on equity made in the year under consideration will be calculated in these percentages.

10. Quarterly Distributions

On May 5, 2011, the Board of Directors approved the quarterly distribution of interim dividends in the amount of R\$0.012 per Company common or preferred share not represented by unit and R\$0.036 per unit, by decision of the Board of Directors at the time of disclosure of the Company's quarterly results, to the profit

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account verified in these statements and/or to the profit reserve included in the last annual balance sheet, observing the applicable legal and statutory provisions. The Board of Directors may revise this policy or make an exception in certain quarter, vis-à-vis the Company's plans and needs, taking into consideration at that occasion, factors such as, relevant acquisitions and investments and the compliance with regulatory requirements.
